

Agricultural Outlook Forum 2004

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2004

### 2004/05 U.S. SUGAR SUPPLY AND USE<sup>1</sup>

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The 2004/05 projections use the baseline, published in *USDA Agricultural Baseline Projections to 2013*, updated with carry-in stocks from the February 2004 *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 disposes of any forfeited sugar.
- Continued trends in factors of production.
  - Technology increases crop yields and sugar recovery rates.
  - Alternative-crop prices decline in fiscal year 2004/05; remain stable to 2013/14.
- Consumption grows in line with population growth.
- In Mexico, the tax on soft drinks that use high fructose corn syrup remains in place.

#### Key results from the baseline, for the period 2004/05 to 2013/14:

- U.S. sugar-crop prices remain relatively flat, as marketing allotments govern supplies. Despite imports rising to 2.3 million tons by 2013/14, the Overall Allotment Quantity is not reduced and thus allotments are not suspended. Consumption grows at an annual rate of about 100,000 tons. Production increases about 45,000 tons annually, mainly in the beet sugar sector.

#### Key results from the 2004/05 projections:

- Total production for fiscal year 2004/05, at 8.4 million short tons (raw value), is 580,000 tons below 2003/04, mainly due to lower sugarcane area and a return to average sugarbeet quality after exceptional sugar recovery from 2003-crop sugarbeets.
- Inventory and sales projections for 2004/05 are not adjusted from reported extraordinary refined sugar sales during September 2002 and 2003.
  - The higher September sales reduced reported year-ending stocks.
  - Total ending stocks for 2004/05 are projected at 2.3 million tons.

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<sup>1</sup>Approved by the World Agricultural Outlook Board.

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U.S. Sugar Supply and Use 1/

Item	2002/03	2003/04		2004/05
		January	February	Projection
1,000 short tons, raw value				
Beginning stocks	1,419	1,304	1,259	1,938
Production 2/	8,380	8,948	8,930	8,365
Beet sugar	4,415	4,852	4,824	4,438
Cane sugar 3/	3,965	4,096	4,106	3,927
Imports	1,732	1,584	1,584	1,774
TRQ 4/	1,212	1,224	1,224	1,224
Other program 5/	488	325	325	300
Other 6/	32	35	35	250
Total supply	11,531	11,836	11,773	12,077
Exports 7/	142	160	160	150
Sales for dom. use 8/	9,975	9,675	9,675	9,595
Food	9,767	9,450	9,465	9,415
Other 9/	208	225	210	180
Miscellaneous 10/	155	0	0	0
Use, total	10,272	9,835	9,835	9,745
Ending stocks	1,259	2,001	1,938	2,332
Stocks to use ratio	12.3	20.3	19.7	23.9

1/ Fiscal years beginning Oct 1. Includes Puerto Rico. Historical data are from FSA, "Sweetener Market Data" except imports from U.S. Customs Service. 2/ Projections for 2004/05 are based on the *USDA Agricultural Baseline Projections to 2013*, updated with beginning stocks from the February 2004 *WASDE*. 3/ Production by state for 2003/04 (projected 2004/05): FL 2,166 (2,019); HI 276 (247); LA 1,472 (1,499); TX 182 (162); PR 0 (0). 4/ 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 2004/05 available TRQs assume shortfall of 50,000 tons. 5/ Includes sugar under the re-export and polyhydric alcohol programs. 6/ Includes high-tier and other. 7/ Mostly reexports. 8/ Indicates change of ownership, not necessarily delivery. For 2004/05, delivered sales. 9/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed. 10/ Residual statistical discrepancies.