Vickie R. Myers
Executive Director
E-mail: vickie@sugaralliance.org
Jack Roney
Director of Economics
and Policy Analysis
E-mail: jack@sugaralliance.org
Phillip W. Hayes
Director of Media Relations
E-mail: phillip@sugaralliance.org

AMERICAN SUGAR ALLIANCE

BACKING AMERICA'S BEET AND CANE FARMERS

2111 Wilson Boulevard
Suite 600
Arlington, VA 22201
Tel: (703) 351-5055
Fax: (703) 351-6698
www.sugaralliance.org

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CONTACT: Phillip Hayes
202-271-5734

Sugar to ITC: Mexican Case Shows Value of No-Cost U.S. Policy

WASHINGTON – As Mexico dumped subsidized sugar onto the U.S. market in recent years and sent sugar prices spiraling downward, consumers paid more for sweetened products and food manufacturers' revenues grew.

That's according to Jack Roney, an economist with the American Sugar Alliance, who testified today before the U.S. International Trade Commission (ITC) in a hearing to examine the economic impact of U.S. import restraints.

The ITC had previously said that eliminating U.S. policy and allowing subsidized imports to flood the U.S. market would mean lower prices for consumers. But, the exact opposite occurred between 2008 and 2014, Roney explained.

"Assessing the impact of U.S. elimination of sugar-import constraints does not require hypothetical modeling," he said. "The aftermath of actual elimination of sugar-import constraints from Mexico under NAFTA demonstrates the harm to the U.S. sugar-producing industry and the lack of any effect on consumers."

The ITC itself unanimously found Mexico had injured the U.S. sugar industry during a recent antidumping and countervailing duty case. The U.S. Department of Commerce, in its own trade investigation, found that Mexico dumped sugar with combined subsidy and dumping rates as high as 84 percent.

"Grocery shoppers saw no benefit and food makers actually increased their prices," Roney noted. "Conversely, sugar producers lost money and jobs because of Mexico's unfair trading actions."

Among the key data points he shared:

- Sweetened food companies' revenues increased 131 percent between 2001 and 2015.
- Retail prices for major sweetened products rose as much as 14 percent from 2010 to 2014, as sugar prices declined.
- Sugar producers lost $2 billion in 2013 and 2014 due to price drops caused by Mexico's dumping.
- Hawaii will no longer produce sugar after more than a century of high-yield production, leaving hundreds of workers without jobs.

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Roney testified that U.S. sugar policy protects 142,000 U.S. jobs and is working as Congress intended. The industry also has an annual economic impact of $20 billion, he added.

Roney urged the trade commission to find a significant benefit to the U.S. economy from sugar-import restraints.

"While a continued surge in subsidized imports would depress U.S. sugar prices and bankrupt many American sugar farmers, American consumers would still see no benefit," Roney concluded. "History has shown that sweetened-product manufacturers absorb their savings on lower input costs and increase profits, rather than reducing the consumer price of their products."

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For more information about the American Sugar Alliance, no-cost U.S. sugar policy, and foreign sugar subsidies, visit www.sugaralliance.org