

## SUGAR ACT AMENDMENTS OF 1971

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Mr. LONG of Louisiana, from the Committee on Finance,  
submitted the following

### REPORT

together with

### SEPARATE VIEWS

[To accompany H.R. 8866]

The Committee on Finance, to which was referred the bill (H.R. 8866) to amend and extend the provisions of the Sugar Act of 1948, as amended, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

### Purpose

The purpose of the bill, as amended, is to maintain a healthy and competitive domestic sugar industry; to assure adequate sugar supplies for consumers at reasonable prices; to extend the Sugar Act through December 31, 1974, and to fix foreign quotas for 1972, 1973 and 1974; to increase quotas for domestic producing areas; and to improve the effectiveness of the anticonfiscation provision.

## Summary of Committee Amendment

The committee substituted for the House bill a Committee amendment, the major features of which are as follows:

1. The annual quota for the mainland cane sugar area (Louisiana and Florida) would be increased by 300,000 tons.

2. The quota of 15,000 tons for the Virgin Islands, where sugarcane production has been discontinued, would be eliminated and the quota for Puerto Rico (where production has declined) would be reduced by 285,000 tons during the 3 years of the extension. Puerto Rico's quota after the reduction would continue to be well in excess of its present capability. A deficit of 785,000 has already been declared against its current quota and the Assistant Secretary of Agriculture has informed the Committee that a further deficit of at least 125,000 tons is anticipated. The Commonwealth of Puerto Rico is conducting an extensive program to rehabilitate the Island's sugar industry. The quota retained for Puerto Rico would be ample to provide a marketing opportunity for substantially increased production.

3. The quotas for the domestic producing areas at an annual sugar requirements level of 11.2 million tons under current legislation and under the committee bill are shown in table 1:

TABLE 1.—SUGAR QUOTAS, DOMESTIC PRODUCING AREAS

[Short tons, raw value]

Area	Present law	House bill	Finance Committee bill
Domestic beet sugar.....	3,406,333	3,406,000	3,406,000
Mainland cane sugar.....	1,238,657	1,539,000	1,539,000
Hawaii.....	1,110,000	1,110,000	1,110,000
Puerto Rico.....	1,140,000	855,000	855,000
Virgin Islands.....	15,000	0	0
Total.....	6,910,000	6,910,000	6,910,000

4. Foreign sugar quotas are to be distributed for a 3-year period, 1972-74 as shown in table 2.

TABLE 2.—COMPARISON OF SUGAR QUOTA DISTRIBUTIONS, PRESENT LAW, 5-YEAR AVERAGE, HOUSE BILL AND SENATE FINANCE COMMITTEE BILL

[In short tons, raw value]

Production area	Quota distribution under present act <sup>1</sup>	5-year average (1966-70) quota charges	House version of H.R. 8866 <sup>2</sup>	Finance Committee bill <sup>3</sup>	Finance Committee bill compared to House bill
	(1)	(2)	(3)	(4)	(5)
Domestic beet area.....	3,406,333	3,143,611	3,406,000	3,406,000	0
Mainland cane area.....	1,538,667	1,190,031	1,539,000	1,539,000	0
Hawaii.....	1,110,000	1,189,956	1,110,000	1,110,000	0
Puerto Rico.....	355,000	522,816	355,000	230,000	-125,000
Virgin Islands.....	0	1,081	0	0	0
<b>Total domestic areas.....</b>	<b>6,410,000</b>	<b>6,047,495</b>	<b>6,410,000</b>	<b>6,285,000</b>	<b>-125,000</b>
Philippines.....	1,362,120	1,171,110	1,314,020	1,300,264	-13,756
Mexico.....	557,748	590,894	537,545	590,894	53,349
Dominican Republic.....	545,481	659,874	525,737	659,874	134,137
Brazil.....	545,481	577,905	525,737	577,905	52,168
Peru.....	435,087	407,802	418,982	391,839	-27,143
West Indies <sup>4</sup> .....	188,777	204,520	192,251	204,520	12,269
Ecuador.....	79,370	83,744	80,774	79,084	-1,690
French West Indies.....	59,384	63,868	0	63,868	63,868
Argentina.....	67,102	71,055	76,050	67,062	-8,988
Costa Rica.....	64,217	71,110	65,185	71,110	5,925
Nicaragua.....	64,217	53,512	65,185	64,217	-968
Colombia.....	57,723	61,047	73,688	61,047	-12,641
Guatemala.....	54,115	59,835	55,265	59,835	4,570
Panama.....	40,406	32,835	41,567	40,406	-1,161
El Salvador.....	39,682	43,964	40,151	43,964	3,813
Haiti.....	30,305	24,262	30,704	30,305	-399
Venezuela.....	27,419	29,026	36,845	61,026	24,181
British Honduras.....	13,752	14,874	33,537	14,874	-18,663
Botiva.....	6,494	6,568	17,005	6,193	-10,812
Honduras.....	6,494	5,743	17,005	6,494	-10,511
Bahamas.....	10,000	3,999	33,537	10,000	-23,537
Paraguay.....	0	0	15,116	0	-15,116
Australia.....	203,785	196,162	206,025	196,162	-9,863
Republic of China.....	84,910	81,734	85,844	81,734	-4,110
India.....	81,514	77,973	82,494	77,973	-4,521
South Africa.....	60,003	57,745	60,300	57,745	-2,555
Fiji Islands.....	44,719	43,034	44,806	43,034	-1,772
Thailand.....	18,681	14,152	18,844	14,152	-4,692
Mauritius.....	18,681	17,761	30,150	17,761	-12,389
Malagasy Republic.....	9,623	9,223	15,075	9,223	-5,582
Swaziland.....	7,359	7,084	30,150	7,084	-23,066
Malawi.....	0	0	0	0	0
Uganda.....	0	0	15,075	0	-15,075
Ireland.....	5,351	5,351	5,351	5,351	0
<b>Total foreign.....</b>	<b>4,790,000</b>	<b>4,747,766</b>	<b>4,790,000</b>	<b>4,915,000</b>	<b>-125,000</b>
<b>Total.....</b>	<b>11,200,000</b>	<b>10,795,261</b>	<b>11,200,000</b>	<b>11,200,000</b>	<b>0</b>

<sup>1</sup> Assuming requirements of 11,200,000 tons and 300,000 tons of Puerto Rican quota transferred to the domestic cane area and domestic deficits of 500,000 tons.

<sup>2</sup> In 1973 at a consumption estimate of 11,200,000 tons and with deficits of 500,000 tons, the quota for Panama would be increased to 62,947 tons and a quota would be established for Malawi of 15,000 tons. Quotas for other countries except the Philippines would be reduced prorata to accommodate those changes.

<sup>3</sup> Assuming requirements of 11,200,000 tons, Philippine basic quota of 1,050,000 tons; domestic area deficits of 625,000 tons shared 40.04 percent (250,264 tons) to Philippines and balance to Western Hemisphere countries.

<sup>4</sup> Caribbean Area: Higher of 5-year average imports or present act quota distribution.

<sup>5</sup> Other Latin countries: Present act quota distribution, less 5-year average percent shortfall.

<sup>6</sup> The West Indies include the following countries: Guyana, Jamaica, Trinidad-Tobago, Barbados and the Island of St. Kitts.

<sup>7</sup> Venezuela: 5-year average imports plus 32,000 tons.

<sup>8</sup> Eastern Hemisphere: 5-year average imports.

5. An additional quota of as much as 100,000 tons would be provided for a new continental cane sugar area or areas beginning in 1973 or as soon thereafter as it can be used. When established, the quotas for foreign countries other than the Philippines and Ireland would be reduced by an equivalent amount.

This new cane quota would be in addition to the mainland cane quota reserved for Louisiana and Florida. The language of the bill is specifically designed to permit the Secretary to administratively commit prior to 1973 a new quota to an area that so qualifies even though the actual quota allocation would not be in effect until 1973 or later. Thus, any time after enactment of H.R. 8866 the Secretary could commit the new quota to a specific area such as, for example, the Lower Rio Grande Valley of Texas (Cameron, Willacy, Hidalgo, and Starr Counties) if the appropriate criteria were met.

6. The Secretary of Agriculture would be authorized to establish import quotas on beet sugar molasses. In addition, he would be directed to establish an import quota on confections equal to the larger of (1) the average quantity of sweetened chocolates and confections entered in the 3 prior years or (2) 5 percent of the amount of sweetened chocolate and confections sold in the United States during the most recent year for which reliable data are available.

7. Expansion of the beet sugar area would be facilitated by reserving from the domestic beet sugar area's acreage objective of the acreage required to yield as much as 100,000 tons of sugar for localities where new processing facilities are constructed or existing facilities expanded. In addition, the reopening of certain closed sugar beet processing facilities would be authorized, but not guaranteed.

8. The Committee agreed with provisions of the House bill which :

(a) requires foreign countries to notify the Secretary of any deficits in their quotas by June 1 of the quota year rather than August 1. It also requires each quota country to give assurance to the Secretary on or before December 31, 1971, that the quota for the country for each year of the term of the Act will be filled. If a country gives assurance for an amount less than its quota, the quota will be reduced by that amount and a quantity of sugar representing the reduction will be prorated in the same manner as other deficits.

(b) expands the list of prohibitions in the present Act by adding offshore domestic areas without sugar quotas to the sources from which sugar may not be brought into the continental United States.

(c) provides that sugar or liquid sugar may be entered into Hawaii and Puerto Rico as well as into the continental United States (as provided under current legislation) without charge against a quota if the sugar or liquid sugar is placed under bond and subsequently re-exported as such or in manufactured articles.

(d) provides that the 10 tons which can be entered from any country other than Cuba and the Philippines without reference to quotas must be direct consumption sugar rather than either direct consumption or raw sugar as presently permitted. The same restriction would apply to the first 10 tons which may be entered from any such country for religious, sacramental, educational or experimental purposes.

(e) authorizes the Secretary to protect the interests (production history) of sugarbeet growers whose production has been adversely and seriously affected by drought, storm, flood, freeze, disease, insects or other similar abnormal and uncontrollable conditions regardless of whether the producer is or is not in a locality which has been generally so affected—a requirement in the present Act.

(f) qualify farms on which abandonment of planted acreages or crop deficiencies of harvested acreage occurred as a result of drought, flood, freeze, disease or insects for abandonment or deficiency payments under Section 303 of the amended Act regardless of whether they are in a locality where production has been generally affected by such causes—a requirement under present law.

(g) redefines the area to which Title III of the Sugar Act applies to exclude the Virgin Islands where sugarcane production has been discontinued.

(h) provides for review by the District Courts of the United States of any regulations issued under the Sugar Act except marketing allotments of domestic quotas established under section 205 of the Act and (as provided in section 306) the facts constituting the basis for and the amount of Sugar Act payments authorized to be made under the rules or regulations prescribed by the Secretary.

9. A more effective remedy against expropriations without compensation or other illegal or discriminatory actions by foreign countries against property of the United States, than exists in present law would be provided.

Under this remedy, a U.S. citizen whose property has been expropriated without the payment of adequate compensation would be entitled to bring a case to the U.S. Tariff Commission for a decision on the matter, after the existing provisions of law dealing with a settlement of the dispute by arbitration or conciliation are exhausted. Under this provision, if the Tariff Commission found there was an expropriation without the payment of adequate compensation, the quota for the offending country would be terminated and re-allocated to other nations within that hemisphere and would be subject to a fee. This fee, equal to one-half of the the difference between the world market price and the duty paid price paid for sugar in the United States would be collected to fund payments for the expropriated property.

10. The anticonfiscation provisions of present law would be limited to past takings and provisions would be made for collecting a fund from sugar imported from the offending nation to compensate the U.S. citizens whose property was taken.

## General Statement

### *A. Operation of the Sugar Act*

The Sugar Act of 1948 is designed to protect the welfare of the domestic sugar industry, to provide adequate supplies of sugar for consumers at fair prices, and to promote international trade. These three objectives are achieved through the adjustment of the supplies of sugar that may be marketed in the United States.

It is unlikely that a significant amount of sugar would be grown in the continental United States if American producers had to compete on the open world market with sugar produced with cheap tropical labor or under subsidy in other countries.

Therefore, for many years, it has been the policy of the U.S. Government—for defense and strategic reasons—to promote within the United States the ability to produce a substantial portion of our sugar requirements. Sugar is a vital food needed by American consumers, the supply of which worldwide has been alternately scarce or in surplus.

Until 1934 protection was afforded to our sugar producers solely through the tariff. The tariff (formerly 2.5 cents per pound but now 0.625 cent per pound) did assist the domestic producers, but it still left them exposed to price fluctuations of the world sugar market. Moreover, it increased the price of sugar to consumers without assuring them adequate foreign sources of supply.

A quota system which prorated domestic consumption among producers in the United States and a number of foreign countries was enacted into law in 1934. This quota system was revised in 1937 and again in the Sugar Act of 1948.

A tax of 0.53 cent per pound is imposed on all sugar manufactured in, or imported into, the United States. Payments from the proceeds of this tax are made to domestic producers of sugarcane or sugar beets at a rate which ranges from 80 cents per hundredweight of recoverable sugar produced on small farms to as little as 30 cents per hundredweight of production in excess of 30,000 tons on large farms. To qualify for payments under the program, producers must comply with production restrictions, pay fair wages to workers, and not employ child labor and, if they are also processors, pay fair prices for sugarcane or sugar beets. Revenue from the tax on sugar has exceeded payments to domestic growers during each of the years under the program. Since 1937 the excess has totaled about \$634 million.

Payments are made with respect to a farm as defined by the Secretary in accordance with criteria contained in the Act. Small producing units receive payments at a rate substantially higher than the tax assessed on their sugar, while large producers receive payments at a rate less than the tax assessed against their sugar. Because of the economies of scale, there are more instances of large farms being combined into still larger ones than there are of attempts to reorganize large ones into several small ones as a means of qualifying for a higher rate of payment. Thus, the payment scale-down provisions continue to have the desired effect of granting additional benefits to small producers.

Also, the Sugar Act payments provide a convenient means of assuring compliance, and in turn of assuring that the benefits of the program are shared by workers, farmers and manufacturers.

There is no price fixing in the program, but the U.S. price in the market place is kept within a desirable range by the management of supply in the operation of the law of supply and demand. The Secretary of Agriculture is authorized to determine how much sugar will be needed to meet continental U.S. requirements during each calendar year. The determination is made late in one year for the following year and may be revised as the needs change. This determination es-

establishes the quantity of sugar that may be marketed in the United States during the year.

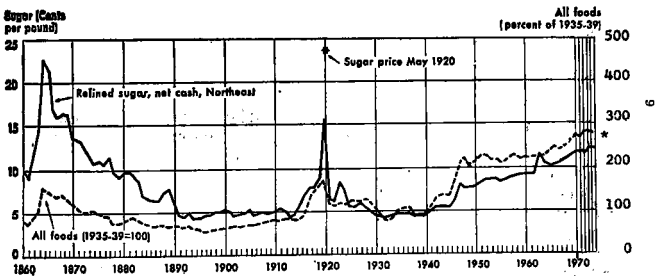
After the Secretary has determined overall requirements, domestic and specified foreign producing areas supplying the United States with sugar are assigned quotas in accordance with the provisions of the act. The bill, as reported, preserves the objective of the Sugar Act of 1948, as amended, and strengthens the program by recognizing recent changes in the sugar situation and adapting the Act accordingly.

The Sugar Act has fostered increased sugar consumption while maintaining reasonable prices for American consumers. Under the program, consumption has increased from 6.6 million tons in 1934 to an estimated 11.6 million tons in 1970. Per capita consumption in the United States is three times the per capita consumption around the world. American consumers enjoy lower prices for sugar than consumers in most nations that do not produce their entire sugar needs. On January 1, 1971, the retail price of a pound of sugar in the United States averaged 13.4 cents. In Italy the retail price was 18.6 cents, Japan 18.4 cents, United Kingdom 9.1 cents, West Germany 17.7 cents, Sweden 14.8 cents, and Denmark 14.5 cents.

As can be seen in Figure 1, the index for the refined price for sugar since 1934, when the present sugar program began, has generally stayed below the general food price index, and, has been generally lower and more stable than sugar prices before the present program was initiated.

Figure 1

**REFINED SUGAR PRICES, AND INDEX OF ALL FOOD PRICES, AT WHOLESALE IN THE UNITED STATES ANNUALLY, 1860 TO DATE**



\* April 1971

*B. The United States Sugar Industry*

About 28,000 domestic farms produce sugarcane or sugar beets and in so doing utilize about \$1.25 billion<sup>1</sup> of investment in land, equipment and growing crops. In addition to the farmers, about 150,000 farmworkers are required, mostly on a seasonal basis, to cultivate and harvest the cane and beets.

<sup>1</sup> At book value. Replacement cost would be substantially greater.

In 1969, 59 beet sugar factories and 92 raw cane sugar mills converted sugar crops into refined beet sugar and raw cane sugar, while 28 refiners converted raw cane sugar into refined sugar. These plants, in which about \$1.4 billion is invested employed about 52,000 people.

Housewives and food processing concerns spend about \$2.2 billion annually for sugar.

Sugar beets are produced in 24 States; the most important are California, Idaho, Colorado, Minnesota, North Dakota, Michigan, Nebraska, Montana, Wyoming, and Washington. Sugarcane is grown in a number of Southeastern and South Central States, but only Louisiana and Florida produce cane for the manufacture of sugar. The small quantity of cane produced in the other States is used to make sugarcane sirup. Sugarcane is also grown for sugar on the four largest Islands of Hawaii and along the four coasts of Puerto Rico.

### *C. Farmers*

Growers' gross income per ton of sugar beets or sugarcane has increased substantially since the sugar program began in 1934. This is due in part to the addition of the Sugar Act payment and in large part to generally higher price levels. To some extent it also reflects an increase in the growers' share of sugar market returns.

Gross returns to growers per ton of sugar beets or sugarcane are dependent upon sugar prices, the quality of their beets or cane, and Sugar Act payments. Molasses prices also have a bearing and in some cases, beet pulp prices.

Processors generally have operated profitably and in some areas have passed on a higher proportion of total sugar sales returns to growers. This, they have been able to do because of improvements in manufacturing and marketing efficiency. In addition, the fair price determinations issued under sugar legislation have assured growers an equitable share of the returns from sugar and primary byproducts and have bolstered their bargaining position. In contrast to many other foods, the farmer is now receiving a larger percentage of the sugar sales dollar than he did prior to 1940.

As population has increased, the sugar market has also grown and domestic growers have received their share. Concurrently, technological developments have inevitably required larger production units. While the volume of domestically produced sugar (excluding the Philippines) expanded from about 4.1 million tons of sugar annually in the 3 years 1937-39 to 6.1 million tons in 1969, the production per farm in terms of recoverable sugar increased from about 55 tons to 210 tons (table 3). Average income per farm from sugar crops grew from \$2,300 to more than \$23,000 (table 4).



TABLE 3.—NUMBER OF SUGAR BEET AND SUGARCANE FARMS, TOTAL SUGAR PRODUCTION AND AVERAGE SUGAR PRODUCTION PER FARM BY AREAS, 1937-39 AND 1967-69

Areas	Farms, number	Sugar production (1,000 short tons, raw value)	Sugar production per farm (tons)
<b>1937-39 average:</b>			
Beet area.....	53,700	1,646	30.7
Mainland cane.....	10,568	517	48.9
Hawaii.....	48	960	200.00.0
Puerto Rico.....	10,750	982	91.3
<b>Total.....</b>	<b>75,066</b>	<b>4,105</b>	<b>54.7</b>
<b>1967-69 average:</b>			
Beet area.....	18,590	3,017	162.2
Mainland cane.....	2,084	1,242	596.0
Hawaii.....	538	1,202	2,234.0
Puerto Rico.....	7,693	649	84.4
<b>Total.....</b>	<b>28,905</b>	<b>6,110</b>	<b>211.4</b>

Source: Vol. II, Sugar Statistics and Related Data, issued by A.S.C.S., U.S. Department of Agriculture.

TABLE 4.—NUMBER OF SUGAR BEET AND SUGARCANE FARMS, TOTAL GROWER RETURNS FROM BEETS AND CANE AND AVERAGE INCOME PER FARM FROM SUGAR CROPS, BY AREAS, 1937-39 AND 1967-69

Areas	Farms (number)	Grower returns (thousands)	Average return per farm
<b>1937-39 averages:</b>			
Beet area.....	53,700	\$70,674	\$1,316
Mainland cane.....	10,568	22,969	2,173
Hawaii.....	48	37,453	780,271
Puerto Rico.....	10,750	41,833	3,891
<b>Total.....</b>	<b>75,066</b>	<b>172,929</b>	<b>2,304</b>
<b>1967-69 average:</b>			
Beet area.....	18,590	370,332	19,921
Mainland cane.....	2,084	137,702	66,076
Hawaii.....	538	106,130	197,268
Puerto Rico.....	7,693	69,288	9,007
<b>Total.....</b>	<b>28,905</b>	<b>683,452</b>	<b>23,645</b>

#### D. Labor

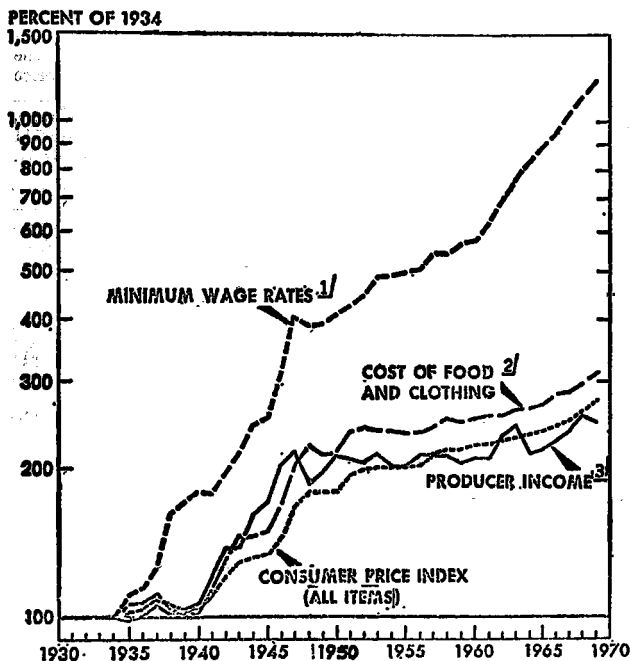
Until the 1966 amendments to the Fair Labor Standards Act, fieldworkers employed in the production of sugar crops were the only agricultural workers covered by minimum wage legislation. The Jones-Costigan Act (1934) first extended wage protection to workers and successive sugar legislation has continued this feature. As a result, the levels of living and working conditions of fieldworkers have steadily

improved, until present minimum wage rates under the Sugar Act are more than 1,200 percent of the low 1934 level which was typical for agricultural workers at that time (figure 2). Increases in the cost of living have taken place in the intervening years but even after these are taken into account, workers' real wages, in terms of purchasing power, are about 450 percent of the 1934 rates.

It is also noteworthy that workers' hourly earnings have increased at about five times the rates of increase for either sugar prices or returns to farmers per ton of sugar crops. This has been made possible by the substantial productivity gains achieved by the sugar industry during the years of the sugar program. In recent years, workers' actual earnings have tended to exceed in somewhat greater degree, the Sugar Act minimums. Wage rates are set by collective bargaining agreements in the offshore sugarcane areas of Hawaii and Puerto Rico and also by the Commonwealth Minimum Wage Board in Puerto Rico. With the exception of Puerto Rico, both the Sugar Act minimum wage rates and actual earnings for sugar workers in all domestic areas exceed the mainland minimum rates for agricultural workers covered under the Fair Labor Standards Amendments of 1966.

While workers' real earnings have been improving, similar advances have been made in their working conditions. Harvesting operations in the sugarbeet area are now completely mechanized and about two-thirds of the sugarcane crop is mechanically harvested. Although some hand labor is employed during the cultivation period in the beet area, mechanical aids and herbicides have made the workers' tasks easier. Hand labor in the planting and cultivating of sugarcane has largely given way to mechanical planters and cultivators, and to herbicides that keep the fields weed free. Workers have benefited from increased earnings at tasks requiring diminishing amounts of strenuous hand labor.

**FIGURE 2. Minimum wage rates of fieldworkers, producer income, and cost of food and clothing, all domestic sugar producing areas, 1934 to date.**



<sup>1</sup> Weighted average minimum wage rates for each area weighted by production of beets or cane. Data partly estimated.

<sup>2</sup> Data of the Department of Labor, weighted 15 clothing and 85 food.

<sup>3</sup> Per ton of beets or cane. All areas.

*E. Consumers*

In relation to other foods, the price of sugar in the United States has declined greatly over a long span of years. After falling sharply in the 20 years immediately following the War Between the States, the price of sugar remained at moderately low levels except for the inflationary period following World War I. Since 1940 the index of the prices of all foods has been increasing at a rate greater than the price of sugar. This situation continues. For instance, in 1969, the index of the retail price of all foods was 125 percent of the 1957-59 average, while the retail price of sugar (12.4 cents per pound) was only 111 percent of the 1957-59 average price of 11.2 cents per pound (table 5).

TABLE 5.—COMPARISON OF RETAIL SUGAR PRICES AND CONSUMERS PRICE INDEX FOR FOOD ITEMS, 1955-70

Year:	Retail sugar prices (cents per pound)	Consumer price index-food (1957-59=100)
1955.....	10.42	94.0
1956.....	10.57	94.7
1957.....	11.03	97.8
1958.....	11.26	101.9
1959.....	11.43	100.3
1960.....	11.63	101.4
1961.....	11.77	102.6
1962.....	11.70	103.6
1963.....	13.58	105.1
1964.....	12.81	106.4
1965.....	11.80	108.8
1966.....	12.04	114.2
1967.....	12.19	115.2
1968.....	12.18	119.3
1969.....	12.40	125.5
1970.....	12.93	132.4

<sup>1</sup> Average through November.

Source: Bureau of Labor Statistics.

A comparison of retail prices for sugar in the United States with those in other countries for which such information is available is shown in table 6. Prices in the United States are about equal to the average for the other net importing countries and somewhat higher than the average for the net exporting countries. If price information were available for all countries, it is likely that U.S. prices would be well below the world average. The U.S.S.R. consumes more than a third of the sugar not covered by the table and it is known that sugar prices there are several times higher than ours.

TABLE 6. RETAIL PRICE OF SUGAR FOR SELECTED NET IMPORTING AND EXPORTING COUNTRIES ARRANGED IN DESCENDING ORDER OF TOTAL SUGAR CONSUMPTION AS OF JAN. 1, 1966, 1967, AND 1968 AND REPRESENTATIVE PRICES FOR 1969 AND 1970

[U.S. cents per pound]							
	1966	1967	1968	1969	1970	Most recent--	
						Date	Price
<b>Net importing countries:</b>							
United States.....	11.8	12.2	12.2	12.2	13.0	May 1971.....	13.5
United Kingdom.....	9.5	9.3	8.5	8.8	9.0	January 1971.....	9.1
West Germany.....	13.9	14.0	( <sup>1</sup> )	13.7	14.7	.....	.....
Japan.....	17.0	15.6	16.1	16.4	16.4	January 1971.....	18.4
Italy.....	17.4	17.1	17.1	( <sup>1</sup> )	17.7	do.....	18.6
Canada.....	8.8	8.1	8.9	8.8	11.0	June 1970.....	11.9
Netherlands.....	14.4	14.7	15.6	16.8	14.7	.....	.....
Yugoslavia.....	9.5	9.5	( <sup>1</sup> )	( <sup>1</sup> )	10.1	May 1971.....	10.2
Pakistan.....	17.2	13.9	17.9	17.8	( <sup>1</sup> )	October 1970.....	22.5
Sweden.....	12.7	13.6	13.0	13.0	13.7	May 1971.....	14.8
Switzerland.....	8.9	8.1	9.3	9.1	9.9	do.....	14.2
Importers simple average.....	12.8	12.4	13.2	13.0	13.0	.....	14.8
<b>Net exporting countries:</b>							
Brazil.....	7.8	6.6	6.4	( <sup>1</sup> )	.....	.....	.....
India.....	12.0	7.9	10.1	10.0	10.0	May 1971.....	12.2
France.....	12.6	13.1	( <sup>1</sup> )	( <sup>1</sup> )	12.5	.....	.....
Mexico.....	5.6	5.6	( <sup>1</sup> )	5.6	8.4	May 1971.....	8.4
South Africa.....	7.0	8.4	( <sup>1</sup> )	10.9	9.8	.....	.....
Australia.....	10.2	10.0	11.7	11.7	11.7	.....	.....
Belgium.....	14.4	16.7	15.5	( <sup>1</sup> )	17.2	.....	.....
Peru.....	6.1	6.1	6.7	5.8	13.0	.....	.....
Taiwan (China).....	10.8	13.2	11.5	13.0	13.6	.....	.....
Austria.....	11.9	11.9	11.9	12.2	12.4	May 1971.....	14.5
Exporters simple average.....	9.8	10.0	10.5	9.9	12.1	.....	11.7
Simple average, both.....	11.4	11.2	12.0	11.6	12.6	.....	14.0

<sup>1</sup> Not available.

Source: International Sugar Council Year Book except for most recent data

An outstanding feature of the U.S. sugar program is the price stability it has brought to our domestic sugar market. There are fluctuations and a gradual upward price movement but the fluctuations are within a rather narrow range—reducing uncertainties and inventory problems for consumers. Industrial users of sugar need not carry excessive sugar stocks as a hedge against a sudden large price rise, nor do they fear that the value of the working stocks they have on hand will suddenly shrink. Furthermore, with respect to sugar they can budget their raw material costs with considerable confidence. Similarly, the American housewife can reach for sugar on her grocer's shelf knowing not only that it will be there but also that the cost will continue to be a negligible item in the family food budget. Both the industrial user and the housewife know that the price of sugar in the United States is not only stable, but also reasonable by any fair standard of measurement.

## The Committee Amendment

The bill as amended by the Committee on Finance retains many of the important features of previous legislation and of the House bill. It provides a balanced approach to the needs of all groups affected by the Sugar Act: consumers, domestic producers, foreign suppliers, and the sugar refining industry.

### *A. Consumer protection*

Particular attention has been devoted to the interests of consumers. First, the mainland cane producing area, with a demonstrated ability to supply more sugar, would be given a larger quota, thus assuring consumers of an adequate supply of sugar available within the country. Second, quotas would continue to be allocated to foreign countries generally on the basis of their demonstrated willingness and ability to service our market under the most trying circumstances and even in the face of financial sacrifice, and on their performance in delivering sugar to the United States over the period of the existing Act, i.e. 1966-1970. The committee believes that this method of allocating quotas is the best means of assuring the needed level of imports not only when the United States is a premium price market but also in the exceptional periods when higher prices could be obtained by selling on the world market to other countries. By fixing the bulk of foreign quotas on performance rather than other subjective criteria, the committee is convinced that our consumers are afforded the greatest possible protection in the event of future sugar catastrophes. Exporting countries would be encouraged to continue to service our market at all times because nonperformance in any year would be grounds for reducing their quota in future years.

The committee concurred with the House amendments changing the price objective for raw sugar (important because of its role in the consumption estimate which governs the quantity of sugar which may be marketed each year) from one based solely on changes in the index of prices paid by farmers to one which also recognizes changes in the wholesale price index. Under this new "corridor" mechanism formula, contained in both the House bill and the Committee amendment, whenever the actual price departs by more than 4 percent from the formula price, the Secretary would be required to raise or lower his determination of the requirements of consumers for sugar. This process would be the major tool for relating the seasonal flow of sugar supplies to the demands of the market. The Secretary could not limit the importation of quota sugar by quarters (as he does under present law) after the first quarter of 1972 unless the actual price fell below 99 percent of the formula price in 1974 or thereafter or below 97 percent in 1973. In that case, he could employ quarterly limitations in the first two quarters of subsequent years.

## B. Allocation of Quotas

Under the Committee bill, sixty-five percent of total market growth above 11.2 million tons would continue to be assigned as in the past to two of the domestic areas; 47.67 percent to the domestic beet sugar area and 17.33 percent to the mainland cane sugar area. The remaining 35 percent of market growth above 11.2 million tons would, as in the past, be assigned to the quotas of foreign countries.

### 1. Domestic Quotas

The domestic areas, in total, are allowed under the present Sugar Act to supply approximately 62 percent of the requirements of the continental United States. In fact, because of the decline in the Puerto Rican industry, domestic areas were able to supply only about 55 percent. Under the present act, shortfalls of production in Puerto Rico and elsewhere are allocated exclusively to foreign countries. The Committee bill would preserve the basic distribution of quotas between domestic and foreign suppliers that has existed under the existing law. However, the Committee agreed with the Administration's recommendation and with the House bill in the allocation of 300,000 tons of the Puerto Rican and Virgin Island quotas permanently to the domestic cane area, thereby permitting domestic areas to fill more of the share allocated to them under the Sugar Act. Such a reallocation was supported in a report by the Comptroller General of the United States to the Congress on the "Administration of Sugar Marketing Quotas Established by the Sugar Act of 1948, as amended," which concludes that:

*"In view of the significant benefits which would accrue to the domestic sugar industry and the beneficial effect on the U.S. balance-of-payments position through a reduction in the outflow of dollars, we believe that consideration should be given to allocating deficits to other domestic areas when a domestic producing area develops a continuing, long-term marketing deficit.*

The Committee bill, like the present law and the House bill, would allocate 6,910,000 tons of sugar to domestic areas. However, the pattern of distribution under the Committee bill would be different from existing law, and, in 1974, from the House bill, because of quota transfers from the Virgin Islands and Puerto Rico.

### 2. Foreign Quotas

The Committee determined that the allocation of quotas to foreign countries should be based generally on their delivery performance during the last extension of the Act; that is, for the period 1966 through 1970. The committee determined that within this general framework, the Caribbean countries, including Brazil, who have served this market well as a secure source of supply offer the best assurance of dependable performance in future years. Hence, in the case of the

Caribbean countries foreign quotas would be allocated under the Committee amendment on the basis of the higher of (a) their average annual shipments during the 5-year period, 1966 through 1970, or (b) what they would have received under existing law after adjustments in the domestic quotas. Quota deficits of countries in the Central American Common Market are to be allocated to other countries within that market who have the capacity to supply the sugar. In the case of other Latin American nations, the general criterion applied by the Committee would provide allocations based on the present Act quota distribution, less their 5-year average percent shortfall. In the case of all other suppliers in the Eastern Hemisphere (except the Philippines) the criterion would be the average shipments over the previous 5 years.

The only departure from the Committee's formula related to Venezuela. The Committee bill would increase Venezuela's quota by 32,000 tons above its five-year average shipments. This action was taken in order to raise Venezuela's quota to a level more comparable to other countries in the hemisphere. In this regard, the Committee noted that Venezuela's commercial purchases of agricultural commodities exceed those of any country with a sugar quota. Moreover, the Committee recognized that in 1965 the statement of managers on the Conference report accompanying the Sugar Act had requested the President to increase Venezuela's entitlements through discretionary allocation of deficits in an amount sufficient to bring Venezuela's quota up to that comparable to other countries in the vicinity.

With respect to the Philippine quota, the Committee formula would have provided only 1,171,000 tons, an amount equal to the average shipments by the Philippines over the previous five years. However, the Philippines has always occupied a special place in the U.S. sugar program (it is the only country entitled to a specific quota under a treaty arrangement). Hence, the Committee sought to increase the Philippine quota generally to the level it had shipped in 1970, approximately 1.3 million tons. Acting on the advice of the executive branch, the Committee determined that it would probably be more beneficial to the Philippines to provide it with a basic quota of 1,050,000 tons and allocate to the Philippines 40 percent of all deficits for sugar consumed on the mainland, rather than provide the Philippines with a higher basic quota and a smaller allocation of deficits. Continued large deficits in Puerto Rico, at least over the period the Act would be extended, should assure against reductions in the Philippines' total share.

The following table provides a percentage distribution of foreign quotas, comparing the present Act, the House bill and the Committee bill. As can be seen in this table, under the Committee bill for the future the Western Hemisphere nations generally would provide a higher proportion of our sugar requirements than under the House bill and the present law.



TABLE 7.—Comparison of quota distributions for Sec. 202 (c) countries and resulting quotas under finance committee bill

[In percent]

Production area	Sec. 202(c) distribution under—		
	Present act	House version of H. R. 8866	Finance committee bill
Cuba.....	50.00	23.74	50.00
Mexico.....	7.73	11.38	7.93
Dominican Republic.....	7.56	11.13	8.85
Brazil.....	7.56	11.13	7.75
Peru.....	6.03	8.87	5.26
West Indies <sup>1</sup> .....	3.02	4.07	2.74
Ecuador.....	1.10	1.71	1.06
French West Indies <sup>2</sup> .....	.95		.86
Argentina.....	.93	1.61	.90
Costa Rica.....	.89	1.38	.95
Nicaragua.....	.89	1.38	.86
Colombia.....	.80	1.56	.82
Guatemala.....	.75	1.17	.80
Panama.....	.56	1.35	.54
El Salvador.....	.55	.85	.59
Haiti.....	.42	.65	.41
Venezuela.....	.38	.78	.82
British Honduras.....	.22	.71	.20
Bolivia.....	.09	.36	.08
Honduras.....	.09	.36	.09
Bahamas.....		.71	
Paraguay.....		.32	
Subtotal, Western Hemisphere.....	90.52	85.22	91.51
Australia.....	3.60	4.92	3.25
Republic of China.....	1.50	2.05	1.36
India.....	1.44	1.97	1.29
South Africa.....	1.06	1.44	.96
Fiji Islands.....	.79	1.07	.71
Thailand.....	.33	.45	.24
Mauritius.....	.33	.72	.29
Malagasy Republic.....	.17	.36	.15
Swaziland.....	.13	.72	.12
Malawi.....		.36	
Uganda.....		.36	
Southern Rhodesia.....	.13	.36	.12
Subtotal, Eastern Hemisphere.....	9.48	14.78	8.49
Total sec. 202(c) countries.....	100.00	100.00	100.00

<sup>1</sup> The West Indies include: Guyana, Jamaica, Trinidad-Tobago, Barbados and the Island of St. Kitts.

<sup>2</sup> The French West Indies consist of Guadeloupe and Martinique.

In the case of the Bahamas, the House bill would have added this country to the list of countries sharing quotas (and growth) on a percentage basis. Under existing law, the quota for the Bahamas is specifically stated at 10,000 tons. The Committee retained the existing provisions of law (including the exemption from the net importer rule) and continued the 10,000 ton quota for the Bahamas.

*C. Comparison of Present Law, House Bill, and Committee Amendment*

The committee amendment includes a number of changes in the House-passed bill. These are described below in relation to existing law and the House-passed bill.

*1. Consumption Estimate*

*Present law.*—Under existing law, the maintenance of a reasonable and stable price for sugar is an important criteria which affects the Secretary's consumption estimate on which quotas are based. Price is just one of a series of criteria which must be taken into account.

*House bill.*—The House bill includes an amendment under which future consumption estimates will be determined solely by reference to the price objective, which would be determined in terms of changes in the average of the parity index and the wholesale price index with 1967 considered as the base year.

*Committee amendment.*—The committee approved this feature of the House bill, with technical changes to omit the other subjective criteria which would be overruled by the price formula, and to further identify the 1967 parity index referred to in the House bill.

*2. The Puerto Rican Quota*

*Present law.*—Under present law, the sugar quota for Puerto Rico is 1,140,000 tons. The island has fallen short of filling this quota for many years.

*House bill.*—The House bill reduces the Puerto Rican quota to 855,000 tons for 1972 and 1973. For 1974, the Puerto Rican quota would be raised to 1 million tons.

*Committee amendment.*—The committee was informed that there is little likelihood that Puerto Rico could increase production this much within 3 years. Consequently, it retained the quota at 855,000 tons for the term of the extension of the Sugar Act.

*3. Maximum Limitation on Sugar*

*All countries.*—Under present law, only the Philippines and the Cuban reserve enjoy a quota in excess of 1 million tons. Under its quota, the Philippines actually shipped 1,301,020 tons to this country in 1970. The Cuban reserve amounts to about 1.6 million tons. Mexico, the Dominican Republic and Brazil each shipped in excess of 600,000 tons to this country in 1970.

The Committee wanted to avoid a situation in which the United States might become overly dependent on any one country for sugar. Aside from volatile political factors which may cause a shutoff of sugar supplies, there are natural disasters (drought, hurricanes, etc.), which could destroy a country's sugar crop.

Consequently, the committee adopted an amendment which would place an overall ceiling on sugar quotas for the Philippines and Cuba (in the event Cuba rejoins the free nations of the world and regains its quota) of 1.5 million tons in a year. A similar limitation (or ceiling) of 800,000 tons in a year would apply with respect to all other supplying countries.

Under this amendment, the maximum limitation would apply to the total entitlement of the country involved; that is, its basic quota plus its share of the Cuban and other possible reserves and of deficit reallocations. The limitation would not apply, however, with respect to the discretionary authority provided by the present law, enabling the President to seek sugar from whatever source available in times of emergency. Under the amendment, in the event any country's entitlement exceeded its maximum limitation, the excess amount would be considered a deficit and would be allocated in the same manner as deficits are allocated under present law.

#### 4. *The Cuban Reserve*

*Present law.*—Under existing law, 50 percent of the imported sugar from foreign countries, other than from the Philippines, Ireland, and Bahamas, comes from the temporary allocation to foreign-supplying countries of the so-called Cuban reserve. This amount has been reserved for Cuba in the event it should rejoin the family of free and friendly foreign nations.

*House bill.*—The House bill proposed to reduce the Cuban reserve by more than half, to 23.74 percent and allocate 26.26 percent permanently to other supplying nations. The amount involved in the reallocation under the House bill is 761,861 tons.

*Committee amendment.*—The committee wished to retain the full flexibility which was provided by the Cuban reserve. Hence, it deleted this permanent allocation and retained the Cuban reserve at 50 percent. The committee felt that any reallocation of the Cuban reserve involves a unilateral concession for which no special benefit to the United States accrues. This action would have no effect on the actual quotas filled by supplying countries, but they would be sharing the Cuban reserve temporarily, on a year-by-year basis by virtue of a formula provided in the bill rather than by quotas assigned solely to them.

#### 5. *The Organization of American States*

*Present law.*—Under existing law, whenever consumption estimates exceed 10 million tons, the quantity of quota involved in the Cuban reserve is required to be prorated to Western Hemisphere countries which are members of the Organization of American States.

*House bill.*—The House bill eliminates this feature and provides that future growth in the Cuban reserve quota be allocated to all supplying nations.

*Committee amendment.*—The committee amendment would distribute increases in the Cuban reserve quota to all supplying countries in the Western Hemisphere (other than Bahamas), not just those who are members of the Organization of American States.

### 6. Allocation of Deficits

*Present law.*—Under present law, the Secretary is required to determine and allocate deficits “from time to time,” except that known deficits must be allocated by August 1 of the quota year.

*House bill.*—The House bill provides for more prompt allocation by requiring the Secretary to determine and allocate deficits when he makes his initial consumption estimate in October of the preceding year and at least every 60 days after the beginning of the quota year.

The first allocation of deficits need not occur for 4 to 5 months after the consumption estimate is made.

*Committee amendment.*—The committee adopted a technical amendment requiring a review of deficits on December 15 preceding the beginning of the quota year. This would provide greater leadtime for supplying nations to plan production of sugar and its shipment to fill deficits allocated to them.

### 7. Sugar Refined in Puerto Rico

*Present law.*—Under existing law, the Puerto Rican quota includes an allowance for shipments of refined sugar. Specifically, Puerto Rico may ship refined sugar within its quota up to an amount equal to 1.5 percent of the Secretary’s consumption estimate.

*House bill.*—The House bill restricts this special concession by providing that when consumption estimates exceed 11 million tons, Puerto Rico will be allowed to ship only 0.5 percent of the excess consumption estimate in the form of refined sugar.

*Committee amendment.*—The committee felt that there were insufficient grounds for further restricting Puerto Rico’s refined sugar allowance, and hence deleted the House provision thus retaining the existing law.

### 8. Puerto Rico and Hawaii

*House bill.*—The House bill contains an amendment which provides that if Hawaii or Puerto Rico are unable to fill their quotas for local consumption of sugar, the deficits may be filled by shipments from the domestic beet sugar area or the mainland cane sugar area.

The House bill provides that if sugar from Puerto Rico and Hawaii is not shipped during the quota year for reasons beyond the control of the producers, it may be entered in the following year.

*Committee amendment.*—The Committee determined that the House provision unnecessarily restricted the discretion of the Secretary in the allocation of these deficits by forcing him to choose between the domestic cane or domestic beet areas. Consequently, the committee adopted a technical amendment to permit such deficits to be filled jointly by these areas.

The Committee agreed with provisions of the House bill relating to sugar not shipped to the mainland from Puerto Rico and Hawaii for reasons beyond the control of the shippers with a technical amendment providing that in such a situation, the quota in the following year for Puerto Rico and Hawaii would be increased by the amount involved.

### 9. Quota Limitations on Confections

*Present law.*—There exists in present law a provision under which products containing sugar can be limited if the Secretary finds that such imported products impair the purposes of the Sugar Act.

The committee felt strongly that there is a built-in situation which could lead to sharply increased imports of confections (candy). The basic reasons for this fear are that foreign manufacturers, with respect to confections for export, have access to world market price sugar and to cheaper peanuts, dairy products, et cetera, which are not available to U.S. producers at low prices because of import restrictions and domestic price support programs. The tariff level on confectioneries has been reduced from 40 percent to the 5-7 percent range, which does not compensate for the lower ingredient prices available to foreign exporters to the United States.

*Committee amendment.*—The committee adopted an amendment which would provide for a quota on confectionery products beginning in 1972. The quota would be the larger of (1) the average quantity of sweetened chocolate and confections in each tariff classification affected which are entered in the 3 prior years, or (2) 5 percent of the amount of sweetened chocolate and confections in each tariff classification affected which are sold in the United States during the most recent year for which reliable data are available.

The Committee intends that the Secretary allocate these quotas on a fair and equitable basis, as determined by the historic market shares of confections foreign countries have supplied the U.S. market.

### 10. Beet Sugar Molasses

The House bill provided discretionary authority to the Secretary to impose limitations on the importation of beet sugar molasses, whenever he finds that such importations interfere with the purposes of this Act. The Committee concurred with the House in providing the Secretary with this additional authority under present law.

### 11. New Beet Areas—Technical Change

*House bill.*—The House bill authorizes acreage to produce up to 100,000 tons of beet sugar to be set aside for new facilities or old plants which are substantially enlarged.

*Committee amendment.*—The committee adopted a clarifying amendment to make it clear that the 100,000-ton allocation refers to the life of the extension of the Act and does not provide successive increases of 100,000 tons in each of the 3 years during the extension.

### 12. New York and Maine Sugar Beet Factories

*Present law.*—The Sugar Act amendments of 1962 provided for the establishment of six new sugar beet processing factories. Among these, one was built in New York and another in Maine. Both of these factories are now closed; the one in New York shut down in 1968 and the one in Maine closed in 1970. Both are now seeking to reopen.

*House bill.*—The House bill contains amendments to preserve sugar beet acreage history for farms in an area where a factory closed during 1970. It also provides acreage and sugar marketing rights up to 100,

000 tons of sugar to be reserved for localities where new factories are built, or existing factories enlarged with marketing allotments ranging between 25,000 and 50,000 tons annually.

*Committee amendment.*—(a) *New York.* It is the Committee's understanding that there are plans to enlarge the New York factory; hence the Committee amendment would enable New York to compete with other localities for one of these allocations. The Committee also modified the provision in the House bill dealing with the preservation of sugar beet farm history so as to make it applicable with respect to factories which closed after 1967. This would facilitate the reopening of the New York factory since a substantial enlargement of this factory is contemplated.

(b) *Maine.*—With respect to the Maine factory, the committee authorized the Secretary to reserve from the 1972, 1973, 1974 crops of sugar beets acreage required to yield 25,000 tons of sugar. Under this amendment the Secretary would be given discretion to allocate this acreage to the Maine factory only if he is satisfied that the venture can be successful and that sugar beets can be profitably grown.

### 13. Priority to Old Sugar Beet Areas

*House bill.*—In determining whether a new area or an area in which a processing facility closed during 1970 will receive the necessary allotments the House bill states that "priority shall be given" to the closed facility. It has been argued that this discriminates against new areas and favors an area where the facility has already failed.

*Committee amendment.*—Another feature of this provision of the House bill would have required the Secretary to base his determination and selection (as to whether a new facility will be allowed or a closed one reopened) upon " \* \* \* the proven suitability of the area for growing sugar beets and the relative qualifications of localities." This language appeared to make the priority direction superfluous. The committee therefore deleted the priority language.

### 14. Sugar Beet Farm History

*House bill.*—The House bill contains a provision which protects for 3 years the farm history of a producer who lost his market for sugar beets because of the discontinuance of contracting by a processor after 1970 in a substantial portion of a State where he contracted at least 4,000 acres of the 1970 crop of sugar beets.

*Committee amendment.*—The committee agreed with the objective of the House provision, but felt that the 4,000 acre test was too rigid and could have precluded the production rights of producers in smaller localities. Hence the committee adopted an amendment reducing the 4,000 acre test to a 2,000 acre test.

### 15. Proportionate Shares in Mainland Cane Areas

*Present law.*—Under present law the Secretary administers proportionate shares in mainland cane areas uniformly in Florida and Louisiana.

*Committee amendment.*—The committee adopted an amendment authorizing the Secretary to determine and administer proportionate shares in the mainland cane area differently in Louisiana and Florida, at his discretion. The Committee was informed by the Department

of Agriculture that the conditions of production in Florida and Louisiana were sufficiently different to warrant dissimilar treatment.

#### 16. Quarterly Quotas—Technical Error

*Present law.*—Under present law the Secretary may impose quarterly quotas on importation of sugar during the first and second quarters of the year.

*House bill.*—The House bill substitutes the so-called 4-percent corridor for the quarterly quota procedure but authorizes the use of quarterly quotas if the corridor mechanism does not work. The House bill deletes a safeguard in the quarterly quota mechanism which prevents overall foreign quotas from being reduced.

*Committee amendment.*—The committee restored the safeguard preventing foreign quotas from being reduced, looking on its deletion by the House bill as a technical error.

It makes clear that this authority shall not apply to reduce the quota of sugar to be imported for any calendar year for any country below its quota for that year.

#### 17. Independent Weighmasters

It had been suggested that the committee consider a requirement that all sugar entered under the Sugar Act must pass through scales operated by independent weighmasters.

It was suggested that over the years some weighmaster concerns had been absorbed by sugar brokers and refiners, and that this dependency status could lead to short weights which operate to the detriment not only to the supplying nation, but also to the U.S. Treasury, since the full amount of tariffs depends on accurate measurement of sugar being imported.

On the other hand, the committee is not aware of any situation where this practice has led to any fraud or abuse among either dependent or independent weighmasters.

Hence, the committee adopted a provision which would allow the present dependent weighmasters to continue to serve the people they are now serving, but would require, with that exception, that additional weighmasters not be associated with brokers and refiners of sugar.

#### 18. French West Indies

*Present Law.*—Under present law, in the event the French West Indies should not fill their entitlement in the European Economic Community but sell the sugar in this country, the preferential U.S. price serves to subsidize the common agriculture policy of the EEC. Under the common agriculture policy the French West Indies receive specific shipping rights and enjoy a higher premium than they receive in the U.S. market because of the higher prices in the European market. The European Community has committed itself to purchase a specific quantity of raw sugar at an "intervention price" which is higher than the world market price. However, to the extent to which this quantity is not filled, the United States premium could relieve the Community of its financial obligation to the French West Indies.

*Committee amendment.*—The committee adopted an amendment to assess a fee against so much of the sugar imported from the French

West Indies as would be equal to the amount by which the French West Indies fails to fill its share in the EEC, the fee being an amount equal to the U.S. premium. The effect of the amendment would be to recapture for the Federal Treasury the amount by which the U.S. sugar program subsidizes the common agricultural policy of the EEC. There would be no loss to the French West Indies farmer, since the common agricultural policy guarantees him a fixed price for his sugar up to the amount of the EEC quota. This amendment would also apply to other countries which in the future become subject to the common agricultural policy of the European Economic Community.

#### 19. *Discretionary Distribution of Deficits*

*Present Law.*—Under present law, the President is provided with authority to distribute deficits to foreign countries in the Western Hemisphere without regard to the formula in the Act if he deems it to be “in the national interest.” This feature was written into the law in 1965 for the purpose of aiding the Dominican Republic. It has been used only with respect to the Dominican Republic.

*Committee Amendment.*—The committee adopted an amendment which will eliminate this authority to distribute deficits in a discretionary manner. The prior discretionary distributions to the Dominican Republic have been taken into account in connection with the formula worked out by the committee. The Dominicans now have a permanent quota which reflects the discretionary deficits, thereby making this special provision no longer necessary.

#### 20. *Effective Date—Payments Provision*

*House bill.*—As passed by the House, H.R. 8866 contains an amendment which provides for the termination of the sugar processing tax and the sugar payments in the event any limitation on payments should be enacted during the term of the extension of the act.

As drafted, the bill appears to provide for payments for 1 year longer than the tax would apply. This was apparently unintended.

*Committee amendment.*—The committee extended the Act for three years, until December 31, 1974, approved a provision in the House bill which terminates the powers vested in the Secretary on December 31, 1974, or March 1 of the year of termination of the excise tax imposed under section 4501(a) of the Internal Revenue Code and adopted an amendment to correct a defect in the House bill so that payments would be made with respect to the crop year immediately preceding the year of termination of the tax, but not for the year in which the termination occurs.

### EXPROPRIATION

*Present law.*—Under present law when a nation expropriates U.S. property or imposes discriminatory taxes or restrictive conditions of operation upon it and has failed for 6 months to remedy the situation, the President is directed to suspend that nation's sugar quota.

*House bill.*—The House bill would make this mandatory provision discretionary with the President. It would also allow him to suspend part of a quota rather than all of it, and would make clear that limiting participation of a U.S. citizen in the production or sale of sugar to the United States under a quota allocation is a restrictive condition sufficient to invoke the statute. Finally, the House bill contains



an amendment which authorizes the President at his discretion, either in addition or as an alternative to cutting the quota to levy a special tax of up to \$20 per ton, the proceeds of which would be paid to persons whose property was seized.

*Committee amendment.*—The committee adopted a number of changes in the House provision on expropriation and limited its application to past actions. In addition, adopted for the future a new, more automatic, anticonfiscation provision. Under this new procedure, an aggrieved party, after failing to receive adequate compensation under the provisions of existing law, could appeal to the U.S. Tariff Commission, which after a full investigation, would reach a determination on the questions of seizure and adequate compensation within a 6-month period.

#### *Changes in House Provision on Expropriation*

With respect to the House provision, the Committee made the following changes:

First, it would require the President to impose a fee of up to \$20 a ton (rather than allow him to do so) if he suspends none (or only part) of a foreign country's sugar quota because of an expropriation.

Second, the Committee amendment would permit the President to assess sugar fees to compensate for expropriations occurring on or after January 1, 1962, the effective date of the original expropriation amendment.

Third, the President would be given authority by the Committee amendment to apply similar relief with respect to takings which occurred in 1961.

Fourth, the Committee amendment extended the \$20-a-ton limitation on sugar imported from countries which expropriate U.S. property to all countries. The House bill omitted countries in the West Indies from this limitation.

Fifth, under the Committee amendment, the present expropriation amendment (as amended by this Act) would apply only with respect to takings occurring on or before July 20, 1971.

#### *The Committee's New Expropriation Procedure*

*Background.*—The Committee views the allocation of a sugar quota to be a privilege rather than a right. Generally speaking, a sugar quota under our program provides a country with revenues amounting to \$60 to \$65 a ton more than they could get if they had to sell on the world market at world prices. The Committee strongly feels that this privilege should not be enjoyed by countries which expropriate United States property and fail to pay our citizens adequate compensation for the taking. It is a generally accepted principle of international law that a sovereign has certain powers over persons and properties in its territories, including the power of expropriation. However, it is also generally recognized that adequate compensation must be paid to the owners of the expropriated property.

Since 1962, the Sugar Act has provided that whenever a foreign nation nationalizes, expropriates, or otherwise discriminates against property owned or controlled by United States citizens, and has failed within six months following such action to take appropriate and adequate steps to remedy such situation and to discharge its ob-

ligations under international law toward such citizen or entity, including the prompt payment of adequate compensation, or an agreement to submit the question in dispute to arbitration looking forward to full payment within 12 months following such submission, its sugar quota would be suspended by the President.

Despite the mandatory nature of the Act, in several instances where expropriations have occurred without the payment of adequate compensation, or the arrangement to settle the issue within twelve months by arbitration, the President has not invoked the provision of law dealing with the suspension of the offending country's quota.

One of the shortcomings of the existing provision is that there is no complaint procedure under existing law, under which a U.S. citizen whose property had been taken could petition an independent agency for a factual investigation and finding which could lead to the termination or suspension of the offending country's quota, and thus create a leverage which might contribute to a settlement of the matter.

Under existing law, the person whose property has been expropriated must either deal with the foreign government who has expropriated his property or hope the Department of State might successfully intervene on his behalf with the foreign government. The foreign government can refuse to let the matter be arbitrated by independent parties in which case there is no avenue for receiving adequate compensation.

*United States Tariff Commission.*—To deal with this defect in present law, with respect to takings after July 20, 1971, the Committee's new expropriation amendment would establish a procedure under which a U.S. citizen, who controls and substantially owns a property which has been expropriated without the payment of adequate compensation under existing provisions of law, would have the right to petition the U.S. Tariff Commission for a finding.

The aggrieved parties, i.e., U.S. citizens who control and substantially own the property in question, or either of the Committees of Congress having jurisdiction over the sugar program (the Committee on Agriculture of the House of Representatives and the Committee on Finance of the Senate), would by petition (in the case of the aggrieved parties) or Committee resolution bring a case of expropriation without payment of compensation to the U.S. Tariff Commission. The aggrieved parties would be required to recite the facts of the taking, for which adequate compensation has not been paid or provided for, demonstrate the fair value of the property taken, and indicate the nature and amount of compensation paid, or offered, (if any) by the foreign government.

The protest could not be filed until at least six months had elapsed after the taking in order to give time for the arbitration and conciliation provisions of present law to operate. These provisions permit the parties concerned to submit the issue to arbitration or conciliation requiring a full settlement within 12 months after the submission. Thus, in some instances as much as 18 months might elapse after an expropriation before the case is brought to the Tariff Commission.

The Commission would have six months to reach a determination on whether or not there has been an expropriation without the payment of adequate compensation.

The Tariff Commission is an independent agency which has broad-ranging jurisdiction over many of the unfair trade practice statutes of the United States. Its independent nature was deemed an important factor in the Committee's decision delegating to it the power to make the determination on the question of expropriation without adequate compensation on a strictly factual basis.

Under the provision, the Commission would make every effort to reach a decision on the question of expropriation without adequate compensation, within the six-month period. The Committee recognizes however that there will be a few cases where the questions of what is adequate compensation will be so complex that a decision cannot be reached within this period. In such circumstances, the Committee amendment provides that the Commission would continue its investigation and expects it to reach a decision on this question in as short a period of time as possible after the six-month period ends.

Furthermore, the Committee fully expects that the Commission will bend every effort to reach a consensus on the question of what is adequate compensation. To facilitate agreement on this point, the Committee bill would permit only those Commissioners who had found an expropriation without compensation to determine what constitutes "adequate" compensation.

The Committee amendment provides that the Commission shall afford all interested persons an opportunity to present evidence and give testimony, both with respect to the taking itself and with respect to the question of adequate compensation. It also specifically provides that each department, agency, and instrumentality of the Executive Branch of Government, including independent agencies, is authorized and directed to furnish the Commission, upon the request of the Commission such information and other assistance as the Commission deems necessary to carry out the duties and functions imposed on it by this Act. Thus, the Commission will have access to the best expert advice available within the United States Government. With this assistance available, the Committee feels those Commissioners who determined there was a taking without adequate compensation would be in a position to reach agreement on the issue of adequate compensation.

*Termination or Suspension of Quota.*—If, after its investigation, the Commission determined there was an expropriation without adequate compensation, it would publish its findings in the Federal Register and 90 days thereafter, if it has not determined that the foreign government had provided adequate compensation, then, unlike present law which directs the President to act, the offending country's quota would be terminated by operation of law and be reallocated to other nations within that hemisphere (without any Philippine preferences) subject to a fee provision described below.

If the Commission determined that there was no expropriation without the payment of adequate compensation, the case would terminate without any change in quota distributions.

If the Commission failed to decide the question within the six-month period, it would publish in the Federal Register the reasons why it could not reach a determination within the six-month period. Under such circumstances—which the Committee expects would be rare—the Commission would continue its investigation until it reached a

decision on the question. In such cases, however, the quota for the country involved would be suspended at the end of the six-month period, and, would be temporarily filled, on an annual basis, by other supplying countries within the hemisphere of the expropriating country, subject to a fee provision described below.

*Expropriation Fee.*—In cases where the offending country's quota has been terminated, and reallocated to other countries, an expropriation fee would be collected, equal to one-half of the U.S. premium (i.e., the difference between the duty paid price of sugar in the U.S. and the world market price). The funds thus collected would be used to help compensate United States persons whose property was expropriated without the payment of adequate compensation. There would be no provision for reinstating the terminated quota of any country who has expropriated or nationalized the U.S.-owned property without payment of adequate compensation.

If a country's quota has not been terminated but has been suspended and temporarily reallocated, a fee equal to one half of the U.S. premium would be collected. Amounts received pursuant to this fee for the first 90 days would be placed in the general fund of the Treasury. Amounts collected thereafter would be placed in a special fund to be used to pay compensation to U.S. persons whose property had been seized. Should the Tariff Commission subsequently determine that there has been an expropriation without payment of adequate compensation, the country's quota would be terminated and the consequences described above would follow. If on the other hand, the Tariff Commission subsequently determined that there was no expropriation without compensation, the country's quota would be restored in the next marketing year, and the fees collected during the period of suspension would become part of the general revenues of the Treasury.

The committee believes that the automatic, self operating, anti-confiscation amendment it recommends will do much to discourage future seizures of U.S. property by countries which supply sugar to this Nation.

### **Costs of Carrying Out the Bill and Effect on the Revenues of the Bill**

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill.

The Committee does not anticipate any increase in the administrative costs under this bill. However, it can be anticipated that during the course of the years covered by H.R. 8866, revenues collected under the tariffs and excise taxes on sugar would exceed by substantial margin the payments to producers of sugar crops. The Committee notes that during the life of the various sugar Acts, receipts from the excise tax exceeded payments to growers by \$634 million.

The transfer of 300,000 tons of sugar from the quotas of Puerto Rico and the Virgin Islands should result in a probable increase in payments by \$2.4 million annually beginning in fiscal 1973. However, this will be offset by the improvement in the balance of payments by \$47 million annually as the result of this transfer.

## Vote of Committee in Reporting the Bill

In compliance with section 133 (d) of the Legislative Reorganization Act of 1946, as amended, the following statement is made relative to the vote by the Committee on reporting the bill.

The Committee ordered H.R. 8866 favorably reported to the Senate by voice vote.

### Changes in Existing Law

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman) :

## SUGAR ACT OF 1948, AS AMENDED

### TITLE I—DEFINITIONS

SEC. 101. For the purpose of this Act, except title V—

\* \* \* \* \*

(j) The term "quota" depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year, from Hawaii, Puerto Rico [the Virgin Islands], or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or liquid sugar which may be marketed in Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

\* \* \* \* \*

(o) The term "continental United States" means the [49] States (*except Hawaii*) and the District of Columbia.

(p) *The term "mainland cane sugar area" means the States of Florida and Louisiana.*

### TITLE II—QUOTA PROVISIONS

#### ANNUAL ESTIMATE OF CONSUMPTION IN CONTINENTAL UNITED STATES

SEC 201. [The Secretary shall determine for each calendar year, beginning with the calendar year 1948, the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the last three months of each year for the succeeding calendar year (in the case of the calendar year 1948, during the first ten days thereof) and at such other times during such calendar years as the Secretary may deem necessary to meet such

requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending September 30 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and for changes in consumption because of changes in population and demand conditions, as computed from statistics published by agencies of the Federal Government; and, in order that such determinations shall be made so as to protect the welfare of consumers and of those engaged in the domestic sugar industry by providing such supply of sugar as will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry, the Secretary, in making any such determination, in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power, shall take into consideration the relationship between the price for raw sugar that he estimates would result from such determination and the parity index, as compared with the relationship between the average price of raw sugar during the three-year period 1957, 1958, and 1959, and the average of the parity indexes during such three years, with the view to attaining generally stable domestic sugar prices that will carry out over the long term the price objective previously set forth in this section; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers. The term 'parity index' as used herein shall mean such index as determined under section 301 of the Agricultural Adjustment Act of 1938, as amended, and as published monthly by the United States Department of Agriculture.] (a) *The Secretary shall determine for each calendar year, beginning with 1972, the amount of sugar needed to meet the requirements of consumers in the continental United States and to attain the price objective set forth in subsection (b). Such determination shall be made during October of the year preceding the calendar year for which the determination is being made and at such other times thereafter as may be required to attain such price objective.*

(b) *The price objective referred to in subsection (a) is a price for raw sugar which would maintain the same ratio between such price and the average of the farm prices paid index (1967=100) and the wholesale price index (1967=100) as the ratio that existed between (1) the simple average of the monthly price objective calculated for the period September 1, 1970, through August 31, 1971, under this section as in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1971, and (2) the simple average of such two indexes for the same period.*

(c) *For purposes of subsection (b) —*

(1) *The term "farm prices paid index" means the Index of Prices Paid by Farmers for Commodities and Services, including*

*Interest, Taxes, and Farm Wage Rates, as published monthly by the Department of Agriculture.*

(2) The term "wholesale price index" means such index as determined monthly by the Department of Labor.

\* \* \* \* \*

#### PRORATION OF QUOTAS

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

[(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:

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

[(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 amounts 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.

[(B) Whenever the production of sugar in Hawaii, Puerto Rico, or in the Virgin Islands in any year subsequent to 1961 results in their (sic) being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under paragraph (1) of this subsection shall be increased to the extent of such excess production: *Provided*, That in no event shall the quota for Hawaii, Puerto Rico, or the Virgin Islands, as so increased, exceed the quota which would have been established for such area at the same level of consumption requirements under the provisions of section 202(a) of the Sugar Act of 1948, as amended, in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962.]

(a) (1) For domestic sugar-producing areas, by apportioning among such areas 6,910,000 short tons, raw value, as follows:

Area:	Short tons, raw value
Domestic beet sugar-----	3,406,000
Mainland cane sugar-----	1,539,000
Hawaii-----	1,110,000
Puerto Rico-----	855,000
Total-----	6,910,000

(2) To or from the sum of 4,945,000, short tons, raw value, of the quotas for the domestic beet sugar and mainland cane sugar areas 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 is greater than or less than 11,200,000 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 in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1971.

(3) Whenever the production of sugar in Hawaii or Puerto Rico in any year results in there being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under such paragraph shall be increased to the extent of such excess production, except that in no event shall the quota for Hawaii or Puerto Rico, as so increased, exceed the quota which would have been established for such area at the same level needed to meet the requirements of consumers under the provisions of this subsection in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962. Whenever sugar produced in Hawaii or Puerto Rico in any year is prevented from being marketed or brought into the continental United States in that year for reasons beyond the control of the producer or shipper of such sugar, the quota for the immediately following year established for such area under paragraph (1) of this subsection and the preceding sentence shall, within the limitations of the preceding sentence and section 207, be increased by an amount equal to (A) the amount of sugar so prevented from being marketed or brought into the continental United States, reduced by (B) the amount of such sugar which has been sold to any other nation instead of being held for marketing in the continental United States.

(4) Beginning with 1973 or as soon thereafter as the quota or quotas can be used, there shall be established for any new continental cane sugar producing area or areas a quota or quotas of not to exceed a total for all such areas of 100,000 short tons, raw value, subject to the requirements of section 302 of this Act.

[(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 require-



ments 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.】

(b) *For the Republic of the Philippines, in the amount of 1,050,000 short tons, raw value.*

(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
Columbia .....	.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 :

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

[(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.]

(3) For individual foreign countries other than the Republic of the Philippines, Ireland, and Bahamas, 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 Bahamas, among foreign countries on the following basis:

(A) For countries in the Western Hemisphere:

Country	Per centum
Cuba	50.00
Dominican Republic	8.85
Mexico	7.93
Brazil	7.75
Peru	5.26
West Indies	2.74
Ecuador	1.06
Costa Rica	.95
Argentina	.90
French West Indies	.86
Nicaragua	.86
Colombia	.82
Venezuela	.82
Guatemala	.80
El Salvador	.59
Panama	.54
Haiti	.41
British Honduras	.20
Honduras	.09
Bolivia	.08

(B) For countries outside the Western Hemisphere:

Country:	Per centum
Australia	3.25
Republic of China	1.36
India	1.29
South Africa	.96
Fiji	.71
Mauritius	.29
Thailand	.24
Malagasy Republic	.15
Swaziland	.12
Southern Rhodesia	.12

(4) For Ireland, in the amount of 5,351 short tons, raw value, of sugar; and for Bahamas, in the amount of 10,000 short tons, raw value, of sugar. The quotas provided by this paragraph shall apply, in the case of each such country, for any calendar year only if the Secretary obtains such assurance from such country as he may deem appropriate prior to September 15 preceding such calendar year that the quota for such year will be filled with sugar produced in such country.

(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] *percentages stated therein.*

(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 ex-

ceeding 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] *Bahamas 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] *June* 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 paragraph (1) of this subsection and the quotas established pursuant to subsection (c).

(6) If any foreign country fails to give assurance to the Secretary, on or before December 31, [1965] *1971*, 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] *1971*, 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 or under section 408(c), 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 for any country below its quota, including deficits allocated to it, for that year.]

(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 charged to the quota established for such country or domestic area for the next succeeding calendar year. Sugar from any country which at the time of reduction in quota has not been imported but is covered by authorizations for importation issued by the Secretary not more than five days prior to the scheduled date of departure shown on the authorization shall be permitted to be entered and charged to the quota established for such country for the next succeeding calendar year.*

(g) (1) *The Secretary is authorized to limit, on a quarterly basis only, the importation of sugar within the quota for any foreign country during the first quarter of 1972 if he determines that such limitation is necessary to achieve the objectives of the Act.*

(2) *The Secretary is not authorized during the last three quarters of 1972 and the full year 1973, or in any year thereafter except as provided herein, to limit the importation of sugar within the quota for any foreign country through the use of limitations applied on other than a calendar year basis.*

(3) *In order to attain on an annual average basis the price objective determined pursuant to the formula specified in section 201 of this Act,*

*the Secretary shall make adjustments in the determination of requirements of consumers in accordance with the following provisions: (i) the determination of requirements of consumers shall not be adjusted whenever the simple average of the prices of raw sugar for seven consecutive market days is less than 4 per centum above or below the average price objective so determined for the preceding two calendar months; (ii) the determination of requirements of consumers shall be adjusted to the extent necessary to attain such price objective whenever the simple average of prices of raw sugar for seven consecutive market days is 4 per centum or more above or below the average price objective so determined for the preceding two calendar months; and (iii) the determination of requirements of consumers for the current year shall not be reduced after November 30 of such year, but any required reduction shall instead be made in such determination for the following year. If in the twelve-month period ending October 31 of any year after 1972 the average price of raw sugar is less than 99 per centum of the price objective determined pursuant to the formula set forth in section 201 (except in the twelve-month period ending October 31, 1973—97 per centum) then, with respect to each subsequent calendar year, the Secretary is authorized after November 30 of the preceding year to limit, on a quarterly basis only, the importation of sugar within the quota of any foreign country during the first or second quarter, or both, of such subsequent year if he determines that such limitation is necessary to achieve the objectives of the Act.*

*(4) The Secretary is not authorized to issue any regulation under this Act restricting the importation, shipment, or storage of sugar to one or more particular geographical areas.*

*(5) The imposition of limitations on a quarterly basis under 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 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.*

*(i) (1) In the case of any foreign country listed in subsection (c) which is permitted to supply sugar during any calendar year to a member of the European Economic Community under the common market production quota of such member, the proration of such country under subsection (c) for such year shall apply only if, prior to September 15 preceding such year, such country enters into an agreement with the Secretary providing that, in the event such country has a common market deficit for such year, it will pay to the United States, with respect to sugar imported from such country into the United States during such year (to the extent that the quantity so imported does not exceed its common market deficit for such year) an amount equal to the amount, as determined by the Secretary, by which (A) the New York market price of United States quota raw sugar, duty-paid and delivered, exceeds (B) the sum of the world market price of raw sugar at the port of loading plus 1 cent per pound. If for any calendar year any such country fails to enter into such an agreement, the proration for such country shall be zero per centum*

and the prorations for the countries listed in paragraph (3) (A) of subsection (c) (other than any country whose proration is zero per centum) shall be increased on the basis of the percentages stated therein. If for any calendar year any such country fails to pay the amount required under such an agreement, the proration for such country for the following calendar year shall be zero per centum and the proration for the countries listed in paragraph (3) (A) of subsection (c) (other than any country whose proration is zero per centum) shall be increased on the basis of the percentages stated therein.

(2) For purposes of paragraph (1), the common market deficit of any country for any year is the amount by which—

(A) the total quantity of sugar supplied by it during such year to a member of the European Economic Community under the common market production quota of such member, is less than

(B) that quantity of sugar which is the same percentage of the common market production quota of such member for such year as the percentage which the quantity of sugar supplied by such country to such member under the common market production quota of such member during 1970 was of the common market production quota of such member for 1970.

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#### PRORATION OF QUOTA DEFICITS

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.] *The Secretary shall, at the time he makes his determination of requirements of consumers for each calendar year and on December 15 proceeding each calendar year, and as often thereafter as the facts are ascertainable by him, but in any event not less frequently than each sixty days after the beginning of each calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will not market the quota for such area or country. [If] whenever the Secretary determines that any domestic area or foreign country listed in section 202(c) (3) (A) [will be unable to] will not market its quota, he shall revise the quota for the Republic or the Philippines by allocating to it an amount of sugar equal to [47.22] 40.04 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] quotas determined pursuant to section 202 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:] Provided, That any deficit resulting from the inabil-*

ity of a country which is a member of the Central American Common Market to fill its quota or its share of any deficit determined under the foregoing provisions of this subsection shall first be allocated to the other member countries on the basis of the quotas determined pursuant to section 202 for such countries: And provided further, That if any quota is restored to Cuba, the maximum per centum of ~~[47.22]~~ 40.04 of the deficit to be allocated to the Republic of the Philippines shall be reduced to a per centum equal to that which the Philippines quota under subsection (b) of section 202 bears to the sum of such Philippine quota and the ~~[quotas then in effect]~~ quotas determined pursuant to section 202 for all foreign countries pursuant to subsection (c) of section 202. If the Secretary determines the Republic of the Philippines ~~[will be unable to]~~ will not 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]~~ quotas determined pursuant to section 202 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]~~ will not 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]~~ 40.04 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]~~ quotas determined pursuant to section 202 for such countries: Provided, That if any quota is restored to Cuba, the maximum per centum of ~~[47.22]~~ 40.04 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]~~ quotas determined pursuant to section 202 for all foreign countries pursuant to subsection (c) of section 202. If the Secretary determines the Republic of the Philippines ~~[will be unable to]~~ will not 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]~~ quotas determined pursuant to section 202 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]~~ will not 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]~~ quotas determined pursuant to section 202 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 Secre-~~



tary 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 determining and allocating deficits the Secretary shall act to provide at all times throughout the calendar year the full distribution of the amount of sugar which he has determined to be needed under section 201 of the Act to meet the requirements of consumers.* 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 otherwise 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.

(c) *Notwithstanding the foregoing provisions of this section and section 211(c), if the Secretary determines that Hawaii or Puerto Rico will be unable to fill its quota established under section 203 for marketing for local consumption on a day-to-day basis, he shall allocate a total amount of sugar not in excess of such deficit to the domestic beet sugar area or the mainland cane sugar area, or both, to be filled by direct consumption or raw sugar, as he determines to be required for local consumption.*

#### ALLOTMENTS OF QUOTAS OR PRORATIONS

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar

from sugarbeets or sugarcane, limited in any year when proportionate shares were in effect to processings to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; and the ability of such person to market or import that portion of such quota or proration thereof allotted to him. [The Secretary is also authorized in making allotments, whenever there is involved any allotment that pertains to a new sugarbeet processing plant or factory serving a locality having a substantial sugarbeet acreage for the first time or that pertains to an existing sugarbeet processing plant or factory with substantially expanded facilities added to serve farms having a substantial sugarbeet acreage for the first time, to take into consideration in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need of establishing an allotment which will permit such marketing of sugar as is necessary for reasonably efficient operation of any such new processing plant or factory or expanded facilities during each of the first two years of its operation.] *The Secretary is authorized in making such allotments, whenever there is involved any allotment that pertains to a new or substantially enlarged existing sugar beet processing facility serving a locality or localities which have received an acreage allotment under section 302(b)(3) or that pertains to a sugar beet processing facility described in section 302(b)(9), 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 reasonably efficient operation of any such sugar beet processing facility during each of the first three years of its operation.*

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#### SUGAR-CONTAINING PRODUCTS

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. (7 U.S.C. 1116(a).)

[(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.】

(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 or beet sugar molasses will substantially interfere with the attainment of the objectives of this Act, he may limit the quantity of such product, mixture, or beet sugar molasses 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, mixture, or beet sugar molasses annually imported or brought in during such three-year period as he may select for which reliable data of the importation or bringing in of such product, mixture, or beet sugar molasses 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 or beet sugar molasses 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, mixture, or beet sugar molasses for three consecutive years, he may limit the quantity of such product, mixture, or beet sugar molasses 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. In the case of a sugar-containing product or mixture, 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 rule-making requirements of section 4 of the Administrative Procedure Act.

(d) *Notwithstanding the foregoing provisions of this section, the Secretary shall each year, beginning with the calendar year 1972, limit the quantity of sweetened chocolate classified under item 156.30 (relating to chocolate, sweetened in any form other than bars or blocks*

weighing ten pounds or more each) and items 157.10, 157.20, and 157.40 (relating to candy and other confectionery not specially provided for) of part 10, schedule 1, of the Tariff Schedules of the United States in effect as of December 1970, or their equivalents in any subsequent revision thereof, which may be imported into the United States for consumption therein. The quantity to be so imported during any calendar year shall be determined in the fourth quarter of the preceding calendar year and the total amount thereof shall be equivalent to the larger of (i) the average quantity of the products entered for consumption under the foregoing items of the Tariff Schedules of the United States, or their equivalents in any subsequent revision thereof, for the three calendar years immediately preceding the year in which such quantity is determined or (ii) a quantity equal to 5 per centum of the amount of sweetened chocolate and confectionery of the same description of United States manufacture sold in the United States during the most recent calendar year for which data are available. The total quantity to be imported under this subsection may be allocated to countries on such basis as the Secretary determines to be fair and reasonable, taking into consideration the past importations or entries from such countries. For purposes of this subsection the Secretary shall accept statistical data of the United States Department of Commerce as to the quantity of sweetened chocolate and confectionery of United States manufacture sold in the United States.

#### AMOUNT OF QUOTA TO BE FILLED BY DIRECT-CONSUMPTION SUGAR

SEC. 207. (a) The quota for Hawaii established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 0.342 per centum of the Secretary's determination for [such year] the preceding year issued pursuant to section 201.

(b) The quota for Puerto Rico established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 1.5 per centum of the Secretary's determination for [such year] the preceding year issued pursuant to section 201: *Provided*, That one hundred and twenty-six thousand and thirty-three short tons, raw value, of such direct-consumption sugar shall be principally of crystalline structure.

[(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.]

(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 prations 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.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas.

\* \* \* \* \*

#### PROHIBITED ACTS

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States [from Hawaii, Puerto Rico, the Virgin Islands, or foreign countries,] *from any foreign country or any other area outside the continental United States* (1) any sugar or liquid sugar after the applicable quota, or the proration of any such quota, has been filled, or (2) any direct-consumption sugar after the direct-consumption portion of any such quota or proration has been filled;

\* \* \* \* \*

#### EXPORTATION OF SUGAR

SEC. 211. (a) Sugar or liquid sugar entered into the [continental United States] *United States, including Puerto Rico*, under an applicable bond established pursuant to orders or regulations issued by the Secretary for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

\* \* \* \* \*

#### INAPPLICABILITY OF QUOTA PROVISIONS

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of [sugar or] *direct consumption sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year*; (2) the first ten short tons, raw value, of [sugar or] *direct consumption sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year for religious, sacramental, educational, or experimental purposes*; (3) liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in individual sealed containers of such capacity

as the Secretary may determine, not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, including all polyhydric alcohols, or for livestock feed, or for the production of livestock feed, or for the production (other than by distillation) of alcohol, including all polyhydric alcohols, but not including any such alcohol or resulting byproducts for human food consumption.

**LIMITATIONS ON FOREIGN COUNTRY QUOTAS**

*SEC. 213. (a) Except as provided in subsection (b), the total quantity of sugar which may be prorated and allocated under this act to any foreign country shall not exceed—*

*(1) in the case of the Republic of the Philippines and Cuba, 1,500,000 short tons, raw value, and*

*(2) in the case of any other country, 800,000 short tons, raw value.*

*(b) (1) The provisions of subsection (a) shall not apply with respect to the quota for Cuba during any period during which such quota, or any part thereof, is withheld under section 202(d) (1) (A). During any year during which only a part of the quota for Cuba is withheld under such section, the total quantity of sugar (other than sugar described in subparagraphs (A), (B), and (C) of paragraph (2) which may be imported from Cuba shall not exceed 1,500,000 short tons, raw value.*

*(2) The provisions of subsection (a) shall not apply to—*

*(A) sugar authorized to be imported under section 202(d)*

*(2),*

*(B) sugar apportioned under the fourth and seventh sentences of section 204(a), or*

*(C) sugar allocated under section 607(b) (3).*

*(c) If the total quantity of sugar which would (but for this section) be prorated under or allocated under this Act to any foreign country cannot be so prorated or allocated because of the application of this section, the remaining quantity shall be allocated under section 204(a), in the same manner as if the Secretary determined that such country would not fill such remaining quantity, to other countries to which such allocation can be made under this section.*

**DETERMINATION OF WEIGHT OF IMPORTED SUGAR**

*SEC. 214. (a) The determination for purposes of this Act of the weight of any shipment of sugar imported into the United States shall, except as provided in subsection (b), be made by a person who is not controlled, directly or indirectly, by the importer of such sugar.*

*(b) In the case of any person who, on the date of the enactment of the Sugar Act Amendments of 1971, is engaged in weighing imported sugar and is controlled by a person engaged in importing sugar, subsection (a) shall not apply with respect to the determination by such person of the weight of sugar imported by such importer.*

## TITLE III—CONDITIONAL PAYMENT PROVISIONS

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## ESTABLISHMENT OF PROPORTIONATE SHARES FOR FARMS

SEC. 302. (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, if farm proportionate shares are determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) (1) The Secretary shall determine for each crop year whether the production of sugar from any crop of sugar beets 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 informed public hearing. If the Secretary determines that the production of sugar from any crop of sugar beets 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 sugar beets 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 sugar beets and sugarcane. *In establishing proportionate shares for farms in the mainland cane sugar area, the Secretary may establish separate State acreage allocations, may determine and administer the proportionate shares for farms in one State by a method different from that used in another State, may include in such State allocation an acreage reserve to compensate for anticipated unused proportionate shares, may make conditional allocations to farms from such reserve and establish conditions which must be met in order for such allocations to be final, may make an adjustment in a State's allocation in any year to compensate for a deficit or surplus in a prior year if the actual amount of un-*

*used proportionate shares in such State for such prior year was larger or smaller than such anticipated amount of unused proportionate shares, and, in establishing State allocations and farm proportionate shares, may use whatever prior crop year or years he considers equitable in his consideration of past production.*

(2) The Secretary may also, in lieu of or in addition to the foregoing factors, take into consideration with respect to the domestic beet sugar area the sugar beet production history of the person who was a farm operator in the base period, in establishing farm proportionate shares in any State or substantial portion thereof in which the Secretary determines that sugar beet production is organized generally around persons rather than units of land, other than a State or substantial portion thereof wherein personal sugarbeet production history of farm operators was not used generally prior to 1962 in establishing farm proportionate shares. In establishing proportionate shares for farms in the domestic beet sugar area, the Secretary may first allocate to States (except acreage reserved) the total acreage required to enable the area to meet its quota and provide a normal carry-over inventory (hereinafter referred to as the "national sugarbeet acreage requirement"): on the basis of the acreage history of sugarbeet production and the ability to produce sugarbeets for extraction of sugar in each State. *The personal sugar beet production history of a farm operator who dies, or becomes incapacitated, shall accrue to the legal representative of his estate or to a member of his immediate family if such legal representative or family member continues within three years of such death or incapacity the customary sugar beet operations of the deceased or incapacitated operator. If in any year during this period sugar beets were not planted by such legal representative or member of the family, production history shall be credited to such year equal to the acreage last planted by the deceased or incapacitated farm operator.*

[(3) 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 sugar beet acreage requirement established by him, the acreage required to yield sixty-five thousand short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized: *Provided, however,* That beginning with 1966, the total acreage previously reserved and not used, plus that reserved in the current year, shall not exceed the acreage required to produce 100,000 short tons, raw value, of sugar. At the time the Secretary distributes the sugar beet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugar beets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, such determination of distribution by the Secretary shall be final, and



such commitment of the sugar beet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugar beet processing facilities and the contracting for processing of sugar beets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugar beet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugar beet acreage reserve and whenever proposals are made to construct sugar beet processing facilities in two or more localities where sugar beet production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugar beets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugar beet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugar beet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugar beet acreage reserve to such locality.]

(3) *In order to make acreage available for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interests of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall allocate as needed from the national sugar beet requirements established by him, during 1972, 1973, and 1974, the acreage required to yield not more than a total of 100,000 short tons, raw value, of sugar for localities to be served by new or substantially enlarged existing sugar beet processing facilities. Allocations shall be for a period of three years and limited for any one processing facility to the acreage required to yield a maximum of 50,000 short tons, raw value, of sugar and a minimum of 25,000 short tons, raw value, of sugar. The acreage so allocated shall be distributed on a fair and reasonable basis to new and old sugar beet farms to the extent that it can be utilized without regard to any other acreage allocations to States determined by the Secretary. At the time the Secretary allocates acreage for a new or substantially enlarged existing sugar beet processing facility for any year, which determination shall be made as far in advance of such year as practicable, such allocation shall thereby be committed to be in effect for the year in which production of sugar beets is scheduled to commence or to be substantially increased in the locality or localities determined*

by the Secretary to receive such acreage allocation for such year, such determination by the Secretary shall be final, and such commitment of acreage allocation shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that the construction of new or the substantial enlargement of existing sugar beet processing facilities and the contracting for processing of sugar beets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of acreage allocation, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining acreage allocations for a locality or localities serving new or substantially enlarged existing sugar beet facilities and whenever proposals are made to construct new or to substantially enlarge existing sugar beet processing facilities in two or more localities (where sugar beet production is proposed to be commenced or to be substantially increased in the same year), the Secretary shall base his determinations and selection upon the firmness of capital commitment, the proven suitability of the area for growing sugar beets and the relative qualifications of localities and proposals under such criteria. If proportionate shares are in effect in either of the two years immediately following the year for which such initial acreage allocation is made in any locality, the Secretary shall adjust the initial allocation in the same proportion as the State's acreage is adjusted from its acreage of the year in which such initial allocation was made.

[(4) The allocation of the national sugar beet acreage requirement to States for sugar beet production, as well as the distribution of the sugar beet acreage reserve, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.]

(4) *The allocation of the national sugar beet acreage requirement to States for sugar beet production, as well as the acreage allocation for new or substantially enlarged existing sugar beet processing facilities, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.*

(5) Whether farm proportionate shares are or are not determined, the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interest of producers who are cash tenants, share tenants, adherent planters, or sharecroppers 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.

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[(9) The Secretary is authorized to reserve from the national sugar-beet 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 non-affiliated 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.

(9) *The Secretary is authorized to reserve from the national sugar beet acreage requirements established by him for the 1972, 1973, and 1974 crops of sugar beets the acreage required to yield 25,000 short tons of sugar, raw value, for any sugar beet processing facility which closed during 1970, if he is satisfied that such facility will resume operations and will be operated successfully and that the area which will serve such facility is suitable for growing sugar beets. 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 acreage is provided under this paragraph.*

(10) *The Secretary shall credit to the farm of any producer (or to the producer in a personal history State) who has lost a market for sugar beets as a result of (i) the closing of a sugar beet factory in any year after 1967; (ii) the complete discontinuance of contracting by a processor after 1970 in a State; or (iii) the discontinuance of contracting by a processor after 1970 in a substantial portion of a State in which the processor contracted a total of at least 2,000 acres of the 1970 crop of sugar beets, an acreage history (or production history) for each of the next three years equal to the average acreage planted on the farm (or by the producer) in the last three years of such factory's operation or processor's contracting, and any unused proportionate share shall not be transferred to other farms (or producers).*

(c) *In order to enable any new cane sugar producing area to fill the quota to be established for such area under section 202(a)(4), the Secretary shall allocate an acreage which he determines is necessary to enable the area to meet its quota and provide a normal carryover inventory. Such acreage shall be fairly and equitably distributed to farms on the basis of land, labor, and equipment available for the production of sugarcane, and the soil and other physical factors affecting the production of sugarcane. The acreage allocation for any year shall be made as far in advance of such year as practicable, and the commitment of such acreage to the area shall be irrevocable upon issuance of such determination by publication thereof in the Federal Register, except that, if the Secretary finds in any case that construction of sugarcane facilities and the contracting for processing of sugarcane has not proceeded in substantial accordance with the representation made to him as a basis for his determination of distribution of acreage, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In making his determination for the establishment of a quota and the allocation of the acreage required in connection with such quota, the Secretary shall base such determination upon the firmness of capital commit-*

ment and the suitability of the area for growing sugarcane and, where two or more areas are involved, the relative qualification of such areas under such criteria. If proportionate shares are in effect in such area in the two years immediately following the year for which the sugarcane acreage allocation is committed for any area, the total acreage of proportionate shares established for farms in such area in each such two years, shall not be less than the larger of the acreage committed to such area or the acreage which the Secretary determines to be required to enable the area to fill its quota and provide for a normal carryover inventory.

[(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm commencing with the crop year 1948.]

#### ACREAGE ABANDONMENT AND CROP DEFICIENCY PAYMENTS

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects [which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area] as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) With respect to such bona fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 per centum of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm as determined by the Secretary, over the actual yield.

\* \* \* \* \*

#### APPLICABILITY OF TITLE III

SEC. 307. This title shall apply to the continental United States, Hawaii, [Puerto Rico, and the Virgin Islands] and *Puerto Rico*.

\* \* \* \* \*

#### TITLE IV—GENERAL PROVISIONS

\* \* \* \* \*

#### JURISDICTION OF COURTS

SEC. 404. The several district courts of the United States are hereby vested with jurisdiction specially to enforce, and to prevent and restrain any person from violating, the provisions of this Act or of any order or regulation made or issued pursuant to this Act and, *except as*

*provided in sections 205 and 306, to review any regulation issued pursuant to this Act in accordance with chapter 7 of title 5, United States Code. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties, fees and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.*

\* \* \* \* \*

#### SUSPENSION OF QUOTAS

##### SEC. 408.

\* \* \* \* \*

【(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 provision 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.】

(c) *In any case in which a nation or a political subdivision thereof has, on or after January 1, 1961, and before July 21, 1971, (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 (including limiting or reducing participation in production, export, or sale of sugar to the United States under quota allocation pursuant to this Act) 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 (including limiting or reducing participation in production, export, or sale of sugar to the United States under quota allocation pursuant to this Act), 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 may withhold or suspend all or any part of the quota under this Act of such nation, and with respect to any part of such quota not so withheld or suspended, the President shall, under such terms and conditions as he may prescribe, cause to be levied and collected at the port of entry an impost on any or all sugar sought to be imported into the United States from such nation in an amount not to exceed \$20 per ton, such moneys to be covered into the Treasury of the United States into a special trust fund, and he shall use such fund to make payment of claims arising on or after January 1, 1961, and before July 21, 1971, as a result of such nationalization, expropriation, or other type seizure or action set forth herein, except that if such nation participates in the quota for the West Indies, the President may suspend a portion of the quota for the West Indies which is not in excess of the quantity imported from that nation during the preceding year, until he is satisfied that appropriate steps are being taken, and*

with respect to any part of such portion not so suspended, he shall cause to be levied and collected an impost in an amount not to exceed \$20 per ton on any or all sugar sought to be imported into the United States from such nation for the payment of claims as provided herein. Any quantity so withheld or suspended shall be allocated under section 202(d)(1)(B) of this Act. With respect to any action taken during 1961 in any of the categories set forth in this subsection, the requirements of this subsection relating to levying and collecting an impost shall apply only if the President so determines.

\* \* \* \* \*

#### [TERMINATION OF ACT]

**[SEC. 412.** The powers vested in the Secretary under this Act shall terminate on December 31, 1971, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1971 and previous crop years.]

#### TERMINATION

*SEC. 412.* The powers vested in the Secretary under this Act shall terminate on December 31, 1974, or on March 31 of the year of termination of the tax imposed by section 4501(a) of the Internal Revenue Code of 1954, whichever is the earlier date, except that the Secretary shall have power to make payments under title III—

(1) under programs applicable to the crop year 1974 and previous crop years, if the powers vested in the Secretary otherwise terminate on December 31, 1974, or

(2) under programs applicable to the crop years preceding the calendar year in which the tax imposed under section 4501(a) of the Internal Revenue Code of 1954 terminates, if the powers vested in the Secretary otherwise terminate before December 31, 1974.

\* \* \* \* \*

### TITLE VI—TERMINATION AND SUSPENSION OF QUOTAS OF COUNTRIES WHICH CONFISCATE PROPERTY OF UNITED STATES CITIZENS

#### DEFINITIONS

*SEC. 601.* For purposes of this title—

(1) The term "Commission" means the United States Tariff Commission.

(2) The term "United States person" means (A) a citizen of the United States and (B) a corporation, partnership, or association which is controlled and is substantially owned, directly or indirectly, by one or more United States citizens.

(3) Each country in the West Indies which imported sugar into the United States during 1971 under the quota for the West Indies shall be treated as a separate foreign country listed in section 202(a)(3)(A), and the proration of each such country under such section shall be determined by the Secretary on the basis of past importations of sugar and such other factors as he deems appropriate.

## VIOLATIONS BY FOREIGN COUNTRIES

*SEC. 602. For purposes of this title, a foreign country listed in section 202(c) shall be considered to be in violation of the provisions of this section if, after July 20, 1971, such country, or any political subdivision thereof—*

*(1) nationalizes, expropriates, or otherwise seizes ownership or control of property or a business enterprise owned or controlled by one or more United States persons,*

*(2) imposes upon or enforces against property or a business enterprise so owned or controlled discriminatory (A) taxes or other exactions, or (B) restrictive maintenance or operational conditions (including limiting or reducing participation in production, export, or sale of sugar to the United States under quotas provided by this Act) not imposed or enforced with respect to the property or business enterprises of a like nature owned or operated by its own nationals or the nationals of countries other than the United States,*

*(3) takes any action described in paragraph (2), or takes any other action, which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property or a business enterprise so owned or controlled or*

*(4) violates the provisions of any bilateral or multilateral international agreement to which the United States is a party, designed to protect property or business enterprises so owned or controlled.*

*unless, within six months thereafter, such country takes appropriate and adequate steps to remedy such situation and to discharge its obligations under international law to the United States person or persons involved by (A) the prompt payment of adequate compensation for the property or business enterprise so nationalized, expropriated, or otherwise seized, (B) relief from such taxes, exactions, conditions, or breaches of such international agreements, as the case may be, or (C) arranging, 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 for such payment will be made within twelve months following such submission.*

## DETERMINATIONS OF VIOLATIONS

*SEC. 603. (a) Upon—*

*(1) the filing of a petition by one or more United States persons alleging that, with respect to property or a business enterprise owned or controlled by such person or persons, a foreign country listed in section 202(c) has violated the provisions of section 602, or*

*(2) the receipt of a resolution adopted by the Committee on Agriculture of the House of Representatives or the Committee on Finance of the Senate setting forth information with respect to an alleged violation of the provisions of section 602 by a foreign country listed in section 202(c),*

*the Commission shall immediately conduct a complete and thorough investigation to determine whether or not there has been a violation*



of such provisions by the foreign country. A petition filed under paragraph (1) shall set forth complete information with respect to the alleged violation, including the value of the property or business enterprise which is the subject of the alleged violation and the amount of compensation, if any, paid or offered by the foreign country. The determination of the Commission under this subsection shall be made within six months after the date on which the petition is filed or the resolution is received, as the case may be, and shall be published in the Federal Register as soon as possible after being made.

(b) If, with respect to any petition or resolution under subsection (a), the Commission determines that the foreign country has violated the provisions of section 602, the quota of such country under title II shall (unless such quota has been terminated by this section) terminate on the 90th day after the date of publication of such determination, unless the Commission determines and publishes in the Federal Register, prior to such 90th day, that such violation has ceased.

(c) If, with respect to any petition or resolution under subsection (a), the Commission is unable to make a determination within six months after the date on which such petition is filed or such resolution is received that the foreign country has or has not violated the provisions of section 602, it shall, on or before the last day of such six-month period, publish such fact in the Federal Register, together with the reasons for its inability to make such determination. Effective on the day after such publication, the quota of the foreign country under title II shall (unless such quota has been terminated by this section) be suspended and shall remain suspended (1) for the remainder of the calendar year in which such day occurs and (2) for each calendar year thereafter which begins before the Commission makes and publishes a final determination under subsection (a).

(d) The Commission shall give priority to investigations conducted by it under this section, and in conducting such investigations the Commission shall afford all interested persons an opportunity to present evidence and give testimony. Determinations by the Commission under this section shall not be subject to review.

#### DETERMINATION OF ADEQUATE COMPENSATION

SEC. 604. (a) In any case in which there has been a determination under section 603 that a foreign country has violated the provisions of section 602, the Commission shall, at the time of making such determination or as soon thereafter as possible, further determine the amount due United States persons to provide adequate compensation for such violation. The Commission shall certify the amount so determined to the Secretary of the Treasury, unless the Commission determines and publishes in the Federal Register under section 603(b) that such violation has ceased.

(b) The determination of adequate compensation under subsection (a) shall be made in each case by the members of the Commission who voted in such case for a determination that the foreign country had violated the provisions of section 602, and the determination of such members shall be considered to be the determination of the Commission.

(c) For purposes of this section, all interested persons shall be afforded an opportunity to present evidence and give testimony with

respect to the amount of compensation due United States persons. Determinations by the Commission under this section shall not be subject to review.

#### ESTABLISHMENT OF SPECIAL FUND; PAYMENTS OF COMPENSATION

SEC. 605. (a) There is established in the Treasury of the United States a special fund to be known as the Sugar Act Fund (hereinafter referred to as the "Fund")

(b) All fees received by the Secretary pursuant to agreements entered into under section 607(c) shall be deposited in the Fund, except that, in the case of agreements entered into with respect to prorations of a suspended quota, fees received pursuant to such agreements for sugar imported during the first 90 days of the period of suspension of the quota shall be deposited in the general fund of the Treasury. A separate account within the Fund shall be maintained with respect to each foreign country whose quota is prorated under section 607(a).

(c) The Secretary of the Treasury is authorized and directed to pay, out of the Fund, the amounts of compensation certified by the Commission to be due to United States persons under section 604. Such amounts shall be charged to the account of the foreign country determined to owe such compensation and in the event the moneys in such account are insufficient to pay the compensation due to all such United States persons, payments shall be made on a pro rata basis as determined by the Secretary of the Treasury.

(d) In the case of fees received under agreements entered into under section 607(c) with respect to prorations of a suspended quota, if the Commission determines that the foreign country whose quota was suspended has not violated the provisions of section 602, the Secretary of the Treasury shall transfer all such fees from the Fund to the general fund of the Treasury upon the conclusion of the period of suspension of such quota.

(e) Any moneys in the Fund not needed to make payments under subsection (c) shall be invested by the Secretary of the Treasury in the same manner as moneys in the Highway Trust Fund.

#### ASSISTANCE BY OTHER AGENCIES

SEC. 606. Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Commission, upon request made by the Commission, such information and other assistance as the Commission deems necessary to carry out the duties and functions imposed on it by sections 603 and 604.

#### PRORATION OF TERMINATED AND SUSPENDED QUOTAS

SEC. 607. (a) Subject to the provisions of subsection (c) and of section 213, whenever the quota of any foreign country listed in section 202(c) is terminated or suspended by section 603, such quota shall, if such country is listed in paragraph (3) (A) of such section, be prorated to the other countries listed in such paragraph on the basis of the percentages stated in such paragraph; if such country is listed in paragraph (3) (B) of such section, be prorated to the other countries listed in such paragraph on the basis of the percentages stated in such paragraph; and if such country is listed in paragraph (1) or (4) of such section, be prorated to the countries listed in paragraph (3) of

such section on the basis of the percentages stated in such paragraph.

(b) (1) In the event that any country listed in paragraph (3) (A) of section 202 fails to enter into an agreement under subsection (c) with respect to the total quantity prorated to it under subsection (a), such deficit shall, subject to the provisions of subsection (c) and of section 213, be further prorated to the other countries listed in such paragraph on the basis of the percentages stated in such paragraph; and if the countries listed in such paragraph do not enter into agreements under subsection (c) with respect to the total amount of such deficit, the remainder of such deficit shall be prorated to the countries listed in paragraph (3) (B) of such section on the basis of the percentages stated in such paragraph.

(2) In the event that any country listed in paragraph (3) (B) of section 202(c) fails to enter into any agreement under subsection (c) with respect to the total quantity prorated to it under subsection (a), such deficit shall, subject to the provisions of subsection (c) and of section 213, be further prorated to the other countries listed in such paragraph on the basis of the percentages stated in such paragraph; and if the countries listed in such paragraph do not enter into agreements under subsection (c) with respect to the total amount of such deficit, the remainder of such deficit shall be prorated to the countries listed in paragraph (3) (A) of such section on the basis of the percentages stated in such paragraph.

(3) If, after the application of paragraphs (1) and (2) of this subsection, agreements under subsection (c) have not been entered into with respect to the total quantity of the deficit of any country, the remainder of such deficit shall be allocated in such amounts as the Secretary may determine to foreign countries which enter into an agreement under subsection (c) with respect to the amount so allocated.

(c) A proration or allocation shall be made to a foreign country under subsection (a) or (b) only if the foreign country agrees that there will be paid to the Secretary a fee, determined at the time of importation of sugar under such proration or allocation, equal to one-half of the amount by which (1) the New York market price of United States quota raw sugar, duty-paid and delivered, exceeds (2) the sum of the world market price of raw sugar at the port of loading plus one cent per pound.

(d) For purposes of this section—

(1) the quota of any foreign country for the calendar year in which such quota is first terminated or suspended by section 603 shall be treated as being that portion of such quota which is unfilled on the first day of such termination or suspension;

(2) if the quota of a foreign country is terminated by section 603 while such quota is suspended by such section, no proration of such quota shall be made under subsections (a) and (b) for the calendar year in which the date of termination occurs; and

(3) in prorating under subsections (a) and (b) the quota of any foreign country whose quota is terminated or suspended by section 603, the percentage stated in section 202(c) (3) for any other foreign country whose quota has been terminated by section 603 shall be treated as being zero per centum, and the percentage stated in section 202(c) (3) for any other foreign country whose quota is suspended by section 603 shall, during the period of suspension, be treated as being zero per centum.

(e) *In case the quota for Cuba is terminated or suspended by section 603 during the period during which such quota is withheld under section 202(d)(1)(A)—*

(1) *the provisions of the preceding subsections shall not apply, and*

(2) *a quantity of sugar equal to such quota shall be prorated each year in the manner provided by clauses (i) and (ii) of section 202(d)(1)(A).*

## INTERNAL REVENUE CODE OF 1954

### CHAPTER 37

#### Subchapter A—Sugar

#### SEC. 4501. IMPOSITION OF TAX.

(a) **GENERAL.**—There is hereby imposed upon manufactured sugar manufactured in the United States, a tax, to be paid by the manufacturer at the rate of 0.53 cent per pound of the total sugars therein. The manufacturer shall pay the tax with respect to manufactured sugar (1) which has been sold, or used in the production of other articles by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid). For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured, sugar shall be considered to have been sold or used in the order in which it was manufactured.

(b) **TERMINATION OF TAX.**—No tax shall be imposed under this subchapter on the manufacture or use of sugar or articles composed in chief value of sugar after **[June 30, 1972]** *June 30, 1975, or June 30 of the first year commencing after the effective date of any law limiting payments under title III of the Sugar Act of 1948, as amended, whichever is the earlier date.* Notwithstanding the provisions of subsection (a), no tax shall be imposed under this subchapter with respect to unsold sugar held by manufacturer on **[June 30, 1972]** *June 30, 1975, or June 30 of the first year commencing after the effective date of any law limiting payments under title III of the Sugar Act of 1948, as amended, whichever is the earlier date,* or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

## SEPARATE VIEWS OF SENATOR FRED R. HARRIS

### I. THE COMMITTEE BILL

The purpose of the Committee bill is to extend and amend the basic provisions of a sugar policy that dates back to 1934. It does not question the fundamental assumptions of our past sugar policy. I am convinced that such questioning is necessary. So far as I can tell, there is no basic rationale behind our present sugar policy. When hard pressed in questioning before the Committee, Administration officials conceded that historical precedent alone is responsible for the present course we are pursuing. This is simply not reason enough to continue a policy which:

- (1) in the name of protecting our domestic sugar industry procures all of our sugar from foreign suppliers at an artificially high price, well above the world market price, and which also gives direct government subsidies to domestic producers;
- (2) embodies a major, yet unsupervised foreign aid program;
- (3) rewards with a valuable subsidy a nation like South Africa;
- (4) disregards its expressed aims of insuring that benefits to quota nations filter down to their sugar workers, and which neglects the sugar workers in our own country.

Our present sugar policy is so archaic and unwieldy that my first inclination is to scrap it in its entirety and begin anew. An undertaking of this magnitude, at the present time is not, however, feasible. This does not mean that we must, as provided in the Committee bill, commit ourselves to a three-year extension of the existing Sugar Act. There are several positive steps that we can take right away with a view toward establishing a comprehensive United States sugar policy for the future.

### II. NEED FOR A COMPREHENSIVE REVIEW OF OUR SUGAR POLICY.

I recommend that the Senate adopt an amendment to extend the current act for only one year, during which time a body of specialists in foreign affairs, developing economies, farm policy, consumer needs, and labor conditions could investigate the Sugar Act, measure its impact, and propose alternatives to the present system.

Any study group proposal should include operating guidelines calling for investigation of the following:

- (a) minimum wage structures and fringe benefits programs of current and prospective quota nations, with investigation into how these structures and programs are actually administered;
- (b) impact, in detailed breakdown, of the premium dollar on the industry and society of current and prospective quota nations, including whether continuation of the quota to a particular nation perpetuates a regressive sugar economy;

(c) alternatives to the current Sugar Act system of allocating quotas;

(d) impact of the Sugar Act and its quotas on the foreign policy of the United States and of participating nations towards the Republic of Cuba;

(e) the necessity and advisability of quotas to developed nations.

The sugar quota received by a nation is a form of foreign aid. The House Committee on Agriculture has made this clear by listing the following criterion as a standard for the development of foreign quotas:

“Extent to which the benefits of participation in this market are shared by factories and larger land owners with farmers and workers together with other socio-economic policies in the quota countries.”

The Finance Committee issued a press release dated June 10, 1971, stating:

“Senator Long advised all representatives of foreign nations to include in their written testimony indications of how, and the extent to which the benefits of participation in the U.S. sugar program flow through to the working man and serve to improve the standard of living in the nation involved.”

Lastly, the Comptroller General's Report to the Congress of October 23, 1969, states:

“Commodity trade assistance—a form of foreign aid linked to imports of specific commodities—is provided by the United States Sugar Act. . . .”

Unfortunately, the supervision of this foreign aid program is at best haphazard. By subjecting the Sugar Act to a comprehensive review we can at least provide some regulation to its foreign aid aspect if indeed we don't separate it altogether from what should probably be only a commercial agreement.

Regardless of whether the Senate adopts the above amendment, which I feel is the key to meaningful reform of the Sugar Act, I would still recommend the adoption of several amendments in the interim so as to correct the gross inequities presently contained in the Sugar Act.

### III. SOUTH AFRICA

I recommend that the Senate adopt an amendment to delete from the bill the figure of 57,745 short tons of sugar representing the quota and proratations for South Africa.

The Government of South Africa has been condemned by the entire world community for its abominable practice of apartheid. The United Nations has called this policy a “crime against humanity.”

The United States, intentionally or not, is bestowing upon that nation a mark of our special favor in the form of a sugar quota. The most basic considerations of humanity and decency require that we

show positive disapproval of the law and official policy of a nation that denies equality to the majority of its citizens because of their skin color.

Moreover, South Africa fails to meet three of the six criteria devised in standards for the development of foreign quotas.

The first criterion, calling for "Friendly Government to Government relations . . ." has been consistently violated by South African discrimination against American citizens, including Members of Congress.

Secondly, South Africa violates the criterion calling for consideration of the "Need of the country for a premium priced market in the United States . . ." The facts show that South Africa, which is designated as a developed country by the Agency for International Development, has a thriving economy that relies on sugar for only 2.5 per cent of its total exports.

Lastly, South Africa flagrantly violates the criterion calling for consideration of the extent to which benefits from the sugar quota filter down to the workers of the quota nation.

According to figures for 1969, the average daily wage for all unskilled and semi-skilled African laborers is \$1.67 per day or \$41.75 per month. This figure is \$62 less per month than the poverty datum line of \$103 per month set by Africans by the Johannesburg Associated Chambers of Commerce. Obviously, the United States sugar quota is no bonanza for African sugar workers.

American prestige in the world has never been the result of its military might, the strength of its arms. Rather, it is our moral example, the degree to which we will live up to our professed belief in the innate worth and value of every human being, that will cause us to have influence with others. We cannot without serious consequence continue to condemn the policies of South Africa on the one hand, and on the other favor that nation with a special and valuable subsidy.

#### IV. UNCONTROLLED FOREIGN AID COMPONENT

Secondly, I recommend that the Senate adopt an amendment granting the President the discretionary authority to levy an impost on all sugar imported into the United States under the quota of any nation in which the benefits of participation in the Sugar Act are determined not to be accruing in a substantial degree to those persons engaged in the sugar-producing industry of that foreign nation. The money collected would be placed in the Treasury of the United States under a special trust fund to be used for the financing of USAID projects beneficial to the interests of those engaged in the sugar-producing industry of the nation upon which such an impost is levied.

As long as we maintain a sugar policy constituting an enormous source of foreign aid, we have a responsibility to see that our aid reaches those people for whom it is intended. These people are not millionaire sugar plantation owners. They are the workers who are all to often forced to work under subhuman conditions.

A statement presented before the Finance Committee this month by Professor Joseph A. Page of the Georgetown University Law Center documents the nature of this problem with respect to the Brazilian

sugar industry. Professor Page, who has had the opportunity to observe at first hand the sugar industry of Northeastern Brazil and its impact on the millions of peasants living and working there, spoke of "poverty, hunger, disease [and] ignorance" as the main characteristics of life in the sugar zone. He spoke of an infant mortality rate during the first year of life estimated at 60 per cent, of a nutrition study whose director has charged that "lack of proper nourishment during . . . early years is producing a legion of mentally retarded human beings in the Northeast."

He then described the sugar industry in Northeastern Brazil that, with government collusion, has "consistently demonstrated its incapacity and/or unwillingness to modernize and reform itself" in a way that would alleviate the monstrous working and living conditions of the Brazilian peasants. Only by the subsidy they receive under the Sugar Act, charges Professor Page, can the industry profitably continue "to produce sugar inefficiently, and at great human cost."

An amendment of the type I described would fulfill our responsibility to prevent the occurrence of situations like the one existing in Northeastern Brazil.

#### V. EQUITABLE BENEFITS FOR DOMESTIC FARM WORKERS

Lastly, I recommend that the Senate adopt two amendments to the Sugar Act concerning our domestic sugar policy.

The first of these amendments was introduced in the Senate by the Chairman of the Subcommittee on Migratory Labor, Senator Stevenson. It would provide for several additions to the list of conditions under which a domestic sugar producer is eligible to receive government payments. The additions are:

- (a) that the "fair and reasonable" wages provided for in the Act shall constitute a decent minimum hourly wage;
- (b) that the housing for sugar workers and their dependents shall satisfy the applicable State or Federal housing and sanitation requirements, whichever are more stringent;
- (c) that the grower shall not employ nonresident alien farm workers in his sugar beet or sugarcane operations;
- (d) that the grower shall not have discharged or in any other manner discriminated against any employee involved in the filing of a complaint concerning the above conditions.

We have ignored long enough the miserable conditions that exist among the workers in our own backyard. Representative Spark Matsunaga (D. Hawaii), referring to the mainland sugar industry in the Record of June 10, 1971, made note of the "almost unbelievable degree of exploitation, deprivation, poverty, and shameful mistreatment of field workers in some of the sugar plantations here in our own United States."

A 1970 survey in Louisiana by the National Sharecroppers Fund documents some of the conditions and abuses found in the mainland sugar industry:

- (1) The average family of six earned \$2,635 annually as of January, 1970, which is below the national poverty level.



(2) (a) 76% of the households surveyed had only outdoor sanitation facilities;

(b) 52% had only cold water inside;

(c) 62% had holes or gaps in the walls;

(d) 50% had leaky roofs.

(3) 76% of the households surveyed who had no company help in paying for medical expenses while 37% had at least one chronically ill family member.

That such conditions exist in the United States today is inexcusable. The sugar industry of Representative Matsunaga's home state of Hawaii has proven that it is possible for the industry to provide decent wages and working conditions. In Hawaii, sugar workers are paid the highest agricultural wages in the world, plus fringe benefits that include paid vacations and holidays, pensions, health insurance, unemployment compensation and workmen's compensation. It is unfortunate that the mainland sugar industry requires us to spell out in specific legislation that it follow the example of the Hawaiian industry.

The second amendment concerning our domestic sugar industry would provide for the full coverage of sugar workers under all Federal and State laws which govern nonagricultural workers, including the Fair Labor Standards Act, National Labor Relations Act, Unemployment Compensation and Workmen's Compensation Laws, and require the Secretary of Labor to be responsible for enforcing the labor provisions of the Act and for promulgating regulations under it.

## VI. CONCLUSION

The amendments I have proposed, and which I hope the Senate will see fit to add to the Committee bill, would go a long way toward the reform of our sugar policy. They would not remedy immediately every inequity in that policy. What I am suggesting is that the Senate change the most glaring inequities presently contained in the Sugar Act, and at the same time create the proper framework necessary for a total revision of the United States sugar policy.

FRED R. HARRIS.

SEPARATE VIEWS OF SENATOR ABE RIBICOFF

I concur in the additional views of Senator Fred Harris with regard to the sugar quota for the Republic of South Africa (item III).

ABE RIBICOFF.

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