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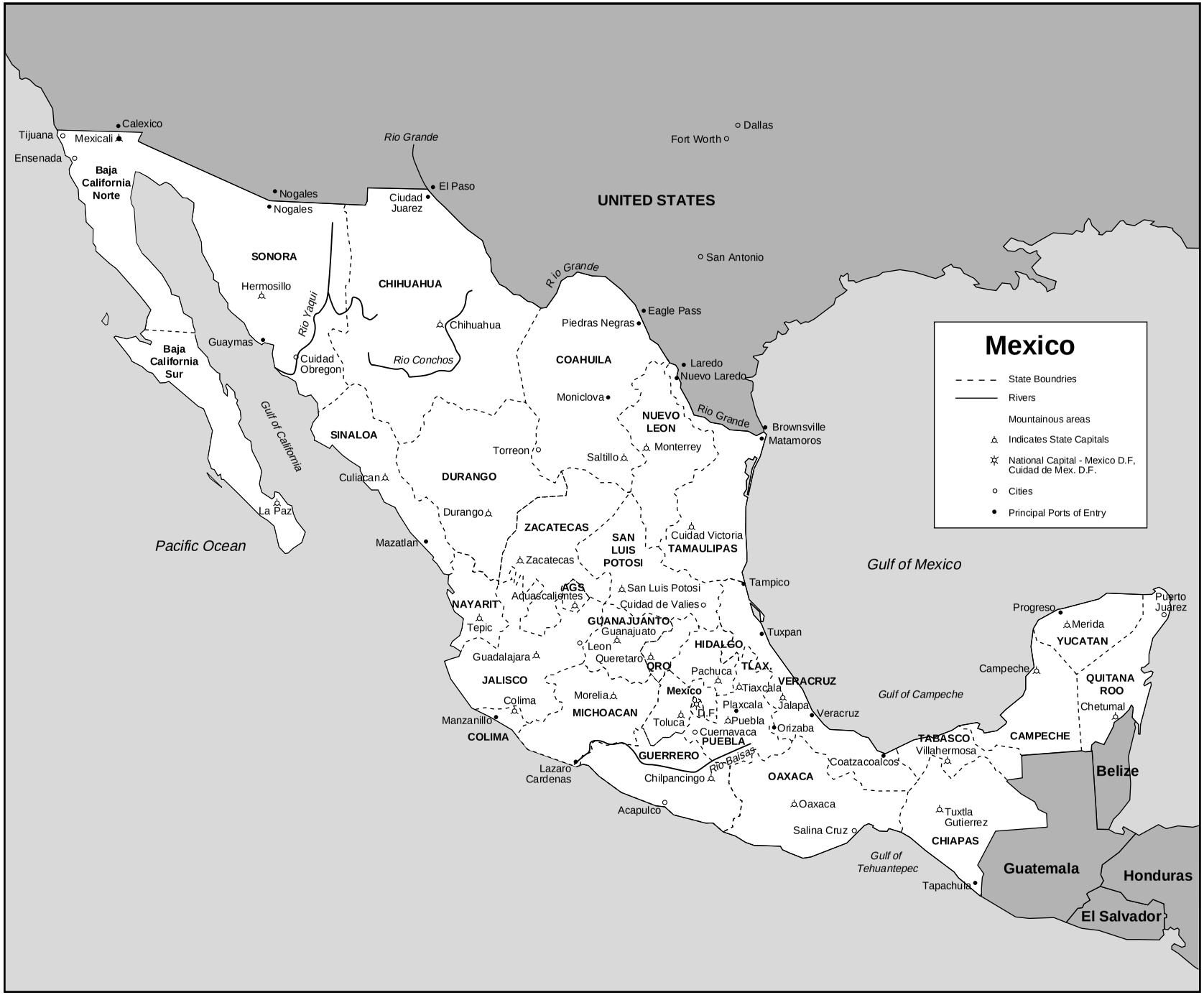
Exporting U.S. Red Meat and Poultry Products to Mexico in a Free Trade Environment


Mexico
State Boundries
Rivers
Mountainous areas
Indicates State Capitals
National Capital - Mexico D.F, Cuidad de Mex. D.F.
Cities
Principal Ports of Entry
UNITED STATES
Pacific Ocean
Gulf of Mexico
Gulf of California
Gulf of Campeche
Gulf of Tehuantepec
Rio Grande
Rio Yaqui
Rio Conchos
Rio Balsas
Calexico
Tijuana
Mexicali
Ensenada
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Nogales
Ciudad Juarez
El Paso
Dallas
Fort Worth
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SONORA
CHIHUAHUA
Hermosillo
Chihuahua
Guaymas
Baja California Sur
Cuidad Obregon
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Eagle Pass
COAHUILA
Laredo
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NUEVO LEON
Monterrey
Brownsville
Matamoros
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OAXACA
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Salina Cruz
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CHIAPAS
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Contents

Summary

The outlook for U.S. agriculture is being enhanced dramatically through recent multilateral and regional trade agreements. One of these completed agreements directly affects U.S. exporting opportunities in a free trade environment with Mexico. With the implementation of the North American Free Trade Agreement (NAFTA) on January 1, 1994, Mexican red meat and poultry import trading patterns, as well as marketing and distribution methods, are undergoing substantial change. Many of the changes in the Mexican meat industry are characterized by an introduction of new technologies, improvements in management techniques and marketing practices, and modernization of the industry's infrastructure, especially at the retail level, as foreign corporations continue to form joint-partnership ventures with Mexican corporations. These changes suggest that if all U.S. meat-packing and poultry-processing firms are to realize the full benefits of liberalized trade and increased export opportunities for high-value meat and poultry products to Mexico, their ability to realize this potential will be enhanced by an up-to-date knowledge of the Mexican wholesaling and retailing sectors and transportation systems.

This study presents detailed information on the merchandising and distribution of U.S. red meat and poultry products to Mexico, by kind of meat and type of Mexican firm, for seven selected cities in Mexico during 1994. The study focuses on the dimensions of Mexican market demand, ports-of-entry procedures, trading patterns, distribution channels, modes of transportation, and storage and handling practices employed by Mexican firms to acquire and merchandise U.S. meat products in Mexico. The study also provides an assessment of U.S. exporting practices by Mexican firms and identifies Mexican markets with the greatest potential for expanding imports of U.S. meat products.

The Mexican export market for U.S. red meat and poultry products is unique because of the NAFTA agreement implemented in January 1994, the proximity of major Mexican deficit markets to U.S. sources of supply, and the common overland border and major highway systems, which facilitate overland transportation between the United States and Mexico.

Market Demand

The dimensions of Mexican market demand for red meat and poultry products and the market's ability to absorb U.S. exports can be assessed by analyzing five key factors. They include: (1) Mexico's demographics and market segmentation; (2) current tariff and currency-related constraints; (3) Mexico's current purchasing preferences and existing domestic market infrastructure, including the current level of industry technology as well as existing handling and marketing methods; (4) existing levels of domestic and other foreign market competition and competitiveness of their products; and (5) potential client and trade contacts within Mexico.

Once the negative repercussions of the 1994 devaluation of the peso and Mexico's ensuing recession have ended, the outlook for a return to expanded export sales of U.S. red meat and poultry products to Mexico should be enhanced significantly.

Port-of-Entry Procedures

Opportunities to capitalize on the NAFTA accord require a detailed knowledge of Mexican customs-clearance requirements and port-of-entry procedures. Unless a U.S. export shipper has an experienced staff of bilingual employees fluent in Spanish and familiar with all aspects of Mexico's importation rules and regulations, the services provided by a broker, distributor, or agent in these international sales transactions can be invaluable.

Trading Patterns

Because of the December 20, 1994, peso devaluation and the later disruption that it caused to normal trading patterns of price-sensitive, high-value exports to Mexico, data for the calender year 1994 were purposely selected over more recently available NAFTA-related sales data. These distortions in Mexican buying patterns of high-value, U.S.-imported products resulting from the currency devaluation rendered later annual sales information of diminished value for marketing research. Exportation of U.S. red meat and poultry products to Mexico, by U.S. customs district, varied by location of U.S. customs district relative to major Mexican markets. Almost 70 percent of the 458,000 metric tons (MT) of U.S. red meat and poultry products exported to Mexico during 1994 were shipped through the Laredo, TX, customs district. The Laredo customs district generally enjoys a location advantage as evidenced by a major network of highway systems for shipment to major population centers such as Monterrey and Mexico City, Mexico. The San Diego, CA, customs district was the second most important export facilitator, followed by El Paso, Nogales, and Hidalgo-Brownsville, TX.

Although U.S. exports of poultry products and variety meats represented more than two-thirds of the total volume exported to Mexico during 1994, beef and poultry products accounted for about two-thirds of the total export dollar sales. The kind of U.S. meat products imported varied by

type of Mexican firm and function performed and by city. Mexican firms included in this study were distributors; hotel, restaurant and institutional (HRI) purveyors; meat processors; supermarket and discount chains; and commercial hotels and restaurants. Cities included were Monterrey; Mexico City; Guadalajara; and the resort cities of Cancun, Acapulco, Puerto Vallarta, and Mazatlan.

U.S. meat products exported to Mexico were shipped predominantly as boxed, frozen meat during 1994. Fresh-chilled meat products were more prevalent among the items imported by the retail sector than other types of Mexican firms. Most of the boxed beef, pork, and lamb and sheepmeat were imported as primal or subprimal muscle-meat cuts taken from animal carcasses, whereas boxed poultry products arrived as whole birds, cut-up parts, boneless cuts, and portion-controlled products. Much of the poultry exports also arrived as mechanically deboned meat in boxed form and in bulk, jumbo-container pallets for use in processing and manufacturing Mexican-produced meat products.

The proportion of U.S.-imported red meat and poultry products shipped directly from ports of entry versus Mexican interior locations varied by location and kind of firm. Firms generally located greater distances from ports of entry relied more on interior locations for supplies of U.S.-imported meat products compared to Mexican firms located closer to ports of entry. Mexican firms reported receiving more than 90 percent of their U.S. red meat and poultry products directly from the port of entry during 1994.

Distribution Channels

Major distribution channels for U.S. red meat and poultry products varied by U.S. customs district, proximity to major Mexican markets, and kind of meat exported. U.S. meat shipments from the Laredo customs district, which accounted for almost 70 percent of the U.S. exports to Mexico, were destined predominantly for meat firms in Monterrey and Mexico City, with the Northern Border Area a distant third. Exports from San Diego and El Paso were destined primarily for markets in the Northern Border Area, whereas exports from Nogales were destined primarily for cities along the Gulf of California in the southern states of Sonora and Sinaloa.

A further area of interest is not only the initial distribution of U.S. meat products from each U.S. customs district to major Mexican markets, but also the distribution of U.S. red meat and poultry products by recipient Mexican firms on the basis of geographic sales area and market outlets by type of buyer within Mexico. Although Monterrey was the largest initial recipient of U.S. red meat and poultry shipments from U.S. customs districts, the largest market for U.S. meat products was the Mexico City area market, followed by Monterrey, markets outside the seven-city areas, Guadalajara, and the four resort area markets.

Market outlets for U.S. red meat and poultry products varied by kind of Mexican firm and by kind of imported meat product. The major market outlet for U.S. red meat and poultry products was the retail sector with almost 58 percent of the total purchases, composed of supermarket and discount chains and other regional retailers, followed by distributors and restaurants, a distant third.

Modes of Transportation

Although modes of transportation used for transporting U.S. red meat and poultry products from ports of entry and Mexican interior locations varied by destination, more than 99 percent of the U.S. red meat and poultry products were transported by truck from both ports of entry and Mexican interior locations. This was not surprising since more than 99 percent of the U.S. red meat and poultry products exported to Mexico during 1994 were processed for export by U.S. customs districts located along the common border between the U.S. and Mexico. None of the respondents interviewed reported shipments of red meat or poultry products by rail during 1994. Shipments of U.S. meat products by ocean freight, although substantial for some markets along the Gulf of Mexico, represented a small proportion of the total U.S. meat products exported to Mexico. Shipments of U.S. meat products by air freight represented efforts by Mexican firms, primarily in the resort areas, to assure freshness of product or to fill emergency requirements for hotel and commercial restaurants.

Although distributors and meat processors used the highest proportions of contract truckers for transporting U.S. meat products from ports of entry to their establishments, contract trucking was the predominant method used by all types of Mexican firms for transporting U.S. meat items from ports of entry to their business locations. Some Mexican firms also used contract truckers to deliver U.S. red meat and poultry products to clients, but such delivery methods generally represented less than 10 percent of the U.S. meat products merchandised.

Time in transit for U.S. meat products from ports of entry to selected destinations was generally dependent upon the proximity of ports of entry to destination. Transit time for shipments from nearby ports of entry to Monterrey was substan-

tially less than for shipments from ports of entry to firms in Mexico City or Guadalajara.

Assessment of U.S. Meat-Related Characteristics and Services by Mexican Firms

Mexican firms in the study were asked to score 18 U.S. meat product characteristics, packaging materials, and merchandising services as highly acceptable (5), acceptable (4), good (3), poor (2), or not acceptable (1). The highest score attainable under this scoring system was a 5 for any item scored or ranked by respondent Mexican firms. Respondents were requested to provide suggestions for improvements for any of the 18 items scored as "good" or lower. The average weighted score for the 18 items was 4.09 with 13 items receiving a weighted score of 4 or better. Items receiving the highest weighted scores were "U.S. Product Image" and "Wholesomeness of Product."

The five items which received weighted scores lower than 4 were "Customer Service by Exporter/Agent," "Level of Purge Accumulation," "External Trim Specifications," "Value for Purchase Price," and "Consistency of Supplies." Comments about or suggestions for improvements of U.S. meat-related characteristics or services, which received scores of "good" or lower, were focused primarily on U.S. exporters, but numerous comments had relevance for the Mexican meat distribution and handling systems.

Markets With Sales Growth Potential

Although Mexico's current financial crisis has negatively influenced current, short-term export sales of U.S. red meat and poultry products, longer term prospects for expanded market growth appear promising. NAFTA is expected to play a major role in generating greater employment opportunities and better wage compensation which, in turn, will boost the purchasing power of Mexican consumers.

Mexico represents a prime U.S. export market for many of the most desirable, premium-priced carcass muscle cuts and also for many lower-priced variety meats rich in proteins and minerals. Mexican purchasing agents and food industry representatives are aware of the supply dependability and relative uniform quality of both the high-value and low-value American exports available at competitive global-market prices.

The three metropolitan centers of Mexico City, Guadalajara, and Monterrey and their surrounding satellite cities and communities account for almost 30 million people, or about one-third of Mexico's current population. Among this dense concentration of residents are a majority of the country's upper and upper-middle income classes, representing current buyers, and a substantial number of the nation's lower-middle income group, who represent potential future buyers of U.S. meat products.

The Mexican tourism industry also represents another leading demand sector within the Mexican economy for U.S. red meat and poultry exports. Key international destination resorts include Acapulco, Puerto Vallarta, and Mazatlan on the Pacific Coast and Cancun and Cozumel on the Caribbean Coast. As international tourism expands worldwide, these Mexican "megaresorts" will likely share in and experience significant future tourist-related economic growth. This growth could translate into stronger demand for the types of dependable, uniformly high-quality meats produced in the United States. The Mexican Government reported that during 1994 an estimated 17.2 million visitors, registered as overnight international visitors, spent US$4.9 billion.

Taken as a group, the major Mexican border cities of Tijuana, Mexicali, Nogales, Ciudad Juarez, and Matamoros currently represent only 3.6 million urban inhabitants, or just 4 percent of the nation's total population, but the population is rapidly increasing as a direct result of the expanding role of the "maquiladora" manufacturing districts and the employment opportunities being created. In these manufacturing districts or centers, the Mexican Government gives special tax shelter status to foreign firms that assemble and export products from Mexico. As a major employer, these foreign-owned manufacturers provide dependable jobs, which have created rising disposable incomes for Mexican nationals residing in these border-town communities. Consequently, these employees have ample purchasing power to improve their diets by acquiring relatively inexpensive variety meats and other edible animal byproducts imported from the United States.

Introduction

NAFTA Impact on U.S. Export Opportunities

Through a series of multilateral and regional trade liberalization agreements to reduce obstacles that hinder economic development and growth, the outlook for U.S. agriculture to actively participate in global market trading has been enhanced dramatically. Emerging nations with demographic profiles that include huge, young populations, growing labor forces, rising purchasing power, and surging consumer demand offer U.S. agricultural producers unique opportunities to expand their market horizons. One of the recently concluded trade agreements directly affects U.S. exporting opportunities in a free trade environment with Mexico.

The North American Free Trade Agreement (NAFTA), which liberalized trade among the United States, Canada, and Mexico, was implemented on January 1, 1994. It created a free trading area with 360 million people and a combined economic output of $6 trillion. The initiative was undertaken to encourage economic reform in the Western Hemisphere. The long-term overall implications of this liberalized trade environment are expected to lead to significantly greater export sales and to generate a net expansion in U.S. agricultural production. Before Congressional passage of legislation to implement NAFTA, it was conservatively projected that by the end of the 15-year transition period, annual U.S. agricultural exports would likely be $2.5 billion higher than without NAFTA. Grains, oilseeds, and meats were estimated to account for much of the expansion.[1] International trade typically reflects complementary relationships between trading partners that make commerce mutually beneficial. Additionally, trade between the United States and Mexico is particularly enhanced because of the physical proximity of the two nations.

In terms of current, total U.S. trade of all goods and services worldwide, Mexico is our third largest trading partner after Canada and Japan. Although the total U.S. balance of trade with Mexico has been negative for most of the 1980's and 1990's, the agricultural trade balance has been positive.[2] Furthermore, of that portion involved directly in agricultural trade between the United States and Mexico, much tends to be complementary rather than competitive. In the third year of NAFTA-affected trade during 1996, U.S. agricultural exports to Mexico reached a record $5.4 billion from the previous year's trade level of $3.5 billion, generating a U.S. agricultural trade surplus in 1996 of nearly $1.7 billion.

While the principal agricultural commodities exported from the United States to Mexico are grains and oilseeds, which exceed other agricultural commodity sales, U.S. exports of high-value red meat and poultry products are also considered to be primary exports, with their combined sales for 1996 amounting to $534 million. These aggregate 1996 red meat and poultry product sales to Mexico had expanded more than ninefold over the $56.4 million in sales a decade earlier. Opportunities for further expansion in red meat and poultry product sales appear significant. Mexico's main agricultural exports to the United States are tropical and specialty horticultural crops.

The NAFTA agreement was established to eliminate restrictions on the flow of goods, services, and investments among the three trading partners. It was to be phased in over a 15-year period, ending on December 31, 2008.[3] In addition to enhancing the flow of commodities across borders, it opened up new markets for many goods and services traded between the countries, as well as reinforcing patent and copyright protection. The timetable for Mexico to dismantle the extent of its trade barriers is generally more gradual than that for the United States and Canada because of the acknowledged imbalances in development among the nations. Moreover, special rules apply to trade in agricultural products as well as textiles, vehicles, and vehicle parts.

Specific NAFTA provisions immediately eliminated all tariffs on U.S. exports of fresh-chilled and frozen beef to Mexico. But tariff duties on fresh-chilled and frozen lamb and pork as well as smoked pork products, while being immediately reduced as of January 1, 1994, were not eliminated. These particular red meat tariffs, however, will be phased out over 10 years rather than the maximum 15 years affecting many other exports. Similar duty arrangements and tariff-phaseout timetables were also placed on fresh-chilled, frozen, and processed poultry products. These currently existing tariffs on lamb, pork, and poultry have been converted essentially to tariff-rate quotas, which allow certain yearly adjustable quantities of these products to enter Mexico either duty free or at a fixed, within-quota tariff rate. All U.S.

[1] U.S. Department of Agriculture, Economic Research Service, Office of Economics, *Effects of the North American Free Trade Agreement on U.S. Agricultural Commodities*, Washington, D.C., March 1993.

[2] With the exception of a statistically insignificant agricultural trade imbalance with Mexico in 1990, the only down year since 1987 occurred in 1995. This most recent agricultural trade deficit was caused by the peso devaluation, which negatively affected all U.S. trade with Mexico that year. While aggregate agricultural exports to Mexico during 1996 recovered significantly to reach new record levels despite the peso, the total U.S. balance of trade with Mexico remained negative for the year (U.S. Bureau of the Census Trade Data analyzed by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS), Commodity and Marketing Programs).

[3] Link, John, et al, "International Agriculture and Trade Reports," *NAFTA: Situation and Outlook Series*, WRS-95-2, Economic Research Service, USDA, Washington, D.C., May 1995.

exported volumes of these commodities exceeding the "within-quota" metric tonnages are then taxed at higher NAFTA agreed-upon rates. Nevertheless, even these formula-prescribed, quantitative tariff restrictions will be removed completely on January 1, 2004.

With the advent of freer trade, the rate of growth in Mexican personal income is expected to rise as a result of expanded internal economic development. This increase in purchasing power, in turn, should generate higher living standards with increased Mexican household demand for high-protein, animal and poultry products. U.S. exporters might benefit significantly in the future by gaining access to Mexico's potentially large, urbanized middle class. Further internal demand in Mexico for high-value, red meat and poultry products is also expected through increased U.S. export sales opportunities to that nation's highly successful tourism industry. In addition to catering to international visitors, this industry also benefits directly from sales generated through increased domestic, away-from-home food expenditures at Mexican hotels, restaurants, and institutions. In view of its expanding, youthful population, growing economy, and limited agricultural land resources, Mexico should continue to provide an ever-expanding market for U.S. agricultural commodities during the remainder of this decade and into the 21st century.

In addition to improving the diets of Mexican consumers and enhancing Mexican business opportunities to capture a larger segment of the international tourism industry, expanded U.S. exports of red meat and poultry products to Mexico would benefit all current and future U.S. exporters of red meat and poultry products and their employees, as well as the local economies of the communities and states in which these firms operate. Increased business activities from successful animal and poultry product export opportunities would benefit local governments by generating additional tax revenue from commercial product sales, property taxes, and increased employment revenues. Processing these high-value exports is typically very labor intensive and, therefore, generates more jobs than others, such as handling bulk agricultural exports. In addition to intensive processing, these value-added exports also require special packaging and handling. Indirect, supporting economic activities, moreover, created by exports in the red meat and poultry sectors, result in additional rural and nonrural employment and also help spur economic activity which, in turn, generates more employment, income, and purchasing power. For example, physical distribution operators, such as trucking companies hauling these red meat and poultry product exports to Mexico, would directly benefit through increased business revenues as would other firms and businesses directly dependent on the U.S. transportation industry.

With a longer term perspective and a broader view of exporting sales potential, in which trading activities extend beyond the initial boundaries of NAFTA and develop into truly global, free-trading opportunities for U.S. red meat and poultry products through enhanced multilateral agreements, the collective impact on U.S. agriculture could be profound. The magnitude of such future agricultural exports offers the potential of providing a solid foundation of sustained growth for rural America, as domestic markets for these high-value products become relatively mature. Many Americans and the economies of the communities that they support stand to benefit. Cattle ranchers, cow-calf producers, feedlot operators, independent poultry-grower contractors, and others directly associated with producing and processing domestic red meat and poultry supplies will be direct beneficiaries of expanding foreign sales.

As in other advanced industrial economies, the United States experiences periods of overproduction as a direct result of an inelastic demand in its mature domestic markets for many food and fiber commodities.[4] Expanding export sales for U.S. red meat and poultry products would act as a cushion mechanism to the buildup of excess supplies and lower producer prices by reflecting increased external, global market demand. The negative economic impact on U.S. beef producers of the recent nationwide liquidation of cattle inventories demonstrates the need to significantly expand demand beyond our borders. The current cattle inventory cycle began in 1990 from a low of 95.8 million head of cattle and calves on January 1. The cycle peaked in January 1996 at 103.5 million head, with January 1, 1997, inventories declining to 101.2 million head.

The typical cattle inventory cycle lasts 7 to 10 years from the low point in one cycle to the low in the next. An expansion of cattle and calf numbers basically results until a stage is reached when supply begins to exceed demand. By developing permanent, stable foreign markets for these high-value products, U.S. beef producers could eventually benefit directly from both an extended cyclical time horizon and a reduction in the amplitude of the cyclical curve. This could enable U.S. beef producers to generate greater volumes of supply at profitable sales prices over time. U.S. hog producer inventories undergo a 4-year cyclical production pattern and could also benefit, through enhanced operational profitability, from an expansion of export markets for pork products. Similarly, demand-driven increases in exports benefit poultry producers directly by accelerating adjustments in temporary

[4] Capehart, Thomas C., "Exports as a Share of Agricultural Production," *Agricultural Outlook,* U.S. Department of Agriculture, Economic Research Service, Washington, D.C., August 1994.

excess production-capacity within the poultry industry.

Current agricultural export data for high-value products indicate that, although both beef and pork exports have made some gains in recent years worldwide, their share of U.S. production remains small.[5] For example, beef exports have risen from below 1 percent of total commercial U.S. production in 1975 to more than 7 percent in 1995, while pork exports rose from just over 2 percent of U.S. production in 1975 to more than 4 percent in 1995. Meanwhile, poultry's export share of aggregate U.S. production has steadily increased, rising from less than 2 percent in 1975 to more than 14 percent during 1995, but, like beef and pork exports, overseas poultry sales could be expanded substantially. The case for expanded poultry exports is particularly relevant because of our comparative advantage in both production and technology over other nations.[6] Unfortunately, export demand for beef will temporarily remain uncertain worldwide until problems of consumer confidence over bovine spongiform encephalopathy (BSE) disease, or mad cow disease, and E. Coli 0157:H7 can be resolved.

Trade liberalization under NAFTA may represent only the first step in the process of significantly expanding export demand globally on a free-trade basis, but it is an important initial step. It also may serve as a testing ground for new, inexperienced American exporters to develop the skills necessary to eventually broaden their market horizons, entering and succeeding in shipping exports to other Western Hemisphere countries as well as to other global markets in the future.

Peso Devaluation and Temporary Trade Impact

Just before the successful conclusion of the first year of NAFTA-implemented free trading, an economic crisis developed in Mexico, resulting in an unanticipated devaluation of the peso on December 20, 1994. A significant imbalance in Mexico's current account was primarily responsible for precipitating the peso collapse, which was largely the result of running a huge trade deficit. With reserves at perilously low levels, the Government lifted its existing currency-exchange trading band and allowed the peso to float on December 22, 1994.[7] Nevertheless, even though the Government's currency devaluation sharply dimmed initial, near-term prospects for U.S. exports to Mexico, the longer term implications of this financial crisis on free-trading activities should be minimal.

Rapid intervention by the United States and other International Monetary Fund (IMF) nations, as well as consolidations in Mexican financial institutions, enabled Mexico to avoid a major jolt to its banking system. An internationally funded credit package of some $30 billion from the IMF and Bank of International Settlements (BIS), coupled with $20 billion of short-term international credit lines from the United States, provided the dynamic monetary force necessary to assist in the ongoing process of stabilizing the peso. The Mexican business community and key labor leaders also participated by developing an emergency economic plan, known as the "Common Agreement on Overcoming the Economic Emergency." This plan consisted of tight fiscal and monetary stances accompanied by wage constraints. Likewise, the Mexican Government's self-imposed austerity program, also designed to help stabilize the Mexican economy in response to the devaluation, has already had a significant impact on bolstering foreign investor confidence in the long-term, positive fundamentals of the Mexican economy. The image of NAFTA acting as an anchor to provide economic stability also enhances the outlook for Mexico's long-term prospects in the eyes of international bankers and foreign investors.

Initial exports of U.S. red meat and poultry products to Mexico fell sharply after the devaluation. During 1995, total meat and poultry exports fell to $386.2 million from record levels, at that time, of $ 720.7 million achieved just before the peso devaluation in 1994, a decline of more than 46 percent. Government policies of fiscal prudence, coupled with austerity measures, caused a contraction in the Mexican economy, swinging it into recession during 1995. The economy now shows significant signs of recovery, however. U.S. exports of red meat and poultry products revived during both 1996 and 1997, expanding in 1997 to $741.8 million for an increase of 92 percent over 1995 levels of $386.2 million. Gains continued during the first half of 1998, with exports expanding to $394.3 million versus $313.8 million sold in the first half of 1997, an increase of more than 25 percent.

Improvement in the recovering Mexican economy was confirmed recently by official sources. Banco de Mexico announced on February 23, 1998, that its Gross Domestic Product (GDP) grew by 7 percent during 1997, with all four quarters showing positive growth. New foreign investment and strong export demand contributed to output growth. The country's central bank projected that the

[5] U.S. Department of Agriculture, Foreign Agricultural Service, *Livestock and Poultry: World Markets and Trade*, Washington, DC, March 1997.
[6] Harvey, David and Madison, Milton, "Poultry Industry Boosted by Export Boom in 1990's," *Agricultural Outlook*, U.S. Department of Agriculture, Economic Research Service, Washington, DC, November 1996.
[7] Bowler, John, "Mexico-Country Report, EIU Country Profile 1996-97," *The Economist Intelligence Unit Ltd*, London, U.K., December 20, 1996.

Mexican economy will expand by 4.8 percent in 1998. Consequently, resumption of growth in domestic consumer demand is expected, along with strong, continued demand for high-quality, U.S. protein products for Mexico's popular international tourist-destination resort markets. As a NAFTA partner, Mexico represents a very important market for exports of U.S. red meat and poultry products, which should increase significantly once the peso stabilizes and the Mexican economy improves.

Stabilizing the exchange rate convertibility of the peso is a critically important factor if such U.S. agricultural export sales are to continue. A long-term solution to avert or lessen the impact of any future financial crisis in Mexico or any other emerging nation has been under consideration for some time. Back in 1995, leaders of the Group of Seven (G-7) nations, who met in Halifax, Nova Scotia, proposed to develop an institutional framework for the 21st century to confront sudden and large-scale financial crises, with the objective of either preventing such a crisis from inflicting damage on world trade or controlling that damage. The proposals prepared at the G-7 summit represented an incremental approach rather than radical reform. In addition to strengthening the safety net to deal with emerging countries that stumble into financial difficulties, the proposals sought to strengthen the IMF's early-warning system to detect potential problems.[8]

A major new element in the G-7 approach was to create a proposed "emergency financing mechanism" at the new IMF loan window, to be financed by doubling current resources of the fund's "General Agreements to Borrow," a line of credit, set at $28 billion at that time. It was created in 1962 and funded by the United States and 11 other wealthy nations. The scheme additionally included improving the legal framework to provide an orderly procedure for the defaulting country to cope with and work out its debt payments. The view at that time was that, once implemented, such a future "emergency financing" program would not only assure the rapid recovery of the economy of that troubled, developing country, but also foster confidence in the stability of future free-trading activities. Moreover, it would encourage and strengthen the resolve of entrepreneurs to go forward and expand their participation in these worldwide free-trading activities.

Recent international financial events have created economic turmoil from the Far East to Russia and South America. Substantial cross-border capital flows have destabilized the currency convertibility of many nations, which, in turn, has disrupted business activity, negatively affecting world trade. As a direct result, G-7 efforts to resolve these immediate economic issues and find a long-term solution to such global destabilizing financial crises have intensified.

As current chairman of the G-7 leading industrial countries, U.K. Prime Minister Anthony Blair, on September 21, 1998, called for a comprehensive overhaul of the IMF and World Bank to deal with the crisis engulfing global financial markets.[9] Soon afterward, on October 3, 1998, U.S. President William Clinton unveiled a plan to arrest the international financial crisis and repair the financial architecture that has let the global economy slide.[10] The Clinton Administration's global economic proposal included the following critical elements in its plan of attack: a new IMF contingency fund for countries swept up in investor panic, Expanded World Bank loans for poor bank restructuring, loan guarantees to spark renewed private capital flows to emerging markets, new Export-Import Bank credits to help U.S. firms export to Latin America, and a long-term redesign of the global financial system to prevent future crises.

The Clinton Administration later indicated that it and other G-7 industrial nations were holding preliminary discussions to schedule an emergency economic summit in London during November 1998 at the suggestion of U.K. Prime Minister Anthony Blair.[11]

It is anticipated that, after compormise G-7 initiatives emerge during this special economic summit, the final agreed-upon reforms for the international financial system will create stable currency convertibility and encourage increased trade to spur worldwide growth

Study Setting

Published information about the current Mexican marketing and distribution systems for U.S. red meat and poultry products is generally not available for major Mexican consumption centers nor is specific information about the Mexican meat marketing firms that merchandise U.S. imported meat. Accordingly, this study was undertaken to obtain detailed data regarding the importation and merchandising of U.S. red meat and poultry products in Mexico, by kind of meat and type of Mexican firm, for seven selected cities in Mexico for the year 1994. Although the survey interviews

[8] *The Economist,*" The G-7 Summit: A Modest Proposal," London, U.K., June 10, 1995.

[9] Preston, Robert and Fidler, Stephen, "Blair to Urge Full Overhaul of IMF and World Bank," *Financial Times,* London, U.K., September 21, 1998.

[10] Phillips, Michael M., "U.S. Unveils New Global Economic Plan," *Wall Street Journal,* White Oak, MD, October 5, 1998.

[11] Sanger, David E., "Dissension Erupts at Talks on World Financial Crisis," *The New York Times,* New York, NY, October 7, 1998.

took place in Mexico during 1996, data were collected for the calendar year 1994 rather than later, as it was the first year of NAFTA-influenced trade and did not reflect the negative impact of the peso devaluation on December 20, 1994. During 1995, the peso crisis created an overall trade balance deficit in U.S. agricultural products with Mexico for the first time since a slight negative imbalance occurred in 1990.

Another related consideration for using 1994 rather than 1995 data concerned the need to obtain information about export product flow that reflected normal trading patterns, since Mexican imports of high-value, U.S. red meat and poultry products are very price sensitive. During 1994, trading activity remained positive, with U.S. exports of red meat and poultry products reaching a record level, at that time, of $720.7 million.[12] This study was designed to focus on the dimensions of Mexican market demand; customs clearance and port-of-entry procedures; acquisition, distribution, and marketing practices of Mexican firms; and the modes of transportation and storage as well as handling practices of Mexican firms. Additionally, the study was initiated to develop detailed information about Mexican market trade patterns and distribution channels, by kind of meat, for U.S.-imported red meat and poultry products to provide an assessment by Mexican firms of U.S. exporting practices and to identify Mexican markets with the greatest potential for U.S. meat-product sales in the future.

Data for the study were obtained from both primary and secondary sources. Primary data about volume of U.S. meats merchandised, by kind of meat; acquisition, marketing, and distribution practices; storage and refrigeration practices; and an assessment of U.S. exporting practices, were obtained from five different types of Mexican marketing firms importing U.S. meats in seven selected cities through indepth personal interviews. A total of 124 firms were interviewed: 7 meat processors; 8 supermarkets and discount chains; 25 hotel, restaurant, and institutional (HRI) purveyors; 30 distributors; and 54 hotels and commercial restaurants (see appendix table 1).

Primary data were also obtained from 51 border transfer agents, 4 cold-storage facility operators, 7 traders, and 40 freight forwarders and customs brokers (see appendix table 2). The 51 border transfer respondents contacted during the interviewing process were located in the port-of-exit towns of El Paso, Hidalgo-Brownsville, Laredo, Nogales, and San Diego.

The 124 importer respondents were located within the metropolitan areas of seven cities—Mexico City, Guadalajara, and Monterrey as well as the Mexican international resorts of Acapulco, Puerto Vallarta, Mazatlan, and Cancun. These localities were selected because they represented three major Mexican populations, as well as trade distribution centers, and four major Mexican resort consumption areas. Budget limitations precluded surveying firms located in other Mexican cities. The 124 interviewees imported the equivalent of 60 percent of the grand total of all U.S. red meat and poultry products exported to Mexico and the equivalent of 75 percent of these products exported directly to firms within the seven-city areas during 1994.

Secondary data were obtained from FAS, USDA, the U.S. Meat Export Federation, and both the U.S. Agricultural Trade Office and the U.S. Embassy in Mexico City, D.F., Mexico.

To further enhance the research value of this report, additional, indepth statistical marketing information obtained through the special survey has been incorporated into appendix tables for the benefit of those seeking further specific details concerning all of the Mexican marketing localities studied.

[12] The 1994 export trade data used in this report reflect these export sales but exclude aggregate exports to Mexico of hog sausage casings and other sausage casings. Animal byproduct exports to Mexico, including hides and skins, lard, edible tallow, and inedible grease and tallow as well as other inedible animal fats and oils, were also excluded. (U.S. Bureau of the Census Trade Data analyzed by USDA, FAS, Commodity andMarketing Programs.)

Mexican Market Demand for Red Meat and Poultry Products

Successful international marketing requires a thorough understanding of the target export market's dimensions. As U.S. firms turn to marketing their red meat and poultry products outside the United States to expand their merchandising opportunities, the need to rank and assess the potentials of a foreign market to adequately absorb these U.S. exports becomes increasingly important. Export profit maximization depends on such market-evaluation analyses. Some key market assessment factors most critical to analyze include: (1) the importing country's demographics and market segmentation; (2) current tariff and currency constraints; (3) the importing country's current purchasing preferences and existing domestic market infrastructure, including the current level of industry technology as well as existing handling and marketing methods; (4) the existing levels of domestic and other foreign market competition and the competitiveness of their products; and (5) potential client and trade contacts within the foreign country under assessment.

Demographics and Market Segmentation

The estimated population of Mexico in mid-1995 was 91.1 million residents. Growing currently at only 1.9 percent annually, it is expected to reach 100.1 million by the year 2000. This deceleration reflects declining fertility rates, with the average number of children born to each woman falling from six to three over the past 20 years.[13] Although Mexico's annual growth rate has declined relative to more rapid annual increases of over 3 percent in the early 1970's, the current population rate of growth is still considered high by developed country standards. As shown in table 1, the number of persons under the age of 30 represents 70.8 percent of Mexico's total number of inhabitants.

Other elements of change in the country's population base are also occurring. As illustrated in table 2, the geographic composition of Mexico's residents has changed radically over the past four decades with some 70 percent of the population now being classified as metropolitan, urban dwellers. This urban concentration process has been accelerating rapidly in recent years. Currently, nearly half of these metropolitan residents live in Mexico's three largest cities: Mexico City, Guadalajara, and Monterrey. Because of this dramatic shift in internal migration within the territorial borders of Mexico itself, only 30 percent of the country's population now live in rural areas. This accelerating urbanization has affected other areas within Mexico as well. Although now representing only 4 percent of Mexico's urban-core base, the metropolitan resident population within Mexico's major border towns is increasing more rapidly than that in the country's major cities. This particular population shift is due solely to the job opportunities that have been created at each of these border cities' "maquiladora" manufacturing districts. Major manufacturing facilities along the frontier between Mexico and the United States are located in the border cities of Tijuana, Mexicali, Nogales, Ciudad Juarez, and Matamoros.

[13] Ibid. 6.

Table 1. Mexican Population by Age Groups, 1995

Chronological Age Groups	Population	Percent of Total
0-9	25,878,203	28.4
10-19	22,688,988	24.9
20-29	15,946,076	17.5
30-39	10,387,729	11.4
40-49	6,742,912	7.4
50-59	4,556,022	5.0
60-69	2,824,733	3.1
70+	2,095,770	2.3
Total	91,120,433	100.0

Source: *Agxport Market Briefs,* The U.S. Agricultural Trade Office, Mexico City, July 1994, by Marvin Lehrer, Director. Estimates based upon the Government of Mexico's census data for 1990. Updated with mid-year 1995 Mexican population data estimates from "Mexico-Country Report, EIU Country Profile 1996-97," *The Economist Intelligence Unit Ltd.* and *INEGI 1990 Census; 1992 Population Survey; and 1996 Population and Housing Count.*

Another important demographic to evaluate concerns the current household income levels of Mexicans shown in table 3. Although the average GDP on a per capita basis in Mexico is estimated to be US$3,200, these financial statistics illustrate the significant disparity in current income between the wealthy and poor.[14]

As indicated in table 3, the nation's entire population has been divided into five social classes based on existing income distribution patterns. The upper class accounts for 2.7 million residents, or 3 percent of the total population. This group constitutes the elite of Mexican society, which includes individuals with the highest standards of living. The upper middle class comprises 10 million people, or 11 percent of the population. Its members generally include working professionals and small business owners. The lower middle class represents 22.8 million citizens, or 25 percent of the population. The group is largely made up of blue collar

[14] Lehrer, Marvin, *Agxport Market Briefs,* U.S. Agricultural Trade Office, Mexico City, D.F., Mexico, July 1994.

Table 2. Mexican Population by Metropolitan and Rural Areas, 1995

Locations		Population	Percent of Total
Metropolitan Areas			
	Mexico City	20,957,700	23
	Guadalajara	3,644,817	4
	Monterrey	2,733,613	3
	Puebla	1,822,409	2
	Mx/US Border Cities[1]	3,644,817	4
	All Other Urban	30,980,947	34
	Composite Urban	63,784,303	70
Rural Areas			
	Composite Rural	27,336,130	30
Total		91,120,433	100

[1]Includes the major Mexican border cities of Tijuana, Mexicali, Nogales, Ciudad Juarez, and Matamoros.

Source: *Agxport Market Briefs,* The U.S. Agricultural Trade Office, Mexico City, July 1994, by Marvin Lehrer, Director. Estimates based upon the Government of Mexico's census data for 1990. Updated with mid-year 1995 Mexican population data estimates from "Mexico-Country Report, EIU Country Profile 1996-97," *The Economist Intelligence Unit Ltd.* and *INEGI 1990 Census; 1992 Population Survey; and 1996 Population and Housing Count.*

Table 3. Mexican Population Stratification by Socioeconomic Income Levels, 1994

Group Stratification by Social Class	Household Composition	Percent of Total Population	Monthly Household by Income Range in U.S. Dollars
Upper Income	2,733,613	3	$ 5,000 +
Upper Middle Income	10,023,248	11	1,500 - 4,999
Lower Middle Income	22,780,108	25	500 - 1,499
Lower Income	55,583,464	61	120 - 499
Total	91,120,433	100	- -

Source: *Agxport Market Briefs,* The U.S. Agricultural Trade Office, Mexico City, July 1994, by Marvin Lehrer, Director. Estimates based upon the Government of Mexico's census data for 1990. Updated with mid-year 1995 Mexican population data estimates from "Mexico-Country Report, EIU Country Profile 1996-97," *The Economist Intelligence Unit Ltd.* and *INEGI 1990 Census; 1992 Population Survey; and 1996 Population and Housing Count.*

workers, retail clerks, and other minimally skilled laborers. Their household incomes are adequate to furnish the basic necessities of life in Mexico but not luxuries, which can only be acquired on an infrequent basis. Those representing the lower income classes account for the great bulk of the population making up 61 percent of all Mexican citizens, or 55.6 million people. These individuals live in extreme poverty by U.S. standards, particularly those located in the vast urban areas of the nation with negligible land ownership and, therefore, little opportunity to supplement their diets with home-grown food.

Mexicans within this lower socioeconomic group typically have large families as well as minimal purchasing power, which further restricts their ability to buy high-protein foods such as red meats and poultry. Food expenditures for the poorer classes are high in terms of the percentage of total available income spent on food but severely limited in terms of food choices. Members of these poorer households typically subsist on diets from basic foodstuffs such as corn tortillas, beans, and rice. Generally, protein intake is obtained from bulk commodities like nonfat, dehydrated milk and dried beans.

Nevertheless, one of the primary goals for creating NAFTA was to increase the prosperity of the resident workers within the three NAFTA partnership nations through expanded trade, which leads directly to new job creation. Through increased trade flows that, in turn, increase sales and new employment opportunities as well as wages and consumer purchasing power, this positive economic impact may enable many NAFTA citizens with lower incomes to improve their diets, among other things.

These composite demographics provide important insights and implications about Mexico's market segmentation into subgroups, a critical element of any firm's market-evaluation analyses. While the initial outlook for prospective Mexican consumers of U.S. value-added protein products might be realistically limited to those individuals within the first two socioeconomic groups, or to just 14 percent of the population, the future marketing prospects through NAFTA are likely to be much greater. In producing high-quality red meat and poultry products, U.S. packing-plant fabricators generate enormous amounts of lower cost internal organ meats and other edible byproducts in the routine course of slaughtering and processing. To operate their plants efficiently and to maximize corporate profits, markets must be found and developed for all parts of these animals on a uniform, production-flow basis. Without a well-coordinated sales distribution program, unsold perishable products must be inventoried in cold storage facilities for extended periods of time until buyers are found. This added burden diminishes cash flow, increases corporate expenses through excessive inventory carrying charges, and, ultimately, has a decidedly negative impact on the quality of the merchandise when held for lengthy periods.

To avoid unnecessary discounting to reduce inventory stocks, managers often preselect targeted markets to maximize the returns from each saleable component of the carcass. Mexico represents a prime U.S. export market for many of the most desirable premium-priced carcass muscle cuts and also for many less desirable, but significantly lower priced, variety meats rich in proteins and minerals. Mexican purchasing agents and food industry representatives are aware of the supply dependability and relative uniform quality of both the high-value and low-value U.S. exports available at competitive global market prices. Although lower cost variety meats and other edible animal byproducts are not widely consumed in the United States, they are consumed in Mexico. Consequently, the future potential Mexican demand for these edible animal byproducts could automatically expand sales opportunities among the lower middle income class, which represents 22.6 million potential buyers or one-quarter of Mexico's current population.

In addition, besides assessing the wealthier upper and upper middle classes as potential consumers of high-value muscle red meats and boneless poultry cuts, there is another significant market-demand sector within the Mexican economy that currently purchases and consumes significant amounts of U.S. high-quality protein products. The international and domestic Mexican tourism industry represents a major market for these food products, particularly high-value ones such as red meat and poultry product exports. Key international destination resorts include Acapulco, Puerto Vallarta, and Mazatlan on the Pacific coast and Cancun and Cozumel on the Caribbean coast. The Mexican Government agency, Secretaria de Turismo (SECTUR) classifies Mexican tourist industry facilities into four categories: (1) beach centers; (2) traditional resorts, as described above; (3) major cities; and (4) tourist centers of the interior. Taken as a group, SECTUR reported that during 1994 international visitors to Mexico totaled 82.9 million and provided Mexico with revenues of $6.4 billion. A further breakdown of these data indicates that 17.2 million visitors, registered as overnight international guests, spent $4.9 billion that year while day-tripping; cross-border visitors, totaling 65.7 million, spent $1.5 billion.

Table 4 shows another demographic aspect of the Mexican sales potential for U.S. exports of red meats and poultry. It provides a broad perspective of Mexico's entire production, importation, exportation, and consumption disappearance of

Table 4. Mexican Red Meat and Poultry Supply, Utilization, and Per Capita Consumption, 1993[1]

Disposition/Commodity	Beef	Pork	Poultry
		— Metric Tons —	
Domestic Production	1,257,000	820,000	1,315,000
Foreign Imports	94,000	69,000	165,000
Domestic Exports	NA	5,000	4,000
National Consumption [2]	1,351,000	884,000	1,484,000
Imports as % of Consumption	7.0	7.8	11.1
Per Capita Consumption			
(Kilos)	15.0	10.2	16.5
(Pounds)	33.1	22.5	36.4

[1]Red meat data exclude lamb, sheepmeat, and goat meat consumption. Poultry data exclude duck, geese, and fowl consumption.
[2]Also includes all tourist-related consumption by both foreign and domestic guests.

Source: *The Mexican Market Series for Beef, Pork and Poultry Products,* U.S. Agricultural Trade Office, Mexico City, Mexico, prepared by Ward International of Washington, D.C., March 1995.

red meats and poultry during 1993. Unfortunately, these data have limited application. In the first instance, the per capita consumption estimates tend to be overstated slightly since tourism-related consumption by foreign visitors would diminish the potential national-consumption total available to be consumed by Mexican citizens. Conversely, however, many Mexican consumers within the lowest socioeconomic income group acquire their protein intake mainly from vegetable sources, and, therefore, the data may understate the quantities consumed by Mexicans financially able to afford such food purchases.

The key to U.S. exporting opportunities lies in the future dimensions of the Mexican economy once the recovery from the current recession is complete. A rising standard of living generated through NAFTA's increased trade liberalization policies would act as an influential catalyst for expanding Mexican importation of U.S. red meats and poultry. The sheer size of this nation's projected population base of 100.1 million people by the year 2000 and the desire of the Mexican people to improve their diets have the ultimate potential of creating significant increases in import demand as disposable incomes expand.

Tariff and Currency Constraints

Current tariff constraint concerns, normally a part of an export market-evaluation analysis, have ceased to be as critical a factor as in the past because of the completion of international negotiations that established NAFTA. As noted, these accords have effectively increased Mexican market access and have already reduced previous tariff barriers to free trade. Further, tariff rate improvements will continue and end totally for U.S. exports of pork, lamb, and poultry by the year 2004, according to an agreed-upon timetable that is a part of NAFTA. All tariffs on beef and veal were immediately eliminated when NAFTA was initiated.

Currency-related constraints, however, still present problems. U.S. businesses in Mexico must still contend with a floating-rate peso that during the study fluctuated between about 7.25 and 8.02 pesos to the U.S. dollar. The convertibility rate was approximately Mex$7.90 to the U.S. dollar as of November 1996. This, of course, compares unfavorably with the pre-devaluation ceiling band on the floating peso of 3.0566 pesos to the U.S. dollar. Foreign exchange rate volatility has had a negative impact on Mexican nationals importing U.S. red meat and poultry products since U.S. credit extensions have either been severely restricted from the former standard credit grace period of 30 days, or business transactions to some extent are being conducted on a cash-only basis or through an equivalent such as an irrevocable letter of credit. In the past, when currency exchange rates were stable, credit terms of 90 to 180 days were granted for public-sector sales. Another important factor affecting U.S. export potential is the strength of the U.S. dollar and the pressure it places on foreign currencies like the peso.

Nevertheless, although currency uncertainties are considered burdensome by both exporter and importer alike, U.S.-

Mexico trade expansion is likely to continue while the search for an acceptable resolution to the IMF and World Bank reforms are agreed upon by the G-7 and put into place. The G-7 leading industrial nations did endorse proposed financial initiatives, first at the Halifax, Nova Scotia, summit in June 1995 and again in 1996 at their June 27 summit meeting in Lyons, France.[15] Moreover, the G-7 continues to favor the strengthening of the fund in order to better equip it to deal with any future emerging-nation financial crises and to encourage private investment. Discussions concerning an acceptable framework for these initiatives will continue at the special economic summit to be held in London in November 1998, as the importance of finding a solution to this issue grows. A final, positive conclusion to this international financing matter will create the economic conditions necessary to achieve more stability in currency convertibility issues worldwide. It will also strengthen and expand international free trade opportunities to permit nations to develop and consumption to increase.

Importers' Preferences, Market Infrastructure, and Handling Methods

An assessment of current trading practices indicates that U.S. packers and processors currently target two very distinct and different Mexican markets. The first market subgroup combines the tourist-oriented trade with the upscale domestic consumer trade. To this subgroup is merchandised the most prized, premium-quality beef and pork muscle cuts.

The second highly targeted, segmented market concentrates on the lower value consumer side, featuring inexpensive meats, rich in proteins and derived from edible offal products and variety meats, as well as mechanically deboned meats used for further processing. Mexico is currently considered a primary market for U.S. variety meats and other low-cost, edible proteins. Many of the least expensive beef variety meats, including head-meats, hearts, tripe, kidneys, and sweetbreads, are exported to Mexico as opposed to higher value products, such as beef tongues, livers, and oxtails, a market that Japan dominates as a leading importer of high-end U.S. variety meats. Nevertheless, some of these higher priced variety meats also are exported to Mexico. Mexican imports of pork variety meats include organ meats such as hearts, kidneys, and sweetbreads, as well as head meats such as lips, ears, and snouts. Bovine and pork feet are also exported to Mexico. Another popular, low-priced export item is pork-belly skins from hogs, which are manufactured into deep-fried, pork rinds. These products are typically exported to Mexico, as many represent affordable meat sources of high-quality proteins for a broad Mexican consumer base with limited purchasing power. There is little to virtually no American consumer demand for many of these inexpensive proteins other than as ingredients in processed meats.

Because of the economic recession in Mexico, import prices have been sufficiently high to curtail demand even for low-cost, imported edible products. On a metric-tonnage basis, however, sales have been negatively affected to a lesser extent than high-value, U.S. imported muscle meats. The recent peso devaluation created price differentials between U.S. imports and Mexican, domestically produced, premium cuts, which were significant enough to, at least momentarily, suppress sales of premium U.S. beef and pork products imported for the Mexican upscale and tourist-oriented markets, particularly beef.

Nevertheless, the desirability of U.S. premium meats remains high among those importers servicing the high-end markets. Quality in the form of eating satisfaction and overall acceptance of U.S. products by the consumer is rated superior to domestic-produced beef and pork as well as to most overseas imports from other exporting nations. Other factors, such as the reliability and consistency of supply when needed as well as the uniformity and workmanship of finished-product cuts, also highly favor U.S. imports.

U.S. poultry exporters currently face even more daunting restraints competitively, primarily because Mexico presently treats poultry as an "import-sensitive" agricultural commodity. Under the existing NAFTA arrangement, Mexico currently permits up to 100,786 metric tons to be imported duty free. Once this quota had been exceeded during 1996, the over-quota tariff assessment rate jumped from 0 to 228.8 percent for all whole and parts of chicken and turkey products as well as value-added poultry products such as manufactured nuggets, patties, and sausages. As with the tariff on pork, however, Mexico has agreed to phase out this restrictive customs duty on poultry during a 10-year transition period under NAFTA. Nevertheless, current U.S. poultry export volumes to Mexico reflect the severe contraction in demand resulting from the formidable over-quota tariff rate now in place. Mechanically deboned chicken and turkey meats, also referred to as "mechanically separated, comminuted meats," currently appear to be excluded from these over-quota tariff assessments.

Before NAFTA, some American poultry processors apparently solved their Mexican tariff rate problems by exporting American technology and American grain rather than processed birds. These firms set up hatcheries, slaughter plants, and other supporting facilities in Mexico with joint-

[15] *The Economist*, "Can the G-7 Ride Again?" London, U.K., June 22, 1996.

venture Mexican partners and then contracted with Mexican growers to raise their birds. As a result, the palatability of these domestically produced birds is rated as excellent with high acceptability and taste appeal among consumers. Based upon traditional Mexican custom and consumer preference, these birds exhibit a pronounced yellow skin color by being fed dried marigold petals in their rations. The success of these domestic ventures by U.S. joint-owned firms and others that compete with them in Mexico to produce plump, high-quality birds is influencing the market share of Mexican poultry sales.

However, this practice of U.S. firms participating in the production of domestic birds may be deemphasized after the year 2004, when all importation duties on U.S.-produced poultry ends. U.S. poultry processors will probably take advantage of the economies of scale in plant size within their own domestic operations, as well as existing under-utilized plant capacity at home, by expanding the number of production shifts per day and by other means. Other cost-comparative advantages related to shipping high-value, processed poultry rather than grain also will likely influence their decision to deemphasize U.S.-affiliated, domestic poultry production. Consequently, U.S. chicken and turkey exports to Mexico may expand dramatically in the future. Currently, although a number of different chicken and turkey products are exported to Mexico, major sales are derived primarily from fresh and frozen mechanically deboned poultry meat.

Another important aspect of the Mexican marketing system for red meats and poultry is the technological pace with which the domestic industry is adopting innovative and revolutionary handling methods developed in the United States. Although hardly on a par with the U.S. meat distribution system, larger firms handling interstate accounts and operating out of facilities able to handle carcass meat are, to some extent, phasing out this obsolete, meat-handling function. While still prevalent, the use of antiquated overhead rails and trolleys to handle carcasses is slowly declining among the largest firms. New facilities designed for processing functions beyond the slaughter plant level are being planned with the capability for handling palletized, boxed-product inventories in cold storage warehouses. Meat transported in boxes is slowly becoming the Mexican industry standard, at least among those wholesalers and distributors catering to Mexico's new mass-discount marketers, major supermarkets, and the upscale HRI trade.

Survey results showed that few Mexican wholesalers, distributors, and other meat merchandisers have adopted multitier, palletizing operations since many older cold-storage facilities with low ceiling heights were still in use. Interior ceiling heights of 25 feet or more are required in coolers and freezers to accommodate these efficient, pallet-handling activities. Such operations typically provide the physical handling and in-house transportation efficiencies inherent in the American-developed, boxed-meat program.

Physical product movement activities occurring within existing meat warehousing facilities, as observed during the study, revealed that much of the Mexican meat and poultry distribution system is highly labor intensive. Many of the boxes are typically moved around by hand or in two-wheel hand carts. Although more efficient methods are used by many small- and medium-sized operators, labor-intensive types of handling procedures dominate. Larger firms have forklift trucks and do palletize, but, as previously noted, few operate in facilities with ceiling heights in coolers adequate to accommodate multitier, pallet storage activities. Also, nationwide, relatively few receive incoming refrigerated loads already palletized. Palletizing activity often takes place on the receivers' docks. Box-carton failures are still quite common because of these relatively inferior handling procedures. Furthermore, many of these imported boxed products are sometimes handled and passed through the facilities of as many as five middlemen before arriving at their final destination. Box stress produced by transferring product loads at the border is often just the first in a series of box-trauma situations within the Mexican transportation and marketing system.

The net product weights within these export boxes is another factor contributing to the problems related to box failures according to respondents interviewed. Boxed-product transfers within the U.S. transportation and marketing system are accomplished with forklift and pallet applications almost exclusively. Consequently, when striving for maximum utilization efficiency per pallet load, the net product weight per box may exceed 75 pounds, often weighing as much as 100 pounds. Without the benefit of mechanical equipment, manual handling of these boxes often results in dropped boxes and box failures. The boxes are frequently crushed or torn. Likewise, product contents decline in physical condition and quality because of vacuum bag ruptures and leaker problems. This, in turn, reduces product shelf life, product appearance, and the end user's perceived view and acceptance of U.S.-imported products.

Packaging meat and poultry exports in sturdy, crush-proof boxes that are smaller with lower net-weight product contents would do much to alleviate handling problems faced by Mexican firms. The Mexican marketing system is improving and adapting its capabilities of handling palletized, boxed-meat products with automated equipment, but until such

plant modernization is fully in place, the success of U.S. exporters will be measured by their ability to increase the satisfaction level of Mexican importers within the limits of the country's existing handling and distributing infrastructure.

Survey results revealed that major Mexican retailers who import directly had some of the best warehousing and distribution networks in the country. Current infrastructure upgrades within the Mexican retailing sector suggest that major merchandising changes are now underway. U.S. discount retailers are establishing joint-venture alliances and constructing new supercenter facilities similar to the club-membership discount warehouses in the United States. The outlets are cleaner and brighter than most other markets and offer a wide array of merchandise at lower prices. No less than five such discounters, along with their Mexican partners, are now vying to capture dominant positions in the marketplace. By providing Mexican consumers with maximum service and convenience at the lowest possible prices, such innovative foreign competitors appear to be forcing leading Mexican chain retailers and others to modernize their operations and tighten cost controls in order to compete.

Existing Domestic and Foreign Competition

As major high-quality, low-cost producers of red meat and poultry products, U.S. exporters have a distinct comparative advantage in international competition and will be the primary beneficiaries from increasing liberalization of trade and the growing worldwide demand for these high-value protein products. In particular, the red meat and poultry trade advantages with Mexico are excellent from a competitive standpoint with regard to both domestic producers and other foreign meat exporters to that nation. The comparative-advantage rationale favoring U.S. export producers over domestic producers is apparent on the basis of several production and quality criteria.

In view of Mexico's expanding population and its limited agricultural land resources, the nation's agricultural priorities have not favored a significant expansion in domestic red meat and poultry production. Current aggregate farm imports of all foodstuffs represent approximately 20 percent of domestic food consumption. Much of this is grain and oilseed.[16] For example, the primary use of corn in Mexico is for direct human consumption rather than as a livestock and poultry feed. Corn is a staple of the Mexican diet, used in the manufacture of tortillas, which are consumed by the public in quantity. In addition to importing about one-fourth of its domestic supply, Mexico also grows corn on almost one-half of its total cropland. Pasture land devoted to livestock production, mainly in the south, is limited as is Mexico's fed-cattle industry, primarily located in the northern states of the country.[17]

Another significant factor that negatively influences the nation's ability to produce significant amounts of beef has been the declining number of Mexican cattle on farms. National herd inventories of livestock on farms dropped from a peak of 37 million head in the early 1980's to 25 million head in the current decade. From a short-term perspective, cattle production is not encouraging because of the severe drought Mexico recently experienced and the recent excessive herd liquidation of yearling stock caused by both drought conditions and the recent devaluation of the peso. Since Mexico is a grain-deficit country, the lack of home-grown, domestic grain resources acts as still another production deterrent. Grain imports carry an additional transportation cost, which prevents domestic raisers of grain-fed beef as well as pork and poultry from being low-cost producers. Sorghum is the major feedstuff used in Mexico as a feed grain, and virtually all of it is imported from the United States. Unfortunately, some of the above production disadvantages for Mexican feedlot operators and poultry producers have not offset other advantages such as low labor costs and normally favorable climate.

Other related production problems also exist. Since the domestic fed-cattle industry in Mexico is small, it would most probably have difficulty in adequately servicing the expansion expected to occur in both Mexico's tourism industry and the upscale end of its domestic consumer markets. Currently, most of the domestic beef sold in Mexico is grass fed, which appeals in price and taste to the lower middle income segment of the consumer market. If Mexican purchasing power increases through NAFTA trade liberalization and as consumer tastes change, this huge sector of the domestic market would also come under intense competitive pressure from U.S. imports of high-quality, red muscle and poultry meats.

For Mexican wholesale buyers and distributors of domestic grain-fed beef products, another set of problems also exists which, in turn, provides another significant competitive advantage for U.S. exporters. The Mexican Government does

[16] Link, John E. and Crawford, Terry L., "Agricultural Trade—Big Business for U.S. & Mexico," *Agricultural Outlook*, U.S. Department of Agriculture, Economic Research Service, Washington, DC, March 1992.

[17] Valdes, Constanza M., "Agricultural and Economic Situation and Outlook: Mexico," *Western Hemisphere: Situation and Outlook Series*, RS-93-2, U.S. Department of Agriculture, Economic Research Service, Washington, DC, July 1993.

not provide its domestic livestock industry with a meat-grading system. Therefore, buyers attempting to satisfy the HRI trade with uniform, quality steaks and other cuts from domestic supplies face problems which often leave their clients dissatisfied. Domestic quality control consists of making all grain-fed beef purchases on the basis of the reported number of days that the cattle were believed to have been in the feedlot.

Furthermore, in addition to the difficulties associated with purchasing uniformly consistent, high-quality meats from the domestic supply base, another problem is consistent availability of specific types of cuts needed in the quantities of supply desired, which must often be purchased on a short-term notice basis. Mexican buyers and distributors of domestic meat often have difficulty in obtaining the volumes of specific cuts required by clients unless entire carcass quarters are purchased from domestic, packing-plant slaughterers. Under this scenario, once the necessary quarters are purchased and cut up into their primal segments, all of the unsold cuts must be resold to other outlets. In reality, this is precisely how wholesalers merchandise domestic meat, since supplies of boxed-beef from domestic operations remain minimal at present. Conversely, these same buyers and distributors are able to acquire graded U.S. products, usually in the precise volumes desired, on a timely, delivered basis. Moreover, since these products are vacuum packaged and boxed, these imports offer extended product shelf life, as opposed to the short shelf life of their domestic carcass purchases. These domestic purchases typically amount to carcass quarters and primal cuts, hung on hooks attached to overhead trolleys within their rail-overhead coolers.

Domestic pork and poultry producers face challenges similar to those identified as competitive constraints for domestic fed-beef industry representatives. Besides difficulties encountered in competing with their U.S. counterparts because of higher feed costs, Mexican pork producers suffer from the general lack of state-of-the-art facility and management efficiencies. Those producers currently in the domestic swine industry, however, are consolidating and becoming increasingly sophisticated. Most of the domestic pork production is concentrated in the central region of Mexico. Current domestic pork production represents more than 90 percent of the internal disappearance of pork products within Mexico, but it is expected to be the domestic livestock sector most adversely affected by NAFTA after the year 2004.

Mexico's domestic broiler industry currently resembles that of the domestic pork industry by also accounting for more than 90 percent of the internal disappearance of chicken products in Mexico. This industry is dominated by several large companies, among which are joint-venture alliances with some of the largest U.S. poultry processors. If, as previously noted, U.S. processors opt to concentrate on their own domestic production operations and export high-value, processed poultry after the year 2004, Mexico's domestic broiler industry may share the same destiny as that expected of the domestic pork industry.

U.S. turkey processors never attempted to establish domestic production operations in Mexico at levels approaching that of the broiler industry, and, as a consequence, more than three-quarters of the internal disappearance of turkey products in Mexico is imported, as opposed to being domestically produced. Taken together with chicken products as a composite import, the entire imported volume of all chicken and turkey within the poultry sector amounts to 11 percent of the internal disappearance of these products in Mexico. Most of the imported turkey represents mechanically deboned meat, referred to by processors in the trade as "paste." Both mechanically deboned chicken and turkey are used almost exclusively for further processing purposes. Mexican meat processors manufacture frankfurters and bologna products from these raw protein materials, as well as ethnic types of sausages and other finished meat products. These meats are relatively inexpensive and sell well in all domestic markets.

Recently another important factor has given U.S. exporters an edge over their foreign competition for market share in Mexico. Since NAFTA has been in place, other foreign suppliers, with the exception of Canada, must encounter higher import duties, where applicable, than those of the United States. For example, Mexicans have recently placed a countervailing duty of 47 percent on pork products from the European Union (EU). U.S. packers and processors also have a significant transportation cost advantage since the United States and Mexico share a common overland border. Because of the physical proximity of the two nations, travel distances and times between U.S. exporters and their Mexican buyers are minimal compared to those of other major surplus producers.

Potential Mexican Clients

Having the opportunity to communicate with prospective Mexican buyers on a direct personal level provides another dimension to the market evaluation process. The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) maintains an Agricultural Trade Office (ATO) in Mexico City. One of the missions of ATO is to assist potential U.S. exporters in developing useful business and key

trade association contacts in Mexico as well as to identify specific markets within Mexico for their products. Knowing where to get pertinent market assessment information and whom to call upon for followup assistance is essential for exporters planning their export marketing strategies.

Helpful contacts for U.S.-based food and agricultural export shippers include: U.S. and Mexican Government agencies, U.S. and Mexican trade associations, major supermarkets in Mexico, food services including fast food chains, independent and chain full-service restaurants, domestic and international hotels, institutional food providers, food processors, Mexican market research and consulting firms, Mexican public relations and advertising firms, and Spanish-English interpretation services. ATO also prepares USDA publications concerned with selling U.S. food and agricultural products in Mexico.

The primary U.S. Government contact in Mexico for all inquiries from potential U.S. red meat and poultry export-shippers is:

Mr. Chad R. Russell, Director
USDA/Agricultural Trade Office
Edificio Parque Virreyes
Monte Pelvoux No. 220, Esquina. Prado Sur
11000 Mexico, D.F., Mexico
Tel: (52) (5)-202-0168
Fax: (52) (5)-202-0528
Internet: ATO@intmex.com

For mail service through the U.S. Post Office system, Mr. Russell's Texas address is: P.O. Box 3087, Laredo, TX 78044-3087.

Mexican Customs Clearance and Port-of-Entry Procedures

Doing business in Mexico requires a significant amount of detailed knowledge concerning all Mexican customs clearance requirements and port-of-entry procedures. It is also necessary to know the types of products that the Mexican Government considers eligible for importation as well as the special processing procedures required. Both U.S. and Mexican customs brokers have authority to act on behalf of U.S. exporters to clear U.S. red meat and poultry product exports through Mexican customs and deliver the merchandise to the importer's warehouse. American brokers are licensed and regulated by the U.S. Treasury Department. Their counterparts are licensed by the Mexican Government.[18]

Customs brokers can perform several functions including making the necessary arrangements for inland transportation from the Mexican border port of entry to the final delivery destination within Mexico. Some licensed brokers also act as freight forwarders and perform this service rather than assigning others to fulfill this integral import-transportation task.[19] U.S. food product exporters can sell either directly to a Mexican client or indirectly through a broker, distributor, or agent. But unless the export shipper has a staff of bilingual employees fluent in Spanish and thoroughly familiar with all aspects of the importation rules and regulations of Mexico, the services of a broker, distributor, or agent in these sales transactions can be invaluable.

Brokers, distributors, and agents can also perform other valuable services associated with the role of exporting, such as acquiring insurance for the merchandise being exported, promoting products, and setting up letters of credit for buyers as well as arranging drafts for payment. Determining which of the above functionaries can best meet the particular needs of the export shipper is a part of the market assessment evaluation. The expense and cost effectiveness of the services performed, in addition to the contractual terms worked out with a specific firm, play a large role in the decision-making process.

Certification and Documentation Requirements

The following summary of the certification and documentation requirements to successfully export red meat and poultry products into Mexico serves only as a guide to illustrate major aspects of the logistics in this detailed and complex undertaking. USDA has prepared technical publications about all of the necessary steps and procedures in an export-shipping enterprise. In addition to providing complete and continuously updated information about the certification and documentation process, the responsibilities of all those involved are also furnished. As many as 40 separate steps may be required to complete a typical export shipment. A complete description about how a new, potential export shipper may start the process can be obtained as an information supplement from USDA, Agricultural Marketing Service (AMS) sources.[20]

Although Mexican import licenses are no longer required for agricultural products moving into Mexico from the United States, certain certification documents must accompany all products entering Mexico to capitalize on the opportunities created through NAFTA. The function of the "Certificate of Origin" document has been combined with a new "NAFTA certification" permit which enables U.S. and Canadian exporters to take advantage of NAFTA's current preferential duties. Now referred to as the "NAFTA Certificate of Origin," the new form became effective January 1, 1994, and can be obtained from the U.S. Customs Service as well as from freight forwarders, a local U.S. Chamber of Commerce, or a State department of agriculture.[21]

The Mexican Government also requires a Sanitary Health Certification guaranteeing that all red meat and poultry products originate from meat plants that appear on a USDA Food Safety and Inspection Service (FSIS) certification list for exporting merchandise to Mexico. Shipments must be accompanied by the following sanitary-related documentation: (1) an export certificate of wholesomeness (FSIS form 9060-5), which is to be endorsed by a Mexican Consulate and (2) specific statements typed in the "remarks" section of FSIS 9060-5 for all poultry products, certifying that the products are free of Velogenic Newcastle disease.

Additionally, the Mexican Government requires that all imported products be properly identified with shipping container labels. This regulation applies to fresh, frozen, and chilled red meat and poultry products that are classified in the Mexican Tariff Schedule, published in the Government's June 24, 1994, "Diario Oficial." All required labeling information must appear in Spanish. Certain information required on shipping container labels, which is marked with an asterisk, however, must appear on the label in English only. These labeling regulations do not apply to animal carcasses.

[18] Habenstreit, Linda, et al, "Sunny Prospects South of the Border," *AgExporter,* U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC, August 1994.

[19] Glynn, Priscilla B. and Van Chantfort, Eric, "Answers To Exporters' Most Common Questions," *AgExporter,* U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC, January 1996.

[20] Welby, Ellen M. and McGregor, Brian, "Agricultural Export Transportation Handbook," *Agriculture Handbook 700,* U.S. Department of Agriculture, Agricultural Marketing Service, Washington, DC, Revised August 1997.

[21] Ibid. 14.

Mexican labeling regulations specifically dealing with processed products require that bilingual or Spanish-only labels appear on all retail packaged meat and poultry products entering Mexico. Minimum mandatory labeling features include: (1) name of the manufacturer; (2) trademark and commercial brand name; (3) product description of raw materials in Spanish, with an English product description optional; (4) instructions for use and care in Spanish, with English optional; (5) metric net-product weight; (6) country of origin (for U.S. products the words "Producto de EE.UU" appear); (7) importer's ministry of finance taxation number; (8) importer's name and address; (9) exporter's name and address; and (10) date of product expiration. All labeling requirements and certifications are under the direct supervision of Mexico's Direccion General de Regulacion Sanitaria de Alimentos, Secretaria de Salud.

Inquiries about customs clearance and exporting procedures, as well as matters such as Mexican labeling regulations, can be directed to the USDA/Agricultural Trade Office in Mexico City at the address previously noted.

Border Port-of-Entry Procedural Requirements

Import shipping procedures and documentation vary to some extent by method of entry into Mexico. The Mexican Government recognizes four importation sectors: shipments arriving (1) by sea, (2) overland, (3) by air, and (4) by mail. The following summary outline of the necessary documentation and the sequence of procedural order are for those involved in overland importation.

The following is a list of the certifications issued by the United States and Mexico, as well as by both the consigner and consignee, which are required to accompany each shipment before the Government of Mexico can commence the importation acceptance process:

1. An original invoice bill of lading signed by the vendor. This is a declaration that the values and other data are correct.
2. An original NAFTA Certificate of Origin.
3. An original FSIS 9060-5, Certificate of Wholesomeness.
4. An original "Requisitos Zoosanitarios" Certificate issued by the Secretariat de Agricultura, Ganaderia y Desarrollo Rural (SAGAR). This document is the result of a written request by the importer stating the exact amount of the shipment's net weight and a specific description of the product or products being imported.
5. An original Health Inspection Certificate for perishable products issued by a SAGAR inspector. This technical document, referred to as the "green sheet," is called the "Certificado Fitozoosanitario de Importacion."
6. An original Receipt of Payment for the Mexican Government's health inspection services, issued by a SAGAR official.
7. An original "Certificado de Importacion," issued by the Mexican customs authority. This is a U.S. shipper's export declaration statement.
8. An original "Pedimento de Importacion," issued by the Mexican customs authority. This final clearance document certifies payment of any and all Mexican duties.

Duties To Be Phased Out Under NAFTA by 2004

Since tariffs on agricultural trade between the United States and Mexico for red meat and poultry products under NAFTA were, in some cases, eliminated immediately and in others are being phased out by the year 2004, U.S. and Canadian export shippers currently face lower tariffs than other foreign competitors for market share in Mexico.[22] These other competitors must compete under the "most favored nation" tariff status rules established by the General Agreement on Tariffs and Trade (GATT).[23] Nondirect tariff barriers, like quotas and licenses, were converted through NAFTA into "tariff-rate quotas" (TRQ). TRQ's allow a specific quantity to enter at a reduced tariff rate, which is usually zero. Imports above the quota designated for each current year face a formulated tariff rate that can still be significant. The TRQ mechanism is similar in concept to the "minimum and current access" formula developed in the Uruguay Round of trade negotiations under GATT. The significant difference is that under NAFTA the overquota tariffs will be steadily reduced during the implementation period and end completely in the year 2004.

Table 5 provides an insight into these trade policy changes between Mexico and the United States by comparing the tariff-rate formulas that existed before NAFTA for red meat and poultry products and those presently in place under NAFTA.

Customs Clearance and Other Costs

Customs brokers and freight forwarders work on a fee basis paid by the exporter. The fees consist of an agreed-upon amount plus documentation charges, initially paid by these functionaries in the process of receiving the proper clearances for the merchandise being exported. Fees vary depend-

[22] Plunkett, Daniel and Valdes, Constanza, "The Agricultural Provisions of NAFTA," *NAFTA: Situation and Outlook Series*, WRS-95-2, U.S. Department of Agriculture, Economic Research Service, Washington, DC, May 1995.

[23] This organization (GATT) was renamed the World Trade Organization (WTO), which officially came into being January 1, 1995.

Table 5. Tariff Changes in the Mexican Government's Trade Policies Toward the Importation of U.S. Red Meat and Poultry Products under NAFTA, 1994

Commodity	Trade Policy before NAFTA	Trade Policy with NAFTA
Beef	* 20% tariff on fresh beef, and 25% on frozen beef.	* tariffs eliminated immediately.
	* 20% on edible offal.	* Tariff on edible offal phased out over 10 years.
Pork	* 20% tariff	* Special safeguard tariff-rate quotas for pork and smoked ham, increasing 3% per year; tariffs phased out within 10 years.
		* Over-quota tariffs of 20% eliminated over 10 years.
Lamb	* 10% tariff on lamb and mutton	* Tariffs phased out over 10 years.
Poultry	* Import License required	* Import License eliminated immediately.
	* 10% tariff	* 95,000 metric ton tariff-rate quota, increasing 3% per year.
		* Over-quota tariffs of 133% to 260% phased out over 10 years.

Source: International Agriculture and Trade Reports, NAFTA: *Situation and Outlook Series,* U.S. Deptartment Of Agriculture, Economic Research Service, WRS-95-2, May 1995.

ing upon the total amount and type of services rendered and are normally added into the price charged to the importing consignee.

International Freight Forwarding

Ordinarily, the key player in performing the initial and often subsequent tasks in the international transportation process for the export shipper is the freight forwarder. International freight forwarders typically coordinate all aspects of the physical movement of U.S. exports being transported.[24] Current border export-import trading practices with Mexico still operate under the old "status quo" arrangements, but this will change markedly once all agreed-upon NAFTA regulations are in place. The current arrangements require that after initially ferrying the red meat and poultry products from the consigner's meat processing plant to the preselected border-crossing port of entry adjacent to Mexico, the merchandise being exported is transferred temporarily to a cold-storage warehouse. Then a Mexican transportation firm is contracted to transfer the U.S. merchandise through Mexican customs and ultimately to the consignee's refrigerated receiving facilities in Mexico, often executing the task with their own transportation equipment.

One approved transfer method currently available under NAFTA, but which is not being efficiently nor effectively utilized, can dramatically accelerate the importation process while, at the same time, substantially reducing trading costs. This dispatching option is a permissible alternative and legally available if the importing consignee possesses a

[24] Ibid. 16.

Mexican Tipo Inspeccion Federal (TIF) plant certificate.[25] If the Mexican consignee has a Mexican federally inspected plant, the importers have the option of having their U.S.-imported red meat and poultry products inspected by Government of Mexico officials at the inland TIF plant rather than at the border, thereby saving significant in-transit time and the costs charged for temporary cold-storage warehousing as well as all transfer handling fees associated with unloading and reloading the merchandise using different transportation equipment.

Another advantage of this method is that it eliminates some of the wear and tear on the cartons holding these high-quality, value-added products. Consequently, the merchandise within the cartons would probably arrive at the end user's facilities in better condition, thereby increasing the likelihood that these U.S. export products will receive a favorable acceptance upon delivery.

[25] U.S. Agricultural Trade Office, U.S. Department of Agriculture, Foreign Agricultural Service, "Border Procedures for Exporting Product to Mexico," Mexico City, D.F., Mexico, October 28, 1994.

U.S.-Mexico Red Meat and Poultry Trade Patterns

U.S. Red Meat and Poultry Products Exported to Mexico, 1994

U.S. exports of red meat and poultry to Mexico during 1994 varied by kind of meat and by customs district.

Exported Volume

As indicated in table 6, more than 461,000 metric tons (MT) of red meat and poultry products were exported to Mexico in 1994. Variety meats, accounting for more than 30 percent of the total, were the leading U.S. meat export item, followed by chicken, with just over 22 percent, and turkey and beef, both representing about 16 percent of the volume. Other major export items were pork and processed sausage and bologna, which, when combined, accounted for almost 15 percent. Equine, lamb, and sheepmeat made up the remaining exports, representing 1 percent of the volume.

The Laredo customs district was the predominant port of exit for all red meat and poultry products exported to Mexico. Almost 70 percent of the U.S. red meat and poultry products exported to Mexico during 1994 were shipped through this district (table 6). The San Diego district was the second most important export facilitator, followed by El Paso and Nogales.

Table 6. U.S. Red Meat and Poultry Products Exported to Mexico, by Kind of Meat and Customs Districts, 1994[1]

	Customs Districts						
Kind of Meat	**Laredo**	**El Paso**	**Nogales**	**San Diego**	**Miami**	**Other[2]**	**Total**
	Metric Tons						
Red Meat:							
Beef & Veal	46,157	13,504	3,488	8,173	987	32	72,341
Pork	35,051	5,058	4,094	6,266	171	NR	50,640
Lamb & Sheepmeat	1,564	53	4	261	NR	NR	1,882
Processed Meats[3]	9,923	249	2,748	3,379	1	NR	16,300
Variety Meats[4]	105,652	14,940	6,864	12,796	194	128	140,574
Other[5]	2,810	37	NR	120	NR	NR	2,967
Poultry Meat:							
Chicken:	54,863	12,771	2,623	30,580	859	NR	101,696
Turkey	63,060	3,241	2,831	5,028	54	NR	74,214
Other[6]	393	16	NR	84	NR	1	494
Total	319,473	49,869	22,652	66,687	2,266	161	461,108

NR - None reported.
[1]Excludes aggregate exports to Mexico of hog sausage casings and other sausage casings. Animal byproduct exports to Mexico including hides and skins, lard, edible tallow, inedible grease and tallow, and other inedible animal fats and oils were also excluded.
[2]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[3]Includes beef, pork, and other sausages, bolognas, frankfurters, and other prepared meats.
[4]Includes beef, pork, and other hearts, livers, tongues, and kidneys; beef tripe and hog and other stomachs; sweet breads; fries; ox tails and pig tails; bovine and pigs feet; and head meats, including beef and other cheeks, as well as pork lips, snouts, ears, and jowls.
[5]Includes horse, mule, ass, and henny meats.
[6]Includes ducks, geese, and fowl.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Export Sales

With the implementation of NAFTA on January 1, 1994, red meat and poultry exports to Mexico showed a dramatic increase over sales a decade earlier. Red meat and poultry export sales to Mexico totaled almost $712 million during 1994, which was both an all-time new record and an increase of more than twelvefold above 1984 levels (table 7). Beef and veal, in addition to poultry exports, which showed the largest increase in export sales from 1984 to 1994, represented almost two-thirds of the U.S. red meat and poultry sales to Mexico during 1994. Other valuable U.S. export meat products to Mexico included variety meats and pork.

Kind of U.S. Red Meat and Poultry Products Imported by Mexico, 1994

"Kind" of product refers to the animal from which the meat or poultry comes (e.g., beef, pork, turkey). The overall mix of red meat and poultry products exported to Mexico, as reported by FAS, USDA, for 1994 in table 6 closely resembles similar data obtained from the survey of Mexican firms in Monterrey, Mexico City, Guadalajara, Cancun, and Acapulco-Puerto Vallarta-Mazatlan. The survey data, however, provide detailed information concerning the kinds of U.S.-imported meat items handled by various types of firms and by the cities surveyed, as well as other pertinent information concerning the internal distribution flow of these commodities within Mexico.

Mexican Firms

Table 7. U.S. Exports of Red Meat and Poultry Products to Mexico, 1984 and 1994, and Percentage Change in Sales from 1984 to 1994[1]

Kind of Meat Products[2]	—Annual Export Sales in Millions of Dollars— 1984	1994	% Change
Beef and Veal	1.1	232.5	21,036
Pork	9.2	95.7	940
Other Red Meats[3]	2.9	53.5	1,745
Variety Meats[4]	30.1	101.1	236
Poultry[5]	9.6	228.8	2,283
Total	52.9	711.6	1,245

[1]Rounded in actual dollar sales. Not index adjusted.
[2]Excludes aggregate exports to Mexico of hog sausage casings and other sausage casings. Animal byproduct exports to Mexico including hides and skins, lard, edible tallow, inedible grease and tallow, and other inedible animal fats and oils were also excluded.
[3]Includes lamb and sheepmeat, processed meats, and all other muscle meats identified as other meat products.
[4]Includes beef, pork and other hearts, livers, tongues, and kidneys; beef-tripe and hog and other stomachs; sweet breads, fries; ox-tails and pork tails; bovine and pigs feet; and head meats, including beef and other cheeks, as well as pork lips, snouts, ears, and jowls.
[5]Includes chicken, turkey, ducks, geese, and fowl.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Meat handling firms, which purchased and sold U.S.-imported red meat and poultry products, were classified on the basis of the primary function performed. These included: (1) distributors, (2) HRI purveyors, (3) meat processors, (4) supermarket and discount chains, and (5) hotels and commercial restaurants. Distributors are nonslaughtering wholesale firms which handle both domestic and imported meat products and merchandise them to a wide range of clients. Processors manufacture meat products, while HRI purveyors perform similar functions to distributors as well as fabricate meats, but are often smaller than distributors. These HRI firms typically merchandise 50 percent or more of their meat and poultry products to hotels, restaurants, and institutions.

The titles of the remaining firms signify the primary functions performed by these Mexican firms during 1994.

Table 8 provides information about the volume of red meat and poultry products handled by the various firms purchasing U.S.-imported meat products in Mexico during 1994. More than 80 percent of the total U.S.-imported meat items were purchased by or passed through distributors and meat processors in 1994. Supermarket and discount retail chains were next in importance, relative to volume of U.S.-imported meats handled, followed by HRI purveyors and hotel and commercial restaurants.

Distributors were the most important purchasers of all U.S.-

Table 8. Distribution of U.S.-Imported Red Meat and Poultry Products Purchased, by Type of Firm and Kind of Meat, Mexico, 1994

	Type of Firm					
Kind of Meat	Distributors	HRI Purveyors	Meat Processors	Supermarkets & Discount Chains	Hotels and Commercial Restaurants	Total
	Percent					
Red meat:						
Beef & Veal	46.7	12.6	4.1	33.5	3.1	100
Pork	79.9	2.0	5.7	11.3	1.1	100
Lamb & Sheepmeat	92.4	5.7	NR	NR	1.9	100
Processed Meats	25.8	3.0	16.6	47.5	7.1	100
Variety Meats	70.2	2.8	17.9	9.0	0.1	100
Poultry Meat:						
Chicken	3.4	0.5	95.5	0.5	0.1	100
Turkey	9.0	0.5	87.5	2.7	0.3	100
Other[1]	6.5	85.3	NR	4.0	4.2	100
Average	42.8	4.2	39.0	12.9	1.1	100

NR - None reported.
[1]Includes ducks, geese, and fowl.

imported red meats with the exception of processed meat such as sausage, bologna, etc. (table 9). Meat processors accounted for 88 percent or more of the U.S.-imported turkey and chicken meat for production of sausage and other processed products. Supermarket and discount chains were also major purchasers of U.S.-imported beef and veal and processed meat items (table 8). HRI purveyors were the predominant handlers of exotic poultry, such as ducks, geese, and fowl, for the hotel and restaurant trade.

As shown in table 9, an analysis of the kind of meat handled by type of firm revealed some very distinct patterns. Beef and veal were the predominant U.S.-imported meat items handled by HRI purveyors, hotel and commercial restaurants, and supermarket and discount chains. Variety meats were the second most important meat item for supermarket and discount chains and HRI purveyors, while imports of processed meat items ranked second for hotel and commercial restaurants (table 9). Imports of variety meats ranked first among distributors, followed by beef and veal and then pork. Poultry imports made up more than 82 percent of the U.S.-imported meat items for meat processors in 1994.

Mexican Cities

Table 9. Distribution of U.S.-Imported Red Meat and Poultry Products Purchased by Kind of Meat and Type of Firm, Mexico, 1994

	Type of Firm					
Kind of Meat	Distributors	HRI Purveyors	Meat Processors	Supermarkets & Discount Chains	Hotels and Commercial Restaurants	Total
	Percent					
Red Meat:						
Beef & Veal	23.6	64.7	2.3	56.1	60.3	21.6
Pork	22.2	5.6	1.7	10.4	12.5	11.9
Lamb & Sheepmeat	1.4	0.9	NR	NR	1.1	0.6
Processed Meats	1.5	1.8	1.1	9.3	16.2	2.5
Variety Meats	46.0	18.4	12.9	19.4	1.7	28.0
Poultry Meat:						
Chicken	1.3	2.0	39.7	0.7	1.9	16.2
Turkey	4.0	2.1	42.4	4.0	5.3	18.9
Other[1]	1<	4.5	NR	0.1	0.8	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

NR - None reported
1<Indicates less than .05 percent.
[1]Includes ducks, geese, and fowl.

Table 10 shows the distribution of various U.S.-imported meat items for the seven cities surveyed. Beef and veal imports represented almost 60 percent of the U.S. meat imports in Cancun, a prominent resort area with many hotels and restaurants. Acapulco, Puerto Vallarta, and Mazatlan, which represent prominent resort areas on the West Coast of Mexico, imported almost twice as much pork, 45 percent of the total imports, as beef (table 10). Relatively lower proportions of U.S. beef imports by the West Coast resort areas, compared to Cancun, apparently represent efforts by nearby and northwest Mexican livestock associations to encourage purchase and consumption of domestic meat rather than imported meat products, according to firms interviewed.

Imports of red meat and poultry products in Monterrey, Mexico City, and Guadalajara during 1994 generally focused on variety meats, beef and veal, turkey, chicken, and pork (table 10). Mexican consumers have developed a strong demand for U.S.-imported variety meats as evidenced by the relatively large proportions of variety meats imported by firms in Guadalajara, Monterrey, and Mexico City. U.S.-imported beef and veal ranked second among imports in Monterrey and Guadalajara. U.S.-imported turkey represented more than one-fourth of the total U.S. meat imports in Mexico City, followed by chicken, variety meats, beef and veal, and pork. Although Mexican importing firms stated that turkey was a seasonal product, it has become a major import item in late fall and during the Christmas season.

Type of U.S. Red Meat and Poultry Products Imported by Mexico, 1994

Table 10. Distribution of U.S.-Imported Red Meat and Poultry Products, Purchased by Kind of Meat, by Meat Firms in Selected Cities, Mexico, 1994

	Selected Cities					
Kind of Meat	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	City Average
	Percent					
Red Meat:						
Beef & Veal	25.8	17.5	14.8	58.3	23.4	21.6
Pork	15.4	10.9	12.6	9.4	45.3	11.9
Lamb & Sheepmeat	1.0	0.9	1.0	0.8	0.3	0.6
Processed Meats	1.7	5.5	0.1	5.6	18.9	2.5
Variety Meats	31.0	18.0	49.2	15.5	1.8	28.0
Poultry Meat:						
Chicken	14.3	18.3	9.1	8.4	0.1	16.2
Turkey	10.8	28.2	13.1	1.3	10.1	18.9
Other[1]	1<	0.6	0.1	0.7	0.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

1<Indicates less than .05 percent.
[1]Includes ducks, geese, and fowl.

"Type " of product refers to its physical condition (e.g., frozen, fresh-chilled, cooked).

Mexican Firms

As illustrated in table 11, almost three-fourths of the U.S. red meat and poultry products imported by Mexico during 1994 were received as frozen meat, while another 24 percent were fresh chilled. Importing firms generally preferred frozen meats over fresh-chilled meats because of meat perishability and the time and distance in moving U.S.-imported meat items from ports of entry to final markets in Mexico.

Mexican firms reported that variety meats, lamb and sheepmeat, chicken, and processed meat were imported predominantly as frozen meat, as well as the majority of the imported turkey and pork products. Almost 52 percent of the U.S. beef and veal, however, was received in fresh-chilled form reflecting the preferences of supermarket and discount chains. Mexican consumers, similar to U.S. consumers, prefer to purchase red meat, especially beef, in fresh-chilled form. Although variations existed among Mexican cities relative to the type of meat imported during 1994, larger variations were generally observed between various types of Mexican firms merchandising U.S. meats.

Mexican Cities

Table 11. Type of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Physical Condition of Meat, Mexico, 1994

	Type of Meat					
Kind of Meat	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	51.8	48.2	NR	NR	NR	100
Pork	39.2	54.7	6.1	NR	NR	100
Lamb & Sheepmeat	9.0	91.0	NR	NR	NR	100
Processed Meats	12.3	87.7	NR	NR	NR	100
Variety Meats	0.6	99.4	NR	NR	NR	100
Poultry Meat:						
Chicken	9.5	90.0	NR	NR	0.6	100
Turkey	29.3	63.4	7.3	NR	NR	100
Other[3]	62.5	37.5	NR	NR	NR	100
Average	23.9	73.9	2.1	NR	0.1	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Appendix tables 3 through 7 show the type of U.S.-imported red meat and poultry products handled by firms in Monterrey, Mexico City, Guadalajara, Cancun, and the West Coast resort areas of Acapulco, Puerto Vallarta, and Mazatlan, respectively, during 1994. The overall mix of frozen versus fresh-chilled imported meat was similar in Mexico City, Guadalajara, Cancun, and the West Coast resort areas, where about 80 percent of the U.S.-imported meat products were received as frozen meat. Monterrey, located substantially closer to U.S. ports of exit than the other Mexican cities surveyed, received about 70 percent of the U.S.-imported meat products as frozen meat and almost all the remaining 30 percent as fresh-chilled meat.

U.S. variety meats, chicken, processed meat, and lamb and sheepmeat were imported predominantly as frozen meat in all cities surveyed with the exception of processed meat in Acapulco, Puerto Vallarta, and Mazatlan. U.S. beef and veal were imported predominantly as frozen meat in Mexico City and the resort areas of Cancun and Acapulco, Puerto Vallarta, and Mazatlan. Monterrey and Guadalajara, on the other hand, imported the majority of their U.S. beef and veal as fresh-chilled meat. Almost 70 percent of the U.S. pork in Monterrey was imported as fresh-chilled, but the majority of the pork in the remaining cities surveyed was imported as frozen and smoke-cured. U.S. turkey, predominantly a seasonal product, was imported primarily as a combination of frozen and smoke-cured meat.

Mexican Firms

Table 12 indicates that distributors handled a higher proportion of frozen U.S.-imported meats compared to fresh-chilled than did HRI purveyors as illustrated in table 13. Distributors generally tended to sell U.S. meats over a wider geographic area than did HRI purveyors who sold the majority of their U.S.-imported meat items to more nearby hotel and commercial restaurants. Increased or more distant geographic areas of distribution by Mexican distributors necessitated reliance on relatively higher proportions of frozen meat items along with greater use of refrigerated delivery trucks.

Most U.S.-imported meat items purchased by meat processors were shipped frozen (table 14). Supermarket and dis-

Table 12. Type of U.S.-Imported Red Meat and Poultry Products Purchased, by Distributors, by Physical Condition of Meat, Mexico, 1994

	Type of Meat					
Kind of Meat	**Fresh-Chilled**	**Frozen**	**Smoked-Cured[1]**	**Cooked**	**Other[2]**	**Total**
	----------	----------	**Percent**	----------	----------	----------
Red Meat:						
Beef & Veal	47.9	52.1	NR	NR	NR	100
Pork	60.2	31.4	8.3	NR	NR	100
Lamb & Sheepmeat	13.5	86.5	NR	NR	NR	100
Processed Meats	48.5	51.5	NR	NR	NR	100
Variety Meats	NR	100.0	NR	NR	NR	100
Poultry Meat:						
Chicken	NR	82.8	NR	NR	17.2	100
Turkey	6.8	28.8	64.4	NR	NR	100
Other[3]	NR	100.0	NR	NR	NR	100
Average	25.7	69.7	4.4	NR	0.2	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 13. Type of U.S. Imported Red Meat and Poultry Products Purchased, by HRI Purveyors, by Physical Condition of Meat, Mexico, 1994

Kind of Meat	Type of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	40.2	59.8	NR	NR	NR	100
Pork	3.8	60.3	35.9	NR	NR	100
Lamb & Sheepmeat	20.4	79.6	NR	NR	NR	100
Processed Meats	6.3	93.8	NR	NR	NR	100
Variety Meats	24.1	75.9	NR	NR	NR	100
Poultry Meat:						
Chicken	NR	100.0	NR	NR	NR	100
Turkey	36.4	63.6	NR	NR	NR	100
Other[3]	97.3	2.7	NR	NR	NR	100
Average	36.1	61.9	2.0	NR	NR	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

count chains, on the other hand, reported that only about one-half of their U.S.-imported meat items were purchased frozen (table 15). Approximately 83 percent of the U.S.-imported beef and veal purchased by supermarkets and discount chains was received fresh-chilled. Mexican consumers, similar to U.S. consumers, are hesitant to purchase frozen beef. Consequently, supermarket and discount chains purchase the majority of their U.S.-imported beef as fresh chilled. Almost all of the remaining U.S.-imported meat items purchased by supermarket and discount chains were received as frozen meat.

Hotel and commercial restaurants received almost three-fourths of their U.S.-imported meat as frozen meat (table 16). This table shows that two-thirds of the beef, veal, and lamb were received as frozen meat, with almost 100 percent of the remaining U.S. meats being imported as frozen meat.

Form of U.S. Red Meat and Poultry Products Imported by Mexico, 1994

"Form" of product refers to how it is cut and/or packaged (e.g., whole carcas, carcas quarters, boxed deboned). More than 98 percent of the U.S. red meat and poultry imported by Mexico during 1994 was received as vacuum-packaged and boxed primals and subprimals, portion-controlled products, and deboned products, as well as packaged and boxed mechanically deboned poultry meat for further processing (table 17). The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers. Carcass meat imports from the United States represented a small proportion of the imports and were limited primarily to whole-bird, poultry products. U.S. beef and veal, pork, and lamb and sheepmeat products were imported almost entirely as packaged and boxed primals or subprimals (table 17). Poultry product imports generally showed the greatest variation relative to form, since poultry imports were designated for a wide array of end users such as retailers, wholesalers, and meat processing firms.

Mexican Cities

Table 14. Type of U.S.-Imported Red Meat and Poultry Products Purchased, by Meat Processors, by Physical Condition of Meat, Mexico, 1994

	Type of Meat					
Kind of Meat	**Fresh-Chilled**	**Frozen**	**Smoked-Cured[1]**	**Cooked**	**Other[2]**	**Total**
			Percent			
Red Meat:						
Beef & Veal	0.7	99.3	NR	NR	NR	100
Pork	NR	100.0	NR	NR	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR
Processed Meats	30.1	69.9	NR	NR	NR	100
Variety Meats	NR	100.0	NR	NR	NR	100
Poultry Meat:						
Chicken	9.9	90.1	NR	NR	NR	100
Turkey	33.3	66.7	NR	NR	NR	100
Other[3]	NR	NR	NR	NR	NR	NR
Average	18.0	82.0	NR	NR	NR	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 15. Type of U.S. Imported Red Meat and Poultry Products Purchased, by Supermarket and Discount Chains, by Physical Condition of Meat, Mexico, 1994

Kind of Meat	Type of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	82.9	17.1	NR	NR	NR	100
Pork	6.5	93.5	NR	NR	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR
Processed Meats	NR	100.0	NR	NR	NR	100
Variety Meats	NR	100.0	NR	NR	NR	100
Poultry Meat:						
Chicken	NR	100.0	NR	NR	NR	100
Turkey	NR	44.4	55.6	NR	NR	100
Other[3]	NR	100.0	NR	NR	NR	100
Average	47.2	50.5	2.2	NR	NR	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 16. Type of U.S.-Imported Red Meat and Poultry Products Purchased, by Hotel and Commercial Restaurants, by Physical Condition of Meat, Mexico, 1994

Kind of Meat	Type of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	33.0	67.0	NR	NR	NR	100
Pork	13.8	63.4	22.8	NR	NR	100
Lamb & Sheepmeat	31.1	68.9	NR	NR	NR	100
Processed Meats	NR	100.0	NR	NR	NR	100
Variety Meats	1.0	99.0	NR	NR	NR	100
Poultry Meat:						
Chicken	22.9	77.1	NR	NR	NR	100
Turkey	NR	82.2	17.8	NR	NR	100
Other[3]	3.3	96.7	NR	NR	NR	100
Average	22.5	73.7	3.8	NR	NR	100

NR - None reported
[1]Although classified as smoked and cure, these items were also generally frozen.
[2]Includes dried meats.
[3]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 17. Form of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	1.6	96.6	1.7	NR	NR	0.1	100
Pork	NR	1.6	90.0	7.6	NR	NR	0.8	100
Lamb & Sheepmeat	0.3	0.2	98.9	0.6	NR	NR	NR	100
Processed Meats	NR	NR	NR	61.8	30.8	7.3	0.1	100
Variety Meats	NR	NR	NR	NR	NR	NR	100	100
Poultry Meat:								
Chicken	0.5	NR	65.6	1.3	NR	27.1	5.5	100
Turkey	5.7	0.1	44.8	0.9	5.2	38.2	5.1	100
Other[4]	8.6	1.0	90.4	NR	NR	NR	NR	100
Average	1.1	0.6	52.5	3.9	1.9	11.0	29.0	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and meats in small packaged form.
[4] Includes ducks, geese, and fowl.
Source: 1994 survey data.

Appendix tables 8 through 12 provide data about the form of U.S.-imported meat for the seven cities surveyed. Monterrey, Mexico City, and Guadalajara respondents generally reported similar patterns relative to form of red meat imports. Beef and veal, pork, and lamb and sheepmeat were imported predominantly as boxed primals and subprimals in vacuumed packages. Processed meat imports were received as boxed portion-controlled items as well as deboned products. Imported variety meats were shipped in plastic-lined packages placed in 30- to 50-pound boxes. Poultry meat products in Monterrey, Mexico City, and Guadalajara were imported either as packaged and boxed cut-up parts or boneless pieces for the wholesale, HRI, and retail trade or as packaged and boxed mechanically deboned meat for the domestic processing industry.

The resort areas of Cancun, Acapulco, Puerto Vallarta, and Mazatlan, where most of U.S. imported meat products are sold in hotel and commercial restaurants, imported substantially higher proportions of portion-controlled products than did Monterrey, Mexico City, or Guadalajara (appendix tables 11 and 12). This was especially true for pork in all resort areas and for turkey in the West Coast resort areas. All U.S.-imported poultry products were received primarily in whole-bird form in Cancun, as were chicken and other poultry in Acapulco, Puerto Vallarta, and Mazatlan.

Mexican Firms

The overall pattern concerning the product form of U.S.-imported red meat and poultry varied by firm according to the primary processing function performed. Distributors, who accounted for about 43 percent of the U.S.-imported meat products marketed within the seven cities studied, reported that beef and veal, pork, and lamb and sheepmeat

were purchased predominantly as boxed primals and subprimals (table 18). Processed meats and most of the chicken were purchased as portion control items. U.S.-imported turkey and other poultry were received boxed, primarily in whole-bird form.

HRI purveyors purchased a substantially higher proportion of portion-controlled products than did distributors (table 19). Although HRI purveyors purchased U.S.-imported beef and veal, pork, and lamb and sheepmeat primarily as boxed primals and subprimals, they also reported having acquired some beef as carcass quarters and some veal and lamb and sheepmeat as whole carcasses.

Imported U.S. poultry was purchased primarily boxed in whole-bird form or as cut-up parts. Meat processors, who

Table 18. Form of U.S.-Imported Red Meat and Poultry Products Purchased, by Distributors, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	98.8	1.2	NR	NR	NR	100
Pork	NR	NR	88.5	10.4	NR	NR	1.1	100
Lamb & Sheepmeat	NR	NR	100.0	NR	NR	NR	NR	100
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry Meat:								
Chicken	8.8	NR	8.8	82.3	NR	NR	NR	100
Turkey	63.9	NR	0.4	10.9	19.8	NR	5.0	100
Other[4]	100.0	NR	NR	NR	NR	NR	NR	100
Average	2.7	NR	44.3	4.2	0.8	NR	48.0	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and meats in small packaged form.
[4] Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 19. Form of U.S.-Imported Red Meat and Poultry Products Purchased, by HRI Purveyors, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	12.7	78.5	8.7	NR	NR	NR	100
Pork	NR	NR	61.7	38.3	NR	NR	NR	100
Lamb & Sheepmeat	8.5	5.1	77.0	9.4	NR	NR	NR	100
Processed Meats	NR	NR	NR	94.4	NR	NR	5.6	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry Meat:								
Chicken	65.3	NR	34.7	NR	NR	NR	NR	100
Turkey	44.8	17.1	35.7	2.0	0.4	NR	NR	100
Other [4]	2.8	NR	97.2	NR	NR	NR	NR	100
Average	2.5	8.6	60.8	9.6	NR	NR	18.5	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and meats in small packaged form.
[4] Includes ducks, geese, and fowl.
Source: 1994 survey data.

handled almost 40 percent of the U.S.-imported meat in the seven cities surveyed, found it expeditious to import U.S. meats mostly as boxed primals and subprimals and mechanically deboned meat in bulk-jumbo containers or as variety meats in boxes (table 20). Supermarket and discount chains purchased almost all block-ready meat and poultry boxed as primals and subprimals and as cut-up parts (table 21).

Table 22 shows that hotel and commercial restaurants purchased about one-fourth of their U.S.-imported meat as boxed, portion-controlled meat, while most all of the remaining U.S. imports were received as boxed primals and subprimals. Hotel and commercial restaurants also purchased one-fourth of their U.S.-imported poultry products in whole-bird form for special preparation and processing for the restaurant trade.

Sources of U.S. Red Meat and Poultry Products Imported by Mexico, 1994

Table 20. Form of U.S.-Imported Red Meat and Poultry Products Purchased, by Meat Processors, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	100.0	NR	NR	NR	NR	100
Pork	NR	35.5	54.5	10.0	NR	NR	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR	NR
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry Meat:								
Chicken	NR	NR	65.8	NR	NR	28.4	5.8	100
Turkey	NR	NR	47.0	NR	3.0	44.6	5.4	100
Other[4]	NR	NR	NR	NR	NR	NR	NR	NR
Average	NR	0.6	49.9	1.2	1.2	29.5	17.6	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and meats in small packaged form.
[4] Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 21. Form of U.S.-Imported Red Meat and Poultry Products Purchased, by Supermarkets and Discount Chains, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	100	NR	NR	NR	NR	100
Pork	NR	NR	100	NR	NR	NR	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR	NR
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100	100
Poultry Meat:								
Chicken	NR	NR	60.3	39.7	NR	NR	NR	100
Turkey	NR	NR	100	NR	NR	NR	NR	100
Other[4]	NR	NR	100	NR	NR	NR	NR	100
Average	NR	NR	71.1	9.5	NR	NR	19.4	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats.
[4] Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 22. Form of U.S.-Imported Red Meat and Poultry Products Purchased, by Hotels and Commercial Restaurants, by Kind of Meat, Mexico, 1994

Kind of Meat	Form of Meat							
	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	3.4	86.9	7.5	NR	NR	2.2	100
Pork	NR	NR	60.3	29.0	NR	NR	10.7	100
Lamb & Sheepmeat	NR	2.0	72.6	25.4	NR	NR	NR	100
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry Meat:								
Chicken	27.6	NR	69.8	2.6	NR	NR	NR	100
Turkey	19.1	NR	79.9	NR	1.0	NR	NR	100
Other[4]	62.6	33.9	3.5	NR	NR	NR	NR	100
Average	2.1	2.3	66.3	24.8	0.1	NR	4.4	100

NR - None reported
[1]Poultry carcass meat consisted of whole birds, not cut in pieces, that were packaged and boxed.
[2]Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat, in addition to hearts, livers, gizzards, and mechanically deboned meat that was packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3]Includes packaged and boxed variety meats and meats in small packaged form.
[4]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Sources of meat suppliers for Mexican firms varied by kind of buyer, firm, size, and location during 1994.

Mexican Firms

Table 23 shows that Mexican firms obtained almost 70 percent of their U.S. meat imports from U.S. packers, another 19 percent from brokers, and 2 percent from U.S. wholesalers. U.S. packers were the predominant source of supply for meat processors, supermarket and discount chains, and HRI purveyors. Distributors also relied on U.S. packers for a major portion of their U.S. red meat and poultry imports. Mexican distributors (HRI purveyors) were the major source of U.S.-imported meat supplies for hotel and commercial restaurants.

Although U.S. packers were an important source of supply for Mexican hotel and commercial restaurants, many hotel and commercial restaurants generally obtained their meat supplies from smaller Mexican distributors and HRI purveyors rather than U.S. packers, who generally serviced the larger Mexican distributors, meat processors, and retail firms. Brokers were an important source of supply for all types of Mexican firms, especially distributors.

Geographic Locations

Table 23. Source of U.S.-Imported Red Meat and Poultry Products, by Kind of Buyer and Type of Suppliers, Mexico, 1994

	Type of Suppliers					
Kind of Buyer	**U.S. Packers**	**U.S. Wholesalers**	**U.S. Brokers**	**Mexican Distributors[1]**	**Other[2]**	**Total**
	Percent					
Distributors	46.5	2.9	36.2	14.4	NR	100
Meat Processors	90.4	0.2	8.2	1.2	NR	100
HRI Purveyors	56.1	7.7	13.2	23.0	NR	100
Supermarkets and Discount Chains	77.7	1.6	12.9	7.8	NR	100
Hotels and Commercial Restaurants	26.1	11.2	13.8	48.9	1<	100
Average	68.9	2.1	19.4	9.6	1<	100

NR - None reported
1< - Indicates less than .05 percent
[1] Includes HRI purveyors.
[2] Includes purchases from American parent companies of Mexican joint-venture firms, as well as purchases from club discounters located in Mexico.
Source: 1994 survey data.

Table 24 shows that Mexican firms received more than 90 percent of the U.S.-imported red meat and poultry products directly from ports of entry during 1994. The remaining imported meat items originated from Mexican interior locations through intrafirm and interfirm transactions within Mexico. Larger firms such as meat processors, supermarket and discount chains, and distributors obtained substantially larger proportions of their U.S.-imported meats directly from ports of entry than did HRI purveyors or hotel and commercial restaurants.

Monterrey and Mexico City firms received almost all of their U.S.-imported red meat and poultry products directly from ports of entry (table 25). This was especially true for Monterrey, located approximately 150 miles from the nearest port of exit. Guadalajara, a major town in south-central Mexico, obtained almost equal proportions of U.S.-imported meat directly from ports of entry and from interior locations. Cancun, which received the majority of its U.S.-imported meat items directly from interior locations, also received substantial proportions of U.S.-imported meats directly from ports of entry (table 25). The West Coast resort areas of Acapulco, Puerto Vallarta, and Mazatlan, located relatively long distances from overland ports of entry, acquired almost all of their U.S.-imported meat from Mexican interior locations in 1994.

The pattern of direct acquisition of U.S.-imported meats from ports of entry for Monterrey and Mexico City was prevalent for all kinds of U.S.-imported red meat and poultry products (table 26). Meat firms in Guadalajara were dependent primarily upon interior locations for supplies of U.S.-imported red meat items but not for imported poultry products, which were acquired almost exclusively from ports of entry.

With the exception of beef, veal, and variety meats, Cancun obtained the majority of its U.S.-imported meats directly from ports of entry (table 26). U.S.-imported beef and veal in Cancun, representing the largest proportion of all U.S.-imported meats, were acquired primarily from Mexican interior locations. This was not surprising since Cancun has a relatively large number of hotel and commercial restaurants, which often feature premium beef. These restaurants, however, generally had limited cold-storage facilities and, therefore, found it convenient to receive frequent, smaller shipments from nearby interior locations. The international mega-premiere resort areas of Acapulco, Puerto Vallarta, and Mazatlan found it convenient to obtain their U.S.-imported meat products primarily from Mexican interior locations.

Table 24. Percentage of U.S.-Imported Red Meat and Poultry Products Received Directly from Port of Entry Versus Mexican Interior Locations, by Kind of Buyer, Mexico, 1994

Kind of Buyer	Location of Shipments: Direct from Port of Entry	Location of Shipments: From Mexican Interior Locations	Total
	Percent		
Distributors	84.0	16.0	100
Meat Processors	98.7	1.3	100
HRI Purveyors	70.8	29.2	100
Supermarkets and Discount Chains	90.1	9.9	100
Hotels and Commercial Restaurants	56.2	43.8	100
Average	90.6	9.4	100

Source: 1994 survey data.

Table 25. Percentage of U.S.-Imported Red Meat and Poultry Products Received Directly from Port of Entry Versus Mexican Interior Locations, by Meat Firms in Selected Cities, Mexico, 1994

City	Location of Shipments		
	Direct from Port of Entry	From Mexican Interior Locations	Total
	Percent		
Monterrey	99.9	0.1	100
Mexico City	95.4	4.6	100
Guadalajara	49.3	50.7	100
Cancun	40.4	59.6	100
Acapulco-Puerto Vallarta-Mazatlan	4.0	96.0	100
Average	90.6	9.4	100

Source: 1994 survey data.

Table 26. Percentage of U.S.-Imported Red Meat and Poultry Products Received Directly from Port of Entry, by Kind of Meat and by Interior Destinations, Mexico, 1994

	Interior Destinations					
Kind of Meat	**Monterrey**	**Mexico City**	**Guadalajara**	**Cancun**	**Acapulco-Puerto Vallarta-Mazatlan**	**Average**
	Percent					
Red Meat:						
Beef & Veal	99.9	92.8	11.4	33.6	15.2	88.2
Pork	99.9	94.8	22.0	72.8	0.8	84.9
Lamb & Sheepmeat	99.9	99.3	23.4	63.3	23.1	90.5
Processed Meats	98.8	99.8	NR	64.0	NR	88.8
Variety Meat	99.9	88.7	43.7	3.3	NR	85.6
Poultry Meat:						
Chicken	99.7	99.7	98.8	97.1	NR	99.6
Turkey	100.0	97.2	97.8	67.9	NR	97.0
Other[1]	100.0	98.9	3.9	51.2	14.7	92.2
Average	99.9	95.4	49.3	40.4	4.0	90.4

NR - None reported.
[1]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Mexican Distribution Channels

Analyses of distribution channels provide useful information about the importance of supply centers, logistics of the distribution process, geographic location of demand centers, and importance of various types of firms in the marketing and distribution process. Data-base information about Mexican marketing channels is useful for analyzing the impact of future structural and logistical distribution processes as Mexican markets adjust to a changing economic environment.

In this section, the initial destination of U.S. red meat and poultry products exported to Mexico is analyzed from 1994 data obtained from Mexican firms in the seven cities surveyed, in addition to survey data obtained from border transfer agents in Texas, Arizona, and California. These data were also used for estimating the initial Mexican geographic destinations for U.S. red meat and poultry products exported to Mexico by U.S. customs districts. Additionally, the section presents an analysis of the geographic sales areas and market outlets by Mexican firms, representing intrafirm and interfirm transactions, for U.S.-imported meat from the seven-city survey data.

Initial Destination of U.S. Red Meat and Poultry Exported to Mexico, 1994

Table 27 shows the initial distribution of total U.S.-exported red meat and poultry products from U.S. customs districts to various cities and areas within Mexico for 1994. Total annual exports, by U.S. customs districts, represent U.S. exports to Mexico as reported by FAS, USDA, for 1994.

Volume of red meat and poultry products processed for overland export to Mexico, by U.S. customs districts, other things being equal, is primarily dependent upon the distance from the port of exit to the location of the Mexican importing center. Other considerations include the quality of the highway system between the port of exit and the physical location of the importing firm's facilities.

The Laredo Customs District processed almost 70 percent of the U.S. red meat and poultry products exported to Mexico in 1994 (table 27). "Processed" in this context refers to handling documentation requirements, inspections, and fees necessary for export. Laredo has a locational advantage for overland shipments to Monterrey and Mexico City, which are serviced by a network of major highways. More than 80 percent of the exports from the Laredo Customs District were destined for Monterrey and Mexico City in 1994. Other important Mexican market areas for meat shipments processed by the Laredo Customs District were the Northern Border Area and Guadalajara. The Northern Border Area contains numerous maquiladora operations and commercial firms that process imported meats for further sale and distribution in Mexico.

Other customs districts servicing overland shipments to Mexico, in order of volume processed, were San Diego, where much of the warehousing and documentation processing is performed at the border-crossing point of Otay Mesa, followed by Nogales and El Paso (table 27). U.S. red meat and poultry products processed by the San Diego Customs District were initially destined almost entirely for the Northern Border Area for further processing and reshipment throughout Baja California North and Baja California South. U.S. meat exports from El Paso were also initially destined predominantly for the Northern Border Area with additional exports to Mexico City, Guadalajara, and Monterrey. Meat exports from Nogales were destined primarily for the Mexican consumption centers along the lower Gulf of California in Sinaloa and in Hermosillo. U.S. meat exports to Mexico from Miami were routed through Puerto Morelos and then to the Cancun area or were shipped directly to the Mexican consumption centers along the Gulf of Mexico.

Although precise Mexican city or area shipment destinations are indicated in tables 28 through 35 (e.g., to Monterrey), the data represent initial distribution to firms in the area of that location. Additionally, precise volume shipments from, for example, Laredo to Monterrey in table 28, represent the cumulative "best estimates" from respondent firms in Monterrey, which imported U.S. red meat and poultry products during 1994.

Beef and Veal

The predominant ports of exit for beef and veal exported to Mexico were those in the Laredo Customs District, followed by El Paso and San Diego (table 28). The major markets for beef and veal exported from the Laredo Customs District were Monterrey and Mexico City. El Paso Customs District exports were destined mostly for the nearby Northern Border Area and to Mexico City. Ciudad Obregon-Los Mochis-Culiacan area firms were the primary recipients of the beef and veal exported from the Nogales Customs District, with smaller volumes destined for the Northern Border Area and Guadalajara. San Diego Customs District exports, again, were destined predominantly for the Northern Border Area.

Pork

Table 29 shows that the Laredo Customs District handled about 70 percent of the U.S. pork exported to Mexico during 1994. Almost all of the remaining 30 percent was divided relatively evenly among the export facilities in the El Paso,

Table 27. Initial Destination of U.S. Red Meat and Poultry Products Exported to Mexico, Through U.S. Customs Districts, 1994

Initial Destination	U.S. Customs Districts						
	Laredo	El Paso	Nogales	San Diego	Miami	Other[1]	Total
	Metric Tons						
Monterrey	153,229.0	1,444.6					154,673.6
Mexico City	112,019.2	6,911.1				31.6	118,961.9
Guadalajara	11,238.0	6,620.4	1,159.9			3.3	19,021.6
Cancun	712.8				987.6	1.0	1,701.4
Acapulco-Puerto Vallarta-Mazatlan	252.3						252.3
Northern Border Area	39,211.7	34,855.9	937.9	63,549.7			138,555.2
Hermosillo			6,034.2				6,034.2
Ciudad Obregon-Los Mochis-Culiacan			14,520.0	1,003.1			15,523.1
Other[2]				2,014.2	1,278.4	125.1	3,417.7
Total	316,663.0	49,832.0	22,652.0	66,567.0	2,266.0	161.0	458,141.0

[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Table 28. Initial Destination of U.S. Beef and Veal Exported to Mexico, Through U.S. Customs Districts, 1994

Initial Destination	U.S. Customs Districts						
	Laredo	El Paso	Nogales	San Diego	Miami	Other[1]	Total
	Metric Tons						
Monterrey	31,055.1	619.8					31,674.9
Mexico City	13,519.4	3,513.5				18.2	17,051.1
Guadalajara	158.3	263.2	558.1			3.3	982.9
Cancun	237.8				490.4		728.2
Acapulco-Puerto Vallarta-Mazatlan	182.0						182.0
Northern Border Area	1,004.4	9,107.5	586.0	7,731.7			18,429.6
Hermosillo							0
Ciudad Obregon-Los Mochis-Culiacan			2,343.9	147.1			2,491.0
Other[2]				294.2	496.6	10.5	801.3
Total	46,157.0	13,504.0	3,488.0	8,173.0	987.0	32.0	72,341.0

[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Table 29. Initial Destination of U.S. Pork Exported to Mexico, Through U.S. Customs Districts, 1994

Initial Destination	U.S. Customs Districts						
	Laredo	El Paso	Nogales	San Diego	Miami	Other[1]	Total
	Metric Tons						
Monterrey	20,370.9	171.9					20,542.8
Mexico City	10,968.3	632.3					11,600.6
Guadalajara	147.7	657.9	601.8				1,407.4
Cancun	126.3				155.7		282.0
Acapulco-Puerto Vallarta-Mazatlan	40.3						40.3
Northern Border Area	3,397.5	3,595.9		6,266.0			13,259.4
Hermosillo			429.9				429.9
Ciudad Obregon-Los Mochis-Culiacan			3,062.3				3,062.3
Other[2]					15.3		15.3
Total	35,051.0	5,058.0	4,094.0	6,266.0	171.0	NR	50,640.0

NR-None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

San Diego, and Nogales Customs Districts. Monterrey, the Northern Border Area, and Mexico City were the major recipients of the U.S. pork exports in 1994 (table 29). Other Mexican markets receiving substantial volumes were Ciudad Obregon-Los Mochis-Culiacan areas and Guadalajara.

Export patterns from individual customs districts were generally similar for pork and beef with a few exceptions. Exports of pork from the Laredo Customs District were destined primarily for Monterrey and Mexico City area firms, with the remainder going mostly to the nearby Northern Border Area. Pork exports from both the El Paso and San Diego Customs Districts were distributed mostly to Northern Border Area firms; however, Guadalajara and Mexico City were also important outlets for El Paso. Cities along the Gulf of California in Sinaloa were major markets for pork exported from Nogales.

Lamb and Sheepmeat

Lamb and sheepmeat accounted for less than 1 percent of the U.S. red meat and poultry exported to Mexico during 1994. Ports of exit in the Laredo Customs District handled more than 80 percent of the lamb and sheepmeat exported to Mexico (table 30). Principal Mexican destinations for these U.S. exports were Monterrey, Mexico City, and the Northern Border Area.

Table 30. Initial Destination of U.S. Lamb and Sheepmeat Exported to Mexico, Through U.S. Customs Districts, 1994

	U.S. Customs Districts						
Initial Destination	**Laredo**	**El Paso**	**Nogales**	**San Diego**	**Miami**	**Other[1]**	**Total**
	Metric Tons						
Monterrey	860.2						860.2
Mexico City	663.0						663.0
Guadalajara	12.8	30.9					43.7
Cancun	12.9						12.9
Acapulco-Puerto Vallarta-Mazatlan	3.2						3.2
Northern Border Area	11.9	22.1		261.0			295.0
Hermosillo							0
Ciudad Obregon-Los Mochis-Culiacan			4.0				4.0
Total	1,564.0	53.0	4.0	261.0	NR	NR	1,882.0

NR - None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
Source: FAS, USDA.

Sausage and Bologna

Table 31 shows that ports of exit in the Laredo Customs District handled the majority of the sausage and bologna (processed meats) exported to Mexico during 1994, but substantial volumes were also exported from San Diego and Nogales. Although Mexico City and the Northern Border Area were the principal recipients of U.S. sausage and bologna exports, firms in Monterrey, Hermosillo, and in the Ciudad Obregon-Los Mochis-Culiacan area also competed strongly for U.S. sausage and bologna exports.

Variety Meats

Variety meats, which generally consist of lower value products compared to muscle meats and boneless poultry products, are in demand in Mexico as evidenced by the large volume of variety meats exported to Mexico during 1994 (table 32). The Laredo Customs District processed three-fourths of the variety meats exported to Mexico in 1994, while most of the remainder moved through the El Paso and San Diego export facilities. Variety meats, an important source of lower cost animal protein in Mexico, in addition to being sold directly for consumer preparation, are also used as ingredients in domestically manufactured specialty products as evidenced by the large volume of variety meats exported to meat processors in Monterrey, the Northern Border Area, and Mexico City (table 32). These areas are also important locations for sausage and manufacturing firms in Mexico. Other important outlets for variety meats were Guadalajara, the Ciudad Obregon-Los Mochis-Culiacan area, and Hermosillo.

Table 31. Initial Destination of U.S. Sausage and Bologna Exported to Mexico, Through U.S. Customs Districts, 1994

	U.S. Customs Districts						
Initial Destination	**Laredo**	**El Paso**	**Nogales**	**San Diego**	**Miami**	**Other[1]**	**Total**
	Metric Tons						
Monterrey	2,166.6	46.0					2,207.6
Mexico City	6,226.0	10.1					6,236.1
Guadalajara	20.3						20.3
Cancun	141.4				1.0		142.4
Acapulco-Puerto Vallarta-Mazatlan							NR
Northern Border Area	1,373.7	192.9	239.1	3,379.0			5,184.7
Hermosillo			1,313.5				1,313.5
Ciudad Obregon-Los Mochis-Culiacan			1,195.4				1,195.4
Total	9,923.0	249.0	2,748.0	3,379.0	1.0	NR	16,300.0

NR - None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
Source: FAS, USDA.

Table 32. Initial Destination of U.S. Variety Meats Exported to Mexico, Through U.S. Customs Districts, 1994

Initial Destination	U.S. Customs Districts						
	Laredo	El Paso	Nogales	San Diego	Miami	Other[1]	Total
	Metric Tons						
Monterrey	61,055.4	248.0					61,303.4
Mexico City	25,574.6	1,254.9				13.4	26,842.9
Guadalajara	4,036.1	5,274.3					9,310.4
Cancun	69.6				51.3		120.9
Acapulco-Puerto Vallarta-Mazatlan	26.4						26.4
Northern Border Area	14,889.9	8,162.8		12,360.9			35,413.6
Hermosillo			2,416.1				2,416.1
Ciudad Obregon-Los Mochis-Culiacan			4,447.9	140.8			4,588.7
Other[2]				294.3	142.7	114.6	551.6
Total	105,652.0	14,940.0	6,864.0	12,796.0	194.0	128.0	140,574.0

[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Chicken

Although the Laredo Customs District was the major exporter of chicken to Mexico in 1994, the combined volumes of the Laredo and San Diego Customs Districts represented more than 84 percent of the U.S. chicken meat exported to Mexico during 1994 (table 33). The El Paso Customs District processed most of the remaining chicken for export to Mexico.

Major markets for U.S. chicken were the Northern Border Area, which received almost one-half of the total Mexican exports, Mexico City, and Monterrey (table 33). Other important outlets were Guadalajara, the Ciudad Obregon-Los Mochis-Culiacan corridor, and "other," which represented shipments from San Diego to southern Baja California and from Miami to Mexican cities along the Gulf of Mexico.

Major markets for shipments from the Laredo Customs District were Mexico City and Monterrey, with the Northern Border Area a distant third. El Paso Customs District shipments were destined primarily for the Northern Border Area as were shipments from San Diego. Exports of chicken from Nogales were destined for the Ciudad Obregon-Los Mochis-Culiacan area and Hermosillo.

Table 33. Initial Destination of U.S. Chicken Meat Exported to Mexico, Through U.S. Customs Districts, 1994

	U.S. Customs Districts						
Initial Destination	**Laredo**	**El Paso**	**Nogales**	**San Diego**	**Miami**	**Other[1]**	**Total**
				Metric Tons			
Monterrey	20,787.3	240.1					21,027.4
Mexico City	21,744.3	1,132.4					22,876.7
Guadalajara	2,610.6	266.1					2,876.7
Cancun	107.2				235.2		342.4
Acapulco-Puerto Vallarta-Mazatlan							NR
Northern Border Area	9,613.6	11,132.4	112.8	28,470.0			49,328.8
Hermosillo			742.3				742.3
Ciudad Obregon-Los Mochis-Culiacan			1,767.9	703.3			2,471.2
Other[2]				1,406.7	623.8		2,030.5
Total	54,863.0	12,771.0	2,623.0	30,580.0	859.0	NR	101,696.0

NR-None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New Year, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Turkey

The Laredo Customs District accounted for 85 percent of the turkey exports to Mexico in 1994, with the remaining exports being shipped primarily through the San Diego, El Paso, and Nogales export facilities (table 34). Major markets for U.S. turkey were Mexico City, which received almost one-half of the total exported, Monterrey, and the Northern Border Area. Guadalajara also received substantial volumes of U.S. turkey.

The pattern of major Mexican markets serviced by U.S. customs districts for turkey products was similar to that for chicken exports. The principal exception was that Mexico City received a substantially higher proportion of U.S. turkey exports than U.S. chicken exports.

Other Poultry

Table 35 shows that other poultry product exports, including ducks, geese, and fowl, were shipped primarily through the Laredo Customs District, with about two-thirds of the total exports destined for Mexico City. The Northern Border Area received almost all of the remaining other poultry exports in 1994.

Table 34. Initial Destination of U.S. Turkey Meat Exported to Mexico, Through U.S. Customs Districts, 1994

	U.S. Customs Districts						
Initial Destination	**Laredo**	**El Paso**	**Nogales**	**San Diego**	**Miami**	**Other[1]**	**Total**
	Metric Tons						
Monterrey	16,935.2	118.0					17,053.2
Mexico City	33,012.7	363.9					33,376.6
Guadalajara	4,251.4	128.0					4,379.4
Cancun	12.4				54.0		66.4
Acapulco-Puerto Vallarta-Mazatlan							NR
Northern Border Area	8,848.3	2,631.1		5,002.9			16,482.3
Hermosillo			1,132.4				1,132.4
Ciudad Obregon-Los Mochis-Culiacan			1,698.6	10.0			1,708.6
Other[2]				15.1			15.1
Total	63,060.0	3,241.0	2,831.0	5,028.0	54.0	NR	74,214.0

NR - None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New York, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Table 35. Initial Destination of U.S. Other Poultry Meat Exported to Mexico, Through U.S. Customs Districts, 1994

Initial Destination	U.S. Customs Districts						
	Laredo	El Paso	Nogales	San Diego	Miami	Other[1]	Total
	Metric Tons						
Monterrey	3.3	0.8					4.1
Mexico City	310.9	4.0					314.9
Guadalajara	0.8						0.8
Cancun	5.2					1.0	6.2
Acapulco-Puerto Vallarta-Mazatlan	0.4						0.4
Northern Border Area	72.4	11.2		78.2			161.8
Hermosillo							NR
Ciudad Obregon-Los Mochis-Culiacan				1.9			1.9
Other[2]				3.9			3.9
Total	393.0	16.0	NR	84.0	NR	1.0	494.0

NR - None reported.
[1]Includes Chicago, Dallas-Fort Worth, Houston-Galveston, New Orleans, New Year, San Francisco, and Tampa.
[2]Includes other cities in Mexico.
Source: FAS, USDA.

Geographic Area of Sales

Paramount to an understanding of the distribution process within Mexico for U.S. red meat and poultry products is a thorough knowledge of the merchandising practices of Mexican meat firms that handle U.S. meat products. The previous section presented detailed data about the distribution or marketing channels for U.S. meat products from various ports of exit via customs districts to initial distribution points as defined by the central location of the firms interviewed in Mexico. This section presents detailed data about the purchasing and selling activities of Mexican firms to analyze the distribution of U.S. red meat and poultry products between various selected cities in Mexico.

Mexican Cities

When the selling activities of the various firms merchandising U.S. red meat and poultry products were combined by city with respect to geographic distribution of sales, the data revealed the distribution of U.S. red meat and poultry products among the seven cities included in this study.

Monterrey. Table 36 shows the geographic area of sales for U.S. red meat and poultry products by meat firms in Monterrey. Monterrey firms received almost 34 percent of the U.S. meat exported to Mexico in 1994 (table 27).

Monterrey is rapidly becoming a redistribution hub in northern Mexico for U.S. meat products exported to Mexico. Meat firms in Monterrey sold more than 48 percent of their U.S. meat products to various market outlets within Monterrey (table 36). The remaining U.S. meats were sold primarily to outlets in "other," which included buyers in locations other than those in the seven cities studied, and to firms in Mexico City and Guadalajara. The resort areas of Cancun and Acapulco, Puerto Vallarta, and Mazatlan, located substantial distances from Monterrey, received smaller proportions of the U.S. meats sold by firms in Monterrey than the larger and more nearby cities of Mexico City and Guadalajara.

Monterrey firms sold higher proportions of U.S. pork and other poultry to firms outside the Monterrey area than other kinds of U.S.-imported meats (table 36). Relatively high proportions of U.S. turkey and chicken remained in Monterrey to service the local sausage and processing firms.

Mexico City. Almost two-thirds of the U.S. red meat and poultry products received by firms in Mexico City were redistributed and marketed to other firms and consumers in Mexico City during 1994 (table 37). The next highest outlet for U.S. meat products, on a geographic basis, were firms located in cities outside the seven-city area. Firms in Monterrey and Guadalajara purchased almost equal proportions of the total U.S. meat products available from firms in Mexico City. According to respondents interviewed, reshipment of imported U.S. meat products from Mexico City to Monterrey was due to the location of corporate processing-packaging centers in Mexico City where products were received for further processing before distribution throughout Mexico. Higher proportions of U.S.-imported chicken, turkey, and processed meat were redistributed from Mexico City to Monterrey than other kinds of U.S.-imported meat products.

Guadalajara. Table 38 shows that firms in Guadalajara, similar to those in Mexico City, marketed about two-thirds of their U.S. meat products to other firms or consumers in Guadalajara. Almost all of the remaining U.S. total meat products received by Guadalajara meat firms were divided among firms in "other" areas outside the seven-city area and in the West Coast resort areas of Acapulco, Puerto Vallarta, and Mazatlan. The West Coast resort areas were major recipients of U.S. chicken and turkey from Guadalajara, compared to shipments of beef and veal, lamb and sheepmeat, pork, and variety meats to firms outside the seven-city areas.

Cancun. Cancun, a large resort area with numerous hotel and commercial restaurants and far removed from U.S. ports of exit, imported U.S. red meat and poultry products for consumption within the Cancun area. According to respondents interviewed, all of the U.S. meat products received by firms in Cancun were sold within the Cancun area (table 39).

Acapulco, Puerto Vallarta, and Mazatlan. Firms in the West Coast resort areas of Acapulco, Puerto Vallarta, and Mazatlan purchased U.S. meat products predominantly for resale to other firms, merchants, and consumer outlets in the immediate Acapulco, Puerto Vallarta, and Mazatlan area (table 40). Most of the U.S. meat items not sold within the Acapulco, Puerto Vallarta, and Mazatlan area were destined for firms within a 2- to 3-hour delivery time from these West Coast resort areas.

Table 36. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Monterrey Firms, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	45.2	11.7	11.3	5.1	3.5	23.1	100
Pork	40.7	28.8	20.1	1.1	1.3	8.0	100
Lamb & Sheepmeat	51.5	11.7	12.1	2.1	3.7	18.9	100
Processed Meats	57.6	9.8	7.3	4.0	NR	21.4	100
Variety Meats	45.2	14.4	15.1	2.4	3.9	18.9	100
Poultry Meat:							
Chicken	54.5	12.6	6.3	9.1	6.1	11.4	100
Turkey	66.9	8.7	4.4	6.6	4.4	8.9	100
Other[2]	35.0	NR	5.0	NR	NR	60.0	100
Average	48.4	15.0	12.3	4.3	3.7	16.2	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 37. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Mexico City Firms, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	3.5	79.9	2.9	1.1	0.9	11.7	100
Pork	1.5	78.1	2.2	0.1	0.3	17.7	100
Lamb & Sheepmeat	NR	80.6	NR	NR	0.2	19.2	100
Processed Meats	7.8	68.8	7.4	0.5	0.7	14.8	100
Variety Meats	5.0	63.6	4.8	8.7	0.3	17.6	100
Poultry Meat:							
Chicken	9.9	50.6	9.9	NR	NR	29.7	100
Turkey	8.6	53.4	8.6	1.8	0.2	27.4	100
Other[2]	0.6	86.7	0.2	NR	6.9	5.5	100
Average	6.3	63.4	6.2	2.3	0.4	21.4	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 38. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Guadalajara Firms, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	NR	2.4	70.9	0.7	3.8	22.2	100
Pork	NR	2.8	64.8	NR	6.0	26.4	
Lamb & Sheepmeat	NR	2.9	61.6	0.3	5.7	29.4	100
Processed Meats	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	1.8	67.5	NR	12.4	18.3	100
Poultry Meat:							
Chicken	NR	NR	61.4	NR	38.6	NR	100
Turkey	NR	0.1	63.8	0.1	35.6	0.5	100
Other[2]	NR	1.7	75.9	NR	5.4	17.0	100
Average	NR	1.6	66.6	0.1	15.6	16.0	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 39. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Cancun Firms, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	NR	NR	NR	100	NR	NR	100
Pork	NR	NR	NR	100	NR	NR	100
Lamb & Sheepmeat	NR	NR	NR	100	NR	NR	100
Processed Meats	NR	NR	NR	100	NR	NR	100
Variety Meats	NR	NR	NR	100	NR	NR	100
Poultry Meat:							
Chicken	NR	NR	NR	100	NR	NR	100
Turkey	NR	NR	NR	100	NR	NR	100
Other[2]	NR	NR	NR	100	NR	NR	100
Average	NR	NR	NR	100	NR	NR	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 40. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Acapulco-Puerto Vallarta-Mazatlan Firms, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	NR	NR	8.8	NR	83.0	8.2	100
Pork	NR	NR	NR	NR	98.7	1.3	NR
Lamb & Sheepmeat	NR	NR	41.7	NR	58.3	NR	100
Processed Meats	NR	NR	2.1	NR	92.1	5.8	100
Variety Meats	NR	NR	NR	NR	62.1	37.9	100
Poultry Meat:							
Chicken	NR	NR	NR	NR	NR	NR	NR
Turkey	NR	NR	NR	NR	98.6	1.4	100
Other[2]	NR	NR	NR	NR	100.0	NR	100
Average	NR	NR	2.2	NR	93.5	4.3	100

NR - None reported.
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Mexico Summary. Table 41 shows the geographic area of sales for the U.S. red meat and poultry products as reported by the firms in the seven-city areas. Mexico City was the largest final recipient of the U.S. red meat and poultry products sold within Mexico with almost one-third of the total U.S. meat items handled by firms during 1994. Monterrey was the second largest final recipient of U.S. meat products as represented by the proportion of U.S. red meat and poultry products destined for Monterrey by firms in the seven-city areas with 25 percent of the total. Firms in cities outside the seven-city areas received almost 18 percent of the total merchandise in Mexico. Guadalajara was fourth with 15 percent of the total, followed by Acapulco, Puerto Vallarta, and Mazatlan and Cancun.

The distribution of U.S. meat items, by kind of meat, was relatively stable among the metropolitan areas surveyed (table 41). Other poultry in Mexico City and beef and veal in Cancun were exceptions. Mexico City markets received more than three-fourths of the U.S. exotic poultry, such as duck, geese, and fowl, sold within Mexico, representing a substantially higher proportion of the total marketing of other imported American meat products. Similarly, U.S. beef and veal marketings in Cancun represented a substantially higher proportion of the total U.S. meat sold within the Cancun area.

Table 41. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, for Firms in Metropolitan Areas, Mexico, 1994

	Geographic Sales Areas						
Kind of Meat	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	26.3	32.3	12.3	7.0	3.7	18.3	100
Pork	21.9	40.0	17.3	1.6	6.9	12.3	100
Lamb & Sheepmeat	25.4	36.9	12.9	2.2	2.8	19.8	100
Processed Meats	18.3	46.6	7.0	3.5	9.5	15.1	100
Variety Meats	25.7	25.0	22.0	4.4	4.6	18.3	100
Poultry Meat:							
Chicken	29.1	30.1	11.4	4.9	5.1	19.4	100
Turkey	24.5	36.1	11.5	3.1	5.0	19.8	100
Other[2]	0.9	78.4	4.0	3.4	6.7	6.5	100
Average	25.3	32.4	15.1	4.4	5.0	17.8	100

[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Mexican Firms

Analysis of the geographic area of sales for U.S. red meat and poultry products by five types of Mexican meat firms shows the accumulated market shares by type of firm and kind of meat among the seven-city metropolitan areas surveyed.

Distributors. Appendix table 13 reveals the geographic area of distribution by Mexican distributors selling U.S. meat items in Mexico. Primary markets for Mexican distributors were Monterrey, followed by Guadalajara and Mexico City. Distributors were generally more prominent in Monterrey, compared to other metropolitan areas, since Monterrey is often regarded as a distribution hub for U.S. meat products. Distributors are generally larger in size and often distribute products over a wider geographic area than do other wholesalers such as HRI purveyors.

Other important outlets for distributors were markets outside the seven-city areas for all types of U.S. meat products (appendix table 13). Also, distributors were generally more prevalent in Acapulco, Puerto Vallarta, and Mazatlan than in Cancun.

HRI Purveyors. HRI purveyors, who sell meat products predominantly to hotels, restaurants, and institutions, were most prominent in the Mexico City metroplex (appendix table 14). Mexico City, with its numerous upscale hotels and restaurants, was also often the headquarters location as well as supply center for hotel and restaurant chains. They also sold a substantial proportion of their U.S. red meat and poultry products in the resort areas of Cancun (27 percent) and Acapulco, Puerto Vallarta, and Mazatlan (13 percent), which have a reputation for upscale hotels and restaurants. HRI purveyors, whose sales efforts are generally more localized than those of distributors, sold a small proportion (2 percent) of their U.S. red meat and poultry products outside the seven-city areas.

Meat Processors. Major markets for meat processors merchandising or using U.S. red meat and poultry products in their manufacturing operations, were Mexico City, Monterrey, and markets outside the seven-city areas (appendix table 15). Other important markets for meat processors were Guadalajara and, to a lesser extent, Acapulco, Puerto Vallarta, and Mazatlan and Cancun.

Supermarket and Discount Chains. Appendix table 16 shows that supermarket and discount chains sold U.S. red meat and poultry products primarily through their stores in Mexico City, Monterrey, and market areas outside the seven-city areas. Supermarket and discount chains sold almost all of their remaining U.S. meat products through stores in the Guadalajara and Cancun areas.

Hotels and Commercial Restaurants. The geographic area of sales for U.S. meat products by hotels and commercial restaurants (appendix table 17) was generally similar to that of HRI purveyors (appendix table 14). Sales of U.S. meat products by hotel and commercial restaurants were concentrated in the Mexico City area, followed by Cancun and Acapulco, Puerto Vallarta, and Mazatlan. Restaurants in the metropolitan areas outside the seven-city areas accounted for a slightly larger proportion of the U.S. meat product sales by restaurants (11 percent) than did those in Acapulco, Puerto Vallarta, and Mazatlan (10 percent).

Kinds of meat prepared and sold by restaurants in the seven-city areas varied substantially (appendix table 17). For example, Monterrey restaurants accounted for more than 70 percent of the U.S. chicken sold by restaurants within the seven cities. Further, Mexico City restaurants sold the majority of the U.S. variety meats and turkey by restaurants in the study area, as did Cancun restaurants, with regard to lamb, sheepmeat, and other poultry sales.

Market Outlets

Market outlets for U.S. meat products varied by type and location of Mexican firms selling U.S. meat items during 1994. All respondents in the study handled both domestic and U.S. meat products simultaneously. Similarly, most wholesale distributors, HRI purveyors, and supermarket firms—especially restaurant chains—received the majority of their U.S. red meat and poultry products directly from ports of exit. Given the tiered meat marketing system in Mexico, especially at the wholesale level, a substantial amount of trading often occurs among firms at the wholesale level before the meat products reach their final destination for consumption at the retail and restaurant sectors or through direct sales to consumers by the wholesale firms.

Mexican Firms

Distributors. Table 42 shows that the major market for U.S. red meat and poultry products for distributors was other distributors. Sales to other distributors included sales within the immediate market area as well as sales to other market areas within Mexico. Further, sales to other distributors likely included sales to HRI purveyors, as Mexican firms generally perceived all wholesalers to be distributors. The second most important market outlet was retailers followed by "other," which represented sales primarily to government agencies and direct sales to consumers.

Chain stores and other retailers were the most important market for distributors' sales of U.S. processed meat, chicken, and other poultry (table 42). Although not shown as a separate statistic in "other," government agencies were the primary market for distributor sales of turkey. The largest proportion of the remaining U.S. meats was marketed to other distributors for redistribution within Mexico.

HRI Purveyors. HRI purveyors, by definition, are wholesale firms which market fresh and cured meat products primarily to hotel and commercial restaurants and government institutions. Hotel and commercial restaurants purchased more than three-fourths of the U.S. red meat and poultry products marketed by HRI purveyors (table 43). The second most important outlet for HRI purveyors was distributors.

HRI purveyors, which generally order meat products to fit the specifications of their restaurant clients, often do not cater to the retail sector. Table 43 shows that HRI purveyors sold minimal amounts of their U.S. meat products to the Mexican retail sector.

Table 42. Market Outlets for Distributors of U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico, 1994

	Kind of Buyer						
Kind of Meat	Distributors	Processors & HRI Purveyors	Supermarkets & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	51.3	4.9	17.2	12.1	5.3	9.3	100
Pork	39.8	20.7	15.1	14.6	6.7	3.0	100
Lamb & Sheepmeat	47.2	NR	20.3	12.1	5.1	15.3	100
Processed Meats	1.2	NR	60.0	27.6	11.1	0.1	100
Variety Meats	56.1	4.2	13.8	13.6	3.0	9.4	100
Poultry Meat:							
Chicken	15.9	NR	58.8	2.2	18.5	4.6	100
Turkey	20.1	NR	8.6	7.9	2.3	61.1	100
Other[2]	43.0	4.2	NR	50.6	0.6	5.7	100
Average	48.4	7.7	16.0	13.3	4.7	9.9	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 43. Market Outlets for HRI Purveyors of U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico, 1994

	Kind of Buyer						
Kind of Meat	Distributors	Processors & HRI Purveyors	Supermarkets & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	11.4	NR	0.5	0.4	85.5	2.1	100
Pork	0.4	NR	2.6	NR	95.2	1.8	100
Lamb & Sheepmeat	2.3	NR	0.5	NR	94.6	2.6	100
Processed Meats	0.5	NR	3.2	NR	96.3	NR	100
Variety Meats	67.7	NR	0.5	0.5	30.2	1.2	100
Poultry Meat:							
Chicken	NR	NR	NR	NR	100.0	NR	100
Turkey	30.7	NR	NR	0.6	66.5	2.2	100
Other[2]	9.7	NR	NR	NR	90.2	0.1	100
Average	21.0	NR	0.6	0.4	76.2	1.8	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Meat Processors. Table 44 shows that meat processors sold slightly more than 95 percent of their U.S. meat products, either as processed products or in the form purchased, to the retail sector (U.S. meat items sold by processors are shown in the form purchased and not as further processed products). Data were not available about the proportion of U.S. meat items sold as fresh meat or as further processed products by meat processors.

Supermarket and Discount Chains. Supermarket and discount chains sold more than 90 percent of their U.S. meat products through their own stores (table 45). The remaining U.S. meat products handled by supermarket and discount chains were sold to other retailers, such as regional chains, and restaurants.

Hotels and Commercial Restaurants. Table 46 shows that hotel and commercial restaurants sold all of their U.S. red meat and poultry products to patrons at their restaurants.

Table 44. Market Outlets for Processors of U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico, 1994

	Kind of Buyer						
Kind of Meat	Distributors	Processors & HRI Purveyors	Supermarkets & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	6.6	NR	59.6	26.6	7.2	NR	100
Pork	19.9	NR	35.3	39.3	5.5	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR
Processed Meats	1.5	NR	38.5	53.0	7.0	NR	100
Variety Meats	2.5	NR	48.3	48.3	0.9	NR	100
Poultry Meat:							
Chicken	3.9	NR	54.5	40.2	1.4	NR	100
Turkey	2.9	NR	51.6	44.8	0.7	NR	100
Other[2]	NR	NR	NR	NR	NR	NR	NR
Average	3.6	NR	52.1	43.0	1.3	NR	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 45. Market Outlets for Supermarkets and Discount Chains of U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico, 1994

Kind of Meat	Kind of Buyer						
	Distributors	Processors & HRI Purveyors	Supermarkets & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	NR	NR	90.4	4.9	4.7	NR	100
Pork	NR	NR	96.4	2.5	1.1	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR
Processed Meats	NR	NR	96.4	2.5	1.1	NR	100
Variety Meats	NR	NR	94.3	5.7	NR	NR	100
Poultry Meat:							
Chicken	NR	NR	58.1	37.1	4.8	NR	100
Turkey	NR	NR	98.1	1.6	0.2	NR	100
Other[2]	NR	NR	100.0	NR	NR	NR	100
Average	NR	NR	91.5	5.1	3.0	NR	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Table 46. Market Outlets for Hotel and Commercial Restaurants of U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico, 1994

Kind of Meat	Kind of Buyer						
	Distributors	Processors & HRI Purveyors	Supermarkets & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat							
Beef & Veal	NR	NR	NR	NR	100	NR	100
Pork	NR	NR	NR	NR	100	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	100	NR	100
Processed Meats	NR	NR	NR	NR	NR	NR	NR
Variety Meats	NR	NR	NR	NR	100	NR	100
Poultry Meat:							
Chicken	NR	NR	NR	NR	100	NR	100
Turkey	NR	NR	NR	NR	100	NR	100
Other[2]	NR	NR	NR	NR	100	NR	100
Average	NR	NR	NR	NR	100	NR	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.
Source: 1994 survey data.

Mexican Cities

An analysis of the cumulative market outlets for all firms merchandising U.S. red meat and poultry products within major Mexican cities provides important information about the distribution process for U.S. meat items including the variation in the distribution process depending upon the type of clientele serviced.

Monterrey. Appendix table 18 shows the cumulative market outlets for all firms merchandising U.S. meat products and located within the Monterrey metropolitan area during 1994. The major market outlet for Monterrey firms handling U.S. red meat and poultry products was the retail sector, especially supermarket and discount chains (37 percent).

Given the proximity of Monterrey to U.S. ports of exit and the network of highways connecting Monterrey with major Mexican cities, Monterrey demonstrated its importance as a major distributor of U.S. meat products for both the retail and wholesale sectors. Sales to firms throughout Mexico represent actual sales as well as intrafirm transfers of U.S. meat products to affiliated firms within a corporation.

Mexico City. Major market outlets for firms in Mexico City, similar to those in Monterrey, were supermarket and discount chains (40 percent) and other retailers (27 percent) as shown in appendix table 19. The next largest market outlet for U.S. meat products was distributors (25 percent) who sold U.S. red meat and poultry products throughout central and southwest Mexico.

Mexico City, the largest population and consumption center in Mexico, is also a large tourist center for visitors within Mexico and especially from other countries. While many of these visitors enjoy traditional Mexican foods, others demand red meat and poultry products characteristic of U.S. exports to Mexico. The Mexico City metropolis contains numerous national and international corporations that import such U.S. products as meat and distribute these products to affiliated wholesale and retail outlets throughout Mexico.

Guadalajara. Guadalajara, the second largest city in Mexico and an important commercial, industrial, and agricultural complex in south-central Mexico, also services nearby resort areas along the Pacific Coast. Appendix table 20 shows that the market outlets for Guadalajara firms selling U.S. meats were divided almost equally (almost 46 percent) between distributors and the two retail sectors. Distributors in the Guadalajara area serviced the Guadalajara market, the markets in the nearby states, and especially the resort areas along the Pacific Coast. Buyers representing firms in the retail sector also obtained U.S. meat items for stores located in the Guadalajara area and surrounding states.

Cancun. The primary market for U.S. red meat and poultry products for firms located in Cancun, a major resort area, were hotel and commercial restaurants (63 percent) as shown in appendix table 21. Restaurants were the primary market for all U.S. meat products with the exception of variety meats, which were merchandised predominantly to distributors (91 percent) for resale within the Yucatan area. Firms in the Cancun area also marketed a substantial proportion of their U.S. beef and veal to distributors (29 percent) for further resale to other market outlets.

Acapulco, Puerto Vallarta, and Mazatlan. Restaurants were the single most important outlet for firms marketing U.S. red meat and poultry products in the resort areas of Acapulco, Puerto Vallarta, and Mazatlan (42 percent) as shown in appendix table 22. Almost all of the remaining U.S. meat products were purchased by supermarket and discount chains (30 percent) and other retailers (28 percent) for distribution through their retail outlets.

Restaurants received 95 percent or more of the U.S. beef and veal, lamb and sheepmeat, and other poultry marketed by firms in the Acapulco-Puerto Vallarta-Mazatlan corridor. Market outlets for such other U.S. meat items as pork, processed meat, and turkey were fairly evenly divided among restaurants, supermarket and discount chains, and other retailers.

Transportation Modes and Services

Modes of transportation for shipping U.S. red meat and poultry products to Mexico included overland shipments by tractor-trailers and trucks, maritime shipments by ocean containers, and air shipments by air cargo containers. Transportation modes for distributing U.S. meat products within the interior of Mexico included overland shipments by trucks and smaller vehicles and air shipments. Rail shipments of U.S. red meat and poultry products from ports of entry or within the interior of Mexico were not reported by any of the firms interviewed.

Overland Shipments

From Port of Entry

Almost 100 percent of the U.S. red meat and poultry products exported to Mexico during 1994 were transported over the road by tractor-trailers from Mexican ports of entry to various Mexican interior locations (table 47). Typical Mexican trucks used for transporting U.S. meat products from ports of entry to various Mexican destinations consisted of refrigerated tractor-trailers with a 20-metric-ton (MT) capacity.

Firms in all seven cities interviewed relied almost exclusively on tractor-trailers for transporting U.S. meat products from ports of entry to various firm locations in Mexico (tables 47 and 48). The only exceptions to this distribution pattern from ports of entry were some hotel and commercial restaurants and a few distributors and HRI purveyors, located primarily in Cancun, who air freighted some meat products into Cancun from Miami. Technically, Cancun becomes the port of entry for air shipments from Miami as does, for example, Puerto Morelos for ocean freight shipped into that port from non-Mexican origins.

Table 47. Mode of Transportation Used for Conveying U.S. Red Meat and Poultry Products from Port of Entry and Mexican Interior Locations to Selected Destinations, Mexico, 1994

Destination	Port of Entry			Mexican Interior Locations		
	Truck	Air Freight	Total	Truck	Air Freight	Total
	Percent					
Monterrey	100	NR	100	100	NR	100
Mexico City	100	NR	100	100	NR	100
Guadalajara	100	1<	100	100	1<	100
Cancun	86.7	13.3[1]	100	94.3	5.7	100
Acapulco-Puerto Vallarta-Mazatlan	100	NR	100	98.7	1.3	100
Average	99.9	0.1	100	99.3	0.7	100

NR - None reported
1< - Indicates less than .05 percent.
[1]Air shipments originated primarily from Miami, Florida, not port of entry.
Source: 1994 survey data.

Table 48. Mode of Transportation Used for Conveying U.S. Red Meat and Poultry Products from Port of Entry and Mexican Interior Locations, by Kind of Buyers, Mexico, 1994

Destination	Port of Entry			Mexican Interior Locations		
	Truck	Air Freight	Total	Truck	Air Freight	Total
	Percent					
Distributors	99.9	0.1	100.0	100.0	NR	100
HRI Purveyors	99.9	0.1	100.0	99.1	0.9	100
Meat Processors	100.0	NR	100.0	100.0	NR	100
Supermarkets and Discount Chains	100.0	NR	100.0	100.0	NR	100
Hotels and Commercial Restaurants	88.7	11.3[1]	100.0	84.5	15.5	100
Average	99.9	0.1	100.0	99.3	0.7	100

NR - None reported
[1]Air shipments originated primarily from Miaimi, FL, not port of entry.
Source: 1994 survey data.

Mexican firms were dependent predominantly on contract trucking firms to transport U.S. red meat products from ports of exit to their place of business during 1994 (table 49). Supermarket and discount chains, HRI purveyors, and meat processors used the services of contract truckers more frequently than did distributors.

From Interior Locations

Table 47 shows that more than 99 percent of the U.S. red meat and poultry products were shipped overland by motor freight from Mexican interior locations to clients throughout Mexico. The exceptions to this distribution pattern, again, were some hotel and commercial restaurants and some HRI purveyors in Cancun and Acapulco, Puerto Vallarta, and Mazatlan, who shipped some of their U.S. meat products from Mexican interior locations by air freight (tables 47 and 48).

Motor freight carriers used by Mexican firms for delivering U.S. red meat and poultry products to their clients generally ranged from tractor-trailers with a 20-MT capacity to 1/2-ton pickup trucks or vans.

Table 50 shows that Mexican meat wholesalers and processors used both refrigerated and nonrefrigerated trucks and vans to deliver U.S. meat products to clients during 1994. Nonrefrigerated, insulated trucks or vans were used primarily for local deliveries requiring 3 hours or less. Refrigerated motor carriers, although also used for local deliveries, were generally used for deliveries requiring 4 hours or more. Nonrefrigerated motor carriers, generally smaller than refrigerated carriers, often ranged in size from 1/2- to 2-ton capacity and were equipped with insulated interiors to accommodate short-distance meat deliveries. Refrigerated trucks used for delivering U.S. meat products within and between cities in the Mexican interior ranged in size from 2 to 20 MT, with 3 to 4 MT being the truck size most cited by meat wholesalers. Larger trucks were generally used for longer distance meat deliveries with multiple stops.

Meat distributors, HRI purveyors, and meat processors occasionally used contract truckers to deliver meat to out-of-town or more distant clients (table 51). The meat distributors' total volume delivered by contract truckers was less than 9 percent during 1994. Contract truckers accounted for about 2 percent of the total meat deliveries by HRI purveyors and less than 2 percent by meat processors.

Table 49. Percentage of Meat Firms Using Contract Truckers or Own Trucks to Convey U.S. Red Meat and Poultry Products from Port of Entry to their Establishment, by Kind of Buyers, Mexico, 1994

	Contract Truckers	Own Trucks	Total
		Percent	
Distributors	58.3	41.7	100
HRI Purveyors	88.2	11.8	100
Meat Processors	71.4	28.6	100
Supermarkets and Discount Chains	100.0	NR	100

Source: 1994 survey data.

Table 50. Percentage of Meat Firms Delivering U.S. Red Meat and Poultry Products to Clients in Refrigerated or Nonrefrigerated Trucks, by Kind of Supplier, Mexico, 1994

Kind of Suppliers	Refrigerated Trucks	Nonrefrigerated Trucks
	Percent	
Distributors	64.2	58.6
HRI Purveyors	66.7	72.7
Meat Processors	100.0	37.5

Source: 1994 survey data.

Table 51. Percentage of Meat Firms Using Contract Truckers to Deliver U.S. Red Meat and Poultry Products to Clients and Percent of Total Imported Meat Delivered by Contractors, by Kind of Supplier, Mexico, 1994

Kind of Suppliers	Contract Truckers	Percent Delivered by Contract Truckers
	Percent	
Distributors	35.7	8.9
HRI Purveyors	18.2	2.1
Meat Processors	28.6	1.4

Source: 1994 survey data.

Table 52 provides data on the proportion of meat wholesalers and meat processors who provided facilities for clients to pick up meat requirements and the percent of purchases picked up at the suppliers' facilities by clients. Distributors reported that almost one-third of their sales were picked up by clients, whereas HRI purveyors delivered more than 92 percent of their sales. Meat processors also delivered more than 80 percent of their sales in 1994.

Truck Rates

Truck rates for transporting red meat and poultry products varied by distance and area of Mexico (table 53). Truck rates ranged from 9.97 cents per MT mile for shipments from Nuevo Laredo to Monterrey (143 miles) to 4.55 cents per MT mile for shipments in excess of 1,400 miles. In general, truck rates were lower in eastern Mexico than western Mexico.

Transit Time Assessments

From Port of Entry. Time in transit for U.S. red meat and poultry products from ports of entry was generally dependent upon location of destination relative to ports of entry (table 54). U.S. meat shipments to Monterrey took about 1 day or less because of Monterrey's proximity to nearby ports of entry such as Nuevo Laredo, Reynosa, etc. Shipments to Mexico City from ports of entry, primarily Nuevo Laredo, normally required from 2 to 3 days. Shipments to Guadalajara from ports of entry, similar to Mexico City, generally required from 2 to 3 days, with about one-eighth of the shipments requiring 1 day or less and another one-eighth requiring more than 3 days.

Overland shipments to Cancun in this discussion do not include maritime shipments to the nearby port of entry, Puerto Morelos, which are then transported by truck to Cancun. Overland shipments to Cancun from ports of exit such as Nuevo Laredo, Reynosa, and Matamoros generally required more than 3 days (table 54).

Table 52. Percentage of Meat Firms Importing U.S. Red Meat and Poultry Products With Facilities for Clients to Pick Up Some or All Purchases, by Kind of Supplier, Mexico, 1994

Kind of Suppliers	Provided Facilities To Pick Up Meat	Percent of Purchases Picked Up	Percent of Purchases Delivered
		Percent	
Distributors	75.0	31.9	68.1
HRI Purveyors	79.2	7.3	92.7
Meat Processors	62.5	17.0	83.0

Source: 1994 survey data.

Table 53. Truck Rates Between Selected Mexican Origins and Destinations for U.S. Red Meat and Poultry Products, Mexico, 1994 (20-MT Basis)

Origin	Destination	Miles	Dollars/MT	Cents Per MT Mile
Nuevo Laredo	Monterrey	143	14.25	9.97
Nuevo Laredo	Mexico, D.F.	738	37.25	5.05
Nuevo Laredo	Guadalajara	626	36.00	5.75
Nuevo Laredo	Cancun	1,616	73.50	4.55
Monterrey	Mexico, D.F.	615	31.00	5.04
Monterrey	Guadalajara	483	27.75	5.75
Monterrey	Cancun	1,480	67.50	4.55
Ciudad Juarez	Mexico, D.F.	1,131	53.70	4.75
Ciudad Juarez	Guadalajara	964	46.75	4.85
Ciudad Juarez	Cancun	2,237	101.80	4.55
Mexico, D.F.	Cancun	1,103	52.70	4.78
Mexico, D.F.	Acapulco	255	23.40	9.18
Hermosillo	Mexico, D.F.	1,241	59.55	4.80
Mexicali	Mexico, D.F.	1,694	93.53	5.52
Gomez Palacio	Mazatlan	352	22.10	6.28
Gomez Palacio	Puerto Vallarta	634	44.17	6.96
Culiacan	Puerto Vallarta	466	29.95	6.43

Source: 1994 survey data.

Table 54. Normal Delivery Time for Overland Shipments of U.S. Red Meat and Poultry Products From Port of Entry to Selected Destinations, Mexico, 1994

Destination	Delivery Time			
	One Day or Less	Two Days	Three Days	More than Three Days
	Percent			
Monterrey	89.5	10.5	NR	NR
Mexico City	5.9	41.2	41.2	11.7
Guadalajara	12.5	50.0	25.0	12.5
Cancun	[1]	NR	33.0	67.0
Acapulco-Puerto Vallarta-Mazatlan	[2]	[2]	[2]	[2]

NR - None reported.
[1]One day or less shipments are representative of air shipments.
[2]Minimal amounts were received directly from ports of entry.
Source: 1994 survey data.

From Interior Locations. Time in transit for meat deliveries within Mexico depended upon the size of the local metropolitan area for local shipments, whereas out-of-town shipments depended upon the location of the market area serviced. Transit time for local deliveries typically ranged from 1 to 4 hours with 2- to 3-hour time-cycle ranges reported most often by meat wholesalers and processors. Time requirements for out-of-town deliveries ranged from 1 to 5 days depending on the size of the firm.

Meat processors, often relatively large firms, cited maximum transit time for out-of-town deliveries ranging from 3 to 5 days. Maximum out-of-town delivery time requirements for distributors and also some HRI purveyors ranged from 2 to 3 days.

Maritime Shipments

From Port of Exit

Approximately one-half of the U.S. meat products arriving in Cancun from ports of exit during 1994 were shipped to Puerto Morelos by ocean freight from Miami, FL. Refrigerated ocean containers for shipping U.S. meat products are either 20- or 40-cubic-foot containers with 24,000 and 48,000 pounds capacity, respectively. The primary port of entry for ocean freight containers into Cancun was nearby Puerto Morelos. According to respondents interviewed, approximately 85 percent of the ocean containers used for shipping meat products to Cancun consisted of 20-cubic-foot containers. Incentives for using the smaller ocean containers for most firms include lower investments in meat products per container, lower probability of meat spoilage with a faster turnover, and less parking space required for either temporary storage in the containers or unloading directly into the refrigerated storage facilities of the purchasing firm.

Maritime Shipment Costs

Table 55 shows ocean freight rates for frozen meat in 20-foot and 40-foot containers from Miami (Port Everglades) to Puerto Morelos and from Long Beach to Manzanillo. Total ocean freight costs from Miami to Puerto Morelos for frozen meat were $161 per MT for a 20-cubic-foot container and $143 per MT for a 40-cubic-foot container. This translates to 7.3 and 6.5 cents per pound, respectively. Trucking costs for hauling containers from Puerto Morelos to Cancun averaged about $40 per trip.

Total ocean freight costs for shipping frozen meat from Long Beach, CA, to Manzanillo, Mexico, were $189 per MT for a 40-cubic-foot container (48,000 pounds, or 21.77 MT (table

Table 55. Maritime Shipment Rates, By Size of Container, Selected U.S. Port of Origin and Mexican Destinations, 1994

Shipping Route and Cost Items	20-Cubic-Foot Container		40-Cubic-Foot Container	
	Total Cost ($)	Dollars/MT	Total Cost ($)	Dollars/MT
Port Everglades, FL, to Puerto Morelos, MEX				
Cost Items:				
Ocean Freight	1,400.00	128.60	2,400.00	110.23
Documentation	25.00	2.30	25.00	1.15
Miami Handling	125.00	11.48	400.00	18.37
Mexican Handling	130.00	11.94	130.00	5.97
Reefer Maintenance	75.00	6.89	150.00	6.89
Total	1,755.00	161.21	3,105.00	142.61
Long Beach, CA, to Manzanillo, MEX				
Cost Items:				
Ocean Freight	NA	-	3,450.00	158.46
Documentation	NA	-	25.00	1.15
Long Beach Handling	NA	-	400.00	18.37
Mexican Handling	NA	-	130.00	5.97
Reefer Maintenance	NA	-	100.00	4.59
Total	NA	-	4,105.00	188.54

NA - Not available
Source: Miami to Puerto Morelos rates, Hyde Shipping Company, Miami, FL.
Long Beach to Manzanillo rates, Sealand Service, Inc., Long Beach, California.

55)). Quoted rates were not available for a 20-cubic-foot container from Long Beach to Manzanillo.

Transit Time

Time in transit for ocean freight from Miami to Puerto Morelos ranged from 3 to 5 days for ocean transportation, plus 1 to 2 days for customs clearance. Transit time for ocean freight from Long Beach to Manzanillo averaged about 6 days, plus 1 to 2 days for customs clearance.

Delays in customs clearance further increase transit time. For example, delays in customs clearance or denial of customs clearance can occur when errors are detected by the Mexican inspectors on Meat and Poultry Export Certificate of Wholesomeness (MPC) forms such as: (1) disagreement of average weight per box or lot versus weights shown on MPC forms, (2) errors in the number of boxes cited for each type of meat or meat product, (3) errors in listing the establishment number associated with each lot versus those listed in the base directory, etc. Delays may also result from typographical errors in firm names and addresses as well as from disagreement with cited tonnage figures on the bill of lading and MPC form.

Air Shipments

From Port of Exit

Air shipments of U.S. meat products by air-cargo containers accounted for about one-tenth of 1 percent of the total U.S. red meat and poultry products exported to Mexico during 1994 (table 48). Air freight, however, was used by a substantial number of hotel and commercial restaurants and a few distributors and HRI purveyors, all primarily in Cancun, for importing U.S. red meat and poultry products from Miami (tables 47 and 48). A few meat wholesalers in other areas of Mexico stated that they occasionally shipped in small volumes of U.S. meat products by air cargo.

From Interior Locations

Less than 1 percent of the U.S. meat product exports was shipped by air cargo to hotels, commercial restaurants, and HRI purveyors in resort areas such as Cancun and Acapulco, Puerto Vallarta, and Mazatlan from Mexican interior locations (tables 47 and 48). Hotels and commercial restaurants in Cancun were the primary recipients of these air shipments.

Air Shipment Costs

Air shipment costs for transporting U.S. meat products by air cargo from Miami to Cancun averaged about 38.5 cents per pound when forwarded in 400-kilogram (880-pound) aluminum, air-cargo containers according to HRI purveyors using these services. Air-cargo charges for shipping meat products between Mexico City and Puerto Vallarta or Mexico City and Cancun averaged approximately 10 cents per pound. The range in quoted air-cargo costs for the Mexican interior varied from 9 to 12 cents per pound.

Transit Time

Air cargo transit time for shipments of meat products from Miami to Cancun and shipments within the interior of Mexico ranged from 1 to 3 hours with most air shipments averaging less than 2 hours' flight time.

Reasons for using air cargo varied by firm and location. Some firms used air cargo only in an emergency when an order had to be filled either that day or the next day. Some firms, mostly restaurants, shipped in by air cargo either all of the U.S. meat requirements or specific kinds of U.S. meat such as beef and lamb. Firms using air cargo for importing U.S. meat on a regular basis cited freshness of product and reliability of supply as major incentives for using a higher cost transportation mode compared to ocean freight or overland trucking.

Storage, Handling, Packaging, and Merchandising

Storage and handling systems for U.S. red meat and poultry products by Mexican firms varied greatly depending upon age, size, kind, and location of firm.

Packaging systems employed by Mexican firms were generally strongly associated with the packaging system used by the U.S. exporting firm. Merchandising and assessment views by Mexican firms about various characteristics of U.S. meat products and associated materials varied substantially, but a common thread was observed for numerous items and factors under consideration.

State of Mexican Plant Infrastructure

An analysis of Mexican meat infrastructure, as reported in this section, represents information obtained from various Mexican meat firms and observations of the physical facilities and general operational procedures employed by these firms during interviews.

Distributors

Mexican meat distributors, who marketed U.S. meat products, varied substantially relative to size, levels of technology, affiliation, and distribution system. The average size of meat distributors, as determined by the volume of U.S. meat products marketed during 1994, was 4,589 MT per meat distributor. These volumes included U.S. meat products imported directly from ports of entry as well as trading between distributors and other meat wholesalers in Mexico.

Most meat distributors operated as independent firms and were not affiliated with national meat distribution firms, but some of the larger distributors were affiliated with Mexican firms with national distribution systems or had formed joint ventures with U.S. firms.

HRI Purveyors

HRI purveyors, similar to distributors, operated predominantly as independents. The larger firms, which generally dominated the industry, were affiliated with Mexican firms with national distribution systems or had formed joint ventures with U.S. firms. The average volume of U.S. meat products handled per HRI purveyor in Mexico during 1994 was 544 MT per firm.

Meat Processors

Meat processors, often defined as meat and sausage manufacturing firms in Mexico, were generally large affiliated firms with national distribution systems headquartered primarily in Monterrey or Mexico City. The average volume of U.S. meat products handled by meat processors during 1994 was 17,912 MT per firm.

Supermarket and Discount Chain Stores

The food retail industry in Mexico in 1994 was dominated by three corporations, which had a broad geographic coverage and operated a variety of chains.[26] These corporations were Grupo Cifra, Grupo Gigante, and Operadora de Supermercados.

Grupo Cifra was composed of seven chains including four food chains, two restaurant chains, and a fashion-clothing retail chain. Grupo Gigante was composed of two retail food chains, one wholesale food chain, and a restaurant chain. Operadora de Supermercados was composed of three retail food chains, one wholesale food chain, and one restaurant chain. While not all of these corporate-chain operators purchased U.S. red meat or poultry products during 1994, they represent a major presence in the food-merchandising sector within Mexico. Numerous other regional supermarket chains, which compare favorably with U.S. chains in method of operation, are scattered throughout Mexico. The average volume of U.S. meat products marketed per Mexican firm handling U.S. red meat and poultry products was about 5,200 MT in 1994.

In addition to supermarket and discount retail outlets in Mexico, convenience retail stores are also popular in Mexico as in the United States. None of the convenience stores in the seven-city survey sold U.S. meat products during 1994.

One of the major changes in the Mexican food-retailing sector during the last decade was the appearance of foreign retail companies in Mexico, which formed joint ventures with Mexican retailers. U.S. retailing firms most notable during the seven-city survey included Wal-Mart/Sam's Club, Price Club, Fleming, and, most recently, HEB. Convenience retailers such as 7-Eleven and Circle-K were also observed throughout Mexico.

Hotel and Commercial Restaurants

Tourism is a major industry in Mexico. According to SECTUR, about 5,500 restaurants were in the Mexican tourist sector in 1991.[27] Almost 88 percent of these restaurants were incorporated with hotel activities, while 12 per-

[26] The Mexico Group S.A. de C.V., *Retail Food Stores - Handbook for Exporting to Mexico*, Mexico City, D.F., Mexico, 1993.
[27] The Mexico Group S.A. de C.V., *Hotel and Restaurant Chains in Mexico City*, Monterrey, Guadalajara, and on the Pacific Coast, Mexico City, D.F., Mexico, 1993.

cent were operated as stand-alone restaurants. Major Mexican and U.S. hotel chains were prominent in all major Mexican cities and resort areas.

Purchasing agents or their managers at each hotel, regardless of hotel affiliation, generally ordered red meat and poultry for their hotel with deliveries being made directly to them. Some hotels were affiliated with a wholesale group through which they purchased their U.S. red meat and poultry products. The average volume of U.S. meat products sold by restaurants handling U.S. meats, regardless of affiliation, was 65 MT per restaurant, with 60 percent of this volume being beef and veal in 1994.

Restaurant chains that were not affiliated with hotels were prominent throughout Mexico. These included prominent Mexican restaurant chains and U.S. brand-name chains which were franchised or joint ventured. U.S. origin restaurants in Mexico included most of the prominent fast-food restaurants as well as fast-food pizza and chicken outlets. Again, not all of these restaurants purchased U.S. red meat or poultry products during 1994, but they were part of the Mexican tourist restaurant trade.

Refrigeration and Storage Facilities

Ownership of refrigeration facilities and refrigeration storage capacity varied by type and size of firm.

Distributors

Ninety percent of the distributors handling U.S. meat products owned centralized refrigerated warehousing facilities for storing and distributing meat products to clients. The remaining 10 percent leased refrigerated warehousing facilities. One-fourth of the distributors who owned warehousing facilities also leased refrigerated warehousing facilities occasionally, as the need arose. One-time cold storage capacities of these distributors ranged from 8 MT to 700 MT.

HRI Purveyors

Approximately three-fourths of the HRI purveyors owned centralized refrigerated warehousing facilities ranging from 5-MT to 200-MT capacity. The remaining HRI purveyors found it more efficient to lease refrigerated facilities. Almost one-third of the HRI purveyors who owned refrigerated facilities also leased additional refrigerated space occasionally to take advantage of specials or for overflows, as the need arose.

Meat Processors

Meat processors in the seven-city survey owned 100 percent of their refrigerated warehousing facilities, and none reported leasing refrigerated facilities. Most of the meat processors did not divulge refrigerated storage capacities, but several cited a requirement for 6 to 8 weeks' storage capacities.

Supermarket and Discount Retailers

Supermarket and discount retailers owned all of the refrigerated facilities used for storing U.S. red meat and poultry products during 1994. Several of the larger retail firms had centralized refrigerated warehousing facilities at various locations for redistributing U.S. meat products to individual stores. Capacities of centralized warehousing facilities for retailers ranged from 3- to 8-week supplies, whereas in-house refrigeration capacity of individual retail stores averaged about 7 days' one-time capacity.

Hotel and Commercial Restaurants

Hotel and commercial restaurants, similar to meat processors, supermarket, and discount retailers, owned all of their refrigeration facilities. Several of the national restaurant chains owned centralized refrigerated warehousing facilities for storing and distributing meat products to individual restaurants within the chain. Capacities of these centralized refrigeration facilities generally ranged from a 1- to 2-month inventory requirement. In-house refrigeration capacities of individual restaurants ranged from 3 to 15 days with 7 days of inventory capacity being most common.

Physical Product-Handling Systems

Physical meat-handling systems generally varied by type and size of firm, age of facilities housing the firm, and refrigerated storage facilities.

Distributors

Fifty percent of the distributors handling U.S. meat products received some or all shipments in palletized boxes. Forty percent of the distributors received 100 percent of their U.S. meat shipments in palletized boxes.

Approximately 37 percent of the distributors stated that they had forklifts to accommodate palletized deliveries, which were stacked about four pallets high in refrigerated warehouses. Distributors who did not have forklifts for handling meat shipments were generally the smaller distributors, often housed in facilities with narrow hallways or doorways that could not accommodate forklifts. Distributors without fork-

lifts unloaded meat products by hand and most often stacked boxes 8 to 12 boxes high without shelves to support the weight distribution. A few of the distributors used forklifts for unloading, but used hand labor for moving boxed meat products from the unloading docks to the warehouse facilities.

HRI Purveyors

More than 70 percent of the HRI purveyors received some or all of their U.S. meat products in palletized boxes during 1994. About 55 percent of the purveyors received 100 percent of their U.S. meat items in palletized boxes, but only about one-third of the purveyors had forklifts to accommodate palletized deliveries. Purveyors without forklifts used hand labor for unloading boxed meat and generally stacked boxed 8 to 12 boxes high in unshelved, refrigerated warehousing facilities. A few firms, which used hand labor for unloading, stacked boxed meat on shelves or pallets to facilitate air flow and weight distribution.

Meat Processors

More than 70 percent of the meat processors received all of their U.S. meat products in palletized boxes. These firms also used forklifts for unloading products into cold storage warehouses for later distribution to clients or processing and manufacturing. Processing firms that did not receive U.S. meat products in palletized boxes and also did not have forklifts unloaded and stacked boxed meat products by hand.

Supermarket and Discount Retailers

Almost 90 percent of the supermarket and discount retailers with centralized refrigeration facilities received 90 percent or more of their U.S. red meat and poultry products in palletized boxes during 1994. These retail and discount firms also had forklifts and cold storage pallet racks to accommodate palletized deliveries to centralized warehousing facilities. Meat items delivered to centralized refrigerated warehouses were then distributed to individual stores as required.

Retail firms without centralized refrigerated warehousing facilities stated that U.S. red meat and poultry products were drop shipped directly to individual retail stores.

Hotel and Commercial Restaurants

Approximately three-fourths of the hotel and commercial restaurants reported that U.S. meat products were not delivered in palletized boxes to their facilities. Most of the hotel and commercial restaurants receiving palletized boxes were either relatively large hotels or central purchasing units for a restaurant chain with centralized warehousing facilities. Less than 10 percent of the hotel and commercial restaurants, primarily central purchasing units, had forklifts for unloading and storing palletized boxes in warehouse facilities. A few of the larger restaurants used pallet jacks rather than forklifts to assist in unloading meat products. Volumes of meat products handled by almost all restaurants did not justify investment in mechanical unloading equipment, and, given the availability of relatively cheap labor in Mexico, more than 90 percent of the hotel and commercial restaurants used hand labor for unloading and storing U.S. meat products. Some restaurants reported that even though they used hand labor for unloading and storing meat products, they stored boxed meat items on shelves in refrigerated facilities rather than using a box-stacking procedure.

Packaging and Container Systems

Table 17 shows that almost 100 percent of the U.S. beef, veal, pork, and lamb and sheepmeat was exported to Mexico mainly as primal and subprimal cuts in vacuum-sealed plastic bags that are then boxed and sealed. More than 92 percent of the processed meat was exported to Mexico in boxed form, with the remaining volume shipped as trimmings in bulk jumbo containers. Variety meats were exported to Mexico in plastic-packaging materials that were sealed and placed in 40- to 60-pound boxes which, in turn, were sealed. Poultry meat, mostly chicken and turkey, was exported to Mexico primarily as packaged and boxed cut-up parts and pieces or as mechanically deboned meat in packaged and boxed form or in plastic-lined, jumbo bulk- containers (table 17). Mechanically deboned poultry meat referred to by the trade as “paste” is used primarily by meat processors to produce manufactured meat products. Substantial proportions of boxed, bone-in and boneless cuts, including boxed, portion-controlled poultry items, were exported to Mexico as breaded product. Poultry meat shipped in whole-bird form, both fresh-frozen and smoked, consisted of individually packaged birds in vacuum-sealed, plastic bags placed in sealed boxes before palletizing.

Tables 18 through 22 show that the type of packaging system used for exporting U.S. red meat and poultry products to Mexico varied by kind of Mexican importing firm. For example, distributors received almost all of their U.S. meat products either as boxed primals and subprimals or as “other,” which consisted predominantly of variety meats in 40- to 60-pound boxes (table 18).

HRI purveyors and hotel and commercial restaurants generally received U.S. meat products in similar kinds of packaging systems (tables 19 and 22). Both received almost all of

their red meat as boxed primals and subprimals or as boxed, portion-controlled products with the exception of variety meats. Both also received their poultry products primarily as boxed primals and subprimals or as boxed carcass products. U.S. red meat primals and subprimals and portion-controlled items as well as some variety meats were received almost entirely in boxed, vacuum-sealed bags (table 20). Poultry products shipped to meat processors arrived primarily as bone-in and boneless cuts in boxed, vacuum-sealed bags or as processed paste in bulk, jumbo-box containers. Supermarket and discount chains received all of their U.S. meat products in boxed, vacuum-sealed bags and packages (table 21).

Buyer Merchandising-Assessment Views

Mexican meat firms handling imported U.S. red meat and poultry products provided an assessment of meat product characteristics, packaging materials, and merchandising services related to the importation of U.S. meat products as shown in table 56. Respondents were also requested to list problems encountered and provide suggestions for improvements relating to any of the 18 meat-related characteristics and services which scored "good" or lower in table 56.

Table 56 reveals that the 18 meat-related characteristics and services assessed by Mexican meat firms received an average weighted score of 4.09, which ranks above "acceptable," given the scoring system used. These scores suggest that Mexican meat firms were generally well satisfied with the meat product characteristics, packaging materials used, and client-merchandising services rendered by the U.S. firms currently exporting red meats and poultry to Mexico. However, given the scoring system in which 3 is equivalent to "good" as represented by almost 19 percent for the average respondent with another 4 percent of the assessment scores averaging "poor" or "not acceptable," various Mexican meat firms offered suggestions for improving the current system of U.S. meat exportation within Mexico. While some of these comments and suggestions were focused toward U.S. suppliers, other suggestions were focused primarily toward the meat distribution system within Mexico.

Table 56 shows that "U.S. product image" and "wholesomeness of product" were assessed the highest scores by Mexican firms, followed closely by "vacuum seals and packaging materials." Other items receiving relatively high scores included "size of meat muscles and cuts," "cutting style and workmanship of meat cuts," "degree of marbling and seam fat," "quality and durability of boxes," and "size and product weight in box." Items with medium-range assessment scores included "grade-quality specifications," "consistent tenderness and meat quality," "meat freshness specifications," and "package labeling, dating, etc." Items with weighted average scores below 4 included "customer service by exporter/agent," "level of purge accumulation," "ability to meet external trim specifications," "value for purchase price," and "consistency of supplies." Items with an average weighted score below 4 all had a common thread: 5 percent or more of the Mexican firms scored each of these items as "poor" or "not acceptable." The only other item not receiving a weighted score below 4 when 5 percent or more of the Mexican firms ranked that category as "poor" or "not acceptable" was "package labeling, dating, etc."

Mexican firms were asked to list problems encountered or to provide suggestions for any items assessed a score of "good" or lower. This was not to encourage Mexican firms to be critical of various factors associated with U.S. meat exports to Mexico, but rather to assist in providing solutions as well as identifying problems concerning U.S. meat exports perceived by Mexican firms. A summary of problems perceived by Mexican firms or suggestions for improvements in U.S. meat exports and merchandising in Mexico relating to the items listed in table 56 follow. Comments by Mexican firms are presented in similar phraseology as given during the interview process. These comments apply only to those items receiving scores of "good" or lower, which represent approximately 23 percent of the total scores assessed by Mexican firms. The proportion of similar comments relating to a particular item are shown in parentheses following each comment.

U.S. Product Image:
- More advertising in Spanish about the merits of U.S. meat products is needed. (40 percent)
- Posters and information guides for display in meat firms should be in Spanish. (60 percent)

Wholesomeness of Product:
- Some primal and subprimal meat cuts are delivered with bone chips and cartilage. (20 percent)
- Some variety meat items are not cleaned properly at the packer level. (20 percent)
- Some frozen meats arrive in a thawing stage primarily because of excessive handling by distributors in Mexico. (60 percent)

Vacuum Seals and Packaging Materials:
- Vacuum seals and bags occasionally break because of excessive or improper handling, causing boxes to leak and collapse. (75 percent)
- Vacuum bags could be improved to withstand excessive handling in the Mexican distribution system. (25 percent)

Table 56. Assessment of Meat-Related Product Characteristics, Packaging Materials, and Merchandising Services Concerning Exports of U.S. Red Meat and Poultry Products to Mexico, by Mexican Firms, 1994

Item	Score 5 (Highly Acceptable)	4 (Acceptable)	3 (Good)	2 (Poor)	1 (Not Acceptable)	Weighted Score[1]	Rank
	Percent						
U.S. Product Image	53.5	36	10.5	0	0	4.43	1
Wholesomeness of Product	55.7	34.1	8.0	1.1	1.1	4.42	2
Vacuum Seals & Packaging Materials	51.2	36.9	8.3	3.6	0.0	4.36	3
Size of Meat Muscles & Cuts	42.0	42.0	14.8	1.2	0.0	4.25	4
Cutting Style & Workmanship of Meat Cuts	43.2	42.0	11.1	2.5	1.2	4.24	5
Shelf Life of Meat	42.7	38.7	17.3	1.3	0.0	4.23	6
Degree of Marbling & Seam Fat	44.0	42.7	9.3	0.0	4.0	4.23	7
Quality & Durability of Boxes	41.3	42.5	12.6	3.4	0.0	4.21	8
Size & Product Weight in Box	44.2	37.2	15.1	1.2	2.3	4.20	9
Grade Quality Specifications	37.6	42.4	18.8	1.2	0.0	4.16	10
Consistent Tenderness & Meat Quality	41.5	34.1	23.2	1.2	0.0	4.16	11
Meat Freshness Specifications	34.6	43.2	18.5	2.5	1.2	4.08	12
Package Labeling, Dating, etc.	39.5	30.2	24.4	4.7	1.2	4.02	13
Customer Service by Exporter/Agent	31.2	40.0	23.8	5.0	0.0	3.97	14
Level of Purge Accumulation[2]	25.9	48.2	16.5	4.7	4.7	3.86	15
External Trim Specifications	23.8	38.7	27.5	3.8	6.2	3.70	16
Value for Purchase Price	16.1	37.9	39.1	4.6	2.3	3.61	17
Consistency of Supplies	16.5	35.3	37.6	7.1	3.5	3.54	18
Average	38.0	39.0	18.7	2.7	1.5	4.09	

[1]Weighted scores, by item or characteristic, were calculated by applying the percent distribution to the relevant score for each item as applicable. For example, the weighted score for wholesomeness of product is (.557) (5) + (.341) (4) + (.080) (3) + (0.11) (2) + (.011) (1) = 4.42.
[2]Blood loss from muscle cuts remaining in the vacuum-sealed bags.
Source: 1994 survey data.

Size of Meat Muscles and Cuts:
- Primals and subprimals from big cattle are often too large for the Mexican market. (38 percent)
- Meat cuts are often too big to meet portion-control and serving requirements. (50 percent)
- Meat cuts should be tailored to the Mexican market, but U.S. packers have generally not responded to this request. (12 percent)

Cutting Style and Workmanship of Cuts:
- Meat cuts are not always consistent, which causes problems in the restaurant business. (29 percent)
- Meat cuts could be made more suitable for the Mexican market. (57 percent)
- Cuts delivered are occasionally different from those specified. (14 percent)

Shelf Life of Meat:
- Delivery dates are occasionally too close to meat expiration dates, requiring specials or loss of product. (75 percent)
- Kill dates and packaging dates, rather than Mexican customs inspector dates, are needed. (25 percent)

Degree of Marbling and Seam Fat:
- Too much fat. (100 percent)

Quality and Durability of Boxes:
- Boxes need to be stronger to withstand long trips and handling by four to eight Mexican meat firms prior to delivery. (27 percent)
- Boxes tend to collapse resulting from handling by hand labor, leakage, stacking in warehouses, and long storage. (33 percent)
- Generally poor design and rough handling cause most problems. Boxes need stronger corners. (26 percent)
- Beef boxes get crushed since they are not filled to the top—unlike frozen, boxed poultry. (14 percent)

Size of Box and Product Weight:
- Box sizes are too large, and weights are often too heavy for handling by hand labor. (30 percent)
- Smaller boxes are preferred since they are easier to handle and easier to thaw out. (30 percent)
- Box weights are occasionally less by 1 to 2 pounds per box compared to the stamped weight on the boxes. (40 percent)

Grade and Quality Specifications:
- Quality is inconsistent. (25 percent)
- Some shipments do not meet specifications. (38 percent)
- Choice may be too wide a specification since some U.S. Choice is not well marbled. (25 percent)
- A temperature log along with a certificate in the transportation system should be included. (12 percent)

Consistent Tenderness and Meat Quality:
- Tenderness and quality vary by shipment and packer. (100 percent)

Meat Freshness Specifications:
- Slaughtering, processing, and manufacturing dates should be specified. (20 percent)
- Defrosted meat tends to loose its "presentation" (bloom). (20 percent)
- Some meat tends to be tough, possibly because it was thawed and refrozen en route. (60 percent)

Package Labeling and Dating:
- Expiration dates and labels that do not come off are needed. (58 percent)
- Cryovac bags occasionally list one plant number (ID Code), while the box lists a different plant number, causing problems with the customs inspector. (17 percent)
- A standardized definition of the product should be printed in Spanish on the label. (17 percent)
- Some portion-control cuts are packaged without plastic liners between individual cuts, which has caused rancidity and spoilage. (8 percent)

Customer Service by Exporter/Agent:
- They would like to see more U.S. presence in Mexico, especially U.S. packers, to discuss potential problems and opportunities. (80 percent)
- Intermediate handlers need more information concerning the merits of various cuts. (20 percent)

Level of Purge Accumulation:[28]
- Purge and weight loss are too much. (50 percent)
- Purge is a problem in many shipments causing clients to complain. (25 percent)
- Some cuts are packaged too tightly, causing excessive purge. (8 percent)
- Thawing frozen meat causes purge, which is not fully understood by many Mexicans. (17 percent)

External Trim Specifications:
- Too much fat. (55 percent)
- Trim is inconsistent, especially between packers. (36 percent)
- Inconsistent trim is bad for the restaurant business. (9 percent)

Value for Purchase Price:
- U.S. meats would be a better purchase value if purge and trim problems were improved. (17 percent)

[28]Liquid blood loss from muscle cuts remaining in the vacuum-sealed bags.

Consistency of Supplies:

- Mexican distributors occasionally run out of specific cuts, causing severe problems for restaurants. (36 percent)
- Inadequate storage space by some distributors and restaurant suppliers has contributed to inconsistent supply problems. (21 percent)
- Mexican distributors helped develop a demand for U.S. variety meats, but Pacific Rim countries are now bidding supplies away from the Mexican market causing much variation in availability of U.S. supplies. (22 percent)
- More U.S. market information is needed with respect to supplies, prices, and general availability. (14 percent)
- Relatively long distances between suppliers and resort areas have contributed to inconsistent supply problems. (7 percent)

Mexican Markets With Sales Growth Potential

On a national basis, the future Mexican market demand for U.S. red meat and poultry products will be both driven by and dependent upon a growing Mexican economy that helps generate new jobs for the unemployed and better paying jobs for the underemployed. Greater employment opportunities and better wage compensation, in turn, would boost the purchasing power of consumers. NAFTA could play a major role in creating the economic environment necessary to bring about such anticipated prosperity for all Mexicans, particularly those at the lowest socioeconomic levels.

However, overriding concerns among international bankers and foreign investors about Mexico's currency exchange rate uncertainties and its commitment to a comprehensive privatization program currently loom as potential negative forces with the capability of causing setbacks in the government's efforts to promote structural change in its emerging market economy. Adverse inflationary pressure, which erodes the purchasing power of consumers, is just one of many problems directly influenced by Mexico's economic stability, which can be substantially enhanced through new, private, foreign investments and continued, steady capital inflows. Therefore, these troubling concerns, with their negative impact on the fragile confidences of financial markets, must be resolved before the positive economic impact of NAFTA can become a reality.

While concerns remain, the evidence of past successes in replacing protectionist import policies with positive export promotion policies provides some measure of reassurance about the Mexican Government's continuing commitment to open markets and to privatization. For example, today only 2 percent of the nation's imported items are subject to licenses, but the actual numbers are even more impressive. Compared to a 1982 base year, in which import licenses were required for some 12,000 items, by 1991 this licensing requirement had been reduced to just 230 items.

Other evidence also exists, which should assure international bankers and foreign investors that the Mexican Government will, in fact, honor its open-market policies and other reform commitments and that, although slower and more difficult than once assumed, tangible progress will be achieved. According to official measures of unemployment and underemployment as shown in table 57, the Mexican Government has an economic vested interest in supporting these open-market economy efforts. Even before this nation's current recession, which began in 1995, almost one-quarter of the entire urban work force was either unemployed or underemployed during 1994. These data also indicate that about half of those actively working were employed at such low-paying jobs that their salaries were below the nation's minimum-wage level. While always representing a challenge, even during the least stressful times, job creation has now become one of Mexico's top priority issues. The Instituto Mexicano de Seguros Sociales reported that it had 9.7 million permanent workers registered on its roles as of March 1995, but that this was only 800,000 more than at the end of 1988. The agency's official estimates indicate that the country will have to generate 800,000 new jobs per year in order to accommodate all the new young adults ready to enter the labor market.[29]

Historical Perspective of Mexican Demand for U.S. Red Meat and Poultry Exports

In a relatively short span of time, Mexico has gone from being one of the world's most closed economies to one of the most open. In an effort to rebuild the nation's economy after the debt crisis of 1982, structural reform programs were initiated by the government, combining fiscal austerity with opening and redefining the role of the state in its economy. Although worldwide response to these reform efforts was slow, investor confidence was eventually reestablished during the remainder of the decade. This, in turn, effected sizable capital inflows. Domestic interest rates began to fall, and inflation fell from triple-digit numbers in 1982 to just 7 percent in 1994.[30]

But of much greater significance were the government's efforts to enable the nation to become a full partner in the globalization of the world economy. In the process of achieving this goal, Mexico initiated negotiations to join the member nations of GATT. These negotiations were successfully concluded in 1986. As a result, trade liberalization initially brought about through GATT, and now expanded through NAFTA, along with the government's previously initiated market reforms, has already made a very substantial and favorable impact on the outlook for the Mexican economy, of which private-sector consumption represents about 70 percent of the GDP.

The positive progression of benefits flowing through international trade with Mexico for the U.S. red meat and poultry industries can be seen by observing the annual sales increases of U.S. red meat and poultry exports to Mexico between 1984 and 1993 (table 58). Although annual export sales were stagnant through the years 1984-1987, a positive reaction to Mexico's open-trade policies occurred by 1988 with annual sales expanding more than 300 percent, climbing from $58.1 million in 1987 to $240.4 million that year.

[29]Ibid. 6.
[30]Ibid. 6.

Table 57. Mexican Unemployment Rates in Urban Areas, 1990-1994[1]

Referenced Type of Unemployment and Underemployment	Annual Averages in Percent				
	1990	1991	1992	1993	1994
Open[2]	2.8	2.6	2.8	3.4	3.7
Underemployment[3]	20.5	20.8	21.6	23.0	22.5
Insufficient Income[4]	14.6	11.7	10.9	12.3	11.3

[1] In 1990-91, the sample covered 16 urban areas. It was extended to 34 in 1992 and to 37 by the fourth quarter of 1993.
[2] Narrow measure covering persons aged 12 or over who did not work but were available for work in the reference week and who had unsuccessfully sought employment in the 2 months prior to the reference week.
[3] Economically active population unemployed plus those employed for less than 35 hours a week.
[4] Proportion of economically active population unemployed, or employed but earning less than the minimum wage.

Source: Institute Nacional de Estadistica, Geografia, y Informatica (INEGI).

Table 58. U.S. Export Sales of Red Meat and Poultry Products to Mexico, 1984-19931

Kind of Meat Products[2]	-- Annual Export Sales in Millions of Dollars --									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Beef & Veal	1.1	4.0	1.1	7.0	39.9	78.5	80.8	185.4	211.5	116.3
Pork	9.2	8.6	1.0	4.3	30.4	55.7	36.9	67.8	76.8	58.8
Lamb & Sheepmeat	0.4	0.3	0.4	0.5	0.7	1.9	1.6	4.6	3.2	3.5
Processed Meats	2.5	7.3	5.2	5.2	19.7	17.5	22.6	34.2	30.8	44.3
Variety Meats	30.1	46.8	28 1	25.2	86.8	67.3	64.6	98.2	93.9	96.0
Poultry	9.6	14.2	14.5	15.9	62.9	52.4	57.0	116.5	169.5	205.0
Total	52.9	81.2	50.3	58.1	240.4	273.3	263.5	506.7	585.7	523.9

[1] Rounded in actual dollar sales. Not index adjusted.
[2] Excludes aggregate exports to Mexico of hog sausage casings and other sausage casings. Animal byproduct exports to Mexico, including hides and skins, lard, edible tallow, inedible grease and tallow, and other inedible animal fats and oils were also excluded.

Source: USDA, Foreign Agricultural Service.

Two particular initiatives enacted by the Mexican Government during 1988 that eased trading policies specifically aimed at improving a severe domestic meat shortage problem that had developed. Mexican officials put into full effect their Economic Solidarity Pact program based on a policy of controlling prices and wages in order to dampen rising inflation. The government also relaxed import tariff rates on meat and poultry products later that year, which further stimulated expanding demand for U.S. exports.[31]

Then in just 5 additional years, through these adjusted policies, annual sales more than doubled, from the 1988 sales base of $240.4 million to some $523.9 million by 1993, increasing almost 118 percent. Table 59 shows further evidence of these progressive increases in annual sales, including the first full year of U.S.-Mexican trading activities under NAFTA. Before the peso devaluation of December 20, 1994, annual sales during that year increased to a record $711.6 million from the previous year's sales of $523.9 million, reflecting the initial benefits of NAFTA for almost the entire year. The increase represented an annual sales expansion of almost 36 percent in just one year. Annual sales after 1994, however, were negatively affected by the peso's collapse, which plunged the Mexican economy into recession during 1995, causing the first decline in U.S. export sales since NAFTA was initiated. Exports recorded in 1997 and during the first half of 1998 indicate positive growth has returned once again. Sales grew to $383 million as opposed to the $307.8 million in sales attained during the comparable 6-month period in 1997, or by an increase of 24 percent.[32] Indeed, aggregate 1997 sales of $725.3 million exceeded the previous export record established in 1994. As previously noted, further improvement in these export sales is expected, since Banco de Mexico announced on February 23, 1998, that its GDP grew by 7 percent during 1997, with all four quarters showing positive growth. Consequently, the underlying fundamentals suggest that the Mexican economy is now on the path to gradual recovery from its current recession which, in turn, should lead to a further revival in U.S. exports of red meat and poultry products.

Table 59. U.S.Export Sales of Red Meat and Poultry Products to Mexico, 1994-1996, With First Half Comparisons for 1997-1998[1]

	-- Export Sales in Millions of Dollars --						
Kind of Meat	**-- Annual --**				**Jan. 1-June 30**		
Products[2]	**1994**	**1995**	**1996**	**1997**	**1997**	**1998**	**% Chg.**
Beef & Veal	232.5	85.8	162.9	299.8	121.5	171.6	41
Pork	95.7	37.8	46.2	67.7	25.8	48.3	87
Lamb & Sheepmeat	3.5	2.4	2.8	3.1	1.4	1.6	14
Processed Meats	50.0	22.6	22.9	28.4	10.8	13.8	28
Variety Meats	101.1	67.0	83.3	100.6	45.6	45.9	1
Poultry	228.8	164.3	208.1	225.7	102.7	101.8	-1
Total	711.6	379.9	526.2	725.3	307.8	383.0	24

[1] Rounded in actual dollar sales reported. Not index adjusted.
[2] Excludes aggregate exports to Mexico of hog sausage casings and other sausage casings. Animal byproduct exports to Mexico including hides and skins, lard, edible tallow, inedible grease and tallow, and other inedible animal fats and oils were also excluded.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

[31] Drennan, Todd "Strong Demand for High-Quality Foods Reflected in Mexico's Meat Imports," *AgExporter,* U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC, March 1991.

[32] These data from tables 58 and 59 exclude aggregate exports of hog sausage casings and other sausage casings. See footnote 6.

Factors Favoring Future Expansion in Mexican Demand for U.S. Exports

Once Mexico experiences a full recovery from its current economic difficulties and inflationary pressures subside, the long-anticipated economic prosperity envisioned through NAFTA, as well as through its continuing privatization programs, should have a very positive impact on the nation's citizenry in many profound ways. Providing good jobs with adequate incomes in a country with an ideal climate will likely, among other things, reduce the propensity of Mexican nationals to emigrate elsewhere in search of employment opportunities. In addition to retaining family ties at home, those at the lowest socioeconomic levels may be able to look forward to having sufficient purchasing power to supplement their largely vegetarian diets with relatively inexpensive variety meats and other animal byproducts rich in proteins and minerals. By retaining nationals in Mexico, in addition to the projected population growth expected by the year 2000 and beyond, this resident population expansion, coupled with rising incomes, would have a positive impact on U.S. export demand for both variety red-meat products and poultry products manufactured from mechanically deboned chicken and turkey for use in sausages and other ethnic food items. The composition and annual volume of these low-priced exports should be significant and exhibit accelerating growth trends over time.

With the proper incentives, Mexico has the potential of establishing a large and growing middle-class society. Through expanded educational opportunities available at home, many from the poorest classes may have opportunities to elevate themselves to middle-class status in the future. Such a development would significantly expand the relative size of the population base with monthly household incomes of US$1,500 or more in terms of today's income purchasing-power dollars (table 3). The creation of a large middle class, elevating those now classified as middle and lower income, would go far in dispelling the image of Mexican nationals as a permanently impoverished people.

As incomes rise, dramatic changes occur in consumption patterns and tastes among residents of emerging economies. New and different foods are purchased. Culinary changes in food preparation also occur. Currently, Mexicans of middle-class status typically consume native-grown, grass-fed beef. Because of custom and cost considerations, retail cuts of beef, pork, and lamb are thinly sliced. But there are other reasons for Mexican meat merchandisers to prepare and market retail meat cuts in this manner, which are not based strictly upon tradition or on lowering entree meal-related costs. Grass-fed beef is normally less flavorful and often less tender than grain-fed beef, which is produced from beef-bred cattle penned in feedlots to limit muscle movement while being fed abundant rations, thereby creating very tender muscle cuts. For this reason, Mexican cuisine procedures call for thinly sliced muscle cuts typically served with sauces, which, when properly prepared, enhance the overall palatability of these meat entrees. Sauces tend to improve consumer acceptance of the entree by masking the flavor of grass-fed beef, whereas corn-fed beef requires no such enhancement. Once accustomed to thicker cuts of grilled, tender grain-fed beef, many consumers often develop a preference for such flavorful meats. Consequently, as incomes rise and tastes change, upper- and middle-class Mexicans who can afford U.S. grain-fed beef, pork, and lamb may increase their demand for these high-value exports.

Unfortunately, changes in eating patterns, habits, and tastes do not materialize overnight. Export shippers, therefore, must strive to provide the types of boneless and bone-in primals with the preferred specifications so that Mexican meat merchandisers can use their U.S. imports to fabricate the kinds of retail cuts that will generate repeat sales while, at the same time, maximizing profits under currently existing market conditions.

Another factor currently stimulating Mexican consumer demand for U.S. red meat and poultry products, which may significantly expand demand in the future, is the impact of increased employment opportunities on consumers, particularly as significant numbers of women enter the job market. As the economy improves and more employment opportunities become available, less time is available for meal preparation. Currently, only a very small segment of Mexican consumers from the upper and upper middle classes are avid purchasers of U.S. convenience entrees manufactured from both U.S. red meat and poultry products. Given improved incomes and new lifestyles that often leave affluent consumers with less time to prepare meals, U.S. food processors have developed a wide array of convenience foods, including high-quality, red meat and poultry entrees. Export demand for these products appears likely to grow as incomes and the desire among consumers for convenience foods increase worldwide. These highly processed, value-added products can add significant profits to any processor's bottom line.

The implications of other changes in Mexican consumer eating habits also hold promise for even further expansion opportunities in export sales. Increases in discretionary household income in Mexico could also translate into eating out more. Increased female labor-force participation would boost family incomes and provide more incentives for eating out in fast food establishments and other types of restau-

rants. Much like the highly profitable, value-added opportunities available to U.S. industry processors through the manufacture of retail convenience items, restaurateurs throughout the world are increasingly demanding ready-to-grill meat and poultry entrees.

The future widespread adoption of technological improvements in the Mexican meat and poultry distribution systems could have a dramatic, positive impact on increasing sales opportunities for U.S. export sales. If Mexican distribution systems adopt U.S. innovations in product handling and distributing system efficiencies, this industry update would permit the improved flow of U.S. exports. Mexican wholesalers and other middlemen will be better able to accommodate and maintain the built-in quality of U.S. red meat and poultry products. These developments could also make U.S. exports more readily accessible to more marketplaces within Mexico.

The adoption of technical handling and storage improvements appears to be making much greater progress among forward-looking corporations in Mexico's retailing industry. With the assistance of U.S. joint-venture partners, Mexico is rapidly developing infrastructure to more efficiently service its retail sector. Several private firms have initiated programs to develop state-of-the-art food distribution systems and warehousing facilities to serve Mexico's newly established super-center stores and other retail chain establishments. Such events also tend to accelerate and expand export opportunities for U.S. red meat and poultry products. Efficiently operated and maintained coolers and freezers could enable distributors to keep U.S. exports in peak condition to the satisfaction of all Mexican end-users of these U.S. value-added products. Such improvements in quality control would likely enhance future opportunities for increased Mexican demand and consumption.

Future Opportunities—Mexican Markets With Maximum Sales Potential for U.S. Exports

The long-term outlook for U.S. export shippers of red meats and poultry products to Mexico appears bright. The economic opportunities available to today's developing countries are unprecedented. Given the Mexican Government's political commitment to stabilize and restructure the economy in order to revitalize global trade, U.S. export shippers can look forward to new opportunities and challenges in the process of participating in the development of a growing, consumer-demand-driven market for a wide spectrum of quality red meat and poultry products and byproducts from the United States. These Mexican markets will continue to be highly segmented, affording U.S. exporters opportunities to meet the specialized requirements of both the lower end and upscale markets with quality U.S. merchandise.

Public perception of U.S.-produced red meat and poultry products in Mexico is excellent. These products are held in high esteem among Mexican consumers in both market sectors throughout the country, particularly in metropolitan areas where these imports are most readily available for purchase. Mexico's growing international tourist trade represents another upscale market for high-quality muscle meats and boneless poultry products.

Mexico's regional development has not been evenly distributed, but instead reflects pockets of industrial growth and economic vitality primarily in those interior locations endowed with the kinds of natural resources that foster capital development and industrialization activities. Modern mechanization in agriculture has significantly reduced labor-input requirements, causing those within the poorest socioeconomic groups to search for work elsewhere in the nation. Consequently, the regional trends in economic business activity confirm the shifts that have already occurred in the geographic internal migration of the general population within the territorial borders of the nation. People, particularly people with dependent families, migrate to areas with job opportunities to improve their economic well-being. Although somewhat dated, the statistical information about government expenditures, commercial capital flows, and industrial productivity in the form of Mexican GDP data illustrated in table 60 highlight the general business conditions that currently exist in Mexico by region.

The three principal economic zones in Mexico today are the Federal District which contains the nation's capital, Mexico City, and is located in the "Centre" region; the city of Monterrey, Nuevo Leon, situated in the "North-East" region; and the city of Guadalajara, Jalisco, located in the "Centre North & West" region. Taken as a group, these three industrial centers, as well as the communities within and adjacent to these metropolitan areas, represent the following portions of Mexico's major economic resources: 65.3 percent of all federal expenditures, 82.1 percent of all commercial banking activities, and 74.4 percent of the nation's productivity as measured by its GDP. Currently, these three economic zones within the metropolitan centers of Mexico City-Puebla, Guadalajara, and Monterrey alone account for 29,158,539 inhabitants, or about one-third of the nation's total population (table 2). Therefore, in view of these heavy concentrations of urban dwellers, the prime Mexican markets with maximum sales potential for both segmented market sectors for these U.S. exports can be identified as the aggregate group of Mexican consumers located within these three key

Table 60. Percentage of Mexican Economic Business Activity, by Regions, 1990[1]

Mexican Geographic Regions	Federal Government Investments	Commercial Bank Lending	Gross Domestic Product
		-- Percent Share --	
North-West[2]	8.3	8.3	7.0
North-Centre[3]	4.7	3.7	4.2
North-East[4]	11.5	11.4	11.3
Centre-North & West[5]	11.9	12.0	16.6
Centre[6]	41.9	58.7	46.5
Gulf[7]	10.8	3.0	8.6
Pacific South[8]	4.3	1.0	3.7
Yucatan Peninsula[9]	6.6	1.9	2.1
Total of Eight Mexican Regions	100.0	100.0	100.0

[1]Based on figures from Instituto Nacional de Geografia, Estadistica y Informica (INGEI); Banco de Mexico; and Presidential State-of-the-Union Addresses.
[2]Includes the states of Baja California, Baja California Sur, Sinaloa, and Sonora.
[3]Includes the states of Chihuahua and Durango.
[4]Includes the states of Coahuila, Nuevo Leon, and Tamaulipas.
[5]Includes the states of Aguascalientes, Colima, Guanajuato, Jalisco, Michoacan, Nayarit, San Luis Potosi, and Zacatecas.
[6]Includes the states of Federal District, Guerrero, Hidalgo, Mexico, Morelos, Puebla, Queretaro, and Tlaxcala.
[7]Includes the states of Tabasco and Veracruz.
[8]Includes the states of Chiapas and Oaxaca.
[9]Includes the states of Campeche, Quintana Roo, and Yucatan.

Source: "Mexico Country Report, EIU Country Profile, 1994-96," *The Economist Intelligence Unit Limited,* London, United Kingdom, 1996.

metropolitan areas and the satellite cities and communities that surround them. The majority of consumers in the upper and upper middle income classes also can be expected to be heavily represented as urban residents within these three leading Mexican consumer markets.

Although the Mexican tourism industry is highly diversified and represented to some extent within the majority of the 31 states and the Federal District, the prime tourist markets that offer an almost pure play for U.S. export-shippers that wish to target affluent, international tourist destinations are those classified by SECTUR as Mexico's "Traditional Resorts." These traditional Mexican resorts may be regarded as prime tourist-trade outlets, offering the greatest opportunities for expanded sales revenues for U.S. red meat and poultry exports.

Hotels and restaurants in these resort areas can be expected to demand the highest quality standards of excellence for their red meat and poultry entrees. These key international destination resorts include Acapulco, Puerto Vallarta, and Mazatlan on the Pacific Coast and Cancun and Cozumel on the Caribbean Coast. While the principal urban cities of Mexico City, Guadalajara, and Monterrey also generate significant sums of foreign tourist dollars, these tourist-oriented markets can be viewed by U.S. export shippers as being a composite part of the three dominant Mexican consumer markets previously identified. Selling through HRI clients with cold storage warehousing facilities in these primary metropolitan markets will assure avenues of direct trade to these metropolitan tourist-related markets.

The Mexican tourism industry has benefited both from the adoption of an open-skies policy and significant investment in promotion. Additionally, the relaxation of investment rules has encouraged many major new developments by private and foreign investors and contributed to an increase in hotel capacity.[33] In 1995, there was an 11-percent increase in the number of both hotels and rooms, with respective totals reaching 5,308 and 292,351. These data did not include

[33]Ibid. 6.

"nonrated" types of accommodation such as villas, apartments, and boarding houses.

The majority of visitors to Mexico come from the United States. In 1994, the proportion was 82 percent, compared with 8 percent from Europe and 6 percent from other Latin American countries. Mexico's ideal climate, particularly during the winter months, continues to attract growing numbers of U.S. and European tourists and tour groups. Affluent Asians may also represent a significant future source of tourist revenue from the Far East once the current Asian financial crisis passes and they become aware of Mexico's reputation as a popular travel destination. For these upscale resorts, which require high-quality standards in all food and beverage purchases, some U.S. exporters might eventually enjoy facing a relatively inelastic demand for premium beef cuts sold within this particular growing tourist-trade sector.

One other unique and potentially important market exists for future sales expansion opportunities and may be viewed as a Mexican composite market arena. These consumer demand centers include the major Mexican border cities of Tijuana, Mexicali, Nogales, Ciudad Juarez, and Matamoros. These cities are tied directly to the economic vitality of their "maquiladora" manufacturing districts. Even when visualized as a composite market, these demand centers together currently consist of just 4 percent of Mexico's total urban population (table 2), but represent one of the most rapidly increasing segments of the country's urban population core base. This growth in urban, resident population numbers is a direct result of the job-creating role of the 30-year-old maquiladora industry. It appears to be dramatically expanding rather than contracting, as some had predicted once NAFTA was approved and tariffs began to be phased out, thereby eliminating the reason for the maquiladoras' existence. Instead, other countries like Japan, South Korea, and Taiwan, which are not a part of NAFTA, continue to move their operations into these Mexican border communities. For example, with a population base of about 1 million, Tijuana is currently employing almost the same number of workers in making television sets and parts as the entire TV work force in the United States. The Mexican Government's maquiladora program in Tijuana alone currently hosts over 400 foreign firms.[34]

Tijuana and other major Mexican border cities have inexpensive labor, which is very attractive for foreign as well as U.S. manufacturers. Consequently, the strong industrial-based, domestic economies of these border cities have created rising consumer disposable incomes despite the 1994 peso devaluation. These Mexican nationals have the purchasing power to acquire U.S.-imported meat products, including red meat and poultry byproducts rich in proteins and minerals. Continued strong demand for U.S. export meat commodities in Tijuana and in other major Mexican border cities with maquiladora industries has the potential of generating strong, significant consumption increases in the future.

Impact of Improved Transportation and Distribution Delivery Alternatives

Future export trade with Mexico could be enhanced by the significant improvements and changes currently being undertaken by Mexican authorities to update the nation's transportation infrastructure. New roads are being constructed and old ones either repaired or completely rebuilt while the government helps construction firms to reschedule their debts connected with ongoing toll-road construction.[35]

The state-owned railway system is in the process of being privatized with the goal of updating both the national railway's bed system and the freight terminals that currently service the nation's commercial-business activities. State-owned port facilities are also being transferred to the private sector in an attempt to improve ocean-freight efficiencies and enhance container-volume activities in the future.

Because of Mexico's unique geographical location, almost all U.S. meat and poultry exports are transported over the road by refrigerated tractor-trailers. This may change in the future with the improvement and new efficiencies being created within the nation's railway system. Double-stacked container rail freight, which can be inspected by Mexican TIF officials at the final interior destination for U.S. meat and poultry exports, may provide the additional advantages of having these U.S. exports arrive on a timely basis and in acceptable physical condition at lower transportation cost. Refrigerated rail-container movement of these U.S. exports, however, may also have to await the construction of adequate intermodal transfer facilities for stack-train service to efficiently handle perishable commodities. Once improvement in Mexican port-facility efficiencies is achieved, coastal resorts can use this efficient mode of transportation to a greater extent than in the past. Air-cargo traffic will probably continue to be limited to special-delivery situations to compensate for inventory shortages when time in transit overrides cost considerations in servicing hotel guests at the upscale hotels in Mexico's "mega" international resort districts.

[34]DePalma, Anthony, "Economics Lesson in a Border Town," *The New York Times,* New York, N.Y., May 23, 1996.

[35]Ibid. 6.

Global Impacts and U.S. Goals

Pursuing the expansion of free trade on a global basis has become the primary trade policy goal of the United States. U.S. exports have accounted for nearly a third of the Nation's economic growth during this decade, and some 12 million citizens owe their jobs to sales of U.S.-made products sold abroad. Moreover, the United States now exports more to the top 10 emerging markets than to Europe and Japan combined.[36]

Prior to recent negative economic developments, including the Asian crisis and recessions in Japan and Russia, emerging markets such as China, India, Indonesia, Turkey, Mexico, and Brazil had been growing two to three times faster than Europe and Japan. Once global currency problems are resolved, American exports to the top ten emerging markets, including these six, should recover and experience robust growth. As new consumers enter the world economy, U.S. export trade will become increasingly important to U.S. living standards.

In recognition of this expanding export potential, on October 25, 1995, officials of the USDA announced a new trade strategy to support trade development programs that will boost exports of U.S. agricultural commodities including value-added products. Department officials identified a list of the best market prospects for U.S. farm goods which includes Japan, China, Korea, Hong Kong, Taiwan, Indonesia, Singapore, Canada, Mexico, Brazil, Russia, and the European Community Union. USDA's new trade plan called "The Long-Term Agricultural Trade Strategy" is designed to boost annual farm income, create new off-farm jobs, and achieve additional U.S. economic trade activity through enhanced agricultural export sales. The overall strategy is to expand the role of farm exports in order to become an even greater contributor to the entire U.S. economy. The plan specifically includes:

- Reaching out to smaller firms and cooperatives to show them the benefits of exports;
- Targeting promotion and market development in the most promising foreign markets;
- Reducing and countering unfair foreign market barriers; and
- Designing trade policies to open foreign markets and gain market access.

In keeping with these goals, the focus of this research study has been to assist U.S. meat and poultry processors to develop successful export strategies to participate in emerging-market opportunities within Mexico. Superior market knowledge and communications provide a flow of information from sellers to buyers that will benefit both in participating in the economic growth and expansion of this emerging NAFTA partner.

[36] Garten, Jeffrey E., "Congress Wages War on Free Trade," *The Wall Street Journal,* New York, N.Y., May 28, 1997.

Appendix Tables

Appendix Table 1. Number and Type of Firms Interviewed About Importation of U.S. Red Meat and Poultry Products During 1994, Selected Cities, Mexico, January-March, 1996

	Mexican Cities Surveyed					
Type of Firm	Monterrey	Mexico City	Guadalajara	Acapulco Puerto Vallarta Cancun	Mazatlan	Total
Distributors	5	10	11	2	2	30
Supermarkets & Discount Chains	4	3	1	-	-	8
Hotel & Commercial Restaurants	15	5	2	12	20	54
Meat Processors	3	3	1	-	-	7
HRI Purveyors	6	3	4	4	8	25
Total	33	24	19	18	30	124

Appendix Table 2. Number and Type of Border Transfer Agents Interviewed About U.S. Exportation of Red Meat and Poultry Products to Mexico, by Port of Exit, 1994

	Ports of Exit[1]					
Border Transfer Agents	Hidalgo-Laredo	Brownsville	El Paso	Nogales	San Diego	Total Firms
Freight Forwarders/Customs Brokers	13	6	2	8	11	40
Traders	1	3	3	NR	NR	7
Cold-Storage Facility Operators	1	2	1	[2]	[2]	4
Total Firms	15	11	6	8	11	51

NR - None reported.
[1] Comparable U.S. ports of exit versus Mexican ports of entry are Laredo, TX-Nuevo Laredo, Tamaulipas; McAllen, TX-Hidalgo-Reynosa, Tamaulipas; Brownsville, TX-Matamoros, Tamaulipas; El Paso, TX-Ciudad Juarez, Chihuahua; Nogales, Arizona-Nogales, Sonora; and San Diego, California-Tijuana, Baja California.
[2] Some firms performed multifunctions including provision of cold-storage facilities.

Appendix Table 3. Type of U.S.-Imported Red Meat and Poultry Products Purchased by Meat Firms, by Physical Condition of Meat, Monterrey, Mexico, 1994

Kind of Meat	Physical Condition of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	61.7	38.3	NR	NR	NR	100
Pork	69.5	30.2	0.3	NR	NR	100
Lamb & Sheepmeat	16.1	83.9	NR	NR	NR	100
Processed Meats	16.2	83.9	NR	NR	NR	100
Variety Meats	NR	100.0	NR	NR	NR	100
Poultry:						
Chicken	21.2	78.8	NR	NR	NR	100
Turkey	NR	94.7	5.3	NR	NR	100
Other[3]	NR	100.0	NR	NR	NR	100
Average	29.9	69.4	0.6	NR	NR	100

NR - None reported
[1]Athough classified as smoked and cured, these items were also generally frozen.
[2]Includes dried products.
[3]Includes ducks, geese, and fowl.

Appendix Table 4. Type of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Physical Condition of Meat, Mexico City, Mexico, 1994

Kind of Meat	Physical Condition of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	37.7	62.3	NR	NR	NR	100
Pork	0.6	98.7	0.7	NR	NR	100
Lamb & Sheepmeat	1.9	98.1	NR	NR	NR	100
Processed Meats	0.2	99.8	NR	NR	NR	100
Variety Meats	2.4	97.6	NR	NR	NR	100
Poultry						
Chicken	NR	100.0	NR	NR	NR	100
Turkey	41.6	51.0	7.4	NR	NR	100
Other[3]	69.1	30.9	NR	NR	NR	100
Average	18.8	79.1	2.1	NR	NR	100

NR - None reported
[1]Altough classified as smoked and cured, these items were also generally frozen.
[2]Includes dried products.
[3]Includes ducks, geese, and fowl.

Appendix Table 5. Type of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Physical Condition of Meat, Guadalajara, Mexico, 1994

Kind of Meat	Physical Condition of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	64.4	35.6	NR	NR	NR	100
Pork	27.9	71.3	0.8	NR	NR	100
Lamb & Sheepmeat	0.7	99.3	NR	NR	NR	100
Processed Meats	NR	100.0	NR	NR	NR	100
Variety Meats	NR	100.0	NR	NR	NR	100
Poultry:						
Chicken	NR	90.7	NR	NR	9.3	100
Turkey	33.7	55.9	10.4	NR	NR	100
Other[3]	2.0	98.0	NR	NR	NR	100
Average	17.3	80.4	1.5	NR	0.8	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried products.
[3]Includes ducks, geese, and fowl.

Appendix Table 6. Type of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Physical Condition of Meat, Cancun, Mexico, 1994

Kind of Meat	Physical Condition of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	28.2	71.8	NR	NR	NR	100
Pork	NR	63.0	37.0	NR	NR	100
Lamb & Sheepmeat	24.4	75.6	NR	NR	NR	100
Processed Meats	NR	100.0	NR	NR	NR	100
Variety Meats	0.1	99.9	NR	NR	NR	100
Poultry:						
Chicken	NR	100.0	NR	NR	NR	100
Turkey	NR	100.0	NR	NR	NR	100
Other[3]	NR	100.0	NR	NR	NR	100
Average	16.6	79.9	3.5	NR	NR	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried products.
[3]Includes ducks, geese, and fowl.

Appendix Table 7. Type of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Physical Condition of Meat, Acapulco-Puerto Vallarta-Mazatlan, Mexico, 1994

Kind of Meat	Physical Condition of Meat					
	Fresh-Chilled	Frozen	Smoked-Cured[1]	Cooked	Other[2]	Total
	Percent					
Red Meat:						
Beef & Veal	1.9	98.1	NR	NR	NR	100
Pork	NR	8.8	91.2	NR	NR	100
Lamb & Sheepmeat	NR	100.0	NR	NR	NR	100
Processed Meats	85.3	14.7	NR	NR	NR	100
Variety Meats	4.3	95.7	NR	NR	NR	100
Poultry:						
Chicken	NR	100.0	NR	NR	NR	100
Turkey	60.7	6.8	32.5	NR	NR	100
Other[3]	13.0	87.0	NR	NR	NR	100
Average	22.8	32.6	44.6	NR	NR	100

NR - None reported
[1]Although classified as smoked and cured, these items were also generally frozen.
[2]Includes dried products.
[3]Includes ducks, geese, and fowl.

Appendix Table 8. Form of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Kind of Meat, Monterrey, Mexico, 1994

Kind of Meat	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	99.6	0.4	NR	NR	NR	100
Pork	NR	NR	99.5	0.4	NR	NR	0.1	100
Lamb & Sheepmeat	NR	NR	99.3	0.7	NR	NR	NR	100
Processed Meats	NR	NR	NR	68.5	NR	31.6	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry:								
Chicken	NR	NR	39.0	0.1	NR	60.8	NR	100
Turkey	4.4	NR	52.8	NR	NR	42.8	NR	100
Other[4]	NR	NR	100.0	NR	NR	NR	NR	100
Average	0.5	NR	53.1	1.3	NR	13.8	31.3	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat in addition to hearts, livers, gizzards, and mechanically deboned meat packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and other products received in small-packaged form.
[4] Includes ducks, geese, and fowl.

Appendix Table 9. Form of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Kind of Meat, Mexico City, Mexico, 1994

Kind of Meat	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	4.9	93.9	1.1	NR	NR	0.1	100
Pork	NR	5.1	93.3	1.5	NR	NR	0.1	100
Lamb & Sheepmeat	NR	0.5	99.5	NR	NR	NR	NR	100
Processed Meats	NR	NR	NR	52.2	47.6	NR	0.2	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry:								
Chicken	NR	NR	98.8	1.2	NR	NR	NR	100
Turkey	5.5	0.1	47.2	NR	5.1	41.4	0.7	100
Other[4]	NR	1.2	98.8	NR	NR	NR	NR	100
Average	1.5	1.4	59.9	3.3	4.0	11.4	18.5	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat in addition to hearts, livers, gizzards, and mechanically deboned meat packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and other products received in small-packaged form.
[4] Includes ducks, geese, and fowl.

Appendix Table 10. Form of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Kind of Meat, Guadalajara, Mexico, 1994

Kind of Meat	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	92.9	7.1	NR	NR	NR	100
Pork	NR	NR	81.7	11.3	NR	NR	7.0	100
Lamb & Sheepmeat	2.8	NR	97.2	NR	NR	NR	NR	100
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	NR	100
Poultry:								
Chicken	NR	NR	NR	10.5	NR	NR	89.5	100
Turkey	11.2	NR	NR	NR	26.6	NR	62.1	100
Other[4]	99.3	NR	0.7	NR	NR	NR	NR	100
Average	1.6	NR	24.8	3.5	3.5	NR	66.6	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat in addition to hearts, livers, gizzards, and mechanically deboned meat packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and other products received in small-packaged form.
[4] Includes ducks, geese, and fowl.

Appendix Table 11. Form of US.-Imported Red Meat and Poultry Products Purchased by Meat Firms, by Kind of Meat, Cancun, Mexico, 1994

Kind of Meat	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	88.0	11.5	NR	NR	0.5	100
Pork	NR	NR	46.7	50.2	NR	NR	3.1	100
Lamb & Sheepmeat	NR	NR	73.9	26.1	NR	NR	NR	100
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry:								
Chicken	61.8	NR	38.2	NR	NR	NR	NR	100
Turkey	93.9	NR	6.1	NR	NR	NR	NR	100
Other[4]	100.0	NR	NR	NR	NR	NR	NR	100
Average	7.1	NR	59.6	17.2	NR	NR	16.1	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat in addition to hearts, livers, gizzards, and mechanically deboned meat packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and other products received in small-packaged form.
[4] Includes ducks, geese, and fowl.

Appendix Table 12. Form of U.S.-Imported Red Meat and Poultry Products, Purchased by Meat Firms, by Kind of Meat, Acapulco-Puerto Vallarta- Mazatlan, Mexico, 1994

Kind of Meat	Carcass[1]	Quarters Primals	Boxed Primals & Subprimals[2]	Boxed Portion Control	Boxed Deboned Products	Bulk-Jumbo Containers	Other[3]	Total
	Percent							
Red Meat:								
Beef & Veal	NR	NR	87.0	13.0	NR	NR	NR	100
Pork	NR	NR	6.6	93.4	NR	NR	NR	100
Lamb & Sheepmeat	NR	NR	100.0	NR	NR	NR	NR	100
Processed Meats	NR	NR	NR	100.0	NR	NR	NR	100
Variety Meats	NR	NR	NR	NR	NR	NR	100.0	100
Poultry:								
Chicken	100.0	NR	NR	NR	NR	NR	NR	100
Turkey	3.9	NR	2.3	93.7	NR	NR	NR	100
Other[4]	76.5	NR	23.5	NR	NR	NR	NR	100
Average	0.5	NR	23.9	73.8	NR	NR	1.8	100

NR - None reported
[1] Poultry carcass meat consisted of whole birds, not cut in pieces, packaged and boxed.
[2] Poultry meat consisted of poultry cuts, cut-up parts, and boneless meat in addition to hearts, livers, gizzards, and mechanically deboned meat packaged and boxed. The mechanically deboned poultry meat was also shipped in plastic-lined, bulk-jumbo containers.
[3] Includes packaged and boxed variety meats and other products received in small-packaged form.
[4] Includes ducks, geese, and fowl.

Appendix Table 13. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, Distributors, Mexico, 1994

	Geographic Sales Areas						
Kind of Meat	**Monterrey**	**Mexico City**	**Guadalajara**	**Cancun**	**Acapulco-Puerto Vallarta-Mazatlan**	**Other[1]**	**Total**
	Percent						
Red Meat:							
Beef & Veal	35.5	20.5	19.2	5.2	3.2	16.4	100
Pork	29.3	26.8	24.7	0.4	9.6	9.2	100
Lamb & Sheepmeat	43.1	10.1	20.4	1.6	4.1	20.7	100
Processed Meats	30.6	5.6	2.7	1.2	47.2	12.7	100
Variety Meats	29.3	16.3	28.3	2.5	5.5	18.1	100
Poultry:							
Chicken	36.6	19.4	16.7	6.9	5.2	15.3	100
Turkey	15.7	51.1	8.7	1.2	11.2	11.9	100
Other[2]	NR	1.7	71.5	6.4	5.1	15.3	100
Average	30.5	20.8	23.9	2.6	6.7	15.4	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.

Appendix Table 14. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, HRI Purveyors, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	3.6	43.7	6.8	28.0	15.5	2.5	100
Pork	0.2	21.9	4.6	50.1	23.2	NR	100
Lamb & Sheepmeat	1.4	44.8	19.3	20.1	5.1	9.4	100
Processed Meats	0.3	12.2	10.0	75.7	1.8	NR	100
Variety Meats	2.9	77.1	2.3	8.8	7.2	1.7	100
Poultry:							
Chicken	NR	NR	NR	100.0	NR	NR	100
Turkey	3.2	49.2	9.2	21.5	14.1	2.7	100
Other[2]	NR	87.5	0.2	2.2	9.9	0.2	100
Average	2.9	49.3	5.6	26.6	13.5	2.0	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.

Appendix Table 15. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, Meat Processors, Mexico, 1994

	Geographic Sales Areas						
Kind of Meat	**Monterrey**	**Mexico City**	**Guadalajara**	**Cancun**	**Acapulco-Puerto Vallarta-Mazatlan**	**Other[1]**	**Total**
	Percent						
Red Meat:							
Beef & Veal	29.8	18.7	11.6	13.2	6.6	20.0	100
Pork	17.5	41.4	6.0	7.6	4.4	23.1	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR
Processed Meats	50.2	10.5	10.5	7.0	NR	21.8	100
Variety Meats	23.4	35.9	12.9	1.1	3.8	22.9	100
Poultry:							
Chicken	28.7	30.7	11.3	4.3	5.2	19.8	100
Turkey	26.5	33.7	12.2	2.1	4.5	21.0	100
Other[2]	NR	NR	NR	NR	NR	NR	NR
Average	27.2	32.3	11.8	3.2	4.7	20.8	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.

Appendix Table 16. Geographic Sales Areas for U.S. Red Meat and Poultry Products, by Kind of Meat, Supermarket and Discount Chains, Mexico, 1994

Kind of Meat	Geographic Sales Areas						
	Monterrey	Mexico City	Guadalajara	Cancun	Acapulco-Puerto Vallarta-Mazatlan	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	30.1	32.8	8.8	1.0	0.2	27.1	100
Pork	24.3	47.4	12.7	0.4	0.8	14.4	100
Lamb & Sheepmeat	NR	NR	NR	NR	NR	NR	NR
Processed Meats	20.3	53.5	14.8	0.6	1.3	9.5	100
Variety Meats	20.8	30.2	6.7	26.8	0.1	15.5	100
Poultry:							
Chicken	65.0	19.8	4.0	NR	NR	11.3	100
Turkey	12.9	28.7	7.5	39.1	0.6	11.2	100
Other[2]	31.8	38.1	8.2	NR	NR	21.9	100
Average	26.3	35.5	9.3	7.4	0.3	21.2	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.

Appendix Table 17. Geographic Area of Sales for U.S. Red Meat and Poultry Products, by Kind of Meat, Hotel and Commercial Restaurants, Mexico, 1994

	Geographic Sales Areas						
Kind of Meat	**Monterrey**	**Mexico City**	**Guadalajara**	**Cancun**	**Acapulco-Puerto Vallarta-Mazatlan**	**Other[1]**	**Total**
	Percent						
Red Meat:							
Beef & Veal	4.5	47.3	2.3	28.8	8.4	8.7	100
Pork	13.8	31.3	2.5	20.2	18.5	13.8	100
Lamb & Sheepmeat	1.7	2.5	15.1	57.8	23.0	NR	100
Processed Meats	7.2	40.3	4.3	15.4	12.7	20.2	100
Variety Meats	7.3	67.0	5.0	4.5	4.9	11.3	100
Poultry:							
Chicken	72.6	9.1	NR	18.3	NR	NR	100
Turkey	2.6	56.4	6.5	14.9	6.1	13.4	100
Other[2]	NR	35.5	5.7	56.2	2.6	NR	100
Average	7.5	43.5	3.1	24.3	10.2	11.4	100

NR - None reported
[1]Includes other cities in Mexico.
[2]Includes ducks, geese, and fowl.

Appendix Table 18. Market Outlet for U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Monterrey, Mexico, 1994

Kind of Meat	Kind of Buyers						
	Distributors	Processors & HRI Purveyors	Supermarket & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	29.8	3.8	43.4	8.4	7.9	6.7	100
Pork	38.0	25.2	21.0	10.4	2.0	3.4	100
Lamb & Sheepmeat	42.7	NR	24.2	8.7	6.5	17.9	100
Processed Meat	1.8	NR	54.1	37.2	5.6	1.3	100
Variety Meats	44.6	5.2	24.9	13.1	3.0	9.1	100
Poultry Meat:							
Chicken	7.8	NR	58.2	29.7	4.1	0.2	100
Turkey	6.9	NR	49.9	36.6	2.5	4.1	100
Other[2]	NR	NR	100.0	NR	NR	NR	100
Average	29.7	6.5	37.0	16.8	4.3	5.7	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.

Appendix Table 19. Market Outlet for U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Mexico City, Mexico, 1994

Kind of Meat	Kind of Buyers						
	Distributors	Processors & HRI Purveyors	Supermarket & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	35.1	NR	38.5	4.2	21.3	0.9	100
Pork	66.0	NR	19.9	4.7	9.4	NR	100
Lamb & Sheepmeat	96.1	NR	NR	NR	3.9	NR	100
Processed Meat	47.6	NR	47.3	0.3	4.8	NR	100
Variety Meats	34.2	NR	35.6	26.2	1.8	2.1	100
Poultry Meat:							
Chicken	NR	NR	50.3	49.4	0.2	NR	100
Turkey	6.4	NR	44.1	43.2	0.6	5.7	100
Other[2]	35.0	NR	2.1	NR	62.9	NR	100
Average	24.9	NR	39.6	27.3	6.0	2.2	100

NR - None reported
[1]Includes government agencies, street vendors, and small meatmarkets.
[2]Includes ducks, geese, and fowl.

Appendix Table 20. Market Outlet for U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Guadalajara, Mexico, 1994

Kind of Meat	Kind of Buyers						
	Distributors	Processors & HRI Purveyors	Supermarket & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	44.3	NR	16.7	25.0	11.1	2.9	100
Pork	61.2	NR	4.4	30.2	1.9	2.3	100
Lamb & Sheepmeat	63.5	NR	NR	25.9	8.0	2.6	100
Processed Meat	NR	NR	80.0	10.0	10.0	NR	100
Variety Meats	58.9	NR	7.3	24.0	4.9	4.9	100
Poultry Meat:							
Chicken	13.1	NR	63.0	22.9	NR	1.0	100
Turkey	5.3	NR	62.1	22.7	0.6	9.3	100
Other[2]	43.4	NR	NR	51.1	4.9	0.6	100
Average	45.8	NR	20.6	24.7	4.5	4.4	100

NR - None reported
[1]Includes government agencies, street vendors, and small meatmarkets.
[2]Includes ducks, geese, and fowl.

Appendix Table 21. Market Outlet for U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Cancun, Mexico, 1994

Kind of Meat	Kind of Buyers						
	Distributors	Processors & HRI Purveyors	Supermarket & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	29.0	NR	NR	NR	67.6	3.4	100
Pork	NR	NR	NR	NR	99.2	0.8	100
Lamb & Sheepmeat	NR	NR	NR	NR	96.6	3.4	100
Processed Meat	NR	NR	NR	NR	99.2	0.8	100
Variety Meats	91.4	NR	NR	NR	3.8	4.9	100
Poultry Meat:							
Chicken	NR	NR	NR	NR	87.9	12.1	100
Turkey	NR	NR	NR	NR	64.5	35.5	100
Other[2]	NR	NR	NR	NR	83.7	16.3	100
Average	32.9	NR	NR	NR	62.7	4.4	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.

Appendix Table 22. Market Outlet for U.S. Red Meat and Poultry Products, by Kind of Buyer and Kind of Meat, Acapulco-Puerto Vallarta-Mazatlan, Mexico, 1994

Kind of Meat	Kind of Buyers						
	Distributors	Processors & HRI Purveyors	Supermarket & Discount Chains	Other Retailers	Hotels & Restaurants	Other[1]	Total
	Percent						
Red Meat:							
Beef & Veal	NR	NR	0.6	3.0	95.7	0.7	100
Pork	NR	NR	37.4	33.7	28.9	NR	100
Lamb & Sheepmeat	NR	NR	NR	NR	100.0	NR	100
Processed Meat	NR	NR	35.2	31.8	33.1	NR	100
Variety Meats	NR	NR	5.5	28.2	65.8	0.4	100
Poultry Meat:							
Chicken	NR	NR	NR	NR	NR	NR	NR
Turkey	NR	NR	39.7	36.1	23.6	0.6	100
Other[2]	NR	NR	NR	NR	100.0	NR	100
Average	NR	NR	29.8	27.8	42.2	0.2	100

NR - None reported
[1]Includes government agencies, street vendors, and small meat markets.
[2]Includes ducks, geese, and fowl.