CAFTA Facts

Office of the United States Trade Representative **www.ustr.gov**
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Sugar: A Spoonful A Week

- Many Americans consume somewhere between 10 and 20 teaspoons of added sugar per day. By comparison, increased sugar market access for Central America and the Dominican Republic under the CAFTA amounts to only ***about one and half teaspoons per week*** per American.

- Increased sugar market access under the CAFTA amounts to only a small portion of U.S. sugar production. The increased access in the first year of the agreement is equal to ***little more than one day's production*** in the United States.

- In the first year, increased sugar market access for Central American countries and the Dominican Republic under the agreement will amount to ***about 1.2 percent of current U.S. sugar consumption***, growing very slowly over 15 years to about 1.7 percent of current consumption. Total U.S. sugar imports have declined by about one-third since the mid-1990s. Sugar imports under the agreement would not come close to returning total U.S. sugar imports to those levels.

- U.S. over-quota tariffs on sugar will not change under the CAFTA. The U.S. over-quota tariff is prohibitive at ***well over 100 percent***, one of the highest tariffs in the U.S. tariff schedule.

- The United States will establish tariff-rate quotas for Central American countries and the Dominican Republic. The quantity allowed under the TRQs is the lesser of the amount of each country's net trade surplus in sugar or the specific amounts set out in each country's TRQ. The maximum quantity for all of the countries is 107,000 metric tons in the first year. The maximum quantity will increase to approximately 151,000 metric tons over 15 years. The United States will also establish a quota for specialty sugar goods of Costa Rica in the amount of 2,000 metric tons annually. To put these quantities in perspective, annual U.S. sugar production in 2003/04 was about 7.8 million metric tons.

- Approval of the CAFTA would not have a destabilizing effect on the U.S. sugar program. Under the current Farm Bill, Congress set a "trigger" of about 1.4 million metric tons of total imports; the domestic sugar program is unaffected when imports are below this amount. Even with the modestly increased imports from the Central American countries and the Dominican Republic that are permitted under the CAFTA, there is a comfortable import "cushion" under the current Farm Bill provisions that allow for marketing allotments as long as imports do not exceed the specified trigger level.

- The Agreement also includes a mechanism that allows the United States, at its option, to provide some form of ***alternative compensation*** to CAFTA country exporters in place of imports of sugar. That allows the United States to restrict imports eligible to enter under the CAFTA if the U.S. sugar program is threatened, and instead provide equivalent benefits to the CAFTA countries to make up for the lost access.

- Increased sugar imports from Central America and the Dominican Republic would amount to ***less than one-quarter of one percent*** of total annual U.S. trade with these countries. Sugars and sweeteners account for ***less than one percent*** of U.S. farm cash receipts, and about one percent of U.S. agricultural exports.