

Study: Impact of the U.S. Sugar Program

Reform of Current U.S. Sugar Policy Would Benefit Consumers, Generate Jobs

OVERVIEW

Findings from a study, *The Impact of the U.S. Sugar Program*, examine the impact of U.S. sugar policy on consumers and businesses. The research reveals that comprehensive reform of the federal sugar subsidies program would save American consumers up to \$3.5 billion each year and generate up to 20,000 new jobs in food manufacturing and related industries (including chocolate and confectionery, non-chocolate confectionery, and frozen foods).

METHODOLOGY

The study, released in November 2011, was conducted by John Beghin, professor of international agricultural economics, and Amani Elobeid, a senior analyst, both from Iowa State University. The researchers conducted an economic analysis and evaluated sugar prices, employment numbers and other important variables.

STUDY FINDINGS: IF THE SUGAR PROGRAM IS REFORMED*...

Impact on American Consumers

- Would gain up to \$3.5 billion a year in savings on a wide variety of food products.
- This amounts to \$9 - \$11 per consumer per year.

Impact on Jobs

- The U.S. food industry would employ as many as 20,000 additional workers each year – an expansion of 3%.
- The sugar-containing products sector – which is now a net importer – would become a net exporter, accounting for part of the employment gain and modestly reducing the U.S. trade deficit.

Impact on All Sugar Industries

- One-sided government policy favoring the sugar-producing industry would be replaced by a competitive market that is responsive to the needs of consumers and sugar-using manufacturers.
- The net employment effect on sugar industries would be relatively small, with a gain in sugar refining and a loss in beet and cane processing.
- Imports of sugar-containing products (SCPs) would fall, especially confectioneries substituting for domestic inputs under the sugar program.
- The U.S. would become a net exporter of sugar contained in SCPs by 100,000 to 140,000 tons.

RESOURCES

- To view the full study: <http://sugarreform.org/wp-content/uploads/2011/11/The-Impact-of-the-U.S.-Sugar-Program-Beghin-Elobeid-Report-11.17.11.pdf>
- To learn about the costs of the U.S. sugar program: <http://sugarreform.org/why-reform/costs-of-the-sugar-program/>

* Reform includes removal of the tariff-rate quota, tariffs, and all possible supply management of the domestic sugar industry.