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H.R. 8866—SUGAR ACT AMENDMENTS OF 1971

Summary of Recommendations Made in Hearings

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

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Supports H.R. 8866 on price objective changes in sec. 201 tying objective to wholesale price index as well as parity index.

Advocates mandatory adjustment of consumption estimate when price departs from price objective by 3% for more than 5 days rather than 4% for more than 7 days as in H.R. 8866.

Supports domestic industry proposal made at House Agriculture Committee hearings to reduce both the excise tax on sugar and the conditional payments to growers. This proposal was not adopted in H.R. 8866 but if it were it would involve changes in sec. 304(c) pertaining to payments and IRC 4501 pertaining to the excise tax.

Supports 6 year extension of the Act rather than 3 years as in H.R. 8866.

2. The Honorable Clarence D. Palmby—Assistant Secretary of Agriculture for International Affairs and Commodity Programs

Supports 3 year extension as in H.R. 8866.

Supports a basic quota increase for mainland cane of 300,000 tons, a reduction of the Puerto Rican basic quota by 285,000 tons, and elimination of the Virgin Islands quota of 15,000 tons, sec. 202(a)(1).

Advocates fixing the basic quota for Puerto Rico at 855,000 tons for all 3 years of the extension rather than just the first 2 years as in H.R. 8866.

Advocates that the 230,000 tons of market growth between 11.3 and 11.530 million tons be assigned in its entirety to foreign countries to offset the loss of part of the Puerto Rican and Virgin Islands deficit. Under H.R. 8866, foreign countries would lose this reduction of the Puerto Rican and Virgin Islands quota which had accrued to them as a deficit reallocation under the existing act.

Advocates that the 200,000 tons of market growth between 11.530 and 11.730 million tons be assigned equally to the domestic beet sugar area and to a continental cane sugar area.

Advocates that requirements in excess of 11.730 million tons be shared in accordance with the traditional formula, i.e., 65% to the domestic areas and 35% to foreign countries and that the share for domestic areas be allocated on the same basis provided in the present act—73.3% to the sugar beet area and 26.7% to the mainland cane sugar area.

Advocates reducing the Cuban reserve by about 300,000 tons rather than reducing it by more than half as in H.R. 8866.

Supports the provisions in H.R. 8866, amending section 302(b)(3), authorizing the Secretary to allocate acreage to yield up to 100,000 tons of beet sugar for localities served by new processing facilities or expanded existing facilities.

Supports provision in H.R. 8866 amending section 202(a)(4) to provide a new continental cane sugar area or areas of as much as 100,000 tons beginning with 1973 or as soon thereafter as needed. H.R. 8866 has the effect of reducing the foreign quota to provide for the increased domestic quota of 100,000 tons. To avoid this Mr. Palmby suggests that a new continental cane sugar area not be established until 100,000 tons of quota becomes available as previously suggested through market growth in the range of 11,530,000 to 11,730,000 tons.

Supports the provision of H.R. 8866, amending section 202(g) which largely discontinues authority for quarterly allocations and provides for mandatory quota adjustments when market price varies by 4 percent, or more from the price objective for seven consecutive market days.

Conditionally supports the related provision of H.R. 8866, amending section 201 that the determination of sugar requirements for the calendar year be issued in October of the prior year rather than any time during the last quarter as presently provided, the condition is that foreign countries be required to report anticipated deficits not later than June 1 and that the Secretary reallocate deficits generally as soon as they are known and at least every 60 days.

Opposes changing the level of either conditional payments to growers or the excise tax paid by manufacturers on imports of refined sugar. There is no change provided in H.R. 8866 other than a proviso amending section 4501(b) of the Internal Revenue Code of 1934 that the tax will be terminated on June 30 of the year immediately following the effective date of any law limiting conditional payments.

Supports provision in H.R. 8866, amending section 302(b)(10) to preserve the production history of sugar beet growers in localities where factories have been abandoned.

Supports provision in H.R. 8866, amending section 303, by deletion, that sugar beet farmers adversely affected by natural causes be eligible for abandonment and deficiency payments regardless of whether other farms in the locality have been similarly impaired.

Supports provision in H.R. 8866, section 302(b)(2) for rights of heir or legal representative to the production history rights of a farm operator who dies or becomes incapacitated.

Opposes the reduction in H.R. 8866, of the amount of Puerto Rico's quota which can be shipped to the continental United States in the form of refined or direct—consumption sugar.

Opposes the authorization in H.R. 8866, for the Secretary to control the imports of beet sugar molasses.

Opposes the changes in various sections of H.R. 8866 of the method of distribution of quotas for the various foreign countries. Advocates that the distribution or quotas among foreign countries be maintained as under the present act, except that the Cuban reserve be reduced from the present level of about 1.5 million tons to about 1.2 million tons.

Recommends provision in present act that that portion of Cuban reserve stemming from consumption requirements in excess of 10 million tons continue to be allocated to quota countries that are members of the Organization of American States. H.R. 8866 in amending section 202(d)(1)(A) allocates the quota provided for Cuba to all countries other than the Philippines and Ireland.

3. The Honorable Julius L. Katz, Deputy Assistant Secretary of State for International Resources and Food Policy

Supports 3-year extension of act as in H.R. 8866.

Opposes most of the changes in H.R. 8866 affecting the distribution of quotas among foreign countries and recommends a minimal change from the 1965 Act with respect to foreign quotas.

Supports H.R. 8866 in providing a minimum quota of at least 15,000 tons for all foreign suppliers of cane sugar.

Opposes provision in H.R. 8866, cutting Cuban reserve in half. Recommends a cut in Cuban reserve of 300,000 tons.

Opposes provision in H.R. 8866, amending section 202(d)(1)(A) allocating Cuban reserve to all foreign countries except the Philippines and Ireland. Recommends the retention of the provisions in the 1965 Act which give a preference to Latin American countries in the allocation of the Cuban reserve.

Advocates that market growth between 11.3 and 11.53 million tons be assigned to foreign suppliers to partially offset the loss of 300,000 tons of the Puerto Rican and Virgin Islands deficit which under H.R. 8866 is transferred to the mainland cane area as basic quota.

4. Jonathon B. Chase, Representing Colorado Rural Legal Services, Inc.

Domestic growers should be allocated not less than 75 percent of the annual estimate of sugar requirements.

Conditional payments to domestic growers should be increased so that they equal revenue received from the excise tax on sugar.

Additions should be made to the conditions under which a grower is eligible to receive conditional payments as follows:

> Housing for farmworkers and their dependents shall satisfy the applicable State or Federal housing and sanitation requirements whichever are more stringent.
>
> The grower shall not employ nonresident alien farmworkers in his sugar beet or sugarcane operation. Each producer must show that he has taken affirmative action to determine that all farmworkers under his employ are citizens of the United States.
>
> The "fair and reasonable" wages provided for in section 301 (c)(1) shall in any event provide for a minimum hourly wage.

Public hearings to determine "fair and reasonable" wages should be held during the summer months and in such places as to afford maximum participation by interested parties.

Section 305 should be amended to provide that the Secretary shall utilize the American Bar Association, the American Arbitration Association, or other such professional associations in settlement of dispute between farmworkers and producers.

5. The Honorable Quentin N. Burdick, a U.S. Senator from the State of North Dakota

Supports H.R. 8866 as basically sound legislation. Takes strong exception to a recommendation made by the Department of Agriculture to change H.R. 8866 by allocating 230,000 tons of market growth represented by sugar requirements between 11.3 and 11.53 million tons in its entirety to foreign countries.

Objects to section 6 of H.R. 8866 which, in referring to the location of new beet processing facilities states that "Priority shall be given to processing facilities located or to be located in or adjacent to growing areas where processing facilities were closed during 1970 or thereafter."

6. The Honorable Peter H. Dominick, a U.S. Senator from the State of Colorado

Opposes a recommendation made by the administration to allocate 230,000 tons of market growth represented by sugar requirements between 11.3 and 11.53 million tons in its entirety to foreign countries as compensation for loss of part of the Puerto Rican deficit.

7. The Honorable Frank E. Moss, a U.S. Senator from the State of Utah

Supports H.R. 886. The extension of the Sugar Act will allow the beet sugar industry, which is modern and progressive, to continue further the service it has rendered our Nation. H.R. 8866 provides a necessary and fair allocation of beet acreage for localities in Utah where new processing facilities are under construction or existing facilities are to be expanded.

8. The Honorable Milton R. Young, a U.S. Senator from the State of North Dakota

Urges retention of the House amendment to sec. 302(b)(3) designating 100,000 short tons of sugar for each year for expansion of the beet sugar industry to areas that will be served by new or enlarged processing facilities. Senator Young, however, urges that the maximum level of any allocation be above the 50,000 tons provided in the House bill and that these allocations be made to areas where production success is assured.

9. James H. Marshall, president, California Hawaiian Sugar Co., on behalf of all segments of the American sugar industry

Supports provisions of H.R. 8866 with respect to:

- Basic quota division between foreign and domestic.
- Growth provisions.

Statutory domestic quotas increasing the mainland cane quota by 300,000 tons with largely offsetting reductions in quotas for Puerto Rico and the Virgin Islands.

Domestic expansion of 100,000 tons for a new cane area to be funded from beet area share of growth.

Price guidelines.

Consumption estimate in month of October.

Clarification of qualification for abandonment and deficiency payments; preservation of acreage history for three years in areas where beet sugar factories close, clarification of personal history in instances where an operator die or is incapacitated; reduction in Puerto Rican refined sugar quota as compared to existing Act; and giving Puerto Rico the right to enter sugar under bond.

The American sugar industry supports the provisions of H.R. 8866 regarding quota administration except that they would change section 202(g)(3) so that an adjustment in the consumption estimate would be required if the price of sugar is 3 percent above or below the guide price for 5 market days. In H.R. 8866 it is 4 percent and 7 days.

Supports the provisions of H.R. 8866 regarding reallocation of deficits except that the deficit situation should be reviewed every 60 days after the initial consumption estimate in October of the prior year. H.R. 8866 provides for review every 60 days after the beginning of the consumption year in January.

Advocates a 6-year extension rather than 3 years as in H.R. 8866.

Advocates a reduction in the scale of Sugar Act conditional payments to growers coupled with an offsetting reduction in the excise tax on sugar. Under this industry proposal, no payment per farm could exceed $60,400 and for the largest farms, payments would be scaled down to the point where growers producing more than 60,200 tons of sugar would receive no payment at all. H.R. 8866 does not change the existing scale of conditional payments or the excise tax.

Advocates a new definition for sugarcane and clarifying language on sugarcane proportionate shares. These are not in H.R. 8866.

10. Mr. John M. Mount, vice president of Coca Cola, U.S.A., on behalf of the Sugar Users Group

H.R. 8866 is, for the most part, an acceptable compromise between views of the sugar users group and the domestic sugar industry. The sugar users group specifically supports provisions of H.R. 8866 with respect to:

Method of determining price objective.

Amendment to section 404 of the Act providing judicial review of Secretary's actions under the Administrative Procedures Act.

Three year extension.

The reallocation of a substantial portion of the Cuban sugar reserve to other foreign countries.

The Sugar Users Group states that, if there is to be a quota system, the principal criteria for giving quotas to any country whether foreign or domestic, should be adequacy of supply at reasonable prices. The users group take no position on the quota for any specific country but does urge that no country participate on a basis of less than 12,000 tons and suggests that the quotas for countries with small quotas be established on a specific tonnage basis.

Supports the provisions of H.R. 8866 regarding the reallocation of deficits except that a review should be made every 60 days after determination of the consumption estimate in October of the prior year.

The Sugar Users Group would change section 202(g)(3) of the Act so that an adjustment in the consumption estimate would be required only if the price of sugar is 5 percent above or below the price objective for 10 days. In H.R. 8866 it is 4 percent and 7 days.

Recommends that sugar for all animal feed be removed from the quota.

11. Arnold Mayer, Legislative Representative of the Amalgamated Meat Cutters and Butcher Workmen of North America on behalf of farm and processing workers in the sugar industry

Recommends changes in the farm labor provisions of the Act as follows:

Require that sugar minimum wages; be above the level of eligibility for welfare payments; be based on wages paid for similar work in non-agricultural industries; be sufficient to attract U.S. workers and account for increases in cost-of-living and agricultural productivity.

Provide that the U.S. Secretary of Labor is responsible for enforcing the labor provisions of the act and promulgating regulations under it.

Include full coverage for sugar workers under the Fair Labor Standards Act, National Labor Relations Act, Unemployment Compensation and Workmen's Compensation laws.

Apply at least the Federal standards for housing for workers recruited by the U.S. Employment Service to all farm workers in the sugar industry.

Provide an impartial means for settling disputes between worker and employers.

Make employers legally liable for hiring illegal aliens.

12. John H. Bleke, president of Wayne Candies, Fort Wayne, Ind., in behalf of National Confectioners Association

Recommends adoption of an amendment to section 206 of the Sugar Act which would impose an import quota on confectionery equal to the prior 3-year-average imports but in no event less than 5 percent of the U.S. manufacturers sales.

The request is based on the availability of low priced world market sugar and other ingredients to foreign suppliers shipping confectionery to the United States while U.S. manufacturers pay higher prices for ingredients because of the Sugar Act, milk price supports, and other farm price programs.

13. Wesley E. McDonald, Sr., and Harold D. Cooley, on behalf or Felix Benitez Rexach, a citizen of the United States residing in the Dominican Republic

Recommends that H.R. 8866 in its amendment to section 408(c) be amended to afford relief for claims subsequent to January 1, 1962. H.R. 8866 affords relief for claims arising only subsequent to January 1, 1969.

14. Prof. Joseph A. Page of the Georgetown University Law Center appearing as a private citizen

Recommends that the Brazilian sugar quota be eliminated or drastically reduced. Professor Page contends that the Brazilian quota subsidizes a backward industry that has not shared the high price received for sugar in the United States with the poverty stricken peasants nor has it undertaken land reform.

15. The Honorable Edward M. Kennedy, a U.S. Senator from the State of Massachusets

Urges elimination of sugar quota for South Africa on grounds that black sugar workers don't share in the benefits; South Africa is not a developing country and South Africa continues to discriminate against U.S. black citizens.

16. The Honorable Ferdinand Marcos, President of the Philippines in Behalf of the Republic of the Philippines

Urges that Philippine quotas be maintained at present level of 1,500,000 tons, or increased.

The Republic of the Philippines is a long-time friend and ally of the United States. Sugar accounts for a major part of the Philippines foreign exchange earnings. Present production assures an overfulfillment of a 1.5 million ton quota. Three million people depend on sugar for their livelihood.

17. David P. Houlihan on behalf of the Cocoa, Chocolate, and Confectionery Alliance of Great Britain

Opposes proposal by National Confectioners Association to include a quota on imports of confectionery in the Sugar Act. Imports are a small element in the confectionery market and the ingredient cost disadvantage to domestic producers is more than offset by lower labor productivity and higher and exporting expenses borne by foreign suppliers.

18. Rex V. Youngquist and Donald V. Applegate accompanied by legal counsel, J. Anthony Moran—claimants against the Bolivian Government for their expropriated property

Claims compensation for land expropriated by the Bolivian Government in 1961 and urges that the Sugar Act be amended so as to afford relief by changing the earliest date for claims arising from expropriated property from 1969, as provided in the House amendment to section 408(c), to 1961.

19. J. M. Chambers, Washington, D.C., in behalf of the Swaziland Sugar Association

Urges support of the House-approved quota of about 30,000 tons for Swaziland.

Impact of U.S. sugar on workers' income and U.S. trade.—Though mostly black, the country has in law and in practice been completely nonracial. The Swaziland Sugar Association is a nonprofit organization established by law to regulate the sugar industry which is the largest employer in the country. The Association promotes cooperation between millers and growers, and adjusts grievances. It sells all of the sugar produced in Swaziland and distributes the net proceeds to millers and growers. The growers receive two-thirds of the net proceeds. The wages paid by millers are substantially above the minimum set by law and agricultural wages are very much higher than the wages paid in the rest of the agricultural sector. The impact of the sugar quota on U.S. trade is difficult to quantify because most of Swaziland's purchases from the United States in the past have been recorded as imports by South Africa. Swaziland has always used much American equipment.

20. William R. Joyce, Jr., on behalf of the Argentine sugar industry requests an increase in Argentina's current U.S. sugar quota

Requests an increase in their percentage participation to allow shipment of 150,000 tons.

Impact of U.S. sugar quota on workers' income and U.S. trade.—The basic wages of the Argentine sugar worker, and other laborers in March 1970 was $3.23 per day; sugar workers, paid on the basis of daily tons harvested, plus a nominal fee, generally earned at least $3.56 and sometimes more depending upon skills. Argentine law requires that sugar workers receive additional benefits consisting of 1 month's additional salary per year, paid vacation, continued wages in case of sickness, retirement at age 60 with a pension of 70 percent of the average of the 3 highest years of salary, certain food and medical subsidies and free basic educational and recreational areas.

During the past 10 years Argentina has had an imbalance of trade with the United States of $1.5 billion; the deficit for 1971 is projected at $300 million.

21. Dennis O'Rourke and Leonard Sutton of the National Association of Sugar Producers of Mexico

Recommends that Mexico continue to supply approximately the same share (about 6 percent) of the U.S. market as it has supplied in 1969 and 1970. Mexico has filled its quota, and extra demands of the U.S. market even when, as in 1963 and 1964 it could have sold on the world market at much higher prices. Mexico ranks as high or higher than any other country on all factors traditionally used by Congress to set quotas; friendly U.S. relations; nondiscrimination as to U.S. citizens; no expropriation problems; no other premium priced market; need of internal development; reciprocal trade; sharing of proceeds and system of small independent holdings.

Impact of U.S. sugar quota on workers income and U.S. trade.—Net proceeds from sugar and its byproduct have been shared with mills and growers on a 50–50 basis for many years. With the recent increase in Mexico's internal price, growers will receive slightly more than 50 percent. The mills are not permitted to own land and there are no large holdings. There are about 87,000 cane growers. Most of the field work is done by farmers and their families. In addition about 160,000 workers are employed by growers, mostly in harvesting. About 34,000 workers are employed by the mills. The workers employed by farmers earn, on an annualized basis, about the Mexican average gross income of $600 per person. Both farmers and mill workers enjoy an income more than three times that average.

In 1970 Mexico's purchases from the United States exceeded her sales to the United States by $482 million. There has been a large balance in favor of the United States for many years.

22. George C. Pendleton, Washington, D.C. on Behalf of the Republic of China

Requests continuation of China's quota of at least the existing level and requests a more equitable portion by allotting China domestic deficits comparable to those allotted to other countries of the Western Hemisphere.

Impact of U.S. sugar quota on workers income and U.S. trade.—Seventy percent of China's sugar is produced by private farmers and 30 percent by the plantations of the Taiwan Sugar Corporation (T.S.C.). T.S.C. mills and markets all cane produced and retains 45 percent of the output of private farmers for those services. The 55 percent returned to the farmers is marketed domestically where prices are some 77 percent higher than export prices and the private farmers benefit therefrom. Nearly all of T.S.C.'s sugar is exported. Because export prices are lower than domestic prices, it appears that producers derive little benefit from export sales.

In 1969 China imported $393 million of U.S. products and exported $383 million worth of products to the United States. From 1963 to 1969 total trade between China and the U.S. increased from $196 million to $779 million.

23. W. DeVier Pierson in Behalf of the Mauritius Chamber of Agriculture and the Mauritius Sugar Syndicate

Pleased that in H.R. 8866 the quota for Mauritius was increased from 18,681 tons to 30,000 tons. Asks consideration of a quota of 45,000 tons. Mauritius is dependent on sugar with sugar accounting for 90% of total exports. Under the present Act the Mauritian sugar exports to the United States represented a smaller percentage of its total sugar exports than for any other country given a quota under the Act.

Impact of U.S. sugar quota on workers income and U.S. trade.—The prime beneficiaries of the revenue produced by an increase in Mauritius quota would be the workers and small farmers. About half of the cane is produced by 30,000 small farmers; and the rest by 21 mills which grind all the cane. Most of these companies are owned by Mauritians. The Sugar Syndicate, a non-profit organization incorporated by law, sells the entire output, pools its receipts, and pays growers 68% and mills 32% of the net receipts. The proportion to growers is one of the highest in the world. All producers, large and small, share proportionately in the benefits derived from sugar sales to premium markets. More than 50% of the total proceeds are used for the payment of wages and salaries by mills and growers. A Labour Welfare Fund is financed by a levy on exports. In addition labor benefits from wide ranging social legislation which assures reasonable wages and benefits. The U.S. had a favorable balance of trade with Mauritius in 1970 after a number of years of an unfavorable balance.

24. Albert Prosterman and Walter Sterling Surrey in Behalf of the Private Sugar Producers of Madagascar

Seeks a 30,000 ton quota for the Malagasy Republic. The House bill provides about 15,000 tons. In 1963 and 1964 when the Malagasy Republic did not have a quota, and when world prices rose above the United States price, it answered the United States request for sugar and shipped the United States over ¼ of its total sugar availabilities. The Republic does not have access to any premium market other than the United States and needs this market for continuing economic development.

Impact of U.S. sugar quota on workers income and U.S. trade: Wages in the sugar industry are about 65% higher than the average wage in agricultural enterprises. In addition the sugar industry provides free substantial housing, premium overtime rates, sick and vacation leave, hospital and school facilities and on-the-job training for supervisory positions.

While the United States has had a large unfavorable balance of trade with the Malagasy Republic, since 1961 U.S. exports to the Republic have increased at a faster rate, percentagewise, than U.S. imports from the Republic.

25. George Bronz in Behalf of the Irish Sugar Company

Seeks a quota of about 25,000 tons. Ireland has made purchases of cheap sugar in world markets primarily to permit Irish manufacturing industries using sugar to remain competitive in world markets.

Impact of U.S. sugar quota on worker's income and U.S. trade.—Sugar beets are grown in Ireland by some 20,000 small farmers. The beets are all sold to the Irish Sugar Company whose voting shares are held by the government. Many of the farmers get supplemental winter work in the sugar factories. The United States has a consistently favorable trade balance with Ireland.

26. Edward L. Merrigan in Behalf of Venezuela

Seeks a quota in line with those held by Brazil, Peru, Ecuador, Argentina and Colombia. Such a quota would be no less than 125,000 tons. Venezuela relies entirely on its exports to the U.S. for the foreign sale of its sugar. It has not expropriated U.S. property and it has supported the United States in times of national emergency. Venezuela has served as this country's principal and only dependable foreign source of oil.

Impact of U.S. sugar quota on worker's income and U.S. trade.—The sugar industry is the largest employer in Venezuela. The wages paid by the sugar industry are among the highest in Latin America. Field workers earn $1,800 per year on the average, while mill workers earn an average of $2,500. Fringe benefits are 40% of base salary. The industries collective bargaining contract was adopted by the Organization of American States as a "model for Latin America." The industry has carried out a housing program where practically every worker can buy his own home.

Oil sales give Venezuela a favorable balance of trade with the United States, but this is offset by repatriation of profits by U.S. investors in Venezuela.

27. Harold D. Cooley, Attorney at Law, Washington, D.C., in Behalf of Thailand

Requests an increase in the U.S. Sugar quota allotted to Thailand Thailand has filled its quota, is currently a surplus producer and is a dependable source of supply.

Impact of U.S. sugar quota on worker's income and U.S. trade.—Thailand's deficit in trade with the U.S. increased from about $41 million in 1963 to $84 million in 1969, it is projected to increase to $90 million in 1970.

The Government of Thailand by virtue of the Sugar Institute Act of 1968 gives technical and financial assistance, to cane growers and sugar millers (about 2 million in number). A budget of $4.8 million has been established for supporting sugar prices. A greater access to the U.S. market will enable Thailand to increase the production of sugar and because of increased utilization of facilities enable factories to lower costs. The benefit of lower factory costs will be transferred in the form of higher sugar cane prices to the individual planters.

Harold D. Cooley, Attorney at Law, Washington, D.C. in Behalf of the Republic of Liberia

Requests a U.S. sugar quota of 50,000 tons be allotted to Liberia in order to permit the development of a sugar industry in the country thereby accelerating its economic growth. Liberia has never expropriated American property.

Impact of U.S. sugar quota on worker's income and U.S. Trade.—If a sugar industry is developed in Liberia, wages paid to workers in the sugar industry will be comparable with those paid in other industries.

28. Mr. Lawrence J. Sherman in Behalf of United Migrants for Opportunity Inc., (UMOI)

The UMOI is a non-profit Michigan based corporation dedicated to providing social services and technical assistance to migrants in Michigan.

The conditional payment provisions should be amended so that sec. 301 expressly states that payments to producers are conditional upon the producers providing adequate housing and wages. Section 301 should direct the Secretary of Agriculture to set wages guaranteed to yield an annual income above the poverty level. The conditional payment to growers should also be made conditional upon a showing that no illegal alien labor was used and that wage payments to workers were both full and prompt.

30. The Honorable Charles C. Diggs, Chairman, Foreign Affairs Subcommittee on Africa, U.S. House of Representatives

Urges termination of the sugar quota for South Africa. A quota for South Africa supports the apartheid policies of that government. The 6,000 South African black and Indian sugar growers receive about 5% of the sugar quota premium on sales to the U.S. compared to 95% for the 2,100 white growers and the white millers. The average daily wage for all African sugar workers is $1.67 per day—a wage well below the poverty level.

31. The Honorable John G. Dow, Member of Congress from the State of New York

Recommends deleting the quota for South Africa. A quota for South Africa violates stated Administration policy, Congressional policy as stated in the Foreign Assistance Act of 1967, and the House Agriculture Committees own criteria for assisting countries in need of economic development.

The expropriation amendment, sec. 7(II) of H.R. 8866 should be deleted.

A ceiling of $275,000 should be placed on government payments to producers.

32. The Honorable John A. Schnittker, former Under Secretary of Agriculture and Currently Consulting Economist

Urges the Senate, in considering extension of the Sugar Act, to—

1. Continue to import as large a percentage of our sugar requirements as in recent years;
2. To limit payments to sugar producers to $55,000 per farm, or lower;
3. To terminate the sugar quota of South Africa; and
4. To establish a study group to review and report on the Sugar Act in the broadest national interest terms at least a year before the Act is considered again.

33. Thomas H. Kuchel in behalf of the Association of Sugar Producers of the Republic of Colombia

Urges that Colombia's basic quota be raised to a minimum of 126,000 tons annually. The present quota allows Colombia to export only about 29 percent of her available export supplies to the U.S. market—the lowest percentage of all of the Latin American supplying countries. The increased quota would allow Colombia to export about 68 percent of its exportable supplies. Colombia is deserving of this increase because it has consistently been a friend of the United States.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Approximately 70 percent of each dollar received by the Colombian sugar industry is distributed as wages or benefits to the workers. These workers receive the highest salaries in the Colombian agricultural sector, and receive fringe benefits equivalent to comparable American industries, and schooling for their children. The U.S. enjoys a favorable balance of trade with Colombia. Last year it amounted to more than $124 million in the favor of the U.S.

34. Walter Sterling Surrey and Albert M. Prosterman in Behalf of the Associated Sugar Producers of Guadeloupe and Martinique

Requests a U.S. sugar quota comparable to the presently held quota, including participation in the reallocation of the Cuban quota, and participation in deficit allocations consistent with treatment accorded other sugar producing countries in the Western Hemisphere. The elimination of the current quota as provided for in H.R. 8866, on the grounds Guadeloupe and Martinique are political subdivisions of France and therefore enjoy preferential markets in Europe, is inconsistent with the U.S. sugar quota treatment afforded political subdivisions of the United Kingdom such as British Honduras. Discriminatory treatment accorded Guadeloupe and Martinique in retaliation against the EEC for its citrus actions will only harden negotiating positions.

Impact of U.S. sugar quota on workers' income and U.S. trade.—In 1961, the first year of sugar trade between the Islands and the United States, U.S. imports from the Islands amounted to $400,000 and U.S. exports to the Islands amounted to $3 million. In 1970, U.S. imports from the Islands amounted to $9 million, while U.S. exports thereto amounted to $15 million. U.S. imports from the Islands have consisted primarily of sugar.

The wages of sugar workers in the Islands are among the highest of any offshore quota country. Sugar field workers wages increased from $1.84 per day in 1961 to $4.47 per day in 1971; mill workers wages exceed those of almost all other countries holding U.S. sugar quotas. Social security benefits of sugar workers amount to about 44 percent of the basic salary. From 1961 to 1970, ownership of land by small sugar farmers increased by 131 percent at the expense of land owned by factories and sharecroppers (landlords). The farmer receives about 65 percent of the net price of the liquidated sales.

35. Hugh C. Laughlin, Consultant to Owens-Illinois, Inc., in the Interests of Bahama Agricultural Industries, Ltd.

Requests that the basic sugar quota provided for the Bahamas in H.R. 8866 (33,000 tons and its resulting additional prorations) be included in the Senate bill. This quota is essential if there is to be a continuation of the sugar industry in the Bahamas. The U.S. maintains numerous military and space installations in the closest friendly offshore nation.

Impact of U.S. sugar quota on worker's income and U.S. trade.—The sugar industry in the Bahamas pays the same wage scales as are paid in the cane sugar industry of the United States. Thus, almost the entire benefit of the U.S. quota allotted to the Bahamas accrues to the workers who comprise a major part of the employees on the island.

The economy of the Bahamas is oriented almost exclusively to that of the United States. In 1969, U.S. exports to the Bahamas totaled $206 million whereas U.S. imports from the Bahamas totaled $33 million.

36. Thomas H. Boggs, Jr., in Behalf of the Central American Sugar Council

The Council's Membership Consists of Representatives of the Private Sugar Associations of Each of the Central American Republics—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

Urges that all Central American countries be granted larger quotas whereas the House-passed bill (H.R. 8866) would give only Honduras a larger quota. They suggest that adjustments in quotas be confined to adjustments within hemispheres. Thus increased or new quotas for a Western Hemisphere country would be funded by a reduction in quota for another Western Hemisphere country, and the same principle would be applied to the non-Western Hemisphere countries. Following that principle they recommend that if any part of the Cuban quota is to be reallocated permanently it should be allocated only to Western Hemisphere countries. All of the Central American countries are friendly to the United States, and none imposes discriminatory conditions on U.S. investments or businesses. They maintain large sugar stocks from which reserves are available.

Impact of U.S. sugar quota on workers' income and U.S. trade.—The benefits of the sugar quotas are dispersed widely throughout the economies of Central America. In *Costa Rica*, where independent growers produce about 80 percent of the cane, laws insure that the mill employees and independent growers are provided with a fair and equitable share of sugar income. Workers receive higher salaries than prevail elsewhere in the country, and also receive social benefits which represent over 30 percent of base salary.

In *El Salvador* sugar workers receive better wages than those paid for other comparable activities. In *Guatemala* the U.S. quota is fairly apportioned among 14 mills. Of the cane used in that country, about three-fourths is grown by independents, most of whom operate small farms. The Guatemalan sugar industry pays wages and provides working conditions for its employees which are better than exist generally throughout the country. In *Honduras* in addition to the wages paid in the sugar industry, which are generally higher than those paid elsewhere within the economy, employees enjoy other important benefits such as housing, medical care, education, and family programs. Mill ownership is highly diversified with no single stockholder owning as much as 5 percent of any single mill. In *Nicaragua* nearly half of the cane is produced by independent planters. The Nicaraguan sugar industry pays wages which are 70 to 120 percent higher than those in other agricultural and industrial activities. The largest mill in Nicaragua distributes 10 percent of its profits to its employees each year.

The United States has generally enjoyed a trade surplus with the five Central American countries.

37. Edwin H. Seeger, on Behalf of the Central of Sugar Producing Cooperatives of Peru

Urges that Peru's quota be maintained at its present level rather than sharply reduced as contemplated in House-approved H.R. 8866. Peru is heavily dependent upon sugar trade with the United States, and maintenance of its exports to the U.S. is essential to Peru's economy. Maintenance of Peru's present quota is merited on the basis that relations between the U.S. and Peru have been and remain cordial. Mr. Seeger presents information indicating that Peru accords fair treatment to U.S. nationals and corporations including those few whose properties have been expropriated.

Impact of U.S. sugar quota on workers' income and U.S trade.—Full benefits of participating in supplying a share of U.S. sugar needs, flow directly to the workers because Peruvian sugar production facilities are owned by workers' cooperatives, and all sugar-growing lands are owned by cooperatives and small landowners. The United States is Peru's principal trading partner. In 1969, U.S. exports to Peru totaled $167 million. Peru has a large foreign debt—amounting to about $1.3 billion—virtually all held by U.S. lenders.

38. Mr. Albert S. Nemir, on Behalf of the Brazilian Sugar and Alcohol Institute

Requests modifications in the foreign quota provisions of H.R. 8866 as follows:

Assignment to the Latin American area all of the foreign quota above the 11,200,000 ton distribution level and to assign an additional quota to Brazil.

Reinstatement of the provision requiring assignment of the temporary Cuban quota to Western Hemisphere countries who are members of the Organization of American States.

Brazil, the largest producer of cane sugar in the Free World, has promptly and willingly met all requests of the U.S. for sugar, and has maintained a reserve of sugar for the U.S., as contemplated by the Act.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Funds from sugar sales are being used for improved sugar facilities and agricultural development, hospitals, schools, and improved worker living conditions in the Northeast section of Brazil. This area, one of the most underdeveloped in the world, contains a large part of the 750,000 workers directly employed in the sugar industry of Brazil and produces 95% of the Brazilian sugar shipped to the U.S.

The U.S. has enjoyed a favorable balance of trade with Brazil since 1966. U.S. exports in 1969 were $682 million vs. imports of $610 million.

39. Felipe J. Vicini.—On Behalf of the Sugar Industry of the Dominican Republic.

Urges that the Dominican Republic quota not be reduced but remain at about the level of the Dominican Republic's sugar exports to the United States in past years—about 700,000 tons—and that the Dominican Republic be granted an equitable share in the growth of the United States' sugar market.

Impact of U.S. sugar quota on workers income and U.S. trade.—The Dominican sugar industry pays the highest wages in the foreign sugar cane industry (with the possible exception of Australia). The largest share of the quota premium is paid to workers through bonuses and profit sharing plans. In fiscal 1969–70, 56 percent of the proceeds of the Dominican Republic's sugar industry sales was paid out in wages, salaries, or to cane farmers. One-tenth of the entire Dominican population depends on these payments for its livelihood. The United States supplies 66 percent of the goods and services that the Dominican Republic purchases from all sources. A reduction in the sugar quota will reduce U.S. exports to the Dominican Republic.

40. Marvin L. McLain, Legislative Director of the American Farm Bureau Federation

The Farm Bureau position is as follows:

1. Favors an extension of the Act.
2. Believes the law should be amended to permit the reallocation of domestic deficits to domestic areas.
3. Believes that a substantial portion of the Puerto Rican deficit can be permanently reassigned to the mainland cane and beet areas.
4. Favors an amendment to reserve a larger share of future growth in sugar consumption for domestic producers.

41. Philip F. King in Behalf of the Republic of Haiti

Requests an increase in Haiti's sugar quota to 45,000 tons and that 10,000 tons be added to this quota upon the completion of each new sugar mill in Haiti.

Impact of U.S. sugar quota on workers' income and U.S. trade.—The sugar industry distributes most of its operating expenditures to individual workers. Sugar cane is a cash crop for thousands of small independent farmers. Ninety percent of the cane processed in Haiti is supplied by small independent planters. Increased internal revenue brought about by enlarged sugar production may be devoted to such works as public health, education, electricity, roads, harbors, sanitary installations, etc. The United States, the largest supplier of goods imported into Haiti, has had a favorable balance of trade with Haiti in recent years ($2.6 million in the period Oct. 1968–Sept. 1969).

42. O. L. Applegate, Senior Vice President, Standard Brands, Inc.

Opposes the provision in H.R. 8866 which amends sec. 206(a) to authorize the Secretary of Agriculture to place restrictions on the importation of beet sugar molasses. Standard Brands uses beet molasses as one of the principal ingredients in the manufacture of yeast.

43. Charles H. Brown on Behalf of Fiji

Seeks a quota of 100,000 tons. In H.R. 8866 Fiji's quota is about 44,700 tons. Fiji has demonstrated her ability as a dependable supplier to the United States and schedules her shipments to arrive to meet peak summer demands. Fiji, a developing nation that became independent in October, 1970, is heavily dependent on sugar exports.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Cane in Fiji is grown by independent farmers on small family farms. Growers get 65 percent of all sugar proceeds. The mills, recently purchased by the Fiji government, get the remaining 35 percent. Average sugar factory wages are higher than other wages in Fiji.

44. John A. O'Donnell on Behalf of Philippine Sugar Institute

Urges that the Philippine sugar quota be restored to the 1930 level of 15.41% of the U.S. market or approximately 1.7 million tons. In any event the Committee is urged to at least restore the Philippine quota to the 1.5 million tons it now has.

The proposed cut in the Philippine quota would reduce Philippine foreign exchange earnings by $30 million and would cut off employment for around 40,000 workers. Since World War II the Philippines have been devoting a major part of their foreign exchange to rehabilitate their sugar industry. During the Cuban shortage the Philippines supplied over 1 million tons of sugar in excess of its quota and expanded its industry to meet future demands.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Sugarcane is grown by about 23,000 small farmers who generally receive 65% of the sales proceeds from sugar. There are 400,000 persons employed in the sugarcane fields and factories, 3 million more who depend directly or indirectly on the sugar industry. Sugar workers are protected by the Minimum Wage Law, the Workmen's Compensation Law, Sugar Act of 1952 and the Social Security Act. In addition, workers receive perquisites in the form of schools, churches, hospitals and houses with land to grow vegetables and keep livestock for household use.

Trade with the United States is now in approximate balance at about $400 million per year. Sugar accounts for about half the total dollar exports to the United States.

45. Robert C. Barnard in Behalf of the Australian Sugar Industry

Requests that the discrimination in shortfall reallocations between Eastern and Western Hemisphere suppliers be reconsidered, Philippine shortfalls should be placed in the Eastern Hemisphere. Endorses reallocation of part of the Cuban reserve to Eastern Hemisphere countries.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Australia is the free world's largest sugar exporter. The Australian sugar industry is highly dependent on export earnings. Most of Australia's sugar exports are to the world market or at prices only slightly above world prices. In the sugar growing regions of Australia, cane farming is the only crop of real economic significance. Seventy percent of the proceeds from sales of raw sugar go to the farmers. Sugar is Australia's fourth largest export to the United States. Australia buys more from the United States than from any other country. The U.S. has had a favorable balance of trade with Australia over the last decade ($457 million in 1969–70).

46. J. C. Trippe in Behalf of the Government of Malawi

Requests a quota of 20,000 tons for Malawi. The country has no quota now. It only produces sugar for domestic use at the present time and has no preferential market for international trade. Malawi's economy is based almost totally on agriculture. A U.S. sugar quota would significantly benefit the economy of an impoverished section of Malawi. Under Malawi's proposed expansion of sugar production, 10,000 tons of sugar would be available for export to the U.S. in 1972 and 20,000 tons in 1973. Malawi has a free enterprise economy and fully realizes the necessity for and encourages foreign investments in its future. It is a friend of the United States and in no way discriminates against U.S. citizens.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Production to meet a U.S. quota would provide employment for 1,000 new workers on the existing sugar estate and 1,200 in related jobs. From 1964 through 1970, the U.S. had a total favorable balance of trade with Malawi of $17 million vs. $10 million.

47. Sheldon Z. Kaplan, Attorney, Washington, D.C. in Behalf of the Sugar Industry of Paraguay

The over 100,000 Paraguayans who are dependent upon the sugar industry, are gratified for the 15,000 ton U.S. sugar quota allotted to their country as proposed in H.R. 8866, they urge that the quota be retained by the Senate.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Ninety-five percent of the cane ground by mills is produced by small Paraguayan growers and it is they who will profit most from the quota. The 15,000 ton quota will appreciably reduce Paraguay's unfavorable balance of trade with the U.S. which ranged from $3 million to $8 million during 1968–70.

48. The Honorable George McGovern, a U.S. Senator from the State of South Dakota

Urges the committee to withdraw the quota for the Republic of South Africa.

The Republic of South Africa, with a GNP of $12.3 billion is a developed nation and as such does not meet the criteria of "present stage of need and need for economic development." The Republic of South Africa's policy of apartheid is the most repressive kind of racism.

49. Arthur L. Quinn (accompanied by Arthur Lee Quinn), in Behalf of the Sugar Industry of the West Indies Sugar Association (Jamaica, Trinidad-Tobago, Barbados, Guyana, Antigua and St. Kitts)

Urges increase in the West Indies quota participation share. The West Indies is ready to supply upwards of 400,000 tons of sugar to the United States. If the "OAS preference" for reallocation of Cuban quotas is reinstated, it is urged that the amendment include the West Indies. It is also urged that the reservation of growth in the market for foreign suppliers be increased above 35 percent and that 90 percent of the growth be designated for the Western Hemisphere.

Impact of U.S. sugar quota on worker's income and U.S. trade.—The sugar industry employs 8 percent of the total work force. Indirect employment as a result of the industry accounts for another 5 percent of the labor force. There are about 53,000 cane farmers in the West Indies whose cane supply accounts for about 32 percent of the sugar produced. The rest of the cane is produced on mill land. Payment for cane is generally governed by a formula which provides that the grower receive a fair share of the receipts from the sale of sugar. Over the last three years an average of 55 percent of the total earnings of the industry has been paid to employees in wages and salaries; payments to cane farmers accounted for an additional 15 to 20 percent of total earnings. Wages are determined by agreements with well-organized trade unions. Wage rates paid in the sugar industry compare favorably with those in other agricultural industries. In all the West Indies countries, sugar is one of the three most important industries, and in each country it is the most important labor-intensive industry. The West Indies depend heavily on sugar exports and any decline in sugar earnings would have a severe effect on the areas balance of payments. The West Indies have a sizable adverse balance of payments with the United States (about $70 million annually). The U.S. is the largest foreign supplier to the West Indian market and the U.S. share (26.4 percent in 1969) has been increasing.

50. Dina Dellalé in Behalf of the Costa Rican Board of Trade

Requests an increase to 110,000 tons in the U.S. sugar quota allotted to Costa Rica.

Impact of U.S. sugar quota on workers income and U.S. trade.—Sugar is grown mostly on small farms in Costa Rica; stable and reasonable wages cannot be maintained thereon without an assured and growing place in the U.S. market. Since 1950, the U.S. has enjoyed a favorable balance of trade with Costa Rica.

51. Arthur L. Quinn, Attorney, Washington, D.C. in Behalf of the Sugar Industry of British Honduras

Urges that the committee not only concur with the proposed quota increase, 0.71 percent of the foreign share of the U.S. sugar market—allotted to British Honduras in H.R. 8866, but, if possible, increase the allotment because of the country's dependence on such exports for social improvement and economic development. Of the total annual value of exports from British Honduras ($12 million) about half is accounted for by sales of sugar and molasses.

Impact of U.S. sugar quota on worker's income and U.S. trade.—About 60 percent of the sugarcane grown in British Honduras is supplied by 2,300 independent farmers who receive about 65 percent of the revenue from all sugar and molasses. The sugar industry in British Honduras is the largest employer utilizing about 6,800 of the total work force of 34,500 people. Wage rates and fringe benefits, both in factories and fields, are recognized as being superior to those of other agricultural or industrial enterprises. Fringe benefits including medical care, compensation for disability, sick pay, retirement and credit, have recently been extended significantly to workers. In addition, the sugar processor contributes $1.20 per ton from all sugar exported for worker's housing, education, etc.

In 1969, U.S. exports to British Honduras were valued at about $10 million while U.S. imports therefrom were valued at $6 million. About ⅔ of exports to the U.S. consisted of sugar and molasses.

52. Michael P. Daniels, attorney, Washington, D.C., in behalf of the Indian Sugar Industry Export Corporation, Ltd.

Requests that basic quotas should reflect dependability of a source of supply so that the American consumer is assured adequate supplies in exchange for the premium price paid. H.R. 8866 essentially leaves unchanged the amount of sugar India is permitted to export to the United States, although India maintains the second largest sugar reserve among all U.S. suppliers—equal to more than 15 tons in reserve for each ton provided for by the bill. Request further the elimination of the "OAS bonus" and the elimination of the Western Hemisphere preference in reallocation of suspended Eastern Hemisphere quotas. India needs a substantial U.S. sugar quota not only to finance imports, but also to assist in the development of agriculture and industry.

Impact of U.S. sugar quota on worker's income and U.S. trade.—The sugar industry is the second largest in India, directly employing 250,000 workers and 4 million growers. The industry is spread over India's vast rural areas, the locus of India's most serious socio-economic problems. Factory workers benefit from minimum wages and fringe benefits, such as housing, medical care, education, profit sharing and retirement funds, while growers receive a minimum price for their cane. Most of the cane is grown and handled by small farmers. Growers have benefitted from the growth of farmer-owner cooperatives, which by 1974 will account for an estimated 50 percent of sugar production, not only in that they receive a high price for their crops, but also in that they receive all profits from the production of sugar.

India's trade deficit with the United States was $275 million in 1970. The United States is India's major trading partner.

53. John R. Mahoney, Philip R. McKnight, and Henry B. Taliaferro, Jr., in Behalf of the South African Sugar Association

Urges that South Africa be given a 60,000 ton quota.

The South African sugar industry is entirely private and has no connection with the government. South Africa has fulfilled its Sugar Act obligations in every respect and has demonstrated its ability to supply its quota, to carry huge reserves, and to furnish additional sugar on demand. While South Africa has no other premium priced export market, it pledges to fill all U.S. quotas assigned to it irrespective of future relationships between world and U.S. sugar prices. U.S. exports to South Africa are granted "most-favored nation" rates and have never been subjected to quotas.

Impact of U.S. sugar quota on worker's income and U.S. trade.—Two-thirds of the proceeds of all sales of sugar are paid to the growers, over three-quarters of whom are black or Indian. The premium U.S. price means an additional $100 to a grower who produces 500 tons of cane. Working conditions and wages in the South African sugar industry compare very favorably with the standards throughout Africa and many other sugar-producing areas of the world. Free housing, food, medical care, bonuses and pensions are available to all workers, irrespective of color. The sugar industry has been developed on a labor-intensive basis in response to the ever growing need for employment opportunities.

The United States enjoys a favorable balance of trade with South Africa amounting to nearly $1 million a day. In 1969 the United States exports to South Africa amounted to $519 million, while South Africa exports to the United States amounted to $152 million. Each year South Africa buys over $70 million worth of agricultural products and goods manufactured far U.S.-produced agricultural products.

54. Al R. Wichtrich in Behalf of the American Chamber of Commerce of Mexico

Favors the restoration of the original sugar quota to Mexico.

To reduce Mexico's sugar quota at this time is not in harmony with President Nixon's present foreign policy to stimulate Latin American exports particularly from Mexico to the United States. The geographical position of Mexico allows it to be the only foreign producer of sugar to be able to ship to the U.S. by land.

Impact of U.S. sugar quota on workers' income and U.S. trade.—A reduction in the sugar quota will be harmful to the 280,000 workers and sugar producers in the areas which require the income therefrom to remain economically active in the Mexican economy.

Mexico now has a deficit in its balance of trade with the United States in the amount of $481 million. A reduction in the quota allotted to Mexico will further aggravate the Mexican balance of trade.

55. John Cancelarich and Stanley Greaves, in behalf of Maine Sugar Industries Inc. and Maine Sugar Beet Growers Association

Seeks an allotment of no less than 100,000 tons of sugar to be produced in sugar beet plants in New York State and Maine from sugar beets grown in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. The brief gives the proposed wording for an amendment to H.R. 8866 to assure this allotment.

By the end of 1969, $75 million had been spent on the two factories in New York State and Maine. Assurance of an allotment of 100,000 tons is necessary to obtain additional funds to complete the plant in New York and to provide necessary working capital for both plants.

56. David J. Steinberg on behalf of the Committee for a National Trade Policy, Inc.

There is a need to renew the basic structure of the current sugar program if there is not to be a severe disruption in United States and world sugar production and trade. The renewal, however, should be for three years or less and should include provision for a comprehensive reassessment looking toward the removal of all restrictions on sugar imports, cessation of support prices, and an adequate program of adjustment assistance to U.S. firms, workers, and communities that might be adversely affected by the removal of import controls and price supports. This reform is necessary in the interest of the American Consumer, and also in the interest of the overall trade policy goals to which our country should be deliberately committed.

57. Francis D. Flanagan, Assistant Vice President, W. R. Grace & Co.

Urges the Committee to grant Peru the same share of the United States sugar market which that country now has under the existing Act.

Supports the amendment to Section 408 of the Sugar Act which was included in the Sugar Bill recently passed by the House. This new Section 408 greatly strengthens the hand of the United States Government in assuring just compensation to United States investors whose property has been expropriated abroad.

In 1969, Grace sugar properties in Peru, valued at $26 million, were expropriated by that nation and no compensation has been paid. However, the company is now negotiating with representatives of the Peruvian Government for the transfer of its remaining industrial operations in Peru and to achieve a fair settlement for expropriated sugar properties.

58. Arthur L. Quinn on behalf of the sugar industry of Ecuador

Urges that Ecuador's share of the sugar quota be increased to 125,000 tons annually. Most of the imported sugar is refined in the Northeastern United States. This area is best served by foreign supplying countries in the Western Hemisphere. The House-approved bill (H.R. 8866), however, discriminates against the Western Hemisphere suppliers in both absolute and relative terms. It is the only region so treated. This discrimination could be overcome by redistributing the "Cuban Reserve" only to Western Hemisphere suppliers. Urges that only Western Hemisphere suppliers be given the opportunity to supply additional sugar when other nations fail to supply their entire quota.

Impact of U.S. sugar quota on worker's income and U.S. trade.—There are ten sugar factories in Ecuador but only four are large enough to share in the U. S. quota. Sugar cane is grown by the mills as well as by about 300 independent growers. The factories work closely with the growers by providing seed, technical assistance, and equipment. The sugar industry is the third largest agricultural employer in Ecuador—with about 16,000 persons—after bananas and coffee. In addition to their wages workers receive 15% of the profits of each company plus fringe benefits. The United States has a very favorable balance of trade with Ecuador.

59. John A. Wilson, Legislative Director, National Sharecropper's Fund, Washington, D.C.

Recommends that all of the provisions of H.R. 8287 regarding sugar workers be incorporated into the Sugar Act and that the Act make provisions for all sugar workers to be protected by all Federal and State laws which govern non-agricultural workers, including the National Labor Relations Act, Fair Labor Standards Act, unemployment and workmen's compensation. The Act should provide for legal or other professional assistance to unorganized workers upon notice of wage hearings.

60. Arthur L. Quinn on Behalf of the Sugar Industry of Panama

Urges that Panama's share of the sugar quota be increased to 75,000 tons annually but that Panama be permitted to ship less than that amount in 1972, without suffering a penalty for incurring a deficit in that year. The larger quota quantity will be readily supplied in 1973 when a new cooperative sugar mill sponsored by the government begins operation. Most of the imported sugar is refined in the Northeastern United States. This area is best served by foreign supplying countries in the Western Hemisphere. The House-approved bill (H.R. 8866), however, discriminates against the Western Hemisphere suppliers in both absolute and relative terms. It is the only region so treated. This discrimination could be overcome by redistributing the "Cuban Reserve" only to Western Hemisphere suppliers. Urges that only Western Hemisphere suppliers be given the opportunity to supply additional sugar when other nations fail to supply their entire quota.

Impact of U.S. sugar quota on worker's income and U.S. trade.—At present about 2,800 independent farmers grow sugar cane on 42,000 acres. By 1973 the number of growers will increase substantially when an additional 13,000 acres will be utilized to supply the new sugar plant. At present approximately 30,000 persons are dependent on the sugar industry in Panama. Sugar factory workers receive 82 percent higher wages than the median for industrial workers. They also receive generous fringe benefits. The new, government sponsored, sugar mill will be wholly owned as a cooperative by small sugar cane growers and workers in the factory. The balance of trade between the U.S. and Panama is heavily in favor of the United States.

61. The Honorable Ed Jones, Congressman from the Eighth District of Tennessee

Pleased with the version passed by the House because it encourages development of sugar production in new areas. There is an interest in raising sugar beets in the Eighth District of Tennessee.

62. The Honorable Bill Brock, a United States Senator from the State of Tennessee

Favors H.R. 8866 as passed by the House in giving 65% of growth to domestic beet and mainland cane and in providing 100,000 tons each for new continental cane and beet areas. Stresses the importance of allowing domestic expansion in new areas.

63. Professor Andreas F. Lowenfeld on Behalf of the Uganda Sugar Manufacturers Association

Uganda, a recently independent African country, has not had a quota under the Sugar Act. It requests that it be given a quota of 30,000 to 35,000 tons annually. Uganda has demonstrated it has the capacity to regularly supply the U.S. with this amount of sugar. Though officially non-aligned, Uganda is firmly committed to friend-ship with the United States and other western countries. Earnings from the sale of sugar will benefit the people of Uganda in four ways: First, foreign exchange earned will be used for Uganda's development program; second, the government will share as a major stockholder in the major sugar enterprises; third, the sugar enterprises pay substantial taxes on income earned; and finally these enterprises have made and continue to make important contributions to the social and economic development of the country in the form of schools, hospitals, and training facilities and by bringing their employees and families into the market economy.

Impact of U.S. sugar quota on worker's income and U.S. trade.—Two large enterprises, which include both growing and refining facilities, produce Uganda's sugar. Each of these produce 85 to 90 percent of their care needs with the remainder being supplied by independent growers. The two enterprises were privately developed and are run by highly qualified private management. Negotiations are underway to sell a 49 percent interest in each operation to the government, thus giving the people of Uganda a direct participation in the industry but retaining the private enterprise concept and the experienced management. Wages paid in the sugar industry are equal to the highest wages prevailing in Uganda. In addition the two major enterprises provide schools, medical care, and technical training for the workers and their families.

64. Blake T. Franklin on Behalf of the Association of Sugar Producers in Bolivia

Urges that Bolivia's share of the sugar quota be increased to 20,000 tons annually. Bolivia has exported sugar only since the mid 1960's and thus has a very small quota. Since 1963 it has completely filled its quotas under the sugar act. Bolivia does not share in any other premium priced sugar market. The increased quota would permit producers to realize a considerable reduction in transportation costs which are high now because of the small volume exported. Bolivia is a friend of the United States and is an active partner in the Inter-American system. The U.S., through the Agency for International Development, has provided about $5 million in loans for the establishment of sugar mills in an area of Bolivia, where the population is underemployed.

Impact of U.S. sugar act on workers' income and U.S. trade.—The economic and social benefits of an increase in Bolivia's sugar quota would be widely enjoyed. Because large estates do not exist, most sugar cane is produced on small family farms, many of which are organized into cooperatives. About 20,000 persons are actively engaged in the Bolivian sugar industry. The United States enjoys a favorable balance of trade with Bolivia. From 1963 to 1969, the balance in favor of the U.S. totaled $148 million.

65. Walter A. Slowinski on behalf of the Confectionery Association of Canada

Opposes a proposed amendment to sec. 206 of the Act which would impose a quota on imports of confectionery. Confectionery imports remain less than 4% of consumption. Such a quota under the Sugar

Act would be an invitation for other commercial sugar users to seek protection. Sec. 206 already gives the Secretary of Agriculture authority to impose quotas on sugar containing products.

66. Stanley I. Bregman of McCormack & Bregman, 1225 19th Street N.W., Washington, D.C.

Submits and urges the adoption of a draft amendment to Section 209 of the Sugar Act.

The purpose of the amendment is to insure the integrity of sugar quotas by providing procedures for accurate weighing of all foreign sugar imported into the United States. The proposed procedure would provide a simple, fair, and effective method to determine true and accurate weight of foreign sugar in the interest of the quota and duty and all parties concerned by requiring that all sugar be certified and weighed by a person not directly or indirectly engaged in the buying or selling of sugar.

67. Arthur Lee Quinn on behalf of Pacific Molasses Company, San Francisco, Calif.

Opposes the amendment of Sec. 206 incorporated in H.R. 8866 by which the Secretary would be authorized to limit the quantity of beet molasses imported into the United States.

Beet sugar molasses is only a by-product resulting from the manufacturing of beet sugar and is imported into the United States for use in the manufacture of such products as citric acid, yeast, pharmaceuticals and monosodium glutamate which products are not produced directly from sugar. In view of this it is most difficult to imagine how the importation of beet sugar molasses would "substantially interfere with the attainment of the objectives" of the Sugar Act.

Mr. Clarence Palmby, Assistant Secretary of Agriculture, in testimony before this committee on H.R. 8866 also recommends thatt here be no change in Section 206 of the present law.

68. Oscar A. Bradford on Behalf of the Colombian-American Chamber of Commerce

Urges that Colombian quota be increased about two and one-half times the present level. There has been no expropriation of American property in Colombia and Colombia claims only the 12-mile limit of territorial jurisdiction in her adjacent seas. Colombia has met her export commitments under the 1965 Act and could have easily doubled those exports.

Impact of U.S. sugar quota on workers' income and U.S. trade.—Sugar workers wages are higher than in any other agricultural field. Medical attention and elementary schools are provided free and there are liberal vacation and pension plans; as well as bonuses. The balance of trade has consistently been favorable to the United States.

Comparison of foreign sugar quotas under present law pattern under House bill and as requested before the Finance Committee

Country	1971 present law pattern [1]	1972 House bill [2]	As requested before the Committee on Finance [3]
Philippines	1, 503, 780	1, 314, 020	1, 700, 000
Mexico	588, 249	537, 545	588, 249
Dominican Republic	575, 312	525, 737	700, 000
Brazil	575, 312	525, 737	700, 000
Peru	458, 881	418, 982	458, 881
West Indies	199, 579	192, 251	400, 000
Ecuador	83, 710	80, 774	125, 000
French West Indies	62, 782	0	62, 782
Argentina	70, 772	76, 050	150, 000
Costa Rica	67, 728	65, 185	110, 000
Nicaragua	67, 728	65, 185	75, 000
Colombia	60, 880	73, 688	150, 000
Guatemala	57, 074	55, 265	75, 000
Panama	42, 616	41, 567	75, 000
El Salvador	41, 852	40, 151	60, 000
Haiti	31, 962	30, 704	45, 000
Venezuela	28, 918	36, 845	125, 000
British Honduras	14, 539	33, 537	55, 000
Bolivia	6, 850	17, 005	20, 000
Honduras	6, 850	17, 005	15, 000
Bahamas	10. 000	33, 537	33, 000
Paraguay	0	15, 116	15, 000
Australia	203, 785	206, 025	225, 000
Republic of China	84, 910	85, 844	84, 910
India	81, 514	82, 494	100, 000
South Africa	60, 003	60, 300	60, 000
Fiji Islands	44, 719	44, 806	100, 000
Thailand	18, 681	18, 844	30, 000
Mauritius	18, 681	30, 150	45, 000
Malagasy Republic	9, 623	15, 075	30, 000
Swaziland	7, 359	30, 150	30, 000
Malawi	0	0	20, 000
Uganda	0	15, 075	35, 000
Ireland	5, 351	5, 351	25, 000
Liberia			50, 000
Total foreign	5, 090, 000	4, 790, 000	6, 572, 822

[1] Based on consumption estimates of 11,200,000 tons and domestic area deficits of 800,000 tons.
[2] Based on consumption estimates of 11,200,000 tons and deficits of 500,000 tons after reallocating 300,000 tons of the Puerto Rican deficit to mainland cane areas.
[3] As requested before the Senate Finance Committee by witnesses on behalf of foreign countries.

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