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# Big sugar's war on trade deal hurts U.S. consumers

Andres Oppenheimer

A U.S. free-trade deal with five Central American countries and the Dominican Republic is being threatened by a few sugar barons -- mostly in Florida -- who want American consumers to continue subsidizing their inefficient industries and Congress to keep cutting imports from poverty-ridden Latin American countries.

Big sugar -- companies like Flo-Sun, owned by Florida's politically influential Fanjul family -- has become the main obstacle to U.S. congressional passage of the Central American and Dominican Republic Free Trade Agreement (CAFTA), U.S. officials say. Congress may vote on the deal as early as next month.

According to the Center for Responsive Politics, a Washington, D.C., research group, the sugar industry contributed $3.2 million to congressional candidates and political parties in the 2004 election. While sugar amounts to only 1 percent of the U.S. agribusiness industry's income and 0.5 percent of its employment, three of the top 10 agribusiness political donors are sugar producers, the figures show.

Political contributions have worked wonders for the sugar industry: Over the past three decades, Congress has set import quotas that have cut by 75 percent the amount of U.S. sugar imports.

As a result, the United States today only imports about 10 percent of the sugar it consumes, and American consumers are paying almost twice what they would pay at world market prices, World Bank economists say.

''A small number of farmers basically control the U.S. sugar program to their benefit, to the detriment of U.S. consumers and to the detriment of other countries that do not have a chance to export to us,'' Donald Mitchell, a lead economist with the World Bank, told me last week.

``And they happen to be some of the poorest countries in Latin America.''

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In recent years, the U.S. sugar industry -- which by some accounts employs as little as 6,000 people -- had managed to keep sugar out of various U.S. free trade agreements.

But now, the sugar lobby is up in arms because CAFTA would increase U.S. sugar imports by 1.2 percent -- about a spoon and a half a week for each American consumer.

The Bush administration is losing its patience.

Last week, Robert Zoellick, the No. 2 at the U.S. State Department, blamed the sugar lobby for endangering Central America's fragile democracies by trying to kill CAFTA.

''We must decide whether we will sacrifice the strategic interests of the United States and the future of Central America . . . for a spoonful of sugar,'' he said.

Venezuela's leftist President Hugo Chávez is giving away oil and subsidizing public works throughout

Central America, U.S. officials note.

And in Nicaragua, former Sandinista leader Daniel Ortega -- a close ally of Cuba and Venezuela -- already controls the Supreme Court and Congress and is leading in some polls for the 2006 elections.

Assistant U.S. Trade Representative Chris Padilla told me that virtually all other U.S. farmers support CAFTA, among other things because they see it as an opportunity to increase U.S. exports of corn, pork, wheat, rice and other goods to Central America. ''I have never seen an industry so isolated as sugar is in this agreement,'' Padilla said.

**`TIP OF THE ICEBERG'**

But the sugar industry is fighting on. Jack Roney, economics director of the pro-sugar industry's American Sugar Alliance said in recent congressional testimony that CAFTA is ''the tip of the iceberg.'' He added, ``Behind the CAFTA countries, 21 other sugar-exporting countries are lined up, like planes on a tarmac, waiting to do their deal with the U.S.''

My conclusion: Indeed, other countries, many in Latin America, are waiting in line. But guess what? That's great!

There is no reason why Americans should continue paying more for their sugar and for the United States to risk more illegal immigration and more political turmoil south of the border -- which generally results in costly U.S. financial bailouts or, worse, regional conflicts such as the Central American wars of the 1980s -- just to please a few big-time political donors.

The existing U.S. import quotas are seen worldwide as a symbol of U.S. hypocrisy on free trade, force Americans to pay more for sugar and condemn millions of Latin American peasants to poverty.

It's a bad deal for a lot of people for the benefit of very few.