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De: Jim DuBeau <jdubeau@mwmlaw.com>
Enviado el: viernes, 20 de marzo de 2015 11:30 a. m.
Para: Cofemer Cofemer
CC: Rick Pasco
Asunto: SUA Comments (Proposed Changes to IMMEX Program)
Datos adjuntos: SUA Comments to COFEMER (IMMEX Program).pdf

COMISIÓN FEDERAL DE MEJORA REGULATORIA
DIRECCIÓN GENERAL
20 MAR. 2015
RECIBIDO
RUBRICA:

Dear Madam/Sir:

On behalf of Rick Pasco, president of the Sweetener Users Association (SUA), I've attached SUA's comments concerning the proposed changes to the IMMEX Program. If you have any questions regarding the comments, please contact Mr. Pasco at rpasco@mwmlaw.com.

We appreciate the opportunity to express our comments and further strengthen the collaborative bilateral trade relationship.

Sincerely,

Jim DuBeau (Mr. Pasco's assistant)

"2015, Año del Generalísimo José María Morelos y Pavón" "La información de este correo así como la contenida en los documentos que se adjuntan, puede ser objeto de solicitudes de acceso a la información"

SWEETENER USERS ASSOCIATION
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March 20, 2015

Secretaria de Economia
Mexico City, Mexico

RE: Comments on Proposed Changes to the IMMEX Program

Transmitted by email to: COFEMER (Mexican Office of OMB) at cofemer@cofemer.gob.mx

These comments are submitted on behalf of the Sweetener Users Association (SUA), whose members are the U.S. companies that use nutritive sweeteners in their confectionery, bakery, beverage, dairy product, and food manufacturing operations, as well as the trade associations representing those companies. SUA members support the North American Free Trade Agreement (NAFTA) and the many opportunities it has created for mutually beneficial trade between our two countries.

Our comments are in response to the Government of Mexico's proposed changes to IMMEX regulations first published on February 12, 2015. Our understanding is that one purpose of these changes is to block Mexican manufacturers' access to sugar exported from the United States under the U.S. Refined Sugar Re-Export Program. That sugar has traditionally been used in the production of confectionery, baked goods, beverages and other sugar-containing products in Mexico, many of which are subsequently exported to the United States. Manufacturers also have access under the IMMEX program to sugar produced by Mexican mills.

Some of our member companies have significant investments in manufacturing facilities in Mexico that will be adversely affected by such a sudden and unnecessary change in import regulations. Their plants provide significant employment opportunities to Mexican citizens that will now be in jeopardy. Without access to sugar under the U.S. re-export program, these plants may not be competitive exporters of sugar-containing products to the United States. These manufacturing operations could eventually relocate to other countries in the region that do provide access to world-priced sugar.

This also sends an unfortunate signal to other companies considering investments in Mexico that important regulatory regimes in Mexico can suddenly change in unpleasant ways. Precipitous changes in these trading rules may well discourage such investment for years to come.

The U.S. Refined Sugar Re-Export Program and associated Sugar-Containing Products Re-Export Program were initiated in the early 1980s in response to the renewal of a sugar price support program in the 1981 farm bill and the subsequent imposition of import quotas on raw cane sugar. Their purpose was to permit product manufacturers and cane sugar refiners to remain competitive in export markets, as well as to enhance throughput in the cane refining sector. The programs have worked well over the years, to the benefit of both U.S. and Mexican firms. But for the re-export programs, a significant number of manufacturing jobs in Mexico simply would not exist. In some years, the programs have also served as a small shock absorber for the sugar market, permitting some additional imports when supplies are too tight, and providing export opportunities when there is a surplus. In this sense, they can act as a modest balancing mechanism for the entire North American market.

The integration of the U.S. and Mexican sugar markets under equivalent external tariff regimes in recent years means the two countries have a common interest in a smoothly operating marketplace. The re-export program provides some of the lubrication that the marketplace needs. As we saw in 2013, it also gave the U.S. Department of Agriculture an extra degree of freedom in managing the market, as the Department was able to reduce an impending surplus by buying back import rights from refiners and traders.

The sugar re-export program has been mutually beneficial for the two countries. For Mexico it has supported manufacturing, employment, and export opportunities in the *maquiladora* sector. For the United States it has contributed to maintaining a viable cane sugar refining industry that can process surplus Mexican *estandar*.

The proposed change in the IMMEX regulation will have an adverse effect on Mexican sugar producers who may have to supply an increased volume of sugar at low prices to border manufacturing facilities if those facilities are to continue operating. This could reduce the average price that Mexican cane growers receive for their sugarcane.

Most of the refined sugar sold through the re-export program goes to Mexico – an average of about 225,000 metric tons annually over the last five years. We see some risk that the virtual elimination of U.S. re-exports will contribute to closure of one or more independent cane sugar refiners. This will eliminate a major customer for the *estandar* that Mexico has been exporting to the United States and probably result in lower prices being paid for that sugar.

We have been very critical of the U.S. sugar producers that filed antidumping and countervailing duty cases against Mexican sugar. Such an action was unwarranted and threatens disruption to both markets. However, we are confident that if investigations of the allegations are carried to a conclusion and decided on the merits, there will be a finding that there was no injury to the U.S. industry, and the market will revert to the free trade environment that has been so beneficial to companies in both countries. We urge you not to make the proposed changes to the IMMEX program that would essentially kill the U.S. re-export program. Both countries would be worse off if they are implemented.

If indeed the Government of Mexico does proceed to implement these proposed changes to the IMMEX program, we strongly encourage you to allow at least one year before mandating the sugar-related modifications to this program that has provided mutual benefits to sugar interests on both sides of our border over so many years.

Sincerely,

Richard Pasco
President

Cc: Kenneth Smith Ramos, Minister, Trade & NAFTA Office, Secretaria de Economia, Embassy of Mexico, Washington, D.C.