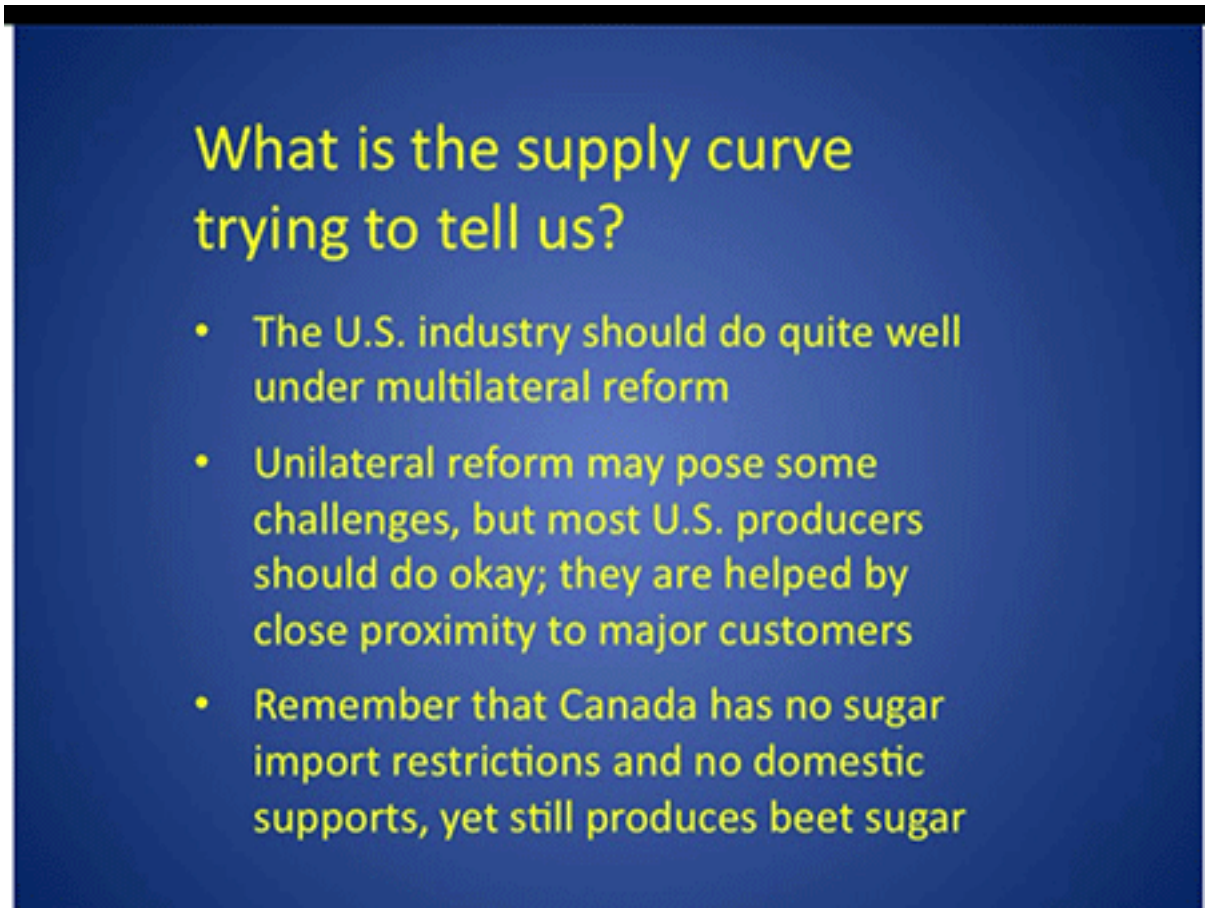
Experts: US Sugar Protectionism Taxes Consumers

The Coalition for Sugar Reform



Washington, DC — On Friday, June 13, the Cato Institute hosted a Capitol Hill briefing [1] on "The Bitter Taste of Sugar Protectionism: How Congress and the U.S. Sugar Industry Kill Jobs, Raise the Cost of Living for Americans, and Compel U.S. Companies to Move Overseas." During the event, policy experts discussed the history of the program, the cost to American consumers and the need for reform.

- **Daniel Pearson, Senior Fellow, Herbert A. Stiefel Center for Trade Policy Studies, Cato Institute:** "[W]henever the domestic market has been threatened with becoming oversupplied, the sugar industry has advocated additional marketplace interventions to try to plug the gap. They are caught up in a protectionist cycle that they seem unable to escape, and are rightfully considered to be the most protectionist segment of U.S. agriculture."
- **Daniel J. Ikenson, Director, Herbert A. Stiefel Center for Trade Policy Studies, Cato Institute:** "Since 2000, sugar prices in the United States have been about on average 85 percent greater than the world average price. And that is adversely impacting consumers. It's reduced their

buying power. And it has hurt U.S. industries that rely on sugar as an important ingredient in producing their output."

- **Ike Brannon, Fellow, The 4% Growth Project, George W. Bush Institute:** "In the case of sugar … not only do consumers lose because we pay higher prices for anything with sugar in it, but laborers lose, as well. Sugar is a raw material for all kinds of things … and we can't produce those things in a cost-effective basis in the United States anymore because of high sugar prices. … So who's benefiting? If it's not the workers, if it's not the consumers, it's a very small group of people who have sizable agricultural investments in producing sugar. … Very few people benefit from this, and it's time we took a look at that."

The Depression-era U.S. sugar program costs consumers and businesses up to $3.5 billion annually in the form of a hidden tax, while putting at unnecessary risk 600,000 American manufacturing jobs in all 50 states — all to provide subsidies to already profitable sugar producers.

In FY 2013 alone, the program cost American taxpayers nearly $300 million when USDA was forced to purchase excess domestic sugar and remove it from the U.S. market. And the program is set to cost taxpayers upwards of $600 million over the next 10 years based on the Congressional Budget Office's April 2014 Baseline for Farm Programs [2].

For more information about U.S. sugar policy and why reform is long overdue to protect the nation's consumers, food manufacturers and small businesses, visit www.SugarReform.org [3].

About the Coalition for Sugar Reform:
The Coalition for Sugar Reform (www.SugarReform.org) [4] represents consumer, trade, and commerce groups, manufacturing associations, and food and beverage companies that use sugar — including confectioners, bakers, cereal manufacturers, beverage makers and dairy companies — as well as the trade associations for these industries.

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