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## **USDA Announces FY 2019, FY 2020 Supply Adjustments to Sugar Program**

### **News Release | June 26, 2019**

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**WASHINGTON, June 26, 2019** - The U.S. Department of Agriculture (USDA) today announced several fiscal year (FY) 2019 sugar program actions to ensure an adequate supply of raw sugar to the U.S. market and established FY 2020 sugar import tariff-rate quota (TRQ) levels.

The actions affecting FY 2019 taken by USDA include:

- Reassigning surplus domestic sugar marketing allotments among sugar beet and sugarcane processors in the U.S.;
- Reassigning the remaining 700,000 short tons, raw value (STRV) of domestic surplus sugar marketing allotments to raw sugar imports;
- Requesting the U.S. Department of Commerce increase the FY 2019 Mexico export limit by 100,000 STRV.

In addition, on June 24, 2019, the Office of the U.S. Trade Representative reallocated the shortfall of the FY 2019 raw sugar tariff-rate quota (TRQ), which is expected to add about 50,000 STRV to the U.S. sugar supply. Together, these actions are expected to yield a net increase in raw sugar imports in FY 2019 of up to 150,000 STRV.

The actions affecting FY 2020 taken by USDA include:

- Establishing the FY 2020 raw and refined sugar TRQs; and
- Establishing an Additional Specialty sugar quota in the amount of 187,393 STRV (170,000 metric ton, raw value, or MTRV) for FY 2020.

### **FY 2019 Domestic Marketing Allotment Reassignments**

Sugar program provisions require that if the Secretary of Agriculture determines that any beet processor will be unable to market its share of the beet sector allotment, the deficit shall first be reassigned to other beet processors, then any remaining deficit is to be reassigned to raw sugar imports. Under similar instances in the cane sector, the Secretary shall first reassign the shortfall to cane processors within a cane State then to cane processors in other cane States and finally to raw sugar imports.

Table 1 indicates that after reassigning beet allocation away from beet processors that had excess allocation to beet processors that need more allocation to market their supplies, 200,000 STRV in excess beet allotment remained. This deficit is reassigned to raw cane sugar imports.

Table 1

FY 2019 OVERALL BEET/CANE ALLOTMENTS AND ALLOCATIONS (short tons, raw value)			
Distribution	Initial FY19 Allocations	Reassignments	Adjusted Allocations
Beet Sugar	5,659,194	(200,000)	5,459,194
Cane Sugar	4,753,306	(500,000)	4,253,306
Reassignment to Raw Cane Sugar Imports	0	700,000	700,000
TOTAL OAQ	10,412,500	-	10,412,500
BEET PROCESSORS' MARKETING ALLOCATIONS:			
Amalgamated Sugar Co.	1,204,919	91,805	1,296,724
American Crystal Sugar Co.	2,088,579	-134,656	1,953,923
Michigan Sugar Co.	582,480	10,575	593,055
Minn-Dak Farmers Co-op.	391,918	-40,115	351,803
So. Minn Beet Sugar Co-op.	769,524	-122,582	646,942
Western Sugar Co.	574,389	-19,407	554,982
Wyoming Sugar Company, LLC	47,385	14,381	61,766
TOTAL BEET SUGAR	5,659,194	-200,000	5,459,194

STATE CANE SUGAR ALLOTMENTS:			
Florida	2,554,794	-460,393	2,094,401
Louisiana	1,976,420	24,773	2,001,193
Texas	222,092	-64,380	157,713
Hawaii	0	0	0
TOTAL CANE SUGAR	4,753,306	-500,000	4,253,306
CANE PROCESSORS' MARKETING ALLOCATIONS:			
Florida			
Florida Crystals	1,051,876	-262,546	789,330
Growers Co-op. of FL	459,570	-105,480	354,090
U.S. Sugar Corp.	1,043,348	-92,368	950,981
TOTAL	2,554,794	-460,393	2,094,401
Louisiana			
Louisiana Sugar Cane Products, Inc.	1,372,093	-51,888	1,320,205
M.A. Patout & Sons	604,327	76,661	680,988
TOTAL	1,976,420	24,773	2,001,193

Texas			
Rio Grande Valley	222,092	-64,380	157,713
Hawaii			
Hawaiian Commercial & Sugar Company 1/	0	0	0

Table 1 also indicates that after excess cane State allotment was reassigned between cane processors within Louisiana, it was necessary to reassign cane allotment from Florida and Texas to Louisiana to allow one of its cane processors to market its expected supply. After these actions, there remained 500,000 STRV of excess cane allotment, which is reassigned to raw cane sugar imports.

Of the 700,000 STRV of domestic cane and beet sugar supply shortfall that is reassigned to raw cane sugar imports:

- 100,000 STRV is reassigned to raw cane sugar imports from Mexico of less than 99.5 polarity;
- 50,000 STRV is reassigned to raw cane sugar imports expected from the TRQ reallocation; and
- The remaining 550,000 STRV is reassigned to raw cane sugar imports already expected.

### **FY 2020 U.S. World Trade Organization (WTO) Raw and Refined Sugar TRQs**

USDA is establishing the FY 2020 TRQ for raw cane sugar at 1,231,497 STRV (1,117,195 MTRV), the minimum to which the United States is committed under the WTO Uruguay Round Agreement on Agriculture pursuant to Additional U.S. Note 5 to Chapter 17 of the U.S. Harmonized Tariff Schedule and Section 359k of the Agricultural Adjustment Act of 1938, as amended. USDA published this decision in the Federal Register.

Raw cane sugar under this TRQ must be accompanied by a certificate of quota eligibility. USTR will allocate this TRQ among supplying countries and customs areas.

USDA is establishing the FY 2020 refined sugar TRQ at 211,644 STRV (192,000 MTRV). The total refined sugar TRQ includes the 24,251 STRV (22,000 MTRV) minimum to which the United States is committed under Uruguay Round Agreement on Agriculture, of which 1,825 STRV (1,656 MTRV) is reserved as the minimum specialty sugar amount. Furthermore, 187,393 STRV (170,000 MTRV) is reserved as the additional specialty sugar amount.

Because the specialty sugar TRQ is administered on a first-come, first-served basis, USDA will release it in tranches to allow for orderly marketing throughout the year. The FY 2020 specialty sugar TRQ will be opened in five tranches. The first tranche, totaling 1,825 STRV (1,656 MTRV), will open October 1, 2019. All specialty sugars are eligible for entry under this tranche.

The second, third, fourth and fifth tranches will be reserved for organic sugar and other specialty sugars not currently produced commercially in the United States or reasonably available from domestic sources. The second tranche of 55,116 STRV (50,000 MTRV) will open on October 9, 2019. The third tranche of 55,116 STRV (50,000 MTRV) will open on January 22, 2020. The fourth and fifth tranches, both of 38,581 STRV (35,000 MTRV), will open on April 15, 2020, and July 15, 2020, respectively.

The USTR will allocate the refined sugar TRQ, other than the amount reserved for specialty sugar, among supplying countries, and customs areas.

USDA closely monitors sugar production, stocks, consumption, imports and other variables. Based on these variables, USDA may need to make additional adjustments to imports or domestic marketing allotments to ensure an adequate supply for the domestic market, avoid forfeitures and prevent or correct market disruptions.

The *Federal Register* notice announcing these changes can be found online [here](#).

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