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International Sugar Stabilization Act of 1979

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

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SUBCOMMITTEE ON TOURISM AND SUGAR

SPARK M. MATSUNAGA, *Chairman*

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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 1977-78 crop year, domestic production totaled slightly more than 6.1 million short tons, raw value, and was composed of mainland beet sugar (3.1 million short tons), mainland cane sugar (1.7 million short tons), Hawaiian cane sugar (1.0 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 was 6.1 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 3.1 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 stayed almost the same 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 Minnesota, California, North Dakota, Idaho, Michigan, Washington, Colorado, Nebraska, Wyoming and Montana. In 1977-78, these 10 States accounted for 92 percent of the 1.2 million acres of sugar beets harvested and for 93 percent of the 25 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 from 1.5 million acres in 1976/77.

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 1978 there were 46 beet sugar factories owned by 9 companies or cooperatives scattered throughout the sugar-beet-producing regions in the United States. The 46 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 97,000 acres of sugar cane in 1977–78, 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 9.0 million tons (1.0 million tons, raw value) in 1977–78. 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 17.7 million short tons in 1976–77 and to 16.7 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 1977–78, the approximately 34 mainland cane-milling companies produced about 1.7 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 292,000 acres in Louisiana in 1978–79, 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 6.2 million tons in 1978–79. 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 21.2 tons in 1978–79.

Over half the Louisiana crop is grown by owners of processing mills. In 1978–77, 23 companies operated 26 sugar-cane-processing mills. The 26 mills had a daily processing capacity of approximately 130,000 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 290,000 acres in 1978–79. 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. Production in 1978–79 declined to 8.9 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 declined to 30.0 tons in 1978–79.

Most of the sugar cane in Florida is produced by owners of cane sugar mills, of which there were seven in 1976–77. These mills have a daily sugar-cane-processingg capacity of about 80,000 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 1978–79, 34,000 acres were harvested, and 1.1 million tons were produced. Acreage yields of sugar cane in Texas increased from 34.1 tons in 1973–74 to 39.0 tons in 1978–79. 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 20 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 20 cane sugar refineries are operated by 10 cane-sugar-processing 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 1978, 7.58 million short tons, raw value, of raw sugar (from both domestic and foreign sources) was melted by cane sugar refiners to produce 7.51 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, artifically 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.

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 tons, 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. In 1978, they fell to 4.7 million tons.

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.

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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 2 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 before declining to an estimated 81 percent in 1978.

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 fell to an estimated 42 percent in 1978. 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 acounted 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 by 1977 to 11.4 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 1978 to about 140 pounds. The continued expansion of corn-sweeteners 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 led 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 was an increase in consumption in 1977 compared with 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 was at 102 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, and by August 31, 1978, exceeded 31 million short tons. 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. From 1974 to 1977, 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. In 1978 world production still exceeded world consumption, but by a smaller amount than in 1977.

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 guranteed 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 Corn Sweetener 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 14.5 cents per pound in December 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 U.S. 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 5.7 million short tons in crop year 1976–77, thereby increasing stocks by that amount. World production of 102 million short tons and world consumption of 96 million short tons in 1977–78 resulted in an estimated increase in stocks of 6 million short tons, which would bring ending stocks to 31 million short tons. This was the fourth consecutive year of excess production, with additions to stocks totaling 15 million short tons. Further additions are anticipated in crop year 1978–79, but smaller in amount. 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; the same is true for 1978 and 1979.

Congressional Reaction to Administration Proposals

Since a majority of the Commission had found affirmatively under the Trade Act of 1974, and since the President had recommended no import relief action pursuant to the Trade Act, then 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 considered on the floor of the House.

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 considered on 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 the act. 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

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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 law.

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 or 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 October 31, 1978, the U.S. Department of Agriculture had made preliminary payments under the interim payments program of $212.2 million, or 90 percent of the estimated total payments ($235.7 million), No date has been established for payment of the final 10 percent. Such payments represent only the differences between market prices and the price objective 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 offered sugar processors loans of 14.24 cents per pound on refined beet sugar and 13.50 cents per pound on cane sugar (raw value) for 1977 crop sugar. For 1978 crop sugar, loans are offered to sugar processors at 16.99 cents per pound for refined beet sugar and at 14.73 cents per pound on cane sugar (raw value). To qualify, processors must pay producers minimum prices (52.5 percent of parity). 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.—For the 1977 crop the Department of Agriculture as of January 29, 1979, had acquired 170,890 short tons of sugar and still had 285,377 short tons of sugar under loan. For the 1978 crop as of January 29, 1979, the Department of Agriculture had loans outstanding for 1,712,244 short tons of sugar with a loan value of $524.3 million.

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 described in detail in part III of this pamphlet.

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 price objective, 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.

Presidential Proclamation 4610.—By Proclamation 4334 of November 16, 1974, the President modified subpart A, part 10, schedule 1 of the TSUS to establish, effective January 1, 1975, following expiration of the Sugar Act of 1948, rates of duty and a quota applicable to imports of raw and refined sugars, sirups and molasses. The President took these actions in conformity with Headnote 2 of subpart A of part 10 of schedule 1 of the TSUS. The Headnote was part of a trade agreement which embodied the results of the "Kennedy Round" of international trade negotiations.

In part to provisionally implement the International Sugar Agreement (ISA) with respect to permissible levels of imports into the United States for 1978 and 1979 from countries not members of the ISA, by Proclamation 4610 of November 30, 1978, the President modified the quota provisions then in existence under the headnote. The 7,000,000 short ton quota then existing was reduced to 6,900,000 short tons, and of that quantity, no more than 210,987 short tons could be entered from the Republic of China (Taiwan) and no more than 150,544 short tons could be entered from countries not members of the ISA.

Presidential Proclamation 4631.—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 and 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 then 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 quantative limits on sugar imports pursuant to his authority under headnote 2, part 10A, schedule 1 of the TSUS.

On the basis of this recommendation, and in light of the increased loan rate for crop year 1978 and the pledge of the President to achieve a 15 cent market price for crop year 1978, the President issued proclamation 4631 on December 28, 1978, amending the section 22 fee. The fee on sugars and syrups not to be further refined or improved in quality (refined sugar) was raised to 3.74 cents per pound. The fee on sugar and syrups to be further refined or improved (raw sugar) was set on a quarterly basis at the amount by which the average of the daily world price for raw sugar for the first 20 consecutive market days preceding the 20th day of the month preceding the calendar quarter during which the fee is to be applicable, adjusted to a United States delivered basis by adding applicable duty and attributed costs of 0.90 cents per pound for freight, insurance, stevedoring, financing, weighing and sampling, is less than 15.0 cents per pound. Whenever the average of such adjusted price for 10 consecutive market days within any calendar quarter plus the fee then in effect exceeds 16.0 cents, the fee then in effect would be decreased by one cent; if less than 14.0 cents, the fee then in effect would be increased by one cent. In any event, the fee may not be greater than 50 percent of the average of such daily spot price quotations for raw sugar.

Congressional Action in 1978

On April 25, 1978, Senator Frank Church and 27 cosponsors introduced S. 2990, a bill to implement the International Sugar Agreement (ISA) and to establish a domestic sugar program. Numerous bills with similar objectives were introduced in the House in early 1978. In both Houses, extensive hearings and consultations with the administration, the sugar industry, labor, and consumers and users of sugar occurred.

House Agriculture Committee bill.—The House Agriculture Committee reported out a sugar bill, H.R. 13750, on August 11, 1978. In summary, H.R. 13750, as amended by the committee, would have—

Provided the President with legislative authority to implement the ISA, including authority to limit entry of sugar from nonmember countries or areas, prohibit the entry of sugar without documentation required by the ISA, and require the keeping of relevant records and the making of relevant reports;

Established a price objective of 16 cents per pound for the 1978 sugar supply year for raw sugar, delivered to New York, including freight, tariff, and fees, such price to be adjusted semiannually beginning October 1, 1979, based on changes in the parity index published by the Department of Agriculture and the wholesale price index published by the Department of Labor;

Provided for establishment of a global sugar quota based on the difference between the amount of sugar needed to meet requirements of consumers and attain the price objective of the Act and the amount of domestically produced sugar that the Secretary determines available for marketing in the sugar supply year;

Required the quota to be established on a quarterly basis when prices were below the price objective by five percent or more for 20 consecutive market days and authorized the Secretary at other times to provide for quarterly quotas when determined necessary to achieve the price objective;

Provided for increases in the foreign quota whenever the Secretary determines there would be a deficit in domestically produced sugar because of reduced plantings, adverse crop conditions, or other factors;

Provided for an import fee to support the domestic price of sugar whenever the simple average of the daily prices of raw sugar, delivered New York, including applicable freight, tariff and fees, is less than the price objective for 20 consecutive market days. The fee would be adjusted from time to time (not more frequently than once each quarter);

Provided that none of the import quota could be filled by direct consumption (refined) sugar, except under emergency conditions arising from a shortage of refining capacity in this country;

Required the Secretary to suspend any quota and import fee whenever he found that the average of the daily prices of raw sugar, delivered New York, including applicable freight, tariff and fees, exceeded the price objective by more than 20 percent for 20 consecutive market days. The suspension would have continued until such time as the average market price dropped 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;

Provided for quotas on sugar-containing products or mixtures or sugar molasses (other than beet sugar molasses imported for citric acid production), as a means of preventing circumvention of the objectives of the bill;

Required the Secretary to limit the entry of sweetened chocolate, candy and confectionery. The limitation would have been determined in the last quarter of each year, beginning with the calendar year 1979, and could not exceed the larger of (1) the average imports during the three years immediately preceding the year in which the determination is made, or (2) a quantity equal to five percent of the amount of like domestic products sold in the United States during the most recent year for which data are available;

Established farm labor provisions under which producers of sugar beets and sugarcane must pay field workers $3.00 per hour for the 1978 sugar supply year and an additional 20 cents per hour each year thereafter through the 1982 sugar supply year. Wage rates for Hawaii and Puerto Rico would have been as required by labor union agreement or Federal or local law. Rates for field equipment operators would have been at least ten percent more than the foregoing rates. Producers who failed to pay specified wage rates would have incurred an additional liability for liquidated damages equal to the amount of unpaid wages;

Authorized actions for unpaid wages by any one or more employees on behalf of themselves and other employees similarly situated. The Secretary of Agriculture could have also taken action to recover unpaid wages and liquidated damages. Any hearings on claims for unpaid wages would be conducted by the Office of General Counsel of the Department of Agriculture with rights of appeal to the Judicial Officer of the Department and then to the United States District Courts; and

Prohibited discrimination against field workers involved in production of sugar beets and sugarcane who participate in any wage rate proceeding or investigation under the labor provisions of the Act; prohibited producers from charging field workers for any goods and services furnished an amount in excess of their reasonable cost; and provided for field workers to be covered by workmen's compensation.

The Administration opposed the bill as reported by the Agriculture Committee, principally objecting to the initial market price (16 cents), the adjustment to the market price in future years, and the reliance on quotas to defend the market price.

House Ways and Means Committee bill.—H.R. 13750, as amended by the Agriculture Committee, was then referred to the Ways and Means Committee of the House. On September 11, 1978, the Ways and Means Committee reported out its version of H.R. 13750, with extensive amendments to the Agriculture Committee bill. In summary, H.R. 13750, as amended by the Ways and Means Committee, would have—

Provided the President with authority to implement the ISA, including authority to limit entry of sugar from non-ISA member countries or areas, prohibit the entry of sugar lacking documentation required by the ISA, and require the keeping of relevant records and the making of reports;

Established a price objective of 15 cents per pound raw value for sugar beginning sugar supply year 1978 (which starts October 1, 1978) through sugar supply year 1982;

Relied on existing authority in the 1949 Agricultural Act for the USDA to make direct payments to processors/producers. The Ways and Means Committee bill very clearly did not legislate any new direct payments authority; rather, it relied on existing law and commitment from the USDA to make direct payments to processors/producers to reflect any changes in the cost of production of sugar above the 15-cent price objective level. Changes in the cost of production were to be calculated by the USDA in the same manner as for other crops under the 1977 Food and Agriculture Act, and costs to be considered would have included (a) variable costs, (b) machinery ownership costs, and (c) general farm overhead costs for the sugar crop;

Obtained the 15-cent price objective through the imposition of special import duties (in addition to existing duties) to ensure that over the sugar supply year, on the average, the price of imported sugar achieves the price objective. If the special import duties failed to result in imported sugar entering at the price objective, the President could have proclaimed quotas on sugar to achieve the price objective;

Adjusted the duties and quotas once each 3 months (supply year quarter) as necessary to obtain as closely as possible the price objective for the sugar supply year;

Imposed duties, and if necessary, quotas on sugar-containing products after an investigation to be completed within two months by the International Trade Commission on whether such sugar-containing products are adversely affecting the achievement of the price objective;

Accepted the Agriculture Committee language continuing the sugar loan program during crop year 1978 and relating to labor.

The Administration had no major problems with the bill as reported by the Ways and Means Committee.

Senate Finance Committee bill.—On October 5, 1978, the Senate Finance Committee reported out H.R. 7108, which contained the substance of S. 2990, the Church sugar bill, as amended by the committee.

Title I of H.R. 7108, as amended by the committee, would have provided the President with legislative authority to implement for the United States the ISA. It would have permitted the President to limit entry of sugar from nonmember countries or areas, to prohibit the entry of sugar not accompanied by the documentation required by the ISA, and to require the keeping of certain records and the making of reports.

Title II of H.R. 7108, as amended by the committee would have established a domestic sugar program. It would have set a U.S. market price objective of 17 cents per pound (the median of the price range for free trade sugar under the ISA) for the 1978 sugar supply year. This price objective would have been adjusted semiannually beginning October 1, 1979, based on changes in the parity index published by the Department of Agriculture and the Wholesale Price Index published by the Department of Labor.

A mandatory fee on imported sugar would have been imposed as the primary method for achieving the U.S. market price objective. The Secretary of Agriculture would have been required to impose a fee on sugar imports when he determined that the average daily price for imported raw sugar during a sugar supply year (October through September), or 6-month period thereof, would have been less than the prevailing U.S. market price objective. The fee would be equal to an amount (not in excess of 20 cents per pound) which the Secretary determined would have achieved the prevailing U.S. market price objective when added to the daily price for raw sugar imports.

As a secondary means of achieving the U.S. market price objective, the Secretary would have been required to establish a global quantitative restriction on sugar imports. The Secretary would have imposed the quantitative restriction whenever he determined the import fee alone would not achieve the U.S. market price objective for a sugar supply year, or 6-month period thereof.

The Secretary would have been required to suspend any import fee or quantitative restriction, make such other lesser adjustment to such fee or restriction, or both, as may be necessary to achieve the prevailing U.S. market price objective whenever he found that the average of the daily prices for imported raw sugar imports for 20 consecutive market days exceeded the price objective by more than 20 percent. The Secretary would have been required to reestablish the fee or restriction, or both, or such portion thereof, as may be required to achieve the price objective whenever the average of the daily prices for imported raw sugar for 20 consecutive market days was less than the prevailing U.S. market price objective.

Imports of refined sugar would have been prohibited except under emergency conditions or in the face of an imminent shortage of refined sugar due to a lack of domestic refining capacity. Imports of sugar-containing products could have been limited as a means of preventing circumvention of the objectives of the bill. A mandatory limitation would have been imposed on imported sweetened chocolate, candy and confectionery.

The committee adopted in title III of its bill the labor provisions contained in the House bills as reported.

Title IV of the bill would have extended the authority of the Secretary of the Treasury to waive countervailing duties under section 303 of the Tariff Act of 1930 under the following conditions:

(1) If, before January 3, 1979, the President determined, upon the recommendation of the Special Representative for Trade Negotiations, and notified Congress of his determination, that:

(a) Negotiations had been concluded establishing new international rules and procedures governing the use of internal and export subsidies which (i) adequately protect U.S. agricultural and industrial trading interests, and (ii) provide for effective enforcement of the substantive rules;

(b) The Multilateral Trade Negotiations (MTN) as a whole had been substantially completed; and

(c) Failure to extend the waiver would have seriously jeopardized the completion of the MTN.

(2) The waiver authority would have been extended to the earliest of the following dates:

(a) The date on which either House of Congress defeated on a vote of final passage the domestic implementing bill for the subsidy/countervailing code;

(b) The date of enactment of such implementing bill; or

(c) September 1, 1979.

(3) Existing waivers, which would have continued in effect, and any future waivers made during the period of the waiver authority extension, would have been subject to the existing conditions in the law for granting waivers. All waivers would have been subject to the existing congressional override provisions under which either House of Congress by majority vote may disapprove a waiver. If an override resolution was adopted, imports covered by that resolution would have become subject to countervailing duties immediately.

The Administration opposed the bill reported by the Finance Committee, principally because of the initial U.S. market price objective (17 cents) and the adjustments to such price required for future years.

House action.—On October 6, 1978, the House passed H.R. 13750 by a vote of 186 to 159. As passed by the House, H.R. 13750 provided:

(1) For a U.S. domestic market price objective of 15 cents per pound for sugar supply year 1978 (October 1, 1978–September 30, 1979);

(2) That beginning on October 1, 1979, and each sugar supply year through 1982 thereafter, the 15.0 cents per pound initial market price objective would be adjusted to reflect the percentage change in average costs of production for the 2-year period preceding the year under consideration as compared to the average for the 2-year period preceding the year before the year under consideration, *e.g.*, for sugar supply year 1979, compare the average of 1977 and 1978 with the average for 1976 and 1977. The cost of production was limited to variable cost, machinery ownership cost, and general farm overhead cost, allocated to the crop on the basis of the proportion of the value of the total production derived from such crop;

(3) A requirement that the Secretary of Agriculture recommend special import duties which the President would have to impose in an amount necessary to achieve the market price objective. Adjustments could have been recommended and made on a quarterly basis;

(4) That quotas would have been available only as a backup to special import duties to defend the U.S. price objective. Quotas would have been adjusted quarterly;

(5) No special restrictions on imports of refined sugar;

(6) That sugar-containing products were to be treated the same as sugar, except special import duties could be imposed on sugar-containing products only after an investigation by the International Trade Commission on the extent to which the entry of sugar-containing products was affecting achievement of the price objective;

(7) That the mandatory price support loan program for the 1978 crop of sugar beets and sugarcane would continue. Payments were prohibited for that year under current law. No provision was made as to future years. Thus, under the bill, existing law would remain for future years, *i.e.*, section 301 of the Agriculture Act of 1949 gives the Secretary of Agriculture discretion to support prices of sugarcane or sugar beets by way of loans, purchases, processor payments or other means; and

(8) To encourage repayment of outstanding loans on 1977 and 1978 crops of sugar beets and sugarcane, authority for the Secretary to waive portions of principal or interest payments. The waiver could not have been exercised in such a manner as to unduly affect sugar market prices.

Senate action.—On October 12, 1978, the Senate passed its version of the sugar bill, amending H.R. 13750 as it passed the House by striking the House language and substituting the language of H.R. 7108 as reported by the Finance Committee, with several changes affecting the sugar provisions. The initial market price objective for sugar supply year 1978 was reduced from 17 cents per pound to 16 cents per pound. The bill also was amended to prohibit price support to producers or processors of sugarcane or sugar beets by way of loans, purchases, payments, or other means for as long as the domestic program established by the act remained in effect.

The bill also was amended in two respects not relating to sugar: The period for the extension of the countervailing duty waiver authority of the Secretary of the Treasury was shortened from September 1, 1979 to February 15, 1979; and a provision was added authorizing the President to contribute tin metal to the tin buffer stock established under the Fifth International Tin Agreement.

Conference report and floor action.—On October 15, 1978, a conference committee meeting was held to resolve the differences between the bills. The committee agreed to the following main points:

(1) To establish a market price objective, achieved through special import duties and, if necessary, quotas, for raw sugar of 15 cents per pound in sugar supply year 1978 (October 1978 through September 1979) and 15.8 cents per pound in sugar supply year 1979. For sugar supply years 1980, 1981, and 1982, the market price objective would be the market price objective in effect for the preceding year increased by one percent.

(2) During sugar supply year 1978 only, sugar producers would be guaranteed to receive 15.75 cents per pound. The difference between the market price objective, 15.0 cents per pound, and the guaranteed return, 15.75 cents per pound, would be made up through a payment. For sugar supply years 1979, 1980, 1981, and 1982, no payments would be permitted under any law.

(3) The President would be authorized to implement the ISA. This authority would become effective when the Senate ratified the ISA treaty.

(4) The President would be permitted, under certain conditions, to extend the authority to waive countervailing duties from January 3, 1979, to February 15, 1979.

(5) The President would be authorized to contribute 5,000 tons of tin from the GSA stockpiles to the International Tin Organization buffer stock.

The report of the conference committee is contained in Appendix B to this book.

On October 15, the conference report was filed and voted on in both Houses. The report was agreed to in the Senate by a vote of 36 to 20. However, the report was rejected in the House by a vote of 177 to 194. This ended consideration of sugar legislation for 1978.

Presidential Commitment

Following the failure of enactment of sugar legislation in 1978, Senator Russell Long and other Senators and Congressmen wrote to the President requesting that the U.S. market price of sugar be supported at 15 cents per pound for crop year 1978, and that he work with Congress early in 1979 to expeditiously enact legislation to establish an adequate domestic sugar program. In a letter of October 23. 1978 the President responded:

> It is my intention to support expeditious enactment of legislation in the new session of Congress that will provide a reasonable, sound, non-inflationary domestic program for our sugar producers for the 1979 crop and beyond. I will also urge that the Senate promptly approve ratification of the International Sugar Agreement. Ratification of this agreement would contribute importantly to strengthening world sugar prices. * * *
>
> I share your view that we should take steps to prevent disruption of the U.S. sugar market. Consistent with the position we took during Congressional debate, I have instructed Secretary Bergland to take steps, consonant with existing authority, to maintain the U.S. market price at 15 cents per pound for the 1978 crop year—the same price I supported in the House and Senate and in the Conference.

Countervailing Duty and Antidumpng Cases

Pressures to export sugar have been great as a result of world overproduction. Many producing countries have engaged in unfair trading practices to sell their sugar. After investigating charges that the European Communities (EC) subsidizes sugar it exports to the U.S. market, the Treasury Department, in July 1978, issued a finding that EC exports of sugar to the U.S. market were, in fact, being heavily subsidized and imposed an unusually high countervailing duty of 10.8 cents a pound on EC sugar imports into the United States.

The Treasury also has investigated allegations that sugar imports from Belgium, France, and West Germany are entering the United States in contravention of the Antidumping Act, 1921. On February 6, 1979 the Treasury Department announced its determination that this sugar is being, or is likely to be, sold in the United States at less than fair value (LTFV) in contravention of the law. On March 2, 1979, the U.S. International Trade Commission instituted an investigation pursuant to the Antidumping Act, 1921, to determine if injury is occurring to a U.S. industry as a result of the LTFV imports. This investigation will be concluded within three months, and if injury is found, special dumping duties will be assessed on such imports.

On March 2, 1979, Amstar Corporation announced it was filing a petition charging that Canada was exporting refined sugar to the United States market in contravention of the Antidumping Act, 1921, which has resulted in "depressed prices and significant losses of sales" by U.S. sugar companies in the Northeastern United States.

Legislative Activity in 1979

As of mid-March 1979, numerous bills calling for the establishment of a domestic sugar program had been introduced in both Houses. In the Senate, Senator Frank Church and numerous cosponsors introduced S. 463; hearings are scheduled on this bill before the Finance Committee on March 21, 1979. In the House, Congressmen Foley and Ullman introduced H.R. 2172, and hearings have been held on this bill by both the House Agriculture and House Ways and Means Committees. Legislative consideration by the House Agriculture Committee is expected to be completed in March 1979, and such consideration in the Ways and Means Committee is contemplated no later than April 1979.

III. 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.

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Appendix A—Statistical Material

TABLE 1.—SUGAR: U.S. PRODUCTION, BY PRODUCING AREAS, CROP YEARS 1971/72 TO 1978/79[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]1978/79
Cane sugar:								
Florida	635	961	824	803	1,061	930	894	940
Louisiana	571	660	558	594	640	650	668	560
Texas			38	74	126	94	88	95
Total, mainland	1,206	1,621	1,420	1,471	1,827	1,675	1,650	1,595
Hawaii	1,230	1,119	1,129	1,041	1,107	1,050	1,034	1,037
Puerto Rico	324	298	255	291	302	312	268	201
Total, offshore	1,554	1,417	1,384	1,332	1,409	1,362	1,302	1,238
Total, cane sugar	2,760	3,038	2,804	2,803	3,236	3,037	2,952	2,833
Beet sugar	3,552	3,624	3,200	2,916	4,019	3,895	3,108	3,262
Total sugar, cane and beet	6,312	6,662	6,004	5,719	7,255	6,932	6,060	6,095

[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: Compiled from official statistics of the U.S. Department of Agriculture.

TABLE 2.—SUGAR: U.S. PRODUCTION, BY TYPES, CROP YEARS 1971-72 TO 1978-79[1]

Type	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	[2] 1978/79
	Quantity (1,000 short-tons, raw value)							
Cane sugar:								
Mainland	1,206	1,621	1,420	1,471	1,827	1,675	1,650	1,595
Offshore	1,554	1,417	1,384	1,332	1,409	1,362	1,302	1,238
Total, cane	2,760	3,038	2,804	2,803	3,236	3,037	2,952	2,833
Beet sugar	3,552	3,624	3,200	2,916	4,019	3,895	3,108	3,262
Total, cane and beet	6,312	6,662	6,004	5,719	7,255	6,932	6,060	6,095
	Value (1,000 dollars)							
Cane sugar [3]	137,998	201,639	333,061	710,094	349,622	243,703	([4])	([4])
Beet sugar	416,279	455,830	725,661	1,035,567	820,743	616,813	([4])	([4])
Total	544,277	657,469	1,058,722	1,745,661	1,170,365	860,516	([4])	([4])

	Unit value (per short-ton, raw value)							
Cane sugar [3]	$114.43	$124.39	$234.55	$482.73	$191.36	$145.58	([4])	([4])
Beet sugar	117.20	125.80	226.77	355.13	204.22	158.36	([4])	([4])
Average	116.49	125.35	229.16	397.92	200.20	158.52	([4])	([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: Compiled from official statistics of the U.S. Department of Agriculture.

TABLE 3.—SUGARCANE (TSUS 155.12): U.S. ACREAGE HARVESTED, YIELD, PRODUCTION, VALUE OF PRODUCTION, AND SEASON'S AVERAGE PRICE, BY STATE

	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
	Acreage harvested (1,000 acres)										
Hawaii	113.5	113.2	113.8	115.8	108.5	108.2	95.8	105.1	99.9	96.8	105.0
Florida	181.4	153.6	171.3	189.9	243.8	257.6	258.4	286.6	286.0	285.0	290.0
Louisiana	282.4	236.0	266.0	301.0	311.0	319.0	308.0	308.0	291.0	304.0	292.0
Puerto Rico	237.1	180.1	188.8	153.4	152.4	132.1	121.6	137.5	123.9	116.2	101.1
Texas	0	0	0	0	0	18.2	27.7	35.0	27.1	33.5	34.0
Total	814.4	682.9	739.9	760.1	815.7	835.1	811.6	872.2	827.9	835.5	822.1
	Yield per acre (short tons)										
Hawaii	99.4	95.7	91.9	92.3	91.6	89.1	94.8	90.2	91.8	92.9	90.5
Florida	29.6	33.8	33.1	31.7	38.1	31.4	27.8	35.7	32.6	29.8	30.4
Louisiana	26.1	24.1	26.0	21.4	25.8	20.6	21.3	21.0	25.6	23.9	21.2
Puerto Rico	27.8	32.8	31.2	29.9	28.7	27.4	29.5	25.6	29.3	27.3	28.0
Texas						34.1	32.4	35.3	35.8	29.2	39.0
Total	37.6	40.4	39.1	36.5	38.8	34.2	33.6	35.3	36.9	34.6	34.6
	Production (1,000 short-tons)										
Hawaii	11,280	10,839	10,457	10,865	9,929	9,645	9,083	9,485	9,173	8,994	9,500
Florida	5,368	5,197	5,671	6,022	9,289	8,089	7,184	10,117	9,324	8,493	8,873
Louisiana	7,377	5,676	6,927	6,438	8,022	6,570	6,558	6,468	7,451	7,265	6,200
Puerto Rico	6,590	5,897	5,891	4,582	4,382	3,621	3,585	3,520	3,630	3,177	2,835
Texas	0	0	0	0	0	620	848	1,236	971	978	1,052
Total	30,615	27,609	28,946	27,727	31,622	28,545	27,308	30,826	30,549	28,907	28,460

Crop year in Louisiana begins October 1; in Florida and Texas, November 1; in Puerto Rico, December 1; and in Hawaii, January 1.

TABLE 4.—SUGAR BEETS: U.S. ACRES HARVESTED, YIELD PER HARVESTED ACRE, AND PRODUCTION, BY PRODUCING STATES, CROP YEARS 1972/73 TO 1978/79

Crop year [1]	Minnesota	California	North Dakota	Idaho	Washington	Michigan	Colorado	Nebraska	Wyoming	Montana	All other	Total
	Acres harvested (1,000 acres)											
1972/73	111.9	324.6	73.9	172.7	91.6	86.6	133.8	82.1	57.2	45.2	149.1	1,328.7
1973/74	131.2	262.6	79.3	144.3	91.7	86.7	113.7	74.4	54.1	44.6	134.9	1,217.5
1974/75	182.7	230.0	139.9	90.8	63.3	80.4	125.7	75.5	53.5	43.9	126.9	1,212.6
1975/76	196.0	326.3	130.9	158.3	82.4	91.4	154.9	96.0	57.7	48.5	174.2	1,516.6
1976/77	248.0	312.0	149.8	139.4	76.5	91.4	121.0	84.5	56.4	46.1	153.7	1,478.8
1977/78	260.0	217.0	155.2	107.4	61.6	85.5	72.0	67.7	48.4	45.0	96.4	1,216.2
1978/79 [2]	263.0	195.0	155.2	134.1	68.5	91.0	84.0	76.0	48.8	44.7	112.3	1,273.5
	Yield per acre (short tons)											
1972/73	14.0	27.8	13.6	20.5	25.5	14.0	19.4	20.1	20.0	18.6	20.5	21.4
1973/74	16.5	24.6	16.2	20.2	27.0	16.5	16.3	19.9	18.2	19.8	18.4	20.1
1974/75	11.6	25.9	11.2	20.3	24.5	17.0	18.0	18.3	18.4	18.7	18.0	18.2
1975/76	14.2	27.3	13.9	18.6	26.0	19.2	17.2	18.5	18.4	17.1	17.5	19.6
1976/77	12.2	28.6	13.5	20.7	24.4	16.8	19.0	20.0	20.7	21.0	19.6	19.9
1977/78	18.2	26.1	17.8	19.5	24.3	21.0	19.5	20.0	19.6	19.9	19.2	20.6
1978/79 [2]	18.9	24.5	19.7	20.3	26.5	19.3	18.3	18.0	18.9	19.8	18.7	20.3
	Production (1,000 short tons)											
1972/73	1,568	9,031	1,008	3,543	2,337	1,638	2,594	1,650	1,146	842	3,053	28,410
1973/74	2,169	6,447	1,284	2,921	2,476	1,524	1,851	1,482	985	883	2,477	24,499
1974/75	2,116	5,948	1,562	1,845	1,554	1,364	2,261	1,382	983	820	2,288	22,123
1975/76	2,783	8,892	1,820	2,942	2,142	1,775	2,661	1,776	1,060	829	3,044	29,704
1976/77	3,026	8,912	2,022	2,879	1,862	1,540	2,303	1,690	1,167	968	3,017	29,386
1977/78	4,732	5,664	2,769	2,094	1,495	1,796	1,404	1,354	949	896	1,854	25,007
1978/79 [2]	4,971	4,778	3,054	2,722	1,815	1,756	1,533	1,368	922	885	2,096	25,868

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: 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	236	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	1,198	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.

TABLE 7.—CALORIC AND NONCALORIC SWEETENERS: PER CAPITA U.S. CONSUMPTION, 1962-78

[In pounds]

Calendar	Refined cane and beet sugar: U.S. grown sugar: Beet sugar	Cane sugar	Total	Cane sugar: Imported	Total	Total	Corn sweeteners [1]: Corn sirup: High-fructose	Glucose	Dextrose	Total	Minor caloric [1]: Honey	Edible sirups	Total	Total caloric	Noncaloric sweeteners [2]: Saccharin	Cyclamate	Total noncaloric
1962	24.5	27.4	51.9	46.0	73.4	97.9	....	9.3	3.6	12.9	1.1	0.9	2.0	112.8	2.5	0.4	2.9
1963	27.2	28.2	55.4	41.9	70.1	97.3	....	9.9	4.3	14.2	1.1	.7	1.8	113.3	3.0	.7	3.7
1964	28.6	30.3	58.9	37.9	68.2	96.8	....	10.9	4.1	15.0	1.0	.7	1.7	113.5	3.5	1.3	4.8
1965	29.1	30.1	59.2	37.8	67.9	97.0	....	11.0	4.1	15.1	1.1	.7	1.8	113.9	4.0	1.7	5.7
1966	28.3	28.7	57.0	40.3	69.0	97.3	....	11.2	4.2	15.4	1.0	.7	1.7	114.4	4.5	1.9	6.4
1967	26.6	29.6	56.2	42.3	71.9	98.5	....	11.9	4.2	16.1	.9	.5	1.4	116.0	4.8	2.1	6.9
1968	27.8	26.8	54.6	44.6	71.4	99.2	....	12.6	4.3	16.9	.9	.7	1.6	117.7	5.0	2.2	7.2
1969	30.3	25.3	55.6	45.4	70.7	101.0	....	13.2	4.5	17.7	1.0	.6	1.6	120.3	5.3	1.6	6.9
1970	31.3	25.0	56.3	45.5	70.5	101.8	.7	14.0	4.6	19.3	1.0	.5	1.5	122.6	5.8	(3)	5.8
1971	31.1	22.8	53.9	48.5	71.3	102.4	.9	15.0	5.0	20.9	.9	.5	1.4	124.7	5.1	(3)	5.1
1972	30.4	25.4	55.8	47.0	72.4	102.8	1.3	15.6	4.4	21.3	1.0	.5	1.5	125.6	5.1	(3)	5.1
1973	30.4	24.9	55.3	46.2	71.1	101.5	2.1	16.7	4.8	23.6	.9	.5	1.4	126.5	5.1	(3)	5.1
1974	26.1	21.0	47.1	49.5	70.5	96.6	3.0	17.4	4.9	25.3	.8	.4	1.2	123.1	5.9	(3)	5.9
1975	30.5	24.9	55.4	34.8	59.7	90.2	5.0	17.7	5.1	27.8	.9	.4	1.3	119.3	6.2	(3)	6.2
1976	32.5	22.7	55.2	39.5	62.2	94.7	7.1	17.7	5.1	29.9	1.0	.4	1.4	126.0	6.1	(3)	6.1
1977 [4]	30.3	23.3	53.6	42.1	65.4	95.7	9.1	17.9	4.9	31.9	.9	.4	1.3	128.9	6.6	(3)	6.6
1978 [5]	29.9	24.2	54.1	39.1	63.3	93.2	11.0	18.1	4.7	33.8	1.0	.4	1.4	128.4	6.9	(3)	6.9

[1] Dry basis. Recent corn sweetener consumption may be under stated due to incomplete data.
[2] Sugar sweetness equivalent—assumes saccharin is 300 times as sweet as sugar, and cyclamate is 30 times as sweet as sugar.
[3] Cyclamate food use was banned by the Food and Drug Administration, effective in 1970.
[4] Preliminary.
[5] Estimate.

Source: ESCS, USDA.

TABLE 8.—RAW SUGAR: U.S. AND WORLD PRICES, BY MONTHS, 1974–78

[In cents per pound]

Period	World price, f.o.b., Caribbean [1]	Cost of insurance and and freight	Duty per lb. for 96° raw sugar [2]	World price, New York basis	Premium or discount [3]	U.S. price, New York, duty paid [4]	Price paid to 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	0.845	0.625	39.79	0.36	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

TABLE 8.—RAW SUGAR: U.S. AND WORLD PRICES, BY MONTHS, 1974–78—Continued

[In cents per pound]

Period	World price, f.o.b., Caribbean [1]	Cost of insurance and and freight	Duty per lb. for 96° raw sugar [2]	World price, New York basis	Premium or discount [3]	U.S. price, New York, duty paid [4]	Price paid to 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	0.755	0.625	15.42	....	15.42	14.04
February	13.52	.755	.625	14.90	0.14	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	0.785	1.875	11.03	–0.08	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	7.07	.855	1,875	9.80	1.54	11.34	8.61
December	8.09	.855	1.875	10.82	1.51	12.33	9.60
1978:							
January	8.77	0.797	3.171	12.74	0.64	13.38	9.41
February	8.48	.750	5.513	14.74	−.98	13.76	7.50
March	7.74	.750	5.513	14.00	−.35	13.65	7.39
April	7.59	.830	5.513	13.93	...	13.93	7.59
May	7.33	.780	5.513	13.62	.33	13.95	7.66
June	7.23	.830	5.513	13.57	.52	14.09	7.75
July	6.43	.700	5.513	12.64	.85	13.49	7.28
August	7.09	.700	5.513	13.30	1.10	14.40	8.19
September	8.16	.700	5.513	14.37	.68	15.05	8.84
October	8.96	.700	5.513	15.17	.04	15.21	9.00
November	8.02	.720	5.513	14.25	−.04	14.21	7.98
December	7.99	.750	5.513	14.25	.23	14.48	8.22

[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 world prices as reported by the International Sugar Organization pursuant to article 53 of the International Sugar Agreement.

[2] Includes section 22 fees.

[3] Prior to 1975, the premium or discount in the U.S. market was attributed to quota limitations under the Sugar Act.

[4] Data for January 1975 to October 1977 are spot prices for contract No. 12, bulk sugar, delivered at Atlantic or Gulf ports, duty paid or duty free. Beginning November 1977, data are estimates calculated on the basis of the spread in futures prices for the nearest trading month with both contract Nos. 11 and 12 futures.

Source: Compiled from official statistics of the U.S. Department of Agriculture, except as noted.

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

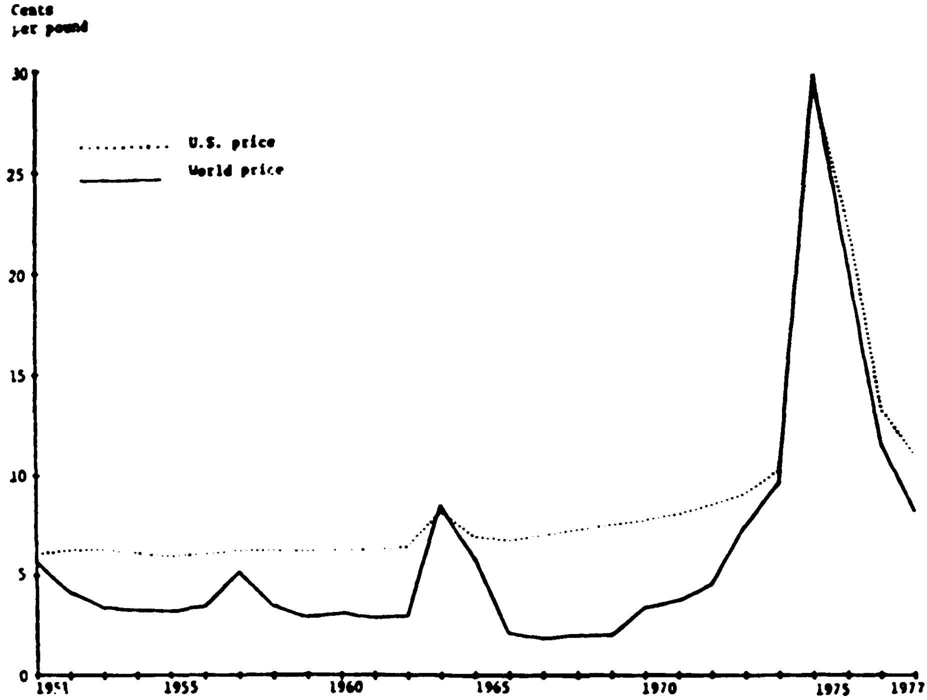
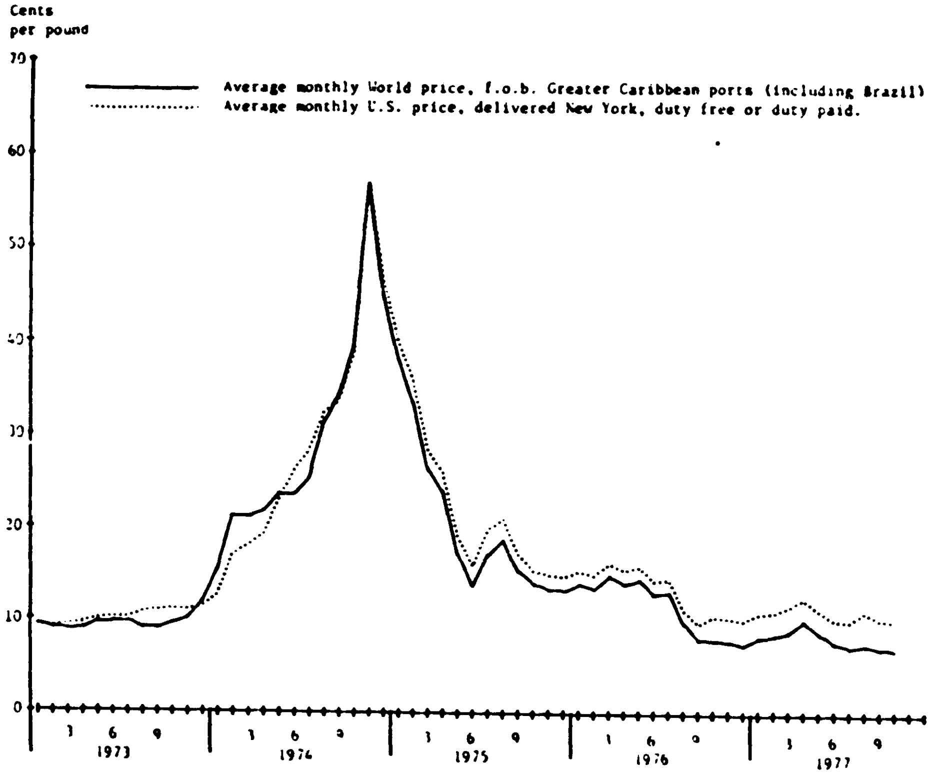


Figure 2.—Raw sugar prices: Comparison of U.S. and world prices, by months, January 1973 to October 1977



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

TABLE 9.—SUGAR: COMPONENT PARTS OF U.S. RETAIL PRICES, 1960–78

[In cents per pound]

Year	World price, f.o.b. Caribbean [1]	Cost of insurance and freight	Duty per lb. 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 lb. 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	....	19.20	4.78	23.98
1977	8.11	.782	1.875	10.77	.36	11.13	11.909	5.371	....	17.28	4.34	21.62
1978 [6]	7.82	.751	5.318	13.89	.25	14.13	15.119	5.769	....	20.89	(7)	(7)

[1] Data are spot prices, New York Sugar Exchange: 1960, contract No. 4; 1961-70, contract No. 8; 1971-77, contract No. 11; and beginning Nov. 1, 1977, data are world prices reported by the I.S.O.

[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; Oct. 1, 1974-Nov. 1, 1977, contract No. 12.

[3] The price is adjusted for refining loss according to the formula: 1.07 pounds of 96° raw sugar equals 1 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] Preliminary.

[7] Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

TABLE 10.—SUGAR: U.S. PRODUCTION, IMPORTS, EXPORTS, ENDING STOCKS, AND CONSUMPTION, 1960–67

Year	Production	Imports	Exports	Ending stocks	Consumption	Ratio of imports to— Production	Ratio of imports to— Consumption
	Million short tons, raw value					Percent	
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	7.13	4.66	.07	3.51	11.10	65	42
1977	6.37	6.14	.03	4.54	11.42	95	54
1978	5.82	4.69	.05	3.97	11.05	81	42

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

Source: Compiled from official statistics of the U.S. Department of Agriculture.

TABLE 11.—SUGAR: U.S. IMPORTS, BY SOURCE AND TYPES, 1973–78

[In short tons, raw value]

Source and type	1973	1974	1975	1976	1977	1978
Philippines	1,454,377	1,472,299	413,034	913,781	1,442,991	846,831
Dominican Republic	745,043	817,728	775,147	971,084	974,788	733,530
Brazil	652,084	783,330	197,131	...	660,633	600,401
Argentina	84,759	109,755	112,118	86,729	266,968	271,097
Peru	407,410	471,145	215,679	312,726	314,186	225,175
Australia	265,388	241,705	479,163	469,534	500,741	158,977
Guatemala	62,552	95,934	60,606	330,578	300,938	156,019
El Salvador	59,880	65,127	107,466	143,154	166,028	130,364
Panama	52,273	65,525	98,250	95,031	131,162	122,934
Colombia	75,055	104,820	159,065	84,289	14,249	113,410
Mauritius	44,599	45,527	26,741	29,811	57,363	112,261
Nicaragua	76,193	53,254	57,962	165,710	119,529	108,203
Canada	...	1	39,990	49,457	138,027	98,144
Belize	47,509	62,506	46,155	14,350	35,549	87,261
Swaziland	30,186	41,360	35,795	45,923	61,855	82,457
Costa Rica	99,705	78,515	56,240	65,076	95,365	78,318
Thailand	19,072	26,220	123,512	70,059	...	64,761
Bolivia	7,549	5,714	3,507	52,990	49,473	62,441
South Africa	73,883	69,410	134,082	98,472	274,227	60,058
Taiwan	86,198	90,059	139,963	86,534	86,055	56,586

TABLE 11.—SUGAR: U.S. IMPORTS, BY SOURCE AND TYPES, 1973–78—Continued

[In short tons, raw value]

Source and type	1973	1974	1975	1976	1977	1978
Mexico	636,832	538,131	41,130	543	274	52,998
Fiji	44,605	46,083	1		18,407	50,713
Trinidad [1]						49,050
Guyana [1]						46,088
Jamaica [1]						43,856
France				14,275	27,215	42,539
Ecuador	93,156	59,628	46,770	28,441	55,380	37,294
Malawi	15,615	10,274	26,585	17,659	38,358	37,028
Belgium		2		717	1,690	25,355
St. Kitts [1]						21,568
Barbados [1]						20,762
Honduras		8,455	6,073	7,483	20,634	17,781
West Germany	2	5	1	904	19,906	16,642
Malagasy Republic	12,130	13,088	13,022	13,400	12,052	14,295
Romania						13,209
Mozambique			15,090	31,847	97,311	12,913
Uruguay				5,229		8,220
Haiti	15,294	18,807	11,622	6,218		5,757
Republic of Korea			10,615	940	288	1,036
India	81,445	84,902	187,624	138,545	32	58

United Kingdom	5,247		29	84	44	43
Netherlands			22	1,538		7
Sweden	9	4	3	2	2	3
Hong Kong	1				1	3
Ireland	1,107					2
Japan		1				1
West Indies [1]	40,836	282,146	237,537	243,978	159,744	
Denmark			2		3,099	
Paraguay	7,398	8,506	3,328	10,187		
Switzerland				745		
Austria		10		16		
Netherlands Antilles			1,296			
Venezuela	31,901		24			
Total	5,329,293	5,769,976	3,882,580	4,658,039	6,144,564	4,686,449
Refined imports	19,335	266	72,680	78,092	271,944	99,649
Raw imports	5,309,958	5,769,710	3,809,900	4,579,947	5,872,620	4,586,800

[1] West Indies not separately reported before 1978.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

TABLE 12.—SUGAR: WORLD PRODUCTION AND CONSUMPTION, CROP YEARS, 1956-78

Crop year	World sugar production	World sugar consumption	Production less consumption	World per capita consumption (Pounds, raw value)
	1,000 short tons, 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	88,196	318	45.38
1974	87,743	85,505	2,238	43.15
1975	91,283	88,468	2,815	43.55
1976	97,472	91,798	5,674	44.20
1977	101,808	95,752	6,056	(1)
1978	102,776	99,505	3,271	(1)

[1] Not available.

Source: Compiled from statistics of F. O. Licht, independent market news reporting service, Feb.

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

95TH CONGRESS 2d Session	HOUSE OF REPRESENTATIVES	REPORT No. 95-1807

INTERNATIONAL SUGAR STABILIZATION ACT OF 1978

OCTOBER 15 (legislative day, OCTOBER 14), 1978.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 13750]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13750) to implement the International Sugar Agreement, 1977 between the United States and foreign countries, to protect the welfare of consumers of sugar and of those engaged in the domestic sugar industry, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—SUGAR PROGRAM

CHAPTER 1—SHORT TITLE AND DEFINITIONS

SEC. 101. SHORT TITLE.

This Act may be cited as the "International Sugar Stabilization Act of 1978".

SEC. 102. DEFINITIONS.

For purposes of this title—

(1) The term "person" has the same meaning as is given to such term in section 1 of title 1 of the United States Code.

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

(3) The term "TSUS" means the Tariff Schedules of the United States (19 U.S.C. 1202).

(4) The term "United States", when used in a geographical context, means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

Chapter 2—International Sugar Agreement, 1977

SEC. 111. DEFINITIONS.

For purposes of this chapter—

(1) The term "Agreement" means the International Sugar Agreement, 1977, signed at New York City on December 9, 1977.

(2) The term "entry" means the entry for any purpose, and the withdrawal from warehouse for consumption, in the customs territory of the United States.

(3) The term "sugar" has the same meaning as is given to such term in paragraph (12) of Article 2 of the Agreement.

SEC. 112. IMPLEMENTATION OF AGREEMENT.

On and after the entering into force of the Agreement with respect to the United States, and for such period before January 1, 1983, as the Agreement remains in force, the President may, in order to carry out and enforce the provisions of the Agreement—

(1) regulate the entry of sugar by appropriate means, including, but not limited to—

(A) the imposition of limitations on the entry of sugar which is the product of foreign countries, territories, or areas not members of the International Sugar Organization, and

(B) the prohibition of the entry of any shipment or quantity of sugar not accompanied by a valid certificate of contribution or such other documentation as may be required under the Agreement;

(2) require of appropriate persons the keeping of such records, statistics, and other information, and the submission of such reports, relating to the entry, distribution, prices, and consumption of sugar and alternative sweeteners as he may from time to time prescribe; and

(3) take such other action, and issue and enforce such rules or regulations, as he may consider necessary or appropriate in order to implement the rights and obligations of the United States under the Agreement.

SEC. 113. DELEGATION OF POWERS AND DUTIES.

The President may exercise any power or duty conferred on him by this title through such agencies or officers of the United States as he shall designate.

SEC. 114. CRIMINAL OFFENSES.

Any person who—

(1) fails to keep any information, or to submit any report, required under section 112;

(2) submits any report under section 112 knowing that the report or any part thereof is false; or

(3) knowingly violates any rule or regulation issued to carry out this title;

is guilty of an offense and upon conviction thereof is punishable by a fine of not more than $1,000.

SEC. 115. REPORT TO CONGRESS.

The President shall submit to Congress, on or before April 1 of each year, a report on the operation and effect of the Agreement during the immediately preceding year. The report shall contain, but not be limited to—

(1) information with respect to world and domestic sugar demand, supplies, and prices during the year concerned;

(2) projections with respect to world and domestic sugar demand, supplies and prices; and

(3) a summary of the international and domestic actions taken during the year concerned under the Agreement and under domestic legislation to protect the interests of United States consumers and producers of sugar.

CHAPTER 3—IMPORT RESTRICTIONS ON SUGAR

SEC. 121. DEFINITIONS.

For purposes of this chapter—

(1) The phrase "average daily price for United States raw sugar imports" means the average of the daily market prices for sugar in pounds, raw value, in bulk, landed and delivered at Atlantic and Gulf ports, including the cost of insurance, freight, loading, unloading, and import duties.

(2) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States; and the term "entry" means the entry, or withdrawal from warehouse, for such consumption.

(3) The term "price objective" means the price set forth in section 122(a).

(4) The term "quantitative restriction" means the total quantity of any sugar or sugar-containing product produced in all foreign countries, territories, or areas that may be entered, without regard to source, in any sugar supply year or supply year quarter.

(5) The term "raw value" has the same meaning as is given to such term in headnote 1 to subpart A of part 10 of schedule 1 of the TSUS.

(6) The term "semiannual period" means the period beginning on October 1 and ending March 31 of any sugar supply year or on April 1 and ending on September 30 of any sugar supply year, as appropriate.

(7) The term "sugar" means any sugar, sirup, and molasses provided for in items 155.20 and 155.30 of the TSUS.

(8) The term "sugar supply year" means the 12-month period beginning on October 1 of each calendar year with each such year being designated by the year in which the beginning date occurs.

(9) The term "supply year" quarter means any of the 3-month periods beginning on October 1, January 1, April 1, or July 1 of any sugar supply year.

SEC. 122. PRICE OBJECTIVES AND AVERAGE DAILY PRICES.

(a) PRICE OBJECTIVES.—(1) The price objectives for sugar supply years beginning after September 30, 1978, are as follows:

(A) The price objective for the 1978 sugar supply year is 15 cents per pound, raw value.

(B) The price objective for the 1979 sugar supply year is 15.8 cents per pound, raw value.

(C) The price objective for each of the 1980, 1981, and 1982 sugar supply years is 15.8 cents per pound, raw value, plus one percent of the price objective for the immediately preceding sugar supply year.

(b) Payments, Assured Return.—Payments shall be made for the 1978 sugar supply year at such rate as will assure a return equivalent to 15.75 cents per pound, raw value, but in no event shall the payment exceed 0.75 cents per pound, raw value. During sugar supply years 1979 through 1982, the Secretary of Agriculture may not make payments to, or on behalf of, producers and processors of sugarcane or sugar beets under section 301 of the Agricultural Act of 1949 (7 U.S.C. 1447) or any other provision of law that authorizes payments by the Secretary of Agriculture to achieve price support levels for such commodities.

(c) Average Daily Prices.—(1) The Secretary shall determine on a continuing basis the average daily price for United States raw sugar imports and shall monitor the prices of sugar and sugar-containing products in the import trade of the United States.

(2) The Secretary shall publish the determinations made under paragraph (1) in the Federal Register on such periodic basis as he deems appropriate.

SEC. 123. SECRETARIAL RECOMMENDATIONS REGARDING SPECIAL IMPORT DUTIES.

(a) Special Import Duties.—(1) Not later than 30 days before the beginning of each sugar supply year which commences after September 30, 1979, the Secretary shall—

(A) on the basis of best available information, estimate whether the average daily price for United States raw sugar imports during such sugar supply year will be below the price objective; and

(B) if the estimation under subparagraph (A) is in the affirmative, recommend to the President that he impose such special import duties on the entry of such sugar (including, but not limited to, refined sugar) and, if appropriate, such sugar-containing products as the Secretary determines to be necessary to assure that the average daily price for United States raw sugar imports will result in the price objective for such sugar supply year being achieved.

(2) With respect to the 1978 sugar supply year, the Secretary shall make the estimation described in paragraph (1)(A) and, if applicable, the recommendations described in paragraph (1)(B) not later than 30 days after the date of the enactment of this title.

(b) Review and Adjustments of Duties.—The Secretary shall review, on a supply year quarter basis, the effect of all special import duties and quotas imposed as a result of recommendations made by him under subsection (a). On the basis of such review, the Secretary may recommend to the President such adjustments with respect to the amount of any such duty, or with respect to sugar or sugar-containing products to which any such duty should be extended or removed, as the Secretary determines to be necessary to achieve the price objective for the sugar supply year concerned. The Secretary shall submit a report to the President containing the results of each review conducted under this subsection, together with any adjustment recommendation the Secretary deems appropriate, not later than the 60th day after the beginning of the supply year quarter for which the review is made.

(c) Publication of Recommendations and Reports.—Each recommendation made by the Secretary to the President under subsection (a), and each report prepared under subsection (b), shall be promptly published by the Secretary in the Federal Register.

SEC. 124. QUANTITATIVE RESTRICTION ON IMPORTED SUGAR.

(a) *Back-up Quotas.—If, at any time during any sugar supply year, the Secretary determines that the price objective for that year will not be achieved by the special import duties imposed on the basis of any recommendation made by him under section 123(a), the Secretary shall impose a quantitative restriction on the total amount of sugar which may be entered during such period. The amount of sugar permitted entry under the quantitative restriction imposed under the preceding sentence shall be the amount the Secretary determines to be necessary to achieve, in conjunction with the special import duties imposed during the supply year concerned, the price objective for such year.*

(b) *Review—If a quantitative restriction is in effect under this section, the Secretary shall review, from time to time, the effect of such restriction and make such adjustments in the restriction as may be required to achieve the relevant market price objective.*

(c) *Global Restriction.—A quantitative restriction imposed under subsection (a) shall be administered as a global quantitative restriction imposed in terms of raw values.*

(d) *Adjustments.—If the Secretary determines that the average daily price for United States raw sugar imports over any 20 consecutive market day period in any sugar supply year exceeds by more than 20 percent the price objective for that sugar supply year, the Secretary shall suspend any quantitative restriction in effect under this section, or make such adjustments to such quantitative restriction as may be required to achieve the price objective. If the Secretary determines that the simple average of the daily price for United States raw sugar imports for 20 consecutive market days in any sugar supply year is less than the price objective for that sugar supply year, the Secretary shall reimpose such quantitative restriction, or such portion thereof, as may be required to achieve such price objective.*

SEC. 125. IMPOSITION BY PRESIDENT OF SPECIAL IMPORT DUTIES.

(a) *In General.—Upon receiving any recommendation of the Secretary under section 123 (a) or (b), the President shall promptly proclaim, under the authority of the headnotes to subpart A of part 10 of schedule 1 of the TSUS and subject to subsections (b) and (c), such special import duties with respect to such sugar and sugar-containing products as the President deems necessary to achieve the price objective for the sugar supply year concerned.*

(b) *Special Provisions Relating to Proclamations.—(1) Any proclamation issued by the President on the basis of any recommendation made by the Secretary under section 123(a) regarding sugar with respect to the 1978 sugar supply year shall apply with respect to articles entered on or after the date of such proclamation.*

(2) Except as provided in subsection (c)(3)—

(A) any special import duty imposed by the President on the basis of any recommendation made by the Secretary under section 123(a) with respect to any sugar supply year after September 30, 1979, shall be proclaimed by the President not less than 30 days before the beginning of the sugar supply year in which such special import duties apply; and

(B) any adjustment made by the President to any special import duty on the basis of any recommendation made by the Secretary under

section 123(c), shall be proclaimed by the President not less than 30 days before the beginning of the supply year quarter in which such quota or adjustment, as the case may be, first takes effect.

(c) SPECIAL RULES FOR SUGAR-CONTAINING PRODUCTS.—(1) If any recommendation is made by the Secretary under section 123 (a) or (c) with respect to the initial imposition of any special import duty on any sugar-containing product and the President has reason to believe that such product will adversely affect, or is adversely affecting, the achievement of the price objective during the sugar supply year concerned, the President may not impose any special import duty on the sugar content of such product before—

(A) requesting the United States International Trade Commission to undertake an investigation to determine whether, and to what extent, the entry of such product is adversely affecting ..e achievement of the price objective; and

(B) taking into consideration the results of such investigation.

The United States International Trade Commission shall submit to the President a report on any investigation requested by him under this subsection within 60 days after the date of such request.

(2) After the initial imposition of any special import duty on any sugar-containing product, no further investigation under paragraph (1) is required with respect to the adjustment of that duty pursuant to section 123(c).

(3) To the extent that the investigation requirements under paragraph (1) result in the President being unable to meet the applicable requirements under subsection (b)(2) regarding the proclamation of special import duties with respect to sugar-containing products for any sugar supply year or supply year quarter, as the case may be; the President may proclaim such duty within the applicable 30-day period referred to in subsection (b)(2) or on or after the beginning of the sugar supply year or supply year quarter concerned. Any such proclamation shall apply with respect to articles entered on or after the date of such proclamation.

SEC. 126. PROHIBITED ACTS.

(a) CERTAIN IMPORTS AND EXPORTS.—No person may—

(1) bring or import into the Virgin Islands in any sugar supply year for consumption in such Islands, any sugar in excess of one hundred pounds if such sugar was produced from sugarcane or sugar beets grown outside the United States; or

(2) export to any foreign country any sugar entered under any quantitative restriction imposed under section 124.

(b) CIVIL PENALTY.—Any person who knowingly violates, knowingly attempts to violate, or knowingly participates or aids in the violation of subsection (a) 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 involved in the violation, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. 127. EXEMPT ARTICLES OF SUGAR.

This chapter does not apply with respect to any sugar or sugar-containing product—

(1) of any aggregate value not exceeding $25 in any one shipment, if entered as samples for the taking of orders, for the personal use of the importer, or for research;

(2) entered for the production of alcohol, other than any alcohol or resulting byproduct for human food consumption;

(3) entered for the production of yeast or citric acid; or

(4) any sugar entered for the production of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar as a sweetener in human food consumption.

SEC. 128. CERTAIN EXPORTATIONS OF SUGAR.

Sugar entered under a bond, established under rules promulgated by the Secretary, for the purpose of subsequently exporting an equivalent quantity of sugar as such, or in manufactured articles, shall not be considered to be sugar entering the United States for purposes of section 124. Sugar exported under the provisions of sections 309 and 313 of the Tariff Act of 1930 (19 U.S.C. 1309 and 1313) shall be considered to be sugar entered under this section.

SEC. 129. SUSPENSION OF CHAPTER.

If the President finds that a national economic or other emergency exists with respect to sugar, the President may by proclamation suspend the operation of this chapter, and headnote 2(b) to subpart A of part 10 of schedule 1 of the TSUS to the extent that it applies with respect to this chapter, until such time as the President finds and proclaims that such emergency no longer exists. The Secretary shall make such investigations, and prepare such reports, as the President may require for purposes of carrying out this section.

SEC. 130. REGULATIONS.

The Secretary shall issue rules and regulations as he determines to be necessary or appropriate to carry out his functions and duties under sections 121 and 128. Knowing violation of any rule issued by the Secretary under this section is punishable by a fine of not more than $1,000 for each violation.

SEC. 131. AMENDMENTS TO TSUS.

The headnotes to subpart A of part 10 of schedule 1 of the TSUS are amended—

(1) by amending headnote 1 to read as follows: "1. For the purposes of this subpart—

"(i) the term 'degree', as used in the 'Rates of Duty' columns of this subpart, means sugar degree as determined by polariscopic test;

"(ii) the term 'total sugars' means the sum of the sucrose and reducing or invert sugars contained in any grade or type of sugars, sirups, and molasses; and

"(iii) the term 'raw value' means the equivalent of such articles in terms of ordinary commercial raw sugar testing 96 degrees by the polariscope as determined in accordance with regulations issued by the Secretary of the Treasury. The principal grades and types of sugar shall be translated into terms of raw value in the following manner:

"(A) For sugar described in item 155.20, by multiplying the number of pounds thereof by the greater of 0.93, or 1.07 less 0.0175 for each degree of polarization under 100 degrees (and fractions of a degree in proportion).

"(B) For sugar described in item 155.30, by multiplying the number of pounds of the total sugars thereof by 1.07.

"(C) The Secretary of the Treasury shall establish methods for translating sugar into terms of raw value for any special grade or type of sugar for which he determines that the raw value cannot be measured adequately under the above provisions.";

(2) by amending headnote 2 by inserting "(a)" immediately after "2.", and by adding at the end thereof the following:

"(b) In addition to the authority of the President under section 201 of the Trade Expansion Act of 1962 (19 U.S.C. 1821) to proclaim modifications of the rates of duty and quotas on imports of sugars, sirups, and molasses provided for in items 155.20 and 155.30, the President shall, subject to the conditions and requirements of (a)(i) and for purposes of carrying out, and subject to, chapter 3 of the International Sugar Stabilization Act of 1978, proclaim special import duties on—

"(i) imports of any such sugars, sirups, and molasses, and

"(ii) the content of any such sugars, sirups, and molasses in imported products containing such sugars, sirups, and molasses.

Any special import duty proclaimed under this subdivision on the entry of any article shall be in addition to any other duty imposed by law on such entry and may not be made the subject of any preferential concession under any law or international obligation of the United States."; and

(3) by amending headnote 3 by striking out "For purposes of this headnote," and all that follows thereafter.

Chapter 4—Farm Labor Provisions

SEC. 140. WAGE STANDARDS.

(a) In General.—Beginning with the 1978 sugar supply year (as defined in section 121(7)) every producer of sugar beets and sugarcane for sugar shall pay to each person employed on the farm in the production, cultivation, and harvesting of sugar beets and sugarcane wages as follows:

(1) When employed on a time basis, the rates per hour shall be not less than the following:

Sugar supply year:	*All areas except Hawaii and Puerto Rico*
1978	*$3.00*
1979	*3.20*
1980	*3.40*
1981	*3.60*
1982	*3.80*

Hawaii and Puerto Rico: As required by labor union agreement or Federal or local law.

Rates for field equipment operators shall be not less than 10 per centum more than the above rates.

(2) When employed on a piecework basis, the rates shall be not less than the rates for the 1978 crop as published in the Federal Register of January 10, 1978 (42 F.R. 1476), increased each sugar supply year beginning October 1979 in the same proportion as the hourly rates are increased in the above table.

(b) Violation of Wage Standards.—Any producer who fails to pay the wages provided for in subsection (a) of this section shall be liable

to the employee or employees affected in the amount of their unpaid wages and in an additional equal amount as liquidated damages. An action to recover such liability may be maintained against any producer in any Federal or State court of competent jurisdiction by any one or more employees for and in behalf of himself or themselves and other employees similarly situated. No employee shall be a party plaintiff to any such action unless he gives his consent in writing to become such a party and such consent is filed in the court in which such action is brought. The court in such action shall, in addition to any judgment awarded to any plaintiff, allow a reasonable attorney's fee to be paid by the defendant, and costs of such action. The right provided by this subsection to bring an action by or on behalf of any employee, and the right of any employee to become a party plaintiff to any such action, shall terminate upon the filing of a complaint by the Secretary in an action under section 303 in which restraint is sought of any further delay in the payment of unpaid wages owing to such employee under subsection (a) of this section by a producer liable therefor under the provisions of this subsection.

(c) ADMINISTRATION.—(1) The Secretary is authorized to supervise the payment of the unpaid wages owing to any employee or employees under this section, and the agreement of any employee to accept such payment shall upon payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid wages and an additional amount as liquidated damages. Any hearing on a claim for unpaid wages shall be conducted by an attorney designated by the General Counsel of the Department of Agriculture from among the attorneys employed in the office of the General Counsel of that Department, and the decision of such attorney shall be issued promptly thereafter, to the extent possible within thirty days after the conclusion of the hearing. Within thirty days after the issuance of such decision, any person who is adversely affected by such decision may obtain a review of such decision by filing a petition with the judicial officer appointed by the Secretary pursuant to section 3105 of title 5, United States Code. Any person who is adversely affected by a decision of the judicial officer hereunder may obtain judicial review of such decision by filing a complaint, within thirty days after such decision, with the United States district court for the district in which such person resides. Upon the filing of the complaint, the court shall have jurisdiction to affirm, set aside, or modify the decision of the judicial officer, and the findings of the judicial officer as to the facts, if supported by substantial evidence, shall be final and conclusive.

(2) The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid wages and an equal amount as liquidated damages. The right provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid wages under subsection (a) or liquidated damages provided by this subsection owing to such employee by a producer under the provisions of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary. Any sums thus recovered by the Secretary on behalf of an employee pursuant to this subsection shall be held in a special deposit account and shall be paid, on order of the Secretary, to the employee or employees affected. Any such sums not paid to an employee because of inability to do so within a period of three years shall be covered into the Treasury of the United States as miscellaneous receipts.

(d) Barring of Actions.—Actions for unpaid wages and liquidated damages under this section shall be forever barred unless commenced within two years after the cause of action accrued.

(e) Discrimination Prohibited.—All producers of sugar beets and sugarcane are hereby prohibited from discharging or in any other manner discriminating against any employee engaged in the production, cultivation and harvesting of sugar beets or sugarcane on the farm because such employee has made a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or litigation under this section. Any person knowingly violating this subsection shall, upon conviction, be punished by a fine of not more than $1,000 for each such violation.

(f) Excessive Charges Prohibited.—All producers of sugar beets and sugarcane are hereby prohibited from charging, or permitting to be charged, directly or indirectly, persons employed on the farm in the production, cultivation, or harvesting of sugar beets and sugarcane, any amount in excess of the reasonable cost for the furnishing to any such person of goods or services customarily furnished to employees engaged in the production, cultivation, or harvesting of sugar beets or sugarcane in the area. Any person knowingly violating this subsection shall, upon conviction, be punished by a fine or not more than $1,000 for each such violation.

(g) Compensation Insurance.—The Secretary shall issue such regulations as he deems necessary to assure that the producer shall furnish each person employed on the farm in the production, cultivation, and harvesting of sugar beets and sugarcane workmen's compensation insurance during the time so employed. Such insurance coverage shall be deemed adequate if it meets the requirements of the law in States in which such insurance is mandatory, or if it meets such standards as are established by by law in States in which such insurance is not mandatory.

(h) Investigations.—Investigations of possible violations of provisions of this section shall be conducted by the Office of the Inspector General of the Department of Agriculture.

(i) Regulations.—The Secretary shall issue such rules and regulations as may be necessary or appropriate to carry out the provisions of this title. Any person who knowingly violates any such rule or regulation is guilty of an offense and upon conviction thereof is punishable by a fine of not more than $1,000.

Chapter 5—Miscellaneous Provisions

SEC. 151. DEFINITION.

As used in this chapter the term "sugar" has the same meaning as is given to such term in section 121(6).

SEC. 152. JURISDICTION OF COURTS.

The several district courts of the United States are hereby vested with jurisdiction specially to enforce, and to prevent and restrain any persons from violating, the provisions of this title or of any order or regulation made or issued pursuant thereto. 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 forfeitures provided for in this title. The remedies provided for in this title shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. 153. FURNISHING OF INFORMATION TO SECRETARY.

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 title, 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.

SEC. 154. INVESTMENTS BY OFFICIALS PROHIBITED.

No person may, while acting in any official capacity in the administration of this title, invest or speculate in sugar, contracts relating thereto, or the stock of membership interest of any association or corporation engaged in the production or manufacturing of 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.

SEC. 155. SURVEYS AND INVESTIGATIONS.

(a) REQUIRED SURVEYS AND INVESTIGATIONS.—Whenever the Secretary determines such action is necessary to effectuate the purposes of this title, the Secretary from time to time shall conduct such surveys and investigations as the Secretary 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) OTHER INVESTIGATIONS, SURVEYS, AND RESEARCH.—The Secretary may conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this title. Notwithstanding any provision of existing law, the Secretary may make available to the public such information as the Secretary deems necessary to carry out the provisions of this title.

SEC. 156. 1978 CROP PRICE SUPPORT PROGRAM.

Nothing contained in this Act shall affect the provisions of section 201(f) of the Agricultural Act of 1949 relating to the 1978 crop of sugar beets and sugarcane; except that payments may be made under section 122. Notwithstanding any other provision of law, the Secretary may waive a portion of the interest at such times and in such amounts as he determines necessary, in order to encourage the repayment of outstanding loans obtained from the Commodity Credit Corporation with respect to sugar produced from the 1977 and 1978 crops of sugar beets and sugarcane; except that such waiver authority shall be exercised in such a manner as not to affect unduly the market prices for sugar.

SEC. 157. TERMINATION OF ACT.

Except for chapter 2, this chapter shall cease to have force and effect as of the close of September 30, 1983.

TITLE II—COUNTERVAILING DUTY WAIVER EXTENSION

SEC. 201. AMENDMENT TO TARIFF ACT OF 1930.

Subsection (d) of section 303 of the Tariff Act of 1930 (19 U.S.C.

1303) is amended by adding at the end thereof the following new paragraph:

"(4)(A) The 4-year period specified in paragraph (2) shall be extended until the date provided in subparagraph (B) if, upon the recommendation of the Special Representative for Trade Negotiations, the President determines, and notifies both Houses of Congress of his determination, on or before January 2, 1979, that—

"(i) negotiations on an agreement or agreements establishing internationally agreed rules and procedures governing the use of agricultural and industrial subsidies have been concluded,

"(ii) the Multilateral Trade Negotiations as a whole, and agreements providing for the reduction or elimination of barriers to, or other distortions of, international trade, in particular, have been substantially concluded,

"(iii) failure to extend such 4-year period would be likely to jeopardize seriously the successful conclusion of such agreements, including the agreement or agreements on subsidies, and

"(iv) the agreement or agreements on subsidies establish—

(I) new substantive rules on the use of internal and export subsidies which adequately protect United States agricultural and industrial trading interests insofar as they are adversely affected by such subsidies, and

(II) more effective provisions on notification, consultation, and dispute settlement providing for timely resolution of disputes involving the use of subsidies in international trade.

"(B) The date to which the 4-year period shall be extended under subparagraph (A) is the earliest of the following:

"(i) the date on which either House of Congress defeats on a vote of final passage, in accordance with the provisions of section 151 of the Trade Act of 1974, implementing legislation with respect to a multilateral agreement or agreements governing the use of subsidies,

"(ii) the date of enactment of such implementing legislation, or

"(iii) February 15, 1979.

"(C) If the 4-year period specified in paragraph (2) is extended under subparagraph (A), any determination made under this subsection by the Secretary of the Treasury which is in effect on January 2, 1979, shall remain in effect until the earliest of the following:

"(i) the date to which the 4-year period is extended under subparagraph (A), notwithstanding any provision to the contrary in any such determination,

"(ii) the date such determination is revoked under paragraph (3), or

"(iii) the date of adoption of a resolution of disapproval of such determination under subsection (e)(2).".

TITLE III—INTERNATIONAL TIN AGREEMENT

SEC. 301. CONTRIBUTIONS AND OTHER ACTIONS BY UNITED STATES.

(a) The President, on behalf of the United States, is authorized to contribute, with or without monetary compensation, up to five thousand long tons of tin metal to the Tin Buffer Stock established under the Fifth International Tin Agreement.

(b) Notwithstanding any other provision of law, the Administrator of General Services is authorized to transfer to the International Tin Council such amount of tin metal not exceeding five thousand long tons as may be directed by the President for the purpose set forth in subsection (a): Provided, That such amount has been determined to be excess pursuant to section 2 of the Strategic and Critical Materials Stock Piling Act.

(c) Any proceeds accruing to the United States as a result of liquidation of the Tin Buffer Stock or prior refund of the United States contribution to the Tin Buffer Stock shall be treated in the same manner as proceeds from the disposition of materials determined to be excess pursuant to section 2 of the Strategic and Critical Materials Stock Piling Act.

(d) Any amount of tin metal accruing to the United States as a result of liquidation of the Tin Buffer Stock or prior refund of the United States contribution to the Tin Buffer Stock shall be incorporated in the national stockpile and supplemental stockpile to the extent required to meet the objective for tin metal determined pursuant to section 2 of the Strategic and Critical Materials Stock Piling Act. Any tin metal not so incorporated shall be treated in the same manner as materials determined to be excess pursuant to section 2 of such Act.

(e) The President shall transmit to the Congress at the beginning of each fiscal year a written report detailing the activities of the Tin Buffer Stock, and such other pertinent information on its administration as will enable the Congress to evaluate the participation of the United States in the Fifth International Tin Agreement.

(f) The President shall transmit to the Congress, at least sixty days prior to any transfer or sale of tin metal by the United States as a participant in the Fifth International Tin Agreement, a report projecting the impact of such action on the economy of the United States and on the economic and political development of the major tin exporting nations.

(g)(1) The Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately thirty thousand long tons of tin now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h–1) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607).

(2) The disposition authorized by subsection (a) may be made without regard to the requirements of section 3 of the Strategic and Critical Materials Stock Piling Act; except that the time and method of such disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

(h)(1) Any moneys received pursuant to the sales of tin from the national stockpile which are authorized by this section shall be covered into a special account which shall be established in the Treasury of the United States.

(2) Moneys covered into such account shall be available only for deposit, in accordance with legislation enacted after the enactment of this section, in a special fund in the Treasury established by such legislation as a depository for moneys derived from sales of excess materials

under the Strategic and Critical Materials Stock Piling Act. If such legislation has not been enacted within 3 years after the enactment of this section, any moneys in the special account established pursuant to this subsection and any moneys thereafter received pursuant to sales of tin under this section shall be covered into the Treasury as miscellaneous receipts.

And the Senate agree to the same.

AL ULLMAN,
DAN ROSTENKOWSKI,
CHARLES VANIK,
SAM GIBBONS,
JAMES C. CORMAN,
THOMAS S. FOLEY,
W. R. POAGE,
E DE LA GARZA,
RICHARD NOLAN,
DANIEL K. AKAKA,
Managers on the Part of the House.

RUSSELL B. LONG,
SPARK M. MATSUNAGA,
LLOYD BENTSEN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13750) to implement the International Sugar Agreement, 1977 between the United States and foreign countries, to protect the welfare of consumers of sugar and of those engaged in the domestic sugar industry, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report. The differences between the House bill and the Senate amendment and the substitute agreed to in conference are noted in the following outline, except for conforming, clarifying, and technical changes:

(1) U.S. MARKET PRICE OBJECTIVE

The House bill establishes a U.S. domestic market price objective of 15 cents per pound for raw sugar for sugar supply year 1978 (October 1, 1978–September 30, 1979), to be adjusted in future years.

The Senate amendment establishes a U.S. domestic market price objective of 16 cents per pound for raw sugar for sugar supply year 1978, to be adjusted in future years.

The conference substitute adopts the House provision.

(2) U.S. MARKET PRICE ADJUSTMENTS

The House bill adjusts, beginning October 1, 1979, and each sugar supply year thereafter through sugar supply year 1982, the market price objective for the previous year to reflect the percentage change in average costs of production for the two-year period preceding the year under consideration as compared to the average for the 2-year period preceding the year before the year under consideration, e.g., for sugar supply year 1979, the average of 1977 and 1978 sugar supply years would be compared with the average for the 1976 and 1977 sugar supply years. For purposes of this provision, the cost of production is limited to variable cost, machinery ownership cost, and general farm overhead cost, allocated to the crop on the basis of the proportion of the value of the total production derived from such crop.

The Senate amendment adjusts the initial 16-cent price objective beginning October 1, 1979 and at 6-month intervals thereafter through sugar supply year 1982, to maintain for any such period the same ratio between the market price objective and the simple average of the parity index and the wholesale price index for the 3 months preceding that period as existed between the price objective for sugar supply year 1978 and that average during the 12-month period preceding July 1978.

The conference substitute provides that beginning October 1, 1979, the market price objective will be 15.8 cents (a figure consistent with the President's anti-inflation guideline of 5.5 percent, announced in October 1978). For each succeeding sugar supply year through 1982, the market price objective will be increased by one percent above the market price objective of the preceding sugar supply year. The Conferees are of the view that the legislation is inadequate for the years after the 1978 sugar supply year. The conferees intend that in 1979 Congress will enact new legislation for sugar supply year 1979 and succeeding years to provide an adequate sugar program.

(3) PRICE SUPPORT PROGRAM

A. The House bill continues in effect the current mandatory price support loan program for the 1978 crop of sugar beets and sugarcane. Payments are prohibited for that year under current law. The House bill contains no provision as to the price support program for future years. Thus, present law would remain in effect for future years. Section 301 of the Agricultural Act of 1949 gives the Secretary of Agriculture discretion to support prices of sugarcane or sugar beets by way of loans, purchases, processor payments, or other means.

The Senate amendment prohibits payments to or on behalf of producers and processors of sugarcane or sugar beets for as long as the domestic program established by the legislation remains in effect.

The conference substitute provides direct payments of up to 0.75 cents per pound, raw value, for the 1978 sugar supply in such amount as necessary to assure a total return of 15.75 cents per pound, raw value. The conference substitute prohibits payments for subsequent sugar supply years through the 1982 sugar supply year.

B. The House bill provides that to encourage repayment of outstanding loans on the 1977 and 1978 crops of sugar beets and sugarcane the Secretary may waive a portion of principal or interest due on such loans. The waiver could not, however, be exercised in such a manner as to affect unduly sugar market prices.

The Senate amendment contains no comparable provision.

The conference substitute adopts the House provision with an amendment prohibiting a waiver of any portion of the principal.

(4) FEES AND SPECIAL DUTIES

The House bill requires the Secretary of Agriculture to recommend special import duties which the President must impose under TSUS headnote authority in an amount necessary to achieve the market price objective. Adjustments may be recommended and made on a quarterly basis, The fees may be suspended if the President finds that a national emergency exists with respect to sugar.

The Senate amendment is the same as the House bill except: (a) the Secretary would impose a fee on imports to achieve the price objective; (b) the fee to achieve the price objective would be determined on a semiannual basis; (c) the fee could not exceed 20 cents per pound; (d) imposition of the fee is required if prices of imports are less than the market price objective for 20 consecutive market days; relaxation of the fee is required if prices of imports exceed by 20 percent or more the market price objective for 20 market days.

The conference substitute adopts the House provision.

(5) BACK-UP QUOTAS

The House bill provides for quotas only as a backup to special import duties to defend the U.S. price objective. Quotas could be recommended by the Secretary and proclaimed by the President under TSUS authority. Quotas would be adjusted quarterly. Quotas could be administered by auction of import licenses. If country-by-country quotas are allocated, the amount would be subject to past supply history and human rights consideration. Also, no quota could be allocated to any nation which imported more than 10,000 short tons of sugar in the previous year.

The Senate amendment is the same as the House bill except: (1) quotas would be imposed by the Secretary on a semiannual basis; (2) adjustments would be made when necessary—not on a quarterly basis; (3) quotas would be only on a global basis; (4) quotas would be imposed if prices of imports are less than the market price objective for 20 consecutive days; mandatory relaxation is provided for if prices of imports exceed by 20 percent or more the market price objective for 20 market days.

The conference substitute adopts the Senate provision, except that it provides that quotas may be imposed at any time during a sugar supply year when necessary to achieve the market price objective. Any import quotas must be proclaimed on a global basis and allocated on a first-come, first-served basis.

(6) REFINED SUGAR IMPORTS

The House bill contains no special restrictions on imports of refined sugar. Refined sugar imports would be subject to the same statutory requirements as raw sugar imports.

The Senate amendment prohibits entry of refined sugar unless (1) the Secretary determines that a lack of raw sugar refining capacity in the United States has created an imminent shortage of refined sugar for consumers; or (2) the President determines a national economic or other emergency regarding sugar or liquid sugar exists.

The conference substitute adopts the House provision.

(7) SUGAR CONTAINING PRODUCTS

The House bill treats sugar-containing products the same as sugar, except special import duties may be imposed on sugar-containing products only after an investigation by the U.S. International Trade Commission on the extent to which the entry of sugar-containing products are affecting achievement of the price objective. There is no provision specifically restricting imports of confectionery.

The Senate amendment provides for separate import limitations on sugar-containing products if the U.S. Department of Agriculture determines they may interfere with the attainment of the objectives of this act. Import limits must be imposed on sweetened chocolate, candy, and confectionery based on the larger of the quantities of average imports during the previous 3 years or 5 percent of the most recent U.S. production. (These imports may be allocated by country.)

The conference substitute adopts the House provision.

(8) PROHIBITED ACTS

The House bill prohibits (a) entry of more than 100 pounds per year into the Virgin Islands for consumption during any calendar year of sugar produced outside the United States; and (b) the export of sugar entered under quota, except under limited circumstances. The House bill provides for a civil penalty for a knowing violation of the above prohibitions, the penalty equal to three times the market value of the sugar involved in the violation.

The Senate amendment contains the same provision except it does not provide for civil penalties.

The conference substitute adopts the House provision.

(9) EXEMPTIONS AND EXCEPTIONS

The House bill provides that special duties and quotas do not apply to any sugar or sugar-containing product—(a) of aggregate value not exceeding $25 in any one shipment, if entered as samples, for personal use, or for research, (b) entered for the production of alcohol (including polyhydric alcohol) not for human food consumption, or (c) entered for the production of yeast or citric acid.

The Senate amendment provides that import fees and quotas do not apply to first 10 short tons from any country in any year of refined sugar, and of liquid sugar used for religious, educational, or experimental purposes; liquid sugar in sealed containers not in excess of 4 liters each; sugar or liquid sugar for production of alcohol (not for human food consumption) and livestock feed; and sugar for production of polyhydric alcohols (not for a substitute for sugar as a sweetener).

The Conference substitute adopts the House provision with an amendment clarifying the exception for polyhydric alcohols to insure that such exception shall not apply to sugar used for production of polyhydric alcohols used as a substitute for sugar as a sweetener.

(10) REGULATIONS

The House bill provides the Secretary authority for making necessary regulations to implement his authority under title II.

The Senate amendment provides the same authority but provides for a penalty of $1,000 for violation of regulations.

The conference substitute adopts the House provision.

(11) CIVIL PENALTY

The House bill relies on existing law for punishing violations except that a civil penalty is imposed in the limited cases indicated in item 8 above.

The Senate amendment provides for a penalty equal to three times the value of the quantity of sugar involved for a knowing violation of a quota or a knowing failure to pay an import fee.

The conference substitute adopts the House provision.

(12) COUNTERVAILING DUTY WAIVER EXTENSION

The Senate amendment extends the authority of the Secretary of the Treasury to waive countervailing duties under the following conditions:

(1) The waiver authority would be extended if, before January 3, 1979, the President determines, upon the recommendation of the Special Representative for Trade Negotiations, and notifies Congress of his determination, that:

(a) Negotiations have been concluded establishing new international rules and procedures governing the use of internal and export subsidies which (i) adequately protect U.S. agricultural and industrial trading interests, and (ii) provide for effective enforcement of the substantive rules;

(b) The multilateral trade negotiations (MTN) as a whole have been substantially concluded; and

(c) Failure to extend the waiver will seriously jeopardize the conclusion of the MTN.

(2) The waiver authority would be extended to the earliest of the following dates:

(a) The date on which either House of Congress defeats on a vote of final passage the domestic implementing legislation on an agreement or agreements on subsidies;

(b) The date of enactment of such implementing bill; or

(c) February 15, 1979.

(3) Existing waivers, which would continue in effect, and any future waivers made during the period of the waiver authority extension are subject to the existing conditions in the law for granting waivers. All waivers are subject to the existing congressional override provisions under which either House of Congress by majority vote may disapprove a waiver. If an override resolution is adopted, imports covered by that resolution become subject to countervailing duties immediately.

The House bill contains no comparable provision.

The conference substitute adopts the Senate provision. The conferees expect to review the need for a further extension of the countervailing duty waiver authority beyond the February 15, 1979 expiration date provided in this legislation and, if appropriate, seek its extension.

(13) TIN BUFFER STOCK AND TIN STRATEGIC STOCKPILE DISPOSAL

The Senate amendment authorizes the President to contribute up to 5,000 long tons of tin metal from the Strategic and Critical Materials Stockpile to the Tin Buffer Stock established under the Fifth International Tin Agreement. The Administrator of General Services is authorized to dispose of an additional 30,000 long tons of tin from the strategic stockpile. Time and method of such disposition shall be fixed to avoid loss for the United States or disruption of world markets.

Any revenues received from the disposition of tin under this section would be put into a special account in the Treasury until new stockpile management legislation is passed by Congress. If no such legislation has been enacted within three years, the monies would revert to the Treasury as miscellaneous receipts.

The House bill contains no comparable provision.

The conference substitute adopts the Senate provision with an amendment deleting a provision that the U.S. contribution to the tin buffer stock shall not prevent unilateral disposals of tin by the United States from the national stockpile.

In administering the national defense and strategic stockpile, the GSA is required by law to avoid disruption of the raw materials markets of domestic processors and producers. The committee report on the Strategic and Critical Materials Transaction Act emphasized the necessity for the GSA to avoid market dislocation in its materials sales program. Therefore, when the GSA sells the 35,000 tons of tin, it must do so in a manner that will not disrupt the domestic tin market.

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