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# Sugar shock: Will the 'Domino' effect drive up food prices?

[Bruce Watson](#) 

Aug 13th 2009 at 3:30PM

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In a recent [letter](#) to Agriculture Secretary Thomas Vilsack, [several large food producers](#) warned that unless the U.S. increases its quota of tariff-free sugar imports, it may, "run out of sugar" in the next year. This, in turn, would lead to layoffs, skyrocketing prices, and a serious shift in trade.



Part of the problem lies in a worldwide sugar run as Brazil diverts part of its sugar crop into ethanol production and monsoons have wiped out much of India's sugar crop. All told, the Department of Agriculture expects sugar supplies to drop by 43 percent over the next year.

In many ways, the government is caught in a squeeze play. On the [one side](#), there are domestic sugar beet and cane growers who are strongly invested in maintaining a high price for American sugar. Perhaps more importantly, they also have a very strong lobby that helps them to control import quotas. This ultimately translates into an American sugar market that is priced at two to three times the global market rate and American companies that make billions per year in inflated profits.

Of course, this comes with a considerable cost, particularly to food producers, who form the other part of the government's squeeze. Sugar futures have already gone up by 95 percent this year, hitting a 28-year high. In their letter, the sugar producers proposed an almost apocalyptic scenario, in which the country would have only "13 days' worth of sugar on hand." While nutritionists might see this as a good thing, an astounding array of foods contain sugar and higher sugar prices lead to higher prepared food prices. In the case of Kraft Foods ([KFT](#)), sugar currently accounts for six percent of food costs; for Hershey's ([HSY](#)), it is eight percent. Added in with increases in the cost of corn -- also due to ethanol production -- and food manufacturers are looking at a major spike in production costs.

As food prices rise, consumers will feel the change every time they visit the supermarket, a trend that is bound to increase voter irritation and which may translate into pain at the polls. On the other hand, with big sugar calling the shots, any move toward increasing imports is also fraught with peril.

One solution is to use high fructose corn syrup (HFCS); as the price of sugar rises, the compound becomes comparatively cheaper and thus more attractive to food manufacturers. However, as more customers become aware of the health dangers associated with HFCS, many food companies are shying away from it. In fact, even the soft drink industry -- long a bastion of HFCS -- has begun experimenting with new sugar-sweetened sodas.

As they currently stand, sugar quotas are driving up food costs, weakening international trade and driving an already-overpowered corn industry. As the price of candy bars is poised to shoot up, perhaps it is time for the government to put Big Sugar on a big diet.

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1

8-13-2009 @ [3:16PM](#)

[brek](#) said...

A nice example of corporate welfare. How special interest get our government to rob consumers. So domestic sugar producers can have nice profits you and me get to pay several times what sugar should cost. The same is true with milk, honey, peanuts, and the list goes on and on.

How much longer do those criminals in Washington think the American middle class can support everyone?

[Reply](#)



2

8-13-2009 @ [3:30PM](#)

[stew](#) said...

wait a minute.....the soda companies are experimenting with sugar???? as i recall, soda was ALWAYS made with sugar before the advent of high fructose corn syrup. now, putting sugar in soda is an experiment????

[Reply](#)



3

8-13-2009 @ [3:30PM](#)

[geoiohnie](#) said...

HFCS is used by many, many products and a large portion of it is manufactured and imported from China for use in US food products. Another example of how we as Americans have been sold out by the Millionaires Club in Washington, DC. Republican or Democrat, vote these blood suckers out of office. Look closely at your candidates for the primaries upcoming for the mid-term elections. PEOPLE, IT IS TIME TO FLUSH !!!

[Reply](#)



4

8-13-2009 @ [3:40PM](#)

**[bailoutsos](#) said...**

Great, they just triggered panic buying which will create a shortage.

**[Reply](#)**

8-13-2009 @ [3:41PM](#)

**[lbe](#) said...**

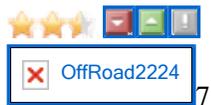
HFCS is imported in mass quantities from CHINA and goes into much of our everyday processed foods. Another example of America becoming non self supporting. It is time to vote both Republicans and Democrats out of Washington, DC. Look closely at your candidates for the primaries for next years midterm elections. PEOPLE, IT IS TIME TO FLUSH WASHINGTON !!!

**[Reply](#)**

8-13-2009 @ [3:44PM](#)

**[Maria](#) said...**

It is because headlines like this one that the price of everything goes up - Now people will go crazy and buy buy buy sugar and by next week the supermarkets will be out of it and then we will pay triple or quad the price. Dont you guys remember the Johnny Carson joke about the toilet paper over 25 year ago... and we ran out of it..... Give me a brake - stop this \$.t someone is going to make alot of money with this story.....

**[Reply](#)**

8-13-2009 @ [3:47PM](#)

**[OffRoad2224](#) said...**

time to break out the torches and pitchforks, we the American people are in for higher prices for everyday goods....yet again

when will it ever end..

**[Reply](#)**

8-13-2009 @ [3:47PM](#)

[aabmh](#) said...

Who cares, I don't use it anyway. The speculators just speculate and run up prices. Ignore it and it will go away.

[Reply](#)



 joey 9

8-13-2009 @ [4:01PM](#)

[joey](#) said...

Most of American is sooooo fat that it would be a good thing if we ate less sugar anyways!!!!

[Reply](#)



 MacDaddy 10

8-13-2009 @ [4:11PM](#)

[MacDaddy](#) said...

Its time to impeach this chimp who would rather take his family on vacation every month and keep putting us in a endless spiral of debt. and our coun try towards a welfare banana rublic state ." Movin on up " The Obamasses

[Reply](#)



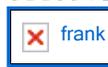
 Tom 11

8-13-2009 @ [4:23PM](#)

[Tom](#) said...

Right on, let's throw this a\*\* hole Obama out along with Pelosi and company.



 frank 12

8-13-2009 @ [4:32PM](#)

**frank** said...

OF COURSE this has something to do with america being GREEDY-- What else can you expect from this country. Just look where we are and how we got here. We are already looking into moving into another country. F\*&^ this robbery place

[Reply](#)

13

8-13-2009 @ [4:32PM](#)**shirley** said...

why president obama has to be a a\*\*hole, because he is a blackman, why bush was never called a a\*\*hole, because he is a white man, you people think you own this world, jesus owns this world, not man, you people have complained about blacks since blacks build the white house, like i said jesus owns this world, not you.

[Reply](#)

14

8-13-2009 @ [4:36PM](#)**Bug** said...

This is just the gov's way to manipulate us...they want us thin because it is preventing those in the insurance and drug industry to buy the newer yachts. Don't kid yourself...they are going to do heavy folks what they did to smokers.

[Reply](#)

15

8-13-2009 @ [4:42PM](#)**Chuck** said...

But don't we need that ethanol? Shouldn't all of the crops go to making it.

[Reply](#)

16

8-13-2009 @ [5:48PM](#)

**[Beth](#) said...**

Correct me if I'm wrong, but doesn't it take 8/10ths of a gallon of gas to make ethanol, not to mention the 'sugar process'? Ethanol isn't cost efficient let alone the fact that the process uses up valuable food sources. This is just another government instituted plan gone CRAZY!!! Bush signed this into law as a way of pleasing all of the left wing lib whackos. Obama, Gore, Pelosi, and Co. are continuing to perpetuate this stupidity as a good thing, no suprise.



 Marv 17

8-13-2009 @ [6:37PM](#)

**[Mary](#) said...**

yes beth you are wrong,, it takes no gas to make Ethanol  
it takes 10 pounds of corn and 1/8 cup of yeast and some heat,, for 3 hours to make 1 gal. of E100



 Lotek7 18

8-13-2009 @ [4:44PM](#)

**[Lotek7](#) said...**

Time to flush?Everytime we do the toilet just backs up Ibe!We get the same old turds!

**[Reply](#)**

 krhouser99 19

8-13-2009 @ [4:44PM](#)

**[krhouser99](#) said...**

Macdaddy, you certainly must have eaten too many hamburgers! The fat has gone to your brain and made it rancid. Instead of calling the pres a chimp why don't you offer a real solution to the problems at hand. Typical rants.

**[Reply](#)**

 Greg 20

8-13-2009 @ [4:51PM](#)

[Greg said...](#)

SHOULD WE please get this obama healthcare passed. i can't wait. the lines to find any good doctor stupid enough to stay in america, will take days. if you are lucky. plus the only doctors left will be like the Micheal Jackson doctor. in fact obama better get him pardoned quickly....we are going to need that doctor under the obama health plan. idiot liberals wake up. we are already broke. the rich in america aren't as rich anymore. where are you going to get funding for this without going after social security and medicare and without taxing the middle class to death? there is no other money to be had without shutting down massive programs like welfare which you all love. i'd love to hear your made up answers, but i who has the time to listen to morons repeat what Keith Oberman said yesterday TAX IT ?? TO PAY FOR HEALTH CARE

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