



Sugar's sweet deal on ropes?

BY Margaret Menge

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Is it the same rhetoric we hear every five years, or the beginning of the end of the government's special support of the sugar industry?

No one can say for sure, but as Congress starts looking at the 2012 farm bill, there's a lot of noise coming out of Washington about repeal of the federal sugar program.

"Only Congress can lift the burden that current U.S. sugar policy has imposed on consumers, businesses and friendly neighboring countries for so long. The time to act is now," wrote former U.S. Trade Representative Bill Brock in a column published three weeks ago in *The Hill*, a Capitol Hill newspaper.

"The sugar program is one of the United States' oldest and most destructive protectionist policies," the head of Americans for Tax Reform, Grover Norquist, wrote in a letter to all U.S. senators in support of a bill introduced by Sen. Richard Lugar, R-Ind., called the Free Sugar Act of 2011.

"The time for totally eliminating the sugar program may be now," reads a report commissioned by the American Enterprise Institute, a conservative-leaning think tank.

"Not so sweet: Sugar, Milk programs are Sour for Families," was the title of a panel discussion AEI held on Capitol Hill in July.

The National Confectioners Association, which represents close to 400 American candy companies, calls the sugar program "a decades-old subsidy that has repeatedly failed to provide adequate supplies of sugar to the U.S. market."

"Same old, same old," said Barbara Miedema of the Sugar Cane Growers Cooperative of Florida, referring to the calls to do away with the sugar program. "It's always a fight."

The sugar industry, she said, doesn't get a subsidy from the federal government as some people believe.

And that's true, but sugar is the only major agricultural commodity in the U.S. that benefits from import quotas. And those quotas, coupled with a federal loan program for sugar producers, create a guaranteed minimum price for sugar, and a much higher price for the American consumer.

And that price has been rapidly increasing.

The price of sugar, in fact, is up 9 percent since the beginning of this year, rising at about twice the rate of food inflation. The cost of sugar has more than doubled in just the past three years and is now at a 30-year high.

Sugar cane growers in Florida produce half the sugar consumed in the United States. About 75 percent of that sugar comes from cane grown in Palm Beach County. Most of it is produced by the 80-year-old U.S. Sugar Corp. based in Clewiston; by Florida Crystals, based in West Palm Beach; and by the smaller growers organized into the Sugar Cane Growers Cooperative of Florida.

The tariff rate quota system for sugar was set in the 1990 farm bill, with two tariffs on imported sugar: an in-quota tariff of 0.625 cents per pound and an over-quota tariff of 15.36 cents per pound. This quota system creates a price floor for sugar and guarantees American producers 85 percent of the domestic market.

The high price of sugar has agitated American candy makers and is lending urgency to the move to change U.S. sugar policy.

Larry Graham, head of the National Confectioners Association, represents about 400 candy makers and is chairing the Coalition for Sugar Reform, which organized last spring as a supergroup of business lobbyists and others, including the Everglades Trust, to push to repeal the quota system and loan program.

"We're really not trying to hurt the growers, because no matter what happens, we need sugar," he said.

The American family, says Daniel Griswold of the Cato Institute, a libertarian think tank, is "ripped off every day" by inflated sugar prices.

Most of those speaking out on the sugar program have been at the table before, organizing lobbying efforts every five years, when Congress has to pass another farm bill.

But this year might be different, as the House of Representatives is stocked with new, tea party-supported members elected to slash government and corporate welfare programs.

"This is going to be a test," said Griswold. "If the tea party freshmen live up to their ideals, they would eliminate the sugar program."