July 15, 2014

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

The Honorable Michael Froman
Ambassador
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

The Honorable Thomas Vilsack
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Re: U.S.-Mexico Sugar Dispute

Dear Secretary Pritzker, Ambassador Froman and Secretary Vilsack:

We have heard troubling rumors about pressure being applied on the Administration to consider the negotiation of a managed trade agreement between the Governments of Mexico and the United States to resolve the antidumping and countervailing duty petitions filed against U.S. imports of sugar from Mexico. We oppose managed trade in principle, especially between the United States and one of its NAFTA partners. Such an agreement would be particularly inappropriate in the case of sugar, a U.S. industry that already receives tremendous government protection from market forces at the expense of U.S. consumers and U.S. taxpayers.

The U.S. sugar industry is already highly protected from import competition and other market forces, and we are well aware of the potential for retaliation against U.S. exports to Mexico whenever the United States imposes new barriers to imports from Mexico. Mexico is the United States' second-largest export market, accounting for goods exports of $226.2 billion in 2013. The Administration should not jeopardize this robust trading relationship by providing U.S. sugar producers with even more insulation from market forces.

A managed trade agreement – restricting imports of sugar from Mexico – would run counter to obligations the United States has undertaken in NAFTA to open its market to sugar imports from Mexico. Restricting trade in this way would also undermine the tremendous progress that has been made in liberalizing trade throughout North America since NAFTA was implemented in 1994. In fact, the Administration's 2014 Trade Policy Agenda and 2013 Annual Report championed the positive effects from removing trade barriers through NAFTA claiming that, "by dismantling barriers, the NAFTA has led to increased trade and investment, growth in employment, and enhanced competitiveness."

Furthermore, restricting trade between the United States and Mexico through a managed trade agreement would run counter to their shared objective of completing a comprehensive Trans-Pacific Partnership (TPP) agreement that expands upon existing trading relationships, including those of NAFTA partners. The job of U.S. negotiators who are demanding comprehensive access for U.S. exports to the markets of all TPP negotiating partners would be made all the more difficult if the United States were simultaneously rolling back some of the trade liberalization that was enacted in NAFTA, particularly with a product such as sugar.

We will continue to work with the Administration to build on the tremendous progress that has been made under NAFTA, including by supporting the Administration's efforts to enhance our trading relationships with Mexico and the other ten participants in the TPP negotiations. We urge the Administration not to enter into negotiations with Mexico toward reaching a managed trade agreement on sugar, which would undermine the overall U.S. trade agenda.

Sincerely,

Coalition for Sugar Reform
American Bakers Association
American Beverage Association
American Frozen Food Institute
Chicago Area Retail Bakers Association
Competitive Enterprise Institute
Council for Citizens Against Government Waste
Food Marketing Institute
Grocery Manufacturers Association
Independent Bakers Association
International Dairy Foods Association
National Confectioners Association
National Foreign Trade Council
National Consumers League
Retail Bakers of America
Snack Food Association
Sweetener Users Association
U.S. Chamber of Commerce