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AMENDING THE SUGAR ACT OF 1937

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



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AMENDING THE SUGAR ACT OF 1937

DEPARTMENT OF STATE,
May 7, 1941.

The Honorable WALTER F. GEORGE,
Acting Chairman, Senate Finance Committee,
United States Senate.

MY DEAR SENATOR GEORGE: I refer to Senator Harrison's letter of February 24, 1941, enclosing for my comment a copy of a bill (S. 937) to amend section 204 of the Sugar Act of 1937, and to my acknowledgment of February 27, 1941.

The bill under reference would change the method now provided in the Sugar Act of 1937 for reallocating deficiencies in the sugar quota for the Philippine Islands. I am glad to have this opportunity to comment on the bill, since it has an important bearing on our relations with the other American republics.

Under the Sugar Act of 1937, and under previous sugar quota legislation, foreign countries other than Cuba have had a basic quota amounting to less than four-tenths of 1 percent of our total sugar consumption. The quota for these countries usually amounts to about 25,000 tons. Most of the quota is allotted to our neighbor republics to the south, principally Peru and the Dominican Republic.

When the bill, which became the Sugar Act of 1937, was being considered by Congress, I appeared before the Committee on Agriculture of the House of Representatives to discuss various aspects of the proposed legislation and the recommendations of the President which had a bearing on our foreign trade. I pointed out the small quota which had been allotted to foreign countries other than Cuba, and the desirability of increasing this quota in order to expand our trade with these countries. In the Sugar Act, as passed by Congress, a provision was included which was designed to achieve this very desirable objective. It is the provision in section 204 (a) of the act which authorizes the Secretary of Agriculture, in the event he finds that the Philippine Islands will be unable to market their entire quota, to allot to foreign countries other than Cuba an additional quota equal to the deficiency in the Philippine quota. This provision made possible the allocation of an additional quota to these countries without disturbing the basic division of the total sugar quota among the mainland sugar areas, our insular possessions, and Cuba.

Under section 204 (a), the following allocations have been made to foreign countries other than Cuba as a result of deficiencies in the Philippine sugar quota: In 1937, 86,805 short tons, raw value; in 1938, 53,883 tons; in 1939, 59,111 tons; in 1941, 73,232 tons. No allocation was made in 1940.

It is now proposed, in the bill under consideration, to change this provision of the Sugar Act in such a way that the entire amount of the Philippine deficiency would be allotted to domestic sugar-producing areas. The bill would therefore deprive foreign countries other than Cuba—primarily Peru, the Dominican Republic, Haiti, and other American republics—of any opportunity to supply sugar to the American market except for the small basic quota of about 25,000 tons which is provided for in the Sugar Act. These countries are now suffering severely from the restriction of their European markets for sugar and for other products as a result of the war. The enactment of this bill would amount to a public notice that the United States is indifferent to the grave problems confronting our neighbor republics. It would repudiate the policy of hemisphere defense and the economic cooperation which the American republics agreed upon at the Habana Conference less than a year ago.

In view of the foregoing considerations, I recommend most strongly that the bill under reference be not enacted.

Since I understand that the Finance Committee will hold a hearing on the bill on May 8, I have not submitted this report to the Bureau of the Budget.

Sincerely yours,

CORDELL HULL.

