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March 12, 2021

The Honorable Thomas J. Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. Secretary:

The Sweetener Users Association (SUA) congratulates you on being confirmed again as Secretary of Agriculture. SUA supported your nomination and looks forward to working with you and your team.

From your prior service, you are no doubt aware that operating U.S. sugar policy requires balance and judgment. To a greater extent than for most other commodities, sugar policies have a significant impact on marketplace conditions, such as price and supply. By the same token, changes in market conditions sometimes dictate the need for sugar policy adjustments, and that is the case now.

The *World Agricultural Supply and Demand Estimates* (WASDE) released March 9 show, on the surface, an adequate level of sugar stocks, specifically a stocks-to-use ratio of 15.1 percent. But market conditions are considerably tighter than the ratio suggests.

- Domestic raw sugar futures are trading at an unusually elevated level above 30 cents per pound.
- Significant quantities of raw sugar are “stranded” in Louisiana, i.e., these supplies exceed the ability of the state’s refineries to refine them in a timely fashion. Although the raw sugar could be shipped to Atlantic Coast refineries, the Jones Act makes it quite expensive to do so. Trade sources estimate that approximately 250,000 short tons, raw value, are in this situation and therefore unavailable to the market.
- The stranded Louisiana sugar should be subtracted from total projected ending stocks in order to get a true picture of supplies that are actually available for use. On this basis, the

ratio of free stocks-to-use is only 13.0 percent – well under USDA’s target range, but more consistent with current raw sugar futures prices than the stocks-to-use ratio in the March WASDE.

- Because world sugar prices are higher than normal, the quantity of raw sugar imported for USDA’s re-export programs is far below normal levels.
- A number of market participants question the WASDE’s estimates of 2020/21 beet sugar output, believing actual production will fall short of USDA’s current estimates, and this is reflected in current pricing.
- For the new sugarbeet crop that will be planted in coming months, high grain and oilseed prices may compete for sugarbeet acres to a greater extent than is normally the case.
- Many market observers believe demand is likely to pick up sharply as COVID-19 vaccination rates increase and food service and entertainment venues gradually reopen. Higher demand would further reduce stocks.

We therefore respectfully request that the Department of Agriculture take two actions to ensure market stability:

1. Provide for a supply increase of 250,000 short tons, raw value (STRV), through an increase in Mexico’s Export Limit, an increase in the World Trade Organization (WTO) raw sugar tariff-rate quota (TRQ), or a combination of the two.
2. Work with the Office of the U.S. Trade Representative to reallocate the WTO quota, focusing especially on those countries that consistently do not ship against their quotas because they no longer produce or export sugar.

Thank you for your consideration of this request. A similar letter with respect to TRQ reallocation has been sent to Acting U.S. Trade Representative Maria Pagan. SUA appreciates the openness and professionalism that characterize USDA’s approach to sugar policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Pasco". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Pasco
President