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NEW FARM BILL OVERLOOKS MUCH NEEDED SUGAR POLICY REFORM
*House Agriculture Committee Proposal Would Make a Bad Sugar Price Support
Program Even Worse*

Washington, D.C. – July 10, 2007 – According to the Sweetener Users Association, the proposed 2007 Farm Bill released this week by the House Agriculture Committee would take the U.S. sugar program from bad to worse, costing American consumers at least \$1 billion in higher prices over the next five years, and forcing taxpayers to foot the bill for another \$2 billion in new sugar subsidies.

“Congress still has a chance to fix this increasingly expensive and unworkable sugar program. Unfortunately the committee proposals would take us in exactly the opposite direction,” said Christy Moran, spokesperson for SUA. “American consumers and taxpayers deserve a break,” Moran added.

An analysis of the proposed bill by economic consulting firm Promar International estimates that proposed increases in sugar price support loan rates would add about a penny a pound to the already high price of sugar, costing American consumers another \$200 million a year.

Promar also estimates that by stimulating additional production in both the U.S. and Mexico and making it easier for growers to forfeit surplus sugar to the government, the proposed bill would push government spending on sugar subsidies to almost \$2 billion over the five-year life of the program.

New subsidies included in the bill also would be counted in the same category as price support programs for dairy, grain, cotton, and oilseed producers under World Trade Organization rules. The effect would be to leave less room for these programs, since new sugar subsidies would use some of the same resources.

The proposed bill, set for debate in the full House Agriculture Committee next week, also contains provisions that would require the government to sell surplus sugar to ethanol plants at a loss, further adding to the cost of the program to taxpayers.

A USDA study last year demonstrated that producing ethanol from sugar in the United States would cost \$3.48 to \$3.97 per gallon, making it totally uneconomic even with Federal tax credits. The additional subsidy needed of at least a dollar per gallon would involve very large costs to the taxpayer.

SUA represents confectioners, bakers, cereal manufacturers, beverage makers and dairy food companies that use sugar, as well as trade associations for these industries. SUA members support a healthy domestic sugar-producing and sugar-processing industry that can deliver an ample supply to refiners, industrial users, and consumers, but SUA believes sugar policy should support producer incomes without distorting the market.

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