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NAFTA Ag Alert

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Issue No. 8

US Agriculture in Jeopardy as Dispute With Mexico Nears Deadline

As the deadline for a decision in the dispute over Mexican sugar approaches, sources say the U.S. agricultural industry is concerned that siding with the U.S. sugar industry – the most protected in the United States – will touch off a trade war that will destroy the third-largest export market for American agriculture and harm the very farmers who helped elect Donald Trump.

It's clear that the Mexicans are serious about retaliation. The Mexican Sugar Chamber today issued a statement that if the U.S. decides to impose duties on Mexican sugar on June 5, Mexico will be forced to retaliate with a reciprocal duty on imports of high-fructose corn syrup from the United States coming from Iowa and other corn belt states. The WTO earlier authorized such duties as compensation for U.S. trade violations involving dolphin-safe tuna.

Juan Cortina Gallardo, the Chamber's chairman, said that the Mexican sugar industry is working with the Ministry of Economy to reach an agreement with the U.S., but, if "the stubbornness and the extreme demands of the U.S. sugar industry lead to the imposition of duties against Mexican sugar, then it will be necessary that the Mexican authorities make use of the WTO compensation granted yesterday to Mexico, thus immediately applying duties against U.S. fructose."

Cortina noted that the World Trade Organization granted Mexico compensation against U.S. products in the amount of \$163 million. "This," he said, "would be equivalent to the ability to immediately stop a third of the total amount of U.S. fructose imported to Mexico."

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Those Ads From U.S. Big Sugar: Flat-Out Wrong

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Christopher Benjamin said: "No one factor drove this decision, but a lot of factors contributed to it. I would say that sugar prices, the challenges we've had with weather of late, the challenges of harvesting and some of community opposition to cane burning and water use, all of those things played a role, but no one thing drove this."

And Another Myth: Beet Sugar

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