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Sweetener Users, Public Interest and Taxpayer Groups Support Sugar Reforms in New Farm Bill, Urge Congress to Make American Sugar Policy More Market-Oriented

Washington, DC – April 23, 2007 – Sweetener users, public interest, consumer and taxpayer groups today announced the Sugar Policy Alliance, a joint effort seeking reform of the sugar price support program in the 2007 farm bill.

“Current sugar policy costs good jobs for American workers, hampers our export opportunities and hurts consumers while eroding American farmers’ long-term competitiveness,” said Bill Reinsch, President of the National Foreign Trade Council, a member of the Alliance. Current sugar policy, which relies on government-regulated price floors, marketing quotas, and import restrictions, prevents the sugar market from operating efficiently. According to the Congressional Budget Office, the program will cost American taxpayers at least \$1.3 billion over the next ten years. The economic distortion caused by the current sugar program is estimated to be as much as \$1.9 billion a year by the Government Accountability Office.

Alliance members and other companies, associations and public interest groups are calling on Congress to make American sugar policy more market-oriented, less reliant on government regulation of supply, and more compliant with the nation’s foreign trade obligations. In all, the pro-reform statement released today has 75 signers, from sugar-using companies to consumer and taxpayer groups.

Earlier in the day, Senate Majority Whip Richard Durbin (D-IL), a member of the Senate Agriculture Subcommittee, appeared in Chicago alongside the National Confectioners Association to express his support for reform of the sugar program. “Illinois has lost thousands of good-paying jobs in the candy industry as companies have closed plants or moved them offshore in order to compete with imported candy that is made with much cheaper, world-priced sugar. Nationwide, segments of the food industry that use sugar have lost 70,000 jobs,” Durbin said. “As Congress works on this year’s farm bill, I intend to push hard for sugar policy reforms that are good for farmers, consumers, processors, and taxpayers,” Durbin added.

Because this country does not produce as much sugar as it consumes, users need ready access to reliable supplies of imported, as well as domestically produced sugar. But current sugar policy is increasingly incompatible with the rapidly evolving global market.

For example, under the NAFTA agreement unrestricted sugar imports from Mexico will be allowed starting in 2008, and it is likely that future trade agreements will create additional sugar import obligations. A policy that relies on import restrictions to support domestic prices cannot survive in such an environment.

The current sugar program hurts American workers by driving good jobs overseas. It hurts American consumers by increasing the price of products made with sugar. And it hurts sugar producers by driving down long term demand for their product.

A healthy domestic sugar-producing and sugar-processing industry that can deliver an ample supply to refiners, industrial users, and consumers is important, but sugar reformers believe sugar policy should support producer incomes without distorting the market.

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