

Sarah Thorn, Grocery Manufacturers of America:

Two main points

- 1) The problem is not imports but rather the sugar program.
- 2) It hurts everyone to have artificially high prices and it does not save jobs. Sugar refineries are going out of business and confectioners are moving manufacturing out of the country.

Sugar is excluded from most trade agreements due to "trade politics", not trade policy. Sugar is not unique in that no other agricultural products enjoy perfect markets either but they are negotiated. Sugar is not just a trade problem but also an environmental problem in the US. The Florida Everglades are being devastated by pollution resulting from sugar farming.

Sugar's relationship to CAFTA:

Expectations are that CAFTA will pass just as all other trade agreements have been past, but since trade is such a divisive topic in the election, Ms. Thorn believes smoother passage would occur after the November elections are over.

Don Phillips, American Sugar Alliance:

- 1) Exclusion of sugar in FTA's is the norm, not the exception.
- 2) The Administration reserves domestic issues of sensitive products, such as sugar, for the WTO environment. Domestic programs should not be negotiated in FTA's. The world market is so distorted that only the WTO can fix the problem. Working in FTA's will only complicate the program by opening preferential niche markets at different times. A WTO action should involve the top 14 sugar producer's programs. World prices due to these programs is artificially low as sugar producing countries dump excess sugar stock on the world market. But- the existing WTO CVD Laws are broken and not worth pursuing.
- 3) "Americans are not undernourished" due to high sugar prices. There is no consumer impact.
- 4) Manufacturing is moving due to labor and health care costs not sugar prices.
- 5) Mr. Phillips accepted the charge that sugar has become a "political problem" and not just a part of

trade policy because "trade politics" is the only way to be heard.

6) ASA plans to lobby hard against the ratification of CAFTA.

Maria Bennaton:

CAFTA is very important to Central America for many reasons:

1) It will increase investment and therefore growth.

2) It will help consolidate democracy and the rule of law in fragile democracies and developing economies of Central America.

3) Central America is a good trading partner of the U.S. CAFTA recognizes C.A. as an important trading partner that sends 50% of exports to the U.S. and receives 50% of imports from the U.S. 4) CAFTA only eases sugar quotas minimally. It does nothing to the high tariffs so no fear of imports coming in over quotas.

5) CAFTA is no threat to American sugar producers and should not be opposed due to that single component.
