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Opposition to Sugar Provisions in Farm Bill Loud and Clear
***Cautions Congress: sugar provisions ignore needs of U.S. consumers, taxpayers, food
manufacturers and workers***

Washington, D.C. – January 25, 2008 – In a letter to House and Senate Agriculture Committee leaders, sweetener users, consumer and trade groups expressed strong opposition to the sugar provisions in the farm bill. Both versions of the legislation take a bad sugar program and make it much worse, by imposing additional burdens on U.S. taxpayers, consumers and employees in the food processing industry.

As the 2008 farm bill prepares to go to conference committee, advocates for sugar program reform caution that raising sugar loan rates and creating a tight sugar supply would further widen the gap between the domestic and world price of sugar, costing American consumers and taxpayers billions in higher prices and increased subsidies and further accelerating the loss of jobs in the American food and beverage industry.

The existing sugar program already represents a flawed policy that costs American jobs by encouraging import substitution and by hampering the competitiveness of U.S. food manufacturing. However, by increasing the price support level for sugar and placing further restrictions on imports, both bills will generate higher prices for sugar. The proposed sugar program in the farm bill calls for consumers to pick up the tab for the sugar program with artificially-induced price increases of at least \$2 billion a year at a time when food prices are already climbing.

Both bills place at risk thousands of jobs in the U.S. food and beverage industries. It is estimated that from 1997 to 2004 more than 70,000 jobs were lost in the food processing sector as a direct result of the current sugar program, according to U.S. Commerce Department figures.

Another concern is that both bills guarantee U.S. sugar growers an 85% share of the domestic sugar market. To the extent that imports threaten the 85% share reserved for growers, taxpayers will be required to absorb the cost of removing surplus sugar from the market and divert it into ethanol production. The cost of doing so is estimated to be \$4 to 5 billion over ten years.

According to the Sugar Policy Alliance, this special treatment for sugar has no equal among the price support programs for other agricultural commodities, and is contrary to past sugar industry claims that the sugar program is operated on a no-net-cost basis.

Sugar program reform advocates urge the conferees to eliminate the provision that guarantees growers an 85% share of the domestic sugar market. Elimination of the 85% guarantee would give USDA the tools to operate the sugar program at no cost to

taxpayers, freeing up money to devote to other worthy programs in need of additional funding.

Signers of the letter believe sugar policy should support producer incomes without distorting the market and include American Bakers Association, American Beverage Association, Blommer Chocolate, Chattanooga Bakery, Inc., Clyde's Delicious Donuts, The Coca-Cola Company, Competitive Enterprise Institute, ConAgra Foods, Inc., Council for Citizens Against Government Waste, East Balt, Inc., Emergency Committee for American Trade, Ferrara Pan Candy Company, Flowers Foods, Inc., General Mills, Inc., Grocery Manufacturers Association, The Hershey Company, H.J. Heinz Company, Independent Bakers Association, International Dairy Foods Association, Jelly Belly Candy Company, Kellogg Company, Kraft Foods, Inc., The Long Company, Mars Snackfood US, LLC, McKee Foods Corporation, National Association of Manufacturers, National Confectioners Association, National Foreign Trade Council, Nestle USA, Primrose Candy Company, Rich Products Corporation, Sahagian & Associates, Sara Lee Corporation, Schwebel Baking Company, Snack Food Association, Sweetener Users Association, Toufayan Bakery, Inc., Unilever United States, Inc., U.S. Chamber of Commerce, Weston Foods, Inc. and Wm. Wrigley Jr. Company.

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