COALITION FOR
SUGAR REFORM

U.S. Sugar Policy: Myths vs. Facts

Current U.S. sugar policy imposes burdensome government mandates that have artificially kept sugar prices excessively high for manufacturers, which has resulted in American job losses and higher costs on a wide range of food products for consumers. The *Sugar Policy Modernization Act of 2017* (H.R.4265 / S.2086) reforms the U.S. sugar program and provides relief to small businesses and hardworking Americans.

Here are the facts about U.S. sugar policy, why it is harmful and how the *Sugar Policy Modernization Act* fixes it.

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

FACT: The sugar program forces American consumers and businesses to pay an additional $2.4-4 billion a year to subsidize very profitable U.S. sugar corporations.

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

FACT: The sugar program has cost U.S. taxpayers hundreds of millions of dollars in the recent past. The ink was hardly dry on the 2014 Farm Bill when taxpayers were forced to bail out big sugar corporations to the tune of $259 million after being promised a “no net cost” program only months before.

MYTH: Consumers in foreign countries pay, on average, 20 percent more for sugar than grocery shoppers in the United States.

FACT: U.S. consumers pay more for sugar than those in many other countries. However, retail prices reflect many different factors other than the cost of the sugar itself. The comparison most relevant to jobs is what manufacturers in the U.S. must pay, compared to the prices available to their offshore competitors. American companies’ costs are often double those of foreign manufacturers.

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

FACT: According to the U.S. International Trade Commission, there are only 18,000 jobs – not 142,000 – in sugar crop farming and processing in the entire United States, a number that is grounded in U.S. Census data. By contrast, U.S. Census data show approximately 600,000 jobs in those segments of the food industry that use sugar in the products they make. In large part because of the sugar program, 123,000 jobs were lost between 1997 and 2015.

MYTH: Sugar is produced in 22 states.

FACT: Sugar beets are grown in 11 states, and sugarcane is grown in three, for a total of 14 states. The term “production” is used loosely by the sugar lobby to include sugar processors and distributors. By contrast, in all 50 states, American manufacturers use sugar in the products they make.

MYTH: The sugar program benefits small American family farms.

FACT: Two of the largest U.S. sugarcane producers each farm more than 100,000 acres. Some other sugar farms operate on a smaller scale, but few fit the definition of a “small family farm.” Instead, the beneficiaries of the sugar program are major sugar corporations that have their high income guaranteed by American taxpayers. Sugar policy should take into account the needs of small businesses and hardworking American families.

MYTH: If Congress passes sugar reform, excessive imports of subsidized foreign sugar from countries like Brazil, India and Thailand would flood the U.S. market and jeopardize the domestic sugar industry.

FACT: The proposed sugar reform bill, the *Sugar Policy Modernization Act*, gives the USDA more flexibility in managing import quotas but does not abolish those quotas, so a “flood” of foreign sugar into the U.S. market is impossible. The reforms proposed would not provide *any* country with *any* significant new access to the U.S. sugar market and would not eliminate subsidies to American sugar producers.

MYTH: Foreign sugar subsidies prevent a free market.

FACT: It’s actually the U.S. sugar program that distorts the sugar market – through the government’s micromanagement of the industry, including through import quotas. For example, we often hear the sugar lobby denounce the European Union, but EU sugar price supports are much lower than those in the United States.

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 multigenerational families, so it is not possible to know their exact results. However, the rising net imports of confectionery are a clear sign that U.S. companies are struggling to remain competitive foreign competition when facing higher wholesale sugar prices than the rest of the world.

MYTH: Even if Congress passes sugar reform, candy companies will never pass along savings to consumers, so consumer prices won’t go down even if sugar prices fall.

FACT: The sugar program forces American consumers and businesses to pay up to $2.4-4 billion extra a year. While we can’t predict with 100 percent accuracy what will happen to prices, removing this cost pressure will provide relief that will help family budgets. Sugar reform will allow American sugar-using companies to have more certainty as they make business decisions, which may include hiring and promoting employees, providing additional employee health benefits, expanding and improving their facilities and / or creating consumer incentives.

MYTH: Sugar reform will only help big candy companies.

FACT: Sugar is used in a wide range of food products, from frozen vegetables to bread to pasta sauce – and it’s the small companies that are hurt most by sugar policy. They normally cannot cushion their market risk by forward purchasing their sugar needs; they are last in line to be served when supplies are tight; and they are more vulnerable to price spikes that occur because of government interference in the market.

MYTH: U.S. candy makers move operations to Mexico to take advantage of cheap labor, not because of high U.S. sugar prices.

FACT: The question is, why is the U.S. government making it harder for American food and beverage manufacturers – not just candy makers – to stay in the United States by prolonging a policy that drives up the cost of a key ingredient in so many foods? The current sugar program puts good-paying manufacturing jobs at risk to protect a favored few big sugar corporations. The *Sugar Policy Modernization Act* will make it easier for American companies of all sizes to stay competitive and keep their operations in the United States.

MYTH: American food manufacturers pay about the same for sugar today as they did in the 1980s.

FACT: According to USDA data, in the last 10 years, the average price American manufacturers paid for refined sugar was nearly 40 percent higher than the average price paid during the 1980s.

MYTH: The Sugar Policy Modernization Act will kill the sugar program.

FACT: The *Sugar Policy Modernization Act* is a reform, not a repeal, bill. The sugar price support program and import quotas will stay in place, and growing and processing jobs will not be wiped out. This bill will simply ensure that the sugar program works for American consumers, small businesses and workers, not just big sugar corporations.

With the Farm Bill up for reauthorization in 2018, now is the time for Congress to stand up for American consumers, jobs and manufacturers and reform the U.S. sugar program.