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2001/02 U.S. SUGAR SUPPLY AND USE¹

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USDA World Agricultural Outlook Board

The 2001/02 projection uses the baseline, published in *USDA Agricultural Baseline Projections to 2011*, updated with carry-in stocks from the February, 2001 *World Agricultural Supply And Demand Estimates*.

Key assumptions behind the sugar baseline:

- Continuation of current U.S. sugar policy.
 - Loan program includes loan rates and non-recourse loans.
 - Tariff-rate quota imports stay under current system.
 - U.S. honors commitments under trade agreements.
 - Commodity Credit Corporation holds forfeited sugar.
- Continuation of trends in consumption and factors of production.
 - Total consumption increases 1.2 percent annually after 2001/02.
 - Technology increases crop yields and sugar recovery rates.
 - Alternative-crop prices improve.
- In Mexico, sugar supply increases more than domestic demand.

Key results from the baseline, comparing 2002/03 with 2010/11:

- Growth in U.S. supply outstrips growth in use. Imports from Mexico increase, as the North American sugar market becomes fully integrated. Domestic production is flat. End-of-season stocks in 2011 are 44 percent of use. Commodity Credit Corporation stocks accumulate.

Key results from the 2001/02 projections:

- Total supply for 2001/02, at 12.75 million short tons (raw value), is up 255,000 tons, as higher production and imports are only partially offset by lower carry-in stocks.
 - Sugar production, at 8.86 million tons, is up 324,000 tons from 2000/01.
 - Increased imports are due to projected higher imports from Mexico under the North American Free Trade Agreement (NAFTA) low-tier tariff.
- Total use of 10.67 million tons is up 200,000 tons from 2000/01, based on trend increases in domestic use. As a result, carry-out stocks of 2.08 million tons are 19.5 percent of total use.

Supply, demand, and policy factors to watch for 2001/02:

- Factors affecting sugar-crop plantings in 2001.
 - Will there be a Payment-In-Kind Diversion Program?
- Will Mexico be a “net surplus” producer?

¹Moderator’s remarks.

- What level of NAFTA low-tier import access?
 - Will world market prices drop low enough to afford second-tier imports from Mexico?
- Sugar-containing imports.
 - Will sugar extraction from imported syrups increase?

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February 23, 2001

U.S. Sugar Supply and Use 1/

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Item	:	1999/00	:	2000/01 : 2001/02
	:		:	January February : Projection
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	:	1,000 short tons, raw value		
	:			
Beginning stocks 2/	:	1,639	2,219	2,219 2,027
Production 2/3/	:	9,042	8,538	8,538 8,862
Beet sugar	:	4,976	4,370	4,370 4,614
Cane sugar 4/	:	4,065	4,168	4,168 4,248
Imports 2/	:	1,636	1,790	1,740 1,863
TRQ 5/	:	1,124	1,275	1,275 1,422
Other 6/	:	512	515	465 441
Total supply	:	12,316	12,547	12,497 12,752
	:			
Exports 2/7/	:	124	175	125 150
Domestic deliveries 2/	:	10,111	10,385	10,345 10,520
Domestic food use	:	9,993	10,225	10,225 10,370
Other 8/	:	118	160	120 150
Miscellaneous 9/	:	(137)	0	0 0
Use, total	:	10,098	10,560	10,470 10,670
Ending stocks 2/	:	2,219	1,987	2,027 2,082
Private	:	1,922	1,193	1,234 1,289
CCC 10/	:	297	794	793 793
	:			
Stocks to use ratio	:	22.0	18.8	19.4 19.5
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1/ Fiscal years beginning Oct 1. Includes Puerto Rico. 2/ Historical data are from FSA, "Sweetener Market Data" except imports from U.S. Customs Service. 3/ Projections for 2001/02 are based on the *USDA Agricultural Baseline Projections to 2011*, updated with beginning stocks from the February *WASDE*. 4/ Production by state for 2000/01 (projected 2001/02): FL 2,130 (2,019); HI 265 (281); LA 1,570 (1,774); TX 180 (152); PR 23 (22). 5/ Actual arrivals under the tariff rate quota (TRQ) with late entries, early entries, and TRQ overfills assigned to the fiscal year in which they actually arrived. The 2000/01 and 2001/02 available TRQs assume shortfall of 65,000 tons. 6/ Quota exempt imports (for reexport, for polyhydric alcohol, sugar syrup under USHTS 1702904000, and high-duty). 7/ Mostly reexports. 8/ Transfer to sugar containing products for reexport, for nonedible alcohol, and feed. 9/ For 1999/2000, includes residual statistical discrepancies. 10/ For 2000/01 and 2001/02, includes sugar owned by the Commodity Credit Corporation, as of February 6, 2001.