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U.S. SUGAR GROWERS PUSH FARM BILL COMPLETELY OFF-COURSE
*Trade-Restricting Sugar Industry Deal Would Further Insulate Sugar Industry to the Detriment
of U.S. Agriculture*

Washington, D.C. – January 18, 2008 – Today, the Sugar Policy Alliance (SPA) urged Congress to reject out of hand a sugar lobby proposal to impose government-managed trade on U.S.-Mexico sweetener trade in the farm bill. The Alliance said the proposal violates U.S. international obligations and will quickly lead to adverse consequences for competitive U.S. farmers and ranchers who have seen their export market in Mexico grow.

The sugar grower proposal calls for quotas on Mexican sugar entering the United States, even though open sugar trade is now the law in both countries. The proposal would also end the U.S. sugar re-export program trade with Mexico, scuttling a successful program which was designed to help the U.S. cane refining industry cope with the adverse effects of U.S. sugar subsidies. Today, there is only one major independent cane refining company in the United States.

SPA, whose members include consumer organizations, taxpayer advocates and industrial sugar users, said the industry proposal would undermine U.S. agricultural exports to Mexico. The last Mexican barriers to U.S. farm products were finally removed on January 1, 2008. “Now just two weeks into free trade, the growers are pushing to undo NAFTA,” said Bill Reinsch, president of the National Foreign Trade Council.

“This doesn’t just affect the sugar growing and using industry but will also harm other commodities,” said Reinsch. “Once you strike a deal with one commodity, others will follow. This will have a detrimental impact on trade in general with Mexico.”

Sugar lobbyists are trying to get their private agreement included as law in the pending farm bill. The agreement was not included in either the House or the Senate farm bill; a conference committee will soon be named to reconcile the two versions.

No Congressional hearings have been held on the sugar lobby proposal, and no legislation has been introduced in either chamber of Congress on the issue.

“Congress should not rubber-stamp a deal cooked up behind closed doors by a few private companies,” said John Frydenlund of the Council for Citizens Against Government Waste. “Any such fundamental change in U.S. trade policy should be subject to public scrutiny.”

Citing Congressional Budget Office figures, the SPA points out that even without the new proposals, the farm bills already passed by Congress will compel the government to purchase more of the domestic sugar supply at a cost to American taxpayers of at least \$1.3 billion over the next ten years.

Other impractical provisions in both the House and Senate farm bill require the government to sell surplus sugar to ethanol plants at a loss, further adding to the cost of the program to taxpayers. In addition, the proposed farm bill puts additional restrictions on sugar imports and guarantees U.S. sugar growers 85% of the domestic market regardless of market needs and taxpayer costs.

SPA members advocate a healthy domestic sugar-producing and sugar-processing industry that can deliver an ample supply to refiners, industrial users, and consumers, but believe sugar policy should support producer incomes without distorting the market.

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