International Sugar Organization

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EXECUTIVE DIRECTOR

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Articles from Sugaronline Ebriefing

The Secretariat would like to draw the attention of Members and colleagues to the articles below from Sugaronline Ebriefing from 7 June 2017.

US and Mexico agree trade agreement without support of US industry

The US and Mexican governments struck a trade deal on sugar on Tuesday after extending the deadline, according to Reuters.

"We remain confident that this deal defends American workers across many industries and is the right way to ensure stability and growth." said US Department of Commerce Secretary Wilbur Ross.

The agreement calls for Mexico to change the proportion of its export of raw and refined sugar. But it leaves Mexico's overall access to the US sugar market unchanged.

"The agreement that we have reached, in principle, continues to allow Mexican sugar exports to access the US market at the same volumes they were traditionally exported. There is a difference in terms of the split between raw sugar and refined sugar. Traditionally, Mexican exports have been exported to the United States in a ratio of 60% raw, 40% refined. The new agreement takes those to new levels, to 70 - 30." said Mexican Economy Minister Ildefonso Guajardo.

The deal also lifts the price the US will pay for Mexican raw sugar.

But US sugar producers refuse to endorse the deal. The agreement still has to go through a final drafting stage. Ross said he hopes that will make it easier for them to back it.

US sugar industry doesn’t agree with US-Mexico trade deal

The United States and Mexico reached a new deal Tuesday on allowing Mexican sugar access to U.S. markets, but it's not being endorsed by the U.S. sugar industry, according to Minnesota Public Radio.

U.S. sugar producers like Minnesota-based American Crystal Sugar have complained for years that Mexico was violating the North American Free Trade Agreement by dumping subsidized sugar, and driving down prices.

The sugar industry says that's cost sugar cane and sugar beet farmers US$4 billion in the past four years.

The new deal reached Tuesday "protects American workers and consumers and marks a dramatic improvement for the U.S. sugar industry," said Agriculture Secretary Sonny Perdue.

But a trade group representing U.S. cane and beet sugar producers complained the deal has a major loophole.

"This loophole takes away the existing power of the U.S. government to determine the type and polarity of any additional sugar that needs to be imported and cedes that power to the Mexican government," read a statement from the American Sugar Alliance.

"Mexico could exploit this loophole to continue to dump subsidized sugar into the U.S. market and short U.S. refineries of raw sugar inputs," the statement said.

The Alliance said it intends to work with the Trump administration in an effort to close the loophole.

SOUTH AFRICA: Trade unions team with business and SASA to oppose sugar tax

The Congress of South African Trade Unions (Cosatu), Business Unity SA (Busa) and the South African Sugar Association (Sasa) have agreed that the introduction of a tax on sugar-sweetened beverages should be delayed as it will have a negative effect on employment in the industry, according to South Africa's Business Day.

The three organisations argued in Parliament on Wednesday that the team set up by the National Economic Development and Labour Council (Nedlac) should be allowed to conclude its work and that a socio-economic impact assessment study should also be undertaken. Busa said that time was needed for mitigation measures to be developed to counteract any negative effects of the proposed levy.

The Treasury has proposed the tax as a way to deal with obesity and the epidemic of non-communicable diseases such as diabetes that plagues the country. It has proposed a tax of ZAR0.021 per gram of sugar, which will kick in above a threshold of 4g of sugar per 100ml of liquid.

Sasa vice-chairman Suresh Naidoo told members of Parliament's finance and health committees during a public hearing on the proposal that the ZAR14 billion (US$1.08 billion) sugar industry was already "under siege" due to inadequate tariff protection, the country's drought, rising input costs and low international prices.

The tax would result in a loss of revenue and shrinkage of the industry, as well as a loss of jobs, Naidoo said. The association believed that "singling out" an individual ingredient in a particular product was unlikely to achieve the desired health outcomes. He urged that a proper assessment be made of the causes of obesity and non-communicable diseases.

Cosatu highlighted the threat of job losses posed by the proposed tax and called for its implementation to be delayed so that Nedlac and parliamentary engagements could be concluded and a comprehensive transition and jobs plan be developed. This should include tariffs on sugar and sugar-related imports, support for sugar exports and for emerging and vulnerable sugar farms and mills, and the fast-tracking of biofuels manufacture and the cogeneration of energy.

Cosatu's parliamentary liaison officer, Matthew Parks, said the Treasury had estimated that the introduction of the tax would cause 5,000 job losses.

The South African Cane Growers Association had estimated 5,817 jobs would be lost and that sugar farm incomes would fall by 15% to 30%. "The government estimates up to 3,000 emerging sugar cane farmers in KwaZulu-Natal and Mpumalanga are at risk of collapse," Parks said.

"Industry estimates up to 20,000 emerging farmers are at risk. This follows ... approximately 15,000 previous job losses in the sugar sector due to lower global prices in the past few years."

Parks said that Cosatu did not have confidence in the government's ability to protect and save jobs. "The government's lack of a plan to save 5,000 jobs is clear evidence of this. It's shocking that government can go into great detail about how to raise billions of rand through the sugar-sweetened beverages tax yet it cannot produce a plan to save 5,000 farm workers' jobs," said Parks.

A further concern of the union group was that the government had not completed a socioeconomic impact assessment of the proposed tax.