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Ag Economist & Policy Experts: It's Time to Modernize Sugar in Farm Bill

U.S. Sugar Policy, Mexico Suspension Agreements and Trade Top Colloquium Agenda

Washington, DC (February 14, 2018) – During this week's [2018 International Sweetener Colloquium](#) in Orlando, Fla., co-hosted by the [Sweetener Users Association](#) (SUA) and the International Dairy Foods Association, policy experts and analysts discussed the most pressing issues facing the global sweetener industry.

Bill O'Conner, Senior Agriculture Policy Advisor, SUA: "Last Farm Bill alone, every single commodity program went through a modernization reform measure except sugar. Lack of modernization has led to a program that is one-sided, benefiting only a small group of sugar processors. At the same time, because of the way the sugar program is designed, the end-users of sugar – American consumers and food and beverage manufacturers – are forced to pay between \$2.4 - \$4 billion annually in the form of a hidden tax. This Congress has an opportunity to change this inequity by modernizing the sugar program in the 2018 Farm Bill through modest reforms that will benefit all – growers, processors, consumers and businesses large and small." (*Wednesday, February 14, 2018, Session X – U.S. Sugar Policy & the Farm Bill*)

Rick Pasco, President, SUA: "When coupled with the sugar program, the U.S.-Mexico suspension agreements make a bad deal much worse for American consumers and businesses. The agreements have created a higher floor price than Congress set in the Farm Bill, which has artificially forced up U.S. prices well above world prices. The benefits of the suspension agreements flow to Mexican and U.S. sugar companies as an income transfer from American consumers and food companies. Congress should recognize the negative impact that the agreements have had on the American economy and fix the sugar program so American manufacturers can access adequate supplies of sugar at a fair price, so they can sustain and create jobs." (*Tuesday, February 13, 2018, Session VIII – Sugar Program Administration in a U.S.-Mexico Suspension Agreement Environment*)

Tom Earley, Vice President, Agralytica: "While what comes up must come down, we have yet to see that trend emerge when it comes to U.S. sugar prices, which continue to be nearly double or double the world average. A backward U.S. sugar policy that involves the government intervening in the market more than with any other commodity, as well as the U.S.-Mexico suspension agreements, deserve much of the blame. Modernizing the sugar program by allowing market forces to work as they should would greatly improve the trends we have seen since the last Farm Bill and even back as far as 2008, when the most market-distorting changes to the

sugar program were made.” (*Tuesday, February 13, 2018, Session V – International Sweetener Outlook*)

Randy Green, Principal, Watson Green LLC: “Sugar trade has been a point of contention between the United States and Mexico, both before and after NAFTA was fully implemented in 2008, and in other trade negotiations. The protectionist nature of the U.S. sugar program has reduced the potential positive economic impacts of trade agreements implemented over the last 25 years because once our negotiators tell other countries that the sugar program is sacrosanct, those countries hold out on making market access concessions on their own specially protected agricultural sectors. The result is that the 98 percent of U.S. agriculture that does not produce sugar crops gets less access to foreign markets than it otherwise might have gained. The effect also spills over into the services and manufacturing sectors. Congress has a chance in the next Farm Bill to begin turning this around.” (*Tuesday, February 13, 2018, Session IV – The State of Play in the Trade Arena*)

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The Sweetener Users Association (SUA) represents American food and beverage manufacturers who use sugar to make the products U.S. consumers know and love – from sweet treats to everyday staples like bread, pasta sauce, yogurt and peanut butter. SUA members employ hundreds of thousands of Americans across the United States – from bakers and confectioners to food scientists and factory workers.

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