



April 17, 2018

Dear U.S. Senators and Representatives:

There is a growing movement among small, family-owned businesses, manufacturers, retailers, food and beverage companies, think tanks, environmental advocates, and other organizations that believe the time is now for Congress to address the problems associated with the 80-year-old U.S. sugar program. The current sugar program is a complicated mess that protects a handful of very large co-ops and sugar mega-processors to the detriment of American small businesses and food manufacturers as well as the hundreds of thousands of families that rely on manufacturing jobs for their livelihoods.

From New York, New Jersey, and Massachusetts to California, Texas, and Florida, members of the Alliance for Fair Sugar Policy and other organizations have raised their voices to call for modest reform that would provide relief to small businesses without hurting the farming community.

The sugar program forces manufacturers to pay twice as much for sugar as the rest of the world because it restricts how much domestic sugar can be sold and how much sugar can be imported from other countries. This puts American small businesses at a competitive disadvantage when it comes to creating jobs. According to the U.S. Census Bureau, the sugar program killed 123,000 jobs between 1997 and 2015. The U.S. Department of Commerce reports that for every sugar-processing job subsidized through artificially high U.S. sugar prices, three American manufacturing jobs are lost. Additionally, the restoration of America's Everglades has been greatly impeded by massive sugar production in what was once the Everglades. It's time to address this adverse multiplier effect for the strength of our economy.

The program provides risk-free loans backed by American taxpayers that allow just 13 mega-processors and large co-ops to operate at zero-risk because they are not required to pay them back. As recently as 2013, the total government cost of ensuring these loans to sugar processors was \$259 million — which they never paid back, placing the financial burden on taxpayers.

The federal government should not be imposing such extraordinary costs on American small businesses and taxpayers. These mega-processors have created a "can't-lose" deal from which they are able to reap record profits when domestic sugar supplies are tight because of government restrictions. They also use taxpayers to guarantee their income when their market-control plans fail.

The sugar producers claim the problem is foreign subsidies, but those subsidies do not impact the U.S. sugar market because of restrictive, per-country import quotas. Some in Congress believe that we should wait for agriculture policies in other countries around the world to change before we address this problem here at home. It's time to stop pretending that the need to reform the U.S. sugar program is about how other countries operate their governments. The real problem is that sugar processors operate in a virtually

no-risk, unnecessarily sheltered environment to the detriment of small businesses that are at a competitive disadvantage with imported products from other countries.

The American Enterprise Institute estimates that the program costs small businesses and consumers \$2.4 – \$4 billion per year. So modernizing the sugar program will benefit consumers, and also have a major positive impact on the American small businesses that are the bedrock of our economy.

There is a simple solution to improve the sugar program. We respectfully request your support for the Sugar Policy Modernization Act (H.R. 4265 / S. 2086), a bipartisan proposal that is modest in scope and doesn't abolish the program or hurt farmers. It is a spoonful of fairness that creates an adequate supply of sugar based on a reasonable competitive approach that reaches from the farm to the retail shelf — without risking an appropriate safety net for family farms.

And while we are calling for modest reform to be included in the 2018 farm bill, the Alliance for Fair Sugar Policy was not formed to eliminate or dismantle the U.S. sugar program. In fact, we believe the family farmer and the families that depend on food manufacturing workers should be at the center of the conversation and debate around agriculture policy in this country.

It's time to say yes to fairness, yes to competitiveness, and yes to protecting and creating American jobs.

For more information, please visit FairSugarPolicy.org.

Sincerely,

