



NEWS RELEASE



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USDA LIQUIDATES SUGAR INVENTORY AND INCREASES MARKETING ALLOTMENTS

WASHINGTON, Jan. 10, 2003 -- The U.S. Department of Agriculture today announced specific actions involving operation of the new domestic sugar program. USDA said it will sell the remaining Commodity Credit Corporation (CCC) inventory of refined and raw sugar and at the same time increase the overall allotment quantity (OAQ) for domestic sugar.

The 2002 Farm Bill requires that USDA operate the sugar program at no-net cost to taxpayers, thus avoiding forfeitures to the CCC. For the first year of program operation under the new law, USDA announced in August 2002 that domestic marketing allotments would be in effect for the 2002 crop year with an OAQ of 7.700 million short tons, raw value (STRV), using the allotment formula guidelines in the farm bill. USDA noted at the time that considerable uncertainties affected market prospects and that the OAQ could be adjusted subsequently as circumstances warranted. Such uncertainties included accuracy of forecast production, consumption and import levels, the 2001-crop carryover not subject to allotments, and the likelihood of a new sweetener agreement with Mexico.

USDA has continued to closely monitor the market situation. Market prices for both refined and raw sugar now are well above loan forfeiture levels, leading to today's actions. Both actions are designed to increase the supply of sugar available to the domestic market.

INVENTORY SALES

USDA will immediately offer for sale its refined sugar inventory of 22,419 tons (23,988 tons, raw value). USDA also will make available its remaining raw sugar inventory of 153,239 tons (160,901 tons, raw value). These actions will complete the disposition of over one million tons of sugar that USDA acquired during FY 2000 and 2001.

MARKETING ALLOTMENT INCREASE

USDA effective immediately raises the OAQ by 500,000 STRV. The total 2002-crop OAQ now is 8.200 million STRV. The resulting sector allocations for the 2002-crop are:

- Beet sugar: 4.457 million STRV
- Cane sugar: 3.743 million STRV
- TOTAL 8.200 million STRV

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Individual state cane allotments and individual processor marketing allocations will be made available early next week.

USDA will continue to closely monitor market performance and critical program variables throughout the year to ensure meeting program objectives and maintaining market balance. Further adjustments in the OAQ and alteration of the WTO sugar Tariff Rate Quota (TRQ) quantity will be considered as market conditions may warrant.

ADMINISTRATIVE PROCEDURES

This is the first year of operation of the domestic sugar allotment program in the new farm bill. USDA is striving to make program administration as efficient and transparent as possible. Building on the experience of the first quarter of operation, USDA will solicit input and suggestions from the sweetener industry and other stakeholders on program operation. Specific consultations will be organized with interested parties in the near future.

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