

SUGAR ACT AMENDMENTS OF 1965

OCTOBER 22, 1965.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 11135]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11135) to amend and extend the provisions of the Sugar Act of 1948, as amended, 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 this Act may be cited as the "Sugar Act Amendments of 1965"*.

SEC. 2. Section 201 of the Sugar Act of 1948, as amended, is amended (1) by striking out of the first sentence the words "month of December in" and substituting the words "last three months of"; and (2) by striking out of the second sentence "October 31" and substituting "September 30".

SEC. 3. Section 202 of the Sugar Act of 1948, as amended, is amended as follows:

(1) Paragraphs (1) and (2)(A) of subsection (a) are amended to read as follows:

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

<i>"Area</i>	<i>Short tons, raw value</i>
<i>Domestic beet sugar</i>	<i>3, 025, 000</i>
<i>Mainland cane sugar</i>	<i>1, 100, 000</i>
<i>Hawaii</i>	<i>1, 110, 000</i>
<i>Puerto Rico</i>	<i>1, 140, 000</i>
<i>Virgin Islands</i>	<i>15, 000</i>
<i>Total</i>	<i>6, 390, 000</i>

"(2)(A) To or from the above total of six million three hundred and ninety thousand short tons, raw value, there shall be added or deducted, as the case may be, an amount equal to 65 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States pursuant to section 201 for the calendar year exceeds ten million four hundred thousand short tons, raw value, or is less than nine million seven hundred thousand short tons, raw value. Such amount shall be apportioned between the domestic beet sugar area and the mainland cane sugar area on the basis of the quotas for such areas established under paragraph (1) of this subsection and the amounts so apportioned shall be added to, or deducted from the quotas for such areas."

(2) Subsection (b) is amended to read as follows:

"(b) For the Republic of the Philippines, in the amount of one million and fifty thousand short tons, raw value, plus 10.86 per centum of the amount, not exceeding seven hundred thousand short tons, raw value, by which the Secretary's determination of requirements of consumers in the continental United States pursuant to section 201 for the calendar year exceed nine million seven hundred thousand short tons, raw value."

(3) Subsection (c) is amended to read as follows:

"(c)(1) For foreign countries other than the Republic of the Philippines, an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsection (a) and (b) of this section.

"(2) For the calendar year 1965, for individual foreign countries other than the Republic of the Philippines, by prorating the amount of sugar determined under paragraph (1) of this subsection among foreign countries on the basis of the quotas established in sugar regulation 811, as amended, issued February 15, 1965 (30 F.R. 2206).

"(3) For the calendar year 1966 through 1971, inclusive, for individual foreign countries other than the Republic of the Philippines, Ireland, and the Bahama Islands, by prorating the amount of sugar determined under paragraph (1) of this subsection, less the amounts required to establish quotas as provided in paragraph (4) of this subsection for Ireland and the Bahama Islands, among foreign countries on the following basis:

"(A) For countries in the Western Hemisphere:

"Country	Per centum
Cuba.....	50. 00
Mexico.....	7. 73
Dominican Republic.....	7. 56
Brazil.....	7. 56
Peru.....	6. 03
British West Indies.....	3. 02
Ecuador.....	1. 10
French West Indies.....	. 95
Argentina.....	. 93
Costa Rica.....	. 89
Nicaragua.....	. 89
Colombia.....	. 80
Guatemala.....	. 75
Panama.....	. 56
El Salvador.....	. 55
Haiti.....	. 42
Venezuela.....	. 38
British Honduras.....	. 22
Bolivia.....	. 09
Honduras.....	. 09

“(B) For countries outside the Western Hemisphere:

<i>“Country</i>	<i>Per centum</i>
<i>Australia</i>	<i>3. 60</i>
<i>Republic of China</i>	<i>1. 50</i>
<i>India</i>	<i>1. 44</i>
<i>South Africa</i>	<i>1. 06</i>
<i>Fiji</i>	<i>. 79</i>
<i>Thailand</i>	<i>. 33</i>
<i>Mauritius</i>	<i>. 33</i>
<i>Malagasy Republic</i>	<i>. 17</i>
<i>Swaziland</i>	<i>. 13</i>
<i>Southern Rhodesia</i>	<i>. 13</i>

“(4) For the calendar year 1966 and each subsequent calendar year, for Ireland, in the amount of five thousand three hundred and fifty-one short tons, raw value, of sugar; and for the calendar year 1968 and each subsequent calendar year, for the Bahama Islands, in the amount of ten thousand short tons, raw value, of sugar: Provided, That the Secretary obtains such assurances from each such country as he may deem appropriate prior to January 1 of each such calendar year that the quota for such year will be filled with sugar produced in such country.”

(4) Subsections (d), (e), and (f) are hereby amended and subsection (g) is added to read as follows:

“(d) Notwithstanding any other provision of this Act—

“(1)(A) During the current period of suspension of diplomatic relations between the United States and Cuba, the quota provided for Cuba under subsection (c) shall be withheld and a quantity of sugar equal to such quota shall be prorated as follows:

“(i) any quantity of quota withheld from Cuba at a determination up to and including the amount of ten million short tons, raw value, under section 201 shall be prorated to other foreign countries named in paragraph (3) of subsection (c) on the basis of the percentages stated therein; and, in addition,

“(ii) any quantity of quota withheld from Cuba at a determination in excess of the amount of ten million short tons, raw value, under section 201, shall be prorated to other foreign countries named in paragraph (3)(A) of subsection (c) that are members of the Organization of American States on the basis of the percentages stated therein.

“(B) Whenever and to the extent that the President finds that the establishment or continuation of a quota or any part thereof for any foreign country would be contrary to the national interest of the United States, such quota or part thereof shall be withheld or suspended, and such importation shall not be permitted. A quantity of sugar equal to the amount of any quota so withheld or suspended shall be prorated to the other countries listed in subsection (c)(3)(A) (other than any country whose quota is withheld or suspended) on the basis of the quotas then in effect for such countries.

“(C) The quantities of sugar prorated pursuant to the foregoing provisions of this subsection shall be designated as temporary quotas and the term ‘quota’ as defined in this Act shall include a temporary quota established under this subsection.

“(2)(A) Whenever the Secretary finds that it is not practicable to obtain the quantity of sugar needed from foreign countries to meet any increase during the year in the requirements of consumers under section 201 by apportionment to countries pursuant to subsections (b) and (c) and the foregoing provisions of this subsection, such quantity

of sugar may be imported on a first-come, first-served basis from any foreign country, except that no sugar shall be authorized for importation from Cuba until the United States resumes diplomatic relations with that country and no sugar shall be authorized for importation hereunder from any foreign country with respect to which a finding by the President is in effect under paragraph (1)(B) of this subsection: Provided, That such finding shall not be made in the first nine months of the year unless the Secretary also finds that limited sugar supplies and increases in prices have created or may create an emergency situation significantly interfering with the orderly movement of foreign raw sugar to the United States. In authorizing the importation of such sugar the Secretary shall give special consideration to countries which agree to purchase for dollars additional quantities of United States agricultural products. In the event that the requirements of consumers under section 201 are thereafter reduced in the same calendar year, an amount not exceeding such increase in requirements shall be deducted pro rata from the quotas established pursuant to subsection (c) and this subsection.

“(B) Sugar imported under the authority of this paragraph (2) shall be raw sugar, except that if the Secretary determines that the total quantity is not reasonably available as raw sugar, he may authorize the importation for direct consumption of so much of such quantity as he determines may be required to meet the requirements of consumers in the United States.

“(3) No quota shall be established for any country, other than the Bahama Islands, Bolivia, Honduras, and Ireland, for the year following a period of twenty-four months, ending June 30 prior to the establishment of quotas for such year, in which its aggregate imports of sugar equaled or exceeded its aggregate exports of sugar from such country to countries other than the United States.

“(4) Whenever in any calendar year any foreign country fails, subject to such reasonable tolerance as the Secretary may determine, to fill the quota as established for it pursuant to this Act, the quota for such country for subsequent calendar years shall be reduced by the smaller of (i) the amount by which such country failed to fill such quota or (ii) the amount by which its exports of sugar to the United States in the year such quota was not filled was less than 115 per centum of such quota for the preceding calendar year: Provided, That (i) no such reduction shall be made if the country has notified the Secretary before August 1 of such year (or, with respect to events occurring thereafter, as soon as practicable after such event), of the likelihood of such failure and the Secretary finds that such failure was due to crop disaster or other force majeure, unless such country exported sugar in such year to a country other than the United States, in which case the reduction in quota for the subsequent years shall be limited to the amount of such exports, as determined by the Secretary, and (ii) in no event shall the quota for the Republic of the Philippines be reduced to an amount less than nine hundred and eighty thousand short tons, raw value, of sugar.

“(5) Any reduction in a quota because of the requirements of paragraphs (3) and (4) of this subsection shall be prorated to other foreign countries in the same manner as deficits are prorated under section 204 of this Act. For purposes of determining unfilled portions of quotas, entries of sugar from a foreign country shall be prorated between the temporary quota established pursuant to para-

graph (1) of this subsection and the quota established pursuant to subsection (c).

“(6) If any foreign country fails to give assurance to the Secretary, on or before December 31, 1965, that such country will fill the quota as established for it under subsection (c)(3) and paragraph (1) of this subsection for years after 1965, the quota for such country for such years shall be reduced to the amount which the country gives assurance that it will fill for such years. The portion of the quota for such country for which such assurance is not given shall be withdrawn for such years and a quantity of sugar equal to such portion shall be prorated to other foreign countries in the same manner as deficits are prorated under section 204 of this Act. For purposes of applying paragraph (4) of this subsection, any reduction in the quota of a foreign country under this paragraph shall be disregarded.

“(e) Whenever the President finds that it is no longer contrary to the national interest of the United States to reestablish a quota or part thereof withheld or suspended under subsection (d)(1) of this section, and, in the case of Cuba, diplomatic relations have been resumed by the United States, such quota shall be restored in the manner the President finds appropriate: Provided, That the entire amount of such quota shall be restored for the third full calendar year following such finding by the President. The temporary quotas established pursuant to subsection (d)(1) shall, notwithstanding any other provision of this section, be reduced pro rata to the extent necessary to restore the quota in accordance with the provisions of this subsection.

“(f) Whenever any quota is required to be reduced pursuant to subsection (e) or because of a reduction in the requirements of consumers under section 201 of this Act, and the amount of sugar imported from any country or marketed from any area at the time of such reduction exceeds the reduced quota, the amount of such excess shall, notwithstanding any other provision of this section, be deducted from the quota established for such country or domestic area for the next succeeding calendar year.

“(g) The Secretary is authorized to limit, through the use of limitations applied on a quarterly basis only, the importation of sugar within the quota for any foreign country during the first and second quarters of any calendar year whenever he determines that such limitation is necessary to achieve the objectives of the Act: Provided, That this subsection shall not operate to reduce the quantity of sugar permitted to be imported for any calendar year from any country below its quota, including deficits allocated to it, for that year.

“(h) The quota established for any foreign country and the quantity authorized to be imported from any country under subsection (d)(2) of this section may be filled only with sugar produced from sugarbeets or sugarcane grown in such country.”

SEC. 4. Section 204 of the Sugar Act of 1948, as amended, is amended to read as follows:

“SEC. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will be unable to market the quota for such area or country. If the Secretary determines that any domestic area or foreign country listed in section 202(c)(3)(A) will be unable to market its quota, he shall revise the quota for the Republic of the Philippines by allocating to it an amount of sugar equal to 47.22 per centum of the

deficit, and shall allocate an amount of sugar equal to the remainder of the deficit to the countries listed in section 202(c)(3)(A) on the basis of the quotas then in effect for such countries: Provided, That any deficit resulting from the inability of a country which is a member of the Central American Common Market to fill its quota shall first be allocated to the other member countries on the basis of the quotas then in effect for such countries: And provided further, That if any quota is restored to Cuba, the maximum per centum of 47.22 of the deficit to be allocated to the Republic of the Philippines shall be reduced to a per centum equal to that which the Philippine quota under subsection (b) of section 202 bears to the sum of such Philippine quota and the quotas then in effect for all foreign countries pursuant to subsection (c) of section 202. If the Secretary determines the Republic of the Philippines will be unable to fill its share of any deficit determined under the foregoing provisions of this subsection, he shall allocate such unfilled amount to the countries listed in section 202(c)(3)(A) on the basis of the quotas then in effect for such countries. If the Secretary determines that neither the Republic of the Philippines nor the countries listed in section 202(c)(3)(A) can fill all of any such deficit, he shall apportion such unfilled amount on such basis and to such foreign countries as he determines is required to fill such deficit. If the Secretary determines that any foreign country with a quota established pursuant to section 202(c)(3)(B) or section 202(c)(4) will be unable to market the quota for such area or country, he shall revise the quota for the Republic of the Philippines by allocating to it an amount of sugar equal to 47.22 per centum of the deficit, and shall allocate an amount of sugar equal to the remainder of the deficit to the countries listed in section 202(c)(3)(B) on the basis of the quotas then in effect for such countries: Provided, That if any quota is restored to Cuba, the maximum per centum of 47.22 of the deficit to be allocated to the Republic of the Philippines shall be reduced to a per centum equal to that which the Philippine quota under subsection (b) of section 202 bears to the sum of such Philippine quota and the quotas then in effect for all foreign countries pursuant to subsection (c) of section 202. If the Secretary determines the Republic of the Philippines will be unable to fill its share of any deficit determined for any country listed in section 202(c)(3)(B), he shall allocate such unfilled amount to the countries so listed on the basis of the quotas then in effect for such countries. If the Secretary determines that neither the Republic of the Philippines nor the countries listed in section 202(c)(3)(B) can fill all of any such deficit, he shall apportion such unfilled amount on such basis and to such foreign countries as he determines is required to fill such deficit. If the Secretary determines that the Republic of the Philippines will be unable to market its quota, he shall allocate an amount of sugar equal to the deficit to the countries listed in section 202(c)(3) on the basis of the quotas then in effect for such countries. Deficits shall not be allocated to any country whose quota has been suspended or withheld pursuant to subsection (d) (1) of section 202. The Secretary shall insofar as practicable determine and allocate deficits so as to assure the availability of the sugar for importation during the calendar year. In any event, any deficit, so far as then known, shall be determined and allocated by August 1 of the calendar year. In making allocations for foreign countries within the Western Hemisphere under this subsection, special consideration shall be given to those countries purchasing United States agricultural commodities. Notwithstanding the foregoing provisions of this subsection, if the President determines that such action would be in the national interest, any part of a deficit which would other-

wise be allocated to countries listed in section 202(c) may be allocated to one or more of such countries with a quota in effect on such basis as the President finds appropriate.

"(b) The quota established for any domestic area or any foreign country under section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under subsection (a) of this section: Provided, That the quota for any foreign country shall be reduced to the extent that it has notified the Secretary that it cannot fill its quota and the Secretary has found under section 202(d)(4) that such failure was due to crop disaster or other force majeure."

SEC. 5. Section 205 of the Sugar Act of 1948, as amended, is amended, (1) by inserting after the third sentence thereof the following new sentence: "The Secretary is also authorized in making such allotments of a quota for any calendar year to take into consideration, in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need for establishing an allotment which will permit such marketing of sugar as is necessary for the reasonably efficient operation of any nonaffiliated single plant processor of sugarbeets or any processor of sugarcane and as may be necessary to avoid unreasonable carryover of sugar in relation to other processors in the area: Provided, That the marketing allotment of any such processor of sugarbeets shall not be increased under this provision above an allotment of twenty-five thousand short tons, raw value, and the marketing allotment of a processor of sugarcane shall not be increased under this provision above an allotment equal to the effective inventory of sugar of such processor on January 1 of the calendar year for which such allotment is made, except that the marketing allotment for 1965 of any processor of sugarcane, other than a processor-refiner, may, in the discretion of the Secretary, be increased by an additional six thousand two hundred short tons of sugar, raw value: Provided, further, That the total increases in marketing allotments made pursuant to this sentence to processors in the domestic beet sugar area shall be limited to twenty-five thousand short tons of sugar, raw value, for each calendar year and to processors in the mainland cane sugar area shall be limited to sixteen thousand short tons of sugar, raw value, for each calendar year."; and (2) by adding at the end of subsection (a) the following sentence: "If allotments are in effect at the time of a reduction in a domestic area quota for any year, the amount marketed by a person in excess of the amount of his allotment as reduced in conformity with the reduction in the quota shall not be taken into consideration in establishing an allotment in the next succeeding year for such person, and any allotment established for such person for the next succeeding year shall be reduced by such excess amount."

SEC. 6. Section 206 of the Sugar Act of 1948, as amended, is amended to read as follows:

"SEC. 206. (a) If the Secretary determines that the prospective importation or bringing into the continental United States, Hawaii, or Puerto Rico of any sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act, he may limit the quantity of such product or mixture to be imported or brought in from any country or area to a quantity which he determines will not so interfere: Provided, That the quantity to be imported or brought in from any country or area in any calendar year shall not be reduced below the average of the quantities of such product or mixture annually imported or brought in during the most recent three consecutive years for which reliable data of the importation or bringing in of such product or mixture are available.

“(b) In the event the Secretary determines that the prospective importation or bringing into the continental United States, Hawaii, or Puerto Rico, of any sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act and there are no reliable data available of such importation or bringing in of such product or mixture for three consecutive years, he may limit the quantity of such product to be imported or brought in annually from any country or area to a quantity which the Secretary determines will not substantially interfere with the attainment of the objectives of the Act, provided that such quantity from any one country or area shall not be less than a quantity containing one hundred short tons, raw value of sugar or liquid sugar.

“(c) In determining whether the actual or prospective importation or bringing into the continental United States, Hawaii, or Puerto Rico of a quantity of a sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the continental United States, Hawaii, or Puerto Rico, the present or prospective volume of importations relative to past importations, the type of packaging, whether it will be marketed to the ultimate consumer in the identical form in which it is imported or the extent to which it is to be further subjected to processing or mixing with similar or other ingredients, and other pertinent information which will assist him in making such determination. In making determinations pursuant to this section, the Secretary shall conform to the rulemaking requirements of section 4 of the Administrative Procedure Act.”

SEC. 7. Subsections (d) and (e) of section 207 of the Sugar Act of 1948, as amended, are amended as follows:

“(d) Not more than fifty-nine thousand nine hundred and twenty short tons, raw value, of the quota for the Republic of the Philippines may be filled by direct-consumption sugar.

“(e) None of the quota established for any foreign country other than the Republic of the Philippines and none of the deficit prorations and apportionments for any foreign country established under or in accordance with section 204(a) may be filled by direct-consumption sugar: Provided, That the quotas for Ireland, and Panama may be filled by direct-consumption sugar to the extent of five thousand three hundred and fifty-one short tons, raw value, for Ireland and three thousand eight hundred and seventeen short tons, raw value, for Panama.”

SEC. 8. Section 209 of the Sugar Act of 1948, as amended, is amended by striking from subsection (e) thereof the words “any sugar or liquid sugar” and inserting in lieu thereof the following: “any sugar or liquid sugar in excess of one hundred pounds in any calendar year”.

SEC. 9. (a) Section 212 of the Sugar Act of 1948, as amended, is amended by inserting before the period at the end thereof the following: “, or for the production (other than by distillation) of alcohol, including all polyhydric alcohols, but not including any such alcohol or resulting by-products for human food consumption”.

(b) Section 6418(a) of the Internal Revenue Code of 1954 is amended—

(1) by inserting “OR PRODUCTION” after “DISTILLATION” in the heading of such section, and

(2) by inserting after “the distillation of alcohol,” in the text of such section the following: “or for the production of alcohol (other than alcohol produced for human food consumption),”.

(c) *The heading of section 6511(e)(1) of the Internal Revenue Code of 1954 is amended by inserting "OR PRODUCTION" after "DISTILLATION".*

SEC. 10. Section 213 of the Sugar Act of 1948, as amended, is repealed.

SEC. 11. Section 302 of the Sugar Act of 1948, as amended, is amended as follows:

(1) Paragraph (1) of subsection (b) is amended to read as follows:

"(b)(1) The Secretary shall determine for each crop year whether the production of sugar from any crop of sugarbeets or sugarcane will, in the absence of proportionate shares, be greater than the quantity needed to enable the area to meet its quota and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed. Such determination shall be made only with respect to the succeeding crop year and, beginning with the 1966 crop year, only after due notice and opportunity for an informal public hearing. If the Secretary determines that the production of sugar from any crop of sugarbeets or sugarcane will be in excess of the quantity needed to enable the area to meet its quota and provide a normal carryover inventory, he shall establish proportionate shares for farms in such areas as provided in this subsection, except that the determinations by the Secretary of proportionate shares for farms in Hawaii and the Virgin Islands in effect on January 1, 1965, shall continue in effect until amended or superseded. In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugarbeets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar (within proportionate shares when in effect) and the ability to produce such sugarbeets and sugarcane."

(2) The first sentence of paragraph (3) of subsection (b) is amended to read as follows: "In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from 1962 through 1966, inclusive, from the national sugarbeet acreage requirement established by him, the acreage required to yield sixty-five thousand short tons, raw value, of sugar."

(3) Paragraph (5) of subsection (b) is amended by striking the words "In determining farm proportionate shares" and inserting in lieu thereof the words "Whether farm proportionate shares are or are not determined".

(4) Subsection (b) is amended by adding new paragraphs (8) and (9) as follows:

"(8) In order to protect the sugarbeet production history for farm operators (or farms) who in any crop year, because of a crop-rotation program or for reasons beyond their control, are unable to utilize all or a portion of the farm proportionate share acreage established pursuant to this section, the Secretary may reserve for a period of not more than three crop years the production history for any such farm operators (or farms) to the extent of the farm proportionate share acreage released. The proportionate share acreage so released may be reallocated to other farm operators (or farms), but no production history shall accrue to such other farm operators (or farms) by virtue of such reallocation of the proportionate share acreage so released.

"(9) The Secretary is authorized to reserve from the national sugarbeet acreage requirements for the 1966, 1967, and 1968 crops of sugarbeets a total acreage estimated to yield not more than twenty-five thousand short

tons, raw value, for each such crop to provide any nonaffiliated single plant processor of sugarbeets with an estimated quantity of sugar for marketing of not to exceed twenty-five thousand short tons of sugar, raw value. The Secretary is also authorized to reserve from the acreage which would otherwise be allocated to sugarcane producers in the mainland cane sugar area for the 1965 and 1966 crops of sugarcane a total acreage estimated to yield not more than sixteen thousand short tons of sugar, raw value for each such crop which shall be allocated to relieve hardship on the part of new producers in such manner as the Secretary may determine: Provided, That acreage allocated hereunder for the 1965 crop shall be in addition to the total acreage heretofore allocated in such area for the 1965 crop. The Secretary shall allocate the acreage provided for in this paragraph to farms on such basis as he determines necessary to accomplish the purposes for which such acreages are provided under this paragraph."

SEC. 12. (1) Subsection (b) of section 402 of the Sugar Act of 1948, as amended, is amended by adding the following sentence thereto: "The Secretary is authorized to use the services, facilities, and authorities of Commodity Credit Corporation for the purpose of making disbursements to persons eligible to receive payments under title III of this Act: Provided, That no such disbursements shall be made by Commodity Credit Corporation unless it has received funds to cover the amounts thereof from appropriations available for the purpose of carrying out such program."

(2) Subsection (a) of section 408 of such Act is amended by adding the following at the end thereof: "During any period that the operation of the provisions of title II is so suspended by the President, the Secretary shall estimate for each year the amount of sugar needed to meet requirements of consumers in the United States and the amount the quota for each country would be if calculated on the basis as provided in section 202 of this Act. Notice of such estimate and quota calculation shall be published in the Federal Register. If any country fails to import into the continental United States within the quota year, an amount of sugar equal to the amount the quota would be as calculated for such country by the Secretary for such year, the quota established for such country in subsequent years under the provisions of title II shall be reduced as provided in section 202(d)(4) of this Act: Provided, That quotas for subsequent years shall not be reduced when quotas are suspended under this subsection and reestablished in the same calendar year."

(3) Subsection (b) of section 408 of such Act is amended by striking out the last sentence thereof and substituting in lieu thereof the following: "Any quantity so suspended shall be allocated in the same manner as deficits are allocated under the provisions of section 204 of this Act."

(4) Subsection (c) of section 408 of such Act is amended to read as follows:

"(c) In any case in which a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property or business enterprise owned or controlled by United States citizens or any corporation, partnership or association not less than 50 per centum beneficially owned by United States citizens or (2) imposed upon or enforced against such property or business enterprise so owned or controlled, discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to the property or business enterprise of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States or (3) imposed upon or enforced against such property or business enterprise

so owned or controlled, discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating or otherwise seizing ownership or control of such property or business enterprise or (4) violated the provisions of any bilateral or multilateral international agreement to which the United States is a party, designed to protect such property or business enterprise so owned or controlled, and has failed within six months following the taking of action in any of the above categories to take appropriate and adequate steps to remedy such situation and to discharge its obligations under international law toward such citizen or entity, including the prompt payment to the owner or owners of such property or business enterprise so nationalized, expropriated or otherwise seized or to provide relief from such taxes, exactions, conditions or breaches of such international agreements, as the case may be, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend any quota, proration of quota, or authorization to import sugar under this Act of such nation until he is satisfied that appropriate steps are being taken. Any quantity so suspended shall be allocated in the same manner as deficits are allocated under section 204 of this Act."

(5) Section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1966" in each place it appears therein and inserting in lieu thereof "1971".

SEC. 13. Section 4501(b) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "1967" in each place it appears therein and inserting in lieu thereof "1972".

SEC. 14. Except as hereinafter provided, the provisions of this Act shall become effective January 1, 1965. The amendments made by section 4 of this Act shall become effective January 1, 1966. The amendments made by section 9 of this Act shall become effective on the date of the enactment of this Act.

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
THOMAS G. ABERNETHY,
GRAHAM PURCELL,
JAMES H. MORRISON,
SPARK M. MATSUNAGA,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,

Managers on the Part of the House.

HARRY F. BYRD,
RUSSELL B. LONG,
GEORGE SMATHERS,
WALLACE 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 to the amendment of the Senate to the bill (H.R. 11135) to amend and extend the provisions of the Sugar Act of 1948, as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The amendment of the Senate struck out all after the enacting clause of the House bill and substituted language which generally followed the structure of the House bill but was different in numerous substantial respects. The following summary indicates the major differences between the House version of the bill and the substitute to the Senate amendment agreed to by the conferees.

FOREIGN QUOTAS

The conference substitute makes no change in the quota provisions of the House bill with respect to domestic areas (including Puerto Rico and the Virgin Islands) and the Republic of the Philippines.

The House bill set the Cuban share of the foreign quota, other than that for the Philippines, at 44.25 percent. The Senate bill set the Cuban quota at 55.77 percent of the foreign share. The substitute agreed to by the conferees places the Cuban quota at 50 percent of the total foreign share, other than that allotted to the Philippines.

So long as Cuba is not in diplomatic relations with the United States, the entire Cuban quota is held in reserve and allocated to other foreign countries, other than the Republic of the Philippines, on a pro rata basis. The effect of the conference action with respect to the Cuban quota is that exactly 50 percent of each foreign quota listed in the following table will be statutory quota for the life of the act and the other 50 percent will be its allocation of the Cuban reserve. The latter is subject to reallocation to Cuba in the event that diplomatic relations with that country are resumed.

The following table shows, at the consumption level of 9.7 million tons the approximate tonnage of the quota allotted to each foreign country under the conference agreement with the exception of Cuba and the Philippines.

Basic quotas and participation in the Cuban reserve for foreign countries at sugar requirements level of 9.7 million tons

[Short tons, raw value]

Countries	Conference agreement	House bill	Senate bill
A. For countries in the Western Hemisphere:			
Mexico.....	348,501	340,925	390,135
Dominican Republic.....	340,925	340,925	422,512
Peru.....	272,013	272,013	272,013
Brazil.....	340,925	340,925	272,013
British West Indies.....	136,000	150,397	122,017
Ecuador.....	49,770	50,267	49,770
Colombia.....	36,000	42,970	27,829
Costa Rica.....	40,000	42,159	34,786
Nicaragua.....	40,000	38,511	40,672
Guatemala.....	34,000	32,836	35,321
Venezuela.....	17,000	30,809	2,676
El Salvador.....	25,000	30,403	17,125
Haiti.....	18,731	28,782	18,731
Panama.....	25,134	25,134	14,449
Argentina.....	42,000	21,485	63,685
British Honduras.....	10,000	19,864	4,281
Bolivia.....	4,054	4,054	1,000
Honduras.....	4,054	4,054	1,000
French West Indies.....	42,970	42,970	42,970
Subtotal.....	1,827,077	1,859,483	1,832,965
B. For other countries:			
Australia.....	162,152	162,152	162,152
China, Republic of.....	67,431	67,293	67,431
India.....	64,861	64,861	64,861
South Africa.....	48,000	29,593	66,584
Fiji Islands.....	35,489	24,323	35,489
Thailand.....	15,000	19,864	-----
Mauritius.....	14,985	14,188	14,985
Swaziland.....	6,081	6,081	6,081
Southern Rhodesia.....	6,081	6,081	6,081
Malagasy Republic.....	7,492	6,081	7,492
Ireland.....	5,351	-----	2,141
Belgium.....	-----	-----	1,605
Turkey.....	-----	-----	1,605
Subtotal.....	432,923	400,517	436,507
Total.....	2,260,000	2,260,000	2,260,000

DURATION OF FOREIGN QUOTAS

The present act terminates December 31, 1966. Under the House bill the quotas for all foreign countries would be in effect through 1971. Under the Senate amendment, the quotas for foreign countries other than the Philippines would be in effect only for 1966 and 1967. The conference substitute follows the House bill in this respect. All quotas, both foreign and domestic, established by the bill will be in effect through the calendar year 1971.

COUNTRIES WHICH ARE NET IMPORTERS OF SUGAR

The House bill prohibits the establishment of a quota for a country for any year if, during the 24-month period ending June 30 preceding such year, it has been a net importer of sugar. The conference substitute continues this provision but exempts Ireland, Bolivia, Honduras, and the Bahamas from application of its provisions.

MAINTENANCE OF A RESERVE

Both the House bill and the Senate amendment encouraged foreign countries to maintain a reserve of not less than 15 percent of their quota. The House bill also contained a provision requiring countries

with quotas of more than 200,000 tons to retain a reserve of up to 30 percent of their quota until July 1 of each year. The conference substitute has omitted this 30-percent provision of the House bill.

ADVANCE ASSURANCE BY FOREIGN COUNTRIES

The Senate amendment included a provision requiring each foreign country other than the Philippines to give assurance to the Secretary of Agriculture prior to December 31, 1965, that it would fill the quotas assigned to it for subsequent years. The quota of any country failing to give such assurance would be reduced proportionately. The House bill contained no such provision. The conferees agreed on this provision of the Senate amendment.

QUARTERLY LIMITATION OF IMPORTS

The conference substitute includes a provision of the Senate amendment authorizing the Secretary to limit the amount of sugar which may be imported during the first two quarters of any year. The House bill did not contain this provision.

ALLOCATION AND PRORATION OF DEFICITS

The provisions of the conference substitute to the Senate amendment relating to the proration and allocation of deficits follows in general the provisions of the House bill. The conferees have retained a provision of the present law requiring the Secretary of Agriculture to give special consideration to those countries purchasing U.S. agricultural commodities.

This provision appears in the conference substitute ahead of the provision, which was common to both bills, authorizing the President, in the national interest to disregard pro rata allocation of deficits and assign deficits to any country which has a quota in effect. Thus, it is clear that the President's authority to make such special assignment of deficits is not restricted by the provisions relating to purchase of agricultural commodities.

It is the intention and the request of the committee of conference that the President should use this authority to assign about 3,000 tons of deficit to Bolivia, a sufficient amount of deficit to Venezuela to bring its quota up to 25,000 tons or an amount above that comparable to other countries in its vicinity, and to provide a substantial amount of additional quota to the Dominican Republic, in line with the discussion of the Dominican quota in the House report, if the political situation in that Republic warrants such action.

NEW SUGARCANE MILL

The House bill provided for a reserve of 25,000 tons for a new sugarcane processing facility after 1966 and after the consumption estimate had exceeded 10,400,000 tons. This provision is omitted in the conference substitute.

NATIONAL RESERVES

The House bill contained a provision establishing a national reserve of 25,000 tons of the beet quota and 25,000 tons of the mainland cane quota to be used by the Secretary to alleviate hardship and inequities.

The Senate amendment retained the national reserve with respect to beets but did not include a national reserve with respect to cane.

The conference substitute has reinstated the House provision relating to a national reserve of the cane quota with amendments reducing the amount of the reserve to 16,000 tons and making certain other modifications in its provisions.

It is the intention of the committee of conference that the national reserve provided for cane should be used first for the purposes outlined in the House report on the bill (6,200 tons for a Louisiana processor and the acreage to produce 2,000 tons for a Louisiana producer) and that the balance of such reserves should be used to alleviate hardships and inequities in other areas. Conforming changes with respect to proportionate shares are also made in the conference substitute.

INDUSTRIAL ALCOHOL

The Senate amendment permits the use of sugar (without regard to quota restrictions) in the production of alcohol, except alcohol and resulting byproducts for human food consumption. The quota exemption under present law applies only to sugar used in the distillation of alcohol, not in the production of alcohol by methods other than distillation. The conference substitute includes this provision of the Senate amendment.

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