

Per capita consumption of chicken meat has increased significantly in the last decade, from 5.7 kg. in 1980 to 9.1 kg. in 1990. This has been mostly due to its lower relative price. Chicken also doubled its participation in total meat consumption, from 12% to 24%, between 1980 and 1990. As in the case of pork and beef, the higher income classes consume 77% of chicken meat sold, the middle income classes 19% and the lower classes 4%. The higher income classes favor breasts and legs, while the lower income classes purchase wings, offals and heads. Consumption is also concentrated around urban areas, which account for approximately 30% of total consumption. Rural areas, on the other hand, usually have family operations and cover their needs internally. It is estimated that 98% of the urban population and 25% of the rural population consume chicken meat.

#### 4. MARKET ACCESS

Sales in Mexico are usually made through local agents and distributors, normally operating on a commission basis. Decisions should be taken on whether to use an agent, joint venturing or licensing with a Mexican company. Mexico's market is highly competitive and companies which maintain an active presence in the market and establish a good track record by virtue of competitive price and reliability usually do well.

As a result of Mexico's accession to GATT, the Mexican Government has gradually opened the economy to international suppliers. Import duties have been lowered from a maximum 100% in 1983, to 20% since December, 1988. The official import price system has been totally eliminated and import permits are required on only 325 of the total 11,950 items in the Mexican Tariff Act. Mexico adopted the Harmonized System of Tariff Nomenclature on July 1, 1988.

Imports of meat and cattle are subject to a 0% to 20% ad valorem duty assessed on the F.O.B. invoice value. In addition, a 0.8% customs processing fee is assessed on the invoice value. The 15% value added tax, usually assessed on the cumulative value of invoice plus the above taxes, is waived on imports of meat and livestock products. Import duties applicable to items in this study are as follows:

| HARMONIZED SYSTEM<br>NUMBER | DESCRIPTION  | DUTY | PERMIT |
|-----------------------------|--------------|------|--------|
| 02.01.xxxx                  | Fresh beef   | 0%   |        |
| 02.02.xxxx                  | Frozen beef  | 0%   |        |
| 02.03.xxxx                  | Pork         | 20%  |        |
| 02.06.10-29                 | Beef offals  | 20%  |        |
| 02.06.3001                  | Pork pellets | 10%  |        |
| 02.06.3099                  | Pork offals  | 20%  |        |