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**SUGAR PROVISIONS IN FARM BILL IGNORE NEEDS OF U.S. CONSUMERS,  
TAXPAYERS, FOOD MANUFACTURERS AND WORKERS**

***Food Companies Urge Congressional Leadership to Reject Attempts to Make Sugar  
Program Worse***

Washington, D.C. – February 29, 2008 – In a letter to House and Senate leaders, executives of the nation's leading food and beverage manufacturers 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 increasing taxpayer costs, threatening the adequacy of sugar supplies in the marketplace and risk harm to the interests of U.S. agriculture and food processing industry.

Among provisions in the farm bill that will have serious negative consequences, one proposal would restrict the U.S. Department of Agriculture's ability to balance supplies and restrain taxpayer costs by guaranteeing U.S. sugar growers 85% of the domestic market, regardless of market needs and taxpayer costs, potentially violating U.S. international obligations. Signers of the letter told Congress that eliminating this provision would save money needed to fund other priorities in the legislation.

As the 2008 farm bill prepares to go to conference committee, advocates for sugar program reform also 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.

Recent attempts to roll back the North American Free Trade Agreement (NAFTA) by imposing quotas on Mexican sugar entering the U.S., even though open sugar trade is now the law in both countries, would undermine U.S. agricultural exports to Mexico and is opposed by virtually the entire U.S. agricultural community, food manufacturers and the broader business community. Fortunately, these efforts appear to have been stymied for now by a strong coalition of farmers, ranchers and other businesses.

Additionally, provisions in both the House and Senate farm bill require the government to sell surplus sugar to ethanol plants at a loss, further adding to the cost of the program to taxpayers.

Even without the new proposals, the farm bills already passed by Congress will compel the government to purchase more of the domestic sugar supply at a cost to American taxpayers of at least \$1.3 billion over the next ten years, according to Congressional Budget Office figures.

Signers of the letter believe sugar policy should support producer incomes without distorting the market and include General Mills Inc., Nestlé USA, The Hershey

Company, Unilever United States, Inc., Kellogg Company, Blue Bell Creameries, Kraft Foods, The Classic Caramel Company, Mars Snackfood, Crown Candy Corporation, McKee Foods Corporation, Geraci & Associates, Inc., Primrose Candy, R.M. Palmer Company, Rich Products Corporation, Turkey Hill Dairy, and Wells Dairy, Inc..

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