

SWEETENER USERS ASSOCIATION

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NAFTA Negotiations Should Expand Sugar Trade and Support U.S. Food, Confectionery Industry Jobs

Washington, DC (June 27, 2017) – Negotiations to modernize the North American Free Trade Agreement (NAFTA) should include market-opening provisions on sugar, testified the Sweetener Users Association (SUA) and the National Confectioners Association (NCA) during a hearing today held by the Office of the U.S. Trade Representative. Representatives from both associations detailed the need for U.S. food, beverage and confectionery manufacturers to gain greater access to sugar through new NAFTA negotiations, especially in light of the recently amended U.S.-Mexico sugar suspension agreements. Greater sugar trade liberalization in North America would help reduce the price of sugar for U.S. companies and consumers, boost U.S. exports and support 600,000 American jobs in sugar-using industries.

Bill O’Conner, Senior Agriculture Policy Advisor for SUA, stated:

“Sweetener negotiating objectives should expand, not restrict trade. ... [W]e recommend the following sweetener objectives: 1. Expand sweetener trade with a separate tariff-rate quota (TRQ) for Mexican sugar that would operate outside the suspension agreement regime. This special TRQ would be in addition to the minimum TRQs for other World Trade Organization members. 2. 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 Canadian refined sugar. At a minimum, the cumulative access agreed to in the Trans-Pacific Partnership (TPP) negotiations should be provided to Canada under any new NAFTA agreement.”

Liz Clark, Vice President of Government Affairs for NCA, a SUA member, stated:

“NAFTA has had a critical impact on the American chocolate and candy business. ... [S]ince implementation, our exports have increased nearly 300 percent into Mexico and nearly 400 percent into Canada. ... Our first priority in the NAFTA renegotiation is to preserve duty- and quota-free access for chocolate, sugar confectionery and chewing gum. ... Our second priority is to enhance access to key inputs for our manufacturers, including sugar and sugar-containing products from Mexico and Canada.

“... A new NAFTA should establish immediate, permanent, dedicated, duty-free access for Mexican sugar without price support restrictions in order to once again ensure a sufficient supply of sugar at reasonable prices here in the United States. NCA was pleased to see additional sugar access negotiated for Canada within the TPP and believes the quantities U.S. negotiators offered to Canada and other TPP countries on sugar should be provided to Canada under a new NAFTA.

“Finally, I would like to address how the newly revised sugar suspension agreements hurt manufacturers and relate to NAFTA modifications. U.S. domestic suppliers cannot produce enough sugar to meet demand, and we must import sugar. Mexico has become an integral part of the North American sugar trade and is a reliable supplier to our manufacturers. With the higher floor price that our government negotiated, we project it will cost American grocery shoppers an estimated \$1 billion a year. This was an opportunity to level the playing field for manufacturers but as a result some of our small businesses have estimated this will raise their costs 10 percent. Our sector would strongly oppose any attempts to institutionalize suspension agreement-like provisions in an updated NAFTA.”

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