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## Mexico

### Grain and Feed

## Mexico Announces NAFTA 2004-2007 in-quota for U.S. corn

### 2004

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**Report Highlights:**

The Secretariat of Economy (SE) published in Mexico's *"Diario Oficial"* (Federal Register) the announcement establishing the NAFTA corn TRQs for 2004-2007. The right to import U.S. corn under the preferential duty is limited to Mexican companies within the flour, milling and tortilla industries for white corn and for the starch, cereal, snack food, and livestock industries for yellow corn which distribute or use corn products in their production processes.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

**Introduction:** This report summarizes an official announcement published in Mexico's "Diario Oficial" (Federal Register) on December 31, 2003.

**Disclaimer:** This summary is based on a  *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**FAS/Mexico's Executive Summary:** On December 31, 2003, the Secretariat of Economy (SE) published in Mexico's "Diario Oficial" (Federal Register) the announcement establishing the NAFTA corn TRQs for 2004-2007.

From 2004-2007, the minimum quota to import U.S. corn, except for seeding, with the preferential duty as established in Article 302 of the NAFTA agreement is as follows:

H.T.S	DESCRIPTION	COUNTRY OF ORIGIN	MINIMUM QUOTA (TONS)	YEAR
1005.90.03 and 1005.90.04	Yellow corn and White corn	United States of America	3,359,790.9 3,460,584.6 3,564,402.2 3,671,334.2	2004 2005 2006 2007

The mechanism through which the TRQ will be allocated for the 2004-2007 period will be direct allocation.

Those parties eligible to request cupos are those companies that use corn as the main input in their productive processes and are currently in operation. Imported cupos will be issued as a supplement to domestic production and should be used when domestically-produced crops are not available.

The allocation of **YELLOW CORN** (1005.90.03) will be granted to interested parties from the starch, cereal, snack food and animal feed industries, as follows:

APPLICANTS	ALLOCATION CRITERIA	RECEIPT OF APPLICATIONS	EXPIRATION DATE
Starch Industry	Amount equivalent to seven times the monthly average consumption during the audited last twelve months of activities, presented by each company to the Secretariat of Economy (SE).	For 2004 applications will be accepted during the twelve business days after the enforcement of this agreement. (for all industries)	

APPLICANTS	ALLOCATION CRITERIA	RECEIPT OF APPLICATIONS	EXPIRATION DATE
Cereal Industry	Amount equivalent to seven times the monthly average consumption during the audited last three months of activities, presented by each company to the Secretariat of Economy (SE). The applicant should have at least a one-year activity period.	For the 2005-2007 period applications will be accepted during the first fifteen business days of December from the previous year. (for all industries)	December 31 of each year. (for all industries)
Snack Food Industry	Amount equivalent to four times the monthly average consumption during the audited last twelve months of activities, presented by each company to the Secretariat of Economy (SE).		
Livestock Industry (Feed Stuff, live poultry, swine & bovine sectors).	The amount will be allocated under the prorated mechanism in agreement with the corn or feed grain annual consumption through the last twelve months, presented by each company to the Secretariat of Economy (SE).		

The decision granting a cupo amount for the starch, cereal and snack food industries will be announced within seven business days counting from the date the SE Foreign Trade General Directorate collects all the applications; the decision granting a cupo amount for the livestock sector will not be announced until the SE Foreign Trade General Directorate has collected all the applications.

The allocation of **WHITE CORN** (1005.90.04) to interested parties from the flour, milling, and tortilla manufacturing industries, traders supplying the aforementioned industries, and the public sector company responsible for supplying this product in the states of Baja California, Coahuila, Chiapas, Nuevo Leon, Oaxaca, Tabasco, Tamaulipas, Veracruz and Yucatan will be as follows:

APPLICANTS	ALLOCATION CRITERIA	RECEIPT OF APPLICATIONS	EXPIRATION DATE
Corn Flour and Milling Industry	The allocation of white corn will be made upon the temporary unavailability of domestic supply. The allocation will consider the consumption, in plants located in the aforementioned states, registered in the last twelve months, presented by each company to SE.	<b>First Stage:</b> from February 1-13 of each year. (for all industries)  <b>Second Stage:</b> from August 16-24 of each year. (for all industries)	<b>First Stage:</b> from February 16 to April 30 of each year. (for all industries)
Traders supplying the tortilla industry	The allocation of white corn will be made upon the temporary unavailability of domestic supply. The allocation mechanism will consider: <ul style="list-style-type: none"> <li>➤ The registered domestic and imported white corn sales to the tortilla industry, during the last twelve months, presented by each company to SE;</li> <li>➤ The share in domestic white corn crops;</li> <li>➤ The proved link with the tortilla industry.</li> </ul>		<b>Second Stage:</b> from September 1 to December 31 of each year. (for all industries)
Public Sector Company in charge of the distribution of corn.	The amount of imported corn will be according to the requirements and as needed under the Social Supply Program, for the second quarter of each year.		

The decision will be announced within the following seven business days counting from the date the SE Basic Industry General Directorate receives all applications from the SE Foreign Trade General Directorate.

All benefited parties must present within fifteen calendar days of the cupo’s expiration date, a report issued by an external auditor addressed to the SE Basic Industry General Directorate, including the following:

- In-stock amount of corn at the beginning, classified by origin (domestic & imported);

- Acquisitions (volume) of corn or feed grain, classified by origin (domestic & imported), attaching the unloading sheet of the correspondent quota certificate;
- Amount of grain processed, classified by origin (domestic & imported);
- Amount (volume) of processed final product;
- Total amount (volume) of wasted raw material during the period, classifying the waste either due to mobilization or to the processing of the grain, and
- Final stock at the end of the period, classified by origin (domestic & imported)

Moreover, the parties involved in supplying to the tortilla industry are obligated to present the following information:

1. A weekly report to be issued the first business day of each week by an external auditor and addressed to the SE Basic Industry General Directorate that establishes the average sale price per state, until the cupo amount has been totally used, and;
2. A bimonthly report issued by an external auditor, within thirty calendar days following the end of the two-month period, addressed to the SE Basic Industry General Directorate certifying:
  - Total acquisitions of corn, classified by origin (domestic & imported), attaching the unloading sheet of the correspondent quota certificate;
  - In-stock amount either domestic or imported, at the beginning of the bimonthly period, and;
  - Physical and electronic elements to prove that the imported quota was sold to interested companies of the tortilla industry

The applications must be submitted in form SE-03-011-1 at the corresponding representative state office of SE General Directorate of Foreign Trade. Once the allocation of cupos has concluded, SE will issue the quota certificates.

Additionally, the SE Basic Industry General Directorate will conduct unscheduled follow-up meetings with consumers and producers' representatives jointly to evaluate the cupo administration process.

**FAS/Mexico Note:** This is NOT an invitation for bids to purchase corn grain. Rather, it is an announcement of the right to import the listed product under the preferential duty. Thus, the auction is limited to Mexican companies within the flour, milling and tortilla industries for white corn; and within the starch, cereal, snack food, and livestock industries for yellow corn which distribute or use corn products in their production processes.

### Important Dates

1. **Publication Date:** December 31, 2003
2. **Effective Date:** January 1, 2004
3. **Expiration Date:** December 31, 2007

### For More Information:

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### Internet Connections

*FAS Mexico Web Site:* We are available at <http://www.fas-la.org/mexico> or visit FAS headquarter's 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.economia.gob.mx](http://www.economia.gob.mx) 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.