

NATIONAL FOREIGN TRADE COUNCIL, INC.

1625 K STREET, NW, WASHINGTON, DC 20006-1604

TEL: (202) 887-0278



FAX: (202) 452-8160

June 4, 2012

The Honorable Richard C. Shelby
United States Senate
304 Russell Senate Office Building
Washington, DC 20510-0103

Dear Senator Shelby:


The National Foreign Trade Council, a business organization representing over 250 member companies, has long advocated for an open, rule-based global trading system. Consistent with that principle, we write to urge you to support an amendment to reform the current sugar program in S.3240, the Agriculture Reform, Food and Jobs Act, when it comes to the Senate floor.

In its current form, the sugar program sets artificially low import quotas and applies high tariffs on imports exceeding those limits. These restrictions increase the cost to American consumers and producers of sugar-containing products. In 2000, the General Accounting Office estimated that the sugar program cost American refiners, consumers and manufacturers approximately \$1.9 billion each year, and a more recent study by Iowa State researchers now pegs the cost at up to \$3.5 billion annually.

Equally important, maintaining these restrictions carries a high price in our trade negotiations. They bind the hands of our trade negotiators and place them at disadvantage with our foreign counterparts in the negotiating process. The result has often led to less market access for other U.S. agricultural goods such as beef, rice and soybeans, as well as countries excluding sensitive markets entirely in trade negotiations. The result of U.S. exclusion of sugar in the US-Australia FTA, for example, encouraged Korean insistence on exclusion of rice in its FTA with the U.S.

In order for the United States' agricultural sector to continue to compete aggressively in foreign markets it is imperative that we arm our negotiators with the tools necessary to effectively negotiate for what is best for all stakeholders, including consumers, manufacturers, service providers, and producers. Reform of the current sugar program would allow trade negotiators to have both a competitive edge and leeway at the negotiating table.

We believe that the continuous practice of protectionist policies by the United States with regard to the current sugar program conflicts with our national goals of export promotion and an open rules-based trading system. As the United States moves forward in efforts to expand and penetrate in new markets it is vital that the U.S. re-examine its protectionist policies toward sugar. We urge you to support the amendment to the farm bill that would begin that process.

Sincerely,

William A. Reinsch
President