

Medium-term prospects for major agricultural commodities 2017-2026

Mexico

Highlights

- Mexico will continue to play a key role in the global supply of **maize**, **meat** and **sugar**, although growth for the latter will be considerably slower than in the past decade.
- Although Mexico is a deficit **sugar** country, it will continue to export more than a quarter of its production to the more profitable US market, while remaining the main importer of **High Fructose Corn Syrup (HFCS)**. It will also remain a major importer of **maize**, **dairy products**, and **oilseeds**.
- **Protein meal** consumption is projected grow rapidly as growth in **meat** demand increases substantially over the outlook period.
- The Mexican diet is characterised by high **meat** and **sugar** consumption. In the coming decade, **vegetable oil** will be the fastest growing source of protein and calories.
- Strong growth is expected in the import of **protein meals**, which serve as feedstuff for **poultry** and **pigmeat** production.

Overview

The *OECD-FAO Agricultural Outlook* foresees that production growth in Mexico will be strong for the **meat** sector, which in turn will significantly increase demand for feed. Mexico will remain an important exporter of **beef and veal** and **sugar**, while imports of **fish**, **protein meals** and **cheese** are expected to increase the most over the outlook period. Food demand will continue to grow, particularly for **meat** and **dairy** products, with **sugar** continuing to be a significant element of the national diet. The *Outlook* assumes that the current policy framework will not change over the next decade, including the process of moving towards greater liberalisation of agricultural markets.

Macroeconomic assumptions

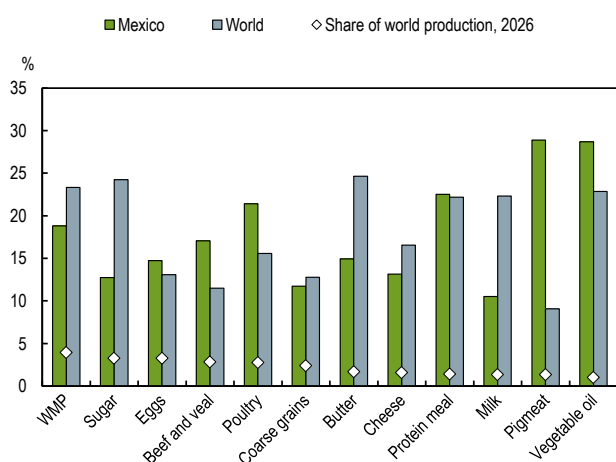
- Population is assumed to increase at an annual rate of 1.06%, from 129 million in 2016 to 143 million in 2026.
- Annual inflation is expected to average around 3.3% in the coming decade.
- The Mexican peso is projected to depreciate by 16% in nominal terms relative to the USD to MXN/USD 21.6 in 2026.
- GDP is projected to grow by 2.9% per year.

Policy assumptions

- Tariffs are assumed to remain at their 2016 levels until 2026.
- Since 2015 Mexico has controlled the volume of sugar exported to the United States through export licenses based on a quota calculated primarily on US needs.

Production

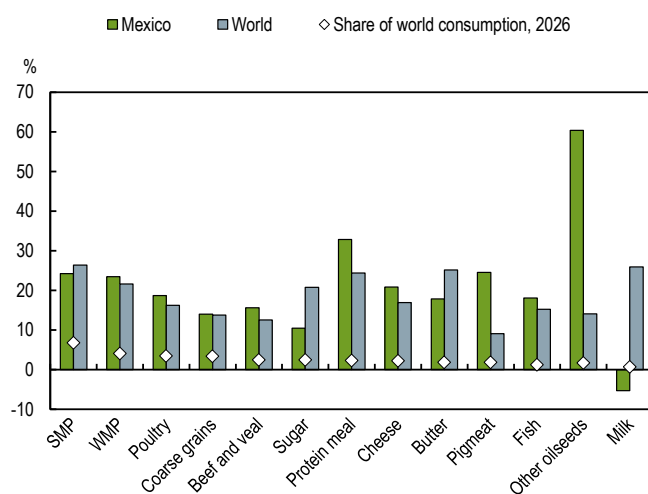
Production: Percentage change 2026 compared to 2014-16 average



- Mexico is an important producer of **beef and veal**, and production is projected to increase by 17% over the coming decade. **Poultry** production is expected to increase by 21% and that of **pigmeat** by 29%. This is higher than the average global growth for the same products.
- **Coarse grains** production will remain in line with the global increase of 13%. **Protein meal** and **vegetable oil** production are expected to increase faster than global growth, by 22% and 29% respectively.
- **Milk** production is expected to increase more slowly than the global average over the outlook period. Production of other dairy products will remain modest; **cheese** production is expected to increase by 13%, **butter** by 15%, and **whole milk powder** by 18%.
- It is projected that growth in **sugar** production, at 13%, will be half that of the growth in global production.

Consumption

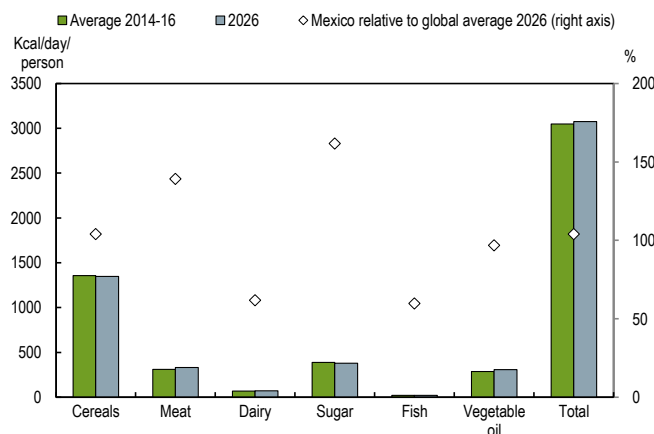
Consumption: Percentage change 2026 compared to 2014-16 average



- The consumption of **oilseeds**, in particular **rapeseed**, is projected to increase by 60%. Demand for **protein meals** is expected to increase strongly (+24%).
- Mexico will continue to account for an important share of the global consumption of **milk powder**. Growth in domestic consumption will be in line with the global growth rate of around 20%. However, the consumption of **fluid milk** is expected to decline by 5% over the outlook period.
- Strong growth in consumption is expected for all meats. Stronger growth is expected for **poultry** (+19%) and **pigmeat** (+25%) than for **beef and veal** (+13%). **Fish** consumption will also increase at a faster rate (+15%) than the expected global rate.
- Growth in **sugar** consumption will be modest at an expected 10%, or half the expected global growth increase.

Caloric and protein intake

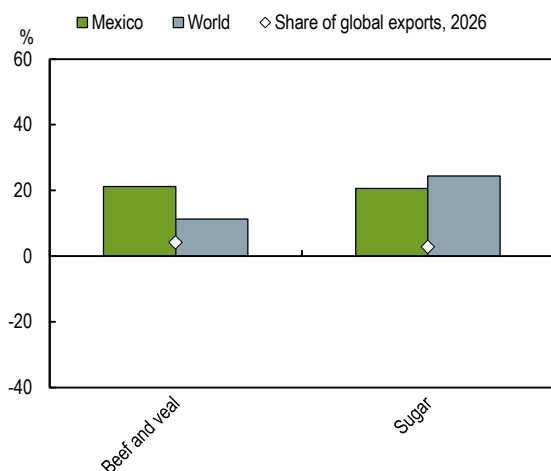
Projections of caloric intake per capita by commodity, 2026 compared to 2014-16 average



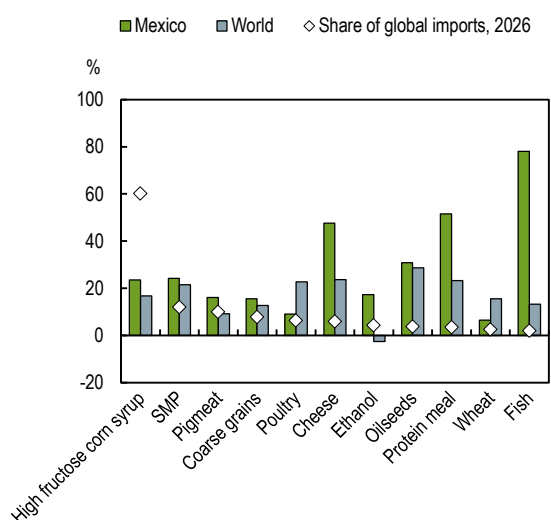
- Overall **calorie intake** in Mexico is expected to increase marginally (4%) to 3 075 kcal/day/person in 2026, slightly above the expected global average.
- **Cereals** will dominate as a source of calories, with an expected contribution of 1 347 kcal in 2026, of which 75% will originate from **maize**.
- Calorie intake through **meat** consumption is expected to increase by 7%, the second highest increase after **vegetable oil** (8%). **Pigmeat** will remain the dominant type of meat consumed in Mexico, while caloric contribution from **sheepmeat** is expected to decline by 2026. The contribution of **fish** will be low at less than two-thirds the global average.
- Consumption of **sugar**, the second most important source of calories, is projected to decrease by 2%. In 2026, it is nevertheless projected that Mexican calorie intake from sugar will be 60% above the global average.
- Protein intake (not shown) is expected to remain broadly constant at 99 grams/day/person, nearly equal to the expected global average in 2026. As with calories, protein intake in Mexico will continue to be characterised by a high contribution from **meat** and a low share from **fish**.

Trade

Exports: Trade percentage change 2026 compared to 2014-16 average



Imports: Trade percentage change 2026 compared to 2014-16 average



- Agricultural imports into Mexico are significant. The country is not a significant exporter of the main agricultural commodities; the exceptions are beef and veal and sugar, exports of which are expected to increase over the outlook period by 25% and 21% respectively.
- Although Mexico is a deficit sugar country, it will continue to export more than a quarter of its production to the more profitable US market despite a quota limiting Mexican sugar exports to the United States.
- A substantial amount of **HFCS** is imported by Mexico to balance the domestic supply of natural sugar; imports are projected to increase by 24% over the outlook period.
- Spurred by strong domestic demand, import growth will outpace global trade growth for most commodities, including **pigmeat, coarse grains, oilseeds, and ethanol**.
- It is projected that by 2026 Mexico will rank fifth worldwide as an importer of **cheese**, with imports projected to increase by nearly 50%.
- Imports of **protein meals** and **fish** will be high, with projected increases of more than 50%.

Policy and market uncertainties

- Mexico has considerably reformed its agricultural policies over the past two decades in compliance with its commitments to the WTO. It is also a signatory to several regional Free Trade Agreements (FTAs). Discussions have begun with Argentina and Brazil for increased liberalisation of agricultural trade within the respective Economic Complementarity Agreements. The renegotiation of the NAFTA will be an important factor in the future of Mexican agricultural trade, while prospects for the Trans-Pacific Partnership Agreement remain uncertain following the United States' withdrawal.

Further reading

OECD/FAO (2017), *OECD-FAO Agricultural Outlook 2017-2026*, OECD Publishing, Paris.
http://dx.doi.org/10.1787/agr_outlook-2017-en.

OECD-FAO Agricultural Outlook: www.agri-outlook.org

Methodology of the Aglink-Cosimo Model: www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf

Policy information for these country notes is drawn from the *OECD Agricultural Policy Monitoring and Evaluation*:
<http://oe.cd/pse>

For more information about the Agricultural Outlook, contact us at TAD.contact@oecd.org.

Mexico: Selected commodity projections

			Average	Growth ²			
			2014-16est.	2021	2026	2007-16	2017-26
Wheat	Area harvested	kha	775	806	822	0.05	0.39
	Production	kt	3 722	4 025	4 278	-0.71	126
	Consumption	kt	7 059	7 452	7 886	2.07	124
	Per capita consumption ¹	kg/cap	47.5	46.9	47.7	2.73	0.31
	Exports	kt	1 091	1 106	1 105	3.18	-0.01
	Imports	kt	4 429	4 533	4 713	4.99	0.93
Maize	Area harvested	kha	7 321	7 518	7 740	0.65	0.59
	Production	kt	24 534	25 751	27 144	1.05	1.12
	Consumption	kt	36 127	39 176	41 036	2.32	0.87
	Per capita consumption ¹	kg/cap	141.4	139.5	140.1	0.17	0.00
	Imports	kt	12 900	14 279	14 826	6.63	1.17
	Protein meals	Production	kt	4 358	4 783	5 340	3.04
Consumption		kt	6 701	8 163	8 903	3.97	2.14
Imports		kt	2 364	3 400	3 584	5.84	2.00
Vegetable oils		Production	kt	1 705	1 894	2 194	2.84
	Consumption	kt	2 605	2 837	3 167	4.12	2.21
	Per capita consumption ¹	kg/cap	20.5	20.8	22.1	2.65	1.13
	Imports	kt	939	979	1 008	5.69	0.51
Sugar	Production	kt	6 068	6 456	6 842	2.96	1.06
	Consumption	kt	4 433	4 686	4 898	-0.23	0.96
	Per capita consumption ¹	kg	34.9	34.4	34.2	-1.64	-0.11
	Exports	kt	1 603	1 793	1 934	11.02	1.19
	Imports	kt	9	10	10	-23.63	0.03
Beef and veal	Cow inventory	000 hd	6 733	6 708	6 499	-0.15	-0.64
	Production	kt (cwe)	1 846	2 017	2 161	1.48	1.45
	Consumption	kt (cwe)	1 588	1 723	1 837	-0.83	1.51
	Per capita consumption ¹	kg/cap	8.8	8.8	9.0	-2.24	0.44
	Exports	kt (cwe)	425	480	515	8.75	0.88
	Imports	kt (cwe)	167	186	191	-6.20	0.51
Pigmeat	Production	kt (cwe)	1 307	1 547	1 685	1.97	2.22
	Consumption	kt (cwe)	1 900	2 218	2 367	3.53	1.77
	Per capita consumption ¹	kg/cap	11.7	12.7	12.9	2.07	0.70
	Exports	kt (cwe)	97	109	119	7.08	1.65
	Imports	kt (cwe)	690	780	801	7.77	0.87
Poultry	Production	kt (rtc)	2 973	3 269	3 609	1.87	1.88
	Consumption	kt (rtc)	3 781	4 166	4 490	2.84	1.49
	Per capita consumption ¹	kg/cap	26.2	26.9	27.6	1.39	0.42
	Imports	kt (rtc)	812	901	886	7.21	0.03
Milk	Cow inventory	000 hd	2 454	2 538	2 609	0.74	0.55
	Production	kt	11 773	12 531	13 013	1.22	0.75
Cheese	Production	kt	360	386	408	5.70	0.97
	Consumption	kt	471	533	569	5.65	1.40
	Per capita consumption ¹	kg/cap	3.7	3.9	4.0	4.16	0.34
	Imports	kt	111	149	165	5.66	2.71
Fish and seafood	Production	kt	1 685	1 604	1 632	0.07	0.26
	Food consumption	kt	1 808	1 890	2 092	3.76	1.98
	Per capita consumption ¹	kg/cap	14.2	13.9	14.6	2.29	0.90
	Exports	kt	182	163	153	0.07	-1.31
	Imports	kt	493	711	878	7.27	4.78
Ethanol	Production	mln L	93	119	133	-3.38	2.67
	Domestic use	mln L	371	424	462	9.08	1.80
	Fuel use	mln L	151	186	199	..	1.56
	Share in gasoline fuel use	%	0.3	0.4	0.4
	Exports	mln L	5	2	2	-12.34	0.01
	Imports	mln L	282	307	331	19.54	1.46

1. Per capita consumption expressed in retail weight. Carcass weight to retail weight conversion factor of 0.7 for beef and veal, 0.78 for pigmeat and 0.88 for both sheep meat and poultry meat.

2. Least squares growth rate.