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Post: Mexico

2012 Dairy Blends TRQ Announced... Limited Effect Forecast on U.S.

Report Categories:

Dairy and Products

Policy and Program Announcements

Agricultural Situation

Agriculture in the News

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Report Highlights:

On December 30, 2011, Mexico's Secretariat of Economy (SE) announced it will allow a total of 44,200 metric tons of dairy product preparations (dairy blends) to be imported from any country in the world under a mixed allocation (direct and public bid) scheme. This announcement should not affect U.S. dairy blends as they have unlimited duty-free access 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 announcement published in Mexico’s *Diario Oficial* (Federal Register) on December 30, 2011.

SE announced in the Federal Register a TRQ for dairy blends under Mexico’s General Import and Export Tax Law. This announcement recognizes that the production of domestic dairy blends is insufficient to meet the needs of Mexican milk powder processors. The exporters of any country may supply products under this TRQ. Importers will be eligible to import, duty free, these products provided that they have obtained a TRQ certificate issued by SE. This TRQ will be in effect from December 31, 2011, until December 31, 2012. U.S. dairy blends continue to have unlimited duty-free access under NAFTA.

Products under Harmonized Tariff System (HTS) code 1901.90.05 are dairy blends produced from cheeses, dry milk, butter, and other dairy based products containing more than 50 percent of milk solids by weight.

Solids may be either butterfat or solids not fat or both. The definition does not include items covered under other HTS codes, such as butter, dry milk powder or cheese, and specifically excludes items under HS code 1901.90.04, which contain more than 10 percent milk solids and are consumer packed; hence, 1901.90.05 excludes consumer-packed products.

H.T.S. Number and Product	MFN TRQ for 2012
1901.90.05 Dairy product preparations based on a content of over 50 percent solids in weight, except those under tariff classification 1901.90.04	44,200 MT

The mechanism through which the TRQ will be allocated is:

Beneficiaries	Allocation Mechanism	Quantity (MT)	Application period
A. Public sector company supplying milk to low-income consumers	Direct	10,000	From December 31, 2011 up to November 30, 2012
A. Private sector business that use dairy blends as an input and have previously received quota allocations.	Direct	21,200	15 business days from December 31, 2011
A. Private sector business that use dairy blends as an input and have not previously received quota allocations.	Direct	1,000	15 business days from December 31, 2011
A. All interested parties	Public bid	12,000	In compliance with the rules of the corresponding public

			bid procedures ^①
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① SE will publish the announcement in the Federal Register, at least, within 20 business days before the application period (scheduled to occur during the 1-15 August, 2012 period).

Direct allocation will be authorized to the Public Sector Company and private companies —with or without previous experiences in the allocation process— who use dairy blends in their production processes. Public allocation will be authorized for interested parties that comply with the correspondent public bid rules. The applications for the request of allocation of the quota (import permits) must be submitted using form SE-03-011-1 at 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. The expiration date of the quota is December 31, 2012.

FAS/Mexico Analysis: The TRQ is equal to previous years' levels issued by Mexico. Thus, U.S. dairy blends will not face additional international competition in the Mexican market and 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 processes.

Important Dates

- 1. Publication Date:** December 30, 2011
- 2. Implementation Date:** December 31, 2011
- 3. Validity Period:** December 31, 2011 until December 31, 2012

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.

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
MX1105	2012 Milk Powder TRQ Announced... Limited Effect Forecast on U.S.	12/30/2011
MX1083	2012 Dairy and Products Annual: MY2012 Forecast Flat	11/14/2011
MX1076	Mexico Eliminates Trucking Retaliation Tariffs Against Ag. Products	10/21/2011
MX1042	Market Concentration in Selected Agricultural and Food Subsectors	5/25/2011
MX1019	Mexico Consolidates Labeling Requirements for Milk and Hams	3/16/2011
MX0096	Mexico Announces 2011 Import TRQ for Dairy Preparations	12/20/2010
MX0095	Mexico Announces 2011 TRQ for Milk Powder Imports from	12/20/2010

	WTO Members	
MX0084	Guidelines to Harmonize Import Inspection of Agricultural Products	11/15/2010
MX0076	New Mexican Regulation for Milk and Milk Products	10/18/2010

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.