

GUEST OPINION BY COMMISSIONER RAY JUDAH
FEDERAL SUGAR SUBSIDY PROGRAM (2)

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In a recent rebuttal to a newspaper story concerning sugar price support policies, Mr. Robert Coker, Senior Vice-President of Public Affairs for U.S. Sugar Corporation, states that America's sugar program is not a subsidy program and operates at no cost to the government.

To the contrary, the very existence of the sugar cane industry in south Florida can be attributed to ill advised government policies resulting in Big Sugar being a huge welfare recipient at the expense of the public taxpayer.

For years, U.S. government subsidies have enriched the sugar industry's profit margin. This insidious federal sugar subsidy program includes government-backed loans, price support and import quotas.

A sweetheart arrangement with the United States Department of Agriculture allows the sugar processors to pledge sugar as collateral for business loans at a rate of approximately 18 cents per pound. This favorable loan rate which is two to three times higher than the average world sugar price must be repaid within nine months or sugar is forfeited to the government in lieu of repaying their debt.

In order to avoid loan default and the government being stuck with the high cost of storing forfeited sugar, the loan program guarantees that the sugar processors receive a price for sugar that is no lower than the loan value. Government control of the sugar supply maintains the high price of domestic sugar putting billions of dollars into the sugar industry's coffers. The Government manipulates the sugar supply by setting quotas on the amount of foreign sugar permitted to be imported without facing prohibitive tariffs and regulating the amount of sugar that domestic processors can sell.

The sugar industry is quick to point out, as was the situation with Mr. Coker, that the price support program requires no government outlay, but the sugar industry is allowed to plunder the taxpayer due to government's role in propping up the high price of domestic sugar.

Flush with cash, the sugar industry contributes millions of dollars to politicians that support the federal sugar subsidy program and blunt reform efforts to promote world Free Trade Agreements and halting the continuing destruction of the Florida Everglades and coastal estuaries.

The sugar industry receives additional government assistance with taxpayer supported public works projects and use of publicly owned lands.

The government funded Central South Florida Flood Control District, established in the 1940's, built the massive drainage and irrigation system in the Everglades Agricultural Area (EAA) between Lake Okeechobee and the Everglades to allow conversion of historic wetlands to sugar cane fields.

For decades, Lake Okeechobee, a public waterway and resource has been managed by the South Florida Water Management District to ensure adequate storage and water supply to meet the irrigation needs of sugar cane production. In periods of high water, the sugar industry has been allowed to back pump into Lake Okeechobee to avoid flooding of sugar cane fields resulting in excessive nutrient discharge of phosphorous and nitrogen in the lake.

Government owned lands including the Water Conservation Areas south of the EAA are extensively used by the sugar industry to provide for water quality treatment prior to eventual release to the Everglades.

Lee County taxpayers contributed approximately \$38 million to the Okeechobee Levy taxing district in fiscal year 2005-06 to fund the operation and management of the canals and ditches in the Central South Florida Flood control system primarily to benefit the sugar industry.

U.S. Sugar policy is a corporate welfare program rife with a protectionist scheme that guarantees high profits for the sugar industry and the continued exploitation of publicly owned lands and infrastructure allows the sugar industry to flourish to the detriment of our economy and environment.