Testimony of

Congressman Collin C. Peterson

Before the United States International Trade Commission

In

Sugar from Mexico: USITC Inv. Nos. 701-TA-513 and 731-TA-1249 (Final)

September 16, 2015

Chairman Broadbent and members of the Commission, thank you for the opportunity to testify today. I represent Minnesota's Seventh Congressional District, which includes the heart of sugarbeet country. I am the Ranking Member of the House Agriculture Committee and was the Committee's Chairman from 2007 to 2011.

Sugar is an essential industry in the United States. The American sugar industry generates more than 142,000 jobs in 22 states and nearly $20 billion per year in economic activity. In my home state of Minnesota, sugarbeet growers and processors support 28,000 jobs and generate $3.4 billion in annual revenue. American sugarbeet growers and processors are among the most competitive producers in the world, but they cannot compete with the huge surplus of subsidized and dumped Mexican sugar that flooded the U.S. market in recent years.

Subsidized Mexican imports adversely affected the U.S. sugar program by forcing the U.S. Department of Agriculture (USDA) to remove more than one million tons of domestically produced sugar from the U.S. market at a cost to the U.S. government of $259 million. Congress is especially sensitive to the negative impacts of unfair trade on our farmers and U.S. agricultural policy. I am committed to ensuring the trade laws passed by Congress are respected and strongly enforced.

Congress adopted a special injury rule for agricultural products instructing the Commission to consider whether unfair imports "increased the burden on government income or price support programs." That is exactly what happened in the cases before the Commission today.

The injury rule is significant because Congress directed that, to the maximum extent possible, the Secretary of Agriculture shall operate the sugar program at no cost to the federal government. Unfair Mexican imports cost the U.S. government $259 million during the Period of Investigation for this case. Under Secretary of Agriculture Michael Scuse told the Commission that the Suspension Agreements are the solution to this problem. The Agreements allow USDA to continue to use the sugar program to ensure adequate domestic sugar supplies at reasonable prices and no cost to the federal government.

Mexican imports injured U.S. sugar growers and processors because Mexico was the only supplier of sugar with unrestricted access to the U.S. market. Mexico abused that position by flooding the market with subsidized and dumped sugar. The Department of Commerce found in its preliminary determinations that Mexico sold its sugar with a dumping margin of more than 40 percent and countervailing duty margins of up to 50 percent.

I believe the Commission should reach an affirmative finding of material injury that allows the Suspension Agreements to continue. The U.S. Government, beet and cane growers, along with the Mexican Government and their sugar industry, all agree that the Suspension Agreements are needed to restore fairness to the marketplace.

The Suspension Agreements stabilize the U.S. sugar market by requiring Mexico to compete on fair terms with our industry. We need to keep the Suspension Agreements in place to avoid chaos in the U.S. sugar market. Ending the Agreements will undermine our sugar program, burden taxpayers, and disrupt U.S. – Mexico trade and political relations.

Thank you for your consideration.