VMA
2108 W. Laburnum Ave., Suite 100F, Richmond, VA 23227

April 16, 2013

Dear Members of Congress:

It is expected that Congress will begin debating the "farm bill" this spring, with both the Senate and House Agriculture Committees planning to mark up a bill soon. The breadth of this legislation often precludes a close examination of the hundreds of different provisions contained in the bill. **We urge you to pay close attention to provisions that have created a special status for American sugar producers and processors in the farm bill as well as co-sponsor the *Sugar Reform Act* (H.R. 693/S. 345).**

Originally designed to help the domestic sugar industry survive during the Great Depression, the federal government's sugar program is counterproductive and has long outlived its usefulness. The small U.S. sugar-producing and processing industry remains the sole beneficiary of the program at the expense of the entire U.S. food and beverage industry and all consumers. Simply put, aggressive government price supports, outdated import quotas and strict production and marketing controls, guarantee their profitability. This special status allows the Federal government to effectively pick winners and losers in the economy by protecting a small few from market forces at the expense of U.S. consumers.

Now, an outdated federal loan program, which has provided a subsidy to sugar producers since the 1930s, could force USDA – and ultimately, taxpayers – to purchase excess U.S. sugar and sell it to fuel ethanol producers at a loss all in an effort to prop up the price of domestic sugar. USDA estimates this cost at $80 million, but some analysts have estimated losses of $100 million or more. This is hard to justify when federal agencies are facing across-the-board spending cuts. In addition to the threat of sugar loan forfeitures, U.S. refined sugar prices have ranged from 64 to 92 percent higher than on the world market over the past four years. An Iowa State University study estimates that the program costs consumers and businesses up to $3.5 billion per year in higher food costs.

Department of Commerce data indicate that between 1997 and 2011, nearly 127,000 American jobs in the food production industry were lost due to artificially higher sugar prices in the domestic market and foreign food producers being able to take advantage of lower ingredient costs from much lower world sugar prices. The U.S. economy is paying a price for the special treatment afforded to the U.S. sugar industry.

The sugar program is a failed policy that threatens U.S. business, growth and job creation. **On behalf of the Commonwealths 587 manufacturers and 35,000 employees in the food and beverage industries, we urge you to cosponsor the bipartisan *Sugar Reform Act* (H.R. 693/S. 345) and demand reforms to current U.S. sugar policy during the farm bill debate.**

Sincerely,

Brett A. Vassey
President & CEO