

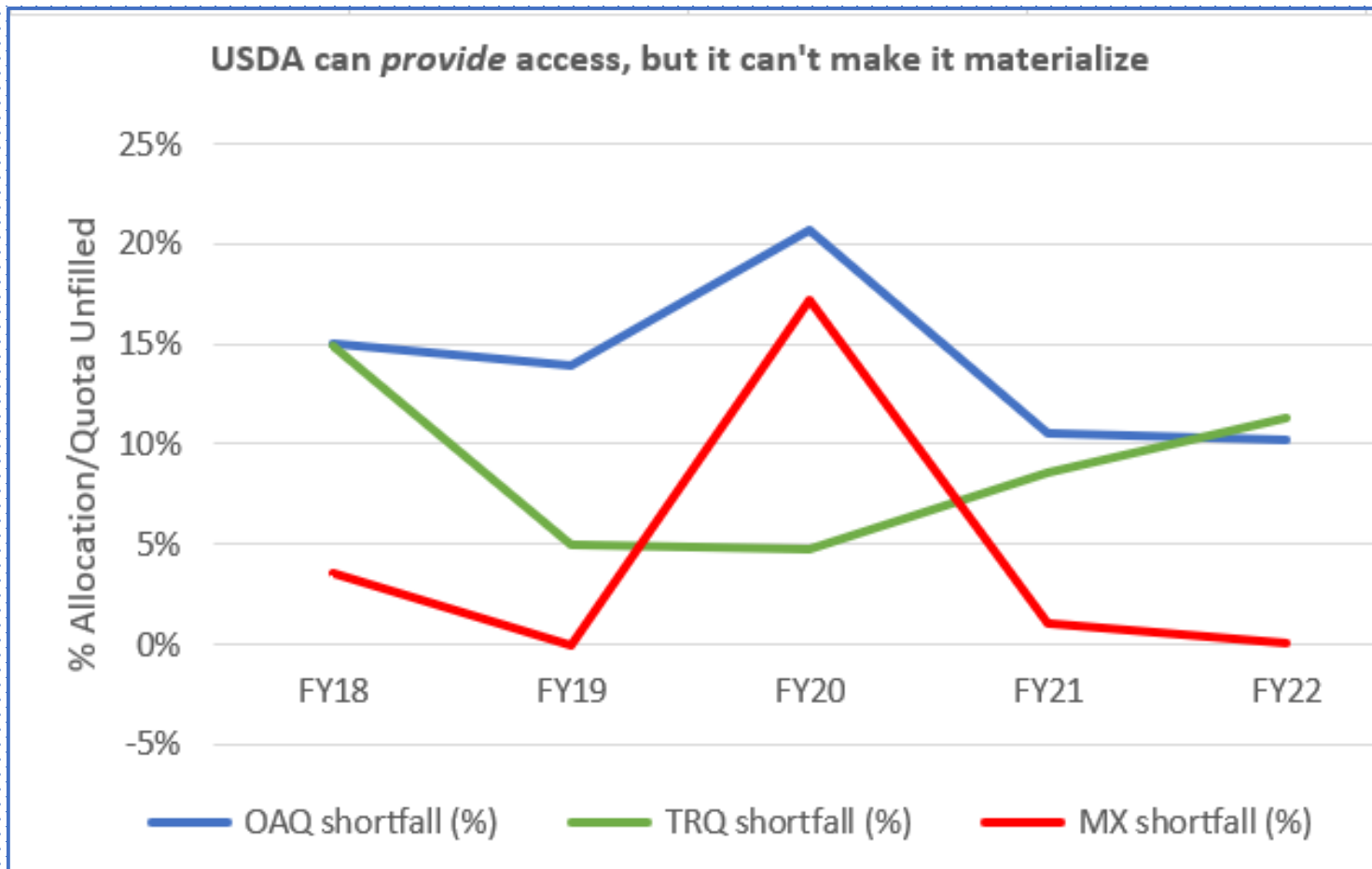
American Sugar Alliance's 38<sup>th</sup> International Sweetener Symposium  
August 4-9, 2023

Barb Fecso USDA

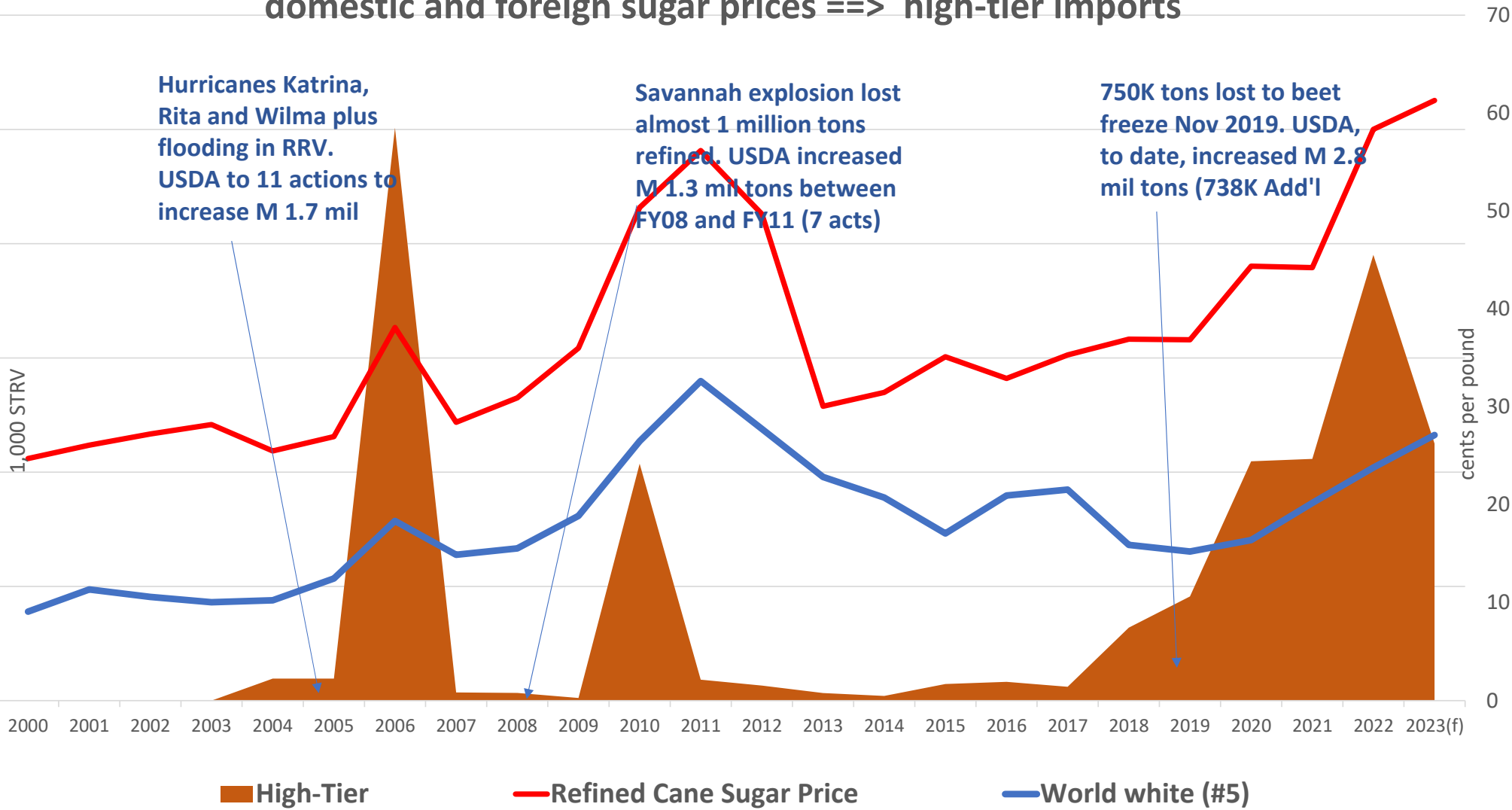
Monday, August 7, 9:45–10:45am

***U.S. Sugar Policy: Achieving a Stronger Safety Net***

### OAQ, TRQ, Mexico's Export Limit Performance



## Three severe supply disruptions since 2000==> Large spread between domestic and foreign sugar prices ==> high-tier imports

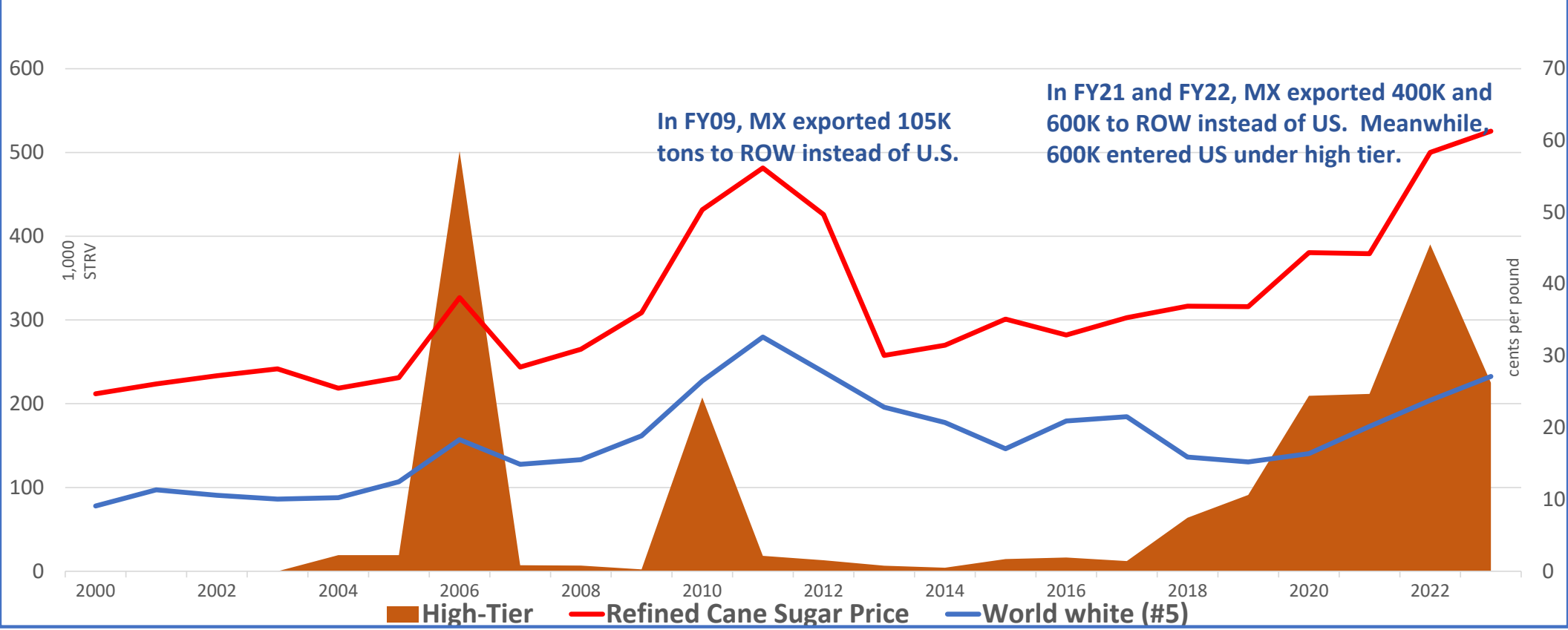


When sugar supplies are tight, USDA actions to increase the TRQ or Mexico will have little impact on price.

When supplies are flush, domestic prices will fall.

	US SHORT	US LONG
ROW SHORT	US Price = World Price + High-Tier (US P = WP + HT)	US P < WP + HT
ROW LONG	US P < WP + HT	US P < WP + HT

### Three major supply disruptions since 2000: Severe shortages ==> high prices ==> high-tier imports

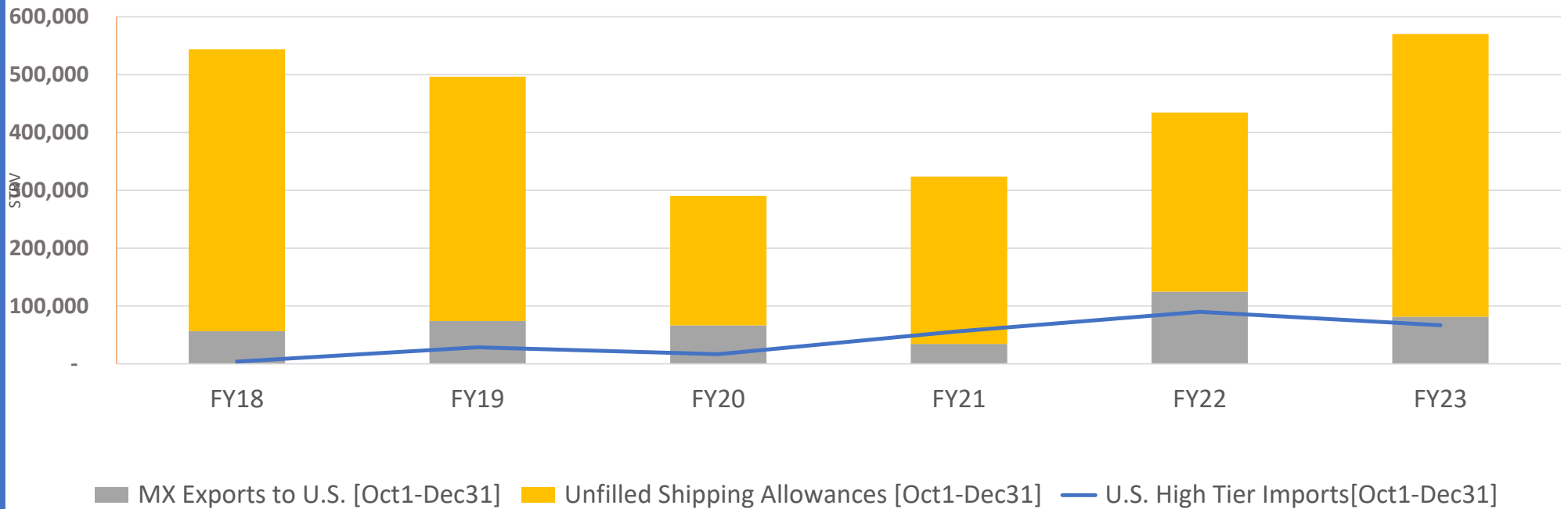


In FY09, MX exported 105K tons to ROW instead of U.S.

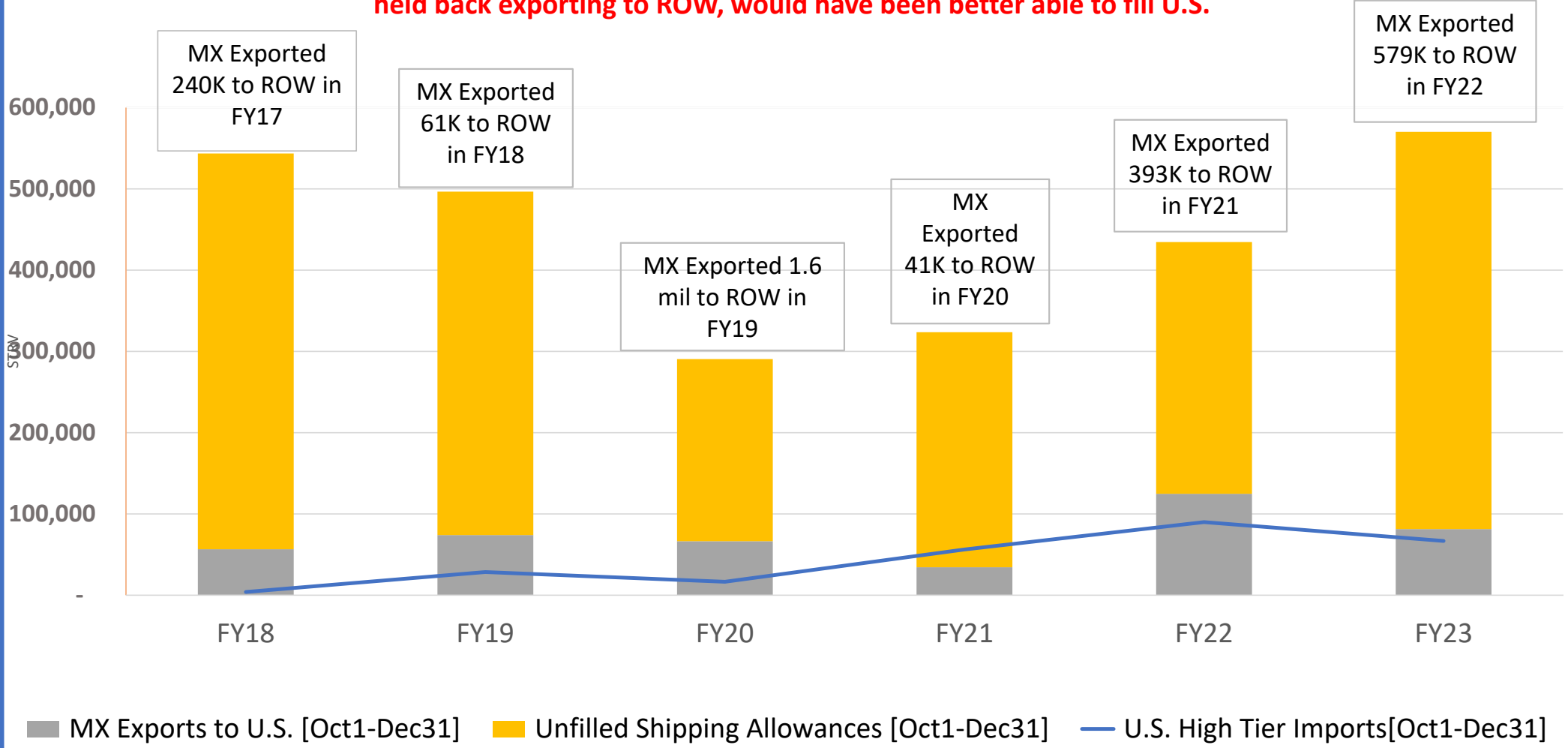
In FY21 and FY22, MX exported 400K and 600K to ROW instead of US. Meanwhile, 600K entered US under high tier.

High-Tier Refined Cane Sugar Price World white (#5)

**Mexican Shipping Pattern Allowances through Dec31 have been largely unfilled---opening up opportunity for HT imports. By end of some years, MX has exported large sums to ROW**



Mexican Shipping Pattern Allowances through Dec31 have been largely unfilled---opening up opportunity for HT imports. By end of some years, MX has exported large sums to ROW. **Had Mexico held back exporting to ROW, would have been better able to fill U.S.**



MX Exported 240K to ROW in FY17

MX Exported 61K to ROW in FY18

MX Exported 1.6 mil to ROW in FY19

MX Exported 41K to ROW in FY20

MX Exported 393K to ROW in FY21

MX Exported 579K to ROW in FY22

## SUMMARY

With the suspension agreement resetting the stocks-to-use ratio to 13.5 percent quarterly, USDA has lost some, but not all control over prices.

To mitigate high-tier imports...

USDA could change its timing of actions such as:

- setting OAQ levels at the beginning of the fiscal year to unblock all supplies;
- reallocating TRQs at the beginning of the fiscal year; and
- signaling to Mexico earlier when additional sugar is needed.

*Whether USDA increases sugar supplies via trading partners who have preferential access---WTO countries or Mexico---or via high-tier imports (which generate Treasury revenue), prices will be similar.*