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FARM BILL PROPOSAL WOULD MAKE A BAD SUGAR PROGRAM WORSE

Washington, D.C. – July 12, 2007 – The proposed legislation released by the House Agriculture Committee would only make a bad program a whole lot worse according to the Sugar Policy Alliance (SPA), a group of sweetener users, public interest, consumer and taxpayer groups in reference to the sugar price support program of the 2007 Farm Bill.

“This bill would be a sweet deal for big sugar growers, but it would leave the rest of us with a bitter taste in our mouths,” said Lawrence T. Graham, president of the National Confectioners Association. “American taxpayers, consumers, and manufacturers deserve better,” Graham added.

According to the SPA, the increases in sugar price supports included in the proposed bill would cost American jobs by encouraging even more manufacturers to move their factories overseas where they can buy sugar at the world market price, about half what it costs in this country, and then import the finished products back into the United States. More than 70,000 jobs have already been lost in American companies that use sugar in their products.

A new provision in the proposed bill also would force taxpayers to subsidize the use of surplus sugar to make ethanol, even though a USDA study has shown that it would cost at least twice as much to produce ethanol from sugar as it does from corn. According to an analysis by the economic consulting firm Promar International, the proposed bill would force American taxpayers to pick up the tab for at least \$2 billion in new subsidies over the next five years.

Promar estimates that the higher price support loan rates and tighter limits on sugar imports that would be mandated by the proposed bill would add about a penny a pound to the already high price of sugar, costing American consumers another \$1 billion in higher prices over the five year life of the program.

And according to the SPA, all these new subsidies for sugar would be counted in the same category as price support programs for dairy, grain, cotton, and oilseed producers, hurting producers by leaving less room for their programs under World Trade Organization rules.

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