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December 19, 2023

The Honorable Tom Vilsack
Secretary
United States Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

The Honorable Katherine Tai
Ambassador
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Secretary Vilsack and Ambassador Tai:

I write to urge your agencies to swiftly implement recommendations made by the Government Accountability Office (GAO) in its recent report, “Sugar Program: Alternative Methods for Implementing Import Restrictions Could Increase Effectiveness.”

As Chair of the Senate Appropriations Subcommittee on Commerce, Justice, Science, and as a supporter of a more balanced and equitable U.S. sugar program, I take particular interest in GAO’s report indicating detrimental inefficiencies in the administration of the trade aspects of the U.S. sugar program.

According to GAO, the U.S. sugar program is creating sugar supply shortages for domestic food production and contributing to higher costs for manufacturers, workers and American families, disproportionately affecting low-income households. The report further states - in quoting a U.S. International Trade Commission study - that sugar has “by far the highest trade protection of any U.S. good, agricultural or non-agricultural” and that America is second only to China in providing government support for the sugar industry. And far from helping this challenging situation, our government operates a tariff-rate quota (TRQ) program for sugar based on 40-year-old production data that “lead[s] to persistent shortfalls,” per GAO.

In addition, the report highlights the practical bottlenecks that are caused by the current TRQ administration regime, noting that “every year dating back to 1996, raw sugar imports have been less than the in-quota quantities established by USDA.” Further, GAO found that in half of the TRQ reallocations that occurred between 2010 and 2022, reallocations occurred so late in the season that the countries receiving the reallocations couldn’t meet requests because sugar was no longer available for shipment, making it “difficult to impossible” for countries to fill additional quotas that they may have received. Further evidence of this lost opportunity is that of the 40 nations that hold TRQs, seven have not shipped any sugar to the U.S. in the last 15 years, and two countries have never filled any quotas. Nearly every year, more than half of these 40 TRQ-holding countries fill less than 75 percent of their allocations.

It's clear that the U.S. sugar program administration and the lack of any modernization—despite decades of change and growth in the America economy—is leading to sugar supply chain bottlenecks for food manufacturers and contributing to high food costs incurred by all Americans.

I was pleased to see USTR announce that, for Fiscal Year 2024, it will be reallocating quotas for more than 220,000 metric tons of sugar imports from countries that do not plan to fill their allocated quota for this fiscal year. This is an important move that will be helpful to Americans this year, but more needs to be done to make long-term improvements to the TRQ allocation process as a whole.

Looking ahead, GAO notes that one way to address supply shortages is to update the sugar program's trade rules to ensure that agreed-upon levels of imported sugar are actually available to manufacturers. GAO also suggests that giving USDA flexibility to bring more sugar into the market right when it's needed by manufacturers and small businesses would also alleviate shortages, but anachronisms in the law prevent program administrators from acting in a timely fashion. These recommendations from GAO and similar proposals to modernize and update program administration rules could be pursued immediately, using existing legal authorities, without affecting the safety net for sugar producers.

I am pleased to know that USDA and USTR agree with the GAO recommendations, and I am eager to learn how you will formally respond to the report. Swift implementation of these practical reforms to trade policy present a powerful opportunity to provide relief to families at the grocery store, increase domestic manufacturing, strengthen critical supply chains and continue to safeguard domestic sugar production. These are worthy and achievable goals, and I appreciate that GAO acknowledges that there are commonsense ways to move forward on this issue with broadly shared benefits for the American economy.

I look forward to your attention to this matter, and I stand ready to continue to work with you on these issues.

Sincerely,



Jeanne Shaheen
Chair
Subcommittee on Commerce,
Justice, Science and Related Agencies