

Smart Sugar Policy Can Help Prevent Costly High-Tier Sugar Imports

Regulatory Fixes to U.S. Sugar Policy Can Address Causes of Over-Quota Imports

Federal sugar policy provides sugar growers with special protections compared to other farm producers, which come at the expense of U.S. food companies facing record-high sugar prices that lead to job loss and higher food costs for consumers.¹

Smart, market-oriented reforms can make the U.S. sugar program work for all stakeholders by avoiding “high-tier” sugar imports that are not consistent with U.S. sugar policy. High tariffs on sugar imports were originally designed to serve as prohibitive tariffs to keep imports from entering the U.S. market, but in recent years, they have been needed to ensure adequate and timely supplies of sugar in the domestic market.

U.S. Sugar Policy Was Designed to Discourage High-Tier Imports

U.S. sugar policy allows specific amounts of imports from 40 countries at a low- or zero-rate of duty, while imposing extremely high tariffs on imports above these levels. Imports that require these duties are called “high-tier” or “over-quota” imports.

In addition to paying the high-tier duty, U.S. sugar policy requires high-tier sugar importers to pay the world sugar price and transportation costs to a U.S. location.

In other words, U.S. sugar policy was designed to make the costs of importing high-tier sugar substantially higher than domestic sugar prices to control imports and maintain domestic sugar prices above world prices.

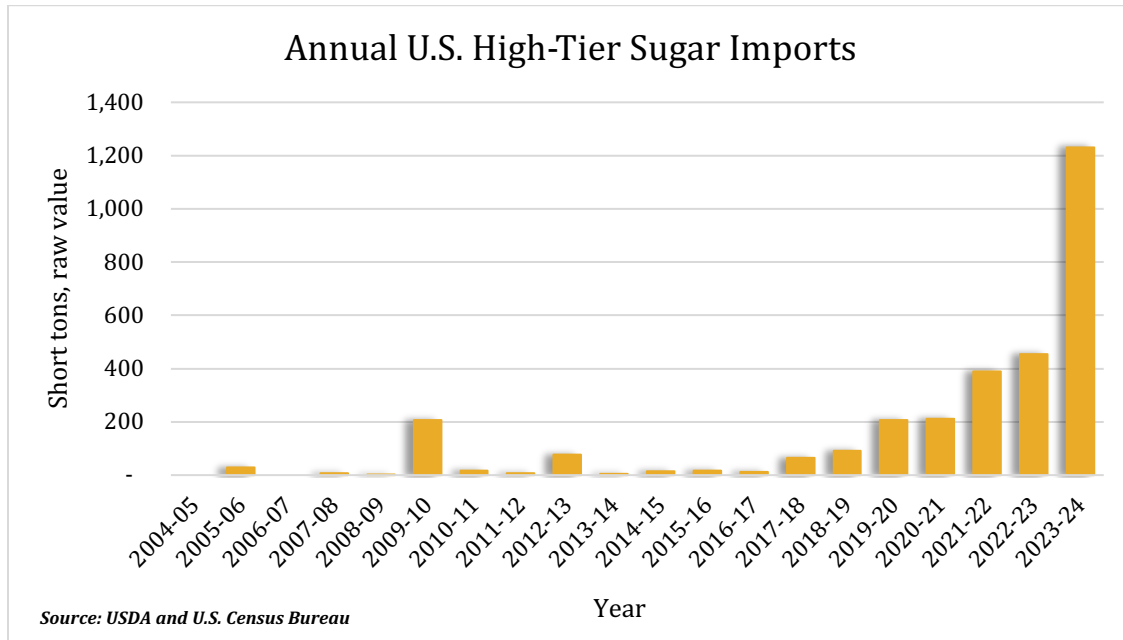
Tight Sugar Markets and Government Inaction Have Defeated the Policy’s Purpose

Until recent years, the program worked as designed. High-tier imports were quite small, as they did not make economic sense, and such imports only increased during specific events that drove U.S. prices above their normal level, such as hurricanes or industrial accidents at sugar refineries.

In recent years, however, U.S. sugar prices have skyrocketed far above normal levels and even further past world prices. The lack of reasonably priced sugar supplies in the domestic market means that sugar-using food companies have been forced to turn to high-tier imports. Consequently, these costly imports have increased to 212,000 short tons in 2020/21, 390,000 short tons in 2021/22, 455,000 short tons in 2022/23 and a record-high 1,231,000 short tons in 2023/24, up 171 percent from 2022/23 — accounting for 32 percent of total U.S. sugar imports and 8 percent of total U.S. sugar supply.

The sheer physical availability of sugar for food companies has also been an issue in recent years, and the U.S. Department of Agriculture’s (USDA) persistent reluctance to increase raw sugar tariff-rate quotas (TRQs) has compelled some refiners to import high-tier sugar to keep their operations running.

¹ “Sugar Program: Alternative Methods for Implementing Import Restrictions Could Increase Effectiveness,” U.S. Government Accountability Office, 31 October 2023: <https://www.gao.gov/products/gao-24-106144>.



We have reached a point where excessive reliance on high-tier sugar imports is not consistent with U.S. sugar policy and is unsustainable for maintaining sugar-using food manufacturing jobs in the United States. More and more sugar-containing products are being manufactured in other countries that can access sugar at much lower world prices. Furthermore, some of the high-tier sugar entering the United States has already been refined, which means American sugar refining jobs are being lost to other countries.

Simple Regulatory Fixes Can Help Make U.S. Sugar Policy Work Again

In 2023, the Government Accountability Office [recommended](#) that USDA reevaluate its method for restricting sugar imports, noting that current tariff restrictions are applied using a method based on 40-year-old data that doesn't reflect current market conditions. USDA concurred with this recommendation. If USDA modernizes its allocation and reallocation procedures to better reflect current supply conditions, more sugar could enter under the TRQs rather than as costly high-tier imports — improving the efficiency of the sugar program and helping lower sugar costs for all stakeholders.

Smart fixes to U.S. sugar policy that address high-tier imports can help avoid further erosion of U.S. food manufacturing jobs.

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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