

## U.S. Sugar Policy Encourages Imports of Sugar-Containing Products, Diverting Sales From American Growers and Processors

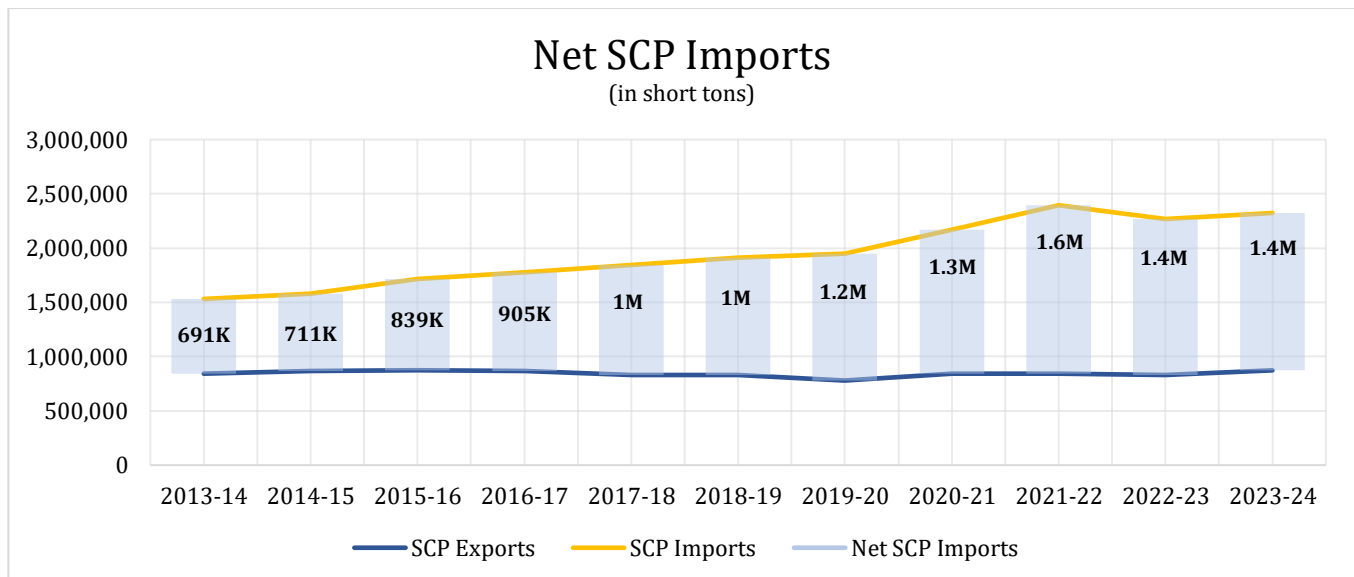
By maintaining the domestic price of sugar far above the world price available to our competitors, U.S. sugar policy encourages imports of sugar-containing foods that would otherwise be produced in the United States. More imports of sugar-containing products (SCPs) mean fewer sales for American sugar growers and processors — and the export of good American jobs. A commodity program supposedly designed to protect the U.S. market and American workers is dysfunctional and should be modernized in the next farm bill reauthorization.

### U.S. Policy Has Spurred Increased Imports of Sugar-Containing Products

The United States exports and imports SCPs. However, spurred by persistently tight supplies and much [higher prices](#) of sugar in the U.S. market, mostly as a result of deliberate U.S. policies, net SCP imports have increased significantly over the past 10 years (FY 2013/14 to FY 2023/24,<sup>1</sup>) with net imports growing 109.4 percent over that time.

Through import quotas, U.S. policy has long kept domestic prices above the world level. More recently, a refusal by policymakers to set the quotas at adequate levels has caused shortage pricing, requiring imports outside the quotas that are subject to normally-prohibitive tariffs. These high tariffs have raised wholesale prices to virtually unprecedented levels.

Such federal policies make the United States a significant net importer of sugar in SCPs. In FY 2023/24, the sugar in SCP imports totaled 2.3 million short tons as compared to 873,000 short tons in SCP exports, resulting in 1.45 million short tons of net imports of sugar in SCPs.<sup>2</sup>



Source: Compilation of Agralytica data.

<sup>1</sup> Agralytica, Quarterly SCP Trade Reports.

<sup>2</sup> Agralytica, SCP Trade Fourth Quarter 2023/2024 Report, November 22, 2024.

Some have argued that U.S. labor costs have driven the import surge, but the fact that a significant share of net imports are from Canada, a highly developed economy, belies this claim. In fact, as compared to 2022-23, net imports from Canada rose 4 percent this year while net imports from Mexico decreased 1.6 percent.

### **More SCP Imports Means Less U.S. Sugar Sales**

Now consider domestic deliveries of sugar in that same fiscal year. For FY 2023/24, total domestic deliveries of U.S. sugar totaled 12.5 million short tons.<sup>4</sup> That means that the amount of sugar in net SCP imports (1.45 million short tons) was equivalent to 12 percent of domestic sales in FY 2023/24.

### **Congress Can Help U.S. Sugar Growers and Processors With Sugar Policy Reform**

If U.S. sugar policies were even a little less restrictive, the incentives for SCP imports and the disincentives for SCP exports would diminish. As a result:

- U.S. sugar growers and processors could benefit from up to 12 percent more U.S.-produced sugar; and
- A greater share of SCPs could be made in the United States with U.S. workers.

In other words, but for the perverse policy prescriptions imposed by the federal sugar program, American growers and processors could be better off by incentivizing jobs to remain in the United States.

Congress now has the opportunity to modernize the U.S. sugar program and address this harmful, U.S.-job-destroying policy as it works to reauthorize the farm bill.

*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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<sup>4</sup> Net imports of sugar in SCPs are not counted as domestic sales.