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**HIGH FRUCTOSE CORN SYRUP-THE WILDCARD IN
THE U.S.-MEXICO SWEETENER MARKET**

Juan A. Cortina Gallardo



**“HIGH FRUCTOSE CORN SYRUP-THE WILDCARD IN THE
U.S.-MEXICO SWEETENER MARKET”**

FEBRUARY, 2011

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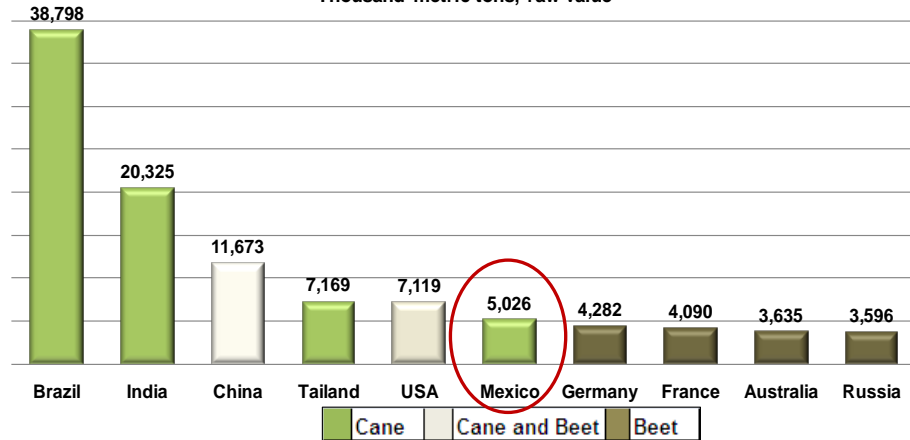
- I. Mexico leading sugar producer with a large Sweetener Market.

- II. North American Regional Market a Reality:
 - II a) Mexican Sweetener Market .
 - II b) U.S. Sweetener Market.
 - II c) U.S. and Mexico Sweetener Market.

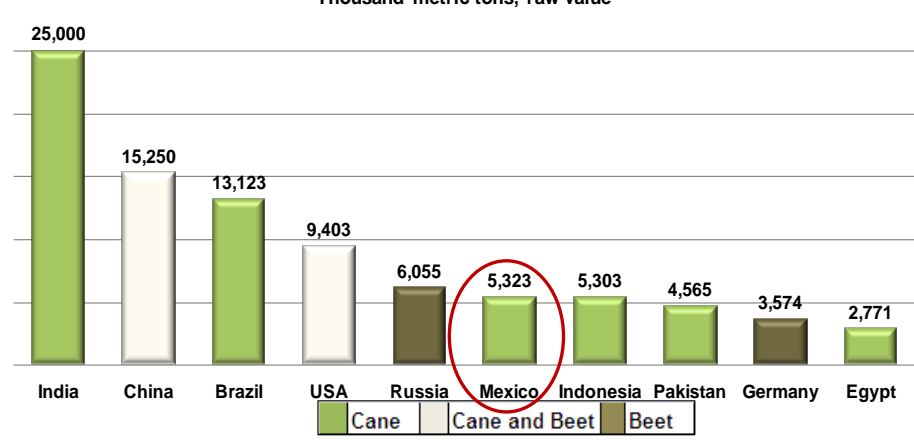
- III. Mexico: Sugar Balance 2010/011 marketing year, advance to January 31, 2011.

I. Mexico leading sugar producer with a large Sweetener Market.

Mexico: World's sixth Leading Sugar Producer
Cycle 2009/2010
Thousand metric tons, raw value

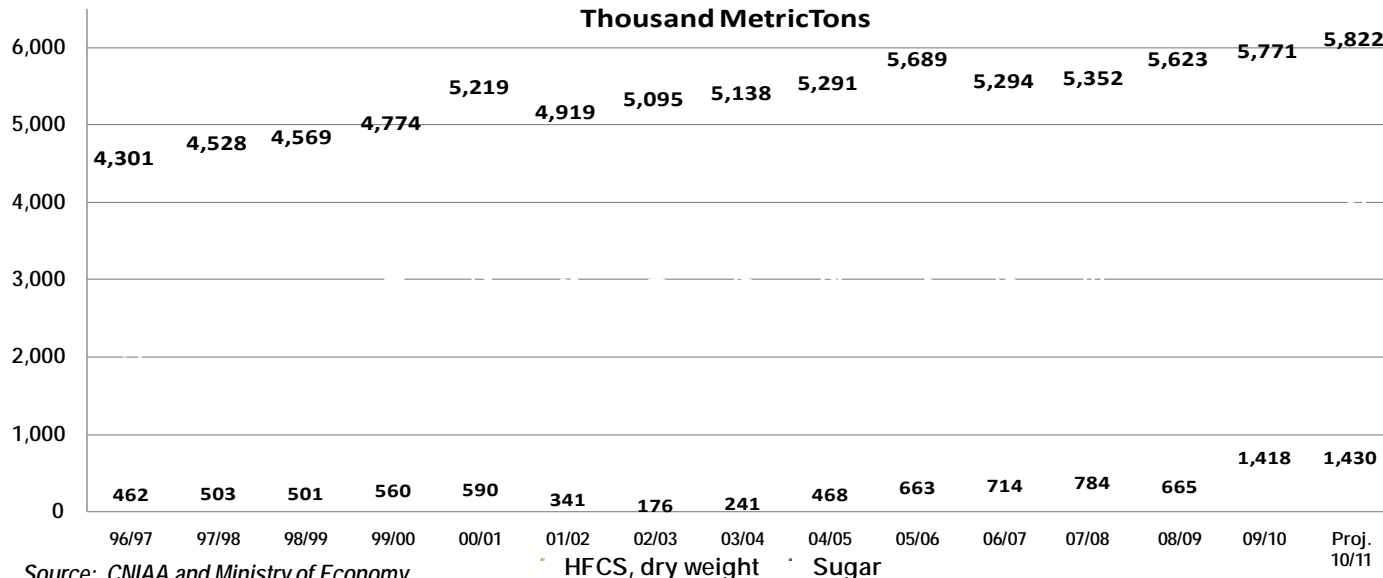


Mexico: World's sixth Leading Sugar Consumer
Cycle 2009/2010
Thousand metric tons, raw value



Source: F.O.Licht's International Sugar and Sweetener Report World Sugar Balances 2000/2001-2009/2010..

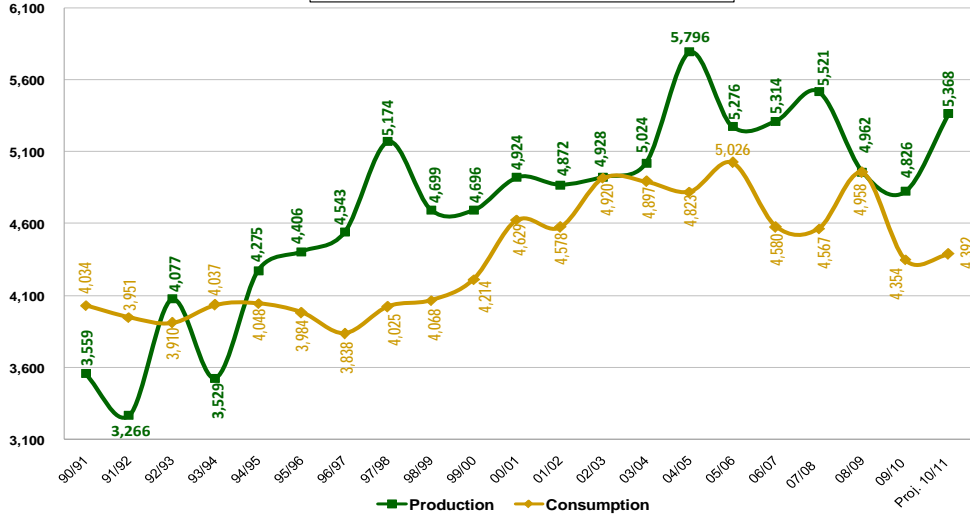
Mexican Market: Sugar and HFCS Consumption
Thousand MetricTons



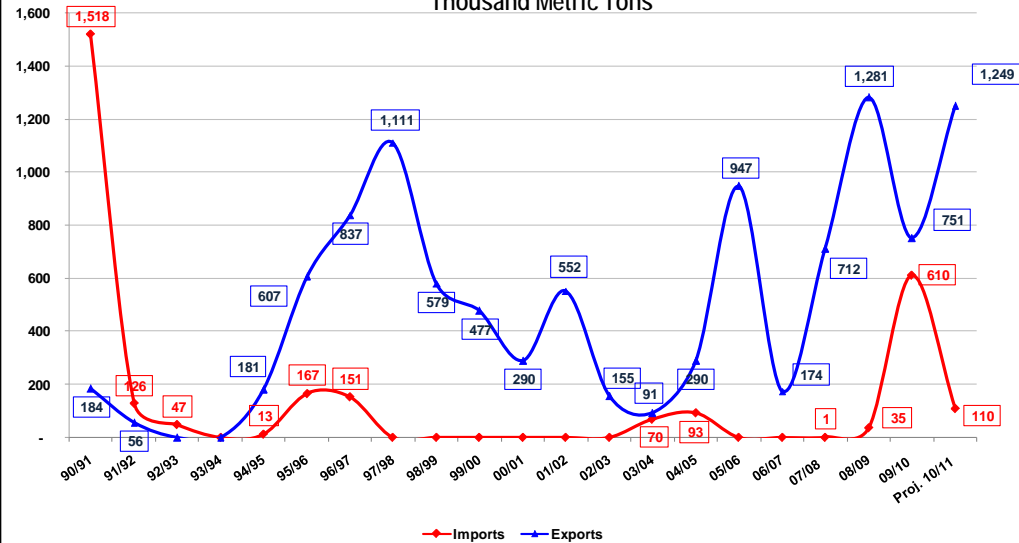
Source: CNIAA and Ministry of Economy

I. Mexico leading sugar producer with a large Sweetener Market.

Mexican Sugar: Production and Consumption
Thousand Metric Tons



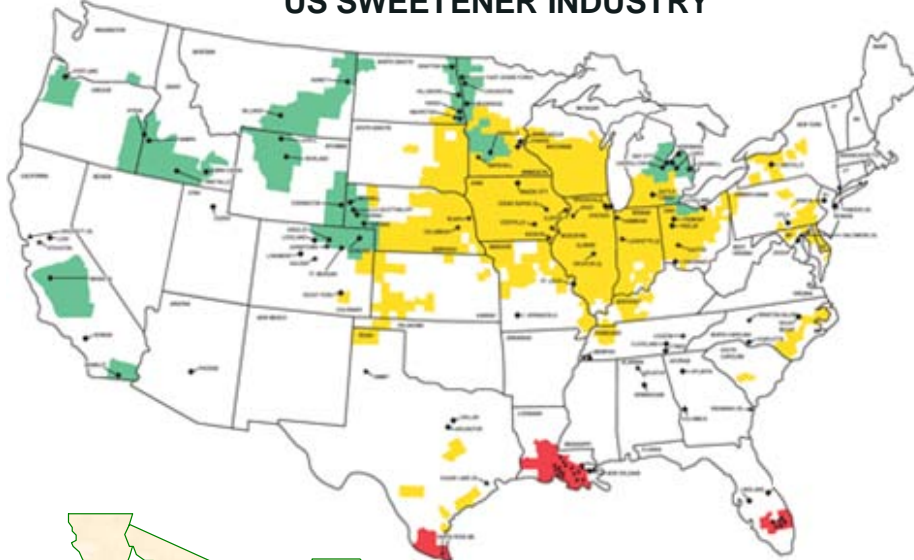
Mexican Sugar Export to USA and the Rest of the World
Thousand Metric Tons



Source: CNIAA

II. North American Regional Market a Reality.

US SWEETENER INDUSTRY



MEXICAN SUGAR INDUSTRY

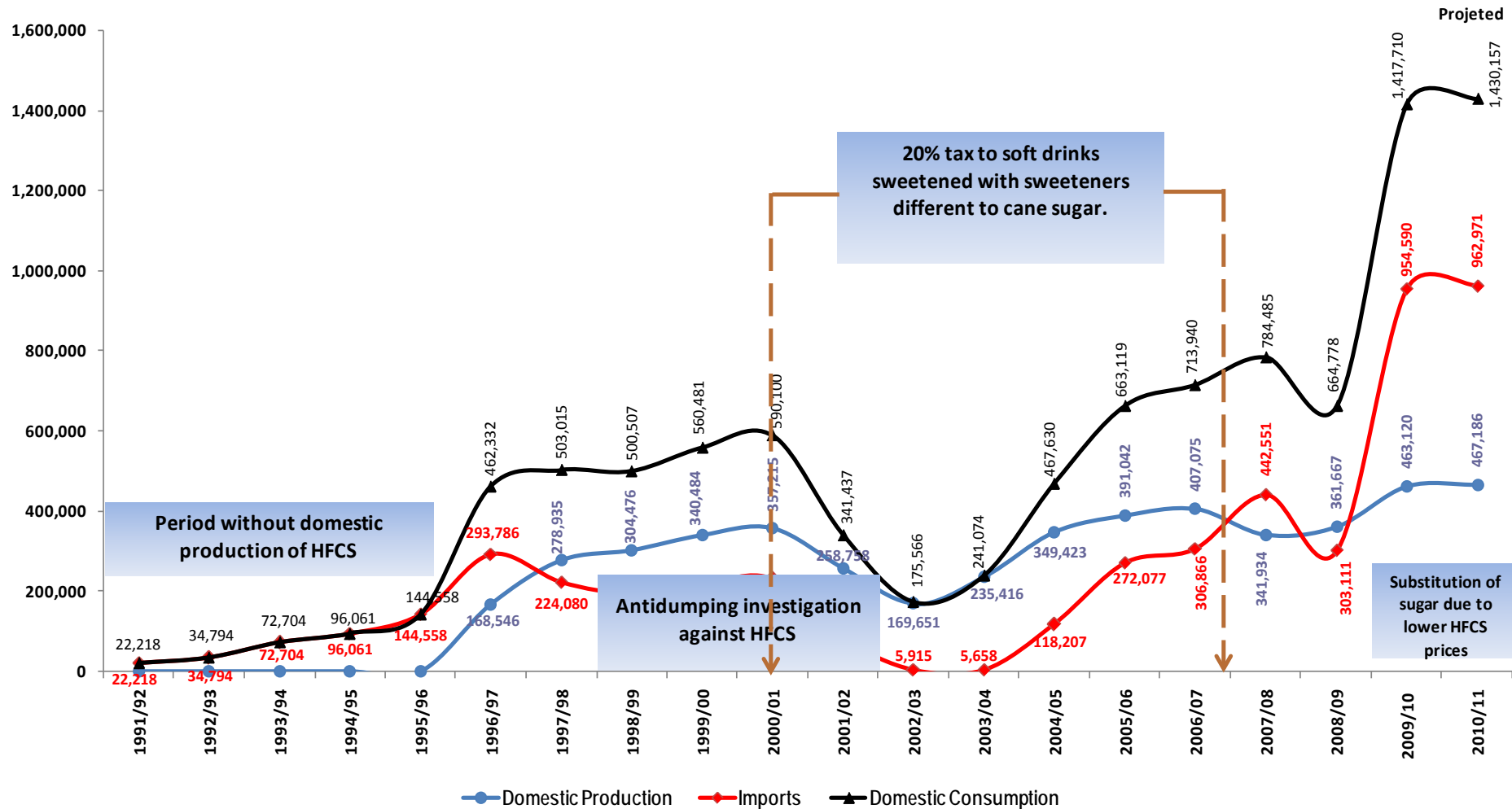


- ✓ North American Sweetener market fully integrated.
- ✓ Since the market opened:
 - Mexico has exported more than 2,7 millions sugar tons to U.S.
 - Mexico has imported 1,7 millions tons dry of HFCS from U.S.
- ✓ Good Coordination and cooperation between Mexican and U.S. Governments regarding sweeteners:
 - The Administration in each country sugar program consistent with NAFTA obligations.
- ✓ Mexico is a reliable supplier in the integrated North American Regional Market.

II. North American Regional Market a Reality.

II a) Mexican Sweetener Market

Mexico: Production, imports and national consumption of HFCS, Marketing years 1991/92 to 2010/11 (projected)
(Metric Tons, dry weight)



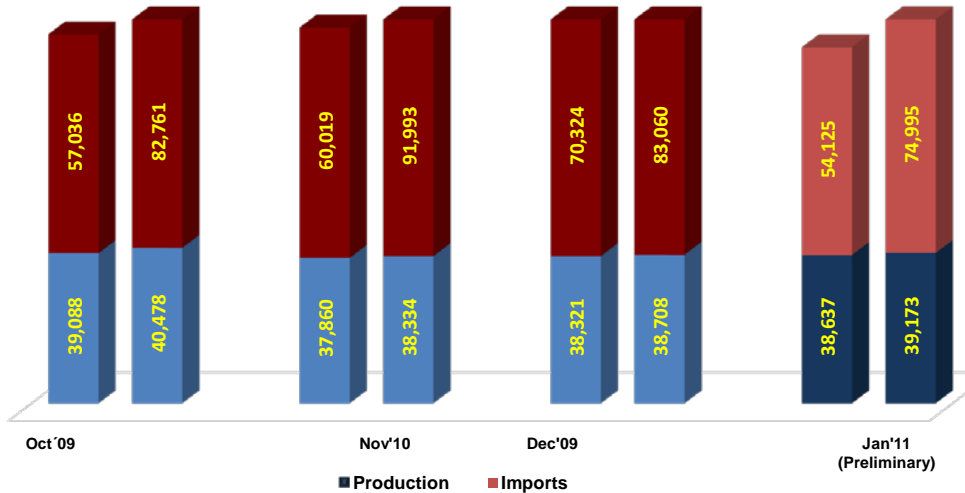
Source: CNIAA and CONADESUCA

Note: In the World Agricultural Demand and Supply Estimates (WASDE) on February 9, 2011 the HFCS consumption is projected in 1,750 thousand metric tons, dry weight.

II. North American Regional Market a Reality.

II a) Mexican Sweetener Market

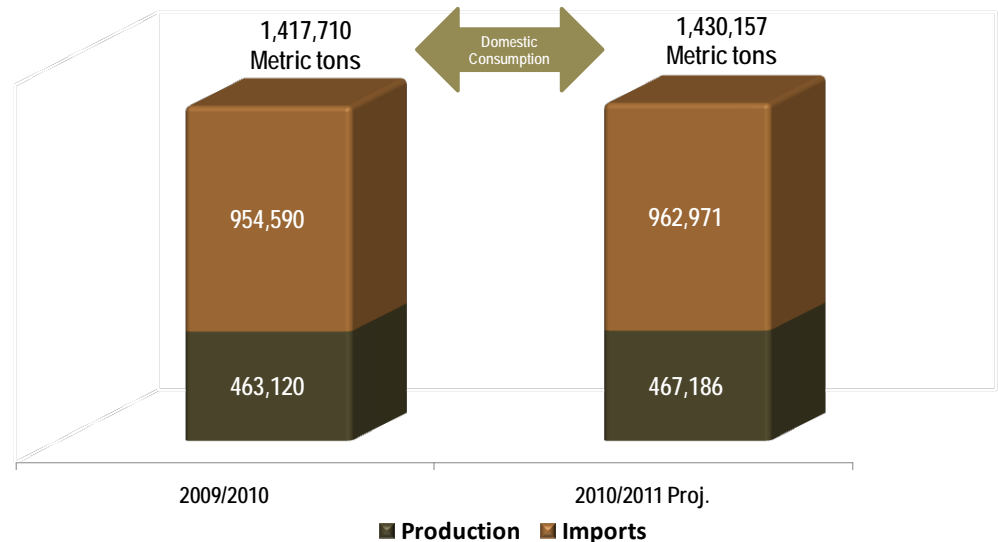
HFCS Imports and Production, Metric tons, dry weight



In the cycle 2010/2011 (to January), Mexico has imported 332,809 metric tons dry weight, 38% up that in the same period in the last cycle.

The production estimated of HFCS in cycle 2010/2011, will increase about 1%.

HFCS Imports and Production, cycles 2009/2010 and 2010/2011 Metric tons, dry weight



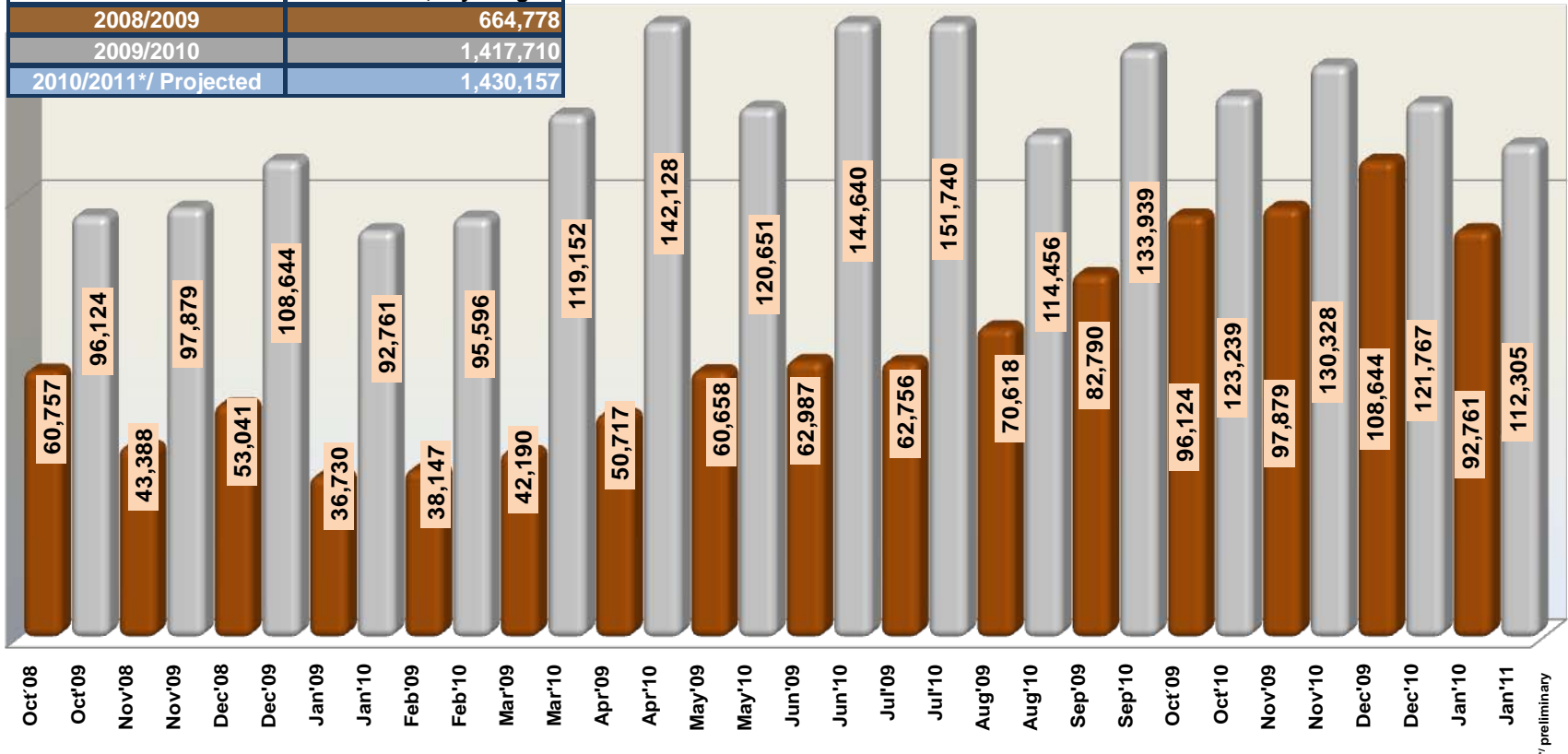
■ Production ■ Imports

II. North American Regional Market a Reality.

II a) Mexican Sweetener Market

HFCS consumption, from Oct'08 to Jan'11
Metric tons, dry weight

Commercial Year	Metric Tons, dry weight
2008/2009	664,778
2009/2010	1,417,710
2010/2011* / Projected	1,430,157

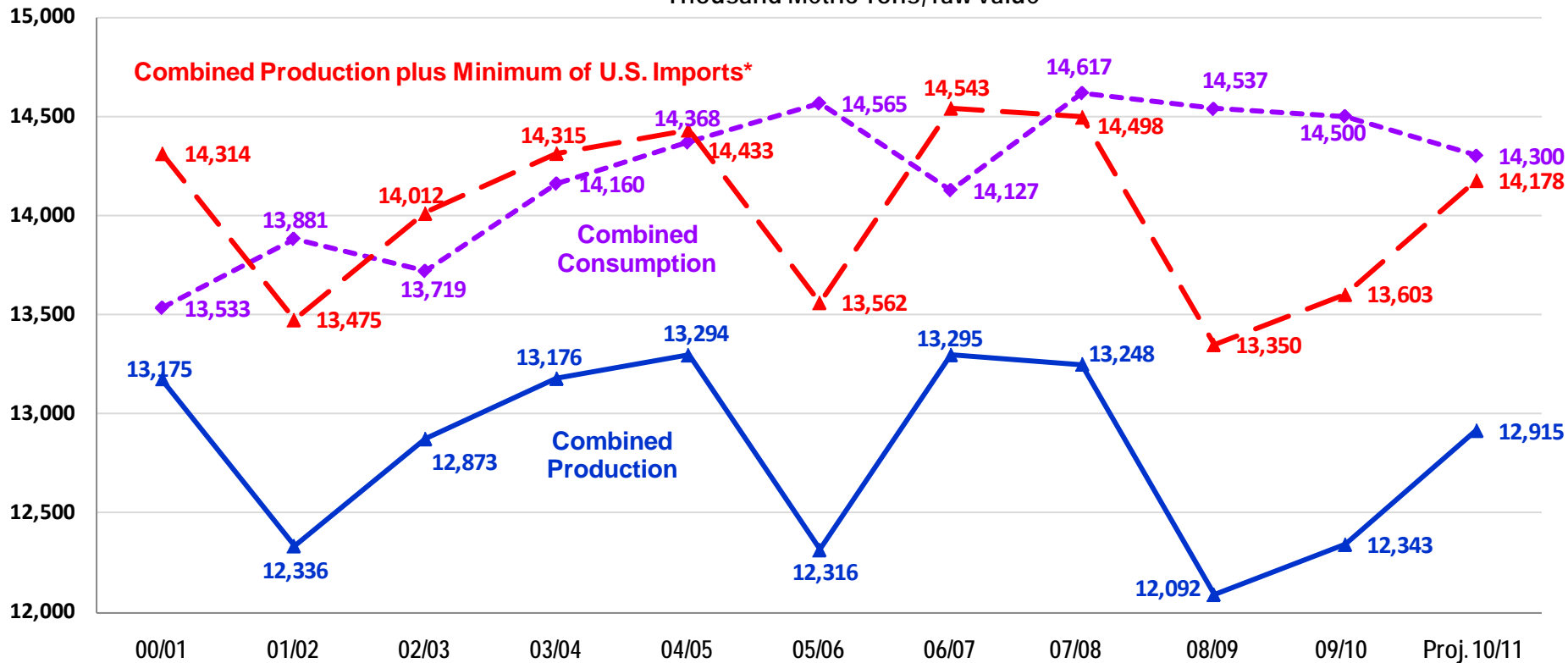


Source: CNIAA

II. North American Regional Market a Reality.

II b) USA Sweetener Market

U.S and Mexico Sugar: Combined Production plus Minimum of U.S. Imports and combined Consumption
 Thousand Metric Tons, raw value

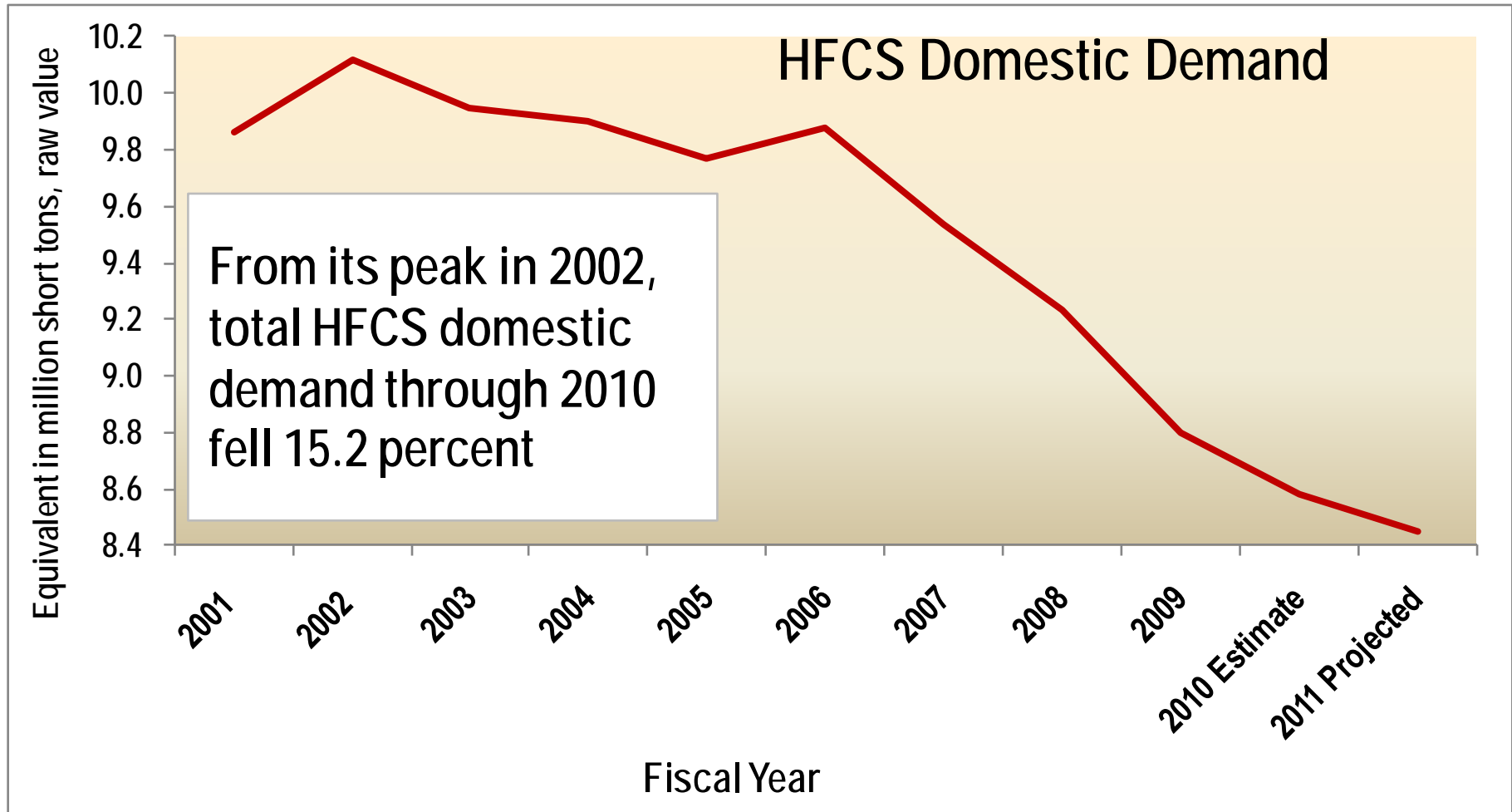


* Mexico and U.S. Production plus Minimum of U.S. Imports (WTO & CAFTA)

Source: USDA, 2010/2011 forecast

II. North American Regional Market a Reality.

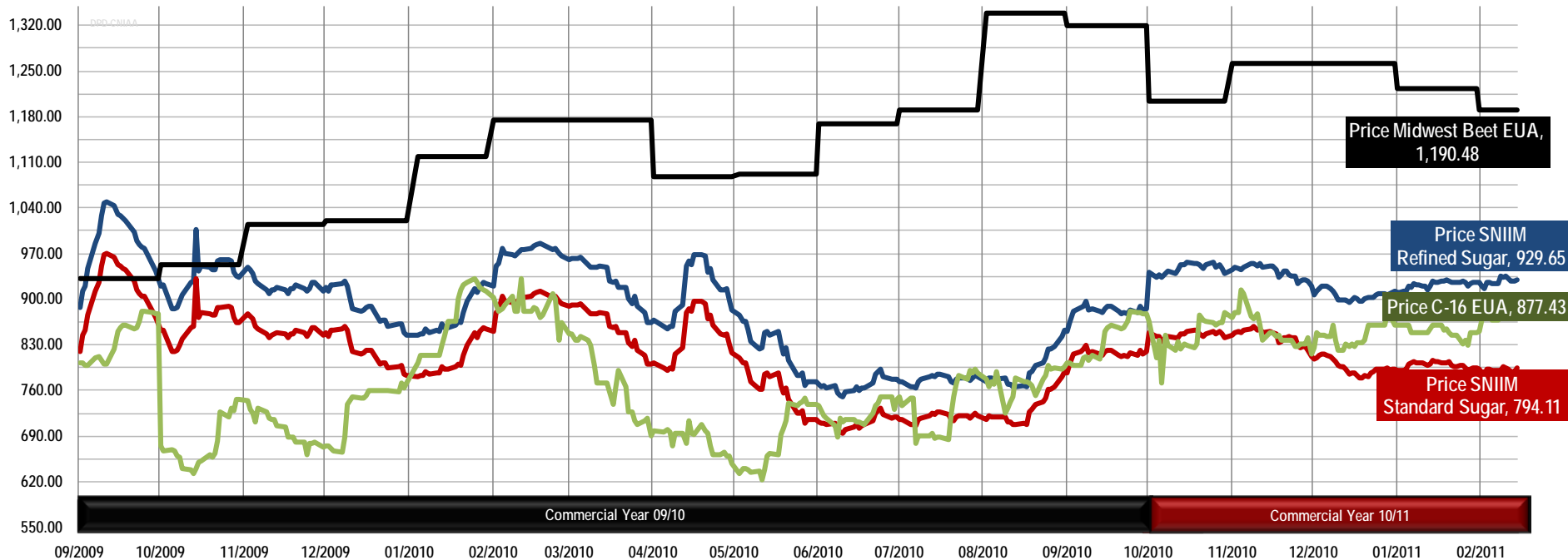
II b) USA Sweetener Market



II. North American Regional Market a Reality.

II c) U.S. and Mexico Sweetener Market

Mexico and U.S.: Behaviour of prices under NAFTA
FOB Sugar Mill price Oct 09-Feb 11: Mexico (SNIIM standard and refined) and U.S. (C-16 and Sugar beet Midwest)
(U.S. Dollars/Metric Tons)



Source: Sugar Midwest Beet: [Milling and Baking News](http://www.millingandbakingnews.com), C16-ICE (IntercontinentalExchange): <https://www.theice.com/homepage.jhtml> and Sugar Mexican Prices standard and refined SNIIM: www.economia-sniim.gob.mx/Nuevo/

III. Mexico: Sugar Balance 2010/011 marketing year, advance to January 31, 2011

Concept	October 2010 - January 2011 ^{1/}		
	Total	Standard Sugar	Refined Sugar
Total Supply	2,861,241	1,836,149	1,025,092
Beginning Stocks	918,099	505,275	412,824
Production	1,877,821	1,318,476	569,345
Total Imports	55,321	12,399	42,922
Non quota	2,568	88	2,480
Quota	52,753	12,310	40,443
Total Demand	1,719,836	1,108,956	610,880
Total Exports	342,698	161,728	180,970
Sugar Mills	241,768	117,915	123,853
Definitive	241,768	117,915	123,853
<i>NAFTA</i>	220,762	111,346	109,416
<i>Rest of the World</i>	1,275	50	1,225
<i>IMMEX</i>	19,730	6,519	13,212
Temporaly	-	-	-
Other Companies	100,931	43,814	57,117
Domestic Consumption	1,377,138	947,277	429,911
Sugar Mills Domestic Sales	1,321,817	934,829	386,988
Other Imports	55,321	12,399	42,922
Non Quota	2,568	88	2,480
Quota	52,753	12,310	40,443
Ending Stocks	1,141,405	727,193	414,212

1/ Preliminary data

Source: CONADESUCA