USDA/ERS SUGAR AND SWEETENERS September 26,1997

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Text Box A

Origin of the United States Sugar Import Tariff-Rate Quota Shares

by Nydia Suarez

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.

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 to 23

countries, were also globalized. Beginning with fiscal 1998, Canada and Mexico

have been given individual allocations of the refined sugar TRQ, the rest of

which remains globalized.

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

Country or area Total

 1975 1976 1977 1978 1979 1980 1981 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-Luxemb 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 Repu 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-Windwa 5,572 15,784 17,734 19,354 21,794 15,086 9,316 104,640

Malagasy Repub 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 An 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 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-Tobag 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.

Table 2--U.S. imports of refined sugar, 1975-81 calendar years

Country or area Total

 1975 1976 1977 1978 1979 1980 1981 1975-81

 Metric tons

Argentina 1,963 7,983 37,421 0 0 0 0 47,367

Australia 37 0 21,233 3,338 1,200 600 300 26,708

Austria 0 0 0 0 0 0 1 1

Barbados 0 0 0 5,995 0 0 0 5,995

Belgium-Luxembo 0 675 1,476 2 0 0 19 2,172

Bolivia 3,182 3,256 11,737 0 0 0 0 18,175

Brazil 1,689 0 91,726 50,280 1 4,336 156 148,188

Burma 0 0 0 0 0 0 0 0

Canada 23,585 21,348 80,746 73,092 70,354 565 2,440 272,130

China (Mainland 7 3 14 19 12 41 207 303

China-Taiwan 0 1 0 0 11 0 0 12

Colombia 6,420 919 80 0 0 136 288 7,843

Costa Rica 0 45 0 1 0 0 0 46

Denmark 1 0 2,630 0 0 0 0 2,631

Dominican Repub 2 0 65,539 27,960 102 0 68 93,671

Ecuador 8 1,828 32 0 0 22 0 1,890

El Salvador 0 36 8,483 1,069 0 0 0 9,588

France 0 13,431 26,158 0 1 1 3 39,594

Germany 13 829 6,436 0 0 5 1 7,284

Guatemala 33 12 0 2,662 0 709 459 3,875

Guyana 0 0 0 7 3 0 3 13

Honduras 5 0 1,361 0 0 0 0 1,366

Hong Kong 0 2 4 4 5 21 50 86

India 73,166 102,797 30 85 11 19 34 176,142

Ireland 0 0 0 1 0 0 0 1

Jamaica 66 0 0 0 0 0 0 66

Japan 0 0 0 2 0 1 0 3

Kenya 0 0 1 0 0 0 0 1

Korea 9,000 853 312 469 0 0 300 10,934

Leeward-Windwar 0 0 0 0 0 0 3 3

Malawi 5,667 10,320 7,239 0 0 0 0 23,226

Malaysia 0 0 0 0 0 0 0 0

Mauritius 2,489 0 0 1 0 0 5 2,495

Mexico 2,885 95 104 20 140 102 50 3,396

Mozambique 0 0 27,200 0 0 0 0 27,200

Netherlands 0 1,212 0 0 0 0 0 1,212

Netherlands Ant 794 0 0 0 0 0 6 800

Nicaragua 69 268 14 0 0 0 0 351

Other Pacific I 0 0 7,432 0 0 0 0 7,432

Panama 620 0 0 0 0 0 0 620

Paraguay 1,961 5,640 0 0 0 0 0 7,601

Peru 0 0 7,356 0 0 0 0 7,356

Philippines 0 21,337 147,184 22 1 1 1 168,546

South Africa 0 952 30,703 0 16 0 0 31,671

Sweden 2 2 3 5 1 4 5 22

Switzerland 0 0 0 0 0 0 0 0

Thailand 0 0 0 0 0 0 0 0

Trinidad-Tobago 24 0 12,193 0 0 0 0 12,217

United Kingdom 105 46 11 19 1 45 12 239

Venezuela 175 0 0 0 0 0 0 175

Yemen 0 0 0 2 0 0 0 2

Total 1/ 133,970 193,890 594,858 165,054 71,861 6,606 4,416 1,170,655

1/ May not add due to rounding.

Source: U.S. Customs Service.

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Table 3--U.S. sugar imports, 1975-81 calendar years and calculation of import shares

 Seven-year (1975-81):

 Curre 1975 1976 1977 1978 1979 1980 1981 Total Mini- Maxi- Net Percent

 share mum mum total 1/ share

 1,000 metric tons, raw value

 Countries with allocations

 Argentina 4.3 100 87 267 156 192 141 404 1,347 87 404 856 4.3

 Australia 8.3 454 369 427 176 74 237 799 2,536 74 799 1,663 8.3

 Barbados 0.7 22 31 33 17 43 55 10 211 10 55 146 0.7

 Belize 1.1 41 13 31 61 45 67 44 302 13 67 222 1.1

 Bolivia 0.8 3 35 43 39 79 32 10 241 3 79 159 0.8

 Brazil 14.5 202 0 510 463 1,172 758 970 4,075 0 1,172 2,903 14.5

 Canada 2/ 28 29 102 78 75 1 3 316 1 102 213 1.1

 Colombia 2.4 126 102 13 61 13 177 195 687 13 195 479 2.4

 Congo (Brazzavill 3/ 0 0 0 0 0 6 0 6 0 6 0 0.0

 Costa Rica 1.5 47 59 84 27 69 73 57 416 27 84 305 1.5

 Cote d'Ivoire 3/ 0 0 0 0 0 22 0 22 0 22 0 0.0

 Dominican Republi17.6 687 839 867 590 724 520 678 4,905 520 867 3,518 17.6

 Ecuador 1.1 38 33 49 12 85 55 38 310 12 85 213 1.1

 El Salvador 2.6 93 118 127 126 138 51 26 679 26 138 515 2.6

 Fiji 4/ 0.9 0 0 0 0 0 0 0 0 0 0 0 0.0

 Gabon 3/ 0 0 0 0 0 0 0 0 0 0 0 0.0

 Guatemala 4.8 55 289 292 139 146 187 192 1,300 55 292 953 4.8

 Guyana 1.2 95 43 18 27 42 55 69 349 18 95 236 1.2

 Haiti 3/ 10 5 0 2 10 9 0 36 0 10 26 0.1

 Honduras 1.0 5 7 25 25 60 88 85 295 5 88 202 1.0

 India 0.8 154 177 0 0 0 0 0 331 0 177 154 0.8

 Jamaica 1.1 55 64 31 20 48 61 0 279 0 64 215 1.1

 Madagascar 3/ 19 12 11 12 8 18 11 91 8 19 64 0.3

 Malawi 4/ 1.0 16 16 34 8 51 23 68 216 8 68 140 0.7

 Mauritius 1.2 24 27 50 53 76 75 0 305 0 76 229 1.1

 Mexico 2/ 3/ 35 0 0 21 66 0 0 122 0 66 56 0.3

 Mozambique 1.3 13 28 100 9 79 109 46 384 9 109 266 1.3

 Nicaragua 2.1 59 138 117 77 99 68 63 621 59 138 424 2.1

 Panama 2.9 87 86 115 122 140 144 106 800 86 144 570 2.9

 Papua New Guinea 0 0 0 0 0 0 0 0 0 0 0 0.0

 Paraguay 3/ 6 8 0 0 0 10 15 39 0 15 24 0.1

 Peru 4.1 173 318 254 166 173 48 0 1,132 0 318 814 4.1

 Philippines 13.5 377 840 1,188 803 334 348 231 4,121 231 1,188 2,702 13.5

 South Africa 2.3 130 87 245 0 118 125 0 705 0 245 460 2.3

 St. Christopher-N 0 0 0 0 0 0 0 0 0 0 0 0.0

 Swaziland 1.6 31 30 53 62 80 89 152 497 30 152 315 1.6

 Taiwan 1.2 139 77 76 51 26 0 0 369 0 139 230 1.2

 Thailand 1.4 112 62 0 38 0 59 229 500 0 229 271 1.4

 Trinidad-Tobago 0.7 22 68 44 45 22 0 0 201 0 68 133 0.7

 Uruguay 3/ 0 5 0 13 0 0 0 18 0 13 5 0.0

 Zimbabwe 4/ 1.2 0 0 0 0 0 13 87 100 0 87 13 0.1

 Other Countries or Areas

 Belgium-Lux 0 1 2 49 0 0 0 52 0 49 3 0.0

 Burma 0 0 0 0 0 0 0 0 0 0 0 0.0

 Cameroon 0 0 0 0 0 0 5 5 0 5 0 0.0

 China Mainland 0 0 0 0 0 0 0 0 0 0 0 0.0

 Denmark 0 0 3 0 0 0 0 3 0 3 0 0.0

 France 0 14 28 27 0 0 0 69 0 28 41 0.2

 Germany, Fed 0 1 18 0 0 0 0 19 0 18 1 0.0

 Hong Kong 0 0 0 0 0 0 0 0 0 0 0 0.0

 Indonesia 0 0 0 0 0 3 0 3 0 3 0 0.0

 Ireland 0 0 0 0 0 0 0 0 0 0 0 0.0

 Japan 0 0 0 0 0 0 0 0 0 0 0 0.0

 Kenya 0 0 0 0 0 0 0 0 0 0 0 0.0

 Leeward-Windward Island 6 16 18 19 22 15 9 105 6 22 77 0.4

 Netherlands 0 1 0 0 0 0 0 1 0 1 0 0.0

 Netherlands Antilles 1 0 0 0 0 0 4 5 0 4 1 0.0

 Other Pacific nec 15 0 16 15 120 61 39 266 0 120 146 0.7

 South Korea 10 1 0 1 0 0 0 12 0 10 2 0.0

 Suriname 0 0 0 2 0 0 0 2 0 2 0 0.0

 Sweden 0 0 0 0 0 0 0 0 0 0 0 0.0

 Switzerland 0 0 0 0 3 0 0 3 0 3 0 0.0

 United Kingdom 0 0 0 0 0 0 0 0 0 0 0 0.0

 Venezuela 0 0 0 0 0 0 0 0 0 0 0 0.0

 Yemen 0 0 0 0 0 0 0 0 0 0 0 0.0

 Total 5/ 3,491 4,136 5,290 3,616 4,436 3,802 4,646 29,418 1,300 8,144 19,973

 1/ Seven-year total minus minimum and maximum. 2/ Subsequently given separate treatment due to other trade agreements. 3/ "Other specified countries and

 areas", sometimes referred to as "minimum boatload countries". 4/ Countries for which data or other revisions accepted. 5/ Totals may not add due to rounding.

 Source: U.S. Customs Service.

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