95th Congress }
2d Session }
COMMITTEE PRINT

Staff Data and Materials Relating to the

Sugar Stabilization Act of 1978

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

Data and Materials Prepared by the Staff of the Committee on Finance for the Use of the

SUBCOMMITTEE ON TOURISM AND SUGAR

SPARK M. MATSUNAGA, *Chairman*

MAY 1978

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE
26-936 O WASHINGTON: 1978

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402
Stock No. 062-070-04523-0

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PREFACE

The materials in this document have been collected and edited by the staff of the Committee on Finance from various sources. A particularly useful source document is the recent publication of the U.S. International Trade Commission on its investigation of sugar under section 22 of the Agricultural Adjustment Act. The publication is "Sugar: Report to the President on Investigation No. 22-41 Under Section 22 of the Agricultural Adjustment Act, as Amended." U.S. ITC Publication 881, April 1978.

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The U.S. Sweetener Industry

Sugar is produced from the juice of sugar cane and sugar beets. Most sugar is marketed to consumers in a refined form as pure granulated or powdered sucrose. Substantial quantities also reach consumers as liquid sugar, brown sugar, and invert sugar sirup. About 55 percent of the sugar consumed annually in the United States comes from domestic sources (30 percent from sugar beets and 25 percent from sugar cane) and 45 percent comes from foreign sources (virtually all cane). In the 1976-77 crop year, domestic production totaled slightly more than 6.9 million short tons, raw value, and was composed of mainland beet sugar (3.9 million short tons), mainland cane sugar (1.7 million short tons), Hawaiian cane sugar (1.1 million short tons), and Puerto Rican cane sugar (0.3 million short tons).

During the period 1971-72 to 1975-76, domestic production of beet and cane sugar increased irregularly from 6.3 million to 7.3 million short tons, raw value; output in 1976-77 declined to 6.9 million tons and in 1977-78 is estimated at 6.3 million tons. In the same period, beet sugar output decreased from 3.6 million short tons in 1971-72 and 1972-73 to 2.9 million short tons in 1974-75; it increased to 4.0 million tons in 1975-76 and then declined to an estimated 3.4 million tons in 1977-78. Mainland cane sugar output increased from 1.2 million short tons in 1971-72 to 1.8 million tons in 1975-76. It declined to 1.7 million tons in 1976-77 and further to 1.6 million tons in 1977-78. Offshore production of cane sugar (i.e., in Hawaii and Puerto Rico) declined from 1.6 million short tons in 1971-72 to about 1.3 million tons in 1977-78, owing to declines in cane production in both areas.

U.S. sugar beet growers and beet sugar processors.—Sugar beets are currently produced in 18 States. The 10 leading producing States are California, Minnesota, North Dakota, Idaho, Michigan, Washington, Colorado, Nebraska, Wyoming, and Montana. In 1976-77, these 10 States accounted for 89 percent of the 1.5 million acres of sugar beets harvested and for 89 percent of the 29.4 million tons of sugar beets produced. The number of farms producing sugar beets in 1976-77 was most likely an increase from the 12,400 farms producing such beets in 1973-74 (the last year for which official statistics are available), but in 1977-78 there is believed to have been a sharp decline in the number of producers corresponding to the sharp drop to 1.2 million acres harvested.

Sugar beets are grown by farmers under contract to beet sugar processors. The contracts generally call for growers to deliver beets from a given acreage to processors and for processors to reimburse the growers on a basis which includes a percentage of the returns processors receive from the sale of the refined sugar. In 1976 there were 58 beet sugar factories owned by 13 companies or cooperatives scattered throughout the sugar-beet-producing regions in the United States. The 58 factories had a daily processing capacity of about 200,000 tons of sugar beets. The capital investment in the factories was about $550 million in 1973.

Hawaiian sugar cane growers and millers.—Hawaii is noted for having the highest yields of sugar cane per acre in the world. In the period 1971–72 to 1975–76, Hawaiian sugar cane yields ranged from 88.8 short tons per acre to 94.8 short tons and averaged 91.1 short tons (the equivalent of 10.5 short tons of sugar, raw value), compared with average U.S. mainland sugar cane yields of 27.5 short tons (2.7 short tons, raw value) per acre. There were more than 500 farms in Hawaii harvesting 105,000 acres of sugar cane in 1975–76, compared with over 700 farms harvesting 116,000 acres of sugar cane in 1971–72. Sugar cane production declined from 10.7 million short tons (1.2 million short tons, raw value) in 1971–72 to 9.1 million tons (1.0 million tons, raw value) in 1976–77. Over 95 percent of the raw sugar produced in Hawaii is refined on the U.S. mainland by the California & Hawaiian Sugar Co., a cooperative agricultural marketing association, owned by 16 Hawaiian raw-sugar-producing and/or raw-sugar-milling companies.

Mainland sugar cane growers and millers.—Louisiana, Florida, and Texas are the principal mainland States producing sugar cane. From 1971–72 to 1975–76, production of sugar cane in these States increased more than 44 percent, from 12.5 million to 18.0 million short tons. Production declined to 17.1 million short tons in 1976–77 and to 16.0 million short tons in 1977–78.

The mainland cane-milling industry takes sugar cane from growers and processes it into raw sugar. Because it rapidly becomes more difficult to recover sucrose from sugar cane once it has been cut, the cane mills are located close to the producing areas. In 1975–76, the 40 mainland cane-milling companies produced about 1.8 million short tons of raw sugar and several byproducts, such as blackstrap molasses and bagasse.

Sugar cane in Louisiana is grown on the flood plains of the bayous (mostly streams in the Mississippi Delta). Hence, the acreage that can be devoted to sugar cane in the Louisiana cane area is limited, and any expansion in production will probably be accomplished mostly by increasing yields. It is estimated by the U.S. Department of Agriculture that sugar cane was harvested from 291,000 acres in Louisiana in 1976–77, compared with the annual average of 306,330 acres during the period 1971–72 to 1976–77. The number of farms producing sugar cane has most likely declined slightly from the 1,290 farms producing cane in 1973–74 (the last year for which official statistics are available).

The production of sugar cane in Louisiana increased from 6.4 million short tons in 1971–72 to 8.0 million tons in 1972–73. Production declined steadily to 6.5 million tons in 1975–76 and then increased to

7.5 million tons in 1976–77, but dropped to 7.3 million tons in 1977–78. The yield per harvested acre of sugar cane in Louisiana followed the general trend of production. Yield was 21.4 short tons in 1971–72 and increased to 25.8 tons per acre in 1972–73. Yield declined irregularly to 21.0 tons per acre in 1975–76 and then increased to 25.6 tons in 1976–77; it fell to 24.5 tons in 1977–78.

Over half the Louisiana crop is grown by owners of processing mills. In 1975–76, 31 companies operated 37 sugar-cane-processing mills. The 37 mills had a daily processing capacity of approximately 135,600 short tons of sugar cane.

In Florida, sugar cane production has increased rapidly. Acreage harvested increased steadily from 190,000 acres in 1971–72 to 286,000 acres in 1976–77, then increased to 288,700 acres in 1977–78. Production of sugar cane increased irregularly from 6.0 million short tons in 1971–72 to 10.1 million tons in 1975–76. The freeze in Florida reduced production in 1976-77 to 9.3 million tons. In 1973–74, there were 136 farms producing sugar cane in Florida (the last year for which official statistics are available), but the bulk of the production comes from a few large farms. Yield peaked in 1972-73 at 38.1 short tons per acre, declined to 27.8 tons in 1974–75, and then increased irregularly to 32.6 tons in 1976–77 and to 29.0 tons in 1977–78.

Most of the sugar cane in Florida is produced by owners of cane sugar mills, of which there were eight in 1975–76. These mills have a daily sugar-cane-processing capacity of 82,000 short tons. One company in Florida that is both a processor and grower, the United States Sugar Corp., is the largest grower of sugar cane in the United States.

The Texas sugar cane industry began production in southern Texas in 1973–74. In that year 18,200 acres were harvested, and 620,000 short tons (38,000 short tons, raw value) of sugar cane was produced. In 1976–77, harvested acreage and tons produced rose to 27,000 acres and 97,000 tons respectively. In 1977–78, 34,000 acres were harvested, and 1.2 million tons were produced. Acreage yields of sugar cane in Texas increased from 34.1 tons in 1973–74 to 35.8 tons in 1976–77. The number of farms producing sugar cane in Texas has most likely increased significantly from the 93 farms producing in 1973–74 (the last year for which official statistics are available). In 1975–76, one sugar-cane-processing mill operated in Texas, with a daily capacity of 8,500 short tons of sugar cane.

Puerto Rican sugar cane growers and millers.—In the last decade, there has been a severe decline in the number of farms producing sugar cane and in output in Puerto Rico. The number of farms declined from 11,608 in 1963–64 to 2,551 in 1973–74 (the last year for which official statistics are available). In the same period, there was a concurrent decline in production from 9.8 million short tons (989,000 short tons, raw value) to 3.6 million tons (291,000 tons, raw value). After 1973–74, Puerto Rico's production of sugar (raw value) increased, and in 1976–77 it amounted to 303,000 tons; in 1977–78 production declined to 265,000 tons. The yield per acre of sugar (raw value) also increased, rising from 1.9 tons in 1973–74 to 2.4 tons in 1976–77.

The bulk of the sugar cane acreage and most of the sugar-cane-processing mills are owned, leased, or contracted for by the Sugar Corporation of Puerto Rico, a quasi-governmental corporation. In 1975–76, 12 sugar processing mills had a daily processing capacity of about 55,000 short tons.

Cane sugar refiners.—There are 22 cane sugar refineries in the continental United States, located mainly on the east and gulf coasts; one large refinery is located on the west coast. The 22 cane sugar refineries are operated by 12 cane-sugar-refining companies and 1 cooperative. Traditionally, cane sugar refiners have provided approximately 70 percent of the sugar consumed in the mainland U.S. sugar market. In 1975, 6.64 million short tons, raw value, of raw sugar (from both domestic and foreign sources) was melted by cane sugar refiners to produce 6.61 million tons, raw value, of refined sugar; 7.8 million tons, raw value, of refined sugar was produced in 1971.

Cane sugar refiners are the principal importers of raw sugar. They obtained about 61 percent of their raw sugar supplies from foreign sources in 1975, compared with 72 percent in 1974.

U.S. importers and sugar operators. —Besides the cane sugar refiners, which contract for the bulk of U.S. sugar imports, other importers and sugar operators buy supplies of raw, semirefined, or refined sugar in areas of surplus production, import the sugar, and arrange for the sale and delivery of the commodity to buyers (refiners, for raw sugar). The need for the importers' and sugar operators' services arises because producers cannot always find refiners willing to buy at the times and locations that producers have sugar to sell and vice versa. The importers' and sugar operators' services consist of financing the transaction, chartering the transportation vessels, and arranging for loading, export documentation, import documentation, and delivery to the buyers' docks. The operators also engage in significant trading in sugar futures markets, and many operate in the world sugar trade outside the U.S. market. In 1974, there were at least 16 importers and sugar operators dealing in raw sugar and an unknown number of importers dealing in refined sugar for direct consumption sales.

Industrial users and other consumers.—Industrial users account for nearly two-thirds of the annual deliveries of sugar in the United States. The largest industrial users include beverage producers; bakery, cereal, and allied products producers; confectionery producers; and fruit and vegetable processors. In 1976, the beverage industry was the largest industrial user, accounting for 36 percent of total industrial use. The bakery, cereal, and allied products producers were the next largest industrial users, accounting for 20 percent of total industrial sugar use; confectionery producers accounted for 14 percent; and fruit and vegetable processors, for 11 percent. The remaining 18 percent was utilized by a multitude of industrial users.

Nonindustrial users (institutional and retail consumers) accounted for about one-third of total sugar deliveries in 1976; in the late 1930's they accounted for about two-thirds. The nonindustrial users also depend more heavily on cane sugar than do the industrial users; in 1976 nonindustrial users obtained about three-quarters of their needs from cane refiners and one-quarter from beet processors.

Alternative sweeteners.—In 1976, there were 12 firms in the wet-corn-milling industry, 11 of which produced corn sweeteners in 16 plants. Two of the 11 firms also sold sugar, and 5 firms produced high-fructose sirup. Capacity for this product is expanding rapidly, and new manufacturers of high-fructose sirup are likely.

Molasses is a byproduct of sugar production and is produced by the sugar industry. Maple sirup is produced from the sap of maple trees by about 5,000 producers in the United States. The United States imports part of its needs from Canada, the only other major producer or market besides the United States. Maple sirup is primarily used as a table sirup or in table sirup blends. Sugar sirups, artificially flavored to imitate maple sirups, are the principal product competitive with maple sirup. Sugar marketing, therefore, can affect the maple sirup industry, but maple sirup production and marketing have little impact on the sugar industry.

There are about 1,500 commercial beekeepers and about 200,000 part-time and hobbyist beekeepers involved in the production of honey in the United States. Approximately 60 firms process and market most of the commercial honey in the United States, but one firm accounts for nearly 50 percent of the honey processed. The amount of honey sold is too small to have a substantial impact on the U.S. sweeteners market, but sweeteners competitive with honey, notably high-fructose sirup, can affect honey marketing.

Saccharin is the principal noncaloric sweetener currently available on the U.S. sweetener market. One firm accounts for all U.S. production of saccharin. Saccharin's principal uses are as a sweetener for diabetics and for calorie-conscious consumers; some is used for pharmaceutical purposes.

Cyclamates are another major type of noncaloric sweetener; they were used in the U.S. market prior to 1970, when they were banned by FDA for food use. This ban still continues in effect despite appeals made by the major producing firm, which still produces cyclamates for export.

A new sweetener, aspartame (a dipeptide), is being developed for potential marketing by a U.S. producer. It has not yet received FDA clearance.

U.S. Production

During 1971–72 to 1977–78, annual U.S. production of sugar made from cane and beets ranged from a low of 5.7 million short tons, raw value, in 1974–75 to a high of 7.3 million tons in 1975–76 and averaged 6.4 million tons. During the period, sugar production from cane ranged from a low of 2.8 million tons in 1971–72 to a high of 3.2 million tons in 1975–76 and averaged 2.9 million tons. Sugar production from beets ranged from a low of 2.9 million tons in 1974–75 to a high of 4.0 million tons in 1975–76 and averaged 3.5 million tons.

The value of U.S. sugar production, raw value, excluding that in Hawaii and Puerto Rico, increased dramatically from $554 million in 1971–72 to $1.7 billion in 1974–75. It declined to $860 million in 1976–77.

U.S. Imports

The bulk of U.S. imports of sugar are entered as raw sugar. In addition, imports include substantial quantities of refined sugar. Also important are U.S. imports of liquid sugar and other sugar sirups.

Annual U.S. imports of sugar have varied considerably in recent years. In 1971, imports amounted to 5.6 million short tons, raw value. Imports declined to 5.5 million tons in 1972 as a result of Sugar Act amendments to increase the share of domestic sugar supplied by U.S. producers, and further declined to 5.3 million tons in 1973. In 1974, U.S. sugar imports were at 5.8 million tons, but in 1975 they declined to 3.9 million stons, the lowest annual level since 1965. Imports in 1976 totaled 4.7 million tons. Imports in 1977 jumped to a record high 6.1 million tons, largely because of a tremendous surge in imports entered in December to avoid increases in sugar duties.

U.S. imports of sugar are seasonal, with lower imports in the first quarter than in the second and third quarters of each year. Fourth quarter imports are generally lower than those in the second and third quarters, except that while the Sugar Act was in effect there were often surges in imports in the month of December as countries attempted to fill their yearly quotas.

Under the Sugar Act, low levels of imports of refined and liquid sugar were common in most years, with the amount varying significantly depending on the difference in U.S. and world prices. Since the expiration of the Sugar Act and the end of restrictive quotas on refined sugar, imports of such sugar have been rising to record levels. Most of this increase is accounted for by increased border sales of refined sugar by Canadian sugar refineries. Total imports of refined sugar are a little more than 4 percent of total sugar imports.

Ratio of imports to domestic production.—The ratio of U.S. imports of sugar to domestic production decreased from 91 percent in 1971 to 84 percent in 1973, increased to 97 percent in 1974, and then declined sharply to 59 percent in 1975. The ratio rose to 65 percent in 1976 and to 96 percent in 1977.

Ratio of imports to domestic consumption.—The ratio of U.S. imports of sugar to domestic consumption increased irregularly from 1971 to 1977. During 1971–73, the ratio declined from 48 to 45 percent. In 1974, it increased to 50 percent—the highest level since 1960—and then declined in 1975 to 38 percent, the lowest level since 1964. The ratio in 1976 was 42 percent, and in 1977, 54 percent. The ratio of imports to domestic consumption is more stable than that of imports to domestic production because of the mitigating effect of changes in stocks.

Leading suppliers of U.S. imports.—In 1976, the leading suppliers of U.S. imports of sugar were the Dominican Republic, the Philippines, Australia, Guatemala, Peru, and the West Indies. Although 39 countries supplied sugar to the United States in 1976, the principal suppliers listed above accounted for 70 percent of the total.

U.S. Exports

Annual U.S. exports of sugar have been negligible, not exceeding 150,000 short tons, raw value, during 1960–77. Most of the exports are of refined sugar or sugar-containing products.

U.S. Consumption of Sugar and Other Sweeteners

During the period 1960–73, annual U.S. consumption of sugar increased gradually from 9.5 million to 11.8 million short tons, raw value. However, the rapid increase in prices to record levels toward the end of 1974, followed by continued high prices during much of 1975, caused total U.S. sugar consumption to fall in each of those years—to 11.5 million tons in 1974 and then sharply to 10.2 million tons in 1975. Total sugar consumption recovered somewhat in 1976 to 11.1 million tons as prices have declined sharply since reaching a peak in late 1974.

Inasmuch as sugar is only one of many sweeteners available for direct consumption or for use in prepared foods, it is necessary to evaluate the competitive effect that other sweeteners have on sugar. Corn sweeteners follow sugar in importance, accounting for the bulk of the nonsugar sweeteners consumed in the United States.

From 1972 to 1976, corn-sweetener consumption (sales as reported by corn-sweetener producers) increased from 4.9 billion to 7.0 billion pounds, and totaled 7.6 billion pounds in 1977. In recent years, the principal expansion of corn-sweetener consumption has come from high-fructose sirups, whose consumption increased from 246 million pounds in 1972 to 1.6 billion pounds in 1976. Consumption in 1977 is estimated at about 2.1 billion pounds.

Annual U.S. per capita consumption of all sweeteners rose from 129 pounds in 1971 to 133 pounds in 1973. In 1974, per capita consumption of all sweeteners declined to 132 pounds and in 1975 to 128 pounds. The fall in the per capita consumption of sugar primarily accounted for the decline in per capita consumption of all sweeteners. In 1976, per capita consumption of all sweeteners is estimated to have increased to 136 pounds and in 1977 to 140 pounds. The continued expansion of corn-sweetener use and a recovery in sugar consumption are responsible for the increases.

Annual per capita consumption of sugar was variable over the period 1972–77, rising from 102 pounds in 1971 to 103 pounds in 1972 and declining to 102 pounds in 1973 and to 97 pounds in 1974. High prices ble to a further drop to 90 pounds per person in 1975; low prices in 1976 and 1977 enabled per capita consumption to recover to 95 pounds and 96 pounds, respectively.

Per capita consumption of corn sweeteners rose steadily from 20 pounds in 1971 to approximately 32 pounds in 1977. The 59-percent increase in that period largely reflects a substantial rise in the per capita use of corn sirup and the introduction of high-fructose sirup in the market and its rapid acceptance.

Data on per capita consumption indicate that high sugar prices in 1974 and 1975 resulted in significant substitution of other sweeteners (e.g., corn sirup and saccharin) for sugar.

The distribution of sugar to primary users gives an indication as to who uses the sugar consumed in the United States and in what form the nearly 100 pounds of sugar consumed per capita in the United States ultimately reaches the consumer. Total U.S. deliveries of refined sugar amounted to 21.5 billion pounds in 1973 and then declined to 18.5 billion pounds in 1975. In 1976, deliveries rose to 20.1 billion pounds. Quarterly data reveal that consumption (which is seasonal) declined most sharply in the fourth quarter of 1974 and the first quarter of 1975, when prices were at their highest. There appears to have been an increase in consumption in the first three quarters of 1977 compared with the corresponding period of 1976.

World Sugar

WORLD SUGAR PRODUCTION AND CONSUMPTION

During the period from 1971–72 to 1975–76, annual world production of sugar rose from 78.5 million to 90.5 million short tons, raw value, or by 16 percent. During the same period, world consumption increased from 82.4 million to 87.7 million tons. In 1976–77, world production increased to 96.2 million tons and for 1977–78 is estimated at 100 million tons.

The European Community is the world's leading sugar producer, accounting for over a tenth of total world production. The U.S.S.R., Brazil, Cuba, India, and the United States are also important producers. The European Community, the U.S.S.R., and the United States consume most of their own production, while Brazil, Cuba, and India export significant portions of their output.

The leading consumers of sugar are the U.S.S.R., the European Community, the United States, Brazil, India, the People's Republic of China, Japan, Mexico, and Poland. In 1974, the leading consumers on a per capita basis were Israel and New Zealand at 134 pounds each. Per capita consumption in the United States was about 97 pounds in 1974.

World stocks fluctuate in relationship to world production and consumption and on August 31, 1976, were estimated to be about 21.0 million short tons, raw value. Leading holders of world sugar inventories in 1976 were the United States, the European Community. the Philippines, Brazil, and Cuba.

In most years, world production of sugar exceeds world consumption of sugar, which is why world sugar prices are generally low. However, when world consumption exceeds world production for any prolonged period, prices generally rise quickly. Since 1974, world production has been in excess of world consumption, by increasing amounts in each year, and the result has been the current low level of world sugar prices.

WORLD SUGAR TRADE

International trade in sugar amounts to only about one-fourth of world production. Leading exporters have been Cuba, the European Community, Australia, Brazil, and the Philippines. Leading importers have been the U.S.S.R., the United States, the European Community, Japan, and Canada.

Controlled sugar market trade.—Trade in sugar occurs in either a "controlled market" (i.e., one regulated by government policy) or in a "free market." Controlled markets affect about five-sixths of world sugar output. Thus, most sugar not entering international trade and about half of that entering world trade is subject to some form of governmental control on price or supply. The European Community has used a variable levy to prevent imports from entering at less than a designated price target. The Commonwealth Sugar Agreement, which expired in 1974 because of the United Kingdom's entry into the European Community, involved guaranteed prices on fixed quantities of imports into the United Kingdom from certain members of the Commonwealth. Now with the United Kingdom in the European Community, the Commonwealth Sugar Agreement has been replaced by a special arrangement under the Lomé Convention.

Until 1974, the United States controlled supply through the allocation of estimated consumption requirements among specified domestic and foreign suppliers. As a result of this quota program, U.S. prices were generally higher than world-market prices and suppliers generally tried to fill their quotas. Portugal, among the smaller importing countries, had a somewhat similar system of supply control involving its African possessions and Brazil.

Communist countries are generally isolated from the impact of the world market by government trading monopolies which control their domestic and foreign trade in sugar. In international trade, these countries usually buy and sell under contracts at prices that can have political overtones. Communist countries do deal on the world market but this represents only part of their international sugar trade—most of which occurs among themselves or under bilateral agreements with others.

In most other countries, governments have established policies and control devices, such as official trading monopolies, licensing, exchange allocations, and exclusive trade arrangements, which allow these countries to insulate themselves from the free market when they choose to do so. Some major exporting countries, such as Australia, Mexico, and Brazil, use trading monopolies to isolate their domestic markets from the world market to maintain stable prices. Some government-sponsored trading monopolies arose largely out of the need to control export trade to take advantage of preferential arrangements with the United States or the British Commonwealth. Many importing countries, both with or without domestic sugar beet or sugar cane production, have authorized imports of raw sugar but embargoed or restricted imports of refined sugar to protect domestic refining interests. Many countries have very high excise taxes on sugar, which are probably as much an effort to raise revenues as they are an aid to control sugar marketing.

Free market sugar trade.—The so-called free market for sugar sold in nonpreferential international markets accounts for only about one-sixth of world sugar production. To call even this a free market may be a misnomer because when sugar is in abundant supply this market becomes a distress market for subsidized exports or for surplus sugar from countries that normally sell part of their exports in controlled markets.

Chief exporters to the free market have been Australia, the Philippines, Cuba, Brazil, the European Community, Thailand, Dominican Republic, India, and South Africa. The chief importers have been the United States, Japan, Canada, the U.S.S.R., most of the Middle Eastern countries, and many other countries that produce little or no sugar themselves. The United States and many of its leading suppliers went on the free market after the expiration of the U.S. Sugar Act.

Sugar and Cornsweetener Prices

Sugar.—The prices of raw sugar on the world and U.S. markets increased dramatically in 1974 and then declined as abruptly as they had risen. The price of raw sugar delivered in New York averaged 10 cents per pound in 1973, peaked in November 1974 at an average of 57 cents per pound, fell to just below 10 cents per pound in September 1976, remained in the 10-cents-per-pound range through 1977, and reached approximately 13.5 to 14 cents per pound in March 1978, following imposition of fees and increased duties on sugar imports.

In the 1950's and 1960's the annual delivered price of raw sugar in New York averaged 6.6 cents per pound and exceeded 8 cents per pound only in 1963. The world price averaged less than 4 cents per pound over the same period and, although somewhat more volatile, it never exceeded 8.5 cents per pound during the period.

The termination of the U.S. Sugar Act and its effective system of import restrictions on December 31, 1974, marked the end of separate world and U.S. prices of raw sugar. The old quota premium or discount between these prices has been eliminated because after allowance for insurance, freight, and duty the two prices are effectively the same. If the prices of sugar in the world and U.S. markets are not equal, the markets will not be cleared, and market forces will act to eliminate any differences between these prices.

The world free market for sugar has been characterized in the short run by price instability and in the long run by large fluctuations in price in 6- to 10-year cycles, as occurred in the years 1950 and 1951, 1956 and 1957, 1962–64, and 1972–76. These cyclical fluctuations in price were larger than in the short run because of the drawing down of world stocks over a period of prior years as world consumption exceeded world production. An eventual supply demand imbalance without adequate world stocks available to moderate excess demand pressure resulted in relatively large price fluctuations. The price fluctuations of 1972–76 were much greater than those of any earlier period because several short-term factors magnified the price effect stemming from the recurrent long-term problem of inadequate world stocks.

These short-term factors included the ups and downs of efforts to extend the Sugar Act, rumors of excess purchases by the U.S.S.R. and Middle East nations, withholding of exports by some major world suppliers, and the announcement under the then effective Sugar Act of additional U.S. sugar-consumption requirements. Hoarding of sugar was a chronic problem.

Actual market conditions began to have an effect in late 1974. Exaggerated demand predictions were revised downward. Supply forecasts improved, and supplies greater than had been expected entered the market. These factors and strong consumer resistance to high prices brought about an abrupt reversal in price trends in late 1974 and early 1975. The annual per capita consumption of sugar dropped from 101.5 pounds in 1973 to 90.2 pounds in 1975 but has since partially recovered to an estimated 95.7 pounds in 1977.

There are several causes of the current low world and U.S. prices of raw sugar. World production and consumption of sugar are of primary importance. World production of sugar exceeded consumption by 4.9 million short tons in crop year 1976–77, thereby increasing stocks by that amount. World production of 100 million short tons and world consumption of 94 million short tons are projected for 1977–78 resulting in an estimated increase in stocks of 6 million short tons which would bring ending stocks to 31 million short tons. This would make the fourth consecutive year of excess production, with additions to stocks totaling 15 million short tons. The increased stocks put downward pressure on prices, especially considering that the increase in stocks would represent almost a doubling of quantities available to the world free market where only about 16 million to 18 million short tons are traded annually.

Corn sweeteners.—The most important nutritive sweeteners other than sugar are derived from corn starch. These products are not perfect substitutes for each other as each has specific properties ideally suited for different uses. A newly developed product, high-fructose sirup, virtually all of which is produced from corn, is rapidly growing in use and appears to have disturbed the complementary use of the other sweeteners. For example, the soft-drink industry is the largest industrial user of sugar and, although ordinary corn sirups have not made significant inroads in this market, high-fructose sirup appears to be ideally suited for use in soft drinks.

Industry and Government sources indicate that high-fructose sirup could substitute for any sweetener use that does not specifically require dry crystals. It is unlikely that this will occur, but it has been estimated that high-fructose sirup will eventually supply approximately one-half of the industrial market. While recent use was limited because of lack of sufficient productive capacity, there are reports of current excess processing capacity, a result of lower sugar prices and the coming on stream of new capacity which had been planned for during the 1974–75 period of very high sugar prices.

The price of high-fructose corn sirup was first reported in 1975, although measurable production occurred as early as 1971. High-fructose corn sirup is priced competitively below the price of refined sugar. This competitive margin is approximately 20 to 30 percent, and the two price series are highly correlated. The price of high-fructose corn sirup is highly correlated with the price of refined sugar because the two products are good substitutes in many applications.

II. U.S. SUGAR POLICY BACKGROUND

The Sugar Acts

On June 6, 1974, at a time when sugar prices were approaching record high levels, the House of Representatives rejected amendments to extend the Sugar Act of 1948 (Sugar Act) as proposed by the House Agriculture Committee. Thus, most of the provisions of the 1948 legislation expired on December 31, 1974, ending 40 years of U.S. sugar policy based on the Sugar Act and its predecessors.

Beginning in 1934, the United States substituted quotas in preference to the tariff as the effective instrument of national policy with respect to imports of sugar. The shift to a quota system was accompanied by a large reduction in the preferential tariff on sugar from Cuba, the principal foreign supplier at the time. This isolated the sugar markets of the United States and Cuba from the highly unstable world market.

Through the years since 1934 there were changes in the specifics of the U.S. sugar acts. Under the most recent Sugar Act, the Secretary of Agriculture estimated the annual quantity of sugar that could be consumed in the United States at a prescribed price objective. This price objective during 1972–74 was the price for raw sugar that would maintain the same ratio to the average of the parity and wholesale price indexes as prevailed during the period September 1970 through August 1971. The parity index was an index of farm expenses. The act specified mandatory changes in quotas in an effort to attain the price objective if raw sugar prices varied from the price objective by more than a few percentage points. Many quota adjustments were necessary.

After the Secretary of Agriculture estimated the annual quantity of sugar (known as the domestic consumption requirement) that could be consumed at the price objective under the Sugar Act, this quantity was allocated by statutory formula among domestic and foreign suppliers of sugar. The statutory formula under the 1971 amendment allocated about 62 percent of the initial basic quota of 11.2 million short tons, raw value, to domestic areas, about 10 percent to the Philippines, and the remaining 28 percent to Cuba and 32 other countries. When the quota for Cuba was withheld (effective July 6, 1960), it was prorated to other countries in the Western Hemisphere and to the Philippines. Any increase in the domestic consumption requirement over the initial basic quota was allocated on the basis of 65 percent to domestic areas other than Hawaii and Puerto Rico and 35 percent to foreign countries. Hawaii and Puerto Rico had their own quotas for sugar, which were increased automatically if production exceeded the quota level.

U.S. International Trade Commission Investigation

After the record high levels of prices in 1974 and early 1975 and the demise of the Sugar Act, prices began a steep, dramatic drop. From a high of nearly 60 cents per pound raw value, New York spot price, in November 1974, prices had fallen to the range of 7 to 9 cents per pound raw value, New York spot price, in the latter half of 1977. These low prices in the face of high production costs and declining sales, produced severe economic hardship for many domestic sugar producers. In response to the problems of the sugar producers, the Senate Finance Committee in September 1976, directed the International Trade Commission to investigate whether increased imports of sugar were injuring or threatening to injure the domestic sugar industry.

On March 17, 1977, the U.S. International Trade Commission reported to the President, after a 6-month investigation under the import relief provision of the Trade Act of 1974 (19 U.S.C. 2251 *et seq.*), that sugar (largely raw and refined sugar from sugar cane or sugar beets) was being imported in such increased quantities as to be a substantial cause of a threat of serious injury to the domestic industry producing like or directly competitive products. Three Commissioners recommended to the President a quantitative restriction for sugar in the amount of 4,275,000 short tons, raw value, for the calendar years 1977–81, to be allocated among supplying countries on a basis determined by the President to be equitable. Two Commissioners recommended a quantitative restriction for the same articles of 4,400,000 short tons, raw value, for 12-month periods beginning with the effective date of the proclamation, for the years 1977 to 1979, to be allocated on the basis of an auction of nontransferable import licenses. One Commissioner recommended a quantitative restriction for the same articles of 4,400,000 short tons, raw value, for the calendar years 1977–81, to be allocated country by country on the basis of historical supply patterns during the period 1972–76.

Presidential Response and Proposals

On May 4, 1977, the President announced his decision in response to the Commission's investigation. He determined that import relief under the Trade Act was not in the national economic interest. Instead, the President recommended a program under existing agricultural legislation to provide income support for domestic sugar producers which would make up the difference between U.S. market prices for sugar and a price objective of 13.5 cents per pound, with payments up to 2 cents per pound.

At the same time, the Trade Policy Staff Committee, an interagency group chaired by a representative of the Special Representative for Trade Negotiations, announced its determination that sugar would remain eligible for duty-free treatment under the Generalized System of Preferences (GSP), thus denying a petition to remove sugar from the list of articles eligible for such treatment. However, certain countries whose imports had not exceeded the competitive-need criterion in 1976 and could have been reinstated for eligibility for duty-free treatment were not reinstated for 1977.

Congressional Reaction to Administration Proposals

Since a majority of the Commission had found affirmatively under the Trade Act of 1974, and the President had recommended no import relief action pursuant to the Trade Act, upon the adoption by both Houses of Congress of a concurrent resolution disapproving the President's determination not to provide import relief by an affirmative vote of a majority of the members of each House present and voting, the action recommended by the Commission would have taken effect.

House Concurrent Resolution 231 to disapprove the President's decision not to provide import relief was introduced on May 26, 1977. On July 27, 1977, the Subcommittee on Trade of the Committee on Ways and Means of the House of Representatives held hearings on the resolution. However, the resolution was never called to the floor of the House for action.

In the Senate, Senate Concurrent Resolution 38 to disapprove the President's decision not to provide import relief was introduced on July 19, 1977. The resolution was never called to the floor. After the enactment of the Food and Agriculture Act of 1977, the Secretary of Agriculture made a commitment to implement the price-support program for sugar mandated by the act by November 8, 1977, rather than on January 1, 1978, as originally contemplated by the Department of Agriculture.

Food and Agriculture Act of 1977

During the summer of 1977, while activity on the override resolution was occurring, work was also proceeding in the Congress on the Food and Agriculture Act of 1977. An amendment containing a price-support program designed to aid the sugar industry was added to this bill. The bill, with the sugar amendment, was signed into law on September 29, 1977.

The act provides that the price of the 1977 and 1978 crops of sugar beets and sugar cane shall be supported through loans or purchases with respect to the processed products thereof at a level not in excess of 65 percent of parity nor less than 52.5 percent of parity, but in no event at a level that would be less than 13.5 cents per pound for raw sugar. Further, the act provides that, in carrying out the price-support program, the Secretary of Agriculture shall establish minimum wage rates for agricultural employees engaged in the production of sugar.

The act includes a provision that allows the Secretary of Agriculture to suspend the operation of the price-support program whenever he determines that an international sugar agreement is in effect which assures the maintenance in the United States of a price for sugar not less than 13.5 cents per pound raw sugar equivalent.

In the joint explanatory statement of the committee of conference on the bill which became law, the conferees noted the following points. The Department of Agriculture had authority under existing legislation to carry out the price-support program required by this amendment. They recommended implementation of the program as soon as possible—even before the act was signed into law. The conferees intended that the implementation of the loan and purchase program not be delayed even if there should be a delay in the establishment of minimum wage rates for agricultural employees engaged in the production of sugar, and that the loan and purchase and wage rate provisions be implemented without any delay upon the bill's becoming effective. The conferees intended that the processed products of sugar cane and sugar beets should not be sold by the Commodity Credit Corporation (CCC) at less than 105 percent of the current support price, plus reasonable carrying charges. It was not expected that any outlay of funds or acquisition of products of sugar beets or sugar cane would occur. The conferees expected that existing legal authority would be used to impose an import fee, or duty, which—when added to the existing import duty—would enable raw sugar to sell in the domestic market at not less than the effective support price.

Interim Sugar Payments Program

As indicated earlier, in his statement to the Congress denying import relief for sugar, the President had stated that in recognition of the problems facing much of the U.S. sugar industry because of low sugar prices, he was requesting the Secretary of Agriculture to institute an income-support program for sugar producers, effective with the 1977 crop, offering supplemental payments of up to 2 cents per pound whenever the market price fell below 13.5 cents per pound.

On June 13, 1977, the Department of Agriculture outlined and requested comments on such a proposed income-support program. On July 19, 1977, the Comptroller General released his opinion that the proposed income-support program did not appear to be authorized under current U.S. legislation. Direct payments to processors were illegal unless they were designed to support or increase the price of the crop. On August 19, 1977, the Secretary of Agriculture released a Justice Department opinion that the proposed sugar support program was not authorized by the statutes.

On September 15, 1977, a revised sugar program was instituted by the Department of Agriculture. This program established price-support levels for sugar beets and sugar cane at not less than 52.5 percent of parity prices as of July 1977. Compensatory payments for the differences between market prices and 13.5 cents per pound were to be made to processors, which paid the support price to producers. Payments were to be made on sugar marketed from September 15, 1977, onward, but the Secretary of Agriculture announced his intention to provide equivalent support for that portion of the 1977 crop marketed before that date insofar as it was legally possible.

On October 13, 1977, the Secretary of Agriculture announced that the Department of Justice had concluded that payments for 1977-crop sugar marketed prior to September 15, 1977, were legally authorized because such sugar was marketed under terms which provided for final payments on a crop-year basis, rather than at the time the sugar beets or sugar cane was marketed. On November 4, 1977, amended regulations to permit such payments were issued. On November 8, 1977, the price-support loan program for sugar beets and sugar cane under the Food and Agriculture Act of 1977, which superseded the interim payments program, was implemented. On December 23, 1977, certain sugar (contracted for sale before November 8, 1977, for delivery after that date) which was not covered under either the interim payments program or the price-support loan program under the regulations issued November 8, 1977, became covered under the interim payments program.

As of March 30, 1978, the U.S. Department of Agriculture had made preliminary payments under the interim payments program of $152.3 million, or 90 percent of the estimated total payments ($169.2 million). No date has been established for payment of the final 10 percent. Such payments represent only the differences between market prices and the objective price for sugar under this program.

Price-Support Loan Program

Regulations.—As indicated, on November 8, 1977, the Secretary of Agriculture announced regulations for the 1977 crop sugar loan program required by the Food and Agriculture Act of 1977. Under the loan program, the Commodity Credit Corporation offers sugar processors loans of 14.24 cents per pound on refined beet sugar and 13.50 cents per pound on cane sugar (raw value). To qualify, processors must pay producers minimum prices (the same as were established under the interim payments program). Producers, in turn, must pay their sugar production employees at least the minimum wage rates determined by the Department of Agriculture in order to be eligible for price supports.

Sugar used as loan collateral must be in storage owned or leased by the processor and must not have been reported as marketed under the interim payments program. The interest rate in effect at the time a loan is disbursed (currently 6 percent) will not change. Interest is charged only if the loan is redeemed. Loans will mature on the last day of the 11th month following the month of disbursement, but the CCC can accelerate the maturity date. A processor can redeem a loan at any time during the loan period, but at maturity must either redeem the loan or deliver the commodity to the CCC. The CCC may take delivery in the processor's storage or may direct delivery at another facility. In either case, the CCC will take title and, if the quantity delivered times the loan rate covers the loan, will consider the loan as fully satisfied. The processor must, when the CCC takes title in the processor's storage, keep the sugar in storage until the CCC directs him to remove and deliver it to another designated place. The CCC will make monthly storage payments after it takes title.

Minimum wage rates.—The Food and Agriculture Act of 1977 did not provide guidance to the Department of Agriculture as to how minimum wage rates for employees engaged in sugar production should be established, as did the Sugar Act of 1948, as amended and extended.

On January 5, 1978, the U.S. Department of Agriculture announced minimum wage rates for sugar fieldworkers. After hearing comments from interested parties, it was decided that wages for the 1977 and 1978 crops should be based on the minimum wage rates established for the 1974 crop under the Sugar Act, plus the percentage increase in the cost of living since that time—23 percent for 1977 and an additional 6 percent for 1978.

Growers must pay at least the minimum wage rate to their workers as of November 8, 1977, to qualify for price-support loans for their sugar cane or sugar beets. Also, the regulations provide that growers cannot reduce the specified minimum wage rates by any subterfuge or device, and must maintain records which demonstrate that each worker has been paid in accordance with the regulations.

Operations.—Little information on operations of the price-support loan program is available. There have been requests for loans in Louisiana and for the entire Texas crop. Some producers hesitated to make loan requests prior to Janaury 5, 1978, because the minimum wage rates had not yet been established. As of March 24, 1978, the U.S. Department of Agriculture had made price-support loans of $292.3 million on 1,093,413 short tons, raw value, of 1977 crop sugar. It is believed that nearly half the 1977 crop was marketed under the interim payments program, and of the remainder, about one-third was marketed under the loan program, about one-third was marketed otherwise, and about one-third has not yet been marketed.

Import Restraints

Presidential Proclamation 4538.—On November 11, 1977, the President issued Proclamation 4538, which provided, pursuant to section 22 of the Agricultural Adjustment Act, as amended, for import fees on certain sugars, sirups, and molasses. For raw and refined sugars, sugar sirups, and molasses valued not more than 6.67 cents per pound, a fee of 50 percent ad valorem was established. For sugars, sirups, and molasses valued at more than 6.67 cents per pound but not more than 10.0 cents per pound, the section 22 fee was established at 3.32 cents per pound less the amount by which the value exceeds 6.67 cents per pound. For sugar valued over 10 cents per pound there would be no section 22 fee.

The fees established applied to articles entered or withdrawn from warehouse for consumption on or after November 11, 1977, pending the report and recommendations of the U.S. International Trade Commission and action that the President must take on the fees. However, such fees did not apply to articles exported to the United States before November 11, 1977, or imported to fulfill contracts entered into before that date and entered or withdrawn from warehouse for consumption on or before January 1, 1978.

Tariff proclamation.—Simultaneously with the section 22 proclamation, Presidential Proclamation 4539 was issued, providing, pursuant to headnote 2, subpart A, part 1, schedule 1, of the TSUS, for increasing the rates of duty on sugars, sirups, and molasses by 50 percent, the maximum increase in duties that could be proclaimed by the President. The provisions of this proclamation had the same effective date as those of Proclamation 4538, including the exemption for sugar exported before, or imported to fulfill contracts entered into before, November 11, 1977, and entered or withdrawn from warehouse for consumption on or before January 1, 1978.

Implementation.—The purpose of these proclamations was to add sufficient fees and duty to the value of imported sugar to insure a minimum U.S. price just slightly above 13.5 cents per pound, raw value.

There were some problems with implementation of the proclamations. For those countries eligible for GSP duty-free treatment, the duty under item 155.20 does not apply, although the section 22 fee does apply. About 15 percent of U.S. sugar imports have been from countries eligible for GSP duty-free treatment. Refined sugar could have been entered under these proclamations at values which would provide for prices only slightly in excess of the 13.5 cents per pound objective price, making it difficult to achieve a raw sugar price of 13.5 cents per pound in the United States. Finally, if the average price of sugar in world trade had fallen below 6.64 cents per pound, even using the full authority allowed under section 22 and headnote 2, the fees and duties assessed on sugar could not have raised the price of sugar, duty paid, in the United States above 13.5 cents per pound.

Presidential Proclamation 4547.—On January 20, 1978, the President issued Proclamation 4547 after being advised by the Secretary of Agriculture that the fees established by Proclamation 4538 were insufficient. The new proclamation established fixed fees on sugars, sirups, and molasses. The section 22 fee on these articles not to be further refined or improved in quality was 3.22 cents per pound, but not in excess of 50 percent ad valorem. Sugars, sirups and molasses to be further refined or improved in quality had a section 22 fee of 2.70 cents per pound, but not in excess of 50 percent ad valorem. The proclamation made the fees effective on January 21, 1978, with some exceptions.

Proclamation 4547 solved several of the problems that were found to make the previous section 22 fees insufficient for achieving sugar price-support objectives. By using fixed fees rather than a sliding scale of fees based on customs value, the problem experienced by importers in anticipating their tariff costs for importing under the earlier proclamation was alleviated. Since the fees are generally well below 50 percent of the selling price for sugar, it is unlikely that there will be great difficulty in determining whether the fees will exceed the 50 percent ad valorem limitation of section 22 fees. The proclamation also recognized the need for differences in the rates of duty for refined and raw sugar.

International Sugar Agreement

While the above domestic activity was occurring, internationally the administration was negotiating an International Sugar Agreement (ISA), which is now before the Senate for its advice and consent. The ISA is designed to bring some stability, through export quotas and buffer stock requirements, to world sugar trade which is currently characterized by cyclical periods of very low and very high prices. The ISA is discribed in detail in part IV of this pamphlet.

Section 22. Investigation.—On April 17, 1978, the U.S. International Trade Commission (ITC) concluded a 5-month investigation under section 22 of the Agricultural Adjustment Act, as amended, and reported to the President that imports of sugar are materially interfering with the domestic sugar price-support programs administered by the Department of Agriculture referred to previously. The ITC recommended that the section 22 import fees on such sugar be increased to 3.6 cents per pound from the current level of 2.7 cents per pound.

The ITC also recommended that there be quantitative limitations imposed on imports of refined sugar in the amount of 40,000 short tons, raw value, annually, and that, if the fees are not sufficiently high so as to permit the domestic price-support level to be sustained, the President establish quantitative limits on sugar imports pursuant to his authority under headnote 2, part 10A, schedule 1.

III. S. 2990—SUGAR STABILIZATION ACT OF 1978

On April 25, 1978, Senator Frank Church and 27 cosponsors introduced S. 2990, a bill to implement the International Sugar Agreement between the United States and foreign countries; to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry; and to promote the export trade of the United States. The bill had 32 cosponsors as of May 1, 1978. The bill is printed as Appendix B of this pamphlet. A section-by-section analysis follows:

DECLARATION OF POLICY

Section 2. Contains a declaration of congressional policy to: (a) Maintain a viable domestic sugar producing industry; (b) protect the welfare of consumers and producers by maintaining adequate supplies at fair prices; (c) achieve the price and supply objectives through the supply management system of the International Sugar Agreement as extended and supplemented by a domestic sugar program; and (d) promote the export trade.

TITLE I—INTERNATIONAL SUGAR AGREEMENT

This title provides the necessary legislative authority to implement the International Sugar Agreement.

Section 101. Authorizes the President to: (a) Limit imports to sugar from countries which are members of the International Sugar Organization; (b) prohibit the entry of sugar without certain documentation required by the International Sugar Agreement; (c) require the keeping of such records and the rendering of such reports as may be necessary to carry out the International Sugar Agreement; and (d) take such other action as he deems necessary or appropriate to implement the obligations of the United States under the International Sugar Agreement.

Section 102. Provides a fine for anyone convicted of knowingly violating the recordkeeping and reporting requirements prescribed pursuant to section 101.

Section 103. Provides for an annual report by the President to the Congress on operations under the International Sugar Agreement, including actions taken by the United States and the International Sugar Organization to protect the interests of domestic producers and consumers.

TITLE II—DOMESTIC SUGAR PROGRAM

Definitions

Section 201. Contains the definitions of technical terms used throughout the bill. They are, for the most part, the same definitions that were in prior sugar legislation. There is one new definition to be noted. Subsection (l) contains a definition of "price range for free trade sugar," a term necessary to an understanding of the price objective discussed below.

Annual Consumption Estimate

Section 202. Directs the Secretary to determine for each calendar year the amount of sugar needed to meet consumer demands and attain the price objective of the bill. Such determination would be made in October for the next calendar year except for 1978 the determination would be made within 15 days after the effective date of the legislation.

The price objective is the median of the price range for free trade sugar under the International Sugar Agreement, that is, the range from 15 to 19 cents per pound. The lower price is the price at which International Sugar Agreement export quota restrictions are activated and any necessary stock accumulation begins, and the higher price is the price at which International Sugar Agreement special reserve stocks of sugar must first be made available for sale to the free market, all as set out in Article 44 of the International Sugar Agreement. The U.S. price objective would be adjusted quarterly on the basis of changes in the parity index and the wholesale price index, as published by the Department of Agriculture and the Department of Labor, respectively.

Quota for Foreign Countries

Section 203. Provides for the establishment of a global foreign sugar quota at the time the Secretary determines the annual U.S. sugar requirements. The amount of such quota would be the amount by which the U.S. sugar requirements exceed the quantity of domestically produced sugar available for marketing in the United States during the calendar year. The quota for 1978 would be adjusted for excess stocks on hand and sugar imported in 1978 before the establishment of the quota.

The Secretary is authorized to provide for the orderly marketing of foreign sugar by means of quotas on a quarterly basis, if such action is necessary to achieve the price objective. The Secretary would be required to establish quotas on a quarterly basis when prices are below the objective by 5 percent or more for 20 consecutive market days.

Adjustments in Foreign Quota

Section 204. Provides for increases in the foreign quota whenever the Secretary determines there will be a deficit in domestically produced sugar because of reduced plantings, adverse crop conditions, etc. This action would not involve a change in the U.S. sugar requirements but instead a shift in the source of supply in order to assure the full distribution of the amount of sugar to meet consumer needs.

Import Fee

Section 205. Provides for an import fee to support the domestic price of sugar at the level of the price objective. Whenever the average of the daily prices of raw sugar, adjusted for freight to New York and the applicable tariff and fees, is less than the price objective for 20 consecutive market days, the Secretary would be required to establish an import fee in such amount as will achieve the price objective. The Secretary could, in his discretion, establish such fee at any time within 20 market days after the enactment of the bill. The fee would be adjusted from time to time (not more frequently than once each quarter) and funds collected as fees would be deposited into the Treasury as miscellaneous receipts.

Importation of Direct-Consumption Sugar

Section 206. Provides that none of the import quota may be filled by direct consumption (refined) sugar, except under emergency conditions arising from a shortage of refining capacity in this country.

Suspension of Quotas and Fees

Section 207. Requires the Secretary, in order to protect the interest of consumers, to suspend any quota and import fee whenever he finds that the average of the daily prices of raw sugar, adjusted for freight to New York and the applicable tariff and fees, exceeds the price objective by more than 20 percent for 20 consecutive market days. The suspension would continue until such time as the average market price drops below the trigger price for the suspension. The Secretary would then have to reestablish the quota and fee as required to achieve the price objective.

Sugar-Containing Products

Section 208. Provides for quotas on sugar-containing products or mixtures, or beet sugar molasses, as a means of preventing circumvention of the objectives of the bill. The section also provides certain guidelines for consideration by the Secretary in making his determinations and the standards for determining the amount of the quotas.

The Secretary is also required to limit the quantity of sweetened chocolate, candy and confectionery described in certain items of the

Tariff Schedules of the United States. The limitation would be determined in the last quarter of each year, beginning with the calendar year 1979, and the amount could not exceed the larger of (1) the average imports during the 3 years immediately preceding the year in which the determination is made, or (2) a quantity equal to 5 percent of the amount of like domestic products sold in the United States during the most recent year for which data are available.

Prohibited Acts

Section 209. Prohibits any person from importing or bringing into the United States any sugar or sugar-containing product after the applicable quota has been filled. There is also a prohibition against exporting either domestically produced or imported foreign sugar, except sugar imported under bond for purposes of exporting an equivalent quantity as sugar or in manufactured articles (i.e., canned fruit) with benefit of drawback of duty under the Tariff Schedules.

Determination in Terms of Raw Value

Section 210. Provides for quotas and related determinations to be made in terms of raw value and for liquid sugar to be included with sugar in the establishment of quotas.

Exportation of Sugar

Section 211. Specifies the conditions under which sugar may be exported, as explained above.

Exemptions From Quotas and Fees

Section 212. Provides that the quota and fee provisions of the bill shall not apply to: (1) The first 10 tons of direct-consumption (refined) sugar imported from any foreign country in any quota year; (2) the first 10 tons of sugar imported from any foreign country in any quota year for religious, educational or experimental purposes; (3) liquid sugar imported in individual sealed containers no exceeding a capacity of $1\frac{1}{10}$ gallons each; or (4) sugar imported for livestock feed, or for the production of alcohol for other than human consumption.

TITLE III—GENERAL PROVISIONS

The provisions of this title of the bill are largely of a routine nature.

Rules and Regulations

Section 301. Authorizes the Secretary to issue necessary rules and regulations and prescribes a fine for any person convicted of knowingly violating any such rule or regulation.

Jurisdiction of Courts

Section 302. Vests in the Federal district courts certain enforcement powers relating to both criminal and civil actions.

Civil Penalties

Section 303. Provides for civil penalties for any person who knowingly violates any of the provisions (prohibited acts) of section 209 of the bill. The amount of such penalty is three times the value of the sugar or other product covered by the quota.

Furnishing Information to Secretary

Section 304. Requires the furnishing of certain information by sugar manufacturers, marketers and users, as the Secretary deems necessary to enable him to administer the legislation.

Investment by Officials Prohibited

Section 305. Persons acting in an official capacity in the administration of the legislation would be prohibited from investing or speculating in sugar or contracts relating to sugar, or in the stock of sugar companies. Any person convicted of violating this section would be subject to severe penalties.

Suspension of Domestic Program

Section 306. Empowers the President to suspend the domestic sugar program (title II) during times of national emergencies.

Surveys and Investigations

Section 307. Authorizes the Secretary to conduct such surveys and investigations as may enable him to accomplish more effectively the purposes of the legislation. Also, the Secretary is required under specified conditions to determine and announce a daily spot price for raw sugar, New York basis.

Termination

Section 308. Provides that the legislation shall terminate on December 31, 1982.

IV. THE 1977 INTERNATIONAL SUGAR AGREEMENT

Background.—For over a century there have been attempts by world producers and users of sugar to keep the free market from becoming a distress market for that part of their output that cannot be sold in controlled markets. The latest attempts to stabilize the world market were a series of International Sugar Agreements (ISA's) beginning in 1937. The United States was a member of the 1937 agreement and some of the agreements negotiated in the 1950's, but was not a member of the 1968 ISA.

The agreement of 1968 was effective for the period 1969-73. It allocated export quotas to countries normally exporting to the world market, with the level of the quotas varying with world-market prices. Exporting member countries agreed to maintain buffer stocks (accumulated when prices were low) and to give preferential treatment to importing member countries when prices rose. All signatory countries agreed to remove obstacles which restricted consumption, and signatory importing countries also agreed not to buy sugar from nonmembers when prices were low. However, prices during much of the period were too high for the accumulation of buffer stocks. Quotas were suspended in 1972 and 1973 when world-market prices rose to levels at which the quotas became ineffective. A new agreement was negotiated in 1973 with no termination date, but it contained no economic provisions because of a failure by participating countries to agree on prices. The agreement provided for little more than the gathering of statistics and a forum for the negotiation of a new agreement.

1977 ISA.—A new agreement was negotiated in 1977 to which the United States is signatory. Final agreement was reached on October 7, 1977. The agreement, to run for 5 years, has gone into effect provisionally in 1978. This agreement provides for export quotas as in the past, and in addition includes provision for buffer stocks to help achieve price objectives.

The International Sugar Agreement seeks to stabilize the world market price of sugar between 11 and 21 cents per pound. Price stabilization is to be achieved by accumulation of buffer stocks and export quotas when prices are low, and release of buffer stocks when prices rise above 19 cents per pound.

The agreement will come into force with quotas in effect. Quotas will be set initially at 85 percent of a reference tonnage, which is based approximately on each country's recent export performance to the free market. If the price fails to reach 11 cents (world basis) within 3 months, an additional quota reduction totalling 2.5 percent will be made. When the market price moves above 13, 14, and 14.5 cents per pound the global quota will be increased by 5 percent at each level. At 15 cents per pound there could be no quota restriction. When the market price moves below 13, 12, and 11.5 cents per pound the global quota will be reduced by 5 percent at each level. Below 11.5 cents per pound, the quota will be at 85 percent of the original level. If the market price remains below 11 cents per pound for 75 consecutive market days, a further 2.5 percent cut in the global quota may be authorized which would be applied only to countries whose exports to the world market are less than 60 percent of total production. Countries exempted from this cut are Australia, the Dominican Republic, Panama, and Thailand.

The agreement provides for a buffer stock of 2.5 million metric tons to be built up during the first 3 years of the agreement when quotas are in effect in the lower part of the price range. Each exporting country will set aside a quantity for the buffer stock pro rata to its individual Basic Export Tonnage (BET). During the first year of the agreement, 40 percent of the total obligation is to be established. Exporting countries are supposed to give priority to establishing special stocks over their annual export quotas. Certain small exporting members are not required to hold special stocks. A stock financing fund, a part of the agreement, will provide interest free loans of 1.5 cents per pound annually for sugar held under the buffer stocks provisions. The stock financing fund will be constituted through the sale of "certificates of contribution." These will be sold at the initial rate of 0.28 cents per pound. The certificates must accompany other customs documents when the sugar is entered into consuming countries. The certificate may be purchased by the importer or the exporter.

When the price is between 15 and 19 cents, the free market will operate. Quotas will not be in effect and the buffer stock will not be added to nor drawn down.

To defend the ceiling price, the agreement uses a system of releasing the nationally held reserve stocks. When the price reaches 19 cents per pound, one-third of the stocks will be released and shipped to the free market. At 20 cents a further third will be released. If the price should continue to rise, the final third may be released at the ceiling price of 21 cents per pound.

The 1977 International Sugar Agreement establishes the International Sugar Council, consisting of all the members of the agreement as the highest authority of the International Sugar Organization to exercise all the powers necessary to carry out agreement provisions. Quota adjustments and stock disposals described above may be altered by action of the Council of the Agreement. Vote distribution on the Council allows the United States and other major consuming countries to block proposals that might be detrimental to importer interests.

The agreement makes provision for hardship reserves, declaration of shortfalls, and shortfall reallocations as in past agreements. Importing members are obligated to restrict quantities of sugar that can be imported from nonmember countries. When market prices are below 11 cents per pound, nonmember imports will be restricted to 55 percent of these imports, and when prices are above 11 cents per pound, to 75 percent. No restrictions will apply when prices are above 21 cents per pound, but will be reinstated when prices fall below 19 cents per pound.

Principal obligations of the agreement affecting the United States are the restricting of imports from nonmembers and undertaking to insure that the 0.28-cent-per-pound fee for financing the buffer-stock fund is paid on U.S. imports.

APPENDIX A

STATISTICAL MATERIAL

TABLE 1.—SUGAR: U.S. PRODUCTION, BY TYPES, CROP YEARS 1971/72 TO 1977/78[1]

Type	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78[2]
	Quantity (1,000 short tons, raw value)						
Cane sugar:							
Mainland	1,206	1,621	1,420	1,471	1,827	1,674	1,584
Offshore	1,554	1,417	1,384	1,332	1,409	1,362	1,301
Total, cane	2,760	3,038	2,804	2,803	3,236	3,036	2,885
Beet sugar	3,552	3,624	3,200	2,916	4,019	3,895	3,367
Total, cane and beet	6,312	6,662	6,004	5,719	7,255	6,931	6,252
	Value (in thousands of dollars)						
Cane sugar[3]	$137,998	$201,639	$333,061	$710,094	$349,622	$243,703	([4])
Beet sugar	416,279	455,830	725,661	1,035,567	820,743	616,813	([4])
Total	554,277	657,469	1,058,722	1,745,661	1,170,365	860,516	([4])
	Unit value (per short ton, raw value)						
Cane sugar[3]	$114.43	$124.39	$234.55	$482.73	$191.36	$145.58	([4])
Beet sugar	117.20	125.80	226.77	355.13	204.22	158.36	([4])
Average	116.49	125.35	229.16	397.92	200.20	158.52	([4])

[1] The crop year for beet sugar begins in September in all States except California and lowland areas of Arizona, where it begins in March and April, respectively. The Louisiana crop year begins in October, that in Florida and Texas begins in November, that in Puerto Rico begins in December, and that in Hawaii, in January.

[2] Preliminary.

[3] Mainland cane only; does not include Hawaii or Puerto Rico.

[4] Not available.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 2.—SUGAR: U.S. PRODUCTION, BY PRODUCING AREAS, CROP YEARS 1971/72 TO 1977/78 [1]

[In thousands of short tons, raw value]

Item and producing area	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78 [2]
Cane sugar:							
Florida	635	961	824	803	1,061	930	879
Louisiana	571	660	558	594	640	650	610
Texas			38	74	126	94	95
Total, mainland	1,206	1,621	1,420	1,471	1,827	1,674	1,584
Hawaii	1,230	1,119	1,129	1,041	1,107	1,050	1,033
Puerto Rico	324	298	255	291	302	312	268
Total, offshore	1,554	1,417	1,384	1,332	1,409	1,362	1,301
Total, cane sugar	2,760	3,038	2,804	2,803	3,236	3,036	2,885
Beet sugar	3,552	3,624	3,200	2,916	4,019	3,895	3,367
Total sugar, cane and beet	6,312	6,662	6,004	5,719	7,255	6,931	6,252

[1] The crop year for beet sugar begins in September in all States except California and lowland areas of Arizona, where it begins in March and April, respectively. The Louisiana cane sugar crop year begins in October, that in Florida and Texas begins in November, that in Puerto Rico begins in December, and that in Hawaii, in January.

[2] Preliminary.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 3.—SUGAR CANE: U.S. ACRES HARVESTED, YIELD PER HARVESTED ACRE, AND PRODUCTION, BY PRODUCING STATES, CROP YEARS 1971/72 TO 1977/78

Crop year [1]	Florida	Louisiana	Texas	Hawaii	Puerto Rico	Total
	Thousands of acres harvested					
1971/72	189.9	301.0	0	115.8	153.4	760.1
1972/73	243.8	311.0	0	108.5	152.4	815.7
1973/74	257.6	319.0	18.2	108.2	132.1	835.1
1974/75	258.4	308.0	27.7	95.8	121.6	811.6
1975/76	286.6	308.0	35.0	105.1	137.5	872.2
1976/77	286.0	291.0	27.1	99.9	123.9	827.9
1977/78 [2]	288.7	298.0	33.8	100.2	116.2	836.9
	Yield per harvested acre (short tons)					
1971/72	31.7	21.4	....	92.3	29.9	36.5
1972/73	38.1	25.8	....	91.6	28.7	38.8
1973/74	31.4	20.6	34.1	89.1	27.4	34.2
1974/75	27.8	21.3	32.4	94.8	29.5	33.6
1975/76	35.3	21.0	35.3	90.2	25.6	35.3
1976/77	32.6	25.6	35.8	91.8	29.3	36.9
1977/78 [2]	29.0	24.5	35.5	97.5	27.3	35.6
	Production (1,000 short tons)					
1971/72	6,022	6,438	....	10,685	4,582	27,727
1972/73	9,289	8,022	....	9,929	4,382	31,622
1973/74	8,089	6,570	620	9,645	3,621	28,545
1974/75	7,184	6,558	898	9,081	3,585	27,305
1975/76	10,117	6,468	1,236	9,485	3,520	30,826
1976/77	9,324	7,451	971	9,173	3,630	30,549
1977/78 [2]	8,372	7,301	1,200	9,769	3,177	29,819

[1] The crop year in Louisiana begins in October, that in Florida and Texas begins in November, that in Puerto Rico begins in December, and that in Hawaii begins in January.

[2] Preliminary.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture, except as noted.

TABLE 4.—SUGAR BEETS: U.S. ACRES HARVESTED, YIELD PER HARVESTED ACRE, AND PRODUCTION, BY PRODUCING STATES, CROP YEARS 1972/73 TO 1977/78

Crop year [1]	California	Minnesota	North Dakota	Idaho	Michigan	Washington	Colorado	Nebraska	Wyoming	Montana	All other	Total
	Thousands of acres harvested											
1972/73	324.6	111.9	73.9	172.7	86.6	91.6	133.8	82.1	57.2	45.2	149.1	1,328.7
1973/74	262.6	131.2	79.3	144.3	86.7	91.7	113.7	74.4	54.1	44.6	134.9	1,217.5
1974/75	230.0	182.7	139.9	90.8	80.4	63.3	125.7	75.5	53.5	43.9	126.9	1,212.6
1975/76	326.3	196.0	130.9	158.3	91.4	82.4	154.9	96.0	57.7	48.5	174.2	1,516.6
1976/77	312.0	248.0	149.8	139.4	91.4	76.5	121.0	84.5	56.4	46.1	153.7	1,478.8
1977/78 [2]	217.0	260.0	157.0	105.8	85.5	62.1	72.0	67.7	48.4	45.0	97.3	1,217.8
	Yield per acre (short tons)											
1972/73	27.8	14.0	13.6	20.5	14.0	25.5	19.4	20.1	20.0	18.6	20.5	21.4
1973/74	24.6	16.5	16.2	20.2	16.5	27.0	16.3	19.9	18.2	19.8	18.4	20.1
1974/75	25.9	11.6	11.2	20.3	17.0	24.5	18.0	18.3	18.4	18.7	18.0	18.2
1975/76	27.3	14.2	13.9	18.6	19.2	26.0	17.2	18.5	18.4	17.1	17.5	19.6
1976/77	28 6	12.2	13.5	20.7	16.8	24.4	19.0	20.0	20.7	21.0	19.6	19.9
1977/78 [2]	26.0	18.2	17.8	19.6	21.0	25.8	19.5	20.0	19.6	19.9	19.2	20.6

	Production (1,000 short tons)											
1972/73	9,031	1,568	1,008	3,543	1,638	2,337	2,594	1,650	1,146	842	3,053	28,410
1973/74	6,447	2,169	1,284	2,921	1,524	2,476	1,851	1,482	985	883	2,477	24,499
1974/75	5,948	2,116	1,562	1,845	1,364	1,554	2,261	1,382	983	820	2,288	22,123
1975/76	8,892	2,783	1,820	2,942	1,755	2,142	2,661	1,776	1,060	829	3,044	29,704
1976/77	8,912	3,026	2,022	2,879	1,540	1,862	2,303	1,690	1,167	968	3,017	29,386
1977/78[2]	5,642	4,732	2,795	2,074	1,796	1,602	1,404	1,354	949	896	1,871	25,115

[1] The crop year begins in September in all States except California and lowland areas of Arizona, where it begins in March and April, respectively.
[2] Preliminary.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 5.—CORN SWEETENERS: U.S. SALES, BY TYPES, 1972-77

Item	1972	1973	1974	1975	1976	1977 [1]
	Quantity (1,000 pounds, dry basis)					
Glucose sirup (corn sirup):						
Type I (20 dextrose equivalent (d.e.) up to 38 d.e.)	313,970	340,922	345,788	354,452	392,306	522,651
Type II (38 d.e. up to 58 d.e.)	1,358,768	1,466,636	1,451,899	1,390,287	1,406,905	1,701,755
Type III (58 d.e. up to 73 d.e.)	1,465,966	1,705,112	1,979,127	2,083,718	2,011,410	1,739,808
Type IV (73 d.e. and above)	233,082	231,980	236,660	250,075	21,734	172,334
High-fructose sirup	246,348	444,095	597,908	1,063,808	1,574,024	2,127,391
Dextrose, hydrous and anhydrous [2]	1,147,030	1,292,352	1,335,242	1,283,841	1,267,091	1,173,406
Glucose sirup solids	107,342	129,558	165,981	158,579	140,290	129,167
	Value (in thousands of dollars) [3]					
Glucose sirup (corn sirup):						
Type I (20 d.e. up to 38 d.e.)	$12,940	$22,063	$38,485	$51,634	$39,870	$35,580
Type II (38 d.e. up to 58 d.e.)	55,197	88,667	150,508	198,130	144,163	114,985
Type III (58 d.e. up to 73 d.e.)	57,373	95,702	201,817	294,067	202,563	118,944
Type IV (73 d.e. and above)	12,330	14,206	25,784	36,100	21,312	12,753
High-fructose sirup	22,008	41,772	108,216	237,562	216,407	234,427
Dextrose, hydrous and anhydrous	90,837	108,410	181,499	230,711	163,335	130,893
Glucose sirup solids	9,994	13,017	23,199	27,890	23,917	20,307
Total	260,679	383,837	729,508	1,076,094	811,567	667,889

	Unit value (cents per pound)					
Glucose sirup (corn sirup):						
Type I (20 d.e. up to 38 d.e.)	4.12	6.47	11.13	14.57	10.16	6.81
Type II (38 d.e. up to 58 d.e.)	4.06	6.05	10.37	14.25	10.25	6.76
Type III (58 d.e. up to 73 d.e.)	3.91	5.61	10.20	14.11	10.07	6.84
Type IV (73 d.e. and above)	5.29	6.12	10.89	14.44	10.56	7.40
High-fructose sirup	8.93	9.41	18.10	22.33	13.75	11.02
Dextrose, hydrous and anhydrous	7.92	8.39	13.59	17.97	12.89	11.15
Glucose sirup solids	9.31	10.05	13.98	17.59	17.05	15.72

[1] Preliminary.
[2] Reported in anhydrous dextrose equivalent.
[3] Value of sales is net realized value, f.o.b. point of shipment.

Source: U.S. International Trade Commission, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by U.S. corn-sweetener producers.

TABLE 6.—SUGAR AND OTHER SWEETENERS: ANNUAL U.S. PER CAPITA CONSUMPTION, BY TYPES, 1971-77

[In pounds]

Type of sweetener	1971	1972	1973	1974	1975	1976	1977 [1]
Caloric sweeteners:							
Sugar:							
Domestic beet	31.1	30.4	30.4	26.1	30.5	32.5	30.6
Domestic cane	22.8	25.4	24.9	21.0	24.9	22.7	22.0
Imported cane	48.5	47.0	46.2	49.5	34.8	39.5	43.1
Total	102.4	102.8	101.5	96.6	90.2	94.7	95.7
Corn sweeteners: [2]							
Regular corn sirup	15.0	15.6	16.7	17.4	17.7	17.7	17.7
High-fructose sirup		.9	1.4	2.3	4.7	7.1	9.0
Dextrose	5.0	4.4	4.8	4.9	5.1	5.1	5.1
Total	20.0	20.9	22.9	24.6	27.5	29.9	31.8
Other: [2]							
Honey	.9	1.0	.9	.8	.9	1.0	.9
Edible sirups	.5	.5	.5	.4	.4	.4	.4
Total	1.4	1.5	1.4	1.2	1.3	1.4	1.3
Total, caloric sweeteners	123.8	125.2	125.8	122.4	119.0	126.0	128.8

Noncaloric sweeteners [3]	5.0	5.0	7.0	10.0	9.0	10.0	11.0
Total, all sweeteners	128.8	130.2	132.8	132.4	128.0	136.0	139.8

[1] Preliminary estimate.
[2] Dry basis.
[3] Saccharin, converted for sugar sweetness assuming saccharin is 300 times as sweet as sugar; data estimated by the U.S. International Trade Commission.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture, except as noted.

TABLE 7.—SUGAR: U.S. DELIVERIES, BY TYPES OF PRODUCTS OR BUSINESS OF BUYER AND BY QUARTERS, 1972-77

[In millions of pounds]

Period	Bakery, cereal, and allied products	Confectionery and related products	Ice cream and dairy products	Beverages	Canned, bottled, frozen foods; jams, jellies, etc.	Multiple and all other food uses	Nonfood uses	Total industrial uses	Hotels, restaurants, and institutions	Wholesale grocers, jobbers, and sugar dealers	Retail grocers, chainstores, and supermarkets	All other deliveries	Total nonindustrial uses	Unspecified	Total deliveries
1972:															
Jan.-Mar	684	541	248	1,057	379	239	46	3,194	43	967	592	44	1,646	0	4,840
Apr.-June	698	501	340	1,326	469	268	41	3,643	39	1,005	648	38	1,730	0	5,372
July-Sept	800	531	341	1,401	713	259	47	4,092	44	1,173	731	50	1,999	0	6,091
Oct.-Dec	716	542	270	1,090	413	250	48	3,328	44	1,060	661	43	1,808	0	5,136
Total	2,899	2,114	1,199	4,874	1,974	1,016	181	14,256	169	4,206	2,632	176	7,183	0	21,439
1973:															
Jan.-Mar	694	511	273	1,070	410	257	56	3,270	45	911	543	46	1,544	0	4,814
Apr.-June	737	533	340	1,325	492	262	50	3,739	47	1,016	645	52	1,759	0	5,498
July-Sept.	734	495	313	1,426	710	247	52	3,978	50	1,199	797	61	2,107	0	6,085
Oct.-Dec	742	532	265	1,118	438	238	64	3,396	46	1,002	648	54	1,749	0	5,145
Total	2,907	2,070	1,190	4,939	2,050	1,004	222	14,382	188	4,127	2,633	213	7,160	0	21,542
1974:															
Jan.-Mar	783	566	292	1,086	410	265	70	3,472	46	947	631	52	1,677	0	5,149
Apr.-June	737	530	320	1,309	462	238	66	3,662	46	1,035	671	67	1,818	0	5,480
July-Sept	748	523	307	1,323	715	277	63	3,955	54	1,134	780	58	2,026	0	5,981
Oct.-Dec	617	418	221	982	311	248	57	2,854	36	888	625	64	1,614	0	4,468
Total	2,886	2,037	1,140	4,699	1,898	1,028	256	13,944	181	4,004	2,707	242	7,135	0	21,079

1975:															
Jan.-Mar	500	315	170	787	199	188	32	2,191	33	518	379	43	973	85	3,250
Apr.-June	601	379	278	1,085	337	250	41	2,971	45	979	646	37	1,706	140	4,816
July-Sept	653	421	289	1,214	588	276	44	3,484	34	1,243	767	46	2,089	186	5,760
Oct.-Dec	622	419	239	953	280	223	50	2,786	31	970	671	38	1,709	187	4,682
Total	2,376	1,533	976	4,039	1,405	936	168	11,432	142	3,709	2,463	164	6,478	636	18,545
1976:															
Jan.-Mar	648	462	247	961	278	254	50	2,899	26	877	540	48	1,492	249	4,640
Apr.-June	610	429	281	1,186	348	285	54	3,191	36	1,016	613	65	1,729	281	5,202
July-Sept	613	415	286	1,196	480	229	46	3,265	33	1,223	754	69	2,079	267	5,612
Oct.-Dec	587	428	222	981	259	212	46	2,735	32	952	634	78	1,696	202	4,632
Total	2,457	1,733	1,035	4,326	1,364	979	195	12,091	128	4,068	2,540	260	6,996	1,000	20,087
1977:															
Jan.-Mar	685	470	256	1,016	295	254	53	3,029	33	970	577	73	1,653	177	4,859
Apr.-June	687	460	302	1,314	354	237	50	3,403	34	978	587	79	1,677	124	5,205
July-Sept	660	453	292	1,353	494	297	46	3,594	33	1,084	687	66	1,871	252	5,716
Oct.-Dec	604	436	233	1,056	274	253	50	2,907	38	1,034	673	72	1,818	199	4,924
Total	2,636	1,819	1,083	4,739	1,417	1,041	199	12,933	140	4,066	2,524	290	7,019	752	20,704

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

Figure 1.—Raw sugar prices: Comparison of U.S. prices and world prices, 1951–77

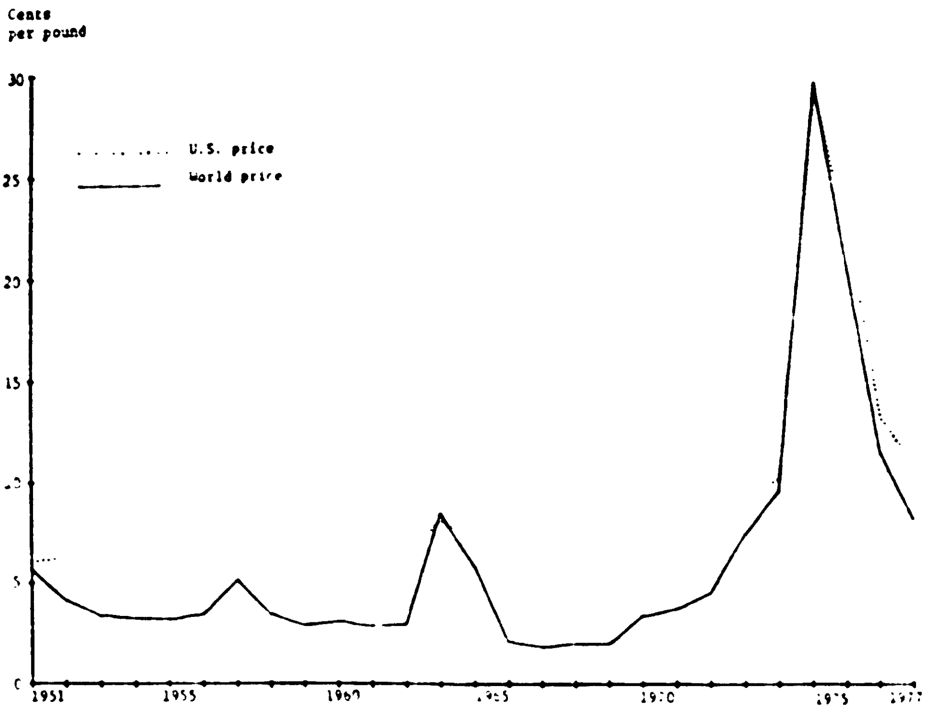
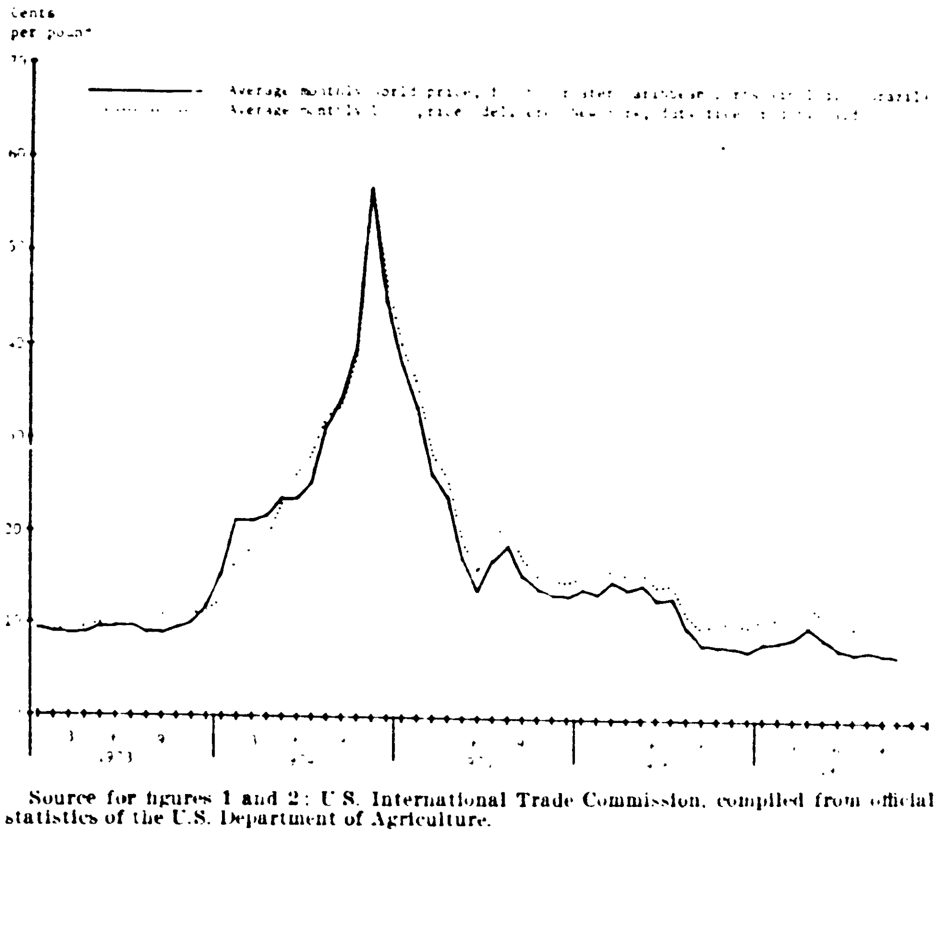


Figure 2.—Raw sugar prices: Comparison of U.S. and world prices, by months, January 1973 to October 1977



Source for figures 1 and 2: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 8.—RAW SUGAR: U.S. AND WORLD PRICES, BY MONTHS, JANUARY 1974–FEBRUARY 1978

[In cents per pound]

Period	World price, f.o.b., Caribbean [1]	Cost of insurance and frieght	Duty per pound per 96° raw sugar [2]	World price, New York basis	Quota premium or discount [3]	U.S. price, New York, duty paid [4]	Price paid to foreign supplier
1974:							
January	15.32	0.925	0.625	16.87	−4.24	12.63	11.08
February	21.28	.925	.625	22.83	−5.74	17.09	15.54
March	21.27	.965	.625	22.86	−4.75	18.11	16.52
April	21.77	1.005	.625	23.40	−4.15	19.25	17.62
May	23.65	1.125	.625	25.40	−2.35	23.05	21.30
June	23.67	1.105	.625	25.40	.90	26.30	24.57
July	25.40	1.035	.625	27.06	.29	28.35	25.69
August	31.45	1.005	.625	33.08	−.48	32.60	30.97
September	34.35	.975	.625	35.95	−2.24	33.71	32.11
October	39.63	1.045	.625	41.30	−2.47	38.83	37.16
November	57.17	1.045	.625	58.84	−1.54	57.30	55.63
December	44.97	.955	.625	46.55	.19	46.74	45.16
1975:							
January	38.32	.845	.625	39.79	.36	40.15	38.68
February	33.72	.875	.625	35.22	.85	36.07	34.57
March	26.50	.875	.625	28.00	.52	28.52	27.02
April	24.06	.875	.625	25.56	.51	26.07	24.57
May	17.38	.805	.625	18.81	.46	19.27	17.84
June	13.83	.795	.625	15.25	.71	15.96	14.54

See footnotes at end of table.

TABLE 8.—RAW SUGAR: U.S. AND WORLD PRICES, BY MONTHS, JANUARY 1974–FEBRUARY 1978—Continued

[In cents per pound]

Period	World price, f.o.b., Caribbean [1]	Cost of insurance and frieght	Duty per pound per 96° raw sugar [2]	World price, New York basis	Quota premium or discount [3]	U.S. price, New York, duty paid [4]	Price paid to foreign supplier
July	17.06	.795	.625	18.48	1.41	19.89	18.47
August	18.73	.745	.625	20.10	1.01	21.11	19.74
September	15.45	.765	.625	16.84	.52	17.36	15.97
October	14.09	.775	.625	15.49	—.04	15.45	14.05
November	13.40	.775	.625	14.80	.23	15.03	13.63
December	13.29	.775	.625	14.69	.11	14.80	13.40
1976:							
January	14.04	.755	.625	15.42	0	15.42	14.04
February	13.52	.755	.625	14.90	.14	15.04	13.66
March	14.92	.825	.625	16.37	—.10	16.27	14.82
April	14.06	.825	.625	15.51	.07	15.58	14.13
May	14.58	.825	.625	16.03	—.06	15.97	14.52
June	12.99	.805	.625	14.42	—.02	14.40	12.97
July	13.21	.805	.625	14.64	—.05	14.59	13.16
August	9.99	.785	.625	11.40	—.08	11.32	9.91
September	8.16	.879	1.011	10.05	—.25	9.80	7.91
October	8.03	.845	1.875	10.75	—.10	10.65	7.93
November	7.91	.795	1.875	10.58	—.12	10.46	7.79
December	7.54	.795	1.875	10.21	.01	10.22	7.55

1977:							
January	8.37	.785	1.875	11.03	—.08	10.95	8.29
February	8.56	.785	1.875	11.22	—.16	11.06	8.40
March	8.98	.835	1.875	11.69	—.02	11.67	8.96
April	10.12	.775	1.875	12.77	—.20	12.57	9.92
May	8.94	.765	1.875	11.58	—.24	11.34	8.70
June	7.82	.765	1.875	10.46	—.18	10.28	7.64
July	7.38	.725	1.875	9.98	.17	10.15	7.55
August	7.61	.725	1.875	10.21	1.00	11.21	8.61
September	7.30	.725	1.875	9.90	.51	10.41	7.81
October	7.08	.785	1.875	9.74	.49	10.23	7.57
November	7.09	.855	1.875	9.82	0	9.82	7.09
December	8.09	.855	1.875	10.82	0	10.82	8.09
1978:							
January	8.74	.797	5.513	15.05	0	15.05	8.74
February	8.48	.747	5.513	14.74	0	14.74	8.48
March	7.74	.750	5.513	14.00	....	14.00	7.74

[1] Data for January 1974 to October 1977 are spot prices for Contract No. 11 bulk sugar, f.o.b., stowed at Greater Caribbean ports (including Brazil). Beginning November 1977, data are London Daily Price (spot) adjusted to f.o.b., stowed at Greater Caribbean ports by deducting the cost of insurance and freight.

[2] Since imports of sugar exported or contracted for before Nov. 11, 1977, and entered on or before Jan. 1, 1978, were exempt from duties and fees proclaimed by the President on Nov. 11, 1977, and as far as is known, all sugar imported was subject to this exemption, the duty of 1.875 cents per pound was used for November and December 1977. Beginning January 1978, the increased duty of Nov. 11, 1977, and the fixed fee established by the President on Jan. 20, 1978, are used as a simplifying assumption since imports were negligible in January 1978.

[3] Beginning November 1977, the quota premium or discount is assumed to be zero for purposes of calculation. If data on domestic prices of sugar were available this assumption could be revised.

[4] Data for January 1974 to October 1977 are spot prices for Contract No. 12 bulk sugar, delivered to Atlantic or Gulf ports, duty paid, or duty free. Beginning November 1977, data are estimates calculated from the world prices shown, assuming a zero quota premium or discount.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 9.—SUGAR: COMPONENT PARTS OF U.S. RETAIL PRICES, 1960–77

[In cents per pound]

Year	World price, f.o.b. Caribbean [1]	Cost of insurance and freight	Duty per pound for 96° raw sugar	World price, New York basis	Quota premium or discount	U.S. price, New York, duty paid [2]	U.S. price, after refining loss [3]	Spread for refining	Excise tax per pound of refined sugar	Wholesale refined price, Northeast [4]	Spread for retailing [5]	Retail price, U.S. average
1960	3.14	0.450	0.500	4.09	2.21	6.30	6.741	2.145	0.535	9.43	2.20	11.63
1961	2.91	.315	.625	3.85	2.45	6.30	6.741	2.124	535	9.40	2.37	11.77
1962	2.98	.265	.625	3.87	2.58	6.45	6.902	2.163	.535	9.60	2.10	11.70
1963	8.50	.285	.625	9.41	−1.23	8.18	8.753	2.654	.533	11.94	1.64	13.58
1964	5.87	.295	.625	6.79	.11	6.90	7.383	2.767	.530	10.68	2.13	12.81
1965	2.12	.325	.625	3.07	3.68	6.75	7.223	2.467	.530	10.22	1.58	11.80
1966	1.86	.335	.625	2.82	4.17	6.99	7.479	2.351	.530	10.36	1.68	12.04
1967	1.99	.335	.625	2.95	4.33	7.28	7.790	2.300	.530	10.62	1.57	12.19
1968	1.98	.355	.625	2.96	4.56	7.52	8.046	2.264	.530	10.84	1.34	12.18
1969	3.37	.375	.625	4.37	3.38	7.75	8.293	2.617	.530	11.44	.96	12.40

1970	3.75	.505	.625	4.88	3.19	8.07	8.635	2.805	.530	11.97	1.00	12.97
1971	4.52	.505	.625	5.65	2.87	8.52	9.116	2.834	.530	12.48	1.13	13.61
1972	7.43	.485	.625	8.54	.55	9.09	9.726	2.834	.530	13.09	.82	13.91
1973	9.61	.755	.625	10.99	—.70	10.29	11.010	2.530	.530	14.07	1.03	15.10
1974	29.99	1.005	.625	31.62	—2.12	29.50	31.565	2.255	.530	34.35	—2.01	32.34
1975	20.49	.805	.625	21.92	.55	22.47	24.043	7.112	.265	31.42	5.74	37.16
1976	11.58	.810	.970	13.36	—.05	13.31	14.242	4.958	0	19.20	4.78	23.98
1977 [6]	8.22	.767	1.875	10.86	.13	10.99	11.759	5.241	0	17.00	4.66	21.66

[1] Data are spot prices, New York Sugar Exchange: 1960, Contract No. 4; 1961–70, Contract No. 8, 1971–77, Contract No. 11.

[2] Data are spot prices, New York Sugar Exchange: 1960, Contract No. 6; 1961–66, Contract No. 7; beginning Nov. 21, 1966, Contract No. 10; and beginning Oct. 1, 1974, Contract No. 12.

[3] The price is adjusted for refining loss according to the formula: 1.07 pounds of 96° raw sugar equals 1.00 pound of refined sugar.

[4] Wholesale lots of 100-pound bags, f.o.b., before "freight prepays," discounts, and allowances.

[5] Spread is indicative only, since Northeast wholesale prices do not apply for other U.S. areas represented in the U.S. average.

[6] 10-mo average, January–October 1977.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 10.—SUGAR: U.S. PRODUCTION, IMPORTS, EXPORTS, ENDING STOCKS, AND CONSUMPTION, 1960–77

Year	Million short tons, raw value					Percent ratio of imports to—	
	Production	Imports	Exports	Ending stocks	Consumption [1]	Production	Consumption
1960	5.04	4.88	0.05	2.48	9.49	97	51
1961	5.40	4.41	.06	2.35	9.86	82	45
1962	5.42	4.68	.07	2.40	9.99	86	47
1963	5.88	4.59	.03	2.66	10.19	78	45
1964	6.60	3.63	.02	2.95	9.91	55	37
1965	6.27	4.03	.09	2.87	10.27	64	39
1966	6.18	4.50	.07	2.85	10.60	73	42
1967	6.12	4.80	.07	2.98	10.68	78	45
1968	6.28	5.13	.08	3.08	11.23	82	46
1969	5.97	4.89	.08	2.92	10.94	82	45
1970	6.34	5.30	.07	2.85	11.61	84	48
1971	6.14	5.59	.09	2.89	11.59	91	48
1972	6.32	5.46	.05	2.86	11.70	86	47
1973	6.32	5.33	.03	2.69	11.77	84	45
1974	5.96	5.77	.03	2.88	11.47	97	50
1975	6.61	3.88	.15	2.90	10.18	59	38
1976	7.12	4.66	.07	3.50	11.10	65	42
1977	6.37	6.14	.03	4.54	11.41	96	54

[1] Actual consumption, including human, livestock feed, alcohol, and refining loss.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 11.—SUGAR: U.S. IMPORTS, BY SOURCES AND BY TYPES, 1972-77

[In short tons, raw value]

Source and type	1972	1973	1974	1975	1976	1977
Philippines	1,431,745	1,454,377	1,472,299	413,034	913,781	1,443,131
Dominican Republic	751,491	745,043	817,728	775,147	971,084	975,056
Brazil	637,330	652,084	783,330	197,131	0	660,427
Australia	229,696	265,388	241,705	479,163	469,534	493,620
Peru	443,678	407,410	471,145	215,679	312,726	312,794
Guatemala	77,337	62,552	95,934	60,606	330,578	300,938
South Africa	57,681	73,883	69,410	134,082	98,472	274,227
Argentina	87,843	84,759	109,755	112,318	86,729	267,177
El Salvador	54,348	59,880	65,127	107,466	143,154	166,028
West Indies[1]	174,271	40,836	282,146	237,537	243,978	159,745
Canada	3	0	1	39,990	49,457	138,027
Panama	41,646	52,273	65,525	98,250	95,031	131,162
Nicaragua	79,513	76,193	53,254	57,962	165,710	119,760
Mozambique	0	0	0	15,090	31,847	97,311
Costa Rica	84,156	99,705	78,515	56,240	65,076	95,365
Republic of China	86,080	86,198	90,059	139,963	86,534	86,055
Swaziland	32,067	30,186	41,360	35,795	45,923	61,643
Mauritius	31,723	44,599	45,527	26,741	29,811	57,363
Ecuador	94,309	93,156	59,628	46,770	28,441	55,380
Bolivia	0	7,549	5,714	3,507	52,990	49,473

TABLE 11.—SUGAR: U.S. IMPORTS, BY SOURCES, AND BY TYPES, 1972-77—Continued

Source and type	1972	1973	1974	1975	1976	1977
Malawi	0	15,615	10,274	26,585	17,659	38,358
Belize	39,577	47,509	62,506	46,155	14,350	31,129
France	0	0	0	0	14,275	27,215
Honduras	13,328	0	8,455	6,073	7,483	25,054
West Germany	0	2	5	1	904	19,906
Fiji	45,984	44,605	46,083	1	0	18,407
Colombia	78,886	75,055	104,820	159,065	84,289	14,249
Malagasy Republic	13,119	12,130	13,088	13,022	13,400	12,052
Denmark	10	0	0	2	0	3,099
Belgium	0	0	2	0	717	1,690
Republic of Korea	0	0	0	10,615	940	288
Mexico	648,323	636,832	538,131	41,130	543	274
United Kingdom	15,745	5,247	0	29	84	44
India	84,104	81,445	84,902	187,624	188,545	32
Sweden	10	9	4	3	2	2
Hong Kong	27	1	0	0	0	1
Thailand	19,053	19,072	26,220	123,512	70,059	0
Paraguay	7,646	7,398	8,506	3,328	10,187	0
Haiti	22,521	15,294	18,807	11,622	6,218	0
Uruguay	0	0	0	0	5,229	0

Netherlands	0	0	0	22	1,538	0
Switzerland	0	0	0	0	745	0
Austria	0	0	10	0	16	0
Netherland Antilles	0	0	0	1,296	0	0
Venezuela	70,205	31,901	0	24	0	0
Japan	0	0	1	0	0	0
Ireland	5,357	1,107	0	0	0	0
Total	5,458,812	5,329,293	5,769,976	3,882,580	4,658,039	6,136,482
Refined imports	35,077	19,335	266	72,680	78,092	271,944
Raw imports	5,423,735	5,309,958	5,769,710	3,809,900	4,579,947	5,864,538

[1] West Indies consists of Jamaica, Guyana, Barbados, Trinidad and Tobago, and St. Christopher-Nevis-Anguilla.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

TABLE 12.—SUGAR: WORLD PRODUCTION AND CONSUMPTION, CROP YEARS, 1956–77

Crop year	World sugar production (1,000 short tons, raw value)	World sugar consumption (1,000 short tons, raw value)	Production less consumption (1,000 short tons, raw value)	World per capita consumption, pounds, raw value
Year beginning Sept. 1—				
1956	46,670	46,548	122	32.98
1957	49,793	49,277	516	34.28
1958	56,255	52,426	3,829	35.80
1959	54,634	53,956	778	36.07
1960	61,809	58,129	3,680	38.19
1961	57,707	61,290	−3,583	39.50
1962	56,407	60,052	−3,645	37.97
1963	60,345	59,812	533	37.09
1964	73,668	65,337	8,331	39.74
1965	69,557	69,242	315	41.34
1966	72,357	72,153	204	42.27
1967	73,231	72,349	882	41.60
1968	74,718	75,111	−393	42.40
1969	81,952	79,611	2,341	44.11
1970	80,215	82,032	−1,817	44.61
1971	80,717	83,084	−2,367	44.35
1972	84,643	85,167	−584	44.61
1973	88,514	88,263	251	45.38
1974	87,743	85,601	2,142	43.15
1975	91,277	88,089	3,188	43.55
1976	97,652	91,126	6,526	44.20
1977	100,631	94,462	6,169	([1])

[1] Not available.

Source: U.S. International Trade Commission, compiled from statistics of F. O. Licht, independent market news reporting service, Feb. 21, 1978.

TABLE 13.—SUGAR: WORLD IMPORTS, BY LEADING IMPORTERS, CROP YEARS 1971/72 to 1975/76 [1]

[In thousands of short tons, raw value]

Importer	1971/72	1972/73	1973/74	1974/75	1975/76 [2]
U.S.S.R	2,433	2,848	2,134	3,640	4,189
United States	5,482	5,621	5,893	4,285	4,039
European Community	3,668	4,048	4,316	3,773	3,772
Japan	2,739	2,780	2,853	2,770	2,557
Canada	1,012	1,042	1,088	876	1,135
People's Republic of China	826	811	639	706	772
Iran	105	116	110	470	607
Algeria	253	306	305	397	421
Iraq	299	521	432	417	401
Malaysia	392	387	388	385	400
Republic of Korea	241	344	340	394	340
Portugal	195	257	226	395	331
Bulgaria	276	337	375	325	325
Nigeria	138	149	78	109	294
Morocco	245	306	306	295	290
Spain	67	77	294	641	288
Other countries	6,748	6,742	6,302	5,249	5,235
World total	25,119	26,692	26,079	25,127	25,396

[1] Crop years for most countries are on a September-August basis.
[2] Preliminary.

Source: U.S. International Trade Commission, compiled from official statistics of the U.S. Department of Agriculture.

APPENDIX B

TEXT OF S. 2990—SUGAR STABILIZATION ACT OF 1978

95TH CONGRESS
2D SESSION

S. 2990

IN THE SENATE OF THE UNITED STATES

APRIL 25 (legislative day, APRIL 24), 1978

Mr. CHURCH (for himself, Mr. STONE, Mr. LONG, Mr. DOLE, Mr. CURTIS, Mr. MATSUNAGA, Mr. YOUNG, Mr. HANSEN, Mr. HAYAKAWA, Mr. WALLOP, Mr. ANDERSON, Mr. MELCHER, Mr. INOUYE, Mr. JOHNSTON, Mr. CHILES, Mrs. HUMPHREY, Mr. BAYH, Mr. MARK O. HATFIELD, Mr. MCCLURE, Mr. TOWER, Mr. ZORINSKY, Mr. RIEGLE, Mr. BURDICK, Mr. BENTSEN, Mr. DECONCINI, Mr. DOMENICI, Mr. GRIFFIN, and Mr. SCHMITT) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To implement the International Sugar Agreement between the United States and foreign countries; to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sugar Stabilization Act of 1978".

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress—

(a) to maintain a viable domestic sugar producing industry capable of continuing to provide the larger part of the sugar consumed in the United States;

(b) to protect the welfare of consumers and producers by providing such supplies of sugar as will be consumed at fair prices in the United States and in the world market;

(c) to achieve these prices and supply objectives through cooperation with sugar producing and consuming countries under the export quota system of the International Sugar Agreement and the operation of a complementary import management program for the United States market; and

(d) to promote the export trade of the United States with sugar producing countries of the world.

TITLE I—INTERNATIONAL SUGAR AGREEMENT

SEC. 101. The President is hereby authorized—

(a) to prohibit the importation into the United States of any sugar from any country, territory, or area which is not a member of the International Sugar Organization;

(b) to prohibit the entry into the United States of any quantity of sugar which is not accompanied by a valid certificate of contribution to the stock fiancing fund and other documentation as may be required by the International Sugar Agreement;

(c) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of sugar as he may from time to time prescribe;

(d) to take such other action and issue such rules and regulations, which shall have the force and effect of law, as he may consider necessary or appropriate to implement the obligation of the United States under the International Sugar Agreement; and

(e) to exercise any of the powers and duties conferred on him under this title I through such department, agency, or officer of the United States as he may direct.

SEC. 102. Any person failing to make any report or keep any record as required by or pursuant to section 101, or making any false report or record or knowingly violating any rule or regulation issued by the President pursuant to section 101, shall, upon conviction, be punished by a fine of not more than $1,000 for each such violation.

SEC. 103. The President shall submit to the Congress an annual report on the International Sugar Agreement.

Such report shall contain full information on the operation of the agreement, including full information with respect to the general level of prices of sugar and relationship to any domestic program of the United States for sugar. The report shall also include a summary of the actions the United States and the International Segar Organization have taken to protect the interests of United States consumers and producers.

TITLE II—DOMESTIC SUGAR PROGRAM

Subtitle A—Definitions

SEC. 201. For the purpose of this Act—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contain sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars, whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar.

(e) The term "direct-consumption sugar" means any sugars principally by crystalline structure and any liquid sugar which are not to be further refined or improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 per centum or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing ninety-six sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) for direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope by multiplying the number of pounds thereof by 1.07;

(2) for sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope by multiplying the number of pounds thereof by 0.93;

(3) for sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees;

(4) for sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972;

(5) the Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection.

(i) The term "total sugar content" means the sum of the sucrose and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota" means that quantity of sugar or liquid sugar, or that quantity of sugar-containing products, which may be brought in or imported into the United States, for consumption therein, during any calendar year, from foreign countries.

(k) The term "International Sugar Agreement" means the agreement entered into between the United States and foreign countries in 1977 and ratified by the United States Senate.

(l) The term "price range for free trade sugar" means the range between the price at which all quota restrictions must be suspended and the price at which special stocks of sugar must first be made available for sale and delivery to the free market, in accordance with the provisions of article 44 of the International Sugar Agreement as in effect on the date of ratification of such agreement by the United States Senate.

(m) The term "Secretary" means the Secretary of Agriculture.

(n) The term "United States" means the States, the District of Columbia, and Puerto Rico.

Subtitle B—Quota Provisions

ANNUAL ESTIMATE OF CONSUMPTION IN CONTINENTAL UNITED STATES

SEC. 202. (a) The Secretary shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the United States, to maintain and protect the domestic sugar-producing industry, and to attain on an annual average basis the price objectives 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 during the calendar year as may be required to attain the objectives of this subsection: *Provided*, That the determination for the calendar year 1978 shall be made and published in the Federal Register within fifteen days after the effective date of this Act.

(b) The price objective referred to in subsection (a) is a price for raw sugar equal to the median of the price range for free trade sugar under the International Sugar Agreement. Such price objective shall be adjusted for each calendar quarter within thirty days after the end of such quarter, so as to maintain the same ratio between the price objective and the average of the parity index (1967=100) and the wholesale price index (1967=100) for the quarter as the ratio that existed between (1) the price objective, and (2) the simple average of such indices for the twelve calendar months immediately preceding the date of enactment of this Act.

(c) For purposes of subsection (b)—

(1) The term "parity index (1967=100)" means the Index of Prices Paid by Farmers for Commodities

and Services, Including Interest, Taxes, and Farm Wages 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.

QUOTA FOR FOREIGN COUNTRIES

SEC. 203. (a) Whenever a determination is made, pursuant to section 202, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish a global sugar quota, or revise the existing quota, for foreign countries as a group. The amount of such quota shall be the amount by which such determination exceeds the amount of domestically produced sugar which the Secretary determines will be available for marketing during the calendar year: *Provided*, That the quota for the calendar year 1978 shall be reduced by (1) the excess carryover stocks of sugar from 1977 and (2) the amount of sugar imported into the United States from foreign countries during 1978 prior to the establishment of such quota.

(b) Notwithstanding any other provision of this Act, the Secretary is authorized to limit, on a quarterly basis, the importation of sugar within the quota for foreign countries during any year if he determines that such limitation is necessary to achieve the price objective of the Act: *Pro-*

vided, That the Secretary shall so limit the importation of sugar within such quota at any time during the calendar year when the simple average of prices of raw sugar, adjusted for freight to New York and the applicable tariff and fees, for twenty consecutive market days is 5 per centum or more below the price objective determined pursuant to section 202.

(c) The quantity authorized to be imported from any country under this section may be filled only with sugar produced from sugar beets or sugarcane grown in such country.

ADJUSTMENTS IN QUOTA FOR FOREIGN COUNTRIES

SEC. 204. The Secretary shall, whenever the facts are ascertainable by him, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, and other pertinent factors, the quantity of domestically produced sugar available for marketing during the calendar year will be less than the quantity determined in establishing the quota for foreign countries under section 203. Whenever the Secretary makes such determination, he shall increase the quota for foreign countries under section 203 by the amount of such deficit. In determining and allocating such 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 202 of this Act to meet the requirements of consumers.

IMPORT FEE

SEC. 205. Whenever the simple average of the daily prices for raw sugar, adjusted for freight to New York and the applicable tariff and fees, is below the price objective determined pursuant to section 202 for twenty consecutive market days, the Secretary shall, as a condition for importing sugar under section 203, establish an import fee as provided in this section: *Provided*, That the Secretary may establish such fee at any time during the first twenty market days after the date of enactment of this Act. The fee shall be such amount as the Secretary determines will, when added to the daily price for raw sugar, adjusted as provided above, achieve the price objective determined pursuant to section 202. The fee shall be adjusted from time to time, but not more frequently than once each quarter as may be required to achieve the purpose of this section. Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly. Any funds collected as import fees pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

IMPORTATION OF DIRECT-CONSUMPTION SUGAR

SEC. 206. (a) Except as provided in subsection (c) of this section, none of the quota established for foreign countries may be filled by direct-consumption sugar.

(b) The limitations imposed by 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 306 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 the direct-consumption limitation of this section.

(c) Notwithstanding any other provisions of this Act, whenever the Secretary, after public rulemaking procedure, makes a finding that a lack of raw sugar refining capacity within the United States has created an imminent shortage of direct-consumption sugar for consumers in the United States, he may permit as much of the quota for foreign countries established under this Act to be filled on a temporary basis with direct-consumption sugar as is necessary to meet such imminent shortage.

SUSPENSION OF QUOTA AND FEES

SEC. 207. Whenever the Secretary finds that the simple average of the daily prices for raw sugar, adjusted for freight to New York and the applicable tariff and fees, exceeds by more than 20 per centum the current price objective determined pursuant to section 202 for twenty consecutive market days, he shall suspend the quota and any import fee established pursuant to section 203. Whenever the Secretary finds that the simple average of the daily price of raw sugar, adjusted as provided above, is less than 20 per centum above the current objective determined pursuant to section 202 for twenty consecutive market days, he shall thereupon reestablish such quota and import fees as may be required to achieve such price objective.

SUGAR-CONTAINING PRODUCTS

SEC. 208. (a) if the Secretary determines that the prospective importation or bringing into the United States 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 United States 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 United States 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 United States, the present or prospective volume of importations relative to past importations, the type of packaging, whether it will be marketed to the ultimate consumer in the identical form in which it is imported or the extent to which it is to be further subjected to processing or mixing with similar or other ingredients, and other pertinent information which will assist him in making such determination. In making determinations pursuant to this section, the Secretary shall conform to the rulemaking requirements of section 4 of the Administrative Procedure Act.

(d) Notwithstanding the foregoing provisions of this section, the Secretary shall each year, beginning with the calendar year 1979, limit the quantity of sweetened chocolate, candy, and confectionery provided for in items 156.30 and 157.10 of part 10, schedule 1, of the Tariff Schedules of the United States which may be entered, or withdrawn from warehouse, for consumption in the United States as hereinafter provided. The quantity which may be so entered or withdrawn 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 (1) the average annual quantity of the products entered, or withdrawn from warehouse, for consumption under the foregoing items of the Tariff Schedules of the United States for the three calendar years immediately preceding the year in which such quantity is determined, or (2) 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.

PROHIBITED ACTS

SEC. 209. All persons are hereby prohibited—

(a) from bringing or importing into the United States from foreign countries, or any other area outside the United States, any sugar or liquid sugar, or sugar-containing product, after the applicable quota has been filled;

(b) from bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar in excess of one hundred pounds in any calendar year produced from sugarcane or sugar beets grown outside the United States:

(c) from exporting to any foreign country any sugar or liquid sugar produced from sugar beets or sugarcane grown in the United States or imported into the United States within the quota for foreign countries, except as provided in section 211.

Subtitle C—Quota—Related Provisions

DETERMINATION IN TERMS OF RAW VALUE

SEC. 210. (a) The sugar determinations provided for in section 202 and all sugar quotas shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar shall be included with sugar in making the determinations provided for in section 202 and in the establishment or revision of sugar quotas.

EXPORTATION OF SUGAR

SEC. 211. (a) Sugar or liquid sugar entered into the United States 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 quota for foreign countries.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

INAPPLICABILTY OF QUOTA PROVISIONS

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of direct consumption sugar or liquid sugar imported from any foreign country in any quota year; (2) the first ten short tons, raw value, of liquid sugar imported from any foreign country in any quota year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from foreign counties 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 into 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 distillation) of alcohol, including all polyhydric alcohols, but not including any such alcohol or resulting by products for human food consumption.

TITLE III—GENERAL PROVISIONS

REGULATIONS AND DETERMINATIONS

SEC. 301. (a) The Secretary is authorized to make such rules and regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any rule or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than $1,000 for each violation.

(b) Each determination issued by the Secretary in connection with quotas under title II shall be promptly published in the Federal Register and shall be accompanied by a statement of the bases and considerations upon which such determination was made.

JURISDICTION OF COURTS

SEC. 302. 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 to review any regulation issued pursuant to this Act in accordance with chapter 7 of title 5, United States Code. If and when the Attorney General 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 forefeitures 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 of penalties existing at law or in equity.

CIVIL PENALTIES

SEC. 303. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209 shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such act, of that quantity of sugar or liquid sugar by which any quota is exceeded, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

FURNISHING INFORMATION TO SECRETARY

SEC. 304. All persons engaged in the manufacturing, marketing, or transportation or industrial use of sugar and other sweeteners, including those not derived from sugar beets or sugarcane, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than $2,000 for each such violation. All information required to be furnished to the Secretary under this section shall be kept confidential by all officers and employees of the Department of Agriculture.

INVESTMENTS BY OFFICIALS PROHIBITED

SEC. 305. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production of manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than two years, or both.

PRESIDENTIAL QUOTA ACTIONS

SEC. 306. Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of the provisions of title II, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

SURVEYS AND INVESTIGATIONS

SEC. 307. (a) Whenever he determines such action is necessary to effectuate the purposes of this Act, the Secretary from time to time shall conduct such surveys and investigations as he deems necessary regarding the manufacturing, marketing, transportation, or industrial use of sugars. In carrying out the provisions of this subsection, information shall not be made public with respect to the separate operations of any person or company from whom such information has been derived.

(b) The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

(c) The Secretary shall, whenever the New York Coffee and Sugar Exchange is prevented for any reason from quoting daily spot prices for raw sugar, determine and announce a daily spot price for raw sugar, adjusted for freight to New York and the applicable tariff.

TERMINATION

SEC. 308. The powers vested in the Secretary under this Act shall terminate on December 31, 1982.