



## Dairy Trade and Mexico



### The EU Dairy Sector and EDA

The European Dairy Association (EDA) is the voice of the milk processing companies, cooperatives and privately-owned dairies, at EU level.

With 12,000 milk and dairy processing sites across Europe, our sector represents the economic backbone of rural Europe and the industrial basis in many so-called less favoured areas. We partner on a daily basis with more than **700,000 dairy farms**, accounting for 14% of the whole EU food and drinks industry<sup>1</sup>. Together with over **300,000 industry employees** out of which **45,000 are directly linked to EU dairy exports**, we all guarantee the high quality of our raw material and our dairy products, which are an essential part of our culinary heritage and of our European cultural treasure. **Self-sufficient at 114%**, milk and dairy consumption in the EU is expected to remain stable while global demand will increase by 2% per annum over the coming decades<sup>2</sup>. While 5 out of the global TOP 10 dairies are headquartered in Europe, the European 'lactosphere' is characterised by a tissue of SMEs (small and medium sized enterprises) comprising **more than 80% of the total number of dairies** in most of the EU Member States. More than €6 billion were invested over the last years into milk processing capacities in the Union to prepare for the end of the milk quota regime and to be best placed to answer the growing global demand. We do support the EU Commission's efforts to enhance global trade and – as a dairy sector – we are proud to add nearly **€10 billion to the EU positive trade balance**.

EDA congratulates the European Commission for concluding the modernisation of the EU-Mexico Free Trade Agreement.

Mexico has a population of around 123 million and has a population growth rate above 1% annually. Considering the population size of Mexico and the fact that Mexico is only 82% self-sufficient, meaning that it is essential to import many dairy products to satisfy its internal demand, the sector assesses that there will be a solid potential for increased export to Mexico.

The previous agreement with Mexico does not include market access for agricultural products. Dairy products are generally subject to high tariffs when exported from the EU, with up to 60 % tariff duty on some cheeses and powders. At the same time Mexico grants to the US favourable access to its market for dairy products as part of the NAFTA-agreement (currently being re-negotiated), and to Chile under the Mexico-Chilean FTA agreement.

**The European dairy sector believes that the export of dairy products to Mexico from the EU can be significantly increased when better market access will be granted. EDA congratulates the European Commission for successfully concluding the negotiations and hopes for a swift finalisation of the technical items.**

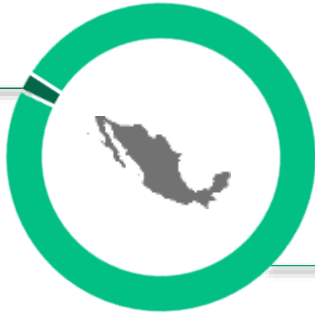
<sup>1</sup> FDE 2012

<sup>2</sup> EU Commission Outlook 2015



## Mexico & EU dairy in figures

2,4 mio  
dairy cows



120 mio  
inhabitants



23,4 mio  
dairy cows



500 mio  
inhabitants

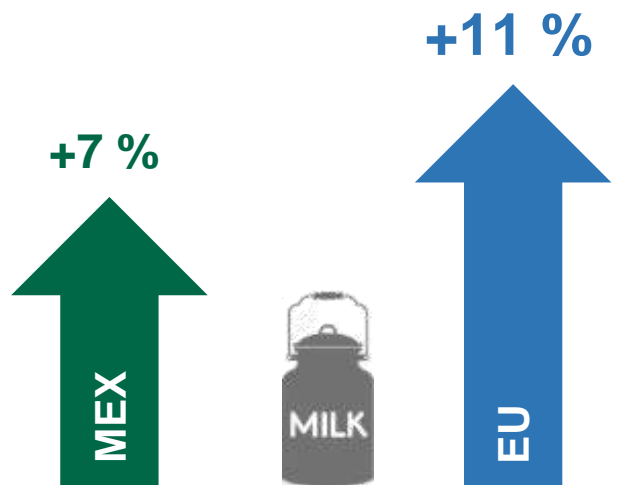


### Dairy farms in 2016

Mexico		European Union
107,000		700,000

### Milk production Increase

2010 to 2016



### Average dairy herd size

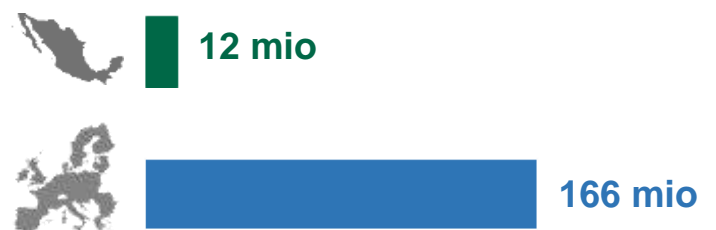
Cows per farm

Mexico		European Union
23		36

### Self-sufficiency in milk



### Milk production in 2016 (tonnes)

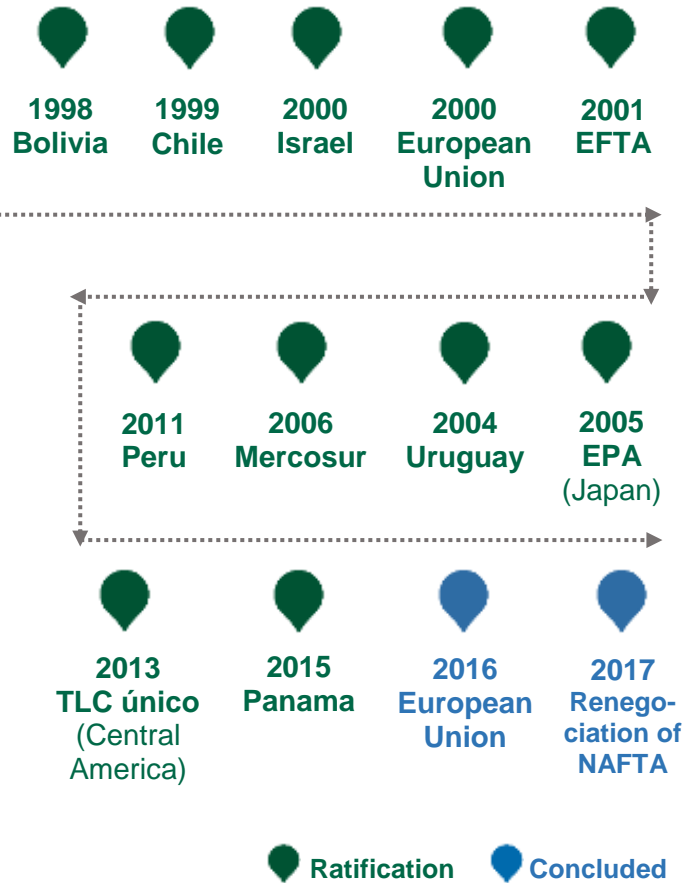




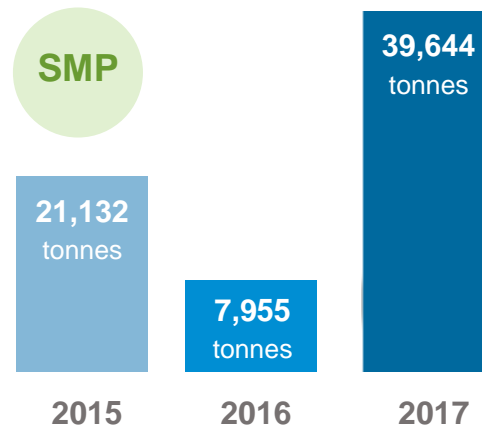
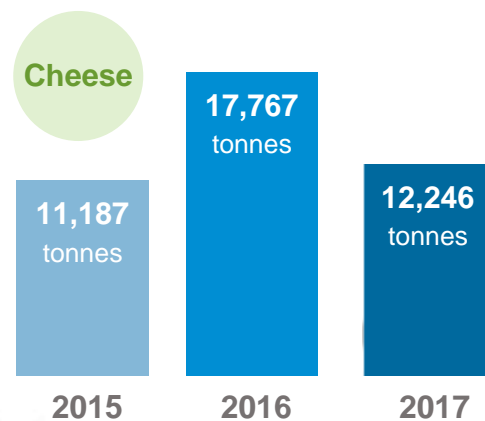
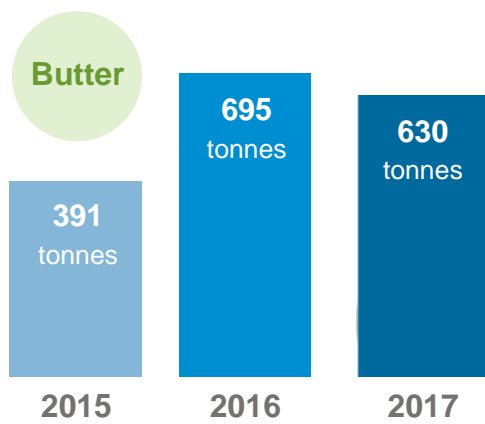
## 5 most popular EU dairy products in Mexico

- Milk and Cream in solid forms
- Gouda
- Edam
- Fats and Oil derived from milk
- Butter

## Mexico & FTAs:



## EU exports to Mexico





## Annex

### Exports to the World...

#### Quantity in tonnes

...from Mexico 

...from the European Union 

	2015	2016	2017	Change 2017-16	2015	2016	2017	Change 2017-16
<b>040210</b> , SMP	429	2,566	28,874	1025.1%	694,572	579,603	779,944	34.6%
<b>040221-29</b> , WMP	11,034	19,928	76,513	284.0%	400,729	381,674	393,612	3.1%
<b>040291-99</b> , Condensed Milk	10,269	5,138	7,682	49.5%	356,097	282,907	320,240	13.2%
<b>040410</b> , Whey	450	2,167	1,433	-33.9%	540,476	556,377	568,667	2.2%
<b>040490</b> , MPCs <85%	100	75	31	-59.3%	65,021	77,009	79,781	3.6%
<b>040510</b> , Butter	1,299	2,229	1,248	-44.0%	136,050	164,338	139,117	-15.3%
<b>040590</b> , Butteroil	6,613	10,131	5,660	-44.1%	37,410	38,860	28,170	-27.5%
<b>0406</b> , Cheese	4,112	4,755	6,648	39.8%	718,945	800,042	829,742	3.7%
<b>170211-19</b> , Lactose	46	127	31	-75.6%	169,084	184,243	203,105	10.2%
<b>350110</b> , Casein	22	2	4	141.0%	40,534	44,029	42,529	-3.4%
<b>350190</b> , Caseinates	43	24	7	-69.5%	52,206	89,372	59,050	-33.9%
<b>350220</b> , WPC>80% /WPI	1	11	34	213.3%	16,542	26,268	23,983	-8.7%
<b>3504</b> Peptones	512	1,182	573	-51.5%	56,514	62,147	69,264	11.5%

Sources: EDA Survey, IFCN 2017, Eurostat, UN Comtrade, OECD, SICE OAS 2018