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Agricultural Marketing Service

Poultry Programs

Market News and Analysis

Importing Meat and Poultry into Mexico. <u>Trade Education Seminars</u>

The Consejo Mexicano de la Carne (COMECARNE) is organizing a series of 2-day workshops in several Mexican cities to improve the awareness and understanding of the process and inspection procedures for meat and poultry products imported into Mexico from the United States and other countries. The USDA Foreign Agriculture Service (FAS) as well as two USDA Cooperator organizations will be speaking at these events along with Mexican and Canadian officials and industry organizations.

COMECARNE has picked a number of ports-of-entry that see high volumes of meat and poultry product trade for a series of workshops on the process and inspection procedures for products entering Mexico. The workshops have a several year track record and bring in a large number of participants.

Using USDA's definition of prepared and preserved red meats, Mexico imported 74,511 metric tons (MT) from the world in 2011 with 68,715 MT originating from the United States. This amounted to U.S. \$283.9 million and U.S. \$250.9 million in imports respectively. Using USDA's definition of fresh, chilled, frozen red meats, Mexico imported 871,857 MT from the world in 2011 with 764,526 originating from the United States. This amounted to U.S. \$2.3 billion and U.S. \$2.0 billion respectively. Using USDA's definition of poultry meat, Mexico imported 715,845 MT from the world in 2011 with 698,288 MT originating from the United States. This amounted to U.S. \$976.6 million and U.S. \$919.5 million respectively.

Source: USDA FAS GAIN Report MX2032

Source: USDA FAS GAIN Report MX2032

Mexico: Anti-dumping Investigation

On January 19, 2012 the Secretariat of Economy (SE) announced its preliminary determinations to the anti-dumping investigation of U.S. fresh, chilled or frozen leg quarters (CLQ) HS codes 0207.13.03 and 0207.14.04. SE did not impose any provisional compensatory duties, but announced the price discrimination margins for producer/exporter business in a range of 62.90% to 129.77%. Interested parties were given 30 working days from this date to provide supplementary documentation (i.e. on or before March 1, 2012). Under Mexican law, a final decision will have to be reached by August, 2012.

Professor Dermot Hayes PhD, of Iowa State University, released a report "to assess the likely impact of the duties on prices and inflation levels in Mexico." Using a model that was built to study the impact of trade disputes, the findings indicated in the short term, on an annualized basis, the Mexican duties would eliminate 250,000 tons of CLQ imports and replace them with 79,000 tons of imported whole chicken. Domestic consumption would fall by 163,000 tons as chicken prices rise by 22.4%. The Mexican poultry industry would increase production, but Mexican whole chickens would sell at a premium compared to imported U.S. CLQs. Dr. Dermot noted that "imported chicken leg quarters are an entry level animal protein for poorer consumers, especially in Northern Mexico." These consumers would lose access to an inexpensive muscle meat.

Source: USDA GAIN Report MX2004; news wires; "Impact of Proposed Mexican Duties on US Leg Quarters on Mexican Consumers" by Dermot Hayes, Professor of Economics and Professor of Finance. Iowa State University.

Mexico: Pou	Iltry Meat Imports (Transport Mode: All Transport Mode	s) via District: All Districts
Commodity: Poultry Meat, G	Group 27 (2007); Quantity (Metric Tons) Calendar Year: 2	2007-2011, Year to Date: 01/2011 & 01/2012
From the World	Calendar Year	Year to Date

From the World	-		·	Year to Date				
	2007	2008	2009	2010	2011	11-Jan	12-Jan	%∆ 12/11
Total	563,592	615,639	624,456	687,634	715,845	59,233	58,480	-1.27
Colombia, N.L.	266,280	308,704	306,757	318,495	313,778	24,869	27,678	11.3
Nuevo Laredo, TAMPS.	68,418	66,021	65,954	91,575	133,805	10,368	10,642	2.64
Cd. Juarez, CHIH.	67,341	75,346	72,528	85,755	80,901	6,713	6,173	-8.04
Cd. Reynosa, TAMPS.	68,362	55,246	67,158	75,366	72,763	7,697	5,159	-33
Tijuana, B.C.	38,286	41,267	42,144	43,741	39,018	3,262	2,897	-11.2
Mexicali, B.C.	13,640	21,039	23,072	31,544	34,471	2,910	2,777	-4.58
Nogales, SON.	11,888	14,851	13,253	16,561	18,584	1,619	1,295	-20
Manzanillo, COL.	13,553	18,108	25,255	17,716	16,281	1,436	1,351	-5.92
Matamoros, TAMPS.	5,889	3,844	2,024	2,320	2,849	-	163	n/a
Mazatlan, SIN.	6,792	9,036	3,927	1,637	1,275	178	190	6.43
San Luis Rio Colorado, SON	1,831	651	1,129	1,409	1,087	127	109	-14.3
Piedras Negras, COAH.	925	599	816	1,288	1,009	54	45	-16.7
Others*	386	930	439	227	22	0	0	n/a

*Cancun, Q. ROO, Progreso, YUC., Ojinaga, CHIH., Cd. Hidalgo, CHIS., Agua Prieta, SON., Lazaro Cardenas, MICH.

From the United States			Calendar Year	•		Year to Date			
	2007	2008	2009	2010	2011	11-Jan	12-Jan	%∆ 12/11	
Total	542,958	587,648	594,858	668,054	698,288	57,619	56,939	-1.18	
Colombia, N.L.	266,280	308,704	306,757	318,495	313,778	24,869	27,678	11.3	
Nuevo Laredo, TAMPS.	68,418	66,021	65,954	91,575	133,805	10,368	10,642	2.64	
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San Luis Rio Colorado, SON.	1,831	651	1,129	1,409	1,087	127	109	-14.3	
Piedras Negras, COAH.	925	599	816	1,288	1,009	54	45	-16.7	
Others*	351	82	23	1	22	0	0	n/a	
*Cancun, Q. ROO, Progreso, Y	YUC., Ojinaga,	CHIH., Cd. Hidalo	jo, CHIS., Agua P	rieta, SON.					

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INSPECTED EGG PRODUCTS-U.S. & CANADA IMPORT/EXPORT TRADE					U.S./CANADIAN LIVE	POULTRY SLA	AUGHTERED UNDE	R INSPECTION	
U.S. Exports to Canada, in Pounds (000) (Preliminary)					Week Ending May 26	, 2012 (Prelimii	nary)		
Week Ending May 26, 2012 Year-To-Date*				U.S.	Fowl Slaught	ered Domestically	1		
Type	2012	2011 /1	2012 /2	2011		ght Hens	•	Total Hens	
Liquid	49	0	576	528		Thousa	nds		
Frozen	0	0	0	0	Head	1.786	1.624	3,410	
Dried	0	0	10	64	Last Week	1.705	1,674	,	
Total	49	0	586	592	Same week yr ago	1,502	, -	•	
•		da, in Pounds	` ' `	• /	To-date/2012*	35,365	•	•	
Week Ending May 26, 2012 Year-To-Date*					,	,	•		
Туре	2012	2011 /1	2012 /2	2011	To-date/2011*	30,797	*	61,565	
Liquid	150	186	6,662	6,878	U.S. Fowl Slaughtered in Canada				
Frozen	53	82	486	403		ght Hens	•	Total Hens	
Dried	0	0	0	0			nds		
Total	203	268	7,148	7,281	Head	269	0	269	
INSPECTED SHELL EGGS U.S Exports to Canada, In 30-Dozen Cases (Preliminary)				Last Week	418	0	418		
					Same week yr ago	215	24	239	
Week Ending			Year-To-		To-date/2012*	6,601	36	6,637	
lumbo	2012 0	2011 /1	2012 /2	2011	To-date/2011*	8,338	200	8,538	
Jumbo	-	1 470	0	34,369	Data Source: Agricultu	re and Agri-Food	d Canada, AISD, AII	D, Poultry Section	
Extra Large	2,130 6,830	1,470 5,170	36,150 82,152	61,036	Total U.S. F	owl Slaughter	ed in the U.S. and	Canada	
Large Medium	30	240	13.743	17,635		ght Hens		Total Hens	
Ungraded	1,350	3,408	56,718	73,754		•	nds		
Misc	0	0,400	1,620	73,734	Head	2,055			
Total	10.340	10.288	190.383	186.794	Last Week	2,123	•	,	
	- /	ite figures may n	/	, -	Same week yr ago	1,717	·	·	
/2 Includes re			51 151a. 346 to 10	· · · · · · · · · · · · · · · · · · ·	To-date/2012*	41,966	31,332	73,298	
		eflect comparable	e time periods.		To-date/2011*	39,135	30,968	70,103	

NATIONAL MECHANICALLY SEPARATED CHICKEN

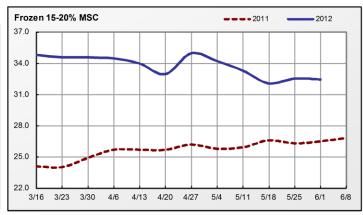
(FOB Shipper Dock or equiv., negotiated prices in trucklot and less-than-trucklot volumes reported in thousand lb. quantities, cents/lb.; delivery within 2 weeks.)

MSC prices are steady at best. Domestic and export demand is light to moderate. Supplies are moderate to heavy. Schedules varied from reduced for the Memorial Day holiday to normal. The spot MSC marketplace remains flat despite it being the market's traditional peak season with many in industry keep a watchful eye on it. Sellers are utilizing all options to keep clean and stay ahead on spot sales. Trucking availability issues persist due to competition from other commodities. Market activity is light to moderate. Raw material supplies are moderate to heavy. Spot frames traded between 9-15 cents FOB, mostly 11-13 FOB.

Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

		Frozen		Fresh		
Fat Content	1-Jun-12	Last Week	Last Year	1-Jun-12	Last Week	Last Year
15% or Less						
Price Range			-	25.00	26.00 - 27.00	23.00-29.00
Wtd Avg Price			-	25.00	26.75	26.20
Volume Traded	-	-	-	82	163	204
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	28.00 - 38.00	29.00 - 34.00	24.00-28.00	21.00 - 30.00	20.00 - 28.00	20.00-27.00
Wtd Avg Price	32.45	32.52	26.49	24.72	24.92	23.83
Volume Traded	1,612	1,075	1,759	3,652	3,917	3,978
Volume Exported	1,532	955	1,559	204	612	245
20% or More						
Price Range	-	-	-	22.50	22.00	20.00
Wtd Avg Price			-	22.50	22.00	20.00
Volume Traded	-	-	-	82	82	82
Volume Exported	-	-	-	-	-	-



*Note: Year to-date totals reflect comparable time periods.

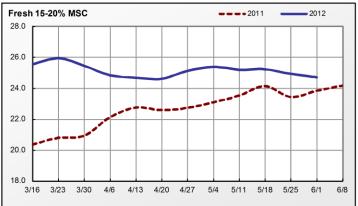
Monthly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

		Frozen Fres				h	
Fat Content	May 2012	Apr 2012	May 2011	May 2012	Apr 2012	May 2011	
15% or Less							
Wtd Avg Price	28.60	-	-	26.00	25.39	24.88	
Volume Traded	200	-	-	612	367	673	
Volume Exported	-	-	-	-	-	-	
15-20%							
Wtd Avg Price	32.87	33.93	26.13	25.17	24.83	23.54	
Volume Traded	6,879	6,532	7,008	14,723	14,195	14,807	
Volume Exported	5,879	5,292	6,186	1,795	1,997	938	
20% or More							
Wtd Avg Price	-	-	-	22.30	22.50	19.78	
Volume Traded	-	-	-	204	245	367	
Volume Exported	-	-	-	-	-	-	

Note: Volume exported refers to that portion of the total volume that is destined for export markets.

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Source: USDA AMS Poultry Market News & Analysis (www.ams.usda.gov/pymarketnews.htm)



NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 01 JUNE 2012.

The market on bulk parts was steady to barely steady. Demand was light. Offerings light to moderate. The market on white meat was steady to weak and not full tested. Demand was light. Offerings moderate to heavy. Thigh meat steady to barely steady. Demand was light. Offerings moderate. Mechanically separated turkey was steady. Demand and offerings was light to moderate. Trading was slow. For domestic: fresh full cut wings 48 cents, frozen tails 52 cents, grade A breast non basted 8-10 lbs. 167 cents, 10-12 lbs. 176 cents, 12-16 lbs. 177 cents and fresh wing meat 108 cents. For export: fresh thigh meat 97 cents delivered to border.

EXPORT TRADING

EXI ON TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY WTD AVG	WEEKLY VOLUME
FRIDAY, JUNE 01, 2012	RANGE	CODE 1/	PRICE	(000)	PRICE	(000)
DRUMSTICKS, TOMS	65.00		65.00	256	65.00	256
WINGS FULL-CUT - TOMS		F	52.00	110		
WINGS, V-TYPE, TOM	93.00		93.00	108	93.00	108
TAILS	47.00-51.00		47.95	296	47.95	296
MECHANICALLY SEPARATED 2/						
THIGH MEAT - FROZEN	99.00		99.00	40	100.50	160
	PRICE	L.S.T.	WTD AVG	VOLUME		
THURSDAY, MAY 31, 2012	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		F	69.00	40		
WINGS FULL-CUT - TOMS		F	52.00	110		
WINGS, V-TYPE, TOM						
TAILS		F	59.00	120		
MECHANICALLY SEPARATED 2/						
THIGH MEAT - FROZEN		W	101.00	120		
	PRICE	L.S.T.	WTD AVG	VOLUME		
WEDNESDAY, MAY 30, 2012	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		F	69.00	40		
WINGS FULL-CUT - TOMS		F	52.00	110		
WINGS, V-TYPE, TOM		W	98.00	216		
TAILS		F	59.00	120		
MECHANICALLY SEPARATED 2/						
THIGH MEAT - FROZEN	101.00		101.00	120		
	PRICE	L.S.T.	WTD AVG	VOLUME		
TUESDAY, MAY 29, 2012	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		F	69.00	40		
WINGS FULL-CUT - TOMS		F	52.00	110		
WINGS, V-TYPE, TOM		W	98.00	216		
TAILS MECHANICALLY SEPARATED 2/		F	59.00	120		
THIGH MEAT - FROZEN		R	98.00	216		
	PRICE	L.S.T.	WTD AVG	VOLUME		
MONDAY, MAY 28, 2012 DRUMSTICKS, TOMS	RANGE	CODE 1/	PRICE	(000)		
WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS	1		Reported du al Day Holida			

MECHANICALLY SEPARATED 2/

THIGH MEAT - FROZEN

^{1/} CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R-THURSDAY F=FRIDAY 2/15-20% fat with skin added.