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## Mexico

**Post:** Mexico

### Economia Extends Sugar TRQs

**Report Categories:**

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**Report Highlights:**

On June 2, 2010, the Secretariat of Economy (SE) published two announcements in the *Diario Oficial* (Federal Register) that modified the recent sugar tariff rate-quota (TRQ) allotment mechanisms. The TRQs were originally announced February 9, 2010, and were set to expire May 20, 2010. This announcement, which became effective June 2, automatically renewed the TRQ mechanisms until June 30, 2010. However, the SE only authorized 186,000 MT (175,470 MT - raw value) of sugar to enter of the approved 250,000 MT. This current announcement allows for 22,540 MT of sugar to enter under TRQs until June 30, 2010.

**Executive Summary:**

On February 9, 2010, the SE announced that Mexico would allow the importation of an additional 250,000 MT of sugar (265,000 MT-raw value) to enter due to low inventories. The SE implemented a first come, first serve method from March 1 to May 20, 2010. The TRQ was from USD \$13.80 to \$36.60 per MT instead of the general tariff (USD \$338 to \$360 per MT of sugar), depending on quality. Ninety percent of the quota could be imported from any country, but 10 percent of the quota had to originate from Nicaragua, at zero duty. However, the SE only authorized 186,000 MT (175,470 MT-raw value) of sugar to enter of the approved 250,000 MT, which was authorized from the February 9 announcement. This current announcement allows for 22,540 MT of sugar to enter under TRQ until June 30, 2010. (For more information on other TRQ announcements, please see GAIN Reports: MX9071, MX9055, MX9056, MX9064, and MX9066.)

**General Information:** This report summarizes two announcements by the SE published in Mexico's Diario Oficial (Federal Register) on June 2, 2010, that modify the sugar TRQ allotment mechanisms.

**Disclaimer:** This summary is based on a cursory review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**Title:** Agreement that modifies the announcement of the sugar tariff rate-quota and allotment mechanism to import sugar in 2010.

Agreement that modifies the announcement of the sugar tariff rate-quota and allotment mechanism to import sugar originating from the Republic of Nicaragua in 2010.

**Summary:** The Secretariat of Economy (SE) published two announcements in the Diario Oficial (Federal Register), on June 2, 2010, modifying the agreements of the sugar tariff rate-quota (TRQ) allotment mechanisms. The original agreements were published February 9, 2010, and allowed the extra importation of 250,000 MT of additional sugar. Ninety percent of the quota could be imported from any country, but 10 percent of the quota had to originate from Nicaragua. (For more information on this announcement, please see GAIN Report: MX0006, Mexico to Allow Additional Sugar to Enter.)

The SE recognized in both announcements that Mexico now has enough sugar at good domestic prices. However, the SE decided to continue importing the remainder of the sugar under TRQs, which amounts to 22,540 MT of sugar. However, the SE only authorized 186,000 MT (175,470 MT-raw value) of sugar to enter of the approved 250,000 MT. This current announcement allows for 22,540 MT of sugar to enter under TRQs until June 30, 2010. As of the end of May 2010, approximately 163,938 MT of sugar (173,774 MT-raw value) were imported under this TRQ, including 13,439 MT of sugar from Nicaragua (14,245 MT-raw value).

The announcement pertaining to the Nicaraguan TRQ allows the sugar imports of additional HTS classification numbers from Nicaragua, including standard sugar and refined sugar. The HTS

classification numbers 1701.11.02 and 1701.99.02 were added to previous HTS classification numbers 1701.11.01, 1701.99.01, and 1701.99.99.

According to official sources, the SE had only approved 19,600 MT of TRQ sugar (20,776 MT-raw value) to be imported from Nicaragua from the original 25,000 MT (26,500 MT-raw value) that were initially announced. Therefore, the SE authorized that the sugar certificates issued in March, which expired May 20, 2010, be renewed automatically to end on June 30, 2010. Since Nicaragua had already exported about 13,439 MT of sugar (14,245 MT-raw value), only 6,161 MT (6,530 MT- raw value) of sugar can be imported into Mexico by June 30.

The Association of Cane Growers indicated that this announcement means that companies will more than likely import high priced sugar at a time of higher supplies. As a result, the industry will have to export low priced sugar in order to prevent domestic oversupplies.

<b>H.T. System</b>	<b>Item description for sugar imported under TRQ</b>
1701.11.01	Sugar whose content of sucrose by weight, in the dry state, has a polarimeter reading equal or higher to 99.4, but less than 99.5 degrees.
1701.11.02	Sugar whose content of sucrose by weight, in the dry state, has a polarimeter reading equal or higher to 96, but less than 99.4 degrees.
1701.99.01	Sugar whose content of sucrose by weight, in the dry state, has a polarimeter reading equal or higher to 99.5, but less than 99.7 degrees.
1701.99.02	Sugar whose content of sucrose by weight, in the dry state, has a polarimeter reading equal or higher to 99.7, but less than 99.9 degrees.
1701.99.99	Others.

**Important Dates:**

1. Publication Date: June 2, 2010
2. Effective Date: June 2, 2010

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