

1. BACKGROUND

Livestock production has traditionally been one of Mexico's most important economic activities. Until this century it had been developed extensively, on open pastures, and with very primitive methods. Slowly this industry has been modernized, integrated and made more productive. At present, livestock production accounts for 2.7% of the country's total GDP and for 8.3% of the agricultural sector's GDP.

Mexico's bovine population has increased gradually since the turn of the century. In 1900, it amounted to 5.1 million head; it practically doubled by 1930 and grew again significantly in the 60's and 70's. Since 1988, it has practically remained the same at 35.4 million head.

Mexican pork production on a massive level started to grow during the 50's as a result of technology imports from the United States, which enabled industrial production of grains necessary to feed the pigs. During the 70's large pork producers started to appear in the Northwestern states of Sonora and Sinaloa, as well as in the Central states of Puebla and Tlaxcala. Pork inventories continued to grow rapidly until 1983-1984, when subsidies were no longer granted to the industry and the economic crisis was most severely felt. Meat production fell by over 40% during the following three years and only started to recover in 1988, as the Mexican economy began to grow.

Poultry has traditionally been a major source of protein for the entire population due to its relatively low price and ease of production. As in the case of pork, poultry was raised under traditional, self-sufficiency technologies until this century, when gradual changes brought about the modernization and large scale production of poultry. Starting in the 50's, large companies began to raise poultry for egg and meat production, bringing about a significant growth in productivity and supply. At present, poultry production is concentrated in few companies, while medium and small scale firms have tended to disappear.

Imports of livestock and meat were practically non-existent until the advent of Mexico's trade liberalization policies, undertaken since 1986, with the accession to GATT. Livestock and meat imports were subject to an import permit requirement with occasional import quotas. During the 70's, an average 30,000 live beef cattle were imported in addition to 100,000 tons of beef meat. Beginning in 1985, imports started to grow and reached 457,000 live cattle, 41 million tons of meat and 120 million tons of beef offals in 1990. A relatively small amount of live pigs, but no meat, were imported for genetic improvement, averaging 3,750 animals per year between 1970 and 1987. Starting in 1987, swine imports started to grow, reaching their maximum of 204,000 head in 1988 and 56.4 million tons of pork meat and 86 million tons of offals in 1989. Imports dropped again in 1990, but are expected to grow again in the coming years, as domestic demand increases. Poultry imports have shown a similar pattern to that