Frequently Asked Questions

July 5, 2013

1. ***Question*:** Will a processor who offers raw cane sugar at a higher polarity than the 96 degrees specified in the invitation receive the same polarity premium as would be obtained through loan forfeiture?
USDA's Response: The holders of RSRP credits and Certificates of Quota Eligibility (CQE) are strongly encouraged to contact warehouse operators in advance of offering to discuss the quality of sugar to be delivered, a delivery schedule, and to prearrange a schedule for premiums and discounts.

2. ***Question***: CCC encourages holders of RSRP credits and CQEs to contact warehouse operators to discuss terms prior to offering. What recourse does an offering processor have in the event there is no prior agreement between the processor and the winning exchange bidder, and a disagreement arises?
USDA's Response: CCC is not a party to disputes between third parties. In the absence of a prearranged schedule for premiums and discounts, CCC anticipates that raw cane processors will reduce the loadout quantity, basis the ICE Number 16 contract, if the polarity is higher than 96 degrees.

3. ***Question:*** With a minimum offer quantity of 5,000 MT, does that have to be in one physical location or can it be in multiple warehouses in different locations?
***USDA's Response*:** Each processor must offer a minimum of 5,000 MT, and this may be cumulative from multiple warehouse locations.

4. ***Question:*** Does the sugar offered have to be under loan?
USDA's Response: Sugar offered does not necessarily have to be under loan, but processors cannot offer more than their aggregate amounts under loan.

5. ***Question:*** When will CCC make payment if offer is accepted?
USDA's Response: CCC will initiate the electronic payment process as soon as possible on the day the offer is accepted.

6. ***Question:*** If we offer to sell packages rather than bulk, could we be forced to ship bulk even though we offered packages?
USDA's Response: Although this invitation is for bulk sugar, packaged stocks (totes, bags, etc.) may be used to cover the delivery obligation. CCC had anticipated that packaged sugar offered to CCC would be in 50-kg bags, at a minimum; however, sugar processors may deliver smaller pack sizes.

7. ***Question*:** Can we offer powdered or brown sugar?
USDA's Response: Only raw cane or refined beet sugar is eligible.

8. ***Question*:** What happens if a successful exchange offeror refuses to accept a bid award?
USDA's Response: A binding contract is formed when the government accepts the bid, and CCC will follow through with the exchange.

9. ***Question*:** If a domestic producer offers, does it count against their marketing allotment?
***USDA's Response*:** Yes, accepted offers count against the processor's marketing allotment.

10. ***Question:*** Does risk of loss follow title?
USDA's Response: The storing warehouse operator is responsible for the quantity and quality of sugar stored in their warehouse, without regard to title to the sugar.

11. ***Question:*** How does a processor offering to sell sugar to CCC value Re-export Credits and CQEs?
USDA's Response: The value of the Re-export Credits and/or CQEs is not the determining factor in CCC's bid evaluation and so cannot be "valued" in the purchase/exchange transactions. CCC's evaluation is based on the sugar price offered in relation to the bid cap and the exchange ratio offered. Processors may not know the bid ratio for exchanges, and exchange partners may not know the sales price offered by processors, in advance of the bid submission deadline. Neither will CCC, until the bids are opened following the deadline. The best opportunity for award from CCC is a combination of a relatively low price for the sugar purchase relative to the bid cap and a high ratio of Re-export Credits or CQEs per ton of sugar.

12. ***Question:*** Is Thick Juice eligible for an offer for sale to CCC?
USDA's Response: In-Process Beet Sugar (or thick juice) loan quantities may be used in determining eligibility to offer sugar to CCC. However, the price bid should reflect refined beet sugar, and the sugar must be refined by the deadline to submit price offers to CCC.

13. ***Question:*** What does the Agency's acceptance consist of? Any additional terms or conditions not listed elsewhere?
14. ***USDA's Response:*** Acceptance consists of Agency's verbal or written communication accepting offeror's bid and specifying the contractual terms (e.g. quantity, price etc.) No additional terms or conditions are listed elsewhere.

15. ***Question:*** How can a fax submission be confirmed as received?
USDA's Response: Verbal confirmation can be obtained from the bid custodian at 816-823-1012.

16. ***Question:*** What records does a processor need to verify that the product was in compliance with the domestic origin requirement?
USDA's Response: Documentation may include procurement, production, inventory, delivery, and any other pertinent records. A commingled product shall be considered to be a product of the United States if the offeror can establish that the offeror has in inventory at the time the contract for the commodity or product is awarded to the offeror, or obtains during the contract performance period specified in the solicitation, or a combination thereof, a sufficient quantity of the commodity or product that was produced in the United States to fulfill the contract being awarded, and all unfulfilled contracts that the offeror entered into to provide such commingled product to the United States.

17. ***Question*:** Could any imported sugars actually be tendered?

***USDA's Response*:** Announcement KCPBS2, Purchase of Bulk Sugar strictly states that the product must not have been sold before to another party (see definition of "Offeror"). Because a sale generally occurs when foreign sugar is sold into the U.S., such sugar held in the inventory of any of processors offering sugar in this exchange, would be disqualified. The announcement further states under "Domestic Origin" that the commodity delivered under this announcement must be produced in the United States from commodities produced in the United States.

18. ***Question:*** The announcement references "the KC-227 (Raw Sugar Acquisition Report). Which KC-227 is this referring to?
USDA's Response: KC-227, titled "Raw Sugar Certification Report", dated 04-04-13. For refined beet sugar, please use KC-227-A, titled "Refined Sugar Certification Report", dated 04-04-13.

19. ***Question:*** The Announcement refers to a "shipping schedule". What shipping schedule?
USDA's Response: The shipping schedule is the agreement between the processor (storing warehouse operator) and the transferee (CQE holder or licensed refiner) as to when the sugar will load out.

20. ***Question:*** What information should be included on Invoice for payment?
USDA's Response: Commercial invoice with pertinent information related to sugar purchased, including quantity, amount, and contract number.

21. ***Question:*** When does title transfer from Processor to CCC?
USDA's Response: Title transfers to CCC immediately upon acceptance of processor's quantity/price.

22. ***Question***: When (precisely) will FAS debit the License for credits exchanged?
USDA's Response: Credits will be removed on same date that the seller of the sugar is paid and the winning licensee receives ownership of the sugar.

23. ***Question:*** Is the loadout capacity listed on the catalog a guaranteed rate per day?
USDA's Response: The loadout capacity in the catalog is one of the terms of CCC's contract with the processor.

24. ***Question:*** Do I have to offer for the entire catalog quantity listed per line item?
USDA's Response: No, offers on a portion of the line item quantity are acceptable.

25. Q***uestion:*** When USDA is choosing a winning lot, they will be choosing on the basis of both 1) the price that USDA will pay for sugar purchased and 2) how many RSRP or Tariff Rate Quota (TRQ) licenses will be surrendered for the sugar received. Is this correct?
USDA's Response: Yes, the criteria for awarding contracts is:

For raw sugar:

Exchange ratio/standardized cost, where standardized cost = (offered price/offer cap) x $413.36674

For refined sugar:

Exchange ratio/standardized cost, where standardized cost = (offered price/offer cap) x $531.17626

26. ***Question:*** What is the purpose of and logic behind the $413.36674 and $531.17626 when determining the standardized cost?
USDA's Response: $413.36674 and $531.17626 represent the national loan rates for cane ($.1875/lb) and beet ($.2409/lb) in terms of dollars per metric ton. The intent was to neutralize the impact of the regional loan rates in the bidding process. Loan rates vary by region, depending on such things as marketing costs and location discounts. Without this adjustment to the denominator of the acceptance criteria, processors with higher loan rates would be at a disadvantage when bidding, given equal exchange ratios.

PLEASE NOTE: This document will be periodically updated.