2-18-2004

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Mexico Benefits From Outbreak of Avian Flu in Asia, U.S.

by LADB Staff

Category/Department: Mexico

Published: 2004-02-18

The outbreak of avian flu in several Asian countries has created opportunities for the Mexican poultry industry to expand its exports to the region. The disease, which broke out in Asia in December 2003, has caused numerous deaths in poultry flocks in South Korea, Vietnam, Japan, Thailand, China, Indonesia, and Taiwan and forced area poultry producers to slaughter tens of millions of birds.

The H5N1 strain of avian flu that has appeared in Asia has also claimed at least 20 human lives in Vietnam and Thailand, causing the World Health Organization (WHO) to issue an urgent health warning. Mexico to export chicken to Japan, other countries. The outbreak has created a shortage of poultry in some Asian countries, opening opportunities for Mexican producers.

President Vicente Fox's administration, in conjunction with the Union Nacional de Avicultores (UNA), has sought to promote exports of Mexican poultry to make up for the gap in supply in Asia. Among other things, the administration and UNA have reached an agreement with Japan to ship 500 tons of Mexican chicken to that country.

Increased sales of chicken to Japan could be part of a bilateral accord currently under negotiation. The talks on the accord recently reached an impasse because of disagreements on trade in agriculture, particularly pork (see SourceMex, 2003-11-19). Mexican negotiators have been pushing for Japan to acquire more meat from Mexico, not only pork but also poultry and beef. "Mexico, as the world's fourth-largest chicken producer, must take advantage of the window that has opened in the export market as a result of the emergence of avian flu," said UNA president Cesar de Anda.

De Anda said South Korea and Taiwan have also approached Mexican authorities about acquiring 40 tons each of chicken from Mexico. "We have to make more serious efforts to boost exports, and Asia presents an interesting alternative," said De Anda. Government restricts imports from some US states. A milder version of avian flu one that is not known to endanger humans has appeared in the US states of Pennsylvania, Delaware, and New Jersey.

The emergence of the disease in US territory has prompted Mexican authorities to ban imports of live poultry and chicken from the three affected states as well as Virginia, West Virginia, California, Texas, Maine, North Carolina, and Connecticut. Some of these states are known to have failed to cooperate with Mexican attempts to investigate the disease. An extended ban could have major repercussions for the US poultry industry because Mexico has been the second-largest market for US chicken. In 2003, Mexico imported about 160,000 tons of US chicken at a value of about US$100 million.
**Beef restrictions remain in place**

The ban on imports of US chicken from the 10 US states is the second restriction imposed by Mexico on US meat and poultry products since the beginning of this year. In mid-January, Mexico imposed an embargo on imports of US beef because of the appearance of mad cow disease in Washington state (see SourceMex, 2004-01-21).

US President Vicente Fox's administration has yet to lift the embargo on US beef imports despite assurances by US health authorities that mad cow disease is under control. "Mexico will open its borders to imports of US poultry and beef only when it is satisfied that US authorities are in compliance with international sanitary norms," said a communique from the government's health inspection service (Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria, SENASICA).

The agency is a unit of the Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentacion (SAGARPA). Federal health authorities said the restrictions are an extension of health measures that have been in place for years. "We are proud of our efforts to control avian flu," said Agriculture Secretary Javier Usabiaga. "This is not a success of our administration, but of a productive sector that has been dedicated heart and soul to solving major economic and health-related problems."

The ban on imports of US meat came at a time when the US government was about to lift an embargo on Mexican chicken because Mexican authorities had successfully eradicated Newcastle disease among poultry flocks in five states. SENASICA director Javier Trujillo said Mexico expects to start exporting chicken parts to the US sometime in the next few months. This would make Mexico the only country besides Canada to export chicken to the US, the world's largest poultry market.

**High domestic prices worry retailers, restaurant owners**

The restrictions on imports of US meat and poultry products have produced an undesired effect on Mexican prices for beef, chicken and eggs. Prices for these products have risen significantly at retail outlets and restaurants despite assurances by government officials and the poultry and beef industries that supplies are sufficient to meet domestic demand.

Rafael de Jesus Saavedra, president of the Camara Nacional de la Industria Restaurantera y Alimentos Condimentados (CANIRAC), said most restaurants have increased prices on their menus by an average of 3% because of higher costs for beef. He said further increases could occur if speculation drives chicken prices much higher. But Saavedra said authorities have greater capacity to control chicken prices than they do those for beef. "In comparison to beef, we have greater control over chicken prices because of a shorter reproductive and growth cycle," said Saavedra. (Sources: Businessweek, 02/09/04; Dow Jones news service, 02/10/04; El Sol de Mexico, 02/11/04; El Universal, 02/10/04, 02/11/04; Unomasuno, 02/10/04, 02/11/04, 02/16/04; Agence France-Presse, 02/16/04; Notimex, 01/27/04, 02/10/04, 02/12/04, 02/15/04, 02/17/04; Agencia de noticias Proceso, 01/28/04, 02/10/04, 02/12/04, 02/17/04; La Cronica de Hoy, 02/10/04, 02/13/04, 02/17/04; BBC News, 02/17/04; La Jornada, 01/26/04, 02/11/04, 02/13/04, 02/18/04; The Herald-Mexico City, 02/11/04, 02/12/04, 02/18/04)