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Report Highlights:

Post forecasts Mexico's sugar production at 5.4 million metric tons raw value (MMT-RV) for marketing year (MY) 2024/25 (October 1 – September 30). This forecast represents an 8 percent increase from MY 2023/24 on favorable weather conditions and seasonal rains in all sugar-producing regions that have contributed to alleviating, to some extent, drought conditions experienced in the last MYs. The National Committee for the Sustainable Development of Sugar Cane (CONADESUCA) has not yet published an official MY 2024/25 forecast.

PRODUCTION

Post forecasts marketing year (MY) 2024/25 (October 1 – September 30) sugar production at 5.4 million metric tons raw value (MMT-RV), 8 percent higher than previous MY 2023/24 estimate, on favorable weather conditions and seasonal rains in several sugarcane producing regions. Late rains in MY 2023/24 (during October 2023 – January 2024) and seasonal rains in MY 2024/25 (starting in July 2024 and projected to continue through November) are expected to alleviate much of the persistent drought effects experienced in the previous two marketing years. This could mean more sugarcane produced per hectare and higher saccharose levels in the sugarcane, thereby increasing production yields for MY 2024/25. However, if rains continue beyond November, it could negatively impact the levels of saccharose in the sugarcane, thus decreasing yields and delaying the harvest.

Post forecasts harvested area for MY 2024/25 at 780,000 ha, with a cane harvest of 48.4 MMT and a field yield of 62.05 mt/ha. The final sugarcane harvest and sugar production will depend on stable weather conditions throughout the growing season and efficient milling capacities. The National Committee for the Sustainable Development of Sugar Cane (CONADESUCA) is expected to publish an official MY 2024/25 forecast in November.

On August 8, CONADESUCA published the final production report for MY 2023/24 (October 1 – September 30), with final sugar production reaching 4,985,760 metric tons raw value (MT-RV¹) and a final harvested area of 743,119 ha. Final MY 2023/24 production was 10 percent lower than the previous MY due to unfavorable weather conditions (i.e., continued widespread drought during planting and the growing seasons and unseasonal rains during harvest). The final harvested area for MY 2023/24 was 63,074 lower compared to the previous MY 2022/23 due to damaged area caused by persistent drought conditions experienced during two consecutive MYs.

As of August 8, all mills (49 mills – including Puga) have concluded milling (3 in March, 10 in April, 26 in May, 9 in June and one in July). Puga mill produced a small amount of sugar and is not expected to produce a larger amount for the next MY 2024/25. Furthermore, according to the final weekly production report through August 8, almost all production variables are behind compared to MY 2022/2023, except for the field yield (Table 1).

Table 1: CONADESUCA First Estimate vs Final Production

	MY 2022/23 Final	MY 2023/24 Final	Change
Industrialized area (ha)	806,193	743,119	-7.82%
Harvested cane (mt)	47,563,830	46,093,267	-3.09%
Field yield (t/ha)	59	62.03	5.14%
Sugar production (mt)	5,224,248	4,703,547	-9.97%
Factory yield (%)	10.98	10.2	-7.10%

Source: CONADESUCA; * **Report 35** October 1, 2023 – August 8, 2024

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

According to CONADESUCA’s final production report MY 2023/24, production of nearly all sugar qualities is below last marketing year’s production, except for standard and mascabado, and particularly low for raw sugar (pol < 99.2), which is 60 percent lower compared to last MY 2023/24 (see Table 2).

Table 2: MY 2023/24 CONADESUCA First Estimate vs Current Production (by type)
Metric Tons Raw Value (MT-RV)

Type of Sugar (MT-RV)	MY 2022/23 Final	MY 2023/24 Final	Change
Refined	1,264,634	1,165,434	-7.84%
Standard	3,422,340	3,439,508	0.50%
Special White	74,997	65,077	-13.23%
Mascabado	1,711	3,434	100.74%
Raw pol < 99.2	774,019	312,307	-59.65%
Total	5,537,702	4,985,760	-9.97%

Source: CONADESUCA; *Report 35 October 1, 2023 – August 8, 2024

Production in Veracruz, the largest sugar-producing state, reached 1.92 MMT-RV, followed by Jalisco with 733,812 MT-RV and Chiapas with 348,611 MT-RV. Field yields in Puebla lead with 95.01 mt/ha, followed by Morelos with 90.67 mt/ha, and Chiapas with 90.57 mt/ha (see Table 3).

Table 3: Final Production by State MY 2023/24

State	Area Harvested (ha)	Cane Harvested (mt)	Field Yield (mt/ha)	Sugar Production (mt)	Factory Yield (%)	Sugar Production (MT-RV)
Veracruz	315,742	19,212,954	60.85	1,809,554	9.42	1,918,127
Jalisco	72,829	6,118,329	84.01	692,275	11.31	733,812
Chiapas	32,375	2,932,058	90.57	328,878	11.22	348,611
San Luis Potosí	76,637	2,679,232	34.96	274,691	10.25	291,172
Oaxaca	50,100	2,903,465	57.95	269,069	9.27	285,213
Others	195,436	12,247,229	62.67	1,329,080	10.85	1,408,825
Total	743,119	46,093,267	62.03	4,703,547	10.20	4,985,760

Source: CONADESUCA; *Report 35 October 1, 2023 – August 8, 2024

On July 3, CONADESUCA published its fourth national balance estimate for MY 2023/24 (see Table 4), where production was estimated at 4.98 MMT-RV, a decrease in sugar production of 48,323 metric tons raw value (MT-RV) from the previous estimate. Based on the latest national balance reported by CONADESUCA (August 2024), output fell behind average production levels for the first eleven months of MY 2023/24.

**Table 4: MY 2023/24 CONADESUCA Fourth Official Balance Estimate
Metric Tons Raw Value (MT-RV)**

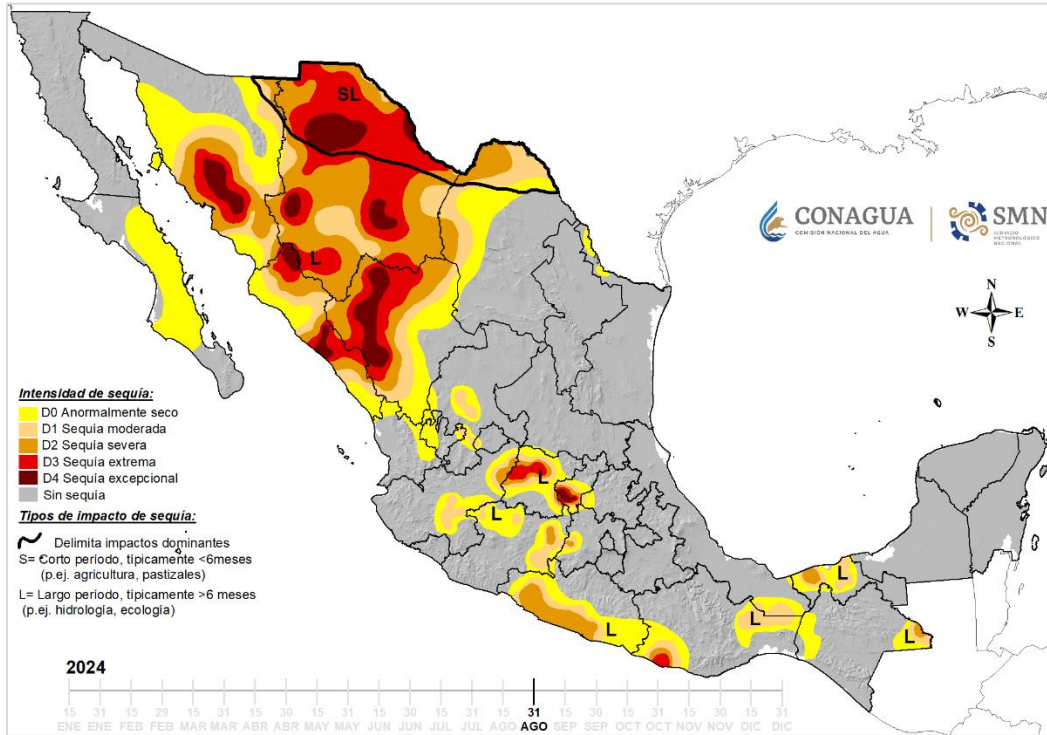
Total Supply	6,514,845
Beginning Stocks	885,196
Production	4,983,048
Imports	646,600
Total Use	5,665,410
Exports	941,520
The U.S. and Puerto Rico	513,017
World Markets	428,503
Deliveries to Domestic Users	4,723,890
IMMEX	318,000
Food	4,405,890
Ending Stocks	849,435

CONADESUCA's Fourth Estimate as of July 3, 2024

According to data from Mexico's National Water Commission (CONAGUA), as of August 31, 17 sugar-producing municipalities (out of 267 – 6.4 percent) are experiencing some level of drought conditions (see Map 1). Of those 17 municipalities, only one has exceptional drought and two extreme drought conditions (all in Sinaloa). Of the remaining municipalities, 14 have abnormally dry conditions, and 236 have no presence of drought. Forty-seven percent of the municipalities with drought conditions are in Jalisco (the second-largest sugar-producing state). San Luis Potosi, the number 4 sugar producer in MY 2023/24, was one of the most affected by drought, and field yields decreased in MY 2023/24. However, CONAGUA data shows a recovery as all municipalities in San Luis Potosi have no presence of drought, and field yields are forecast to increase in MY 2024/25.

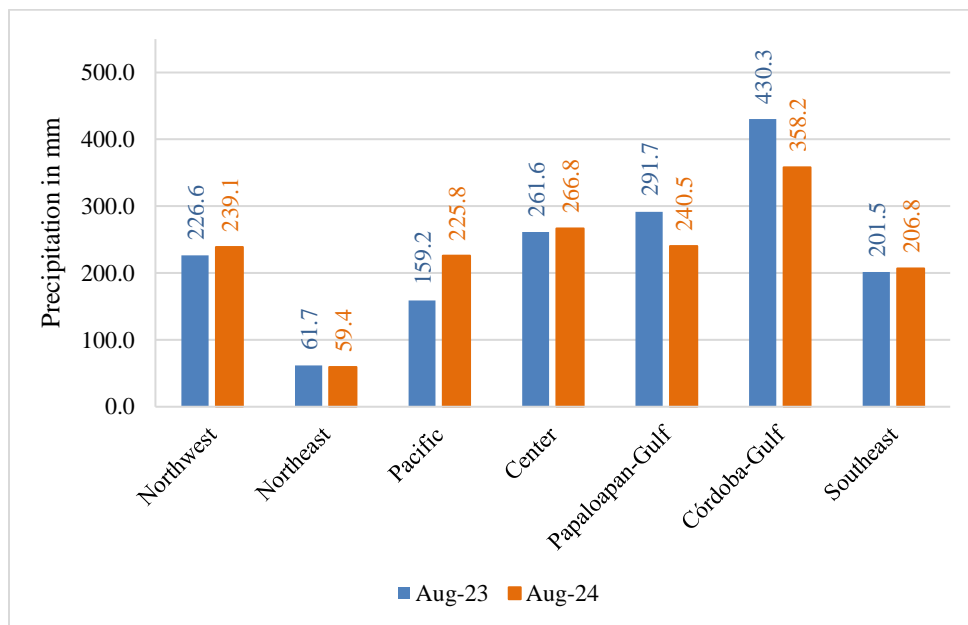
Map 2 shows that several sugar states have benefited from rains in August (in most sugarcane-producing regions). In August, the accumulated precipitation across all sugarcane areas was an average of 234 mm, 18 mm below historical average levels, similar to the August 2023 level of accumulated precipitation for almost all sugarcane areas (see Figure 1).

Map 1: Drought Monitor Map August 31, 2024



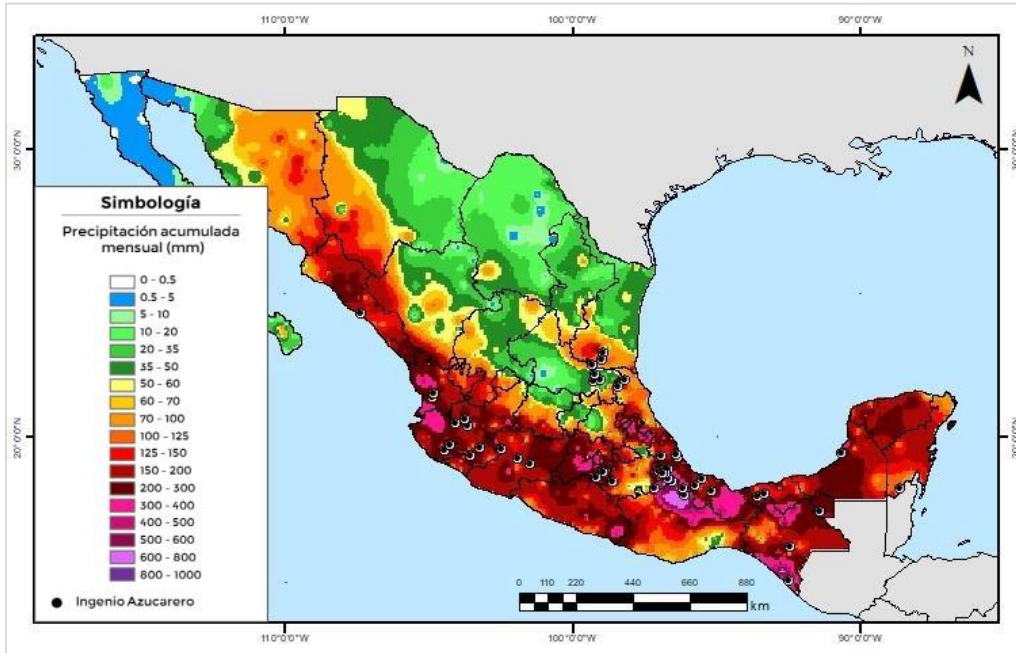
Source: CONAGUA

Figure 1: Monthly accumulated rainfall (mm) (August 2023 vs. August 2024)



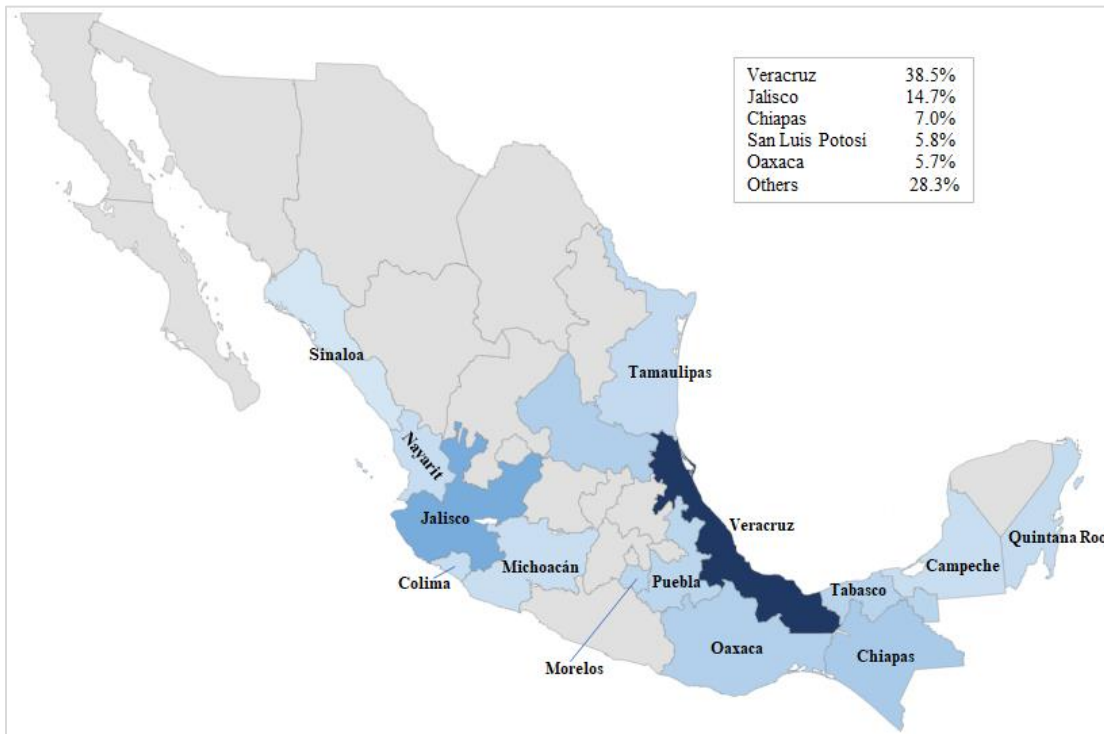
Source: Post with CONADESUCA data

Map 2: Precipitation Map August Accumulation



Source: CONAGUA

Map 3: Percentage of Sugar Production by State (MY 2023/24)



Source: Post map with CONADESUCA data. Last update: August 8, 2024

Table 5: Sugar Supply and Distribution October/September MY (1000 MT-RV)

Sugar, Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Beginning Stocks	1,022	1,022	885	886	924	1,512
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	5,537	5,534	4,928	4,986	5,500	5,400
Total Sugar Production	5,537	5,534	4,928	4,986	5,500	5,400
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	302	283	610	760	557	25
Total Imports	302	283	610	760	557	25
Total Supply	6,861	6,839	6,423	6,592	6,981	6,937
Raw Exports	870	900	380	370	700	700
Refined Exp.(Raw Val)	202	200	223	100	385	300
Total Exports	1,072	1,100	603	470	1,085	1,000
Human Dom. Consumption	4,475	4,466	4,551	4,400	4,518	4,500
Other Disappearance	429	387	345	250	424	400
Total Use	4,904	4,853	4,896	4,650	4,942	4,900
Ending Stocks	885	886	924	1,512	954	1,037
Total Distribution	6,861	6,839	6,423	6,632	6,981	6,937

Table 6: Mexico – Sugar Cane for Centrifugal PS&D

Sugar Cane for Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Area Planted (1000 HA)	830	830	760	760	930	800
Area Harvested (1000 HA)	806	806	730	743	815	780
Production (1000 MT)	50,450	50,450	43,000	46,093	50,200	48,400
Total Supply (1000 MT)	50,450	50,450	43,000	46,093	50,200	48,400
Utilization for Sugar (1000 MT)	50,450	50,450	43,000	46,093	50,200	48,400
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	50,450	50,450	43,000	46,093	50,200	48,400
(1000 HA), (1000 MT)						

TRADE

The Post sugar import forecast for MY 2024/25 is 25,000 MT-RV, 97 percent lower than the previous marketing year estimate, based on higher forecasted production, lower domestic prices and higher carry-over stocks. Mexico applies a tariff of between USD 338 – 360 per ton to sugar imports from markets other than the United States. However, even with tariffs, the incentive to import sugar during MY 2023/24 was high, as there were enough profitability margins due to the historically high domestic prices. For MY 2024/25, imports are expected to be considerably lower than in previous marketing years due to higher forecasted supply, which has already been pushing down domestic prices, potentially disincentivizing sugar imports. Final import figures will also depend on the exchange rate throughout MY 2024/25.

The MY 2023/24 post estimate for imports is 760,000 MT-RV based on low production, low carry-over stocks, and high domestic sugar prices (for the first 7 months of MY 2023/24). Imports were driven by high domestic average sugar prices (see Figure 5) and expected low production for MY 2023/24. However, as prices decrease, imports are expected to keep decreasing towards the end of MY 2023/24.

As of August 2024, Mexico imported 732,093 MT-RV, 209 percent higher than in MY 2022/23 (236,776 MT-RV). The higher sugar import levels are due to increased domestic average sugar prices (see Prices section), lower production, and the appreciated exchange rate.

For MY 2024/25, Post forecast exports at 1 MMT-RV, 113 percent higher than MY 2023/24 due to expected higher production and high carry-over stocks. For MY 2023/24, Post estimates exports at 470,000 MT-RV, 57 percent lower than MY 2022/23 due to low production, low carry-over stocks and high domestic prices which caused mills to prioritize production to supply the domestic market.

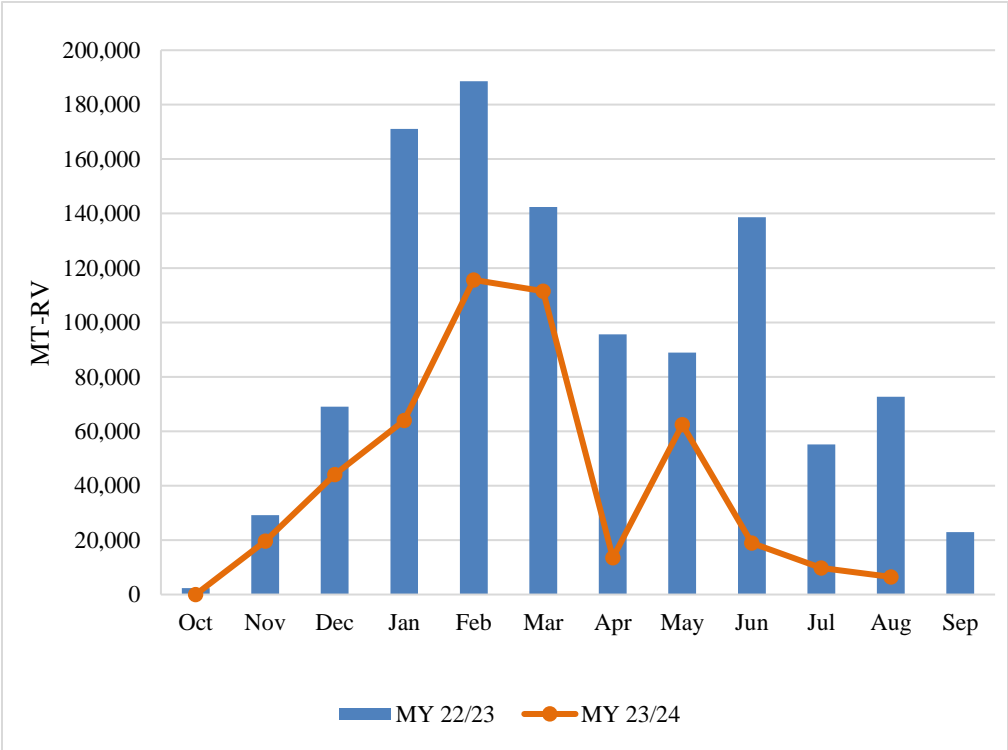
As of August 2024, CONADESUCA is reporting exports at 466,006 MT-RV (all to the U.S.), which is 56 percent lower compared to the same period of 2022/23. Over the last few years, most of Mexico's exports have gone to the U.S. due to relatively higher prices than the international market. However, MY 2024/25 Mexico's exports are forecasted to go to the international 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 World Agricultural Supply and Demand Estimates (WASDE), the September export quota for Mexico is 194,430 MT-RV.

Table 7: Mexican Sugar Exports to the U.S. Under Quota (MT-RV)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2023/2024
October	2,418	20	-99.2%
November	29,225	19,646	-32.8%
December	69,085	44,161	-36.1%
January	171,057	63,959	-62.6%
February	188,586	115,616	-38.7%
March	142,390	111,513	-21.7%
April	95,646	13,521	-85.9%
May	88,880	62,420	-29.8%
June	138,620	18,962	-86.3%
July	55,161	9,745	-82.3%
August	2,723	6,442	-91.1%
September	2,982		
Oct-Aug	981,069	466,006	-56%

Source: CONADESUCA, Last update: September 17, 2024

Figure 2: Mexican Sugar Exports to the U.S. (under Quota) MY 2022/23 vs. MY 2023/24



Source: Post with information from CONADESUCA, Last update: September 17, 2024

STOCKS

The Post forecast for MY 2024/25 ending stocks is 1.04 MMT-RV, around two percent higher than Mexico's optimal final stock level (two and a half months of domestic consumption) but 31 percent lower than the previous marketing year due to lower forecasted imports and higher forecasted exports. The industry has a high incentive to keep the MY 2024/25 stock levels as close as possible to the optimal level, as high stocks would depress domestic sugar prices in MY 2025/26.

As of August 2024, CONADESUCA reports ending stocks at 1.83 MMT-RV, 54 percent higher than in MY 2022/23. For MY 2023/24, CONADESUCA's fourth official stock estimate is 849,435 MT-RV, 6 percent lower than the second estimate (see Table 4). Furthermore, according to CONADESUCA's fourth estimated balance sheet, exports to the rest of the world are forecasted at 428,503 MT-RV. However, according to industry sources, exporting to the world market would be at a loss. Growers are concerned that high stock levels could decrease domestic prices, impacting the sugar reference price for the next MY 2024/25 (see the Policy section).

The Government of Mexico (GOM), through the Secretariat of Economy and CONADESUCA, has been engaged in discussions with industry representatives (growers, millers) regarding a potential approach to managing the high MY 2023/24 stocks level. Local sources indicate that the GOM and industry are considering the possibility of selling a portion of the stocks to the world market. However, given that MY 2023/24 is nearly concluded, it is unlikely that Mexico will export sugar to the world market by the end of the marketing year, increasing the likelihood of high beginning stocks for MY 2024/25. The potential export to the world market would entail a loss in revenue for millers since the reference price at which they purchased sugarcane is relatively high while world sugar prices are currently relatively low. While concerned about this lost revenue associated with selling to the world market, millers are also concerned that if the total MY 2023/24 stocks are carried over to MY 2024/25, domestic prices will decrease in the coming marketing year, meaning they will have to sell at a lower price while still paying a relatively high reference price for sugarcane. For their part, sugarcane growers are against selling cheap on the world market, since this would result in a reduction in the MY 2024/25 reference price, the price they receive for their sugarcane. Industry sources also reported that there is the possibility that part of the 2023/24 stocks could be classified under CEDES², which means that this sugar is not available for the domestic market and must be exported to the world market. The decision on how to manage the stocks will require an agreement between sugarcane growers and millers, but either way, there will be an impact on sugar prices and the reference price in MY 2024/25. Whether or not some portion of the current marketing year stocks is exported to the world market, MY 2023/24 final stocks will be higher than the optimal final stock level due to historically high imports (both sugar and high fructose corn syrup). Imports substituted the mill sales to the domestic market, thus increasing mill stocks.

HIGH FRUCTOSE CORN SYRUP (HFCS)

Post forecasts HFCS imports for MY 2024/25 at 784,000 MT dry basis, 26 percent lower than the estimate for MY 2023/24. The industry continues to face challenges from the labeling regulations as the second phase of the Front of Pack Labeling Law began in October 2023 (see the Policy section). Many food industries in Mexico have reformulated their products. They lowered the amount of sugar

² Deposit Certificates, CEDES by its acronym in Spanish.

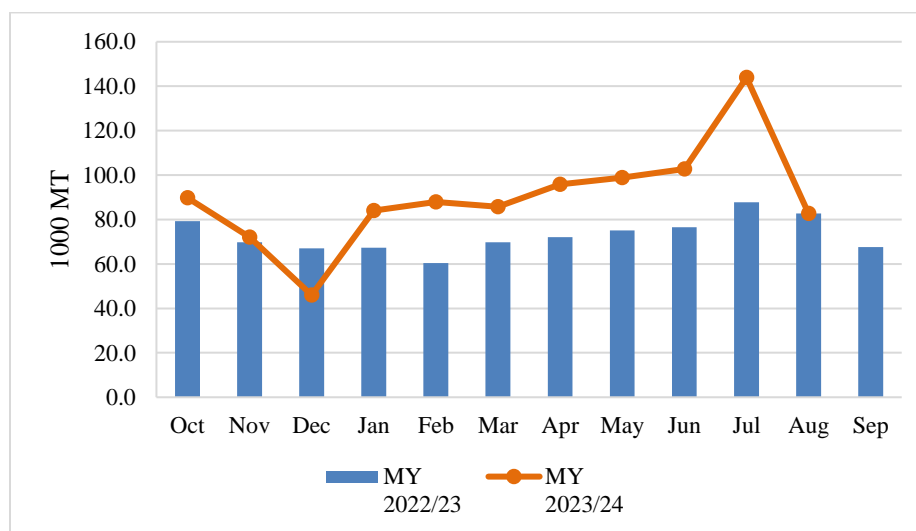
(substituting with HFCS or sweeteners) to reduce the caloric density, eliminate the need to include warning signs in their labeling, and advertise themselves as sugar-free products. However, falling domestic sugar prices incentivizes the substitution of HFCS with domestic sugar. The final use of HFCS will depend on domestic sugar prices and the exchange rate throughout MY 2024/25.

Table 8: HFCS Supply and Distribution October/September 1000 MT dry basis

	2023/24		2024/25	
	September	October	September	October
Production	520	520	520	520
Imports	1,100	1,055	885	784
Total Supplies	1,620	1,575	1,405	1,304
Exports	2.5	2.5	3.0	3.7
Consumption	1,618	1,573	1,402	1,300
Total Use	1,620	1,575	1,405	1,304
Ending Stocks	0	0	0	0
Total Distribution	1,620	1,575	1,405	1,304

As of August 2024, Mexico imported 989,364 MT of dry weight of HFCS, 22 percent higher than the same period in MY 2022/23. The higher HFCS import levels are due to increased domestic average sugar prices (Figure 5), as HFCS is used, to some extent, as a substitute for sugar. MY 2023/24 average sugar prices are expected to remain higher than in MY 2022/23 due to lower expected sugar production (see Production section). For MY 2023/24, CONADESUCA’s fourth official HFCS import estimate is 885,353 tons of dry weight.

Figure 3: HFCS Imports, MY 22/23 vs. 23/24 (1000 MT- Dry Weight)



Source: Post with information from CONADESUCA, Last update: September 17, 2024

Table 9: HFCS Imports (1000 MT-Dry Weight)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2021/2022
Oct	79.2	89.8	13.4%
Nov	69.8	72.1	3.2%
Dec	67.0	46.0	-31.3%
Jan	67.3	84.0	24.9%
Feb	60.5	87.9	45.3%
Mar	69.7	85.8	23.0%
Apr	72.1	95.8	32.8%
May	75.2	98.8	31.5%
Jun	76.6	102.7	34.1%
Jul	87.8	143.9	63.8%
Aug	82.7	82.7	0.0%
Sep	67.6		
Oct-Aug	807.9	989.4	22.46%

Source: CONADESUCA (National Balance of Sweeteners), Last update: September 17, 2024

CONSUMPTION

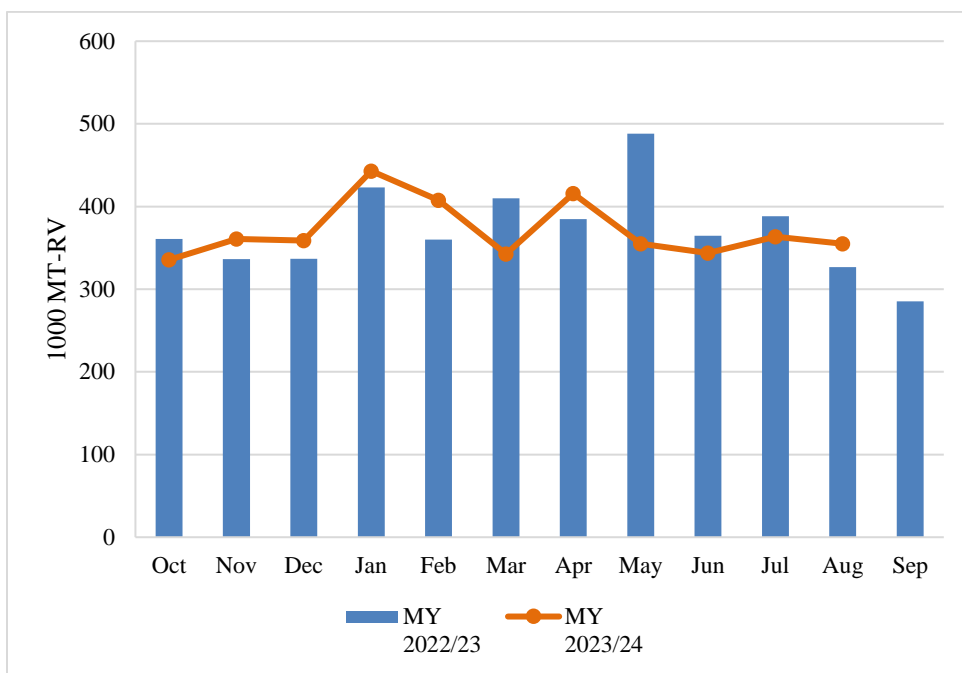
Mexico's sugar consumption faces several challenges, including high food price inflation, increased average domestic sugar prices for MY 2023/24 (See Figure 5), healthier consumer trends, sugar substitution with other sweeteners, and the second Phase of the Front of Pack Labeling Law. Despite these challenges, 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 as the second phase of the front-of-pack labeling law and sugar and junk food taxes on consumer consumption are unknown, little evidence suggests that they have significantly reduced sugar consumption (see the Policy section).

The Post sugar forecast for consumption for MY 2024/25 is 4.90 MMT-RV, with human consumption at 4.50 MMT-RV and IMMEX at 400,000 MT-RV. This represents a 5 percent increase in consumption compared to the MY 2023/24 estimate, due to expected lower average prices in MY 2024/25. Human consumption does not include sugar sold to national companies as an input for the final exported product.

As of August 2024, human domestic consumption is at 4.08 MMT-RV, 2 percent lower than the same period in MY 2022/23. CONADESUCA reports IMMEX³ for MY 2023/24 at 228,751 MT-RV, 38 percent lower than the same period in MY 2021/22 due to imports (both of sugar and HFCS) substituting domestic sales.

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

Figure 4: Human Domestic Consumption (1000 MT-RV)



Source: Post with information from CONADESUCA, Last update: September 17, 2024

Table 10: Human Domestic Consumption (1000 MT - RV)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2021/2022
Oct	361	336	-7.04%
Nov	337	361	7.21%
Dec	337	359	6.54%
Jan	423	443	4.70%
Feb	360	408	13.18%
Mar	410	343	-16.42%
Apr	385	416	8.11%
May	488	355	-27.28%
Jun	365	344	-5.70%
Jul	388	364	-6.33%
Aug	327	355	8.65%
Sep	285		
Oct-Aug	4,180	4,082	-2.35%

Source: CONADESUCA, Monthly National Sugar Balance. Last update: September 17, 2024

PRICES

As of August 2024, the price of standard sugar was 893.5 pesos per 50 Kilograms - Bulk (around USD 46⁴), 21 percent lower compared to the same period of MY 2022/23 (see Figure 5 and Table 11). However, average prices for the first eleven months of MY 2023/24 remain higher compared to the previous marketing year – 13 percent higher for standard sugar and 16 percent higher for refined sugar. Prices are expected to continue decreasing for the remainder of the MY 2023/24 due to high import levels and high stock levels.

For MY 2023/24, average domestic prices are expected to remain higher than in the previous marketing year (MY 2022/23) due to speculation around low production levels for MY 2023/24 (at the beginning of the marketing year). However, for the next marketing year, MY 2024/25, prices are expected to continue decreasing due to high stock levels and a slight expected production recovery. For MY 2024/25, average domestic prices are expected to be lower than MY 2023/24. They are not expected to return to the average levels of MY 2021/22, when the average price of standard sugar reached 794 pesos per 50 Kilograms - Bulk (around USD 41⁵).

Table 11: Mexico Average Wholesale Sugar Prices in Mexico City (CIF Basis) in Pesos per 50 Kilograms – Bulk

Month	Standard		Refined	
	MY 2022/23	MY 2023/24	MY 2022/23	MY 2023/24
October	991.25	1,518.00	1,037.83	1,583.33
November	984.50	1,440.00	1,041.45	1,517.50
December	976.25	1,294.38	1,049.33	1,488.75
January	959.77	1,121.83	1,078.73	1,508.00
February	947.50	1,236.25	1,073.42	1,463.33
March	967.50	1,209.50	1,178.75	1,476.25
April	1,021.25	1,132.00	1,340.00	1,472.92
May	1,100.00	1,093.75	1,444.67	1,437.92
June	1,190.00	1,055.00	1,510.63	1,397.50
July	1,169.50	969.60	1,462.50	1,306.67
August	1,133.80	893.50	1,509.50	1,252.83
September	1,402.94		1,551.46	
Oct-Aug	1,040.12	1,178.53	1,247.89	1,445.91

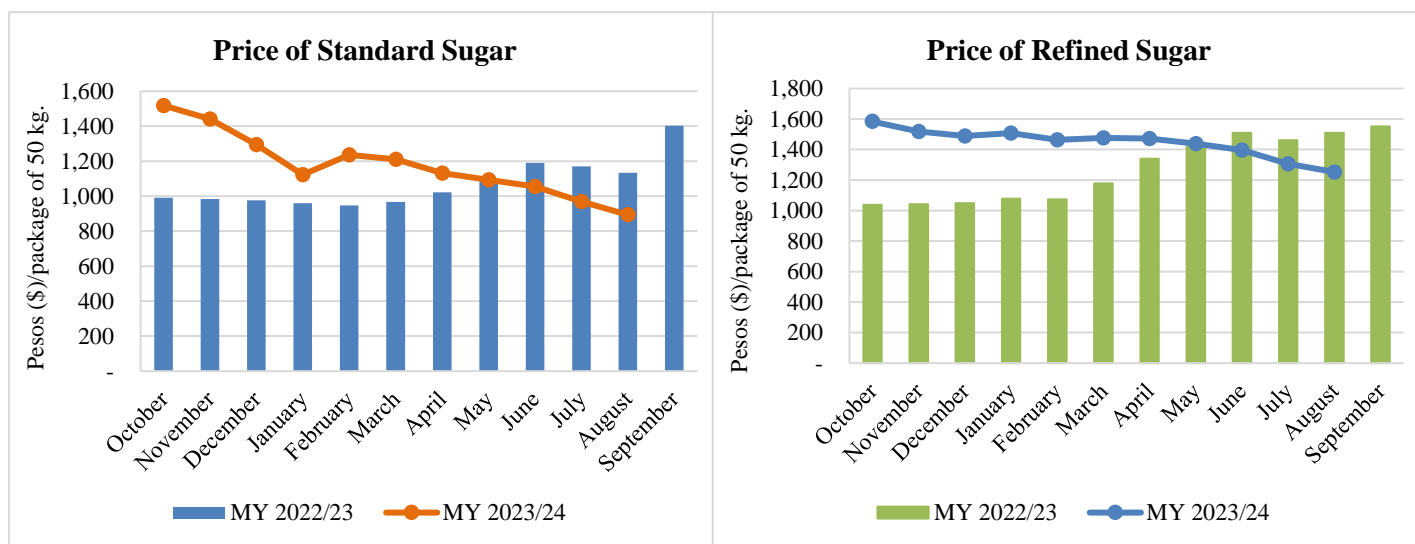
[Source: SNIIM \(National Service of Market Information\)](#)

* As of August 31, 2024

⁴ 1 USD = \$ 19.37 pesos as of September 20, 2024

⁵ 1 USD = \$ 19.37 pesos as of September 20, 2024

Figure 5: Mexico Average Wholesale Sugar Prices in Mexico City



Source: Post with information from SNIIM

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 2019-2024 (PND). All programs and policies related to the sugarcane industry must comply with these two laws and the PND, which ensure that their overall impact contributes to the sustainable development of the sugarcane industry.

- The Sustainable Rural Development Law places rural development policy under the purview of the federal government.
- 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 GOM's priority objectives for achieving the development of the country and the well-being of Mexicans.

The PND time frame is 2021-2024. The next GOM's administration has not mentioned whether PND will remain or whether it will be replaced by another program or whether it will be cancelled.

Production for Well-being Program

Under the Secretariat of Agriculture and Rural Development (SADER) "Production for Wellbeing Program," the GOM provides annual support of 7,300 pesos (around USD 377⁶) per sugar producer (up to 20 hectares rainfed or up to 5 hectares irrigated) to improve crop yields and contribute to food self-

⁶ 1 USD = \$ 19.37 pesos as of September 20, 2024

sufficiency. Furthermore, SADER provides training and technical support aimed at increasing yields. The level of support has not increased since MY 2019/20.

The next GOM's administration has mentioned that social programs will remain. However, it has not been mentioned whether they will remain the same or if they will have modifications.

National Sugarcane Agroindustry Program 2021-2024 (PRONAC)

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

The PRONAC's time frame is 2021-2024. The next GOM's administration has not mentioned whether PRONAC will remain or whether it will be replaced by another program or whether it will be cancelled.

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, 2023, CONADESUCA announced the standard sugar⁷ [reference price](#) for MY 2023/24 at 19,320.31 pesos (around USD 997⁸) 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.

The current high stocks levels for MY 2024/25, have been bringing the domestic sugar prices down (below MY 2022/23 prices since May – see Figure 5). The decrease in prices will have an impact for next marketing's year reference price (MY 2024/25).

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 will remain in effect until September 30, 2025, when the third phase will begin. Under phase one of the NOM, 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

⁷ 99.4 percent polarization

⁸ 1 USD = \$ 19.37 pesos as of September 20, 2024

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).

Special Tax on Production and Services (IEPS)

According to the annual [announcement](#) updating the IEPS tax rates for 2024, the rates for soft drinks, flavored beverages, and junk food were increased to account for inflation. The IEPS tax on sugar-sweetened beverages began in 2014 and is currently at 1.5737 pesos per liter for flavored beverages and concentrates, flavor essences or extracts, syrups, powder, and concentrates for preparing flavored beverages. The IEPS tax on junk food also began in 2014, and for 2024, it will be 4.32 percent for products with a high caloric density (275 kilocalories or more per 100 grams). Food products subject to the IEPS tax include peanut and hazelnut butter, ice cream, chocolates, and pudding.

Attachments:

No Attachments