

**The original documents are located in Box 11, folder “Economy - Trade Sugar” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.**

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Monday 8/2/76

2:15 Richard Butler from the Agriculture Branch of OMB called to say that the International Trade Commission sent to our office (last week he thinks) their report on the imports of dry milk and other substances, most particularly sugar. Both Butler and the International Trade Commission would like to know what the decision is -- is the proclamation going to be made permanent. Proclamation made by the President earlier that prevented the importation of these mixtures and told the International Trade Commission to get on with their study. Is the President going to make the proclamation permanent? 3446

They both want to know what the decision is.

(He said MaryMartin said it was sent over to us)

Tuesday 8/3/76

11:00 We checked with Linder's office.  
7/21 report to the President was sent.  
7/22 was sent to Seidman.

Proclamation is based with Roger Porter.

Advised Richard Butler



THE WHITE HOUSE  
WASHINGTON

September 29, 1976

MEMORANDUM FOR PHILIP BUCHEN ✓  
JAMES CANNON  
MAX FRIEDERSDORF  
JOHN O. MARSH

FROM: ROGER B. PORTER *RBP*

SUBJECT: Sugar

Attached is a copy of Mr. Seidman's draft memorandum to the President regarding an amendment to the sugar proclamation.

I would appreciate having your comments and recommendations on this issue by c.o.b. Thursday, September 30.

Thank you very much.

Attachment

APPROVED -- Bobbie Kilberg



## MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN  
SUBJECT: Amendment of Sugar Proclamation

Problem

On September 21 you issued a Proclamation (Tab A) tripling the duty on sugar imports from 0.6625 cents per pound to 1.9875 cents per pound. The duty increase was effective immediately with the result that some U.S. importers are being required to pay the higher duty on sugar which, in some cases, had already been received (but had not yet cleared Customs), which was in-transit, or which had been bought and sold on the basis of the lower rate of duty. These importers, both refiners and brokers, have requested some relief. An interagency group with representatives from the Departments of State, Agriculture and Treasury, the Special Trade Representative's Office, NSC, and CIEP has considered these requests for relief.

Background

When the duty was tripled on September 21 some U.S. importers had taken delivery of raw sugar but had not paid the duty. Under Customs Bureau regulations, imports may be delivered immediately with the importer having up to ten days in which to process the documents



and pay the duty. Since Customs Bureau regulations specify that the imported commodity is legally entered at the time the documents are processed, importers who were in their 10-day period are being assessed the higher duty.

The estimated positions of U.S. importers at the time of the duty increase are specified in the following five categories:

	<u>Additional Duty Being Assessed</u>
<u>Category 1</u>	
Discharged -- No duty paid as of September 21	\$4.4 million
<u>Category 2</u>	
Discharging -- In port vessels	\$800 thousand
<u>Category 3</u>	
On water -- Cleared from load port	\$7.3 million
<u>Category 4</u>	
Loading in country of origin or chartered prior to September 21	\$6.3 million
<u>Category 5</u>	
Future contracts	\$16.9 million





Relief can be provided to the first three categories by amending your September 21 Proclamation to exclude from the higher duty sugar received or in-transit as of September 21. Such an amendment would be consistent with the intention of the original Proclamation which was to provide U.S. sugar producers with some protection from imports. The sugar in Categories 1 through 3 is under contract with a specified price and will enter the U.S. regardless of the Proclamation. Without the amendment the effect of the September 21 Proclamation is to transfer income from refiners and brokers to the U.S. Treasury without helping U.S. producers. The amendment would not be expected to affect U.S. sugar prices. The Customs Bureau advises that the amendment can be administered since each ship receives an official document indicating the date it clears the loading port.

There is precedent for taking this action. In August 1971 a 10 percent surcharge was imposed on all U.S. imports effective immediately. Requests for relief were met by later exempting all imports in-transit. The principle of exempting goods in-transit from changes in trade policy is a principle the U.S. wants to see accepted since it affects us when other countries take similar actions affecting U.S. exports.



No relief would be provided to Categories 4 and 5 for two reasons. First, such relief would probably have a price depressing effect thereby voiding the intention of the original Proclamation. Second, the absence of official documents makes such relief administratively infeasible.

Recommendation

That you sign the Proclamation at Tab B which amends your September 21 Proclamation to exclude from the higher duty sugar imports received or in-transit.

This recommendation is concurred in by State, Treasury, Agriculture, STR, NSC, and CIEP.

**Attachments:**

- Tab A:** Proclamation dated  
September 21, 1976
- Tab B:** Proposed Proclamation



DRAFT:  
Sept 29, 1976

MODIFICATION OF PROCLAMATION 4463  
REGARDING TARIFFS ON  
CERTAIN SUGARS, SIRUPS AND MOLASSES

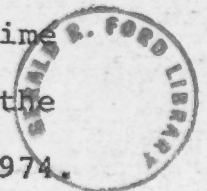
BY THE PRESIDENT OF THE UNITED STATES

A PROCLAMATION

1. By proclamation 4463 of September 21, 1976, the President modified Proclamation 4334 of November 16, 1974, by establishing new rates of duty applicable to certain sugars, sirups, and molasses described in item numbers 155.20 and 155.30 of the Tariff Schedules of the United States (19 U.S.C. 1202, hereinafter referred to as the "TSUS"). Proclamation 4463 is effective with respect to articles entered, or withdrawn from warehouse, for consumption on or after September 21, 1976.

2. Taking into account the factors cited in Proclamation 4463, and in order to alleviate hardships which may result from increasing the rate of duty with respect to certain goods in transit, I find it appropriate to amend that Proclamation to permit articles that were exported to the United States before the effective date of that Proclamation and that are entered, or withdrawn from warehouse, for consumption within a reasonable time following exportation, to continue to be dutiable at the rates provided in Proclamation 4334 of November 16, 1974.

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, acting under the authority vested in me by the Constitution and statutes, including





Section 201(a)(2) of the Trade Expansion Act of 1962 (19 U.S.C. 1821(a)(2)), and in conformity with Headnote 2, Subpart A of Part 10 of Schedule 1 of the TSUS, do hereby proclaim that paragraph C of Proclamation 4463 is hereby amended to read as follows:

"C. The provisions of this proclamation shall become effective with respect to articles entered, or withdrawn from warehouse, for consumption on and after September 21, 1976, and shall remain in effect until the President otherwise proclaims or until otherwise superseded by law. However, the provisions of this proclamation shall not be effective with respect to articles exported to the United States before 12:01 A.M. (U.S. Eastern Daylight Savings Time), September 21, 1976, provided that such articles are entered, or withdrawn from warehouse, for consumption on or before November 7, 1976."

IN WITNESS WHEREOF, I have hereunto set my hand  
this                      day of                      , in the year of our Lord  
nineteen hundred seventy-six and of the Independence of  
the United States of America, the two hundred and first.

