



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

**Date:** 3/12/2010  
**GAIN Report Number:** MX 0016

## Mexico

**Post:** Mexico

### Mexico Announces the TRQ for Import Dairy Preparations for 2010

**Report Categories:**

Dairy and Products  
Trade Policy Monitoring  
Policy and Program Announcements  
WTO Notifications

**Approved By:**

Carlos Gonzalez

**Prepared By:**

Gabriel Hernandez and Daniel R. Williams II

**Report Highlights:**

On February 15, 2010, Mexico's Secretariat of Economy (SE) announced it will allow a total of 44,200 metric tons of dairy product preparations to be imported from any country in the world under a mixed allocation (direct & public bid) scheme. U.S. dairy preparations have unlimited duty-free access under NAFTA.

**Executive Summary:** The Secretariat of Economy (SE) announced in the "*Diario Oficial*" (Federal Register) a TRQ for dairy product preparations under Mexico's General Import and Export Tax Law. This announcement recognizes that the production of domestic dairy product preparations is insufficient to meet the needs of domestic 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. This TRQ is in effect until December 31, 2010. U.S. dairy preparations have unlimited duty-free access under NAFTA.

### General Information:

The Secretariat of Economy (SE) announced in the "*Diario Oficial*" (Federal Register) a TRQ for dairy product preparations under Mexico's General Import and Export Tax Law. This announcement recognizes that the production of domestic dairy product preparations is insufficient to meet the needs of domestic 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. This TRQ is in effect until December 31, 2010. U.S. dairy preparations have unlimited duty-free access under NAFTA.

Products under HTS code 1901.90.05 are preparations (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. 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	MFN TRQ for 2010
1901.90.05. Dairy products preparations based on a content of over 50 percent solids in weight, except those comprised in 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
Public Sector Company supplying milk to low-income consumers.	Direct	10,000	March 8, 2010 to November 30, 2010.
Private Industrial Sector	Direct	21,200	From March 8, 2010 to

Businesses that use dairy products preparations as an input and have previously received quota allocations.			March 26, 2010
Private Industrial Sector Business that use dairy products preparations as an input and have not previously received quota allocations.	Direct	1,000	From March 8, 2010 to March 26, 2010
All interested parties.	Public bid	12,000	In compliance with the rules of the correspondent public bid procedures.

Direct allocation will be authorized to the public sector company and private companies —with or without previous experiences in the allocation process— who use dairy products preparations in their production processes. Public allocation will be authorized for interested parties that comply with the correspondent public bid rules. The applications for the request of allocation of the quota (import permits) must be submitted in form SE-03-011-3 at the General Directorate of Foreign Trade of SE.

Once the quantity to be imported is allocated under the TRQ, SE will issue the quota to the authorized companies. The expiration date of the quota is December 31, 2008.

Unlimited amounts of U.S. dairy product preparations enter Mexico duty-free under NAFTA.

**FAS/Mexico Note:** This action of SE will not affect market access for U.S. dairy product preparations; however, U.S. products will now face additional international competition for 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 processes.

#### **Important Dates**

- 1. Publication Date:** February 15, 2010
- 2. Implementation Date:** March 8, 2010
- 3. Validity Period:** Up to December 31, 2010

#### **For More Information:**

Phone: 011-52-5080-2532

Fax: 011-52-5080-2130

Email: [AgMexico@fas.usda.gov](mailto:AgMexico@fas.usda.gov)

**FAS Mexico Web Site:**

We are available at [www.mexico-usda.com](http://www.mexico-usda.com) or visit FAS headquarters' home page at <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

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