

INTERNATIONAL SUGAR TRADE COALITION, INC.

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June 22, 2022

The Honorable Gloria Montano Greene
Deputy Under Secretary
Farm Conservation and Production
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250
Gloria.Greene@usda.gov

The Honorable Jason Hafemeister
Acting Deputy Under Secretary
Trade and Foreign Agricultural Affairs
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250
Jason.Hafemeister@usda.gov

Re: 2021-22 Raw Sugar TRQ

Dear Ms. Montano Greene and Mr. Hafemeister:

We are writing on behalf of our members to urge the Department of Agriculture (USDA) to extend the delivery period for the 2021-22 raw sugar tariff rate quota (TRQ) until December 31, 2022, to help address the tight market conditions in the U.S. sugar market.

The International Sugar Trade Coalition (ISTC) is an association of sugar industries in countries that hold allocations under the U.S. raw sugar TRQ. ISTC's members account for about half of the TRQ. The members of ISTC are the sugar industries of Barbados, Belize, the Dominican Republic, Eswatini, Fiji, Guyana, Jamaica, Malawi, Mauritius, Panama, the Philippines, and Zimbabwe.

The June 10, 2022 edition of the World Agricultural Supply and Demand Estimates (WASDE) report showed tight supplies in the U.S. sugar market, with a stocks-to-use ratio of only 13.6, which is at the bottom of the traditional market equilibrium range of 13.5-15.5. According to the June WASDE, the situation is likely to get worse next year due to a predicted sharp drop in domestic beet production, producing a stocks-to-use ratio of only 7.6.

One contributing factor to tight supplies is the ongoing congestion in worldwide ocean shipping. Transit times have increased significantly, by as much as 50% in some cases. Port delays have not improved enough to handle the increased volume of shipping. There is a shortage of both ships in some regions and containers for those making containerized shipments. These shipping issues are especially serious for the African quota holders. The impact of these freight problems is reflected in the TRQ fill rate. According to Customs and Border Protection data, the raw sugar TRQ was filled to a level of just 63.5% as of June 21, 2022. By comparison, the TRQ had filled to 73.5% at the same time last year.

One means by which USDA can help ameliorate the tight market is by extending the TRQ delivery period until December 31, 2022, as is within its discretion and as it has done in the past when

June 22, 2022

Page 2

circumstances warranted. Extending the delivery period would also make much-needed additional imports available during the first quarter of the 2022-23 crop/quota year, when supplies are expected to be extremely tight. As you know, USDA's options for increasing sugar supply prior to April 1 of each year are limited by the terms of the Farm Bill. Extending the delivery period under the preceding TRQ is one of the few viable options.

For all these reasons, we respectfully urge USDA to extend the delivery period under the 2021-22 raw sugar TRQ until December 31, 2022. Please let us know if you have questions. Thank you for considering our views on this important issue.

Respectfully submitted,

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

Ms. B. Fecso
Mr. J. Wereszynski
Ms. E. Nicholson