

**Before the  
United States International Trade Commission**

**Economic Effects of Significant U.S. Import Restraints  
ITC Investigation No. 332-325**

**Statement of the International Sugar Trade Coalition**

In its submission in this proceeding, the Sweetener Users Association (SUA) made several false statements concerning imports under the U.S. tariff rate quota (TRQ) on raw sugar. The International Sugar Trade Coalition (ISTC) feels compelled to file this Statement to set the record straight.<sup>1</sup>

**The TRQ Holders Are a Reliable Source of Supply for the U.S. Sugar Market.**

The SUA alleged in its submission – without offering any proof – that “Many of the countries assigned quotas . . . no longer produce sugar, do not have an exportable surplus, or do not find it profitable to export to the United States for one reason or another.” (SUA Submission at 7.) The facts prove the contrary.

The TRQ has historically filled to a level of approximately 90% on average (excluding the aberrational years 2012-13 and 2013-14 when the U.S. market was disrupted by a flood of illegally dumped and subsidized sugar from Mexico).

**U.S. Raw Sugar TRQs and Imports 2009-2016<sup>2</sup>**

<b>Quota Year</b>	<b>Imports</b>	<b>TRQ</b>	<b>% Filled</b>
2009-10	1,441,228 MT	1,570,787 MT	91.8%
2010-11	1,437,562 MT	1,520,892 MT	94.5%
2011-12	1,322,928 MT	1,498,212 MT	88.3%
2012-13	601,754 MT	1,117,195 MT	53.9%

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<sup>1</sup> ISTC is a non-profit, member-supported association of sugar industries in developing countries that export sugar to the United States under the TRQ. The members of ISTC are the sugar industries of: Barbados, Belize, the Dominican Republic, Fiji, Guyana, Jamaica, Malawi, Mauritius, Panama, the Philippines, Swaziland and Zimbabwe. Together, the members of ISTC account for roughly half of the TRQ. ISTC takes no position on the various arguments contained in the SUA Submission other than those relating to the TRQ, which are addressed in this Statement.

<sup>2</sup> All sugar import statistics are from the USDA Monthly Sugar Import Data, which is available online at USDA’s website at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1891>

2013-14	899,542 MT	1,117,195 MT	80.5%
2014-15	1,054,320 MT	1,117,195 MT	94.4%
2015-16	1,130,751 MT	1,244,201 MT	90.9%
5-year total	6,386,789 MT	6,951,287 MT	91.9%

According to the official records of the International Sugar Organization (ISO), 36 of the 39 countries that hold allocations under the U.S. raw sugar TRQ currently produce sugar.<sup>3</sup> Among the U.S. quota holders, only Haiti, St. Kitts & Nevis and Trinidad & Tobago have ceased sugar production. But these three countries each hold only the minimum quota allocation of 7,258 MT under the U.S. TRQ. Thus, the three quota holders who have actually ceased sugar production together represent a mere 1.9% of the bound minimum TRQ.<sup>4</sup>

As for the SUA's unsupported allegation that "many" of the quota holders do not have an exportable surplus or do not find the U.S. market profitable, the facts again prove the contrary. As demonstrated by the following table, 28 of the 39 quota holders – 72% - made significant shipments under the 2015-16 TRQ. Moreover, nine of the 11 quota holders who did not ship in 2015-16 hold only the minimum allocation of 7,258 MT, and the other two (Bolivia 8,424 MT and Taiwan 12,636 MT) have very small allocations. Altogether, the 11 countries that did not ship in 2015-16 accounted for just 7.0% of the bound minimum TRQ (less than that when the TRQ is above the minimum).

#### **U.S. Imports under the 2015-16 Raw Sugar TRQ**

<b>Country</b>	<b>Imports in Metric Tons</b>	<b>% Filled</b>
Argentina	55,324	100%
Australia	90,977	85%
Barbados	7,333	100%
Belize	14,154	100%
Bolivia	-0-	-0-
Brazil	186,556	100%
Colombia	24,425	79%
Congo*	-0-	-0-
Costa Rica	18,619	96%
Cote d'Ivoire*	-0-	-0-
Dominican Republic	185,867	86%
Ecuador	14,142	100%
El Salvador	33,364	100%

<sup>3</sup> The ISO's sugar statistics are available online at: [www.isosugar.org](http://www.isosugar.org).

<sup>4</sup> The share of the TRQ assigned to these countries is even less than 1.9% when the TRQ is set above the bound minimum level because the minimum allocation remains 7,258 MT when the overall TRQ is increased. Moreover, USDA frequently reassigns the allocations of these countries to other quota holders under TRQ shortfall reallocation.

Fiji	11,579	100%
Gabon*	-0-	-0-
Guatemala	60,695	99%
Guyana	15,439	100%
Haiti*	-0-	-0-
Honduras	11,440	89%
India	7,317	71%
Jamaica	11,750	83%
Madagascar*	-0-	-0-
Malawi	12,865	100%
Mauritius	11,089	72%
Mozambique	14,066	84%
Nicaragua	27,019	100%
Panama	37,311	100%
Papua New Guinea*	-0-	-0-
Paraguay*	7,245	100%
Peru	52,592	82%
Philippines	142,160	82%
St. Kitts & Nevis*	-0-	-0-
South Africa	24,220	82%
Swaziland	20,325	99%
Taiwan	-0-	-0-
Thailand	17,170	95%
Trinidad & Tobago*	-0-	-0-
Uruguay*	-0-	-0-
Zimbabwe	15,439	100%
<b>Totals</b>	<b>1,130,751</b>	<b>91%</b>

\*Minimum quota holders

Finally, the SUA opines that TRQ “fulfillment has been poor. Annual shortfalls under the raw TRQ have averaged 130,536 MTRV over the past 3 years.” (SUA Submission at 7.) Significantly, the SUA chose to present data going back to 2013-14, when the U.S. market had not yet recovered from the effects of Mexico’s illegal dumping and subsidized exports.<sup>5</sup> TRQ import data during the past two quota years, after

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<sup>5</sup> Beginning in December 2012 and continuing throughout the quota year, officials from USDA USTR engaged in a series of communications with quota holders to discuss the market oversupply situation caused by the flood of sugar from Mexico. In particular, meetings were held by Under Secretary of Agriculture Michael Scuse with representatives of various ISTC member quota holders on April 10, 2013, and again on May 7, 2013, during which the Under Secretary requested the quota holders’ cooperation in reducing the oversupply. USTR officials also provided written assurances in January 2013 to the quota holders with which Secretary Scuse met that their future access to the U.S. sugar market would not be prejudiced if they did not fill their TRQ allocations for 2012-13. In response, the quota holders with which Secretary Scuse had met

Mexico's illegal trade practices were mitigated by the Suspension Agreements and TRQ imports returned to normal, presents a much different picture, with small shortfalls and TRQ fill rates of at least 90%.

	<b>TRQ</b>	<b>Entries</b>	<b>Shortfall</b>	<b>% Filled</b>
2015-16	1,244,201 MT	1,130,751 MT	113,450 MT	90.0%
2014-15	1,117,195	1,054,320	62,875	94.4%
2-year average			88,162	92.2%

**Conclusion.**

In summary, the TRQ quota holders have played a critical role in supplying sugar needed by the U.S. market for the past 34 years. When supplies in the U.S. market have been tight and the TRQ has been increased, the quota holders have done their best to supply the additional volumes needed by U.S. consumers, often on short notice and with significant practical difficulty. When surging imports from Mexico threatened to overwhelm the U.S. market, the TRQ quota holders voluntarily reduced their exports to assist USDA's efforts to maintain market stability. These efforts came at considerable cost to the TRQ quota holders, both in terms of lower volumes of exports and sharply lower prices.

Contrary to the unsubstantiated and misleading statements by the SUA, the quota holders have traditionally been a reliable source of supply to the U.S. market, and they intend to continue to be so in the future.

Respectfully submitted,



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reduced their raw TRQ exports for the remainder of 2012-13 quota year. TRQ imports did not return to normal levels until the 2014-15 quota year.

