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GAIN Report

Global Agricultural Information Network

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Mexico

Dairy and Products Annual

High Input Prices Continue to Pressure Domestic Production

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Report Highlights:

High input prices are continuing to hurt Mexico's dairy industry production even though it appears as if the Mexican drought could be broken. Post has revised its production and consumption estimates higher in order to convert from 1000 liters to 1000 metric tons (MT). Mexico is expected to remain a dairy deficit country and will likely import a higher volume and value of dairy products from the U.S. and other suppliers as consumers trend to purchasing added-value dairy products.

Commodities:

Dairy, Milk, Fluid

Production:

The Post MY2013 (January to December) fluid milk production forecast is 11.309 million metric tons (MMT). This is modestly lower from the new Post MY2012 estimate as the sector continues dealing with higher international grain prices and the perceived low domestic milk price paid to producers. Thus, producers are decreasing their herds and sending milk cows to slaughter for meat as it is more profitable than milk production.

Kiloliters vs. Metric Tons differences now clarified

Estimates and forecasts in the New Post columns for MY2011 through 2013 are expressed in 1000 MT values. Post mistakenly reported production figures in 1000 liters and not in 1000 MT values in prior reports.

Grain Prices Hitting Milk Producers Forcing Consolidation and Exiting of Smaller Producers

Private sources indicate that by the end of 2012 the total number of milk producers could drop to 150,000 due to the above mentioned factor. Although small and medium-sized producers are exiting the industry or reducing herd sizes, more productive milk cows at large, vertically integrated farms will manage to support MY2013 production at levels similar to MY2012 production. This is being accomplished with better herd genetics and improved production practices. The Post fluid milk production estimate for MY2012 is revised upward from the USDA estimate (10.813 million liters) to 10.828 million liters (11.153 MMT) to reflect official data from Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA). The Post fluid milk production estimate for MY2011 was revised downward from the USDA/Official estimate at 10.743 million liters to 10.724 million liters (11.046 MMT) due to availability of final official data from SAGARPA.

Grazing Lands Begin Recovery and Assist Producers? Maybe. Other Factors at Play.

Despite the increased production costs for milk production —high feed and energy prices—during 2012, SAGARPA revised upward its official forecast for 2012 from 10.813 million liters to 10.828 million liters (11.153 MMT). SAGARPA believes that grazing lands and forage production are starting to recover after having been devastated by the partial year 2012 and 2011 drought and that this will push production higher. Indications for the North American Drought Monitor reinforce this belief and suggest that Mexico is recovering from and should be able to increase forage supplies (see data for [September 2012](#), [January 2012](#), [July 2011](#), and [January 2011](#) for a brief time-series view of the drought). However, dairy producers do not agree with this positive scenario. Producer organizations claim that the number of better-yielding cows sent to slaughter is still increasing and that dairy product imports are discouraging prices for fluid milk from increasing.

Traditionally, most cattle- and dairymen complement animal feed rations with hay and alfalfa supplements. As previously reported, analysis indicates that 70 percent of the milk production cost is linked to animal feed. SAGARPA also indicates that 2011 forage and alfalfa production volume were 46.2 and 28.2 million metric tons (MMT) and were valued at 17 billion and 13 billion pesos; respectively. These were the 8th and 10th most important commercial agricultural crops by value to

Mexico during 2011. In 2010 forage and alfalfa production volume were 46 and 29.1 MMT and were valued at 16.7 billion and 11 billion pesos; respectively. Neither crop was in the top 10 in 2010.

Milk Cow Numbers

There is no change to the number of milk cows for MY2011 from USDA's estimate. The Post MY2012 estimate of milk cows was revised slightly lower from the USDA estimate due to increased costs for animal feed which pushed producers to decrease herd sizes. The number of milk cows for MY2013 is forecast 1 percent lower than the MY2012 figures, as herds continue to be reduced.

Table 1. Mexico: Total fluid milk production by State, calendar year 2006-2011 and January-March 2012, in thousand liters.

	2006	2007	2008	2009	2010	2011	2012*
AGUASCALIENTES	383,658	375,401	370,399	367,171	369,253	372,252	369,000
BAJA CALIFORNIA	166,868	207,915	193,422	179,795	174,027	181,190	163,886
BAJA CALIFORNIA SUR	44,634	43,150	46,451	46,104	44,323	41,144	42,193
CAMPECHE	34,241	35,517	35,029	36,271	36,146	36,364	37,815
COAHUILA	1,247,356	1,286,281	1,363,762	1,282,618	1,243,058	1,275,065	1,284,985
COLIMA	39,039	36,146	36,525	32,349	34,883	36,059	36,054
CHIAPAS	327,138	353,085	372,249	366,393	385,455	402,583	396,876
CHIHUAHUA	808,641	817,919	926,222	923,053	934,928	930,020	913,964
DISTRITO FEDERAL	13,138	10,058	12,322	13,652	13,643	13,784	13,802
DURANGO	1,014,535	1,019,227	1,036,581	959,716	1,001,137	997,155	1,042,008
GUANAJUATO	673,007	674,660	684,202	761,759	775,108	784,770	771,000
GUERRERO	81,868	82,001	81,552	84,157	86,892	83,764	86,407
HIDALGO	445,465	460,773	452,977	439,361	419,273	398,540	404,350
JALISCO	1,697,486	1,793,579	1,855,362	1,900,343	1,960,999	1,991,577	2,011,258
MEXICO	476,231	478,211	464,573	464,704	478,261	482,082	485,079
MICHOACAN	328,404	328,185	329,079	331,909	331,038	339,389	341,134
MORELOS	18,551	21,105	18,809	20,901	21,784	20,890	20,850
NAYARIT	64,506	64,536	61,974	60,130	60,742	60,104	60,130
NUEVO LEON	39,473	41,432	39,909	40,586	40,397	37,790	38,751
OAXACA	140,720	142,795	145,213	146,406	147,080	147,933	147,513
PUEBLA	367,963	384,707	384,285	395,211	403,100	404,132	422,248
QUINTARO	198,488	200,835	195,791	192,435	192,422	195,147	229,761
QUINTANA ROO	5,250	5,642	5,623	5,829	5,921	5,562	6,246
SAN LUIS POTOSI	147,591	140,630	141,828	132,285	130,899	128,772	128,246
SINALOA	82,067	88,633	93,779	95,943	102,081	105,875	107,296
SONORA	142,052	137,780	134,921	126,496	129,355	112,055	130,510
TABASCO	115,617	110,603	110,694	111,533	111,416	101,522	106,970
TAMAULIPAS	31,520	29,224	30,209	32,326	30,242	29,666	28,513
TLAXCALA	99,158	110,258	110,924	120,356	115,223	109,978	110,859
VERACRUZ	681,809	692,754	697,288	708,230	722,465	723,106	719,658
YUCATAN	6,769	5,557	5,608	4,366	3,441	3,153	3,026
ZACATECAS	165,309	167,383	163,293	166,655	171,703	172,867	168,111
TOTAL	10,088,551	10,345,982	10,498,994	10,549,038	10,676,693	10,724,281	10,828,498

Source: SIAP-SAGARPA: The Agro-food and Fishery Information Service, Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA)

*SAGARPA's preliminary figures for 2012

Consumption:

The Post MY2013, total fluid milk consumption forecast (domestic and factory use) is forecast at 11.341 MMT; slightly higher than the new Post MY2012 estimate. The Post MY2012 and

MY2011 total fluid milk consumption estimates were revised upward from the USDA estimate due to the availability of official Mexican data and the conversion from 1000 liters to 1000 MT.

Mexico's Changing Population Demographics Influencing Dairy Products Consumption

For MY2012 and MY2013 it is important to note the trade-offs between fluid domestic consumption and factory use. As previously reported, consumers continue switching to other prepared and processed dairy products such as yoghurts and other preparations that offer attractive prices, a full range of flavors, a longer shelf life, and, the most important factor: the perceived benefits of consuming products that contribute to the population's health.

Fluid milk continues to be one of the strongest pillars of dairy consumption. The appearance of new products — diverse categories of specialty dairy products for infants, youth, and elder consumers— are on the upswing. The development of these market niches can be categorized by household incomes and has contributed to a drop in per capita fluid milk consumption. Despite the eventual transition to more specific consumption patterns, with important participation from elder consumers, Mexico will witness a young and active population that demands more and varied dairy products provided that they retain their purchasing power.

The increased consumption of added value dairy products such as pasteurized milk, sweetened milk, yoghurts, cheeses as well as of ultra high temperature (UHT) milk is a trend expected to occur in the short to medium term. Dairy products such as lactose free, light, low-fat and flavored milk, formulas, etc., continue gaining domestic market share. Thus more fluid milk is also going to processing and production. To cope with the demand of different groups with specific needs the industry is investing in scientific and market research for the development and improvement of such products.

As previously reported, industry sources report that per capita dairy product (milk, cheese, yogurt, etc.) consumption is estimated at 140 kilograms (63.5 pounds). Also, the same sources report that Mexico shows a per capita consumption of 139.5 liters per year of fluid milk or 385 milliliters per day which is far below the WHO recommendations of at least 500 milliliters per day.

Looking for a Healthy and Long Life

LICONSA^[1] recently announced that in compliance with the Government of Mexico efforts of to stop and reduce the prevailing high rates of those who are overweight or obese, more specifically in the infant population, it has reduced the amount of dairy fat in products that it supplies to the lowest-income sectors of the population through the Social Supply Programs. LICONSA eliminated 50 percent of the fat content in its fluid milk and powdered milk products while maintaining the nutritional contents equal to its whole milk products.

^[1] Liconsa, S. A. de C.V. is “a state-owned company devoted to the industrialization and distribution of high-quality milk at a reasonable price, whose main purpose is supporting the nutritional resources of disadvantaged families to contribute to human capital development.”

Prices:

On October 9, 2011, LICONSA announced a 0.60 pesos (U.S. \$0.04) per liter increase to the price paid to producers in order to benefit small and medium-sized producers for a final price of 5.60 pesos (USD \$0.42) per liter. This agreement was applied from the beginning of 2012. On the consumer price side,

LICONSA announced that the price of milk distributed to low-income households was increased 0.50 pesos (U.S. \$0.03) per liter for a final price of 4.50 (USD \$0.33). Most recently, SAGARPA and LICONSA agreed to maintain prices —paid to producers and for consumers— at least for the remaining period of 2012.

Trade:

Mexico remains a milk production deficit nation and will continue to be an attractive market for U.S. dairy and dairy product exporters. As such, the United States will continue to be the primary supplier of milk to Mexico.

The Post fluid milk import forecast for MY2013 is 43,000 MT; this figure is a stronger increase from the past few years, but still much lower than historical levels. This, as well, is due to the removal of cattle from the dairy herd and the inability to keep pace with growing consumption. The Post MY2012 and MY2011 fluid milk import estimates remain unchanged from the USDA estimates at 39,000 and 38,000 MT; respectively.

The Post MY2013 fluid milk export forecast is expected to decrease slightly to 11,000 MT from Post’s new MY2012 estimate of 14,000 MT. This is due mainly to the fact that Mexico remains in a supply deficit. Figures for MY2012 were revised upward from USDA data as the country shipped more milk to Venezuela and Guatemala than previously anticipated. MY2011 exports remain unchanged and reflect official data.

Stocks:

No stocks are held due to the lack of refrigeration or storage space among producers and end-users. As such, end-users utilize just-in-time delivery for those products which enter value-added processes.

Production, Supply and Demand Data Statistics:

Dairy, Milk, Fluid Mexico	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Cows In Milk	6,400	6,400	6,400	6,350		6,300	(1000 HEAD)
Cows Milk Production	10,743	11,046	10,813	11,153		11,150	(1000 MT)
Other Milk Production	162	167	154	159		159	(1000 MT)
Total Production	10,905	11,213	10,967	11,312		11,309	(1000 MT)
Other Imports	38	38	39	39		43	(1000 MT)
Total Imports	38	38	39	39		43	(1000 MT)
Total Supply	10,943	11,251	11,006	11,351		11,352	(1000 MT)
Other Exports	10	10	10	14		11	(1000 MT)
Total Exports	10	10	10	14		11	(1000 MT)
Fluid Use Dom. Consum.	4,000	4,100	4,050	4,168		4,171	(1000 MT)
Factory Use Consum.	6,933	7,141	6,946	7,169		7,170	(1000 MT)
Feed Use Dom. Consum.	0	0	0	0		0	(1000 MT)
Total Dom. Consumption	10,933	11,241	10,996	11,337		11,341	(1000 MT)

Total Distribution	10,943	11,251	11,006	11,351		11,352	(1000 MT)
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Commodities:

Dairy, Cheese

Production:

The Post MY2013 total cheese production forecast for MY2013 is 270,000 MT. This is flat from the past several years. The sustained production levels reflect the trend of consumers switching to other dairy products prepared by the processing industry or to the growth in imported cheeses. The Post MY2012 and MY2011 estimate were kept unchanged from the USDA estimate to reflect available private data.

Consumption:

The Post MY2013 total cheese consumption forecast shows marginal increases over the USDA MY2012 estimate due to a slight increase in consumption of aged cheeses among high-middle and high-income consumers. Moreover, low and lower-middle income consumers continue demanding fresh cheese products. MY2012 consumption was revised slightly upward compared to the USDA estimate reflecting the recent industry data that suggests cheeses are an increasingly important component of the diet of more middle-income consumers. The Post MY2011 consumption estimate is unchanged from the USDA estimate.

Trade:

The Post MY2013 cheese import forecast is slightly up due to sustained demand of aged and specialty cheeses spurred by Mexico’s economic recovery. The Post import estimate for MY2011 and MY2012 remains unchanged from the USDA/Official estimate reflecting latest official trade data.

The Post MY2013 cheese export forecast is 4,000 MT; lower than the USDA MY2012 estimate. The Post MY2012 export estimate was revised lower than the USDA estimate from 5,000 to 4,000 MT due to low dairy product prices in the international market. The Post export estimate for MY2011 remains unchanged from the USDA estimate.

As previously reported, on October 21, 2011, Mexico lifted retaliatory duties applied to four HTS codes for cheese (see 2010 GAIN report MX1076 *Mexico Eliminates Trucking Retaliation Tariffs*). Although the retaliatory tariff duties made cheeses from the four HTS codes more expensive, middle and high-income consumers continued demanding them during MY2011.

Production, Supply and Demand Data Statistics:

Dairy, Cheese Mexico	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	270	270	270	270		270

Other Imports	78	78	85	85		87
Total Imports	78	78	85	85		87
Total Supply	348	348	355	355		357
Other Exports	4	4	5	4		4
Total Exports	4	4	5	4		4
Human Dom. Consumption	344	344	350	351		353
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	344	344	350	351		353
Total Use	348	348	355	355		357
Ending Stocks	0	0	0	0		0
Total Distribution	348	348	355	355		357

Commodities:

Dairy, Butter

Production:

The Post MY2013 butter production forecast is 2.6 percent lower to 185,000 MT from the MY2012 estimate as strong demand from the processing industry for the preparation of other products is expected to compete for the availability of fluid milk for butter production. The Post MY2012 and MY2011 estimate for butter production is unchanged from the USDA estimate.

Consumption:

The new Post MY2013 butter and butterfat consumption forecast is at similar levels from the MY2012 USDA estimate as use by the bakery and confectionary sectors is expected to be maintained. During MY2013, the baking, confectionary and food processing industries use of butter and butterfat is expected to be maintained, but with the slight shortfall in domestic production, will likely be met with imports. The Post estimates for MY2012 and MY2011 are unchanged from USDA estimates.

Trade:

The Post MY2013 import of butter and butterfat is forecast at 45,000 MT due to a sustained demand from the bakery and confectionary sectors and limited domestic production. The Post MY2012 and MY2011 import estimates are unchanged from the USDA estimates

As in MY2012, New Zealand will continue to be the principal supplier of butterfat to Mexico for MY2013. The United States, however, is forecast to maintain its market share.

Production, Supply and Demand Data Statistics:

Dairy, Butter Mexico	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	187	187	190	190		185

Other Imports	36	36	40	40		45
Total Imports	36	36	40	40		45
Total Supply	223	223	230	230		230
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Domestic Consumption	223	223	230	230		230
Total Use	223	223	230	230		230
Ending Stocks	0	0	0	0		0
Total Distribution	223	223	230	230		230

Commodities:

Dairy, Milk, Nonfat Dry

Production:

The production of Non-fat Dry Milk (NFDM) for MY2013 is forecast slightly up from the revised post MY2012 estimate. The new Post production estimate for MY2012 was revised slightly downward from the official USDA estimate due to limited availability of fluid milk due to the demand from the industry for the preparation of other added-value dairy products. MY2011 figures were kept unchanged from official USDA figures.

Dry Season Less Milk. Wet Season More Milk. What To Do About It?

Traditionally, NFDM in Mexico is more expensive than whole milk powder (WMP) and is produced, in more substantial volumes, only when there is seasonal overproduction of fluid milk. As reported, Mexico's milk powder production may be able to marginally increase once a new plant in the state of Jalisco is fully operational and capable of managing seasonal surpluses that occur during rainy seasons.

Investment Required and Possible Opportunity?

During the last decade, the import of NFDM along with whole milk powder represented almost 20 percent of overall domestic dairy consumption. This trend is not likely to change in the short term and imports will continue to cover processing plants demand for raw materials. This is due to the infrastructure established for processing this product into reconstituted milk from powdered milk.

Currently, the lack of investment to adjust the industrial infrastructure to operate with fluid milk is a major concern. Recently, the state of Jalisco inaugurated a milk powder production plant capable of managing seasonal surpluses that occur during rainy seasons. The plant is not fully operational, yet.

Consumption:

The Post NFDM MY2013 consumption forecast is 223,000 MT as demand from the industry for production of other added-value products continues. The Post consumption estimate for MY2012 was revised slightly downward since portions of the domestic fluid production went to cover the demand of other added-value dairy products. The Post consumption estimate for MY2011 is unchanged from the USDA estimate.

As previously reported, industry sources report that the principal consumers of NFDM are dairy processors who reconstitute the material and sell it as pasteurized or UHT milk. Also, the confectionary industry continues using small quantities of NFDM in their processes.

Trade:

The Post MY2013 import forecast for NFDM is set at 210,000 MT similar to the official USDA estimate for MY2012 in light of limited production and sustained demand from the dairy processing industry. MY2012 imports are estimated to remain at levels estimated by USDA due to sustained demand from the processing industry who reconstitute NFDM into pasteurized and UHT products. The MY2011 estimate is unchanged from the USDA estimate and reflects industry data.

Stocks:

LICONSA used to be the largest owner of milk powder stocks. Due to implementation of the Acquisition of Domestic Milk Program, LICONSA switched to purchasing domestic fluid milk and has reduced its consumption of NFDM and its need to maintain stocks.

Production, Supply and Demand Data Statistics:

Dairy, Milk, Nonfat Dry Mexico	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	13	13	13	12		13
Other Imports	194	194	210	210		210
Total Imports	194	194	210	210		210
Total Supply	207	207	223	222		223
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Dom. Consumption	207	207	223	222		223
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	207	207	223	222		223
Total Use	207	207	223	222		223
Ending Stocks	0	0	0	0		0
Total Distribution	207	207	223	222		223

Commodities:

Dairy, Dry Whole Milk Powder

Production:

The Post MY2013 dry whole milk powder (WMP) production forecast is at the same level as the official MY2012 USDA estimate. This is due to the availability of fluid milk, thus, keeping demand stable for dry WMP production. The Post estimates for MY2012 and MY2011 total dry WMP production figures are unchanged from the USDA estimates.

Consumption:

Dry WMP consumption for MY2013 is unchanged from the MY2012 USDA official estimate as consumer purchasing power recovery is allowing middle and high-income consumers to buy processed and added-values dairy products instead of products made with WPM. However, the use of WPM is still a prevailing practice among low-income urban households that lack refrigeration and therefore limit purchases of fresh milk products. Low-income consumers are the traditional market covered by LICONSA and rehydrated milk made from WPM. The Post MY2012 and MY2011 consumption estimate were kept unchanged from the USDA estimates.

Trade:

The new Post MY2013 import estimate is forecast at 20,000 MT as the demand for WMP from low-income consumers has remained stable. For MY2012, the import figures were kept unchanged as a result of the LICONSA's continued purchase of domestic fluid milk. MY2011 figures remain unchanged.

While being a net importer, Mexico's exports of WPM during MY2012 and MY2011 were small and stable. This trend is not likely to change in MY2013 and forecast exports to remain stable.

Production, Supply and Demand Data Statistics:

Dairy, Dry Whole Milk Powder Mexico	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	168	168	168	168		168
Other Imports	30	30	20	20		20
Total Imports	30	30	20	20		20
Total Supply	198	198	188	188		188
Other Exports	8	8	7	7		7
Total Exports	8	8	7	7		7
Human Dom. Consumption	190	190	181	181		181
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	190	190	181	181		181
Total Use	198	198	188	188		188
Ending Stocks	0	0	0	0		0
Total Distribution	198	198	188	188		188

Commodities:

Dairy, Milk, Fluid

Dairy, Butter

Dairy, Cheese

Dairy, Dry Whole Milk Powder

Dairy, Milk, Nonfat Dry

Policy:

General Tariffs

Currently, all U.S. dairy products enter Mexico duty-free.

Unpasteurized Milk Zoosanitary Requirements

The United States has historically been able to export unpasteurized liquid milk to Mexico for pasteurization and further processing. In 2012, Mexico adjusted its zoosanitary requirements for this product and effectively eliminated U.S. access. The United States and Mexico continue negotiating for amended requirements that will allow trade of this product to resume.

Domestic Support

In early September, the agreement for the operation of the “Mechanism to Administer the Losses in relation to the Price/Cost of Milk” was signed between the Dairy Sector and SAGARPA. This program is intended to support small and medium milk producers to cope with fluctuations in the market that could reduce or eliminate possible profits.

ONPROLAC

The dairy sector promoted the creation of the National Organism for the Regulation of Dairy Products (ONPROLAC). The current objective of this body is to elevate the standards of the Mexican Norms (NMX) that milk producing companies use in order to market milk. Mexican Norms, as opposed to Mexican Official Norms (NOMs), are not obligatory.

This body aims to improve the overall domestic market for dairy products while promoting quality standards. Their goal is to convert the dairy sector into a more competitive market environment that offers high quality products for final consumers.

Marketing:

In 2011, Mexico became the first U.S. \$1 billion market for U.S. dairy and related product exports. NFDM, cheese, and whey accounted for the bulk of the export value of U.S. products and amounted to approximately \$392 million, \$173 million, and \$46 million; respectively. The United States exported \$814 million of dairy products to Mexico from January to August 2012. This compares to \$740 million during the same period of 2011 and if the trend continues, could suggest that the United States could export up to \$1.2 billion in 2012, a new record.

The Mexican dairy industry continues investing in publicity and promotion for added-value dairy products. The U.S. Dairy Export Council (USDEC) is active in promoting the U.S. dairy industry in Mexico, as well. USDEC organizes buying missions for potential Mexican importers/distributors to visit U.S. suppliers and develops sales opportunities for U.S. dairy products. In addition the two Foreign Agricultural Service (FAS) Agricultural Trade Offices (ATOs) located in Mexico City and Monterrey, are dynamically promoting U.S. dairy exports as well.

In 2010, the total dairy products (UHT and pasteurized fluid milk, cheese, yoghurt, cream, chilled dairy snacks/ice cream treats, and condensed/evaporated milk) market size was estimated at U.S. \$9.65

billion. The industry is considered highly fragmented with a large number of small-scale artisanal producers that distribute products locally or regionally. Private industry sources indicate that four companies constitute about 60 percent of the total dairy market (comprising fluid milk and added-value product processing) in Mexico. These four firms are Lala, Alpura, Sello Rojo, and Pasteurizadora de Chihuahua.

Author Defined:

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

For further information, direct marketing questions to:

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FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
<http://www.youtube.com/user/ATOMexicoCity>

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX2031	New NOMS for Dairy Products May Shift Import Patterns	5/16/2012
MX2028	Dairy and Products Semi-Annual	5/14/2012
MX1106	Dairy Blends TRQ Announced	12/30/2011
MX1105	Milk Powder TRQ Announced	12/30/2011
MX1092	New Meat and Poultry Letterhead Certificates Required	12/6/2011
MX1083	Dairy and Products Annual	11/14/2011

MX1076	Mexico Eliminates Retaliatory Tariffs	10/21/2011
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Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.