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In the mid-1980s, Mexico ranked as the world's fourth largest producer of sugarcane. Sugar exports in 1985 came to 1 million metric tons. Mexico is no longer sugar self-sufficient, and has dropped to 10th place in the global sugar producer ranking. Cane producer organizations cited by El Financiero (11/08/90) say the 1989/90 harvest totaled 3.174 million MT, a 17.9% decline compared to the 3.744 million MT harvested in the 1986/87 cycle. Area cultivated in sugarcane has dropped by 30,377 ha. in the same period. In addition, producer groups report that 30 of the country's 64 sugar mills are obsolete, and thus product loss/waste during processing is inordinately high. In the last harvest (1989/90), Mexico imported about 500,000 MT of sugar to meet domestic consumption requirements. Prior to the expected beginning of the 1990/91 harvest, estimates of 1991 sugar imports averaged 1.2 million MT. The federal government apparently hoped that privatization of sugar mills would mean no more large-scale subsidized financing of sugarcane growers, and increased productivity. Prior to recent privatizations, the government controlled 70% of the nation's sugar mills. According to the National Sugar Industry Chamber (CNIA), at present, two mills are run by producer cooperatives, two are under joint private-public management, and the rest are owned by large companies, including Pepsi Cola and Coca Cola, which control three each. Daniel Garcia, leader of the National Canegrowers Union (UNC), said that government planners expected private companies to invest their own capital in the mills, and to offer production credit to growers to ensure supplies. Instead, he added, the private owners are presiding over further decapitalization. Garcia said cane growers continue to rely on the government for production credit. He asserted that productivity has declined, result of the absence of capital investments in the sugar industry, and producer incentives. Mexico's 1990/91 sugar harvest was scheduled to begin in early November. Growers decided to "strike" postpone the harvest in an attempt to pressure the government into raising its guaranteed price per metric ton. On Nov. 6, government officials, the Institutional Revolutionary Party (PRI) and the National Campesino Confederation (CNC) announced agreement on a 26.9% increase over the prevailing 46,300 pesos/MT (about US$15.50). Producer organizations immediately rejected the offer, calling for a minimum 80% increase. Spokespersons for the cane growers said that the suggested price would not cover production costs, and reiterated their intent to let the cane "rot in the fields." They pointed to 80% production cost inflation over the last two harvests, compared to combined price floor hikes of only 59%. In addition, producer organizations said they would not commence the harvest until the government's Azucar S.A. recently eliminated pays an additional 18.8%, equivalent to money owed them from the previous two harvests. On Nov. 12, Notimex reported that 2,500 cane growers in Jilotepec, Veracruz state, had accepted the 26.9% price hike and commenced harvesting their cane for processing at the La Concha mill. Spokespersons said they had not relinquished their demand for payment of money owed them by the government for the previous harvests. As of Nov. 14, 60,000 growers continued on strike, despite heavy financial losses. The Mexico City News reported on Nov. 15 that five sugar mills in Guadalajara state have been closed down. Estimated production losses due to the closings total 180,000 MT, cultivated by 12,100 farmers on 5,000 ha. (Sources: El Nacional, 11/07/90; Agence France Presse, 11/09/90; El Financiero, 11/07/90, 11/08/90;

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Notimex, 11/06/90, 11/12/90; The Mexico City News, 11/07/90, 11/15/90; La Jornada, 11/07/90, 11/14/90)

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