

SWEETENER USERS ASSOCIATION

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May 8, 2009

Honorable James Miller
Under Secretary for Farm and Foreign Agricultural Services
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Mr. Under Secretary:

Members of the Sweetener Users Association appreciated the opportunity to discuss the need for a tariff rate quota (TRQ) increase during a recent meeting with you. Since our meeting, several developments have occurred that bring the need for additional supplies into tighter focus:

Further Delay In Re-Opening Refinery: The Imperial Sugar Company announced April 29 a further delay in starting bulk sugar production at its facility near Savannah, Georgia. In a news release, the company said “it now expects to commence production of granulated bulk sugar at its Port Wentworth, Georgia refinery in mid June.” Earlier, the company projected a mid-May start.

Planting Delays in Beet States: In its May 4, 2009, report on planting progress, USDA reports that only 37% of sugarbeet acres in the four largest-producing states have been planted, compared to 50% a year ago and a normal pace of 72% at this date. Planting delays cast doubt on how much new-crop beet sugar will be available during August and September, before release of the 2009/10 TRQ.

Mexico Pace Slows: Mexican sugar production as of mid-April was more than 100,000 tons behind the pace projected by that nation’s Sugar Chamber at the beginning of the season. Compared to the same time a year ago, both sugarcane and sugar production fell. Only 45 sugar mills are operating; nine more have finished for the season. Private estimates of Mexican production have fallen, and some project that Mexico will need to import additional sugar – possibly including sugar from the United States -- starting this summer instead of later in the fall. This means that USDA’s current estimate of total imports of sugar from Mexico for this season may be overstated.

The Department’s April estimate of an 11.9% ending stocks-to-use ratio relies heavily on a projected 1 million short tons, raw value (STRV), of imports from Mexico. Even with this assumption, U.S. refineries would have to operate at historically high levels to supply adequate sugar to the market this summer. And even such a pace assumed the resumption of normal operations at the Georgia refinery – not a safe assumption, to judge from recent developments.

SUA believes that the case for a substantial TRQ increase has strengthened since our meeting, and prompt action is needed to avert unstable markets later in the season. Thank you for your consideration of our views.

Sincerely,

A handwritten signature in cursive script that reads "Fred Hensler".

Fred Hensler, Chairman