

April 30, 2012

The Honorable Ron Kirk  
U.S. Trade Representative  
Winder Building  
600 17<sup>th</sup> Avenue, N.W.  
Washington, DC 20506

Dear Ambassador Kirk:

The undersigned organizations strongly support a U.S. position in the Trans-Pacific Partnership (TPP) negotiations that unambiguously calls for a comprehensive and commercially meaningful agreement that includes all commodities without exclusion. To this end, we are encouraged by President Obama's comments from the White House on April 2:

“[W]ith respect to the TPP, as is true of any process of arriving at a trade agreement, every country that's participating is going to have to make some modifications. That's inherent in the process, because each of our countries have their idiosyncrasies; certain industries that have in the past been protected; certain practices that have been unique to that country but end up creating disadvantages for businesses from other countries. And so it's a process of everybody making adjustments.”

In that spirit, we are deeply concerned about any U.S. pre-conditions to TPP market access negotiations. We believe that for purposes of the TPP, all products and subject areas should be on the negotiating table regardless of any less-than-comprehensive Free Trade Agreements that may already exist among two or more of the parties. In particular, sugar should not be excluded from the TPP as it was in the U.S.-Australia FTA.

Denial of additional Australian sugar market access in the U.S.-Australia FTA has resulted in serious adverse consequences that continue to plague other segments of our economy today:

- In the aftermath of U.S. trade negotiators' insistence on excluding sugar from the Australia FTA, South Korean trade negotiators insisted and obtained the exclusion of rice from the Korea-U.S. FTA;
- Every country with whom the U.S. now negotiates now seeks to exclude its sensitive items from the prospective trade agreement;
- Many sectors of the U.S. economy that rely on trade are denied export opportunities because of the special treatment that we provide to U.S. sugar growers (e.g., excessive protection of U.S. sugar growers comes at a cost in minimized market expansion for U.S. rice, beef, pork, corn, soybean and other commodity exports); and
- Federal government-induced tight supplies of sugar are now costing U.S. consumers and food manufacturers as much as an additional \$3.5 billion per year.

Excluding sugar from the U.S.-Australia FTA has led to U.S. sugar users facing domestic sugar prices that are nearly twice the world price, since sugar imports are so limited. According to the U.S. Census Bureau, the U.S. sugar-using sector has suffered the loss of 125,000 jobs between 1997 and 2010. In 2006, the Department of Commerce found that for every sugar growing job saved, three were lost in the sugar-using sector.

For these reasons, we believe it is time for the Administration to re-examine its sugar trade policy as part of a broader reaffirmation of an open trade agenda for the U.S. We agree with the President's recognition that "every country that's participating is going to have to make some modifications" because "it's a process of everybody making adjustments" whether it be the current TPP or future trade negotiations. With respect to the TPP in particular, we believe negotiators should provide an opportunity for all of its member countries to gain market access regardless of whether there is an existing trade agreement between particular TPP members.

Sincerely,

Coalition for Sugar Reform  
American Bakers Association  
American Frozen Food Institute  
Club for Growth  
Competitive Enterprise Institute  
Council for Citizens Against Government Waste  
Emergency Committee for American Trade  
Grocery Manufacturers Association  
Independent Bakers Association  
International Dairy Foods Association  
National Association of Manufacturers  
National Confectioners Association  
National Foreign Trade Council  
Sweetener Users Association  
U.S. Chamber of Commerce