

United States Senate

WASHINGTON, DC 20510

August 17, 2022

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture (USDA)
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

I write to urge you to take additional action to improve domestic supplies of sugar and help bring down the cost of food and beverage products for American consumers.

American businesses and families are facing supply chain bottlenecks and high food costs for a wide variety of products. Food and beverage manufacturers are grappling with supply chain problems caused by many different challenges. From port and shipping issues to a labor shortage and other challenges, there are a variety of supply chain obstacles that are causing delays and driving up costs. According to recent Consumer Price Index data released by the Department of Labor, the cost of “food at home” (consumer food products like cereals and baked goods, nonalcoholic beverages and others) rose more than 13 percent between July 2021 and July 2022. That staggering jump is the largest 12-month increase since the period ending March 1979.¹

Sugar is a key ingredient in our nation’s food and beverage supply, and its current high costs are passed down to consumers in the form of a higher bill for their groceries. U.S. prices for refined sugar have recently risen as high as 68 cents per pound, nearly three times as high as the world refined sugar price of about 23 cents per pound.

However, unlike other products with supply chains facing a complex range of challenging factors, the current sugar supply chain crisis has been directly created by U.S. government policy. U.S. policy limits the number of available foreign trading partners from which sugar can be imported and restricts the levels of sugar they can import under annual quotas. Domestic supply is further constrained through marketing allotments imposed by USDA. These and other federal policies ensure that prices for sugar in the United States are consistently higher than world prices, with current price points sitting far above even our elevated historic levels. With both domestic and foreign sugar supply intentionally restricted by the federal government, our federal policy is responsible for the current sugar supply chain bottlenecks in the United States.

I recognize that USDA cannot fully resolve the problems caused by our sugar policies and that Congress must address this problem in the next Farm Bill. To this end, I have introduced the Fair

¹ U.S. Bureau of Labor Statistics (BLS), Consumer Price Index Summary (August 10, 2022)
<https://www.bls.gov/news.release/cpi.nr0.htm>

Sugar Policy Act of 2021, which would make much-needed commonsense reforms to our federal sugar policies.

I appreciate the recent reallocation of existing sugar import quotas, as well as the Administration's action, as requested by USDA, to increase imports of sugar from Mexico. I also recognize the importance of USDA's increase in the tariff rate quota for cane sugar as well as the extension of the FY 2022 quota year through October 31.

However, there are additional actions the Administration can take to help ease the sugar supply chain crisis. Specifically, I urge you to consider:

- Making policy decisions more transparent by stating in advance what circumstances and parameters will cause USDA to increase sugar import quotas;
- Working with the Office of the U.S. Trade Representative to regularize the reallocation of sugar import quota shares among countries, recognizing that many countries with U.S. quotas may no longer produce sugar;
- Establishing policies on what constitutes "reasonable prices" as referenced in Additional U.S. Note 5 to Chapter 17 of the Harmonized Tariff Schedule of the U.S. (HTSUS) and outlining policy responses when prices exceed this level;
- Recognizing that increased sugar imports can now be allowed without risking loan forfeitures, because price rules under the U.S.-Mexico sugar suspension agreements largely eliminate any danger of forfeitures under the sugar price support program; and
- Committing to designing balanced sugar policies, giving due weight to the interests of sugar producers and processors but also recognizing the interests of other American businesses including cane refiners and sugar users.

Thank you for your attention to this matter. My office is ready to work with you to end the sugar supply chain crisis.

Sincerely,

A handwritten signature in blue ink that reads "Jeanne Shaheen". The signature is fluid and cursive, with the first name "Jeanne" and last name "Shaheen" clearly distinguishable.

Jeanne Shaheen
United States Senate

CC: The Honorable Gina Raimondo, Secretary, U.S. Department of Commerce
The Honorable Katherine Tai, U.S. Trade Representative