

Fast Facts: The International Impact of NAFTA on U.S. Dairy Exports to Mexico
INFORMA study [here](#)

- Free trade with Mexico is the driving force behind \$1.2 billion in dairy exports to Mexico and billions more in economic contributions.
- Mexico is currently the top market for U.S. dairy product exports, accounting for one fourth of total U.S. exports.
- In 2016, the U.S. shipped \$1.2 billion worth of dairy products to Mexico, up from \$201 million in 2002.
- In 2016, Mexico accounted for 45 percent of total U.S. skim milk powder exports to all destinations, 30 percent of cheese exports, 10 percent of butter exports and 8 percent of whey exports.
- The total economic contributions (direct, indirect and induced) created by dairy exports to Mexico show the true importance of these exports to the overall U.S. economy. When you include impacts to industries that are linked to dairy exports, the aggregate 2012-2016 output value of \$6.7 billion is magnified to a figure of \$23.3 billion in economic output.
- In other words, for every \$1 of sales associated with dairy exports to Mexico, an additional \$2.50 in output (industry sales) is supported elsewhere the United States economy.
- U.S. dairy exports to Mexico employed 16,492 full time equivalent (FTE) jobs while directly generating an aggregate GDP of \$8.4 billion over that five-year period.
- Under NAFTA, U.S. exports of dairy products to Mexico are duty free. This provides a significant advantage to the U.S. because export competitors shipping to Mexico are subject to MFN tariff rates of 20 to 45 percent on cheese, 45 percent on skim milk powder and 10 percent on whey products.
- Of note, some competitors, including the European Union (EU), are already negotiating trade agreements with Mexico that could make their exports more competitive in the Mexico market.
- While our goal with Mexico is to preserve the open and dependable dairy access that has led to tremendous benefits on both sides of the southern border; when we look north, we face a far different challenge. For years, Canada has used tariff and nontariff measures to impede dairy trade.

“This analysis not only illustrates the importance of preserving existing market access to Mexico under NAFTA, but also demonstrates why we are urgently pursuing new opportunities via U.S. free trade agreements (FTAs) around the globe,” said U.S. Dairy Export Council (USDEC) President and CEO Tom Vilsack. “Virtually every U.S. free trade agreement to date has yielded positive results for dairy and current negotiations hold great potential for the industry.”