April 9, 2010

Dear Member of Congress:

As an organization that promotes U.S. exports and the benefits of open trade, the National Foreign Trade Council has long been concerned about the impact of U.S. sugar policy on consumers, businesses and workers. Today, those concerns are heightened by short supplies of sugar and exorbitant prices for consumers and industrial users.

In February, according to the Bureau of Labor Statistics, retail sugar prices set an all-time high of 63.4 cents per pound. Food price inflation is especially harmful to low-income Americans, but every grocery shopper is affected by sharply rising prices for sugar, an ingredient in a wide range of foods.

Even though world sugar prices are higher than normal, U.S. prices are even higher. This means that the pressure on American consumers could be alleviated if world sugar supplies could be imported freely. But they cannot be: U.S. law sets quotas for sugar imports from some 40 different countries. Any imports in excess of these quotas are subject to an extremely high, normally prohibitive tariff.

These high tariffs have always been justified as a way of protecting U.S. sugar farmers from low world prices. The rationale was that world sugar prices are so low that our sugar farmers and processors could not survive if they had to sell at the world price.

Now, however, world prices are much higher than the historical norm. The price of raw cane sugar in the world market is over 17 cents per pound (about 70% above its long-term average) – and briefly exceeded 30 cents, triple the long-term average.

Despite that, U.S. tariffs have stayed in place – meaning that *U.S. sugar prices have risen even more sharply than world prices*. Though advertised as protecting a sensitive U.S. industry from low prices, the tariffs now make U.S. prices far higher than they need to be, at the same time that world prices are themselves historically high. U.S. wholesale refined sugar prices are now *53* cents per pound – substantially higher than the levels they reached after Hurricane Katrina, which shut down two major sugar refineries.

There is a simple way to alleviate the strain on consumers, businesses and their employees, and it requires no new legislation. The Secretary of Agriculture has the ability to increase the tariff rate quota for sugar imports immediately, in any amount he chooses. Unfortunately, the Secretary has so far not acted. We find this inexplicable and seek your help.

Will you contact Secretary Vilsack and urge him to increase the sugar import quota immediately? By doing so, you will be helping every one of your constituents who buys groceries. You will also be acting to preserve jobs in the U.S. by allowing enough sugar supplies that companies can make their food products in the United States rather than offshore. Thank you in advance for considering our request.

Sincerely,

William A. Reinsch, President