

Industry. Imports of these products were even more sharply reduced. Participants in the Mexican feed industry see this as an opportunity to recapture some market share, by improving their productivity and quality. This is expected to create opportunities for joint ventures with Canadian feed producers.

Mexicans have not traditionally purchased prepared food for their pets. But pet food has recently emerged as a rapidly-growing market. Because there was no established Mexican pet food industry, American companies moved in to supply virtually all of market, both through subsidiary plants in Mexico and through imports. Mexican manufacturers will need foreign expertise to capture a larger share of this market.

THE ANIMAL FOOD INDUSTRY

The animal food industry consists of two primary subsectors: pet food and feed for livestock. The latter category consists mostly of feed for beef cattle, dairy cattle, hogs and poultry. Livestock feed consists primarily of cereals mixed with additives, including nutrients, minerals, vitamins, and roughage as well as a variety of reactive chemicals. Pet food is mostly canned meat and meat by-products, or dry food for cats and dogs.

LIVESTOCK FEED

A large proportion of Mexican livestock are fed on natural grasses and other vegetation, supplemented by whatever forage is available locally. This is especially true since the devaluation of the peso in December 1994, which has reduced the producers' ability to pay for imported feeds. But there is also a substantial market for balanced feed, which is specifically formulated for each species.

Poultry is the most important species consuming balanced animal feed; in

fact, poultry consume close to half the market. Beef cattle consume only about 10 percent of production. More than 70 percent of balanced feed production is distributed internally by integrated producers, while the rest is sold on commercial markets. Integrated producers include producer's unions, which buy cereals in addition to other foods and blend them for their member's use. In 1995, there were 78 production plants which were affiliated to the balanced animal food section of *Cámara Nacional de la Industria de la Transformación (Canacindra)*, National Chamber of the Manufacturing Industry. Their installed capacity of about 7.2 million tonnes is about 42 percent of estimated total capacity. Production by registered *Canacindra* members fell by 11.4 percent in 1995 to 3.9 million tonnes while total production was estimated at 14.4 million tonnes.

The largest absolute drop in 1995 production by registered producers

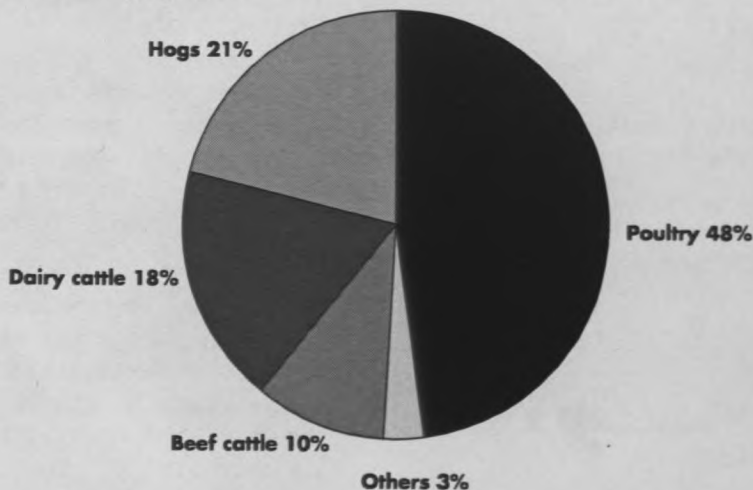
was seen in fattening preparations for poultry, which fell by 193,000 tonnes, and pig feed, which declined by 182,000 tonnes. This reflects a reduced market for meat of all kinds. The drop in feed for egg-producing hens was a relatively modest 7.6 percent, and production of feed for dairy cattle increased slightly during the year.

About 50 percent of the balanced animal feed produced in Mexico comes from the southern states. Yucatán alone accounts for 20 percent of production. Cereals and other crops used as raw materials are grown throughout Mexico.

PET FOOD

The Mexican market for pet food is growing rapidly and is dominated by imports. Dog and cat food are the largest market components, although there is a small market for ornamental fish food and birdseed. Excluding those categories, the market is estimated at about 70 percent dog food

ANIMAL FEED, 1995
Production by Species



Total: 14,410 thousand tonnes

Source: *Cámara Nacional de la Industria de la Transformación (Canacindra)*, National Chamber of the Manufacturing Industry.