



International Trade Highlights:

The USDA Foreign Agricultural Service (FAS) recently published *Livestock and Products Annual 2015* for the countries of Argentina, Australia, Canada, China, South Korea and Ukraine. The reports include summaries, outlooks, slaughter data, livestock inventories, trade situation updates, consumption statistics, marketing and price analysis and current data on production and supply. The reports are available on the FAS Global Agricultural Information Network (GAIN) at <http://gain.fas.usda.gov/>.

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North America:

MEXICO'S POULTRY SITUATION

An arbitration panel of the WTO (World Trade Organization) met and completed hearings in mid-September 2015 to discuss how much Canada and Mexico will be able to claim in retaliatory tariffs for the US' country-of-origin-labeling rules. The panel's decision is expected in November 2015. According to media, Canada is seeking about \$3 billion and Mexico \$653 million. On another note, a decision from the NAFTA AD dispute resolution panel is expected by the end of 2015 regarding compensatory duties on US chicken leg quarter (CLQ) imports.

In late August and early September 2015, Mexico sent representatives to Brazil to audit 18 establishments in Mato Grosso, Goias, Sao Paulo, Santa Catarina, Mato Grosso do Sul, Minas Gerais, Rio Grande do Sul, and Parana for possible verification and import approval. The audits were followed up with another meeting of officials.

Mexico reported an outbreak of low pathogenic avian influenza in late July and early August. The farm has since been quarantined, control measures have been put in place, and the birds have been culled. In keeping with the avian influenza (AI) situation in Mexico and the US, Mexico presented the National Health Programme 2015-2018 and the poultry production plan in early September 2015. The plans aim to promote health and biosecurity efforts in hopes of eradicating highly pathogenic (HPAI) through timely reporting, controlled movements, decentralization of farms, and increased heat treatments and disinfection among other measures.

Mexico's Poultry Situation (Thousands of Metric Tons)

	BROILER						TURKEY					
	2014		2015		2016		2014		2015		2016	
	Jan-14	Jan-15	Jan-15	Jan-16	Jan-16	Jan-14	Jan-15	Jan-15	Jan-16	Jan-16	Jan-16	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Production	2,980	3,025	3,015	3,100	-	3,160	9	9	-	9	-	9
Imports	722	722	760	760	-	770	150	158	167	160	-	163
Exports	9	10	9	9	-	10	1	1	1	1	-	2
Dom. Cons.	3,693	3,737	3,766	3,851	-	3,920	158	166	176	168	-	170

Note: Unofficial USDA Estimates. Dom. Cons. = Total Domestic Consumption. Source: USDA FAS Gain Report MX5036, Unofficial USDA Estimates

BROILER

Production

Mexico's domestic broiler meat production is forecast to increase in 2016 to reach 3.16 million metric tons (MMT); the sector continues to grow at a 2% annual rate. Post revised the 2015 broiler meat production estimate upward from the USDA official estimate to 3.10 MMT; 2014 broiler production estimates were also revised to higher levels. The National Poultry Association (UNA) attributes the increased production to Mexico implementing effective measures to cope with the 2012 and 2103 AI outbreaks in Mexico allowing the poultry sector to rebound to record production levels. However Mexico's poultry industry is still concerned about the threat of HPAI in the US and the potential appearance of new AI strains in Mexico, as well as their ability to source replacement breeder stock. Increasing costs associated with biosecurity requirements are contributing to industry's conservative growth forecasts. Broiler meat and egg production represented a 63.1% share of Mexico's total domestic production.

Consumption

Broiler meat consumption in 2016 is forecast to reach a record 3.920 MMT as consumers continue to prefer broiler meat over other proteins due to increased production and affordable prices. Post revised the 2015 consumption estimate to 3.851 MMT; the 2014 broiler meat consumption estimate was also revised higher. UNA reports preliminary per capita consumption estimates of broiler meat at 26.3 kg and 2014 at 25.9 kg. The 2016 forecast represents the 6th consecutive year of record consumption. Broiler meat consumption growth slowed to almost zero during the 2012-2013 HPAI outbreaks, but has since regained the ground it lost. The introduction of innovative products, the expansion of fast food establishments, and competitive pricing are helping to drive demand for poultry meat. High income consumers prefer white meat and lower income consumers prefer dark meat cuts.

Imports

Imports of broiler meat in 2016 are expected to be 770,000 MT with continued strong demand for CLQs and mechanically separated/deboned (MSM) poultry meat. Post is estimating 2015 imports to remain unchanged at 760,000 MT; 2014 import estimates are also unchanged. Despite Mexico's robust recovery from AI in 2012 and 2013 it is still unable to meet domestic needs and will therefore need to continue importing. The US accounts for about 98% of Mexico's chicken and turkey meat imports, however Chile and Brazil are gaining market share. In 2013 and 2014, Mexico announced the opening of a tariff rate quota (TRQ) for chicken, turkey, and MSM for all trading partners with whom Mexico does not have an existing free trade agreement, including Brazil. According to UNA, only a small amount (5%-6%) of the TRQ has been used to date in 2015. Brazil primarily supplies Mexico with whole chickens and frozen chicken breast meat, while the US primarily supplies CLQs.

Exports

Post forecasts Mexico's 2016 exports to be 10,000 MT as Mexico struggles to reopen markets that closed after the 2012 AI outbreak. Estimates for 2015 and 2014 remain unchanged. In general, Mexican exports are more attractive internationally and increasing with the Peso's devaluation of about 14% against the US Dollar in 2015.

Principales Estados Productores de Pollo 2014

Main Chicken Producing States in Mexico 2014



Mexico Import Statistics, Broiler Meat

	2010	2011	2012	2013	2014	2014*	2015*	%
World	548,548	578,439	616,209	682,436	721,952	290,745	313,454	7.81
US	532,223	564,154	601,349	665,793	691,755	283,964	299,434	5.45
Chile	16,018	13,935	14,549	16,002	15,038	6,543	7,107	8.62
Brazil	-	-	-	293	12,644	134	6,776	4939.53
Argentina	-	-	-	-	2,223	-	-	-
Canada	277	350	311	349	292	103	136	31.97

Mexico Export Statistics, Broiler Meat

	2010	2011	2012	2013	2014	2014*	2015*	%
World	13,922	16,436	7,237	7,206	10,384	3,994	2,816	-29.48
Hong Kong	4,035	8,725	1,469	2,257	5,382	1,962	1,218	-37.94
US	2,941	2,852	2,739	3,242	2,519	998	988	-1.05
Ghana		123	356	843	1,267	646	216	-66.56
Benin		756	48		297	27	108	300
Guatemala	163	163	113	181	279	132	105	-21.02
El Salvador	230	231	137	248	227	120	58	-51.51
Equatorial Guinea				22	109	27		-100
Angola	274	722	1,295	27	93		74	
Other	6,279	2,865	1,080	387	212	81	50	

Note: All data is January-December except 2014* and 2015*, which is January-May.

Source: INEGI (2006-present)/USDA FAS Gain Report MX5036

TURKEY

Production

Mexico's turkey meat production is forecast to be 9,000 MT, which is unchanged from 2015 and 2014 estimates (9,000 MT). Despite focusing on recovery from AI Mexico has not been able to expand production to self-sufficient levels. Mexican turkey producers believe the system for breeding, growing, slaughtering, and further processing turkey meat is extremely challenging with little incentive to expand as their products are extremely seasonal and compete with imports. However select producers who are investing in the repopulation of breeder farms face a complicated situation given the sanitary restrictions prohibiting them from sourcing live birds from their main suppliers (US).

Consumption

Consumption of value-added products is on the upswing and imports of mechanically separated/deboned turkey meat (chilled or frozen) for deli meats and related products are expected to continue growing as domestic production is unable to meet further processing needs. Mexico's per capita consumption is relatively low at 1.5 kg, which is far below the US (7.6 kg). UNA reports that 80% of production is consumed as a whole turkey while the remaining 20% is used for the preparation of value-added products.

Imports

Due to the HPAI outbreak in the US, Mexican authorities have implemented restrictions on raw poultry, MSM turkey meat shipments, and live birds for breeding purposes from quarantined US states. Mexico will look to source raw poultry and MSM turkey meat from other countries, especially from Chile.

EGGS

Production

Domestic production is forecasted at 2.65 MMT in 2016. UNA's preliminary production estimate for 2015 is 2,622,695 MT, which is 2% higher than 2014 final production (2,559,537 MT). UNA forecasts future egg product growth will remain around 2% annually due to successful repopulation efforts. Mexico reports domestic egg production is fully restored to normal levels. However the HPAI outbreaks in the US have led industry to implement permanent security and biosecurity measures. The 2 leading producer states are Jalisco and Puebla. Mexico is the 6th largest egg producing country in the world.

Consumption

UNA forecasts egg consumption to increase marginally from the preliminary 22.2 kg expected for 2015. Prior to the AI outbreak, egg consumption was 22.4 kg in 2011. However egg consumption dropped in 2012 and 2013 to between 20.8 kg and 21.7 kg due to higher egg prices and limited availability. Egg consumption started to rebound some in 2014 reaching 22.0 kg.

Imports

Post is forecasting table egg imports to be lower in 2016 due to AI in the US; however egg product imports are expected to remain unchanged. As of May 2015, Mexico imported 37,990 MT of table eggs and egg products, which about 72% lower than the same period a year ago. UNA and Post agree that Mexican imports from the US should continue to decrease as Mexican domestic production recovers, high prices in the US motivate US producers to prioritize supplying the domestic market, and the falling exchange rate makes imported eggs more expensive for Mexican consumers.

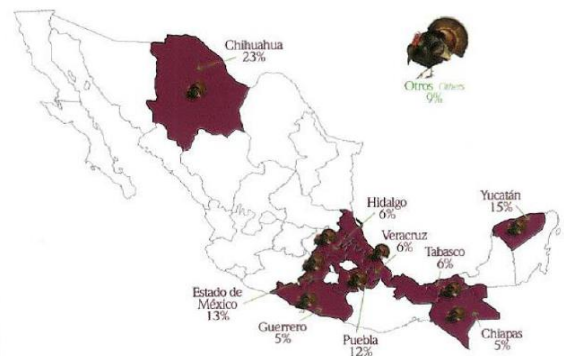
Exports

Mexico lost export markets in 2012 and 2013 with the AI outbreaks. Presently, Mexican exports of egg and egg products are permitted if they are breaking eggs, pathogen-free, or have received a thermal process. UNA reports Mexican exports of eggs for industrial purposes are on the rise in 2015 and 2016. In early September, Japan approved imports of Mexican pasteurized liquid egg products from verified plants in Jalisco State. The US is also potential export market for Mexican table eggs with the AI outbreak in the US; however Mexican producers and exporters are struggling to understand the administrative procedures to export to the US. Currently, Mexico is eligible to export breaking eggs to the US. In light of the after effects of the HPAI affecting producing US states, the export of table eggs to Mexico is not feasible yet. However ongoing negotiations continue between the appropriate zoo-sanitary authorities from both countries. *Source: USDA FAS Gain Report MX5036/OIE/Various News Wires*

On September 22, USDA NASS released its monthly *Cold Storage* report. According to the data, as of August 31, 2015, beef in U.S. cold storage totaled 470.4 million pounds. This was 35.7 percent higher than a year ago and was 12.0 percent higher than the five year average. More specifically, boneless beef in cold storage equaled 430.0 million pounds, which was up 39.5 percent over a year ago. The volume of beef cuts in storage was 5.8 percent more than a year ago, amounting to 40.4 million pounds. In the meantime, as of August 31, U.S. pork in cold storage facilities totaled 656.3 million pounds, which was 20.7 percent higher than a year ago and was 31.5 percent higher than the five year average. Specifically, the volume of hams in storage was 32.3 percent more than a year ago with 237.5 million pounds. Pork bellies in cold storage totaled 13.7 million pounds, 70.0 percent below a year ago. Pork loins in storage were up 53.7 percent over last year, amounting to 32.1 million pounds. The volume of pork ribs in cold storage equaled 72.9 million pounds, 46.8 percent more than a year ago. Pork trimmings in storage totaled 42.6 million pounds, which was up 5.3 percent over last year. Veal in U.S. cold storage on August 31 totaled 4.1 million pounds, which was 13.7 percent more than a year ago. Lamb and mutton in storage totaled 41.9 million pounds, 4.3 percent higher than last year. The complete report is available on the NASS website at <http://www.nass.usda.gov/>.

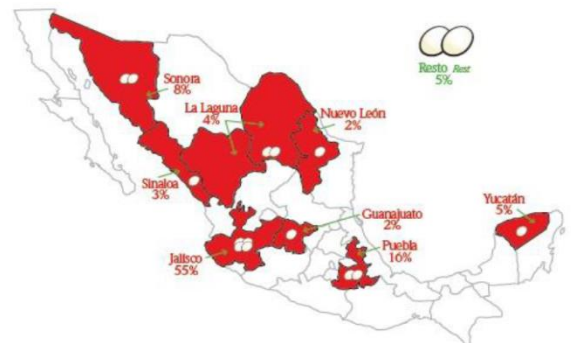
I.9 Principales Estados Productores de Pavo 2014

Main Turkey Producing States in Mexico 2014



Principales Estados Productores de Huevo 2014

Main Egg Producing States in Mexico 2014



U.S. Cattle on Feed	
1,000 + Capacity Feedlots	1,000 Head
On Feed August 1, 2015	10,002
Placed on Feed During August	1,632
Fed Cattle Marketed During August	1,588
Other Disappearance During August	60
On Feed September 1, 2015	9,986

Source: USDA National Agricultural Statistics Service

On September 18, the USDA National Agricultural Statistics Service (NASS) released its monthly *Cattle on Feed*. According to the data, as of September 1, 2015, cattle and calves on feed for the U.S. slaughter market for feedlots with a capacity of 1,000 or more head equaled 9.99 million head. This was 2.7 percent more than one year ago and was 1.1 percent more than two years ago. During August, 1.63 million head of cattle were placed on feed, which was 5.4 percent lower than one year ago and was 7.9 percent lower than two years ago. This was the lowest placements for the month of August since the series began in 1996. More specifically, feeder cattle placements weighing less than 600 pounds equaled 395,000 head, which was 3.7 percent less than a year ago. Placements weighing 600 to 699 pounds were down 24.6 percent from a year ago, amounting to 215,000 head. Placements of feeder cattle weighing 700 to 799 pounds totaled 362,000 head, 8.4 percent less than last year. Finally, placements of feeder cattle weighing more than 800 pounds increased 3.9 percent over a year ago, totaling 660,000 head. Meanwhile, during August, fed cattle marketings fell 6.1 percent from one year ago to 1.59 million head. Also, this was 15.1 percent lower than two years ago. This was the lowest marketings for August since the series began. The entire report is available on the NASS website at <http://www.nass.usda.gov/>.

On September 25, the USDA National Agricultural Statistics Service (NASS) published its quarterly *Hogs and Pigs* report. According to the numbers, the U.S. inventory of all hogs and pigs totaled 68.40 million head on September 1, 2015, which is the highest inventory since quarterly estimates began in 1988. This was 2.2 percent higher than the previous quarter and was 5.0 percent higher than a year ago. The breeding herd equaled 5.99 million head, which was up 1.0 percent over the previous quarter and was up 1.1 percent over a year ago. The number of market hogs and pigs increased 2.4 percent over the previous quarter to 62.41 million head, which was the highest market hog inventory since estimates began in 1988. Also, this was 5.4 percent higher than a year ago. More specifically, market hogs and pigs weighing less than 50 pounds totaled 20.29 million head, which was up 4.3 percent over the previous quarter and was up 4.0 percent over a year ago. The number of market hogs and pigs weighing 50 to 119 pounds equaled 17.99 million head. This was 4.7 percent more than the previous quarter and was 1.9 percent more than last year. Market hogs and pigs weighing 120 to 179 pounds were 1.3 percent higher than the previous quarter and were 8.9 percent higher than a year ago, amounting to 13.08 million head. Market hogs and pigs weighing more than 180 pounds totaled 11.05 million head, which was down 3.3 percent from the previous quarter but was up 10.3 percent over a year ago. Sows farrowed during the June to August time period totaled 2.94 million head, which was 1.6 percent less than a year ago. This accounted for 49.2 percent of the total breeding herd. During the same time, the pig crop equaled 30.59 million head, slightly more than a year ago. The number of pigs per litter was a record high for the June-August period of 10.39 head, compared to 10.16 a year ago. Iowa was the main hog producing state with 20.80 million head, which was 6.7 percent more than last year. This comprised 30.4 percent of the total inventory. The total number of hogs under contract owned by operations with over 5,000 head accounted for 47 percent of the total U.S. hog inventory, up from 46 percent last year. The complete report can be found on the NASS website at <http://www.nass.usda.gov/>.

U.S. Quarterly Hogs & Pigs Inventory			
As of September 1, 2015			
Class (1,000 head)	1-Sep-15	1-Jun-15	1-Sep-14
All Hogs & Pigs	68,395	66,900	65,131
Breeding	5,986	5,926	5,920
Market	62,410	60,975	59,211
Market Hogs & Pigs			
Under 50 lbs	20,291	19,455	19,517
50-119 lbs	17,986	17,181	17,658
120-179 lbs	13,080	12,910	12,012
180 lbs & Over	11,053	11,429	10,023

Source: USDA National Agricultural Statistics Service

Pacific Rim:

South Korea Red Meat Imports

Beef Imports for August 2015

	Jun	YTD	YTD	Percent
(Metric Tons)	2015	2015	2014	Change
U.S.	12,179	68,012	70,648	-3.7%
Australia	16,437	113,045	101,937	10.9%
New Zealand	1,606	13,416	15,796	-15.1%
Total Beef	30,485	196,831	190,356	3.4%

Pork Imports for August 2015

	Jun	YTD	YTD	Percent
(Metric Tons)	2015	2015	2014	Change
U.S.	11,089	99,839	78,002	28.0%
Canada	3,197	29,375	22,305	31.7%
Germany	8,014	56,507	39,412	43.4%
Chile	2,655	20,878	17,074	22.3%
Spain	5,723	42,764	19,180	123.0%
Denmark	2,060	11,720	5,384	117.7%
Total Pork	39,921	319,557	233,940	36.6%

Source: Korea International Trade Association

The Korea International Trade Association (KITA) recently issued South Korea's beef and pork imports for August 2015. According to the data, South Korea's beef imports during August rose 12.8 percent over the previous month and rose 28.9 percent over August 2014 to 30,485 MT. Specifically, frozen beef imports totaled 25,823 MT, which accounted for 84.7 percent of the total. Fresh, chilled beef imports totaled 4,662 MT. During August, South Korea imported 16,437 MT of beef from Australia. This was up 2.8 percent over the previous month and was up 33.1 percent over August 2014. Total year-to-date beef imports from Australia equaled 113,045 MT, which was 10.9 percent above a year ago. Australia was the main supplier of beef to South Korea with 57.4 percent of the total imports. Beef imports from the U.S. during August totaled 12,179 MT. This was 33.6 percent higher than July and was 32.5 percent higher than August 2014. Year-to-date beef imports from the U.S. were 3.7 percent less than a year ago, amounting to 68,012 MT. During August, South Korea imported 1,606 MT of beef from New Zealand, which was down 10.7 percent from the previous month and was down 9.3 percent from August 2014. Year-to-date beef imports from New Zealand totaled 13,416 MT, 15.1 percent less than last year. Overall, South Korea's total year-to-date beef imports equaled 196,831 MT, which was 3.4 percent greater than the same period a year ago. In the meantime, South Korea's pork imports during August fell 20.5 percent from July to 39,921 MT. However, this was 36.5 percent higher than August 2014. Pork imports from the U.S. during August equaled 11,089 MT, which was down 22.1 percent from the previous month but was up 41.3 percent over August 2014. Year-to-date pork imports

from the U.S. were 28.0 percent higher than a year ago, amounting to 99,839 MT. The U.S. was the largest provider of pork to South Korea with 31.2 percent of the total imports. During August, South Korea imported 8,014 MT of pork from Germany. Although this was 11.0 percent less than the previous month, it was 40.4 percent more than August 2014. Total year-to-date pork imports from Germany equaled 56,507 MT, 43.4 percent above a year ago. Pork imports from Spain during August totaled 5,723 MT, which was down 21.6 percent from the previous month but was up 93.7 percent over August 2014. Year-to-date pork imports from Spain were 123.0 percent greater than a year ago, amounting to 42,764 MT. Overall, South Korea's total year-to-date pork imports equaled 319,557 MT, which was 36.6 percent above the corresponding period a year ago. Additional data on South Korea's red meat trade can be found on the KITA website at <http://www.kita.org/>.

The next issue will be available October 15, 2015.

Links to Additional Sources and Other LPGMN International Reports:**Additional Information Sources Include:**

- [USDA Livestock, Poultry & Grain Market News \(LPGMN\)](#)
- [USDA Animal & Plant Health Inspection Service \(APHIS\)](#)
- [USDA Economic Research Service \(ERS\)](#)
- [USDA Foreign Agricultural Service \(FAS\)](#)
- [USDA National Agricultural Statistics Service \(NASS\)](#)
- [Agriculture and Agri-Food Canada](#)
- [CanFax](#)
- [Statistics Canada](#)
- [Agriculture, Fisheries, and Forestry – Australia \(DAFF\)](#)
- [Meat & Livestock Australia \(ALFA\)](#)
- [Australian Lot Feeders' Association \(ALFA\)](#)
- [New Zealand Beef + Lamb \(B+LNZ\)](#)
- [Agriculture and Livestock Industries Corporation \(ALIC\)](#)
- [Korea International Trade Association \(KITA\)](#)
- [Argentina's Agricultural Food, Health and Quality \(SENASA\)](#)
- [Uruguay's National Meat Organization \(INAC\)](#)
- [Food and Agriculture Organization \(FAO\)](#)
- [New Zealand Ministry for Primary Industries \(MPI\)](#)

Links to Other LPGMN Reports:

[Livestock, Poultry and Grain Individual International Reports](#)