

USTR NEWS

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USTR Announces the Re-Allocation of a Portion of the Fiscal Year (FY) 2008 Tariff-Rate Quota for Refined Sugar, and USDA Announces Additional Terms and Conditions for Entry of the Re-Allocated Portion

Washington, DC -- The Office of the United States Trade Representative (USTR) today announced a re-allocation of a portion of the fiscal year (FY) 2008 tariff-rate quota (TRQ) for refined sugar. TRQs allow countries to export specified quantities of a product at a relatively low tariff, but subject all imports of the product above those quantities to a higher tariff.

In response to tight market conditions, the Secretary of Agriculture, on August 6, 2008, increased the in-quota quantity of the TRQ for refined sugar for FY 2008 by 272,155 metric tons raw value (MTRV) (equivalent of 300,000 short tons raw value) and extended the period in which the sugar could be entered until December 31, 2008. On August 13, 2008, the USTR allocated the TRQ increase through the publication of a Federal Register notice. A total of 40,000 MTRV was allocated to Canada, 68,278 MTRV to Mexico, and the remaining 163,877 MTRV to a global TRQ portion, which may be supplied by any country on a first-come, first-served basis, subject to any other provisions of law.

The U.S. market for sugar, particularly for refined sugar, remains tight as shown by the historically low 6.0 percent ending stocks-to-use ratio for FY 2009 projected in USDA's October World Agricultural Supply and Demand Estimates report. As a result, the U.S. Government consulted with the Government of Mexico as to whether it intended to fill its allocated portion of the August increase. The Government of Mexico has informed the U.S. Government that it will continue to export sugar to the United States under the duty-free access provided by the North American Free Trade Agreement and, therefore, the portion allocated to Mexico will not be used and is available for re-allocation by the United States.

USTR is therefore re-allocating the 68,278 MTRV portion to the global refined sugar TRQ allocation, which may be supplied by any country on a first-come, first-served basis, subject to any other provision of law. The re-allocation will take effect upon publication of a Federal Register notice by the USTR.

The Secretary of Agriculture, pursuant to his regulatory authority to set terms, limitations, and conditions for entry of refined sugar, has authorized the entry of this re-allocated amount in the

following increments: 28,278 MTRV upon publication of a Federal Register notice by USTR; 10,000 MTRV 14 days after publication; 10,000 MTRV 28 days after publication; 10,000 MTRV 42 days after publication; and 10,000 MTRV 56 days after publication. If any of these dates falls on a weekend or Federal holiday, the TRQ will open on the next business day.

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