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GAIN Report

Global Agricultural Information Network

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Mexico Announces the 2014 TRQ for Milk Powder Imports from WTO Members

Report Categories:

Dairy and Products

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Report Highlights:

On December 30, 2013, the Secretariat of Economy (SE) announced in the *Diario Oficial* (Mexico's Federal Register) the modification to the rules to import milk powder duty-free from Most Favored Nations (MFN) as part of its World Trade Organization (WTO) commitment. The provisions included in this announcement entered into force on December 31, 2013. U.S. milk powder will continue to be granted unlimited duty-free access to the Mexican market under NAFTA.

General Information:

Introduction: This report summarizes the official announcements published in Mexico’s Federal Register on December 30, 20113.

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: On December 30, 2013, Mexico's SE announced in the Federal Register the modification to the rules to import, during 2014, [milk powder duty-free from MFNs](#) as part of its WTO commitment. These modifications would allow the efficient usage of non-allocated and non-obligated amounts by reallocating the remainders of the 2013 TRQ amount among interested parties. On December 19, 2012, SE published the 2013 TRQ amounts to be imported under WTO rules, allowing a total of 80,000 metric tons (MT) of milk powder (See MX2097). Of this amount, 40,000 MT was allocated to the public sector, 37,086.4 MT to the private sector, and 2,913.6 MT specifically to the Southern Border Region. Reportedly, although allocated, the 80,000 MT were not completely obligated.

As previously reported, this TRQ announcement entered into force on January 1, 2013 and it is valid until its cancellation, which should be announced in the Federal Register when applicable.

The modifications to the provisions are highlighted in the table as follows:

Beneficiaries	Allocation Mechanism	Quantity (MT)	Application period
A. Public sector businesses supplying milk to low-income consumers,	Direct	40,000	Up to November 30 of each year.
B. Private sector businesses that use milk powder as an input and have previously received TRQ allocations.	Direct	36,086.4	First period —15 business days from the first business day of January of each year.
	First come, first served basis.	The remainders ^[1]	Second period First phase: —15 business days from the first business day of April of each year. Second phase: —15 business days from the first business day of September of each year.
C. Private sector businesses that use milk powder as an input and have not	Direct	1,000	First period —15 business days from

previously received TRQ allocations.			the first business day of January of each year.
	First come, first served basis.	The remainders ^[2]	Second period First phase: —15 business days from the first business day of April of each year. Second phase: —15 business days from the first business day of September of each year.
D. Business parties that hold a Border Company Registry located in the State of Quintana Roo or along the southern border region with Guatemala.	Direct	2,913.6	From the first business day of each year until the last business day of February of each year.

FAS/Mexico Analysis: As previously stated, this action is based on WTO commitments and this TRQ is equal to previous years' levels issued by Mexico. Thus, U.S. milk powder will not face additional international competition in the Mexican market and U.S. firms 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 process.

Important Dates

1. Publication Date: December 30, 2013.

2. Implementation Date: December 31, 2013

3. Validity Period:

- The validity of the quota certificates for the second period will be as follows:
 - First phase: August 1st to December 31st of each year
 - Second phase: from the issuing date up to December 31st of each year

^[1] Equal to the non-allocated amount as of February 28 of each year will be distributed during the first phase of the second period among companies under classification B and C as described in the announcement.

^[2] Equal to the non-allocated amount as of February 28 of each year will be distributed during the first phase of the second period among companies under classification B and C as described in the announcement.

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Report Number	Subject	Date Submitted
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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