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CONSUMER, BUSINESS GROUPS CITE HIGH SUGAR PRICES

WASHINGTON, D.C. -- February 16, 2010 -- The price consumers pay for sugar in grocery stores has jumped 12% in the last 12 months and is now 33% higher than the level that prevailed for most of the 2000s, the Sugar Policy Alliance said in a letter to all members of Congress. The business and consumer group called on the U.S. Department of Agriculture to relax protectionist limits on sugar imports so that more supplies will be available.

The average price for all sizes of refined sugar in retail stores was 59.6 cents a pound in December, according to Bureau of Labor Statistics data. That is 12% higher than the price last December. The average annual price for 2000-2007, before the current price run-up started, was 44.9 cents. The current elevated price is one-third higher than this long-term average. Thus, sugar prices have been rising many times faster than other food prices, and many times the rate of general price inflation.

“Sugar prices are now higher than they were in the aftermath of Hurricane Katrina, which closed two Gulf Coast sugar refineries and created major disruption in the industry,” said Larry Graham, chairman of the Sugar Policy Alliance. “Yet USDA has not recognized the seriousness of the situation and has made no move to increase import quotas.”

U.S. consumer prices for sugar are always higher than world prices because of the U.S. sugar program, Graham said. The Government Accountability Office has estimated that consumers routinely incur almost \$2 billion in extra costs each year because of U.S. sugar policy. However, the current price level is almost unheard-of even under this protectionist policy, he added.

“Apart from short-lived price spikes in 1974 and 1980, sugar prices have never reached these levels before,” Graham said. “It’s clear that U.S. sugar policy is penalizing consumers more than ever.”

In addition, tight supplies are threatening small-scale confectioners and other food companies. The U.S. Department of Commerce has found that for every sugar industry job preserved by subsidies, three food manufacturing jobs are sacrificed.

Under U.S. law, imports of sugar are limited by quotas that are set each year by the Department of Agriculture. USDA also has the power to increase these quotas.

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