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USDA ANNOUNCES 2003-CROP SUGAR PROGRAM PARAMETERS

WASHINGTON, Aug. 13, 2003 -- The U.S. Department of Agriculture today announced major details for the operation of the 2003 crop year sugar program. USDA earlier announced that domestic marketing allotments would be in effect for the upcoming marketing year. Today's announcement establishes the allotment quantities for beets and cane and allowable raw and refined sugar imports.

On August 1, 2003, USDA evaluated preliminary estimates of 2003 crop total use, carry-in stocks, production, and imports, in accordance with provisions of the new farm law. On the basis of this analysis, the Department determined that marketing allotments would be required for the 2003 crop year to meet legislatively specified program objectives of an orderly market and operating the program at no cost to the taxpayer.

The preliminary market estimates were reevaluated utilizing the latest available information released in the August 12, 2003 USDA World Agricultural Supply and Demand Estimates (WASDE) report. The revised estimates of total use, carry-in stocks, production, and imports from the WASDE report are as follows:

	(000 STRV)
♦ Carry-in stocks	1,602
♦ Production	8,885
♦ Imports	1,599 1/
♦ Total Use	10,210
♦ Ending Stocks	1,876

1/Includes TRQ for specialty sugars

These estimates indicate that ending stocks would be 1,876,000 short tons raw value (STRV) and the ending stocks-to-use ratio would be 18.4 percent in the absence of marketing allotments. This ratio is higher than traditional levels and suggests a likelihood of forfeiture of CCC sugar loans.

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In order to meet the objectives of the 2002 Farm Bill of an orderly market and operation at no cost to the taxpayer, USDA is establishing the Overall Allotment Quantity (OAQ) at 8,550,000 STRV for the 2003 crop year.

	(000 STRV)
♦ Carry-in Stocks	1,602
♦ Marketing Allotment	8,550
♦ Imports	1,599 1/
♦ Total Use	10,210
♦ Free Ending Stocks	1,541

1/Includes TRQ for specialty sugars

An OAQ of 8,550,000 STRV leads to free ending stocks of 1,541,000 STRV. This level is slightly less than the 2002 crop ending stocks that resulted in adequate supplies of domestic sugar and no forfeitures under CCC's loan program. This OAQ reflects some market uncertainties for the 2003 crop, but uncertainties surrounding total use, imports, CCC inventory sales, and previous crop sugar carryover are deemed somewhat less than last year. Thus, the initial OAQ is not as conservative as last year. However, it produces a free stocks-to-use ratio of 15.1 percent, well within historical limits for a balanced market.

When the OAQ is allocated to the sectors as specified by statute, resulting allocations are:

	(000 STRV)
♦ Beet Sugar:	4,647
♦ Cane Sugar:	3,903

At these allotment levels, there are no surplus allotment quantities to be reassigned to the sugar tariff-rate quota. They do result, however, in estimated “blocked stocks” (quantities unable to be marketed) of: 12,000 STRV beet sugar; 323,000 STRV cane sugar.

USDA will closely monitor stocks, consumption, imports, and all other program variables on an ongoing basis. Appropriate adjustments can be made at any time to the OAQ as may be required, both to avoid forfeitures and to ensure an adequate supply for the domestic market in FY 2004.

2004 Tariff-Rate Quotas for Raw, Refined, and Specialty Sugar

The FY 2004 TRQ for imports of raw cane sugar into the United States is established at 1,117,195 metric tons raw value (1,231,497 STRV). This is the amount to which the United States is committed under the WTO Uruguay Round Agreement. Certificates for Quota Eligibility (CQEs) will be issued to allow Brazil, the Dominican Republic, and the Philippines to

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ship up to 25 percent of each country's allocation at the low-tier tariff during each quarter of FY 2004. Argentina, Australia, Guatemala, and Peru will be allowed to ship up to 50 percent of their initial allocations in the first six months of FY 2004. Allocations not entered with the U.S. Customs Service during any quarter or six-month period may be entered in any subsequent period. For all other countries, CQEs corresponding to each country's allocation may be entered at the low-tier tariff at any time during the fiscal year.

The FY 2004 refined sugar TRQ is established at 39,000 metric tons raw value (42,990 STRV) for which the sucrose content, by weight, in the dry state, must have a polarimeter reading of 99.5 degrees or more. This amount includes 22,000 metric tons raw value, the minimum level to which the United States is committed under the Uruguay Round Agreement, and an additional 17,000 metric tons for specialty sugars.

The additional quantity for specialty sugars raises the total specialty sugar allocation to 18,656 metric tons raw value (20,565 STRV). USDA will administer the specialty sugar allocation in three tranches. The first, totaling 1,656 tons raw value, will open October 29, 2003. All specialty sugars are eligible for entry under this tranche. A second tranche, totaling 15,000 tons raw value will open on November 18, 2003, and a third tranche, totaling 2,000 metric tons raw value will open on April 19, 2004. The second and third tranches will be reserved for organic and other specialty sugars not currently commercially produced in the United States or reasonably available from domestic sources.

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