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Sugar Harvest Update

by Steven Ranieri

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November 23 marked the 20th day of a nationwide strike by sugarcane growers, who had refused to harvest their cane in response to the government’s price floor offer of 58,766 pesos per metric ton, a 26.9% increase. (See 11/21/90 issue of SourceMex for previous developments and background.) According to Angel Martinez Fernandez, leader of the National Cane Producers Union affiliated with the National Small Producers Confederation (CNPP), of 22 sugar mills in Veracruz state, only the La Concha mill was operating on a part-time basis. La Concha is located in Jilotepec municipality. Martinez said that only five of the country’s 62 mills had commenced processing the sugarcane harvest. On Nov. 26-27, delegates representing over 100,000 sugar producers from 15 states, members of the National Campesino Confederation (CNC), convened to discuss industry strategy. CNC members account for about 35% of national sugarcane output. On the first day of the meeting, 56 of 64 producer groups voted to continue the strike unless the government responds to their demand for an additional 18.8% price increase. Many delegates formally announced a break with Isidro Pulido Reyes, secretary of the National Cane Producer Union, CNC chief Maximiliano Silerio Esparza, and Luis Donaldo Colosio Murrieta, president of the Institutional Revolutionary Party (PRI). On the second day of the CNC meeting, however, the vote was reversed, with 80% of the delegates reaching an agreement to commence the harvest at the 58,766 peso per ton price. Apparently, the delegates accepted a 14.5% increase in credit availability and a variety of indirect support measures from several agencies in lieu of an additional price hike. The remaining 20% of the delegates, representing producers supplying 28 sugar mills, terminated their association with the UNC-CNC, and requested affiliation with the National Small Producers Confederation (CNPP). The CNPP rejected the government’s price, and has mobilized workers to participate in demonstrations and work stoppages. The 1990/91 cane crop estimate is now placed at about 36 million metric tons, yielding 3.5 million MT of sugar. Domestic consumption totals about 3.7 million MT. A third major sugar producer organization, the National Cane Producers Association, led by Fernando Palacios Vela, has organized a march from Cardenas, Tabasco state, to Mexico City. Members are demanding 100,000 pesos per MT, and 50% of the sales price of cane by-products. Palacios Vela said he acknowledged the difficulties of paying cane growers 100,000 pesos per ton under current economic conditions. Consequently, he added, the association would compromise and accept 85,000 pesos. According to a study by Luis Ramiro Garcia Chavez and Manrubio Munoz of the Chapingo Autonomous University, 16 mills, accounting for 14% of national sugarcane output, are in serious financial trouble. The Los Mochis, Rosales and Primavera mills in northeastern Mexico are facing stiff competition with more lucrative truck farming operations. Due to poor soil quality, producers supplying the El Refugio, Juchitan, Cuatotolapan and El Mante mills average about 54 MT of cane per hectare. At the government’s current price, say Garcia and Munoz, the break-even output per hectare for dryland cane cropping is 50 MT, and 60 MT for irrigated land. Due to low cane saccharose levels, still other mills must choose between liquidation or quickly improving extraction methods and upgrading sugarcane plantings. Included in this category are La Purisima, El Molino, Pedernales, San Sebastian, Ocotalco, Atencingo, and Casasano, among others. (Sources: Notimex, 11/23/90, 11/29/90; El Financiero, 11/27/90, 11/28/90, 11/30/90, 12/03/90; El Nacional, 11/27/90, 11/28/90; La Jornada, 11/28/90; Excelsior, 11/30/90)