



April 28th, 2025

Jason Hafemeister
Acting Deputy Under Secretary
USDA Trade and Foreign Agricultural Affairs
US Department of Agriculture

RE: Request for FY26 Specialty Sugar Quota Allocation and FY2025 Specialty Sugar Quota Emergency Relief

Dear Mr. Hafemeister,

The Organic Trade Association (OTA) is the leading membership-based business association representing the U.S. organic sector. Our members span the entire organic supply chain, including growers, processors, certifiers, retailers, and others dedicated to advancing organic agriculture and trade. Our mission is to grow and protect organic through a unified voice that serves and engages our diverse membership from farm to marketplace.

OTA's Sugar Supply Task Force represents major organic sugar importers, distributors, and large-scale end users of organic sugar in the United States. Organic sugar accounts for just 1.98% of the overall U.S. sugar market as of FY 2024. An estimated 93% of this organic sugar is imported from third countries¹, due to limited domestic production of organic sugarcane and regulatory barriers preventing the production and use of organic sugar derived from sugar beets. Imports remain essential to meeting the growing demand from organic food manufacturers and U.S. consumers.

Organic sugar imports have consistently exceeded the levels permitted under the Specialty Sugar Quota (SSQ), resulting in tranches being oversubscribed for multiple years. In FY 2024 and the first two tranches of FY 2025, the average fill rate was only 30%². Organic sugar has thus made up a disproportionately high share of high-tier duty imports. In FY 2024, 33,772 MTRV of organic sugar entered under high-tier duties—a 15% increase over FY 2023³. High-duty imports now constitute 11.5% of total organic sugar imports, a rate 52% higher than that of the broader sugar market.⁴

In our most recent survey, the majority of OTA's organic sugar stakeholders reported supply shortages. The January 2025 tranche fill rate was just 23.1%⁵—the lowest since July 2021, when an emergency tranche was last released. To prevent disruptions to U.S. organic manufacturers and maintain a stable supply, **we respectfully request the release of an additional 40,000 MTRV tranche for FY 2025, no later than May 22, 2025.**

Looking ahead, U.S. organic sugar imports have consistently outpaced quota volumes. Since U.S. Customs began tracking the three organic-specific import codes, annual organic sugar imports have ranged between 263,000 MTRV and 269,000 MTRV⁶. Accordingly, **we request that the FY 2026 Specialty Sugar Quota be set at 260,000 MTRV.**

¹ Abadam, V., & Diaby, S. (2024). Sugar and sweeteners outlook: May 2024 (Report No. SSS-M-429). U.S. Department of Agriculture, Economic Research Service., May 16, 2024 – this is inline with other reports from 2021 including Organic Sugar Report, Understanding Demand in the S. Organic Sugar Market, Mercaris 2021 (90% imports) and Eurmonitor's Assessing Organic Sugar Demand in the US, October 2021 (92% imports)

² See Chart A

³ See Chart B

⁴ See Chart C

⁵ See Chart A

⁶ See Chart B

Need for the Specialty Sugar Quota

To meet consumer demand, support innovation in organic product development, and foster exports, the annual SSQ must be updated in line with the organic sector's rapid growth. When the quota is too low, importers must either pay high-tier duties or seek emergency tranches—as occurred in 2024, 2021, 2017, 2016, and 2015. This creates unnecessary market instability that undermines U.S. organic manufacturers and farmers alike. Many organic sugar-containing products also rely on domestically grown organic ingredients such as dairy, wheat and eggs. According to the USDA NASS's latest organic survey⁷:

- Texas leads in organic dairy production
- Pennsylvania leads in organic wheat
- Missouri leads in organic eggs

These states—and others—are disproportionately impacted by rising input costs when the sugar supply tightens and prices spike. In 2024, organic food sales (excluding produce and meat) grew by 5.2%, outpacing the overall food sector's 1.02% growth (less produce and meat)⁸. Categories that rely heavily on organic sugar saw even faster growth:

- Organic yogurt: +10.5%
- Organic snack bars: +7.4%
- Organic candy and sweet snacks: +7.7%
- Organic ice cream: +21%
- Organic soft drinks, enhanced drinks, & powders: +8.3%
- Organic baking needs: +10.7%
- Organic breakfast goods: +8.1%

Alternatives to increasing the Specialty Sugar Quota

USDA's organic standards require the use of organic sugar in certified organic products, conventional sugar cannot be used as a substitute even when supply is limited. While the organic market continues to grow, changes in the SSQ allocations do not appear to correlate with domestic organic sugar production growth⁹. The effectiveness of the SSQ volume limitations needs to be considered in light of their dissociation with increasing organic sugar production. Furthermore, tightening the quota does not reduce total sugar imports—only the source and type. Volume allocated under the SSQ would otherwise be assigned to Mexico. Prioritizing sufficient supply of organic sugar better supports U.S. agriculture and food manufacturers than increasing conventional sugar access from Mexico. Mexico is currently subject to an anti-dumping suspension agreement¹⁰ and just recently, the lack of water from Mexico led to the closure of the U.S. Rio Grande Valley Sugar Growers Mill¹¹. Similarly, increases to the SSQ are not expected to impact “stocks to use” ratio since unused volumes would revert to Mexican refined sugar.

OTA support potential reforms to the SSQ administration to ensure that quota sugar is used for legitimate organic market purposes. Reforms should focus on downstream use and marketing, not import volumes. With recent updates to the National Organic Program, all exporters, importers, bulk handlers, and financially interested parties must now be certified

⁷ https://data.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Organic_Production/

⁸ Organic Trade Association, Organic Market Report 2025

⁹ See Chart D

¹⁰ <https://enforcement.trade.gov/agreements/sugar-mexico/>

¹¹ <https://texasfarmbureau.org/texas-only-sugar-mill-to-close-permanently/>



to trade in organic products. We encourage USDA FAS, USDA NOP, and USTR to coordinate to ensure Specialty Sugar Certificates align with these requirements and are issued in a manner to reflect legitimate organic marketplace use.

Specialty Sugar Quota Request

OTA's request for a 260,000 MT quota for FY 2026 reflects an industry-calibrated projection based on historical import levels, current usage, and 2024's growth rate¹². It includes both baseline quota and the additional 40,000 MT needed for FY 2025. We also recommend adjusting the tranche distribution to allocate 30% of the total to each of the first two tranches and 20% each to the last two, ensuring greater predictability and early-season access. In addition, OTA's request for 40,000 MT additional tranche in May 2025 reflects the current needs of organic producers and manufacturers.

On behalf of OTA members and the organic sector, thank you for your attention to this important matter. We appreciate your ongoing efforts to better understand organic sugar demand and welcome opportunities to collaborate on improvements to the SSQ system to support a dynamic and growing industry.

Respectfully,

A handwritten signature in black ink, appearing to read "Tom Chapman", is written over a light blue horizontal line.

Tom Chapman
Co-CEO
Organic Trade Association

cc: Riley Pagett, Chief of Staff, Trade and Foreign Agricultural Affairs
Dylan Daniels, CCS, Senior Policy Advisor

¹² See Chart E

Chart A – Tranche amount and quantity allocated since 2021

Tranche (Period)	Tranche Allocation (MT)	Prorated quantity per Tranche
FY21 (2)	40,000	33.2%
FY21 (3)	40,000	23.5%
FY21 (4)	30,000	16.1%
FY21 (5)	30,000	17.6%
Emergency	40,000	23.0%
FY22 (2)	60,000	42.4%
FY22 (3)	60,000	36.2%
FY22 (4)	40,000	23.7%
FY22 (5)	40,000	23.4%
FY23 (2)	60,000	38.6%
FY23 (3)	60,000	43.5%
FY23 (4)	40,000	27.5%
FY23 (5)	40,000	28.0%
FY24 (2)	60,000	34.0%
FY24 (3)	60,000	33.1%
FY24 (4)	45,000	23.7%
FY24 (5)	45,000	29.4%
FY25 (2)	75,000	37.4%
FY25 (3)	45,000	23.1%

Source: <https://www.cbp.gov/trade/quota/bulletins>

Chart B – In Quota and High Tier Imports

Year	In Quota		High Tier		Total (MTRV)
	Refined (MTRV)	Raw (MTRV)	Refined (MTRV)	Raw (MTRV)	
FY22	222,036	20,388	25,387	Not Tracked	267,811
FY23	215,093	18,602	29,333	Not Tracked	263,028
FY24	227,874	7,889	33,772	Not Tracked	269,535
FY25-YTD	130,930	4,556	10,496	Not Tracked	235,982

USDA Foreign Agricultural Service's Global Agricultural Trade System. YTD thru Oct 2024-Feb 2025

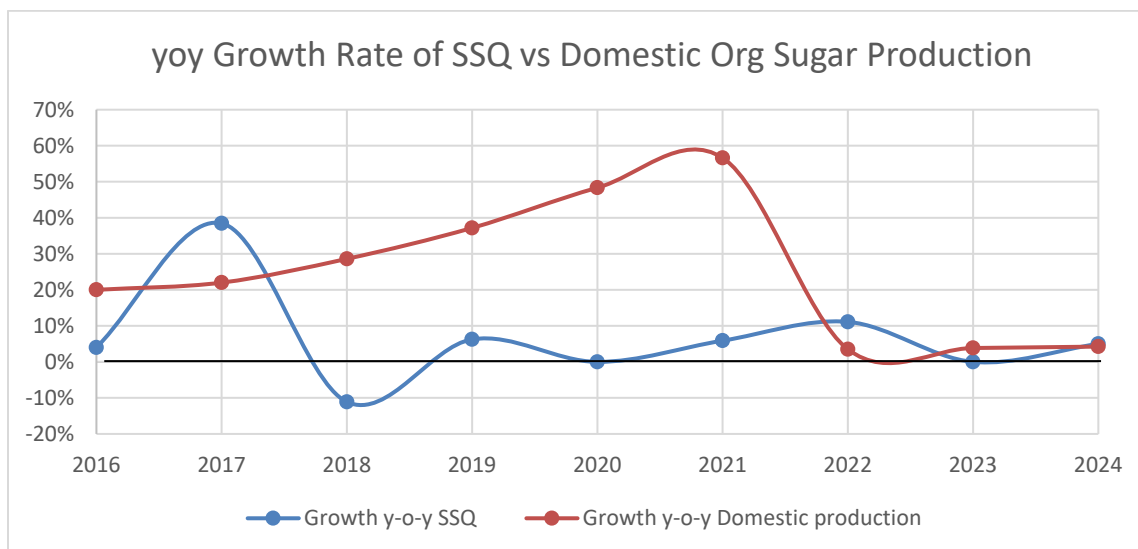
Chart C – High Tier vs total supply, Organic compared to Total Sugar (conventional + organic)

	Organic Sugar (1,000 STRV)*	Total Sugar (1,000 STRV)**	%
High Tier Tariff	30.6	1,231	2.5%
Total Supply	262.9	14,965	1.8%
%	11.7%	8.2%	41.7%

*Abadam, V., & Diaby, S. (2024). Sugar and sweeteners outlook: May 2024 (Report No. SSS-M-429). May 16, 2024. for domestic sugar and USDA Foreign Agricultural Service's Global Agricultural Trade System for Imported Sugar. Converted from MTRV to STRV

**WASDE March 2025 Total US Sugar Supply and Use

Chart D – Domestic Organic Sugar Production Growth vs SSQ Growth, year over year



Data from *Abadam, V., & Diaby, S. (2024). Sugar and sweeteners outlook: May 2024 (Report No. SSS-M-429). May 16, 2024 and <https://www.cbq.gov/trade/quota/bulletins>. Calculated to show year over year change in SSQ and in domestic production.

Chart E – Calculations for SSQ Request

Sugar Supply Estimate (MTRV)	Sugar Demand Estimate (MTRV)	Current SSQ (MTRV)	Current Domestic, Specialty, Mexico, TRQ Raw and FTA volume (MTRV)	Requested SSQ (MTRV)	Domestic, Specialty, Mexico, TRQ Raw and FTA volume (MTRV) [based on Requested SSQ]
FY 23 Total Organic Supply*	272,212	200,000	72,212	200,000	72,212
FY 22 Total Organic Supply*	269,124	200,000	69,124	200,000	69,124
FY 24 Total Organic Supply**	289,702	210,000	79,702	210,000	79,702
FY 25 Total Organic estimate***	304,477	210,000	94,477	250,000	54,477
FY 26 Total Organic Demand estimate***	320,005	210,000	110,005	260,000	60,005

Demand numbers explained by asterisks, SSQ from publication or request, "Domestic, Specialty, Mexico, TRQ Raw and FTA volume (MTRV)" is the difference.

*Abadam, V., & Diaby, S. (2024). Sugar and sweeteners outlook: May 2024 (Report No. SSS-M-429). May 16, 2024.

**Abadam, V., & Diaby, S. (2024). Sugar and sweeteners outlook: May 2024 (Report No. SSS-M-429) for domestic sugar and FAS GATS for imported sugar.

*** OTA's 2025 Organic Market Report CAGR 2020-2029 estimated - 5.1% multiplied by previous year