

USDA Announces Fiscal Year 2022 Sugar Program Actions

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WASHINGTON, Dec. 22, 2021 – The U.S. Department of Agriculture (USDA) announced various actions to increase available supplies of raw and refined sugar to the U.S. market. The actions include: (1) increasing the fiscal year 2022 (FY22) overall allotment quantity (OAQ); (2) transferring allocations among beet processors; and (3) increasing raw cane sugar imports from Mexico. Action items (1) and (2) are being undertaken to allow all beet processors to market all of their expected FY22 beet sugar supply. Currently, some beet processors anticipate that their FY22 beet sugar supply will exceed their FY22 marketing allotment, a phenomenon known as “blocked stocks.” Absent action by USDA, beet processors with blocked stocks would be unable to market their entire FY22 beet sugar supply. Action item (3) was undertaken on Nov. 23, 2021 to add more raw cane sugar to the U.S. market.

- 1. Increasing the fiscal year 2022 (FY22) Overall Allotment Quantity (OAQ):** USDA is increasing the FY22 OAQ to 10,802,657 STRV, an increase of 432,657 STRV. In September 2021, USDA set the initial OAQ equal to 10,370,000 short tons raw value (STRV), equal to 85 percent of projected FY22 food use, the minimum allowed by sugar program legislation. The increase in the OAQ is undertaken in consideration of the large amount of blocked beet sugar stocks and current high sugar prices. By statute, the beet sector is allocated 54.35 percent of the OAQ (5,871,244 STRV, an increase of 235,149) and the cane sector is allocated 45.65 percent (4,931,413 STRV, an increase of 197,508). The resulting beet and cane sector allocations are distributed to individual processors according to formulas contained in the authorizing legislation for the sugar program, as shown in the table below.
- 2. Transferring allocations among beet processors:** In accordance with section 359e of the Agricultural Adjustment Act of 1938, as amended, after evaluating each sugar beet processor’s ability to market its full allocation subsequent to the OAQ increase, USDA is transferring allocations from beet processors with surplus allocation to those with deficit allocation. Actions (1) and (2), in concert, will result in a transfer of 304,674 STRV of allocation to beet processors with a deficit allocation, an amount sufficient to allow them to market their entire FY22 beet sugar production. USDA has determined that no reassignment of allocations among sugarcane States

and cane processors is necessary at this time.

- 3. Increasing raw cane sugar imports:** USDA identified a need for additional sugar supplies in the U.S. market given disruptions related to Hurricane Ida and supply chain disruption. Pursuant to Section V.B.4.a of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico, as amended on January 15, 2020 ("CVD Agreement"), requested that the Department of Commerce (DOC) increase Mexico's Export Limit by 150,000 short tons raw value of Other Sugar to be exported no later than March 31, 2022. Accordingly, DOC increased Mexico's Export Limit as requested, effective Nov. 23, 2021. Also, consistent with the definition of Other Sugar in the CVD Agreement, the additional sugar must have a polarity of less than 99.2 degrees, as produced and measured on a dry basis. We note that the restrictions set forth under Section V.C. of the CVD Agreement do not apply to this additional sugar, pursuant to Section V.B.4.f of the CVD Agreement.

FY22 U.S. raw cane sugar production is currently estimated to be about 220,000 STRV lower than in FY21 while raw cane sugar TRQ imports are estimated to be about 165,000 STRV lower. Thus, FY22 raw cane sugar availability is significantly reduced as compared to FY21. In addition, there is growing demand for raw cane sugar imports from non-traditional users of such imports, exacerbating the stresses arising from the production and import shortfall.

USDA will closely monitor stocks, consumption, imports and all sugar market and program variables on an ongoing basis and may make further program adjustments during FY22 if needed.

Allotments and other information can be found in a [Dec. 22, 2021 Federal Register notice](#).

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit <http://www.usda.gov>.

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