

# **SWEETENER USERS ASSOCIATION**

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## **REPORT SAYS SENATE FARM BILL SUGAR PROVISIONS BAD FOR CONSUMERS, TAXPAYERS, WORKERS**

Washington, D.C. – October 26, 2007 – The Sweetener Users Association (SUA) today released a report that shows the sugar provisions in the Senate’s proposed 2007 Farm Bill will boost consumers prices \$2 billion, add \$4 billion to taxpayer costs and lead to an acceleration of U.S. job loss in the sugar-using industry.

The report, conducted by Promar International, says that the Senate’s proposed increase in sugar price supports coupled with tighter import and allotment restrictions will raise the cost of sugar to consumers and to food and beverage manufacturers by an average of 2 cents per pound, equal to \$400 million a year or \$2 billion over the life of the next five years. This is on top of the \$1.9 billion per year that the Government Accountability Office (GAO) estimates the sugar program costs consumers already.

The taxpayer cost of the House and Senate’s proposed sugar programs are roughly \$1.3 billion over ten years, according to Congressional Budget Office estimates. Yet Promar’s study puts this figure closer to \$4 to \$5 billion – primarily because CBO underestimated the cost of diverting sugar to ethanol, another damaging provision in the farm bill which would require the government to sell surplus sugar to ethanol plants at a loss.

A USDA study last year demonstrated that producing ethanol from sugar would cost \$3.48 to \$3.97 per gallon – more than twice the current cost of using corn – making it totally uneconomical even with Federal tax credits and creating an additional taxpayer-funded sugar subsidy of more than \$1 billion over the next five years.

Increases in sugar price supports would also cost American jobs by encouraging import substitution and hampering the competitiveness of U.S. food manufacturing. According to the Commerce Department, more than 75,000 workers have already lost their jobs at American companies that use sugar in their products.

Promar also estimates that by stimulating additional production in both the U.S. and Mexico and by making it easier for growers to forfeit surplus sugar to the government, the Senate bill would push government spending on sugar subsidies to almost \$2 billion over the five-year life of the program, and \$4 billion over 10 years.

The bill also includes new restrictions on sugar imports that likely violate U.S. obligations under international law, according to a study by the former chief U.S. agricultural trade negotiator.

Sweetener users are hopeful that the need for sugar policy reform will be addressed by Senators as the bill moves toward the Senate floor for debate.

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

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