



SWEETENER USERS **ASSOCIATION**

1100 New Jersey Ave., SE
Suite 910
Washington, DC 20003
Phone: (202) 842-2345

July 14, 2023

The Honorable Robert Bonnie
Under Secretary
Farm Production and Conservation
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

The Honorable Alexis Taylor
Under Secretary
Trade and Foreign Agricultural Affairs
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Under Secretaries Bonnie and Taylor:

Members of the Sweetener Users Association (SUA) appreciate the recent increase in the raw sugar tariff-rate quota (TRQ) of 125,000 metric tons, raw value (MTRV). We commend USDA for recognizing that by all reasonable metrics, the domestic market remains inadequately supplied. The TRQ increase is a positive step toward supply adequacy, and we thank the Department for its efforts in this regard.

We respectfully request that you and your colleagues work with the Office of the U.S. Trade Representative (USTR) to allocate the TRQ increase as expeditiously as possible. As you know, sales cannot be consummated and shipments undertaken until the allocations are formalized.

SUA notes that estimates of high-tier imports were raised in the July World Agricultural Supply and Demand Estimates for both 2022/23 and 2023/24, compared to June projections. The secular trend of much higher-than-normal high-tier imports makes a strong case for more increases in the TRQ, especially when additional supplies from Mexico are not available.

High-tier imports do not, in general, convey quota rents to countries of origin, which is one of the primary rationales for allocating the TRQ through certificates of quota eligibility (CQEs). Moreover, there is no reason to think that high-tier imports will replicate the distribution of imports within the CQE system, and considerable reason to assume that nearby origins will be favored. Thus, a policy of acquiescence in high-tier imports implies a willingness to see TRQ allocations – which even if outdated, are mandated in international commitments – rendered ineffective as to the quantity of high-tier shipments.

It is not necessarily a matter of increasing the total quantity of imports. Rather, U.S. policies should favor imports from Mexico and TRQ quota-holding countries over high-tier imports, pursuing policies that encourage the former to displace the latter. We are at a loss to see why anyone would oppose this point of view, unless of course their real objective is to institutionalize high-tier-equivalence pricing in the U.S. market. Needless to say, this has never been the norm in the past, and nothing in the farm bill or the TRQ regime suggests that it is or should be a policy objective.

Another year of needing to pay high duties (that are designed to be prohibitive tariffs) on 350,000 short tons or more of over-quota imported sugar is a clear signal that the U.S. sugar market continues to be dysfunctional. And unfortunately, a tight domestic sugar supply policy increases the cost of every pound of sugar in the domestic market for food companies and consumers.

Thank you for your consideration of our views. As always, we stand ready to help USDA obtain whatever information may be useful in its policy deliberations.

Sincerely,

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

Richard Pasco
President