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U.S. Sugar Producers Set Sights on Foreign Subsidies

WASHINGTON—With a strong five-year sugar policy at their side, U.S. sugar producers are now setting their sights on addressing the foreign sugar subsidies that make U.S. sugar policy necessary. That's according to Jack Roney, director of economics and policy analysis for the American Sugar Alliance (ASA), who spoke today at the USDA Agricultural Outlook Forum.

"U.S. sugar producers are among the most efficient in the world, and we would thrive in a global freemarket, if one existed," he explained. "But historically, sugar has been and continues to be the world's most distorted commodity market because of foreign subsidization. Something must be done about it."

Roney says that sugar producers are so serious about addressing foreign subsidies that, even after passage of a five-year Farm Bill, they still remain willing to give up U.S. sugar policy if other countries will end their direct and indirect market-distorting policies.

This idea is encapsulated in the "zero-for-zero" sugar initiative introduced by Congressman Ted Yoho (R-FL). His resolution, H.Con.Res. 39, would instruct the administration to work through the World Trade Organization to target the foreign sugar programs, then would advocate for an end to U.S. policy once a free market forms. ASA has urged lawmakers to co-sponsor the resolution.

"This subsidy cease-fire is particularly important today as major sugar exporters are increasing their subsidies and making the market situation worse," Roney said. "If we're serous about a free market, the time has come for all countries to come to the table and for all countries' policies to be on the table."

He pointed to Brazil as an example. The "OPEC of sugar," Brazil controls half of global exports and its actions largely dictate global prices. In addition to the $2.5 billion-a-year in sugar subsidies that helped it seize market dominance, Brazil has announced another $500 million in subsidized loans and debt relief within the past year.

Other major sugar exporters, Thailand and India, have also increased trade-distorting policies, according to press reports. And Mexico's sugar industry, 20 percent of which is owned by the government, is flooding the U.S. market and depressing prices.

Not everyone is supportive of this zero-for-zero approach. Large candy companies shunned the free-market idea and instead have lobbied for the unilateral disarmament of U.S. policy.

"Unilateral disarmament does nothing to promote a free market. It would jeopardize 142,000 U.S. jobs and it would leave America dependent on others for a key food ingredient," Roney concluded. "No wonder Congress rejected this approach in five recorded votes during the Farm Bill debate."