

# **Sugar firms back down in trade flap: Farm bill won't reinstitute U.S.-Mexico restrictions**

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WASHINGTON -- The sugar industry is abandoning efforts to insert a provision in the federal farm bill that would renew restrictions on the sugar trade between the United States and Mexico.

The decision came in the face of staunch opposition from the Bush administration, the corn sweetener industry and industrial sugar users.

"We are disappointed that the U.S. administration and some of our colleagues from other farm organizations objected to recommendations that would have made sure NAFTA worked better for both countries," said a statement released by the American Sugar Alliance.

Under the North American Free Trade Agreement, all restrictions on sugar trade between the two countries expired at the beginning of 2008.

Sugar industry advocates on both sides of the U.S.-Mexico border have warned that a glut of sugar could be dumped on each country, resulting in a downward price spiral.

The sugar industries tried to get both governments to agree to stiff restrictions on the amount of sugar that could be traded between the two countries.

But other agricultural groups argued that such a deal could result in widespread trade restrictions affecting everything from eggs to beans to sunflowers.

The American Farm Bureau Federation was one of 30 agriculture groups that signed a letter last week urging lawmakers not to include the sugar deal in the farm bill.

The letter noted that U.S. agricultural exports to Mexico in 2006 topped \$10.8 billion and could be undermined by the sugar deal.

Rep. Wally Herger of California, the ranking Republican on the House Agriculture trade subcommittee, outlined opposition to including the sugar deal in the farm bill.

"I'm concerned that managing trade in this respect would seriously weaken our NAFTA commitments and have a chilling effect on --- if not outright harm --- exports of other U.S. commodities, such as rice, beef and dairy, not to mention result in higher sugar prices for American consumers," Herger said in a statement.

He added: "The farm bill has always been a consensus-driven and bipartisan process, and the addition of these new sweetener restrictions could upset the delicate balance required to achieve a farm bill that can be passed and implemented as quickly as possible."

The farm bill is now is in final negotiations among House and Senate conferees.