

United States Senate

WASHINGTON, DC 20510

February 27, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue:

We write today to express our concern regarding the refined sugar shortage expected for the remainder of the 2019-2020 marketing year. While we are encouraged that the U.S. Department of Agriculture (USDA) and the U.S. Trade Representative have recently taken steps to provide for additional sugar imports, we request that USDA take further action to ensure that an adequate supply of refined sugar is available for delivery to the food and beverage manufacturers across the U.S. that use sugar as an ingredient in their products.


As you know, adverse weather in the midwestern and southeastern U.S. significantly depressed the domestic sugar harvest in 2019. As a result, USDA projects cane and beet sugar production to decrease 8.5 and 10 percent, respectively, compared to the previous marketing year. This marked downturn in production is not limited to the U.S.; Mexico also reported depleted sugarcane crops due to unfavorable weather conditions in key sugar-producing regions, particularly along the Gulf of Mexico, which produces a majority of the country's raw sugar exports to the U.S. This decline in North American raw sugar production threatens to disrupt supply chains and increase prices for U.S. consumers.

Unfortunately, the impact of the looming supply crunch is already beginning to materialize. In November 2019, the largest U.S. sugar distributor, United Sugars Corporation, declared force majeure, and Western Sugar Cooperative also notified buyers that the firm would be unable to deliver 15 percent of its sales this marketing year. It is worth noting that these forgone sales represent refined sugar that our constituents have already contracted to purchase. Disruptions this early in the marketing year portend significant complications in the spring and summer months, considering firms higher in the supply chain are already exhausting their dwindling reserves to fulfill contractually-obligated deliveries in the short term. To mitigate the logistical headaches that are already beginning to take shape, it is imperative that USDA take steps to allow for increased imports of raw and refined sugar to satisfy demand and prevent price spikes.

There is nothing new about our nation importing sugar from abroad. In fact, America has been a net importer of sugar since the colonial period. That said, the labyrinth of price control mechanisms that form the backbone of the U.S. sugar program, including a strict curtailment of imports, render sugar-using industries particularly exposed to supply shocks, such as the ones outlined above. Thankfully, the Secretary of Agriculture is authorized to adjust import quotas to ensure that an adequate supply of sugar enters into commerce. We ask that you increase market access for not only Mexico, but for other countries that regularly sell us sugar, albeit tightly restricted.

Improving liquidity in the U.S. sugar market is crucial for U.S. consumers and the approximately 600,000 Americans employed by sugar-using companies across the country. We appreciate your attention to this matter.

Sincerely,



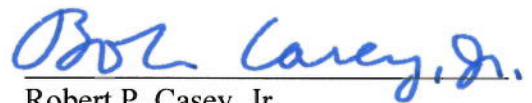
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