

Business opportunities in the Mexican dairy industry

Jo H.M. Wijnands, Bibiana M. Armenta Gutiérrez, Judith J. Poelarends and Olga M.C. van der Valk

Does the expanding Mexican dairy sector offer opportunities for investments, by either domestic or Dutch firms or organisations? This report shows that the Mexican dairy sector offers opportunities for:

1. Enhancing a higher performance of the large semi-specialised and dual-purpose cow's farmers. This can be achieved by enhancing farmers' management capabilities and milking infrastructure.
2. Levelling the seasonality of the milk supply. There is a gap of 30% between domestic milk production and consumption. Seasonality results in periods of peaks and dips. Levelling will improve the Mexican self-sufficiency on dairy products. Milk based on imported milk powder is cheaper than domestic fresh milk. Investments in milk powder plants in Mexico will be hardly profitable due to the low import prices and a self-sufficiency of milk below 100% during the whole year.
3. A focussed agenda setting strategy. This strategy needs to be shared by all chain actors and organisations, to enhance the Mexican dairy industry as a whole.

The table below provides an overview.

Within this framework of Mexican opportunities, major possibilities for Dutch organisations are to enhance the capabilities in feed and cattle management and in providing improved grass seed, semen and embryos.



Opportunities for enhancing the Mexican dairy industry

Actor	Key Success Factor	Action	Opportunity
Supplier of semen	Genetic potential	Increase awareness of benefits and accessibility of Artificial Insemination	Higher milk returns, higher competitiveness
Credit facilitators	Providing credit on sound business plan	Evaluate the dairy sector on their characteristics and performance	Lower risk on lending, better performance
Feed producers	Providing year around well priced concentrates	Optimising technology and inputs	More business activities, higher performance
Suppliers of equipment	Tailored made supply	Support farmer in implementing e.g. cooling tanks, milking machinery	Increasing activities
Dairy farmers	Overall competencies in dairy farming	Improving their knowledge and competencies by training	Better performance, lower prices, levelling seasonality
Large Processors	Develop consumer market	Serving the market with differentiated products at low prices	Preferred partner for farmers and supermarkets
Professional organisations	Capabilities and knowledge of actors	Enhance capabilities by organising training and extension	Higher proficiency and performance for all actors
Public authorities	Industry enhancing institutions	E.g. adequate infrastructure, education, doing business institutions	Lower transactions costs and higher performance
All	Shared strategy	An agenda setting strategy to focus the ambition and feasible issues	Competitive, responsive, innovative, viable sector