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GAIN Report

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Mexico

Post: Mexico

Tariff Rate Quota for Sugar Expected

Report Categories:

Sugar

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Report Highlights:

The Secretariat of Economy (SE) published a notification on its website that a sugar tariff-rate quota (TRQ) for 100,000 metric tons (MT) (106,000 metric tons raw value (MT-RV)) was approved for the purposes of balancing domestic sugar availability with imports and contributing to sugar price stabilization. The effective date of the announcement has not been published.

General Information:

SE published an announcement on its web page on September 21, 2010, that a TRQ for 100,000 MT (106,000 MT-RV) of sugar imports was approved. The effective date of this announcement, however, has not been published. SE reports the objectives of the pending TRQ are to balance domestic sugar availability with imports and to contribute to sugar price stabilization.

SE anticipates that demand for sugar during the months of September, October and November will exceed available supplies due to low sugar inventories and reduced production during these months (less than 2 percent of annual production occurs during this three-month period). The mechanism to assign this quota stipulates that half of the amount would be assigned to the industry using sugar as a raw material in production processes through a public tender. The other half of the quota will be assigned under a first-come, first served mechanism, in accordance with the date that sugar enters or entered into bonded/fiscal warehouses.

Industry sources report that SE had knowledge that sugar had entered into bonded areas during the first half of the year (when the February 9, 2010, TRQ was published) in anticipation of receiving a TRQ import permit. As some companies could not obtain a sugar TRQ import permit at that time, many were forced to keep product in their bonded/fiscal warehouses rather than try and re-export the product and incur even greater costs.

Background:

Due to anticipated lower inventories, Mexico announced on February 9, 2010, a TRQ of 250,000 MT (265,000 MT-RV) with the expectation that imports would lower domestic sugar prices. During this period, only 186,478 MT of the sugar TRQ (197,666 MT-raw value) was approved to enter the country.

At the end of May 2010, about 163,938 MT of sugar (173,774 MT-raw value) had been imported under this TRQ, including 13,439 MT of sugar at zero tariff from Nicaragua (14,245 MT-raw value). On June 2, 2010, SE published two announcements in the *Diario Oficial* (Federal Register) that allowed additional sugar to enter under the February 2010 TRQ lasting through June 30. In these announcements, SE recognized that Mexico now had sufficient sugar supplies at good domestic prices. In addition, SE indicated that it would allow the importation of the remainder of the sugar under the initially approved TRQ amount of 186,478 MT (197,666 MT-raw value), which was revised downward from the original 250,000 MT TRQ (265,000 MT-raw value). Therefore, the June announcements indicated that a total of 22,540 MT of sugar (23,892 MT-raw value) could still be imported through June 30, 2010. (For more information, please see GAIN Report [MX0040](#)).

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