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2003/04 U.S. SUGAR SUPPLY AND USE[1]

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The 2003/04 projection uses the baseline, published in *USDA Agricultural Baseline Projections to 2012*, updated with carry-in stocks from the February, 2003 *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.
- Continuation of trends in consumption and factors of production.
  - --Total consumption returns to trend levels by 2004/05.
  - --Technology increases crop yields and sugar recovery rates.
  - --Alternative-crop prices gradually decline through fiscal year 2005; improve to 2013.
- In Mexico, the tax on soft drinks that use high fructose corn syrup remains in place.

Key results from the baseline, comparing 2003/04 with 2011/12:

- U.S. sugar-crop prices, relative to alternative crops, decline slowly, reducing area planted. Nominal sugar prices remain at or above sugar loan rates. Marketing allotment restrictions result in blocked stocks averaging 761,000 short tons, raw value, annually after 2003/04.

Key results from the 2003/04 projections:

- Total production for 2003/04, at 8.8 million short tons (raw value), is 570,000 tons above 2002/03, mainly due to sugarbeet area expansion and improved weather for Louisiana sugarcane.
- Comparisons for 2003/04 versus 2002/03 beginning stocks and use are not valid, because of extraordinary pre-allotment sales or transfers of sugar prior to October 1, 2002.
  - --However, ending stocks are comparable, due to compensating adjustments in deliveries and miscellaneous uses resulting in 2002/03 season-ending stocks at 1.42 million tons. Season-ending stocks for 2003/04 are projected at 1.79 million tons.

Supply, demand, and policy factors to watch for 2003/04:

- Factors affecting sugar-crop production in 2003.
  - --Will pre-plant, pre-harvest conditions favor production of sugarbeets and sugarcane?
- Will Mexico have sugar to export to the United States?
  - --What level of NAFTA low-tier import access?
  - --Will high-tier shipments reach the 149,000 tons projected?

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[1] Approved by the World Agricultural Outlook Board.

$ How will USDA set and manage the Overall Allotment Quantity for 2003/04?

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U.S. Sugar Supply and Use 1/

Item	2001/02	2002/03 January	2002/03 February	2003/04 Projection
	1,000 short tons, raw value			
Beginning stocks 2/	2,180	1,276	1,276	1,416
Production 2/3/	7,906	8,155	8,260	8,830
Beet sugar	3,914	4,215	4,300	4,550
Cane sugar 4/	3,992	3,940	3,960	4,280
Imports 2/	1,526	1,605	1,605	1,720
TRQ 5/	1,149	1,245	1,245	1,261
Other program 6/	296	300	300	260
Other 7/	81	60	60	199
Total supply	11,612	11,036	11,141	11,966
Exports 2/8/	108	125	125	125
Domestic deliveries 2/	10,084	9,800	9,800	10,050
Domestic food use	9,891	9,600	9,600	9,870
Other 9/	193	200	200	180
Miscellaneous 10/	144	-200	-200	0
Use, total	10,336	9,725	9,725	10,175
Ending stocks 2/	1,276	1,311	1,416	1,791
Stocks to use ratio	12.3	13.5	14.6	17.6

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 2003/04 are based on the *USDA Agricultural Baseline Projections to 2012*, updated with beginning stocks from the February 2003 *WASDE*. 4/ Production by state for 2002/03 (projected 2003/04): FL 2,150 (2,126); HI 275 (282); LA 1,360 (1,703); TX 175 (168); PR 0 (0). 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 2003/04 available TRQs assume shortfall of 65,000 tons. 6/ Includes sugar under the re-export and polyhydric alcohol programs. 7/ Includes high-tier and other. 8/ Mostly reexports. 9/ Transfer to sugar containing products for reexport, and for nonedible alcohol and feed. 10 For 2001/02, residual statistical discrepancies.