



USDEC Announces Exciting Benchmark for US Dairy Exports to Mexico

According to the US Dairy Export Council, Mexico became the first billion dollar dairy export market in 2011. US dairy shipments to Mexico totaled \$1.17 billion, up 41% from 2010. This growing dairy market continues to look to the US, and specifically Wisconsin, dairy exporters for a wide range of dairy products.

Mexico Dairy Industry Overview

Mexican dairy production is not meeting domestic demand. As a result, Mexican producers and importers are looking for ways to fill this gap; actively expanding the country's dairy operations and importing US dairy products.

For 2010, the USDA estimate for cows in milk production was 6.6 million heads. In Mexico, 70 percent of domestic producers are located in the following areas: Jalisco, the Laguna region, Chihuahua, Queretaro, and Aguascalientes.

- **Jalisco** - Dominated by small dairy herds of 50 cows or less although large dairies are emerging
- **Coahuila** - Mostly large, extremely modern dairy operations consisting of 100 head or more; some herds in the 1000's
- **Durango** - Like Coahuila, most herds are large dairy herds managed using modern techniques
- **Chihuahua** - Made up of mostly large dairy herds of 100 head or more. The neighboring states of Coahuila and Durango encompass the region referred to as La Laguna. This is Mexico's most modern dairy producing region with techniques and climate similar to the Southwest United States.



Export Opportunities

All U.S. dairy products enter Mexico duty free. As the Mexican dairy industry grows, opportunities exist for Wisconsin companies that provide:

- Genetics and genetic services
- Calf raising equipment
- Feed mixing equipment
- Cheese making equipment
- Replacement heifers
- Feeds including dried distillers grains

Mexican Government Subsidizes Agricultural Purchases

To encourage improved efficiency and productivity, the Mexican government established several improvement programs. These programs provide reimbursements to producers for the purchase of equipment, livestock and genetics and may provide direct benefits to exporters of these products.

For the dairy sector, the focus is on improving animals to advance the industry's competitiveness. The Mexican Congress authorized \$300 million pesos (US\$24.4 million dollars) for the dairy sector. The support will be allocated to producers in the following manner:

Type of Animal Program	Pesos (US\$) Per Animal/ Dose
Registered domestic pregnant dairy bovine/dual-purpose pregnant	\$18,000 pesos (US\$1,463)
Domestic pregnant dairy bovine non-registered, but graded	\$16,000 pesos (US\$1,301)
Domestic meat bovine or pregnant dual-purpose	\$9,000 pesos (US\$732)
Dose of semen (domestic or imported)	\$200 pesos (US\$16.3)

Source: USDA Gain Report MX 0034

To learn more about the subsidy program, contact Enrique Gandara at the Wisconsin Department of agriculture, Trade and Consumer Protection at 608-224-5113 or email: enrique.gandara@wi.gov.

Doing Business in Mexico

Mexico's dairy producing regions are unique in their dairy management styles, climate, herd size, and equipment needs. Because of this diversity, Wisconsin firms should have multiple agents or distributors who can build and maintain relationships with customers throughout Mexico. Additionally, companies should tailor their marketing to suit the different farm styles composed of large, industrialized farms in the Northern region and smaller operations in Jalisco and other parts of the country.

Exporters need to familiarize themselves with the market and should consider visiting Mexico to learn about the industry first-hand. One good method for building market awareness is to participate in state-coordinated trade building trips to Mexico. Every year, staff at the Department of Agriculture, Trade and Consumer Protection lead trade building missions to Mexico targeting the Mexican dairy industry.

International Services from the State of Wisconsin

For more information on Mexico, or to contact the Wisconsin Trade Office, call the Wisconsin International Trade Team at 800-462-5237 or email:

FOR ADDITIONAL INFORMATION CONTACT:

Ashwini Rao
Economic Development Consultant
Wisconsin Department of Agriculture, Trade and Consumer Protection
Tel: 608-224-5119
Email: Ashwini.rao@wi.gov

