

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Mexico

Post: Mexico

Milk Powder TRQ Announced - Little Effect on U.S.

Forecast

Report Categories:

Dairy and Products

Policy and Program Announcements

Agriculture in the Economy

Agriculture in the News

Trade Policy Monitoring

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Report Highlights:

On December 19, 2012, Mexico's Secretariat of Economy (SE) announced it would allow a total of 80,000 metric tons (MT) of milk powder to be imported duty free from Most Favored Nations (MFN) as part of its World Trade Organization (WTO) commitments. The provisions included in this announcement will be effective on January 1st, 2013. U.S. milk powder will continue to be granted unlimited duty-free access to the Mexican market under NAFTA.

General Information:

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

This report summarizes the official announcements published in Mexico’s *Diario Oficial* (Federal Register) on December 19, 2012.

SE announced in the Federal Register that Mexico, starting on January 2013, would allow a total of 80,000 metric tons (MT) of milk powder to be imported duty free from MFNs as part of its WTO commitments. This announcement establishes the allocation mechanism which is to complement domestic supply for Mexican milk powder processors. This TRQ announcement will be in effect on January 1st, 2013 until its cancellation, which should be announced in the *Diario Oficial* when applicable.

H.T.S. Number and Product	MFN TRQ
0402.10.01 Milk in powder or tablets, containing not more than or equal to 1.5 percent by weight of butterfat. Without sugars or sweeteners	80,000 MT ❶
0402.21.01 Milk in powder or tablets, containing more than 1.5 percent by weight of butterfat. Without sugars or sweeteners	

❶ Under the WTO framework, this is the amount coming from countries identified as “Most Favored Nation” (MFN) in compliance with the provisions of the list LXXVII-Mexico.

The mechanism through which the TRQ will be allocated is:

Beneficiaries	Allocation Mechanism	Quantity (MT)	Application period
A. Public sector businesses supplying milk to low-income consumers,	Direct	40,000	Up to November 30 of each year.
B. Private sector businesses that use milk powder as an input and have previously received TRQ allocations.	Direct	36,086.4	First period —15 business days from the first business day of January of each year.
	First come, first serve basis.		Second period —15 business days from the first business day of August of each year.
C. Private sector businesses that use milk powder as an input and have not previously received TRQ allocations.	Direct	1,000	First period —15 business days from the first business day of January of each year.
	First come,		Second period

	first serve basis.		—15 business days from the first business day of August of each year.
D. Business parties that hold a Border Company Registry located in the State of Quintana Roo or along the southern border region with Guatemala.	Direct	2,913.6	From the first business day of each year until the last business day of February of each year.

The applications for the request of allocation of the *cupos* (import permits) must be submitted using form SE-03-011-1 to the General Directorate of Foreign Trade of SE. Once the quantity to be imported is allocated under the TRQ, SE will issue the import permits to the authorized companies.

FAS/Mexico Analysis: This action is based on WTO commitments and this TRQ is equal to previous years' levels issued by Mexico. Thus, U.S. milk powder will not face additional international competition in the Mexican market and U.S. firms will continue to be granted unlimited duty-free access to the Mexican market under NAFTA.

This is NOT an invitation for bids to purchase selected dairy products. Rather, it is an auction of the right to import the listed product duty free. Thus, the auction is limited to Mexican companies within the dairy industry who use dairy products in their production process.

Important Dates

1. Publication Date: December 19, 2012.

2. Implementation Date: January 1, 2013.

3. Validity Period:

- The validity period of the quota certificates for the beneficiaries, as described, in points A and D will be the last day of December of each year;
- The validity period of the quota certificates issued for the first period, as indicated in points B and C will be the last day of July of each year;
- The validity period the quota certificates issued for the second period, as indicated in points B and C will be the last day of December of each year.

Author Defined:

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.

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX2096	Dairy Blends TRQ Announced – Little Effect on U.S. Forecast	12/21/2012
MX2074	Dairy and Products Annual – High Input Prices Continue to Pressure Domestic Production	10/26/2012
MX2031	New NOMS for Dairy Products May Shift Import Patterns	5/16/2012
MX2028	Dairy and Products Semi-Annual – Mexico Represents Nearly	5/14/2012

	25 Percent of U.S. Dairy Exports in 2011	
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

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.