

# INTERNATIONAL SUGAR TRADE COALITION, INC.

A Non-Profit Corporation  
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September 28, 2010

Hon. Jim Miller  
Under Secretary of Agriculture  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250

Re: Sugar TRQ

Dear Under Secretary Miller:

We are writing on behalf of our members, who are traditional suppliers of sugar under the raw sugar tariff rate quota (TRQ), to express our serious concern over the unprecedented volume of second-tier sugar imports. The latest World Agricultural Supply and Demand Estimates (WASDE) report estimates second-tier imports will reach 210,000 short tons (ST) this quota year.

We believe strongly that the legitimate rights and interests of the traditional suppliers of sugar to the United States under the TRQ must be respected. Accordingly, we believe it is critical that the Department of Agriculture (USDA) should administer the sugar program to continue to use the TRQ as the primary means to obtain additional sugar required by the U.S. market.

The International Sugar Trade Coalition (ISTC) is a non-profit association representing sugar industries in developing countries from Africa, the Caribbean, Central and South America, Asia and the Pacific that are traditional suppliers of sugar to the U.S. market under the raw sugar TRQ, including: Barbados, Belize, the Dominican Republic, Fiji, Guyana, Jamaica, Mauritius, Panama, the Philippines, and Zimbabwe.

In the TRQ administration provisions of the 2008 Farm Bill, Congress clearly expressed its intention that the traditional suppliers under the raw sugar TRQ should participate in any increase in U.S. sugar imports that may be necessary to prevent a shortage of sugar. 7 U.S.C. 1359k. Similarly, Congress specifically provided that after April 1 of each quota year, “the Secretary may increase the tariff-rate quota on raw cane sugar if the further increase will not threaten to result in the forfeiture of sugar pledged as collateral . . . .” *Id.*

Twice this quota year USDA has increased the raw TRQ, and the traditional quota holders have proven themselves to be extremely reliable trading partners. As illustrated by the attached table, as of September 27, 2010, the traditional quota holders had supplied 99% of the two TRQ increases. There is no need to force the market to turn to higher-cost second-tier imports. If additional sugar is required by the market, USDA should increase the raw TRQ.


As reflected in the second enclosed table, approximately one-third of the second-tier sugar imported through July (the most recent date for which data is available) was refined sugar imported from Canada. This importation of refined sugar deprives U.S. refiners of needed throughput. Moreover, it is inconsistent with Congress' clear mandate in the 2008 Farm Bill that imports necessary to meet U.S. demand should be raw sugar unless U.S. refining capacity cannot accommodate additional throughput. 7 U.S.C. 1359k.

Except for Australia and Taiwan, the traditional quota holders are developing countries, where the sugar industries in many cases depend upon their exports to the U.S. market. U.S. sugar policy acts perversely when it creates space for imports of refined sugar from Canada by blocking imports of raw sugar from developing countries that are traditional and reliable suppliers.

The failure to increase the TRQ in a timely manner encourages second-tier imports and causes USDA to lose control of the U.S. sugar program. By contrast, continuing to use the TRQ as the primary source for sugar required by the market lets USDA match imports against demand and maintain its control over the sugar program. We strongly urge USDA to increase the TRQ sooner and by larger volumes to provide the sugar required by U.S. consumers in the future.

We would appreciate the opportunity to discuss this important issue further at your convenience. We will be in touch with your office to request a time to meet. In the meantime, please let us know if you have questions or require additional information.

Respectfully,

A handwritten signature in black ink, appearing to read "Paul Ryberg". The signature is fluid and cursive, with the first name "Paul" and last name "Ryberg" clearly distinguishable.

Paul Ryberg  
President

Enclosures

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cc: Chairman Collin Peterson  
Chairperson Blanche Lincoln  
Ms. Elizabeth Berry  
Mr. Ronald Lord