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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Notice of Change to the CCC Sugar Purchase and Exchange to Include Certificates of Quota Eligibility Issued Pursuant to the United States-Colombia Trade Promotion Agreement and United States- Panama Trade Promotion Agreement

AGENCY: Commodity Credit Corporation

ACTION: Notice.

SUMMARY: The Commodity Credit Corporation (CCC) announces the intent to include Certificates of Quota Eligibility (CQEs) issued under the United States-Colombia Trade Promotion Agreement (U.S.-Colombia TPA) and the United States-Panama Trade Promotion Agreement (U.S.-Panama TPA) in the sugar purchase and exchange announced on June 18, 2013.

DATES: Effective date: **[Insert date of publication in the FEDERAL REGISTER].**

FOR FURTHER INFORMATION CONTACT: For current market conditions, eligibility, and criteria for evaluation information contact Ron Lord; telephone (202) 720-6939. For general exchange information contact Pamela McKenzie; telephone (202) 260-8906. Persons with disabilities who require alternative means for communications (Braille, large print, audio tape, etc.) should contact the USDA Target Center at (202) 720-2600 (voice and TDD).

## SUPPLEMENTARY INFORMATION:

### USDA's Sugar Program and the Domestic Sugar Market Conditions

Under the Sugar Program, domestic sugar beet or sugarcane processors may borrow from CCC, pledging their sugar as collateral, and then satisfy their loans either by repaying the loan on or before loan maturity or by transferring the collateral to CCC immediately following loan maturity, also known as “forfeiture” of collateral (as specified in 7 CFR 1435.105). The Farm Service Agency (FSA) administers the Sugar Program for CCC. Under section 156 of the Federal Agriculture Improvement and Reform Act of 1996, as amended (Pub. L. 104-127; 7 U.S.C. 7272), the U.S. Department of Agriculture (USDA) is required to operate the Sugar Program, to the maximum extent practicable, at no cost to the Federal government by avoiding forfeitures of sugar loan collateral to CCC.

The sugarcane and sugar beet crops supplying the U.S. market are setting production records for fiscal year (FY) 2013. The FY 2013 ending stocks-to-use ratio for sugar was projected at 19 percent in the June 2013 USDA World Agricultural Supply and Demand Estimates (WASDE) report, well above its historic average, and the FY 2014 ending stocks-to-use ratio for sugar was projected at over 22 percent. In the past, an ending stocks-to-use ratio at or above 18 percent has been strongly correlated with low U.S. sugar prices, and with forfeiture of sugar loan collateral to CCC. Record FY 2013 sugar production has caused domestic sugar prices to fall below the support level established by USDA's Sugar Program.

A valid TPA CQE is required for the import of sugar into the United States under the sugar tariff-rate quotas established under the U.S.-Colombia TPA and U.S.-Panama

TPA, and thus each U.S.-Colombia TPA or U.S.-Panama TPA CQE represents a given quantity of import access.

### CCC Sugar Purchase and Exchanges

To reduce the cost of the Sugar Program to the Federal government, prior to the maturity of loans to sugar processors, CCC announced on June 18, 2013, its intent to purchase sugar from the U.S. domestic market and conduct voluntary exchanges of the purchased sugar in return for credits under the Refined Sugar Re-Export Program (78 FR 36508-36510). This notice announces CCC's intent to also purchase sugar from the domestic market in order to conduct voluntary exchanges for privately held TPA CQEs issued under the U.S.-Colombia TPA and U.S.-Panama TPA. Therefore CCC has amended Invitation No. 1 to Announcement KCPBS2, Purchase of Bulk Sugar, to include the purchase of sugar to exchange for privately held CQEs issued under the U.S.-Colombia TPA and U.S.-Panama TPA, in addition to credits under the Refined Sugar Re-Export Program. The amended Invitation is available on the FSA Commodity Operations website at <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=landing>.

These exchanges are expected to remove domestic sugar from the market at a lower cost to the Federal government than the cost of acquiring domestic sugar through loan collateral forfeiture.

The exchange announcement specifies a minimum bid ratio of U.S.-Colombia TPA CQEs and U.S.-Panama TPA CQEs per MT of CCC sugar, and will be made available at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=landing>.

## Eligibility

To be eligible for the exchange, private sector exporters or traders must provide a valid original calendar year 2013 United States-Colombia TPA CQE or United States-Panama TPA CQE to CCC.

## Criteria for Evaluation of Tenders (Offers and Exchange Bids)

CCC will combine the sugar offers and exchange bids that achieve the greatest cost reduction relative to the costs of later acquiring the domestic sugar through forfeiture. The specific formula that CCC will use to evaluate and accept offer and bid combinations is specified in the purchase and exchange invitations.

Signed on June 20, 2013.

Juan M. Garcia,  
Executive Vice President,  
Commodity Credit Corporation.

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