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FARM BUREAU®
2018 Farm Bill

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The Sugar Program is a Success for Consumers and Taxpayers

ISSUE

During consideration of every Farm Bill (and often at other times too), some members of Congress attempt to kill the sugar program. During consideration of the 2014 Farm Bill, former Congressman Joseph Pitts (R-Pa.) offered an amendment to kill the program. The amendment failed 206-221. We expect a similar amendment to be offered during consideration of the next Farm Bill.

BACKGROUND

The sugar program provides a price guarantee to the processors of sugarcane and sugar beets and, in turn, to the producers of both crops. USDA is directed to administer the program at no budgetary cost to the federal government by limiting the amount of sugar supplied for food use in the U.S. market.

To achieve both objectives, USDA uses four tools to be in effect through the 2018 crop year to keep domestic market prices above guaranteed levels. These are:

- price support loans at specified levels which are the basis for the price guarantee;
- marketing allotments to limit the amount of sugar that each processor can sell;
- import quotas to restrict the amount of sugar allowed to enter the U.S. market; and
- a sugar-to-ethanol (feedstock flexibility) backstop which is available if marketing allotments and import quotas fail to prevent a sugar surplus from developing.

POSITION

- We do not have a sugar policy problem. Rather, American sugar producers are facing major economic challenges caused by Mexican dumping of subsidized sugar on the U.S. market. Our producers are encouraging the U.S. government to resolve the Mexican dumping problem, and they favor extending sugar policy in its present form in the next Farm Bill.

- Mexico exploited its unlimited duty-free access in 2012/13 to dump more than 2 million tons of its subsidized sugar on the U.S. market, causing U.S. prices to collapse below 1980s levels and causing the only government cost to operate sugar policy in the past 14 years. The U.S. International Trade Commission voted unanimously in 2014 and 2015 that Mexico injured the U.S. market with subsidized, dumped sugar. The U.S. Department of Commerce calculated Mexican subsidy and dumping margins totaling more than 80 percent. In late 2014, the U.S. and Mexican governments negotiated agreements to suspend those duties and resume sugar trade with Mexico. The agreements were designed to end Mexican dumping in the U.S. market, but they are not working adequately. The U.S. and Mexican governments are working on modifications to the agreements. We support these efforts.

- American consumers benefit from current sugar policy. On average, consumers in other developed countries pay 29 percent more than American consumers. On average, consumers throughout the world pay 20 percent more.

- Without the current U.S. sugar policy and industry, American consumers would have to rely on subsidized sugar from abroad that is lower quality, less safe, less responsibly produced, and priced more volatile than American sugar.

- American sugar producers are among the most efficient producers in the world, ranking 20th in lowest cost out of 95 sugar-producing countries. The world market is distorted by foreign subsidies, tariffs, and dumping of excess supplies. Our farmers can compete on a level playing field with foreign sugar farmers, absent all government subsidies, but our farmers cannot compete with the treasuries of foreign governments.

FARM BUREAU POLICY

Farm Bureau policy supports:

- A program to protect the interests of domestic sugar producers and recommend that any appropriate legislation should include provisions that ensure a strong and economically viable domestic sugar industry;

- Maintaining the current 2014 sugar provisions in the next Farm Bill;

- Retention of the current loan rate as a minimum; and

- Encouraging both the U.S. and Mexico to continue discussions to develop a workable sugar program.