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U.S. Department of Agriculture
Agricultural Outlook Forum 2002
February 20 & 21, 2003

The Central American Sugar Industry:
Challenges Ahead

By

Jose A. Orive



CENTRAL AMERICAN SUGAR ASSOCIATION (AICA)

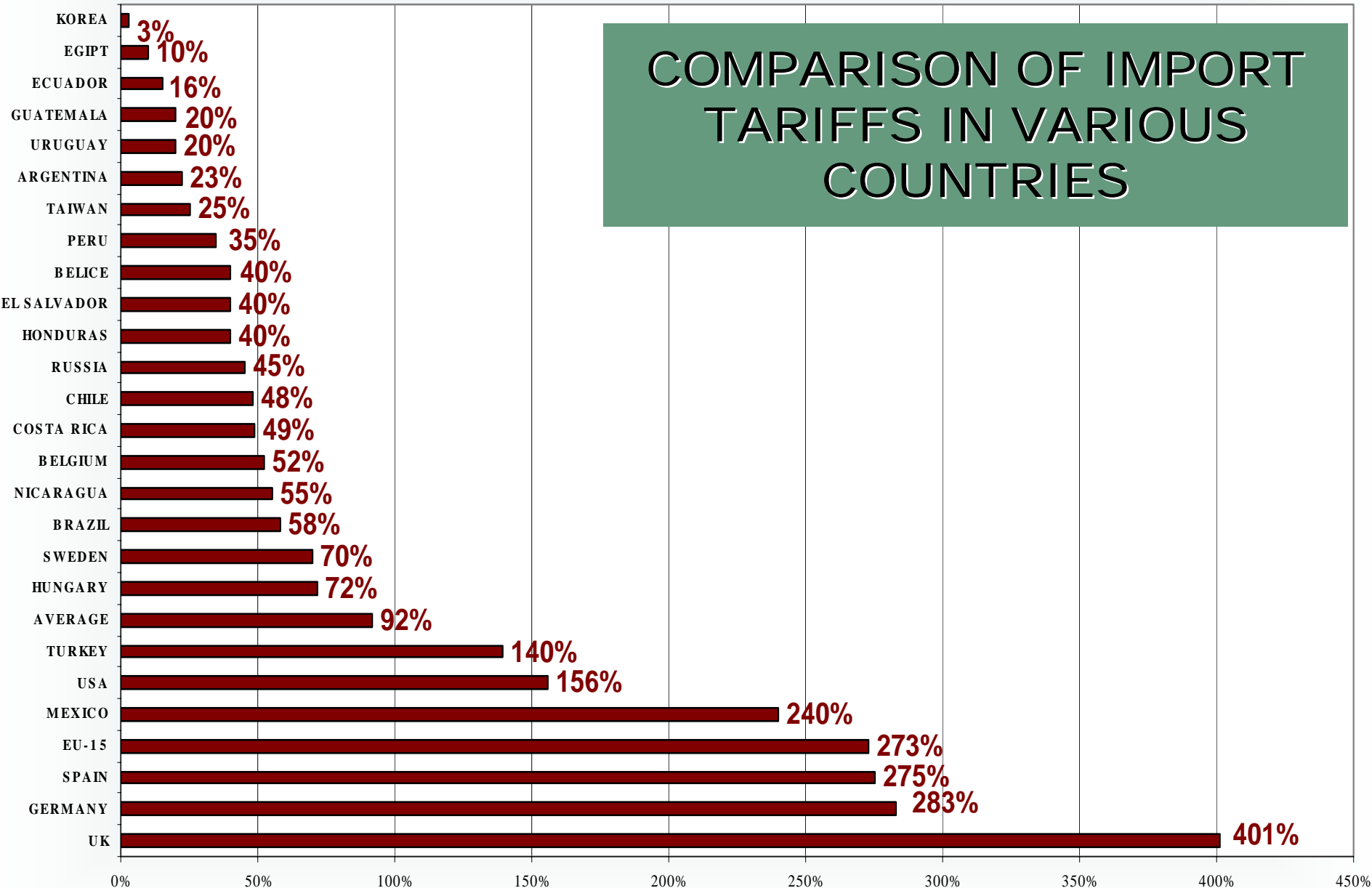
The Central American Sugar Industry:
Challenges Ahead
2003 USDA Agricultural Outlook Forum
Friday, February 21, 2003



Country	Territorial Extention KM2	Population Millions	PIB Per Capita US\$
Costa Rica	51,100	3.53	2610
El Salvador	20,749	5.93	1610
Guatemala	108,890	11.56	1340
Honduras	112,090	5.75	600
Nicaragua	131,812	4.39	380
Panamá	75,517	2.70	2750
TOTAL / AVERAGE	500,158	33.86	1548

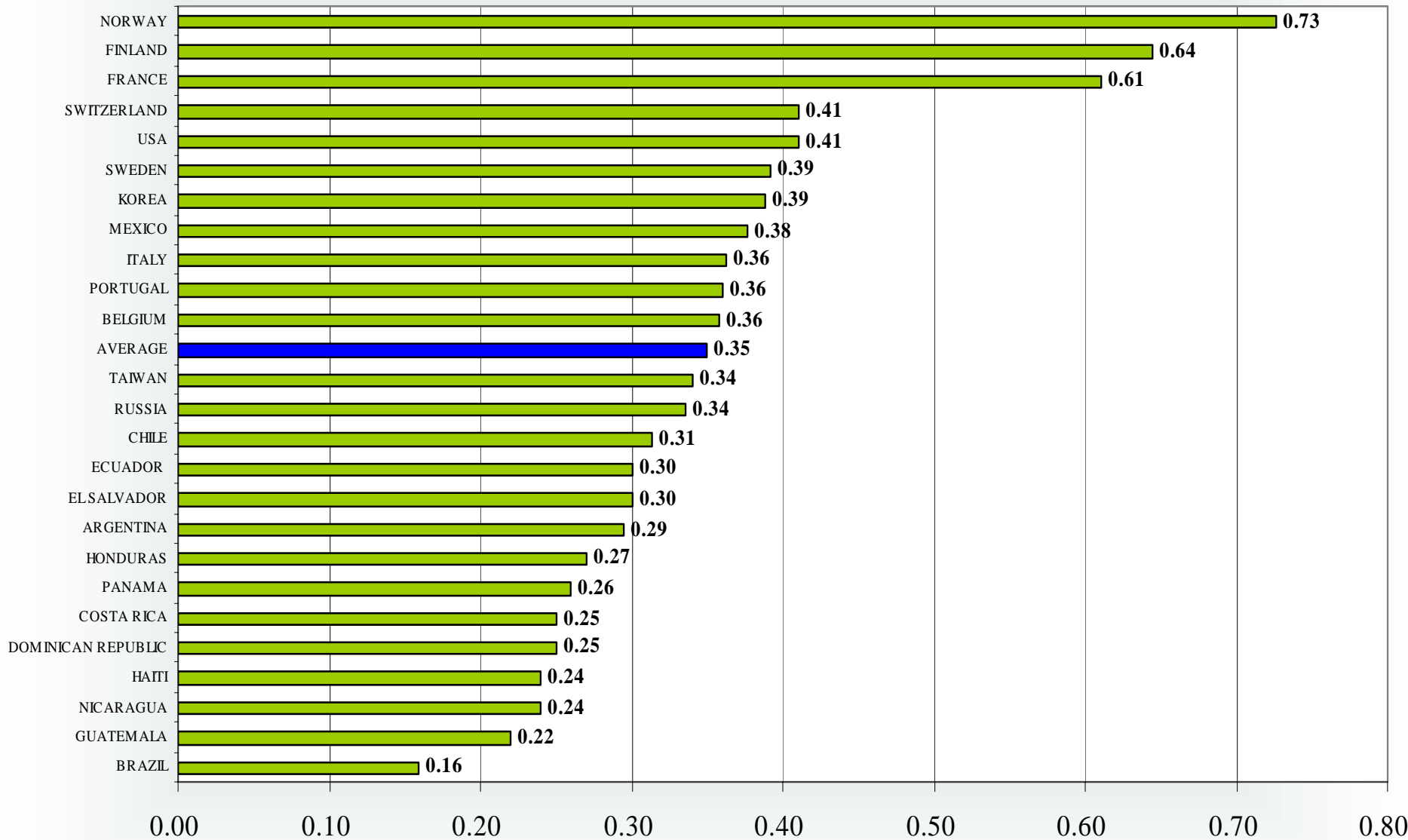
COUNTRY	PRODUCTION MT (Raw Value)	PER CAPITA CONSUMPTION KG.	EXPORTS TM (Raw Value)	YIELD
Costa Rica	384,058	52	140,000	215
El Salvador	503,804	35	265,754	210
Guatemala	1,833,333	35	1,291,387	231
Honduras	344,374	36	10,530	195
Nicaragua	388,446	37	164,066	215
Panama	162,000	31	34,690	219
TOTAL / AVERAGE	3,616,015	38	1,906,427	214

COMPARISON OF IMPORT TARIFFS IN VARIOUS COUNTRIES



SOURCE: Guatemalan Embassies

CONSUMER PRICES FOR WHITE SUGAR IN VARIOUS COUNTRIES



SOURCE: Guatemalan Embassies

THE CENTRAL AMERICAN SUGAR INDUSTRY OPERATES WITHOUT ANY:

- EXPORT SUBSIDIES
- DIRECT SUPPORT PAYMENTS
- PREFERENTIAL FINANCING
- FAVORITISMS OF ANY KIND

GOALS AND CHALLENGES

- MARKET ACCESS
- ERRADICATION OF POLICIES THAT DISTORT SUGAR TRADE
- REAPING REWARDS FOR OUR GENUINE COMPETITIVENESS
- DIVERSIFICATION INTO AREAS THAT BRING VALUE –ADDED

STRATEGIES TO FACE CHALLENGES AND ACHIEVE GOALS

- **DEVELOPING AND STRENGTHENING
STRATEGIC ALLIANCES**
- **REAPING MAXIMUM BENEFITS FROM
INTERNATIONAL TRADE NEGOTIATIONS AND
AGREEMENTS**
 - **ACTIVE LOBBYING**
 - **OPEN AND STRAIGHTFORWARD
COMMUNICATIONS WITH INTERESTED AND
RELEVANT PARTIES**

THE DOHA ROUND – WORLD TRADE ORGANIZATION (WTO)

- IMMEDIATE REDUCTIONS AND PROMPT PHASE-OUT OF EXPORT SUBSIDIES
 - SIGNIFICANT REDUCTIONS AND PROGRESSIVE ELIMINATION OF TRADE – DISTORTING SUPPORT PAYMENTS
- ENHANCEMENT OF MARKET ACCESS

FREE TRADE AREA OF THE AMERICAS (FTAA)

- **CONSOLIDATION OF THE AMERICAS AS AN
EXPORT SUBSIDY FREE ZONE**
- **DISMANTLING DOMESTIC SUPPORT THAT
DISTORTS TRADE**
 - **ENHANCEMENT OF MARKET ACCESS**
- **MECHANISMS TO OFFSET OTHER TRADE
POLICIES THAT DISTORT AGRICULTURAL
TRADE, SUCH AS STRATEGIC
INTENTIONAL CURRENCY DEVALUATIONS**

REGIONAL AND BILATERAL TRADE AGREEMENTS (FTAs)

- REMOVAL OF STATE INTERVENTION IN SUGAR TRADE
- LARGEST MARKET ACCESS POSSIBLE, BOTH FOR RAW AND REFINED SUGAR, AS WELL AS SUGAR-CONTAINING PRODUCTS & ETHANOL
 - DEVELOPMENT OF STRATEGIC ALLIANCES TO ADDRESS PRIORITY ISSUES IN INTERNATIONAL FORA