INTERNATIONAL SUGAR TRADE COALITION, INC.
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May 4, 2007

The Honorable Bob Etheridge, Chairman
Subcommittee on General Farm Commodities and Risk Management
1533 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Etheridge:

We are writing on behalf of the members of the International Sugar Trade Coalition (ISTC), representing private-sector sugar companies and trade associations in 16 developing countries that export sugar to the United States, to submit the following statement for the record of the April 26, 2007 hearing by the Subcommittee on General Farm Commodities and Risk Management. The members of ISTC express our support for renewal of the U.S. sugar program in the 2007 Farm Bill. A list of ISTC members is attached.

The U.S. program provides for importation into the United States, at zero or very low duty, of raw cane sugar, under a tariff rate quota (TRQ) determined by the Department of Agriculture, but not less than the minimum amount fixed by an international agreement reached in the World Trade Organization. The Office of the U.S. Trade Representative allocates the TRQ among 40 traditional sugar-exporting countries, including 38 developing countries, according to their historic shares of U.S. sugar imports.

The value of access to the U.S. sugar market is the price received. Because many countries protect their sugar industries with trade barriers and/or subsidies, most sugar is sold within the country where it is produced. In most years, less than 20% of world sugar production is traded internationally, and that production is offered for sale so long as prices are high enough to cover marginal costs, *i.e.*, basically the cost of bringing the sugar to market. World market sugar prices over the past 30 years have rarely risen as high as the average cost of production, and they have never stayed above production cost for any length of time. Because of the U.S. sugar program, however, exports to the United States receive the U.S. market price and, therefore, are remunerative.

For the members of ISTC, exports to the U.S. sugar market support local sugar industries, farm income, agricultural employment, and rural development. Export earnings from the U.S. market are an important source of hard currency and help fund the general economic development of these developing countries. Changes in the sugar program might theoretically increase export opportunities, but as a practical matter would undermine prices, and therefore would be seriously detrimental to most developing country quota holders.

In short, changes to the U.S. sugar program that would lower the price received for imported sugar would primarily benefit only Brazil and would seriously harm most developing country quota holders. For these reasons, the members of ISTC urge Congress to renew the U.S. sugar program in its current form.

Thank you for the opportunity to express our views. Please let me know if you have questions or would like additional information.

Respectfully submitted,

Paul Ryberg
President

cc: Hon. Jerry Moran

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Membership List

Barbados:	Barbados Agricultural Management Co. Inc.
Belize:	Belize Sugar Industries Inc.
Dominican Republic:	International Sugar Policy Coordinating Commission of the Dominican Republic
Ecuador:	FENAZUCAR
Fiji:	Fiji Sugar Marketing Co. Ltd.
Guyana:	GUYSUCO
Haiti:	Haiti sugar industry
Jamaica:	Sugar Industry Authority of Jamaica
Malawi:	Malawi sugar industry
Mauritius:	Mauritius Sugar Syndicate
Mozambique:	APAMO
Panama:	Panama sugar industry
Philippines:	Sugar Alliance of the Philippines
Saint Kitts and Nevis:	Saint Kitts Sugar Manufacturing Co. Ltd.
Swaziland:	Swaziland Sugar Association
Trinidad and Tobago:	The Sugar Manufacturing Company
Zimbabwe:	Zimbabwe Sugar Sales (Pvt) Ltd.