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AMENDING THE SUGAR ACT OF 1937

LETTER

FROM THE

SECRETARY OF STATE

TO THE

ACTING CHAIRMAN OF THE
COMMITTEE ON FINANCE

TRANSMITTING

A REPORT ON THE BILL S. 937 (COMMITTEE
PRINT), TO AMEND SECTION 204 OF
THE SUGAR ACT OF 1937



Printed for the use of the Committee on Finance

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AMENDING THE SUGAR ACT OF 1937

DEPARTMENT OF STATE,
Washington, May 15, 1941.

The Honorable WALTER F. GEORGE,
Acting Chairman, Finance Committee,
United States Senate.

MY DEAR SENATOR GEORGE: I have received from Senator Brown and Senator Johnson a copy of a committee print of May 10, 1941, of a revised draft of S. 937, a bill to amend section 204 of the Sugar Act of 1937, with the request that I furnish your committee with a report thereon.

I submitted a report to your committee on the original bill under date of May 7, 1941. The original bill provided that any deficiency in the Philippine sugar quota should be allotted to domestic sugar areas, rather than to foreign countries other than Cuba, as is now provided in the Sugar Act of 1937. The revised draft of the bill provides, in effect, that not more than 75,000 short tons of any deficiency in the Philippine quota may be allotted to foreign countries other than Cuba and that any deficiency in excess of 75,000 tons shall be allotted to domestic areas.

Since the sugar quotas provided for in the Sugar Act of 1937 will expire on December 31, 1941, the proposed amendment would be effective only during the present year unless action were taken by Congress to extend the Sugar Act. The question of extending the act is not involved in the present bill, and I do not understand the committee's request as including this subject.

On April 11, 1941, the Secretary of Agriculture reallocated to foreign countries other than Cuba a deficiency in the Philippine quota of 73,232 tons, in accordance with the present provisions of the Sugar Act, this amount being equal to the present dutiable portion of the Philippine quota. The principal effect of the 75,000-ton limitation in the revised draft of the bill would therefore be to prevent these countries (primarily the other American republics) from participating in any further deficiency which might be found in the Philippine quota this year. Under the revised draft, any deficiency in excess of 75,000 tons would be allotted to the major sources of our sugar supplies except Cuba, which would be excluded from sharing in such a deficiency.

As I pointed out in my letter of May 7, these countries are suffering severely from the restriction of their European markets for sugar and other products as a result of the war. Furthermore, such sugars must bear the burden of an import duty in the United States of 1.875 cents per pound and an excise tax of 0.5 cent per pound, a total charge which is equivalent to more than 200 percent ad valorem. It would appear that legislation excluding these American republics from par-

ticipation in any further deficiency would establish an undesirable embargo feature in the act.

In view of the foregoing considerations, I feel that substantially the same objections apply to the revised draft as apply to the original bill, and I recommend that it be not enacted.

I understand that the committee desires to consider the revised draft of S. 937 on Friday, May 16, and has requested that the views of the Department be submitted prior to the committee's meeting. In view of this request, it has not been possible to submit this report to the Bureau of the Budget.

Sincerely yours,

CORDELL HULL.

[Committee print May 10, 1941]

S. 937, Seventy-seventh Congress, first session

[Omit the part printed in black brackets and insert the part printed in *italic*]

A BILL To amend section 204 of the Sugar Act of 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204 of the Sugar Act of 1937 is hereby amended so as to read as follows:

"SEC. 201 (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall **[revise]** *increase the quota for domestic sugar-producing areas [by prorating an amount of sugar equal to the deficit so determined to such domestic areas on the basis of the prorations of the quota then in effect for such domestic areas] and for foreign countries other than Cuba by prorating an amount of sugar, on the basis of the prorations of the quotas then in effect for such domestic areas and foreign countries, equal to the deficit so determined, as follows: (1) To such foreign countries, an amount not in excess of 75,000 short tons, and (2) to such domestic areas, the remainder, if any, of the amount of such deficit in excess of 75,000 short tons: Provided, however, That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.*

"(a) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect."