

THE PORK MARKET IN MEXICO

May 2021

AHDB

Overview of the Mexican economy

Capital: Mexico City

Population: 130 million – 10th most populous country in the world

Area: 1,943,950 sq km (750,563 sq miles)

Political structure: Federal presidential republic (United Mexican States) – President as an executive and head of state and government appointing the Cabinet; the legislature comprises the Chamber of Deputies and the Senate of the Republic

Number of states: There are 32 federal entities in Mexico (31 states and the capital, Mexico City, as a separate entity without being formally a state)

Official language: Spanish

Major religions: Roman Catholic (above 80%), Protestant (approx. 10%)

Life expectancy: 74 years (men), 79 years (women)

Currency: Mexican Peso (MXN); GBP 1 = MXN 28.94 (March 2021)

Introduction

Mexico is among the world's 15 largest economies and is the second largest economy in Latin America. The country is highly dependent on the United States – its largest trading partner and destination of nearly 80% of its exports. According to the International Money Fund (IMF), GDP contracted by an estimated -9% in 2020, due to the outbreak of COVID-19. However, the country is expected to recover in the coming years, as the IMF's October 2020 forecast projects a growth of 3.5% for 2021 and 2.3% for 2022, subject to post-pandemic global economic recovery. In its most recent January 2021 update of the World Economic Outlook (WEO), the IMF has revised its GDP growth projections for Mexico to 4.3% in 2021 and 2.5% in 2022 (representing a difference from October 2020 WEO projections of +0.8% and +0.2%, respectively).

The country recorded a budget deficit of an estimated 4% in 2020, a rate that should decrease to 2.4% in 2021.

Spending priorities include social programmes, the creation of the National Guard to fight rising crime, and new funds to support PEMEX (Mexican Petroleum), whose rating was downgraded by Fitch due to uncertainty around its future strategy and financial stress. The sector is of pivotal importance to the Mexican economy, as oil production accounts for one-third of the Government revenues. The country's debt-to-GDP ratio increased to 65.5% in 2020 and is expected to remain stable in the upcoming years. Inflation has been above target since 2017, but it slowed down to 3.4% in 2020.

Due to lower fuel prices and the pandemic, inflation should drop to 3.3% in 2021 and 3.0% in 2022, boosting purchasing power and private consumption. Mexico's economic recovery plan in response to the economic crisis resulting from the COVID-19 pandemic includes a US\$26 billion stimulus package that has been heavily criticised for lacking detail and being far smaller than the fiscal stimulus enacted in other emerging markets. According to the President, the money for the package came from reduced spending and salary cuts for high-level bureaucrats. Some of the measures implemented by the Government (adding up to 2% of GDP) include: higher health expenditure; anticipating pensions payments by eight months; accelerating procurement processes and VAT refunds; lending to companies and workers at a low rate; and providing liquidity support and guarantees by development banks.

Mexico's unemployment rate increased to 5.2% in 2020, mainly due to the negative economic impact of the COVID-19 pandemic, and it is expected to slightly increase to 5.8% in 2021. However, the informal sector is still estimated to involve about 60% of employment. Key challenges that remain to be tackled include high dependence on the United States economy, high and rising criminality rates, income inequality, weakening infrastructure and education, and decades of underinvestment in the oil sector.



General characteristics of the pork industry in Mexico

In volume, pork meat represents one-fifth of meat production. In recent years, the industry has performed well, with an average annual growth of 2.4% from 2018–2019. However, consumption has increased faster, which has meant a significant increase in imports that represent about 45% of apparent consumption. The United States is the main exporter to Mexico; the most imported products are fresh, chilled or frozen meats (see Figure 1).

Tariffs fluctuate between 10% and 20%, applicable to imports from countries with which there are no commercial agreements.

Six states concentrate the national production of pig meat (Jalisco, Sonora, Puebla, Yucatán, Veracruz and Guanajuato). They represent almost 70% of the total. Roughly, 90% of production is carried out in 10 states. Pork consumption, in 2020, grew by one-third over the last ten years and now sits around 19.9 kg. Total per capita meat consumption in 2020 reached 70 kg. It is feasible that consumption increase will continue over the next few years, due to population growth and rising incomes. The main source of animal protein consumed in the country is chicken, followed by pork and beef, with a much lower share of turkey, sheep and goats.

The pork industry

In Mexico, there are two systems for producing pork: traditional and modern. The modern system is characterised by a high degree of specialisation in the production stages, a wide use of technology and vertical integration.

The production of pork includes the stages of gestation, weaning, pre-fattening and fattening. In the modern system, some farms carry out the different stages in three separate and clearly differentiated sites to guarantee better feeding efficiency and better sanitary control.

The most important inputs of the process are breeder sows and animal feed. The latter represents 67% of the total cost of production.

During 2019, the indicators of productivity in the different stages were unfavourable for Mexico. In recent years, the country has worked on programmes that seek to improve production and productivity. Voluntary certification mechanisms also allow export to countries that require compliance with sanitary regulations.

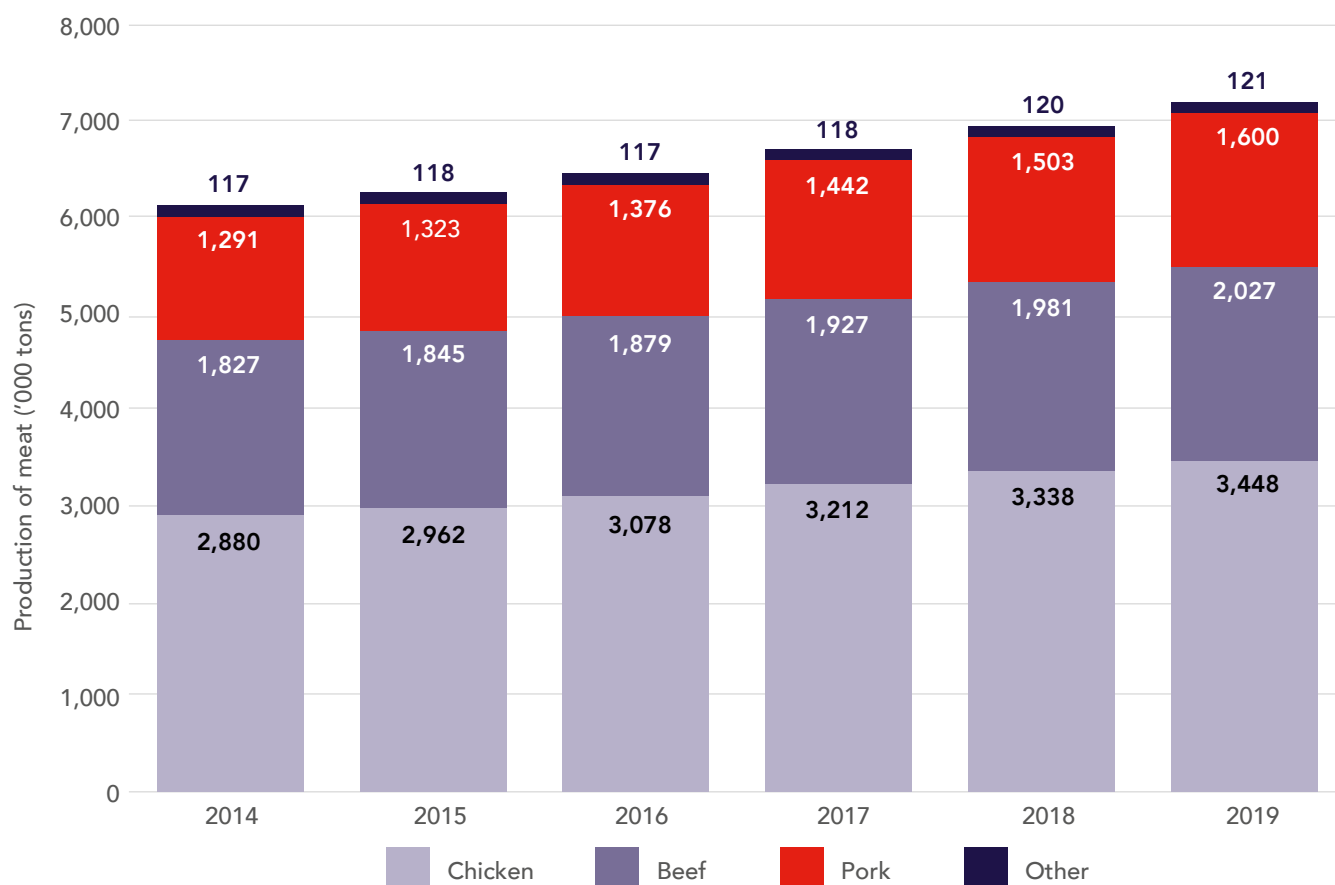


Figure 1. Production of meat ('000 t) in Mexico from 2014–2019

Source: COMECARNE, 2019

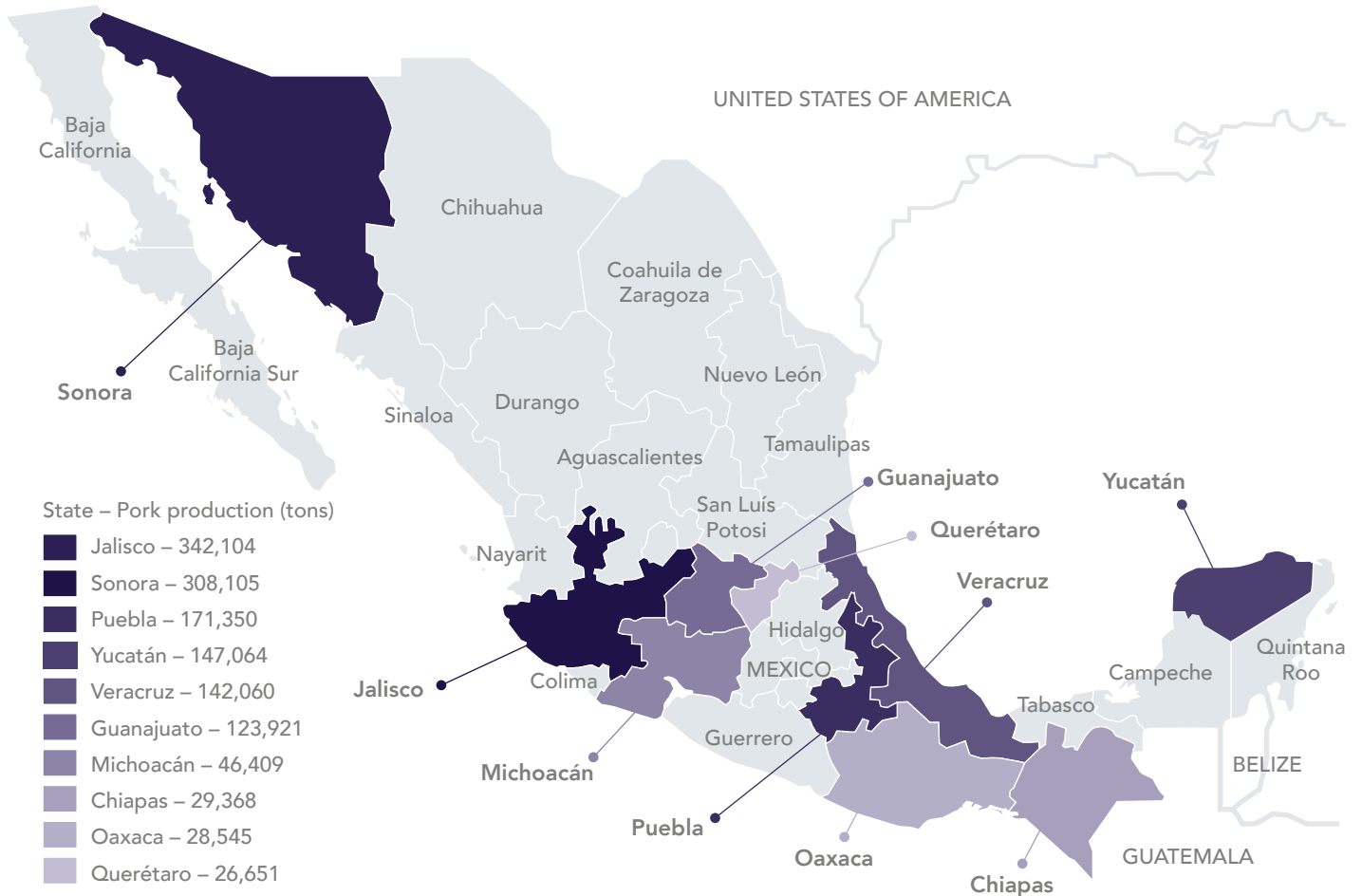


Figure 2. Mexican Republic map that shows the main states of pork production and its tons

Source: COMECARNE 2019

Processing

Slaughtering is carried out in different types of establishments. These are Federal Inspection Sites (TIF), municipal and other non-identified facilities. There is federal supervision over slaughterhouses, but market participants indicate that the degree of monitoring between TIF and municipal facilities differs.

Major pork production regions

Mexico is located in the southern part of North America. It is made up of 31 states and the most populated city is Mexico City, which is considered the capital of the country. Out of the 31 states, there are 10 that generate about 85% of the pork production in the country.

As you can see in Figure 2, the main state with the highest production of pork is Jalisco, due to the fact that in 2019 there were more than 342,000 tons produced. Jalisco contributes a fifth of the national production of pig meat and contributes about 34.5% of the value of the national production. The price paid to the producer in this state increased by 4.2%. The second highest state, Sonora, is located at the north of Mexico, with about 308,000 tons in the same year. In third place is the state of Puebla, with more than 171,000 tons.

Among the main producing states, the dynamism of the supply of pork stands out as production grew at average annual rates, starting with Sonora at about 7.7% growth, followed by Jalisco with approximately 7.4% and finally Yucatán and Veracruz with 4.6% in the period between 2015 and 2019. Within these states, about 2,300 municipalities reported pork producers. The main ones with a higher number of productions are: Navojoa, Hermosillo and Cajeme, located in Sonora; San Juan de los Lagos, Tepatitlán de Morelos and Arandas in Jalisco; Pénjamo in Guanajuato; Jalacingo in Veracruz; and Abalá in Yucatán.



Leading pig farming and processing companies

The Mexican Confederation of Pig Farmers (Confederación de Porcicultores Mexicanos) is a nationally and internationally recognised organisation that has more than 35 pork partners in at least 16 states in Mexico. Its main objective is to promote sustainable development of the national pig sector supported by the representation of its interests and the agri-food political influence of Mexico.

For more information, visit the following link: porcimex.org/socios.htm

Food and beverage market summary

Mexican agri-food production has developed in recent years and, since 2015, Mexico has a positive agri-food trade balance (i.e. it exports more than it imports). This is due to, among other factors, the higher use of technology and work in the area of food safety resulting in access to more markets. Despite Mexico's overall trade surplus in agri-food products, there are notable opportunities for imports, primarily for higher-end refined/processed products, though also among some primary products for which Mexico has a large deficit (e.g. pig meat).

Competitor analysis

GRUPO BAFAR, S.A. de C.V.

bafar.com

One of the main competitors, with more than 30 years' experience. Located in Chihuahua, it distributes and sells meat within the Mexican Republic.

Employees: 1,000–4,999

SuKarne. GRUPO VIZ, S.A. de C.V.

grupoviz.mx

A company with more than 50 years' experience in the market, SuKarne has a national as well as a global presence, since it has a distribution chain to supermarkets and wholesalers.

Employees: 1,000–4,999

Cargill Protein, S. de R.L. de C.V.

cargill.com.mx/en/protein

The company is located in Querétaro and it produces and distributes fresh as well as frozen meat.

Sonora Agropecuaria, S.A. de C.V.

sasapork.com:8080

The company has been producing and commercialising pig meat since 1975. It is also a company that exports pig meat under various certifications – its main destination is Japan.

Mexican exports of pig meat

Due to the growth of production at a faster rate than consumption in recent years, the rate of exports has grown. In 2021, pork exports are forecast to increase 5% to 360,000 Mt CWE. In 2020, pork exports were 344,000 Mt CWE.

In 2019, the main countries for Mexican pork were Japan, followed by China and the US (see Figure 3).

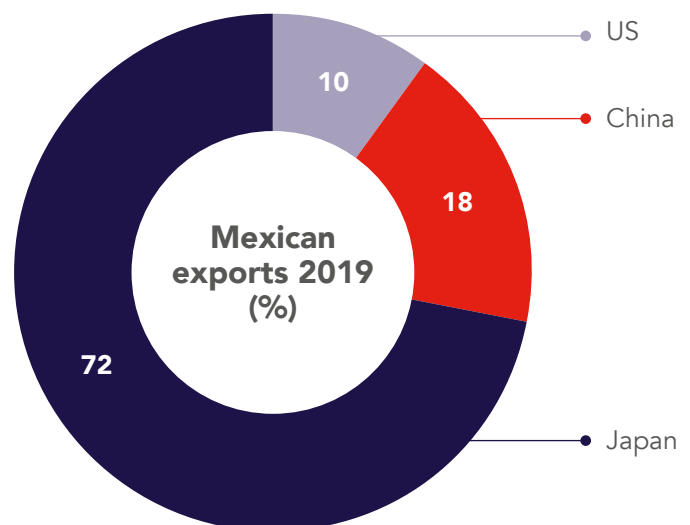


Figure 3. Main destinations of Mexican exports

Source: COMECARNE, 2019

Mexican imports of pig meat

Historically, Mexico has registered a deficit in foreign trade in pork. In 2019, Mexico was ranked number 13 among pork producers worldwide. During 2015–2019, Mexican imports grew at an average annual rate of 5.1%, to reach 1.57 million tons at the end of the period.

Imports have continued to grow in terms of carcase meat, but it is observed that, at the same time, the consumption of national meat has also increased. In this way, in 2019, net imports represented 43.9% of apparent national consumption, although when comparing with 2015 where the proportion was 45.6%, it is observed that both imports and consumption continue to grow.

In 2019, 99.8% of the volume of Mexican pork imports came from two main countries: 83.6% from the United States and the remaining 16.2% from Canada. The demand for imports from the United States in Mexico is maintained by the need to continue genetic improvement, seeking better performance and greater resistance to diseases.

In 2021, pork imports are forecast to increase 3% to 975,000 Mt CWE. In 2020, pork imports were 945,000 Mt CWE. In 2020, COVID-19 hurt pork imports as demand heavily decreased due to the closing of the foodservice sector. Imports are expected to normalise in 2021, as the foodservice demand increases and household cooking continues.

Mexican imports of pig meat: chilled, frozen and offals

Fresh pork is classified into three HS codes in Mexico. The first one is 0203.11.01 (carcasses and half-carcasses of swine, fresh, chilled). The second one is 0203.12.01 (legs, shoulders, and cuts thereof, bone-in). Finally, the last code 0203.19.99 (others).

Mexican imports of fresh pork in 2020 started with an optimistic forecast, which was expected to see growth of 1.7 million tons, representing an increase of 4.0% in comparison with 2019. Nevertheless, there was a dramatic decrease in volume imports in May 2020 due to the start of the COVID-19 pandemic. The fresh pork meat products classified as 'others', under the HS code 0203.19.99, were the ones with a large decrease.

Frozen pig meat is also classified into three HS codes. The first one is 0203.21.01 (carcasses and half-carcasses of swine, frozen), next is HS code 0203.22.01 (frozen legs, shoulders, and cuts thereof, bone-in), and then HS code 0203.29.99 (frozen others).

There were not many imports of carcasses during 2020, according to the official business information system. Regarding legs, shoulders, and cuts thereof, bone-in, they started 2020 with a low volume of imports from the United States. In May, Mexico imported more volume from Canada than from the United States.

In Mexico, edible offals of the porcine species are classified in the following tariff fractions: HS code 0206.30.01 (swine skins, whole or in cuts, chilled, except pre-cooked leather in chunks ('pellets')), HS code 0206.30.99 (others), HS code 0206.41.01 (frozen livers), HS code 0206.49.99 (frozen others), HS code 0206.49.01 (frozen swine skins, whole or in cuts, except pre-cooked leather in chunks ('pellets')).

Products under HS code 0206.30.01 are one of the main offal categories that are imported in Mexico. The main supplier is the United States, which had a decrease in their volume between April and May; nevertheless, there was a strong recovery in June with almost 8,000 tons, while from January to November Canada remained in the same range between 1,000 and 2,000 tons exported to Mexico.

Other than Canada and the United States, Chile is also becoming a competitor for products under HS code 0203.30.99, which refers to other frozen offal. Chile is expected to become one of the main pork suppliers of Mexico, as well as Spain and Canada.

Apparent consumption

The growth in the national production of pig meat has been insufficient to meet the domestic growth in demand. Imports increased 138% between 2003 and 2017. As a proportion of apparent consumption, imports were equivalent to 31.6% of apparent consumption in 2003 and increased to 45.6% in 2017. Exports increased 251% during this period and represented 9.3% of production in 2017.

Processing of products such as sausages, hams and cold meats requires the use of pork. There are no precise statistics on the demand for pork by the processing industry, but, according to the National Meat Council (Consejo Mexicano de la Carne), the total estimated production of all types of meat in the country was 6.8 Mt in 2017, of which 950,000 tonnes were processed products. Of these, 45% comes from poultry. The remaining 55% comes from other species, including swine. It is difficult to establish from this percentage how much corresponds to swine-based products and how much pork could be used as an input, since several of the processed products are made by grinding meats of different species and can include components such as soybeans. In the case of some hams, natural gelatins are used and saline solutions are also injected in undetermined percentages.

Growth drivers and trends

The key factors affecting the food and beverage market are:

- **Changes in demographic factors:** This is effectively three-pronged. Firstly, the population of Mexico has grown steadily over recent years, creating an increase in demand for food overall. That said, the fertility rate has fallen in recent years and reached the replacement rate of 2.1 in 2019, with a corresponding slowdown on population growth. Secondly, the middle class is expected to continue to grow, with 3.8m more households moving up to the middle range by 2030, leading to the consumption of more expensive meat proteins. Thirdly, the number of single-person households is increasing quickly, with corresponding impacts on consumption patterns
- **Advances in domestic agri-food production:** Considerable efforts have been put into increasing domestic agri-food production in recent years and, subsequently, the volume of food produced in Mexico in 2017 was 12% superior to the volume produced in 2012
- **Concerns about the high level of obesity:** Mexico is one of the countries with the highest obesity rate among adults in the world. The obesity rate among children is also believed to be high

In terms of trends, the following stand out:

- **Demand for healthy food:** Concerns about the high level of obesity have led to a concerted effort to tackle it, including through the consumption of healthier foods
- **Growing organic segment:** Partially connected to the previous point, there has been more interest in organic products. Domestic demand is increasing, particularly among the middle class



- **Strong and growing importance of supermarkets and convenience stores:** Supermarkets and convenience stores have been important in Mexico for several years and, to different extents, are used by most sectors of society. However, the growth in the middle class has provided a further boost to the importance of these channels

Cultural sensitivities and other considerations

- **Eating patterns:** Traditionally, Mexicans fit work around eating, rather than vice versa, which can lead to elongated working hours. The most important meal of the day, lunch (comida), is typically eaten early to mid-afternoon, with a long break often taken for this meal and it typically comprises of multiple courses. A lot less importance is placed on dinner (cena), on the other hand. In addition to breakfast (desayuno), which may be light, Mexicans often eat a second breakfast mid-morning (almuerzo)
- **Spice and palate:** Mexican food is generally considered a fusion of indigenous and Spanish foods, with the indigenous palate believed to be orientated towards bitter tastes and the Spanish subsequently introducing more sweet and sour tastes. The widespread use of salsa, which commonly combines jalapeño and lime into a sauce with others including tomatoes, onions and coriander, demonstrates this preference for intense flavours, including spice/heat. It is estimated that over 90% of Mexicans use salsa with their food

Important celebrations and festivals with particular relevance to the food market are Christmas, Mother's Day (10 May) and Día de los Muertos (2 November).

SWOT analysis – fresh meat

Strengths

- Market evolving with new segments emerging
- Meat consumption on the rise

Weaknesses

- Pricing often a key consideration
- Complex framework related to market entry and requirements

Opportunities

- Mexico is part of the CPTPP
- Rapid growing middle-class population with disposable income

Threats

- The United States as a major importer of fresh meat to Mexico

Tariff barriers and taxes

Mexican tariff barriers and taxes for pork meat

In Mexico, HS codes were composed of a maximum of eight digits,¹ unlike other countries where there are 10 or more digits. Since November 2020, the General Import and Export Tax Law changed the format by adding two digits to the main number. These additional numbers are called the Commercial Identification Number (NICO),² The purpose is to facilitate the identification of the merchandise and to gain better information on foreign trade.

The information contained in the following table is for general information only. It is highly recommended to have a customs agent to correctly classify the merchandise to avoid any issues.

Non-tariff and administrative barriers and pre-import requirements

The Mexican government established strong sanitary requirements on meat products. Therefore, for the import processes of meat or its derivatives of pork, it is a requirement that companies comply with the authorisation of secretariats such as SAGARPA, which grants the Zoosanitary Certificate and inspection in the country and SENASICA, which grants the health certificate for the consumption of animals. This authorisation is granted following an inspection where each plant will be evaluated to obtain the approval of the Mexican inspectors.

Mexican HS code	NICO	Description	NMF	VAT	TLCUEM tariff	
0203 Meat of pigs, fresh, chilled or frozen	0203.11.01	00	Carcases and half-carcases	20%	Exempt	Excluded
	0203.12.01	01	Shoulders, and cuts thereof, bone-in			
		02	Legs and cuts thereof, bone-in			
	0203.19.99	00	Others			
	0203.21.01	00	Frozen. Carcasses and half-carcases			
	0203.22.01	01	Frozen. Shoulders and cuts thereof, bone-in			
		02	Frozen. Legs and cuts thereof, bone-in			
0203.29.99	00	Frozen. Others				
0206 Edible offal of the swine species	0206.30.01	00	Swine skins, whole or in cuts, chilled, except pre-cooked leather in chunks ('pellets')	10%	Exempt	Exempt
	0206.30.99	00	Others	20%	Exempt	Excluded
	0206.49.01	00	Frozen. Swine skins, whole or in cuts, except pre-cooked leather in chunks ('pellets')	10%	Exempt	Excluded
	0206.41.01	00	Frozen	Exempt	Exempt	Exempt
	0206.49.99	00	Frozen. Others	10%	Exempt	Excluded
0209 Bacon without lean parts and pork fat without melting	0209.10.01	00	Bacon without lean parts and pork fat	15%	Exempt	Excluded

Note: The NICOs listed in the table could change; if Mexican companies or industries wish to add or modify a NICO they can do so, by sending the request to the Government from January to June 2021, and they will be evaluated by the Government until September 2021. Through the Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and Northern Ireland, the preferential trade regime is maintained, currently in force under the Free Trade Agreement between Mexico and the European Union (TLCUEM).³ This agreement negotiated between the parties is subject to the approval of the Senate of the Republic for its entry into force.

¹ More information: siicex-caaarem.org.mx

² More information: snice.gob.mx/cs/avi/snice/nico.ligie.html

³ More information: gob.mx/cms/uploads/attachment/file/599890/MX_Acdo_Continuidad_Comercial_Esp.pdf

In addition, within the requirements to import pork, different annexes of Mexican law must be considered before sending the merchandise, which depend on the tariff fraction; among them is included Annex 27, which relates to the rate of the law of general taxes of import and export as well as the VAT Law. It will depend on each company as to whether the importer is obliged to pay VAT, which is why it is marked with an asterisk in the previous table.

Another of the important law annexes to consider is Annex 18 of the General Rules on Foreign Trade, which are the individual identification data of the goods indicated, in which they must have:

- Description of the merchandise: Specify in detail the part or piece in question – leg, shoulder, loin head, bacon, tenderloin, etc. – as well as its presentation – with bone, sliced, boned, cleaned, tied, skinned, with or without rib, etc.
- Product presentation: Fresh, chilled, frozen, salted, smoked or in brine. If it comes vacuum-packed, in combos, in boxes, etc.
- Quality in the market of origin: US 1, 2, 3, premium, first, second, etc. All products imported for human consumption must bear the legend 'Suitable for human consumption', provided by the authority responsible for inspection in the country of origin
- State if the pieces were obtained from cuts previously certified as fresh
- Slaughter date, packing date and product destination

Customs agent

Before exporting pork products to Mexico, it is important to contact a customs agent, if possible, with experience in the sector, since they will have the necessary knowledge and be up to date on tariff rates, costs and procedures related to the product in question.

In addition, the customs agent is the natural person authorised by the Ministry of Finance and Public Credit by means of a patent, to promote on behalf of others the dispatch of goods in the different customs regimes. They are the legal representatives of the importer once they have received the letter of entrustment signed by the importer.

Commercial bills

As long as the goods have a commercial value in national or foreign currency greater than US\$300, invoices can be issued by national or foreign suppliers and submitted in original or copy.

Packing list

Describing the content of each package that is shipped. It is mandatory that the numbering matches the commercial invoice.

List of importers

It is necessary that your importer is registered in the Register of Importers on the Ministry of Finance and Public Credit as established by Law Customs 1996 in its article 59.



Official applicable standards

One of the Mexican standards that needs to be taken into consideration is the NOM-194-SSA1-2004,⁴ which refers to: Products and services – sanitary specifications in establishments dedicated to the slaughter and dressing of animals for supply, storage, transportation and sale – sanitary specifications of products.

Labelling

All products that are commercialised in bulk must include:

- The generic and specific name of the product, i.e. pork, chop
- Name of the establishment, address, batch, country of origin
- Pre-packaged products must also include:
 - Expiration date (day, month and year), batch, insert the legends 'Batch and Expiration Date'
 - Storage legends: 'Keep refrigerated', 'Keep frozen', 'Once thawed, it should not be refrozen' and 'This product was previously frozen, do not refreeze' or equivalent legends, as appropriate, and in accordance with the process in which the product has been kept throughout
- Ingredients list:
 - When it refers to just one ingredient, it is not necessary to add the list
 - It should start with the word 'Ingredients'
 - The ingredients must be presented by a decreasing quantitative order, and with the specific name for each ingredient
- For full carcase, half-carcase and quarter-carcase, the date of slaughter 'day, month and year' must also be indicated
- In the case of offal, the name of the offal by which it is known in the region may also be included
- For imported products, the label must also include the name of the company, address of the importer (street, number, neighbourhood, postal code, city and state) or be incorporated into the product in the national territory after customs clearance and before commercialisation

- The imported products destined to be commercialised in the Mexican market must have a label with the information referring to this official norm, which must be written in the Spanish language, even when the label can be in other languages as well. Taking care that the characters are at least the same size, typographic, proportionality and colours, identical to those in which the information is presented in other languages
- The information contained on the label must be clear, truthful, and verifiable; it must not mislead the consumer
- The labels must be fixed into the products in a way that they remain available until the moment of their use and consumption under normal conditions, and must be applied for each unit, multiple or collective container, with clear, visible, indelible characters and contrasting colours. Labels also have to be easy to read under normal circumstances of purchase and use
- Packing:
 - The material used to pack the products under this norm must be a sanitary type, in such a way that it does not cause reactions with the product or alter its physical, chemical or sensory characteristics
 - The products must be packaged in a way that the product can be visible to the consumer

Other regulations to take into account for the commercialisation of pork derivatives are:

- Official Mexican Standard NOM-051-SCFI/SSA1-2010: General specifications of labelling for pre-packaged food and non-alcoholic beverages - commercial information and sanitary
- Official Mexican Standard NOM-007-ZOO-1994: National Campaign against Disease
- Official Mexican Standard NOM-030-ZOO-1995: specifications and procedures for the verification of imported meat, carcasses, offal, and offal at points of zoosanitary verification

⁴ More information: salud.gob.mx/unidades/cdi/nom/194ssa104.html

Export documentation

The export documents are generally listed on Her Majesty's Revenue and Customs.⁵ Nevertheless, it is important to have a customs agent to support the correct process to export to Mexico, with the specific product well classified in Mexico and in the United Kingdom. According to HMRC, it is important to have an export licence depending on the industry and the specific product.

Another important aspect is the export declaration that is needed to detail the classification of the goods and the country of destination. Usually, this declaration is submitted to the National Export System, which will request the company to have an Economic Operator Registration and Identification (EORI) number that will support moving goods from Great Britain to another country. It is also important to have a Customs Handling of Import and Export Freight (CHIEF) badge role, unless the company is using a freight forwarder. Additionally, the exporter company must register through the website by creating a user ID and password.

It is also important to have the transport documentation advising the carrier as to what should be done with the goods. This can also be used to pass responsibility during the journey. The documentation may include:

- An export cargo shipping instruction, giving the freight forwarder details of the goods and how they should reach their destination
- A standard shipping note telling the port how to handle the goods
- Documentary evidence that must be provided by the carrier confirming the goods have been received
- A CIM consignment note, giving details of the goods being transported and goods declaration
- Proof of insurance to your customer

Distribution channels for imported pork

In Mexico, the presence of large supermarkets or hypermarkets in the country have been growing and have gained importance in the distribution and sales of food. However, in the distribution channels, there is little development regarding cold stores in Mexico, and although it is considered the country with the seventh-largest cold storage capacity in the world, it is limited for the transport of flowers, fresh food, fruits and vegetables. Therefore, it is important to choose an importer that can ensure it has the necessary facilities for adequate cold chain distribution.

In the case of the infrastructure in Mexico, more than 90% of national highways are paved, of which 70% are in acceptable condition, while about 20% are in poor condition. According to the Global Competitiveness Index ranking of the World Economic Forum, Mexico is in position 54 out of 136 countries in terms of infrastructure. However, it is important to consider that the main cities or distribution centres are Mexico City, Guadalajara and Monterrey.

In the case of imported pork distribution channels, it is generally the larger farms or big companies with modern facilities that import pork to process and sell it to the Mexican market. On the other hand, the number of distributors to the final customer of imported meat are almost non-existent due to the issues regarding the cold store or tariff issues.

Moreover, in self-service store chains, which are different to the traditional supermarket format, are a growing trend in the main Mexican cities. Mexico has large self-service chains. Among the most common around the country are Walmart, Grupo Soriana, La Comer (City Market, Sumesa, Fresko, Chedraui). There are other self-service chains by region, such as Casa Ley in Sinaloa, Calimax in Tijuana and HEB with stores in the north of the country.

Supermarkets in Mexico

Product	Prices (06/04/2021)
Leg – boneless	MXN\$169.93 MXN/kg £6.09/kg
Loin	MXN\$219.00 MXN/kg £7.85/kg
Leg – bone-in	MXN\$140.00 MXN/kg £5.02/kg
Trotter	MXN\$54.00 MXN/kg £1.94/kg
Chicharrón	MXN\$70.00 MXN/kg £2.51/kg

Opportunities and challenges

Once the health certificate for pork imports is authorised, the imports of fresh, chilled and frozen meat will have the opportunity to enter into the market. Pork imports in Mexico are necessary to supply the high consumption demand of Mexicans.

⁵ More information: [gov.uk/guidance/international-trade-paperwork-the-basic#export-documentation](https://www.gov.uk/guidance/international-trade-paperwork-the-basic#export-documentation)

On the other hand, it is important to mention that Mexican importers of pig meat are showing increasing interest in acquiring cuts of meat from other countries, to reduce dependence on exporters from the United States and Canada, which are the main international suppliers.

Likewise, following the trends of the Mexican consumer, who is looking for higher quality in cuts, the Mexican pork companies are actively looking out for new product innovation to open commercial opportunities.

Finally, although the distribution channels are not the most modern, this sector is improving. The larger and more efficient companies with the best installations will be the ones importing pork products to then distribute into the Mexican market.

Main pork cuts imported into Mexico

In Mexico, a cut of pork can have one or more denominations. It depends on the species, social customs, the amount or type of cut that can be obtained from a carcass and also from the region in Mexico. According to the Ministry of Economy in Mexico, there are seven main primary cuts consumed by Mexicans:

- Cabeza de lomo – Boston butt
- Lomo – loin
- Pierna – leg
- Tocino – bacon
- Costillar – spare ribs
- Espaldilla – shoulder or picnic shoulder
- Filete o solomillo – tenderloin

Wholesale prices (clickabasto.com)

Pork steak is the most consumed cut, representing approximately 27% of pork consumption, followed by rib and chop, which represent 26.3%. The consumption of cuts varies among states of the republic and deciles of income.

Consumption is highly concentrated in a few states. The State of Mexico, Mexico City, Veracruz, Jalisco and Puebla account for 51.3% of consumption. In per capita terms, there is great heterogeneity in consumption by state. Citizens of the south-eastern states of Mexico spend the most on pork, followed by the inhabitants of Colima, Tlaxcala and the State of Mexico. The states with lower consumption are in northern Mexico.

Trade shows

In Mexico, there are trade shows aimed at pork producers, importers, distributors or buyers in general. There are fairs mainly specialising in food; some of the most important are:

- **Expo ANTAD-Alimentaria (Jalisco):** The National Association of Self-Service and Department Stores and Alimentaria joined forces to continue connecting to create new collaboration networks within and outside the food industry. It took place in October 2020 virtually and it is expected to take place in person from 14–16 October 2021
More information: expoantad.com.mx
- **SICARNE (Aguascalientes):** It is a highly specialised event in the meat sector, which is intended to reach all the players in the meat industry. It offers different types of events; among its most popular are 'Expo SICARNE' and 'Expo Pork' which are expected to be held from 20–22 October 2021
More information: sicarne.org/conocenos.php
- **Expo Carnes y Lácteos (Nuevo León):** Expo Carnes y Lácteos has distinguished itself as a very successful event in the growth of the animal protein industry. Therefore, due to the pandemic restrictions, the event was postponed until 29–31 March 2022
More information: expocarnes.com



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