

SWEETENER USERS ASSOCIATION

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June 22, 2011

Honorable Michael Scuse
Acting Under Secretary for Farm and Foreign Agricultural Services
U.S. Department of Agriculture
Room 205-E Whitten Building
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. Secretary:

The Sweetener Users Association (SUA) commends you and your colleagues for yesterday's announcement of a further increase in the raw sugar tariff rate quota (TRQ). Under current sugar policies, SUA members rely on the U.S. Department of Agriculture to facilitate an adequate supply of sugar for the domestic market. Your action yesterday responds appropriately to the continued supply problems in the U.S. marketplace.

We also were pleased to see that USDA's calculation of the TRQ increase resulted in an ending stocks-to-use ratio, using the Department's numbers, of 15.0%. Since SUA has long championed a 15.5% target for this ratio, we commend USDA's use of a similar metric. (Our own views of the supply and demand outlook, like those of many other analysts, would yield a somewhat different result from the announced TRQ increase, a point to which we return below.)

In addition, the Department appropriately noted that additional adjustments to supply are possible during the balance of fiscal year 2011, and that an early and/or late entry of 2012 and 2011 TRQs, respectively, will be considered. As we stated in past correspondence, we encourage USDA to take this step, as happened last season, in order to provide maximum flexibility for quota entries at a point in the year when supplies of both Mexican sugar and new-crop U.S. beet sugar may be less than optimal.

Finally, we do remain concerned about tightness in the U.S. market. As you know, we had projected the need for a TRQ increase substantially larger than the one actually announced, because our view is that USDA's official supply-demand estimates probably overstate available supplies, including imports from Mexico, while likely understating domestic deliveries in the United States. We encourage USDA to continue a dialogue with independent market analysts to gauge expert opinion on these matters. We remain convinced that virtually all of the risks in today's marketplace are on the side of shortage rather than surplus, and an additional TRQ increase in the near term would not only augment 2011 supplies but provide some supply cushion for 2012, when the law unfortunately requires you to announce only the minimum TRQ to which the United States is bound under its international obligations.

Again, thank you for your timely action to provide additional sugar supplies. We appreciate the professional and thorough work that you and your colleagues are doing to administer a program that is inherently unbalanced and badly needs reform in the next farm bill.

Sincerely,

A handwritten signature in blue ink that reads "Perry Cerminara". The signature is written in a cursive style with a light blue background behind the text.

Perry Cerminara, Chairman