



THE
AMERICAN
CONSERVATIVE
UNION

June 19, 2013

Dear Member of Congress:

For years, we have advocated the need for a free market in sugar and believe that reform proposals put forth must not dismantle U.S. policy without first addressing the foreign subsidies that are grossly distorting world sugar prices. Unilateral disarmament and increased dependence on foreign sugar suppliers cannot be the first step to achieving a fair and open market.

We urge Congress to consider a zero-for-zero strategy where U.S. trade officials aggressively target foreign market-distorting policies. Once these subsidies are removed, U.S. sugar producers have agreed to eliminate the U.S. sugar program, which consists of non-recourse loans, marketing quotas and tariffs.

Subsidies from all major sugar exporters, including Thailand, India, the European Union and Central America, should be addressed. But immediate priority should be placed on eradicating policies in Brazil and Mexico, which are the biggest hurdles to free trade in U.S. sugar.

Brazil's three decades of subsidies—ranging from sugar ethanol usage mandates to direct subsidy checks, special bailout packages, soft loans, preferential tax breaks and debt forgiveness—have helped the nation grab a market-monopolizing 50 percent share of global sugar exports. And, the country is currently expanding its subsidization in hopes of growing this unprecedented price manipulating power.

Mexico enjoys direct government ownership of 20 percent of the country's sugar industry. The government produces 1 million tons of sugar a year, and a loophole in NAFTA allows Mexico to slip more than 1 million tons of sugar into the U.S. market. This scheme enables Mexico to artificially inflate its domestic prices and keep an inefficient industry afloat while artificially depressing U.S. prices to harm its main North American competitor.

In order to advance a true free-market solution, we ask you to focus on reforming sugar subsidies abroad before putting America's economic and food security priorities at risk.

Sincerely,

Al Cardenas
Chairman, American Conservative Union



Andrew Langer
President, Institute for Liberty



Chuck Muth
President, Citizen Outreach



Jim Martin
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Stephen DeMaura
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