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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am announcing actions designed to (1) insure the continued flow of sugar into this country from abroad and (2) encourage increased production domestically at the same time. The actions I am taking will maintain duties on sugar imports at the lowest permissible rate under the Tariff Schedules of the United States.

The Sugar Act is scheduled to expire on December 31, 1974. If no action is taken, tariffs on imported sugar will rise about 1.3 cents per pound on January 1, 1975. The law provides, however, that the President can continue the current rates in force if his proclamation extending the rates includes a quota on sugar imports. I have, therefore, decided to extend the current tariff rates and will set an annual global quota of seven million short tons for 1975. That quantity is more than adequate to meet anticipated import requirements. At the same time, it will ensure a degree of stability for our own sugar industry to operate effectively in a period of very tight supplies.

Although there is no risk we will run out of sugar, we may well experience higher prices than we would like until production catches up with demand. Users of sugar can help ease prices by buying wisely, conserving supplies and consuming less sugar. I urge all Americans to reduce the amount of sugar in cooking and to put in half the amount usually used to sweeten coffee or tea.

The world sugar supply has tightened markedly in recent months. For the past three crop years, world sugar production has been rising. But even so, consumption has exceeded production by a small margin. Crop setbacks this year in a number of countries will prevent production from keeping pace with the normal growth of consumption. Since sugar production this year is expected to be about the same as last, worldwide sugar supplies will continue to be tight. Because we in this country import about one-half of the sugar we consume, we are directly affected by this worldwide problem. So far this year, our foreign suppliers have shipped 10 percent more sugar to the U.S. than last year.

The Council on Wage and Price Stability is working with sugar-using industries to stimulate conservation in the use of sugar. The Council will also hold public hearings to examine the margins charged by sugar processors, refiners and distributors. The purpose of these hearings will be to ensure that the retail prices of sugar and sugar products are not unduly increased.

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In the past,, sharp increases in sugar prices have always been temporary because they stimulated offsetting production increases of sugar cane and sugar beets. I have asked Secretary Butz to ensure that all American farmers are made aware of the excellent market opportunities offered by sugar beets and sugar cane, and to make sure that there are no governmental impediments to increased production.

Early season contracting between farmers and processors could be very helpful in 1975, and long-term contracting between U.S. refiners and foreign suppliers could be very beneficial as well. Our traditional foreign sugar suppliers who have benefited from our sugar program in the past are also urged to continue providing sugar to our market.

Finally, I have directed the Economic Policy Board to monitor the sugar situation on a weekly basis and to report to me any signs of speculation or market activity in world and domestic markets that would worsen the tight supply situation we face this year.

The Administration recognized the inconveniences worked on the average American citizen by the current sugar situation. It will continue to do everything it can to improve matters and to remove some of the uncertainties for the future.

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