

Posted on Wed, Jul. 13, 2005

## AGRICULTURE

# Free trade with Thailand worries U.S. sugar growers

**Free trade threatens to put domestic sugar growers out of business. Producers in the U.S. fear what a trade pact with Thailand would mean for their bottom line.**

BY LARRY LIPMAN

Cox News Service

**WASHINGTON** - America's sugar industry describes it as CAFTA on steroids.

The "it" is a free-trade agreement being negotiated this week in Great Falls, Mont. -- estimated population 56,000 -- between the United States and Thailand, one of the world's largest sugar-exporting nations.

In a letter sent Monday to President Bush, 67 sugar companies and associations from 19 states warned that including sugar in a free-trade agreement with Thailand and other countries ``can only come at the expense of U.S. producers and threaten the very survival of both the U.S. sugar program and our industry."

Sugar growers and producers are concerned that CAFTA -- the free-trade agreement with five Central American countries plus the Dominican Republic -- is setting a harmful precedent for negotiations with Thailand and 20 other sugar-producing nations that export 25 million tons of sugar a year, three times the United States' sugar consumption.

"That's enough to eliminate U.S. sugar production," said Phillip Hayes, spokesman for the American Sugar Alliance, which represents both cane and beet sugar growers and producers.

South Florida is home to three major sugar-cane producers.

Although Sen. Bill Nelson, D-Fla., told the Senate just before it endorsed CAFTA last month that U.S. Trade Rep. Rob Portman had promised future agreements would not include sugar through 2007, the industry is not convinced.

"Sugar has not been taken off the table," Hayes said. ``This is a huge deal because Thailand is the world's second-largest sugar-exporting nation and they are heavily subsidized. Thailand is Central America on steroids."

On average, Thailand exports about 4.6 million metric tons of sugar per year to the world market, although the 2005-06 export amount is expected to be about 2.9 million metric tons, according to the U.S. Department of Agriculture. That would place Thailand third in world sugar exports behind Brazil with 10.8 million metric tons and Australia with 4.2 million metric tons.

Thailand's exports to the United States last year totaled \$17.5 billion compared to \$6.4 billion in imports. But agricultural interests in the United States -- particularly Western wheat farmers -- see the potential agreement as a way to open Thailand to more American-produced grain, which now faces a 35 percent tariff. Sugar producers worry their commodity may be sacrificed to win gains for other U.S. agricultural commodities.

Hayes said Thailand's desire to increase its share of the American market -- now less than 2 percent -- is an example of the danger posed by CAFTA.

The House is expected to vote on CAFTA later this month. Both sides predict a razor-close margin.

"CAFTA will have minimal impact on the sugar industry -- equivalent to about a spoonful [of sugar] a week" for the average American consumer, Commerce Secretary Carlos Gutierrez wrote in an online forum in May.