

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Chicken AD Final Resolution

Report Categories:

Poultry and Products

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Report Highlights:

On July 31, 2012, the Secretariat of Economy (SE) announced on its official website a determination related to the anti-dumping investigation of U.S. fresh, chilled or frozen chicken leg-quarters (CLQs).

At this point, SE concludes that U.S. exporters used unfair practices which demand the imposition of compensatory duties. However, due to the AI outbreak, Mexico will not impose duties until further notice.

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 resolution 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 resolution or announcement as published in Spanish, the latter shall prevail.

Notice Summary:

The Foreign Trade Commission (COCEX by its Spanish acronym) from the Secretariat of Economy (SE) posted in its website the preliminary announcement on the [final determination](#) on the antidumping investigation of imports of chicken leg quarters (CLQ) from the United States. SE concludes that U.S. exporters incurred in unfair trade practices which demand the imposition of compensatory duties. However, due to the AI H7N3 outbreak, prices of poultry products have increased to unjustifiably high levels. So, Mexico will not impose duties until further notice. SE announced that the Final Resolution will be published in Mexico’s Federal Register (*Diario Oficial*) shortly. Below is a courtesy translation.

BEGIN NOTE

COURTESY TRANSLATION

COCEX agrees on the imposition of compensatory duties to imports of chicken leg quarters from the United States, as proposed in the Final Determination on the antidumping investigation.

The Foreign Trade Commission (COCEX by its Spanish acronym), made public its decision to support the application of compensatory duties to imports of chicken leg quarters (CLQ) from the United States, as proposed in the Final Resolution on the related antidumping investigation.

In the Final Resolution, the Secretariat of Economy (SE) concludes that the U.S. exporters committed unfair trade practices. However, the unexpected situation caused by the outbreak of AI, subtype H7N3, has resulted in increased prices that are not explained by fundamental market factors. So, in response to the SE Foreign International Practices Unit (UPCI) proposal, a decision has been concurrently taken not to apply the duties at this time, while continuing to monitor the market’s reaction.

The COCEX will analyze the market behavior and (if applicable) for the implementation of dumping duties, the additional opinion of this Commission will be required.

The investigation process, conducted by UPCI, included ample participation by US producers and exporters as well as Mexican producers and importers. Also, SE offered equal opportunities to all interested parties, including the US Government, to present arguments and evidence; held technical meetings to inform interested parties and conducted a public hearing.

SE will continue supporting the domestic poultry meat producers while promoting the further commercial integration of both, Mexico and US, poultry markets in order to benefit the consumers of both countries. The Final Resolution will be published in the *Diario Oficial* shortly.

END NOTE

FAS Mexico comment: Given that COCEX will be monitoring the evolution of the domestic market of poultry products, it is possible that once the AI outbreak is controlled and domestic prices stabilize, two scenarios could occur: the first implies the eventual application of compensatory duties as established in the Final Resolution and, second, a possible negotiation between industries. However, it is important to keep in mind that the first approach, in early 2012, between the two industries failed in achieving an agreement between both parties. The Final Resolution is likely to be published in Mexico's Federal Register in the shortly.