

Statement

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Hundreds of thousands of Mexican dairy farmers will be driven into bankruptcy if Mexico's federal government does not change current agricultural and food policies.

Although Mexican dairy farmers can only meet two-thirds of the demand for domestic consumption in Mexico, they are facing a looming crisis due to the importation of powdered milk from the US, Argentina, Uruguay and New Zealand.

Imported milk is sold at 3.05 pesos per liter, whereas the average cost of production for Mexican dairy farmers is 5.20 pesos per liter. Therefore, the highly concentrated commercial dairy industry prefers to purchase imported milk over domestic production, excluding local farmers from the marketplace.

The sole refuge for small and medium-sized Mexican dairy farmers is to sell their milk to the Mexican government's social milk program for low income families, called LICONSA, which purchases powdered milk at the rate of 4.20 pesos per liter (producing a net loss of 1 peso per liter for Mexican dairy farmers).

If Mexico's government continues to import powdered milk (where Mexico is the world leader in powdered milk imports), 200,000 out of 600,000, or 1/3rd of Mexican dairy farmers will be forced out of their livelihoods.