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My company, U.S. Sugar Corporation, was founded here in Florida in 1932. We are one of America's top privately held agribusiness companies and we practice the most efficient and progressive farming techniques available in the world. We operate under some of the most stringent environmental and labor standards in the world.

We have more than 2,500 full time employees and will add another thousand during our harvest season. The average salary of our employees is approximately $41,000 a year. That's 130 per cent more than the average salary in the state of Florida. Those employees are the largest single ownership group of our company, approximately 45 per cent. The remainder is owned by a charity, the Mott Foundation.

U.S. Sugar is the country's largest producer of sugar cane. We have the largest refinery in Florida. And, we also have a significant citrus growing and processing company. Along with two other companies in Florida, we produce approximately 25 per cent of the sugar produced in the country.

In Florida alone, sugar farmers contribute more than 25,000 direct and indirect jobs, and a $3.1 billion economic impact statewide. Seventeen states in the U.S. produce sugar. The American sugar and corn sweetener industry generates more than 400,000 jobs.

As you may know, American sugar farmers produce only for our market place. In fact, we are the fourth largest importer of sugar in the world. We are firm in our conviction that sugar should be excluded from regional or bilateral free trade agreements, like the Free Trade Area of the Americas, because those agreements threaten the existence of our industry.

Sugar farmers in the U.S. support the goal of genuine global free trade in sugar. American sugar producers are among the world's low-cost producers, despite having the highest environmental and labor standards in the world.

Because of our competitiveness, we have endorsed the goal of genuine multilateral free trade in sugar since the onset of the Uruguay round of the GATT in 1986. Ultimately, we want to see free trade in sugar include all countries and all government programs. But, that will require some doing. Genuine liberalization of trade in sugar must address all market distortions and circumvention, not just import barriers. We welcome the opportunity to compete head to head with foreign producers, in a market free of all government intervention.

More than 120 countries produce sugar around the world. In all these countries the government intervenes in some way in the sugar marketplace. The worst of these distortions involves a combination of import protection and production and export subsidies. This combination results in huge over-production, which is dumped on the world market, thus injuring the producers of other countries unless their governments, in turn, protect their markets.

The world market for sugar is so distorted by these aggressive practices of over production that over the past two decades the "world price" has averaged barely half the world average cost of producing sugar. U.S. sugar policy is designed primarily to ensure that the U.S. market is not distorted by these aggressive over-production policies. If these subsidies and other market distortions were removed, then the U.S. sugar industry would support negotiations that lead to reciprocal reductions in import barriers for sugar. But, without this crucial step, such reductions would only encourage government subsidies to destroy efficient producers.

The U.S. has committed, under WTO and North American Free Trade Agreement (NAFTA) rules, to import, at a minimum, a volume of sugar amounting to about 15 per cent of U.S. consumption, duty free. The U.S. must import this sugar whether the domestic market requires it or not.

Twenty-two countries in this hemisphere already benefit from essentially duty-free access to the U.S. market. Several of those sugar producing countries, which are included in FTAA and Central American Free Trade Agreement (CAFTA), already have some duty-free access under our domestic sugar policy and through existing trade agreements.

If the U.S. agrees in regional trade negotiations to open up the U.S. sugar market, American sugar producers, including our company, will be wiped out. Not because we can't compete, but because the market system that this agreement will create is unfair. It puts us up against unfair competition. We will be competing with countries which subsidize their industry, have lower labor, wages and environmental standards and encourage overproduction and dumping.

Because of the distorted nature of the world dump market for sugar and because of a wide range of border control issues, sugar has overwhelmingly been excluded from bilateral and regional free trade agreements.

There are 124 regional trade agreements worldwide, most of which exclude sugar. Some examples:

- Sugar is excluded from the Mercosur agreement among major producers Argentina and Brazil, with Uruguay and Paraguay.
- Though Mexico reportedly has more bilateral and regional trade agreements than any other country, it has excluded sugar from virtually every one, including the recent agreement with the European Union. The EU, by the way, is the world's second largest exporter of sugar, thanks to massive production and export subsidies.
- Sugar is included in the U.S.-Mexico portion of NAFTA, but the sweetener provisions are embroiled in controversy.

With sugar excluded from so many free trade agreements, including agreements in this very hemisphere, the challenge of including sugar in the FTAA is, at best, daunting.

The world sugar market, including countries like Brazil, is highly distorted by a vast array of subsidies and other trade-distorting programs. Brazil's government provides direct and indirect subsidies to sugar producers in the form of cancelled loans, infrastructure provisions and ethanol-related support. Nearly half of Brazil's sugar crop goes into its ethanol program.

Brazil is at the forefront of the efforts to dismantle the US and European Union farm programs so that they can flood our markets with their surplus sugar while they continue to protect their own sugar industries.

Dumped sugar, which sells for prices below the country's cost of producing it, will displace American sugar and eliminate thousands of American jobs. It will also exclude the sale of sugar from Caribbean Basin Initiative (CBI) countries and others who currently supply sugar to the U.S. market and depend on the income from those sales.

Brazil also has been a leader in this hemisphere in demanding greater access to U.S. sugar markets as a pre-condition of their cooperation on other sought-after FTAA trade policies. It was widely reported in the aftermath of the World Trade Organization talks in Cancun that Brazil was responsible for causing the deadlock which led to the disappointing results of the overall negotiations.

Giving away our market share to countries such as Brazil, who over-produce sugar as a direct result of government support, does not reflect the spirit of global free trade.

World free trade will not be achieved with negotiations that merely grant further access to our markets without getting to the heart of the problem—-a worldwide surplus of sugar that is the direct result of foreign government's trade policies that have not been addressed in the appropriate forum—-WTO.

Our industry is additionally in jeopardy from other countries that use weaker labor and environmental standards to create an advantage. Those are the same countries seeking free trade agreements with the U.S. Some of these countries employ child labor and pay their workers less than 70 cents an hour.

Opening our markets to benefit foreign sugar producers will not alleviate hunger and poverty in developing countries, but it will surely increase hunger and poverty at home. Let's not sacrifice the farm and thousands of American jobs in order to move forward the vision of global free trade in the mere hope that new markets will open. The achievement of genuine free trade requires more than hope. It requires global negotiations to systematically eliminate subsidies and other market – distorting practices in all producing nations. Reform must be global and comprehensive, not piecemeal. This outcome can only be achieved in the World Trade Organization (WTO).

Let me close on a positive note: our company supports and firmly believes in the FTAA talks which are about to begin. If done correctly, this forum can become a win-win for the economies of all the countries of our hemisphere.

Further, we can think of no city in this hemisphere more uniquely situated or qualified to become the secretariat of FTAA than Miami. We have the opportunity, working together with our neighbors to the north and the south, to advance the cause of global Free Trade. That's a goal upon which I am sure we can all agree.

Thank you.

U.S. Sugar Industry Position of the FTAA

U.S. Sugar Industry's Free Trade Position

U.S. sugar producers are efficient by world standards with costs of production below the world average, despite the highest environmental and labor standards in the world. Because of our competitiveness, we have endorsed the goal of genuine, multilateral free trade in sugar since the onset of the Uruguay Round of the GATT in 1986. Ultimately, we want to see free trade in sugar include all countries and all government programs. But that will require some doing. Genuine liberalization of trade in sugar must address all market distortions and circumvention, not just import barriers.

Market Distortions

More than 120 countries produce sugar, and in all these countries the government intervenes in the sugar marketplace. The worst of these distortions involves a combination of import protection and production and export subsides. This combination results in huge over-production, which is dumped on the world market, thus injuring the producers of other countries unless their governments, in turn, protect their markets. The world market for sugar is so distorted by these aggressive practices of over-production that over the past two decades the "world price" has averaged barely half the world average cost of producing sugar, according to independent studies.

U.S. sugar policy is designed primarily to ensure that the U.S. market is not distorted by these aggressive over-production policies. If these subsides and other market distortions were removed, then the U.S. sugar industry would support negotiations that led to reciprocal reductions in import barriers for sugar. But without this crucial step, such reductions would only encourage government subsides to destroy efficient producers.

Circumvention

In a world market so undermined by market distortions in national markets, the incentive to evade existing WTO disciplines on sugar trade is enormous. As a result, some countries can become "blending platforms," which import third-country dump market sugar for manufacture of sweetened products that are then exported. Bilateral and regional agreements can make this problem worse, because "blending platforms" within a free area can export duty-free within the free area, undermining WTO agreements on market access for sugar. Or, new agreements can act on the problem, by including provisions that address this form of circumvention.

Sugar is Not Included in Most Bilateral and Regional Agreements

Because of the uniquely distorted nature of the world dump market for sugar and because of a wide range of border control issues, sugar has overwhelmingly been excluded from bilateral and regional free trade agreements. The Food and Agriculture Organization of the United Nations noted last year:

" There are 124 regional trade agreements worldwide at this time, most of which substantially exclude sugar." Some examples:

- Sugar is excluded from Mercosur agreement among major producers Argentina and Brazil, with Uruguay and Paraguay.
- Though Mexico reportedly has more bilateral and regional trade agreements than any other country, it has excluded sugar from virtually every one, including its recent agreement with the European Union. The EU is the world's second largest exporter of sugar, thanks to massive production and export subsides.
- Sugar is excluded from the U.S.-Canada portion of the North American Free Trade Agreement (NAFTA), which defers to WTO disciplines instead.

Sugar is included in the U.S.-Mexico portion of the NAFTA, but the sweetener provisions are embroiled in controversy. Mexico is blocking imports of U.S. made corn sweeteners that compete with sugar in Mexico, and Mexico insists on accelerating the NAFTA schedule of its sugar access to the U.S.

With sugar excluded from so many free trade agreements, including agreements in this very hemisphere, the challenge of including sugar in the FTAA is, at best, daunting.

The U.S. Is Already a Major Sugar Importer; Market Is Saturated

The United States has committed, under WTO and NAFTA rules, to import, at a minimum, a volume of sugar amounting to about 15 percent of U.S. consumption, duty free. The U.S. must import this sugar whether the domestic market requires it or not, making the U.S. the world's fourth largest importer of sugar. Twenty two countries in this hemisphere already benefit from essentially duty-free access to the U.S. market, representing 65 percent of U.S. imports.

In addition, we have experienced import leakage, of blended product from Canada and above-quota sugar from Mexico. These imports, coupled with unusually large U.S. production, inundated the U.S. sugar market the past two years and depressed the domestic sugar price to a 22-year low in 2000. The industry is badly oversupplied and in a severe financial crisis, with beet and cane mills closing, and the country's largest refined sugar seller in bankruptcy. The U.S. market has no room for additional foreign sugar.

In the FTAA: Negotiate Real Open Trade or Reserve Sugar for WTO Disciplines

Given the highly distorted nature of the world dump market for sugar and the inability so far of most trade agreements to address market distortions, the U.S. sugar industry believes that negotiations on sugar provisions in the FTAA would be so contentious they would delay the wider package. The U.S. sugar industry, therefore, recommends that, within the framework of the FTAA, sugar be reserved for much needed, and more far reaching, disciplines in the multilateral, WTO context.