

## The Forced, High Cost of Sugar as a Result of Government Policy

Unlike other commodity programs, the U.S. sugar program requires the federal government to restrict imports to keep domestic prices high, and mandates rigid marketing allotments to restrict domestic production.

The combined effects of limits on domestic production and imports artificially inflate the price of sugar in the United States, making U.S. sugar more expensive than sugar produced in other countries, as detailed in the table below.

As a result, sugar-using companies in the United States must pay more for sugar than they would if the market were more competitive.

Calendar Year	U.S. Price*	World Price**	U.S. % Higher
2014	32.9 ¢/lb	20.1 ¢/lb	63.7%
2015	33.9 ¢/lb	16.9 ¢/lb	100.6%
2016	29.7 ¢/lb	22.6 ¢/lb	31.4%
2017	31.3 ¢/lb	19.6 ¢/lb	59.7%
2018	35.5 ¢/lb	15.6 ¢/lb	127.6%
2019	36.1 ¢/lb	15.2 ¢/lb	137.5%
2020	42.1 ¢/lb	17.0 ¢/lb	147.6%
2021	37.6 ¢/lb	21.4 ¢/lb	75.7%
2022	52.3 ¢/lb	24.2 ¢/lb	116.1%

\* U.S. refined beet sugar prices as reported by Sosland and tabulated by the U.S. Department of Agriculture. For a detailed analysis of U.S. sugar prices from fiscal years 2001 – 2022, see the Appendix.

\*\* Refined sugar prices based on the London No. 5 Sugar Futures Market.

This, in turn, increases costs for these American companies and makes it more difficult for them to compete with companies in other countries.

According to one economic analysis, the U.S. sugar program costs American consumers \$2.4-\$4 billion per year.<sup>1</sup> Higher U.S. sugar prices as a result of this policy put undue

<sup>1</sup> John C. Beghin and Amani Elobeid, “Analysis of the US Sugar Program,” *American Enterprise Institute*, Nov. 6, 2017, <https://www.aei.org/research-products/report/analysis-of-the-us-sugar-program/>.

pressure on good-paying American jobs, contributing to the loss of more than 100,000 jobs in U.S. sugar-using industries since 1997.<sup>2</sup>

Moreover, current U.S. sugar policy completely fails to guarantee a constant supply of sugar in the market. Supply interruptions, such as weather, disease, and other production and transportation factors, can happen in any agricultural sector. But sugar policies fail to compensate for these problems, often make them worse and have pushed prices inexorably upward.

For example, two separate force majeure declarations by U.S. beet sugar sellers and significant supply disruptions to raw cane sugar imports from the Philippines and the Dominican Republic caused supply constrictions in 2022 that have carried into this year. Prices remain at historically high levels and multiple sellers of sugar have withdrawn from the market, telling customers they have no uncommitted sugar to sell. Yet the U.S. Department of Agriculture has not adequately supplied the market with alternative sources.

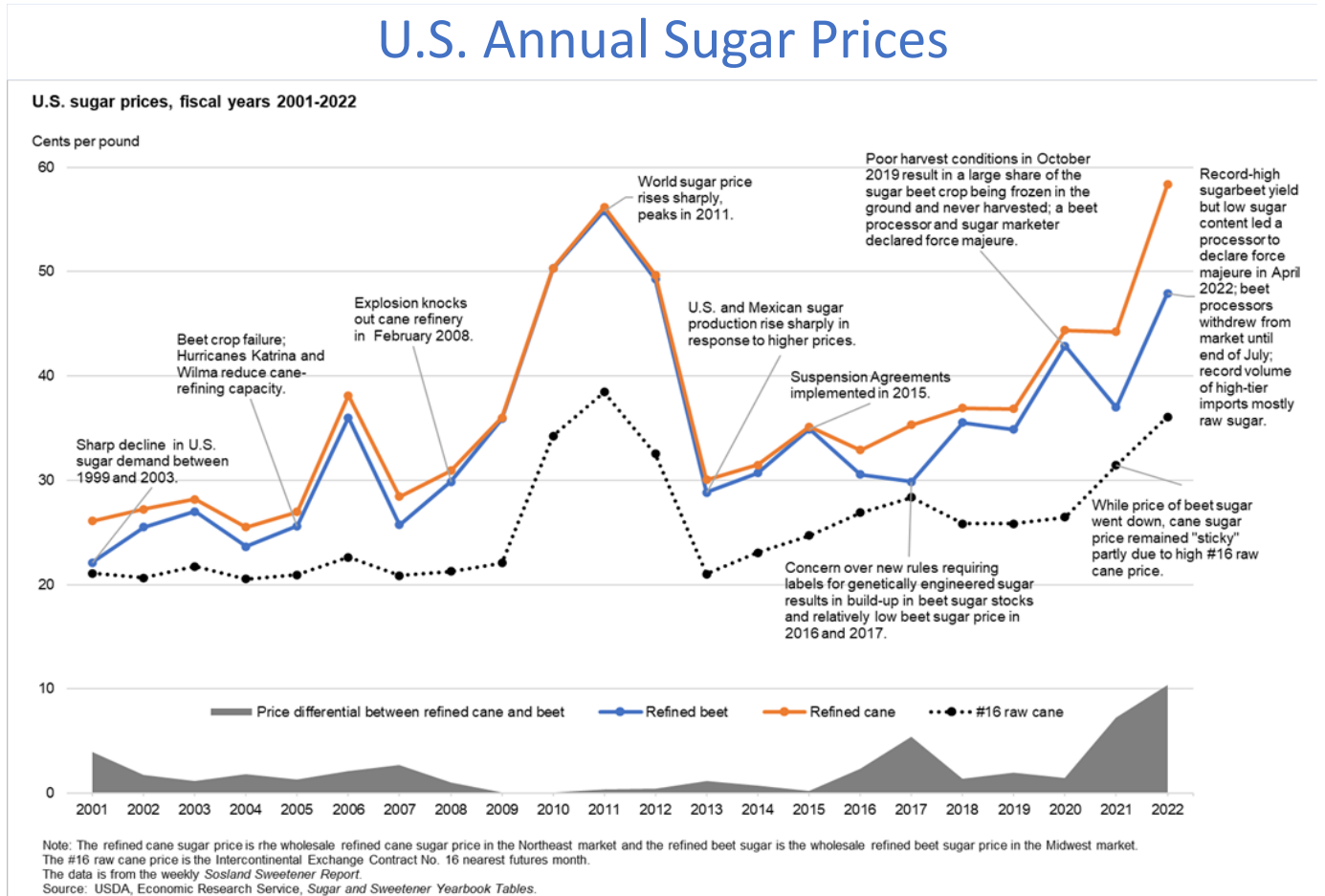
The U.S. sugar program needs additional flexibility to meet U.S. market needs and demand from sugar-using companies. The 2018 Farm Bill didn't change the fundamental structure of the policy, and more needs to be done to avoid the artificially tight supplies of sugar caused by the U.S. sugar program.

Congress now has the opportunity to modernize the U.S. sugar program as it works to reauthorize the farm bill in 2023.

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<sup>2</sup> U.S. Census Bureau, Economic Census & Annual Survey of Manufactures.

## Appendix



Source: USDA

*The Sweetener Users Association (SUA) represents American food companies that 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. Sugar-using companies employ hundreds of thousands of Americans across the United States, including bakers, confectioners, factory workers and more.*

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