Sugar deal may not be so sweet for U.S. producers

On-cycle contribution by the Northern Wyoming Daily News
562 words
8 January 2004
04:20 am GMT
Associated Press Newswires
English

WORLAND, Wyo. (AP) - Sugar officials in the Big Horn Basin are concerned a trade agreement with Central America might open the door to more such deals and drive down prices by allowing more sugar to pour into the United States.

Included in the Central American Free Trade Agreement, which still must be approved by Congress, is a provision under which four Central American countries will see the current quota of sugar they can ship into the United States rise by more than 75 percent next year.

The current limit is 111,000 tons. It will rise by 90,000 tons next year and then increase by 2 percent per year for the next 15 years. The amount of the U.S. market supplied by the countries would total about 1 percent in the first year and rise to 1.4 percent at the end of 15 years.

The sugar industry views any concession over sugar as the start of an eventual flood of cheap imported sugar as President Bush pushes for additional trade agreements around the world.

Cal Jones, President and CEO of Wyoming Sugar Co., says **CAFTA** by itself could have a relatively small effect on the domestic sugar industry. His main concern is that the United States is independently negotiating free trade agreements with 23 other sugar-exporting countries.

If those agreements open the market similar to **CAFTA**, Jones worries they could do "irreparable harm" to the agriculture industry, especially sugar producers.

Through individual agreements, the government is potentially opening its domestic market to an additional 1 million tons of sugar, according to Jones.

That would cause the price to drop by 30 to 40 percent, according to two independent studies conducted by the University of North Dakota and Louisiana State University.

"I don't know of any industry that can have its earnings cut by 30 or 40 percent and survive," he said. "And I know for sure that the sugar industry in the U.S. would be devastated by that kind of a hit."

Jones and other sugar industry leaders assert that treaties and trade agreements of that type are more properly handled through the World Trade Organization rather than piecemeal.

"We want them to stay with the WTO context, where all commodities are placed on a level playing field," he said.

Sen. Craig Thomas, R-Wyo., said Wednesday he is "not at all happy" that sugar was not taken off the table by U.S. negotiators working on **CAFTA**.

He said he talked with members of the negotiating team, pushing to have sugar removed from discussion. "That didn't work" primarily because other agriculture interests didn't want to have one commodity protected, he said.

Thomas said he has been assured there are provisions in the agreement that protect the domestic industry, but he has not had the opportunity to review the document.

Trade agreements are handled on the fast track which means the Senate can either ratify the agreement or not but cannot change its provisions.

The senator said he would be watching for the provisions that keep the field level and if those provisions aren't part of the agreement, he warned, "it may be more difficult to get support on the next agreement."