

Agricultural Outlook Forum 2002

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2002/03 U.S. SUGAR SUPPLY AND USE¹

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The 2002/03 projection uses the baseline, published in *USDA Agricultural Baseline Projections to 2011*, updated with carry-in stocks from the February, 2002 *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 sells 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 2012 are 10 percent of use.

Key results from the 2002/03 projections:

- Total supply for 2002/03, at 12.38 million short tons (raw value), is 585,000 tons, above 2001/02, as higher production and imports are partially offset by lower carry-in stocks.
 - Sugar production, at 8.81 million tons, is up 890,000 tons from 2001/02.
 - Increased imports are due to projected higher imports from Mexico under the North American Free Trade Agreement (NAFTA) low-tier tariff.
- Total use of 10.675 million tons is up 205,000 tons from 2001/02, based on trend increases in domestic use. As a result, carry-out stocks of 1.7 million tons are 16.0 percent of total use.

Supply, demand, and policy factors to watch for 2002/03:

- Factors affecting sugar-crop plantings in 2002.
 - Will the recovery in prices lead to acreage expansion?
- Will Mexico have sugar to export to the United States?
 - What level of NAFTA low-tier import access?
 - Will second-tier shipments reach the level projected?
- What will the next Farm Bill contain for sugar?
 - Will marketing allotments be used?

¹Approved by the World Agricultural Outlook Board.

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U.S. Sugar Supply and Use 1/

Item	2000/01	2001/02		2002/03
		January	February	Projection
1,000 short tons, raw value				
Beginning stocks 2/	2,219	2,194	2,194	1,325
Production 2/3/	8,674	7,925	7,925	8,814
Beet sugar	4,592	3,900	3,900	4,426
Cane sugar 4/	4,082	4,025	4,025	4,388
Imports 2/	1,574	1,631	1,676	2,241
TRQ 5/	1,260	1,341	1,341	1,381
Other 6/	314	290	335	860
Total supply	12,467	11,750	11,795	12,380
Exports 2/7/	141	150	125	150
Domestic deliveries 2/	10,130	10,290	10,255	10,525
Domestic food use	9,998	10,170	10,070	10,405
Other 8/	132	120	185	120
Miscellaneous 9/	1	90	90	0
Use, total	10,272	10,530	10,470	10,675
Ending stocks 2/	2,194	1,220	1,325	1,705
Private	1,410	856	961	1,695
CCC 10/	784	364	364	10
Stocks to use ratio	21.4	11.6	12.7	16.0

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 2002/03 are based on the *USDA Agricultural Baseline Projections to 2011*, updated with beginning stocks from the February 2002 *WASDE*. 4/ Production by state for 2001/02 (projected 2002/032): FL 1,990 (2,072); HI 270 (288); LA 1,610 (1,852); TX 150 (171); PR 5 (5). 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 2001/02 and 2002/03 available TRQs assume shortfall of 65,000 tons. 6/ Includes sugar under the re-export and polyhydric alcohol programs and other imports not under these programs. 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 2001/02 includes sugar owned by the Commodity Credit Corporation, as of February 6, 2002.