

BEEF CATTLE COMMERCIALISATION IN MEXICO: A CASE STUDY

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Introduction

Cattle ranching is an important economic as well as social activity in Mexico. Mexico exported 1,374,737 live calves to the United States of America (the U.S.A.) in 2004², along with other bovine products which generated US\$619,362,000, an equivalent of 72% of the total animal products exported. Calf exports have generated important incomes in those areas that have export permits because of their disease-free status. Nevertheless, the increased demand for calves for export has had a negative impact on the national beef industry. An important proportion of the fattening and slaughtering capacity is underutilised, while meat imports show accelerated growth. Imports in this sector reached US\$1,109 million in 1994, consolidating this sector's position as a net importer. In 1994, the state of Guanajuato produced 33,370 metric tons of slaughtered beef, only 2% of total Mexican production. Said production is lower than consumption in the state so it is necessary to bring cattle from other states in the country. The state is awaiting disease free certification which would permit access to the export market. The state government, along with the producers, undertook a project to modernise the state cattle industry in the hopes of better facing the impact of calf exports.

Materials and Methods

In order to evaluate the conditions under which buying and selling of live beef occurs in the state of Guanajuato, México (the producer-introducer segment in the commercial chain), an analysis, based on a questionnaire applied to 88 producers, and on semi structured interviews of opinion leaders in the sector, was made.

Results and Discussion

The majority, (87%), of the producers interviewed had herds of fewer than 50 productive cows. The principal production system, (53%), is raising calves, 38.6% are corral fattened, 3.4% are grazing fattened, 3.4% have dual purpose production (meat and milk), and the remaining 1.2% produce breeding cows.

According to the national evaluation of the Programa de Fomento Ganadero de la Alianza para el Campo (FAO-SAGARPA 2005), national cattle producers are typically middle aged or older and have a low level of education. The average age of the cattle ranchers interviewed in Guanajuato is 49; these have primary schooling of 6 to 7 years. This limits their positive disposition for change.

Only 35% of those interviewed are dedicated full time to cattle raising. The rest do other activities to supplement the family's income: agriculture, (65%), commerce (14%), and services (7%) are mentioned.

Of the cattle ranchers who are also farmers, 44% have irrigable land, at an average size of 21.7ha. Of these, 84% also have seasonal lands, on average 17.2ha. The principal crops of said lands are corn, (91%), sorghum, (40%), and beans (32%).

The cattlemen who have grasslands (44%) have an average of 117ha that has an average capacity of 145 animal units. According to the cattlemen, they are only exploited at 63.7% of their capacity. In order to separate the property and the pasture lands, 67% of those interviewed have a perimeter fence on their development and only 57% have dividing fences, which can be an indication of bad planning with regards to the operation/regulation of grasslands.

The available infrastructure on the ranches is limited: 72% have troughs, 66% have management corrals, 47% have mills, and 43% have tractors. The infrastructure related to the commercialisation of cattle is even more limited: 45% have management corrals, 41% have loading docks, 15% have a press, and only 11% have an animal livestock scales.

The animals are handled principally by the producer and his family (56.5%). Feeding is mainly based on grasslands and in a few ranches (36%) supplements are given. Corral fattening is based on the same diet during the entire period of production.

With regards to sanitary management related to meat hygiene, it was discovered that an important proportion of the producers used chemical products in handling the animals, such as: vaccinations (87%), medications and antiparasite medication (86%), and growth inducers (19%). The growth inducers mentioned are Ralgro and Zilmax, though no producer mentioned the use of Clenbuterol. Of those interviewed, 94% stated that these products were stopped 30 days before the animals were sent to market.

²The most recent official statistics available are from 2004.

The most common sale procedure is that when the animals are ready to be sold, the producer contacts the buyers (55%), or the buyers regularly pass by the development (35%). Only 6% of the producers have a delivery agreement for a set period of time.

According to the information provided by the producers, the criteria followed by the buyers to establish the price for the cattle are, in order of importance: that the animals be well formed (35%), that the animals look healthy (30%), the breed (29%), and the animal weight (24%). With regards to the last criterion, given that the ranchers generally do not have a scale, even when weight is a determining factor, the sale price is established as a whole.

Of the producers interviewed, 13% said that they receive a bonus payment on the sale of their livestock. The average bonus payment is 1.60 pesos per kilo (about 0.14 Euros), though it can range from 50 cents up to 3 pesos per kilo (€0.04 to €0.21).

Payment, according to the majority of those interviewed, (49%), is deferred. The waiting time for payment is lengthy, from one to two weeks, (31%), from two to three weeks, (12%), more than four weeks, (5%), while only 10% of the producers are paid in less than a week.

A significant group of producers stated that they had been cheated by the buyers because they lacked information about livestock prices on at least one occasion, (5%), and more than once (14%).

Twenty-two percent of the state's cattle herds are specialised in milk production. This production system generates an important number of calves that are fattened and commercialised within the same state. An unexpected finding is that the state's consumers preferred this type of cattle for its lower fat content. An analysis of this segment of livestock ranching and its impact on the meat industry should be studied further in later research.

It was concluded that this activity is considered as a complementary activity for family income. State livestock ranching is of a rustic family type. The level of technology could be greatly improved. The producer depends on middle-men, who determine the buying conditions, almost exclusively to commercialise their livestock.

Livestock ranching shows a minimal level of development in Guanajuato, Mexico which has to be improved: first of all, in order to satisfy the state's demand, and then in order to explore the export market.

References

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