



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Agricultural Outlook Forum
U.S. Department of Agriculture

Presented: February 23-24, 2012

North American Sugar Markets and Policies

Randy Green

Sweetener Users

A S S O C I A T I O N

North American Sugar Markets and Policies

**Agricultural Outlook Forum 2012
February 24, 2012**

**One Massachusetts Ave., NW – Suite 800
Washington, DC 20001**



Mexico in U.S. Balance Sheet

- Largest single import source since 07/08
- 07/08-11/12F: Average 1.08 million STRV
 - Range 694,000 to 1,705,000

Year	% of Total U.S. Imports	% of Total U.S. Supply
2007/08	26.5	5.5
2008/09	45.5	11.4
2009/10	24.3	6.3
2010/11	45.7	13.1
2011/12F	28.6	6.6

Sweeteners: A NAFTA Success

- Important new unrestricted supply source
- Available to meet growing demand as U.S. production stable, TRQ imports lower
- TRQ restrictions in '08 farm bill make Mexican supplies essential
- Pre-NAFTA fears of “import flood” wildly overblown, not borne out
- HFCS growth helps corn sector, trade balance



Mexico in Current U.S. Policy Framework

- Only unrestricted source of supply
- Only element of U.S. policy not designed to short markets
- Source of refined sugar when WTO TRQ extremely small
- Has made USDA more cautious on TRQs
 - Only downside from users' standpoint



SUA Policy

- NAFTA working, should not be re-opened
- Re-export program should be preserved
- Information-sharing should be improved



NAFTA & USDA Policy Goals

- USDA has stated goal of more transparency – SUA agrees
- Stocks target would enhance transparency, provide information to markets
- Should this be U.S. or North American stocks target?



NAFTA Stocks Target?

- Market not yet completely integrated
 - Blended target may give distorted view
- Prices not identical in U.S., Mexico
- Most imports from Mexico don't go directly to end users
 - Only 11% by one estimate, so availability to users different
- Differences in packaging, delivery mode, transportation in 2 markets



Mexico TRQs

- NAFTA allows both countries to import from third countries
- No violation of NAFTA alleged

Mexico Imports

Year	% of Total Mexico Supply	% of U.S. 3 rd Country Imports
2010/11	4.5	14.3
2011/12	5.7	16.9

Mexico TRQ

- If U.S. involved in Mexico TRQ decisions – Mexico helps USDA set WTO TRQ?
 - 39 potential plaintiffs
- “Back-filling?”
 - No, but even if so ... simply reflects draw of high, distorted U.S. prices



Re-Export Programs

- Fully consistent with NAFTA
 - Specifically mentioned in agreement; no provision to phase out
- Mexico can terminate trade any time
- Benefits U.S. refiners via added throughput
- Provides jobs in low-income border region
- If halted, trade wouldn't return to U.S.



NAFTA: Working for Sweeteners

- U.S., Mexico governments have good communications, forums
 - Should continue government-to-government to help resolve multi-commodity problems
- Government should work together to supply both markets adequately, at reasonable prices
- Keep NAFTA working

