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New Study: Time for a Sweeter Deal on Sugar

The Thomas Jefferson Institute for Public Policy today released a new study arguing for steps the new Congress and President can take to create a real free market in the sugar industry.

The study, [*Toward a Freer Market in Sugar*](#), examines the current U.S. sugar policy and its impact on business and consumers, and lays out steps for reforming the policy that would lead to a freer international sugar market. The study is written by James C. Musser, Senior Fellow with the Thomas Jefferson Institute.

“Virginia is not a sugar-producing state,” noted Michael Thompson, president of the Thomas Jefferson Institute. “But we certainly have a robust agricultural community ... and as we examined U.S. farm policy generally and the growing rates of agricultural subsidization around the globe, it became clear that reforming sugar policy would have a powerful impact in leading the way towards reforming and leveling the playing field in agricultural policy.”

“Sugar is perhaps the world’s most distorted commodity market because of foreign subsidies in Brazil, Thailand, India, Mexico and other countries, with Brazil alone providing more than \$2.5 billion per year in subsidies. As a result, the U.S. has a complex sugar policy of loans, allotments, and quotas which serve no one well.” Thompson continued. “But unilateral disarmament in the ‘sugar wars’ will not lead us to a free market, and will likely lead to what happened after Europe’s reform when 120,000 jobs were lost.”

Musser argues for a policy in which American sugar producers will agree to give up all price supports if producers in all other sugar producing countries also agree to zero subsidies whether direct or indirect – a so-called “zero for zero” plan championed by Florida Congressman Ted Yoho.

“This is a policy step that should appeal to those on the right who favor free markets, those on the left who want fewer government supports for agriculture, and budget hawks who worry about possible future costs from the sugar price support program,” said Musser.

“Congressman Yoho’s ‘Zero for Zero’ legislation calls on the president to begin negotiations through the World Trade Organization to bring all sugar producing countries to the table and work for a zero subsidy world sugar market,” Musser continued. “I suspect a President

Trump will be quick to take up the gauntlet and act on his campaign pledge to make better trade deals – and this one would remove barriers to free trade and put U.S. sugar farmers on a level playing field.”

“Doing this right out of the box and successfully implementing a ‘Zero for Zero’ plan for sugar would set a powerful precedent for other commodities with benefits accruing both to American farmers and the federal budget,” Musser concluded.

A copy of *Toward a Freer Market in Sugar* may be found by [clicking here](#).

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