



## Sugar Policy 101: An Overview of the U.S. Sugar Program and the Need for Reform

### Why Is the U.S. Sugar Program a Bad Deal for America?

The U.S. sugar program, the driving force behind America's sugar policy, is harmful to American manufacturers, workers and hardworking families. That's because, unlike other commodity programs, the sugar program involves the federal government restricting imports to keep domestic prices high and mandating marketing allotments to restrict domestic production. This unnecessary government intrusion has cost American consumers \$2.4-\$4 billion per year and has contributed to the loss of 123,000 American manufacturing jobs between 1997 and 2015 – all to benefit a few extremely wealthy sugar processors.

### How Does the Sugar Program Operate?

U.S. sugar policy consists of four components that, combined, amount to a complex web of tight controls on sugar supplies:

1. **Price supports**, which enforce a minimum price for sugar in the U.S. domestic market. This makes the domestic price higher than the world market price.
2. **Marketing allotments**, which are aimed at preventing surplus supplies in the domestic market. Each beet processor and cane mill is under a government-imposed and legally-binding limit on the amount of sugar it is permitted to sell each year.
3. **Import quotas (also called Tariff-Rate Quotas, or TRQs)** set limits on how much sugar can be shipped to the United States every year from each of 40 countries that exported sugar to the United States 30–35 years ago. Imports above this level are subject to an extremely high tariff.
4. **The Feedstock Flexibility Program**, established in 2008, mandates that in times of surplus, the government must buy sugar and resell it to ethanol plants at a loss. This comes at the expense of taxpayers, who as consumers are already paying more for sugar than they should. NOTE: The program was used for the first time in FY 2013.

### Where Does Sugar Come From?

#### Domestic Sources

Sugar is derived from two different crops, which are grown in a handful of states:

- Sugarcane is grown in Florida, Louisiana and Texas. After harvest, sugarcane is milled into raw sugar and then refined.
- Sugar beets are grown in California, Colorado, Idaho, Michigan, Minnesota, Montana, Nebraska, North Dakota, Oregon, Washington and Wyoming. Sugar beets are processed directly into refined sugar.

#### Needed Imports

The United States has never been self-sufficient in sugar production, and must rely on imports to meet market demand each year. Most imports come from developing countries in South America, Central America, Asia, Africa and the Caribbean, and are in the form of raw cane sugar — which must be refined for use in making foods and beverages or for sale directly to consumers.

## How Did Sugar Prices Get So High?

The combined effects of limits on domestic production and imports push U.S. prices up to artificially high levels. Changes made to the sugar program in the 2008 Farm Bill, which were continued in the 2014 Farm Bill, have led to American consumers paying up to twice as much for sugar as foreign consumers.

Calendar Year	U.S. Price*	World Price**	U.S. % Higher
2009	38.1 ¢/lb	22.1 ¢/lb	72.3%
2010	53.2 ¢/lb	27.8 ¢/lb	91.4%
2011	56.2 ¢/lb	31.7 ¢/lb	77.3%
2012	43.4 ¢/lb	26.5 ¢/lb	63.8%
2013	27.2 ¢/lb	22.2 ¢/lb	22.5%
2014	32.9 ¢/lb	20.1 ¢/lb	63.7%
2015	33.9 ¢/lb	16.9 ¢/lb	100%
2016	29.7 ¢/lb	22.6 ¢/lb	31.4%
2017 (Q1, Q2, Q3)	30.3 ¢/lb	20.4 ¢/lb	48.5 %

\* U.S. refined beet sugar prices as reported by Sosland and tabulated by the U.S. Department of Agriculture

\*\* Refined sugar prices based on the London No. 5 Sugar Futures Market

## What Can Congress Do?

### Co-sponsor the **Sugar Policy Modernization Act of 2017 (H.R. 4265 / S. 2086)**

The U.S. sugar program is the only commodity program not reformed in the last Farm Bill. It's one of the worst examples of Big Government waste – protecting a few wealthy sugar producers to the detriment of millions of consumers.

Congress can stand up for American workers, consumers and businesses by supporting the *Sugar Policy Modernization Act of 2017* (H.R. 4265 / S. 2086). This legislation would fix the flawed program and make it work for all Americans.

*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.*

**It's Time for U.S. Sugar Policy to Work for All Americans,  
Not Just Big Sugar.**