

United States Senate

WASHINGTON, DC 20510

June 15, 2021

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

We write to urge you to exercise your authority to make adequate supplies of sugar available to the U.S. market. At present, several factors including a severe supply bottleneck in the Gulf region have driven prices to multi-year highs and, if not addressed, will encourage the offshoring of additional food manufacturing capacity.

As you may know, futures prices for domestic sugar are 30 percent above normal levels, recently trading at 33.5 cents per pound. These prices are even further above the price of world-market sugar, which is trading around 17 cents per pound, meaning the U.S. price is nearly double what many foreign companies pay.

Our understanding is that a large quantity of raw sugar is “stranded” in the Gulf Coast region because it exceeds the ability of the refineries in that area to refine it in a timely manner. Since food makers normally must use refined sugar, the “stranded” raw sugar is, in effect, unavailable to the market. As a result, prices have soared.

The U.S. sugar program forces consumers and food manufacturers to pay exorbitant prices for sugar due to a complex system of price control mechanisms. The current market situation, if allowed to continue, will make it even harder for American food manufacturers to remain competitive. We are deeply concerned by the impact of this situation on American jobs.

We encourage you to take two actions to stabilize the market:

1. Work with the Office of the U.S. Trade Representative to reallocate the current import quota, reducing the amounts set aside for countries that do not have adequate sugar to supply our market, and increasing the amounts for those countries that do; and
2. Increase the total amount of sugar available to the U.S. market by a quantity that will offset the amounts isolated in the Gulf region and account for other supply-limiting factors, through an increase in the Export Limit for Mexico, an increase in the U.S. raw sugar tariff-rate quota or a combination of these options.

In current conditions, there is no chance that these actions will risk the forfeiture of sugar under the price support program, since current prices are more than 50 percent above the support level.

By contrast, if USDA fails to act, jobs in the food manufacturing sector will be at risk. Therefore, we urge you to act expeditiously.

Thank you for your attention to this matter.

Sincerely,



Jeanne Shaheen
United States Senator



Pat Toomey
United States Senator