

Sugar Reform Amendment

- **Repeal the Feedstock Flexibility Program.** The 2008 farm bill requires the government to buy surplus sugar, and then sell that sugar to ethanol companies at a loss to taxpayers. CBO estimates \$193 million in taxpayer costs for the Feedstock Flexibility Program over the next 10 years.
- **Repeal unnecessary trade restrictions.** The 2008 farm bill restricts USDA from allowing additional sugar imports, even if they are badly needed. This amendment would repeal these unnecessary restrictions that have kept markets inadequately supplied.
- **Eliminate higher price support levels.** The 2008 farm bill raised price supports for sugar growers. Reducing these rates to former levels will reduce taxpayer costs, according to CBO.
- **Reform domestic supply restrictions to provide more flexibility to USDA.** This amendment would eliminate the current artificial floor under domestic marketing allotments, giving USDA more ability to prevent forfeitures under the loan program. In addition, the amendment would restore the Secretary of Agriculture's authority to modify or suspend these allotments.
- **Provide flexibility to USDA in administering sugar policies.** This amendment would also give USDA more flexibility in administering the sugar program. The amendment encourages greater efficiency by allowing qualifying countries to trade their import quotas among themselves on a temporary and voluntary basis. In addition, the amendment establishes a target stocks-to-use ratio to ensure that implementation of the federal government's sugar policy is transparent and consistent.

According to the Congressional Budget Office, the amendment would save taxpayers \$72 million over ten years.

AMENDMENT TO FARM BILL COMMITTEE PRINT,
H.R. _____
OFFERED BY MR. GOODLATTE OF VIRGINIA

Strike section 1301 and insert the following new sections:

1 **SEC. 1301. ADMINISTRATION OF TARIFF RATE QUOTAS.**

2 Section 395k of the Agricultural Adjustment Act of
3 1938 (7 U.S.C. 1359kk) is amended to read as follows:

4 **“SEC. 395k. ADMINISTRATION OF TARIFF RATE QUOTAS.**

5 “(a) ESTABLISHMENT.—

6 “(1) IN GENERAL.—Notwithstanding any other
7 provision of law, at the beginning of the quota year,
8 the Secretary shall establish the tariff-rate quotas
9 for raw cane sugar and refined sugar at no less than
10 the minimum level necessary to comply with obliga-
11 tions under international trade agreements that have
12 been approved by Congress.

13 “(b) ADJUSTMENT.—

14 “(1) IN GENERAL.—Subject to subsection (a),
15 the Secretary shall adjust the tariff-rate quotas for
16 raw cane sugar and refined sugar to provide ade-
17 quate supplies of sugar at reasonable prices in the
18 domestic market.

1 “(2) ENDING STOCKS.—Subject to paragraph
2 (1), the Secretary shall establish and adjust tariff-
3 rate quotas in such a manner that the ratio of sugar
4 stocks to total sugar use at the end of the quota
5 year will be approximately 15.5 percent.

6 “(3) MAINTENANCE OF REASONABLE PRICES
7 AND AVOIDANCE OF FORFEITURES.—Notwith-
8 standing paragraph (2), the Secretary may establish
9 a different target for the ratio of ending stocks to
10 total use if, in the judgment of the Secretary, such
11 different target is necessary in order to prevent un-
12 reasonably high prices, or to prevent forfeitures of
13 sugar pledged as collateral for a loan under section
14 156 of the Federal Agriculture Improvement and
15 Reform Act of 1996 (7 U.S.C. 7272). The Secretary
16 shall publicly announce any such establishment of a
17 target under this paragraph.

18 “(4) CONSIDERATIONS.—In establishing tariff-
19 rate quotas under subsection (a) and making adjust-
20 ments under this subsection, the Secretary shall con-
21 sider the impact of the quotas on consumers, work-
22 ers, businesses (including small businesses) and
23 farmers.

24 “(c) TEMPORARY TRANSFER OF QUOTAS.—

1 “(1) IN GENERAL.—In order to promote full
2 utilization of the tariff-rate quotas for raw and re-
3 fined sugar, and notwithstanding any other provision
4 of law, the Secretary shall publish regulations under
5 which any country that has been allocated a share
6 of such quota may temporarily transfer all or part
7 of such share to any other country that has also
8 been allocated a share of the quotas.

9 “(2) TRANSFERS VOLUNTARY.—Any transfer
10 under this subsection shall be valid only upon vol-
11 untary agreement between the transferor and the
12 transferee, consistent with procedures established by
13 the Secretary.

14 “(3) TRANSFERS TEMPORARY.—Any transfer
15 under this subsection shall be valid only for the du-
16 ration of the quota year during which the transfer
17 is made. No such transfer shall affect the share of
18 the quota allocated to the transferor or transferee in
19 the following quota year.”.

20 **SEC. 1302. REPEAL OF FEEDSTOCK FLEXIBILITY PROGRAM.**

21 Section 9010 of the Farm Security and Rural Invest-
22 ment Act of 2002 (7 U.S.C. 8109) is repealed.

1 **SEC. 1303. FLEXIBLE MARKETING ALLOTMENTS.**

2 (a) WHEN REQUIRED.—Section 359b of the Agricul-
3 tural Adjustment Act of 1938 (7 U.S.C. 1359bb) is
4 amended—

5 (1) in subsection (a)(1)(B), by inserting “at
6 reasonable prices” before the semicolon;

7 (2) in subsection (b)(1), by striking subpara-
8 graphs (A) and (B) and inserting the following new
9 subparagraphs:

10 “(A) sufficient to maintain raw and refined
11 sugar prices above forfeiture levels so that there
12 will be no forfeitures of sugar to the Commodity
13 Credit Corporation under the loan program for
14 sugar established under section 156 of the Fed-
15 eral Agriculture Improvement and Reform Act
16 of 1996 (7 U.S.C. 7272); and

17 “(B) appropriate to maintain adequate do-
18 mestic supplies at reasonable prices, taking into
19 account all sources of domestic supply, includ-
20 ing imports.”; and

21 (3) in subsection (c)(2)(C), by striking “if the
22 disposition of the sugar is administered by the Sec-
23 retary under section 9010 of the Farm Security and
24 Rural Investment Act of 2002”.

1 (b) OVERALL ALLOTMENT QUANTITY AND ADJUST-
2 MENT.—Section 359c of the Agricultural Adjustment Act
3 of 1938 (7 U.S.C. 1359cc) is amended—

4 (1) in subsection (b)(1), by striking subpara-
5 graphs (A) and (B) and inserting the following new
6 subparagraphs:

7 “(A) sufficient to maintain raw and refined
8 sugar prices above forfeiture levels to avoid for-
9 feiture of sugar to the Commodity Credit Cor-
10 poration; and

11 “(B) appropriate to maintain adequate
12 supplies at reasonable prices, taking into ac-
13 count all sources of domestic supply, including
14 imports.”;

15 (2) in subsection (b)(2)(B), by inserting “at
16 reasonable prices” before the period; and

17 (3) in subsection (g)(1)—

18 (A) by striking “(A) IN GENERAL.—Sub-
19 ject to subparagraph (B), the Secretary” and
20 inserting “The Secretary”; and

21 (B) by striking subparagraph (B).

22 **SEC. 1304. SUGAR PROGRAM.**

23 Section 156 of the Federal Agriculture Improvement
24 and Reform Act of 1996 (7 U.S.C. 7272) is amended—

25 (1) in subsection (a)—

1 (A) in paragraph (4), by striking “and” at
2 the end

3 (B) in paragraph (5), by striking the pe-
4 riod and inserting “; and”; and

5 (C) by adding at the end the following new
6 paragraph:

7 “(6) 18 cents per pound for raw cane sugar for
8 the 2013 through 2017 crop years.”; and

9 (2) in subsection (b)(2), by striking “2012”
10 and inserting “2017”.

11 **SEC. 1305. SUSPENSION AND MODIFICATION AUTHORITY.**

12 Notwithstanding any other provision of law, the Sec-
13 retary of Agriculture may suspend or modify, in whole or
14 in part, any provision of part VII of subtitle B of title
15 III of the Agricultural Adjustment Act of 1938 (7 U.S.C.
16 1359aa et seq.) if the Secretary determines that the sus-
17 pension or modification of the provision is appropriate,
18 taking into account—

19 (1) the interests of consumers, workers in the
20 food industry, businesses (including small busi-
21 nesses) and farmers; and

22 (2) the relative competitiveness of domestically-
23 produced and imported foods containing sugar.

