

Sugar in Mexico: Implications From the Antidumping and Countervailing Duties Suspension Agreements

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CVD SUSPENSION AGREEMENT MEXICO'S EXPORT LIMIT CALCULATION

"U.S. Needs" = (Total Use * 1.135) -
Beginning Stocks - Production - TRQ
Imports - Other Program Imports -
(Footnote 5 for "other high tier" +
"other")

Export Limit Periods

Initial Export Limit Period: 80 percent of U.S. needs as calculated by WASDE on December 2014, effective January 1, 2015. This should be adjusted to cover 100 percent of U.S. needs according to the March WASDE, effective on April 1, 2015.



Subsequent Export Limit Period: 70 percent of U.S. needs as calculated on the July WASDE preceding the Export Limit Period. This limit will be effective on October 1.



Adjustments of Subsequent Export Limit Periods:

- a) Based on the September WASDE of each Subsequent Period, effective on October 1, the Export Limit shall be revised to equal 70 percent of the Target Quantity of U.S.
- b) Based on the December WASDE of each Subsequent Period, effective on January 1, the Export Limit shall be revised to equal 80 percent of the Target Quantity of U.S.
- c) Based on the March WASDE of each Subsequent Period, effective on April 1, the Export Limit shall be revised to equal 100 percent of the Target Quantity of U.S.

Further Restrictions

No more than 30 percent of U.S. Needs calculated in each July and effective October 1 may be exported to the United States during the period October 1 through December

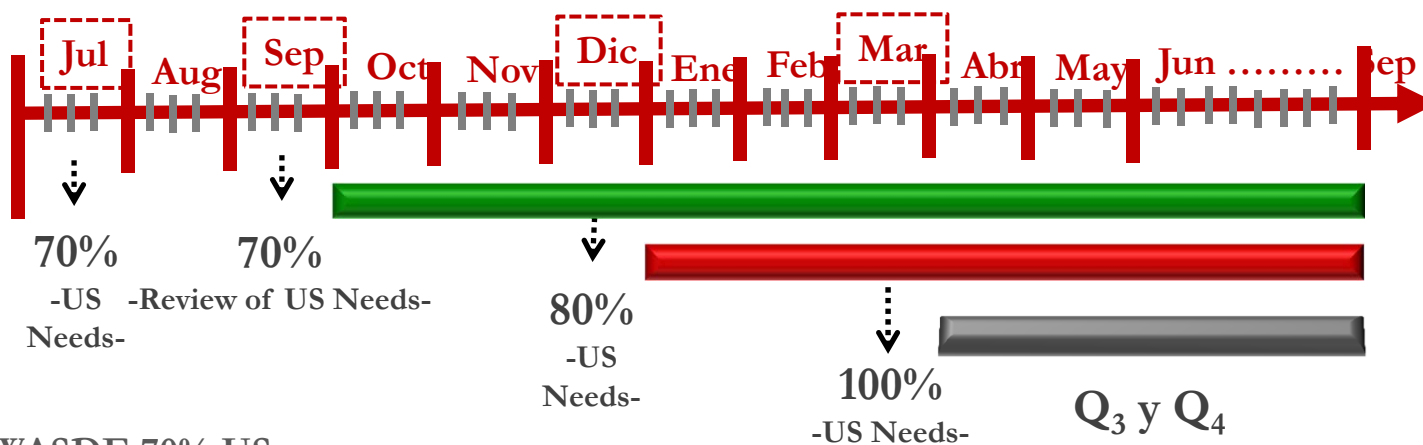


No more than 55 percent of U.S. Needs calculated in each December and effective January 1 may be exported to the United States during the period October 1 through March 31.



Refined Sugar may account for no more than 53 percent of the exports during any given Export Limit Period.

MEXICO'S SUGAR EXPORT QUOTA TIMELINE



JULY WASDE 70% US
NEEDS

SEPT WASDE 70% US
NEEDS

DEC WASDE 80% US
NEEDS

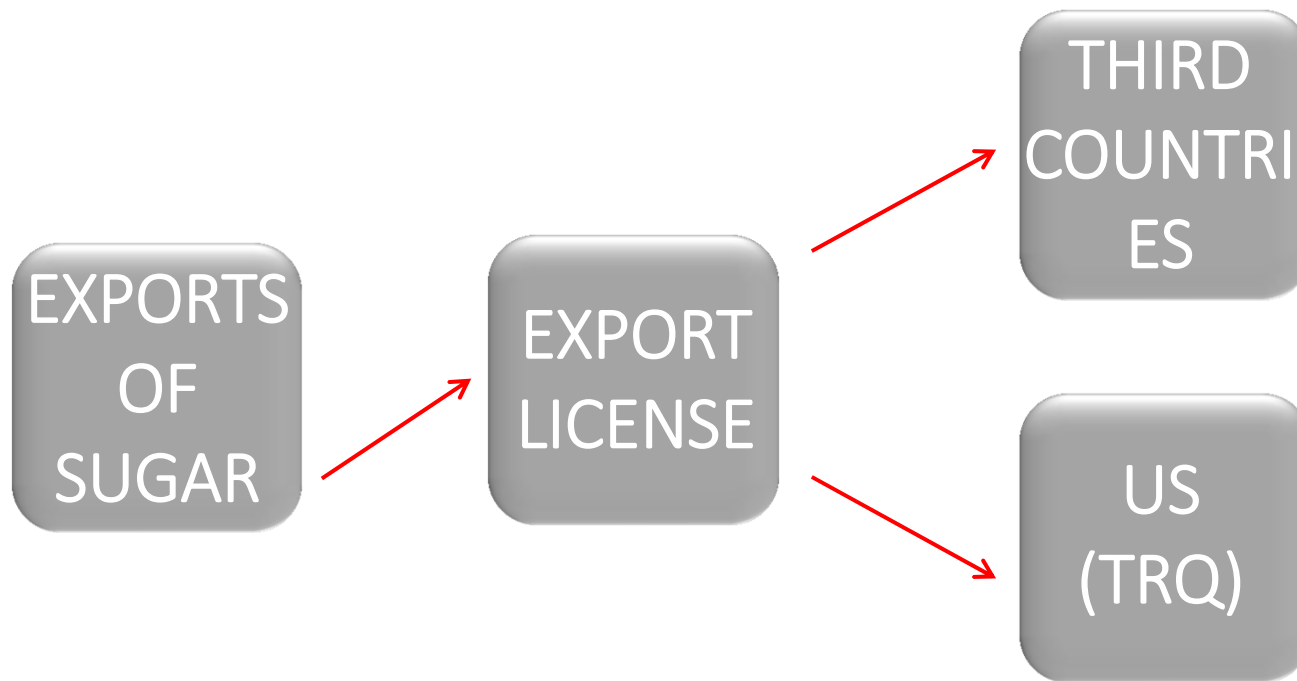
MARCH WASDE 100% US
NEEDS

$$Q_1 \leq 30\%$$

$$Q_1 + Q_2 \leq 55\%$$

$$Q_1 + Q_2 + Q_3 + Q_4 \text{ Refined sugar may account no more than 53\%}$$

MEXICO'S SUGAR EXPORT PROCESS



EXPORT LICENSE EXPEDITION PROCESS

INGENIO



Submits Information

- ✓ Shipment
- ✓ Quantity
- ✓ Merchandise
- ✓ Price



TRADER

AUTOMATIC TRANSMISSION FROM
EXPORT PERMIT INFORMATION



Review

- ✓ Balance
- ✓ Time Period
- ✓ % refined
- ✓ Price



Modifications to the IMMEX Program

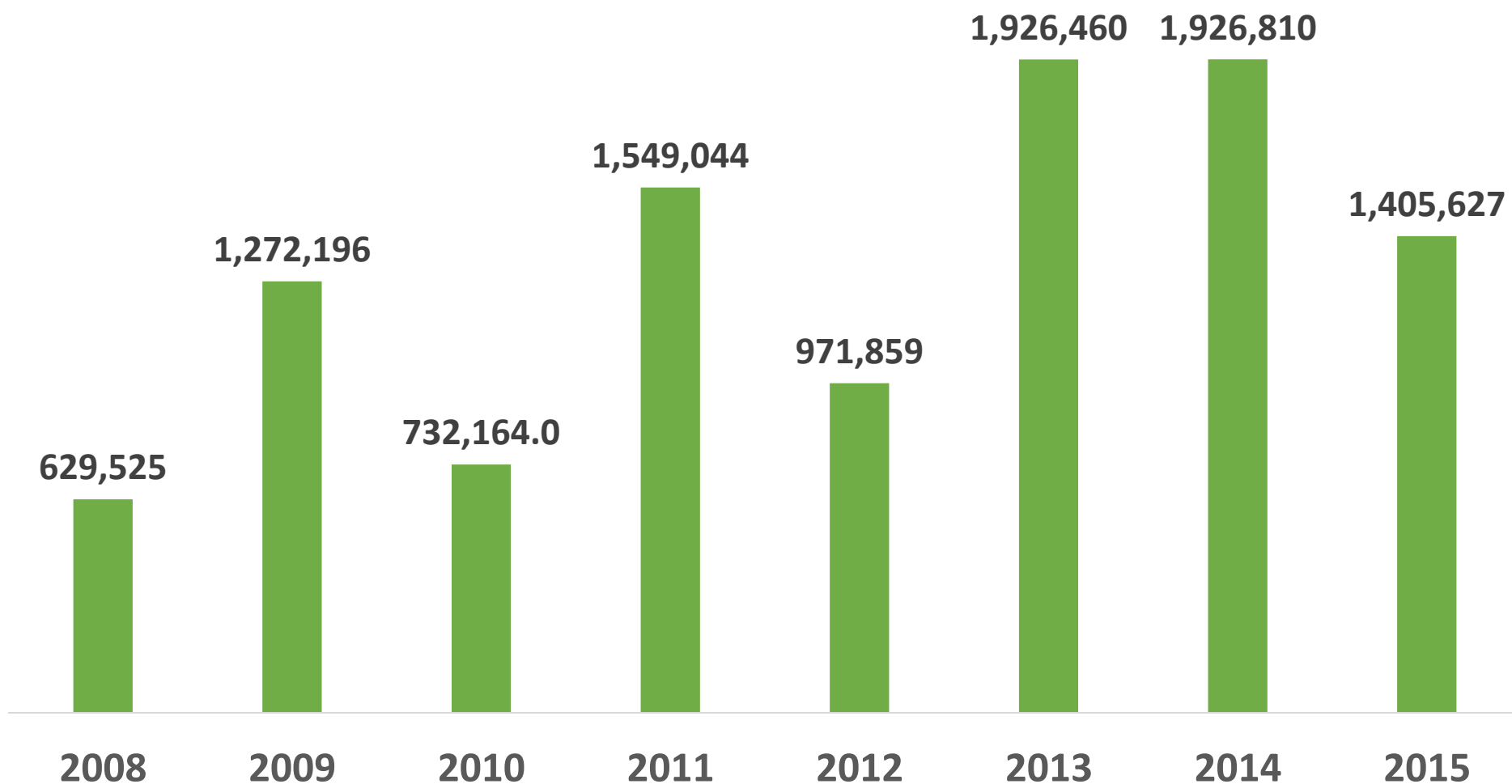
On January 6th 2016, The Government of Mexico published a decree that modifies IMMEX program for sugar, textiles, certain minerals, aluminum and tobacco, among others.



The modification prohibits sugar that benefits from the U.S. Sugar Re-export Program from using the IMMEX program in Mexico.

US Imports of sugar from Mexico Fiscal Years 2008-2015

volume in metric tons raw value



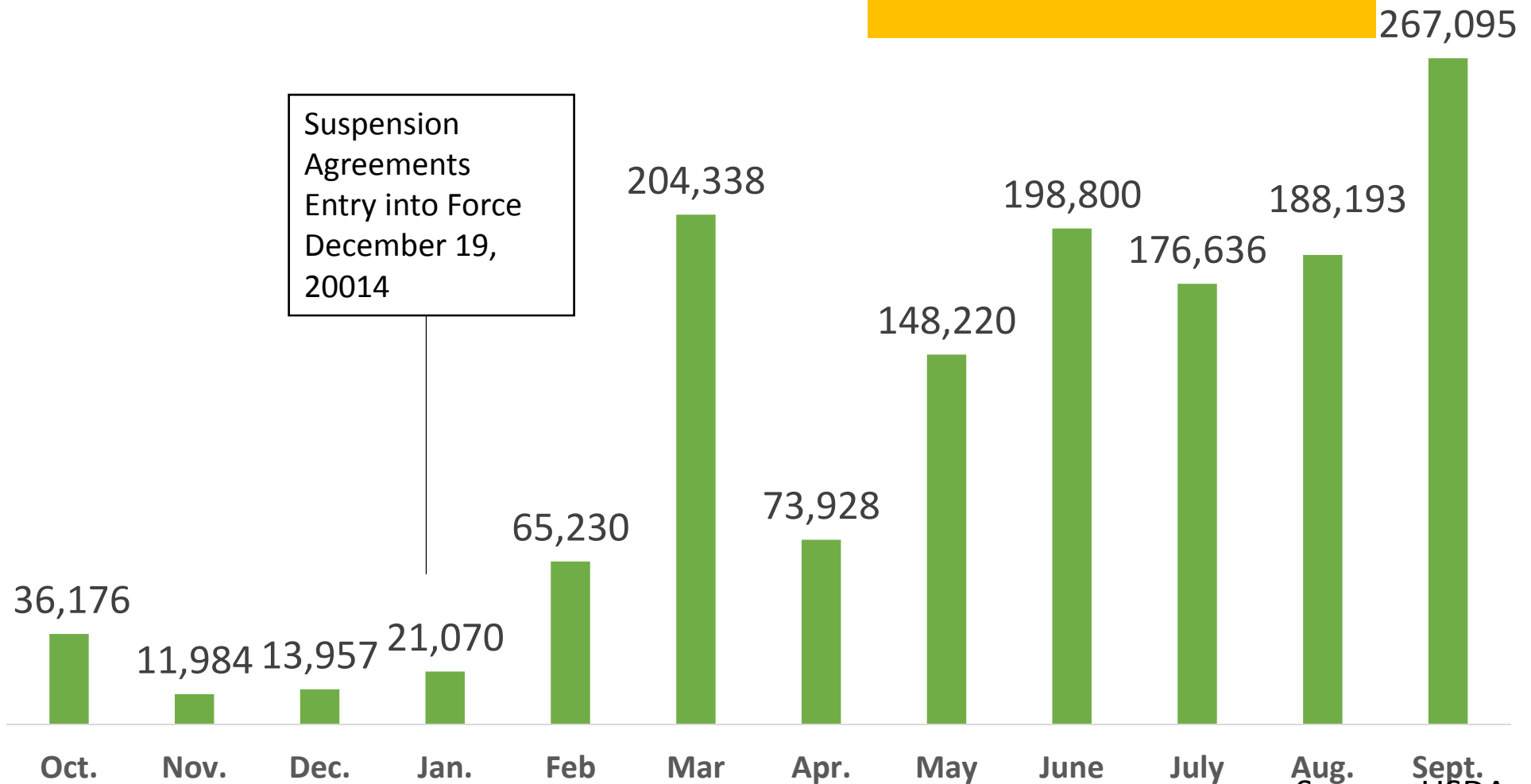
Source: USDA



US monthly imports of sugar from Mexico Fiscal Year 2015

volume in me

**US Imports from Mexico:
Jan – Sept 2015
1,343,510**

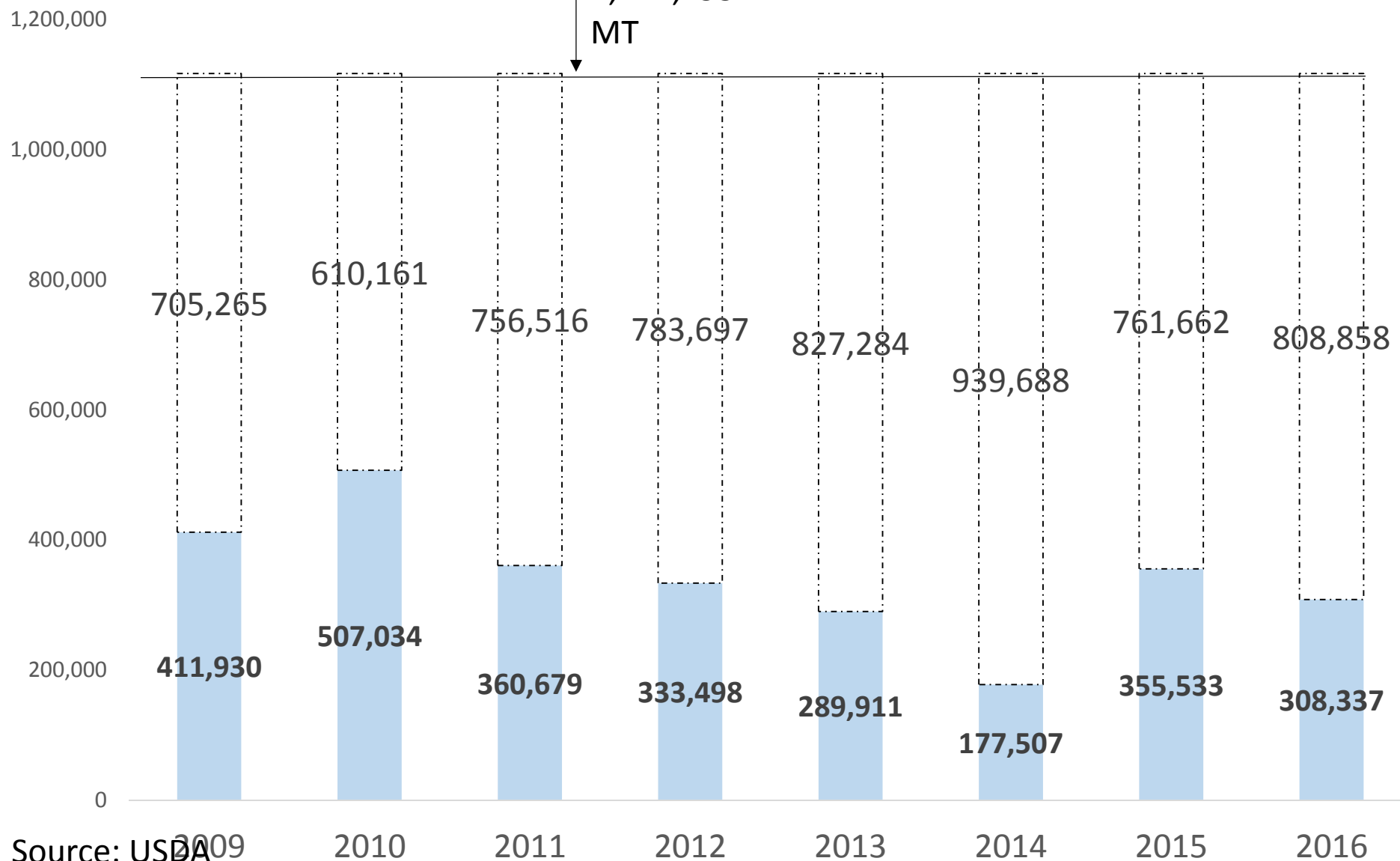


Source: USDA

US Imports of raw sugar under WTO TRQ October – January Fiscal Year 2009 – 2016

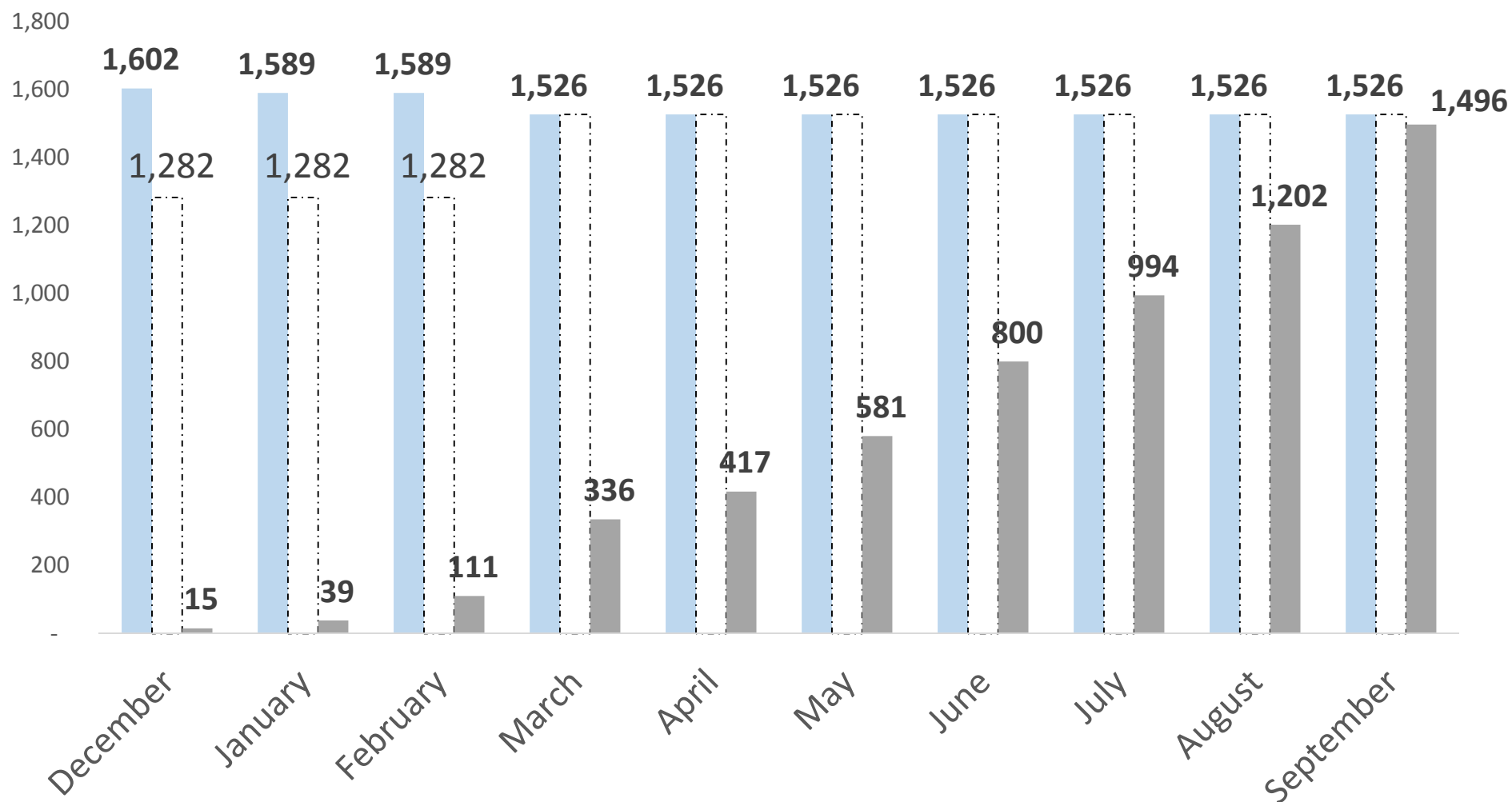
WTO TRQ
1,117,195
MT

Metric Tons raw Value



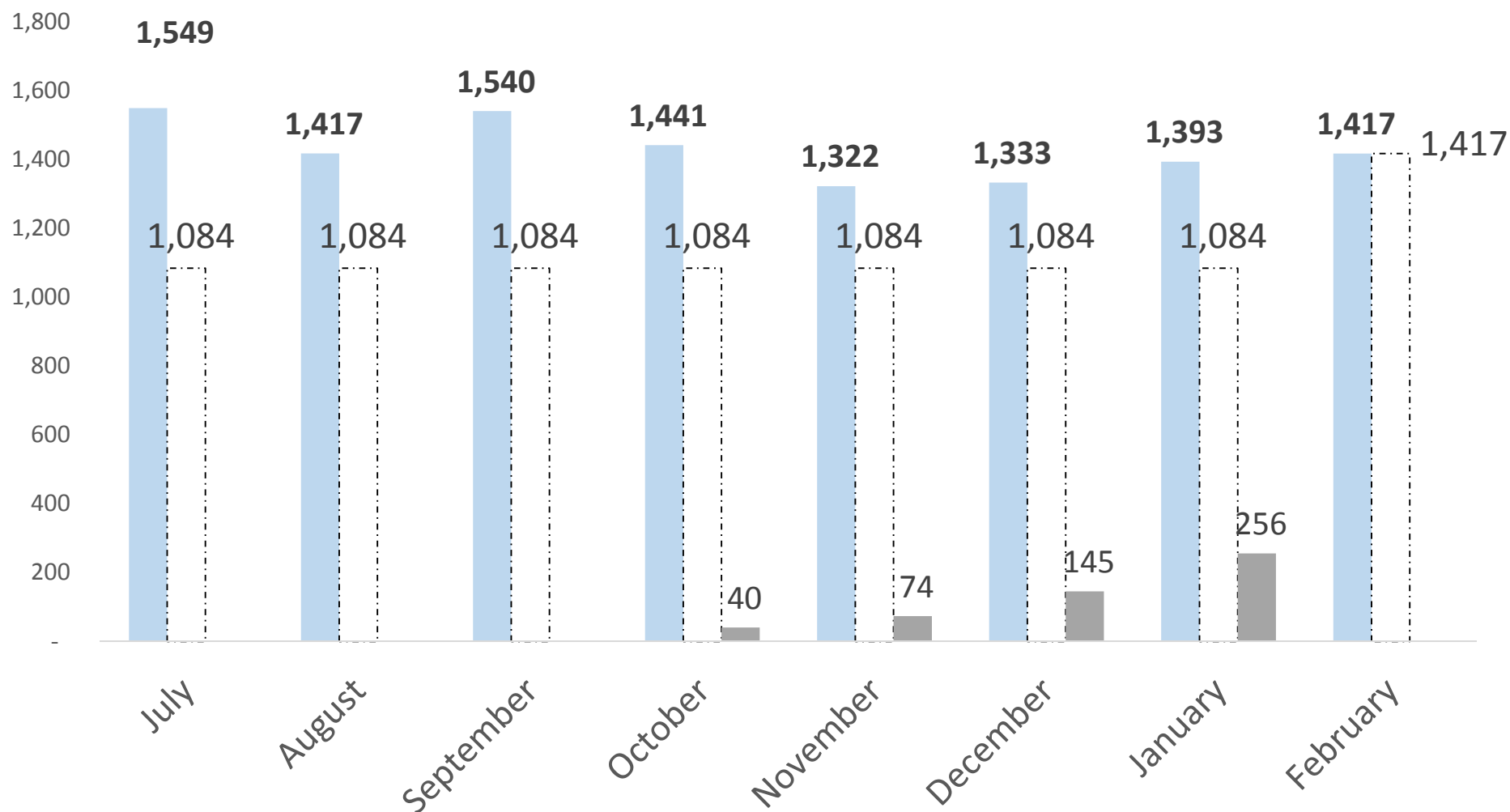
Source: USDA

WASDE: Estimates of US sugar Needs and Mexico's Export Limit Fiscal Year 2015 Short Tons, Raw Value



Source: USDA

Estimates of US sugar Needs and Mexico's Export Limit Fiscal Year 2016 Short Tons, Raw Value



Source: USDA

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