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AMENDING THE SUGAR ACT OF 1937

LETTER
FROM THE
SECRETARY OF AGRICULTURE
TO THE
CHAIRMAN OF THE
COMMITTEE ON FINANCE
TRANSMITTING
A REPORT ON THE BILL S. 937, TO AMEND
SECTION 204 OF THE SUGAR
ACT OF 1937



Printed for the use of the Committee on Finance

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AMENDING THE SUGAR ACT OF 1937

DEPARTMENT OF AGRICULTURE,
April 25, 1941.

HON. PAT HARRISON,
*Chairman of the Committee on Finance,
United States Senate.*

DEAR SENATOR HARRISON: Further reference is made to your memorandum of February 24, 1941, with which you enclosed S. 937 for a report by this Department.

It is the established policy of this administration to develop and improve our trade with other American republics, and under present world conditions the need for encouraging such trade is greater than ever. The proposed legislation raises important questions of hemispheric trade and unity, which primarily concern the Department of State. However, this Department is pleased to present the following views and information for your consideration.

The bill proposes an amendment to section 204 (a) of the Sugar Act of 1937 under which any deficiency in the quota for the Commonwealth of the Philippine Islands would be reallocated to the domestic sugar-producing areas on the basis of the quotas in effect for such domestic areas at the time the deficiency of the Philippine Islands is determined. The present provisions of the act provide that such a deficiency in the quota for the Philippine Islands shall be prorated to foreign countries other than Cuba.

In its report to the Congress recommending enactment of the Sugar Act of 1937, the Senate Finance Committee included the following statement with respect to the policy embodied in the present act:

Producers of American agricultural crops and industrial products which require export outlets for their surpluses and export industries are protected by continuance of the principle now in effect for sharing of the American sugar market as between foreign and domestic producing areas, and a provision for allotting any deficit of full-duty sugars, including any deficit of the duty-paying portion of the Philippine quota, among the countries supplying such sugar.

A deficiency equal to the dutiable portion of the quota for the Philippine Islands was determined in each of the years 1937, 1938, and 1939. The following table shows the quotas for the Philippine Islands under the Sugar Act and under the Philippine Independence Act for each of these years, and the amount of the deficiency determined in each year:

Year	Philippine quota under Sugar Act of 1937	Philippine quota under Independence Act (short tons, raw value)	Amount of deficiency determined
1937.....	1,065,304	968,499	86,805
1938.....	1,044,903	991,020	53,883
1939.....	1,041,023	981,912	59,111
1940.....	982,441	982,441	0

No deficiency in the quota for the Philippine Islands was determined for the calendar year 1940 since the duty-free quota was equal to the quota under the Sugar Act in that year.

While any Philippine deficiency is allocated initially to all full-duty paying countries which have quotas under the act, the major portion of such deficiency, as well as unused portions of the quotas for full-duty paying countries, is finally reallocated under section 204 (b) of the act to a relatively small number of countries, chief among which are Peru and the Dominican Republic. The following table shows the original quotas for those two countries and their final quotas after reallocation of deficiencies for the years 1937 and 1938:

Year	Peru		Dominican Republic	
	Original quota	Final quota	Original quota	Final quota
1937.....	5,557	53,572	3,334	32,143
1938.....	5,967	57,005	3,590	6,168
1939.....	5,944	1 38,609	3,567	1 17,930

¹ Quota suspended Sept. 11, 1939. Starred items represent entries.

Both Peru and the Dominican Republic have filled virtually all of the final quotas allocated to them. During recent years the total trade of the United States with Peru and the Dominican Republic has improved substantially. The attached tables show the trade of the United States with Peru and the Dominican Republic for the years 1933 to 1940, inclusive.

With regard to the current year, the present Philippine quota under the Sugar Act is 1,055,895 short tons, raw value, while the quota which the Commonwealth may ship in free of duty under the Independence Act is equivalent to about 982,000 short tons, raw value. Therefore, the portion of the Philippine quota on which the full duty rate of 1.875 cents per pound is applicable at the present time is about 74,000 short tons. Heretofore no part of the Philippine quota on which the full duty rate is applicable has been shipped to the United States.

You will readily appreciate that in view of the foregoing, this Department is unable to recommend passage of this legislation at the present time.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

CLAUDE R. WICKARD, *Secretary.*

Trade of the United States with Peru, 1933-40 ¹.

Year	Total exports (1,000 dollars)	Total imports (1,000 dollars)	Year	Total exports (1,000 dollars)	Total imports (1,000 dollars)
1933.....	4,985	5,472	1937.....	19,007	16,525
1934.....	9,891	8,191	1938.....	16,892	12,813
1935.....	12,174	7,462	1939.....	19,246	13,946
1936.....	13,439	9,025	1940.....	22,596	15,520

¹ Statistical Abstract of the United States, 1938, and official records of Office of Foreign Agricultural Relations, United States Department of Agriculture.

*Trade of the United States with the Dominican Republic, 1933-40*¹

Year	Total ex-ports (1,000 dollars)	Total im-ports (1,000 dollars)	Year	Total ex-ports (1,000 dollars)	Total im-ports (1,000 dollars)
1933.....	5,520	3,279	1937.....	6,469	7,377
1934.....	5,820	3,785	1938.....	5,696	5,745
1935.....	4,518	4,933	1939.....	6,780	5,824
1936.....	4,578	5,354	1940.....	6,864	5,359

¹ Source: Statistical Abstract of the United States, 1938, and official records of the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

