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Latin American, Caribbean Sugar Producers Blame Protectionism for Low Prices

by LADB Staff
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Increasing US and European protectionism and the search for a new international sugar agreement are the major agenda topics at the Latin American and Caribbean Sugar Exporters Group (GEPLACEA) meeting, scheduled to begin Oct. 13 in Brazil. Group Secretary Eduardo Latorre told reporters in Mexico City that members will also welcome Paraguay at GEPLACEA's 22nd member. Latorre said that the current price of five cents per pound is below production cost for even the most efficient sugar producers.

Meanwhile, world output for 1986, estimated at between 99 and 100 million tons, is expected to surpass consumption. World-wide consumption is predicted at 96 to 97 million tons. According to the secretary, average production costs per pound are between 10 and 12 cents. Thus, he said, producers are operating at a loss. He declared the principal reason for extremely low sugar prices is US agricultural legislation. US sugar producers are guaranteed over 21 cents per pound, he added.

Next, the EEC is also responsible for world sugar prices. Latorre stated that because of high subsidies to sugar beet growers in EEC countries, in the past decade those nations moved from net importer to net exporter status to the tune of some four million tons per year. US legislation in 1982 effectively confined Latin American and other Third World sugar exporters to market segments US producers could not supply. In 1986 US sugar imports will total one million tons, down from five million tons in 1970. Sugar export revenues for GEPLACEA nations, said Latorre, in the same period dropped from $3 billion to less than $1 billion.

As a result of the current world market situation, the secretary emphasized that another important aspect of the meeting in Brazil will be diversification of the industry, i.e., the development of sugar derivative products. He mentioned that Cuba and Brazil have already achieved high levels of diversification, and these experiences will be used in other sugar-producing nations. The principal example in the Brazilian case is the mass production of alcohol from sugar cane, which has rapidly become a major source of automotive fuel. Latorre said a new sugar agreement may be introduced in 1987 following meetings of the world's four major sugar producers Brazil, Cuba, the Philippines and the EEC.

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