



Dairy Trade and Mexico

Last update: November 2022

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 industry. 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 116%, milk and dairy consumption in the EU is expected to remain stable while global demand will increase by 2% per year over the coming decades. 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). We do support the European 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.

Mexico's trade context

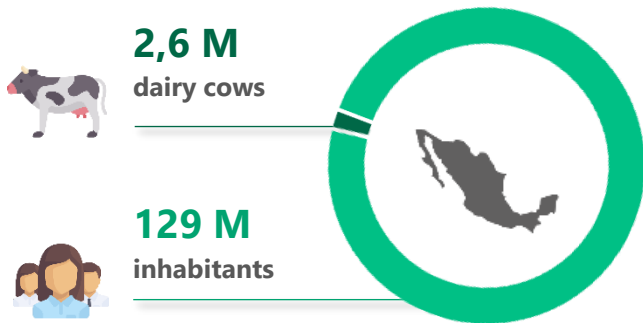
Mexico has around 130 million inhabitants and an annual population growth rate of above 1%. When considering its population size and its 80% self-sufficiency in milk, it appears essential for Mexico to import a sufficient number of dairy products to satisfy its internal demand. The sector assesses that there will be a solid potential for increased export of EU dairy excellence to Mexico.

So far, dairy products are generally subject to high tariffs when exported from the EU, with up to 60% tariff duty on some cheeses and milk powders. At the same time, Mexico grants to the U.S. favourable access to its market for dairy products as part of the United States-Mexico-Canada agreement (USMCA), and to Chile under the Mexico-Chilean Free Trade agreement.

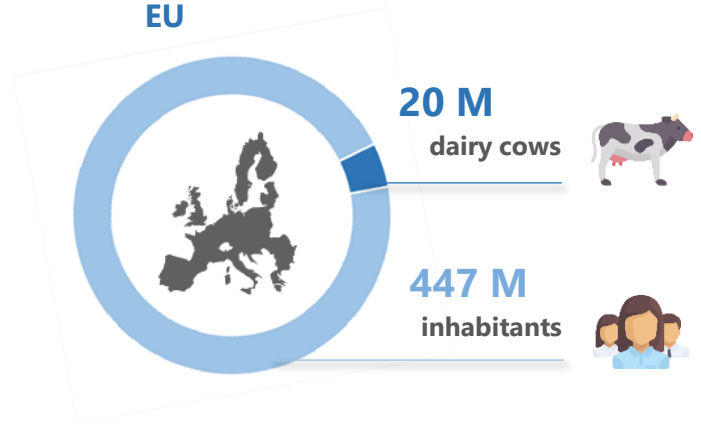
The export of dairy products to Mexico from the EU can be significantly increased when better market access will be granted. EDA congratulates the European Commission for successfully concluding the negotiations and hopes for a swift finalisation of the technical items.

The dairy sector in Mexico and in the EU

Mexico



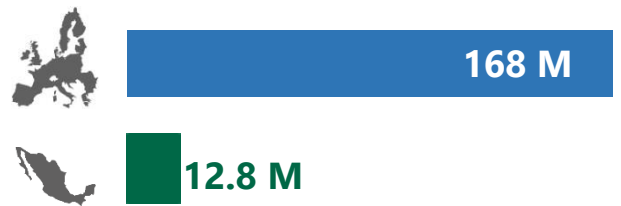
EU



Number of dairy farms in 2021



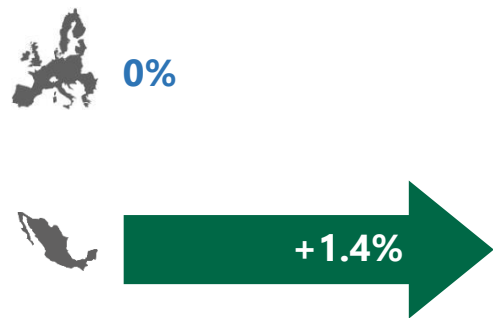
Milk production in 2021 (tonnes)



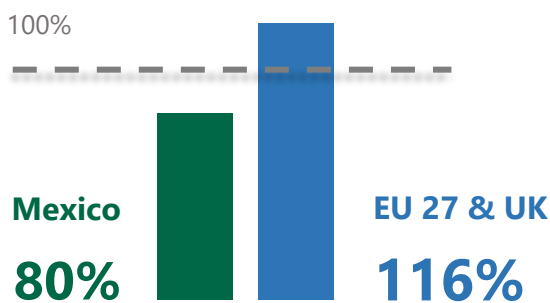
Average dairy herd size Cows per farm



Annual change in milk production, (2021 – 2022):



Self-sufficiency in milk



World's cow milk production



The dairy sector in Mexico and in the EU

The EU – Mexico Trade Agreement and its implications for EU dairy exports

- ✓ The agreement will provide for a tariff rate quota (TRQ) of 20,000 tons in 5 years for mature cheeses, and 5,000 tons for fresh cheeses.
- ✓ 50,000 tons will be phased in 5 years for skimmed powder.
- ✓ Dairy preparation will benefit from total TRQs of 13,000 tons.
- ✓ The tariff or infant formula will be reduced to 50% of the Most Favoured Nation (MFN) rate in 5 years.
- ✓ 340 Geographical Indications (GIs) will be protected.

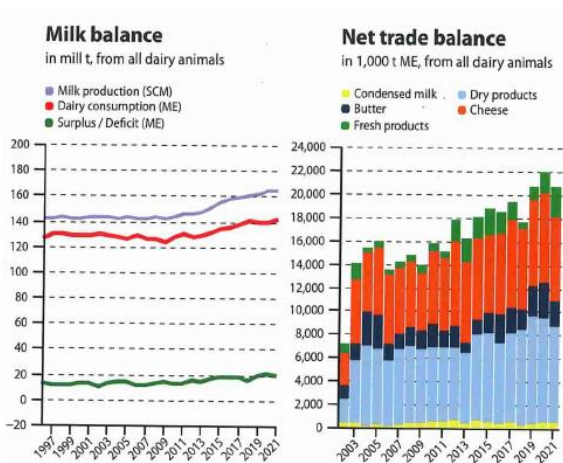
Most popular EU dairy products in Mexico

Top 3 dairy products are cheeses, milk powder and butter.

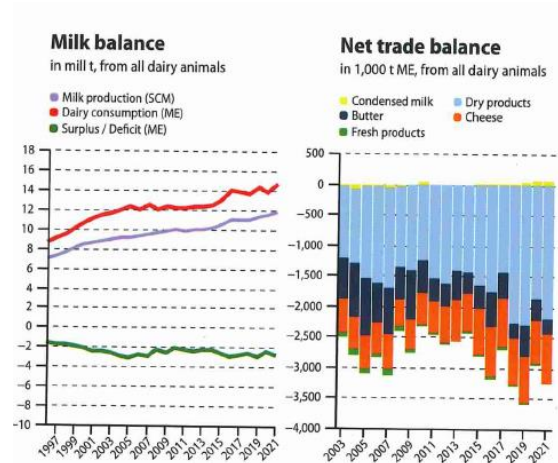


The EU and Mexico: milk balance and net trade balance

Mexico



EU



Source: IFCN - Dairy Report 2022