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THE WHITE HOUSE
WASHINGTON

October 4, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: JAMES E. CONNOR *JEC*
SUBJECT: Amendment of Sugar
Proclamation

The President reviewed your memorandum of October 2 on the above subject and approved your recommendation to sign a new Proclamation amending your September 21 Proclamation to exclude from the higher duty sugar imports received or in transit prior to September 21, 1976.

The signed proclamation has been given to Robert Linder for appropriate handling.

Please follow-up with any other action that is necessary.

cc: Dick Cheney
Robert Linder

810/4/76

THE WHITE HOUSE

WASHINGTON

October 2, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *RBP for*
SUBJECT: Amendment of Sugar Proclamation

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 required to pay the higher duty on sugar which, in some cases was unloaded but had not yet cleared Customs, sugar 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, OMB, the Office of the Special Trade Representative, NSC, and CIEP has considered these requests for relief.

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, following delivery the importer has up to ten days in which to process the documents and pay the duty. Customs Bureau regulations specify that the imported commodity is legally entered for duty purposes at the time the documents are processed.

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

| | <u>Additional Duty Assessment</u> |
|--|-----------------------------------|
| <u>Category 1</u> | |
| Sugar discharged at U.S. ports -- no duty paid as of September 21 | \$4.4 million |
| <u>Category 2</u> | |
| Sugar in process of being unloaded in U.S. ports | \$800 thousand |

Additional Duty
Assessment

Category 3

Sugar cleared from foreign ports
and in transit to the U.S. \$7.3 million

Category 4

Sugar being loaded in country of origin
or chartered prior to September 21 \$6.3 million

Category 5

Future sugar contracts \$16.9 million

The interagency group unanimously recommends amending the September 21 Proclamation to exclude from the higher duty sugar received or in transit prior to September 21. This would effectively provide relief to the first three categories. Such an amendment is consistent with the intention of the original Proclamation to provide U.S. sugar producers with additional protection from imports since the sugar in categories 1 through 3 is under contract with a specified price and will enter the U.S. regardless of the Proclamation. Thus, the amendment would not affect U.S. sugar prices. The Customs Bureau advises that they can administer the amendment 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 accommodated by later exempting all imports in transit from the surcharge.

The interagency group unanimously recommends against relief to categories 4 and 5 for two reasons. First, such relief would likely depress sugar prices thereby contravening the intention of the original Proclamation. Secondly, the absence of official documents for sugar in categories 4 and 5 makes such relief administratively infeasible.

This memorandum has been staffed to the appropriate White House offices not represented in the interagency group. Their comments and recommendations are as follows:

| | |
|------------------------------|---------|
| James M. Cannon | Approve |
| White House Counsel's Office | Approve |
| John O. Marsh | Approve |
| Max Friedersdorf | Approve |

The Proclamation has been cleared as to form by the Department of Justice and the OMB General Counsel's Office.

Recommendation

That you sign the Proclamation at Tab B amending your September 21 Proclamation to exclude from the higher duty sugar imports received or in transit prior to September 21, 1976.