

SWEETENER USERS ASSOCIATION

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August 24, 2009

The Honorable Jim Miller
Under Secretary
Farm & Foreign Agricultural Services
U.S. Department of Agriculture
Jamie L. Whitten Federal Building
1400 Independence Avenue, S.W.
Room 205E
Washington, DC 20250

Dear Mr. Under Secretary:

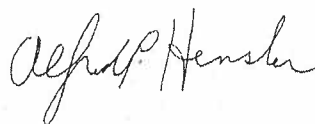
According to press reports, the U.S. Department of Agriculture is not likely to increase the refined sugar tariff rate quota (TRQ) during the balance of the current marketing year, which ends on September 30. The Sweetener Users Association believes this decision, if accurately reported, is a serious mistake that risks market disruption, unnecessary increases in consumer prices, and further economic damage to sugar-using industries employing more than 650,000 workers in the midst of a recession.

By USDA's own estimates, the 2008/09 stocks-to-use ratio -- the best measure of supply adequacy -- is the lowest in at least several decades at 11.2%. The projected stocks-to-use ratio of 6.7% for 2009/10, if actually realized, would only provide slightly more than three weeks' worth of consumption and would be associated with severe market disruption. This is especially disconcerting since the Department has also forecasted a fall in demand for sugar of 565,000 tons for the upcoming marketing year compared to what it is showing for the current year.

If USDA stands behind its own 2009/10 supply and demand projections -- which we must assume is the case -- then the need for additional imports could not be clearer. If this stock level would not justify a TRQ increase under the 2008 farm bill and other legal authorities, it is difficult to imagine what would. According to *Milling and Baking News*, which is the source of USDA's official published estimates of refined sugar prices, these prices presently exceed the average of the past five years by more than 25% and are higher than the average price in any recent marketing year except for the period after Hurricane Katrina. Needless to say, current prices have been reached in the absence of any hurricane events affecting sugar crops or facilities.

USDA has ample authority to increase the TRQ for 2008/09 and 2009/10 under current circumstances, notwithstanding the supposed strictures in the farm bill. We strongly urge you use this authority in order to supply markets adequately and avoid disruption.

Sincerely,



Fred Hensler, Chairman