Origin of the U. S. Sugar Import Tariff-Rate Quota Shares

by
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The current U.S. tariff-rate quota (TRQ) on sugar imports had its origins in 1982. Presidential Proclamation No. 4941 of May 5, 1982, established a system of country-by-country sugar quotas to replace a previous quota system. Under the Proclamation, the U.S. Trade Representative (USTR) was responsible for making all announcements and determinations concerning country quota allocations, while the Secretary of Agriculture was responsible for making all announcements and determinations concerning quota periods and global quota amounts.

Procedure Used To Obtain Country Allocations

The following procedure was used to determine country sugar quota allocations. First, data on U.S. sugar imports (by country) for calendar years 1975-1981 were obtained from the U.S. Customs Service (tables 1 and 2). Second, refined sugar imports were converted to a raw value equivalent by multiplying refined sugar imports by 1.07. Total sugar imports are the sum of raw imports plus the raw value equivalent of refined imports. Third, the highest and lowest observations for each country were discarded and the remaining five observations for each country totaled. Fourth, the five-observation totals for each country were added to obtain a total for all countries. The fifth and final step was to divide each country's five-observation total by the total for all countries (table 3), creating the basis for each country's share.

Initial Modifications to the Country-by-Country Quota System

In the case of quota allocations for "other specified countries and areas," regulations were issued by the Secretary of Agriculture on August 11, 1982, to: 1) make specific allocations to a group named "other specified countries and areas" allowing each country classified in this group to ship either its pro rata share of .3 percent of the base import quota or 16,500 short tons, whichever was greater; 2) establish a certificate of quota eligibility (CQE) system; 3) shift from quarterly to annual quotas; and 4) modify the quota allocations. At the same time, Barbados, Trinidad-Tobago, Bolivia, India, Fiji, Zimbabwe, and Malawi were given individual percentage quota allocations. France, Anguilla, Antigua, Dominica, Grenada, Saint Lucia, Saint Vincent and the Grenadines, Montserrat, British Virgin Islands, Tonga, and Nauru were completely removed from the quota allocation system. This left Mexico, Haiti, Paraguay, Saint Christopher-Nevis, Madagascar, and Cote D'Ivoire as the remaining countries classified as "other specified countries and areas."

It was found that the quota system established on May 5, 1982, had prevented the importation of certain refined sugars used for specialized purposes and originating in countries which did not have quota allocations. This led the Secretary of Agriculture on June 23, 1983, to announce in the Federal Register that the base import quota for the period October 1, 1982-September 30, 1993 was increased from 2,800,000 short tons, raw value to 2,802,000 short tons, raw value, to allow the importation of 2,000 short tons, raw value of specialty sugars.

The USTR announced that the quota for imports of specialty sugar would be allocated at 80 short tons, raw value, for each of the following 25 countries: Belgium, Burma, Cameroon, People's Republic of China, the Congo (Brazzaville), Denmark, France, Federal Republic of Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Kenya, Luxembourg, Uruguay, Netherlands, Netherlands Antilles, South Korea, Surinam, Sweden, Switzerland, United Kingdom, Venezuela, and Yemen.

There have been occasional adjustments, mostly temporary, in the country quota allocations during the last 15 years, for example for Nicaragua, South Africa, and Haiti. In September 1983, the USTR added the Congo (Brazzaville) and Uruguay to the category known as "other specified countries and areas," increasing the number of countries in this category from six to eight, and removed these two countries from the list of countries with a specialty sugar import quota allocation. Later in September 1983, Gabon and Papua New Guinea were added to the list of "other specified countries and areas," bringing to 10 the number of countries in that group. This set of countries is sometimes referred to as the "minimum boatload" group.

It was found that the origin of some of Malawi's shipments to the United States during calendar years 1975-1981 was not correctly identified. The error resulted in a percentage allocation for Malawi which is .3 percent less than it would otherwise have been, and Malawi's share was subsequently adjusted.

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Modifications to the Sugar Quota System in the 1990's

Effective October 1, 1990, the United States modified the previous absolute quota system, replacing it with a TRQ. Under the TRQ, a limited level of imports is allowed to enter the United States at a low (first tier) tariff; any imports beyond that level are assessed a high (second tier) tariff which is practically a prohibitive rate. The country allocation system was left in place.

In the tariff schedule submitted by the United States, which implemented the results of the Uruguay Round GATT negotiations, effective January 1, 1995, the country allocations were not specified in the U. S. Harmonized Tariff Schedule. The United States agreed in the Uruguay Round to provide low-duty access for a minimum of 22,000 metric tons, raw value, of sugars which are usually referred to as "refined sugar," and 1.117 million metric tons, raw value, of raw cane sugar.

A country-by-country allocation system continues to be used for the raw cane sugar TRQ imports. For the refined sugar TRQ, the country-by-country allocations were dropped beginning in fiscal year 1996 in favor of a globalized (first-come, first-served) system. Beginning in fiscal 1997, imports of specialty sugar under the refined sugar TRQ, previously allocated

Table 1--U.S. imports of raw sugar, 1975-81 calendar years

Country or area	1975	1976	1977	1978	1979	1980	1981	Total 1975-81
				Metric tons				
Argentina	97,942	78,682	226,843	156,053	192,006	140,904	403,694	1,296,124
Australia	454,256	369,311	403,934	172,595	73,091	236,767	799,177	2,509,131
Barbados	22,115	30,913	32,638	10,152	43,389	55,083	9,652	203,942
Belgium-Luxembourg	0	0	0	48,763	0	0	0	48,763
Belize	40,805	12,697	30,788	60,986	45,253	66,606	44,125	301,260
Bolivia	0	31,439	30,839	39,214	78,822	32,293	10,006	222,613
Brazil	199,841	0	411,402	409,450	1,172,473	753,502	969,627	3,916,295
Cameroon	0	0	0	0	0	0	5,234	5,234
Canada	2,757	5,975	15,376	121	0	0	0	24,229
China (Taiwan)	139,135	77,105	76,000	51,399	25,656	0	0	369,295
China(Mailand)	11	19	1	0	0	0	2	33
Colombia	119,354	101,045	12,494	61,213	13,116	177,128	194,637	678,987
Congo	0	0	0	0	0	6,440	0	6,440
Costa Rica	47,202	59,070	84,261	27,262	69,460	72,940	56,620	416,815
Dominican Republic	686,722	839,055	796,649	560,490	724,238	519,751	678,014	4,804,919
Ecuador	38,008	31,217	49,220	11,859	85,372	54,536	37,853	308,065
El Salvador	93,235	117,572	118,092	124,960	138,043	51,354	25,701	668,957
France	0	0	0	27,000	0	0	0	27,000
Germany	0	0	10,669	0	0	0	1	10,670
Guatemala	54,751	289,413	291,814	136,189	145,906	186,644	191,910	1,296,627
Guyana	95,144	42,956	18,271	26,931	42,435	54,976	68,518	349,231
Haiti	10,423	5,464	0	2,445	10,053	9,074	0	37,459
Honduras	5,361	6,688	23,631	25,474	60,190	87,712	85,017	294,073
Hong Kong	0	0	0	0	0	0	2	2
India	75,231	66,515	0	0	0	1	1	141,748
Indonesia	0	0	0	0	0	2,540	0	2,540
Ivory Coast	0	0	0	0	0	21,591	0	21,591
Jamaica	55,280	64,449	31,438	20,032	47,655	60,867	0	279,721
Japan	0	0	1	0	0	0	0	1
Leeward-Windward Islands	5,572	15,784	17,734	19,354	21,794	15,086	9,316	104,640
Malagasy Republic	19,063	11,583	10,500	12,442	8,400	18,458	10,899	91,345
Malawi	10,020	5,284	26,559	8,175	50,807	22,651	68,426	191,922
Mauritius	20,890	26,501	50,220	53,188	76,476	74,677	0	301,952
Mexico	31624	22	4	21,215	65,368	0	0	118,233
Mozambique	13,089	28,425	70,780	9,111	79,491	108,641	46,499	356,036
Netherlands Antilles	367	0	0	0	0	0	4,471	4,838
Nicaragua	58,631	137,710	117,081	77,377	99,366	67,847	62,616	620,628
Other Pacific Islands	15,343	0	8,477	15,202	120,279	61,482	39,223	260,006
Panama	86,205	86,174	115,116	122,147	139,515	143,923	105,722	798,802
Paraguay	4,000	2,189	0	0	0	9,918	14,661	30,768
Peru	173,235	317,744	245,912	166,425	173,383	48,058	0	1,124,757
Philippines	376,640	816,832	1,030,536	803,142	333,884	347,869	230,916	3,939,819
South Africa	129,887	85,971	212,316	0	118,479	124,637	0	671,290
Suriname	0	0	0	2,217	0	0	0	2,217
Swaziland	31,130	29,808	53,234	61,763	80,339	88,855	152,419	497,548
Sweden	0	1	0	0	2	0	0	3
Switzerland	0	0	0	0	3,206	0	0	3,206
Thailand	111,625	62,454	0	37,805	0	59,371	229,393	500,648
Trinidad-Tobago	22,283	67,886	31,122	44,602	21,572	0	0	187,465
United Kingdom	0	0	0	0	0	0	0	0
Uruguay	0	4,997	0	13,000	0	0	0	17,997
Zimbabwe	0	0	0	0	0	12,576	86,596	99,172
Total 1/	3,347,176	3,928,951	4,653,955	3,439,750	4,359,519	3,794,717	4,640,898	28,164,966

1/ May not add due to rounding.

Source: U.S. Customs Service.