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Mexican Dairy Producers Seek Changes In Government's Import Policies

by LADB Staff
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Mexican milk producers from eleven states are urging President Ernesto Zedillo's administration to halt imports of powdered milk and milk substitutes, which they claim have caused domestic sales of fresh milk to plummet. The producers, members of the Uniones Regionales Ganaderas (URG) and the Asociacion Nacional de Ganaderos Lecheros (ANGLAC), made their demands known during a massive demonstration in front of the headquarters of the Secretaria de Comercio y Fomento Industrial (SECOFI) in Mexico City in early April. ANGLAC represents dairy farmers in the states of Aguascalientes, Guanajuato, Hidalgo, Jalisco, Durango, Coahuila, Mexico, Puebla, Queretaro, Tlaxcala, and Zacatecas. Dairy farmers are the latest group of agricultural producers to organize a visible protest in Mexico City against the government's import policies.

In March, organizations representing bean and coffee producers took over the streets of Mexico City to press their demands for relief against imports and to request increased government supports (see SourceMex, March 22, 2000). ANGLAC and URG demonstrators spilled more than 3,500 liters of spoiled milk in front of the SECOFI building to express their anger at what they described as the contradictory policies of the Zedillo administration. Mexican dairy producers are encouraged to boost production through subsidies offered by the Secretaria de Agricultura, Ganaderia, y Desarrollo Rural (SAGAR). The subsidies have contributed to a gradual increase in milk production during the past decade. Mexican milk production is expected to reach 8.8 billion liters in 2000, compared with 7.5 billion liters in 1997 and 5.6 billion liters in 1989, said SAGAR.

Mexico both a major milk producer and top importer

Because of the increased production in the past decade, Mexico now ranks among the world's 15 largest milk producers. Even with its highly productive dairy industry, Mexico has ranked as the world's largest importer of powdered milk since 1994. Imports, which account for 30% of Mexico's total domestic consumption, reached 130,000 metric tons in 1999 and are expected to reach 150,000 MT this year. The US is the primary source of imports, although Canada, New Zealand, Uruguay, and Argentina are also major suppliers. In addition to direct imports of powdered milk, Mexico acquires 45,000 MT of fresh milk and 50,000 MT of milk substitutes and derivatives from overseas suppliers annually, SAGAR statistics show. ANGLAC estimates that the imports have displaced sales of about 700,000 liters of milk daily for Mexican producers. But the volume of imports is not the only problem for Mexican dairy producers another is their low-cost. "We are affected by the decision of cheese manufacturers to use milk substitutes in their final product," said Antonio Gomez Ramirez, president of Ganaderos Lecheros Integrados de Aguascalientes. "But the cost of these products is 50% less than milk."

Mexican dairy producers say they are not advocating that the government impose extreme import restrictions, but rather that it develop policies to encourage the use of domestic milk. "The solution
is to consume domestic milk first," said Gomez. "Imports would be used to complete, not to compete." The demonstrations by the dairy producers in Mexico City in April caught the attention of the Zedillo administration. After meeting with ANGLAC and UNG leaders, representatives from SECOFI and SAGAR pledged to reconsider the government's import policies and to draft a plan to promote exports. Among other things, the administration is expected to look closely at offering export subsidies for milk and dairy products, which are a major element of policies employed by the US and the European Union to support their dairy industries. (Sources: The News, El Financiero, 04/11/00; Reforma, 04/11/00, 04/12/00; El Universal, 04/12/00, 04/13/00; The New York Times, 04/18/00; Excelsior, 04/11/00, 04/19/00; La Jornada, 04/11/00, 04/13/00, 04/24/00)

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