



# ALLIANCE FOR FAIR SUGAR POLICY

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## Frequently Asked Questions

### What is the U.S. sugar program?

The U.S. sugar program is a complicated tangle of price supports, market allotments, import quotas, and government-guaranteed loans that artificially inflate the price of sugar. It harms America's small businesses and workers, and benefits a group of 13 mega-processors. As the only commodity subsidy program that has not been modernized in 80 years, U.S. sugar program reform is long overdue and has the support of many of America's bakers, confectionery companies, and food manufacturers.

The current sugar program keeps sugar prices artificially high in a few ways:

- Limits how much domestic sugar can be grown and sold in the U.S.
- Limits imports, even when domestic supply does not meet demand
- Maintains a floor on the price of sugar sold in the U.S.

### Who benefits from the sugar program?

This outdated and outrageous program has created a "can't-lose" deal for a group of 13 mega-processors. It enables them to operate at zero risk year-in and year-out, while American small businesses and manufacturers get zero access to an adequate supply of sugar at a fair price.

### How does the sugar program impact food and beverage companies?

- The program hurts small, family-owned businesses that are the drivers of economic growth
- Forces manufacturers to pay twice as much for sugar as the rest of the world
- Puts American businesses at a competitive disadvantage
- Impedes U.S. job creation

### Why should Congress reform the U.S. sugar program?

The hidden costs of the sugar program are baked into every food, snack, and treat at no benefit to the American consumer. After 80 years of stagnant U.S. sugar subsidy policy, the U.S. is now home to some of the highest sugar prices of any major market in the world. It protects the wealthiest of the wealthy while damaging the ability of America's businesses – big or small – to compete and create jobs.

### **Is it true the current sugar program operates as a "no net cost" program?**

No. The U.S. sugar program is a multi-billion-dollar annual transfer from American consumers and businesses to sugar producers. It is effectively a hidden tax that costs Americans \$2.4-\$4 billion a year. The Heritage Foundation estimates that since 2000, Americans have paid almost \$50 billion in hidden costs to support the sugar program.

### **What is the quantifiable impact of the U.S. sugar program on American jobs?**

The sugar program has cost 123,000 American jobs between 1997 and 2015, according to the U.S. Census Bureau. The U.S. Department of Commerce estimates that for every sugar-growing job saved through high U.S. sugar prices, approximately three American manufacturing jobs are lost.

### **How should the program be modernized?**

The Sugar Policy Modernization Act -- introduced with strong bipartisan support across both houses of Congress -- will apply fair and sensible adjustments to the stagnant U.S. sugar subsidy policy. This broadly popular legislation - opposed by a small handful of sugar processors who have unfairly benefited from the system for 80 years - will increase competitiveness of U.S. businesses and decrease the hidden tax imposed on American families by the current U.S. sugar program.

### **Would sugar program reforms get rid of the safety net that sugar growers depend on?**

No. Modernizing the program would not abolish it in any way, nor would it do away with the safety net growers depend on. The sugar program reform would be modest in scope, bring fairness and competition to the sugar market, and support American jobs.