

EXTENSION OF SUGAR ACT OF 1948

MAY 16, 1956.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7030]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That section 101 (d) of the Sugar Act of 1948, as amended, is amended to read as follows:*

“(d) The term ‘raw sugar’ means any sugars (exclusive of liquid sugar from foreign countries having liquid sugar quotas), whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar.”

SEC. 2. Section 101 (e) of such Act is amended to read as follows:

“(e) The term ‘direct-consumption sugar’ means any sugars principally of crystalline structure and any liquid sugar (exclusive of liquid sugar from foreign countries having liquid sugar quotas), which are not to be further refined or improved in quality.”

SEC. 3. Section 101 (i) of such Act is amended by deleting the parenthetical word “(Clerget)”

SEC. 4. Section 101 of such Act is amended by adding at the end thereof a new paragraph to read as follows:

“(n) The term ‘to be further refined or improved in quality’ means to be subjected substantially to the processes of (1) affination or defecation, (2) clarification, and (3) further purification by adsorption or crystallization. The Secretary is authorized, after such hearing and upon such notice as he may by regulations prescribe, to determine whether specific

processes to which sugars are subjected are sufficient to meet the requirements of this paragraph (n) and whether sugars of specific qualities are raw sugar within the meaning of paragraph (d) of this section, or direct-consumption sugar within the meaning of paragraph (e) of this section."

SEC. 5. Section 201 of such Act is amended by striking in the second sentence thereof the words "1947 prior to the termination of price control of sugar" and inserting in lieu thereof "1947-1949".

SEC. 6. Section 202 (a) of such Act is amended to read as follows:

"(a) (1) For domestic sugar-producing areas by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, as follows:

Area	Short tons, raw value
Domestic beet sugar.....	1, 800, 000
Mainland cane sugar.....	500, 000
Hawaii.....	1, 052, 000
Puerto Rico.....	1, 080, 000
Virgin Islands.....	12, 000

"(2) To the above total of four million four hundred forty-four thousand short tons, raw value, there shall be added an amount equal to 55 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds eight million three hundred and fifty thousand short tons, raw value. Such additional amount shall be apportioned among and added to the quotas established under paragraph (1) of this subsection for such domestic sugar-producing areas, respectively, as follows: (A) The first one hundred sixty-five thousand short tons, raw value, or any part thereof, by which quotas for the domestic areas are so increased shall be apportioned 51.5 per centum to the domestic beet sugar area and 48.5 per centum to the mainland cane sugar area; (B) the next twenty thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be apportioned to Puerto Rico; (C) the next three thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be apportioned to the Virgin Islands; (D) any additional amount shall be apportioned on the basis of the quotas established in paragraph (1) of this subsection as adjusted by subparagraphs (A), (B), and (C) of this paragraph (2)."

SEC. 7. Section 202 (c) of such Act is amended by striking out "For" after "(c)" and inserting in lieu thereof "(1) For the calendar year 1956, for" and by adding at the end thereof the following new paragraphs:

"(2) For the calendar year 1957 and for each subsequent calendar year, for foreign countries other than the Republic of the Philippines, (A) by prorating to Cuba 96 per centum and to other foreign countries 4 per centum of the amount of sugar, raw value, by which eight million three hundred and fifty thousand short tons, raw value, or such lesser amount as determined pursuant to section 201 exceeds the sum of four million four hundred and forty-four thousand short tons, raw value, and the quota established pursuant to subsection (b) of this section; and (B) by prorating 45 per centum of the amount of sugar, raw value, by which the amount determined pursuant to section 201 exceeds the sum of eight million three hundred and fifty thousand short tons, raw value, as follows:

Country	Per centum
Cuba.....	29.59
Peru.....	4.33
Dominican Republic.....	4.95
Mexico.....	5.10
Other countries.....	1.03
	45.00

The above proration of 1.03 per centum to foreign countries other than Cuba, the Republic of the Philippines, Peru, the Dominican Republic, and Mexico shall be apportioned to such other countries whose average entries within the quotas during 1953 and 1954 exceeded one thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954.

"(3) For the calendar year 1957 and for each subsequent calendar year, the proration of 4 per centum under paragraph (2) (A) of this subsection for foreign countries other than Cuba and the Republic of the Philippines shall be apportioned, first, by assigning to each such foreign country whose average entries within the quotas during the years 1953 and 1954 were less than one thousand short tons, raw value, a proration equal to its average entries within the quotas during 1953 and 1954; second, by assigning to each such foreign country whose average entries within the quotas during 1953 and 1954 were not less than one thousand nor more than two thousand short tons, raw value, a proration of three thousand short tons, raw value; third, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were more than two thousand and less than three thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954, plus two thousand short tons, raw value; fourth, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were not less than three thousand nor more than ten thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954; and, fifth, by prorating the balance of such proration to such foreign countries whose average entries within the quotas during 1953 and 1954 exceeded ten thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954."

SEC. 8. Section 202 of such Act is amended by adding the following new subsection:

"(e) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204."

SEC. 9. (a) The second sentence of section 204 (a) of such Act is amended by inserting before the period at the end thereof a colon and the following: "Provided, That any deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota,

for such area allotted under the provisions of section 202 (a) (2) shall first be prorated to other domestic areas on the basis of the quotas then in effect".

(b) The last paragraph of section 204 (a) of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "except that in the case of proration of any such deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under and by reason of section 202 (a) (2), the Secretary shall apportion the unfilled amount on such basis and to such other domestic areas as he determines is required to fill such deficit, and if he finds that no domestic area will be able to supply such unfilled amount, he shall add it to the quota for Cuba".

SEC. 10. Section 205 (a) of such Act is amended by inserting immediately before the final sentence thereof the following: "In making such allotments, the Secretary may also take into consideration and make due allowance for the adverse effect of drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions seriously and broadly affecting any general area served by the factory or factories of such person."

SEC. 11. (a) Section 207 (a) of such Act is amended by adding after the word "year" the following: ", plus an amount equal to the same percentage of twenty-nine thousand six hundred and sixteen short tons, raw value, that the increase in the quota for Hawaii under section 202 is of one million fifty-two thousand short tons, raw value,".

(b) Section 207 (b) of such Act is amended by striking the period at the end thereof and by adding the following: "which shall be principally of crystalline structure, plus an amount equal to the same percentage of one hundred twenty-six thousand and thirty-three short tons, raw value, that the increase in the quota for Puerto Rico under section 202 is of one million eighty thousand short tons, raw value, which latter amount may be filled by direct-consumption sugar whether or not principally of crystalline structure."

SEC. 12. Section 207 (h) of such Act is amended by striking out "The" after "(h)" and inserting in lieu thereof "(1) For the calendar year 1956, the" and by adding the following new paragraph:

"(2) For the calendar year 1957 and each subsequent calendar year, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: Provided, That such limitation shall not apply to countries receiving prorations under section 202 (c) of seven thousand short tons or less. The direct-consumption portion of such quota which is subject to the 1.36 per centum limitation referred to above shall be prorated to countries which receive prorations under section 202 (c) of more than seven thousand short tons on the basis of average imports of direct-consumption sugar within the quota for the years 1951, 1952, 1953, and 1954."

SEC. 13. Section 301 (b) of such Act is amended by inserting after the words "(or processed)" the following: ", except for livestock feed, or for the production of livestock feed, as determined by the Secretary,".

SEC. 14. Section 302 (b) of such Act is amended by inserting after "(or processed)" the words "within the proportionate share" and by striking the period at the end thereof and inserting the following: "and of the producers in any local producing area whose past production has

been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions. For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

SEC. 15. Section 405 of such Act is amended by inserting "(a)" at the beginning thereof, by striking out "(a)" and "(b)" and inserting in lieu thereof "(1)" and "(2)", respectively, and by adding the following new subsection:

"(b) Any person whose sugar processing operations otherwise meet the requirements of section 101 (n) and who subjects to such processes sugar imported or brought into the continental United States under a declaration that it is raw sugar but which sugar subsequently is determined to be of direct-consumption quality, shall forfeit to the United States a sum equal to 1 cent per pound for each pound, raw value, of such sugar in excess of that part of the direct-consumption portion of the applicable quota or proration or allotment thereof remaining unfilled at the time of such determination, which forfeiture shall be recoverable in a civil suit brought in the name of the United States."

SEC. 16. Section 407 of such Act is amended by adding at the end thereof the following sentence: "The provisions of this section shall not apply to persons whose services are obtained pursuant to section 305."

SEC. 17. Section 411 of such Act is renumbered as section 412, section 412 of such Act is renumbered as section 413, and a new section 411 inserted as follows:

"SEC. 411. The Secretary is authorized to issue such regulations as may be necessary to carry out article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954), restricting importations of sugar into the United States from foreign countries not participating in such agreement, or to carry out the corresponding provisions of any such future agreements ratified by and with the advice and consent of the United States Senate."

SEC. 18. Renumbered section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1956" in each place it appears therein and inserting in lieu thereof "1960".

SEC. 19. Sections 4501 (c) and 6412 (d) (relating to the termination of taxes on sugar) of the Internal Revenue Code of 1954 are amended by striking out "1957" in each place it appears therein and inserting in lieu thereof "1961".

SEC. 20. Section 4502 (4), chapter 37, subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended as follows: Strike out the parenthetical word "(Clerget)" where it occurs in the first sentence and delete the second sentence thereof.

SEC. 21. (a) Section 4504, chapter 37, Subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended by adding before the period at

the end thereof the following: “; and except that such tax may be subject to refunds as a tax under the provisions of section 6418 (a)”.

(b) Section 6418 (a) of chapter 65 of the Internal Revenue Code of 1954 is amended by striking out the “(a)” immediately following “section 4501”.

SEC. 22. Except as otherwise provided, the amendments made hereby shall become effective as of January 1, 1956, except that sections 1 through 4 shall become effective upon publication in the Federal Register of regulations implementing such sections, or six months after the date of enactment of this Act, whichever is earlier.

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
T. G. ABERNETHY,
CLIFFORD R. HOPE
AUG. H. ANDRESEN,
WILLIAM S. HILL,

Managers on the Part of the House.

HARRY FLOOD BYRD,
WALTER F. GEORGE,
ROBT. S. KERR,
E. D. MILLIKIN,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and substituted new language which was in many respects identical with that adopted by the House and differed from the House provisions on only four major points: (1) the length of the extension of the Sugar Act, (2) the proportion of the increased demand in the United States allocated to foreign and to domestic producers, (3) the manner in which the domestic share of this increase is to be distributed among various domestic producing areas, and (4) the division of the foreign share of the growth in consumption among the producing countries. Following is the manner in which these major differences were resolved by the committee of conference:

(1) The Senate conferees receded on the length of the extension of the act and agreed to the 4-year period in the House bill rather than the 6-year extension passed by the Senate.

(2) The House conferees receded on the division of the increase in consumption between domestic and foreign producing areas and adopted the Senate provision which will allocate 55 percent of the increase to domestic producers and 45 percent to foreign areas. The House bill would have divided the increase 50 percent to each.

(3) The conferees adopted the Senate formula with respect to the manner in which the first 188,000 tons of increase in domestic quotas are to be allocated among domestic producing areas. Under the provisions of the House bill, the first 188,000 tons of increase in the domestic quota would have been shared between the domestic beet area, the mainland cane area, Puerto Rico, and the Virgin Islands in proportion to their present share in the sugar quota. Under the provisions of the Senate bill, adopted by the conferees, the first 165,000 tons of increase will be divided between the mainland beet and cane areas—51.5 percent to the domestic beet area and 48.5 percent to the mainland cane area. The next 20,000 tons of increase will be apportioned to Puerto Rico, and the next 3,000 tons of increase to the Virgin Islands. Thereafter, any further increases in domestic quotas will be shared proportionately among all the domestic producing areas, including Hawaii.

(4) With respect to the division among foreign suppliers of the 45 percent of the increase in consumption which will be allocated to foreign countries, a compromise was worked out which was substantially halfway between the maximum and minimum quantities allocated to the countries in the two bills. The following table summarizes the provisions of the House and Senate bills and the conference compromise on the basis of the percentage of the total foreign quota

which will be supplied by the major foreign producing areas during the 4-year life of the bill, assuming an increase in consumption of 135,000 tons per year.

	House bill	Senate bill	Conference agreement
Cuba.....	92.4	94.4	93.75
Mexico.....	1.4	1.2	1.2
Peru.....	2.5	2.2	2.3
Dominican Republic.....	2.6	1.2	1.75
Other.....	1.1	1.0	1.0
Total.....	100.0	100.0	100.0

In terms of shares in the annual increase in consumption, the 45 percent of that increase which will be assigned to foreign countries will be divided as follows: Cuba, 29.59 percent; Peru, 4.33 percent; Dominican Republic, 4.95 percent; Mexico, 5.10 percent; other foreign countries, 1.03 percent.

The following table is a projection of the formula contained in the bill for the 4-year period covered by the bill, and shows the annual quotas and the cumulative total for foreign countries on the basis of the assumed increase in consumption of 135,000 tons per year.

Quotas under Sugar Act of 1948, as amended in 1956¹

(Short tons, raw value)

	1956	1957	1958	1959	1960	Total 1957-60
Assumed requirements..	8,535,000	8,670,000	8,805,000	8,940,000	9,075,000	35,490,000
Total domestic areas.....	4,545,750	4,620,000	4,694,250	4,768,500	4,842,750	18,925,500
Total foreign areas.....	3,989,250	4,050,000	4,110,750	4,171,500	4,232,250	16,564,500
Philippines.....	980,000	980,000	980,000	980,000	980,000	3,920,000
Total Cuba and full-duty countries.....	3,009,250	3,070,000	3,130,750	3,191,500	3,252,250	12,644,500
Cuba.....	2,888,880	2,903,648	2,943,594	2,983,541	3,023,488	11,854,271
Full-duty countries.....	120,370	166,352	187,156	207,959	228,762	790,229
Peru.....	56,224	63,919	69,765	75,610	81,455	290,749
Mexico.....	12,394	27,579	34,464	41,349	48,234	151,626
Dominican Republic..	29,892	45,320	52,002	58,685	65,367	221,374
Other countries.....	21,860	29,534	30,925	32,315	33,706	126,480
Nicaragua.....	8,472	9,337	10,613	11,387	12,162	43,999
Haiti.....	2,892	5,489	5,771	6,053	6,335	23,648
Costa Rica.....	1 (1,084)	3,188	3,267	3,347	3,426	13,228
Formosa.....	1 (1,114)	3,190	3,270	3,350	3,431	13,241
Netherlands.....	1 (1,123)	3,223	3,317	3,411	3,504	13,455
Panama.....	1 (1,114)	3,190	3,270	3,350	3,431	13,241
Belgium.....	1 (182)	182	182	182	182	728
British Guiana.....	1 (85)	85	85	85	85	340
Canada.....	1 (631)	631	631	631	631	2,524
Hong Kong.....	1 (3)	3	3	3	3	12
United Kingdom.....	1 (516)	516	516	516	516	2,064
El Salvador.....	4,478	-----	-----	-----	-----	-----

¹ 1955 requirements of 8,400,000 tons plus annual increments of 135,000 tons.

Average 1953-54 charges shown for countries which do not have specific proratons in 1956.

² No charges against quotas since 1949.

In agreeing to the Senate provisions with respect to the method of distributing among domestic areas the first 188,000 tons of quota increase provided by the bill, the House conferees were motivated primarily by the urgent need of producers in the mainland cane and beet area for relief from the curtailment in production which has been required of them in the past 2 years. Although the bill does not direct the manner in which this first increase in domestic quotas

is to be apportioned among producers, it is assumed that the Department of Agriculture will utilize these first quota increases insofar as practicable to relieve the distress of producers in these domestic areas.

Since enactment of the last previous extension of the Sugar Act, the Commonwealth of Puerto Rico and the Congress have adopted respectively the Constitution of the Commonwealth and the Puerto Rican Federal Relations Act. The committee of conference points out that section 9 of such act may be inconsistent with the proper operation of the sugar program in Puerto Rico and suggests that the Puerto Rico Legislature consider prompt action to resolve this possible conflict.

HAROLD D. COOLEY,

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