U.S. Sugar Policy: Current Balance Sheet and Program Challenges

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July 2026 WASDE Balance Sheet

July 2026

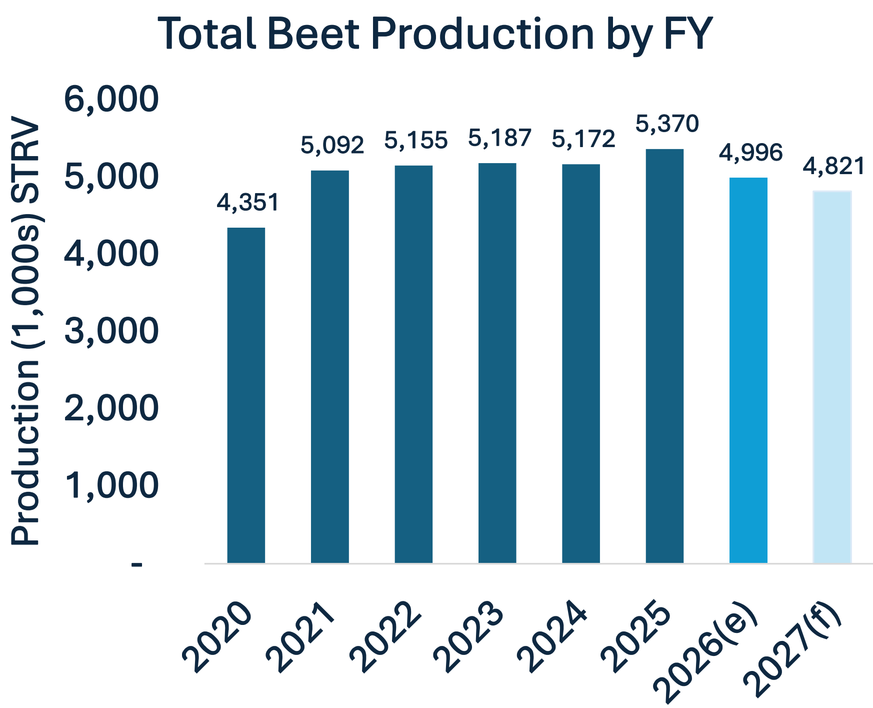
WASDE - 673 - 16

U.S. Sugar Supply and Use 1/

	2024/25	2025/26 Est.	2026/27 Proj. Jun	2026/27 Proj. Jul
	1,000 Short Tons,Raw Value			
Beginning Stocks	2,141	2,376	1,851	1,686
Production 2/	9,397	9,185	9,063	9,004
Beet Sugar	5,370	4,996	4,939	4,821
Cane Sugar	4,027	4,189	4,125	4,182
Florida	1,932	1,957	1,979	2,016
Louisiana	2,095	2,232	2,146	2,166
Texas	0	0	0	0
Imports	3,393	2,696	3,260	3,579
TRQ 3/	1,534	1,316	1,422	1,422
Other Program 4/	373	325	300	300
Non-program	1,485	1,055	1,538	1,856
Mexico	504	220	1,046	1,346
High-tier tariff/other	980	835	492	510
Total Supply	14,931	14,257	14,174	14,268
Exports	111	25	25	25
Deliveries	12,485	12,546	12,490	12,546
Food	12,375	12,441	12,385	12,441
Other 5/	111	105	105	105
Miscellaneous	-41	0	0	0
Total Use	12,555	12,571	12,515	12,571
Ending Stocks	2,376	1,686	1,660	1,697
Stocks to Use Ratio	18.9	13.4	13.3	13.5

- How did we go from an 18.9 percent stocks-to-use ratio in FY25 to a current forecast of 13.4 percent for FY26 and 13.5 percent for FY27?
    - Market dynamics
    - Sweetener Market Data (SMD) revisions

Supply – Beet Production



Source: April WASDE and USDA, Sweetener Market Data

- First WASDE projection in May 2025 was 5,180K STRV for FY 2026
  - July FY 26 forecast down to 4,996K
    - July FY27 forecast to 4,821 STRV

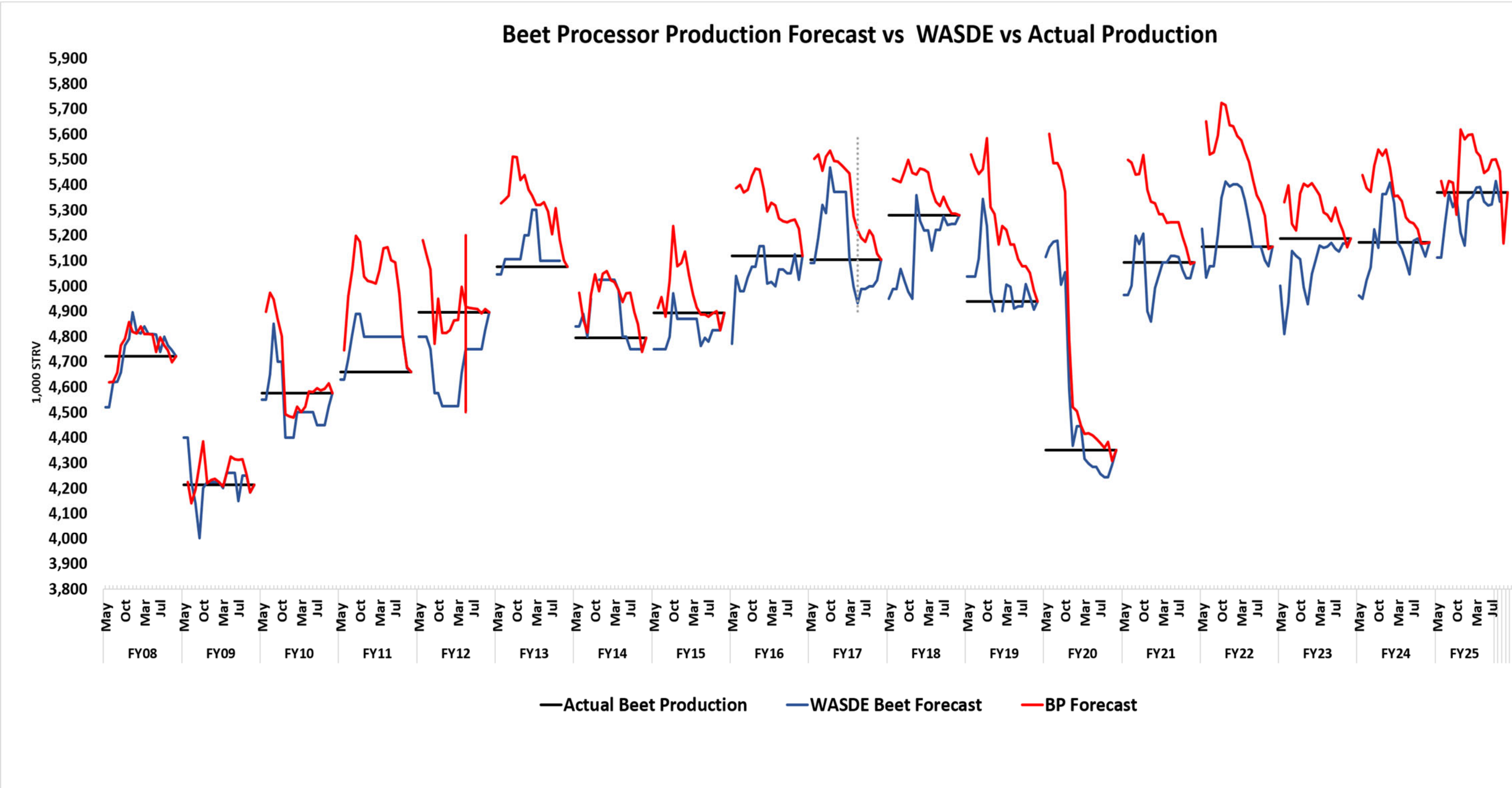
- Production has fallen due to:
  - Closing of Spreckels Sugar factory in Brawley, CA; high temps in West (FY26)
  - Excessive rain in the Red River Valley (RRV) (FY26)
  - Temperature volatility in RRV (FY26)
  - Low acreage (primary factor contributing to lower FY27 production)

Fiscal Year 2027 WASDE Beet Production Forecast vs Beet Processor Forecast (from the SMD)

Item	WASDE	Beet Processors	Difference
Area Planted (1,000 acres)	1,033	1,034	-1
Area Harvested (1,000 acres)	1,011	1,020	-9
Yield (tons/acre)	31.94	32.70	-0.8
Sugarbeet Production (1,000 tons)	32,309	33,313	-1,004.0
Shrink (%)	8.12	8.12	0.0
Sliced (1,000 tons)	29,686	30,609	-923.0
Sugar Extraction Rate from Slice (%)	14.79	15.52	-0.7
Sugar from Beets Sliced (1,000 STRV)	4,391	4,752	-361.0
Sugar from Molasses (1,000 STRV)	400	395	5.0
Crop Year Sugar Production (1,000 STRV)	4,791	5,147	-356.0
FY Sugar Production (1,000 STRV)	4,821	5,207	-386.0

Primary differences between WASDE and beet processor forecasts are:

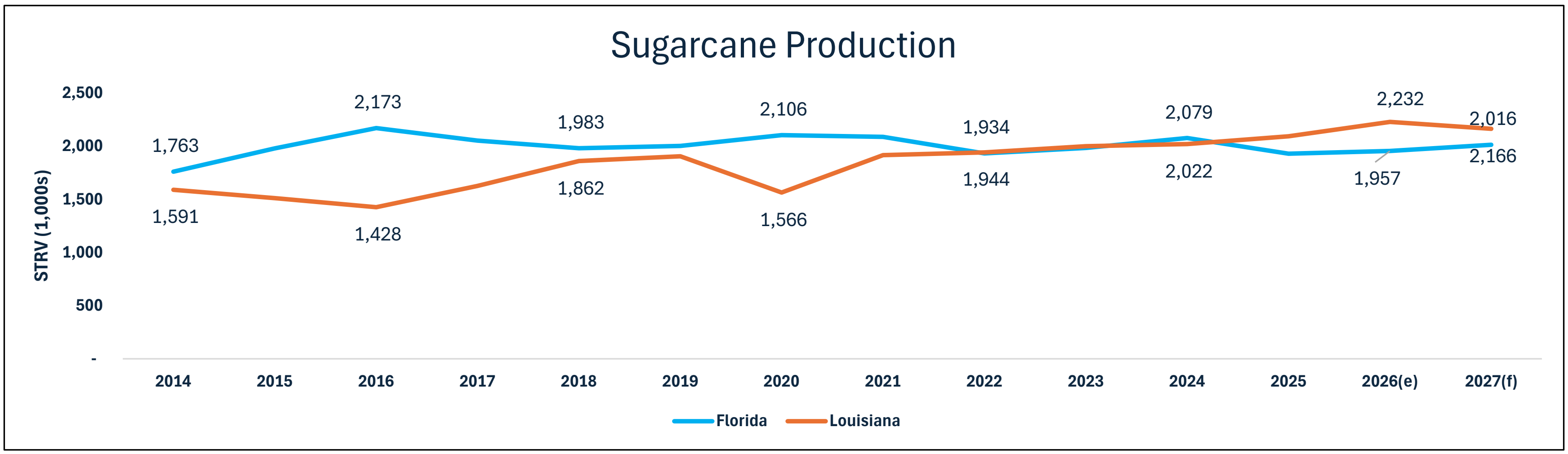
- **Yield:** The WASDE yield is forecast using a regression model where yield is a function of NASS planting progress for the four largest sugarbeet growing states while processors use different internal approaches specific to their companies.
- **Sugar extraction rate:** The WASDE forecast is based on the 10-year average.


Beet Processor Production Forecast vs WASDE vs Actual Production
5,900
5,800
5,700
5,600
5,500
5,400
5,300
5,200
5,100
5,000
4,900
4,800
4,700
4,600
4,500
4,400
4,300
4,200
4,100
4,000
3,900
3,800
1,000 STRV
May
Oct
Mar
Jul
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25
Actual Beet Production
WASDE Beet Forecast
BP Forecast

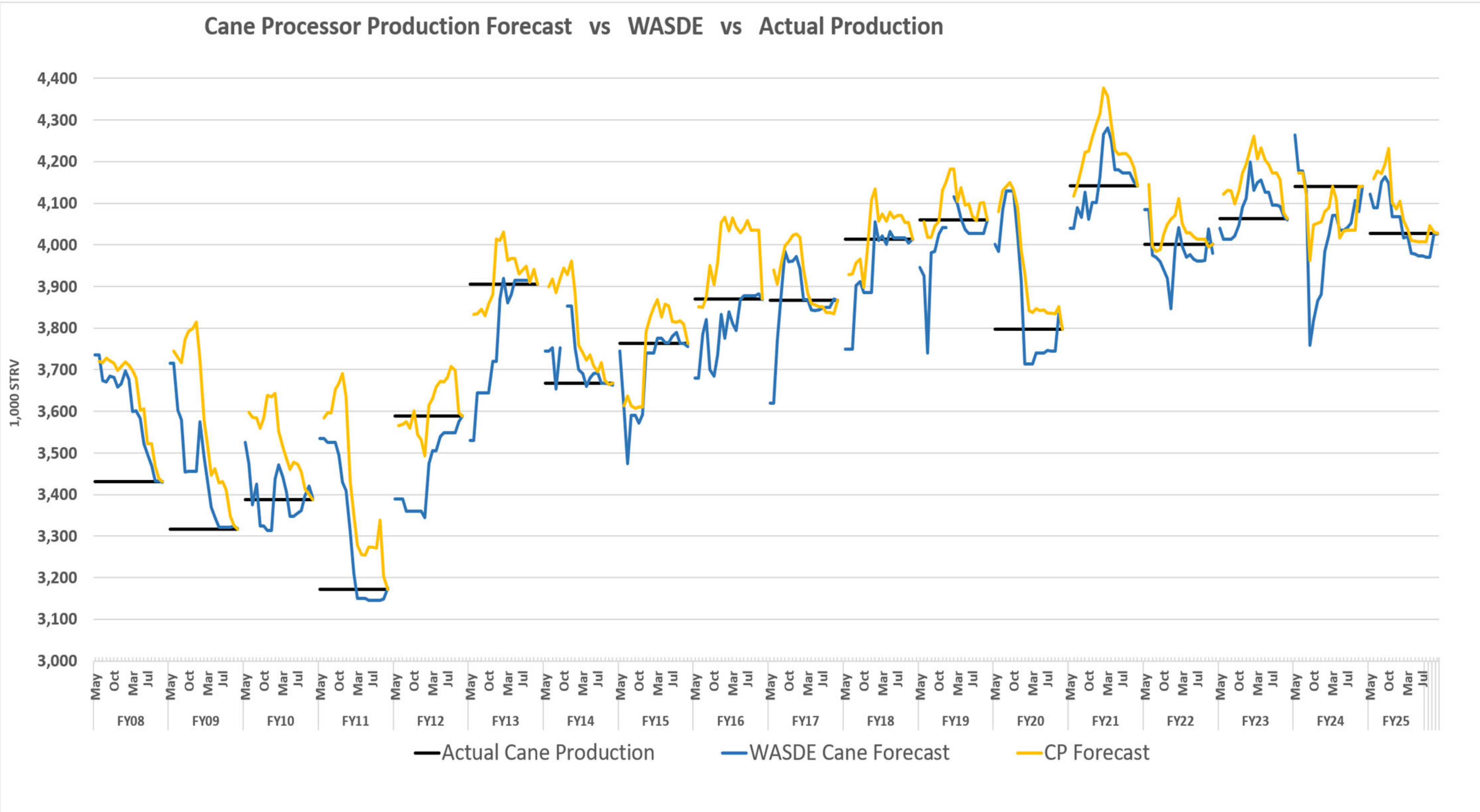
Supply - Cane Production

- FY 2026: The production estimate was lowered in the July 2026 WASDE due to a reduced Florida estimate. (A historic February freeze caused all Florida SMD reporters to, in aggregate, reduce their production forecast by 240,000 STRV between January and July 2026).

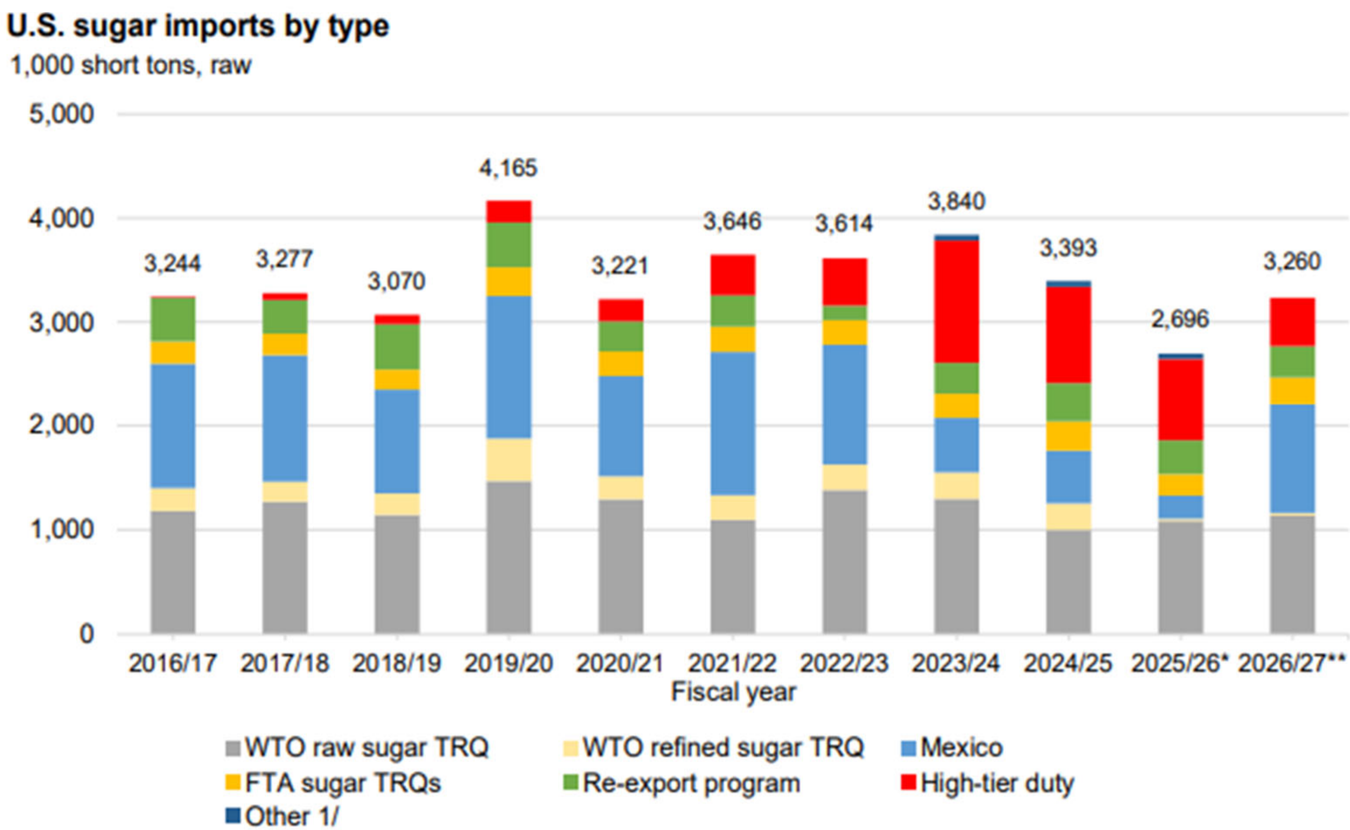
- FY 2027: Both Florida and Louisiana production increased in the July 2026 WASDE.
  - Note that the WASDE committee is following mealybug infestation and keeps in contact with FL/LA processors to monitor impact. Impact should be reflected in monthly SMD and WASDE production forecasts.



Source: July WASDE (which uses USDA, Sweetener Market Data in developing projections).


Cane Processor Production Forecast vs WASDE vs Actual Production
1,000 STRV
4,400
4,300
4,200
4,100
4,000
3,900
3,800
3,700
3,600
3,500
3,400
3,300
3,200
3,100
3,000
May
Oct
Mar
Jul
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25
Actual Cane Production
WASDE Cane Forecast
CP Forecast

Imports



Source: USDA, Economic Research Service using USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* (*WASDE*) report; USDA, Foreign Agricultural Service, *U.S. Sugar Monthly Import and Re-Exports* report.

- FY26 sugar imports were raised in the July WASDE on increased re-export and high tier refined shipments – but are still the lowest in two decades.
- FY27 imports are forecast 33 percent higher than in FY26, driven mainly by a 301K STRV increase in imports from Mexico.
- Note: Raw high-tier imports were first forecast in the WASDE in May– 100,000 STRV was forecast this year based on importer discussions.

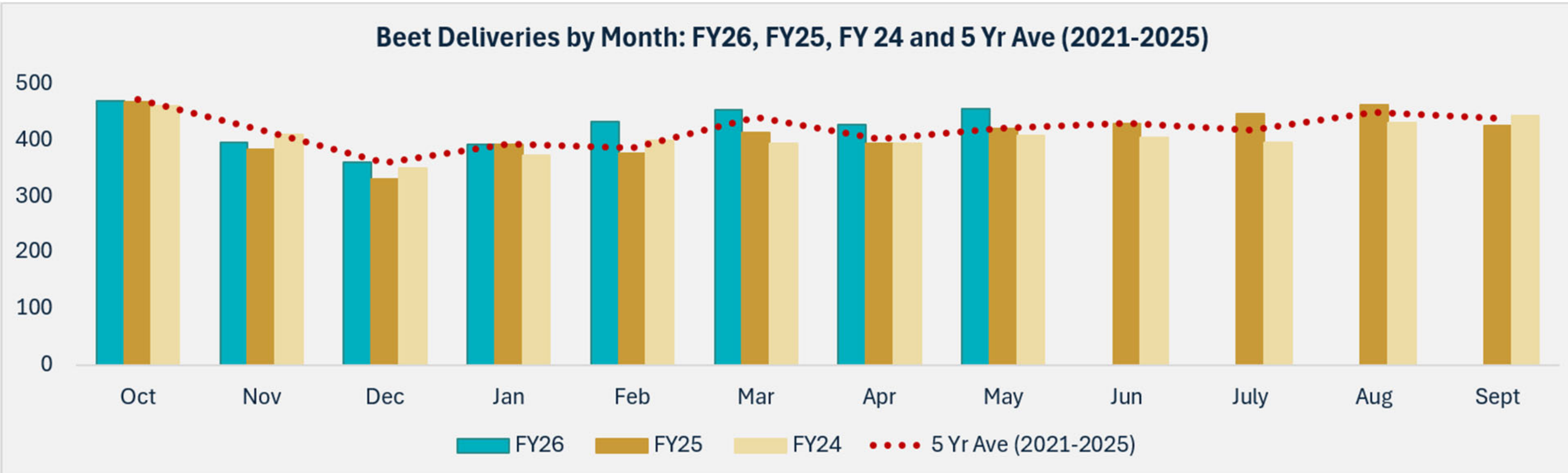
Deliveries

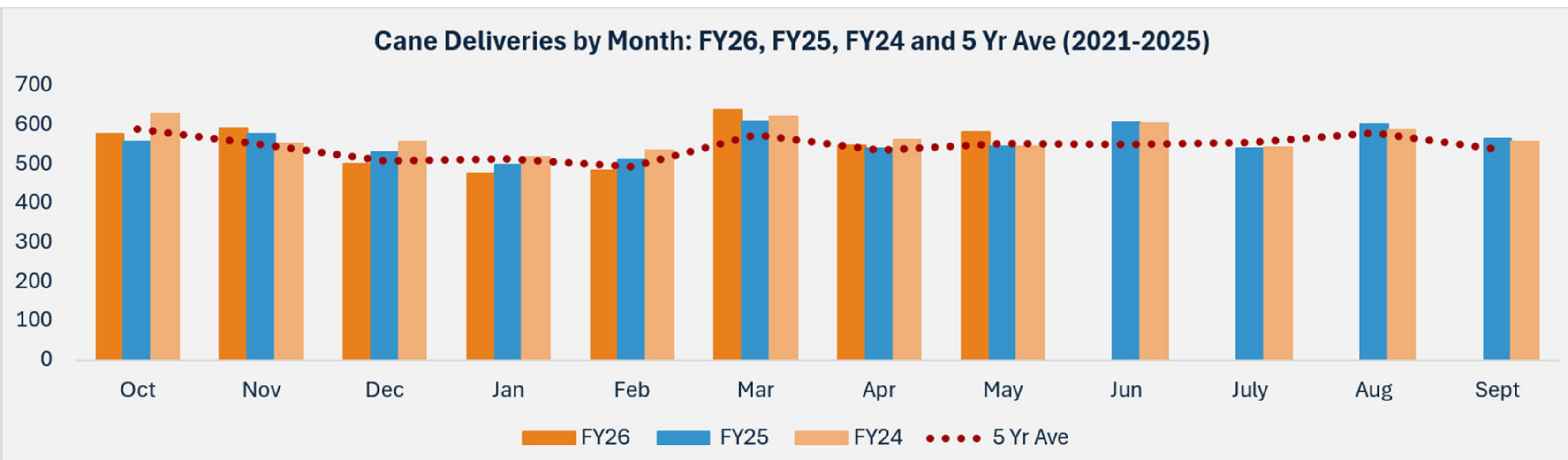
First FY 26 WASDE food use forecast in May 2025 was 12,150K STRV. The latest (July) estimate is 12,441K STRV, up on revisions and pace for deliveries (revisions accounted for 35,329 of the 56,604 STRV) increase

- Deliveries increased year-over-year in most categories from Oct – May*:
  - Food-use deliveries up 2.3%
  - Beet deliveries up 6.6%
  - Cane slightly up (0.5%)
  - Non-reporter (down 9.9%)
- However, the overall impact of GLP-1s and health guidelines on sugar consumption remains unknown.

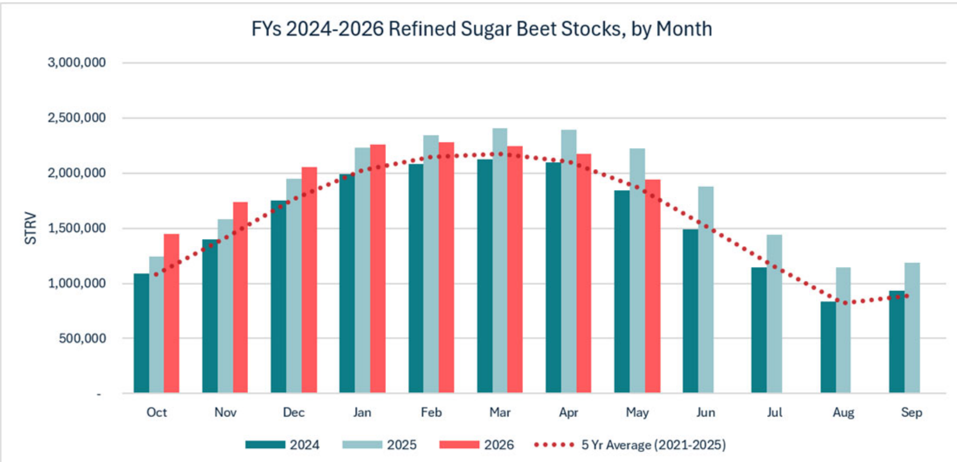
* Reflects actual SMD data, the most recent is through May 2026.

Deliveries

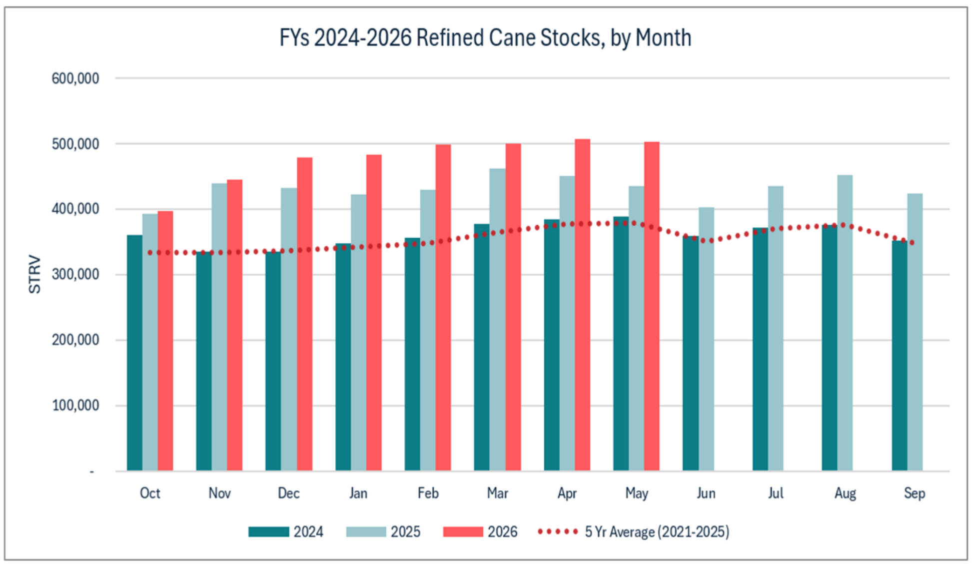

Beet Deliveries by Month: FY26, FY25, FY 24 and 5 Yr Ave (2021-2025)
500
400
300
200
100
0
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
July
Aug
Sept
FY26
FY25
FY24
5 Yr Ave (2021-2025)

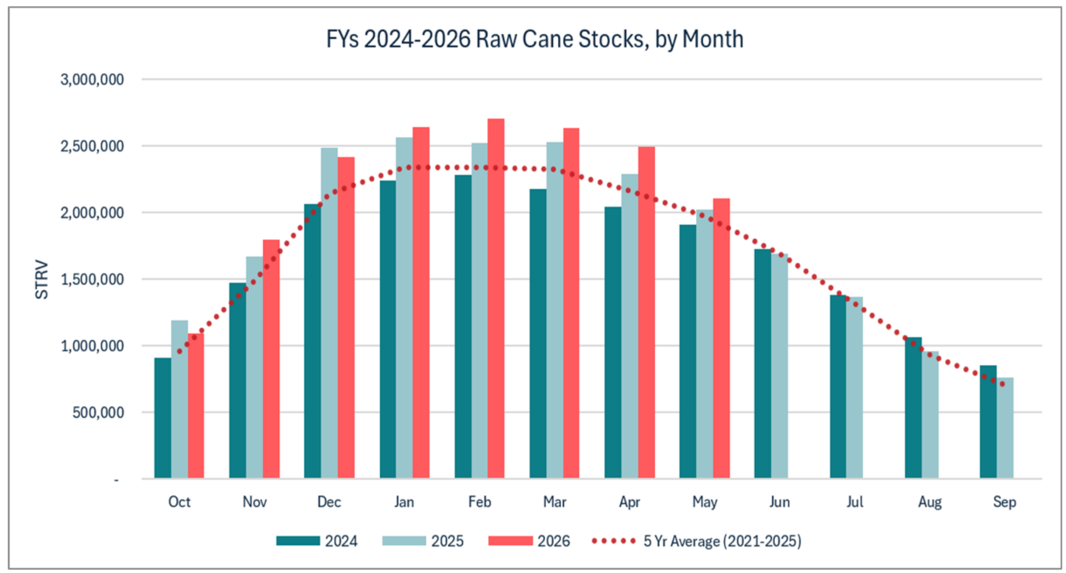

Cane Deliveries by Month: FY26, FY25, FY24 and 5 Yr Ave (2021-2025)
700
600
500
400
300
200
100
0
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
July
Aug
Sept
FY26
FY25
FY24
5 Yr Ave

Stocks



- FY 2026 beginning stocks were the highest on record.
- Refined beet sugar stocks started off the fiscal year 33 percent above the 5-year average and are now 3.7 percent above as beets captured market share this FY.
- Cane refined stocks have increased relative to the 5-year average (and are now 32.7 percent higher).
- Raw cane stocks have been ~15 percent above the 5-year average this FY.





Data Collection and Recent Revisions

- USDA collects and publishes SMD data from sugarcane and sugar beet processors monthly for WASDE estimation/forecasting and to inform policy decisions.
- Data occasionally must be revised based on reporting errors.
- The July WASDE and July SMD data contained revisions for FY2020 to April 2026:
  - Deliveries were undercounted each month during this period and stocks were overstated (cumulatively by 145,870 STRV once the error was identified).
- The change to FY 26 beginning stocks (-114,026) was the primary driver of the stocks-to-use ratio change in the July WASDE.

Forfeiture Risk

- The stocks-to-use ratio continues to be our main data point in assessing forfeiture risk:
  - USDA's target is 13.5 – 15.5 percent.
  - The latest WASDE has a stocks-to-use ratio of 13.4 percent– just below the target range. Deliveries would have to remain above average the rest of the FY to maintain a 13.4 percent.

- With record-high FY 2026 beginning stocks and a higher OBBBA loan rate, FY2026 started with a high forfeiture risk. Forfeiture risk has gone down, but is still above zero:

  - Beet stocks are down from record highs as the sector gained market share, increasing year-over-year deliveries.
  - SMD reporting indicates that domestic food deliveries are higher than anticipated at the beginning of the FY.
  - World raw sugar prices pushed up domestic prices after the Iranian/US conflict – widening the gap between the raw price and minimum forfeiture price.

Challenges and Looking Forward

- The sugar program can no longer be used to control supply given that **high-tier imports are no longer prohibitive** – the tariff rate was set in 2000 and has not kept up with inflation, eroding protectiveness and keeping a price ceiling on domestic sugar.

- This limits USDA's ability to rebalance the market as tools used in prior high-supply markets to reduce domestic supply/increase domestic prices can now be replaced with high-tier or Mexican imports given current tariff rates.