

Despite a much needed revamp of the entire farm bill, conferees continue to struggle through negotiations, but there is at least one group of planters who will come out ahead. However, despite this congressional gridlock, there is at least one group of planters who continue to make money off the old f... Despite a much needed revamp of the entire farm bill, conferees continue to struggle through negotiations, but there is at least one group of planters who will come out ahead. However, despite this congressional gridlock, there is at least one group of planters who continue to make money off the old farm bill. Sugar cane and sugar beet growers have actually managed to increase the size of their proverbial pot in the new package. Why? Because of government sponsored mandates for a “sugar-to-ethanol” program in the United States.

The U.S. Sugar industry has long enjoyed the comfort of a federal security blanket. With interlocking price supports and import quotas, sugar tycoons have been able to sell their product in the marketplace with little or no foreign competition. However, with the implementation of free trade agreements such as the 2005 Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) and new provisions in NAFTA, the sweet deal U.S. growers had was about to be disrupted. Not to be outdone, a strong lobbying effort was launched on behalf of sugar growers in order to help regain their cozy and secure spot in the U.S. market.

If these provisions in the Farm Bill are implemented, the price for U.S. Sugar (which is already above the global price) will increase, with additional mandates to encourage part of the sugar market towards ethanol production. In addition, the U.S. based ethanol industry also benefits from high tariffs limiting ethanol imports, mostly on sugar derived ethanol from Brazil.

This is a sour deal and contrary to proven free market principles. Ethanol tariffs combined with the sugar subsidies keep Americans from accessing ethanol from its most efficient source, which is sugar.