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Developing Countries Praise House Renewal of U.S. Sugar Program

WASHINGTON, DC—The International Sugar Trade Coalition (ISTC) congratulates the U.S. House of Representatives for its passage of the 2007 Farm Bill on July 27, 2007, including in particular the provisions renewing the U.S. sugar program. ISTC members are sugar industries in 17 developing countries that supply about 46 percent of the sugar imported into the United States, under a tariff-rate quota (TRQ) administered by the United States in accordance with rules established in the World Trade Organization.

Renewal of the U.S. sugar program gives 38 developing nations, including the members of ISTC, a guaranteed share of the U.S. sugar market at prices that are fairer and more predictable than prices on the world market, where prices do not even cover the cost of production. The United States is currently the world's second largest sugar importer, importing approximately 1.65 million tons of sugar a year.

ISTC members expressed concern, however, about provisions of the House Farm Bill that restrict their ability to increase their exports in response to a sugar shortage in the United States. The House bill would prohibit USDA from increasing the quota during the first half of the quota year (October 1-April 1) even in the event of acute shortages in the U.S. market, unless any such shortage resulted from war, natural disaster, or similar event.

ISTC President Paul Ryberg said: "ISTC believes the cause of a shortage should not be a factor in determining how USDA acts to address it. Traditional suppliers have been reliable suppliers when the United States has required additional imports in the past, and will be in the future if we are allowed to ship." Accordingly, ISTC encourages the Senate to allow more flexibility in the administration of the TRQ when it takes up the Farm Bill.

The U.S. market is particularly important in the wake of changes to the European sugar market, where prices offered for sugar imports from developing countries have been cut by 36 percent. As a result, sugar industries in numerous developing countries have been staggered, and St. Kitts and Nevis has announced that it will cease sugar production after more than 300 years. Other developing sugar industries, such as Trinidad and Tobago, are studying whether they may have to follow suit.

ISTC members have met with Members of Congress and senior Administration officials over the past several months to urge renewal of the current U.S. sugar program with as few changes as possible.

ISTC's membership consists of the private sector sugar industries of developing countries from Africa, the Caribbean, Central and South America, Asia and the Pacific: Barbados, Belize, the Dominican Republic, Ecuador, Fiji, Guyana, Haiti, Jamaica, Malawi, Mauritius, Mozambique, Panama, the Philippines, St. Kitts and Nevis, Swaziland, Trinidad and Tobago, and Zimbabwe.

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