

# Understanding the Farm Bill and the Current Sugar Program

- Why Reforming the Sugar Program is Critical for Bakers

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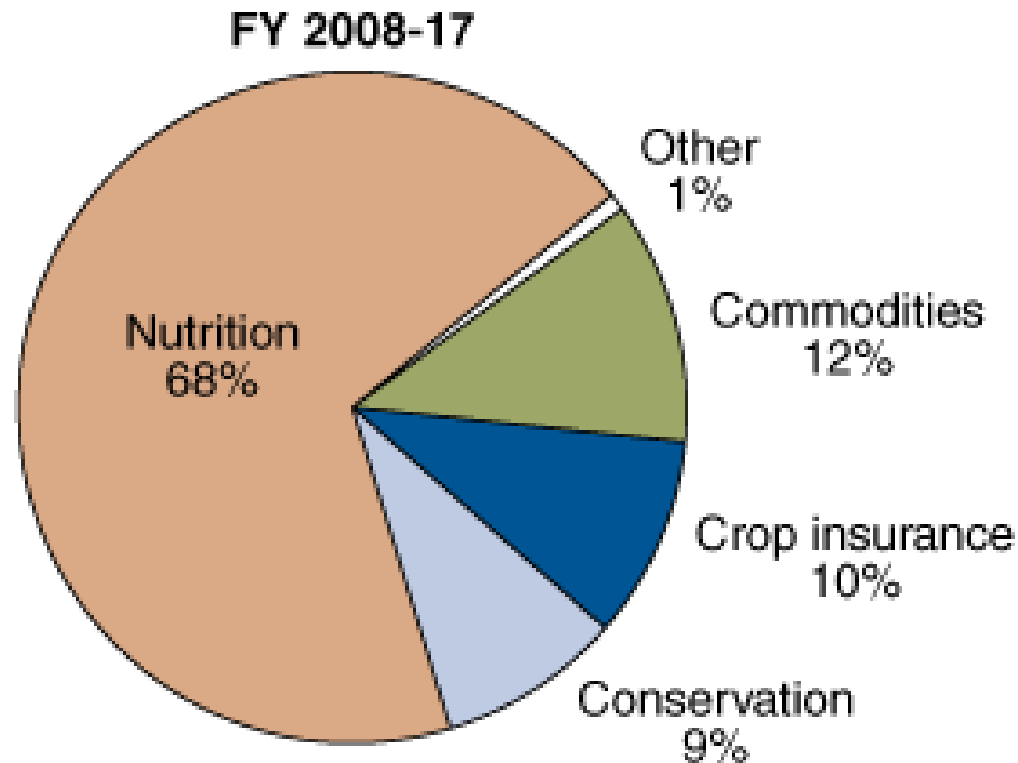
# What is the Farm Bill?

- Funding structure for commodity programs, agricultural research, nutrition programs, conservation, rural development
- Food stamps, school lunches, other nutrition programs
- 2008 Farm Bill cost \$284 billion

# Major Components of a Farm Bill

- 15 Titles or programs that make up the bill
- Major Titles – 99% of expenditures
  - Title I, Commodities
  - Title II, Conservation
  - Title IV, Nutrition
  - Title XII, Crop Insurance and Disaster Assistance

## Farm programs account for about 22 percent of Farm Act budget allocations



Source: USDA, Economic Research Service using Congressional Budget Office estimates.

# Why we do need a Farm Bill



# Why we do need a Farm Bill

- Continue support for U.S. agricultural production
  - Need for a safe, sustainable and abundant supply of domestic food and feed grains
- Nutrition programs (food stamps, school lunch funding) are part of the Farm Bill
- Ensures that rural America has a strong voice in Congress
- Protects small, family farms
- Keeps food inexpensive

# Why we don't need a Farm Bill



# Why we don't need a Farm Bill

- With today's high grain prices, farmers are making more than they ever have
  - Net cash income up 24% from 2010, and \$39.1 billion above the 10-year average
- Subsidies!
  - Direct Payments, \$7 billion in 2007
- Farm Bill makes "bad" food cheap

# Issues Impacting Bakers

- Conservation Reserve Program
- Nutrition Programs
- Sugar Program
- Corn-based Ethanol?

# Reforming the U.S. Sugar Program

What is the current program?

- Marketing Allotments
- Import Quotas
- Price Supports
- Sugar to Ethanol Program

# Reforming the U.S. Sugar Program

## Marketing Allotments

- Prevents “surplus” supplies in the domestic market. Refineries are under legally-binding limit on how much sugar they can sell each year

# Reforming the U.S. Sugar Program

## Import Quotas

- Set limit on how much sugar can be imported into the U.S. Imports above set levels are subject to prohibitive tariffs

# Reforming the U.S. Sugar Program

## Price Supports

- Enforces a minimum price for sugar in the U.S. market.
  - Current prices are much higher than current price floor.

# Reforming the U.S. Sugar Program

## Sugar to Ethanol Program

- Mandates that in times of surplus, the government must buy sugar and re-sell it to ethanol plants at a loss.

# Reforming the U.S. Sugar Program

How does this impact bakers?

- Higher sugar prices
  - Typically twice the world average
- Supply ≠ Demand
  - U.S. consumes 11 million tons of sugar each year, produces only 8 ½ million – imports another 1 ½ million
- Over \$4 billion cost to consumers each year
- For every one job saved for sugar producers, 3 are lost in food manufacturing
  - Over 112,000 jobs lost between 1997 and 2008

# Reforming the U.S. Sugar Program

What must be done?

- Dramatically reform the current sugar program

How?

- Congressional Action

# END THE BIG SUGAR BAILOUT

“High sugar costs mean less capital for me to reinvest in growing my business.”

Warren Brown, CakeLove



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## RECENT NEWS

Rep. Robert Dold (R-IL) Hosts Roundtable with Chicago-area Bakers and Confectioners

Congressman Pitts Challenges US Sugar Policy

## SUGAR IMPACT

How much could you save?

ENTER DOLLARS SPENT ON SUGAR:

\$

CALCULATE SAVINGS

THIS YEAR THE U.S. SUGAR PROGRAM HAS COST CONSUMERS

\$3,054,502,170

OUR SUPPORTERS: ‹‹ ods Mfg Corp Art's Bakery Artuso Pastry Foods Corp Bakery Barn Baileys Bakery Black For ››

# What can you do?

## Get Involved!

- Contact your members of Congress and urge them to support reform!
  - Send a letter, call local/state office, call DC office and ask for Ag LA/COS/Leg Director/MOC, come to DC to tell your MOC
- Join the Coalition to stay informed!
  - [www.endsugarbailout.com](http://www.endsugarbailout.com)

## **In the end, it's simple economics...**

If you are ok paying what you currently pay for sugar, you don't need to do anything (but know prices are going up).

If you would rather see your prices decrease by up to half of what you are currently paying, you **MUST** get involved!