Posted on Mon, Mar. 14, 2005

# U.S. sugar growers and producers fight CAFTA

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Sugar growers and processors are lining up against the proposed Central American Free Trade Agreement because they say it will adversely impact their industry.

CAFTA, which still must be approved by the U.S. Congress, is a trade and investment agreement that includes higher sugar import quotas for the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

The high CAFTA sugar quotas, coupled with extra imports from Mexico and any quota increases from other free trade agreements under negotiation, will endanger the long-standing U.S. sugar program, the industry contends. If sugar imports under the quota system surpass 1.523 million tons annually, Congress has ordered the program to be discontinued.

Under the program the United States imports 1.256 million tons of sugar each year from 41 countries at a price of around 20 cents a pound -- more than double the price for sugar on the world market. It is a boon for sugar producers in developing countries because they receive higher prices; U.S. sugar growers produce 8.5 million tons a year, also receiving about 20 cents per pound.

## MARKET PRICES

The bulk of the world's sugar is produced under such price support programs. Only about 20 percent is sold at world market prices, currently around 8 cents a pound.

Jack Roney, director of economics and policy analysis for the American Sugar Alliance, an industry coalition in Washington, said an end to the sugar program would spell problems not just for the American producer but also for scores of others around the world.

''They are not producing for 8 cents a pound,'' Roney said. ``They are producing for domestic markets with subsidies that are sufficient to induce continued production. None of these countries wants to see its sugar industry collapse.''

Sugar cultivation drove colonial economies, and it was the New World's most lucrative export by 1700. It is still one of the world's most important commodities, subsidized by nearly all governments to ensure a supply of the sweetener used in processed foods ranging from candy bars to canned green beans.

## SWEET BENEFITS

Roney noted that sugar programs appear to keep prices stable. The two sugar price spikes in the past 35 years both occurred when no sugar program was in place.

As time grows short for CAFTA to be sent to Capitol Hill, the debate has heated up.

Honduran, Salvadoran and Guatemalan legislators approved the pact amid protests in recent weeks.

A poll from Americans for Fair Trade, a coalition concerned about the impact of free trade, showed 51 percent of Americans oppose CAFTA and 32 percent approve.

In the face of Big Sugar's opposition, the Bush administration has defended CAFTA. ''We are aware of the opposition from the sugar folks,'' said Assistant U.S. Trade Representative Christopher Padilla in a telephone interview. ``Most of the U.S. agricultural community and the manufacturing community are in support of this agreement. We will get a lot of benefits from it.''

Padilla also disputes that CAFTA will affect the U.S. sugar industry: ``We have carefully calibrated the amount of sugar so that there is zero effect on the U.S. sugar program because of this agreement.''