GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/6742
12 October 1990

Limited Distribution

Original: English

UNITED STATES - RESTRICTIONS ON IMPORTS OF SUGAR

Communication from the United States

The following communication, dated 3 October 1990, has been received from the Office of the United States Trade Representative in Geneva.

The United States hereby notifies you that as of October 1 the United States has revised its sugar import policy in response to a panel report in a dispute settlement proceeding brought at the request of the government of Australia (L/6514, United States - Restrictions on Imports of Sugar).

Attached is the Proclamation that the President of the United States signed on September 14 in this regard. Also attached is the press announcement by the U.S. Trade Representative of this change in policy.[1]

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[1] The press announcement is attached as an annex to the document. A copy (in English) of the Proclamation is available for consultation in the Secretariat (Office No. 1073, Tel. 739 52 48).

ANNEX

FOR IMMEDIATE RELEASE
Friday, September 14, 1990

USTR ANNOUNCES TARIFF-RATE QUOTAS ON SUGAR IMPORTS

President Bush today signed a proclamation authorizing a tariff-rate quota on sugar imports effective October 1, 1990, U.S. Trade Representative Carla Hills announced today.

The new tariff-rate quota will replace import quotas that a panel report of the General Agreement on Tariffs and Trade (GATT) in June 1989 found to be in violation of international trade rules.

Import quotas are prohibited by international trade rules unless certain conditions are met. Tariff-rate quotas are permitted if tariffs are not above bound levels. Because the U.S. sugar tariff is unbound, a tariff-rate quota system can be implemented in compliance with international trade rules.

Under the tariff-rate quota system, the Secretary of Agriculture will announce a quantity of sugar that will be subject to current tariff rates. This quantity will be allocated by the USTR on a country-by-country basis according to historical trade. Any additional quantity will be subject to a tariff of 16 cents per pound, raw value. GSP and CBI countries will continue to be eligible to receive duty-free treatment on the quantity of sugar permitted entry at current tariff rates.

U.S. law requires that the domestic sugar price support program be run at no cost to the Government. To ensure this, domestic market prices must be kept at a level sufficient to prevent loans from being forfeited. The secondary tariff rate of 16 cents will enable the Administration to meet this legal requirement.