

Required Report: Required - Public Distribution

Date: August 03, 2023

Report Number: MX2023-0040

Report Name: Livestock and Products Annual

Country: Mexico

Post: Mexico City

Report Category: Livestock and Products

Prepared By: Susan Karimiha

Approved By: Daniel Archibald

Report Highlights:

Beef and pork production in 2024 is forecast to increase due to stronger producer returns from lower feed prices, as well as increased domestic and international demand. Beef imports are forecast to remain flat due to sufficient stocks, while pork imports are forecast to recover after falling in 2023. 2024 exports are forecast to increase due to higher production and global demand, albeit modestly. In 2023, less elevated grain prices, a record-level appreciation of the Mexican peso, and generally favorable weather conditions in livestock production areas are forecast to spur Mexico's beef and pork production. Producer input costs are expected to decline along with the stronger peso. Nevertheless, the strong peso will likely offset any export increases stemming from higher production, as well as increase competition from imports in 2023. As inflation in Mexico moderates, pork and beef consumption is forecast to increase slightly in both 2023 and 2024.

Executive Summary

Less drought in central and northern Mexico during the current year and less elevated grain prices are expected to support to herd development with impacts lasting through 2024. 2024 cattle production is forecast at 8.7 million head, a two-percent increase over the previous year, continuing a trend of steady growth over the past decade. 2024 cattle exports are forecast at 1.2 million head, a nine-percent increase over the 2023 estimate of 1.1 million head. Potential increased U.S. demand from for feeder cattle from a shrinking 2024 U.S. herd is forecast to boost live exports. Post forecasts 2024 Mexican live-cattle imports at 60,000 head, unchanged from the previous year, and largely imported for herd genetic improvement. Higher U.S. cattle prices in 2024, given historically lower stocks in the United States, are expected to weigh down increases to live imports.

2024 pork and beef production is forecast to grow, with beef production up by nearly one percent over 2023 to 2.24 million metric tons (MMT), an anticipated record. Lower prices for cattle and swine feed are expected to reduce production costs, while demand for beef is expected to increase slightly for local consumption and exports. Pork production is forecast to increase by one percent to 1.59 MMT, relatively below average growth compared to previous years due to overall thin margins for producers and an expected downtick in export demand.

Beef imports for 2024 are virtually unchanged from 2023 at 175,000 metric tons (MT) due to increased forecast production. Exports are forecast one percent higher from 2023 to 415,000 MT. Mexico's share of global beef exports continues to gradually increase. Pork imports are forecast three percent higher from 2023 to 1.27 MMT, but short of the record import volume reached in 2022. Pork exports are forecast two percent higher in 2024 to 250,000 MT.

Mexico is likely to remain the top importer of U.S. livestock and products in 2024. Mexico's overall economic growth trend over the last decade, steady growth in consumption of beef and pork, a shared border yielding logistical advantages through proximity and shared infrastructure, and tariff-free market access through the United States-Mexico-Canada Agreement (USMCA) will continue positioning the United States and Mexico as top mutual partners for livestock and products trade.

In the coming year, Mexico's consumers are forecast to consume more beef and pork as food price inflation moderates. Additionally, as Mexico is less than a year from general elections to select a replacement for current President Andrés Manuel López Obrador, the livestock sector estimates some uncertainty with regards to standards and regulations that changes in administrations could bring during the pre-election run-up and forecast year.

Cattle

Table 1: Cattle – Production, Supply, and Demand (PSD)

Animal Numbers, Cattle Market Year Begins Mexico	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	17314	17314	17850	17850	0	18115
Dairy Cows Beg. Stocks (1000 HEAD)	3550	3550	3600	3600	0	3650
Beef Cows Beg. Stocks (1000 HEAD)	8000	8000	8050	8050	0	9000
Production (Calf Crop) (1000 HEAD)	8350	8350	8475	8475	0	8650
Total Imports (1000 HEAD)	105	105	60	60	0	60
Total Supply (1000 HEAD)	25769	25769	26385	26385	0	26825
Total Exports (1000 HEAD)	871	871	1200	1100	0	1200
Cow Slaughter (1000 HEAD)	1490	1490	1500	1500	0	1520
Calf Slaughter (1000 HEAD)	280	280	290	290	0	300
Other Slaughter (1000 HEAD)	5010	5010	5125	5125	0	5230
Total Slaughter (1000 HEAD)	6780	6780	6915	6915	0	7050
Loss and Residual (1000 HEAD)	268	268	230	255	0	250
Ending Inventories (1000 HEAD)	17850	17850	18040	18115	0	18325
Total Distribution (1000 HEAD)	25769	25769	26385	26385	0	26825
(1000 HEAD)						

Production

2024

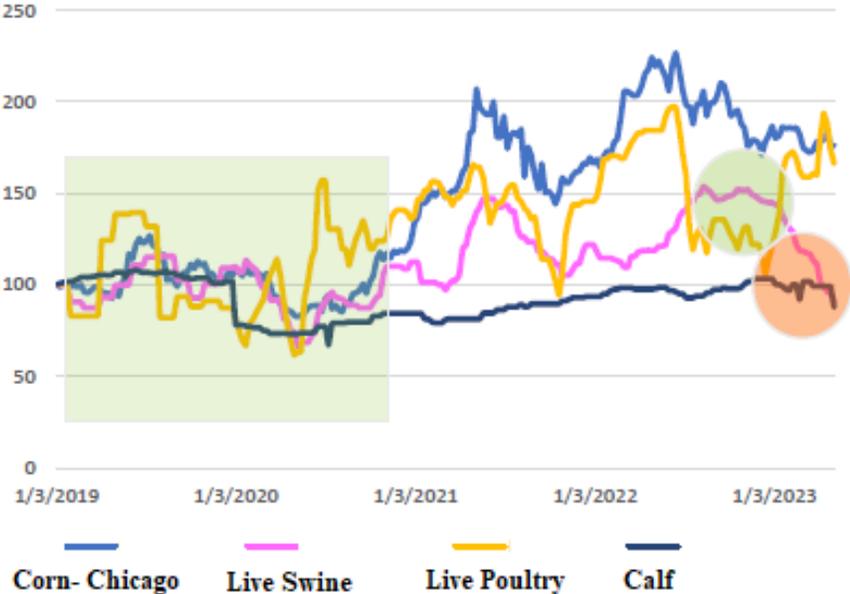
Cattle (calf crop) production is forecast two percent higher from 2023 to 8.7 million head. Mexico's herd experienced steady growth over the past decade in domestic calf operations. Additionally, generally improved weather is expected to support herd development, primarily for live-cattle exports (northern Mexico) to the United States.

2023

Cattle (calf crop) production estimate is revised two percent higher from 2022 to 8.5 million head, and in line with the USDA official estimate. Despite a year in which much attention has been paid to atypical and in some cases extreme weather conditions in Mexico, currently there is no major drag on cattle production, and macroeconomic conditions support the continued Mexican cattle sector growth.

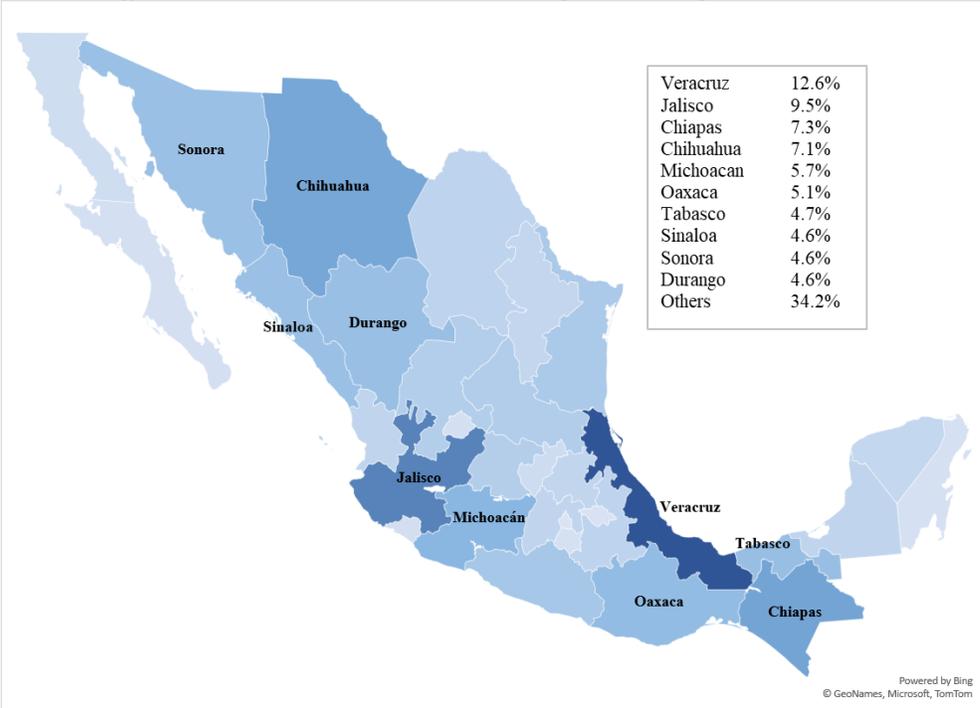
Many of the top cattle producing states such as Chiapas, Jalisco, Michoacan, Tabasco, and Veracruz are naturally situated in areas with stable rain and forage. While most calves are born in southern Mexico, the bulk of these animals are sent to central and northern Mexico for fattening and slaughter. Unlike cattle for domestic beef processing, live cattle for export to the United States are almost exclusively born and raised in northern Mexico. Leading cattle exporting Mexican states like Chihuahua, Durango, and Sonora rely on secured surface and ground water sources. Corn continues to be the preferred feed grain.

Figure 1: Prices and Costs in the Protein Sector-- Complexity in Price Formation (USD)



Source: Rabobank, 2023

Figure 2: Mexico’s Cattle Herd Population by State (Head)



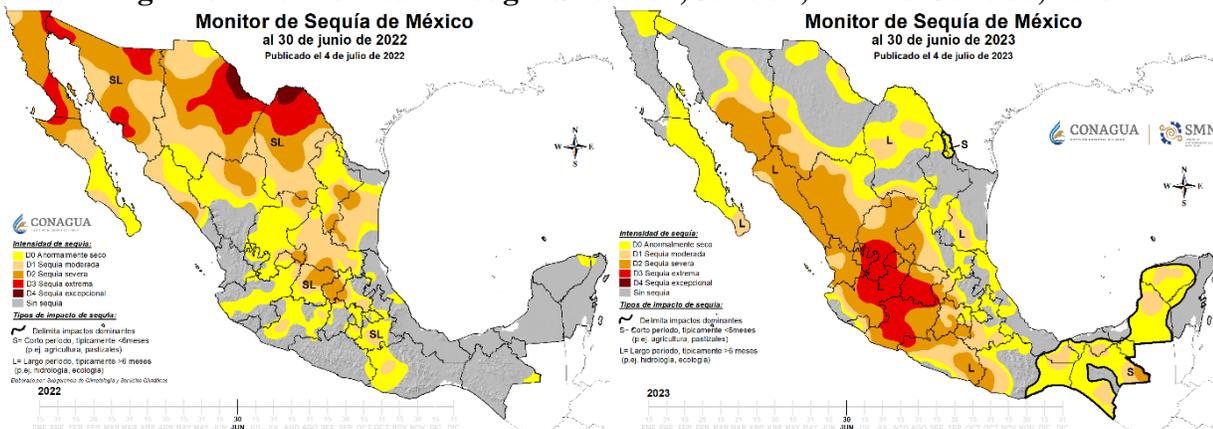
Source: Servicio de Información Agroalimentaria y Pesquera (SIAP), 2021

Commercial livestock operations in Mexico are generally buffered from fluctuating drought conditions, with secured surface and ground water sources and adequate nutrition/forage. Cattle exported to the United States are estimated to be between 300 to 350 pounds, and final weights can vary depending on the conditions in the production zones.

Pasture and Weather Conditions

The first half of 2023 presented generally improved drought conditions in Northern Mexico in the short term, following a multi-year period of abnormally dry conditions even for what is a typically arid region. While above average rainfall and slightly cooler temperatures through early 2023 have improved conditions in several important livestock producing and exporting states in the north, key cattle and swine producing states such as Jalisco are experiencing more severe drought conditions in 2023.

Figure 3: Year-to-Year Drought Situation, June 30, 2022 vs. June 30, 2023

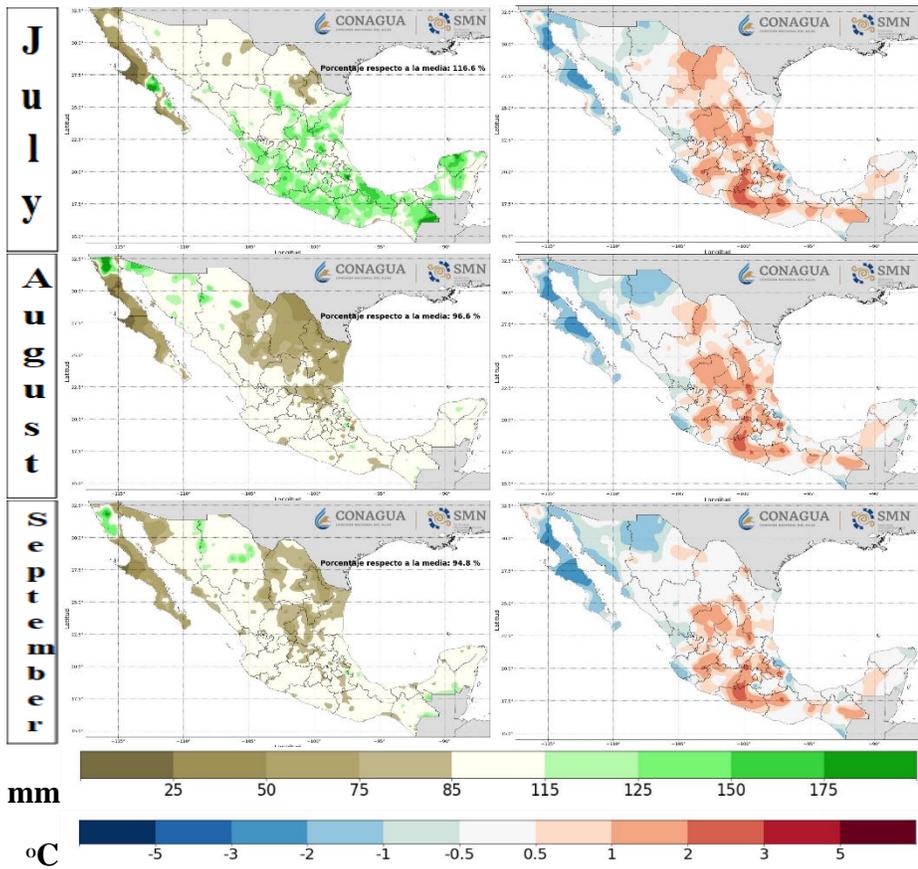


Source: Comisión Nacional de Agua (CONAGUA)

In recent months, abnormally high temperatures have become a more frequent topic. The forecast for the remaining summer months is characterized by above average temperatures through northeast and central Mexico and slight rainfall deficits in the northeast and Baja peninsula; though noting on an annual basis thus far, these areas have experienced wetter-than-normal conditions.

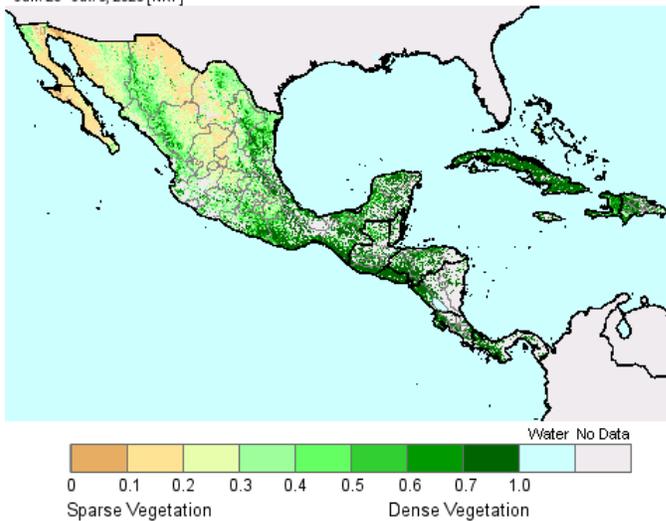
Despite some drought conditions and slightly higher temperatures in some areas of the country that negatively impacts vegetation compared to the same period last year, the main cattle producing areas in southern Mexico reportedly still hold adequate vegetation.

Figure 4: Mexico Forecast Monthly Accumulated Precipitation Anomaly (left) & Max Temperature Anomaly (right), July – September 2023



Source: Comisión Nacional del Agua (CONAGUA)

Figure 5: Mexico's Vegetation Index
 NDVI (Terra-MODIS)
 Jun. 26 - Jul. 3, 2023 [NRT]



USDA Foreign Agricultural Service
 U.S. DEPARTMENT OF AGRICULTURE

Source: NDVI MODIS-Terra at 250-m
<http://modis-land.gsfc.nasa.gov/>

Slaughter

2024

Slaughter is forecast two percent higher over 2023 to 7.1 million head. Producers estimate more beef production in 2024 to support marginal growth in domestic beef consumption and exports.

2023

Slaughter number is estimated two percent higher than 2023 at 6.9 million head and in line with the official USDA estimate. Slaughter slowed in early 2023, as producers chose to fatten their animals with less elevated grain prices and less export demand. However, higher cattle prices and local consumer demand is expected to increase slaughter levels during the second half of the year.

Trade

Imports

2024

Post forecasts cattle imports for 2024 unchanged at 60,000 head. Despite record cattle imports seen in 2021 and 2022 as a response to pandemic-related supply chain changes. Industry reports expectations of less profit margins in the current and upcoming year for cattle importation from the United States to Mexico. Additionally, higher forecast 2024 U.S. cattle prices, given historically lower stocks in the United States, are expected to weigh down increases to live imports.

2023

The 2023 import estimate is unchanged at 60,000 head, which is 43 percent below than the previous year and in line with USDA's official estimate. Despite the decrease in cattle imports for slaughter, Mexico's peso appreciation, relative to the United States dollar, and state-level genetic improvement efforts could slightly increase investment into cattle genetics.

Exports

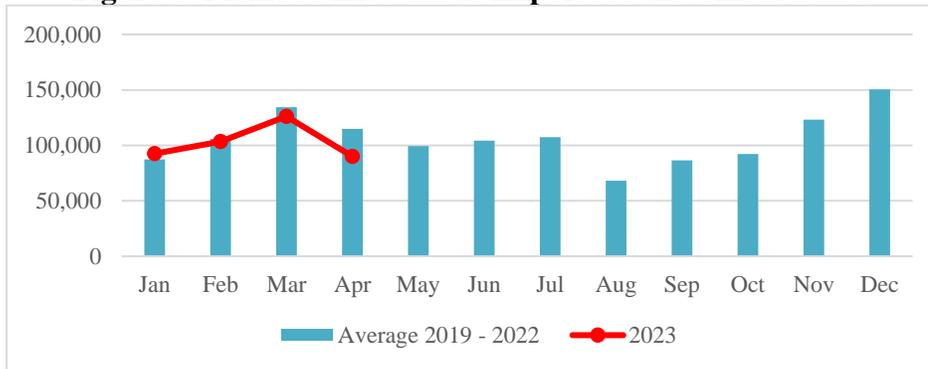
2024

Cattle exports for 2024 are forecast nine percent higher over 2023 to 1.2 million head. Mexican cattle exports, which are almost entirely to the United States, continue to recover from a 2022 decline brought on mainly by the decision by Mexican ranchers to fatten and slaughter their animals domestically to meet more profitable domestic and export demand for beef. Additionally, potential increased demand for feeder cattle in United States, from a shrinking 2024 herd, especially in the Southern Plains, is forecast to boost live exports.

2023

FAS/Mexico City's 2023 export number is estimated 26 percent higher than 2022 at 1.1 million head. This estimate is eight percent lower than the official USDA estimate and based on the pace of trade to date and considering seasonal factors.

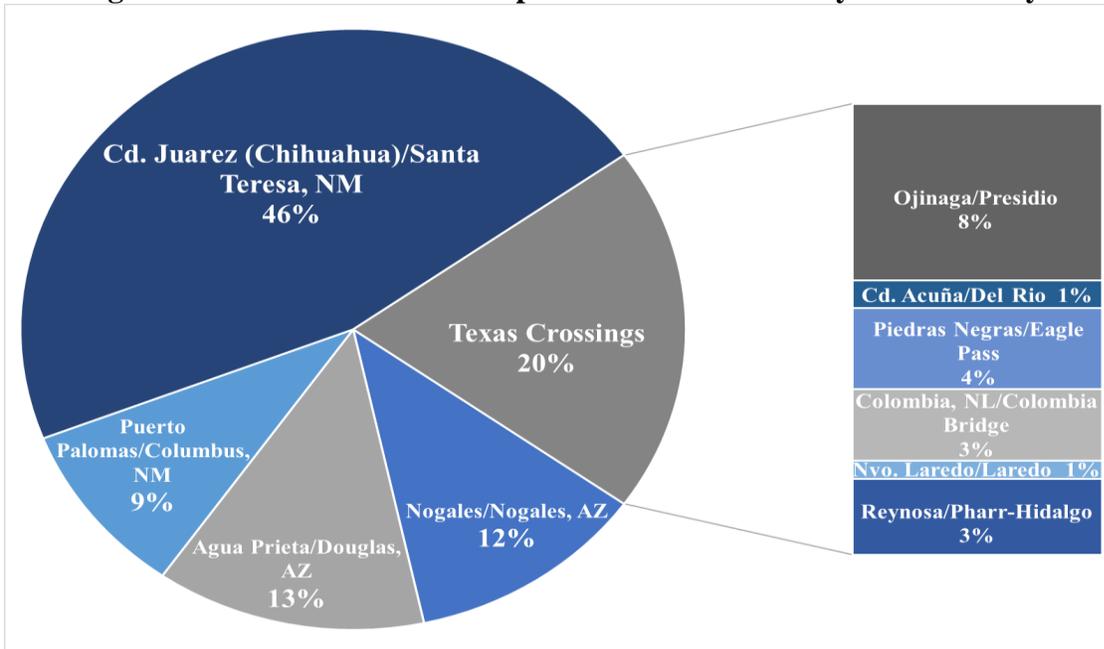
Figure 6: Mexico's Live Cattle Exports to the United States



Source: Trade Date Monitor (2023)

In terms of the flow of live cattle from Mexico into the United States, a large proportion of Mexico’s live exports to the United States (80 percent) transit through commercial crossings in Sonora and Chihuahua into Arizona and New Mexico. Through June 30, Mexico has exported an estimated 605,282 head of cattle into the United States, a 27-percent increase over the same period in 2022.

Figure 7: Mexico Live Cattle Exports to United States by Port of Entry



Source: USDA Agriculture Marketing Service (AMS), [U.S.-Mexico Livestock Imports](#)

Beef

Table 2: Beef – PSD

Meat, Beef and Veal Market Year Begins Mexico	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	6780	6780	6915	6915	0	7050
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	2180	2180	2220	2220	0	2240
Total Imports (1000 MT CWE)	166	165	180	175	0	175
Total Supply (1000 MT CWE)	2346	2345	2400	2395	0	2415
Total Exports (1000 MT CWE)	398	395	380	410	0	415
Human Dom. Consumption (1000 MT CWE)	1948	1950	2020	1985	0	2000
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	1948	1950	2020	1985	0	2000
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	2346	2345	2400	2395	0	2415

(1000 HEAD) ,(1000 MT CWE)

Production

2024

Post forecasts Mexico beef production nearly one percent higher from 2023, to a record 2.24 MMT. Less elevated prices of animal feed for cattle and swine are expected to drive down production costs, while demand for beef is expected to increase slightly for local consumption and exports.

2023

The production estimate for 2023 remains at 2.22 MMT. Seven states in Mexico produce over half of the country's beef. The top five beef producers are the states of Veracruz, Jalisco, San Luis Potosi, Durango, and Baja California.

Table 3: Top Beef Producing States January-June 2023

Ranking	State	Share
1	Veracruz	12.8
2	Jalisco	12.0
3	San Luis Potosi	6.0
4	Durango	5.6
5	Baja California	5.4
6	Chiapas	5.2
7	Sinaloa	5.2

Source: Servicio de Información Agroalimentaria y Pesquera (SIAP)

Consumption

2024

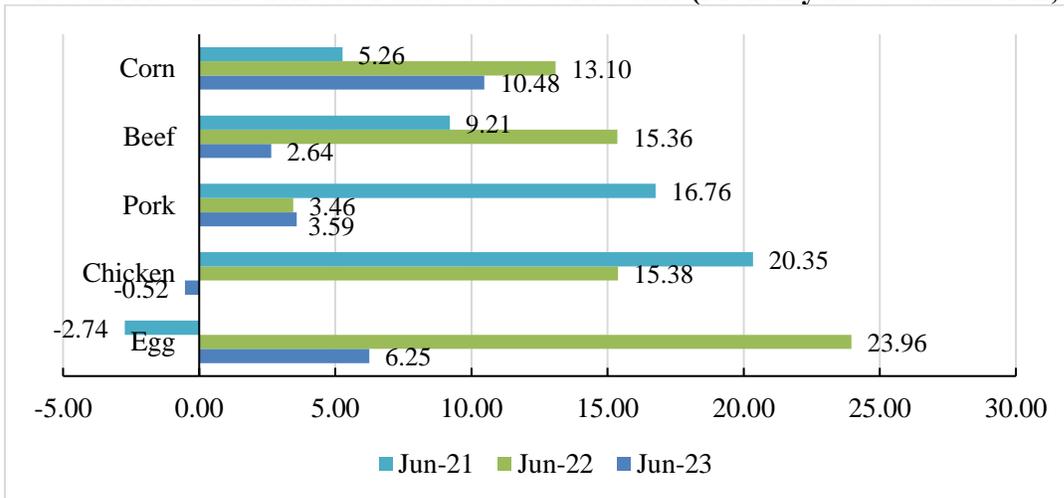
Post forecasts consumption one percent higher from 2023 to 2.0 MMT. The increase is based on population growth, coupled with a growing appetite for beef products as consumer incomes steadily rise over time and food price inflation moderates. The country's tourism economy also continues to experience robust growth which in turn generates additional consumer demand in the hotel, restaurant and institutional (HRI) sectors.

2023

Post forecasts consumption two percent higher from 2022 to 1.99 MMT. According to the National Institute of Statistics and Geography (INEGI), Mexico's gross domestic product (GDP) improved 3.7 percent compared to the same period last year. Additionally, starting on January 1, 2023, the Government of Mexico (GOM) raised the minimum wage by 20 percent. Local reports suggest that Mexico's beef consumption will continue to slightly increase to meet local demand in the current economic environment, as Mexican consumers with more discretionary income are paying to eat beef.

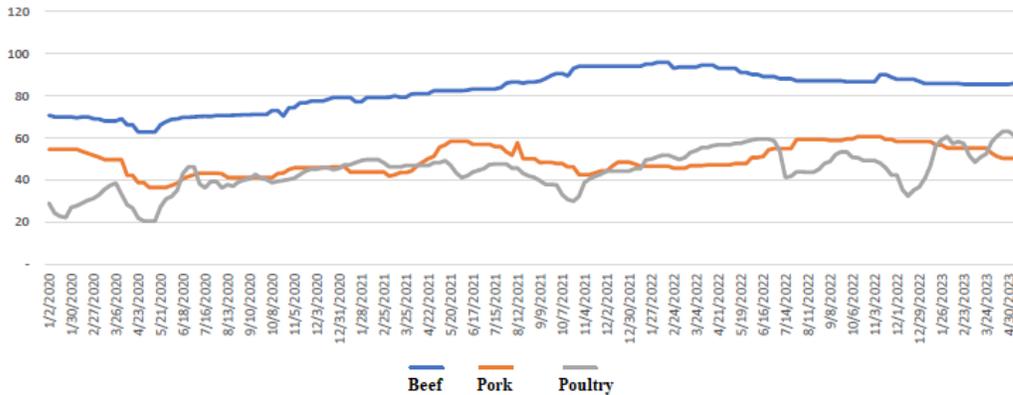
The following figures show levels of inflation of key food proteins/staples, pricing for meat in Mexico, and the overall distribution of meat consumption among Mexico's consumers.

Figure 8: Food Price Inflation of Mexico's Select Proteins (Monthly Rate of Inflation, Percent)



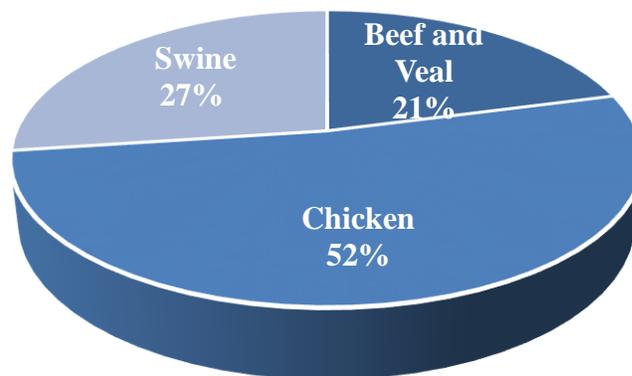
Source: Instituto Nacional de Estadística y Geografía (INEGI)

Figure 9: Average Meat Prices in Mexico through April 2023 (Pesos per KG)



Source: Rabobank 2023

Figure 10: Mexico’s Total Meat Consumption, 2023



Source: USDA FAS Production, Supply, and Distribution (PS&D) * Estimate

Trade

Imports

2024

Post forecasts beef imports unchanged from 2023 at 175,000 metric tons (MT). The forecast growth in domestic production and nearly flat exports create a stable supply situation that limits import potential for the year to come.

2023

Post’s import estimate is six percent higher from 2022 at 175,000 MT and three percent lower than the USDA official. Mexico’s beef imports increased about 20 percent from January to April compared to the same period in 2022, due to a stronger peso increasing the affordability of U.S. meat products, and robust demand from large meat processing companies.

Exports

2024

Post forecasts exports at 415,000 MT, a one-percent increase over 2023. Albeit a small portion of total supply, Mexico's share of global beef exports continues to gradually increase. Between 2015 and 2022, Mexico has nearly doubled its amount of beef exports. Continued growth of slaughter facilities with the designation, *Tipo Inspección Federal* (TIF), point to the country having additional export capacity. The country's main export markets are the United States, Japan, Canada, and South Korea.

Mexico aims to diversify its meat exports to meet demand for halal meat in North Africa, the Middle East, and Asia through cooperation among the Secretary of Agriculture and Rural Development (SADER) and halal certification bodies. Additionally, efforts to boost Mexican beef's standing in the global market are made through national meat industry groups such as Comecarne and Mexican Beef.

2023

Post's estimates exports four percent higher than 2022 at 410,000 MT and eight percent higher than USDA's official estimate. As of April 2023, exports are 15 percent lower compared to the same period of 2022, due in part to the strength of the peso. However, seasonality trends, estimates that the peso could return to less elevated levels in last quarter of the year, and expectations of accelerated slaughter in the latter half of the year support marginal growth in exports.

Hogs

Table 4: Swine – PSD

Animal Numbers, Swine Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Total Beginning Stocks (1000 HEAD)	11775	11775	12250	12250	0	12560
Sow Beginning Stocks (1000 HEAD)	1285	1285	1305	1305	0	1310
Production (Pig Crop) (1000 HEAD)	21700	21700	22075	22075	0	22150
Total Imports (1000 HEAD)	6	6	6	6	0	10
Total Supply (1000 HEAD)	33481	33481	34331	34331	0	34720
Total Exports (1000 HEAD)	0	0	0	0	0	0
Sow Slaughter (1000 HEAD)	0	0	0	0	0	0
Other Slaughter (1000 HEAD)	20400	20400	20925	20925	0	20950
Total Slaughter (1000 HEAD)	20400	20400	20925	20925	0	20950
Loss and Residual (1000 HEAD)	831	831	846	846	0	850
Ending Inventories (1000 HEAD)	12250	12250	12560	12560	0	12920
Total Distribution (1000 HEAD)	33481	33481	34331	34331	0	34720
(1000 HEAD)						

Production

2024

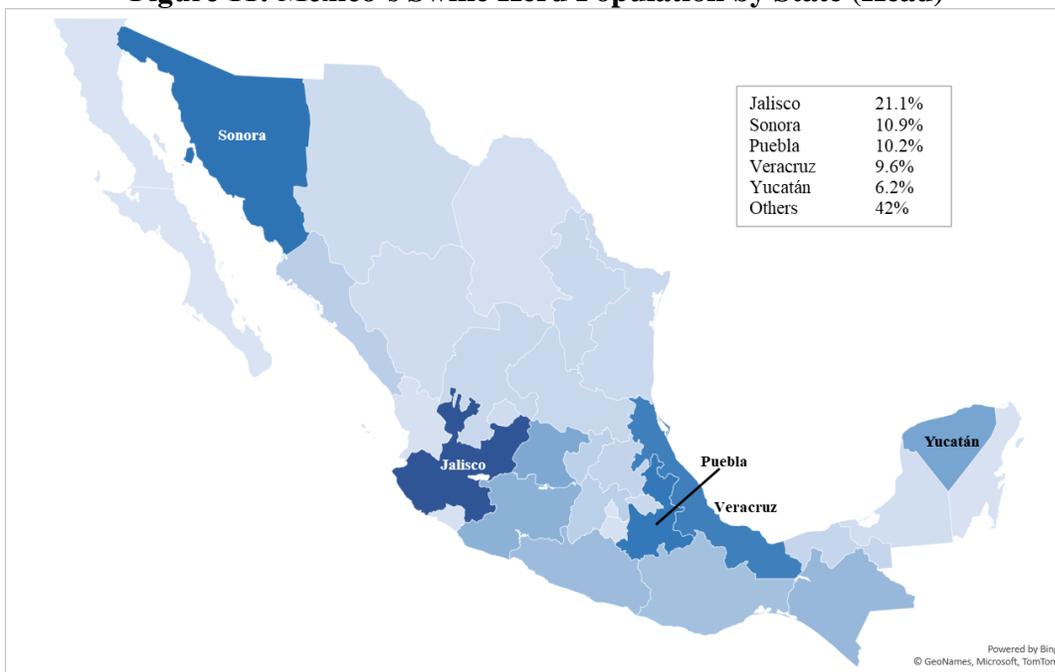
Post forecasts a slight increase in Mexico's pig crop from 2023 at 22.2 million head. The forecast growth is attributed to both domestic and international factors. Solid domestic demand for pork and pork products will support increased production from the pork and meat processing sector, to offset relatively less growth in pork export demand due global factors such as excess supply.

2023

Mexico's pig crop is estimated at 22.1 million head and in line with USDA's official estimate. This estimate is lower than Post's previous semi-annual report, but still represents a moderate nearly two-percent year-to-year increase. Falling live hog prices and negative producer's margins impact estimated pig production. Mexico's live hog prices in July 2023 have dropped significantly compared to the same time last year. The downward pressure on live hog prices is reportedly bringing some hog farmers into the red or to the break-even point. According to industry, the downward trend for live hog prices is attributed to increased pork imports, market saturation, and competition from other proteins. Meanwhile, high levels of appreciation of the country's peso in 2023, are estimated to help prop up production due to less elevated prices for inputs.

While hog production occurs throughout Mexico, national production and the total pig population is more concentrated in a handful of states than the country's cattle herd. Based on recent data, the states with the largest pig populations in Mexico are Jalisco, Sonora, Puebla, Veracruz, and Yucatan. Together they account for nearly 60 percent of the national pig herd, though pig production is also a major activity in other states of central and southern Mexico.

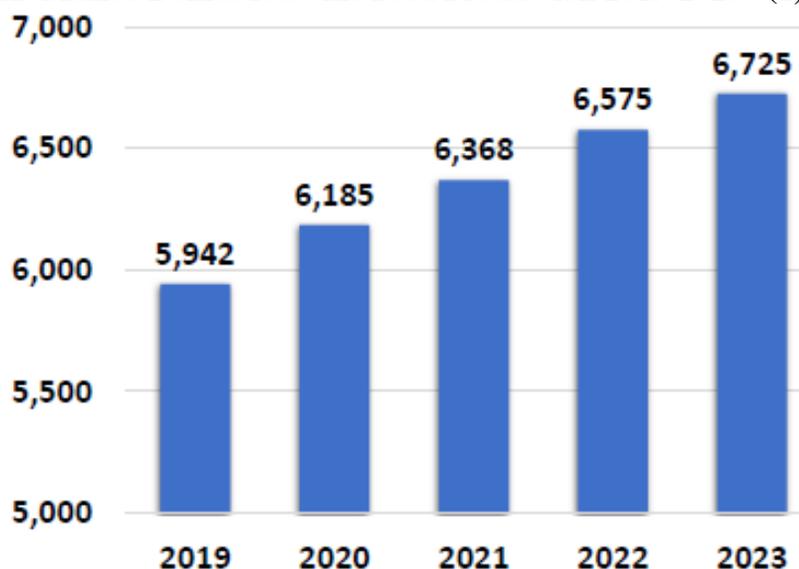
Figure 11: Mexico's Swine Herd Population by State (Head)



Source: Servicio de Información Agroalimentaria y Pesquera (SIAP), 2021

Some respite for producers in Mexico experiencing the decline in live hog prices is reported to come from less elevated corn prices. Regardless, both live hog and feed producers report an undercurrent of uncertainty due to Mexico's policy to manage corn trade (see policy section). According to the national animal feed industry, the swine sector is estimated to consume more than 6.6 million MMT of feed in 2023, two percent more than 2022.

Figure 12. Mexico Domestic Swine Feed Production 2019-2023* (1,000 MT)



*2023 Forecast/2022 Preliminary

Source: Consejo Nacional de Fabricantes de Alimentos Balanceados y Nutrición Animal (CONAFAB)

Slaughter

FAS/Mexico forecasts 2024 slaughter fractionally higher than 2023 at 20.95 million head. The 2023 slaughter estimate of 20.93 million head is a three-percent increase over 2022, due to more availability of pigs for slaughter and demand from local processors.

Trade

Imports

2024

Post forecasts increased imports for 2024 at 10,000 head. According to local industry, Mexico's live-swine imports are primarily for genetic improvement and imported by larger operations. The United States is the key supplier for swine genetics, followed by Canada. Lower production costs and incentive to improve herd efficiency may outweigh low hog prices and weak sentiment for continued export growth.

2023

Live swine imports remain unchanged from 2022 at 6,000 head.

Exports

Currently, Mexico does not export live swine. All domestic swine production is needed to satisfy domestic demand for pork.

Pork

Table 5: Pork – PSD

Meat, Swine Market Year Begins Mexico	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	20400	20400	20925	20925	0	20950
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	1530	1523	1560	1570	0	1590
Total Imports (1000 MT CWE)	1299	1299	1310	1260	0	1270
Total Supply (1000 MT CWE)	2829	2822	2870	2830	0	2860
Total Exports (1000 MT CWE)	285	285	260	245	0	250
Human Dom. Consumption (1000 MT CWE)	2544	2537	2610	2585	0	2610
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	2544	2537	2610	2585	0	2610
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	2829	2822	2870	2830	0	2860
(1000 HEAD) ,(1000 MT CWE)						

Production

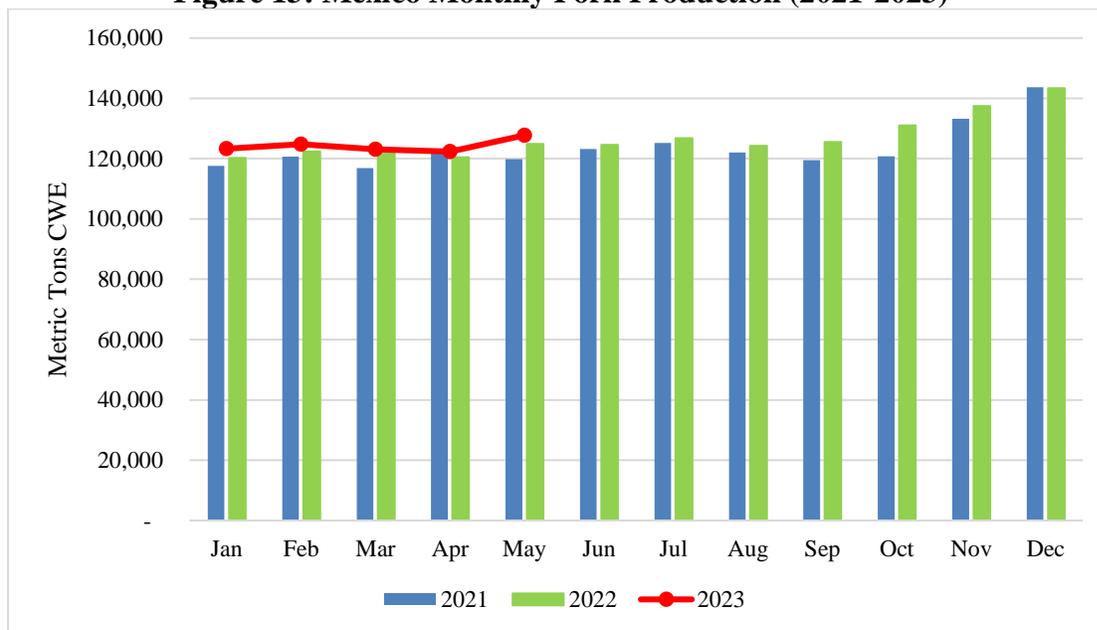
2024

Post forecasts 2024 pork production one percent higher over 2023, at 1.59 MMT. Key factors influencing the forecast growth are twofold. First, domestic processed pork demand remains robust and accounts for most of this growth. Mexico is forecast to increase domestic production of processed pork products such as aged chorizos, ham products including leg and baked, parboiled sausages, hot dogs, and head cheese. Secondly, while export demand has tapered off from record export volumes seen in 2022, Post still expects minor growth in export demand for Mexican pork in 2024.

2023

Post estimates 2023 production three percent higher over 2022 at 1.57 MMT. Pork production through April 2023 is reported two percent higher, at 493,593 MT, compared to 484,923 MT at the same time last year. Based on recent trends of Mexico's pork production accelerating in later months of the calendar year, the country is on target to build upon record production that has spanned ten consecutive years.

Figure 13: Mexico Monthly Pork Production (2021-2023)



Source: Servicio de Información Agroalimentaria y Pesquera (SIAP)

Mexico’s industry continues to report growth, even considering the reduced demand from China, following several years of robust exports to that country on the heels its 2019 African Swine Fever outbreaks. Mexican production increased rapidly to meet export demand. As Mexico’s export markets fluctuate and total exports decline from the 2022 high, the domestic market has become saturated. As poultry prices rose close to pork prices in 2022, pork per capita consumption grew at a relatively stronger pace. However, as poultry prices fall in Mexico compared to pork prices, the rate of growth of pork consumption is expected to level off to a degree.

Jalisco and Sonora are the top production states, producing over one third of the country’s pork supply. Primary concerns within the pork industry currently include declining margins, uncertainty from biosecurity threats outside and inside their borders, and economic factors such as prices of materials, exchange rates, foreign markets, and future meat prices.

Consumption

Post forecasts 2024 consumption one percent higher than 2023 at 2.61 MMT. This increase is based primarily on population growth, with no major shifts expected in per capita consumption, after several years of pork becoming a more popular animal protein choice among Mexican consumers due to price and versatility considerations.

Post’s consumption estimate for 2023 is 2.59 MMT, two percent higher than 2022, and slightly lower than the USDA official estimate. Beginning in the first quarter of 2023, pork became closely competitive with poultry based on average meat prices across Mexico. Year-to-date, pork has consistently been a relatively affordable animal protein for Mexican consumers, even less expensive than poultry in some periods. Lower pork prices due to ample supply will drive consumer demand for pork in 2023.

Trade

Imports

2024

Post forecasts imports three percent higher than 2023 to 1.27 MMT, but short of the record import volume reached in 2022. Strong production and demand in local meat processing is expected to be the primary driver of this growth.

2023

Post forecasts imports to decrease in the current year nearly three percent from record volumes in 2022 to 1.26 MMT. Although total import volume is up by two percent in the first quarter of 2023 compared to 2022, fewer imports are expected as the year progresses. Lower exports and increased production are estimated to increase available domestic supply and drive down imports in the remainder of the year.

Based on USDA official figures, Mexico is routinely the world's third-largest pork importer behind China and Japan. The United States and Canada supply almost all of Mexico's pork imports. With the introduction of several decrees seeking to combat food price inflation (see Policy section below), Brazilian pork entered the Mexican market, though in small quantities, with under 1,000 MT imported year-to-date.

Exports

2024

Post forecasts exports two percent higher from 2023 to 250,000 MT. The United States, Japan, South Korea, and Canada are forecast to remain the most stable destinations for Mexican pork. With those countries' pork imports relatively stable, Mexico pork exporters may look to increase share in other export markets in Asia such as Singapore, Philippines, and Vietnam, and countries in Latin America such as Guatemala and El Salvador.

2023

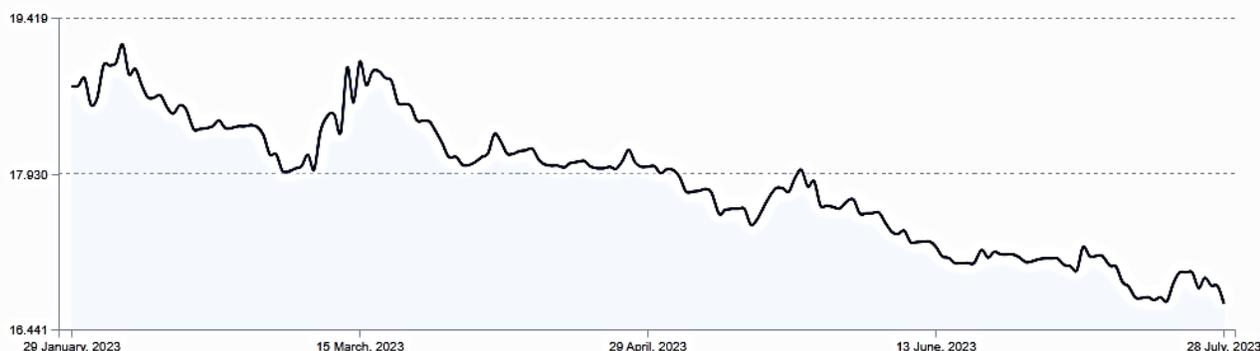
Post estimates exports 15 percent lower from 2022 to 245,000 MT. On the one hand, higher domestic pork production would support increased export volume, but trade data from January to April 2023 shows volume of pork exports down considerably compared to the same period in 2022, when the country's pork exports reached a record. After several years of strong demand from China, Mexican exports to that destination registered zero in the first quarter of 2023. In addition to declining demand from the Chinese market, this decrease in exports is attributed to the current record strength of the peso, which lowers the competitiveness of Mexican exports. Between January 9 through July 8, 2023, the peso strengthened ten percent compared to the U.S. dollar.

Figure 14: U.S. Dollar to Mexican Peso Exchange Rate (180 days)

USD to MXN Chart

1 USD = 16.6896 MXN Jul 28, 2023 22:42 UTC

United States Dollar to Mexican Peso



Source: Forbes

Policy

February 2023 Corn Decree

On February 13, Mexico published [a presidential decree](#) which includes, “*The dependencies and entities of the Federal Public Administration will carry out the actions leading to the effect of carrying out the gradual substitution of genetically modified corn for animal feed and for industrial use for human food.*” On June 2, the United States [requested](#) dispute settlement consultations with Mexico under the United States-Mexico-Canada Agreement (USMCA). These consultations regard certain Mexican measures concerning products of agricultural biotechnology. Under USMCA Article 31.4.5, the parties shall enter into consultations within 30 days of the U.S. request, unless the parties decide otherwise. Under USMCA Article 31.6.1, if the parties do not resolve the matter through consultations within 75 days of the U.S. request, the United States may request the establishment of a panel.

Anti-Inflation Decrees

The GOM published a series of inflation related decrees which temporarily allow the duty-free import of certain food products including beef and pork (See [GAIN MX2023-0002](#) and [GAIN MX2022-0057](#)). The decree temporarily exempts select importers from the payment of import duties for certain goods and facilitates administrative easing. The decree is valid until December 2023. Despite recent market openings for beef from Argentina and pork from Brazil, the United States continues to be Mexico’s primary provider due to lower freight costs, faster delivery, and importer recognition of U.S. quality.

[NOM-001-SEMARNAT-2021](#)

In March 2023, new maximum allowable limits for pollutants into national water bodies went into force. Sources note that particularly for swine operations, compliance with the new standards will bear additional costs and restrictions to pork producers through required updated waste management plans.

Policy (Cattle)

On July 6, 2023, the state of Nuevo Leon’s status for bovine tuberculosis (TB) was reclassified from level IV to level V (non-status) following a review by USDA’s Animal and Plant Health Inspection Service (APHIS). Beginning on December 1, 2023, APHIS Veterinary Services will suspend cattle inspection operations at the Colombia Bridge facility in Nuevo Leon. Cattle originating from Nuevo

Leon may only be imported for purposes of immediate slaughter at pre-approved facilities. Cattle transiting the state of Nuevo Leon to reach other ports of entry must travel in a sealed conveyance to retain export eligibility. The list of regions APHIS has classified for TB in Mexico can be found [here](#).

2024 General Election

On June 2, 2024, Mexico will elect a new president for a new six-year term. Voters will determine a replacement for President Andrés Manuel López Obrador of the National Regeneration Movement (*Spanish: Morena*). Contacts in the livestock sector note that traditionally more uncertainty exists for the agricultural sector during election years. Recently, Mexico’s Secretary of Agriculture announced that 48 agricultural related [regulations](#) would be updated by the end of the year. The sector remains attentive to any pre- or post- election changes to agricultural policy which could impact their operations.

Technical Notes:

All quantities (beef and pork) noted are in Carcass Weight Equivalent (CWE). CWE is the weight of an animal after slaughter and removal of most internal organs, head, and skin.

For More Information

Visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Report Number	Title	Dated
MX2023-0005	Livestock and Products Semi-annual	02/21/2023
MX2022-0046	Livestock and Products Annual	09/06/2022
MX2022-0003	Livestock and Products Semi-annual	03/29/2022
MX2021-0042	Livestock and Products Annual	07/29/2021
MX2021-0005	Livestock and Products Semi-annual	03/16/2021
MX2020-0038	Livestock and Products Annual	07/30/2020

Attachments:

No Attachments