

SWEETENER USERS ASSOCIATION

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Report Warns That New Farm Bill Invites Global Trade Rule Challenges *Proposed Sugar Program Provisions Increase Risk of WTO Challenge*

Washington, D.C. – October 10, 2007 – In a report prepared for the Sweetener Users Association (SUA), international trade consulting firm O’Mara & Associates today warned that increased sugar price supports and new import restrictions included in the 2007 farm bill would violate World Trade Organization (WTO) rules and lead to legal challenges from countries that export sugar to the United States, as well as possible retaliation against exports of U.S. farm and ranch commodities.

“By reducing access for foreign sugar to the US market, the farm bill passed by the House would put the US sugar program at increased risk for challenges at the WTO,” according to Charles J. (Joe) O’Mara, president of O’Mara & Associates and chief US agriculture negotiator during the Uruguay Round and NAFTA trade talks. “When it takes up the new farm bill, the Senate should consider carefully whether giving additional subsidies to sugar producers and further restricting sugar imports are worth the increased risk of costly WTO challenges and possible retaliation against other US commodities in the global market,” O’Mara added.

According the SUA, the increased price supports and additional import restrictions included in the farm bill passed by the House in August are incompatible with the nation’s foreign trade obligations and the realities of the 21st century global market place that include unrestricted access for Mexico under the NAFTA treaty beginning in January 2008.

SUA represents confectioners, bakers, cereal manufacturers, beverage makers and dairy food companies that use sugar, as well as trade associations for these industries. SUA members support a healthy domestic sugar-producing and sugar-processing industry that can deliver an ample supply to refiners, industrial users, and consumers, but SUA believes sugar policy should support producer incomes without distorting the market.

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