

POULTRY

Mexico's poultry industry is highly concentrated, with more than half of all poultry meat and eggs coming from five companies. Poultry meat production rose slightly in 1996 as the economic recovery began to take hold. Production is forecast to increase by about 7 percent in 1997, on the strength of higher consumer demand and a larger grain crop. According to industry observers, feed costs are almost 60 percent of total production costs. Canadian wheat is considered competitive with sorghum for poultry feed. About three-quarters of domestic production of poultry feed is for fattening, and the remainder for egg production.

FOREIGN TRADE

Mexico is an important importer of both balanced animal feed and the raw materials used in its manufacture. Imports of food preparations fell by almost 30 percent in 1995, to US \$79 million as a result of the peso devaluation. About 30 percent of the total was dog and cat food. Close to half of the total is identified in the Mexican customs data only as "other." Canada's import market share rose to 1.3 percent in 1995, on the strength of a large increase in the "other" category. Nonetheless, Canadian sales remained at less than US \$1 million.

The raw materials used by the balanced feed industry cannot be entirely separated from the same products used for human consumption. Using a list of typical balanced feed ingredients published by *Cámara Nacional de la Industria de la Transformación (Canacintra)*, National Chamber of the Manufacturing Industry, it is estimated that Mexican imports totalled almost US \$1.5 billion in 1995, down from about US \$1.7 billion the

MEXICAN IMPORTS OF ANIMAL FOOD PREPARATIONS

US dollars

	World		Canada	
	1994	1995	1994	1995
Dog and cat food for retail sale	33,324,528	23,379,784	22,024	60,769
Poultry feed of seeds and vegetables	434,535	194,053	0	137
Feed, with added minerals	14,012	8,516	0	0
Prepared sweetened fodder, beet pulp with molasses	38,478	35,092	0	0
Food for ornamental fish	1,339,925	588,923	0	367
Stimulant preparations with a vitamin H base	3,500,001	3,620,640	0	0
Concentrated preparations for producing balanced feed	11,890,111	9,466,287	0	0
Substitutes for milk for calves	3,434,808	1,824,689	209,724	188,594
Preparations of stimulants with a vitamin B ₁₂ base	899,757	1,331,284	0	0
Lactic solids more than 10%, but less than 50% by weight	53,309	13,823	0	0
Lactic solids more than 50% by weight	920,178	933,182	0	0
Others	54,612,504	36,548,864	112,519	724,565
Total	110,462,146	77,945,137	344,267	974,432

Source: *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics.

year before. Canada's share of this market was only US \$1.3 million, almost all of which was oats. This compilation does not include wheat, which has recently seen increased use in animal feed products produced in Mexico.

CUSTOMERS

Mexico's agricultural sector has two major components. Small, labour-intensive farms cater to the domestic market. About 90 percent of farmers have less than five hectares of land. These farms coexist with a much smaller number of large-scale, highly mechanized and technologically-advanced operations. They are often linked to multinational corporations either by direct investment, or indirectly through purchasing and financing agreements.

In addition to large integrated producers, producer associations which link small *ejidos*, communal farms, on a regional basis are also potential customers for Canadian animal feed products. Some of these organizations buy raw materials and mix their own balanced feeds, but they also buy commercial preparations. Some of them buy directly from foreign suppliers. The growth of such cooperatives is expected over the next few years because of changes to the Mexican constitution which now allow the assembly of *ejidos* into integrated joint ventures.

About 70 percent of Mexican pet food sales are sold by large supermarkets, and the rest in smaller grocery stores. These stores buy primarily from Mexican distributors, although a few large supermarket chains are affiliated with American wholesalers.