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Mexico

Sugar

Centrifugal Sugar Production Update

2001

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Report Highlights:

Sugar production for MY 2000/2001 was revised upward to 5.2 MMT based on new information. Sugar consumption, sugar exports, and sugar stocks were also revised upward. According to the industry, mills extended the milling season for the weeks lost in November/December achieving higher sugar production levels.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Centrifugal Sugar

PSD Table						
Country	Mexico					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Beginning Stocks	665	665	630	630	550	625
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	4977	4977	4830	5223	5050	5092
TOTAL Sugar Production	4977	4977	4830	5223	5050	5092
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	5642	5642	5460	5853	5600	5717
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	530	530	428	677	510	510
TOTAL EXPORTS	530	530	428	677	510	510
Human Dom. Consumption	4482	4482	4482	4551	4535	4551
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	4482	4482	4482	4551	4535	4551
Ending Stocks	630	630	550	625	555	656
TOTAL DISTRIBUTION	5642	5642	5460	5853	5600	5717

Sugar production for MY 2000/2001 has been revised significantly upward to 5.2 million metric tons (MMT) raw value. According to the industry, sugar mills were able to extend milling time that more than compensated for the weeks lost in November/December because of the sugarcane producer strike. Good weather conditions during the harvesting season also helped to achieve higher sugar production. According to sources from the Chamber for Sugar and Alcohol Industries, sugar consumption is expected to increase to 4.551 MMT, however, the Secretariat of Economy (SE) is still using a lower consumption figure of 4.386 MMT.

Sugar exports for MY 2000/2001 are expected to increase to 677,000 MT because of the increase in sugar production. According to the industry, approximately 320,000 MT will be exported under the Mexican re-export program (PITEX). Normally, this program is based on the importation of raw materials for processing in Mexico and re-exported as a final product. However, for sugar, Mexican manufacturers can use domestically produced sugar. Under this PITEX program, Mexican food manufacturers buy the Mexican sugar at the world price, process it and within three months must export the final product. Reportedly, only sugar can be used this

way. The idea is to avoid having to export raw sugar on the world market and then later import raw sugar as supplies get smaller. For this reason, we categorize this sugar as a Mexican export because it is directly substituting for sugar that would be sold on the world market.

The NAFTA sugar allocation to the U.S. of 116,000 MT will be shipped on time for FY 2000/2001. The rest of the sugar, about 241,000 MT, has not been shipped yet and the industry is still unsure as to when it will be exported. The ending stocks for MY 2000/2001 are expected to remain close to the previous year volume, or 625,000 MT.

Sugar production for MY 2001/2002 has been revised upward, based on good weather conditions and the previous excellent crop. Sugar consumption is expected to remain flat, however, this number could change downwards if HFCS imports increase because of the elimination of duties. WTO and NAFTA ruled against Mexico's HFCS antidumping. However, it seems that the Mexican government will appeal the ruling again. Sugar exports remain unchanged from our old estimate, however, the final number will depend upon the quota allocation for the US market. The Mexican government keeps pressing for a higher sugar allocation under NAFTA. If Mexico cannot export higher volumes, the ending stocks for MY 2001/2002 are forecast to continue high at 656,000 MT.