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Sugar Industry Profile

by Carlos Navarro
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According to the Nov. 23 issue of El Financiero International business newspaper, several companies are expected to bid for El Mante, the last of the original 48 government-owned sugar refineries. El Mante, located in Tamaulipas state, operated as a cooperative before declaring bankruptcy last year. Rudi Omar Albertos, director of Azucar S.A., the government-owned sugar company, said the interest in El Mante is a sign the outlook could improve for the beleaguered sugar industry, which has yet to recover from a flood of cheap imports in 1990 and 1991. According to El Financiero International, prices are so low some distributors are selling their stock at 20% below the government-controlled price of about US$1.10 per pound. Sugar production this year is forecast at 3.7 million metric tons, compared with projected consumption of 4.3 million MT, which again created a need for imports. However, Omar Albertos said cheap imports are not likely to flood the market as they did in 1990 because of recent increases in sugar import tariffs. The large private companies including Grupo Xafra and Escorpion, which control 20% of Mexico's sugar production are in the best position to benefit from any recovery in the industry. (For related stories, see SourceMex, 07/01/92, 10/21/92). According to the report, there are signs the large companies are succeeding in their plan to promote market philosophies. For example, three refineries are experimenting with a quality-linked plan, under which farmers are paid a higher price for cane with high sucrose content.

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