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**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Marc Himmelstein  
**Sent:** Sat 7/8/2017 10:37:35 PM  
**Subject:** Language  
40 CFR 49.101-105 red-lined.docx

>

> Attached is the National Tribal NSR FIP regulatory (CFR) language with two (2) proposed red-lined edits.

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> Both proposed edits are on the first page of the attachment. The edits include (1) striking § 49.101(b)(1)(v) and (2) striking the previous reference to subsection (v) in § 49.101(b)(1). The statement (i.e. subsection (v)) that we are proposing to delete is "[t]he oil and natural gas source as defined in §49.102 is not located in a designated area'

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**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Elizabeth Heaton  
**Sent:** Fri 5/26/2017 6:41:56 PM  
**Subject:** NAFTA Ag Alert - Issue No. 9

# NAFTA Ag Alert

May 26, 2017

Issue No. 9

## Other Ag Commodities Push Back as Sugar Puts Mexico U.S. Trade in Jeopardy

### Trump Administration Annoyed at Sugar Tactics; Dispute Deadline June 5

- **This time is different. Mexico ready to retaliate, and U.S. farmers, ranchers and processors will suffer.**
- Lighthizer to Perdue: Objective is do no harm.
- Pork Producers see 'devastating consequences' if NAFTA scuttled.
- Desperate sugar industry disseminates Hawaii myth.

Sugar may be a minor crop in the United States, but the industry has a history of getting what it wants. This time, however, is different.

The sugar industry has extended its demands beyond limits on what Mexico can export to the U.S. and the prices it must charge. The industry now wants to cut the proportion of exports that can be refined from 53% to 15% and is demanding that the U.S. government protect two outmoded refiners from competition by an innovative *domestic* competitor.

What else is different this time? The political situation in Mexico has vastly increased that government's willingness to retaliate against high-fructose corn syrup imports from the United States. Also different: Mexico can freely impose punitive duties, thanks to a World Trade

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endangering the future of NAFTA for agriculture – all because of the intransigence of one relatively insignificant commodity. That’s different, too. American farmers are skittish about NAFTA. And no wonder. Agricultural exports to Mexico totaled \$18 billion last year. As Inside U.S. Trade reported Wednesday:

U.S. Trade Representative Robert Lighthizer this week told Agriculture Secretary Sonny Perdue and members of the House Agriculture Committee the Trump administration will prioritize exports of U.S. agriculture products and that “do no harm has got to be our objective” for upcoming NAFTA talks with Mexico and Canada -- a renegotiation process the panel’s chairman, Mike Conaway (R-TX), described as “unsettling” to the ag community.

“Do no harm” is a good motto. And harm is precisely what the sugar industry is doing.

#### Trump Administration Annoyed and Upset

The Trump Administration is increasingly upset at U.S. sugar’s intransigence, according to our sources. Wilbur Ross, the Commerce secretary, must decide by June 5 whether to risk a huge decline in corn syrup exports, a trade war, and the potential destruction of NAFTA – all to please a small domestic industry dominated by a single family.

#### Pork Producers: ‘Devastating Consequences’

The damage would be extensive. The National Pork Producers Council says that disrupting NAFTA would “have devastating consequences for our farmers and the many American processing and transportation industries and workers supported by these exports.” If Mexico put a 20% duty on pork as part of a general trade war touched off by the sugar dispute, the industry, says Iowa State University economist Dermot Hayes would eventually lose the entire Mexican market. Last year, pork exports to Mexico brought in \$1.4 billion. “A loss in exports to Mexico of that magnitude would be cataclysmic for the U.S. pork industry, said Nick Giordano of the pork trade group, quoted in a Politico article yesterday.

#### Sugar Industry’s Hawaii Myth

Faced with mounting pressure from corn, pork and soon other commodities as well, the sugar industry in its desperation has decided to disseminate pernicious myths. The most popular – and outrageous – one is about Hawaii. The American Sugar Alliance, in ads in the Wall Street Journal and elsewhere, is claiming: “Mexico broke U.S. trade laws and ran Hawaii’s century-old sugar industry into the ground.”

That claim is flatly untrue. Hawaiian sugar production peaked in the late 1960s at 1.2 million tons a year. By the late 1990s, they had declined by 70%. Over this period, how much sugar was Mexico sending to the United States? Almost none! NAFTA did not go into effect for sugar until Jan. 1, 2008. By then, Hawaiian production had dropped to just 200,000 tons a year.

Prices for raw sugar actually increased over the ensuing eight years, but Hawaii couldn’t take advantage. Mexico had nothing at all to do with the fall of the Hawaiian sugar industry (the CEO of the last plant that shut down never cited Mexico as a reason) – and what is worse, the American

Sugar Alliance knows it, but prefers cynically to propagate the myth.

### Suspension Agreements 'Eliminate Completely' Injurious Effects

A seemingly common claim by the sugar industry that "the U.S. government ruled that Mexico broke U.S. trade law and must be held accountable." Mexico absolutely did not break U.S. law. The facts are these:

In 2014, Mexico and the U.S. had a trade dispute, resulting in suspension agreements. In April 2015, after conducting investigations of those following pursuant petitions filed by U.S. sugar refiners, the International Trade Commission (ITC) "determine[d], pursuant to sections 704(h) and 734(h) of the Tariff Act of 1930 (19 U.S.C. §§ 1671c(h) and 1673c(h)) ('the Act'), that agreements the U.S. Department of Commerce ('Commerce') has entered into with Mexican exporters of sugar and the government of Mexico suspending antidumping and countervailing duty investigations concerning sugar from Mexico eliminate completely the injurious effect of subject imports." After the petitioners appealed the ITC's determination, on Oct. 25, 2016, the United States Court of International Trade upheld the ITC's findings.

Mexico is not breaking the law, but the U.S. sugar industry is breaking the peace – that is, the highly productive arrangement that American farmers, ranchers and agricultural processors have under NAFTA.

Is it worth putting NAFTA in jeopardy to satisfy a small commodity? President Trump and Wilbur Ross have 10 days to decide.

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