

February 23, 2009

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

The undersigned companies and organizations congratulate you on being confirmed as Secretary of Agriculture, and stand ready to work with you and your USDA colleagues toward sound agricultural, nutritional and rural policies to serve all Americans.

As Secretary, you have the responsibility of establishing and adjusting the tariff rate quotas (TRQs) that restrict imports of sugar into the United States. Although we believe sugar policies are in need of major reform, we realize that you must administer the laws and policies established by Congress. Thus, while we urge the Administration to take a fresh look at sugar policy and propose reforms, we also call to your attention the need for immediate action to ensure that existing policies do not further distort markets.

In particular, USDA's supply and demand projections vividly demonstrate the need for an immediate increase in sugar TRQs. The Department projects that on September 30, 2009, available sugar stocks will constitute only 9.9% of total demand for sugar. That is far below the normal stocks-to-use ratio of about 15%. This means that approximately 600,000 tons of sugar needs to be added to available supplies.

Adequately supplied markets are in everyone's interest. Increasing the supply has the potential to benefit consumers with more competitive prices, preserve and add jobs by guaranteeing adequate supplies to keep production lines running and potentially reduce taxpayer costs as food prices affect inflation-indexed programs.

Because of the lead time to purchase, ship, and refine raw sugar, a TRQ increase must occur in the very near future in order to avoid supply disruptions later this year. Current short supplies partially reflect the continued unavailability of refining capacity because of a 2008 industrial accident, so it is also imperative that a portion of imports be available in the form of refined sugar of high polarity. In this regard, USDA has reportedly requested a technical change to U.S. tariff schedules that will facilitate your ability to control the refined TRQ, and we support this action.

We would appreciate the opportunity to meet with you and your staff to provide further information about market needs. We look forward to working with you to ensure U.S. sugar policy is implemented for the benefit of all stakeholders.

Sincerely,

American Bakers Association
American Beverage Association
Bimbo Bakeries
Blommer Chocolate Company
Campbell Soup Company
The Coca-Cola Company
Competitive Enterprise Institute
ConAgra Foods, Inc.
Consumer Federation of America
Council for Citizens Against Government Waste
Dean Foods Company
East Balt, Inc.
Emergency Committee for American Trade
Ferrara Pan Candy Company
General Mills, Inc.
Grocery Manufacturers Association
The Hershey Company
H.J. Heinz Company
Independent Bakers Association
Interbake Foods
International Dairy Foods Association
Jelly Belly Candy Company
Kellogg Company
Klosterman Baking
Kraft Foods, Inc.
Krispy Kreme
Mars Snackfood US, LLC
McKee Foods Corporation
Nagle Kyle Inc.
National Confectioners Association
National Association of Manufacturers
National Foreign Trade Council
Nestle USA
PepsiCo, Inc.
Primrose Candy Company
Sara Lee Corporation
Snack Food Association
Sweetener Users Association
Unilever United States, Inc.
U.S. Chamber of Commerce
WhiteWave Foods
Wm. Wrigley Jr. Company