

International Sweetener Colloquium  
Aventura, Florida  
February 27, 2018

*Producers' Perspective on  
Federal Sugar Policy*

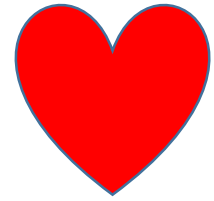
Jack Roney  
Director of Economics and Policy Analysis  
American Sugar Alliance  
Washington, D.C.

## *Producers' Perspective on Federal Sugar Policy*

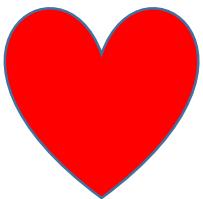
- Developments since last Colloquium
- Strong prospects for market stability
- Common Cause: Producers' and Users' shared goals, concerns
  1. Satisfy consumer desire for sustainably-produced food
  2. Defend sugar and sweetened-product consumption against misguided attacks

*February 14, 2018 (my closing slide)*

**Best hope for American Sugar Producers,  
and Sweetener Users?**



- No further reduction in producer prices for sugar
- Continued economic safety net in 2018 Farm Bill
- Continued buffer to volatile world dump market, predatory dumping by foreign countries
- Capable enforcement of U.S.-Mexican-government Suspension Agreements – to prevent further dumping/injury from Mexico

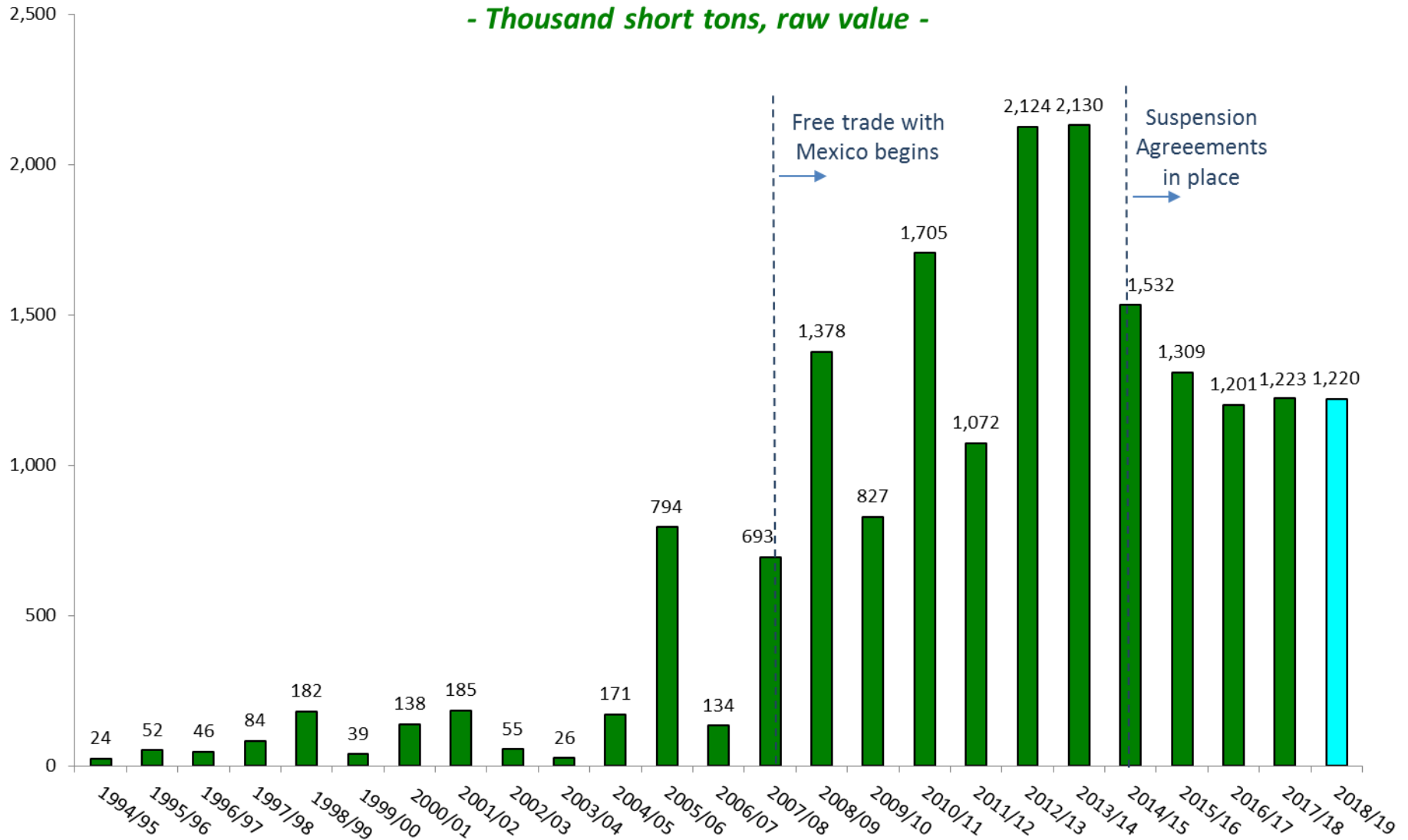


## *Since last February:*

- No further reduction in producer prices for sugar
  - *Prices stable, though one more beet factory closure (WY)*
- Continued economic safety net in 2018 Farm Bill
  - *Farm Bill passed December 2018*
- Continued buffer to volatile world dump market, predatory dumping by foreign countries
  - *Trade measures unchanged (Small concessions to Canada in proposed USMCA)*
- Capable enforcement of U.S.-Mexican-government Suspension Agreements – to prevent further dumping/injury from Mexico
  - *SAs working well – stable prices, supplies, more certainty for sugar markets in U.S. and Mexico*
  - *Mexico remains huge supplier to U.S. sugar market*

# U.S. Sugar Imports from Mexico, 1994/95-2018/19

- Thousand short tons, raw value -

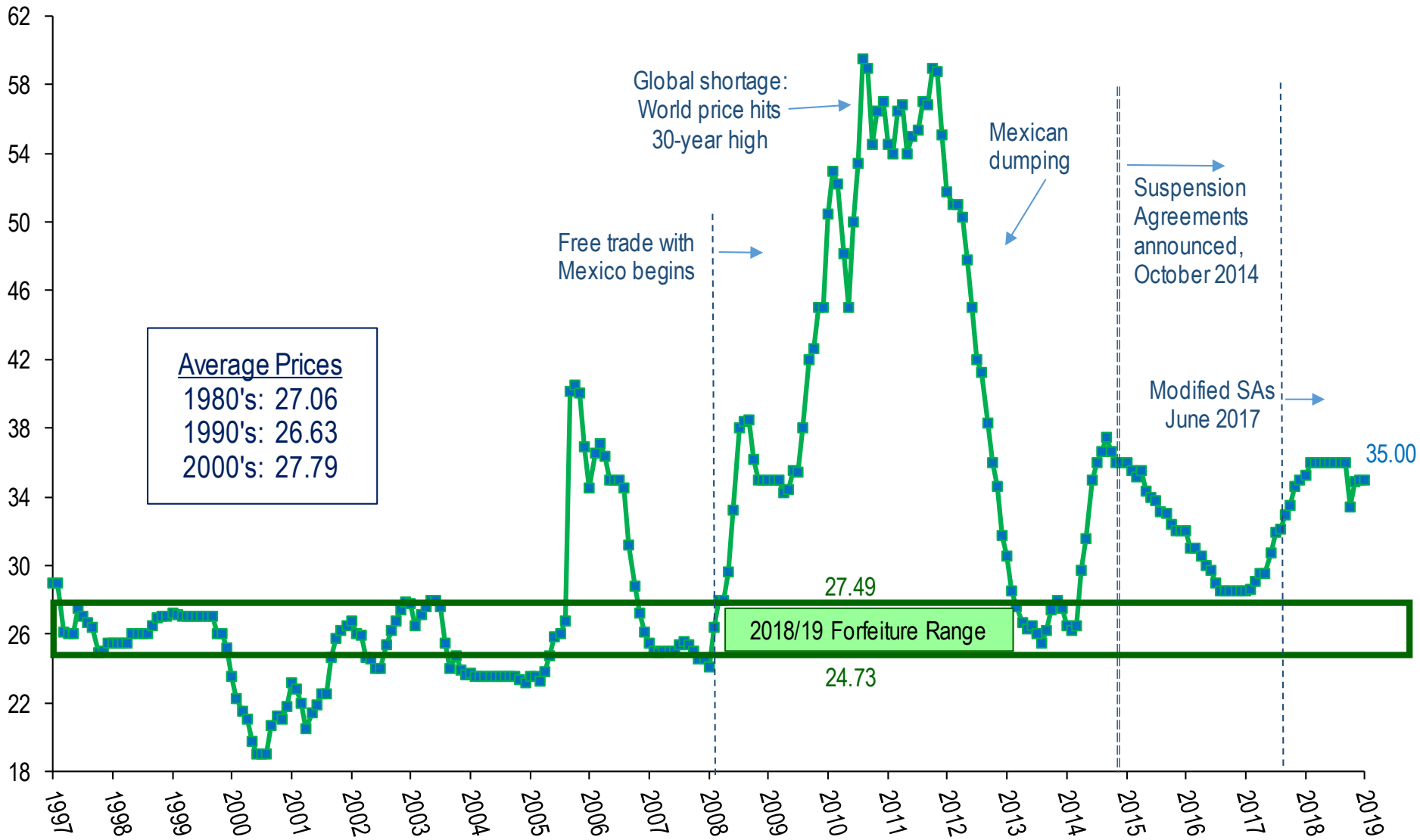


Source: USDA, Global Agriculture Trade System(GATS) (<http://apps.fas.usda.gov/gats/default.aspx>).

USDA, ERS: Table 24b- 2017/18= forecast; 2018/19= projected.

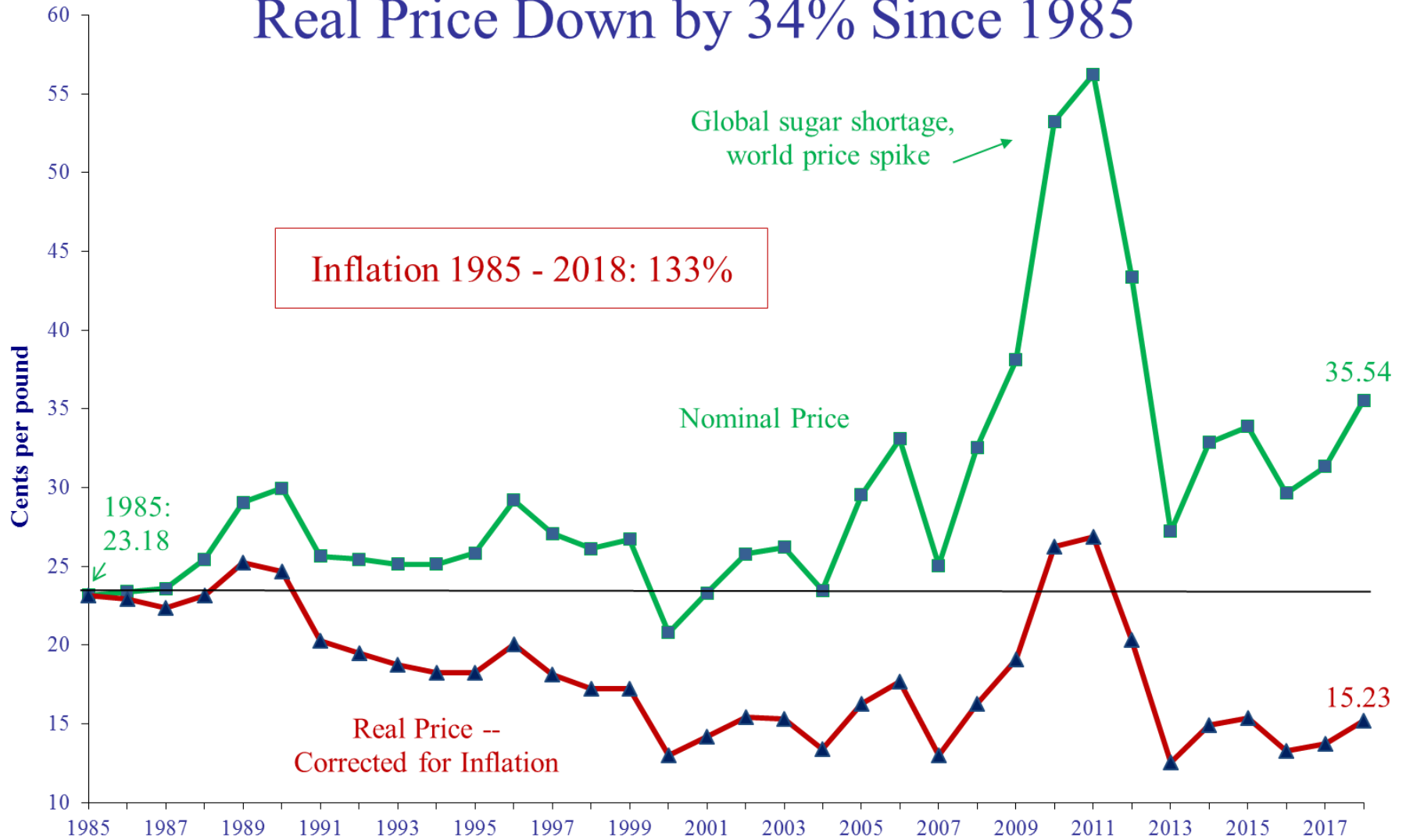
# U.S. Wholesale Refined Beet Sugar Prices, 1997-2019

--Cents per pound--



Source: USDA--Wholesale refined beet sugar, Midwest markets, monthly averages; FSA-calculated forfeiture range.

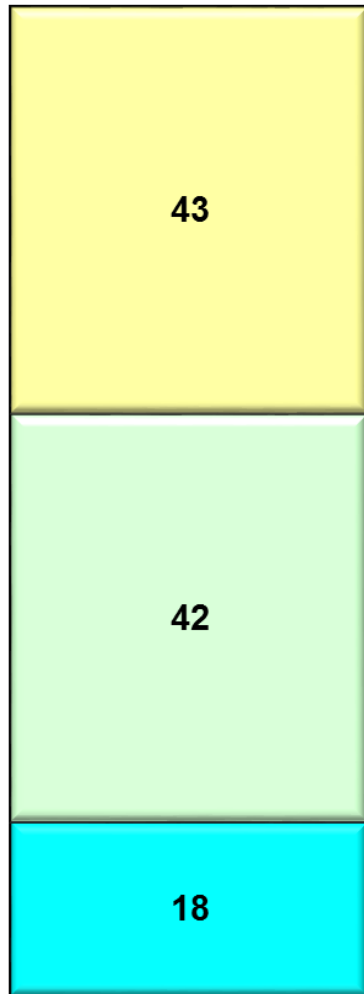
# U.S. Wholesale Refined Sugar Prices: Real Price Down by 34% Since 1985



Data sources: BLS -- CPI-U. USDA - wholesale refined beet sugar, Midwest markets; annual averages 1985-2018.

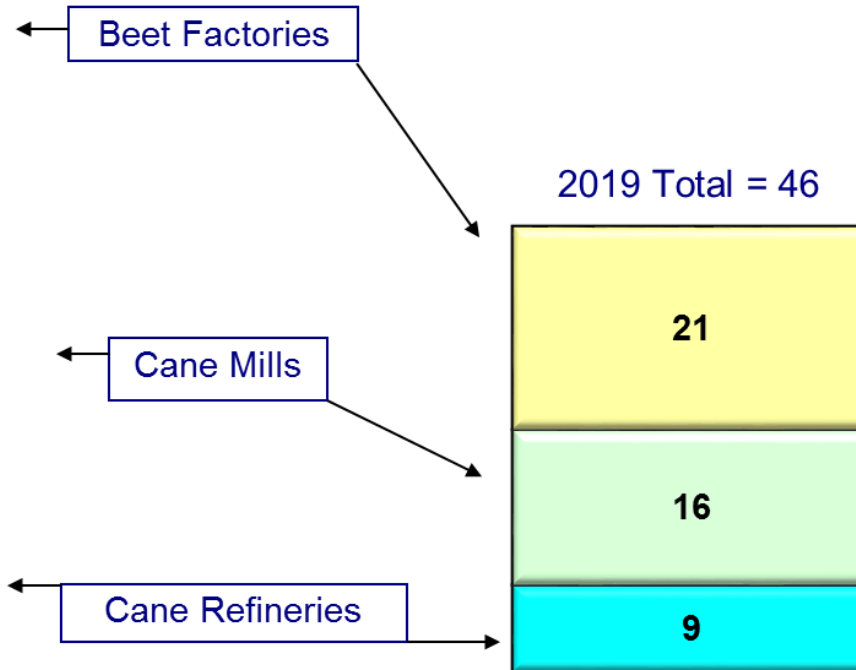
# With Flat Sugar Prices Since 1985: More Than Half of U.S. Sugar-Producing Operations Have Shut Down

1985 Total = 103



57 closures since 1985

2019 Total = 46





## *Cautionary Tale: European Union*



Since EU exposure to world dump market pricing in late 2017

- Massive sugarbeet company financial losses
- Beet factories closing in many countries – four closures over next two years announced in Germany and France (historically competitive producers), so far
  - One EU beet executive has predicted 10-20 closures in next 4-5 years – 10-20% of all EU beet processing plants
  - Despite EU subsidies estimated at \$665 million/year, and individual countries providing additional aid
- Significant job losses, more expected
- Fewer areas growing sugar in Europe

## *Common Cause (1)*

### Respond to consumers' rising desire for sustainably-produced food

- Sourcing refined sugar from U.S. sugar producers = American standards for treatment of:
  - Workers: Wages, benefits, safety
  - Consumers: Food safety
  - Environment:
    - Water quality & conservation
    - Air quality
    - Soil quality & retention
- Long sustainable; becoming more so

## *Common Cause (1)*

### Respond to consumers' rising desire for sustainably-produced food

- Sourcing refined sugar from developing countries  
= Consumer doubts about sustainability
  - Less confidence in safety, purity: Higher risk for U.S. food manufacturers
  - Cost to U.S. food manufacturers of improving social standards in supplier countries
    - Consumer confidence, social-standards costs of production covered in U.S.-sourced sugar
    - Food manufacturers' storage costs covered by U.S.-sourced sugar, as well – just-in-time delivery

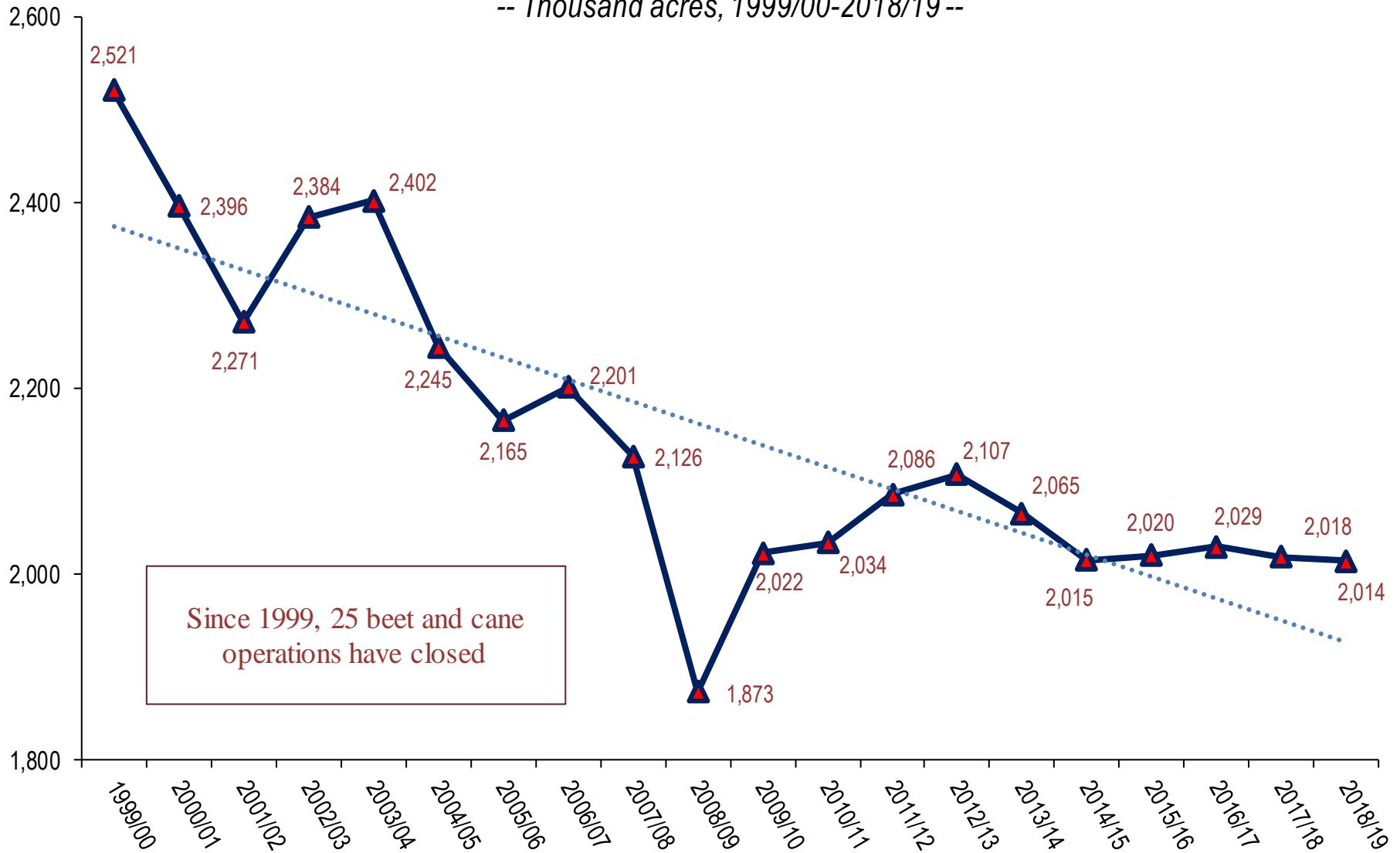
## *Common Cause (1)*

### Respond to consumers' rising desire for sustainably-produced food

- U.S. producers' progress from already high sustainability levels: Beet and cane acreage down 20% this century but yields per acre up and production steady
  - =Less land
  - =Less water
  - =Less energy
  - =Fewer chemicals
  - =More sustainable

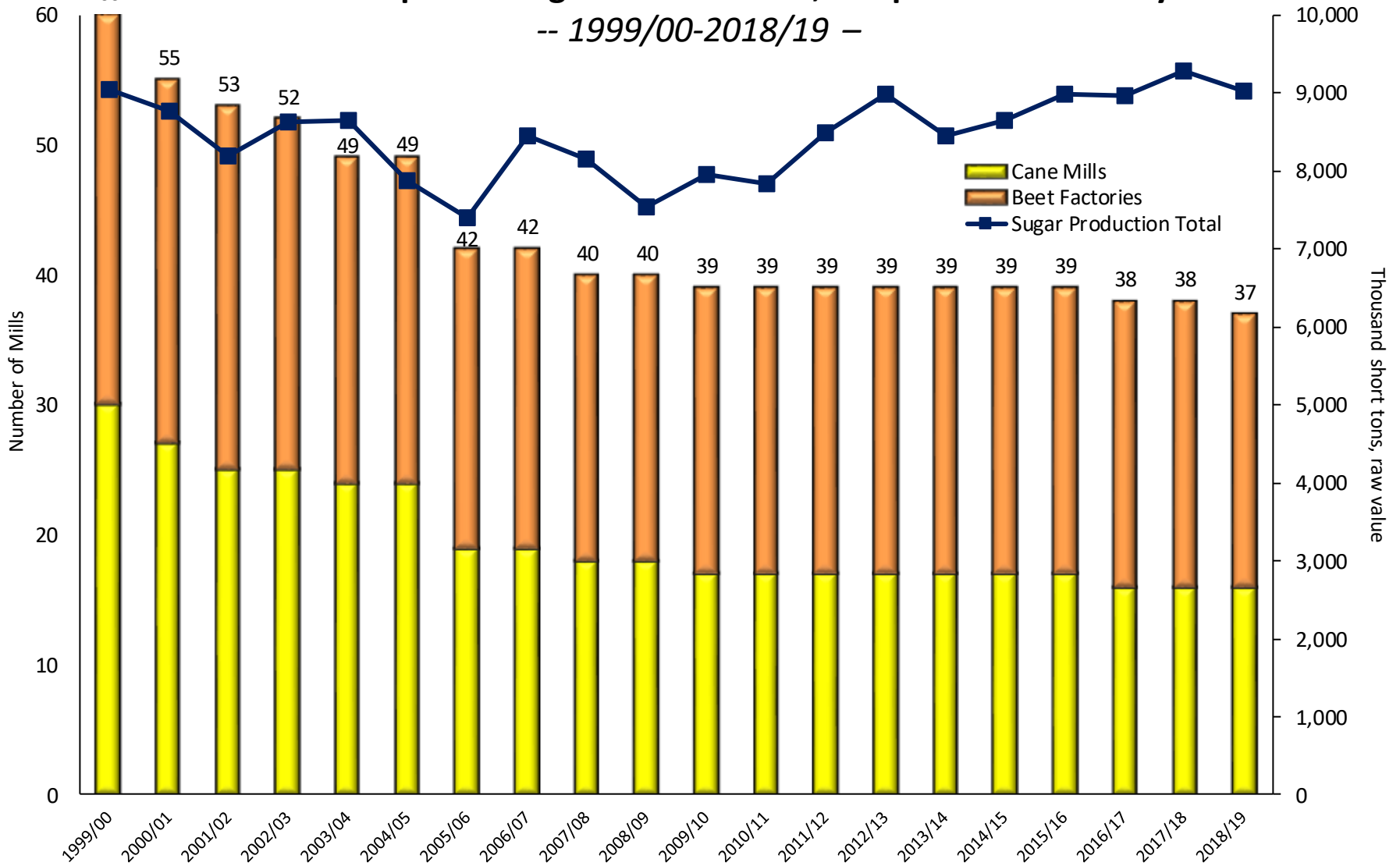
# U.S. Sugarbeet and Sugarcane Acreage Down 20% since 1999

-- Thousand acres, 1999/00-2018/19 --



# Coping with declining sugar prices: Consolidation, but higher yields — Number of processing mills down 38%, but production steady

-- 1999/00-2018/19 --



Data sources: USDA, American Sugar Alliance, February 2019

## *Common Cause (1)*

### Respond to consumers' rising desire for sustainably-produced food

- U.S. producers proud that:
  - Several cane crops are derived from one planting (ratooning)
  - Cane mills run on cane residue (bagasse); sell excess power to grid (co-generation)  
= **Carbon neutral, or better**
  - Biotech beets have dramatically increased yields, reduced land, water, energy and chemical use  
= **Most sustainable of world's beet producers**

## *Common Cause (2)*

### Respond to misguided attacks on sugar in the diet

- Misguided guidelines, labeling laws
  - Positive development: Biotech labeling regulations do not require labeling of refined biotech ingredients
    - *American Sugarbeet Growers Association a leader in this effort, to the benefit of other crops, many consumer-product manufacturers*
  - Support efforts of Sugar Association: Science-based guidelines, labeling



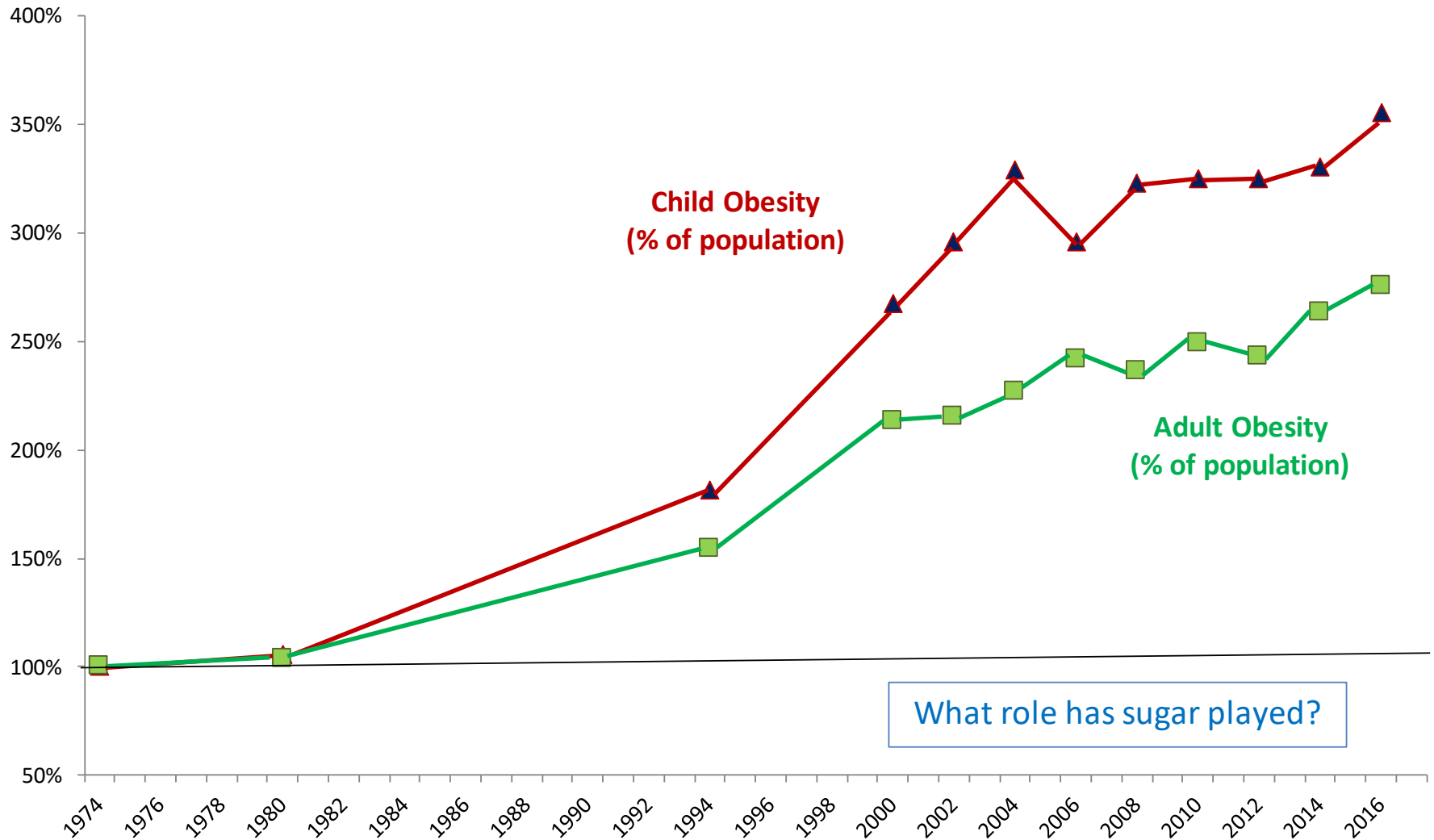
## *Common Cause (2)*

### Respond to misguided attacks on sugar in the diet

- Consumer confusion regarding sugar safety, nutrition
  - Absurd notion that rising sugar consumption is a major cause of rising U.S. obesity rates
    - In fact, U.S. per capita sugar consumption is down 34% since its peak in 1972
    - In fact, per capita caloric sweetener consumption down 18% since 1999
    - In fact, sugar and sweeteners' share of U.S. caloric sweetener consumption is down 7% since 1970

# Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled

(Change since 1974; 1974 = 100%)

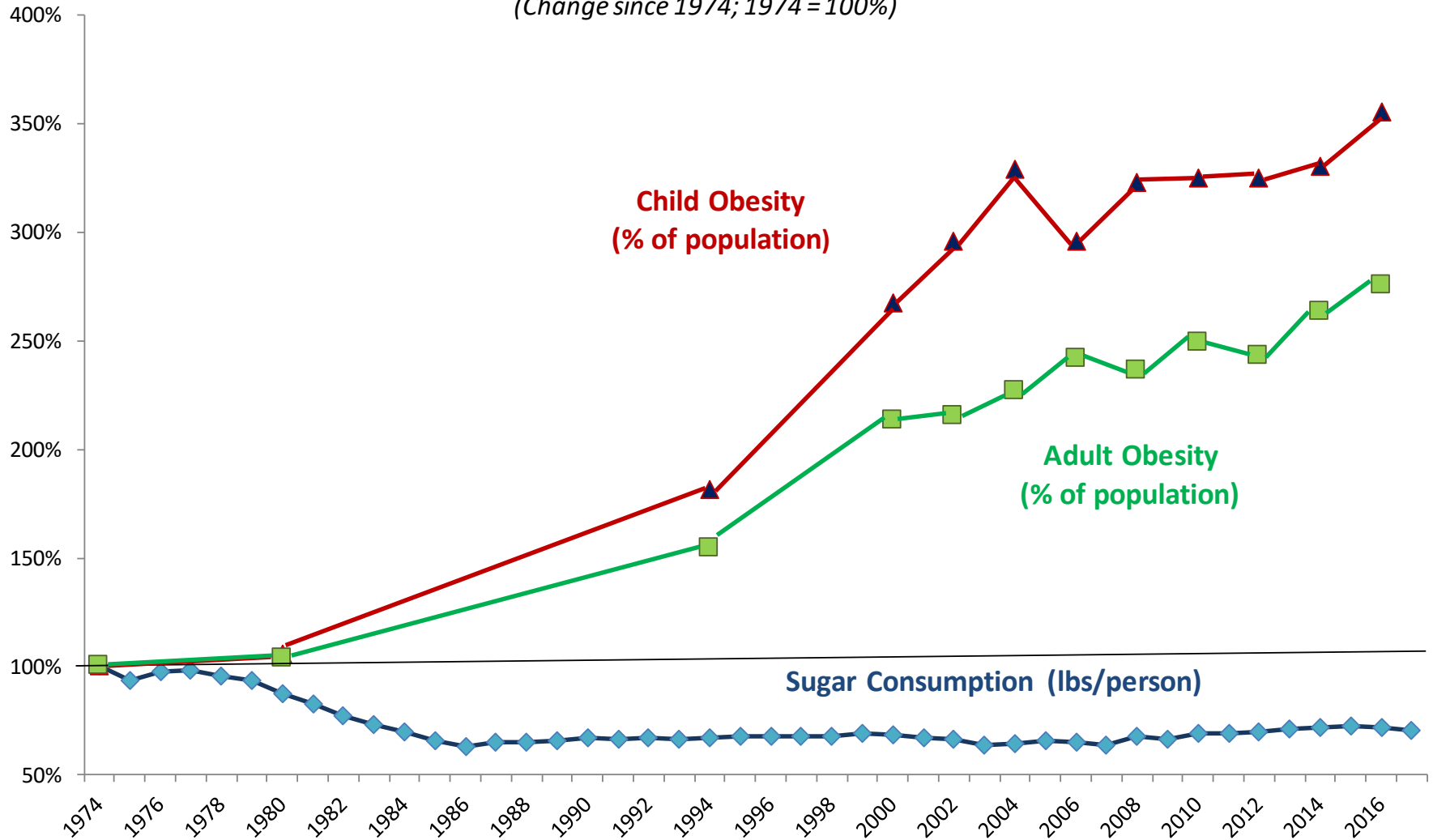


Source: Centers for Disease Control and Prevention/HHS.

Note: Official obesity data available only for years shown. Percents of population: Child (age 2-19) obesity rose from 6.2% in 1971-74 to 24.1% in 2015-16; Adult (age 20-74) obesity rose from 14.5% in 1971-74 to 40% in 2015-16.

# Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled; U.S. Per Capita Sugar Consumption Has Fallen 29%

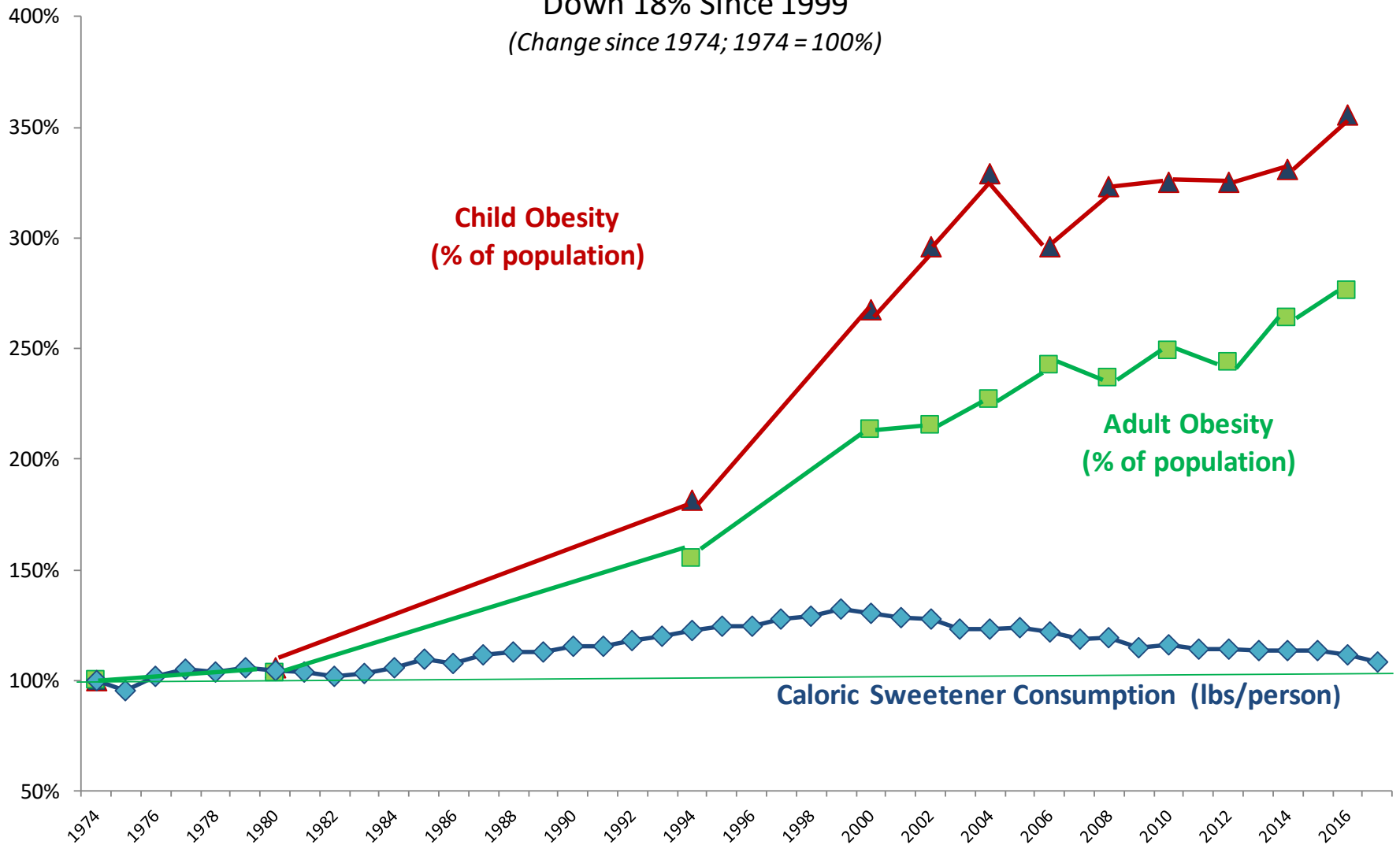
(Change since 1974; 1974 = 100%)



Source: Sugar data (through 2017) -- Economic Research Service/USDA, Table 51.

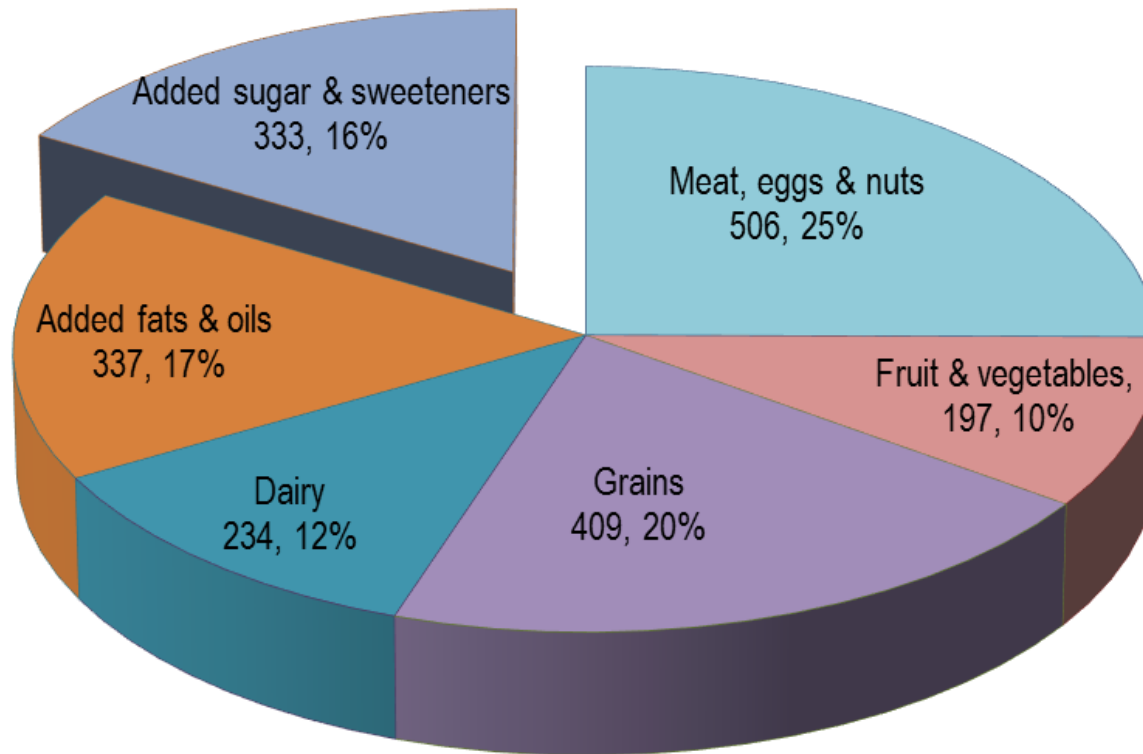
Obesity Data -- Centers for Disease Control and Prevention/HHS. Note: Official obesity data available only for years shown. Percents of population: Child (age 2-19) obesity rose from 5.2% in 1971-74 to 18.5% in 2015-16; Adult (age 20-74) obesity rose from 14.5% in 1971-74 to 40.0% in 2015-16.

Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled;  
 U.S. Per Capita Caloric Sweetener Consumption Up Only Slightly,  
 Down 18% Since 1999  
 (Change since 1974; 1974 = 100%)



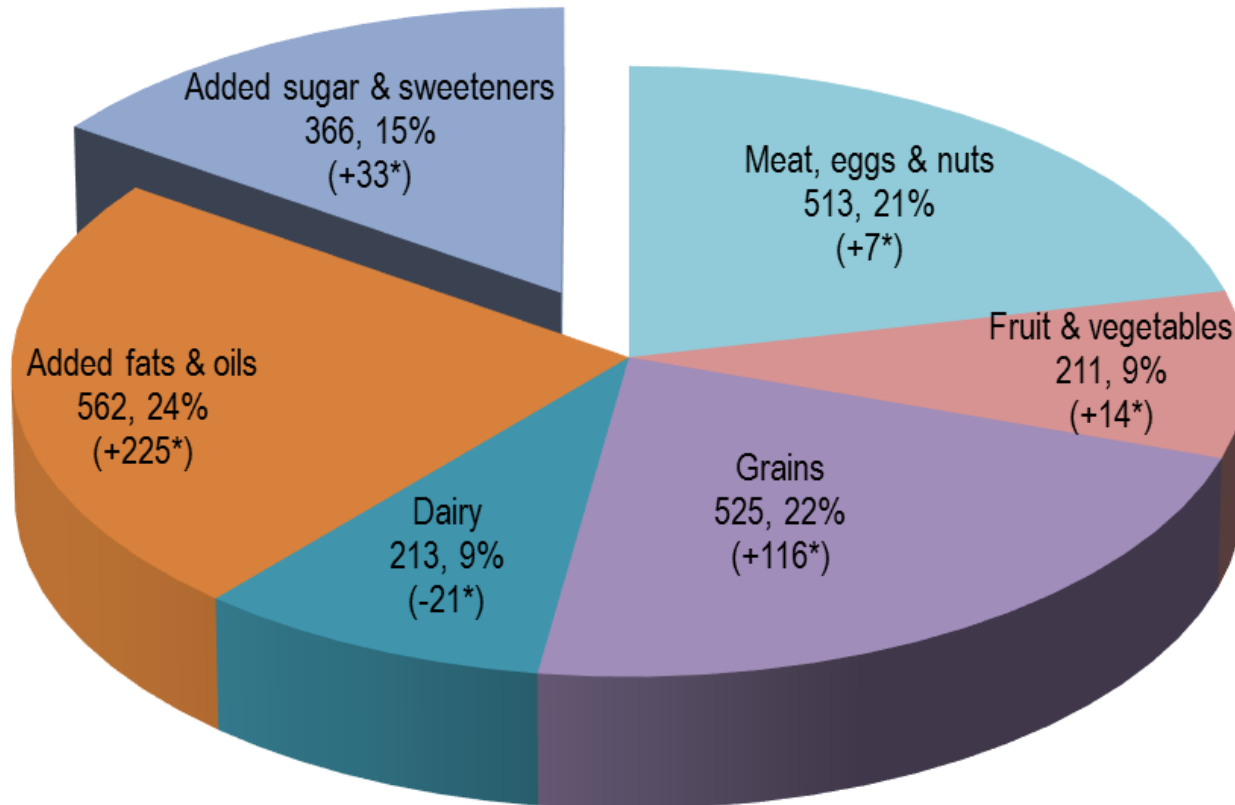
Source: Caloric Sweetener (Sugar + High Fructose Corn Syrup) Data -- Economic Research Service/USDA, Tables 51 & 52.  
 Obesity Data -- Centers for Disease Control and Prevention/HHS. Note: Official obesity data available only for years shown. Percents of population: Child (age 2-19) obesity rose from 5.2% in 1971-74 to 18.5% in 2015-16; Adult (age 20-74) obesity rose from 14.5% in 1971-74 to 40.0% in 2015-16.

## 1970 U.S. Per Capita Daily Caloric Consumption; Sugar & Sweeteners' Share 16%



1970: Total calories: 2,016

## 2014 U.S. Per Capita Caloric Consumption Up 19% (374 Calories) from 1970; Sugar & Sweeteners' Share Drops from 16% to 15%

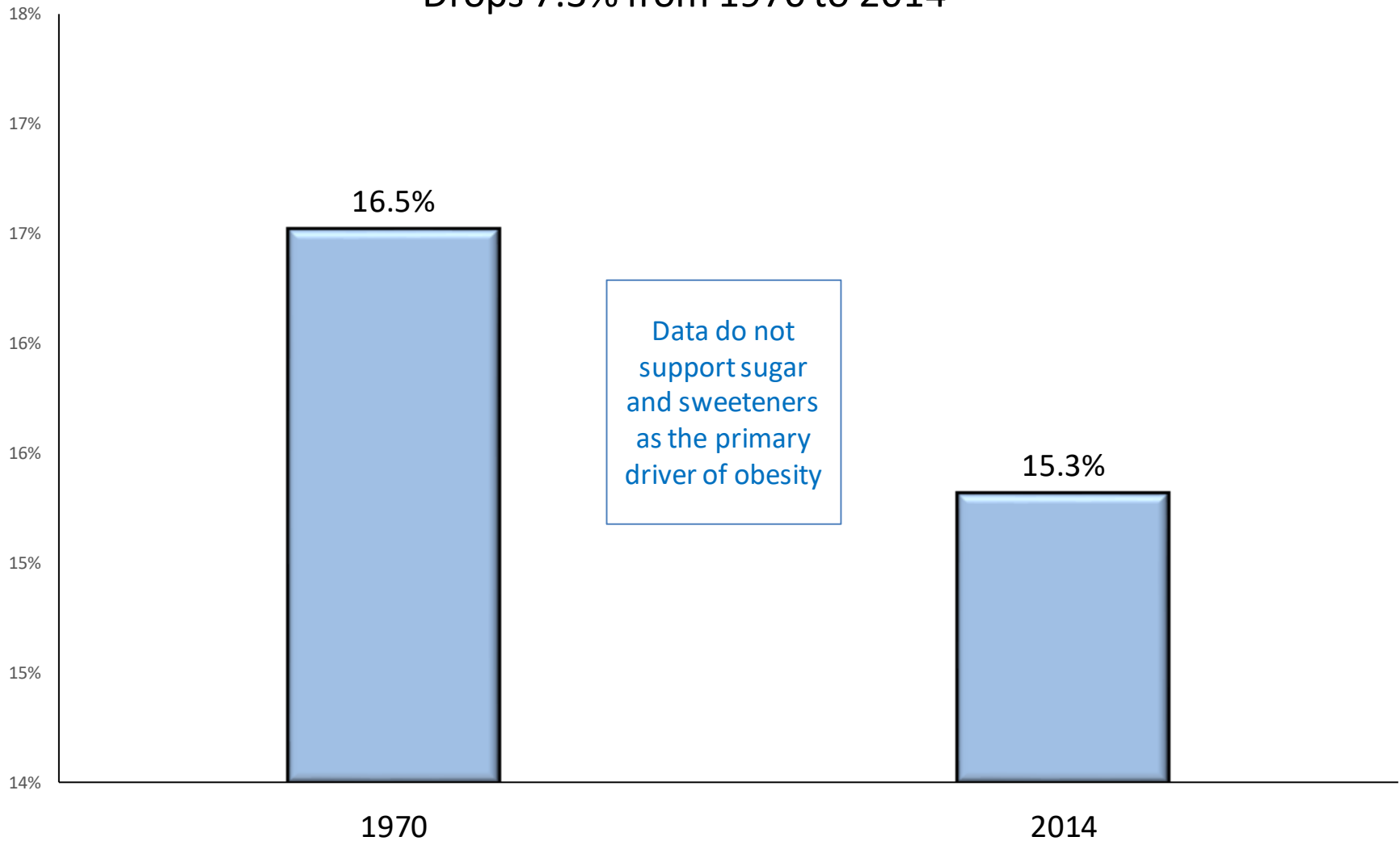


**2014: Total calories: 2,390 (+374\*)**

Source: USDA, U.S. Trends in Food Availability and a Dietary Assessment of Loss-Adjusted Food Availability, 1970-2014, January 2017  
<https://www.ers.usda.gov/webdocs/publications/eib166/eib-166.pdf?v=42762>

\*Change from calories consumed in 1970.

# Sugar and Sweeteners' Share of U.S. Caloric Consumption Drops 7.3% from 1970 to 2014



# *Producers' Perspective on Federal Sugar Policy*

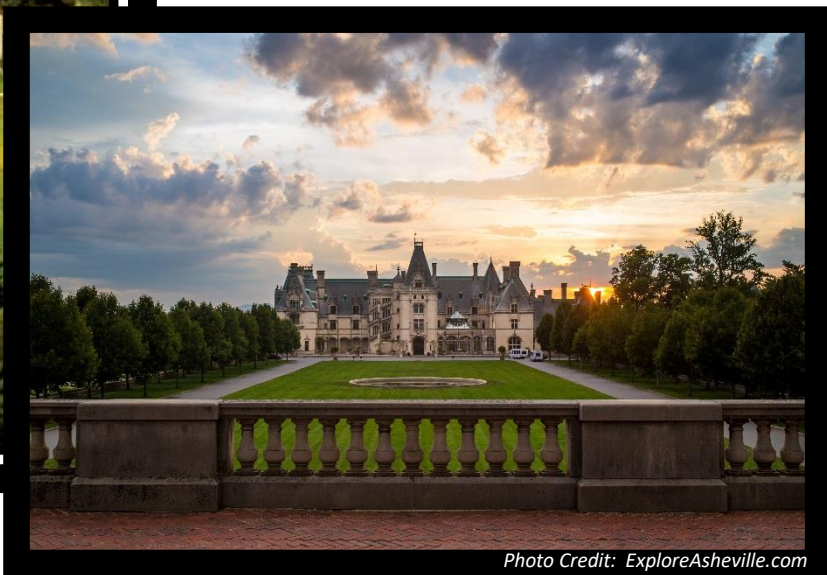
## Conclusions

1. If food manufacturers prefer access to stable, geographically dispersed, responsibly-produced domestic sugar, policies are in place to help ensure that:
  - The 2018 Farm Bill;
  - The U.S.-Mexican governments' Suspension Agreements
2. Strong prospects for stably-priced, dependable, nearby sugar supplies
3. Common Cause: Producers' and Users' shared goals, concerns:
  - Satisfy American consumer desire for safe, sustainably-produced food;
  - Defend sugar and sweetened-product consumption against misguided attacks
  - Please join us





# Omni Grove Park Inn Asheville, NC August 2-7, 2019



[www.sugaralliance.org/symposium](http://www.sugaralliance.org/symposium)

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