

Business Alternatives for Beef Cattle Producers in the Northwest Region Chihuahua, Mexico.

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Abstract

Chihuahua State keeps the first place at national level in the export of cattle with more than 400 thousand heads per year, movement that generates 2 billion pesos by season. Thus, Chihuahua cattle has become an industry in constant evolution. Throughout a history, cattle breeders have been concerned to improve breeds in search of new aged wines with better production characteristics. However, in some regions, it is necessary to promote some strategies that help a consolidation of the market based on market guidelines. Therefore, the main objective of this article is to analyze the current situation of the livestock sector in the Northwest of the State of Chihuahua, in relation to the strategic thinking on the management of the business as an element to add value to the primary product (the cattle). So it will leave a description of the local situation based on the national context, and will continue with the identification of the characteristics of the business and thus understand the opportunities that can be exploited by farmers in the region. This study of qualitative-quantitative cut which took place in 2015 and required the application of interviews with different actors in the livestock sector in the municipalities of Buenaventura and Galeana; Ascension, Casas Grandes, Janos, Nuevo Casas Grandes, Gómez Farías, Ignacio Zaragoza, wood and Namiquipa, to identify contextual situations, opportunities and elements for added value, which allows boost and, if possible, consolidate the sales of beef cattle business.

Keywords: Businesses, Producers, Cattle Meat, Northwest Chihuahua, Mexico

Introduction

The State of Chihuahua is recognized for having the best breeds of cattle's fattening of the world, since the climate and geography provide temperature and lands that have been adapted to the European races. Where are the main races that occur in the State the Hereford, Brangus, Charolais, Angus and Salers Limousin and Beef Master.

In 2011, there were 99 thousand 829 tons of beef carcass of cattle, which represented the fourth place nationally. The most important districts of the State of Chihuahua were Cuauhtemoc (45.8%), Casas Grandes (13.5%), Parral (4.3%) and Chihuahua (3.1%). He district of Parral is characterized by the production of milk and the others by the export of calves (SIAP, 2013).

The meat can be part of a balanced diet, providing valuable nutrients. Meat and meat products contain significant levels of proteins, vitamins, minerals and micronutrients, essential for growth and development. Meat production is an opportunity to add value, reduce costs and prices, promote

food safety and extend shelf life. (FAO, 2014). This to your time can generate an increase of the income of the home and an improves of the nutrition.

Regarding beef, United States of America (USA), as leading producer has maintained a constant level of production and consumption, however, in the case of imports in 2011, Russia regained its first place as importer followed by USA, who had taken the first place in 2009 and 2010. Moreover, international exports of beef were changes in its main actors: Brazil, who had been the natural leader; in 2011, it gave way to Australia. The four leaders in production of beef, USA, Brazil, European Union and China are self-sufficient and contribute to the world market surplus.

Background

During the early years of the exploration and colonization Spanish in what is now the State of Chihuahua, the cattle was temporarily introduced and used, almost in its entirety, for feeding soldiers and settlers. The own large livestock areas was consistent with the idiosyncrasy and socio-economic conditions of the time. The legal problems facing the owners, were to prevent damage to farmland from residents of populations and not to affect the communal lands of pastoral which had each population.

Toward the year of 1875 much of the livestock economy rested in the export of calves to the United States of America and the market of the city of Mexico. In those years there were already slim-line them, supplying to the national of significant amounts of meat market, reaching an average consumption of 17.4 pounds a year per capita. Currently the average has fallen 10.8 kilos per year per person. However the livestock performance was constantly undermined by the threat of apaches, and tribes from the North which in deadly waves ravaged ranches and towns bitterly fighting the advance of civilization and farming. The fight with the apaches lasted more than 200 years (Ferrer & bond, 1998).

When the revolution erupted in 1910 Mexican, the revolutionaries of Chihuahua, knew how to take advantage of the cattle wealth of the State, financing the movement with the export of large herds towards the United States of America. In this way in the State of Chihuahua, the livestock became a traditional activity and is considered one of the most important to the State economy, as it has potential to be developed in an area of nearly 18 million hectares (72% of the surface of the State) of rangeland; It is worth

mentioning that the grasslands are also known as grasslands, is understood to be those lands with a capacity to produce forage for livestock and wild animals (SAGARPA, 2010). Among the aspects related to the rangeland and important is the need to understand concepts such as the coefficient of rangeland, which refers to the area-per animal, proper relationship to hold a livestock farm in permanent economic and productive way, without damaging the natural resource; This means that it has the surface necessary to keep a unit animal in exploitation and production animal maximum and permanent in an given area, compatible with the perpetuation of the natural resources .

At the same time it also discussed in animal consumption, amount of forage dry matter that each animal should consume daily or per year to keep and produce according to their ability to genetic and zootechnical function. It is considered a daily consumption per animal of 3% of their body weight. The daily consumption of a 450 kg animal unit, is 13.5 kg, equivalent to the year to 4,927.5 kg. Speaking of an animal unit referring to a cow pregnant woman and infant weighing approximately between 400 and 450 kg. It is considered as the animal basic to establish equivalencies with other animals in relation to matter intake dry per day or per year.

Beef production is also considered of great importance for the State. These bulls attain its growth under extensive grazing system, its consumption is local and in recent years is located for export on foot. It is worth mentioning that bovine meat production is mainly carried out under extensive grazing system. This consists of using large tracts of rangeland, investments on breeding stock, low-input, reducing fixed capital and minimum labour force. These account for more than 80% of the value of the total livestock production, followed by the production of poultry and eggs that develop in the center of the State.

She is linked to international trade through export of calves for fattening to United States of America (U.S.A.), and meat to Japan and Korea. The export cycle has two stages: low, from April to August and high, between September and March. According to data of the national system of information and integration of markets (SNIIM, 2013), exports of cattle in foot of Mexico were little more than 1.2 million in 2012 (74% calves and 26% heifers).

Livestock in Mexico

Livestock in Mexico is without a doubt one of the most important factors for the growth of the economy, the production of cattle is one of the fundamental activities of the national livestock sector (FIRA, 2010).

It represents the major socio-economic activity in rural areas, to generate around 250 thousand jobs and contributes with about 600 million dollars in foreign exchange. Attracts 1.4 million farms, corrales of fattening, comprehensive business and other economic enterprises (ASERCA, 2010;) FIRA, 2010). Beef cattle production is of great importance in the context of socio-economic of Mexico, since they provide food, raw materials, badges and jobs already mentioned above; as this is done without exception in all regions of the country. (Tinoco et al., 2011). With regard to the population of heads bovine, the first place it occupies

Veracruz with 3,785,073, being the greater population of Heads of won while has suffered a decline constant, in second place Jalisco with 2,756,131 keeping is constant, through them years; in third place and close to the latter this Chiapas with 2,615,554, and in constant growth; in fourth position we find in Michoacan with 1,845,720 with no significant variances over the years; Chihuahua is located in fifth place with a population of 1,676,947 heads, in the years 2007-2013.

2014 and 2015, livestock was seriously affected by water shortages; and death of cattle losses were substantial, so the consequences were negative by also adding that cattle producers have suffered water shortages because due to the impoverishment of the grasslands, these have not had the capacity to sustain its activities, reason by which have been forced to reduce the herd to 62% of the amount that it had before the onset of the drought. One of the most important impacts that occur when there is a drought consists of livestock losses from forced sales of cows and slaughter of cattle in bad physical condition, as natural death of livestock on rangeland. This represents not only a significant reduction of the inventory of livestock; but it has also impact on the decapitalization of the sector. However, in the three years his sprouting has been significant.

The Beef Cattle Market

As mentioned, the area used for rangeland used for beef cattle production is almost 18 million hectares (72% of the State area equivalent to 178.1712 km²), which as a region Northwest of Chihuahua occupies a total of 49.6776 km², of which 34.7743 km² are approximately used for rangeland (equivalent to 70% of the northwestern region of Chihuahua).

At the same time it is identified as a problem, that despite having the capacity of rangeland for pastee cattle, mostly producers of small, medium and even some large-scale carry their product, ie, the calf and / or heifer to the stage of weaning for subsequent sale. Therefore the state government participation is crucial to the enablement of new farmers, through the construction of dams, pastures, meadows, supply sows and boars of European races, financing, and so on.

A characteristic of cattle of meat is that it is recognized as a commodity or that it is an undifferentiated product apparently and only beginning to be identified when he entered the industrial process, but the reality is that it is still undifferentiated in the eyes of consumers. Another feature is derived demand, to the extent that livestock producers sell their product to industries or to middlemen who do reach the industry, demand for production depends on the demand of consumers at the end of the production and distribution chain. Therefore, it becomes difficult to think strategically a business, that is, in the long run because they are conditioned by a demand that is imposed on your product.

In the northwest region of Chihuahua there is now a strong system of health monitoring for the prevention, identification and eradication of animal transmitted diseases, including mainly tuberculosis and brucellosis, among others, in order to have free herds of this type disease, since it is an important variable to determine the

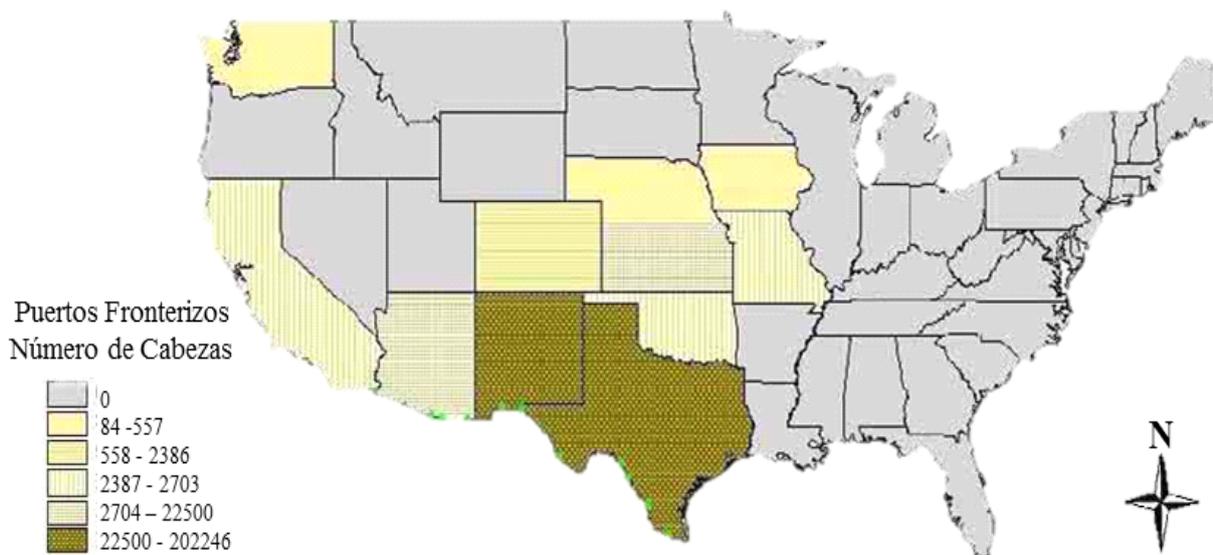
fate of marketing beef cattle. The main destination of export of cattle under the age of two is United States, which in recent years has shown interest and a growing demand for the tracking of the meat because of human diseases and animals which may currently cause problems nationally and internationally.

In recent years, about one million annual heads of cattle have entered the United States from Mexico through the 10 border ports in Arizona, New Mexico and Texas. [...] This Cattle originated primarily from the northern states of Mexico: Chihuahua, Coahuila, Durango, Nuevo Leon, Sonora and Tamaulipas. It is usually English breeds or mixtures of these with some crossbreeding of Brahman. (Rhonda Skaggs, et al, 2004).

Approximately 25% of the cattle that are exported to the United States. From Mexico enter through the border of Santa Teresa, New Mexico port. The border of Santa Teresa port is located a few kilometers from El Paso, Texas; exactly on the other side of the international port of the Mexican counterpart known as St. Jerome. Both facilities, Santa Teresa and San Jerónimo, are the property of the Regional livestock Union of Chihuahua and are operated by the same organization. Concerning this participation as States exporting cattle to the United States, the State of Chihuahua is first with 400 thousand head of cattle annually exported.

According to them poses Skaggs (2004), the movement of these animals towards the State of Texas is logical, due to the great amount of feedlots in Texas. The results of the State of New Mexico reflect the fact that the records used in the system of geographic information (GIS) analysis, only show the first destination of the imported animals. Merchants in the area of Santa Teresa, New Mexico, subsequently transported cattle throughout the United States, but this information cannot be obtained from export records.

Therefore, we can say that with the help of freight receipts kept by the Regional livestock Union of Chihuahua, the cattle imported by Santa Teresa apparently is embarked as far as the States of Mississippi, Idaho and Oregon, while shipment of cattle from the New Mexico Livestock Board records show that this is brought to Washington and Iowa. These States only appear in records of shipment of the State of New Mexico. It is noteworthy that the destinies of live cattle exported to the United States via border port Santa Teresa, New Mexico (Figure 1), here represented are the result of an investigation by Skaggs, et al (2004) where they were used, inspection records boarding cattle New Mexico livestock Board and freight receipts of the Regional livestock Union of Chihuahua are handwritten and in some cases are not very legible. To carry out this research copies of the original documents were obtained.



Source: Livestock inspection certificates issued by the New Mexico State Livestock Board

Figure 1. State of destination for live cattle exported to the United States via border port Santa Teresa, New Mexico (2000-2001)

Race, quality, weight of livestock and the times in which the product is offered, obey the requirements of the US fattening. The mechanisms that lead to this link between the two farms are pricing and the establishment of systems product selection at the border, coupled with restrictions sanitary type, which are made more flexible or more drastic depending on the demand for livestock Mexican by producers in the neighboring country.

Intermediaries

The incorporation of small producers (poquiteros) in the first phase of the bovine production printed another special feature to offer this first byproduct of the productive chain:

a great geographic dispersion and a high level of atomization. In this scenario, the movement of goods into the next phase has two purposes: first, to focus this scattered supply and, second, mobilize it towards responsible ranches of pre-fattening it product. The phases that make up the production chain, i.e. breeding, pre-fattening it, fattening and slaughter and packaging of meat, have their own characteristics in terms of its duration, the amount of minimum investment required for its implementation; the degree of development of the product to be handled; What technology and natural resources use, therefore not all production units have access to all of the phases of the production chain. The requirements of each productive phase as a whole are which will determine the possibility

that each production unit in particular has to participate in one or more stages of the production and are also these two variables that are going to set "extreme situations" to each unit, forcing her to put into circulation its product into the next phase of the chain.

The difference is the possibility that each unit has to add greater value to your product, before putting it into circulation. Better production conditions, the bigger the value that can be added to the beef. The movement of the goods within this process, have called you intermediaries. In principle, the concept comes from the common language and has seemed particularly pertinent because the agents who perform the activity take a part of the value created in the production units and the intermediary is a real bridge between the needs of reproduction of the units located in the early stages of the process and the requirements of valorization of capital of those located in the phases of the productive chain.

The integration of livestock farmers supply chain generated, in addition, other qualitative changes in the evolution of the intermediaries, as before small farmers acquired social presence become timely and secure financing, supply and for large business units became concentrator offer atomized and dispersed. Another factor important that intervenes in the need of presence of intermediaries is its solvency economic, that has a double involvement: the small livestock requires of income for remedy them expenses of the unit and of the family, and on the other hand, this producer will try to of remove the calf to the market as soon as possible, before its urgency of income e inability for keep it by a time greater in the rangeland. In general a livestock product passes through different phases from its production to its final destination, the consumer. During these phases, respectively different prices that represent the incorporation of marketing services are generated.

The production of cattle, is characterized by its high geographic dispersion and atomization; Therefore, to be exported and integrated into the North American production process, first it must be concentrated in homogeneous lots. This work that usually is made by agents economic called coyotes, brokers or intermediaries, is holds in a network of relations economic, social and patterns cultural that influence so the poquitero or small livestock, deliver to the broker a product, the calf, that after passing the stage more critical of its evolution biological will be built-in to new phases productive less risky, with greater contribution of earnings to producers who carry them. During the last decades, the production world of products with provenance animal has had a fast increase.

Due to the increase of income and economic growth, urbanization and population growth, livestock will remain the most dynamic branch of agriculture in the coming decades. The world will need between 60 and 70% more meat and milk that current levels of consumption. In addition to energy, food availability will be crucial to meet the projected demand for products of animal origin.

Methodology and Results

As mentioned at the beginning of this article, is to analyze the current situation of the livestock sector in the Northwest of the State of Chihuahua, in relation to strategic thinking in business management as an element to add value to the primary product (the won).

It was therefore decided to use a methodology based on obtaining data type applied, since this way the various products emerging from it and support the strengthening of the economy of the Northwest region. To do some qualitative tools were used to identify the characteristics and properties of livestock in the Northwest region of the State of Chihuahua.

This requires a 10-question instrument was designed and applied from June to August 2015. The selection criteria were basically participants of the production chain with at least five years of experience in the field.

Thus they were obtained 40 people among which producers (small, medium and large) and intermediaries in order to get different views.

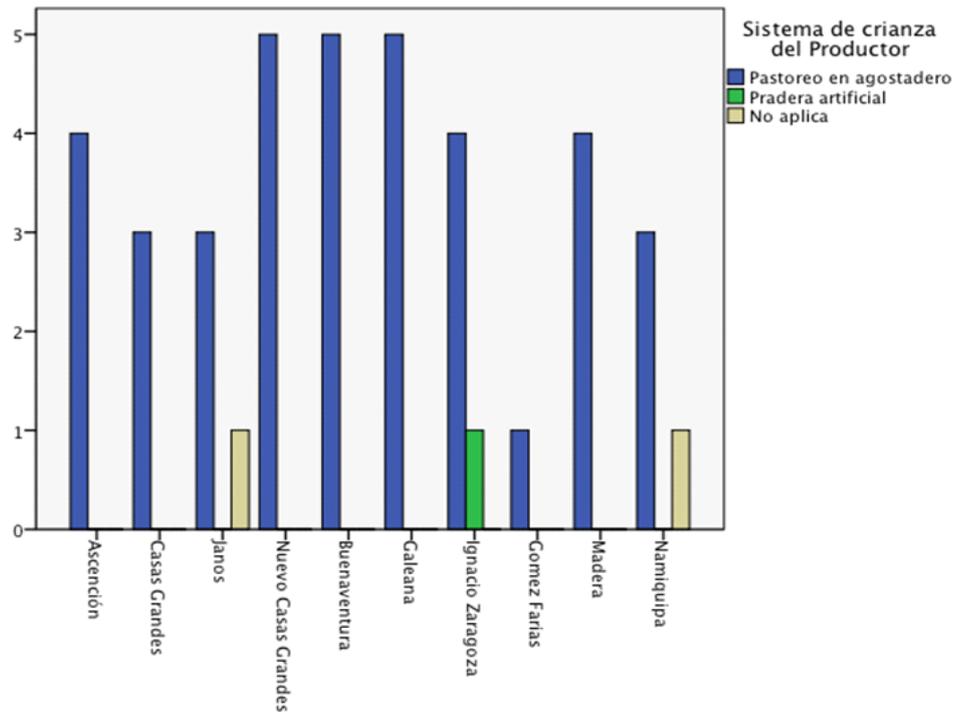
It is to mention that the sampling of judgment was used for research: The researcher takes the sample by selecting the items that he would seem representative of the population, which is at the discretion of the investigator in this case were the intermediaries considered leaders or with which he could have contact, trying to incorporate the municipalities in the Northwest region of Chihuahua, this region includes the municipalities of Ascension, Buenaventura, Casas Grandes, Galeana, Gomes Farias, Ignacio Zaragoza, Janos, Wood, Namiquipa and New Homes Big.

The data from the surveys were emptied in the database, based on the SPSS Software for the proper handling of information highlighting the variables measured.

The producer of the study region is more feasible to carry out raising the grazing system in rangeland both for the short time remaining breeding on your property and avoid making a major investment of money, he could not recover the time of sale.

The positions of producers to decide the sale of their livestock is located mainly in the lack of space in rangeland and / or playpens where you have livestock. The second reason for selling is because of the economic solvency needed by farmers, while in last place investment was located as to time or dedication requiring offspring to ensure proper growth, without affecting the time of sale.

Similarly, before the need to improve conditions of livestock for breeding is effective and that better productivity is generated, the simplest and most commonly used form is the replacement with new cattle in the same herd where the process is the selection of cows with certain birth or age they are removed (sacrificed for own consumption or sell) when the newest calves become heifers ability to reproduce.

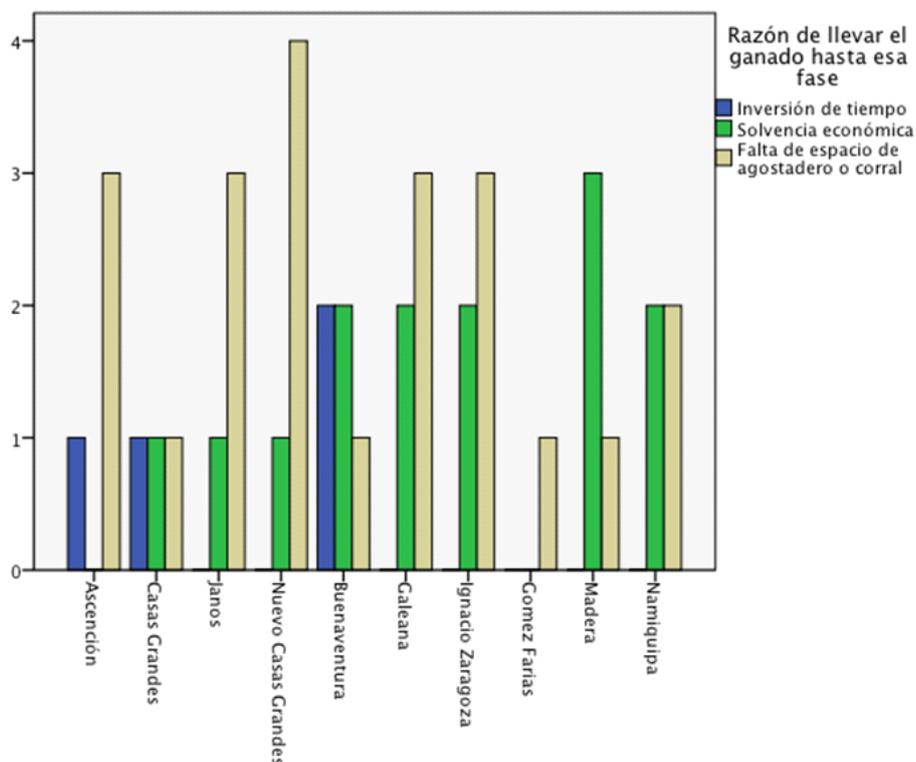


Source: Own elaboration (2015)

Graphic 1. Producer-rearing system

The graph 1 clearly shows that in all the municipalities studied their breeding system is the rangeland, except for the municipality of Ignacio Zaragoza has a producer who makes aging in artificial meadow, probably for not having enough land to pasture or to standardize batches by weight before sending for export external substitution it occurs

more in the case of stallions and bulls used for impregnates cows and thus the offspring genetically leave enhanced or certain race, although in some cases, mostly in the for producers and / or buyers come to acquire new cattle herd chosen for the same purchases.



Source: Own elaboration (2015)

Graphic 2. Breeding grounds for cattle by municipality

The graph 2 shows interesting results, since in most municipalities the main constraint to take the cattle to the breeding stage is the lack of space in the rangeland, followed by economic solvency. Wood farmers expressed that the main reason is the economic solvency for breeding and those of Namiquipa say they have the same value the lack of space in the rangeland and economic solvency. In cattle farms, maintain hygiene and practice methods to prevent disease (preventive measures) as vaccination is most important; to thereby avoid economic losses for producers.

Other outcomes was obtained the implementation of tests to determine the free herd of Brussels it and tuberculin, you can see that the application of this is of utmost importance to producers or purchasers of cattle in northwestern Chihuahua, and occurs both to add value to the product and to allow the export of cattle USA.

The livestock producer of cattle in the northeast of Chihuahua aims with cattle reach the sale of breeding in the majority of cases the calves, although due to other circumstances; the lack of rangeland, drought, monetary needs or the need for the renewal of the livestock for effective productivity is the sale of calves, heifers, or old cows.

The amount of livestock that is sold by producer is variable, due to a myriad of circumstances; some males only sell hatchlings by what the amount of sale varies according to the number of young males who were born; others decide to sell the offspring as well as heifers males leaving only those that replaced at a certain time to old bellies; other circumstances may be the economic necessity of the producer or the rangeland conditions and who is determined to have a certain amount of cattle. As also influences the level of producer that, i.e., small, medium or large scale producer.

During the investigation was able to identify producers and buyers who have the established business of cattle in foot, same that sometimes are associated with either carried out friendly relations and is buying and selling each other to complete boats; or also said that the intermediary phases can be very extensive among themselves, it is the small buyer who decides to sell to the other, that another does not have adequate transportation to take you to the border so decides to sell to that purchaser of larger scale and takes you to the final phase of the process for export or domestic consumption This is to cite one example of how such process of the sale of livestock between intermediaries or buyers is conducted.

Regarding the export of cattle from Mexico to United States it is the quality of meat from livestock that is counted, races in the Northwest region of the State based on genetic characteristics are considered good taste in the meat and good coverage of the sanitary requirements of USA to export livestock. Therefore, the meat in the Mexican border provides a good taste, is healthy meat, generally as quality meat, which includes factors health and consistency.

The second variable is the acquisition at lower cost, USA allows the entry of cattle with a weight of 250 kg approximately which ratifies, pay lower price, because the weight is low and already in the pens of feedlots to take cattle to the phase of fattening at a significantly lower cost

(based on the final profit), through foods fortified with vitamins and other supplements that accelerate weight gain to subsequently arrive at the other stages such as slaughter and packaging of meat, same in the northwestern region of Chihuahua not carry out even.

Finally have the market variable, i.e. the option of freely say why, in which buyers gave for the fact that it is to be able to supply demand export of calves and heifers from Mexico to USA, where he international having USA.

Conclusions

As it was already explained, the cattle's fattening on foot that occurs in the region Northwest of Chihuahua has a wide range of opportunities such as marketing schemes, has a potential market on the border with Texas, in this way the production, distribution and sale is virtually certain.

These opportunities can generate differentiation and competitive advantages to meet the internal and external market demand meat if you also could move the goods in the local market, because it generated the use of originating products or the application of the technology.

Special considerations must be made, however, in the case of livestock companies that, for the purposes of marketing, have two fundamental characteristics that significantly limit the possibilities of application of sophisticated techniques.

The first is that livestock enterprises are, in general, small dimension, including in livestock are considered as large farms, i.e., that have a small volume of sales, when compared with the of the large industrial companies, which makes it difficult to that they can devote a significant volume of investment to marketing and, in addition, the organization is simplified. The second feature is that products, as they come out of the livestock operation, are not ready for consumption being, in fact, raw materials used by the industry and commerce, and from which, after being subjected to certain changes and manipulations, become food in most products, or products that are components of other, by quote an example the skins. A possibility of product differentiation, widely used consists in resorting to appellations of origin or similar denominations, but it requires collective action by farmers and, where appropriate, traders and industrialists of production area. Collective action can develop also in advertising and promotion. As a weakness, in which the livestock is located is that it must adopt better structured sales strategies on the channels through which market products, and although you can't generally set channels nor have own equipment for sale and even among different modalities of the latter. The farmer must submit to rules and discipline that will be laid down by the governing bodies of the cooperative; for this reason it is essential that farmers are fully involved in livestock organizations with greater representativity and strength before the bodies of the three levels of Government.

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