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**The Central American Sugar Industry:
Efficiency and Competitiveness**

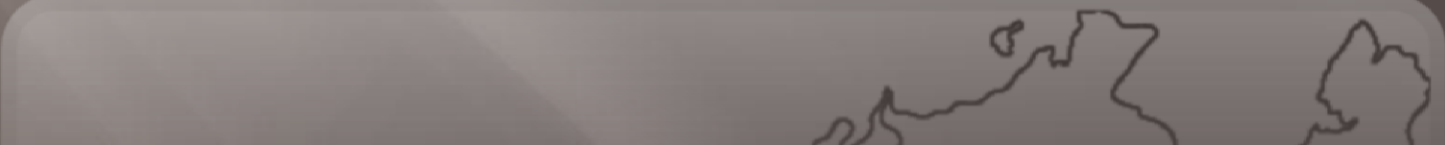
José A. Orive



**THE CENTRAL AMERICAN
SUGAR INDUSTRY:**

**EFFICIENCY AND
COMPETITIVENESS**



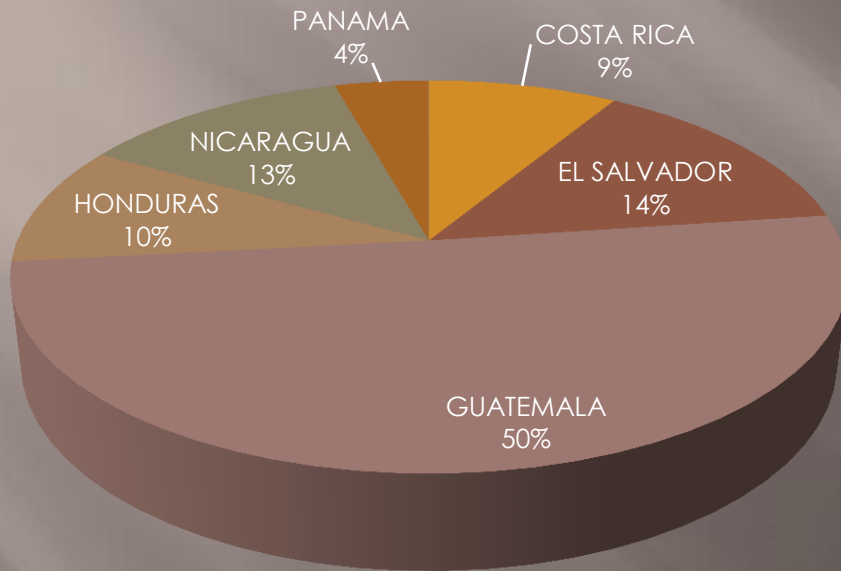


FINAL RESULTS 2010-2011 HARVEST

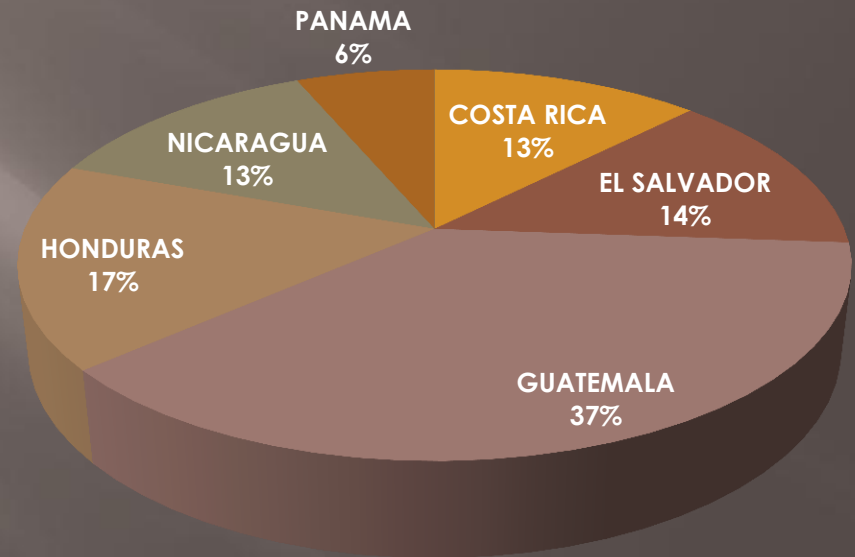
COUNTRY	PRODUCTION MTRV	INTERNAL CONSUMPTION MTRV	EXPORT MTRV	CULTIVATED AREA HECTARES
COSTA RICA	354,281	233,375	118,060	53,000
EL SALVADOR	573,797	255,300	318,497	63,411
GUATEMALA	2,048,152	700,000	1,348,152	235,000
HONDURAS	403,811	317,515	86,206	44,703
NICARAGUA	505,540	243,712	261,862	77,141
PANAMA	176,724	120,202	44,503	25,452
TOTAL	4,062,305	1,870,104	2,177,280	498,707

FINAL RESULTS 2010-2011 HARVEST

PRODUCTION MTRV

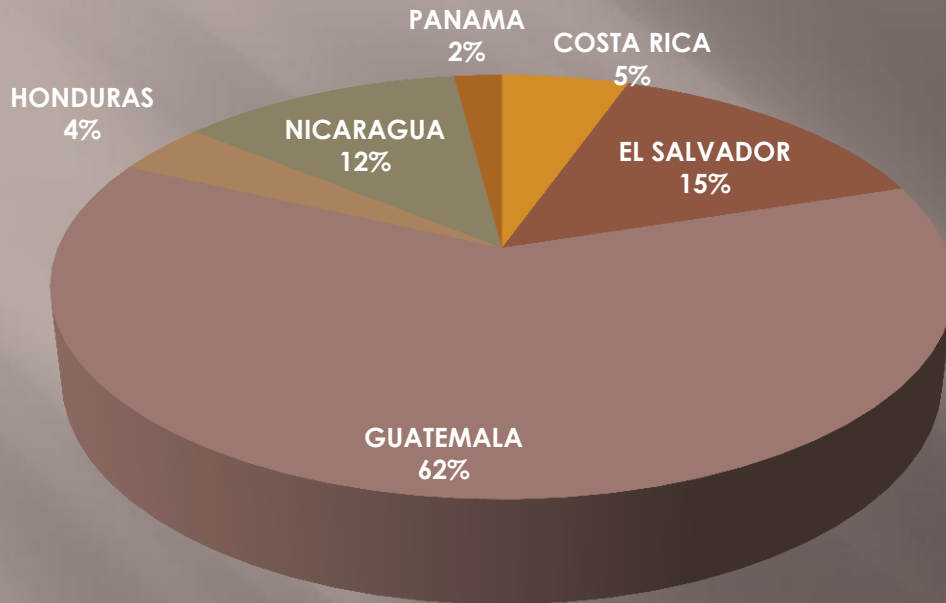


INTERNAL CONSUMPTION MTRV

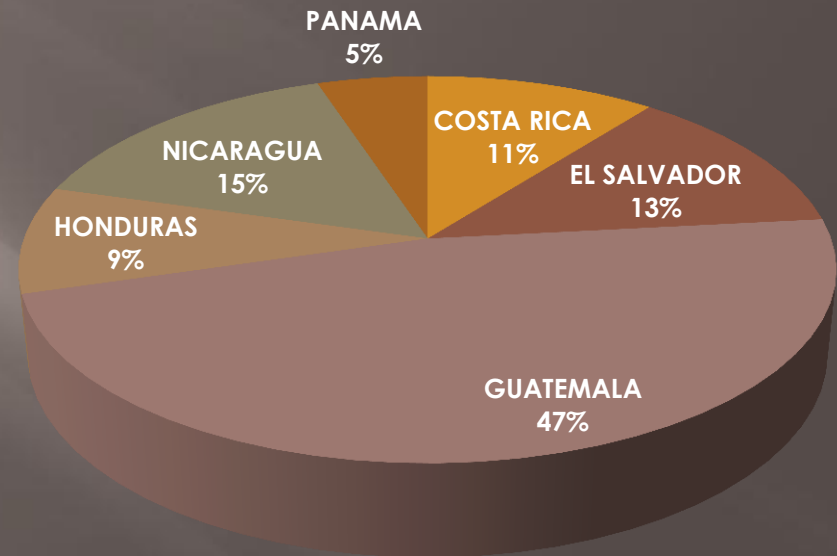


FINAL RESULTS 2010-2011 HARVEST

EXPORT MTRV



CULTIVATED AREA HECTARES

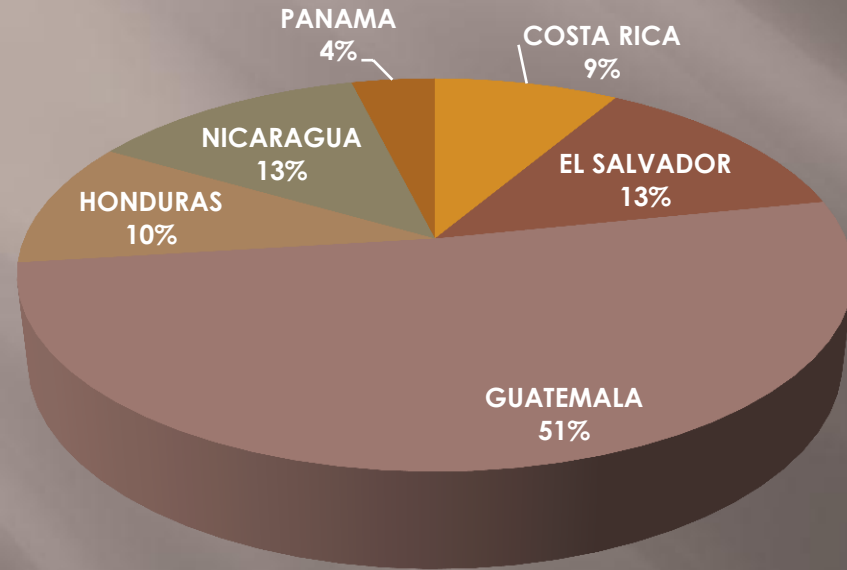


PROJECTIONS 2011-2012 HARVEST

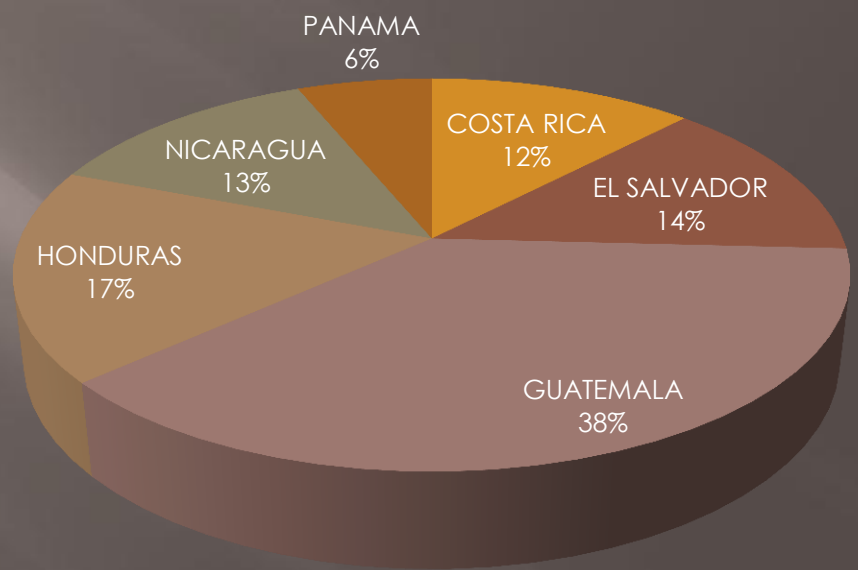
COUNTRY	PRODUCTION MTRV	INTERNAL CONSUMPTION MTRV	EXPORT MTRV	CULTIVATED AREA HECTARES
COSTA RICA	390,161	236,657	123,148	57,158
EL SALVADOR	607,401	262,200	345,201	64,861
GUATEMALA	2,346,000	725,006	1,620,994	235,000
HONDURAS	472,838	337,700	135,043	55,000
NICARAGUA	585,098	249,805	335,333	82,141
PANAMA	176,724	120,202	44,503	25,452
TOTAL	4,578,222	1,931,570	2,604,222	519,612

PROJECTIONS 2011-2012 HARVEST

PRODUCTION MTRV



INTERNAL CONSUMPTION MTRV

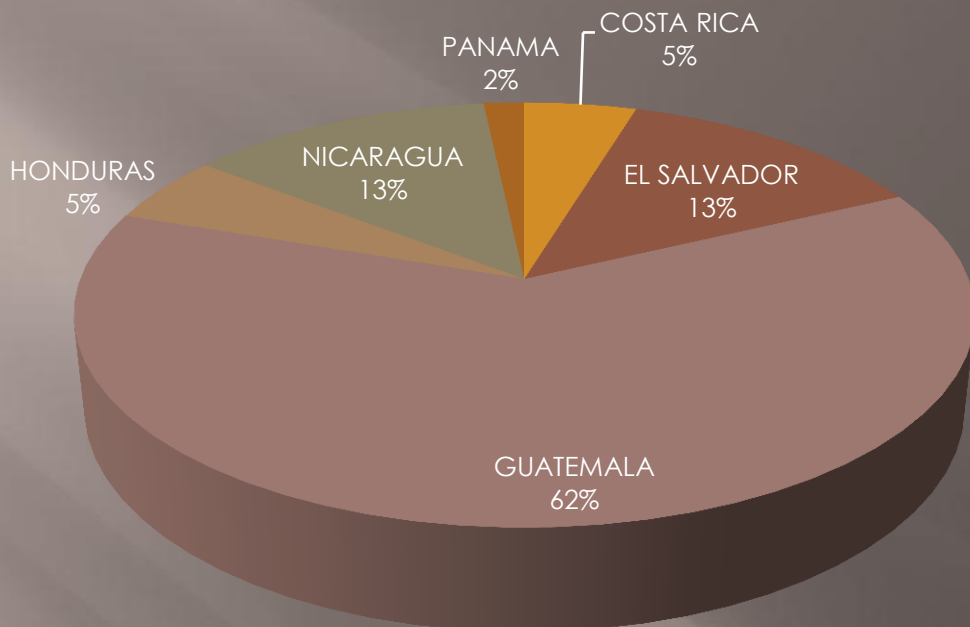


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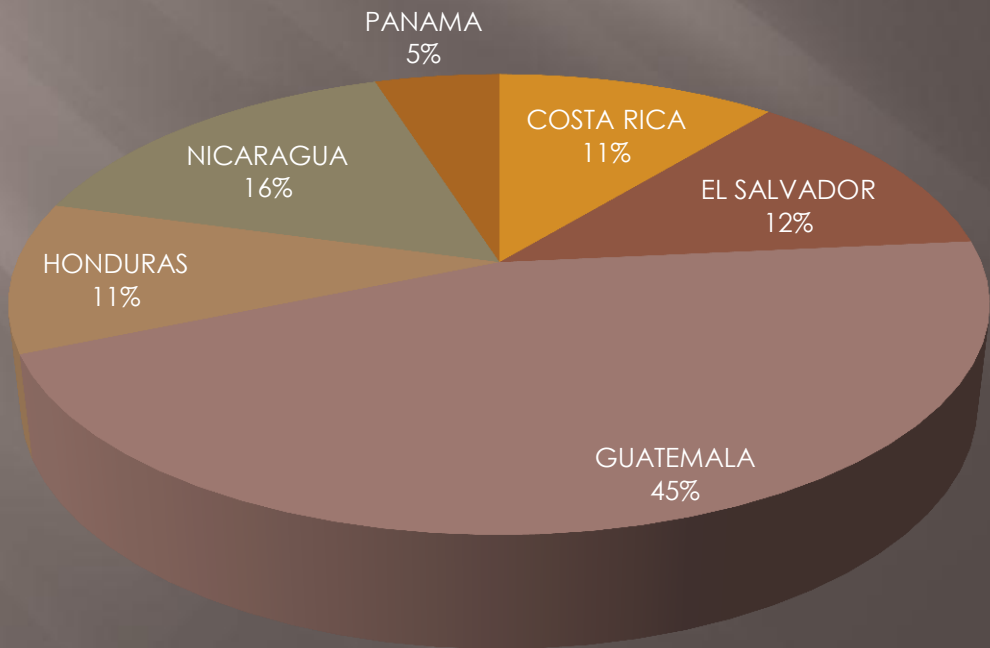
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EXPORT MTRV



CULTIVATED AREA HECTARES





**WHAT DOES THE
CENTRAL AMERICAN
SUGAR INDUSTRY
EXCEL AT?**

RECENTLY THE WORLD BANK NAMED CENTRAL AMERICA AS THE #1 REGION IN THE WORLD THAT DERIVES ITS ENERGY FROM RENEWABLE SOURCES. WITHIN THIS CONTEXT THE COGENERATION OF ELECTRICITY UTILIZING BAGASSE IS ONE OF THE MAIN DRIVERS IN THIS ACHIEVEMENT, CONTRIBUTING AS MUCH AS 46% OF TOTAL OUTPUT IN THE COUNTRIES THROUGHOUT THE REGION.

THIS IS CLEAN, ENVIRONMENTALLY-FRIENDLY ENERGY THAT AT THE SAME TIME TAKES CARE OF ANY “SOLID” LEFTOVERS FROM THE CANE EMPLOYED TO PRODUCE SUGAR. IT NOT ONLY MAKES OUR AIR CLEANER BUT THE COUNTRIES ALSO SIGNIFICANTLY BENEFIT FROM HUGE SAVINGS IN THE MONIES THAT THEY WOULD OTHERWISE BE FORCED TO SPEND IN IMPORTING FOSSIL FUELS.



THE MOST EFFICIENT SUGAR LOADING TERMINAL IN THE WORLD

EXPOGRANEL IN GUATEMALA HAS BEEN RATED AS THE MOST EFFICIENT SUGAR TERMINAL FOR THE PAST 3 YEARS. IT'S CAPACITY REACHES 2,100 METRIC TONS PER HOUR AND IS INVESTIGATING ALTERNATIVES TO ENHANCE CAPACITY EVEN FURTHER.

THE MOST SUCCESSFUL MICRO-NUTRIENT PROGRAM IN THE WORLD

THE FORTIFICATION OF SUGAR WITH VITAMIN "A" HAS SIGNIFICANTLY CONTRIBUTED TO IMPROVING THE HEALTH OF ALL CENTRAL AMERICANS. THE PROGRAM HAS BEEN IN EFFECT FOR OVER 35 YEARS THANKS TO THE RESOURCES AND TECHNOLOGY DEVELOPED BY THE SUGAR SECTOR IN 4 COUNTRIES. INFANT BLINDNESS WAS COMPLETELY ERRADICATED IN GUATEMALA THANKS TO THE ADDITION OF "RETINOL" TO ALL SUGAR CONSUMED DOMESTICALLY.

**MARKET ACCESS – CENTRAL AMERICA IS THE
#1 REGION IN THE WORLD WITH MARKET
ACCESS FOR SUGAR AND ITS EXPORTS ARE
DESTINED TO MULTIPLE DESTINATIONS, MANY
UNDER EXISTING TRADE AGREEMENTS.
OPTIMUM PLACEMENT OF BOTH RAW AND
REFINED SUGAR IS A TOP PRIORITY.**

EUROPEAN UNION

CENTRAL AMERICA HAS NEGOTIATED AN “ASSOCIATION AGREEMENT” WITH THE EUROPEAN UNION THAT IS SOON TO TAKE EFFECT. UNDER THIS ACCORD, THE 6 NATIONS WILL HAVE A TOTAL ACCESS OF 162,000 METRIC TONS TM, WITH A YEARLY INCREASE OF 4,500 TM, AND HAVE DECIDED TO COMMERCIALIZE THE ENTIRE AMOUNT AS A GROUP.

**UNDER SEVERAL AGREEMENTS CENTRAL
AMERICA HAS THE FOLLOWING ACCESS
FOR SUGAR:**

•TAIWAN:

•CHILE:

**•CANADA: unlimited access for raws,
whites/refined are part of an ongoing
negotiation.**

UNITED STATES OF AMERICA

TO THE U.S. MARKET CENTRAL AMERICA HAS A TRQ UNDER THE NORMAL WTO SYSTEM AS WELL AS A QUOTA UNDER CAFTA. FOR FY2012, THE TOTAL AMOUNT OF THE FIRST IS 159,927 TM, AND IT INCLUDES THE QUOTA FOR PANAMA, A COUNTRY THAT HAS CONCLUDED ITS FREE TRADE AGREEMENT NEGOTIATIONS WITH THE U.S. BUT IS AWAITING FOR THE ACCESS TO TAKE EFFECT.

WE ANTICIPATE A TRQ INCREASE FOR FY2012 IN EARLY APRIL AND STAND READY TO FULLY SUPPLY THE PROPORTION WE'RE ASSIGNED.

**UNDER CAFTA, WHICH BENEFITS COSTA RICA,
EL SALVADOR, GUATEMALA, HONDURAS AND
NICARAGUA THE TOTAL ACCESS AMOUNTS TO
194,820 FOR CALENDAR YEAR 2012, MAKING
THE TOTAL ACCESS FOR CENTRAL AMERICAN
SUGAR 354,747 TM.**

MEXICO



**THE GIANT VACCUM CLEANER!!!
GIVEN THE DYNAMICS OF FREE ACCESS TO
THE US MARKET UNDER NAFTA AND HIGH
INTERNAL PRICES AS A RESULT OF
SHORTAGES IN SUPPLY, IT'S EXPECTED THAT
HIGH DEMAND FOR CENTRAL AMERICAN
SUGAR INTO MEXICO WILL CONTINUE
DURING THE FORESEEABLE FUTURE.**







TOYOTA

GUATEMALA 2004
P 0118WK



km
232

MEXICO

PRODUCTION: 4.6-4.7 million metric tons tm

CONSUMPTION: 5.4 million metric tons tm

**MEXICAN TRQ ENTRIES INTO US MARKET:
running about 1/2 of last harvest's levels.**

MEXICO WILL CONTINUE TO IMPORT SIGNIFICANT AMOUNTS OF CENTRAL AMERICAN SUGAR TO SATISFY DOMESTIC DEMAND SINCE ITS PRODUCTION WILL BE TARGETED TO US MARKET.

UNDER CONVERGENCE OF FREE TRADE AGREEMENTS, CENTRAL AMERICA HAS THE EXCLUSIVE RIGHT TO PROVIDE 53% OF IMPORTS DECREED & ANNOUNCED.

GIVEN FACTORS LIKE QUALITY, DISTANCE AND AVAILABILITY OF INVENTORIES, IT'S HIGHLY LIKELY SIGNIFICANT PORTIONS OF THE REMAINDER WILL ALSO COME FROM OUR REGION.

- **“UMBRELLA” QUOTA OF 400,000 tm
TO BE SUPPLIED BY CENTRAL
AMERICA.**

- **TOTAL IMPORTS FOR 2012 WILL
EXCEED 500k tm.**

- **YIELDS WILL CONTINUE
DECREASING TENDENCY.**

THANK YOU!!!!