

Revised Q & A's Regarding Sales for Export and Non-Human Consumption – April 7, 2005

Does the law allow a cane processor to sell over-allocation raw sugar to a cane refinery, for further refinement and eventual export, or for use in sugar-containing products for eventual export--without having the transaction count against the processor's marketing allocation?

Yes, as long as the following conditions are met: When the cane processor sells raw sugar to a cane refiner (or an integrated processor sends raw sugar to its refinery), CCC will count the quantity as a marketing against the processor's allocation. When the cane refiner exports the resulting refined sugar, or the product manufacturer exports the final product containing the refined sugar, the refiner must report it to FSA as an export outside of the FAS Refined Sugar Re-export Program and/or the FAS Sugar-containing Products Re-export Program. That is, the refiner will not attain a re-export credit for this quantity exported and the product manufacturer will not attain a product re-export credit for the sugar used. At the same time, the refiner must report to FSA the name of the processor supplying the quantity of raw sugar used in the transaction. This quantity will be deducted from the cane processor's cumulative fiscal year marketings as long as the sugar or product is exported and reported to FSA within the same fiscal year. FSA has revised its monthly processor and refiner surveys to track these changes.

Documents required by FSA to prove the refiner exported refined sugar or sugar-containing products:

Export of sugar:

1. Invoice from refiner to overseas buyer
2. Bill of Lading showing movement of sugar from refinery to port
3. Signed or non-negotiable ocean bill of lading, or, Automated Export System (AES) printout showing ITN number (this number is only generated by Customs after the cargo has cleared Customs)

Documents listed for the export of sugar are required for the initial transaction only. For subsequent transactions, the refiner needs to report only the export volume to FSA. Once delivered to FSA, FSA will go over each (by phone) with the refiner to make sure each document is understood. When agreement is reached, FSA will require a notarized document stating that the refiner agrees 1) not to claim a credit on the FAS Refined Sugar Re-Export Program and 2) to keep copies of these documents for 5 years to back up each transaction. These steps must be finalized by September 30 of the current fiscal year. FSA will audit on occasion to validate documents.

Export of sugar in sugar-containing products:

1. Invoice from the sugar-containing product manufacturer to the overseas buyer, or other documentation establishing the transfer
2. Signed or non-negotiable ocean bill of lading, or, Automated Export System (AES) printout showing ITN number (this number is only generated by Customs after the cargo has cleared Customs).
3. Certification of Sale of Sugar for Export in Sugar-Containing Products. This form is available from the FSA.

Documents 1 and 2 listed for the export of sugar-containing products are required for the initial transaction only, while document 3 is required for each transaction. Once delivered to FSA, FSA will go over each (by phone) with the refiner to make sure each document is understood. When agreement is reached, FSA will require a notarized document stating that the product manufacturer agrees 1) not to claim a credit on the FAS Sugar-containing Products Re-export Program for this transaction and 2) to keep copies of these documents for 5 years to back up each transaction. These steps must be finalized by September 30 of the current fiscal year. FSA will audit on occasion to validate documents.

Because U.S. Customs does not generate any export documents for Mexico and Canada, FSA will require the recipient country's Customs form showing that it entered Mexico or Canada. (Because this requires the customer to send documents back, it may complicate meeting reporting deadlines.)

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Does the law allow a beet processor to sell over-allocation sugar for eventual export or for use in sugar-containing products for eventual export---without having the transaction count against the processor's marketing allocation?

Yes, as long as the following conditions are met: When the beet processor sells sugar, CCC will count the quantity as a marketing against the processor's allocation. When the sugar or sugar-containing products are ultimately exported, the beet processor must provide proof to FSA of the export outside of the FAS Refined Sugar Re-export Program and/or the FAS Sugar-containing Products Re-export Program, and that a re-export credit for the quantity exported has not been or will not be obtained. This quantity will be deducted from the beet processor's cumulative fiscal year marketings as long as the sugar or product is exported and reported to FSA within the same fiscal year. FSA has revised its monthly processor survey to track these changes.

Documents required by FSA to prove the beet processors' sugar was exported or used in exported sugar-containing products, are the same as those required from cane refiners, as stated above.

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Does the law allow a cane processor to sell over-allocation raw sugar to a cane refinery, for further refinement and eventual sale for non-human consumption--- without having the transaction count against the processor's marketing allocation?

Yes, here are the requirements for this to occur: When the cane processor sells raw sugar to a cane refinery (or an integrated processor sends raw sugar to its refinery), the quantity will be counted as a marketing against the processor's allocation. When the cane refinery ultimately sells the refined sugar to an end-user for non-human consumption (for the production of ethanol, polyhydric alcohol and other uses including animal feed), the refiner must report it to FSA as a distribution for domestic non-human consumption outside of the marketing allotment program. At the same time, the refiner must report to FSA the name of the processor supplying the quantity of raw sugar used in the transaction. This quantity will be deducted from the cane processor's cumulative fiscal year marketings as long as the transaction is reported to FSA within the same fiscal year. FSA has revised its monthly processor and refiner surveys to track these changes.

Document Required by FSA to prove the refiner sold sugar for non-human consumption:

A letter signed by the buyer of the refined sugar certifying that the quantity purchased will be used only for non-human consumption. USDA will provide the certification language upon request.