May 13, 2019

Honorable Ted McKinney Honorable Bill Northey

Under Secretary Under Secretary

Trade and Foreign Agricultural Affairs Farm Production and Conservation

U.S. Department of Agriculture U.S. Department of Agriculture

Washington, DC 20250 Washington, DC 20250

Dear Under Secretaries McKinney and Northey:

With release of the May *World Agricultural Supply and Demand Estimates* (WASDE),there can be no further doubt about the need to increase sugar supplies for the current fiscal year. On behalf of the Sweetener Users Association, I strongly urge you to use your own authorities and work with the Office of the U.S. Trade Representative and the Department of Commerce to reallocate the tariff-rate quota, increase Mexico’s access to the U.S. market, and (if necessary due to the availability of Mexican sugar) increase the TRQ.

The May WASDE itself makes the arguments for action more eloquently than we could. In particular:

* The 2018/19 **stocks-to-use ratio is reduced to 12.2 percent**, which results from a drop in domestic production and imports of 120,000 short tons, raw value (STRV) below the level estimated in the April WASDE – and that estimate was itself well below the lower end of USDA’s desired stocks range.
* **Total supplies are reduced** compared to previous April estimates. In particular, USDA states that beet sugar from the new crop produced before October 1 will be “about 123,000 STRV lower than the average of the 5 previous years.” This clearly shows a danger of short supplies in the third and fourth fiscal quarters.
* The **shortfall in the 2018/19 TRQ is increased** by 22,000 STRV “based on FAS Post reporting,” indicating the Foreign Agricultural Service has new information about the likely failure of some countries to fill their quotas.
* The **estimate of high-tier imports is increased** from April to 70,000 STRV “based on the pace to date,” clearly indicating a price imbalance in the domestic market.

The problem of low stocks becomes still more concerning in looking at USDA’s initial projection for the 2019/20 year. **The stocks-to-use ratio is forecast to fall still further to 12.0 percent**, and USDA states that “slower-than-average planting progress in the Upper Midwest and Michigan has dampened prospects for significant gains in the national yield over last year.” Indeed, USDA’s May 6 *Crop Progress* report shows that **in three of the four largest sugar beet states, only between 13 and 27 percent of intended acres had been planted**, compared to more than 60 percent in a normal year.

An immediate reallocation, along with additional import access, for a total net addition to domestic supplies of 400,000 short tons, raw value will contribute to market stability and prevent the kind of short-supply situation that will prompt additional high-tier imports. Again, we strongly urge you and your colleagues to act now.

Sincerely,

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Chairman

cc: Sharon Bomer Lauritsen

Assistant USTR for Agricultural Affairs & Commodity Policy

Dylan Daniels

USTR Director of Agricultural Affairs