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**Report Highlights:**

Mexico's calf and pig crops, as well as beef and pork production, are projected to grow in 2021, despite ongoing pandemic emergency measures hampering domestic demand from the hotel, restaurant, and institutional (HRI) foodservice industry. In 2021, live cattle exports are expected to drop from the record 1.6 million head seen in 2020. In 2021, beef imports are forecast to decline while pork imports increase, but exports of both animal proteins will increase compared to the same period. Projected increases in animal feed costs may negatively affect Mexico animal production in 2021, but sufficient domestic feed production is expected to help offset those increased costs.

## Executive Summary

*Cattle:* Mexico's calf crop continues to grow, reaching a projected 8.16 million head in 2021. Calf crop through 2020 benefited from more cows available for reproduction due to largescale mismanaged purchases through formal channels resulting in less placement in feedlots. Mexico continues to be a key livestock trading partner to the United States. The cattle export forecast for 2021 is 1.4 million head. In 2020, cattle exports to the United States soared, reaching 1.6 million head.

*Beef:* Mexico's beef production grew in 2020 despite public health measures taken to curb the spread of the 2019 novel coronavirus (COVID-19). Mexico's beef is finding new market niches in the United States thanks to consumer trends, which increasingly favor leaner cuts and smaller portions that Mexico can provide. Japan and South Korea continue to highly value the workmanship and low costs of Mexico beef and products, including offal.

*Swine:* Mexico's pig crop for 2021 stands at 20.8 million head. Mexico's swine producers continue to vertically integrate production chains, invest in technology, and implement biosafety measures to reduce swine mortality at farms. The domestic swine industry continues to grow to meet export demand and satisfy retail consumers' demand for pork, as shrinking incomes make beef more unaffordable.

*Pork:* The country's pork supply remains stable and the product retains its high quality. Mexico's 2021 pork exports are forecast at 360,000 metric tons (MT) carcass weight equivalent (CWE), an increase of 5 percent, on global demand that continues to be elevated. Skyrocketing exports to China along with growing exports to Japan and South Korea motivated pork processing facilities to expanded export capacity in 2020.

*Note:* The marketing year (MY) is the calendar year; the "MY 2021" marketing year is shown as 2021. Data included in this report are not official USDA data. Official USDA data are available at: <https://apps.fas.usda.gov/psdonline>

*Table 1. Mexico: Cattle Production, Supply, and Demand, 1,000 head*

Animal Numbers, Cattle Market Year Begins Mexico	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Total Cattle Beg. Stocks</b>	16,699	16,699	16,900	16,900	17,000	17,000
<b>Dairy Cows Beg. Stocks</b>	3,450	3,450	3,500	3,550	3,500	3,500
<b>Beef Cows Beg. Stocks</b>	7,700	7,700	7,900	7,900	7,950	7,950
<b>Production (Calf Crop)</b>	7,900	7,900	8,105	8,110	8,200	8,163
<b>Total Imports</b>	29	29	20	37	19	30
<b>Total Supply</b>	24,628	24,628	25,025	25,047	25,219	25,193
<b>Total Exports</b>	1,381	1,381	1,500	1,579	1,450	1,400
<b>Cow Slaughter</b>	1,370	1,370	1,390	1,380	1,400	1,420
<b>Calf Slaughter</b>	250	250	260	260	270	270
<b>Other Slaughter</b>	4,630	4,630	4,744	4,698	4,850	4,838
<b>Total Slaughter</b>	6,250	6,250	6,394	6,338	6,520	6,528
<b>Loss and Residual</b>	97	97	131	130	124	140
<b>Ending Inventories</b>	16,900	16,900	17,000	17,000	17,125	17,125
<b>Total Distribution</b>	24,628	24,628	25,025	25,047	25,219	25,193

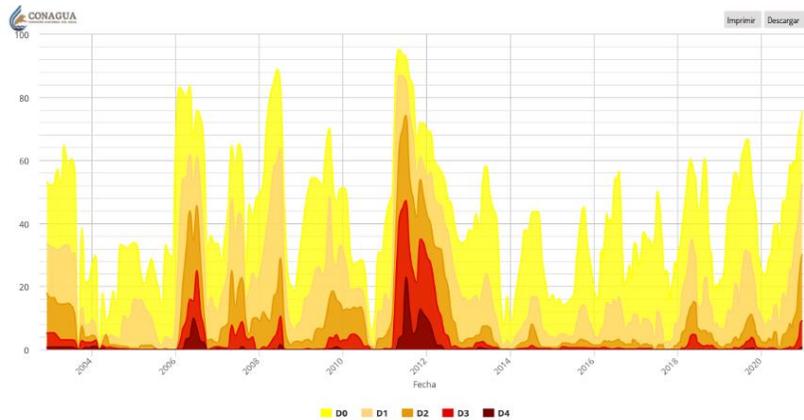
(1,000 HEAD)

### Calf Crop

In 2021, the calf crop is estimated to grow 1 percent, reaching 8.16 million head. The 2020 calf crop was 8.1 million head. Cattle production through 2020 benefited from more cows available for reproduction due to largescale mismanaged purchases through formal channels resulting in less placement in feedlots. Vertical integration, better genetics, and better traceability systems provide a robust basis for cattle production to keep a positive trend. Continued growth is expected despite a lack of government support in the 2020 or 2021 federal budget for market development or public investments to improve the Mexican herd.

Climate conditions in Mexico were not especially dry in 2020, compared to extraordinarily dry years, such as in 2012–2013 (see Figure 1). Some states, like Chihuahua, were hit with an especially harsh drought, but others, like Veracruz and Jalisco, experienced milder weather conditions. Veracruz and Jalisco states alone contributed 25 percent of the country’s cattle production.

Figure 1. Mexico Drought Conditions, 2003-2021



D0	Abnormally dry
D1	Moderate drought
D2	Severe drought
D3	Extreme drought
D4	Exceptional drought

Source: Mexican National Weather Monitoring System

In 2020, feed prices in Mexico remained relatively stable, keeping livestock production affordable for ranchers. However, 2021 may prove to be more challenging as imports of corn and other grains used for feed are projected to be more expensive. In the worst-case scenario that feed prices substantially rise and stay high for more than 6 months, calf production would become less appealing and ranchers may choose to reduce herd numbers by sending livestock to slaughter instead of breeding. In 2020, the beef cattle industry consumed nearly 4.2 million metric tons (MT) of feed utilizing both domestic (from a good crop year) and imported ingredients, according to the National Association of Balanced Animal Feed (CONAFAB).

### Cattle Slaughter

In 2021, cattle slaughter is estimated to grow 3 percent, reaching 6.5 million head. In 2020, 6.3 million head were slaughtered, reflecting atypically low numbers of cattle in formal federally inspected (TIF) feedlots, but growing slaughter overall. As the HRI sector reopens, domestic demand is expected to increase slaughter and lower exports. Additionally, higher feed prices may influence ranchers to slaughter more cattle if domestic feed supplies cannot keep up.

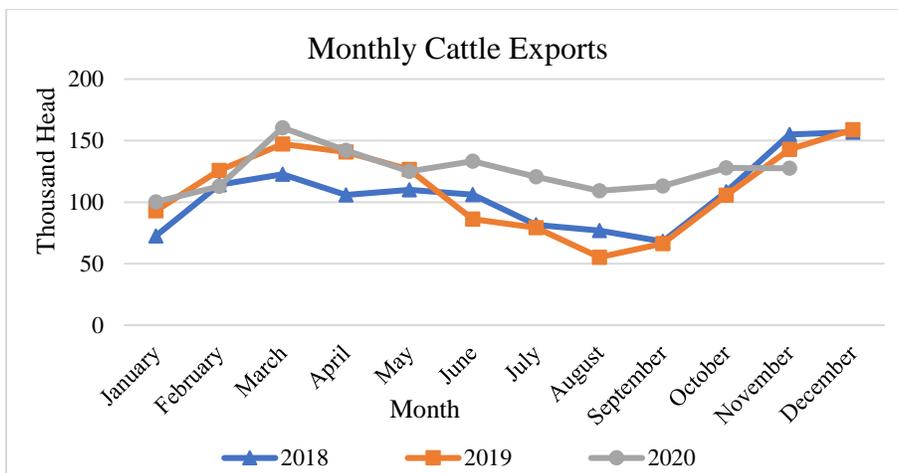
### Cattle Trade

In 2021, cattle imports are estimated to decline by 19 percent to 30,000 head. In 2020, cattle imports were 37,000 head. Mexico imports cattle for breeding purposes and less so for slaughter. However, during 2020 Mexico saw a jump in its imports for slaughter. Compared to cattle import highs during 2013–2019, 2021 should see a decline from 2020.

In 2020, 20 shipments from Guatemala and Belize entering through Guatemala cause December imports to spike. These animals were imported for fattening and slaughter. However, due to foreseen ongoing complications in logistics at the Guatemalan border, as well as some compliance issues, industry sources state no intention to repeat these in 2021. The dairy sector also contributed to cattle imports with large purchases of dairy cows from the United States and Canada for genetic. In 2021, Mexican slaughter facilities (TIF and non-TIF) are expected to be able to stock without importing as much cattle.

In 2021, cattle exports are estimated to decline 12 percent, ending at 1.4 million head. The United States is expected to retain its place as main export destination. In 2020, cattle exports were 1.6 million head. As the HRI sector reopens and other economic activity reinitiates in Mexico, feedlots are expected to increase their cattle inventory to keep up with their slaughter needs. Mexican cattle exports seasonably fluctuate, with the summer months seeing very slow cattle exports. In 2020, however, exports did not see that historical decline and it became an exceptionally good year for Mexican cattle exporters (see Figure 2). The monthly export pattern in 2021 is projected to return to a historical pattern as more cattle is kept in Mexico for slaughter.

*Figure 2. Seasonal Cattle Exports for Mexico, 2018-2020*



Source: Mexican Association for Cattle Producers (AMEG), based on Mexican Customs Data (SAT)

Table 2. Mexico: Beef Production, Supply, and Demand, 1,000 MT CWE, 1,000 head

Meat, Beef and Veal Market Year Begins Mexico	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	6,250	6,250	6,394	6,338	6,520	6,528
Beginning Stocks	0	0	0	0	0	0
Production	2,030	2,030	2,090	2,070	2,130	2,110
Total Imports	189	189	135	162	130	156
Total Supply	2,219	2,219	2,225	2,232	2,260	2,266
Total Exports	315	315	355	343	365	351
Human Dom. Consumption	1,904	1,904	1,870	1,889	1,895	1,915
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,904	1,904	1,870	1,889	1,895	1,915
Ending Stocks	0	0	0	0	0	0
Total Distribution	2,219	2,219	2,225	2,232	2,260	2,266

(1,000 HEAD), (1,000 MT CWE)

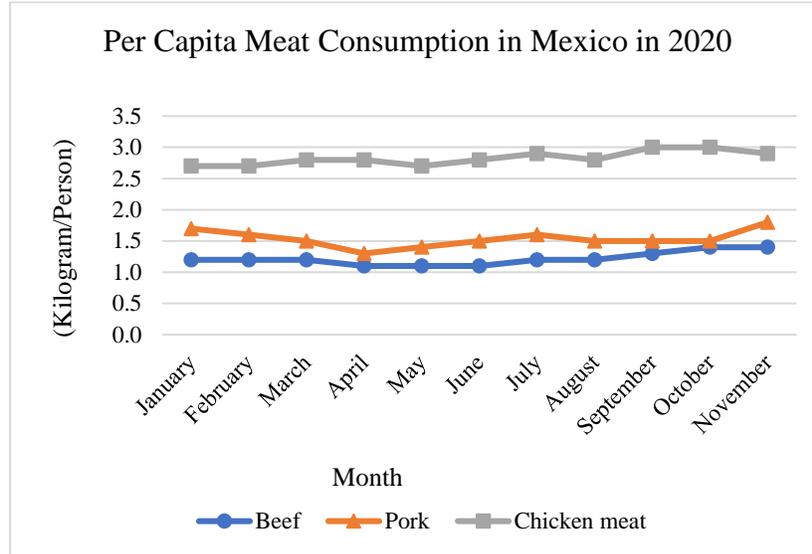
### Beef Production

In 2021, beef production is estimated to grow 2 percent to 2.11 million MT CWE. In 2020, beef production was 2.07 million MT CWE. Rising slaughter, motivated in small part by increasingly rising feed costs, and increased year over year export growth to the United States should drive beef production higher. Domestically, a recovering GDP from the 2020 pandemic-related declines will drive more beef consumption, particularly in the HRI sector.

### Beef Consumption

In 2021, beef consumption is forecast to grow 1 percent to 1.9 million MT CWE. In 2020, beef consumption was 1.89 million MT CWE. In 2020, at the household level, a shift was seen away from beef to more affordable animal proteins, such as chicken, or eggs – and even beans, lentils, and other plant-based proteins – due to the negative economic effects of the pandemic. However, overall national consumption at local restaurants, street eateries, and other affordable HRI establishments drove pork consumption down more sharply than beef. In 2021, beef consumption could grow again beyond middle- and upper-class households as the HRI sector reopens and retailers adopt new commercial channels. Although macroeconomic conditions are not projected be ideal for impressive growth in 2021, historical per capita meat consumption trends are not expected to drastically fluctuate (see Figure 3).

Figure 3. Meat Consumption in Mexico during the Pandemic



Source: National Institute of Statistics (INEGI) and National System of Market Information (SNIM)

### Beef Trade

In 2021, beef imports are forecast to decline by 4 percent to 156,000 MT CWE. In 2020, beef imports were 162,000 MT CWE. The 4 percent import decline is moderated by the strengthening Mexican Peso, which is expected to recover in 2021 along with the general economy. Although HRI demand might grow compared to 2020, record COVID-19 outbreaks in January 2021 already show a glimpse into the uncertainty of recuperating HRI demand to pre-pandemic levels. Growing beef supply from increased slaughter is expected help meet domestic demand. The United States should maintain most of the import market share, with Canada and Nicaragua trailing behind.

In 2021, beef exports are forecast to grow by 2 percent to 351,000 MT CWE. In 2020, beef exports were 343,000 MT CWE. Mexico's 2020 beef production and exports grew despite public health safety measures that could have affected export-eligible meatpacking plants, indicating the pandemic-related measures will not be enough to overwhelm export capacity in 2021. The United States is expected to remain the main destination for Mexico beef. Mexico's beef is finding new market niches in the United States thanks to consumer trends, which increasingly favor leaner cuts and smaller portions that Mexico can provide. Japan and South Korea continue to highly value the workmanship and low costs of Mexico beef and products, including offal.

*Table 3. Mexico: Swine Production, Supply, and Demand, 1,000 head*

Animal Numbers, Swine Market Year Begins Mexico	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Total Beginning Stocks</b>	10,700	10,700	11,050	11,050	11,500	11,500
<b>Sow Beginning Stocks</b>	1,230	1,230	1,245	1,245	1,255	1,255
<b>Production (Pig Crop)</b>	19,650	19,650	20,275	20,291	20,800	20,810
<b>Total Imports</b>	38	37	41	25	40	30
<b>Total Supply</b>	30,388	30,387	31,366	31,366	32,340	32,340
<b>Total Exports</b>	0	0	0	0	0	0
<b>Sow Slaughter</b>	0	0	0	0	0	0
<b>Other Slaughter</b>	18,500	18,500	19,000	19,000	19,700	19,700
<b>Total Slaughter</b>	18,500	18,500	19,000	19,000	19,700	19,700
<b>Loss and Residual</b>	838	837	866	866	865	865
<b>Ending Inventories</b>	11,050	11,050	11,500	11,500	11,775	11,775
<b>Total Distribution</b>	30,388	30,387	31,366	31,366	32,340	32,340

(1,000 HEAD)

### Pig Crop

In 2021, the pig crop is forecast to increase 3 percent to 20.8 million head. In 2020, the pig crop was 20.3 million head. Mexico's swine producers continue to vertically integrate production chains, invest in technology, and implement biosafety measures to reduce swine mortality at farms. In the next five years, main swine-producing regions could change if swine producers try to diversify production to enhance biosecurity or as states, such as Jalisco, Michoacán, Puebla Veracruz, and Yucatán improve their animal health status. The domestic swine industry is expected to continue growing in 2021 as it did in 2020.

According to CONAFAB, Mexico's swine sector consumed 17 percent of the almost 38 million MT of domestic feed produced in 2020. Swine feed production, which incorporates domestic and imported grains and oilseeds, to continue its growth rate seen from 2016 to 2020, but should be moderate (see Table 4).

*Table 4. Swine Feed Production Growth, YOY, 2016-2020*

	<b>Thousand MT</b>	<b>Percentage Change</b>
<b>2016</b>	5,024	
<b>2017</b>	5,286	5.2
<b>2018</b>	5,554	5.1
<b>2019</b>	5,942	7.0
<b>2020</b>	6,358	7.0

Source: CONAFAB Annual Statistics

## Swine Slaughter

In 2021, swine slaughter is forecast to increase 4 percent to 19.7 million head. In 2020, 19 million head were slaughtered. High domestic demand for pork in the retail and HRI sectors, as well as increasing attempts to export should drive continued increases in swine slaughter. Lastly, in a worst-case scenario where feed prices remain high for more than 6 months, this could drive producers to increase swine slaughter to avoid cutting too much into profit margins.

## Swine Trade

In 2021, swine imports are forecast to increase 20 percent to 30,000 head. In 2020, swine imports were 25,000 head. Mexico's swine imports are driven by the need for better herd genetics and for breeding purposes, as Mexican producers look for better yields and breeds more resistant to diseases. As Mexico's economic crisis and the pandemic measures continue through 2021, large private investments for genetics are not expected. The United States is expected to retain its top spot as the main provider of live swine to Mexico with Canada as the only other provider.

In 2021 and 2020, swine exports are zero. Mexico's swine production cannot meet its growing domestic demand, leaving almost no room for exports of live swine.

*Table 5. Mexico: Pork Production, Supply, and Demand, 1,000 MT CWE, 1,000 head*

Meat, Swine Market Year Begins	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Slaughter (Reference)</b>	18,500	18,500	19,000	19,000	19,700	19,700
<b>Beginning Stocks</b>	0	0	0	0	0	0
<b>Production</b>	1,408	1,408	1,450	1,451	1,495	1,495
<b>Total Imports</b>	985	985	910	945	930	975
<b>Total Supply</b>	2,393	2,393	2,360	2,396	2,425	2,470
<b>Total Exports</b>	234	234	345	344	360	360
<b>Human Dom. Consumption</b>	2,159	2,159	2,015	2,052	2,065	2,110
<b>Other Use, Losses</b>	0	0	0	0	0	0
<b>Total Dom. Consumption</b>	2,159	2,159	2,015	2,052	2,065	2,110
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	2,393	2,393	2,360	2,396	2,425	2,470

(1,000 HEAD), (1,000 MT CWE)

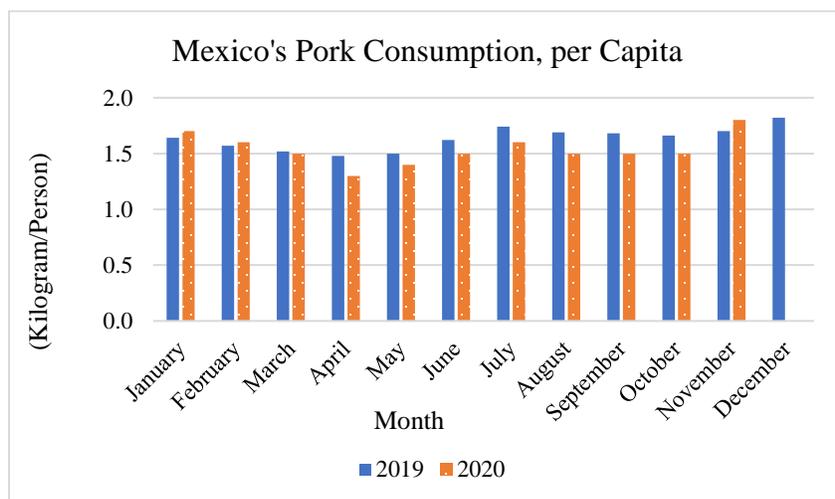
## Pork Production

In 2021, pork production is forecast to increase 3 percent to 1.495 million MT CWE. In 2020, pork production was 1.45 million MT CWE. Higher profits for producers due to increases in retail pork prices might motivate increased production. In 2021, the National Agricultural Statistics Service (SIAP) estimates production growth in Jalisco at an annual rate of 5.2 percent, in Sonora 4.6 percent, in Puebla 3.0 percent, in Yucatán 3.7 percent, and in the rest of the country 3.5 percent. Mexico’s pork production is seasonal, with the first quarter of the year seeing the lowest production and the third and fourth quarters seeing the highest. Pork should retain strong market share as the second most important animal protein for the Mexican retail consumer, only superseded by chicken. Additionally, because of better-informed consumers and promotional campaigns, Mexican consumers are increasingly demanding meat produced with higher food safety guarantees, which TIF establishments provide.

## Pork Consumption

In 2021, pork consumption is forecast to increase 3 percent to 2.1 million MT CWE. In 2020, pork consumption was 2.052 million MT CWE. In 2021 household and retail consumption of pork is expected to have a stronger recovery over beef due to a rebounding HRI sector, GDP growth from the year prior, and lessened global import pressure for pork. In 2021, pork is expected to grow animal protein amid the pandemic and ongoing macroeconomic challenges in Mexico. In 2020, per capita fluctuations in consumption varied from month to month due to pandemic public health emergency measures affecting the HRI sector (see Figure 4). In 2021, per capita consumption is expected to recover as the HRI sector increasingly adapts to the pandemic and explores new commercial channels, such as e-commerce. Additionally, there is growing demand for processed pork products.

*Figure 4. Pork Consumption in Mexico Before and During the Pandemic*



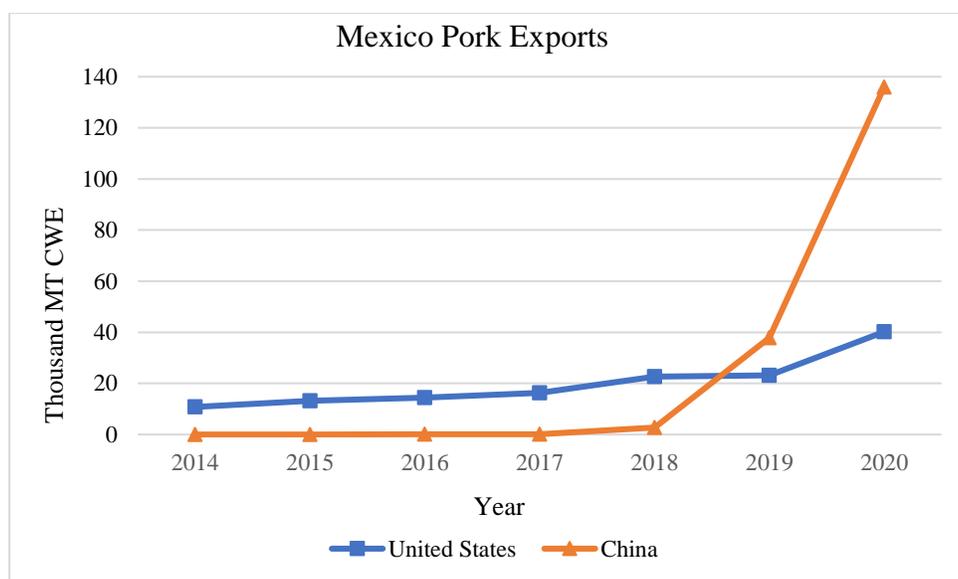
Source: Mexican Meat Association (COMECARNE), based on SAT data

## Pork Trade

In 2021, pork imports are forecast to increase 3 percent to 975,000 MT CWE. In 2020, pork imports were 945,000 MT CWE. Mexico is expected to continue sourcing U.S. pork to satisfy domestic demand. In 2020, public health measures hurt pork imports as demand heavily decreased due to the closing of the HRI sector. Imports are expected to stabilize in 2021, as HRI demand increases and household cooking continues. However, a weak peso and the domestic economic crisis are expected to hinder imports from recuperating to those import volumes seen in 2019.

In 2021, pork exports are forecast to increase 5 percent to 360,000 MT CWE. In 2020, pork exports were 344,000 MT CWE. However, in 2021, exports will not see the explosive growth of over 50 percent seen from 2019 to 2020. Mexico's animal health status gives it access to some key export markets. Exporters remain able to comply with food safety requirements and maximum residue limits for antibiotics and growth promoters. International demand for Mexico pork and its high quality should remain high, particularly in China and Japan, which demands products requiring heavy manual labor and strict specifications, such as skewers and one-inch cubes of pork loin. Mexico's pork industry has been able to adapt and provide other Asian export markets, such as South Korea, Vietnam, and Singapore. In the Americas, the United States, Canada, and Guatemala are key export destinations.

*Figure 5. Explosive Growth in Pork Exports to China*



Source: Trade Data Monitor

*Deepening Problems with Agricultural Statistics*

As reported in [MX2020-0038](#), during 2019–2021, SIAP experienced major budget and personnel cuts. Those challenges, added to COVID-19 pandemic setbacks, have resulted in agricultural statistics publications being delayed and, for some agricultural commodities, being eliminated altogether. This has become a major challenge in information gathering and has had detrimental impacts on the quality and depth of official agricultural statistics.

*Mexico Publishes Decree to Ban Genetically Engineered (GE) Corn*

On December 31, 2020 Mexico published a final decree in its Official Register (*Diario Oficial*) calling for a phase-out of use of GE corn consumption in Mexico. There are no concrete details regarding the implementation of the decree, possible timelines for these changes, or how GE corn consumption will be defined, and what, if any, corn-derived products might be affected, including animal feed. Most U.S. corn exports to Mexico go into the livestock feed industry, valued at almost \$2.7 billion in 2019.

*High Price of Corn and Tight Supplies of Soybeans Could Raise Costs in Agribusiness*

As yellow corn futures reach extraordinarily high levels and oilseed supplies tighten around the world, Mexico's animal feed industry is closely watching the situation. Mexico depends heavily on yellow corn and oilseed imports to satisfy feed demand. However, Mexico production of [grain and feed is projected](#) to help meet its own feed demand. Additionally, some Mexican analysts expect these prices to lower by the end of the first quarter in 2021.

*Revised Bovine Tuberculosis (TB) Classification from the Animal and Plant Health Inspection Service (APHIS)*

Across Mexico, [APHIS downgraded](#) 11 regions and reclassified them as non-accredited for live cattle export to the United States due to their bovine TB status. As of the measure's implementation in April 2021, this reclassification could affect 10–15 percent of northbound cattle exports for the year, according to official and industry sources. The bovine TB APHIS policy is reflected in this report.

**Attachments:**

No Attachments