

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Mexico

Dairy and Products Semi-annual

Fluid Milk Supply Lags Behind Processing Demand

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Report Highlights:

Fluid milk production will be lower than expected but higher than in 2010, resulting in larger production of cheese and butter as well as higher imports of dairy raw materials. The economic recovery will support higher consumption of value-added products as well as higher U.S. exports of cheese, butter and NFDM to Mexico. However, total Mexican dairy imports will decline due to reduced purchases of whole powdered milk and butterfat. NFDM consumption will remain unchanged.

Executive Summary:

Total fluid milk production is revised downward due to higher production costs, adverse weather conditions, and lower-than-expected cows in milk. However, the recovery in consumer purchasing power is resulting in the substitution of fluid milk with value-added products such as cheese and yogurt among low and middle-income consumers.

Higher cheese production is expected for 2011 and, even with retaliatory duties on U.S. cheese exports to Mexico (due to the trucking dispute), increased cheese imports as well as a growing U.S. share in the Mexican market are anticipated.

Lower total imports of butter (and butterfat) by the baking and confectionary industry are expected due high butterfat prices, which will force the industry to substitute other raw materials. However, U.S. butterfat exports to Mexico will increase and the United States will continue being the second-largest supplier of butter to Mexico.

For 2011 production, consumption and imports of non-fat dry milk (NFDM) are expected to maintain the same levels as 2010 due to the increasing demand for fluid milk to produce other dairy products and to the growing use of domestic fluid milk by LICONSA. [1] On the other hand, whole powdered milk (WPM) production, consumption and imports for 2011 will decrease. Production will decrease mainly because of a reduction in the domestic oversupply of dry milk and WPM consumption will drop due to consumer preference for fluid milk and processed dairy products. Last, lower powdered milk imports are expected because WPM has been replaced with value-added and low fat products.

Inclusion of the dairy sector is still under discussion in talks on the Mexico-Peru free trade agreement. Meanwhile, some dairy products were excluded in negotiations of the free trade between Mexico and Colombia.

Data included in this report are not official USDA data. Official USDA data are available at: <http://www.fas.usda.gov/psd>

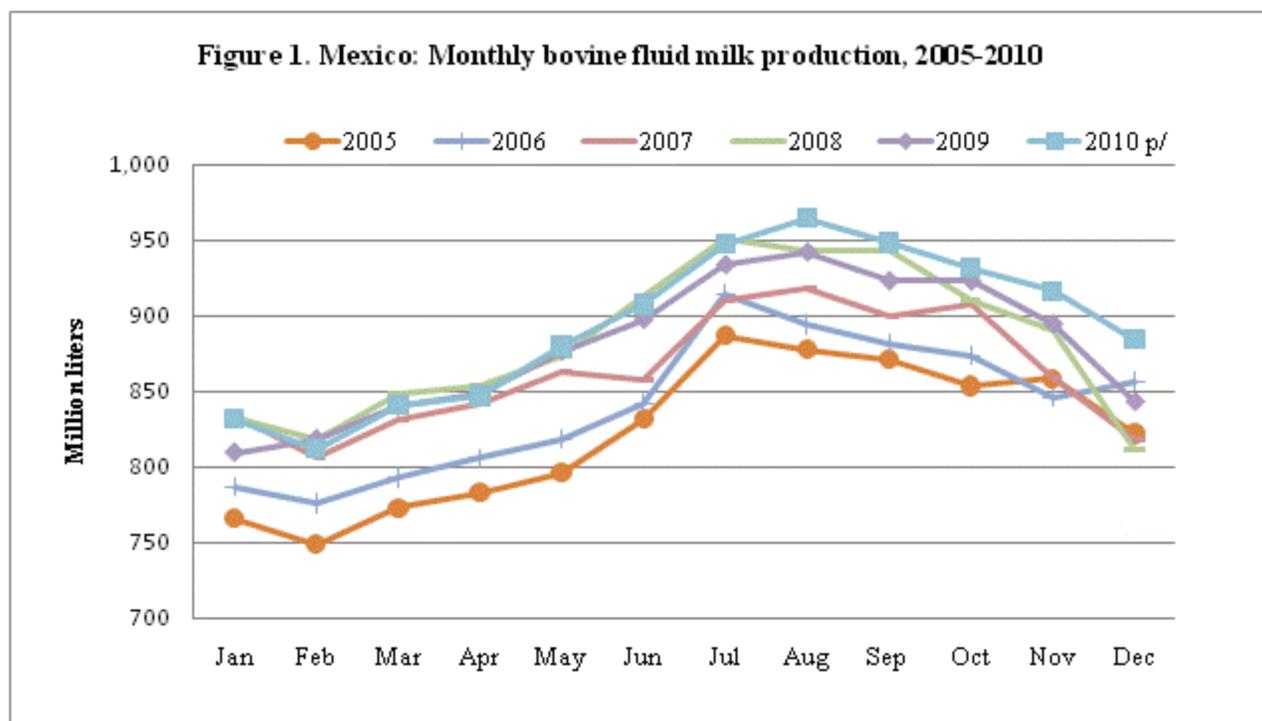
^[1] Liconsa, S. A. de C.V. is “a state-owned company devoted to the industrialization and distribution of high-quality milk at a reasonable price, whose main purpose is supporting the nutritional resources of disadvantaged families to contribute to human capital development.”

Commodities:

Dairy, Milk, Fluid

Production:

The forecast for total fluid milk production in 2011 is revised down 1.5 percent, 167 thousand metric tons (TMT) lower than official USDA estimates, based on a higher cost of production as compared to the expected price paid to producers and adverse weather conditions. According to the dairy processing industry, milk production costs are increasing mainly due to high feed and energy prices. For example, in the second week of April 2011 yellow corn prices had increased 120 percent as compared to the same week in 2010.



Also, the lack of early rains in almost all of Mexico and the expected droughts in Coahuila, Durango, Chihuahua, and Jalisco will slightly decrease milk production for two reasons: grass supplies for both greenchop and hay will be reduced, and the better milk yields typical of the rainy season will be delayed, principally among small and medium-sized producers. Production in the four states mentioned above represents almost 50 percent of total domestic fluid milk.

Another factor is that, in response to producers' requests that LICONSA pay a 20 percent increase in the fluid milk price per liter (to 5.6 pesos per liter), LICONSA agreed to only an estimated 7 percent increase (5 pesos or USD 0.42 per liter). This new price should be in place from April to the end of 2011 and available to small and medium-sized milk producers. As previously reported, the price paid by LICONSA is used as the domestic reference price, similar to the U.S. type I milk price.

Cows-in-milk estimates for 2011 and 2010 are revised downward 1.5 and 1.2 percent, respectively, from official USDA data mainly due to a reduction in producer numbers and in live animal imports. Even though the worst of the recent economic crisis has passed, some small and medium-sized producers have left the dairy business, reducing the expected rise in cow inventories. In addition, milk producers' efforts to improve yields through better breeding are lower than previously expected. During the first two months of 2011, Mexico imported 86 percent fewer breeding animals and 55 percent fewer milk cows than during the same period in 2010.

In addition, small and medium-sized dairies continue to face financial problems due to high production costs and low productivity. Relatively low domestic raw milk prices and a lack of affordable financing for capital improvements have discouraged small and medium-sized dairy farms from expanding, particularly in central and southern Mexico.

The estimates for total fluid milk production are revised 1.2 percent downward from official USDA data based on official data obtained from the Food and Fisheries Statistics Service (SIAP). Official sources stated that this revision is the result of some small producers going out of business due to the economic crisis. This reduction also resulted in a lower-than-expected cows-in-milk figure for 2010, which was also revised 1.2 percent lower than official USDA data. Fluid milk production and cows-in-milk data remain unchanged for 2009.

Consumption:

The new 2011 estimate of total fluid milk consumption is revised slightly downward as low and middle-income consumers have begun substituting the consumption of fluid milk with more expensive and value-added products, such as cheese and yogurt, as a source of dairy protein in their diets. This shift in preferences is made possible by the recovery in consumer buying power.

Total fluid milk consumption for 2010 is revised slightly downward from official USDA data, principally due to a reduction in the consumption of specialized fluid milk, such as partially skimmed, skimmed, nonfat, and flavored milk (including small cartons for children).

Based on newly available information, new estimates beginning in 2009 have been revised sharply upward for fluid use domestic consumption and downward for factory use domestic consumption. This revision was undertaken because the components of each item were reshuffled. Much of what was previously captured as factory use is now included as fluid milk. However, overall consumption has not changed significantly.

Fluid use domestic consumption estimates for 2011, 2010 and 2009 include fluid milk sold to big companies (e.g., Lala, Alpura, etc.) to produce pasteurized and shelf stable (UHT) fluid milk in different product lines (non-fat, low fat, whole, flavored, etc.) as well as the total fluid fresh milk sold directly by producers every day without refrigeration or industrial treatment, mainly to households and artisanal cheese producers. For example, the 2010 fluid milk domestic consumption estimate includes 370 million liters of milk sold to households and small cheese producers, 697 million liters to LICONSA, and 4.1 billion liters to big companies to produce UHT and HT milk.

Factory use domestic consumption estimates for 2011, 2010 and 2009 are revised downward (because they no longer consider the fluid milk sold by big companies (now included in fluid use domestic consumption) and only focus on milk that is processed into another form (e.g., butter, cheese, yogurt, NFDM, etc.).

According to industry sources' estimates, approximately 7 percent of milk is consumed raw (a health concern) and 14 percent is consumed through the government's social programs. It is important to note that LICONSA's use of imported powdered milk has decreased significantly in the last 10 years. Consumption of UHT and pasteurized milk accounts for 80 percent of total fluid milk consumption.

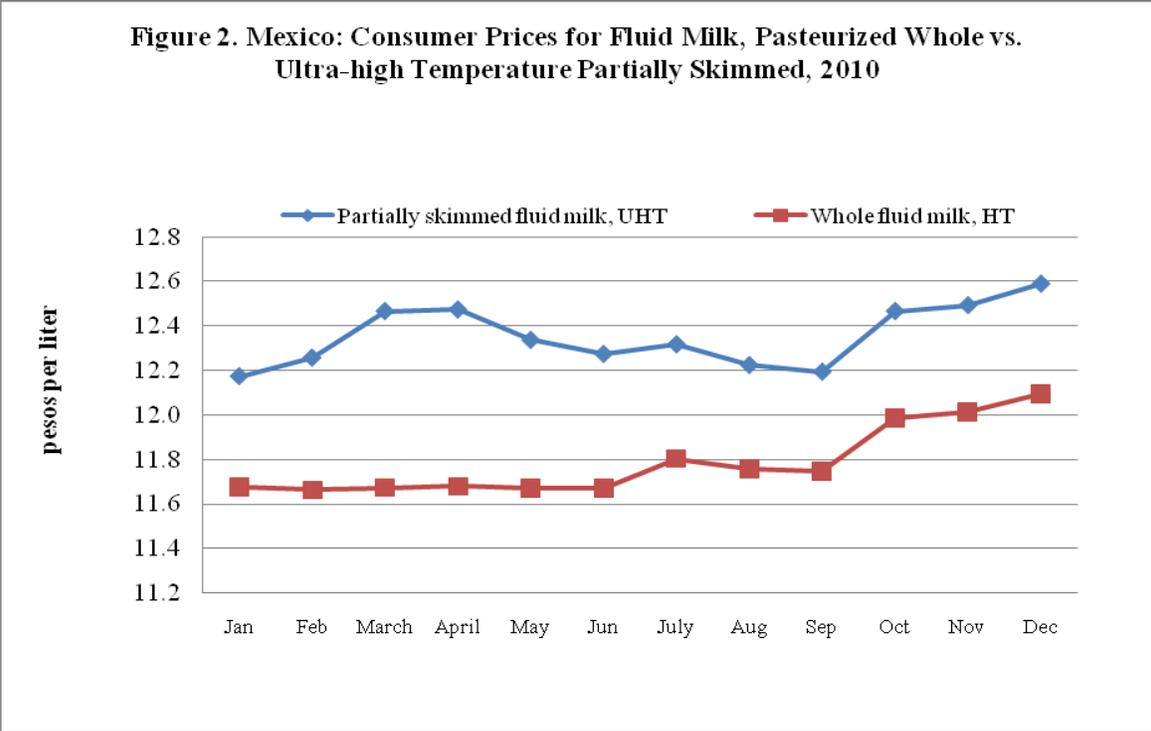
Prices

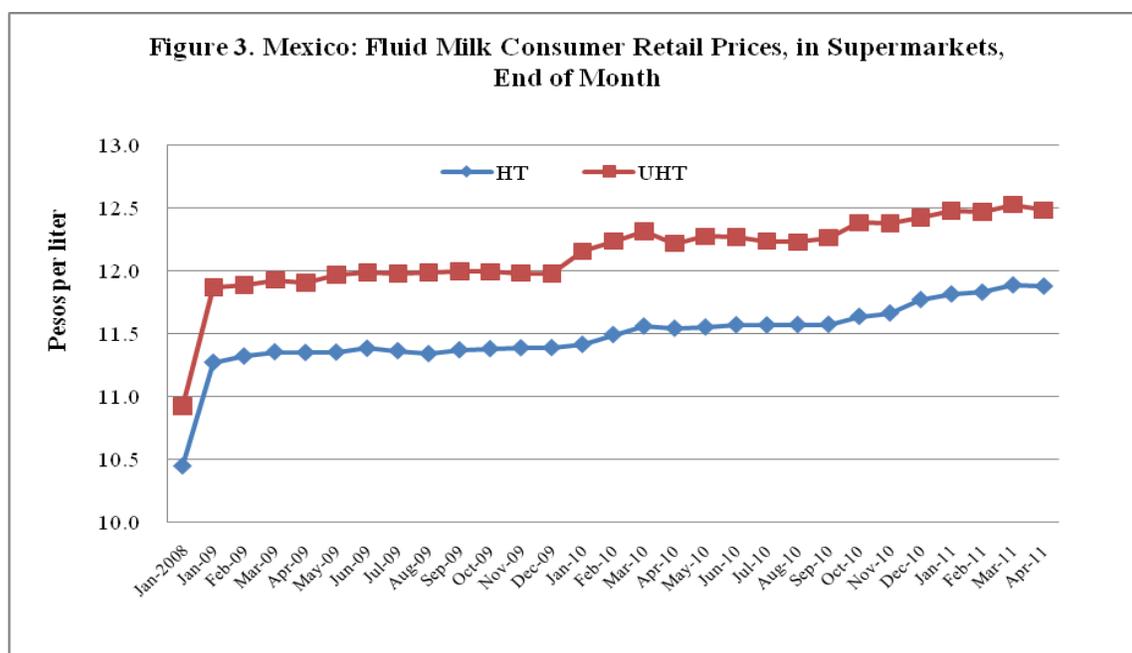
During the first quarter of 2011 LICONSA was paying the congressionally mandated minimum price of 4.40 pesos per liter (USD 0.37) to producers plus an additional 0.30 peso-per-liter premium for quality. However, due to continued pressure from producers and congress, LICONSA is starting to pay

producers 4.70 pesos per liter (USD 0.40) plus an additional 0.30 peso-per-liter quality premium for a total price of 5 pesos (USD 0.42), which will likely be in effect for the remainder of the year.

Although milk production costs are increasing slightly due to higher grain prices, these costs will not be completely transferred to the consumer since milk processors are aware that the consumption of fluid milk remains stable only if prices do not increase more than 3 percent.

Due to the economic crisis of 2010 some consumers preferred consuming whole fluid milk and pasteurized milk only, since it was cheaper than specialized fluid milk and UHT milk (see figures 2 and 3).





Trade:

For 2011, the new fluid milk import forecast is revised 6.5 percent downward from official USDA data to 43 TMT due to increased consumption of other processed dairy products versus fluid milk, and higher sales of domestically produced fluid milk. For 2010, import figures are revised downward reflecting official data due to the effects of the economic crisis on consumer purchasing power as well as higher sales of domestically produced fluid milk when compared to the previous year. As in previous years, most fluid milk imports are intended for the northern border cities of Mexico. Opportunities for sales beyond the northern border cities are limited by transportation costs and cold chain infrastructure constraints. For 2009, the import estimate remains unchanged and reflects official data. According to the Mexican dairy industry, the Mexican dairy supply is about 71 percent domestic fluid milk, with the other 29 percent composed of imported dairy products (fluid milk basis).

For 2011, the fluid milk export estimate is revised downward from official USDA data to 10 TMT due to relatively high Mexican fluid milk prices and the burdensome registration process for new companies to be certified export eligible. For 2010 and 2009, the export figures are unchanged.

Table 1. Mexico: Percentage of Domestic Fluid Milk versus Milk- Equivalent Imported Dairy Products.

Year	Domestic	Imported
2005	66%	34%
2006	73%	27%
2007	68%	32%
2008	71%	29%
2009	71%	29%
2010	72%	28%

Source: CANILEC

Production, Supply and Demand Data Statistics:

Dairy, Milk, Fluid Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk	6,400	6,400	6,560	6,480	6,650	6,550
Cows Milk Production	10,866	10,866	11,176	11,033	11,330	11,163
Other Milk Production	170	170	166	168	170	170
Total Production	11,036	11,036	11,342	11,201	11,500	11,333
Other Imports	45	45	46	41	46	43
Total Imports	45	45	46	41	46	43
Total Supply	11,081	11,081	11,388	11,242	11,546	11,376
Other Exports	5	5	9	9	11	10
Total Exports	5	5	9	9	11	10
Fluid Use Dom. Consum.	2,021	5,206	2,276	5,167	2,307	5,115
Factory Use Consum.	9,055	5,870	9,103	6,066	9,228	6,251
Feed Use Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	11,076	11,076	11,379	11,233	11,535	11,366
Total Distribution	11,081	11,081	11,388	11,242	11,546	11,376
1000 HEAD, 1000 MT						

Commodities:

Dairy, Cheese

Production:

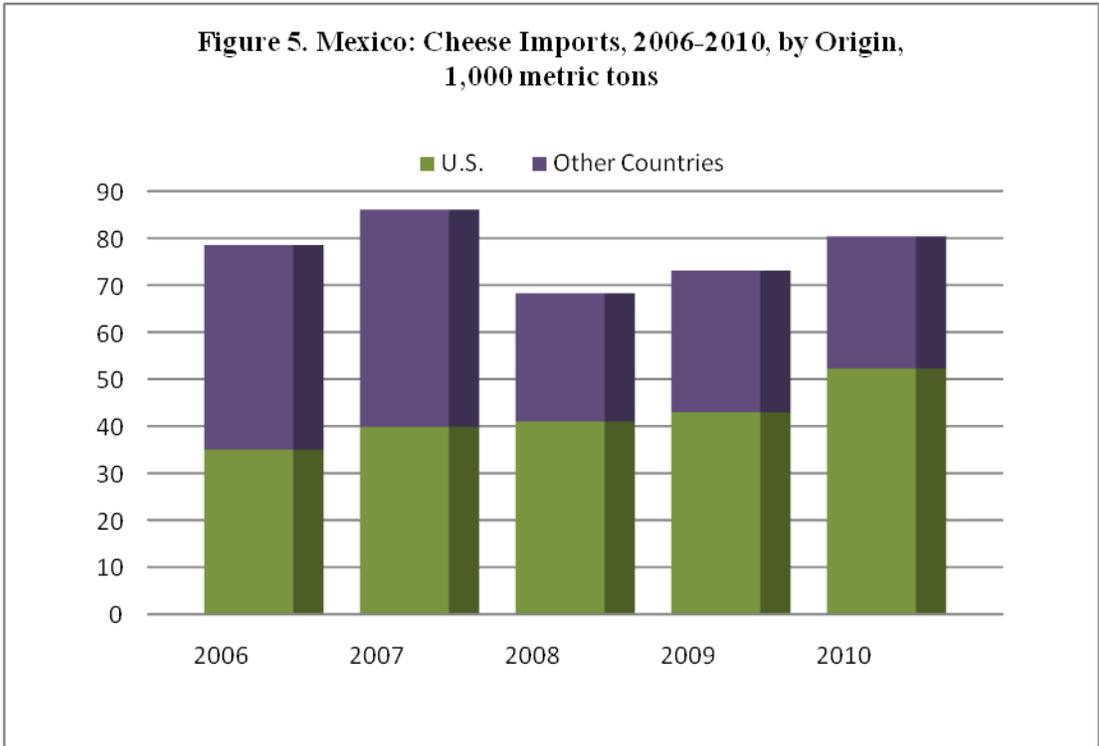
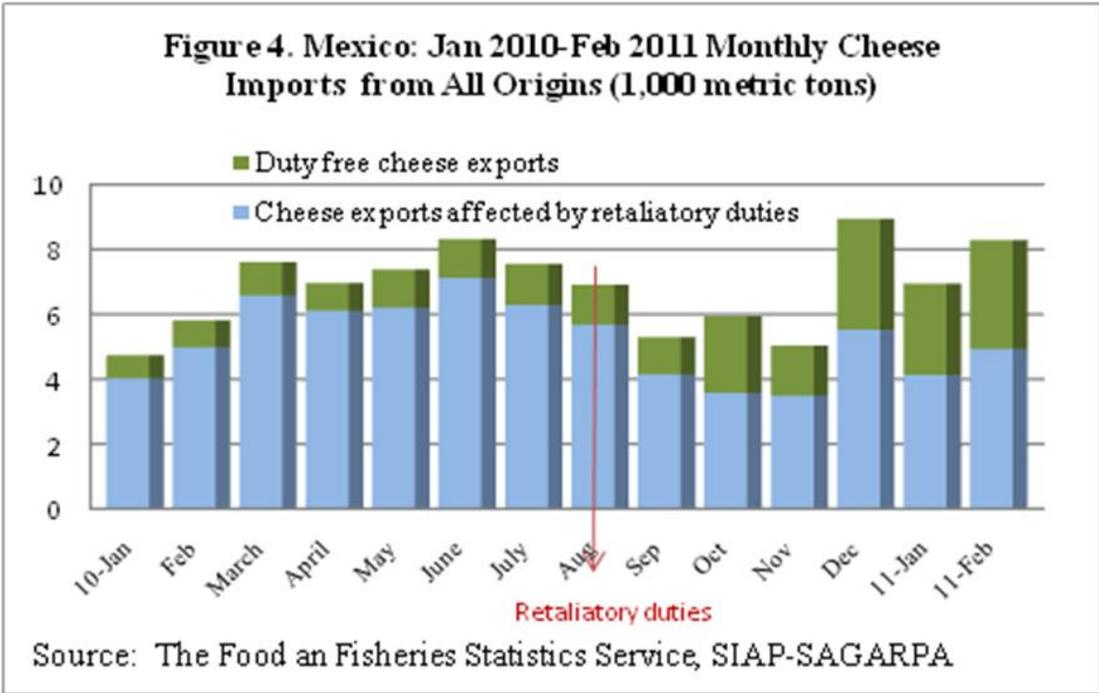
The cheese production forecast for 2011 is revised 8 percent upward from official USDA data due to the increased availability of raw materials for its production (both imported and domestic) and a better-than-expected recovery of consumer purchasing power. Due to rain in the last quarter of 2010 and the subsequent unexpected increase in fluid milk availability, 2010 cheese production was higher than anticipated. Thus, it is revised upward by 8.2 percent to reflect official data. However, it should be noted that the uptick in fluid milk production due to the late season rains did not make up for the decreased production early on. Cheese production for 2009 remains unchanged.

Consumption:

After a drop-off in cheese consumption due to the economic crisis, cheese consumption (mainly *panela*, a fresh white cheese) has rebounded among low and medium-income families. Likewise, cheese consumption for 2011 and 2010 is revised upward by 9 and 6 percent, respectively, from official USDA data. In addition, lifestyle changes are increasing cheese consumption because it easily complements prepared foods for breakfast and lunch. In general, the consumption of processed products containing cheese increases as consumer purchasing power grows. Cheese consumption for 2009 remains unchanged.

Trade:

Total Mexican cheese imports for 2011 are revised 12.5 percent upward from official USDA data as consumers continue to demonstrate a preference for non-Mexican cheeses. The Mexican industry has taken note of this growing preference, which is reflected in its increased demand for specific cheeses (i.e., those for prepared pizzas). Mexico's economic recovery is expected to continue to foster consumer demand for imported cheeses.



Although the Mexican Government (GOM) imposed retaliatory duties on U.S. cheese exports to Mexico, the U.S. share of total Mexican cheese imports is increasing and will reach over 65 percent of imports in 2011. Total Mexican cheese imports in 2010 remain unchanged; however, they reflect a 21.6

percent increase in cheese imports from the United States while those from other countries declined by 6.6 percent. Cheese imports for 2009 remain unchanged.

Production, Supply and Demand Data Statistics:

Dairy, Cheese Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	242	242	244	264	247	267
Other Imports	73	73	80	80	80	90
Total Imports	73	73	80	80	80	90
Total Supply	315	315	324	344	327	357
Other Exports	4	4	5	6	6	7
Total Exports	4	4	5	6	6	7
Human Dom. Consumption	311	311	319	338	321	350
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	311	311	319	338	321	350
Total Use	315	315	324	344	327	357
Ending Stocks	0	0	0	0	0	0
Total Distribution	315	315	324	344	327	357
1000 MT						

Commodities:

Dairy, Butter

Production:

Statistics for butter and butterfat production are combined in the PS&D table [1] .

The new butter (and butterfat) production estimate for 2011 is revised 6.9 percent upward from the official USDA data due to an expected increase in fluid milk output as compared to 2010 and to improved profits for processors resulting from higher international butterfat prices (due to decreased worldwide production). The 2010 butter production estimate is revised upward due to higher prices and reflects official data. Production for 2009 remains unchanged.

^[1] Butter import data includes butter and butter oil (HS codes 0405.1001, 0405.1099, 0405.9001, and 04059099). Butter oil imports are reported in butterfat equivalent (1 kg butter oil equals 1.25 butterfat).

Consumption:

Combined butter and butterfat consumption is estimated to remain unchanged from official USDA data for 2011. The estimate for 2010 is revised upward reflecting increased usage of butterfat in the baking, confectionary and food processing (principally ice-cream) industry.

Consistent with past years, no stocks are estimated due to the lack of refrigerated storage space among producers and end users. Users such as bakeries and food processors do not keep large stocks of butter.

Trade:

Butter imports for 2011 are revised downward by 27 percent from official USDA data to 35 TMT. This revision is based on higher production and lower butterfat imports by the baking and confectionary sector due to the large availability of substitute raw materials to be used instead of (currently) higher-priced butterfat. In addition the increasing demand for light products is reducing the use of dairy fat in the industry. Although total butter imports have declined since 2009, principally due to a reduction in imports from New Zealand, U.S. butter exports to Mexico are increasing in volume and maintaining their share of total imports. The United States will continue to be the second supplier of butter to Mexico (about 12 percent for Jan-Feb 2011, up from 8 percent the previous year) after New Zealand (74 percent of total imports, down from 87 percent the previous year). Total imports for 2010 were revised almost 9 percent upward from official USDA data due to a better-than-expected economic recovery. Total imports for 2009 are revised upward to coincide with Global Trade Atlas[®] information.

Production, Supply and Demand Data Statistics:

Dairy, Butter Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	171	171	173	182	175	187
Other Imports	53	74	45	49	48	35
Total Imports	53	74	45	49	48	35
Total Supply	224	245	218	231	223	222
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Domestic Consumption	224	245	218	231	223	222
Total Use	224	245	218	231	223	222
Ending Stocks	0	0	0	0	0	0
Total Distribution	224	245	218	231	223	222

1000 MT

Author Defined:

POWDERED MILK

In the past, production of whole milk powder (WMP) and non-fat dry milk (NFDM) were both included in the NFDM PSD table. However, from now on, they will be reported in separate PSD tables. Thus, new Post NFDM data reflect a big drop when compared to the official USDA data, and WMP data do not have previous official USDA data for comparison. For this reason, the following analysis will focus on year-to-year changes rather than the differences between official USDA data and the new Post estimates. In addition, production of NFDM and WPM does not include infant formula, which was previously included.

PSD tables include trade data for the following HTS codes: 0402.10 (Non-fat dry milk) and 0402.21 and 0402.29 (whole milk).

Commodities:

Dairy, Milk, Nonfat Dry

Production:

Production of NFDM for 2011 is expected to remain at the same level as 2010 due to increasing demand for fluid milk for production of other dairy products. The production of NFDM is more expensive than WPM and it is produced only when there is seasonal overproduction. In addition the lack of facilities to dry milk is a limitation. According to dairy contacts, only seven companies have such facilities.

The preliminary output for 2010 (13 TMT) is 48 percent lower than that registered in 2009 (25 TMT) due to reduced availability of fluid milk (because of increasing sales to LICONSA). Overall production capacity is limited, which is why imports are required to meet demand. However, Mexico's milk powder producers may be able to marginally increase production.

Consumption:

Consumption for 2011 is forecast to remain unchanged from the previous year's estimate. The principal consumers of NFDM are the dairy processors (who reconstitute it and sell it as pasteurized or UHT milk) and the confectionary industry.

Trade:

Mexico's imports of NFDM are not expected to grow in 2011 due to reduced LICONSA NFDM imports; however, imports will not decrease due to Mexico's continued reliance on imports (principally powdered milk) since domestic production is insufficient to meet overall demand. In fact, the Secretariat of Economy (SE) announced in December 2010 TRQs for milk powder (and dairy blends) for 2011 (see Policy section).

Imports for 2010 registered a reduction of 6 percent when compared to 2009 levels according to the Global Trade Atlas[®].

Stocks:

LICONSA used to be the main owner of milk powder stocks. Due to pressure from producers in recent years, however, LICONSA purchased fluid milk, thereby reducing consumption of NFDM. Moreover, this shift towards fluid milk led LICONSA to decide no longer to stock NFDM since it was no longer the principal ingredient in its product. LICONSA has also started producing UHT and pasteurized milk with domestically produced fluid milk because of the benefits of shelf stability and its competitive pricing as compared to its national competitors, which benefits its broader mission.

Production, Supply and Demand Data Statistics:

Dairy, Milk, Nonfat Dry Mexico	2009	2010	2011
	Market Year Begin: Jan 2009	Market Year Begin: Jan 2010	Market Year Begin: Jan 2011

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	20	20	20	0	20	0
Production	279	25	290	13	300	13
Other Imports	187	165	145	155	155	155
Total Imports	187	165	145	155	155	155
Total Supply	486	210	455	168	475	168
Other Exports	5	0	7	0	8	0
Total Exports	5	0	7	0	8	0
Human Dom. Consumption	461	210	428	168	447	168
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	461	210	428	168	447	168
Total Use	466	210	435	168	455	168
Ending Stocks	20	0	20	0	20	0
Total Distribution	486	210	455	168	475	168
1000 MT						

Commodities:

Dairy, Dry Whole Milk Powder

Production:

Powdered milk production for 2011 will decrease marginally because increasing LICONSA purchases of domestic fluid milk will reduce the traditional domestic oversupply that feeds WPM production. As previously stated, in Mexico the production of powdered milk depends on the availability of fluid milk. Normally, powdered milk production increases when there is a large quantity or overproduction of fluid milk; however, no such increase in WPM production is expected for 2011.

Post's PS&D production data for 2010 and 2009 reflect an estimated 100 percent of production of powdered milk but are based on official National Institute of Statistics and Geography (INEGI) data, which only report roughly 80 percent of the actual total.

Consumption:

WPM consumption for 2011 and 2010 is forecast to decline by 4.4 and 2.2 percent, respectively, as compared to the previous years. This is driven by the recovery of consumer income, which allows consumers to buy fluid milk and processed dairy products instead of WPM which will not fully offset rising demand for processing.

Trade:

For 2011, imports are forecast to decrease by 33 percent. This is partly due to decreased demand for WPM due to a shift towards value-added products and reduced demand for dairy fat. Imports from all origins will decrease, principally for the primary supplier (New Zealand). Likewise, for 2010, the WPM also showed a decrease of 44 percent from the prior year. Total import figures for 2010 and 2009 are based on Global Trade Atlas[®] data. Import levels reflect a growing demand for dairy products other than WPM in 2010 and lower consumer consumption of WPM due to the economic recovery in 2011.

Production, Supply and Demand Data Statistics:

Dairy, Dry Whole Milk Powder Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Beginning Stocks				0		0
Production		164		173		170
Other Imports		27		15		10
Total Imports		27		15		10
Total Supply		191		188		180
Other Exports		6		7		7
Total Exports		6		7		7
Human Dom. Consumption		185		181		173
Other Use, Losses		0		0		0
Total Dom. Consumption		185		181		173
Total Use		191		188		180
Ending Stocks		0		0		0
Total Distribution		191		188		180
1000 MT						

Table 3. Mexico: 2000-2010 Powdered Milk Production (thousand metric tons)

Year	Whole	Infant formula	NFDM
2000	148	41	15
2001	138	41	14
2002	142	38	13
2003	145	44	13
2004	160	54	6
2005	166	52	10
2006	174	65	18
2007	182	77	18
2008	168	86	24
2009	164	85	25
2010 1/	173	93	13

Source: Developed from SIAP (The Food and Fisheries Statistics Service) data and information from industry sources.

Author Defined:

Infant formula

If the present trend of population growth is maintained (1.8 percent for 2010 according to INEGI), infant formula production will increase; however, it also depends on the economic situation, which might force families to replace infant formula with fluid milk if economic conditions worsen.

According to some contacts, the principal powdered milk producer in Mexico is Nestle, which manufactures about 97 percent of whole dry milk- and non-fat dry milk production and 60 percent of infant formula.

^[1] NOM-155-SCFI-2003 Milk, lacteal formula and combined dairy products. Denomination, chemical-physical specifications, commercial information and test methodologies.

^[2] According to Tetra Pak, milk formula prices are between 15 to 20 percent cheaper than milk.

Commodities:

Dairy, Milk, Fluid

Dairy, Cheese

Dairy, Butter

Dairy, Milk, Nonfat Dry

Dairy, Dry Whole Milk Powder

Policy:

Mexico is negotiating two free trade agreements (FTAs) with Colombia and Peru. All provisions with Colombia have been approved by the Mexican congress, but those with Peru are still being negotiated. Some dairy products will be included in the FTA with Colombia, and others may be included in the Peru FTA. All details will be reported in a separate report once each agreement is officially published in the Mexican Federal Register (*Diario Oficial*).

Mexican milk producers, mainly small and medium-sized, are presenting proposals and working with congress and the Secretariat of Economy (SE) to obtain a congressional decision forcing LICONSA to pay a higher price per liter for milk (more than the 5 pesos already announced by LICONSA). In addition, SE will continue working to revise NOM-155 [1], a federal regulation governing dairy products, and reinforce its application, in part because producers have complained that certain dairy products not currently regulated by NOM-155 should be exempt since they do not fit the product description in the NOM. These kinds of products are primarily made with certain dairy imports (including caseins, whey and powdered milk). Producers state that milk formula products compete with and displace fluid milk due to lower prices, but deceive the consumer about the quality of milk protein they contain. Producer pressure may result in the imposition of restrictions against milk formula in the medium term but, until such restrictions are in place, they will continue to be purchased because they provide a cheaper [2] milk protein source for poor Mexican consumers who wish to include dairy protein in their diets. Thus, for low-income consumers, price is and will continue to be the driver for consuming milk formula instead of milk. According to Tetra Pak, lacteal formulations account for 25 percent of the fluid milk market.

The development of a new, larger milk carton is mainly due to an increased demand for specialized milk among older people, lifestyle changes, and growth in medium-income families. However, according to Tetra Pak, specialized milk represents a small part of the total fluid milk sales (lower than 10 percent).

All U.S. exports of dairy products to Mexico enter duty-free. In addition, in an effort to meet the demand for dairy products, the GOM opened a TRQ for importing powdered milk at zero duty. (See GAIN reports [MX0096](#) and [MX0095](#).)

LICONSA, the parastatal company charged with distributing milk to the poor at subsidized prices, purchases fluid milk from smaller producers at prices mandated by congress. In 2010, LICONSA purchased approximately 698 million liters of milk. LICONSA is expected to purchase approximately 800 million liters in 2011. LICONSA pays 5 pesos (U.S. \$0.42) per liter to domestic producers. This price usually represents a maximum, and LICONSA may pay less depending on the quality of the milk and distance from the collection center.

In addition, Mexico is seeking market access for Grade A fluid milk in the United States. The information contained in the following links should help any Mexican company interested in exporting grade A milk to the United States to understand the permitting process for export.

[Register with FDA](#)

[Milk Safety Information](#)

[Milk Inspections](#)

[Interstate Milk Shippers List](#)

Marketing:

The cooperator group that represents the U.S. dairy industry in foreign markets is the U.S. Dairy Export Council (USDEC). In addition, the Agricultural Trade Office (ATO) in Mexico also promotes U.S. dairy exports to Mexico. Both the ATO and the Office of Agricultural Affairs staff in Mexico City provide information on all aspects affecting U.S. dairy product trade, including market intelligence on trade policy issues, organizing informational seminars for the Mexican trade, and developing promotion and sales opportunities for U.S. dairy products in the Mexican market. USDEC also organizes buying missions for potential Mexican importers/distributors to visit U.S. dairy processing plants so they can meet U.S. suppliers. The ATO in Mexico will participate in the following trade shows to promote U.S. exports in 2011: Alimentaria Show (Mexico City, 31 May-2 June), Expohotel 2011 (Cancun, 15-17 June) and ABASTUR 2011 (Mexico City, 20-22 Sep). Mexico is expected to continue as a significant importer of dairy products to augment domestic production. While imports are likely to consist primarily of bulk products such as NFDM, higher-value products such as specialty cheeses and ice creams are finding a home in Mexico as income, tastes, preferences, and shopping habits increasingly mirror those of the United States and Europe. For further information direct your questions to:

US Dairy Export Council (USDEC)
Calle Regules No. 2, Int. 3, Esquina Madero
Col. Centro
Queretaro, Queretaro
Phone 011-(422) 215-9613 and 215-9552
Phone Mexico City 011-52 (55) 5119 0476.
<http://www.usdec.org>

U.S. Agricultural Trade Office (ATO)
Liverpool # 31 06000 Mexico City
Ph. (52-55) 5140-2614, 5140-2671
Fax (52-55) 5535-8557
atomexico@fas.usda.gov
www.mexico-usda.com
Garth Thorburn, Director

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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>

Report Number	Subject	Date Submitted
MX1030	Mexico Postpones the Implementation of Traceability Regulations	04/15/11
MX1511	UPDATE - Simplified Labeling Procedures in Mexico's Border Areas	03/31/11
MX1021	Livestock and Products Semi-annual	03/17/11
MX1019	Mexico consolidates labeling requirements for milk and hams	03/16/11
MX1011	Mexico Extends Temporary Procedures for Obtaining HRZs	02/11/11
MX1012	Hard Freeze Damages Sinaloa Corn, and Produce	02/11/11
MX1013	Poultry and Products Semi-Annual	03/09/11
MX0095	Mexico Announces 2011 TRQ for Milk Powder Imports from WTO Members	12/20/10
MX0096	Mexico Announces 2011 Import TRQ for Dairy Preparations	12/20/10

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.