

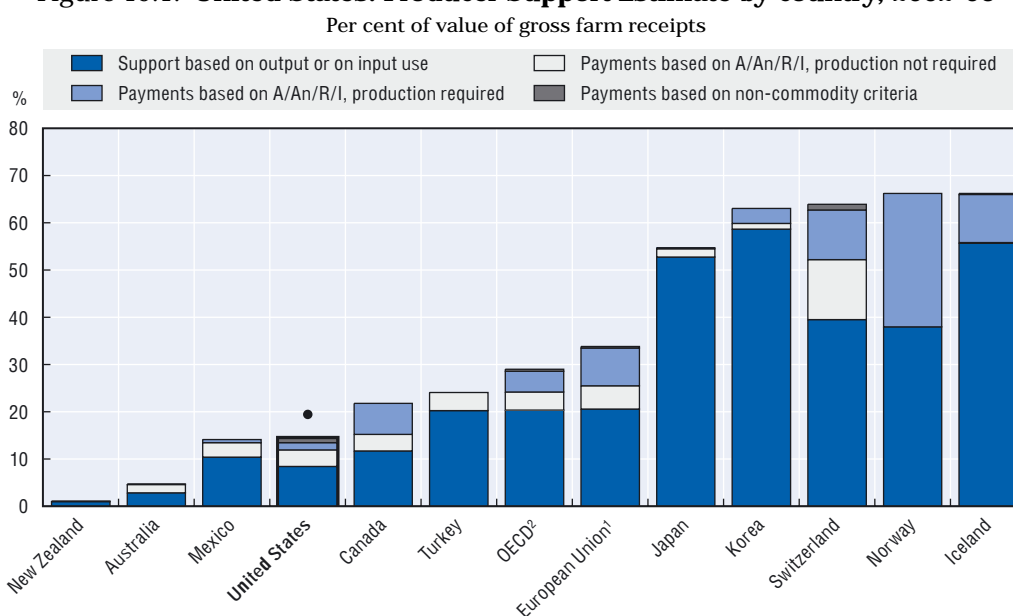
Chapter 15

United States

Evaluation of policy developments

- Overall, policy reforms since 1986-88 have improved market orientation. In recent years, the level of producer support and border protection has substantially decreased, primarily as a result of higher world commodity prices rather than changes in policy settings. The level of producer support is now the third lowest in the OECD area and the gap between domestic and world prices has significantly fallen.
- There has been a significant shift away from payments based on current area of single commodities to counter-cyclical and direct payments based on past area with no requirement to produce. Less than a third of producer support is granted in the form of the most production- and trade-distorting policies. Nevertheless, milk, and to a lesser extent sugar, continue to be very highly supported through market price support.
- Re-enrolment and extension of the *Conservation Reserve Program* contracts will continue the long-term retirement of environmentally fragile lands, while an increasing focus on programmes for working cropland and grazing land is broadening the scope of agri-environmental payments to address environmental issues linked with production. Targeting mechanisms used to select farmers and fields for agri-environmental programmes have improved environmental performance, although there is scope for further developing analytical methods for evaluating policies. Payments for agri-environmental programmes continue to be lower than for production-linked support programmes, which may raise environmental stress by encouraging increased production.
- The 2007 Farm Bill offers an opportunity to further enhance the role of market signals in guiding producer decisions and to better target improvements in environmental outcomes. Additional efforts need to focus on reducing market protection in key sectors, in particular sugar and dairy.

Figure 15.1. **United States: Producer Support Estimate by country, 2002-06**



A (area planted), An (animal numbers), R (receipts) or I (income).

1. EU25. 2. The OECD total does not include the six non-OECD EU member states.

Source: OECD, PSE/CSE database, 2007.

1 2 <http://dx.doi.org/10.1787/074833823522>

Summary of policy developments

Higher crop prices in 2006 triggered a decrease by over two-thirds in counter-cyclical payments and an 84% decline in payments based on output (mainly loan deficiency payments for maize and certificate exchange payments for cotton). Environmental contracts for the Conservation Reserve Program were extended. Additional emergency payments for natural disasters were granted. The Upland Cotton User Marketing Certificate Program was repealed. Production quotas for tobacco were terminated in 2005, compensated by new time-limited payments.

- In 2006, support to producers (%PSE) declined from 16% in 2005 to 11%. It fell from 22% in 1986-88 to 14% in 2004-06, which is around half the OECD average.
- The combined share of the most distorting forms of support (market price support, and commodity output- and variable input-based payments) in the PSE decreased from 56% in 1986-88 to 43% in 2004-06, while the share of the least production- and trade-distorting support (payments with no requirement to produce) increased fifteen-fold, to 31% in 2004-06.
- Producer prices were 14% higher than world prices in 1986-88 and 6% higher in 2004-06.
- The share of single commodity transfers to producers decreased from 72% of PSE in 1986-88 to 37% in 2004-06. Around two-fifths of this support in 2004-06 is attributable to support provided to the milk sector and about one-fifth to maize.
- Although domestic prices were on average 3% higher than world prices in 2006, the %CSE constituted an implicit subsidy of 10% in 2004-06, in part due to food consumption aid (part of *Food Stamps*), which represented an implicit tax of 3% in 1986-88.
- Support for general services provided to agriculture increased from 25% of total support in 1986-88 to 33% in 2004-06. Total support to agriculture represents 0.8% of GDP, down from 1.4% in 1986-88.

Figure 15.2. United States: PSE level and composition by support categories, 1986-2006

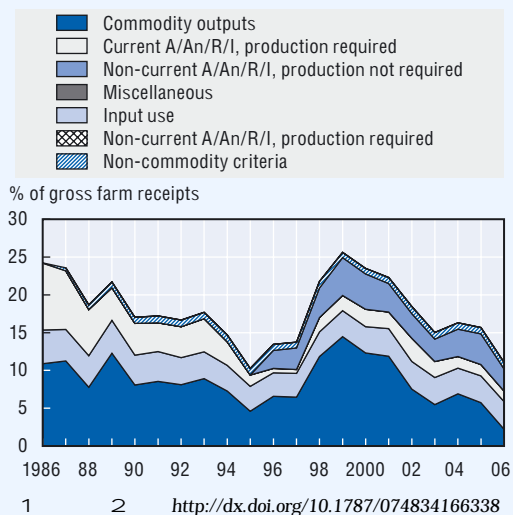


Figure 15.3. United States: Producer SCT by commodity, 2004-06

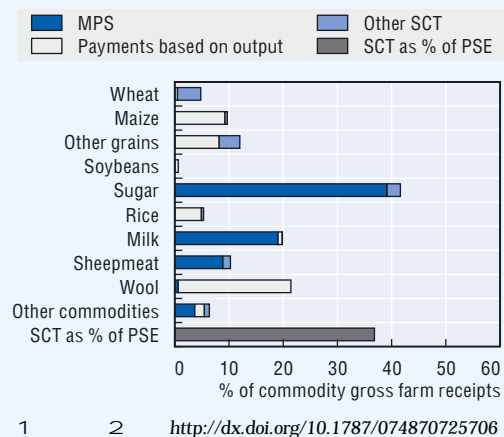


Table 15.1. United States: Estimates of support to agriculture
USD million

	1986-88	2004-06	2004	2005	2006p
Total value of production (at farm gate)	143 469	236 260	234 094	234 652	240 033
<i>Of which share of MPS commodities (%)</i>	<i>69</i>	<i>67</i>	<i>68</i>	<i>66</i>	<i>67</i>
Total value of consumption (at farm gate)	134 626	220 322	212 851	217 703	230 413
Producer Support Estimate (PSE)	36 806	38 107	43 104	41 929	29 289
Support based on commodity output	16 559	13 180	18 265	15 333	5 941
<i>Market Price Support</i>	13 640	8 737	12 428	8 889	4 895
<i>Payments based on output</i>	2 919	4 442	5 837	6 444	1 047
Payments based on input use	7 092	9 383	9 009	9 558	9 581
<i>Variable input use</i>	3 877	3 266	3 131	3 249	3 417
<i>Fixed capital formation</i>	1 051	1 276	1 202	1 364	1 262
<i>On-farm services</i>	2 164	4 841	4 676	4 945	4 902
Payments based on current A/An/R/I ¹ production required	12 569	3 918	4 106	3 952	3 696
<i>Of a single commodity</i>	10 339	1 311	1 159	885	1 890
<i>Of a group of commodities</i>	1 318	916	949	1 500	298
<i>Of all commodities</i>	912	1 691	1 999	1 567	1 507
Payments based on non-current A/An/R/I ¹ production required	0	0	0	0	0
Payments based on non-current A/An/R/I ¹ production not required	0	9 420	9 586	10 917	7 757
<i>Variable rates</i>	0	3 527	4 288	4 749	1 544
<i>Fixed rates</i>	0	5 893	5 299	6 168	6 213
Payments based on non-commodity criteria:	585	2 207	2 138	2 169	2 314
<i>Long-term resource retirement</i>	579	2 119	2 043	2 094	2 221
<i>Specific non-commodity output</i>	0	0	0	0	0
<i>Other non-commodity criteria</i>	6	88	94	76	93
Miscellaneous payments	0	0	0	0	0
Percentage PSE	22	14	16	16	11
Producer NPC	1.14	1.06	1.08	1.07	1.03
Producer NAC	1.29	1.17	1.19	1.19	1.12
General Services Support Estimate (GSSE)	15 869	33 678	31 433	33 658	35 943
Research and development	1 126	1 851	2 100	1 709	1 744
Agricultural schools	49	14	16	12	15
Inspection services	384	847	797	869	876
Infrastructure	3 945	4 612	4 495	4 584	4 756
Marketing and promotion	9 266	24 077	21 730	24 207	26 295
Public stockholding	0	124	143	125	103
Miscellaneous	1 100	2 153	2 152	2 152	2 154
GSSE as a share of TSE (%)	24.7	33.2	30.7	31.9	37.1
Consumer Support Estimate (CSE)	-3 015	19 556	13 464	19 322	25 882
Transfers to producers from consumers	-13 289	-8 737	-12 428	-8 889	-4 895
Other transfers from consumers	-1 489	-1 437	-1 890	-1 575	-846
Transfers to consumers from taxpayers	11 468	29 731	27 783	29 786	31 623
Excess feed cost	294	0	0	0	0
Percentage CSE	-3	10	7	10	13
Consumer NPC	1.12	1.05	1.07	1.05	1.03
Consumer NAC	1.03	0.91	0.93	0.91	0.88
Total Support Estimate (TSE)	64 143	101 516	102 320	105 374	96 854
Transfers from consumers	14 777	10 174	14 318	10 464	5 741
Transfers from taxpayers	50 854	92 779	89 892	96 485	91 959
Budget revenues	-1 489	-1 437	-1 890	-1 575	-846
Percentage TSE (expressed as share of GDP)	1.35	0.82	0.87	0.85	0.73
GDP deflator 1986-88 = 100	100	154	149	154	158

p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

1. A (area planted), An (animal numbers), R (receipts) or I (income).

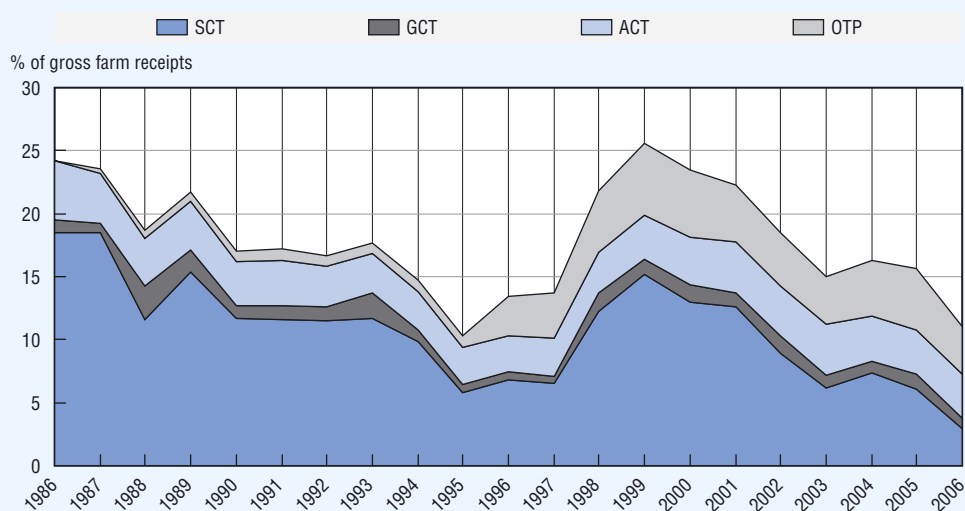
MPS commodities for the United States are: wheat, maize, other grains, rice, oilseeds, sugar, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. Market price support is net of producer levies and excess feed costs.

Source: OECD, PSE/CSE database, 2007.

Box 15.1. United States: Commodity-specificity of support

In 2006, Single Commodity Transfers (SCT) made up 27% of the PSE, a reduction from 39% in 2005; they declined from 72% in 1986-88 to 37% in 2004-06. Group Commodity Transfers (GCT), where producers have the option to produce any one of a specified group of commodities as part of programme eligibility, have remained fairly constant since the 1986-88 period, and accounted for 7% of total PSE. Transfers provided under the headings All Commodity Transfers (ACT) and Other Transfers to Producers (OTP) place no restriction on commodities that farmers choose to produce or do not require any commodity production at all.¹ Together they accounted for 66% of the total PSE in 2006, up from 53% in 2005 and 21% in 1986-88.

Figure 15.4. United States: PSE level and commodity specificity, 1986-2006



Source: OECD PSE/CSE database, 2007.

1 2 <http://dx.doi.org/10.1787/075068855712>

1. The definition of the categories SCT, GCT, ACT and OTP are provided in the Chapter I.3 of this report including an annex with the list of groups used in specific countries in the period 1986-2006.

Description of policy developments

Main policy instruments

The Farm Security and Rural Investment Act of 2002 (the 2002 Farm Act) provides the basic legislation governing farm policy for the period 2002-07. The main policy instruments for the crop sector are Direct Payments (DP), Counter-Cyclical Payments (CCP) and support-price provisions operating through non-recourse marketing loans for cereals, rice, upland cotton, oilseeds, peanuts and pulses (small chickpeas, lentils and dry peas). DPs are based on pre-determined rates and past production. CCPs are based on current prices and past production. Neither requires any current production as a basis for payment eligibility. Sugar is supported by a tariff-rate-quota (TRQ), together with provisions for non-recourse loans and marketing allotments. Milk and dairy products are supported by minimum prices with government purchases of butter, SMP and cheddar cheese, as well as by tariffs and TRQs. When prices fall below target levels, a payment is made per tonne of milk marketed below a per-farm production limit. There are marketing loans for wool, mohair and honey, and border measures, including TRQs, for beef and sheepmeat.

Interest concessions, fuel tax concessions, payments for natural disasters, and payments for grazing and irrigation are also provided. Environmental programmes form a relatively important and increasing dimension of agricultural policy, focusing on measures to convert highly erodible cropland to approved conservation uses (including long-term retirement), to re-convert farmland back into wetlands, and to encourage crop and livestock producers to adopt practices that reduce environmental problems. Land retirement remains a key strategy. Ethanol production is supported through tax credit and import tariff. Research and advice are increasingly focused on food safety and promoting sustainable farming practices.

Commodity programmes authorised under the 2002 Farm Act are set to expire at the end of the 2007 crop year. The **2007 Farm Bill** will provide the legislative framework governing agricultural policies for the following 5-7 years. The Administration released a proposal for the new bill on 31 January 2007 (see Box 15.2). The congressional agricultural committees have initiated hearings and internal discussions in preparation for writing the new bill. The process is likely to continue throughout most of 2007, and the Administration proposal will be one of a number of proposals received and considered by the congressional agriculture committees during the process of writing the new law.

Domestic policy

Loan rates for the marketing loan programme were pre-determined for the period 2002-07 (Table 15.2). The **direct payment rates** and the **target prices** used to determine the **counter-cyclical payment** rates are also fixed for all eligible commodities for 2002-07, with target prices for cereals increasing for 2004-07 as scheduled. In 2005, marketing loan benefits increased by 31%, to USD 4.9 billion, but they decreased by 94%, to USD 0.3 billion, in 2006. CCPs also increased by 11% to USD 4.8 billion in 2005, but decreased by two-thirds to USD 1.5 billion in 2006. DPs remained almost stable at USD 5.2 billion in both years. Overall, these payments decreased by more than twofold, to USD 7.1 billion in 2006, mainly due to higher world crop prices.

The **tobacco** quota buy-out legislation terminated the tobacco price support and quota programme effective with the 2005 crop year. In return, tobacco producers and quota

holders will receive transition “buy-out” payments for 10 years of about USD 960 million annually. The transition payments are funded by a levy on tobacco manufacturers and importers. Under the **Trade Adjustment Assistance Program** some USD 0.4 million was paid to lychee nut producers in 2005; in 2006, Concord grape producers received an estimated USD 3 million, avocado producers USD 0.3 million, and snapdragon producers USD 0.1 million.

Box 15.2. The 2007 US Farm Bill: Highlights of the Administration’s Proposal of 31 January 2007

Reform commodity programmes by:

1. Lowering payment rates for commodities under the *Marketing Assistance Loan Program* and linking them to 85% of the average price over the previous five years (excluding the high and low years), with maximum levels rather than the current fixed rates.
2. Increasing *Direct Payment* programmes by USD 5.5 billion over a 10-year period by increasing commodity payment rates, with the largest increase for upland cotton.
3. Converting the current price-based *Counter Cyclical Program* to a crop-revenue-based programme.
4. Tightening payment limits and eligibility requirements to reduce payments received by higher-income producers.
5. Continuing to support the price of milk (and revising the *Milk Income Loss Contract Program*, by basing it on historical payment rates, in line with other commodity CCPs).
6. Continuing the sugar price support programme revised to operate at no net cost to taxpayers.
7. Introducing planting flexibility of fruits and vegetables on acreage receiving payments, making direct payments and CCPs more decoupled.
8. Updating and extending the “circuit breaker” provision introduced in the 2002 Farm Bill, which provides the Secretary of Agriculture with the authority to adjust certain domestic support programmes to ensure that expenditures do not exceed total allowable limits under current and future WTO commitments.

Reform other programmes by:

1. Increasing conservation funding by USD 7.8 billion over 10 years, simplifying and consolidating conservation programmes, creating a newly designed Environmental Quality Incentives Program and a Regional Water Enhancement Program.
2. Providing USD 1.6 billion in new funding for renewable energy R&D and production, targeted for cellulosic ethanol. The proposal includes USD 500 million for a bioenergy and bio-based product research initiative.
3. Investing USD 1 billion over 10 years to establish a Specialty Crop Research Initiative.

The *Crop Insurance Program* has been amended to include insurance for pasture, rangeland and forage risk management that will be available beginning with the 2007 crop year. Livestock producers can purchase insurance protection for losses of forage produced for grazing or harvested for hay. Producers are not required to insure all their acreage or to insure the acreage for the entire crop year. They can elect to insure only the acreage that is important to their grazing programme or hay operation and they may elect to insure their acreage only for the period of greatest risk.

Table 15.2. United States: Payment rates for crops and milk for 2005-06
(USD/t)

Commodity	Loan rate	Direct payment rates	CCP target prices
Wheat	101.1	19.1	144.0
Maize	76.8	11.0	103.5
Grain sorghum	76.8	13.8	101.2
Barley	85.0	11.0	102.9
Oats	91.6	1.7	99.2
Upland cotton	1 146.4	147.1	1 596.2
Rice	143.3	51.8	231.5
Soybeans	183.7	16.2	213.1
Other oilseeds	205.0	17.6	222.7
Peanuts	391.3	39.7	545.6
Sugar cane	396.8	n.a.	n.a.
Sugar beet	504.9	n.a.	n.a.
Milk	218.3	n.a.	n.a.

Rates are predetermined for the 2002-07 period.

n.a.: not applicable.

Source: USDA.

The *Agricultural Disaster Assistance and Emergency Hurricane Supplemental Appropriation Act of 2005* provided more than USD 3 billion to agricultural producers who suffered losses from natural disasters, through a combination of new programmes and additional funding for existing programmes. New programmes include: crop disaster assistance for losses greater than 35% in the years 2003, 2004 or 2005 (the producer can choose the year); livestock assistance for losses in 2003 or 2004; and sugar cane, dairy, and cottonseed assistance for losses caused by the 2004 tropical storms and hurricanes.

The *Emergency Agricultural Disaster Assistance Act of 2006* provided additional emergency assistance to producers who suffered losses due to hurricane disasters in 2005. The total estimated costs of the Act was USD 332.4 million for the following programmes which were initiated during November and December 2006:

- The *2005 Hurricanes Livestock Compensation Program* provided USD 95 million for livestock owners and for certain feed losses resulting from the 2005 hurricanes Katrina, Ophelia, Rita and Wilma.
- The *2005 Livestock Indemnity Program II (LIP II)* provided USD 30 million to livestock owners and contract growers for certain livestock losses resulting from the four hurricanes. Livestock producers may not receive LIP II benefits if they received payments for the same losses through other federal disaster programmes, such as the *Livestock Indemnity Program* or the *federal Aquaculture Grant Program*.
- The *2005 Dairy Disaster Assistance Payment Program* provided USD 17 million to dairy producers who suffered dairy production and milk spoilage losses due to the 2005 hurricanes or a related condition. Dairy producers affected by the hurricanes incurred decreases in income due to herd losses and milk that had to be disposed of because of closed milk plants and damaged containment equipment. The loss of electricity, shortage of fuel, and infrastructure damage also temporarily interrupted the flow of dairy products to markets.
- The *2005 Cottonseed Payment Program* provided up to USD 15 million for assistance to producers and first-handlers of the 2005 cottonseed crop in counties declared natural

disaster areas resulting from hurricanes Katrina, Ophelia, Rita and Wilma in 2005. The payment rate may not exceed the national average price of the 2005 cottonseed crop (or USD 98 per tonne). Payments are based on 2003 cottonseed production data.

- Another USD 95 million was authorised and will be distributed by a combination of the following programmes for specialty crops and nursery crops producers resulting from hurricanes Katrina, Ophelia, Rita and Wilma in 2005: the *2005 Hurricanes Citrus Program* (which provides financial assistance to producers who suffered citrus crop production losses and associated fruit-bearing tree damage, including related clean-up and rehabilitation costs); the *2005 Hurricanes Nursery Program* (which provides financial assistance to qualifying commercial ornamental nursery and fernery producers who suffered inventory losses and incurred clean-up costs); the *2005 Hurricanes Fruit and Vegetable Program* (which provides financial assistance to fruit and vegetable producers who suffered crop production losses, including related clean-up costs); the *2005 Hurricanes Tropical Fruit Program* which provides financial assistance for carambola, longan, lychee and mango producers who suffered crop production losses, including related clean-up costs.

The 2002 Farm Act sharply increased funding for **environmental conservation and protection** programmes. The primary land retirement programmes have retired over 14 million environmentally sensitive hectares, most under 10- to 15-year contracts. In budgetary terms, the largest of these programmes is the *Conservation Reserve Program (CRP)*, estimated at USD 2.1 billion in 2006. Under the CRP, farmers and ranchers can re-enrol or extend their contracts expiring in 2007 until 2010 (Box 15.3). The *Conservation Security Program (CSP)*, which provides payments and technical assistance to producers to promote ongoing conservation stewardship, was extended in 2006. In 2006, CSP was implemented in 220 eligible watersheds across the country and now covers 4.5 million hectares. Budgetary

Box 15.3. United States: Conservation Reserve Program (CRP) general sign-up and re-enrolments

The Environmental Benefits Index (EBI), which was in place when the contracts were first written, is used to determine eligibility for CRP re-enrolment or extensions on the basis of multiple environmental objectives and budgetary costs, giving additional credit for contracts within national CRP conservation priority areas. To determine what form of re-enrollment or extension would be offered to the over 6.1 million hectares of land expiring in 2007, the EBI scores are divided into five ranking tiers. In the first tier, eligible producers ranked in the top 20% of the EBI can re-enrol their land in new 10-year contracts, and farmers and ranchers with wetlands in this ranking are eligible for a 15-year contract. Eligible participants ranked within the second tier (between 61-80%) can extend their contracts for five years. Farmers and ranchers ranking within the third tier (between 41-60%) can extend their CRP contracts by four years. Those ranked in the fourth tier (between 21-40%) can receive 3-year extensions. Eligible participants ranked in the fifth tier can extend their contracts by two years. Fifteen-year contracts expiring on 30 September 2007, are not eligible for extension. Rental rates for land enrolled have been reviewed and updated. For the CRP general sign-up, which ran from 27 March to 28 April 2006, 0.4 million hectares out of the 0.6 million hectares offered were selected, while for re-enrolment and extension contracts set to expire on 20 September 2007, 5.3 million – almost 84% of the 6.3 million hectares set to expire – were selected.

expenditures are estimated at USD 342 million in FY2007. Some USD 400 million was budgeted in FY2007 for the Wetlands Reserve Program and it is estimated that 101 174 hectares will be enrolled in 2007 – 40 469 hectares more than in 2006.

In 2006, there were no changes in USDA's **rural development** programmes. Overall funding was below the estimate for 2005, largely due to lower loan levels for the electric and telecommunications programmes. In the field of **food safety**, the *National Poultry Improvement Program*, a voluntary co-operative federal, state and industry programme designed to prevent the spread of poultry diseases in commercial poultry operations, was expanded. The government provides a 100% indemnity for specified costs associated with eradication of avian influenza (H5 and H7 LPAI) at commercial poultry operations participating in the programme, and offers a 25% indemnity for costs associated with eradication at commercial facilities that choose not to participate in the active surveillance portion of the programme. In 2006, the US Department of Agriculture's Food Safety and Inspection Service issued compliance guidelines regarding *salmonella* control in poultry slaughter. The compliance guideline describes validated controls and outlines best management practices for each step in the broiler slaughter process and targets small and very small poultry plants to help them better comply with regulatory requirements.

Trade policy

The total value of products covered by **export credit guarantees** under the *Export Credit Guarantee Program* decreased by 26% in 2005 and again by 37%, to USD 1.4 billion, in 2006. In FY2005, funding for **foreign food aid** under Titles I and II totalled USD 1.5 billion and provided over 3 million tonnes of commodity assistance. Also in that year, 0.7 million tons (at a value of USD 377 million) were provided under the Bill Emerson Humanitarian Trust (BEHT), mainly to Eritrea, Ethiopia and Sudan. The BEHT is a food reserve programme, administered by the Secretary of Agriculture, and is used for emergency situations. For FY2006, Titles I and II increased slightly over the previous year to USD 1.57 billion due to higher commodity prices, but quantities fell to 2.6 million tons. The BEHT was not used in FY2006. There were no expenditures on **export subsidies** under the *Dairy Export Incentive Program* or the *Export Enhancement Program* for both 2005 and 2006.

In July 2005, the United States announced a number of measures it was taking to comply with a **WTO ruling on the United States – Subsidies on Upland Cotton**, a dispute with Brazil regarding certain US agricultural programmes primarily benefiting cotton. Following these announcements, the United States ceased accepting applications for the long-term *Export Credit Guarantee Program GSM-103* and “risk-based” fees were introduced for two, shorter-term export credit guarantee programmes (the *Export Credit Guarantee Program GSM-102* – the primary export programme – and the *Supplier Credit Guarantee Program*).

On 8 February 2006, the President signed legislation to repeal the *Upland Cotton User Marketing Certificate Program* (known as “Step-2”), which came into effect 1 August 2006. Payments under this programme totalled USD 582 million for the crop year 2004 and USD 312.2 million for 2005. No payments were made for 2006.

Trade agreements

Implementing legislation for the *U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR)* (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) was passed by the US Senate in June 2005 and the House of

Representatives in July 2005 and was signed by the President in August of that year. All but Costa Rica have ratified the agreement. During 2006, the agreement entered into force for El Salvador, Honduras, Nicaragua, and Guatemala. CAFTA-DR is designed to eliminate tariffs on more than 80% of US exports of consumer and industrial products to those countries, phasing out the remaining tariffs over 10 years. More than half of current US farm exports to Central America and the Dominican Republic will become duty-free immediately upon implementation, including high-quality cuts of beef, soybeans, cotton, wheat, many fruits and vegetables, and processed food products. Tariffs on most US farm products will be phased out within 15 years, with all tariffs eliminated in 20 years. Important US sectors will benefit, including maize, beef, pork, poultry, rice, dry beans, dairy and vegetable oil. 80% of CAFTA-DR imports already enter the United States duty-free under the Caribbean Basin Initiative, the Generalized System of Preferences and Most-Favoured Nation programs. The CAFTA-DR agreement makes permanent the existing CBI and GSP duty-free benefits and phases out the remaining tariffs over 10, 15, or – at most – 20 years.

The US-Oman Free Trade Agreement was implemented in 2006, building on existing agreements in the region with Israel, Jordan, Morocco and Bahrain. The agreement eliminates duties and commercial barriers to most bilateral trade in goods and services between the two countries, and the United States provides immediate duty-free access on all current agricultural products from Oman. Oman agrees to the immediate elimination of tariffs on all consumer and industrial products and on 87% of agricultural products. Tariffs on the remaining products will be phased out over 10 years

On 27 July 2006, the United States and Mexico announced an agreement that resolves trade disputes related to each nation's interpretation of the **sweetener provisions** under the North American Free Trade Agreement (NAFTA). Under the Agreement, the United States provides for duty-free access to 250 000 metric tonnes (raw value) of Mexican sugar for FY2007. As of 1 January 2008, no duties or quantitative restraints will be placed on any form of sugar.