USDA Announces Reassignments of Fiscal Year 2020 Domestic Marketing Allocations and Increases to Fiscal Year 2020 Raw and Refined Sugar Tariff-Rate Quotas

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WASHINGTON, April 1, 2020 - The U.S. Department of Agriculture (USDA) today announced several actions regarding sugar: 1) a reassignment of projected fiscal year (FY) 2020 surplus beet sugar marketing allocations among beet sugar processors, with a consequent reassignment of 750,000 short tons, raw value (STRV) to raw cane sugar imports already anticipated; 2) a reassignment of 550,000 STRV of projected FY 2020 surplus cane sugar allocations to raw cane sugar imports, of which 200,000 STRV is reassigned to raw cane sugar imports already anticipated, and 350,000 STRV (317,515 metric tons, raw value or MTRV) is applied toward an increase in the FY 2020 tariff-rate quota (TRQ) for raw cane sugar; 3) an increase in the FY 2020 refined sugar TRQ of 200,000 STRV (181,437 MTRV); and 4) an increase in the FY 2020 raw sugar TRQ of 350,000 STRV (317,515 MTRV). These actions are effective April 2, 2020. The Federal Register notice announcing these increases is at: https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-07164.pdf.

These actions are needed to bring additional sugar into the U.S. marketplace to achieve at least a 13.5 percent FY 2020 U.S. sugar ending stocks-to-use ratio. Significant uncertainties regarding the level of FY 2020 imports from Mexico, the effect of coronavirus on domestic refined and raw sugar demand and supply through the end of the fiscal year, and other market factors make it prudent for USDA to increase import access at this time to achieve the target of USDA's traditional range of sugar ending stocks-to-use of 13.5 to 15.5 percent. USDA will continue to monitor the situation and take actions it considers appropriate.

Reassignment of Fiscal Year 2020 Domestic Marketing Allocations and Allotments

In accordance with section 359e of the Agricultural Adjustment Act of 1938 (the Act), as amended, after evaluating each sugar beet processor's ability to market its full allocation, USDA is transfering allocations from beet sugar processors with surplus allocation to those with deficit allocation as set out in the Table below. Since these actions do not eliminate the deficit, in accordance with section 359e of the Act, USDA is reassigning 750,000 STRV to raw cane sugar imports already anticipated, given the absence of any Commodity Credit Corporation (CCC) stocks of sugar.

USDA has also determined that domestic cane sugar supplies are inadequate to fill the FY 2020 cane sugar marketing allocations. In accordance with section 359e of the Act, at this time, USDA is reassigning this deficit to raw cane sugar imports under the FY 2020 TRQ for raw cane sugar, given the absence of any CCC stocks of sugar. Of this amount, 200,000 STRV is being reassigned to raw cane sugar imports already anticipated, while 350,000 STRV is being reassigned to the increase in the FY 2020 raw sugar TRQ.

These FY 2020 sugar program actions will not prevent any domestic sugarcane or beet sugar processor from marketing all of its FY 2020 sugar supply.

FY 2020 Raw Sugar TRQ Increase

On June 27, 2019, the Secretary of Agriculture established the FY 2020 TRQ for raw cane sugar at 1,117,195 metric tons, raw value (MTRV), the minimum to which the United States is committed under the World Trade Organization (WTO) Uruguay Round Agreements. Pursuant to Additional U.S. Note 5 to Chapter 17 of the U.S. Harmonized Tariff Schedule (HTS) and Section 359k of the Act, the Secretary has authority to modify the raw and refined sugar WTO TRQs. The Secretary gave notice today of an increase in the quantity of raw cane sugar eligible to enter at the lower rate of duty during FY 2020 by 317,515 MTRV. With this increase, the overall FY 2020 raw sugar TRQ is now 1,434,710 MTRV. Raw cane sugar under this quota must be accompanied by a certificate for quota eligibility and may be entered until September 30, 2020. The Office of the U.S. Trade Representative (USTR) will allocate this increase among supplying countries and customs areas.

FY 2020 Refined Sugar TRQ Increase

On June 27, 2019, the Secretary established the FY 2020 refined sugar TRQ at an aggregate quantity of 192,000 MTRV, of which 20,344 MTRV was reserved for refined sugar other than specialty sugar. On July 15, 2019, USTR allocated this refined sugar TRQ as follows: 10,300 MTRV to Canada; 2,954 MTRV to Mexico; 7,090 MTRV to be administered on a first-come, first-served basis; and 171,656 MTRV for specialty sugar. The Secretary gave notice today of an increase in the FY 2020 refined sugar TRQ of 181,437 MTRV, to a total of 373,437 MTRV. USTR will allocate this refined sugar TRQ increase. Only refined sugar with a sucrose content, by weight in the dry state, corresponding to a reading of 99.5 degrees polarity or more will be permitted.

These actions are being taken after determining that additional supplies of raw cane and refined sugar are required in the U.S. market. USDA will closely monitor stocks, consumption, imports and all sugar market and program variables on an ongoing basis and may make further program adjustments during FY 2020 if needed.

* Conversion factor: 1 metric ton = 1.10231125 short tons.

The revised FY 2020 cane and beet sugar marketing allotments and processor allocations are shown below.

FY 2020 OVERALL BEET/CANE ALLOTMENTS AND ALLOCATIONS (short tons, raw value)			
Distribution	Initial FY20 Allocations	Reassignments	Adjusted Allocations
Beet Sugar	5,636,095	(750,000)	4,886,095
Cane Sugar	4,733,905	(550,000)	4,183,905
Reassignment to Raw Cane Sugar Imports	0	1,300,000	1,300,000
TOTAL OAQ	10,370,000	-	10,370,000
BEET PROCESSORS' MARKETING ALLOCATIONS:			
Amalgamated Sugar Co.	1,206,731	40,335	1,247,066
American Crystal Sugar Co.	2,072,759	-654,212	1,418,548
Michigan Sugar Co.	582,071	93,867	675,938
Minn-Dak Farmers Co-op.	391,421	-75,286	316,135
So. Minn Beet Sugar Co-op.	760,693	-15,446	745,247
Western Sugar Co.	575,228	-134,096	441,132
Wyoming Sugar Company, LLC	47,192	-5,162	42,029
TOTAL BEET SUGAR	5,636,095	-750,000	4,886,095
STATE CANE SUGAR ALLOTMENTS:			
Florida	2,544,366	-289,893	2,254,473
Louisiana	1,968,353	-196,860	1,771,493
Texas	221,186	-63,247	157,939
Hawaii	0	0	0
TOTAL CANE SUGAR	4,733,905	-550,000	4,183,905
CANE PROCESSORS' MARKETING ALLOCATIONS:			
Florida			
Florida Crystals	1,047,582	-215,815	831,767
Growers Co-op. of FL	457,694	-25,035	432,659
U.S. Sugar Corp.	1,039,090	-49,044	990,046
TOTAL	2,544,366	-289,893	2,254,473
Louisiana			
Louisiana Sugar Cane Products, Inc.	1,366,493	-168,403	1,198,090
M.A. Patout & Sons	601,860	-28,457	573,403
TOTAL	1,968,353	-196,860	1,771,493
Texas			
Rio Grande Valley	221,186	-63,247	157,939
Hawaii			
Hawaiian Commercial & Sugar Company 1/	0	0	0
1/ Temporary reassignment of allotment to mainland sugarcane-producing states because CCC, at this time, has not determined that HC&S permanently terminated its operations.			

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