

September 23, 2011

The Honorable Rob Portman
Joint Select Committee on Deficit Reduction
338 Russell Office Building
United States Senate
Washington, DC 20510

Dear Senator Portman:

The organizations listed below are members of the Coalition for Sugar Reform, and are dedicated to reforming the antiquated, anti-consumer, anti-jobs U.S. sugar subsidy. Many Members of Congress share our reform agenda, and several bills have been introduced in this Congress to overhaul the subsidy.

We are writing because Congress urgently needs to debate sugar policy in a fair and open way. The logical place for this debate to occur is during consideration of the 2012 farm bill.

In the course of your work on the Joint Committee, you will likely consider reductions in farm program spending. The Congressional Budget Office does associate some outlays with sugar policy (through the so-called Feedstock Flexibility Program that requires the government to buy surplus sugar and sell it to ethanol companies at a loss to taxpayers). However, the primary levers of sugar policy do not involve direct federal outlays, but rather impose their costs directly on consumers and businesses as an implicit food tax – about \$4 billion a year, according to some recent estimates. It should also be noted that extensive sugar production just below Lake Okeechobee causes huge water quality problems for the Everglades, making the federal and state effort to restore the Everglades much more difficult.

Thus, the Joint Committee is not a good forum for debating sugar policy unless the committee's debate can go beyond budgetary considerations and enter into production quotas, import restrictions, and other outdated policies that badly need to be changed. Moreover, the committee's product cannot be amended on the House or Senate floor. Though we fully understand the necessity for such a procedure, it is ill-suited to addressing a complex topic like sugar policy that does not primarily revolve around direct federal outlays.

Therefore, unless you are confident that the Joint Committee will thoroughly and completely overhaul sugar subsidies, we strongly urge you to defer any action on sugar policy to the 2012 farm bill, and resist any efforts by the sugar lobby to extend their program through your committee's work product.

Thank you for your consideration of our views. Sugar subsidies have been found by the Commerce Department to kill three manufacturing jobs for every sugar-industry job saved. Because the subsidies operate by creating artificial shortages that drive up prices, they are

particularly harmful to small food manufacturers and their employees. From their impact on the environment to higher costs for consumers to the absurd restrictions they impose on the freedom to buy and sell sugar, these policies cry out for reform. The 2012 farm bill is the place to do that.

Sincerely,

Coalition for Sugar Reform
American Bakers Association
Competitive Enterprise Institute
Consumer Federation of America
Emergency Committee for American Trade
Everglades Trust
Grocery Manufacturers Association
Independent Bakers Association
International Dairy Foods Association
National Association of Manufacturers
National Confectioners Association
National Foreign Trade Council
Snack Food Association
Sweetener Users Association
U.S. Chamber of Commerce