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Report Highlights:

Post forecasts Mexico's sugar production at 5.5 million metric tons raw value (MMT-RV) for marketing year (MY) 2024/25 (October 1 – September 30), 13 percent higher than the estimate for MY 2023/24. The increased production forecast is based on unseasonal rains in several sugarcane-producing states from October 2023 through January 2024, the planting season for the MY 2024/25 crop, and expected changes in weather conditions as La Niña phenomenon could begin towards the middle of 2024. The National Committee for the Sustainable Development of Sugar Cane (CONADESUCA) has not yet published an official MY 2024/25 forecast. On March 7, CONADESUCA published its third production estimate for MY 2023/24, showing a decrease in sugar production due to lower estimated planted area and lower factory yields.

PRODUCTION

Post forecasts MY 2024/25 (October 1 – September 30) sugar production at 5.5 MMT-RV, a 13 percent increase from MY 2023/24 due to unseasonal rains in several sugarcane-producing states during the planting season for the MY 2024/25 sugarcane crop. These late rains during the October 2023-January 2024 period are projected to positively impact sugar production in the coming marketing year. In addition, for MY 2024/25, there are expected changes in weather conditions as the La Niña phenomenon could begin towards the middle of 2024, which coincides with the rainy season in Mexico. This could mean more sugarcane produced per hectare and higher saccharose levels in the sugarcane, thereby increasing production yields for MY 2024/25. CONADESUCA has not yet published an official MY 2024/25 forecast.

On March 7, CONADESUCA published its third production estimate for MY 2023/24 at 5.03 MMT-RV¹, a decrease of 224,834 MT-RV from the previous estimate. Post estimates MY 2023/24 sugar production at 4.9 MMT-RV, 12 percent lower than in MY 2022/23. Based on the latest available national balance reported by CONADESUCA (February 2024), initial output has fallen behind average production levels for the first 5 months of MY 2023/24. According to the latest National Balance report, as of February 2024, production reached 2.5 MMT-RV, 18 percent below the same period in MY 2022/23. On April 3, 2024, CONADESUCA published the third national balance estimate for MY 2023/24 (see Table 1).



Source: FAS crop travel to Veracruz, March 2024. Trucks unloading sugarcane at La Gloria mill.

¹ One Metric Ton Raw Value (MT-RV) = 0.943396226 Metric Tons (MT)

**Table 1: MY 2023/24 CONADESUCA Third Official Balance Estimate
Metric Tons Raw Value (MT-RV)**

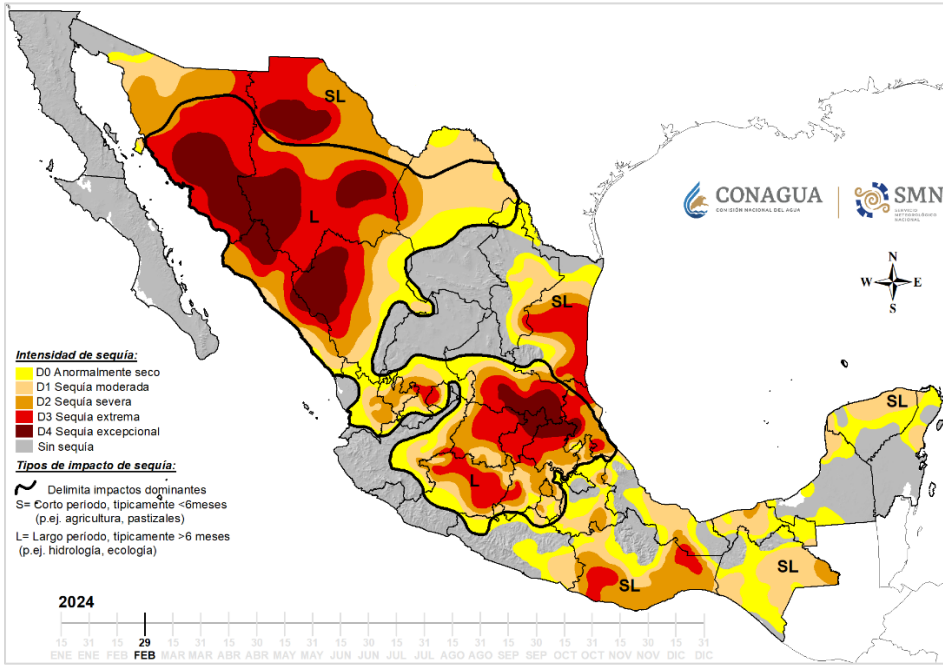
Total Supply	6,377,668
Beginning Stocks	885,196
Production	5,031,372
Imports	461,100
Total Use	5,470,028
Exports	652,255
The U.S. and Puerto Rico	513,017
World Markets	139,238
Deliveries to Domestic Users	4,817,773
IMMEX	318,000
Food	4,499,773
Ending Stocks	907,640

CONADESUCA's Third Estimate as of April 3, 2024

According to data from Mexico's National Water Commission (CONAGUA), as of February 29, 131 sugar-producing municipalities (out of 267 – 49 percent) are experiencing moderate to exceptional drought (see Map 1), 10 have exceptional drought (8 in San Luis Potosi), 19 municipalities have extreme drought conditions, and 67 have no presence of drought. Twenty-seven percent of the municipalities with drought conditions are in Veracruz (the largest sugar-producing state), and five percent are in Jalisco (the number two sugar producer). San Luis Potosi, the number 3 sugar producer in MY 2022/23, is one of the states most affected by drought, and field yields are forecast to decrease in MY 2023/24. As of February 2024, all the municipalities in San Luis Potosi have extreme to exceptional drought conditions. Drought monitoring shows continued abnormal to exceptional drought conditions for planting, with severe to extreme drought conditions in some areas of San Luis Potosi, Michoacan, Oaxaca, and Tamaulipas (See Map 1).

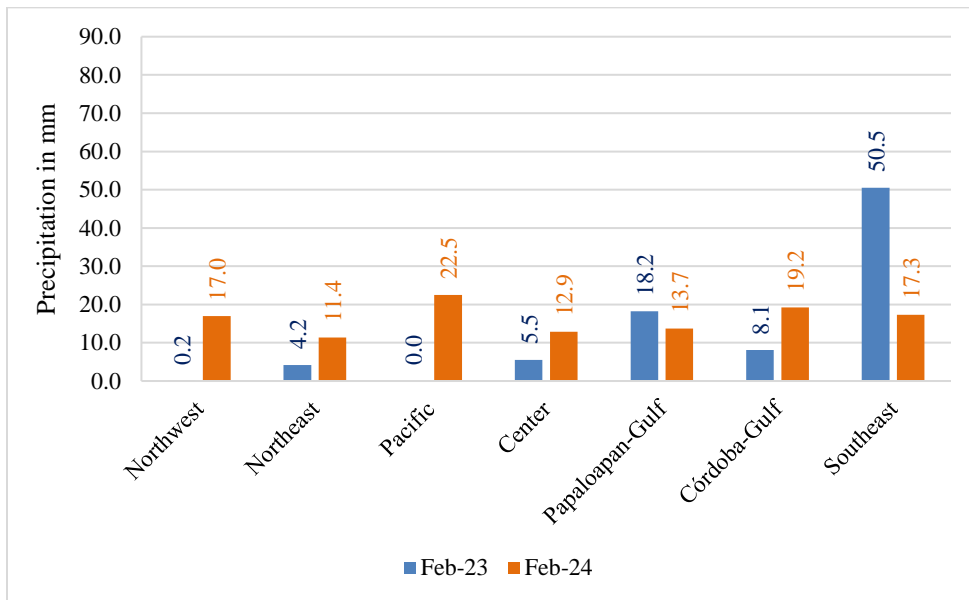
Map 2 shows that several sugar states have benefited from some rains in February. However, part of the Huasteca region (Tamaulipas and San Luis Potosi) is still experiencing drought conditions. In February, the accumulated precipitation across all sugarcane areas was an average of 17 mm, 8 mm below historical average levels, but higher than the February 2023 level of accumulated precipitation for almost all sugarcane areas (see Figure 1).

Map 1: Drought Monitor Map February 29, 2024



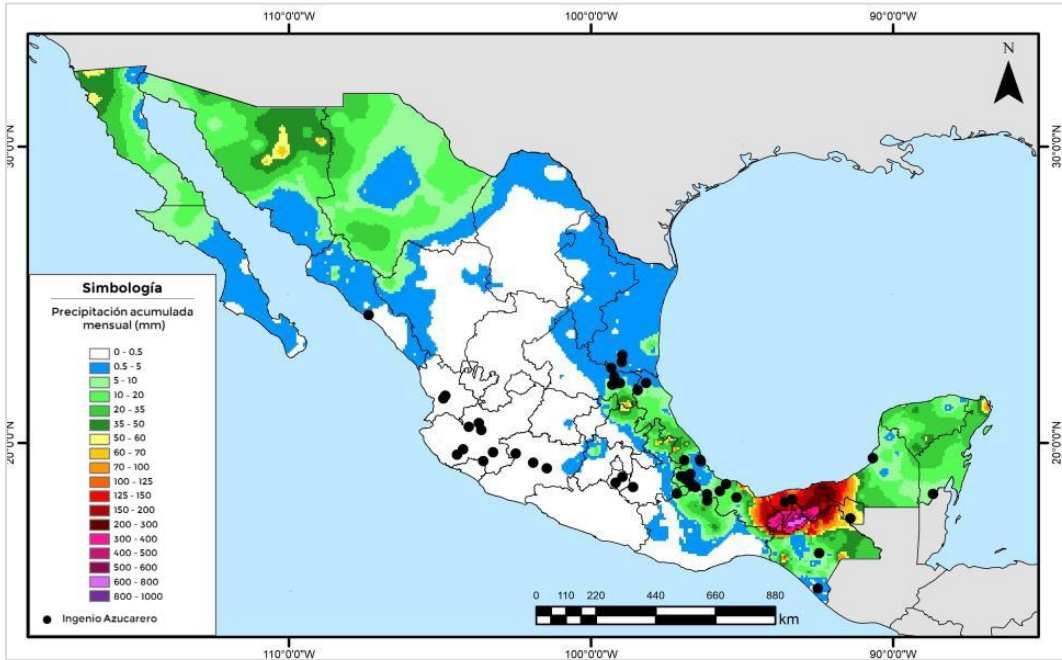
Source: CONAGUA

Figure 1: Monthly accumulated rainfall (mm) (Feb 2023 vs. Feb 2024)



Source: Post with CONADESUCA data

Map 2: Precipitation Map February Accumulation



Source: CONAGUA

Map 3: Percentage of Sugar Production by State (MY 2023/24)



Source: Post map with CONADESUCA data. Last update: March 30, 2024

Table 2: Production by State (MY 2023/24)

State	Area Harvested (ha)	Cane Harvested (mt)	Field Yield (mt/ha)	Sugar Production (mt)	Factory Yield (%)
Veracruz	212,073	13,805,276	65.10	1,269,472	9.20
Jalisco	52,544	4,612,524	87.78	498,280	10.80
Chiapas	24,454	2,304,832	94.25	255,174	11.07
San Luis Potosí	57,131	2,190,089	38.33	218,577	9.98
Oaxaca	34,978	2,223,896	63.58	199,075	8.95
Others	124,509	8,638,198	69.38	2,079,443	10.46
Total	505,689	33,774,815	66.79	4,520,021	9.80

Source: CONADESUCA; **Report 22** October 1, 2023 - March 30, 2024

The harvested area for MY 2024/25 is forecasted at 815,000 ha, with a cane harvest of 50.2 MMT and a field yield of 62 mt/ha. The final sugar harvest will depend on stable weather conditions throughout the growing season and efficient milling capacities.

According to CONADESUCA's weekly production report, as of March 30, 45 mills are in operation, three mills have concluded milling (one in San Luis Potosí, one in Sinaloa, and another one in Puebla), and production has reached 3.36 MMT-RV. The weekly production report indicates that 20 mills will finish milling during April, 16 will finish in May, and nine more mills in June. Actual production to date is 8 percent below CONADESUCA's official third estimate due to late rains that have delayed crushing in some regions.

Several millers and growers are discussing the potential use of sugarcane to produce biofuels (ethanol). The basis of the discussions is the commitment by the Member States of the International Civil Aviation Organization (of which Mexico is a Council Member State) to reach net zero greenhouse gas emissions on international flights by 2050, using sustainable aviation fuels. Currently, there is no sugar ethanol production in Mexico. There is a pilot program at La Gloria mill.

Mexico's sugar sector is supporting a research center that seeks to create and develop new hybrid varieties of sugarcane to increase yields. The research center (CIDCA²) is in Tapachula, Chiapas (Southern border), and has several regional experimental fields where the hybrid varieties are tested. The aim is to develop species that adapt better and produce higher yields in the different regions of Mexico. Since 2022, the research center has been financed with resources from the sugar mills and sugarcane growers. Each of them contributes 25 cents (0.0152 U.S. cents³) per ton of sugarcane.

² Sugarcane Research and Development Center, CIDCA by its Spanish acronym.

³ 1 USD = \$ 16.48 pesos as of April 10, 2024



Source: FAS crop travel to Chiapas, December 2023. Development of hybrid varieties at CIDCA.

Table 3: CONADESUCA Third Estimate vs Current Production

	MY 2023/24 Estimate*	MY 2023/24 Current*	Change
Industrialized area (ha)	526,370	505,689	-3.93%
Harvested cane (mt)	34,306,342	33,774,815	-1.55%
Field yield (t/ha)	67.68	66.79	1.32%
Sugar production (mt)	3,433,783	3,357,357	-2.23%
Factory yield (%)	10.01	9.94	-0.70%

Source: CONADESUCA; Report 22 October 1, 2023 - March 30, 2024

Table 4: Sugar Supply and Distribution October/September MY (1000 MT-RV)

Sugar, Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	1,022	1,022	885	886	0	886
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	5,537	5,534	5,650	4,880	0	5,500
Total Sugar Production (1000 MT)	5,537	5,534	5,650	4,880	0	5,500
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	302	283	460	510	0	300
Total Imports (1000 MT)	302	283	460	510	0	300
Total Supply (1000 MT)	6,861	6,839	6,995	6,276	0	6,686
Raw Exports (1000 MT)	870	900	864	380	0	700
Refined Exp.(Raw Val) (1000 MT)	202	200	250	130	0	200
Total Exports (1000 MT)	1,072	1,100	1,114	510	0	900
Human Dom. Consumption (1000 MT)	4,475	4,466	4,503	4,500	0	4,500
Other Disappearance (1000 MT)	429	387	424	380	0	400
Total Use (1000 MT)	4,904	4,853	4,927	4,880	0	4,900
Ending Stocks (1000 MT)	885	886	954	886	0	886
Total Distribution (1000 MT)	6,861	6,839	6,995	6,276	0	6,686
(1000 MT)						

Table 5: Mexico – Sugar Cane for Centrifugal PS&D

Sugar Cane for Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	853	830	850	760	0	830
Area Harvested (1000 HA)	829	806	815	730	0	815
Production (1000 MT)	51,702	50,450	55,420	43,000	0	50,200
Total Supply (1000 MT)	51,702	50,450	55,420	43,000	0	50,200
Utilization for Sugar (1000 MT)	51,702	50,450	55,420	43,000	0	50,200
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	51,702	50,450	55,420	43,000	0	50,200
(1000 HA), (1000 MT)						

TRADE

Post sugar import forecast for MY 2024/25 is 300,000 metric tons-raw value (MT-RV), 41 percent lower than the previous marketing year based on higher forecasted production and higher carry-over stocks. The MY 2023/24 post import estimate is 510,000 MT-RV based on lower forecasted production and low carry-over stocks. Imports are driven by high domestic sugar prices (see Figure 5) and expected

low production for MY 2023/24. Final import figures will also depend on the exchange rate throughout MY 2023/24 and MY 2024/25.

As of February 2024, Mexico imported 393,920 MT-RV, a 162 percent higher compared to the same period in MY 2022/23 (2,411 MT-RV). The higher sugar import levels are due to increased domestic sugar prices (see Prices section), lower production, and the appreciated exchange rate. On April 5, the Government of Mexico (GOM) released an agreement to temporarily allow the import of sugar duty-free for the IMMEX program (see Policy section).

Post forecasts exports for MY 2024/25 at 900,000 MT-RV, 76 percent higher than MY 2023/24 due to expected higher production. For MY 2023/24, Post estimates exports at 510,000 MT-RV, 54 percent lower than MY 2022/23 due to estimated lower production and low carry-over stocks.

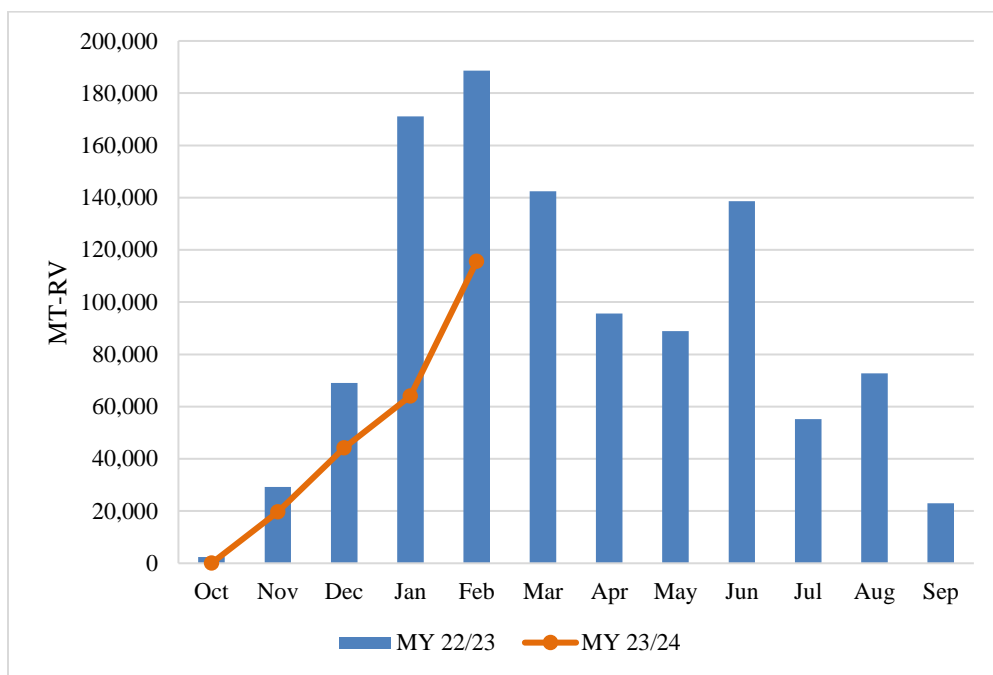
As of February 2024, CONADESUCA is reporting exports at 243,428 MT-RV (all to the U.S.), which is 48 percent lower compared to the same period of 2022/23. Mexico’s exports will depend on U.S. sugar needs determined throughout the marketing year. Over the last few years, most of Mexico’s exports have gone to the U.S. due to relatively higher prices than the international market. For MY 2023/24, Mexico’s exports are forecasted to only go to the U.S. due to lower forecasted production. Under the U.S. - Mexico Sugar Suspension Agreements, as of March 2024, the export quota for MY 2023/24 is 718,117 MT-RV. However, on March 22, the GOM announced that Mexico’s sugar exports to the United States in MY 2023/24 would not exceed 513,017 MT-RV.

Table 6: Mexican Sugar Exports to the U.S. Under Quota (MT-RV)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2023/2024
October	2,418	20	-99.2%
November	29,225	19,646	-32.8%
December	69,085	44,161	-36.1%
January	171,057	63,986	-62.6%
February	188,586	115,616	-38.7%
March	142,390		
April	95,646		
May	88,880		
June	138,620		
July	55,161		
August	2,723		
September	2,982		
Oct-Feb	460,371	243,429	-47%

Source: CONADESUCA, Last update: March 13, 2024

Figure 2: Mexican Sugar Exports to the U.S, (under Quota) MY 2022/23 vs. MY 2023/24



Source: Post with information from CONADESUCA, Last update: March 13, 2024

STOCKS

The Post forecast for MY 2024/25 ending stocks is 886,000 MT-RV, 15 percent higher than Mexico’s optimal final stock level (two months of domestic consumption). The stocks forecast is the same as in MY 2023/24 due to higher forecasted production and exports.

As of February 2023, CONADESUCA reports ending stocks at 1.52 MMT-RV, 9 percent lower than in MY 2022/23. For MY 2023/24, CONADESUCA’s third official stock estimate is 907,640 MT-RV, 3 percent lower than the second estimate (see Table 1).

HIGH FRUCTOSE CORN SYRUP (HFCS)

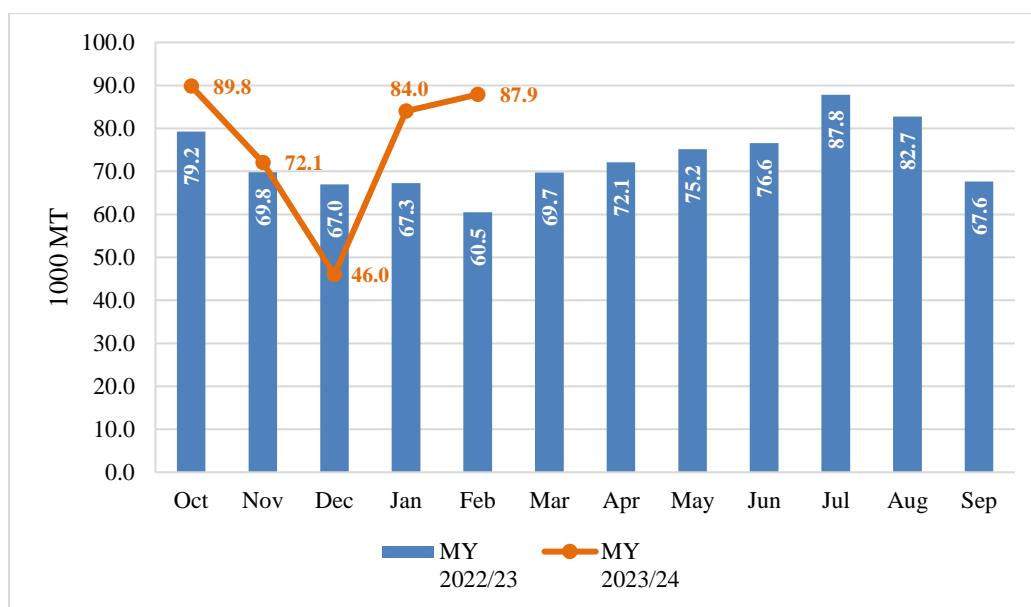
Post HFCS import forecast for MY 2024/25 is at 885,000 MT dry basis, 2 percent lower than the estimate for MY 2023/24. The industry continues to face challenges from the labeling regulations as the second phase of the Front of Pack Labeling Law began in October 2023 (see Policy section). Many food industries in Mexico have reformulated their products. They lowered the amount of sugar (substituting with HFCS or sweeteners) to reduce the caloric density, avoid the warning signs in their labeling, and advertise themselves as sugar-free products.

Table 7: HFCS Supply and Distribution October/September 1000 MT dry basis

	2022/23	2023/24	2024/25
	New Post	New Post	New Post
Production	520	520	520
Imports	876	900	885
Total Supplies	1,396	1,420	1,405
Exports	3.0	2.8	3.0
Consumption	1,393	1,417	1,402
Total Use	1,396	1,420	1,405
Ending Stocks	0	0	0
Total Distribution	1,396	1,420	1,405

As of February 2024, Mexico imported 379,724 MT of dry weight of HFCS, 10 percent higher than in MY 2022/23. The higher HFCS import levels are due to increased domestic sugar prices (Figure 5), as HFCS is used, to some extent, as a substitute for sugar. Sugar prices are expected to remain high due to lower expected sugar production (see Production section). For MY 2023/24, CONADESUCA’s second official HFCS import estimate is 789,000 tons of dry weight.

Figure 3: HFCS Imports, MY 22/23 vs. 23/24 (1000 MT- Dry Weight)



Source: Post with information from CONADESUCA, Last update: March 13, 2024

Table 8: HFCS Imports (1000 MT-Dry Weight)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2021/2022
Oct	79.2	89.8	13.4%
Nov	69.8	72.1	3.2%
Dec	67.0	46.0	-31.3%
Jan	67.3	84.0	24.9%
Feb	60.5	87.9	45.3%
Mar	69.7		
Apr	72.1		
May	75.2		
Jun	76.6		
Jul	87.8		
Aug	82.7		
Sep	67.6		
Oct-Feb	344	380	10.47%

Source: CONADESUCA (National Balance of Sweeteners), Last update: March 13, 2024

CONSUMPTION

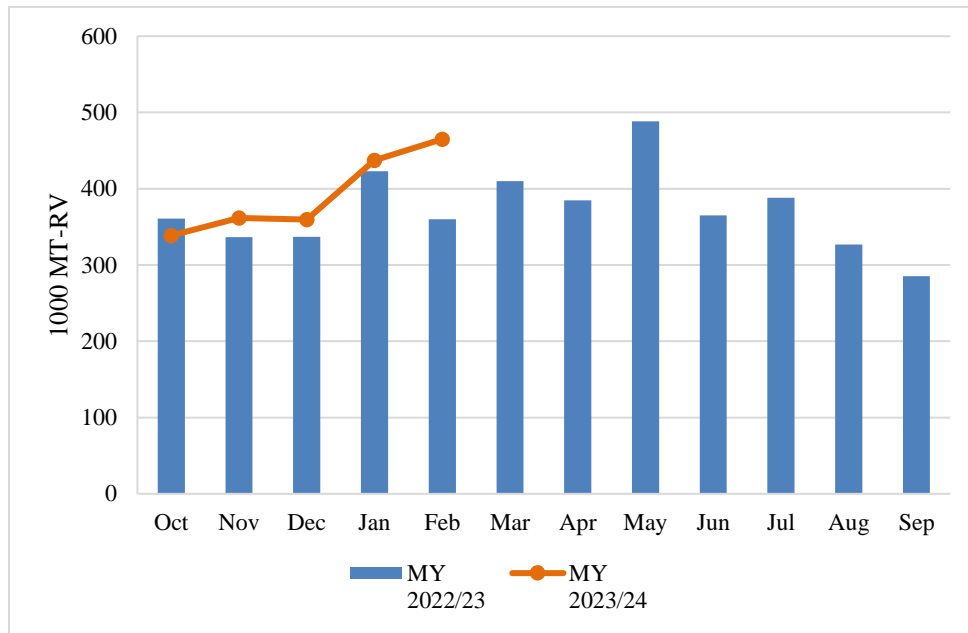
Mexico's sugar consumption faces several challenges, including high food price inflation, increased domestic sugar prices (See Figure 5), healthier consumer trends, sugar substitution with other sweeteners, and the second Phase of the Front of Pack Labeling Law. Despite these challenges, sugar remains an integral part of the diet in Mexico, with an average per capita consumption of 37 kg per year. While the full effects of such measures as the second phase of the front-of-pack labeling law and sugar and junk food taxes on consumer consumption are unknown, little evidence suggests that they have significantly reduced sugar consumption (see Policy section).

The Post sugar consumption forecast for MY 2024/25 is 4.9 MMT-RV, with human consumption at 4.50 MMT-RV. Human consumption does not include sugar sold to national companies as an input for the final exported product. Post sugar consumption estimate for MY 2023/24 is 4.88 MMT-RV, with human consumption at 4.5 MMT-RV and IMMEX at 380,000 MT-RV.

As of February 2024, human domestic consumption is at 1.96 MMT-RV, 8 percent higher than the same period in MY 2022/23. CONADESUCA reports IMMEX⁴ for MY 2023/24 at 96,607 MT-RV, 43 percent lower than the same period in MY 2021/22 due to the mills prioritizing supply of domestic human consumption.

⁴ Industria Manufacturera, Maquiladora y de Servicio de Exportación (Manufacturing, Maquiladora and Export Service Industry)

Figure 4: Human Domestic Consumption (1000 MT-RV)



Source: Post with information from CONADESUCA, Last update: March 13, 2024

Table 9: Human Domestic Consumption (1000 MT - RV)

Month	MY 2022/23	MY 2023/24	Variation % 2022/2023 vs 2021/2022
Oct	361	339	-6.16%
Nov	337	362	7.46%
Dec	337	359	3.72%
Jan	423	437	3.39%
Feb	360	465	29.15%
Mar	410		
Apr	385		
May	488		
Jun	365		
Jul	388		
Aug	327		
Sep	285		
Oct-Feb	1,817	1,962	7.97%

Source: CONADESUCA, Monthly National Sugar Balance. Last update: March 13, 2024

PRICES

As of March 2024, the price of standard sugar was \$1,210 pesos per 50 Kilograms - Bulk (around USD \$73⁵), 25 percent higher compared to the same period of MY 2022/23 (see Figure 5 and Table 10). Domestic prices are expected to remain higher than in the previous marketing year (MY 2022/23) due to speculation around low production levels for MY 2023/24.

Table 10: Mexico Average Wholesale Sugar Prices in Mexico City (CIF Basis) in Pesos per 50 Kilograms – Bulk

Month	Standard		Refined	
	MY 2022/23	MY 2023/24	MY 2022/23	MY 2023/24
October	991.25	1,518.00	1,037.83	1,583.33
November	984.50	1,440.00	1,041.45	1,517.50
December	976.25	1,294.38	1,049.33	1,488.75
January	959.77	1,121.83	1,078.73	1,508.00
February	947.50	1,236.25	1,073.42	1,463.33
March	967.50	1,209.50	1,178.75	1,476.25
April	1,021.25		1,340.00	
May	1,100.00		1,444.67	
June	1,190.00		1,510.63	
July	1,169.50		1,462.50	
August	1,133.80		1,509.50	
September	1,402.94		1,551.46	

[Source: SNIIM \(National Service of Market Information\)](#)

* As of March 31, 2024

⁵ 1 USD = \$ 16.48 pesos as of April 10, 2024

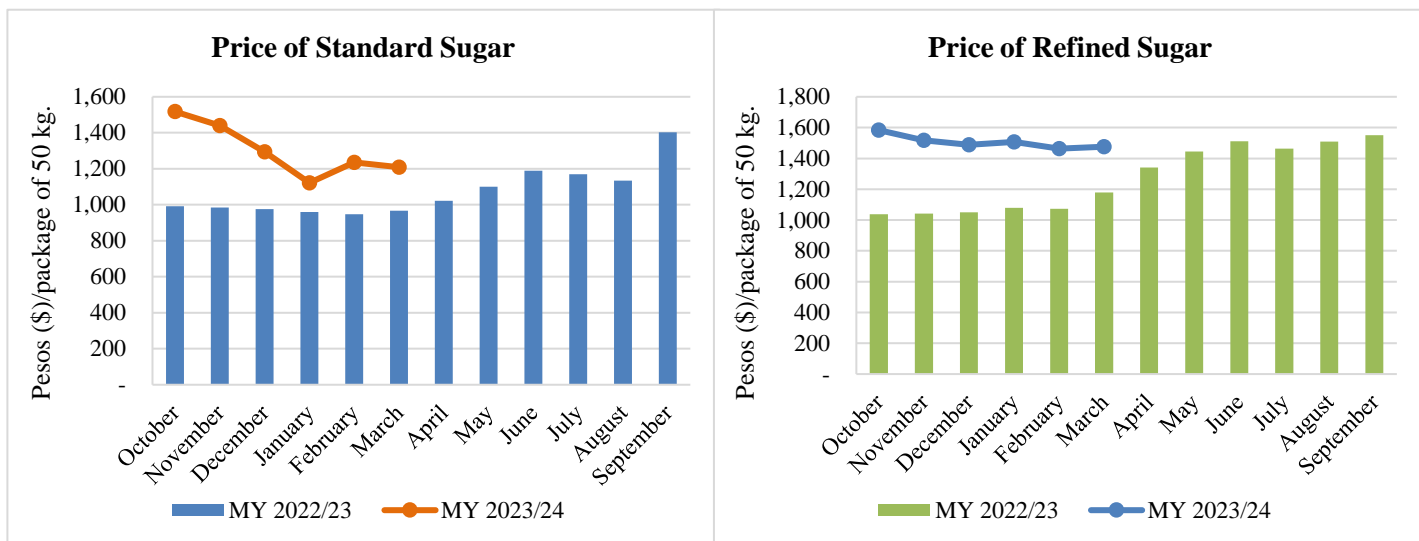


Figure 5: Mexico Average Wholesale Sugar Prices in Mexico City

Source: Post with information from SNIIM

POLICY

Sustainable Development

The Mexican government's sugarcane industry programs and policies are governed by the Sustainable Rural Development Law, the Law on Sustainable Development of Sugar Cane, and the National Development Plan 2019-2024 (PND). All programs and policies related to the sugarcane industry must comply with these two laws and the PND, which ensure that their overall impact contributes to the sustainable development of the sugarcane industry.

- The Sustainable Rural Development Law places rural development policy under the purview of the federal government.
- The Law on Sustainable Development of Sugar Cane establishes CONADESUCA as the agency responsible for coordinating and executing all activities related to the sugarcane agroindustry.
- The PND is a document that outlines the GOM's priority objectives for achieving the development of the country and the well-being of Mexicans.

Production for Wellbeing Program

Under the Secretariat of Agriculture and Rural Development (SADER) “Production for Wellbeing Program,” the GOM provides an annual support of \$7,300 pesos (around USD \$443⁶) per sugar producer (up to 20 hectares rainfed or up to 5 hectares irrigated) to improve crop yields and contribute to food self-sufficiency. Furthermore, SADER provides training and technical support aimed at increasing yields. The level of support has not increased since MY 2019/20.

⁶ 1 USD = \$ 16.48 pesos as of April 10, 2024

National Sugarcane Agroindustry Program ([PRONAC](#))

PRONAC aims to promote the development of the sugarcane agroindustry to generate employment and increase the well-being of rural populations. PRONAC also supports the sufficient and timely supply of sugar to the national and export markets. The program has four priority objectives:

1. Ensure the economic viability of producers and mills to stabilize the sector at the national level.
2. Increase the productivity and competitiveness of sugarcane production and processing.
3. Promote research, development, innovation, and technology transfer in the sugarcane industry.
4. Strengthen sustainability indicators (economic, social, and environmental) for a balanced development of the sugarcane agroindustry.

Reference Price of Standard Sugar

On a yearly basis, generally in late October, CONADESUCA announces the sugar reference price at which mills purchase sugar cane from growers for that harvest season. On October 31, CONADESUCA announced the standard sugar⁷ [reference price](#) for MY 2023/24 at 19,320.31 pesos (around USD 1,172⁸) per ton, the highest on record. The aim is to provide stability and profitability to the sector. The reference price is negotiated annually – with the participation of government, millers, and growers – based on production, export volumes, and domestic and international prices.

GOM Issues Agreement to Import Sugar Through August 2024

On April 5, 2024, the GOM (through the Secretariat of Economy - SE) published an [agreement](#) to allow the temporary import of sugar, duty-free and valid until August 31, 2024. This is for goods under the tariff fractions 1701.13.01, 1701.14.91, 1701.91.04, and 1701.99.99. The entities that want to import sugar must be certified companies with an IMMEX program and have imported those specific goods in the past 18 months. The entities authorized to import sugar, even if it has benefited from the U.S. “Sugar Reexport Program,” will be able to import a maximum volume equivalent to the amount necessary to cover the installed productive capacity of the indicated entity. The entities will have eight months after the authorization to inform SE of the re-export of the imported goods or why the imported goods were not re-exported. The agreement was issued due to lower production in MY 2022/23 and estimated lower production in MY 2023/24. However, industry sources do not expect a significant impact as few companies meet the requirements to import sugar under the agreement, and those companies already have a guaranteed sugar supply for MY 2023/24.

Front of Pack Labeling Law – Second Phase

The second phase of Mexico’s *Norma Oficial Mexicana* (NOM) 051, a front-of-pack labeling regulation, began on October 1, 2023, and will remain in effect until September 30, 2025, when the third phase will begin. Under phase one of the NOM, which started on October 1, 2020, warning signs and cautionary labels were required on products with certain nutrients (for example, added sugars) to indicate a health risk from excessive consumption. The [second phase](#) implements “excess” warning signs that must be affixed to processed food and beverage labels if the product exceeds critical thresholds of certain nutrients (e.g., fats, sugars, sodium, etc.). Under phase two, products with 8 kcal or

⁷ 99.4 percent polarization

⁸ 1 USD = \$ 16.48 pesos as of April 10, 2024

more of free sugars per 100 ml of product must include an “excess calories” label (compared to 10 kcal per 100 ml under phase one). Also, under phase two, products with 10 kcal or more free sugars per 100 ml of product must include an “excess sugars” label (compared to greater than or equal to 10% of total energy from free sugars under phase one).

Special Tax on Production and Services (IEPS)

According to the annual [announcement](#) updating the IEPS tax rates for 2024, the rates for soft drinks, flavored beverages, and junk food were increased to account for inflation. The IEPS tax on sugar-sweetened beverages began in 2014 and is currently at 1.5737 pesos per liter for flavored beverages and concentrates, flavor essences or extracts, syrups, powder, and/or concentrates for preparing flavored beverages. The IEPS tax on junk food also began in 2014, and for 2024, it will be 4.32 percent for products with a high caloric density (275 kilocalories or more per 100 grams). Food products subject to the IEPS tax include peanut and hazelnut butter, ice cream, chocolates, and pudding.

Attachments:

No Attachments