

USDA Announces Fiscal Year 2020 Sugar Loan Rates, Allotment and Marketing Allocations, and Feedstock Flexibility Program Updates

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WASHINGTON, Sept. 27, 2019 - The U.S. Department of Agriculture (USDA) Commodity Credit Corporation (CCC) today announced crop year 2019 rates for marketing assistance loan rates for sugar. Additionally, USDA announced provisions of the fiscal year 2020 domestic sugar program and that the CCC is not expected to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019.

USDA offers marketing assistance loans to processors of sugar beets and domestically grown sugarcane to provide interim financing to producers so that commodities can be stored after harvest when market prices are typically low and be sold later when price conditions are more favorable. The 2018 Farm Bill increased the national average loan rate to 19.75 cents per pound for raw cane sugar and 25.38 cents per pound for refined beet sugar. These rates are adjusted regionally to reflect marketing cost differentials.

The loans mature at the end of the nine-month period beginning the first day of the first month after the month in which the loan is made, or the end of the fiscal year in which the loan is made, whichever is earlier. Producers have the option to deliver the pledged sugar collateral to CCC as full payment for the loan at maturity.

Loan Rates for Refined Beet Sugar

The refined beet sugar processing regions and applicable 2019 crop year (fiscal year 2020) loan rates in cents per pound of refined beet sugar are:

- Michigan and Ohio - 25.83
- Minnesota and the eastern half of North Dakota - 25.03
- Northeastern quarter of Colorado, Nebraska and the southeastern quarter of Wyoming - 25.77

- Montana, northwestern quarter of Wyoming and the western half of North Dakota - 25.38
- Idaho, Oregon and Washington - 25.73
- California - 26.67

Loan Rates for Raw Cane Sugar

The 2019 crop year (fiscal year 2020) raw cane sugar loan rates in cents per pound of cane sugar, raw value are:

- Florida - 19.07
- Louisiana - 20.50
- Texas - 19.67

Note: Hawaii stopped producing sugar in January 2017, and hence, requires no loan rate.

Sugar beet and sugarcane processors who receive CCC loans in fiscal year 2020 are required to make minimum grower payments for all sugar beets and sugarcane received from growers. Processors failing to meet the required minimum grower payment will be ineligible for loans. Sugar beet grower minimum payments are the amount specified in the grower/processor contract.

Sugarcane processors must, at minimum, pay growers for their share of production from molasses and sugar per ton of cane as specified here. State minimum payments are:

- Florida - \$28.16 per net ton
- Louisiana - \$30.93 per gross ton
- Texas - \$25.99 per gross ton

CCC has modified the fiscal year 2020 raw sugar loan schedule of premiums and discounts because the raw cane sugar loan rate has changed. These schedules can be found in the Farm Service Agency (FSA) handbook 10-SU, which is available at https://www.fsa.usda.gov/Internet/FSA_File/10-su_r04_a28.pdf or in FSA's state and county offices.

Initial Fiscal Year 2020 Sugar Allotment and Marketing Allocations

CCC also announced the initial fiscal year 2020 overall sugar marketing allotment, which is established at 10.37 million short tons, raw value. The overall sugar marketing allotment is set at 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year of 12.2 million short tons, raw value as forecast in the September 2019 World Agricultural Supply and

Demand Estimates report. Statute requires that a fixed portion of the overall sugar marketing allotment be assigned to the beet sector and the cane sector. CCC distributed the fiscal year 2020 beet sugar allotment of 5,636,095 short tons, raw value (54.35 percent of the overall sugar marketing allotment) among the sugar beet processors and the cane sugar allotment of 4,733,905 short tons, raw value (45.65 percent of the overall sugar marketing allotment) among the sugarcane states and processors.

The Farm Bill requires that 325,000 short tons, raw value of the cane sector allotment be assigned to "Offshore" states, meaning Puerto Rico and Hawaii. Since there are no cane processors operating in Puerto Rico or Hawaii, CCC reassigned the fiscal year 2020 Offshore allotment to Florida, Louisiana and Texas.

CCC determined that farm-level proportionate shares are not necessary in Louisiana in fiscal year 2020, the only state eligible for proportionate shares, because the cane sugar sector is not expected to fill its allotment.

USDA will closely monitor stocks, consumption, imports and all sugar market and program variables on an ongoing basis. USDA will continue to administer the sugar program as transparently as possible using the latest available data and adjust as necessary to ensure adequate supplies of raw and refined sugar in the domestic market.

The initial fiscal year 2020 sugar marketing state allotments and processor allocations are listed in the table below:

FY 2020 OVERALL BEET/CANE ALLOTMENTS AND ALLOCATIONS (short tons, raw value)	
Beet Sugar	5,636,095
Cane Sugar	4,733,905
TOTAL OAQ	10,370,000
BEET PROCESSORS' MARKETING ALLOCATIONS:	
Amalgamated Sugar Co.	1,206,731

American Crystal Sugar Co.	2,072,759
Michigan Sugar Co.	582,071
Minn-Dak Farmers Co-op.	391,421
So. Minn Beet Sugar Co-op.	760,693
Western Sugar Co.	575,228
Wyoming Sugar Company, LLC	47,192
TOTAL BEET SUGAR	5,636,095
STATE CANE SUGAR ALLOTMENTS:	
Florida	2,544,366
Louisiana	1,968,353
Texas	221,186
Hawaii	0
TOTAL CANE SUGAR	4,733,905
CANE PROCESSORS' MARKETING ALLOCATIONS:	
Florida	
Florida Crystals	1,047,582

Growers Co-op. of FL	457,694
U.S. Sugar Corp.	1,039,090
TOTAL	2,544,366
Louisiana	
Louisiana Sugar Cane Products, Inc.	1,366,493
M.A. Patout & Sons	601,860
TOTAL	1,968,353
Texas	
Rio Grande Valley	221,186
Hawaii	
Hawaiian Commercial & Sugar Company 1/	0

1/ Temporary reassignment of allotment to mainland sugarcane-producing states because CCC, at this time, has not determined that HC&S permanently terminated its operations.

USDA Announces No Actions under Feedstock Flexibility Program

CCC announced that it does not expect to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019 (fiscal year 2020). The CCC is required by law to quarterly announce estimates of sugar to be purchased and sold under the Feedstock Flexibility Program based on crop and consumption forecasts.

The Feedstock Flexibility Program was reauthorized by Congress in the 2014 Farm Bill as an option to avoid sugar forfeitures. USDA's September 12, 2019, [World Agricultural Supply and Demand Estimates report](#) projects that fiscal year 2019 U.S. ending sugar stocks are unlikely to lead to forfeitures next year. Therefore, currently, USDA does not expect to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019.

The next quarterly estimate regarding the Feedstock Flexibility Program will occur on or before January 1, 2020.

Farm Service Agency:

1400 Independence Ave.
SW Washington, DC 20250

Contact:

FPAC Press Desk
FPAC.BC.Press@usda.gov