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Report Highlights:

Post forecasts sugar production for marketing year (MY) 2025/26 at 5.4 million metric tons raw value (MMT-RV), a seven percent increase from MY 2024/25, based on seasonal rains in several sugarcane-producing states during the previous marketing year and an expected recovery of the planted area. Sugar consumption for MY 2025/26 is forecasted to increase 5 percent year-over-year as lower-priced domestic sugar is favored over HFCS. Mexican industry expects large domestic sugar supplies, which could contribute to the continuation of low sugar prices. Sugar imports in MY 2025/26 are forecast to decrease 19 percent from the prior marketing year based on higher forecasted production. Around 50 percent of sugar imports are expected to come from the United States.

Table 1: Sugar Supply and Distribution October/September MY (1000 MT-RV)

Sugar, Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	885	886	1,503	1,505	1,146	1,222
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	4,986	4,986	5,100	5,057	5,400	5,400
Total Sugar Production	4,986	4,986	5,100	5,057	5,400	5,400
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	807	765	200	180	150	150
Total Imports	807	765	200	180	150	150
Total Supply	6,678	6,637	6,803	6,742	6,696	6,772
Raw Exports	424	378	716	735	657	700
Refined Exp.(Raw Val)	49	100	50	300	50	300
Total Exports	473	478	766	1,035	707	1,000
Human Dom. Consumption	4,284	4,374	4,400	4,200	4,400	4,400
Other Disappearance	418	280	491	285	443	300
Total Use	4,702	4,654	4,891	4,485	4,843	4,700
Ending Stocks	1,503	1,505	1,146	1,222	1,146	1,072
Total Distribution	6,678	6,637	6,803	6,742	6,696	6,772

Table 2: Mexico – Sugar Cane for Centrifugal PS&D

Sugar Cane for Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	Nov 2023		Nov 2024		Nov 2025	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	760	760	800	745	0	775
Area Harvested (1000 HA)	743	730	780	737	0	760
Production (1000 MT)	46,093	43,000	48,400	45,800	0	48,800
Total Supply (1000 MT)	46,093	43,000	48,400	45,800	0	48,800
Utilization for Sugar (1000 MT)	46,093	43,000	48,400	45,800	0	48,800
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	46,093	43,000	48,400	45,800	0	48,800

PRODUCTION

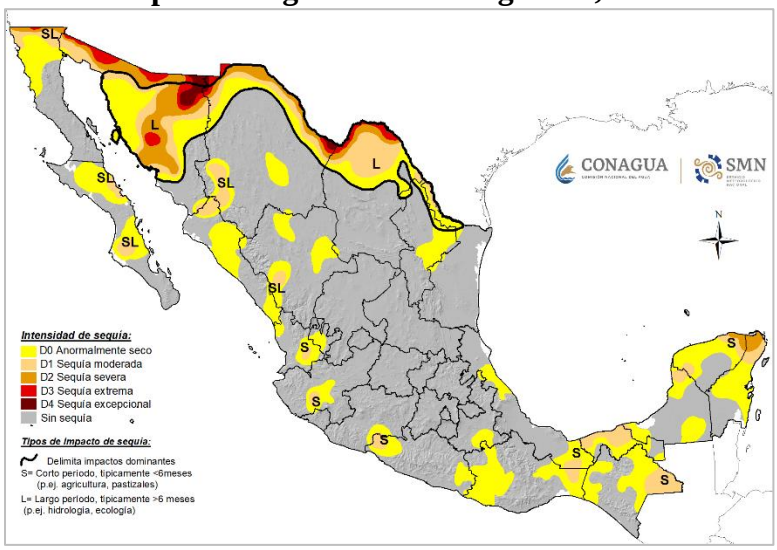
Marketing Year 2025/26

Post forecasts sugar production for MY 2025/26 (October 1 – September 30) at 5.4 MMT-RV, a 7 percent increase from the MY 2024/25 estimate due to the return of seasonal rains in several sugarcane-producing states during mid-2025. This follows several years of drought in the Northeast region (San Luis Potosi and northern Veracruz) that caused widespread crop failure. Increased rains could help boost yields in the current harvest season. Post also forecasts an increase in harvested area at

760,000 ha as sugarcane planted in MY2025/26 is now ready to harvest. The MY 2025/26, crop is currently in its rapid growth stage requiring days with plentiful sunshine, temperatures close to 86 degrees Fahrenheit, and good humidity levels. The final sugar harvest will depend on stable weather conditions with low precipitation and sunshine, as well as efficient milling capacities. CONADESUCA has not yet published an official MY 2025/26 forecast.

According to data from Mexico's National Water Commission (CONAGUA), as of August 2025, 12 out of 267 sugar-producing municipalities (4 percent) are experiencing moderate to exceptional drought (see Map 1). All 12 municipalities have moderate drought conditions. Of the remaining 255 municipalities, 36 have abnormally dry conditions, and 219 have no presence of drought. These weather conditions could help increase production yields for the next marketing year (MY 2025/26).

Map 1: Drought Monitor August 31, 2025

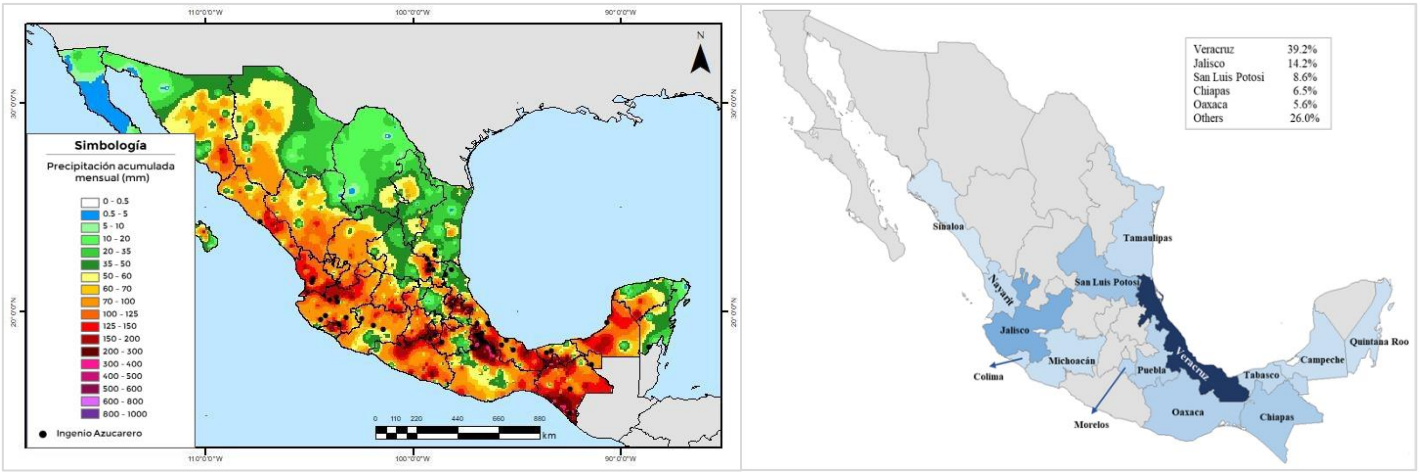


Source: CONAGUA

Legend: Map shows intensity of drought. Grey shows no drought, yellow shows moderate drought, orange severe drought, and red shows extreme drought.

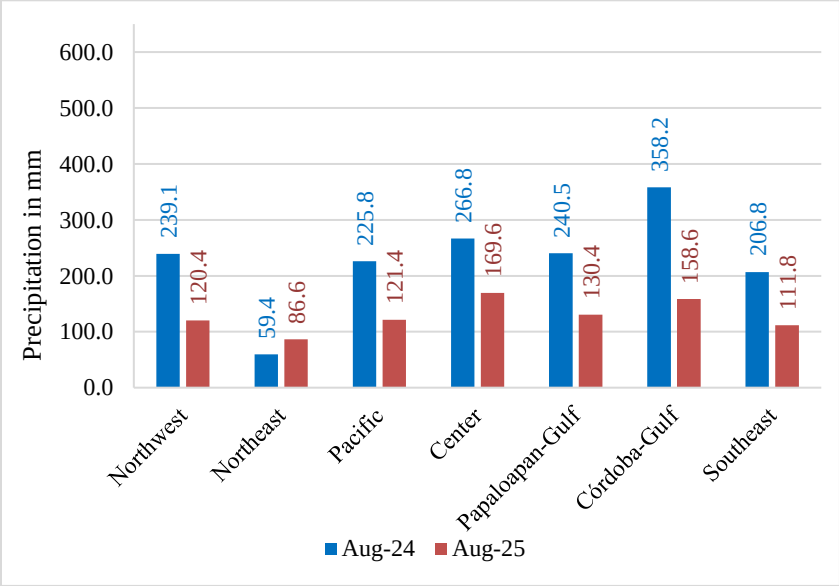
Map 2 shows that several sugar states have benefited from some rains in August. The northeast, northwest, pacific, center, Papaloapan, Cordoba, and southeast regions show accumulated precipitation below last year and below the average levels. In August, the accumulated precipitation across all sugarcane areas was an average of 129 mm, 123 mm below historical average levels, and below the August 2024 level of accumulated precipitation for all sugarcane areas (see Figure 1).

Map 2: Precipitation July Accumulation Vs. Sugar Production by State (MY 2024/25)



Source: Left: CONAGUA / Right: CONADESUCA. Last update: September 2025
Legend: Map shows precipitation in sugarcane areas. The scale from blue to purple shows lower to higher precipitation, respectively.

Figure 1: Monthly accumulated rainfall (mm) (August 2024 vs. August 2025)



Data Source: CONADESUCA

2024/25

Post estimates Mexico's sugar production at 5.06 MMT-RV for MY 2024/25, 1 percent higher than MY 2023/24. The increase in production is based on improved humidity during initial growth stages and drier conditions throughout the harvest cycle, compared to MY2023/24 where producers were faced with intensifying drought conditions during key production stages.

On September 15, CONADESUCA published the latest weekly production report for MY 2024/25. As of September 15, production reached 5,056,757 MT-RV[1], 1 percent higher than the previous MY, as seasonal rains contributed to a slight recovery in production. Production in Veracruz, the largest sugar-producing state, reached 1.98 MMT-RV, followed by Jalisco with 720,297 MT-RV, and San Luis Potosi with 433,314 MT-RV (see Table 3). Field yields in Puebla lead with 100.22 ton/ha, followed by Morelos with 94.80 ton/ha, and Chiapas with 86.63 ton/ha. As of July 19, all 47 mills have concluded milling (12 in April, 28 May, 5 in June, and 2 in July). According to the weekly report, final production is 317,134 MT-RV below CONADESUCA's first estimate.

Table 3: Production by State MY 2024/25

State	Area Harvested (ha)	Cane Harvested (mt)	Field Yield (mt/ha)	Sugar Production (mt)	Factory Yield (%)	Sugar Production (MT-RV)
Veracruz	314,398	19,089,521	60.72	1,867,860	9.78	1,979,932
Jalisco	71,790	5,922,685	82.50	679,525	11.47	720,297
San Luis Potosi	74,148	3,469,547	46.79	408,787	11.78	433,314
Chiapas	33,033	2,861,517	86.63	308,368	10.78	326,870
Oaxaca	48,642	2,560,548	52.64	267,210	10.44	283,243
Others	194,475	11,846,256	60.91	1,238,775	10.46	1,313,102
Total	**736,486**	**45,750,074**	**62.12**	**4,770,525**	**10.43**	**5,056,757**

*Source: CONADESUCA; ***Final Report** October 1, 2024 – September 17, 2025*

On May 6, CONADESUCA published its fourth production estimate for MY 2024/25 at 5.13 MMT-RV, 3 percent lower than the third production estimate due to a lower estimated planted area, lower field yield, and lower recovery rate. The fourth national balance estimate includes a category for low-polarization (low-pol.) (<99.2) sugar stocks at 159,000 MT-RV (see Table 4). This sugar was produced during MY 2024/25 and is intended to supply sugar to the U.S. at the beginning of next marketing year (MY 2025/26) (October – November).

Table 4: MY 2024/25 CONADESUCA Fourth Official National Balance Estimate
Metric Tons Raw Value (MT-RV)

Total Supply	**6,773,540**
Beginning Stocks	1,503,010
Production	5,127,430
Imports	143,100
Total Use	**5,685,981**
Exports	1,085,796
The U.S. and Puerto Rico	450,635
World Markets	635,162
Deliveries to Domestic Users	4,600,185

[1] One Metric Ton Raw Value (MT-RV) = 0.943396226 Metric Tons (MT)

IMMEX[2]	265,000
Food	4,335,185
Ending Stocks	**1,087,559**
Optimal Stocks Domestic	928,559
Stocks Pol < 99.2	159,000

CONADESUCA's First National Balance Estimate as of May 6, 2025

Table 5: CONADESUCA First Estimate vs Final Production for MY 2024/25

	MY 2024/25 First Estimate*	MY 2024/25 Final*	Change
Industrialized area **(ha)**	742,934	736,486	**-0.87%**
Harvested cane **(mt)**	46,900,186	45,750,074	**-2.45%**
Field yield **(t/ha)**	63.13	62.12	**-1.60%**
Sugar production **(mt)**	5,069,708	4,770,525	**-5.90%**
Factory yield **(%)**	10.81	10.43	**-3.52%**

*Source: CONADESUCA; ****Final Report** *October 1, 2024 – September 17, 2025*

According to CONADESUCA's final production report, as of September 17, production of low pol sugar is 55 percent above the same period in MY 2023/24 (see Table 6). This increase in low pol. production highlights the supply that will be held in stocks and available for the beginning of the following marketing year (MY 2025/26).

Table 6: Current Production MY 2024/25 vs MY 2023/24 (by type)

Type of Sugar (MT-RV)	MY 2023/24 Final	MY 2024/25 Final	Change
Refined	1,165,434	990,873	**-14.98%**
Standard	3,439,508	3,507,625	**1.98%**
Special White	65,078	68,373	**5.06%**
Mascabado	3,434	5,201	**51.45%**
Raw pol < 99.2	312,307	484,685	**55.20%**
Total	**4,985,760**	**5,056,758**	**1.42%**

*Source: CONADESUCA; ** **Final Report** October 1, 2024 – September 17, 2025*
** Final Report MY 2023/24*

[2] Industria Manufacturera, Maquiladora y de Servicio de Exportación (Manufacturing, Maquiladora and Export Service Industry)

TRADE

2025/26

Post forecasts MY 2025/26 sugar imports at 150,000 MT-RV, 19 percent lower than the previous marketing year. The decrease in imports is based on higher forecasted production leading to larger domestic supplies.

Post forecasts MY 2025/26 exports at 1 MMT-RV, 3 percent lower than MY 2024/25. The forecast is due to the export availability of sugar under the U.S. quota and unfavorable prices of exports to the world market, incentivizing sugar that is not sold domestically to be held in stocks. Under the U.S. - Mexico Sugar Suspension Agreements and the World Agricultural Supply and Demand Estimates (WASDE), for MY 2025/26, the September export quota for Mexico is 199,252 MT-RV, 56 percent lower than the prior MY. This imposes a challenge for exports, as an estimated 40,000 MT-RV of low-pol. sugar produced during MY 2024/25 will remain under stocks until beginning of 2026, potentially further contributing to decrease in domestic prices.

2024/25

Post estimates sugar imports for MY 2024/25 at 180,000 MT-RV, 77 percent lower than the previous marketing year. This is based on higher domestic supply (slightly higher forecasted production and higher carry-over stocks), pushing domestic prices down and disincentivizing imports. Industry indicates that most imports (around 90 percent) are directed to companies under the IMMEX[3] program, which allows registered companies to import duty-free goods if the goods are used as inputs to manufacture final products for re-export. As of August 2025, Mexico imported 170,443 MT-RV, 77 percent lower than in the same period in MY 2023/24 (732,093 MT-RV). Of the total imports, as of August 17, around 52 percent come from the United States (roughly 86,500 MT-RV), mainly purchased by manufacturing and confectionery companies.

For MY 2024/25, Post estimates exports at 1.04 MMT-RV, 117 percent higher than MY 2023/24 due to high carry-over stocks that needed to be exported due to low domestic sugar prices (see prices section). Mexican industry faces high pressure to export the MY 2023/24 surplus to avoid a further drop in domestic prices. Growers, millers, and government representatives agreed to ship approximately 425,000 MT-RV to the world market before January 31, 2025. As of August 2025, CONADESUCA reported exports to the world market of 421,695 MT-RV, representing 99 percent of the agreed amount. The remaining exports will be classified under CEDES[4] to guarantee exports to the world market. Industry indicates that the agreed amount will be fully exported by the end of the marketing year.

Over the last few years, most of Mexico's exports have gone to the United States due to relatively higher prices than the international market. For MY 2024/25, 43 percent of Mexico's exports are estimated to go to the global market due to high carry-over stocks and a lower U.S. export quota. Under the U.S. - Mexico Sugar Suspension Agreements and according to the WASDE, for MY 2024/25, the March export quota for Mexico is 450,635 MT-RV.

[3] Industria Manufacturera, Maquiladora y de Servicio de Exportación (Manufacturing, Maquiladora and Export Service Industry)

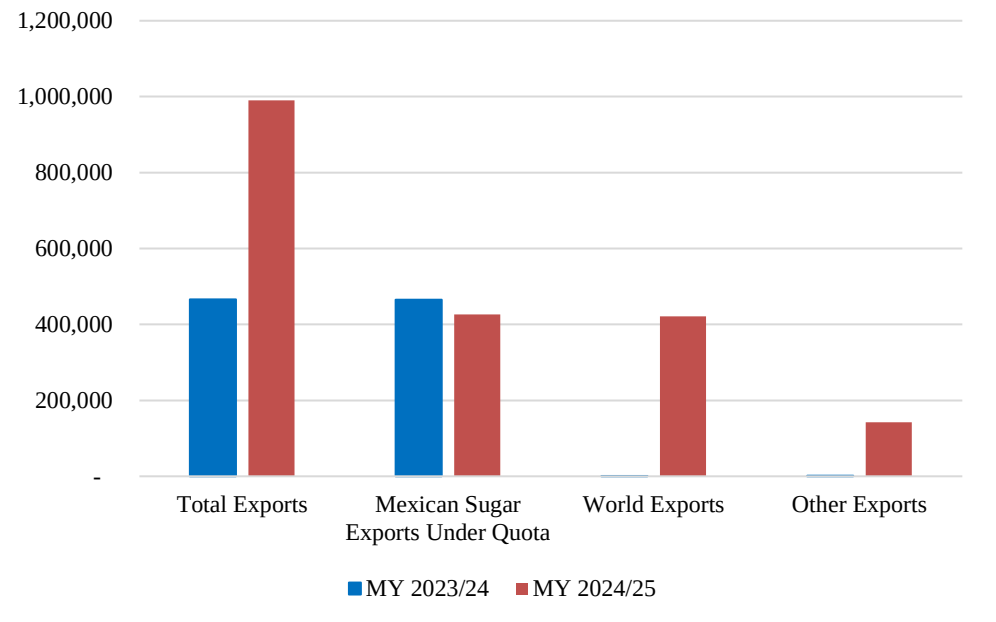
[4] Deposit Certificates, CEDES by its acronym in Spanish.

Table 6: Mexican Sugar Exports to the U.S. Under Quota (MT-RV)

Month	MY 2023/24	MY 2024/25	Variation % 2023/2024 vs 2024/2025
October	20	0	NA
November	19,646	0	NA
December	44,161	18,339	-58.5%
January	63,959	38,532	-39.8%
February	115,616	75,829	-34.4%
March	111,513	40,510	-63.7%
April	13,521	60,492	347.4%
May	62,420	119,265	91.1%
June	18,962	17,726	-6.5%
July	9,745	39,666	307.1%
August	6,442	15,703	143.8%
September	12,347		
Oct-Aug	**466,006**	**426,063**	**-8.6%**

Data Source: CONADESUCA, Last update: September 15, 2025

Figure 2: Mexican Sugar Exports (MT-RV) MY 2023/24 VS. MY 2024/25



Data Source: CONADESUCA, data from October – August for each MY

HIGH FRUCTOSE CORN SYRUP (HFCS)

2025/26
Post forecasts MY 2025/26 HFCS imports flat at 1.12 MMT dry basis. Large domestic sugar supplies leading to low prices are expected to stagnate imports of HFCS and increase domestic sugar consumption. Low-priced domestic sugar is forecast to be favored by consumers, requiring less need for sugar imports and a plateau of HFCS imports.

2024/25
Post estimates HFCS imports for MY 2024/25 at 1.12 MMT dry basis, 4 percent higher than the previous MY due to continued imports derived from contracts signed in MY 2023/24 and low HFCS prices. Currently, HFCS is more attractive than sugar due to lower prices. HFCS prices are around the same level as sugar under contract No. 11 (international sugar prices), significantly lower than Mexico's sugar prices, and lower than contract No.16 (U.S. sugar prices).

Table 7: HFCS Supply and Distribution October/September 1000 MT dry basis

	2024/25		2025/26	
	September	**October**	**September**	**October**
Production	520	520	520	520
Imports	1,125	1,120	1,120	1,120
Total Supplies	**1,645**	**1,640**	**1,640**	**1,640**
Exports	4.3	4.1	3.0	3.0
Consumption	1,641	1,636	1,637	1,637
Total Use	**1,645**	**1,640**	**1,640**	**1,640**
Ending Stocks	**0**	**0**	**0**	**0**
Total Distribution	**1,645**	**1,640**	**1,680**	**1,640**

CONSUMPTION

2025/2026
Post forecasts sugar consumption for MY 2025/26 at 4.70 MMT-RV, with human consumption at 4.40 MMT-RV and IMMEX at 300,000 MT-RV. This represents a 5 percent increase in overall sugar consumption compared to MY 2024/25 due to higher forecasted sugar supply, lower domestic sugar prices, and forecasted flat HFCS imports. According to industry sources, large supplies of sugar are expected and could maintain the low-price environment experienced in the previous MY, leading to the favorability of domestic sugar over HFCS.

2024/2025
Post estimates sugar consumption for MY 2024/25 at 4.49 MMT-RV, with human consumption at 4.20 MMT-RV and IMMEX at 285,000 MT-RV. This represents a decrease of 4 percent compared to MY 2023/24 due to expected higher HFCS consumption. IMMEX is estimated at 285,000 MT-RV, attributed to a lower consumption pace from the previous MY's sugar imports, lower sugar mill sales to the domestic market, and higher HFCS imports. MY 2023/24's elevated domestic sugar price

environment prompted consumers, mainly manufacturing companies, to buy sugar in anticipation of further price increases. This preemptive purchasing decreased the IMMEX consumption rate for sugar for MY 2024/25.

Mexico's sugar consumption faces several challenges, including high food price inflation, healthier consumer trends, sugar substitution with other sweeteners, and the implementation of the second phase of the Front of Pack Labeling Law (see Policy Section). Despite these challenges, sugar remains an integral part of the diet in Mexico, with an average per capita consumption of 37 kg per year. While the full effects of such measures like the labeling law and the IPES tax (see Policy section) are unknown, little evidence suggests that they have significantly reduced sugar consumption

As of August 2025, human domestic consumption is at 3.83 MMT-RV, 6 percent lower than in the same period in MY 2023/24. CONADESUCA reports IMMEX for MY 2024/25 at 256,668 MT-RV, 3 percent lower than CONADESUCA'S fourth estimate due to sugar imports substituting domestic sales and high HFCS imports. For MY 2024/25, CONADESUCA's fourth official consumption estimate is 4.7 MMT-RV (see Table 2).

Table 9: Human Domestic Consumption (1000 MT - RV)

Month	MY 2023/24	MY 2024/25	Variation % 2023/24 vs 2024/25
Oct	336	391	16.46%
Nov	361	319	-11.54%
Dec	359	380	5.77%
Jan	443	318	-28.32%
Feb	408	275	-32.55%
Mar	343	347	1.26%
Apr	416	440	5.75%
May	355	286	-19.53%
Jun	344	418	21.55%
Jul	364	350	-3.67%
Aug	355	312	-12.19%
Sep	312		
Oct-Aug	**4,082**	**3,834**	**-6.06%**

Data Source: CONADESUCA, Monthly National Sugar Balance. Last update: September 15, 2025

STOCKS

2025/26

Post forecasts MY 2025/26 ending stocks at 1.07 MMT-RV, 12 percent lower than the previous marketing year due to lower forecasted imports and lower beginning stocks. This forecast is 10 percent higher than Mexico's optimal final stock level of two and a half months of domestic consumption. The industry is incentivized to keep the MY 2025/26 stock levels as close as possible to the optimal level, as high stocks could help depress domestic sugar prices.

2024/25
Post estimates MY 2024/25 ending stocks at 1.22 MMT-RV, 31 percent higher than Mexico's optimal final stock level. For MY 2024/25, CONADESUCA's fourth official stock estimate is 1.09 MMT-RV (see Table 2). The stock amount includes a category for low-pol. sugar (<99.2) at 159,000 MT-RV. Industry suggests that this type of sugar was produced during MY 2024/25 and will remain in stock for the next marketing year. The aim is to supply sugar to the United States at the beginning of MY 2025/26 (October – November) when Mexico's production starts, and there is no supply of this type of sugar. Industry has indicated that they want this type of sugar available at the beginning of each marketing year, and millers will adjust the amount of low-pol sugar they produce for each MY accordingly at the start of the next MY (2025/26).

As of August 2025, CONADESUCA reports ending stocks at 1.65 MMT-RV, 10 percent lower than in MY 2023/24. However, 64,648 MT-RV are classified under CEDES to guarantee exports to the world market, which will be recovered once the sugar is exported.

PRICES

Average prices in MY 2024/25 have been lower than in the previous MY due to high stock levels, almost 30 percent for standard sugar. Current domestic prices are reaching levels comparable to MY 2021/22 when the average price of standard sugar reached 795 pesos per 50 Kilograms – Bulk (around USD 43[5]). For the remainder of MY 2024/25, prices will depend on final production levels and the management of beginning stocks.

Increase in sugar imports have saturated the domestic market and caused a drastic drop in prices and income for local growers. This issue is exacerbated by increased competition from fructose and reduced export quotas to the United States, which causes the sugar to remain within Mexico, further depressing prices. In response to the emergency, industry leaders are requesting several actions from the Government of Mexico. Their proposals include adding sugarcane to a national emergency support program, implementing a "prior permit" system to regulate sugar imports, and increasing import tariffs. They are requesting an increase in tariffs on sugar imports to USD 720 per ton of sugar to make imports more expensive and less competitive with domestic sugar.

Table 10: Mexico Average Wholesale Sugar Prices in Mexico City (CIF Basis) in Pesos per 50 Kilograms – Bulk

Month	Standard		Refined	
	MY 2023/24	MY 2024/25	MY 2023/24	MY 2024/25
October	1,518.00	906.25	1,583.33	1,188.84
November	1,440.00	819.17	1,517.50	1,186.25
December	1,294.38	916.00	1,488.75	1,157.00
January	1,121.83	872.50	1,508.00	1,125.17
February	1,236.25	887.50	1,463.33	1,116.67
March	1,209.50	886.25	1,476.25	1,102.50

[5] 1 USD = $18.36 pesos as of September 15, 2025

April	1,132.00	867.53	1,472.92	1,082.33
May	1,093.75	787.88	1,437.92	1,109.59
June	1,055.00	767.50	1,397.50	1,050.83
July	969.60	743.47	1,306.67	1,004.17
August	893.50	764.67	1,252.83	962.29
September	862.83		1,259.58	
Avg Oct-Aug	**1,152.22**	**838.07**	**1,445.91**	**1,098.69**

Source: SNIIM (National Service of Market Information)

** As of August 31, 2025*

POLICY

Sustainable Development

The Mexican government's sugarcane industry programs and policies are governed by the Sustainable Rural Development Law, the Law on Sustainable Development of Sugar Cane, and the National Development Plan 2024-2030 (PND).

- The Sustainable Rural Development Law places rural development policy under the federal government's purview.
- The Law on Sustainable Development of Sugar Cane establishes CONADESUCA as the agency responsible for coordinating and executing all activities related to the sugarcane agroindustry.
- The PND is a document that outlines the Government of Mexico's (GOM) priority objectives for achieving the country's development and the well-being of Mexicans.

All programs and policies related to the sugarcane industry must comply with these two laws and the PND, which ensures that their overall impact contributes to the industry's sustainable development.

Production for Wellbeing Program

Under the Secretariat of Agriculture and Rural Development (SADER) "Production for Wellbeing Program", the GOM provides an annual support of $7,300 pesos (around USD $358[6]) per sugar producer (up to 20 hectares rainfed or up to 5 hectares irrigated) to improve crop yields and contribute to food self-sufficiency. Furthermore, SADER provides training and technical support aimed at increasing yields. The level of support has not increased since MY 2019/20.

National Sugarcane Agroindustry Program (PRONAC) 2021-2024

PRONAC aims to promote the development of the sugarcane agroindustry to generate employment and increase the well-being of rural populations. PRONAC also supports the sufficient and timely supply of sugar to the national and export markets. The program has four priority objectives:

1. Ensure the economic viability of producers and mills stabilize the sector at the national level.
2. Increase the productivity and competitiveness of sugarcane production and processing.
3. Promote research, development, innovation, and technology transfer in the sugarcane industry.

[6] 1 USD = $20.40 pesos as of March 28, 2025

4. Strengthen sustainability indicators (economic, social, and environmental) for a balanced development of the sugarcane agroindustry.

PRONAC 2021-2024 remains in effect until a new one is approved, which does not yet have an approval date.

Reference Price of Standard Sugar

On a yearly basis, generally in late October, CONADESUCA announces the sugar reference price at which mills purchase sugar cane from growers for that harvest season. On October 31, CONADESUCA announced the standard sugar[7] reference price for MY 2024/25 at 21,657.45 pesos (around USD 1,061) per ton, the highest on record. The aim is to provide stability and profitability to the sector. The reference price is negotiated annually – with the participation of government, millers, and growers – based on production, export volumes, and domestic and international prices.

Front of Pack Labeling Law – Second Phase

The second phase of Mexico's *Norma Oficial Mexicana* (NOM) 051, a front-of-pack labeling regulation, began on October 1, 2023, and was extended to end until December 31, 2027, when the third phase will begin. It was originally scheduled to end on September 30, 2025. However, an agreement published in the Official Gazette of the Federation (DOF) on July 31, 2025, extended the deadline for the second phase.

Under phase one of the NOM-051, which started on October 1, 2020, warning signs and cautionary labels were required on products with certain nutrients (for example, added sugars) to indicate a health risk from excessive consumption. The second phase implements "excess" warning signs that must be affixed to processed food and beverage labels if the product exceeds critical thresholds of certain nutrients (e.g., fats, sugars, sodium, etc.). Under phase two, products with 8 kcal or more of free sugars per 100 ml of product must include an "excess calories" label (compared to 10 kcal per 100 ml under phase one). Also, under phase two, products with 10 kcal or more free sugars per 100 ml of product must include an "excess sugars" label (compared to greater than or equal to 10% of total energy from free sugars under phase one). Phase three includes front-of-pack labeling even on foods that inherently contain sugar or fat, like milk, or sodium and fat, like cheese, not allowing the consumer to distinguish among products.

Special Tax on Production and Services (IEPS)

According to the annual announcement updating the IEPS tax rates for 2025, the rates for soft drinks, flavored beverages, and junk food were increased to account for inflation. The IEPS tax on sugar-sweetened drinks began in 2014 and is currently at 1.6451 pesos per liter for flavored beverages and concentrates, flavor essences or extracts, syrups, powder, and concentrates for preparing flavored beverages. Furthermore, the IEPS also considers 25 percent for energy drinks and concentrates, powders, and syrups for preparing energy drinks. However, the Mexican government has proposed a tax increase on sweetened beverages as part of its 2026 Economic Package, calling for an 87 percent increase to the IEPS. This would raise the rate from 1.6451 pesos to 3.0818 pesos per liter for 2026 and would affect a wide range of drinks, including sodas, flavored mineral waters, and any beverage containing added sugar or non-caloric artificial sweeteners. The government is framing the measure as a public health initiative, labeling it a "health tax" designed to discourage the consumption of sugary

[7] 99.4 percent polarization

drinks linked to obesity and diabetes. The resulting revenue is intended to fund the public health system. The proposal was submitted to the Chamber of Deputies on September 8 for approval. The Chamber has until October 20 to approve the Revenue Law, after which it will move to the Senate, which has until October 31. Once the 2026 Economic Package has been fully approved, it will come into effect by January 1, 2026.

Attachments:

No Attachments