

Statement on Sugar Policy

The companies and organizations listed below believe that Congress must reform the U.S. sugar program in the 2007 farm bill. Current sugar policy distorts markets, hampers trade liberalization and will become increasingly costly to taxpayers in the years ahead.

U.S. agriculture is important to the American people, to us, our member companies and the undersigned policy organizations. We recognize that Congress has chosen to provide income protection for producers of many agricultural crops, and sugar is not unique in this regard. However, the present U.S. sugar policy – built around government-set price floors, government-enforced marketing quotas and strict limits on imports – harms American consumers and is ill-suited for the rapidly evolving markets of the 21st century. No other agricultural market is so characterized by extensive government regulation of output, buying and selling. Objective estimates of the economic distortion created by the current policy structure, from such sources as the U.S. International Trade Commission, the Organization for Economic Cooperation and Development, and the U.S. Government Accountability Office, range from \$1 billion to \$1.9 billion per year.

We believe any future sugar policy must serve all of the American people, must be more market-oriented; must lessen the degree of government regulation over supplies; must be compatible with both U.S. trade obligations and the realities of the global marketplace; must be more transparent and based on clearly understood rules and procedures; and must, to the degree that it supports farm incomes, do so in ways that do not distort supply and demand.

During the Congressional debate over the Dominican Republic-Central America Free Trade Agreement, it became obvious that current sugar policy encourages opposition to trade liberalization, even when liberalization is manifestly in the interest of other farmers and businesses and their employees. Now, the U.S. sugar program faces the reality that sugar imports from Mexico will soon be completely unconstrained – as indeed they should be under the terms of the North American Free Trade Agreement. A policy that relies on import controls cannot, however, survive long in such an environment. It is imperative that future sugar policies not restrict trade flows. Not only commerce in sugar but also U.S. exports of other agricultural commodities and food ingredients must be unimpeded.

Although the current sugar program is advertised by its supporters as “no net cost” to the U.S. government, it hurts U.S. consumers, particularly low-income consumers, by artificially inflating U.S. sugar prices. Moreover, the Congressional Budget Office forecasts that taxpayer costs will in fact be \$1.3 billion over the next 10 years, as imports rise and the government is forced to purchase surplus domestic supplies. If Congress chooses to expend public funds on the sugar industry, there must be a better way to do so than through the current program.

We believe it is imperative for Congress to reform the sugar program now. We are prepared to work with sugar producers and processors to develop meaningful, workable and equitable reforms. We also want to work with Congress, in particular with the two agriculture committees that will play the major role in developing the 2007 farm bill, on a constructive and forward-looking sugar policy.

American Bakers Association	Lucas Confections
American Beverage Association	Masterfoods USA
American Business Conference	McKee Foods Corporation
American Food Products	Miller Milling Company
Bimbo Bakeries USA	National Association of Manufacturers
Blommer Chocolate Company	National Confectioners Association
Boston Fruit Slice and Confectionary Corp.	National Foreign Trade Council
Business Roundtable	National Grocers Association
ButterKrust Baking - Lakeland	National Retail Federation
Cadbury Adams	Nestle USA
Chocolate Manufacturers Association	Pearson Candy Company
The Coca-Cola Company	PepsiCo, Inc.
Competitive Enterprise Institute	PEZ Candy Incorporated
Comprehensive Market Access Coalition	Retail Bakers of America
ConAgra Foods, Inc.	Retail Industry Leaders Association
Consumer Federation of America	Rich Products Corporation
Consumers for World Trade	Safeway, Inc.
Council for Citizens Against Gov't Waste	Sara Lee Corporation
Crown Candy Corporation	Schwebel Baking Company
Dawn Food Products, Inc.	Snack Food Association
Dean Foods Company	Stroehmann Brands Corporation
Del Monte Foods Corporation	Sweet Candy Company
Diageo North America	Sweetener Users Association
Distilled Spirits Council of the U. S.	Tasty Baking Company
Emergency Committee for American Trade	Taxpayers for Common Sense
Environmental Working Group	Unilever
Everglades Trust	U.S. Chamber of Commerce
Ferrara Pan Candy Company	United States Council for Int'l Business
Flowers Foods	Valley Bakers Cooperative Association
General Mills, Inc.	The Warrell Corporation
Grocery Manufacturers/Food Products Assn.	Weston Foods
Goetze's Candy Company	William C. Velasquez Institute
The Hershey Company	Wm. Wrigley Jr. Company
H.J. Heinz Company	Wisconsin Bakers Association
Independent Bakers Association	World Business Chicago
International Dairy Foods Association	
Interstate Brands Corporation	
Kellogg Company	
Klosterman Baking Company	
Kraft Foods North America	

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