

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mexico

**Post:** Mexico

### **Mexico Announces the 2014 TRQ for Dairy Blends Imports from WTO Members**

**Report Categories:**

Dairy and Products

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**Report Highlights:**

On December 30, 2013, 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 direct allocation scheme. This announcement should not affect U.S. dairy blends as they have unlimited duty-free access under NAFTA.

**General Information:**

**Introduction:** This report summarizes the official announcement published in Mexico’s *Diario Oficial* (Federal Register) on December 30, 2013.

**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.

**FAS/Mexico’s Executive Summary:** SE announced in the Federal Register a [tariff-rate quota \(TRQ\) 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. Originally, the TRQ announcement was enforced on December 31<sup>st</sup>, 2013, until its cancellation, which should be announced in the *Diario Oficial* when applicable (see MX2096). 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. These dairy blends are products intended for whipping, topping and cooking desserts or beverages and usually are used as milk substitutes. 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   | TRQ       |
|---|-----------|
| 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               | 15,000        | Up to November 30 of each year.  |
| A. Private sector business that use dairy blends as an input and have previously received quota allocations. | Direct               | 21,200        | 15 business days from the first business day of January of each year.              |
| A. Private sector business that use dairy blends as an input and have not previously                         | Direct               | 8,000         | From the first business day of January of each year up to the last business day of |

|                             |        |  |  |
|-----------------------------|--------|--|--|
| received quota allocations. |        |  | July of each year.   |
| A. All interested parties   | Direct | Non-allocated amount to companies under points B. and C. | Fifteen business days from the first business day of September of each year. |

Direct allocation will be authorized to the public sector company (i.e., state-owned) and private companies who use dairy blends in their production processes. 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.

**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, 2013

**2. Implementation Date:** December 31, 2013

**3. Validity Period:**

- The validity period of the quota certificates for the beneficiaries will be up to the last day of December of each year.

| Report Number | Subject  | Date Submitted |
|---------------|--|----------------|
| MX3076        | Dairy Annual: Another Billion Plus Year for U.S. Dairy Exports Among Domestic Market Stability | 10/28/2013     |
| MX3042        | Dairy Semi-Annual: Production and Consumption Growing with Record Trade                        | 5/24/2013      |
| MX3025        | Mexico and U.S. Ag Trade Relationship Broad and Deep   | 3/21/2013      |
| MX3005        | Mexico Pushes Crusade Against Hunger Campaign  | 1/29/2013      |
| MX2097        | Milk Powder TRQ Announced – Little Effect on U.S. Forecast                                     | 12/21/2012     |
| MX2096        | Dairy Blends TRQ Announced – Little Effect on U.S. Forecast                                    | 12/21/2012     |

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