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GAIN Report

Global Agricultural Information Network

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Cattle Herd Repopulation Plan

Report Categories:

Livestock and Products

Agriculture in the News

National Plan

Policy and Program Announcements

Market Promotion/Competition

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Report Highlights:

On August 1, 2013, the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) in coordination with FIRA (a Trust Fund Institution), launched the “[2013 Strategic Project for the Reactivation of the Beef Production Chain](#) and the [Repopulation of the Domestic Herd \(PROREGAN\)](#)”. Interested parties can apply for support until to October 29, 2013.

General Information:

The 2012 drought that affected Mexico and the United States and resulting beef prices led Mexican producers to sell not only steers and heifers but breeding cattle. These reductions in the domestic herd lead to disequilibrium in the domestic market. As such, the Government of Mexico (GOM) is looking to help the sector cope with the resulting situation by providing some policy guidance and capital for the production chain. This is a cursory review of the program announcement with some analysis of the specific text encompassed in the announcement.

2013 Program for the Beef Production Chain

The first stage of this program calls for measures to be implemented in the states of Campeche, Chiapas, Mexico, Guerrero, Morelos, Nayarit, Oaxaca, Puebla, Quintana Roo, Tabasco, Tamaulipas, Tlaxcala, Veracruz and Yucatan. Post believes these states were chosen as they are traditionally net suppliers of forage for cattle. If successful, the program would be implemented in other states. Most of the above-mentioned states are located in southern Mexico (i.e., tropical areas) where large extensions of grazing lands and water supplies are sufficient for raising feeder cattle. The program criteria indicate that support can be available to individual cattle feeders and associations devoted to cattle feeding.

The program stipulates the monetary support is for the purchase of breeding cows (dairy, beef, or dual purpose) at first calf delivery or cows that recently delivered their first calf. SAGARPA has transferred 125.5 million pesos (roughly U.S. \$10 million) to FIRA for this program to be implemented. FIRA has established that about U.S. \$5 million will be designated for technical assistance.

The supports granted to cattlemen will depend, also, on the technical purpose of cattle. If the support is for the purchase of beef and/or dual purpose cattle, SAGARPA will contribute around U.S. \$150 per head to interested parties with a maximum limit of 30 heads per cattlemen. For purchases of dairy cattle, the support is supposed to be around U.S. \$262 per head. The program also calls on state governments to provide a complementary amount of support to producers, but this remains to be defined and budgeted for in the state programs.

NOTE: The support program is not intended to be used for the purchase of semen and/or embryos. The program, also, specifies a support for the purchase of sheep around USD \$36 per head with a maximum purchasing limit of 100 heads per cattlemen. END NOTE.

In order to receive support, all applicants must prove that they own at least an equal number of cows or sheep than the number they are intended to purchase (i.e., the program is designed for existing cattle owners and not new to market participants). Also, they must document that they have facilities, shelter, water and feed supplies to host the entire expanded herd.

Although the program does not prohibit support being distributed to buyers of imported cattle, it appears the GOM intended for this support program to promote the national cattle inventory as the text announcement indicates that purchased cattle must be registered in the Cattle Individual Identification National System (SINIIGA) and originate from recognized breeding companies belonging to the National Cattle Registry. Also, cattle must not be older than 36 months and be certified as free of bovine tuberculosis (Brucellosis).

Given the per animal monetary limitations and that the program is essentially for domestic live animals, Post does not expect the program to directly encourage cattle feeders from sourcing additional animals from the United States.

Livestock Genetics Improvement Plan

On September 29, 2013, SAGARPA signed an agreement with the National Council for Livestock Genetic Resources and is allocating 48 million pesos (roughly U.S. \$3.8 million) for this accord. The agreement is intended to improve the genetics of the various breeds present in Mexico. As part of the program provisions, animals will be tested and those with the best genetics will be selected and certified so as to guarantee the purity of breeding animals for eventual selection for semen and embryos. Along with the genomic evaluations, the program provisions furnish labs with equipment and should help Mexican cattle genotype conservation. Furthermore, the program should help with the promotion and trade of Mexican genetic material. Given that this program is intended to source semen and embryos from animals in the domestic herd, it is unlikely, albeit uncertain, if (semen and/or embryos) could be sourced from the United States or other approved regions.

Beef Production Chain Executive Commission Formed

On August 30, 2013, SAGARPA announced the creation of the Executive Commission for the Production of the Beef Chain. One of the main objectives of this commission is to analyze and propose strategies that would improve efficiencies and technology use within the beef value chain. Genetics appears to be within the scope of this commission but there have been no announcements that would indicate increased trade opportunities. The activities of the commission were implemented effective on August 31, 2013, and its first session is expected to occur within the next 30 days from its enforcement. As of October 28, 2013, there is no information publicly available on the first session of the Commission.

Author Defined:

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX3076	Dairy and Products Annual	10/28/2013
MX3062	Livestock and Products Annual	8/15/2013
MX3051	Porcine Epidemic Diarrhea Disease	6/26/2013
MX3048	Newly Authorized Meat and Poultry Exporters to Mexico	6/20/2013
MX3047	Educational Sessions for Meat and Poultry Trade Exporters to Mexico	6/20/2013
MX3043	Pork Price and Trade Snapshot	5/30/2013
MX3026	Broiler Meat Production and Trade Update	3/22/2013

MX3016	Livestock Semi-Annual: Pork Sector Promising	3/4/2013
MX3011	Poultry Semi-Annual – First \$1 Billion Poultry Market for American Exporters	2/13/2013
MX2032	Importing Meat and Poultry into Mexico... Trade Education Seminars	5/22/2012

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.