

American Sugar Alliance Policy Statement: World Trade Organization Reform



Sugar markets are widely considered to be the most volatile commodity markets in the world, with billions in market-distorting subsidies and policies commonplace around the world. The United States' existing sugar policy provides a transparent and effective means to counter the negative impacts of depressed global sugar prices on America's sugar farmers and workers.

U.S. sugar policy enables America's efficient sugar cane and beet producers to contribute to the food security of the nation, providing a safe, environmentally sound, and reliable supply of sugar for America's consumers and processors. As a result, the United States is the fifth-largest sugar producing country. U.S. sugar policy simultaneously enables the United States to honor its substantial import commitments under the World Trade Organization (WTO) and various bilateral and regional trade agreements, which make the United States the world's third-largest sugar importer.

Given its multilateral structure, the WTO is the most effective body to enact meaningful sugar subsidy reform on a global scale, thus allowing world prices to more accurately reflect the cost of production. However, efforts to address the world's distortive sugar market are complicated by dysfunction in today's WTO. ASA believes the following specific reforms at the WTO would help lay the foundation for a less distorted and more predictable global sugar market.

- **Accountability.** Impose more rigorous disciplines on the practice of members' self-designation of "developing country" status and the accompanying application of "special and differential" treatment. For too long, some countries have used this cover to escape scrutiny and engage in unfair production and trade practices.
- **Modernization.** Update the methodology used by countries to measure levels of government support. The current methodology employs commodity prices from an arbitrary three-year period in the 1980s. Modernizing the methodology would ensure that relevant support measurements more accurately reflect today's market conditions.
- **Transparency.** Improve the transparency, timeliness, and, importantly, the accuracy of country notifications relating to domestic support and export subsidies. The mechanism should not allow WTO members to shirk their reporting obligations or misrepresent their policies to escape reform.
- **Enforcement.** Overhaul the dispute settlement mechanism to ensure that, if necessary, a member's noncompliance with established obligations can be addressed in a timely manner.

The U.S. sugar industry has long advocated for a global "Zero-for-Zero" strategy, which would entail dropping America's sugar policy in exchange for the verified elimination of all foreign sugar subsidies. A transparent and modernized WTO, one reflective of twenty-first century realities, is essential to reforming highly distorted markets such as sugar.
