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Mexico Announces 2010 TRQ for Milk Powder Imports from WTO Members

Report Categories:

Dairy & Products

Trade Policy Monitoring

Policy and Program Announcements

WTO Notifications

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Report Highlights:

On February 15, and March 3, 2010, 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 for 2010. Of this amount, 40,000 MT is allocated to the public sector, 37,086.4 MT is allocated to the private industrial sector and 2,913.6 MT is allocated specifically to the Southern Border Region. U.S. milk powder will continue to be granted unlimited duty-free access to the Mexican market under NAFTA.

Executive Summary: The Secretariat of Economy (SE) announced the TRQ for milk powder in the "*Diario Oficial*" (Federal Register) as part of its WTO commitments. This announcement establishes that the purpose of this allocation mechanism is to complement domestic supply for domestic milk powder processors. This TRQ is in effect until December 31, 2010

General Information:

Introduction: This report summarizes the official announcements published in Mexico's "*Diario Oficial*" (Federal Register) on February 15 and March 3, 2010.

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.

The Secretariat of Economy (SE) announced the TRQ for milk powder in the "*Diario Oficial*" (Federal Register) as part of its WTO commitments. This announcement establishes that the purpose of this allocation mechanism is to complement domestic supply for domestic milk powder processors. This TRQ is in effect until December 31, 2010.

H.T.S. Number and Product	MFN TRQ for 2010
0402.10.01 Milk in powder or tablets, containing not over or equal to 1.5 percent by weight of butterfat. Without sugars or sweeteners	80,000 MT
0402.21.01 Milk in powder or tablets, containing over 1.5 percent by weight of butterfat. Without sugars or sweeteners	

The mechanism through which the TRQ will be allocated is:

Beneficiaries	Allocation Mechanism	Quantity (MT)	Application Period
Public Sector Businesses supplying milk to the low-income consumers.	Direct	40,000	From March 8, 2010 up to November 30, 2010.
Private Industrial Sector Businesses that use milk powder as an input and have previously received TRQ allocations.	Direct	36,086.4	<ul style="list-style-type: none"> • 15 business days from February 16, 2010. • 15 business days from August 2, 2010.

Private Industrial Sector Business that uses powder milk as an input and have not previously received TRQ allocations.	Direct	1,000	<ul style="list-style-type: none"> • 15 business days from February 16, 2010. • 15 business days from August 2, 2010.
Business parties that holds a Border Company Registry, located in Quintana Roo state or in the Southern Border Region with Guatemala.	Direct	2,913.6	From February 16, 2010 up to March 26, 2010.

Direct allocation will be authorized to:

- A. The Public Sector company in charge of supplying milk to low-income consumers
- B. Companies that use milk powder in their production processes with previous experiences in the allocation process
- C. Companies that use milk powder in their production processes without previous experiences in the allocation process
- D. Business parties that holds a Border Company Registry, located in Quintana Roo state or in the Southern Border Region with Guatemala.

The applications for the request of allocation of the “*cupos*” (import permits) must be submitted in 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 “*cupos*” to the authorized companies.

U.S. milk powder will continue to be granted unlimited duty-free access to the Mexican market under NAFTA.

FAS/Mexico Note: This action of SE will not affect market access for U.S. milk powder, however, U.S. milk powder will now face additional international competition from the Mexican market.

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:** February 15, 2010 & March 3, 2010.
- 2. Implementation Date:** February 16, 2010
- 3. Validity Period:** Up to December 31, 2010

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Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx **NOTE:** 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.