

**U. S. Sugar Industry Group  
2111 Wilson Blvd. Suite 600  
Arlington, Virginia 22201**

[Via Facsimile and FEDEX – 5 pages – (202)456-2461]

January 14, 2004

The Honorable George W. Bush  
President of the United States  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Mr. President:

We, the undersigned companies and associations, representing all sectors of the U.S. sugar industry, in 19 states, are writing to reiterate our deep concern about the policy now being pursued by the Administration in the negotiation of Free Trade Agreements (FTAs) and the potentially disastrous impact it will have on the U.S. sugar industry.

We are deeply disappointed by the commitments on sugar contained in the proposed agreement recently announced with four Central American (CAFTA) countries. These commitments, and their anticipated expansion in negotiations with Costa Rica and the Dominican Republic, would result in substantial additional imports into an already over-supplied domestic sugar market, threatening the viability of both the U.S. sugar program and our industry. Moreover, they would set a precedent for other FTA negotiations that would lead to a totally unmanageable level of imports into the U.S. These increased imports can only come at the expense of U.S. producers, who are already suffering from low market prices and are required to hold 700,000 tons of “blocked stocks,” in order to avoid massive forfeitures to the government.

It is essential that negotiations on market access for sugar be reserved for the global WTO negotiations, which American sugar farmers and processors have strongly supported. Only in the WTO forum can the pervasive government intervention that has so grossly distorted the world sugar market be effectively and comprehensively addressed. Inclusion of sugar in FTAs would expose our market to the ruinous effects of the world “dump” market for sugar without affecting the pernicious government policies that distort that market. Both the domestic sugar support program enacted by Congress less than two years ago and the U.S. sugar industry would ultimately be destroyed. Such a course of action would be inconsistent with the stated policy of your Administration – that domestic support programs be excluded from FTA negotiations and reserved for the WTO. The no-cost inventory management policy adopted for sugar cannot operate unless imports remain within legally prescribed limits.

Additional import commitments resulting from FTA negotiations would have the inevitable effect of depressing U.S. sugar prices and incomes, driving up government stock acquisitions and costs, and causing an exodus of efficient U.S. sugar producers from our industry. The U.S. has now entered into, or announced its intention to launch, FTA negotiations with a large number of major sugar producing and exporting countries, which in total export over 27 million metric tons of sugar – triple U.S. consumption! This is not a distant threat – in addition to CAFTA, the Administration has indicated that it plans to complete negotiations with Australia, traditionally the world’s fourth largest sugar exporter, by the end of this month.

We strongly urge you to direct your Administration to reconsider and reverse the commitments on sugar offered in the proposed CAFTA and to complete a careful and comprehensive analysis of the impact of any commitments on sugar market access in all FTAs before any further negotiations on sugar take place. We are certain such an analysis will lead to the conclusion that USTR’s current approach in FTA negotiations is neither viable nor consistent with the Administration’s stated position on domestic support policies. Any threat to the operation, or the extension, of current U.S. sugar policy, such as that posed by the commitments in the proposed CAFTA, is a direct threat to the survival of our industry, and will require American sugar producers to strongly oppose CAFTA and any other FTA with comparable provisions.

In summary, it is imperative that the Administration reconsider its position on the treatment of sugar in trade negotiations. Sugar must be reserved for the global, comprehensive Doha negotiations of the WTO and not included in FTA negotiations. This is the only approach that can ensure a fair and acceptable outcome for the U.S. sugar industry.

We request a meeting with you as soon as possible to discuss this matter in greater detail. Please feel free to contact Carolyn Cheney, Chair, U.S. Sugar Industry, at (202) 547-5048 to schedule a time to meet with you. Thank you for considering our views on this important matter.

Sincerely,

**California**

California Beet Growers Association  
Imperial Sugar Company

**Colorado**

Colorado Sugarbeet Growers Association  
NEBCO Beet Growers Association  
Western Sugar Cooperative

**Florida**

Atlantic Sugar Association  
Florida Crystals Corporation  
Florida Sugar Cane League  
Okeelanta Corporation  
Osceola Corporation  
Sugar Cane Growers Cooperative of Florida  
U.S. Sugar Corporation

**Hawaii**

Gay & Robinson, Inc.  
Hawaiian Commercial and Sugar Company  
Hawaii Sugar Growers

**Idaho**

Amalgamated Sugar Company  
Elwyhee Sugarbeet Growers Association  
Idaho Sugarbeet Growers Association  
Nyssa-Nampa Beet Growers Association

**Louisiana**

Alma Plantation  
American Sugar Cane League  
American Sugar Refining Company (Domino)  
Cajun Sugar Cooperative, Inc.  
Cora-Texas Manufacturing Company, Inc.  
Cinclare Central Factory (Harry L. Laws Company, Inc.)  
Enterprise Factory (M.A. Patout & Son, Ltd.)  
Iberia Sugar Cooperative, Inc.  
Jeanerette Sugar Company, Inc.  
Lafourche Sugar Corporation  
Louisiana Sugar Cane Cooperative, Inc.  
Lula Sugar Factory  
Raceland Raw Sugar Corporation  
South Louisiana Sugars Cooperative, Inc.  
St. Mary Sugar Cooperative, Inc.  
Sterling Sugars, Inc.  
Westfield Sugar Factory

**Maryland**

American Sugar Refining Company (Domino)

**Michigan**

Michigan Sugar Company  
Monitor Sugar Company  
Monitor Sugarbeet Growers Association

**Minnesota**

American Crystal Sugar Company  
Minn-Dak Farmers Cooperative  
Southern Minnesota Beet Sugar Cooperative  
Red River Valley Sugarbeet Growers Association

**Montana**

Big Horn County Sugarbeet Growers Association  
Montana-Dakota Sugarbeet Growers Association  
Mountain States Beet Growers Association of Montana  
Sidney Sugars Incorporated  
Western Sugar Cooperative

**Nebraska**

NEBCO Beet Growers Association  
Nebraska Beet Growers Association  
Western Sugar Cooperative

**New York**

American Sugar Refining Company (Domino)  
American Cane Sugar Refiners' Association

**North Dakota**

American Crystal Sugar Company  
Minn-Dak Farmers Cooperative  
Montana-Dakota Sugarbeet Growers Association  
Red River Valley Sugarbeet Growers Association

**Ohio**

Michigan Sugar Company

**Oregon**

Amalgamated Sugar Company  
Nyssa-Nampa Beet Growers Association

**Texas**

Rio Grande Valley Sugar Growers

**Washington**

Amalgamated Sugar Company  
Snake River Sugar Company Growers

**Washington, D.C.**

American Sugarbeet Growers Association  
United States Beet Sugar Association

**Wyoming**

Big Horn Basin Sugarbeet Growers Association  
Platte Valley Wyoming Beet Growers Association  
Washakie Sugarbeet Growers Association  
Western Sugar Cooperative  
Wheatland Sugarbeet Growers Association  
Wyoming Sugar Company

cc: United States Trade Representative Robert Zoellick  
Secretary of Agriculture Ann Veneman  
Special Trade Negotiator for Agriculture Allen Johnson  
Under Secretary of Agriculture J.B. Penn  
Special Assistant to the President for Agricultural Trade Charles Conn