

# Sugar Policy in a Turbulent Market

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Sweetener Users Association

# Industry Interdependence

- Users: Need stable, reliable, high-quality supply
- Suppliers: Need markets, customers who add value to commodity

# Users ...

- Need viable, healthy sugar producing, processing industry
- Value geographically diverse production
- Need imports to meet demand, therefore need cane refining sector
- Need production of both beets, cane
- Recognize growers' need for safety net

# Problems with Current Policy

- Does not take entire industry's needs into account
- Contributes to both surpluses, shortages
- Conflicts with direction of trade policy
- Reduces domestic demand
- Not market oriented

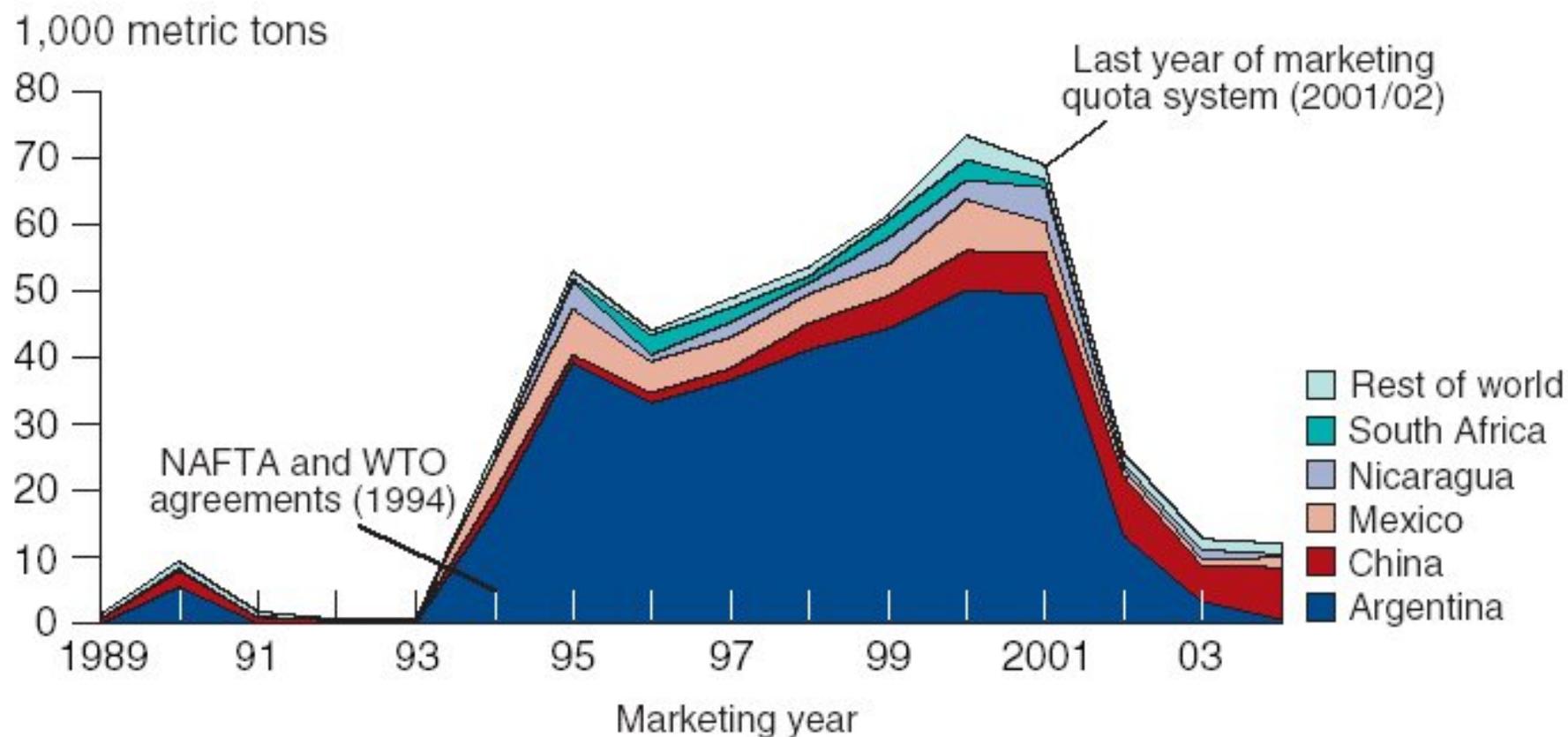
# US Net Imports of Sugar in Products



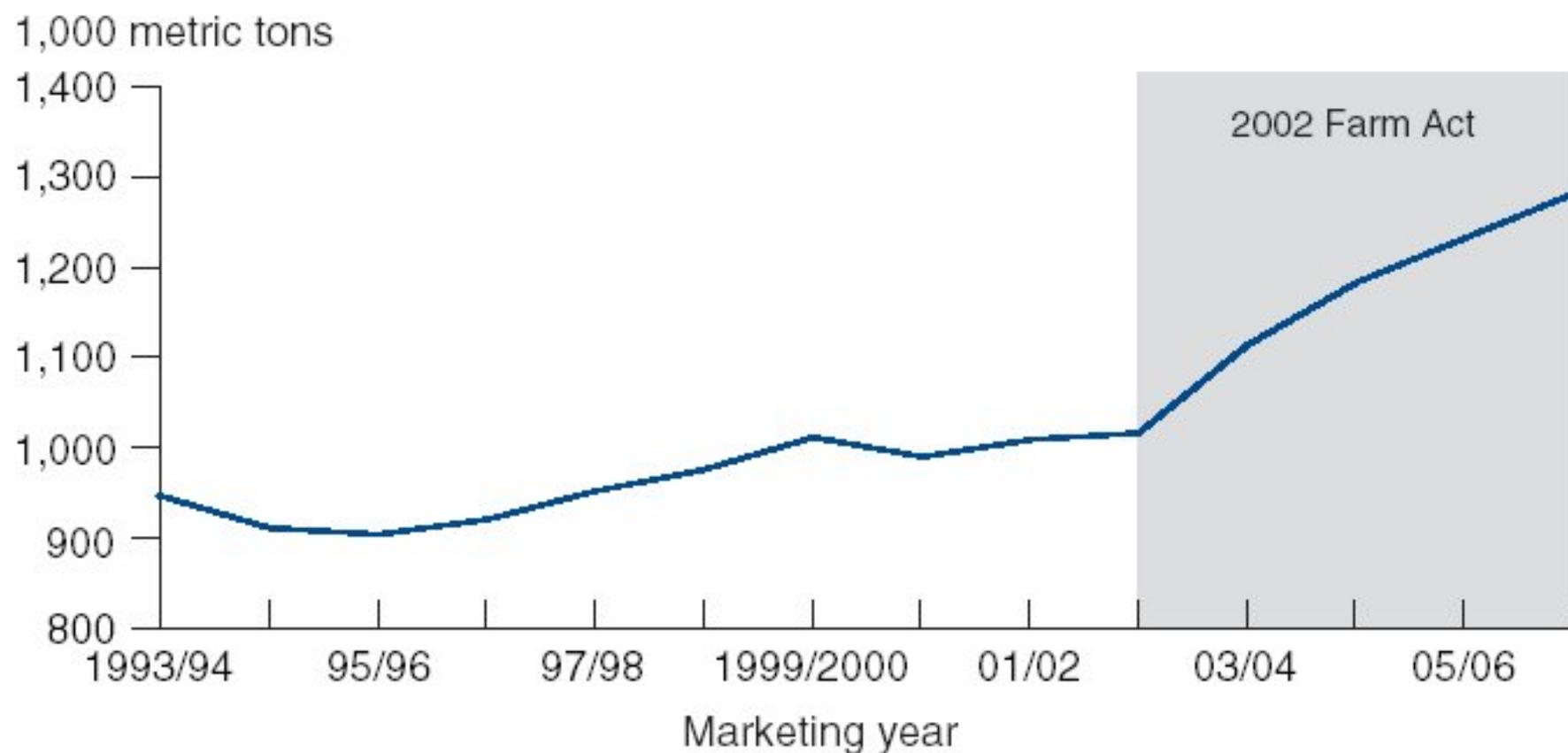
# Peanuts

- Growing imports, stagnant demand
- Trade commitments
- Program changed in 2002 farm bill
- Demand grew about 30%

## U.S. imports by source: Before the 2002 Farm Act, peanut imports had cut into the U.S. market



## U.S. demand for peanut food use climbs rapidly following 2002 Farm Act



# Projected Sugar Costs

\$ Million

'08	'09	'10	'11	'12	'13	'14	'15	'16
32	130	214	259	294	305	321	335	340

SOURCE: Congressional Budget Office,  
2006 CBO Baseline

# Factors to Consider

- Program Impacts on Demand
- Future Budget Costs
- Mexico – NAFTA Transition Ends 2008
- CAFTA Aftermath
- Many Other Commodities Work Together, Not Against Each Other

# Sugar in the Farm Bill

- SUA seeks a common approach
- Status quo doesn't serve anyone's long-term interest
- Greater cooperation is in producers' and users' interest

# Sugar in the Farm Bill

- Emphasize market needs – ample supply
- Support incomes without distorting market signals
- Greater transparency
- Administrative flexibility
- Consistent with trade obligations