SWEETENER USERS ASSOCIATION

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Sweetener Users Call on NAFTA Negotiators to Expand Sugar Trade, Outline Negotiating Objectives

Washington, DC (August 16, 2017) – With the first round of negotiations to modernize the North American Free Trade Agreement (NAFTA) beginning today in Washington, America's sweetener users urged negotiators to expand, not further restrict, trade in sugar.

"On behalf of America's food and beverage companies that use sugar in the products they make and the more than 600,000 Americans they employ, we urge Ambassador Lighthizer and his team at USTR to work with their Canadian and Mexican counterparts to expand trade in sugar over the course of these negotiations," said Rick Pasco, President of the Sweetener Users Association (SUA). "From large manufacturers to small businesses across the country, American companies depend on a reliable and adequate supply of sugar at reasonable prices to serve consumers and sustain American jobs."

The United States is a net importer of sugar, meaning not enough sugar is produced by the U.S. domestic industry, so imports are critical. NAFTA had been working well for U.S. companies that depend on sugar for their products, but in December 2014 and again this summer, the U.S. government signed on to suspension agreements that modify NAFTA by limiting needed sugar imports from Mexico. These agreements are set to drive up consumer costs by $1 billion a year, according to an Agralytica analysis.

"Mexico has become an integral part of the North American sugar trade and is a critical supplier of sugar to the United States, and Canada also plays an important role. Especially in the context of the suspension agreements, which are bad for American companies, consumers and workers, a modernized NAFTA should expand, not further restrict, trade in sugar," said Pasco.

SUA outlined the following three negotiating objectives:

1. **Compensate for the injurious new suspension agreements with a separate tariff-rate quota (TRQ) to which reference prices do not apply.** Although we oppose new quotas generally, the terms of the recently announced modifications to the 2014 suspension agreements appear to be so onerous for industrial sugar users, such that some relief is urgently required. Therefore, we recommend the establishment of a permanent TRQ for Mexico, which would be exempt from reference prices in the suspension agreements. This TRQ should be in addition to the minimum TRQ for other World Trade Organization members, in order to achieve the goal of adequate supplies at reasonable prices for our domestic market.

2. **Restore re-export trade.** Mexico should again permit U.S. sugar to enter duty-free under the Refined Sugar Re-Export Program and Mexico's IMMEX program. This trade will benefit both nations.

3. **Provide additional access for Canada.** The negotiations under the Trans-Pacific Partnership (TPP) demonstrated that modest additional amounts of sugar from Canada and other origins could easily be accommodated without damaging the U.S. sugar policy regime. At a minimum, the cumulative concessions U.S. negotiators made to Canada and other TPP countries should be provided to Canada under any new NAFTA agreement.

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