

May 12, 2008

Dear Member of Congress:

The Sugar Policy Alliance opposes the conference report on H.R. 2419, the 2008 farm bill. This legislation will make a bad sugar program even worse, to the detriment of American industries, workers and consumers.

By effectively reserving 85% of the U.S. sugar market for domestic production through a floor under marketing allotments, the bill will increase taxpayer costs, remove the Agriculture Department's ability to manage the sugar program effectively, and potentially violate U.S. trade obligations.

By mandating a new and costly sugar-for-ethanol program, the bill will require the Agriculture Department to purchase surplus sugar for around 20¢ per pound and then re-sell it to ethanol plants for less than 10¢ per pound – probably far less. Whereas the sugar program has always been advertised as “no net cost” to taxpayers, this new scheme mandates that the government give away taxpayer dollars.

By increasing sugar price supports, the bill would exacerbate the very problem it purports to solve – surplus production. In today's integrated North American market, higher U.S. price supports will simply spur additional sugar output in Mexico and lead to costly surpluses.

The existing sugar program already restricts trade, encourages food manufacturing to move offshore, and distorts markets. This bill will make all these problems worse. As such, the Sugar Policy Alliance urges you to oppose H.R. 2419.

American Bakers Association
American Beverage Association
Blommer Chocolate
The Coca-Cola Company
Competitive Enterprise Institute
Consumer Federation of America
Council for Citizens Against Government Waste
Emergency Committee for American Trade
Grocery Manufacturers Association
The Hershey Company
H.J. Heinz Co.
Independent Bakers Association
International Dairy Foods Association
Kraft Foods
Mars Snackfood US, LLC
McKee Foods Corporation
National Association of Manufacturers
National Confectioners Association

National Foreign Trade Council
PepsiCo
Sweetener Users Association
Unilever United States, Inc.
U.S. Chamber of Commerce