

Public Abstract

First Name:Andrick

Middle Name:

Last Name:Payen

Adviser's First Name:Wyatt

Adviser's Last Name:Thompson

Co-Adviser's First Name:Jarrett

Co-Adviser's Last Name:Whistance

Graduation Term:FS 2016

Department:Agricultural Economics

Degree:MS

Title:A STUDY OF THE MEXICAN SUGAR INDUSTRY AND THE IMPACT OF THE NEW SUSPENSION AGREEMENT UNDER DIFFERENT MARKET STRUCTURES

The aim of this thesis is to investigate the possibility of sugar industry collusion in Mexico, given government policy, and to assess the economic impact of the new trade restrictions on Mexican sugar exports under different market structures.

Government ownership of sugar mills and other policies have led people to believe that there is collusion in the Mexican sugar market. For this reason, the author decided to test for market concentration and the impact of the new trade policy under different market structures.

This thesis first examines the possibility of non-competitive behavior in the sugar industry in Mexico by testing for market integration and pass-through prices. A second analysis uses partial equilibrium models with different market structures, competitive and non-competitive exports.

Estimation results support the hypothesis that Mexican sugar market is integrated with international and domestic markets, so these results do not support the hypothesis of collusion. However, evidence is mixed given the different estimates of price penetration among markets and the delays in adjustments to price changes. Estimated models show that the effect of the agreement has stronger implications in prices if there is collusion among exporters, leading to larger impacts on sugarcane area, sugar production and consumption in Mexico if there is collusion relative to the competitive market case.