Pacts could ruin U.S. sugar industry, senator warns

By Susan Salisbury
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VAIL, Colo. — Trading away sugar in international trade agreements could kill the U.S. sugar industry and lead to the destruction of rural economies, a ranking member of the Senate Budget Committee said Monday.

Sen. Kent Conrad, D-N.D., speaking at the 21st International Sweetener Symposium, said the sugar industry needs to stand up and fight for the thousands of farm families whose livelihoods are threatened by proposed trade agreements.

Florida sugar cane growers, processors and refiners are among the 350 people from the United States and other countries such as Colombia, France, Paraguay, Germany, Mexico and Honduras attending the sessions this week in the Colorado ski resort town of Vail.

The Central American Free Trade Agreement, known as CAFTA, would initially allow another 109,000 tons of foreign sugar into the U.S. CAFTA, which still awaits Congress' approval, would seriously erode and undermine the U.S. sugar program, Conrad said.

"Experts I've consulted have calculated 500,000 tons of oversupply would depress prices and ensure sugar loan forfeitures to the government," Conrad said. "If we extend the same formula to the (free trade agreements) we are negotiating with other countries — Thailand, the Andean countries, South Africa, Panama — we would be facing additional imports of just over 500,000 tons.

"We will kill this industry if we keep up this approach," he said, adding that real people's economic lives are being traded away.

An earlier speaker was more conciliatory on the trade issue.

"We are going to have trade. We need to make it work for us," said Sen. Craig Thomas, R-Wyo. "The idea that we are not going to have it is not very realistic."

Trade is the focus of the conference, and speakers addressed recent developments such as the World Trade Organization's ruling last week against European Union subsidies on sugar exports. The ruling was a victory for Brazil, Australia and Thailand, sugar-producing countries that want to expand their markets.

Craig Ruffolo, vice president of McKeany-Flavell, an Oakland, Calif.,-commodities research firm, said the proposed reform is unlikely to have a significant effect on the world sugar market. The reform would reduce EU exports by about 2 million tons but Brazil could make up that reduced supply and world prices would remain in the range of 5 to 10 cents a pound.

Jim Grueff, assistant deputy administrator for international trade policy at the U.S. Department of Agriculture, came to the conference after taking part in WTO talks in Geneva, where the 148 member nations reached a new framework agreement on agriculture — a longtime sticking point in global trade talks.

Grueff called the document "the most important development in agricultural trade negotiations since 1994" and said the agreement also means the WTO will continue as a viable organization.

The conference continues through Wednesday. The American Sugar Alliance, which is sponsoring the conference, is a national coalition of growers, processors and refiners of sugar beets and sugar cane, accounting for 146,000 jobs in 19 states.