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Reduction In U.S. Sugar Quota "devastating" For Latin American Exporters; Announcement Causes Reduction In Price Quotations

by John Neagle

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In the Dec. 20 issue of the FINANCIAL TIMES (London), Richard Mooney wrote that the 41% decline in the US import quota for 1987 is literally devastating for Latin American exporters dependent on sugar revenues. Mooney pointed out that the Reagan administration is effectively contradicting its self-proclaimed image as protector of free trade. In an analysis of the international sugar market, Mooney said the US action constitutes another element contributing to market instability and price deterioration. The US quota reduction was the fourth in as many years. It affected not only the income prospects for 41 sugar-exporting nations, but international price quotations as well. Some hours after the USDA announced the quotas, price quotations in New York fell to 5.28 cents per pound, thus reversing a slight recovery observed since last month, when the 30-day average reached nearly seven cents per pound. Last week sugar prices in London commodity markets reached their lowest level during the past seven weeks, i.e., \$145 per ton. The total US market quota for 1987 is about 1.143 billion tons, or 848,570 tons less than in 1986.

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