

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)65  
29 October 1982

Original: English

## WORKING PARTY ON UNITED STATES IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS

The following statement was made by the representative of the United States at the meeting of the Working Party on 21 October 1982, in connection with the updating of information contained in document L/5328.

Concerning sugar, since the revision of the sugar fee import system was announced 5 May, the fees have been progressively reduced and have been reduced to zero cents per pound for raw sugar for the fourth 1982 quarter beginning 1 October 1982. There have been five changes to date. The regular quarterly revision effective 1 July 1982 fixed the raw sugar import fee at 3.4193 cents per lb., down from 4.0703 cents per lb. Three within-quarterly adjustments each reduced the existing fee by one cent. The quarterly adjustment effective 1 October reduced the fee to zero. The fees for refined sugar and syrups which represent a very minor part of sugar imports are one cent per lb.

The sugar import fees had been reduced despite a continued weakness of world sugar prices reflecting a situation of over-supply aggravated by sales below the cost of production. These reductions have been possible because of the sugar import quota established under separate authority which has largely insulated the United States domestic sugar prices and enabled them to recover from the low level of last Spring. They remained slightly above the established market stabilization price objective for most of the time.

It is expected that the raw sugar import fee will remain at zero for the remainder of the calendar year 1982. Further information will be contained in the next annual report on the waiver.

Turning to the other products subject to Section 22 control, namely cotton, peanuts and certain dairy products, no addition or changes since the last submission of the report have been made.

However, I would wish to draw attention to changes that have been made in the United States dairy programme. The United States has taken further steps to prevent excessive milk production. New legislation has been enacted which replaces the formerly mandatory automatic increase in the milk support price with the authority to freeze the support price for

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manufacturing milk at the existing level of \$13.10 per hundredweight. In addition it authorizes a compulsory contribution to the cost of operating the programme. Under the Act, the Secretary of Agriculture may provide for a deduction of 50 cents per hundredweight from the proceeds of all commercially marketed milk effective from 1 October 1982 to 30 September 1983. For the period 1 April 1983 to 30 September 1983 the Secretary may also provide for a deduction of a second 50 cents per hundredweight. These deductions are authorized as long as government-supported activities are above specified levels. The Department of Agriculture has announced that the price support level will remain at the minimum required by law. The Department has announced that the collection of the producer contribution will begin on 1 December.

This success in obtaining legislation to reduce the incentives for the overproduction of milk was achieved through the initiative and strong advocacy of the administration. The new measures are consistent with and in effect an extension of the legislation contained in the Agriculture and Food Act described in the current report on the waiver. It should be pointed out that these policy measures are totally consistent with the letter and spirit of the waiver as well as with the views expressed by various delegations during the CONTRACTING PARTIES review of the 1980 Report.