May 22, 2026

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street NW
Washington, D.C. 20230

**Re: Section 301 Investigations – Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors [Docket Nos. USTR–2026–0067 and USTR–2026–0068]**

Dear Ambassador Greer:

The Alliance for Fair Sugar Policy (AFSP) respectfully submits these comments in response to the testimony offered by the American Sugar Alliance (ASA) during the May 5 hearing conducted by the Office of the U.S. Trade Representative (USTR) regarding Section 301 investigations into structural excess capacity and production by foreign countries.

AFSP is a broad coalition of food companies, manufacturing trade associations, consumer organizations, free market advocates, think tanks, and others committed to creating a fairer, more efficient U.S. sugar program. Our coalition recognizes the value of stable and resilient domestic sugar industry while also advocating that American food manufacturers and consumers have access to an adequate and affordable supply of sugar.

Summary

The May 5 testimony notes that that many foreign governments have special programs to protect sugar production but does not mention that the United States also has a multi-layered policy regime to safeguard the domestic industry, including tight restrictions on imported sugar using tariff-rate quotas (TRQs) and heavy tariffs on over-quota sugar. Given these existing protections within the U.S. sugar program, AFSP does not believe that additional Section 301 tariffs on over-quota sugar imports are necessary or appropriate. **In fact, this proposal would simply increase the price of sugar for American food manufacturers and therefore drive food costs upward.** It also runs counter to U.S. policy to expand access to sugar, as reflected in recent sugar policy reforms include in the One Big Beautiful Bill Act (OBBA).

**U.S. Sugar Policy Already Addresses Concerns Related to Foreign Excess Capacity**

Current U.S. sugar policy features several mechanisms designed to protect the domestic sugar industry against overproduction by foreign countries and volatility in global sugar markets. These specific policies include TRQs limiting import volumes, supply-limiting agreements with Mexico, and over-quota duties that can exceed 100 percent ad valorem at recent world prices. The U.S. Department of Agriculture also limits domestic sugar production and supports the price of sugar by offering non-recourse loans to the industry.

The May 5 testimony does not explain why additional Section 301 tariffs are necessary in a market that is already governed by extensive import controls and supply management tools. The existence of global sugar overcapacity does not itself justify additional Section 301 restrictions where the United

States already maintains a comprehensive framework designed to prevent foreign distortions from materially disrupting the domestic market.

**Imports Are Structurally Necessary Because Domestic Production Cannot Fully Meet U.S. Demand**

Annual U.S. sugar demand is approximately 12 million short tons, raw value (STRV). The domestic sugar industry typically produces approximately 9 million STRV annually, leaving a structural and longstanding gap in the sugar supply. The supply-limiting policies described above, coupled with geographic and agronomic limitations on domestic sugar production, guarantee that the U.S. will rely on sugar imports to meet demand. A proposal to further restrict sugar imports by imposing additional Section 301 tariffs on over-quota sugar would not eliminate or even mitigate the dependence of the U.S. on imported sugar. Instead, it would constrain access to the volume of sugar U.S. manufacturers necessarily require to operate.

**High-Tier Imports Reflect Supply Imbalances and Policy Administration Challenges — Not a Failure of Tariff Authority**

The May 5 testimony characterizes recent increases in the volume over-quota sugar imports (often called "high-tier" or "Tier 2" imports) as resulting from outdated tariff rates on this part of the sugar supply. We disagree. AFSP notes that demand from American manufacturers year-after-year has exceeded the quantity of sugar made available through domestic production, TRQ allocations, and imports from Mexico. Given insufficient supply, manufacturers have resorted to high-tier imports despite punitive duties that can exceed 100 percent ad valorem.

The elevated presence of high-tier imports demonstrates that the challenging supply situation for U.S. food manufacturers, which are forced to supplement supplies with last-resort, heavily tariffed sugar.

**Congress Recently Modernized the Sugar Program to Improve Supply Availability**

As part of the recently enacted OBBBA, Congress adopted targeted reforms to modernize sugar program administration, improve quota utilization, and enhance the availability and timeliness of sugar supplies. These reforms follow recognition by agriculture leaders that sugar policy was generating imbalanced results. To help ensure broad benefits across the American farm and food economy, Congress elected targeted modernization and improved administration, rather than new import restrictions, as the best path forward.

At the time of this letter, USDA has not fully implemented the OBBBA reforms, including the timely reallocation of unused TRQ volumes. This provision holds promise for reducing the volume of high-tier sugar imports and improving overall the supply conditions for U.S. businesses. Indeed, in a recent communication to USDA, AFSP encouraged swift action on this reallocation provision, which involves approximately 80,000 STRV – a relatively small quantity of sugar relative to the annual demand of 12 million STRV.

The intent of Congress is clear that the U.S. should be seeking to increase the availability of sugar rather than restricting it. USDA can fulfill that objective and carefully manage the process by implementing the OBBBA sugar policy reforms.

**Additional Tariffs Would Raise Food Prices for American Families**

Sugar is a common ingredient in baked goods, dairy products, peanut butter, cereals, snacks, and many other grocery store staples. Imposing new Section 301 tariffs on sugar imports would directly increase input costs for food manufacturers, which heavily depend on these supplies due to limited domestic production. Further, it would inevitably result in elevated grocery prices for American families. Domestic sugar prices are consistently above world market prices, and layering a new tariff atop an already tightly managed sugar regime would diminish the competitiveness of U.S. manufacturers against their foreign counterparts and ripple through consumer food markets.

**Sugar Should Be Treated Consistently with Other Essential Agricultural Inputs**

The Administration has previously recognized the importance of exempting essential agricultural inputs from tariff actions where those products are not available domestically in sufficient quantities. Cocoa, coffee, and tropical oil and nuts are examples of inputs that not available from domestic sources in sufficient quantities to meet demand from American manufactures. Sugar warrants similar treatment.

**Additional Section 301 Tariffs Are Unnecessary as Anti-Dumping and Countervailing Duty Laws Remain Available to Producers**

AFSP recognizes the value of a stable and resilient domestic sugar industry. Our coalition further acknowledges current economic challenges for producers and across the farm and food economy. Even so, additional Section 301 tariffs on over-quota sugar imports would not mitigate these challenges and would likely create new ones, including elevated food prices for consumers, increased input costs for U.S. manufacturers, and reduced supply flexibility for all sugar users. In addition, proceeding with new Section 301 tariffs is a sharp break from recent direction from Congress on sugar policy through the OBBBA, as described above.

Looking at trade policy tools beyond Section 301, the domestic sugar industry has access to anti-dumping and countervailing duty (AD/CVD) laws to combat unfair practices by foreign countries. In fact, sugar producers have successfully leveraged these authorities in recent years to achieve an outcome with Mexico.

**Preferred Alternative to Achieving a Balanced Sugar Supply and Addressing High-Tier Sugar Imports**

1. Implement the sugar program reforms included in the OBBBA, which are designed to improve program administration and stabilize the U.S. sugar supply.

2. Increase the raw sugar TRQ such that, in combination with domestic production and imports from Mexico, the U.S. achieves a stocks-to-use ration of 13.5 percent. While AFSP recognizes that such rebalancing would be a gradual shift, achieving it would significantly diminish the volume of high-tier imports.

**Conclusion**

The coalition respectfully urges USTR to reject proposals to impose additional Section 301 duties on over-quota sugar imports.

The current U.S. sugar program already provides extensive protections against foreign overproduction and global market distortions. Additional tariffs would not meaningfully change the structure of global sugar markets, but they would significantly increase costs for American manufacturers and consumers. The best path forward is a balanced approach that supports domestic sugar production while ensuring adequate supply availability for U.S. manufacturers and consumers.

AFSP appreciates the opportunity to submit these rebuttal comments for the record.

Sincerely,

Alliance for Fair Sugar Policy
American Bakers Association
Consumer Choice Center
Consumer Federation of America
Citizens Against Government Waste
Independent Bakers Association
National Confectioners Association
National Consumers League
National Taxpayers Union
R Street Institute
SNAC International
Sweetener Users Association
Taxpayers Protection Alliance
U.S. Chamber of Commerce