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## **Report Name:** Poultry and Products Annual

**Country:** Mexico

**Post:** Mexico City

**Report Category:** Poultry and Products

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### **Report Highlights:**

Improved stocks at poultry breeder facilities and lower feed prices are forecast to increase chicken meat production by two percent in 2024. Although at a slower rate of growth compared to the last two years, imports are forecast to increase by five percent in 2024, driven by robust domestic demand. As a result of more stable trading partner chicken meat supplies, 2024 exports are forecast unchanged. Chicken meat consumption is forecast to increase on competitive prices compared to other meats and increased household incomes.

## **Executive Summary**

The Bank of Mexico and the International Monetary Fund forecast Mexico's gross domestic product (GDP) growth in 2024 at 1.6 percent, relatively less growth compared to the previous two years. Additionally, the current "super peso" is forecast to depreciate to more average levels. Despite less than expected economic growth, chicken meat consumption is forecast to increase based on declining poultry prices, decreased inflation, and increased household incomes.

Production is forecast at 3.9 million metric tons (MMT) in 2024, two percent higher than in 2023 based on a projected decrease in animal feed prices, which is expected to drive down production costs and increase supply. Although a slower rate of growth is expected compared to the previous two years, robust domestic demand is forecast to drive imports five percent higher than in 2023 at 1.0 MMT. Exports are forecast unchanged from 2023 at 5,000 MT, as demand from export markets remains stable. Increased household incomes support three percent higher 2024 chicken meat consumption at 4.9 MMT.

Mexico's voters will select a replacement for President Andrés Manuel López Obrador in 2024. During the run-up to the election, food prices, including that of chicken meat, will be top of mind for voters. Meanwhile, concerns about potential economic volatility during the campaign and election period may hamper large investments in the poultry sector through the next year.

**Table 1. Chicken Meat – Production, Supply, and Distribution**

Meat, Chicken 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
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	3940	3763	4000	3800	0	3875
<b>Total Imports</b> (1000 MT)	915	915	975	975	0	1025
<b>Total Supply</b> (1000 MT)	4855	4678	4975	4775	0	4900
<b>Total Exports</b> (1000 MT)	12	12	5	5	0	5
<b>Human Consumption</b> (1000 MT)	4843	4666	4970	4770	0	4895
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	4843	4666	4970	4770	0	4895
<b>Total Use</b> (1000 MT)	4855	4678	4975	4775	0	4900
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	4855	4678	4975	4775	0	4900
(1000 MT)						

Note: Adjusted data for 2021-2023 appears in this table and historical data will be adjusted back to 2017 in the PSD database at <https://apps.fas.usda.gov/psdonline/app/index.html#/app/home> on October 12, 2023. The changes are related to updated production data from National Union of Poultry Farmers (UNA) and validated by data from the Agricultural and Fisheries Information Service (SIAP).

## Production

### 2024

Production is forecast two percent higher from 2023 to 3.9 MMT on a projected modest decline in feed prices and strong domestic demand. Increased biosecurity measures implemented to prevent disease outbreaks in the aftermath of the outbreak of highly pathogenic avian influenza (HPAI) in 2022 and increased investments in broiler genetics are expected to support increased production.

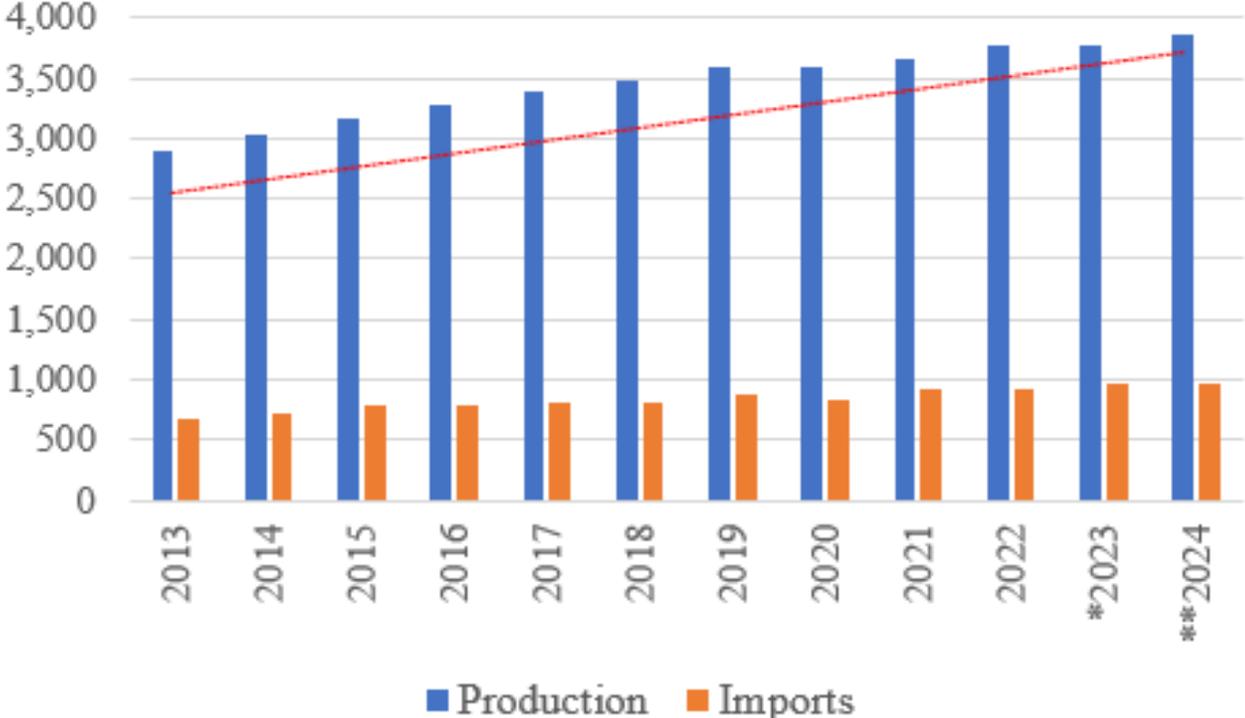
### 2023

Production is estimated one percent higher from 2022 at 3.8 MMT. Relatively less elevated grains prices combined with a record-level appreciation of the Mexican peso are estimated to lower producer costs and spur increased production. However, large increases to production are constrained by continued recovery from the 2022 HPAI outbreak which resulted in culled breeding flocks. While Mexico made investments into broiler genetics, further increases to production are not expected until 2024.

As of June 2023, SIAP reports 1.6 MMT of chicken meat production. Chicken production is spread across Mexico, with sixty percent of reported production so far this year coming from the states of Veracruz, Jalisco, Aguascalientes, Queretaro, Durango, and Guanajuato.

Mexico is currently the sixth largest chicken meat producer globally and meets close to 80 percent of domestic chicken meat consumption. Over the last ten years, domestic chicken meat production has grown more than 30 percent. While imports expanded 45 percent during the same period, they have continued to account for 20 percent of domestic consumption, indicating that growth in imports will continue to be tied to and constrained by overall consumption growth. Mexico’s competitiveness as a poultry producer is driven by the availability of local labor and access to a price-competitive supply of abundant feed grains and oilseeds, co-products such as distiller's dried grains with solubles (DDGS), and other inputs including poultry genetics from the United States.

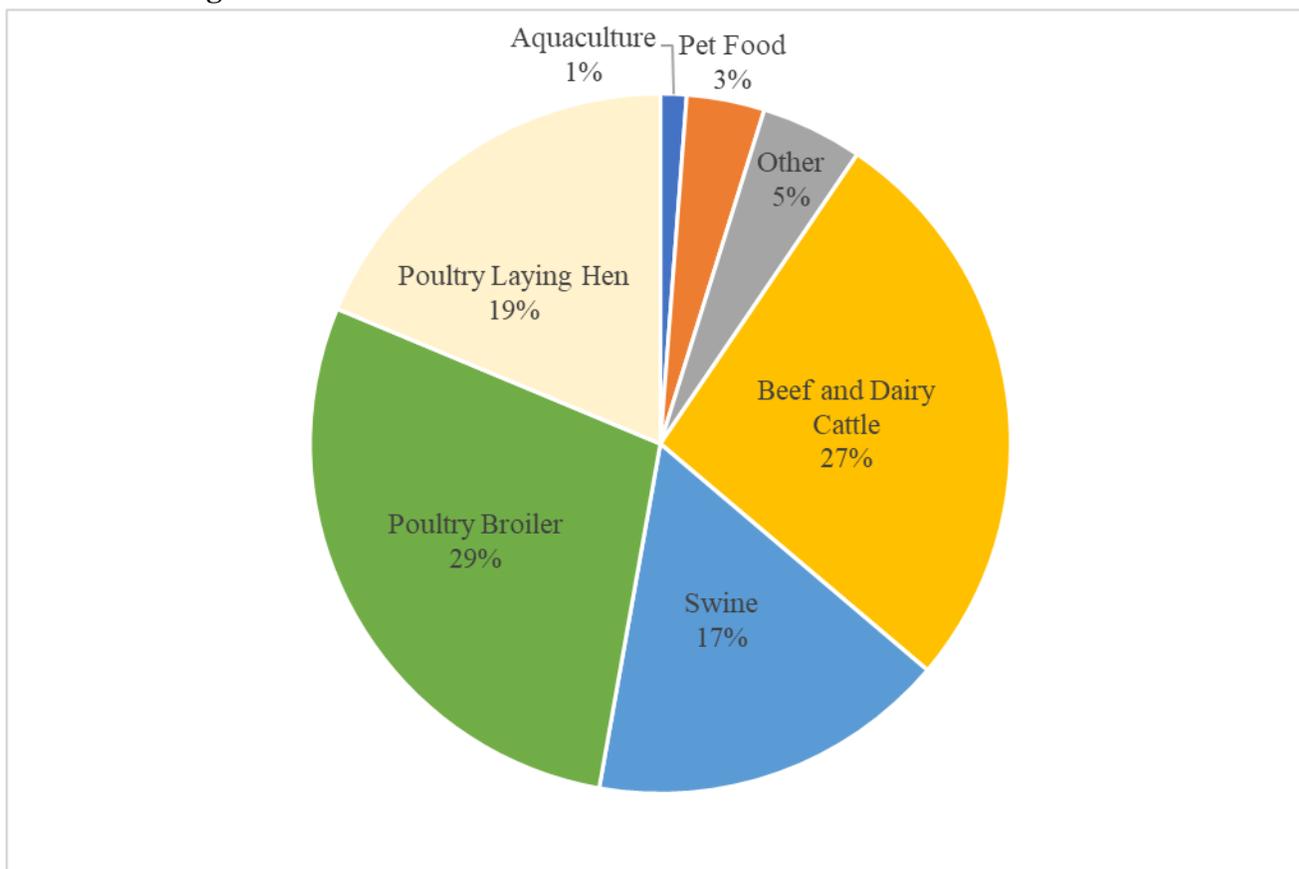
**Figure 1: Mexico Chicken Meat Production (1,000 MT)**



Source: USDA FAS Post Mexico City, \*Estimate, \*\*Forecast

Mexico is the fifth largest animal feed producer in the world. Nearly half of Mexico’s balanced feed production is destined for the poultry industry. The ability to access grains and develop poultry feed provides the domestic industry with a competitive advantage for poultry production.

**Figure 2. 2023 Mexico Estimated Balanced Feed Production Destination**



Source: National Feed and Animal Nutrition Manufacturers Council (CONAFAB)

Most of the feed used to support Mexico’s poultry industry is high-quality grain imports from the United States. Poultry producers report that they are concerned about the availability of an adequate supply of animal feed in the future due to Mexico’s policy to manage corn trade (see policy section).

## Trade

### Imports

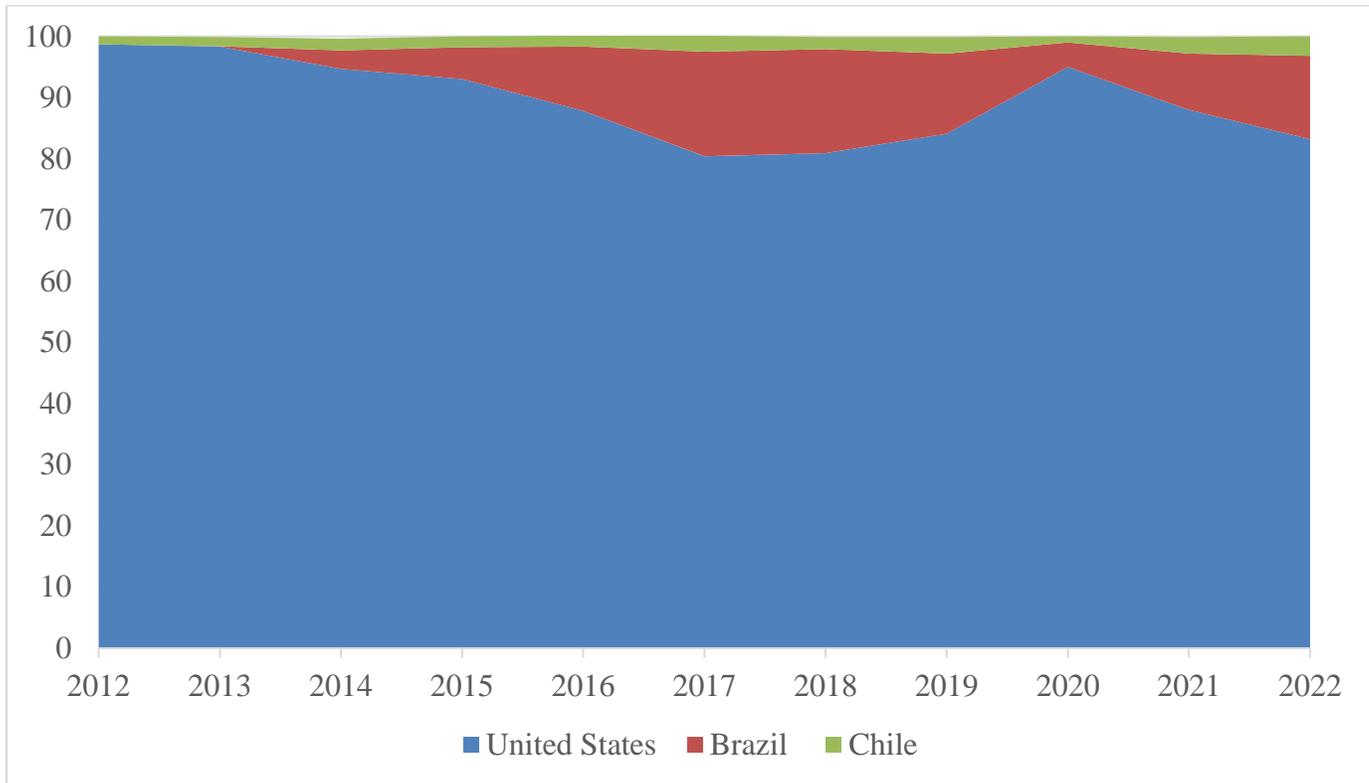
#### 2024

Imports are forecast five percent higher from 2023 at 1.0 MMT. Forecast imports are nearly 20 percent of total domestic chicken meat consumption, comparable to previous years. Strong domestic demand and price competitiveness of chicken meat compared to pork and beef will support increased import volumes. While the overall outlook for chicken imports remains strong, the slower rate of growth compared to the last two years is based on relatively less forecast GDP growth and forecast depreciation of the “super peso” which strengthened Mexico’s import outlook since late 2022. Despite less than expected economic growth, chicken meat imports are forecast to increase, albeit at a slower pace, based on declining poultry prices, decreased inflation, and increased household incomes.

### 2023

Based on updated trade data, 2023 imports are estimated seven percent higher than 2022 at 975,000 MT. A record level appreciation to Mexico’s peso, relative to the United States dollar, strengthens the poultry import outlook. The United States remains Mexico’s top poultry trading partner, despite an estimated increase in imports from Brazil. More labor-intensive poultry cut imports from Brazil, at competitive pricing, have increased over the last ten years. In 2022, close to seventy percent of Brazilian poultry imports were deboned chicken breast meat.

**Figure 3. Mexico Chicken Meat Imports Origin (%)**



Source: UNA and Mexico Custom’s Agency (ANAM)

Over 80 percent of imports from the United States are leg quarters and mechanically deboned meat. United States holds geographic advantages for poultry exports through a shared border, which lessens the wait times for chicken meat shipments. In addition, the United States can ship chilled meat, instead of frozen meat, which requires extra processing.

### Exports

#### 2024

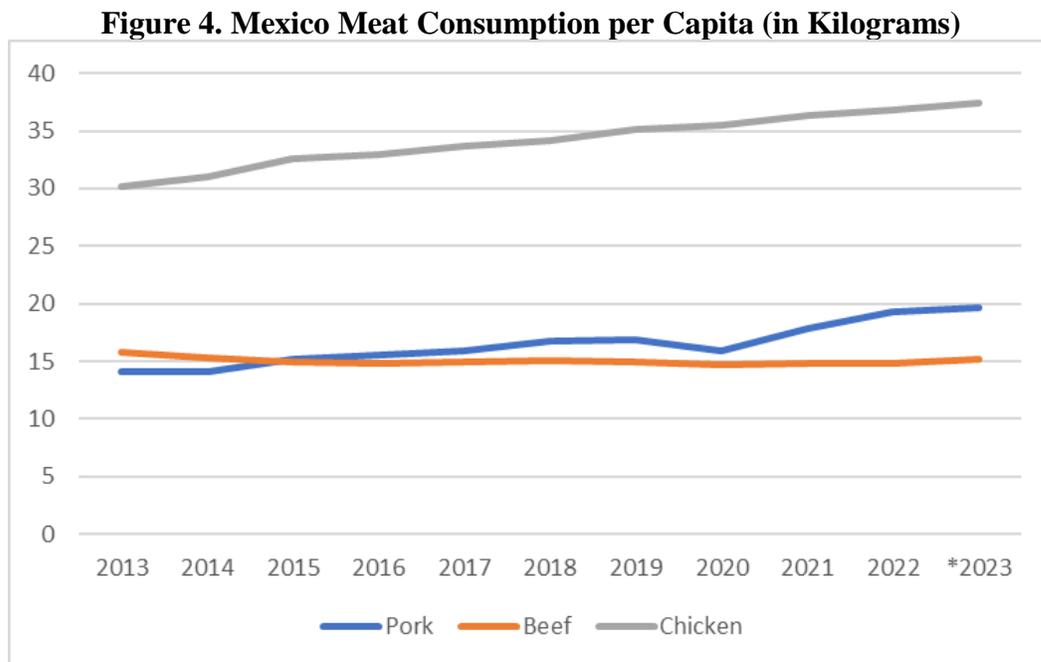
Exports are forecast unchanged from 2023 at 5,000 MT. Robust demand from domestic consumers and unchanged forecast demand from export markets are expected to hold exports stable. Although industry aims to increase chicken meat exports, including to capture halal meat markets, over the last 10 years less than one percent of chicken meat production has been destined for exports.

## 2023

Exports are forecast at 5,000 MT in 2023, 60 percent lower than in 2022. Mexico trade data shows limited shipments in the first half of the year and U.S. demand is expected to remain weak for the remainder of 2023. Mexico's exports to the United States were stronger in 2022 as demand rose from the impact of HPAI.

## Consumption

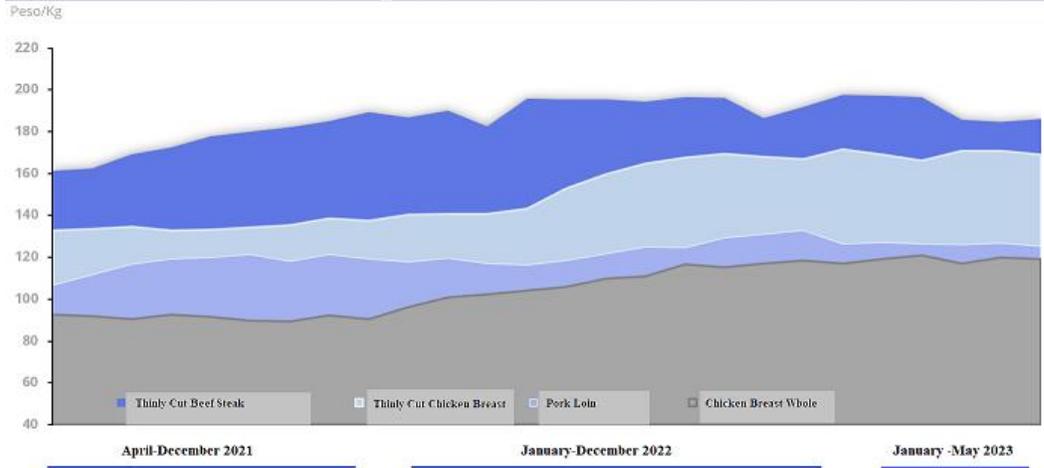
Mexico is the fifth largest chicken meat consumer globally, and demand for chicken meat continues to rise. Chicken meat is Mexico's most consumed animal protein, and in 2024 consumption is forecast three percent higher than 2023 at 4.9 MMT. In 2023, consumption is estimated two percent higher than 2022 at 4.8 MMT. The rate of per capita consumption growth is forecast stronger in 2024 compared to 2023, driven by increased chicken meat demand for processed products such as cold cuts and frozen breaded chicken meat.



Source: USDA FAS, \*Estimate

When the price gap between chicken and pork narrowed in May 2023, consumers continued to purchase chicken meat at relatively higher levels than pork.

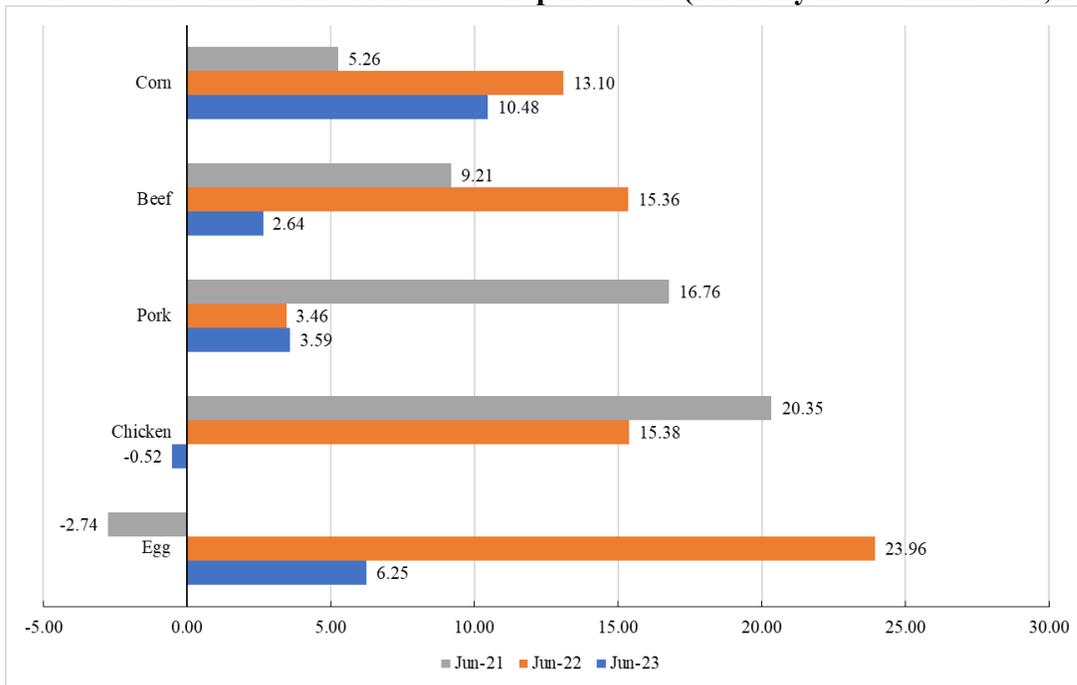
**Figure 5. Mexico Meat Prices**



Source: UNA and Office of the Federal Prosecutor for the Consumer (PROFECO)

Between 2018-2023, the minimum wage increased by double digits, rising to \$10.40 per day from \$4.40 per day. Remittances have also climbed to the strongest levels in ten years.

**Figure 6: Food Price Inflation of Mexico’s Top Proteins (Monthly Rate of Inflation, Percent)**



Source: National Institute of Statistics and Geography (INEGI)

In 2023 and 2024, population growth, combined with less elevated inflation, increased household incomes, and remittances, are forecast to support increased chicken meat consumption.

## Policy

### Trade Hearing on U.S. Chicken Leg Quarters (CLQ)

On May 23, 2023, the Unit of Foreign Trade Practices (UPCI) of Mexico's Secretariat of the Economy held a hearing about alleged U.S. dumping of chicken products, a case which has been ongoing for more than ten years. The results of the hearing are pending. In 2012, the Secretariat of the Economy concluded that U.S. exporters were guilty of engaging in an "unfair" trade practice with its sales of CLQs to Mexico (see GAIN [MX2171](#)).

### February 2023 Corn Decree

On February 13, Mexico published [a presidential decree](#) which includes directive that, "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 August 17, the United States Trade Representative [announced](#) the United States establishment of a dispute settlement panel under the United States-Mexico-Canada Agreement (USMCA) regarding certain Mexican measures concerning biotech corn.

### Anti-Inflation Decrees

The Government of Mexico (GOM) published a series of inflation-related Decrees which temporarily allow the duty-free import of certain food products, including chicken (see [GAIN MX2023-0002](#) and [GAIN MX2022-0057](#)). The Decree temporarily exempts importers from the payment of import duties for certain goods and facilitates administrative requirements for selected importers. The decree is valid until December 2023.

### 2024 General Election

On June 2, 2024, Mexico will elect a new president for a new six-year term. Recently, Mexico's Secretary of Agriculture announced that 48 agricultural related [regulations](#) would be updated by the end of the year. The poultry sector remains attentive to any pre- or post- election changes to agricultural policy which could impact their operations. Contacts in the poultry sector note that there is traditionally more uncertainty for the agricultural sector during election years, which may impact sector investment decisions.

### For More Information

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Report Number	Title	Dated
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<a href="#">MX2022-0045</a>	Poultry and Products Annual	09/06/2022
<a href="#">MX2022-0005</a>	Poultry and Products Semi-annual	03/01/2022
<a href="#">MX2021-0045</a>	Poultry and Products Annual	08/20/2021
<a href="#">MX2021-0008</a>	Poultry and Products Semi-annual	03/12/2021
<a href="#">MX2020-0042</a>	Poultry and Products Annual	08/19/2020

**Attachments:**

No Attachments