

FAS Sugar Program and Current Market

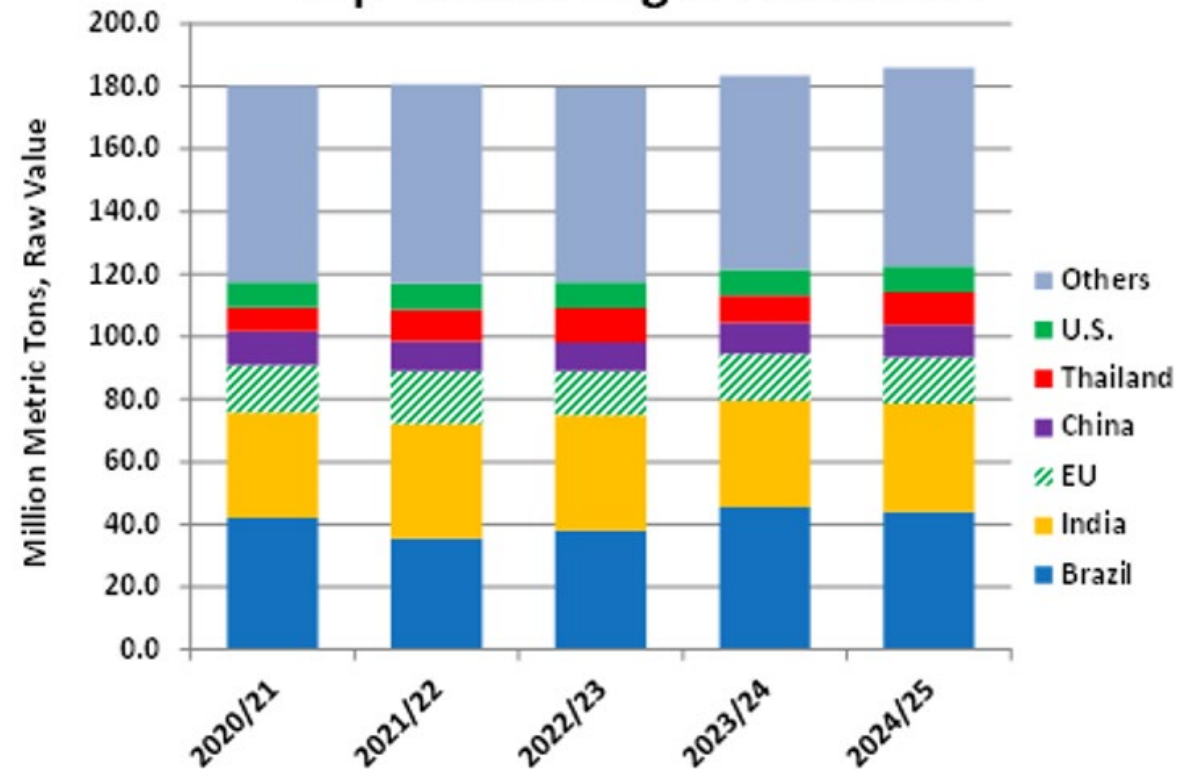
Presentation by USDA Foreign Agricultural Service
Associate Administrator Elaine Trevino
August 5, 2024



Global Production

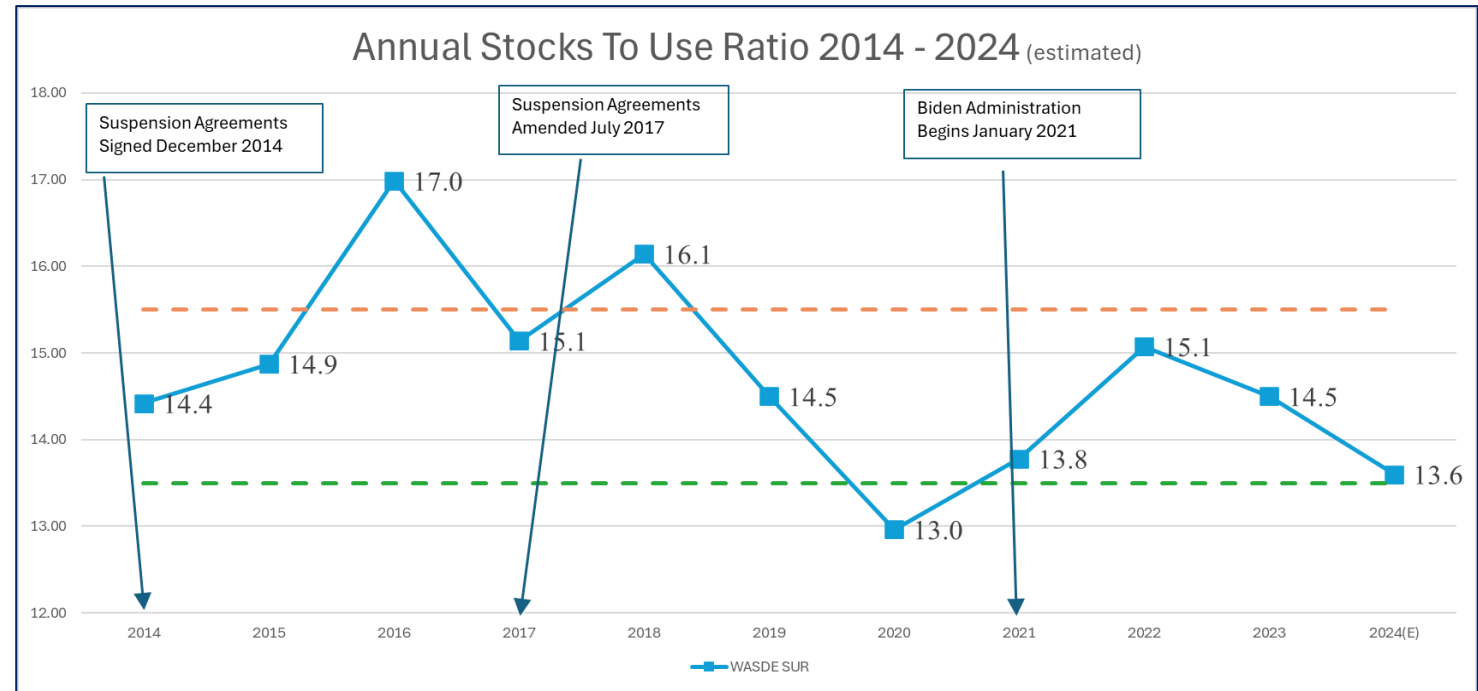
- 2024-25 global sugar production is forecast at **186.0** million tons with lower production in Brazil expected to more than offset higher production in Thailand, India, China, and Mexico.
- Brazil production is forecast at **44.0** million tons, the second highest on record.
- India production is estimated up **500,000** tons to **34.5** million on higher yields with the planting of early maturing varieties.
- European Union production is forecast flat at 15.0 million tons as sugar beet area is expected to be up slightly with lower yields.
- Thailand production is forecasted at **10.2** million tons.

Brazil and India
Top Global Sugar Producers



Sugar Supply Goal and Policy

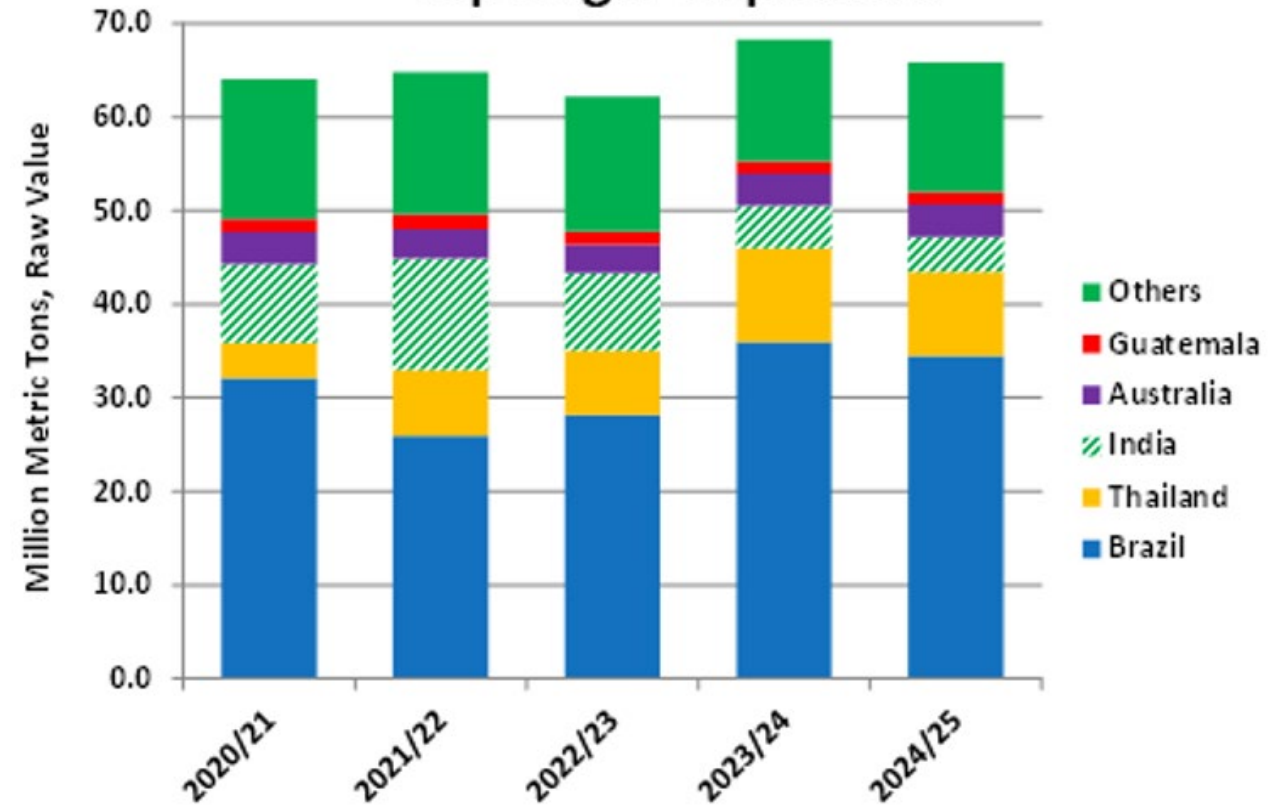
- Adequate levels of sugar, sufficient to supply domestic demand and have a reasonable amount to tide us over for the following year.
- July Stocks to Use Ratio (STU) at 15.6%.
- Maintain Stable Supply with a STU between 13.5% and 15.5%.
- USDA Projected STR at 13.5%.



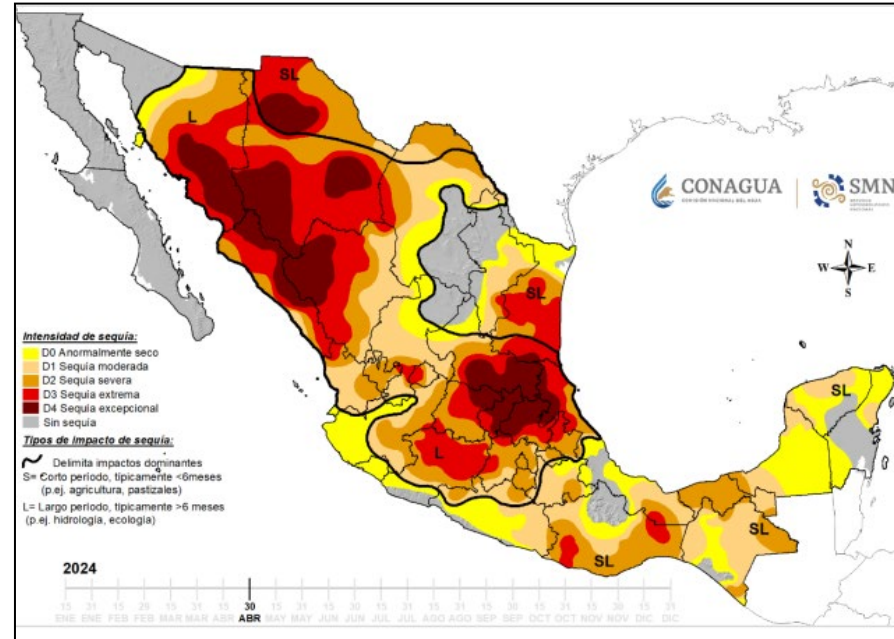
Global Exports

- 2024-25 global exports are forecast at **68.2** million tons.
- Brazil's exports are forecasted at **36.0** million tons.
- Thailand exports are forecast to level off at **9.0** million tons after surging the year before.
- India's exports are down slightly at **4.6** million tons on the likelihood that the government maintains export caps to meet domestic food consumption and sugar to ethanol diversion for the Ethanol Blending Program.

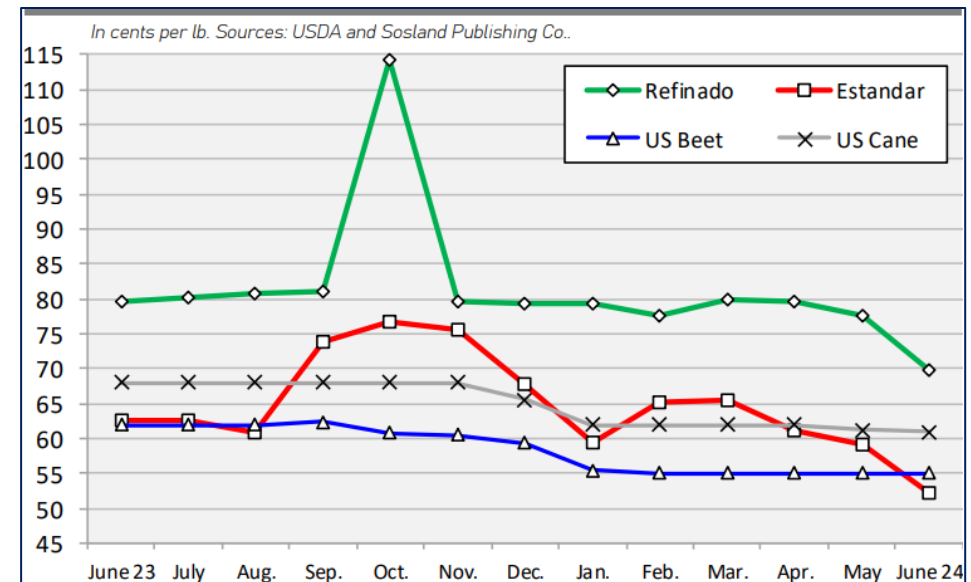
Brazil and Thailand Top Sugar Exporters



Mexico



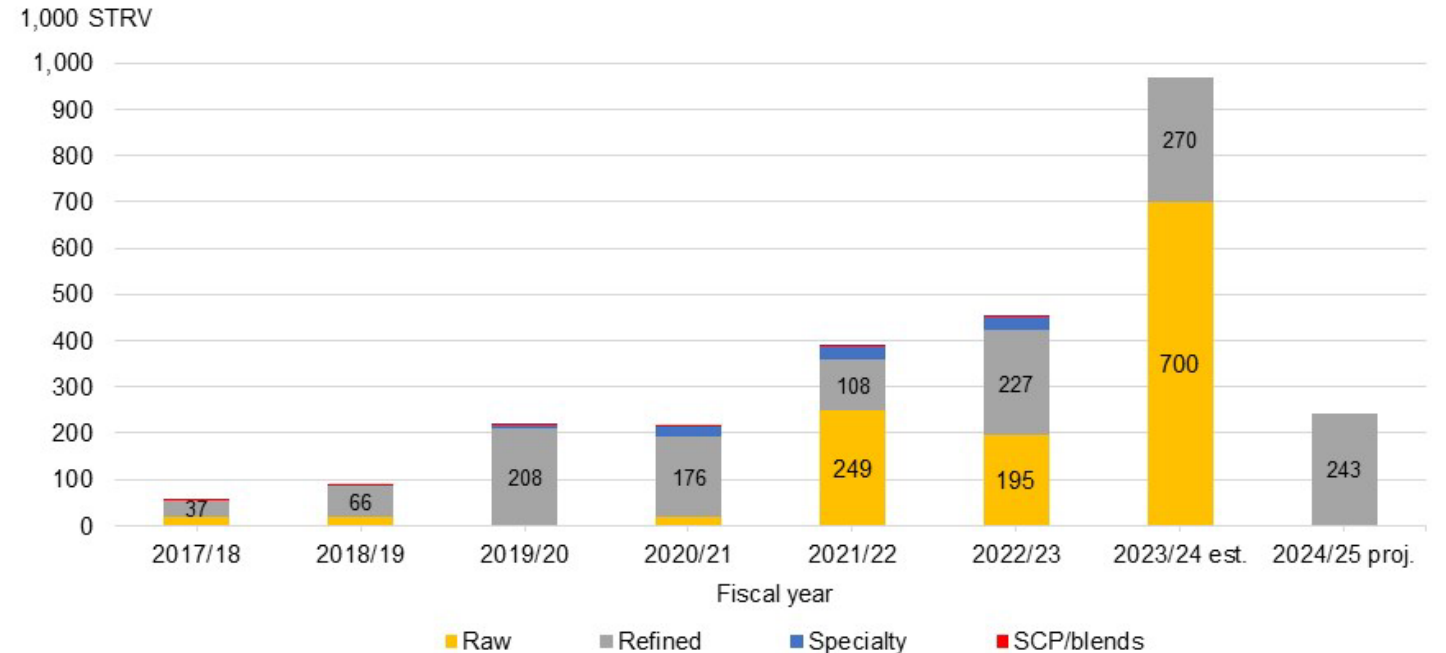
- Mexico sugar production for the 2024/25 market year is projected to increase 386,000 tons over 2023/24 to **5.1 million**.
- Mexico may not be able to supply the quantity allocated to them both this year and next.
- Refined sugar prices in Mexico are higher than refined sugar prices in the United States resulting in U.S. exports to Mexico.



High Tier

- High Tier Imports have overtaken imports from Mexico as the second largest category, behind the raw sugar TRQ.
- High Tier has a growing role in filling U.S. raw sugar needs of import-based refiners given the lack of Mexican raw sugar.

Figure 4
U.S. high-tier duty sugar imports, by type of sugar, fiscal year total, 2017/18–2024/25



STRV = short tons, raw value; est. = estimated; proj. = projected; SCP = sugar-containing products.

Note: The Harmonized Tariff Schedule (HTS) lines are 1701.12.5000, 1701.13.5000, and 1701.14.5000 for raw sugar; 1701.91.3000, 1701.99.5025, 1701.99.5050, for refined sugar; 1701.99.5015 and 1701.99.5017 for specialty sugar including organic; and 1702.90.2000, and 2106.90.4600 for SCP/blends.

Source: USDA, Economic Research Service calculations using data from USDA, Foreign Agricultural Service U.S. Department of Commerce, Bureau of the Census trade data from the U.S. International Trade Commission's *DataWeb*.

U.S. Sugar Program



- Two components to the U.S. Sugar Program:
 - Domestic: Farm Production and Conservation (FPAC)/Farm Service Agency (FSA).
 - International/Imports: Trade and Foreign Agricultural Affairs (TFAA)/Foreign Agricultural Service (FAS).

The Role of Foreign Agricultural Service

Manages U.S. sugar imports TRQ's with USTR and CBP.

Manages U.S. sugar re-export program, including issuance of re-export licenses.

Monitors sugar imports and exports from Mexico, World (WTO Commitments) and FTA's.

Issues Certificates for Quota Eligibility (CQE's) and Specialty Sugar Certificates.

Consults with USDA's AMS's National Organic Program on organic sugar.

The Role of Foreign Agricultural Service (cont.)

Contributes to monthly WASDE report for sugar.

Publishes monthly sugar import and re-export report, including fill rate of sugar TRQ's and Mexican imports.

Provides policy advice to USDA Deputy Under Secretary and Under Secretary for TFAA.

Work with Agricultural Technical Advisory Committee (ATAC) for Trade in Sweeteners and Sweetener Products meetings (Dylan Daniels, DFO).

Raw Sugar TRQ

- Each Fiscal Year (FY), USDA announces raw sugar TRQ at the WTO minimum commitment of 1,117,195 MTRV in Federal Register prior to October 1.
- **USTR** typically allocates TRQ among 40 countries based on shares of exports to U.S. during 1975-1981 in Federal Register.
- Certificates for Quota Eligibility (CQEs) are required for sugar entering under WTO TRQ.
- **FAS** Washington sends CQEs Posts in August.
- Periodically request Posts to provide information about trading partners' abilities to fill TRQ.



Refined Sugar TRQ

- Each Fiscal Year, USDA establishes a refined sugar TRQ level at or above the WTO minimum of **22,000** MTRV (1,656 MTRV reserved for specialty sugar).
- USTR allocates the TRQ to Canada (**10,300** MTRV) and Mexico (**2,954** MTRV). The remaining portion (**7,090** MTRV) is available to all eligible WTO countries on a first-come, first-serve basis.
- USDA can increase the refined sugar TRQs throughout the FY above the minimums:
 - Currently set at 210,000 MTRV in FY 2024 for specialty sugar, mainly organic sugar.
 - Opens in multiple tranches throughout the year for orderly marketing.
 - Requires specialty sugar certificate issued by FAS.



Sugar Re-Export Program

Allows sugar to be imported at world prices to replace sugar that has been or will be exported.

The program covers:

- Refined Sugar: Refined Sugar Re-Export Program facilitates use of domestic refining capacity to export refined sugar into the world market.
- Sugar Containing Products (SCP): SCP Re-Export Program allows U.S. manufacturers of sugar containing products to buy world-priced sugar for use in products bound for export.
- Polyhydric alcohol: Polyhydric Alcohol Re-Export Program allows U.S. manufacturers of polyhydric alcohols for non-food uses to buy world priced sugar for domestic use.

FTA Sugar TRQs

- **USTR** administers duty-free access to sugar from the CAFTA-DR countries, Columbia, Panama, Peru, Singapore, Bahrain, Oman, Jordan, Chile, and Morocco.
- Calendar Year 2024 allocations:
 - CAFTA-DR (**150,100** MT)
 - Colombia (**59,000** MT)
 - Panama (**7,100** MT)
 - Peru (**2,000** MT)
- Under USMCA, Canada has two allocations: refined beet sugar (**9,600** MT) and Sugar Containing Products (**9,600** MT).
- In addition, Canada receives **20** percent of any additional refined WTO TRQ USDA establishes.





Current Status for RAW and Specialty TRQs

- FY 2024 WTO Raw Sugar TRQ is **1,242,195** Metric Tons Raw Value (MTRV).
- Raw Sugar TRQ Imports Year to Date (July 14) is **891,441** MTRV, (**72 percent** filled) with **350,754** MTRV still to ship (which includes a shortfall of **40,000** MTRV).
- FY 2024 WTO Specialty Sugar TRQ is **210,000** MTRV which filled on July 15, 2024.



Thank you!

