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May 8, 2017

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue:

On behalf of the Coalition for Sugar Reform, congratulations on your confirmation to serve as U.S. Secretary of Agriculture. You will soon be inundated with a host of new issues to digest, but we write to call your attention to one program in particular that negatively impacts the U.S. economy.

The U.S. sugar program hurts American manufacturers, workers and hardworking families. The program costs consumers \$3 billion per year in the form of government-induced higher prices for sugar by restricting supplies and artificially pushing up domestic sugar prices. Higher U.S. sugar prices as a result of this policy put undue pressure on U.S. jobs in the sugar-using sector, contributing to the loss of 123,000 manufacturing jobs over the last 18 years.

As you know, USDA has the statutory responsibility to implement the sugar program. The Department is responsible for ensuring adequate supplies of sugar are available to the market and is responsible for managing domestic sugar allotments and decisions regarding the tariff-rate quota needs for sugar.

The federal government should appropriately exercise its authority and should not be imposing extraordinary costs on everyone in America, benefiting just a few extremely wealthy sugar processors. The sugar industry has created a "heads-we-win, tails-you-lose" situation, where it is able to reap record profits when domestic sugar supplies are tight because of government restrictions, and yet have taxpayers guarantee processors' income when their market-control plans fail.

Sugar producers say the problem is foreign subsidies, but those subsidies do not impact the U.S. sugar market because of restrictive per-country quotas for imports. The real problem is sugar processors operate in an almost no-risk, government sanctioned environment to the detriment of small businesses that are at a competitive disadvantage with imported products from foreign countries. U.S. sugar policy represents the worst case of crony capitalism, with the government picking winners and losers under this anti-small business policy.

U.S. sugar policy should work for America, not against it. The sugar program should balance the interests of sugar producers with the needs of U.S. manufacturers, workers and consumers. Sugar program reform can be achieved while still providing a safety net for sugar farmers. The U.S. Department of Agriculture will be instrumental as U.S. manufacturers cope with excessive sugar prices, a rising tide of the federal government's subsidization of sugar processors and the unfair U.S.-Mexico sugar suspension agreements.

We look forward to working with you to level the playing field and ensure the competitiveness of the sugar-using sector and the estimated 600,000 American manufacturing jobs it supports. Pursuant to that end, we respectfully urge you to make full use of your department's authority to address the dysfunctional sugar market that consumers and manufacturers currently face.

To learn more about sugar reform, we also encourage you and your staff to make use of our website at www.sugarreform.org.

Sincerely,

Coalition for Sugar Reform

American Bakers Association

Consumer Federation of America

Counsel for Citizens Against Government Waste

The Hershey Company

Independent Bakers Association

Mars, Incorporated

National Association of Manufacturers

National Confectioners Association

National Consumers League

National Taxpayers Union

Nestlé USA

Sweetener Users Association

U.S. Chamber of Commerce