COALITION FOR SUGAR REFORM

COMMON MYTHS ABOUT U.S. SUGAR POLICY

MYTH: The sugar program is a good deal for consumers.

FACT: *The sugar program costs consumers billions of dollars every year, a cost that they pay in their grocery bill. Every credible study attests to this cost, which varies with U.S. and world sugar prices but is now about $4 billion a year. Studies have been done by the Government Accountability Office, the OECD, the International Trade Commission, the President's Council of Economic Advisers, the American Enterprise Institute and other well-respected researchers.*

MYTH: The sugar program operates at no net cost to taxpayers.

FACT: *Every taxpayer is a consumer, and every consumer pays the cost of the sugar program. Usually the sugar program's costs are kept off the government books, but not always: In 2000, the federal government bought a million tons of surplus sugar at a taxpayer cost of about $500 million.*

The Congressional Budget Office also projects several hundred million dollars of taxpayer costs over the next decade through the Feedstock Flexibility Program, a new sugar program that requires the government to buy surplus sugar and sell it at a loss to ethanol plants, with taxpayers picking up the tab.

MYTH: The sugar program helps sustain 142,000 sugar-related jobs.

FACT: *The U.S. International Trade Commission states in a 2011 report that there are 5,378 jobs in sugar crop farming and 11,493 jobs in sugar processing and refining. That is a total of fewer than 17,000 jobs, which is not consistent with the quoted figure of 142,000 jobs that are made up of producers and growers.*

By comparison, the current U.S. sugar policy impacts approximately 600,000 workers employed in U.S. jobs in food industries that use sugar.

MYTH: The sugar program benefits small family farms.

FACT: *The two largest Florida sugarcane producers acknowledge on their websites that they each farm more than 100,000 acres. Some other sugar farms operate on a much smaller scale, but few fit the stereotype of a small farm. Sugar policy should take the needs of small businesses into account, and it is not just farms that are small: Two-thirds of confectioners in the United States are small businesses.*

MYTH: Without the current sugar program, our sugar industry would disappear and we would be dependent on imports.

FACT: *This is a strange claim, since the sugar lobby continually asserts that it is highly efficient and competitive by world standards. If the industry is so efficient, what is it afraid of? In fact, world sugar prices are near historic highs, and most long-term forecasts predict that prices will stay high (and profitable) because of steadily growing Chinese and Indian demand as well as other factors. There is no reason to think the U.S. sugar industry cannot survive if the sugar program is reformed, and industrial users certainly value and need a healthy domestic sugar industry.*

MYTH: Candy companies make enormous profits, so the sugar program can't be hurting them.

FACT: *Publicly-traded food companies tend to have relatively modest net profit margins, indicating a highly competitive business. The large majority of confectioners are privately held, often by multi-generational families, so it is not possible to know their exact results.*

However, sugar-using companies continue to move offshore or go out of business altogether. In 2011, Yarnell Ice Cream in Arkansas, an 80-year-old state favorite, and Judson-Atkinson Candies in San Antonio, Texas blamed high sweetener prices as one of the major factors in their bankruptcy. More recently, Judson-Atkinson Candies closed its doors as a result of soaring sugar prices.

MYTH: The U.S. needs an ample supply of sugar as a matter of national security.

FACT: *To say that sugar is a matter of national security would probably draw a laugh from many Americans. Some might even be offended or angered that the sugar lobby asserts that its subsidies are in the same category as combating terrorism, reducing dependence on foreign oil or preventing nuclear proliferation. But if one does take the argument seriously, then current sugar policy is a strange way to ensure a secure supply of sugar, since it is singularly focused on reducing and restricting sugar supplies in order to drive up prices as high as possible. Import quotas, legal limits on how much domestic sugar can be sold, and requirements to divert sugar from food use are all aimed at cutting supplies, not securing them.*

MYTH: The sugar program benefits developing countries.

FACT: *If the sugar lobby really cared about developing countries, they would not have lobbied Congress – successfully, in 2008 – to put strict and arbitrary limits on our government's ability to allow more sugar imports. The fact that the sugar lobby wants imports held to a bare minimum says all that needs to be said about the truthfulness of this claim.*

MYTH: Candy companies will never pass along savings to consumers, so consumer prices won't go down even if sugar prices fall.

FACT: *Every credible study has found that the sugar program inflates consumer prices and that eliminating it would benefit consumers. The fact is that in a highly competitive environment, food companies cannot ignore price increases or decreases, any more than they can ignore changes in labor, energy or packaging costs.*

MYTH: The European Union reformed sugar policy now faces a dire shortage of sugar, so we shouldn't repeat their mistakes in reforming U.S. sugar policy.

FACT: *The EU still has production quotas, import quotas and price supports – in fact, their sugar price supports are now approximately equal to ours. They have not abolished sugar policy. For years, the U.S. sugar lobby asserted that the sugar program was needed because otherwise, cheap European sugar exports would flood our market. Now the U.S. sugar lobby is telling us that the sugar program is needed because there are no more cheap European sugar exports. Both of these arguments cannot be true.*

MYTH: The sugar program only affects confectioners and bakers.

FACT: *Sugar policy affects large swaths of the food industry. In fact, sugar is an ingredient in a wide variety of foods, including peanut butter, pasta sauce, canned fruit, frozen vegetables and breads. Artificially high sugar prices hurt every U.S. consumer.*