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AGRICULTURAL POLICY ANALYSIS PROJECT

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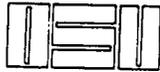
Activity Report

Dominican Republic  
Effects of Section 213 of the Caribbean  
Basin Economic Recovery Act

Submitted to:  
Dr. Richard Suttor  
AID Project Manager  
Department of State  
S&T/AGR, Room 403, SA-18  
Washington, D.C. 20523

Prepared by:  
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December 12, 1983



# Oklahoma State University

DEPARTMENT OF AGRICULTURAL ECONOMICS

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November 14, 1983

## MEMORANDUM

TO: Marion Ford, Agricultural Officer  
USAID/Dominican Republic

FROM: Dean F. Schreiner  
Agricultural Policy Project  
Oklahoma State University

SUBJECT: TDY on Agricultural Policy Analysis 936-4084

I. The purpose of my visit was to assist the Oficina Nacional de Planificacion (ONAPLAN) in analyzing the effects of Section 213 (Duty free imports of sugar and beef products) of the Caribbean Basin Economic Recovery Act (CBERA) on the economy of the Dominican Republic, particularly as it relates to production and consumption of basic food commodities. Results were to be integrated into their response to questions proposed by the U.S. government and related to basic food production.

II. Attached to this memo are several discussion papers and documents that relate to the Dominican response to Section 213 and include:

A. "Discussion notes for Section 213 of Caribbean Basin Economic Recovery Act."

These are notes I put together and discussed with Rafael Alvarez and Ammerys Ortiz and relate to the specific questions posed in Section 213.

They plan to review the notes and integrate relevant concepts into their response paper. The notes highlight how the Dominican government can respond to two critical issues raised in Section 213:

1. Monitoring what is happening to production and consumption of basic food commodities in the D.R.
2. Assuring that the appropriate incentives are in place to keep basic food production up.

B. "Respuestas al Formulario Requerida por la Embajada Americana, Ley Sobre Recuperacion Economica para la Cuenca de Caribe."  
11 de Noviembre de 1983  
8 de Noviembre de 1983

These are two rough drafts of their response to Section 213 as the week progressed. They plan to have another rough draft completed for next week which will have several annexes attached to it. That rough draft will be discussed with the interinstitutional committee and then a final version will be submitted to the Embassy.

- C. "Bases para la Formulacion de un Programa de Produccion de Alimentos, a Ser Utilizado en la Ley de Recuperacion Economica Para la Cuenca del Caribe."  
9 de Septiembre de 1983

This is the document given to me when I first arrived and was submitted early on by the Secretariado Tecnico (September 9). Rafael had not seen this document. The document itself is very complete in responding to Section 213. In my opinion the only thing it lacks are some affirmative statements by the Government that they will monitor certain critical variables related to production and consumption of certain basic food commodities and that they will take appropriate action if these variables indicate a worsening condition for the country. Otherwise, the document is very complete in providing data, laws, etc.

- D. "Schedule of Meetings"

- III. I found the ONAPLAN people very interested and enthused in what the CBERA will do for development of the country, particularly agriculture. It is a new program and they want to determine how the Dominicans can best manage the program to receive the most benefits. The questions under Section 213 are part of this management but they want to go farther. They want to know what impact the program can have on development of the total sector. How can revenue from this program be used for investment projects, both private and public, that have high priority or potentially high rates of return? What policies need to be changed which will increase potential benefits from the program?

The top level personnel in the Dept. Sectorial de ONAPLAN are relatively new at their positions. Rafael Alvarez, Chief, has had that position only three months. Amnerys Ortiz, who is apparently the assistant to Rafael, just returned from an M.Sc. program at Ohio State in Agricultural Economics. She appears to be a very well qualified person. Rafael is very interested in having some advisory assistance to work with his staff (about 22 professionals) on studying the impact of this program.

Whether or not this Dept. of ONAPLAN will play a lead role in implementing the Mission's agricultural policy project, it seems that the Mission could capitalize upon the high level of interest in planning and policy analysis generated by the CBERA by providing some interim advisory services to Mangual and this Dept. for study of this specific problem. Perhaps over the next six months a baseline

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Marion Ford  
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study could be put together and a framework developed to specifically analyze the impact of Section 213. Jim Riordan and I would be happy to discuss this possibility with you under auspices of the Agricultural Policy Project.

IV. Thank you for the opportunity to work with you and your office. I learned a great deal!

Discussion Notes for Section 213 of  
Caribbean Basin Economic Recovery Act

- V. What are the current export levels of sugar and beef products; total exports and exports to the United States?

Beef

Country of Destination	Exports (metric tons)		
	1981 Revised	1982 Prelim.	1983 Forecast
U.S.	3,800	4,300	3,100
Barbados	--	--	500
Total	3,800	4,300	3,600

Source: U.S. Agricultural Attache Report, July 13, 1983.

Beef exports from the Dominican Republic have been of minor importance in recent years. Exports represent less than 10 percent of total production and are expected to show a 16 percent decrease in absolute terms from 1982 to 1983.

One argument for low export volume is that domestic demand is strong and domestic prices are higher than potential export prices. A recent U.S. Agricultural Attache Report indeed does show a domestic price of RD\$1.50 to RD\$2.00 per pound compared to a yellow sheet quote of US\$1.10 - 1.25 per pound. At the official exchange rate of US\$1.00=RD\$1.00, which is the rate which beef exporters must convert at the Central Bank, domestic prices are favorable relative to export prices. However, at the current parallel market rate of RD\$1.82 to US\$1.00, the export prices are US\$2.00 - 2.28 which are more favorable compared to domestic prices. A policy of export promotion of beef by the Dominican Government would have to consider an export price commensurate with the market equilibrium foreign exchange rate. After

all, beef producers are paying close to the parallel market rate for all production inputs. Currently, high production costs and low export prices are disincentives in the production of export beef.

Part of the strong domestic demand for beef may be attributed to the substitution of beef or pork during the recent past when pork supplies were low and pork prices high. With the new national swine herd increasing in size and production again occurring after controlling African Swine Fever, consumption of pork should increase, thus reducing the demand for beef. This would make more beef available for export purposes.

#### Sugar Products

Sugar Exports (metric tons)			
Country of Destination	1982 Finalized	1983 Revised	1984 Forecast
U.S.		475,507	
USSR		235,806	
Cuba		73,491	
All others		<u>168,973</u>	
Total	816,408	953,777	1,000,000

Source: U.S. Agricultural Attache Report, September 20, 1983.

Molasses Exports (metric tons)			
Country of Destination	1982 Revised	1983 Revised	1984 Forecast
Puerto Rico		156,103	
U.S.		5,513	
All others		<u>68,697</u>	
Total	310,940	230,313	250,000

Source: U.S. Agricultural Attache Report, September 20, 1983.

VI. What are the expected increases in acreage used for production of sugar and beef products for export as a result of duty free access to the United States? In the next five years? In the next ten years?

Sugar

The Dominican Republic does not anticipate any increases in area planted to sugar cane. In fact, the country currently has laws prohibiting additional land being brought under sugar cane cultivation. The trend has been in the opposite direction for many years. Government policy has been in the direction of product diversification. Sugar lands under control of the government have recently been diverted to production of African Palm and pineapple.

Sugar, traditionally, has been the principal commodity of the Dominican Republic. It is the primary source of foreign exchange and is the major employer of people. The benefits of sugar cane production have wide distribution in the economy as a whole. The benefits of duty-free treatment under the CBI is of particular importance to the Dominican Republic and should provide much needed resources for future development programs.

Sugar cane is produced almost exclusively under rain fed conditions in the Dominican Republic. Resource conditions including rainfall, distribution of rainfall, temperature, soils and others, are such that sugar cane has a strong comparative advantage for production over most other crops in many areas of the country. This has led to substantial investments by the government and private enterprise in the development and production of the sugar industry. This has also created a condition of shortrun price inelasticity of supply. Hence, the economy as a whole is affected substantially as the world market price for sugar increases or decreases.

As a result of the wide swings in the economy related to world prices for sugar, the country has actively entered a diversification program in agricultural production. Irrigation projects have been financed and constructed by the government to expand production of rice and other commodities. Additional revenues received from duty-free access of sugar to the U.S. market should benefit further development of the diversification program.

The Dominican Republic has no need of expanding acreage in the production of sugar cane over the next five and ten year periods. The country can easily expand production to meet normal growth in domestic demand and growth in export markets. The technical base of production can be increased through use of fertilizers and other chemicals to substantially increase yields. Favorable product prices, along with some technical assistance in production, should be ample incentive to increase yields through use of more purchased inputs.

#### Beef

In the case of beef, the question of expanding acreage for beef production is not realistic if based on economic factors. Beef production in the Dominican Republic is almost exclusively carried out under conditions of natural and rainfed pasture lands. Most any crop cultivation would yield higher profitability and thus would replace pasture or forage production if soil conditions warranted.

It is not anticipated that increased beef production due to duty-free treatment of U.S. beef imports from the Dominican Republic, would increase acreage used in forage production.

VII. What measures are you taking, or do you intend to take, to ensure that production of sugar and beef products for export to the United States does not occur at the expense of staple food production?

Sugar

The capacity to expand sugar production in the Dominican Republic is substantial without bringing additional areas under sugar cane production. The present government policy is one of crop diversification. The government has selected increased rice and sorghum production as two areas of highest priority for basic food commodities.

Rice is a basic commodity in the Dominican diet providing 27 percent of daily caloric intake for families with incomes less than RD\$100 monthly. Rice production involves large numbers of small producers. An estimated 70 percent of total production comes from plots less than 6.2 hectares in size. All rice in the Dominican Republic is produced under irrigation. The country has been self-sufficient in rice since 1981. Price incentives to rice producers and controlled prices to consumers have maintained this self-sufficiency equilibrium, at least for the present. With continued support from the government for credit and technical assistance, availability of purchased inputs including fertilizers and chemicals, and appropriate price incentives based on market demand and supply conditions, the Dominican Republic should continue to be self-sufficient in rice for the near future.

Grain sorghum is produced as a livestock feed and can substitute for corn in feed formulations thus saving foreign exchange from reduced corn imports. Grain sorghum production has a comparative advantage over corn production in several regions of the Dominican Republic given those region's resource conditions and crop rotations. Sorghum grain production has been expanding at an annual rate of

15 to 25 percent in recent years, and is expected to increase at similar rates for the near future. Even at these growth rates, however, the country will continue to be an importer of corn for some time.

Prices paid to grain sorghum producers are set by the government. Prices were increased to producers last June by 18.5 percent but, even then, processors offered above the support price to guarantee adequate supplies. A critical concern is to appropriately price imported corn for livestock feed that reflects the true foreign exchange cost. Since grain sorghum has only a slightly lower feed value than corn, sorghum prices will be heavily influenced by the price of corn.

Measures that need to be taken to ensure production of sugar products for export does not occur at the expense of basic food production include: (1) assuring adequate credit, purchased inputs including fertilizers and chemicals, and technical assistance available to producers of rice, sorghum and other basic commodities, and (2) assuring appropriate price incentives to producers of rice, sorghum and other basic commodities for expanding production in accordance with growth in demand.

Expanding sugar production through diverting credit, purchased inputs and technical assistance from the production of basic food commodities will not be an approved policy of the Dominican Government. Nor will it be an approved policy of the government to use foreign exchange gained from increased exports of sugar products to subsidize imports of basic food commodities and thus drive down prices received by producers of rice, sorghum and other commodities.

## Beef

Exports are a small proportion of total beef production. Current export prices are only marginally higher than domestic prices when valued at the parallel market exchange rate and are inferior to domestic prices when valued at the official exchange rate. Resources will not be moving toward production of beef exports until export prices increase or cost of beef production decreases.

Competition for resources between production of export beef and production of basic food commodities is minimal. Beef production utilizes many acres of land that otherwise would not be harvested. Some limited competition may exist between using forage for milk production versus meat production but the extent of such competition is not considered significant. Similarly, some limited competition may occur with goat production.

Resource use competition between beef production and basic food production is more likely to come about through use of credit, technical assistance and purchased inputs. Government policy will not be used to subsidize credit or purchased inputs in promotion of beef production for export purposes. The market prices will determine the rate of growth in beef production and the use of credit and purchased inputs.

Conceivably, export prices could increase to the extent that beef exports would reduce domestic consumption of beef below current levels. However, because of close substitutes between beef, pork and poultry, higher beef prices would shift demand away from beef and toward pork and poultry.

VIII. How do you propose to monitor the impact of duty free access for sugar and beef products on:

A. The production of staple foods in your country?

We propose to monitor three important variables related to basic food commodities that may be influenced by duty free access for sugar and beef products to U.S. markets: (1) production of basic food commodities; (2) prices of basic food commodities; (3) imports of basic food commodities. If production decreases or stagnates, if prices increase substantially faster than the general price level, or if imports increase, government policies will be reviewed first to determine if such policies discriminate against basic food production. Such policies may relate to controlled prices limiting incentives for basic food production or to controlled foreign exchange rates encouraging basic food imports.

If it is determined that government policies are not discriminating against basic food production, then further analysis will be made to determine why resources are moving away from basic food production to production of sugar and beef products for export. Additional factors which must be considered are availability of credit, variability of prices, availability of marketing services and other infrastructure, or general cost of production relative to import costs. Results of such analyses will determine the appropriate action needed by the Dominican Government.

B. Land use and land ownership patterns in your country?

A basic objective of the Dominican Government in utilizing duty free access to U.S. markets is expanded sugar and beef production that benefits a large segment of the rural population. Production of sugar and beef products will be monitored to determine if there

is a tendency toward increased concentration of resources among a limited number of producers and processors of these two commodity groups.

An important variable that will be monitored is the average size land holding of sugar cane and beef producers. Dramatic increases in the average size land holding will be indicative of increased concentration of resources among a few producers and, thus, these producers will be gaining most of the benefits from duty free access to U.S. markets.

Similarly, processors of sugar and beef will be monitored to determine if separately or jointly, such processors are able to exert monopoly control over buying of sugar cane and beef from producers. Currently, there are two beef processing plants licensed to export products to the U.S. market. Limited supplies of beef for export have not justified additional licensed plants. Sugar processing is distributed among two private companies and the government controlled CEA.

*Secretariado Técnico de la Presidencia*  
*Oficina Nacional de Planificación*

*Santo Domingo, D. N.*

RESPUESTAS AL FORMULARIO REQUERIDO POR LA  
EMBAJADA AMERICANA, LEY SOBRE RECUPERACION  
ECONOMICA PARA LA CUENCA DEL CARIBE.

Preparado por el Departamento de Planificación Sectorial  
Santo Domingo, D. N.,  
11 de noviembre de 1983.

## INTRODUCCION:

La iniciativa de la ley de producción de alimentos para la Cuenca del Caribe y Centroamérica es un público reconocimiento de la importancia que para estos países significa el desarrollo del sector clave de sus economías. El sector agropecuario proveedor tanto de insumos como de bienes finales necesita ser impulsado a fin de incrementar su actual nivel de crecimiento, dentro de éste contexto, este plan de recuperación económica no sólo favorece las acciones puestas en vigor en el sector gubernamental sino que también extiende financiamiento para impulsar actividades dentro del sector privado.

La implementación de este plan de recuperación económica se ajusta muy adecuadamente dentro de la actual gestión de este Gobierno de Concentración Nacional. En efecto, dentro del área alimentaria la República Dominicana ha preparado el primer plan de Alimentación y Nutrición el cual fue publicado en el presente año. Este documento recoge los lineamientos de políticas que en el plano de alimentación está abocado el Gobierno a través de todas sus sectoriales. Nacido como el resultado conjunto de un equipo interdisciplinario de técnicos nacionales y asesores internacionales, este plan persigue el fortalecimiento de

las acciones multisectoriales que garanticen la seguridad alimentaria de los grupos poblacionales de bajos ingresos y el aumento de la producción agropecuaria particularmente en la expansión de las exportaciones. Un aspecto importante del Plan lo constituyen los programas y proyectos de inversión pública los cuales fueron clasificados por renglones de importancia productiva.

En otras palabras, el Plan de Producción de Alimentos se circunscribe dentro de los lineamientos de política contenido en el Plan Alimentario. En ese sentido el presente trabajo no es sino la respuesta a preguntas específicas formuladas por Dean Schreiner, Asesor de la AID, las cuales pueden servir para enmarcar las actuales acciones de políticas dentro del plan de recuperación económica.

Respuesta No. 1

NIVELES ACTUALES DE PRODUCCION

<u>CULTIVO</u>	<u>PRODUCCION</u>
Azúcar	1,248,661 (Toneladas Métricas)
<u>CARNICOS</u>	
Res	1,330 (Miles de Quintales)
Pollo	1,906 (Miles de Quintales)
<u>PRODUCTOS LACTEOS</u>	
Leche	318 (Millones de Litros)

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GRANOS BASICOS

Arroz	6,288	(Miles de qqs.)
Maíz	1,457	(Miles de qqs.)
Sorgo	271	(Miles de qqs.)
Guandul	1,382	(Miles de qqs.)
Habichuelas Rojas	996	(Miles de qqs.)
Habichuelas Negras	332	(Miles de qqs.)

PRINCIPALES PRODUCTOS HORTICOLAS

Ajíes	16,384	(Toneladas Métricas)
Ajo	2,335	" "
Berenjena	2,060	" "
Cebolla	14,729	" "
Molondrón	5,392	" "
Tomate Industrial	85,608	" "
Tomate de Ensalada	8,608	" "

TUBERCULOS Y RAICES

Yuca	2,962	(Miles de Quintales)
Name	439	" " "
Yautía	1,304	" " "
Papa	375	" " "

DISPONIBILIDAD DE LOS PRINCIPALES  
ALIMENTOS Y SU APORTE NUTRICIONAL  
(1982) (Miles T.M)

ALIMENTOS	CONSUMO PER-CAPITA		APORTE NUTRICIONAL	
	kgr/año	gr/día	Calorías	Proteínas
<u>I. CEREALES</u>	<u>113.8</u>	<u>312</u>	<u>1125</u>	<u>28.0</u>
Arroz	45.4	124	450	9.0
Maíz 1/	36.0	99	357	9.2
Trigo	21.6	59	215	6.9
Sorgo	10.8	30	103	2.6
<u>II. RAICES Y TUBERCULOS</u>	<u>85.3</u>	<u>236</u>	<u>304</u>	<u>3.0</u>
Batata	2.5	9	10	0.1
Yuca	10.5	29	38	0.3
Yautía	1.3	4	5	0.1
Name	0.9	2	2	0.0
Plátano	50.9	139	183	1.7
Papa	2.2	6	19	0.2
Guineo	17.0	47	52	0.6
<u>III. LEGUMINOSAS</u>				
Habichuela (Roja y negra)	4.7	13	44	2.8
Guandul	2.1	6	20	1.2
<u>IV. CARNES (2)</u>	<u>26.7</u>	<u>74</u>	<u>141</u>	<u>13.8</u>
Pollo	11.6	32	54	5.8
Res	9.7	27	69	5.0
Cerdo	1.1	3	6	0.5
Pescados y Mariscos	4.3	12	12	2.5
<u>V. LACTEOS</u>	<u>57.8</u>	<u>158</u>	<u>96</u>	<u>5.6</u>
Leche	57.8	158	96	5.6
<u>VI. OTROS</u>	<u>98.4</u>	<u>269</u>	<u>799</u>	<u>0.6</u>
Azúcar (3)	74.9	205	787	-
Hortalizas	23.5	64	12	0.6
<u>TOTAL</u>			<u>2529</u>	<u>55.0</u>

1/ El Maíz y el Sorgo se refieren a la disponibilidad para consumo de la Industria de Alimento Animal.

(2) Azúcar se refiere a la disponibilidad para el consumo interno (producción-importación)

(3) Se excluye la producción nacional de carne de cerdo, chivo y conejo.

FUENTE: Elaborado por la División Agropecuaria de ONAPLAN en base a Informaciones de la Subsecretaría Técnica de Planificación Sectorial Agropecuaria: Plan Operativo y URPE.

Respuesta No. 3

NIVELES ACTUALES DE EXPORTACION TOTAL HACIA LOS ESTADOS UNIDOS, DE CARNE Y AZUCAR

AZUCAR

Total	850,178	(toneladas métricas)
Hacia E.U.A.	356,026	" "

CARNE

Total	4,076,175	(kilogramos)
Hacia E. U. A.	9.6	(millones de libras)

Respuesta No. 4

Los aumentos esperados en la exportación tanto de carne como de azúcar no han sido estimados para horizontes de largo plazo debido a la inestabilidad de los precios en el mercado internacional.

En el caso específico del azúcar, la República Dominicana persigue el objetivo de aumentar la productividad, ya que el decreto 1057 de junio de 1975 prohíbe la explotación de nuevas áreas. Se busca mejorar las variedades existentes a través de un manejo más eficiente de las plantas actuales y la diversificación de la industria cañera. Sin embargo, esta política gubernamental ha sido incumplida porque tierras tradicionalmente usadas para la producción de azúcar han sido dedicadas a la producción de palma afri

cana y piña.

En términos de carne de res, la ley de recuperación económica para la Cuenca del Caribe puede constituir un importante instrumento para aumentar los actuales niveles de producción de carne de res. Hoy día, por ejemplo, los novillos son sacrificados con 370 kilos de peso, cuando el peso requerido es de 450 kilos. Esa deficiencia en peso sólo puede ser obtenida a través de una alimentación suplementaria. Este suplemento alimentario conduciría a un incremento de 4 millones de libras de carne por año, usando las disponibilidades actuales de animales, sin embargo, este no incluye el mejoramiento de parámetros de reproducción ganadera. Una segunda alternativa de utilización del plan de recuperación lo constituye el financiamiento a fertilización de pastos. La ganadería de carne es altamente dependiente de fertilizantes los cuales a su vez tienen un alto componente importado. A consecuencia del alza experimentada en la prima del dólar los precios de los fertilizantes han acusado niveles insospechados.

Los actuales niveles de exportación de carne de res se han visto mermados como consecuencia de la presión ejercida en el mercado interno por la desaparición de carne de cerdo.

Sin embargo, en la actualidad el programa de repoblación porcina ha alcanzado un nivel de ejecución que supera al 62%, esperándose abastecer completamente la demanda interna para el próximo año 1984. Las exportaciones de carne de República Dominicana, representan menos del 10% del total de la producción.

En adición a la fuerte demanda interna de carne de res, los altos costos de producción y los bajos precios de exportación se han convertido en desincentivos, tanto en la producción como exportación de la carne de res.

El sacrificio de ganado y la comercialización de la carne de res en el país se encuentra regulada por disposiciones específicas de la Secretaría de Agricultura y el Centro de Promoción de Exportaciones (CEDOPEX), que establecen que un 80% de la carne producida en el país debe ser mercadeada dentro del país. Aunque existen cuotas asignadas para la exportación de carne de res hacia los Estados Unidos (Ver Cuadro a continuación), el sacrificio de ganado pudiese ser aumentado sin lesionar la oferta interna de carne.

VOLUMEN DE EXPORTACION DE CARNE DE RES:

(En Millones de libras)

<u>AÑO</u>	<u>EXPORTACION</u>	<u>CUOTA</u>
1980	2.5	14.0
1981	8.5	16.0
1982	9.6	16.0

Respuesta No. 5:

La República Dominicana, tiene capacidad para aumentar los actuales niveles de producción de azúcar, aún sin disponer de nuevas áreas de siembra. Por otra parte, la política del actual Gobierno persigue aumentar la producción de arroz y sorgo como forma de reducir las grandes importaciones de trigo que reciben a través de PL-480. El país ha sido autosuficiente en arroz desde el año 1981 y ello ha sido posible por los incentivos otorgados a los productores y asimismo, el gobierno dominicano ha otorgado nuevas facilidades de financiamiento y asistencia técnica, así como facilidad para la compra de insumos incluyendo fertilizantes. El caso del arroz es una demostración de la factibilidad de aumentar la producción de un alimento básico a través de un programa de apoyo a la producción.

En cuanto al azúcar, las medidas que puedan ser tomadas para aumentar los niveles actuales de exportación no irían en detrimento de otros alimentos básicos debido a que estas medidas se harían acompañadas no sólo del mejor aprovechamiento de las actuales áreas de siembra y la sustitución del obsoleto equipo existente, sino también, del cambio de zafras azucare-  
ras o zafras adelantadas.

El aumento en los niveles exportables de productos cárni-  
cos, no lesionarían el consumo interno debido a que la carne ,  
de pollo y cerdo son perfectos sustitutos para la carne de res  
y, los actuales precios para la carne de res se verían al mis-  
mo tiempo abaratados por la oferta adicional que introduciría  
el cerdo. En efecto, para 1984 se espera producir 2000 kilos  
adicionales de carne de cerdo.

Respuesta No. 6:

La República Dominicana propone el manejo de (3) tres  
importantes variables relacionadas con los alimentos básicos  
y que pueden ser influenciadas por la política de liberaliza-  
ción de impuestos contenidos en la Ley de Producción de Alimen-  
tos para la Cuenca del Caribe: 1) La producción de alimentos  
básicos y al mismo tiempo complementarios al desarrollo de ni-  
veles de producción de azúcar y carne; 2) La garantía de me-  
jores precios para el productor, a través de los incentivos

mencionados en la respuesta No. 5; y 3) La importación de alimentos básicos que no puedan ser producidos localmente.

Si bajo la ejecución de esta medida la República Dominicana, no obtiene los niveles de producción esperados esta política deberá ser entonces revisada para determinar si estas han estado discriminando la producción y coadyuvando así a mayores niveles de importación pagados a cada vez más elevados precios.

En conclusión, la política implementada por la República Dominicana en términos alimentarios se encuentran inserta en el Plan Nacional de Alimentación y Nutrición.

El país se encuentra en las mejores condiciones para someter ante el Gobierno Americano un plan de producción de alimentos enmarcado en los lineamientos discutidos anteriormente.

*Secretariado Técnico de la Presidencia*  
*Oficina Nacional de Planificación*

Santo Domingo, D. N.

RESPUESTAS AL FORMULARIO REQUERIDO POR LA AID,  
LEY SOBRE RECUPERACION ECONOMICA PARA LA CUENCA  
DEL CARIBE

Preparado por el Departamento de Planificación  
Sectorial.  
Santo Domingo, D.N.  
8 de noviembre, 1983.

## INTRODUCCION

En 1983 es publicado el Primer Plan Nacional de Alimentación y Nutrición. Este documento no es más que el resultado conjunto de un equipo interdisciplinario de técnicos nacionales y asesores internacionales. Los objetivos perseguidos por el Plan son:

- a) El fortalecimiento de las acciones multisectoriales que garanticen la seguridad alimentaria de los grupos poblacionales de bajos ingresos,
- b) Aumento de la producción agropecuaria y particularmente la expansión de las exportaciones.

Estos objetivos están basados en el aumento del empleo y el poder adquisitivo de la población dominicana a través de un mayor nivel de ingreso per cápita.

Un aspecto importante en este Plan lo constituye los programas y proyectos de inversión pública los cuales son clasificados - por regiones de importancia, así como, por renglones de producción. Estos programas y proyectos son definidos en dos sentidos:

- 1) Acciones necesarias para cubrir las deficiencias observadas en el diagnóstico levantado previamente y
- 2) Acciones que complementan aquellos proyectos ya en ejecución.

Dentro de este contexto y atendiendo a los requerimientos de información formulados por la AID, el presente trabajo no es si no la respuesta al cuestionario sometido a esta ONAPLAN.

*H*

NIVELES ACTUALES DE PRODUCCION

*en que año*

<u>CULTIVO</u>	<u>PRODUCCION</u>
Azúcar	1,248,661 (Toneladas Métricas)
<u>CARNICOS</u>	
Res	1,330 (Miles de Quintales)
Pollo	1,906 (Miles de Quintales)
<u>PRODUCTOS LACTEOS</u>	
Leche	318 (Millones de Litros)
<u>GRANOS BASICOS</u>	
Arroz	6,288 (Miles de qqs.)
Maíz	1,457 (Miles de qqs.)
Sorgo	271 (Miles de qqs.)
Guandul	1,382 (Miles de qqs.)
Habichuelas Rojas	996 (Miles de qqs.)
Habichuelas Negras	332 (Miles de qqs.)

PRINCIPALES PRODUCTOS HORTICOLAS

Ajíes	16,384 (Toneladas Métricas)
Ajo	2,335 (Toneladas Métricas)
Berenjena	2,060 (Toneladas Métricas)
Cebolla	14,729 (Toneladas Métricas)
Molondrón	5,392 (Toneladas Métricas)
Tomate Industrial	85,608 (Toneladas Métricas)
Tomate de Ensalada	8,608 (Toneladas Métricas)

TUBERCULOS Y RAICES

Yuca	2,962 (Miles de qqs.)
Name	439 (Miles de qqs.)
Yautía	1,304 (Miles de qqs.)
Papa	375 (Miles de qqs.)

III. NIVELES ACTUALES DE EXPORTACION TOTAL Y HACIA LOS ESTADOS UNIDOS, DE CARNE Y AZUCAR *en que año*

AZUCAR

Total	850,178 (Toneladas Métricas)
Hacia E.U.A.	356,026 (Toneladas Métricas)

CARNE

Total	4,076,175 (Kilogramos)
Hacia E.U.A.	9.6 (Millones de Libras)

DISPONIBILIDAD DE LOS PRINCIPALES  
ALIMENTOS Y SU APOORTE NUTRICIONAL  
(1982) (Miles T.M.)

POBLACION: 5.8  
millones de hab.

ALIMENTOS	Producción	Importación	Exportaciones	Disponibili- dad para el consumo	Consumo Per-cápita		Aporte Nutricional	
					Kgr/ año	gr/ día	Calorías	Proteínas
<i>Total</i>	<i>363.3</i>	<i>293.5</i>		<i>660.6</i>	<i>113.8</i>	<i>312</i>	<i>1,125</i>	<i>28.0</i>
I ARROZ	363.3	293.5	-	660.6	113.8	312	1,125	28.0
MAÍZ 1/	263.1	-	-	263.4	45.1	124	456	9.0
TRIGO	57.1	171.8	-	208.9	36.0	99	357	9.2
SORGO 1/	62.8	-	-	125.5	21.6	59	215	6.9
II RAICES Y TU- BERCUIOS	662.6		44.0	618.6	106.5	294	388	3.7
Batata	19.4		4.9	14.5	2.5	9	10	0.1
Yuca	134.6		4.5	130.1	22.4	61	81	0.6
Yautía	59.3		16.8	42.5	7.3	20	26	0.3
Ñame	29.0		0.2	19.8	3.4	10	10	0.2
Plátano	305.7		10.1	295.6	50.9	139	183	1.7
Papa	17.5			17.5	3.0	8	26	0.2
Guineo	106.1		7.5	98.6	17.0	47	52	0.6
III LEGUMINOSAS	72.7			72.7	12.5	35	118	7.5
Habichuelas (rojas y ne- gras)	60.4	-		60.4	10.4	29	98	6.3
Guandul	12.3	-		12.3	2.1	6	20	1.2
IV CARNES 3/ Pollo	159.5	19.2	4.1	174.6	30.0	83	157	15.1
Res	86.6			86.6	14.9	41	70	7.1
Cerdo	70.5		4.1	56.4	9.7	27	69	5.0
Pescados y Mariscos		6.4		6.4	1.1	3	6	0.5
	12.4	12.8		25.2	4.3	12	2	2.5
V LACTEOS Leche	327.5	7.9		335.4	57.8	158	96	5.6
	327.5	7.9		335.4	57.8	158	96	5.6
VI OTROS	1,431.5		863.7	570.6	98.4	269	799	0.6
Azúcar 2/	1,284.7		850.2	434.5	74.9	205	787	-
Hortalizas	149.6		13.5	136.1	23.5	64	12	0.6
TOTAL							2,683	60.8

1/ El Maíz y el Sorgo se refiere a disponibilidad para consumo de la Industria de Alimentos Animal

2/ Azúcar se refiere a la disponibilidad para el consumo interno (producción-importación)

3/ Se excluye la producción nacional de carne de cerdo, chivo y conejo.

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IV. Los aumentos esperados en la exportación, tanto de carne como de azúcar no han sido estimados para largo plazo, debido a la inestabilidad de los precios en el mercado internacional. Es tos niveles de producción y exportación sólo han sido estimados para el azúcar. Para 1984 se espera alcanzar una producción de 1,250,000 toneladas métricas de las cuales 9,084,970 toneladas métricas serán dedicadas a la exportación.

La ley de recuperación económica para la cuenca del Caribe, puede constituir un importante instrumento de la producción de carne de res. Hoy día, por ejemplo, los novillos son sacrificados con 370 kilos, cuando el peso requerido es de 450 kilos. Esa defi ciencia en peso sólo puede ser obtenida por una alimentación suple mentaria.

Un programa de alimentación suplementaria conduciría a un incremento de 4 millones de libras por año. Este incremento es cal culado considerando los niveles actuales de producción, sin embargo, éste no incluye el mejoramiento de parámetros de reproducción ganadera.

Una segunda forma de utilización de la ley, para el aprovechamiento del Caribe, lo es el financiamiento para fertilización de pastos. El precio de los fertilizantes, como es bien sabido ha

aumentado como consecuencia del alto precio de la prima del dólar; ya que estos fertilizantes tienen un alto componente importado, lo cual en consecuencia se ven encarecidos por efecto del alto precio del dinero.

Una de las medidas compensatorias al aumento de la exportación de carne, lo es la expansión en la producción de cerdos en que se encuentra el país en la actualidad. A la fecha el programa de repoblación porcina tiene un nivel de ejecución mayor del 62% y para el año 1984 el país espera tener los cerdos necesarios, para abastecer la demanda interna de su carne.

Para 1983 la demanda es suplida en 28,310 toneladas métricas de carne. En tal sentido se puede afirmar que el aumento del rubro de exportación de carnes no irá en detrimento de los actuales niveles de consumo, ya que la carne de res y de cerdo son perfectamente sustituíbles.

En cuanto al azúcar el objetivo inmediato es el aumento de la productividad, ya que el decreto 1057 de junio de 1975 prohíbe la explotación de nuevas áreas. En este sentido, el país persigue el mejoramiento de las variedades existentes, la diversificación de la industria cañera, el manejo más eficiente de las plantas a fin

de lograr la optimización técnica y por último el inicio de nuevas zafras o establecimiento de zafras adelantadas.

De los 2 mercados hacia los cuales va dirigida el azúcar dominicano, el mercado norteamericano dispone de más del (50%), a través de cuotas que fija límites de exportación, tanto al mercado de E.U.A., como al mercado mundial. Aunque las cuotas de exportación, aunado a las limitaciones de almacenaje, obliga a un control de la producción doméstica, los niveles de consumo interno son respetados y abastecidos con suficiencia.

SCHEDULE OF MEETINGS

November 7-11, 1983

November 7	8:00	Mr. Marion Ford
	9:00	Mr. Marvin Lehner, Agricultural Attache
	10:00	Lic. Fernando Mangual and the Interinstitutional Committee
November 8	8:30	Mr. Phillip Schwab, Mission Director
	9:00	Mr. Marvin Lehner
	10:00	Rafael Alvarez, Jefe, Depto. Sectorial de ONAPLAN Amnerys Ortiz, ONAPLAN Edificio Oficina Gubernamentales Piso #12 Tele. 687-4181
November 9	10:00	Rafael Alvarez, ONAPLAN Amnerys Ortiz, ONAPLAN
November 10	8:00	Rafael Alvarez and Amnerys Ortiz
	9:00	Lic. Fernando Mangual and the Interinstitutional Committee
November 11	10:00	Rafael Alvarez and Amnerys Ortiz

UNITED STATES GOVERNMENT

# Memorandum

- : Tex Ford, AID Agriculture
- : Marvin Lehrer, Agricultural Attache
- : Food Plan

DATE: October 18, 1983

Attached is a copy of what I had sent you regarding the DR's food plan.

This is the same stuff that I had left with Mangual during our meeting with him on September 2.

I understand that you have had a meeting or two with Mr. Mangual and that an AID Contractor will be visiting the D.R. to help write a Food Plan. I would appreciate receiving Memcons of your meetings with Mangual as well as being kept abreast at the status of the Contractor's visit. As you know Congressman Downey, the author of the Food Plan language in the CBI legislation is expected to visit the D.R. shortly and we're told that he expects to see at least a draft. As you know this shouldn't be a big thing. The D.R. can just draft a short plan addressing the 9 questions on page three of the attachment.

FYI I will be on R&R from October 24 through November 4. I expect to be in the office on November 4.

cc:  
Phil Schwab - AID/D  
John Blacken - DCM

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OCT 19 10 42 AM '83  
DIVISION OF AGRICULTURE

## FOOD PRODUCTION PLAN

(discretionary)

I.

### A. Summary of Administration Policy:

Countries seeking duty free access for beef and sugar must submit a Food Production Plan for Presidential evaluation within 3 months of designation. The Plan must consist of measures and proposals designed to ensure that increased production of sugar and beef products in response to CBI duty-free treatment does not adversely affect food production and nutrition in beneficiary countries. Failure to submit or adequately implement a Plan could result in suspension of duty-free treatment for beef and sugar, following bilateral consultations.

### B. Background:

beef and sugar are traditional, major export items for virtually all Caribbean Basin countries. Historic patterns of land use and land ownership have favored large-scale production of sugar and beef for export. Imports of both items into the United States are subject to quantitative restrictions, as the high price levels existing in the United States would otherwise induce a flood of imports from all sources. Congressional concern is that duty-free treatment for these traditional export crops may provide a further incentive for their production and export to the detriment of the food needs of the exporting country.

This criterion relates to two major aims of the CBI. One is to assist Caribbean countries in diversifying their exports, reducing their dependence on just a few export crops. Another is to improve the general nutrition levels in the country, through expanded and diversified production of foods for local use.

However, not all potential beneficiary countries are likely to be interested in duty-free access for beef and sugar exports, at least not if a food plan is required. Virtually all potential beneficiaries are eligible for duty-free access for their sugar exports under the GSP program, which would not automatically be superseded by the CBI. Although duty-free treatment under GSP is subject to competitive need limitations, this has in practice limited only the Dominican Republic, Guatemala and Panama. Quantitative limits on sugar imports under the U.S. Section 22 program will continue to exist and limit any sugar access, whether or not duty-free.

Most CBI potential beneficiaries, other than the Central American countries, are deficit producers of beef. Therefore, duty-free access for beef products is likely to be of substantial interest to only 6-7 countries, some of which may be excluded from CBI eligibility on the basis of other criteria. Under the U.S. Meat Import Act of 1979, quantities of fresh, chilled or frozen beef and veal can be limited through quotas or voluntary restraint agreements. In addition, many CBI beef producers would not likely be able to comply with mandatory U.S. health and sanitary requirements for beef.

Some potential beneficiary countries already have developed or implemented food production plans. In so far as these plans address the concerns of this criterion, they should be accepted as the food plan hereby required. Countries which do not have existing food plans may need technical assistance to prepare one. In light of the limited time and resources available, an effort should be made to keep the food plans as simple as possible while still meeting the requirements of this criterion. Whenever possible, existing data and institutions should be used.

When the food plan (including responses to the attached questions) is submitted, the USG must determine for each potential beneficiary country whether the plan is adequate, and over time, whether the plan has been effectively implemented. This will require a U.S. decision with regards to what are acceptable increases in the production and export to the United States of beef and sugar, relative to the production of food for domestic consumption, taking into account such factors as changes in population, income, food consumption patterns, natural variances (such as the beef cycle), existing trends and programs for beef and sugar exports, and the effects of weather on production.

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11. QUESTIONS

1. Are you willing to submit a Food Production Plan in order to receive duty-free treatment for beef and sugar products?
2. Do you currently have an operative Food Plan designed to address the nutritional needs of your people? Does that plan address the following questions?

The information we are requesting includes:

- I 3. What are the current production levels in your country of:
  - sugar
  - beef products
  - dairy products
  - basic grains
  - major horticultural crops
  - cassava and other staple crops (incl. dry beans)
- II 4. What is the daily average per capita caloric intake? What are the annual per capita consumption levels of:
  - sugar
  - beef products
  - dairy products
  - basic grains
  - major horticultural crops
  - cassava and other staple crops (incl. dry beans)
- III 5. What are the current export levels of sugar and beef products; total exports and exports to the United States?
- IV 6. What are the expected increases in acreage used for production of sugar and beef products for export as a result of duty free access to the United States? In the next five years? In the next 10 years?
- V 7. What measures are you taking, or do you intend to take, to ensure that production of sugar and beef products for export to the United States does not occur at the expense of staple food production?
- VI 8. How do you propose to monitor the impact of duty free access for sugar and beef products on:
  - a) The production of staple foods in your country?
  - b) Land use and land ownership patterns in your country?
9. Will you need U.S. technical assistance to prepare a Food Plan within three months after designation as a CBI beneficiary?

stanton:FAS/1TP  
8/3/83:440571

# 438467



REPUBLICA DOMINICANA

Secretariado Técnico de la Presidencia

SANTO DOMINGO, D. N.  
AÑO DE LA REFORESTACION

RECEIVED

SEP 14 11 25 AM '83

AID DIVISION

SEP 15 1983

STP-No.

Señor  
Phillip Schwab  
Representante Residente  
Agencia Interamericana para el Desarrollo (AID)  
Su Despacho

RECEIVED  
SEP 15 11 42 AM '83  
FOOD & AGRIC  
DIVISION

Distinguido señor Representante:

Como es de su conocimiento el Gobierno de Concentración Nacional a través de la Secretaría de Estado de Agricultura (SEA) elabora un Plan Operativo Agropecuario correspondiente al período 1984. Dicho Plan involucra un programa de productos alimenticios, que en los próximos meses podría ser sometido al Gobierno de los Estados Unidos como requisito de la Ley de Recuperación Económica para la Cuenca del Caribe.

Este Secretariado Técnico de la Presidencia ha integrado y coordina un equipo interinstitucional que tiene por finalidad agilizar la preparación de este Plan de Producción de Alimentos. Tomando en consideración la importancia y sugerencia en la preparación de este Plan, solicitamos a través de su persona, una asistencia técnica de corto plazo que colabore en dicha formulación.

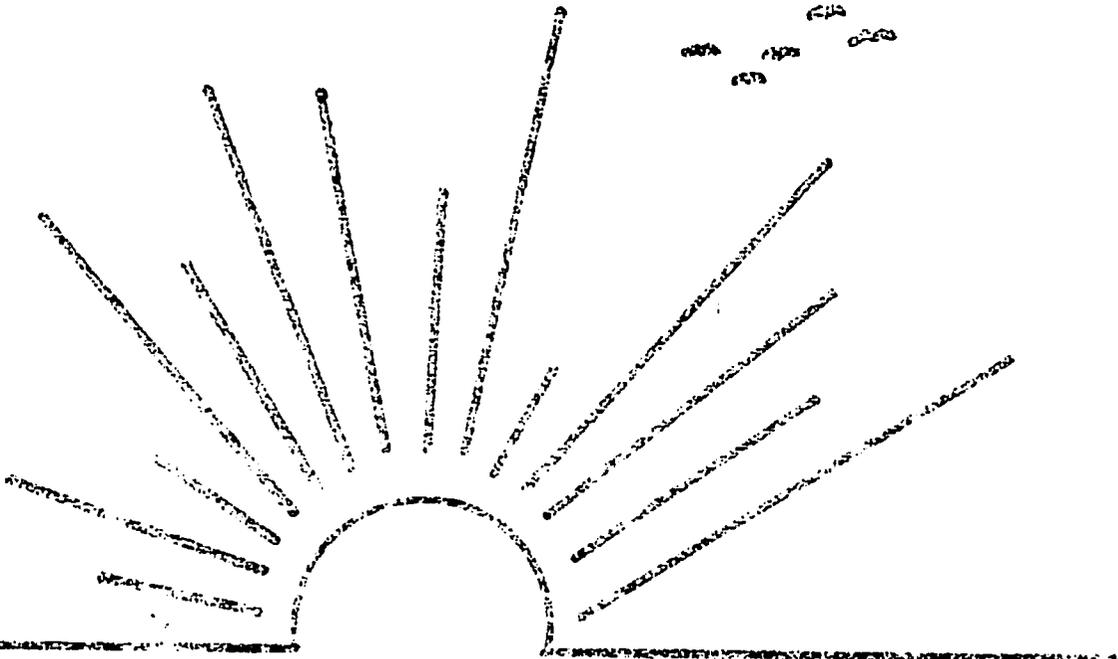
En espera de su respuesta, queda de usted,

Muy atentamente,

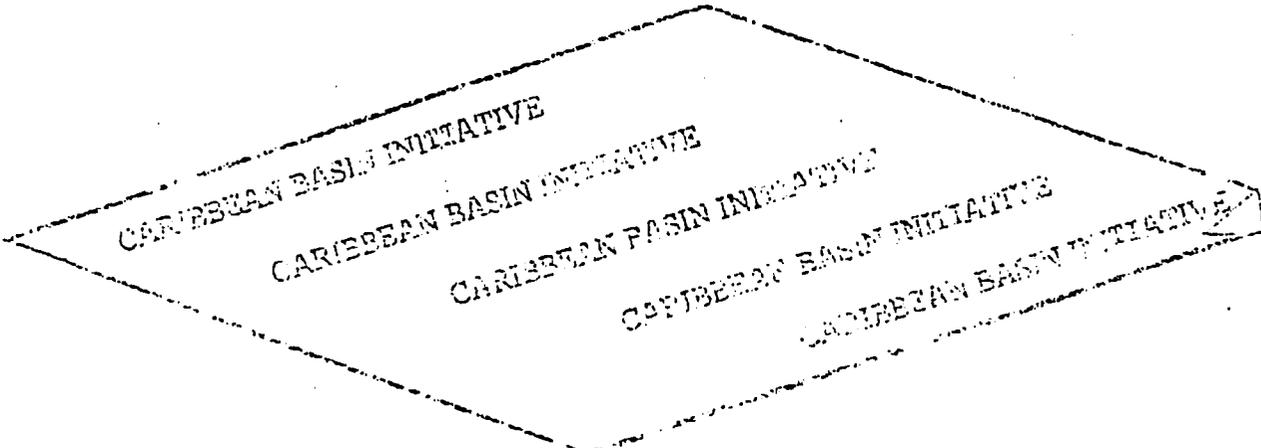
Ing. Ramon Albarquerque,  
Secretario Técnico de la Presidencia.

RA. va





UNITED STATES  
DEPARTMENT OF COMMERCE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20540



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# CARIBBEAN BASIN INITIATIVE

A BILL

TO PROMOTE ECONOMIC REVITALIZATION AND FACILITATE EXPANSION OF ECONOMIC OPPORTUNITIES IN THE CARIBBEAN BASIN REGION.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED,

SECTION 201. SHORT TITLE.

THIS TITLE MAY BE CITED AS THE "CARIBBEAN BASIN ECONOMIC RECOVERY ACT".

SUBTITLE A - DUTY-FREE TREATMENT

SECTION 211. AUTHORITY TO GRANT DUTY-FREE TREATMENT.

THE PRESIDENT MAY PROCLAIM DUTY-FREE TREATMENT FOR ALL ELIGIBLE ARTICLES FROM ANY BENEFICIARY COUNTRY IN ACCORDANCE WITH THE PROVISIONS OF THIS TITLE.

SECTION 212. BENEFICIARY COUNTRY.

(A) (1) FOR PURPOSES OF THIS TITLE--

(A) THE TERM "BENEFICIARY COUNTRY" MEANS ANY COUNTRY LISTED IN SUBSECTION (2) WITH RESPECT TO WHICH THERE IS IN EFFECT A PROCLAMATION BY THE PRESIDENT DESIGNATING SUCH COUNTRY AS A BENEFICIARY COUNTRY FOR PURPOSES OF THIS TITLE. BEFORE THE PRESIDENT DESIGNATES ANY COUNTRY AS A BENEFICIARY COUNTRY FOR PURPOSES OF THIS TITLE, HE SHALL NOTIFY THE HOUSE OF REPRESENTATIVES AND THE SENATE

OF HIS INTENTION TO MAKE SUCH DESIGNATION, TOGETHER WITH THE CONSIDERATIONS ENTERING INTO SUCH DECISION.

(B) THE TERM "ENTERED" MEANS ENTERED, OR WITHDRAWN FROM WAREHOUSE FOR CONSUMPTION, IN THE CUSTOMS TERRITORY OF THE UNITED STATES.

(C) THE TERM "TSUS" MEANS TARIFF SCHEDULES OF THE UNITED STATES (19 U.S.C. 1202).

(2) IF THE PRESIDENT HAS DESIGNATED ANY COUNTRY AS A BENEFICIARY COUNTRY FOR PURPOSES OF THIS TITLE, HE SHALL NOT TERMINATE SUCH DESIGNATION (EITHER BY ISSUING A PROCLAMATION FOR THAT PURPOSE OR BY ISSUING A PROCLAMATION WHICH HAS THE EFFECT OF TERMINATING SUCH DESIGNATION) UNLESS, AT LEAST SIXTY DAYS BEFORE SUCH TERMINATION, HE HAS NOTIFIED THE HOUSE OF REPRESENTATIVES AND THE SENATE AND HAS NOTIFIED SUCH COUNTRY OF HIS INTENTION TO TERMINATE SUCH DESIGNATION, TOGETHER WITH THE CONSIDERATIONS ENTERING INTO SUCH DECISION.

(B) IN DESIGNATING COUNTRIES AS "BENEFICIARY COUNTRIES" UNDER THIS TITLE, THE PRESIDENT SHALL CONSIDER ONLY THE FOLLOWING COUNTRIES AND TERRITORIES OR SUCCESSOR POLITICAL ENTITIES:

ANGUILLA -----JAMAICA  
ANTIGUA AND BARBUDA --NICARAGUA  
BAHAMAS, THE -----PANAMA  
BARBADOS -----SAINT LUCIA  
BELIZE -----SAINT VINCENT AND THE GRENADINES  
COSTA RICA -----SURINAME  
TRINIDAD AND TOBAGO  
DOMINICA -----CAYMAN ISLANDS  
DOMINICAN REPUBLIC ---MONTserrat  
  
EL SALVADOR -----NETHERLANDS ANTILLES  
GRENADA -----SAINT CHRISTOPHER-NEVIS  
GUATEMALA -----TURKS AND CAICOS ISLANDS  
GUYANA -----VIRGIN ISLANDS, BRITISH  
HAITI -----HONDURAS

IN ADDITION, THE PRESIDENT SHALL NOT DESIGNATE ANY COUNTRY A BENEFICIARY COUNTRY UNDER THIS TITLE --

(1) IF SUCH COUNTRY IS A COMMUNIST COUNTRY;

(2) IF SUCH COUNTRY --

(A) HAS NATIONALIZED, EXPROPRIATED, OR OTHERWISE SEIZED OWNERSHIP OR CONTROL OF PROPERTY OWNED BY A UNITED STATES CITIZEN OR BY A CORPORATION, PARTNERSHIP, OR ASSOCIATION WHICH IS 50 PER CENTUM OR MORE BENEFICIALLY OWNED BY UNITED STATES CITIZENS,

(B) HAS TAKEN STEPS TO REPUDIATE OR NULLIFY --

(I) ANY EXISTING CONTRACT OR AGREEMENT WITH, OR

(II) ANY PATENT, TRADEMARK, OR OTHER INTELLECTUAL PROPERTY, OF

A UNITED STATES CITIZEN OR A CORPORATION, PARTNERSHIP, OR

ASSOCIATION WHICH IS 50 PER CENTUM OR MORE BENEFICIALLY OWNED BY UNITED STATES CITIZENS, THE EFFECT OF WHICH IS TO NATIONALIZE, EXPROPRIATE, OR OTHERWISE SEIZE OWNERSHIP OR CONTROL OF PROPERTY SO OWNED, OR

(C) HAS IMPOSED OR ENFORCED TAXES OR OTHER EXACTIONS, RESTRICTIVE MAINTENANCE OR OPERATIONAL CONDITIONS, OR OTHER MEASURES WITH RESPECT TO PROPERTY SO OWNED, THE EFFECT OF WHICH IS TO NATIONALIZE, EXPROPRIATE, OR OTHERWISE SEIZE OWNERSHIP OR CONTROL OF SUCH PROPERTY, UNLESS THE PRESIDENT DETERMINES THAT --

(I) PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION HAS BEEN OR IS BEING MADE TO SUCH CITIZEN, CORPORATION, PARTNERSHIP, OR ASSOCIATION,

(II) GOOD-FAITH NEGOTIATIONS TO PROVIDE PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION UNDER THE APPLICABLE PROVISIONS OF INTERNATIONAL LAW ARE IN PROGRESS, OR SUCH COUNTRY IS OTHERWISE TAKING STEPS TO DISCHARGE ITS OBLIGATIONS UNDER INTERNATIONAL LAW WITH RESPECT TO SUCH CITIZEN, CORPORATION, PARTNERSHIP, OR ASSOCIATION, OR

(III) A DISPUTE INVOLVING SUCH CITIZEN, CORPORATION, PARTNERSHIP, OR ASSOCIATION, OVER COMPENSATION FOR SUCH A SEIZURE HAS BEEN SUBMITTED TO ARBITRATION UNDER THE PROVISIONS OF THE CONVENTION FOR THE SETTLEMENT OF INVESTMENT DISPUTES, OR IN ANOTHER MUTUALLY AGREED UPON FORUM, AND

PROMPTLY FURNISHES A COPY OF SUCH DETERMINATION TO THE SENATE AND HOUSE OF REPRESENTATIVES;

(3) IF SUCH COUNTRY FAILS TO ACT IN GOOD FAITH IN

RECOGNIZING AS BINDING OR IN ENFORCING ARBITRAL AWARDS IN FAVOR OF UNITED STATES CITIZENS OR A CORPORATION, PARTNERSHIP OR ASSOCIATION WHICH IS 50 PER CENTUM OR MORE BENEFICIALLY OWNED BY UNITED STATES CITIZENS, WHICH HAVE BEEN MADE BY ARBITRATORS APPOINTED FOR EACH CASE OR BY PERMANENT ARBITRAL BODIES TO WHICH THE PARTIES INVOLVED HAVE SUBMITTED THEIR DISPUTE;

(4) IF SUCH COUNTRY AFFORDS PREFERENTIAL TREATMENT TO THE PRODUCTS OF A DEVELOPED COUNTRY, OTHER THAN THE UNITED STATES, WHICH HAS, OR IS LIKELY TO HAVE, A SIGNIFICANT ADVERSE EFFECT ON UNITED STATES COMMERCE, UNLESS THE PRESIDENT HAS RECEIVED ASSURANCES SATISFACTORY TO HIM THAT SUCH PREFERENTIAL TREATMENT WILL BE ELIMINATED OR THAT ACTION WOULD

ASSURE THAT THERE WILL BE NO SUCH SIGNIFICANT ADVERSE EFFECT, AND HE REPORTS THOSE ASSURANCES TO THE CONGRESS;

(5) IF A GOVERNMENT-OWNED ENTITY IN SUCH COUNTRY ENGAGES IN THE BROADCAST OF COPYRIGHTED MATERIAL, INCLUDING FILMS OR TELEVISION MATERIAL, BELONGING TO UNITED STATES COPYRIGHT OWNERS WITHOUT THEIR EXPRESS CONSENT;

(6) IF SUCH COUNTRY DOES NOT TAKE ADEQUATE STEPS TO COOPERATE WITH UNITED STATES TO PREVENT NARCOTIC DRUGS AND OTHER CONTROLLED SUBSTANCES (AS LISTED IN THE SCHEDULES IN SECTION 202 OF THE COMPREHENSIVE DRUG ABUSE PREVENTION AND CONTROL ACT OF 1970 (21 U.S.C. 812)) PRODUCED, PROCESSED, OR TRANSPORTED IN SUCH COUNTRY FROM

ENTERING THE UNITED STATES UNLAWFULLY; AND  
(7) UNLESS SUCH COUNTRY IS A SIGNATORY TO A TREATY,  
CONVENTION, PROTOCOL, OR OTHER AGREEMENT REGARDING THE  
EXTRADITION OF UNITED STATES CITIZENS.  
PARAGRAPHS (1), (2), (3), AND (5) SHALL NOT PREVENT THE  
DESIGNATION OF ANY COUNTRY AS A BENEFICIARY COUNTRY  
UNDER THIS ACT IF THE PRESIDENT DETERMINES THAT SUCH  
DESIGNATION WILL BE IN THE NATIONAL ECONOMIC OR SECURITY  
INTEREST OF THE UNITED STATES AND REPORTS SUCH  
DETERMINATION TO THE CONGRESS WITH HIS REASONS THEREFOR.

(C) IN DETERMINING WHETHER TO DESIGNATE ANY COUNTRY A  
BENEFICIARY COUNTRY UNDER THIS TITLE, THE PRESIDENT  
SHALL TAKE INTO ACCOUNT --

(1) AN EXPRESSION BY SUCH COUNTRY OF ITS DESIRE TO BE SO  
DESIGNATED;

(2) THE ECONOMIC CONDITIONS IN SUCH COUNTRY, THE LIVING  
STANDARDS OF ITS INHABITANTS, AND ANY OTHER ECONOMIC  
FACTORS WHICH HE DEEMS APPROPRIATE;

(3) THE EXTENT TO WHICH SUCH COUNTRY HAS ASSURED THE  
UNITED STATES IT WILL PROVIDE EQUITABLE AND REASONABLE  
ACCESS TO THE MARKETS AND BASIC COMMODITY RESOURCES OF

SUCH COUNTRY;

(4) THE DEGREE TO WHICH SUCH COUNTRY FOLLOWS THE  
ACCEPTED RULES OF INTERNATIONAL TRADE PROVIDED FOR UNDER  
THE GENERAL AGREEMENT ON TARIFFS AND TRADE, AS WELL AS  
APPLICABLE TRADE AGREEMENTS APPROVED UNDER SECTION 2(A)  
OF THE TRADE AGREEMENTS ACT OF 1979;

(5) THE DEGREE TO WHICH SUCH COUNTRY USES EXPORT  
SUBSIDIES OR IMPOSES EXPORT PERFORMANCE REQUIREMENTS OR  
LOCAL CONTENT REQUIREMENTS WHICH DISTORT INTERNATIONAL  
TRADE;

(6) THE DEGREE TO WHICH THE TRADE POLICIES OF SUCH  
COUNTRY AS THEY RELATE TO OTHER BENEFICIARY COUNTRIES  
ARE CONTRIBUTING TO THE REVITALIZATION OF THE REGION;

(7) THE DEGREE TO WHICH SUCH COUNTRY IS UNDERTAKING  
SELF-HELP MEASURES TO PROMOTE ITS OWN ECONOMIC  
DEVELOPMENT;

(8) THE DEGREE TO WHICH WORKERS IN SUCH COUNTRY ARE  
AFFORDED REASONABLE WORKPLACE CONDITIONS AND ENJOY THE  
RIGHT TO ORGANIZE AND BARGAIN COLLECTIVELY;

(9) THE EXTENT TO WHICH SUCH COUNTRY PROVIDES UNDER ITS  
LAW ADEQUATE AND EFFECTIVE MEANS FOR FOREIGN NATIONALS  
TO SECURE, EXERCISE, AND ENFORCE EXCLUSIVE RIGHTS IN  
INTELLECTUAL PROPERTY, INCLUDING PATENT, TRADEMARK, AND  
COPYRIGHT RIGHTS;

(10) THE EXTENT TO WHICH SUCH COUNTRY PROHIBITS ITS  
NATIONALS FROM ENGAGING IN THE BROADCAST OF COPYRIGHTED  
MATERIAL, INCLUDING FILMS OR TELEVISION MATERIAL,  
BELONGING TO UNITED STATES COPYRIGHT OWNERS WITHOUT  
THEIR EXPRESS CONSENT; AND

(11) THE EXTENT TO WHICH SUCH COUNTRY IS PREPARED TO  
COOPERATE WITH THE UNITED STATES IN THE ADMINISTRATION  
OF THE PROVISIONS OF THIS TITLE.

(D) GENERAL HEADNOTE 3(A) OF THE TSUS (RELATING TO  
PRODUCTS OF THE INSULAR POSSESSIONS) IS AMENDED BY

ADDING AT THE END THEREOF THE FOLLOWING PARAGRAPH:  
"(IV) SUBJECT TO THE PROVISIONS IN SECTION 213 OF THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT, ARTICLES WHICH ARE IMPORTED FROM INSULAR POSSESSIONS OF THE UNITED STATES SHALL RECEIVE DUTY TREATMENT NO LESS FAVORABLE THAN THE TREATMENT AFFORDED SUCH ARTICLES WHEN THEY ARE IMPORTED FROM A BENEFICIARY COUNTRY UNDER SUCH ACT."  
(E) THE PRESIDENT SHALL, AFTER COMPLYING WITH THE REQUIREMENTS OF SUBSECTION (A)(2), WITHDRAW OR SUSPEND THE DESIGNATION OF ANY COUNTRY AS A BENEFICIARY COUNTRY IF, AFTER SUCH DESIGNATION, HE DETERMINES THAT AS THE RESULT OF CHANGED CIRCUMSTANCES SUCH COUNTRY WOULD BE BARRED FROM DESIGNATION AS A BENEFICIARY COUNTRY UNDER SUBSECTION (3).

SECTION 213. ELIGIBLE ARTICLES.

(A)(1) UNLESS OTHERWISE EXCLUDED FROM ELIGIBILITY BY THIS TITLE, THE DUTY-FREE TREATMENT PROVIDED UNDER THIS TITLE SHALL APPLY TO ANY ARTICLE WHICH IS THE GROWTH, PRODUCT, OR MANUFACTURE OF A BENEFICIARY COUNTRY IF --  
(A) THAT ARTICLE IS IMPORTED DIRECTLY FROM A BENEFICIARY COUNTRY INTO THE CUSTOMS TERRITORY OF THE UNITED STATES;  
AND

(B) THE SUM OF (I) THE COST OR VALUE OF THE MATERIALS PRODUCED IN A BENEFICIARY COUNTRY OR TWO OR MORE BENEFICIARY COUNTRIES, PLUS (II) THE DIRECT COSTS OF PROCESSING OPERATIONS PERFORMED IN A BENEFICIARY COUNTRY OR COUNTRIES IS NOT LESS THAN 35 PER CENTUM OF THE APPRAISED VALUE OF SUCH ARTICLE AT THE TIME IT IS ENTERED.

FOR PURPOSES OF DETERMINING THE PERCENTAGE REFERRED TO IN SUBPARAGRAPH (B), THE TERM "BENEFICIARY COUNTRY" INCLUDES THE COMMONWEALTH OF PUERTO RICO AND THE UNITED STATES VIRGIN ISLANDS. IF THE COST OR VALUE OF MATERIALS PRODUCED IN THE CUSTOMS TERRITORY OF THE UNITED STATES (OTHER THAN THE COMMONWEALTH OF PUERTO RICO) IS INCLUDED WITH RESPECT TO AN ARTICLE TO WHICH THIS PARAGRAPH APPLIES, AN AMOUNT NOT TO EXCEED 15 PER CENTUM OF THE APPRAISED VALUE OF THE ARTICLE AT THE TIME IT IS ENTERED THAT IS ATTRIBUTED TO SUCH UNITED STATES COST OR VALUE MAY BE APPLIED TOWARD DETERMINING THE PERCENTAGE REFERRED TO IN SUBPARAGRAPH (B).

(2) THE SECRETARY OF THE TREASURY SHALL PRESCRIBE SUCH REGULATIONS AS MAY BE NECESSARY TO CARRY OUT THIS SUBSECTION INCLUDING, BUT NOT LIMITED TO, REGULATIONS PROVIDING THAT, IN ORDER TO BE ELIGIBLE FOR DUTY-FREE TREATMENT UNDER THIS TITLE, AN ARTICLE MUST BE WHOLLY THE GROWTH, PRODUCT, OR MANUFACTURE OF A BENEFICIARY COUNTRY, OR MUST BE A NEW OR DIFFERENT ARTICLE OF COMMERCE WHICH HAS BEEN GROWN, PRODUCED, OR MANUFACTURED IN THE BENEFICIARY COUNTRY; BUT NO ARTICLE OR MATERIAL OF A BENEFICIARY COUNTRY SHALL BE ELIGIBLE FOR SUCH TREATMENT BY VIRTUE OF HAVING MERELY UNDERGONE--  
(A) SIMPLE COMBINING OR PACKAGING OPERATIONS, OR

(B) MERE DILUTION WITH WATER OR MERE DILUTION WITH ANOTHER SUBSTANCE THAT DOES NOT MATERIALLY ALTER THE CHARACTERISTICS OF THE ARTICLE.

(3) AS USED IN THIS SUBSECTION, THE PHRASE "DIRECT COSTS OF PROCESSING OPERATIONS" INCLUDES, BUT IS NOT LIMITED TO --

(A) ALL ACTUAL LABOR COSTS INVOLVED IN THE GROWTH, PRODUCTION, MANUFACTURE, OR ASSEMBLY OF THE SPECIFIC MERCHANDISE, INCLUDING FRINGE BENEFITS, ON-THE-JOB TRAINING AND THE COST OF ENGINEERING, SUPERVISORY, QUALITY CONTROL, AND SIMILAR PERSONNEL; AND  
(B) DIES, MOLDS, TOOLING, AND DEPRECIATION ON MACHINERY AND EQUIPMENT WHICH ARE ALLOCABLE TO THE SPECIFIC MERCHANDISE.

SUCH PHRASE DOES NOT INCLUDE COSTS WHICH ARE NOT DIRECTLY ATTRIBUTABLE TO THE MERCHANDISE CONCERNED OR ARE NOT COSTS OF MANUFACTURING THE PRODUCT, SUCH AS (I) PROFIT, AND (II) GENERAL EXPENSES OF DOING BUSINESS WHICH ARE EITHER NOT ALLOCABLE TO THE SPECIFIC MERCHANDISE OR ARE NOT RELATED TO THE GROWTH, PRODUCTION, MANUFACTURE, OR ASSEMBLY OF THE MERCHANDISE,

SUCH AS ADMINISTRATIVE SALARIES, CASUALTY AND LIABILITY INSURANCE, ADVERTISING, AND SALESMEN'S SALARIES, COMMISSIONS OR EXPENSES.

(B) THE DUTY-FREE TREATMENT PROVIDED UNDER THIS TITLE SHALL NOT APPLY TO --

(1) TEXTILE AND APPAREL ARTICLES WHICH ARE SUBJECT TO TEXTILE AGREEMENTS;

(2) FOOTWEAR, HANDBAGS, LUGGAGE, FLAT GOODS, WORK GLOVES, AND LEATHER WEARING APPAREL NOT DESIGNATED AT THE TIME OF THE EFFECTIVE DATE OF THIS TITLE AS ELIGIBLE ARTICLES FOR THE PURPOSE OF THE GENERALIZED SYSTEM OF PREFERENCES UNDER TITLE V OF THE TRADE ACT OF 1974;

(3) TUNA, PREPARED OR PRESERVED IN ANY MANNER, IN AIRTIGHT CONTAINERS; OR

(4) PETROLEUM, OR ANY PRODUCT DERIVED FROM PETROLEUM, PROVIDED FOR IN PART 10 OF SCHEDULE 4 OF THE TSUS;

(5) WATCHES AND WATCH PARTS (INCLUDING CASES, BRACELETS AND STRAPS), OF WHATEVER TYPE INCLUDING, BUT NOT LIMITED TO, MECHANICAL, QUARTZ DIGITAL OR QUARTZ ANALOG, IF SUCH WATCHES OR WATCH PARTS CONTAIN ANY MATERIAL WHICH IS THE PRODUCT OF ANY COUNTRY WITH RESPECT TO WHICH TSUS COLUMN 2 RATES OF DUTY APPLY.

(C)(1) AS USED IN THIS SUBSECTION --

(A) THE TERM "SUGAR AND BEEF PRODUCTS" MEANS --

(I) SUGARS, SIRUPS, AND MOLASSES PROVIDED FOR IN ITEMS 155.20 AND 155.30 OF THE TSUS, AND

(II) ARTICLES OF BEEF OR VEAL, HOWEVER PROVIDED FOR IN SUBPART B OF PART 2 OF SCHEDULE 1 OF THE TSUS.

(B) THE TERM "PLAN" MEANS A STABLE FOOD PRODUCTION PLAN THAT CONSISTS OF MEASURES AND PROPOSALS DESIGNED TO ENSURE THAT THE PRESENT LEVEL OF FOOD PRODUCTION IN, AND THE NUTRITIONAL LEVEL OF THE POPULATION OF, A BENEFICIARY COUNTRY WILL NOT BE ADVERSELY AFFECTED BY

CHANGES IN LAND USE AND LAND OWNERSHIP THAT WILL RESULT IF INCREASED PRODUCTION OF SUGAR AND BEEF PRODUCTS IS UNDERTAKEN IN RESPONSE TO THE DUTY-FREE TREATMENT EXTENDED UNDER THIS TITLE TO SUCH PRODUCTS. A PLAN MUST SPECIFY SUCH FACTS REGARDING, AND SUCH PROPOSED ACTIONS BY, A BENEFICIARY COUNTRY AS THE PRESIDENT DEEMS NECESSARY FOR PURPOSES OF CARRYING OUT THIS SUBSECTION, INCLUDING BUT NOT LIMITED TO--

(I) THE CURRENT LEVELS OF FOOD PRODUCTION AND NUTRITIONAL HEALTH OF THE POPULATION;

(II) CURRENT LEVELS OF PRODUCTION AND EXPORT OF SUGAR AND BEEF PRODUCTS;

(III) EXPECTED INCREASES IN PRODUCTION AND EXPORT OF SUGAR AND BEEF PRODUCTS AS A RESULT OF THE DUTY-FREE ACCESS TO THE UNITED STATES MARKET PROVIDED UNDER THIS TITLE;

(IV) MEASURES TO BE TAKEN TO ENSURE THAT THE EXPANDED PRODUCTION OF THOSE PRODUCTS BECAUSE OF SUCH DUTY-FREE ACCESS WILL NOT OCCUR AT THE EXPENSE OF STAPLE FOOD PRODUCTION; AND

(V) PROPOSALS FOR A SYSTEM TO MONITOR THE IMPACT OF SUCH DUTY-FREE ACCESS ON STAPLE FOOD PRODUCTION AND LAND USE AND LAND OWNERSHIP PATTERNS.

(2) DUTY-FREE TREATMENT EXTENDED UNDER THIS TITLE TO SUGAR AND BEEF PRODUCTS THAT ARE THE PRODUCT OF A BENEFICIARY COUNTRY SHALL BE SUSPENDED BY THE PRESIDENT UNDER THIS SUBSECTION IF --

(A) THE BENEFICIARY COUNTRY, WITHIN THE 90-DAY PERIOD BEGINNING ON THE DATE OF ITS DESIGNATION AS SUCH A COUNTRY UNDER SECTION 212, DOES NOT SUBMIT A PLAN TO THE PRESIDENT FOR EVALUATION;

(B) ON THE BASIS OF HIS EVALUATION, THE PRESIDENT DETERMINES THAT THE PLAN OF A BENEFICIARY COUNTRY DOES NOT MEET THE CRITERIA SET FORTH IN PARAGRAPH (1)(B); OR

(C) AS A RESULT OF THE MONITORING OF THE OPERATION OF THE PLAN UNDER PARAGRAPH (5), THE PRESIDENT DETERMINES THAT A BENEFICIARY COUNTRY IS NOT MAKING A GOOD FAITH EFFORT TO IMPLEMENT ITS PLAN, OR THAT THE MEASURES AND PROPOSALS IN THE PLAN, ALTHOUGH BEING IMPLEMENTED, ARE NOT ACHIEVING THEIR PURPOSES.

(3) BEFORE THE PRESIDENT SUSPENDS DUTY-FREE TREATMENT BY REASON OF PARAGRAPH (2)(A), (B), OR (C) TO THE SUGAR AND BEEF PRODUCTS OF A BENEFICIARY COUNTRY, HE MUST REFER TO ENTER INTO CONSULTATION WITH THE BENEFICIARY COUNTRY FOR PURPOSES OF

ACTION WHICH MAY BE TAKEN BY THAT COUNTRY TO AVOID SUCH SUSPENSION. IF THE BENEFICIARY COUNTRY THEREAFTER ENTERS INTO CONSULTATION WITHIN A REASONABLE TIME AND

UNDERTAKES TO FORMULATE REMEDIAL ACTION IN GOOD FAITH, THE PRESIDENT SHALL WITHHOLD THE SUSPENSION OF DUTY-FREE TREATMENT ON THE CONDITION THAT THE REMEDIAL ACTION AGREED UPON BE APPROPRIATELY IMPLEMENTED BY THAT COUNTRY.

(4) THE PRESIDENT SHALL MONITOR ON A BIENNIAL BASIS THE OPERATION OF THE PLANS IMPLEMENTED BY BENEFICIARY COUNTRIES, AND SHALL SUBMIT A WRITTEN REPORT TO CONGRESS BY MARCH 15 FOLLOWING THE CLOSE OF EACH BIENNIUM, THAT --



(A) SPECIFIES THE EXTENT TO WHICH EACH PLAN, AND REMEDIAL ACTIONS, IF ANY, AGREED UPON UNDER PARAGRAPH (4), HAVE BEEN IMPLEMENTED; AND

(B) EVALUATES THE RESULTS OF SUCH IMPLEMENTATION.

(5) THE PRESIDENT SHALL TERMINATE ANY SUSPENSION OF DUTY-FREE TREATMENT IMPOSED UNDER THIS SUBSECTION IF HE DETERMINES THAT THE BENEFICIARY COUNTRY HAS TAKEN APPROPRIATE ACTION TO REMEDY THE FACTORS ON WHICH THE SUSPENSION WAS BASED.

(D) FOR SUCH PERIOD AS THERE IS IN EFFECT A PROCLAMATION ISSUED BY THE PRESIDENT PURSUANT TO THE AUTHORITY VESTED IN HIM BY SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (7 U.S.C. 624) TO PROTECT A PRICE-SUPPORT PROGRAM FOR SUGAR BEETS AND SUGAR CANE, THE IMPORTATION AND DUTY-FREE TREATMENT OF SUGARS, SIRUPS, AND MOLASSES CLASSIFIED UNDER ITEMS 155.20 AND 155.30 OF THE TSUS SHALL BE GOVERNED IN THE FOLLOWING MANNER:

(1)(A) FOR ALL BENEFICIARY COUNTRIES, EXCEPT THOSE SUBJECT TO SUBPARAGRAPH (B) AND PARAGRAPH (2), DUTY-FREE TREATMENT SHALL BE PROVIDED IN THE SAME MANNER AS IT IS PROVIDED PURSUANT TO TITLE V OF THE TRADE ACT OF 1974 (19 U.S.C. 2461 ET SEQ.), AT THE TIME OF THE EFFECTIVE DATE OF THIS TITLE; EXCEPT THAT THE PRESIDENT UPON THE RECOMMENDATION OF THE SECRETARY OF AGRICULTURE, MAY SUSPEND OR ADJUST UPWARD THE VALUE LIMITATION PROVIDED

FOR IN SECTION 504(C)(1) OF THE TRADE ACT OF 1974 ON THE DUTY-FREE TREATMENT AFFORDED TO BENEFICIARY COUNTRIES UNDER THIS SECTION IF HE FINDS THAT SUCH ADJUSTMENT WILL NOT INTERFERE WITH THE PRICE SUPPORT PROGRAM FOR SUGAR BEETS AND SUGAR CANE AND IS APPROPRIATE IN LIGHT OF MARKET CONDITIONS.

(B) AS AN ALTERNATIVE TO SUBPARAGRAPH (A), THE PRESIDENT MAY, AT THE REQUEST OF A BENEFICIARY COUNTRY NOT SUBJECT TO PARAGRAPH (2) AND UPON THE RECOMMENDATION OF THE SECRETARY OF AGRICULTURE, ELECT TO PERMIT SUGAR, SIRUPS, AND MOLASSES FROM THAT COUNTRY TO ENTER DUTY-FREE DURING A CALENDAR YEAR SUBJECT TO QUANTITATIVE LIMITATIONS TO BE ESTABLISHED BY THE PRESIDENT ON THE QUANTITY OF SUGAR, SIRUPS, AND MOLASSES ENTERED FROM THAT COUNTRY.

(2) FOR THE FOLLOWING COUNTRIES WHOSE EXPORTS OF SUGAR, SIRUPS, AND MOLASSES IN 1981 WERE NOT ELIGIBLE FOR DUTY-FREE TREATMENT BECAUSE OF THE OPERATION OF SECTION 504(C) OF THE TRADE ACT OF 1974, THE QUANTITY OF SUGAR, SIRUPS, AND MOLASSES WHICH MAY BE ENTERED IN ANY CALENDAR YEAR SHALL BE LIMITED TO NO MORE THAN THE QUANTITY SPECIFIED BELOW:

METRIC TONS	
DOMINICAN REPUBLIC.....	780,000
GUATEMALA.....	210,000
PANAMA.....	160,000

SUCH SUGAR, SIRUPS, AND MOLASSES SHALL BE ADMITTED FREE OF DUTY, EXCEPT AS PROVIDED FOR IN PARAGRAPH (3).

(3) THE PRESIDENT, UPON THE RECOMMENDATION OF THE SECRETARY OF AGRICULTURE, MAY SUSPEND OR ADJUST UPWARD

THE QUANTITATIVE LIMITATIONS IMPOSED UNDER PARAGRAPH (1)(B) OR (2) IF HE DETERMINES SUCH ACTION WILL NOT INTERFERE WITH THE PRICE SUPPORT PROGRAM FOR SUGAR BEETS AND SUGAR CANE AND IS APPROPRIATE IN LIGHT OF MARKET CONDITIONS. THE PRESIDENT, UPON THE RECOMMENDATION OF THE SECRETARY OF AGRICULTURE, MAY SUSPEND THE DUTY-FREE TREATMENT FOR ALL OR PART OF THE QUANTITY OF SUGAR, SIRUPS, AND MOLASSES PERMITTED TO BE ENTERED BY PARAGRAPHS (1)(B) AND (2) IF SUCH ACTION IS NECESSARY TO PROTECT THE PRICE-SUPPORT PROGRAM FOR SUGAR BEETS AND SUGAR CANE.

(4) ANY QUANTITATIVE LIMITATION IMPOSED ON A BENEFICIARY COUNTRY UNDER PARAGRAPH (1)(B) AND (2) SHALL APPLY ONLY TO THE EXTENT THAT SUCH LIMITATION PERMITS A LESSER QUANTITY OF SUGAR, SIRUPS AND MOLASSES TO BE ENTERED FROM THAT COUNTRY THAN THE QUANTITY THAT WOULD BE PERMITTED TO BE ENTERED UNDER ANY OTHER PROVISION OF LAW.

(E)(1) THE PRESIDENT MAY BY PROCLAMATION SUSPEND THE DUTY-FREE TREATMENT PROVIDED BY THIS TITLE WITH RESPECT TO ANY ELIGIBLE ARTICLE AND MAY PROCLAIM A DUTY RATE FOR SUCH ARTICLE IF SUCH ACTION IS PROCLAIMED PURSUANT TO SECTION 203 OF THE TRADE ACT OF 1974 OR SECTION 232 OF THE TRADE EXPANSION ACT OF 1962.

(2) IN ANY REPORT BY THE INTERNATIONAL TRADE COMMISSION TO THE PRESIDENT UNDER SECTION 201(D)(1) OF THE TRADE ACT OF 1974 REGARDING ANY ARTICLE FOR WHICH DUTY-FREE TREATMENT HAS BEEN PROCLAIMED BY THE PRESIDENT PURSUANT TO THIS TITLE, THE COMMISSION SHALL STATE WHETHER AND TO WHAT EXTENT ITS FINDINGS AND RECOMMENDATIONS APPLY TO SUCH ARTICLE WHEN IMPORTED FROM BENEFICIARY COUNTRIES.

(3) FOR PURPOSES OF SUBSECTIONS (A) AND (C) OF SECTION 203 OF THE TRADE ACT OF 1974, THE SUSPENSION OF THE DUTY-FREE TREATMENT PROVIDED BY THIS TITLE SHALL BE TREATED AS AN INCREASE IN DUTY.

(4) NO PROCLAMATION WHICH PROVIDES SOLELY FOR A SUSPENSION REFERRED TO IN PARAGRAPH (3) OF THIS SUBSECTION WITH RESPECT TO ANY ARTICLE SHALL BE MADE UNDER SUBSECTION (A) AND (C) OF SECTION 203 OF THE TRADE ACT OF 1974 UNLESS THE UNITED STATES INTERNATIONAL TRADE COMMISSION, IN ADDITION TO MAKING AN AFFIRMATIVE DETERMINATION WITH RESPECT TO SUCH ARTICLE UNDER SECTION 201(B) OF THE TRADE ACT OF 1974, DETERMINES IN THE COURSE OF ITS INVESTIGATION UNDER SECTION 201(B) OF SUCH ACT THAT THE SERIOUS INJURY (OR THREAT THEREOF) SUBSTANTIALLY CAUSED BY IMPORTS TO THE DOMESTIC INDUSTRY PRODUCING A LIKE OR DIRECTLY COMPETITIVE ARTICLE RESULTS FROM THE DUTY-FREE TREATMENT PROVIDED BY THIS TITLE.

(5) (A) ANY PROCLAMATION ISSUED PURSUANT TO SECTION 203 OF THE TRADE ACT OF 1974 THAT IS IN EFFECT WHEN DUTY-FREE TREATMENT PURSUANT TO SECTION 211 OF THIS TITLE IS PROCLAIMED SHALL REMAIN IN EFFECT UNTIL MODIFIED OR TERMINATED.

(B) IF ANY ARTICLE IS SUBJECT TO IMPORT RELIEF AT THE TIME DUTY-FREE TREATMENT IS PROCLAIMED PURSUANT TO SECTION 211, THE PRESIDENT MAY REDUCE OR TERMINATE THE APPLICATION OF SUCH IMPORT RELIEF TO THE IMPORTATION OF

SUCH ARTICLE FROM BENEFICIARY COUNTRIES PRIOR TO THE OTHERWISE SCHEDULED RATE ON WHICH SUCH REDUCTION OR TERMINATION WOULD OCCUR PURSUANT TO THE CRITERIA AND PROCEDURES OF SUBSECTIONS (H) AND (I) OF SECTION 203 OF THE TRADE ACT OF 1974.

(F)(1) IF A PETITION IS FILED WITH THE INTERNATIONAL TRADE COMMISSION PURSUANT TO THE PROVISIONS OF SECTION 201 OF THE TRADE ACT OF 1974 REGARDING A PERISHABLE PRODUCT AND ALLEGING INJURY FROM IMPORTS FROM BENEFICIARY COUNTRIES, THEN THE PETITION MAY ALSO BE FILED WITH THE SECRETARY OF AGRICULTURE WITH A REQUEST THAT EMERGENCY RELIEF BE GRANTED PURSUANT TO PARAGRAPH (3) OF THIS SUBSECTION WITH RESPECT TO SUCH ARTICLE.

(2) WITHIN FOURTEEN DAYS AFTER THE FILING OF A PETITION UNDER PARAGRAPH (1) OF THIS SUBSECTION--

(A) IF THE SECRETARY OF AGRICULTURE HAS REASON TO BELIEVE THAT A PERISHABLE PRODUCT FROM A BENEFICIARY COUNTRY IS BEING IMPORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES AS TO BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THE THREAT THEREOF, TO THE DOMESTIC INDUSTRY PRODUCING A PERISHABLE PRODUCT LIKE OR DIRECTLY COMPETITIVE WITH THE IMPORTED PRODUCT AND THAT EMERGENCY ACTION IS WARRANTED, HE SHALL ADVISE THE PRESIDENT AND

RECOMMEND THAT THE PRESIDENT TAKE EMERGENCY ACTION; OR (B) THE SECRETARY OF AGRICULTURE SHALL PUBLISH A NOTICE OF HIS DETERMINATION NOT TO RECOMMEND THE IMPOSITION OF EMERGENCY ACTION AND SO ADVISE THE PETITIONER.

(3) WITHIN SEVEN DAYS AFTER THE PRESIDENT RECEIVES A RECOMMENDATION FROM THE SECRETARY OF AGRICULTURE TO TAKE EMERGENCY ACTION PURSUANT TO PARAGRAPH (2) OF THIS SUBSECTION, HE SHALL ISSUE A PROCLAMATION WITHDRAWING THE DUTY-FREE TREATMENT PROVIDED BY THIS TITLE OR PUBLISH A NOTICE OF HIS DETERMINATION NOT TO TAKE EMERGENCY ACTION.

(4) THE EMERGENCY ACTION PROVIDED BY PARAGRAPH (3) OF THIS SUBSECTION SHALL CEASE TO APPLY--

(A) UPON THE PROCLAMATION OF IMPORT RELIEF PURSUANT TO SECTION 202(A)(1) OF THE TRADE ACT OF 1974,

(B) ON THE DAY THE PRESIDENT MAKES A DETERMINATION PURSUANT TO SECTION 203(B)(2) OF SUCH ACT NOT TO IMPOSE IMPORT RELIEF.

(C) IN THE EVENT OF A REPORT OF THE UNITED STATES INTERNATIONAL TRADE COMMISSION CONTAINING A NEGATIVE FINDING, ON THE DAY THE COMMISSION'S REPORT IS SUBMITTED TO THE PRESIDENT, OR

(D) WHENEVER THE PRESIDENT DETERMINES THAT BECAUSE OF CHANGED CIRCUMSTANCES SUCH RELIEF IS NO LONGER WARRANTED.

(5) FOR PURPOSES OF THIS SUBSECTION, THE TERM "PERISHABLE PRODUCT" MEANS--

(A) LIVE PLANTS PROVIDED FOR IN SUBPART A OF PART 6 OF SCHEDULE 1 OF THE TSUS;

(B) FRESH OR CHILLED VEGETABLES PROVIDED FOR IN ITEMS 135.10 THROUGH 138.42 OF THE TSUS;

(C) FRESH MUSHROOMS PROVIDED FOR IN ITEM 144.10 OF THE

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TSUS;

(D) FRESH FRUIT PROVIDED FOR IN ITEMS 146.10, 146.20, 146.30, 146.50 THROUGH 146.62, 146.90, 146.91, 147.03 THROUGH 147.33, 147.50 THROUGH 149.21 AND 149.50 OF THE TSUS;

(E) FRESH CUT FLOWERS PROVIDED FOR IN ITEMS 192.17, 192.18, AND 192.21 OF THE TSUS; AND

(F) CONCENTRATED CITRUS FRUIT JUICE PROVIDED FOR IN ITEMS 165.25 AND 165.35 OF THE TSUS.

(G) NO PROCLAMATION ISSUED PURSUANT TO THIS TITLE SHALL AFFECT FEES IMPOSED PURSUANT TO SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (7 U.S.C. 624).

SEC. 214. MEASURES FOR PUERTO RICO AND UNITED STATES INSULAR POSSESSIONS.

(A) EFFECTIVE WITH RESPECT TO ARTICLES ENTERED ON OR

AFTER THE EFFECTIVE DATE OF THIS ACT, GENERAL HEADNOTE 3(A) OF THE TSUS IS AMENDED--

(1) BY AMENDING CLAUSE (I)--

(A) BY STRIKING OUT "50 PERCENT" AND INSERTING IN LIEU THEREOF "70 PERCENT", AND

(B) BY INSERTING AFTER "TOTAL VALUE", "(OR MORE THAN 50 PERCENT OF THEIR TOTAL VALUE WITH RESPECT TO ARTICLES DESCRIBED IN SECTION 213(B) OF THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT)"; AND

(2) BY AMENDING CLAUSE (II) BY STRIKING OUT "50 PERCENT" AND INSERTING IN LIEU THEREOF "70 PERCENT".

(B) ITEM 813.31 OF THE TSUS IS AMENDED BY STRIKING OUT "4 LITERS" AND INSERTING IN LIEU THEREOF "5 LITERS", AND BY INSERTING AFTER "UNITED STATES,", "AND NOT MORE THAN 4 LITERS OF WHICH SHALL HAVE BEEN PRODUCED ELSEWHERE THAN IN SUCH INSULAR POSSESSIONS,".

(C) IF THE SUM OF THE AMOUNTS OF TAXES COVERED INTO THE TREASURIES OF PUERTO RICO OR THE UNITED STATES VIRGIN ISLANDS PURSUANT TO SECTION 7652(C) OF THE INTERNAL

REVENUE CODE OF 1954 IS REDUCED BELOW THE AMOUNT THAT WOULD HAVE BEEN COVERED OVER IF THE IMPORTED RUM HAD BEEN PRODUCED IN PUERTO RICO OR THE UNITED STATES VIRGIN ISLANDS, THEN THE PRESIDENT SHALL CONSIDER COMPENSATION MEASURES AND, IN THIS REGARD, MAY WITHDRAW THE DUTY-FREE TREATMENT ON RUM PROVIDED BY THIS TITLE. THE PRESIDENT SHALL SUBMIT A REPORT TO THE CONGRESS ON THE MEASURES HE TAKES.

(D) SECTION 1112 OF THE TRADE AGREEMENTS ACT OF 1979 (19 U.S.C. 2582) IS REPEALED.

(E) NO ACTION PURSUANT TO THIS TITLE MAY AFFECT ANY TARIFF DUTY IMPOSED BY THE LEGISLATURE OF PUERTO RICO PURSUANT TO SECTION 319 OF THE TARIFF ACT OF 1930 (19 U.S.C. 1319) ON COFFEE IMPORTED INTO PUERTO RICO.

(F) FOR PURPOSES OF CHAPTER 1 OF TITLE II OF THE TRADE ACT OF 1974, THE TERM "INDUSTRY" SHALL INCLUDE PRODUCERS LOCATED IN THE UNITED STATES INSULAR POSSESSIONS.

(G) ANY DISCHARGE FROM A POINT SOURCE IN THE UNITED STATES VIRGIN ISLANDS IN EXISTENCE ON THE DATE OF THE

ENACTMENT OF THIS SUBSECTION WHICH DISCHARGE IS ATTRIBUTABLE TO THE MANUFACTURE OF RUM (AS DEFINED IN PARAGRAPH (3) OF SECTION 7652(C) OF THE INTERNAL REVENUE CODE OF 1954) SHALL NOT BE SUBJECT TO THE REQUIREMENTS OF SECTION 301 (OTHER THAN TOXIC POLLUTANT DISCHARGES), SECTION 306 OR SECTION 403 OF THE FEDERAL WATER POLLUTION CONTROL ACT IF--

(1) SUCH DISCHARGE OCCURS AT LEAST ONE THOUSAND FIVE HUNDRED FEET INTO THE TERRITORIAL SEA FROM THE LINE OF ORDINARY LOW WATER FROM THAT PORTION OF THE COAST WHICH

IS IN DIRECT CONTACT WITH THE SEA, AND

(2) THE GOVERNOR OF THE UNITED STATES VIRGIN ISLANDS DETERMINES THAT SUCH DISCHARGE WILL NOT INTERFERE WITH THE ATTAINMENT OR MAINTENANCE OF THAT WATER QUALITY WHICH SHALL ASSURE PROTECTION OF PUBLIC WATER SUPPLIES, AND THE PROTECTION AND PROPOGATION OF A BALANCED POPULATION OF SHELLFISH, FISH, AND WILDLIFE, AND ALLOW RECREATIONAL ACTIVITIES, IN AND ON THE WATER AND WILL NOT RESULT IN THE DISCHARGE OF POLLUTANTS IN QUANTITIES WHICH MAY REASONABLY BE ANTICIPATED TO POSE AN UNACCEPTABLE RISK TO HUMAN HEALTH OR THE ENVIRONMENT BECAUSE OF BIOACCUMULATION, PERSISTENCY IN THE ENVIRONMENT, ACUTE TOXICITY, CHRONIC TOXICITY (INCLUDING CARCINOGENICITY, MUTAGENICITY, OR TERATOGENICITY), OR SYNERGISTIC PROPENSITIES.

SECTION 215. INTERNATIONAL TRADE COMMISSION REPORTS ON IMPACT OF THIS ACT.

(A) THE UNITED STATES INTERNATIONAL TRADE COMMISSION (HEREINAFTER IN THIS SECTION REFERRED TO AS THE "COMMISSION") SHALL PREPARE, AND SUBMIT TO THE CONGRESS AND TO THE PRESIDENT, A REPORT REGARDING THE ECONOMIC IMPACT OF THIS ACT ON UNITED STATES INDUSTRIES AND CONSUMERS DURING--

(1) THE TWENTY-FOUR MONTH PERIOD BEGINNING WITH THE DATE OF ENACTMENT OF THIS ACT; AND

(2) EACH CALENDAR YEAR OCCURRING THEREAFTER UNTIL DUTY-FREE TREATMENT UNDER THIS TITLE IS TERMINATED UNDER SECTION 106(B).

FOR PURPOSES OF THIS SECTION, INDUSTRIES IN THE COMMONWEALTH OF PUERTO RICO AND THE INSULAR POSSESSIONS OF THE UNITED STATES SHALL BE CONSIDERED TO BE UNITED STATES INDUSTRIES.

(B)(1) EACH REPORT REQUIRED UNDER SUBSECTION (A) SHALL INCLUDE, BUT NOT BE LIMITED TO, AN ASSESSMENT BY THE COMMISSION REGARDING--

(A) THE ACTUAL EFFECT, DURING THE PERIOD COVERED BY THE REPORT OF THIS ACT ON THE UNITED STATES ECONOMY GENERALLY AS WELL AS ON THOSE SPECIFIC DOMESTIC INDUSTRIES WHICH PRODUCE ARTICLES THAT ARE LIKE, OR DIRECTLY COMPETITIVE WITH, ARTICLES BEING IMPORTED INTO THE UNITED STATES FROM BENEFICIARY COUNTRIES; AND

(B) THE PROBABLE FUTURE EFFECT WHICH THIS ACT WILL HAVE ON THE UNITED STATES ECONOMY GENERALLY, AS WELL AS ON SUCH DOMESTIC INDUSTRIES, BEFORE THE PROVISIONS OF THIS

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ACT TERMINATE.

(2) IN PREPARING THE ASSESSMENTS REQUIRED UNDER

PARAGRAPH (1), THE COMMISSION SHALL, TO THE EXTENT PRACTICABLE--

(A) ANALYZE THE PRODUCTION, TRADE AND CONSUMPTION OF UNITED STATES PRODUCTS AFFECTED BY THIS ACT, TAKING INTO CONSIDERATION EMPLOYMENT, PROFIT LEVELS, AND USE OF PRODUCTIVE FACILITIES WITH RESPECT TO THE DOMESTIC INDUSTRIES CONCERNED, AND SUCH OTHER ECONOMIC FACTORS IN SUCH INDUSTRIES AS IT CONSIDERS RELEVANT, INCLUDING PRICES, WAGES, SALES, INVENTORIES, PATTERNS OF DEMAND, CAPITAL INVESTMENT, OBSOLESCENCE OF EQUIPMENT, AND DIVERSIFICATION OF PRODUCTION; AND

(B) DESCRIBE THE NATURE AND EXTENT OF ANY SIGNIFICANT CHANGE IN EMPLOYMENT, PROFIT LEVELS, AND USE OF PRODUCTIVE FACILITIES, AND SUCH OTHER CONDITIONS AS IT DEEMS RELEVANT IN THE DOMESTIC INDUSTRIES CONCERNED, WHICH IT BELIEVES ARE ATTRIBUTABLE TO THIS ACT.

(C)(1) EACH REPORT REQUIRED UNDER SUBSECTION (A) SHALL BE SUBMITTED TO THE CONGRESS AND TO THE PRESIDENT BEFORE THE CLOSE OF THE NINE-MONTH PERIOD BEGINNING ON THE DAY AFTER THE LAST DAY OF THE PERIOD COVERED BY THE REPORT.

(2) THE COMMISSION SHALL PROVIDE OPPORTUNITY FOR THE SUBMISSION BY THE PUBLIC, EITHER ORALLY OR IN WRITING, OR BOTH, OF INFORMATION RELATING TO MATTERS THAT WILL BE ADDRESSED IN THE REPORTS.

#### SECTION 216 IMPACT STUDY BY SECRETARY OF LABOR

THE SECRETARY OF LABOR, IN CONSULTATION WITH OTHER APPROPRIATE FEDERAL AGENCIES, SHALL UNDERTAKE A CONTINUING REVIEW AND ANALYSIS OF THE IMPACT WHICH THE IMPLEMENTATION OF THE PROVISIONS OF THIS TITLE HAVE WITH RESPECT TO UNITED STATES LABOR; AND SHALL MAKE AN ANNUAL WRITTEN REPORT TO CONGRESS ON THE RESULTS OF SUCH REVIEW AND ANALYSIS.

#### SECTION 217. FEASIBILITY STUDY REGARDING A CARIBBEAN TRADE INSTITUTE.

(A) THE SECRETARY OF STATE SHALL PREPARE A STUDY REGARDING THE FEASIBILITY OF ESTABLISHING A CARIBBEAN TRADE INSTITUTE IN HARLEM, NEW YORK CITY, SUPPORTED BY A COMBINATION OF FEDERAL AND PRIVATE FUNDS.

(B) THE STUDY SHALL INCLUDE, BUT NOT BE LIMITED TO, AN ASSESSMENT OF THE EXTENT TO WHICH, AND THE MEANS BY WHICH, A CARIBBEAN TRADE INSTITUTE COULD --

(1) FACILITATE COOPERATION BETWEEN PUBLIC AND PRIVATE ENTITIES INTERESTED IN ENGAGING IN OR FURTHERING CARIBBEAN TRADE;

(2) SERVE AS A CATALYST FOR GREATER CULTURAL EXCHANGE BETWEEN THE UNITED STATES AND CARIBBEAN NATIONS; AND

(3) FACILITATE EXPANSION OF JOB OPPORTUNITIES BOTH IN THE UNITED STATES AND THE CARIBBEAN BASIN.

THE STUDY SHALL ALSO INCLUDE SUGGESTIONS REGARDING THE .

ORGANIZATION AND STAFFING OF SUCH AN INSTITUTE.  
(C) THE STUDY REQUIRED BY THIS SECTION SHALL BE SUBMITTED TO THE CONGRESS WITHIN SIX MONTHS AFTER THE DATE OF THE ENACTMENT OF THIS ACT.

SECTION 218. EFFECTIVE DATE OF TITLE AND TERMINATION OF DUTY-FREE TREATMENT.

(A) EFFECTIVE DATE.-- THIS SUBTITLE SHALL TAKE EFFECT ON THE DATE OF THE ENACTMENT OF THIS ACT.

IMPACT OF THIS ACT ON UNITED STATES INDUSTRIES AND CONSUMERS DURING--

(1) THE TWENTY-FOUR MONTH PERIOD BEGINNING WITH THE DATE OF ENACTMENT OF THIS ACT; AND

(2) EACH CALENDAR YEAR OCCURRING THEREAFTER UNTIL DUTY-FREE TREATMENT UNDER THIS TITLE IS TERMINATED UNDER SECTION 106(B).

FOR PURPOSES OF THIS SECTION, INDUSTRIES IN THE COMMONWEALTH OF PUERTO RICO AND THE INSULAR POSSESSIONS OF THE UNITED STATES SHALL BE CONSIDERED TO BE UNITED STATES INDUSTRIES.

(B)(1) EACH REPORT REQUIRED UNDER SUBSECTION (A) SHALL INCLUDE, BUT NOT BE LIMITED TO, AN ASSESSMENT BY THE COMMISSION REGARDING--

(A) THE ACTUAL EFFECT, DURING THE PERIOD COVERED BY THE REPORT OF THIS ACT ON THE UNITED STATES ECONOMY GENERALLY AS WELL AS ON THOSE SPECIFIC DOMESTIC INDUSTRIES WHICH PRODUCE ARTICLES THAT ARE LIKE, OR DIRECTLY COMPETITIVE WITH, ARTICLES BEING IMPORTED INTO THE UNITED STATES FROM BENEFICIARY COUNTRIES; AND

(B) THE PROBABLE FUTURE EFFECT WHICH THIS ACT WILL HAVE ON THE UNITED STATES ECONOMY GENERALLY, AS WELL AS ON SUCH DOMESTIC INDUSTRIES, BEFORE THE PROVISIONS OF THIS ACT TERMINATE.

(2) IN PREPARING THE ASSESSMENTS REQUIRED UNDER

PARAGRAPH (1), THE COMMISSION SHALL, TO THE EXTENT PRACTICABLE--

(A) ANALYZE THE PRODUCTION, TRADE AND CONSUMPTION OF UNITED STATES PRODUCTS AFFECTED BY THIS ACT, TAKING INTO CONSIDERATION EMPLOYMENT, PROFIT LEVELS, AND USE OF PRODUCTIVE FACILITIES WITH RESPECT TO THE DOMESTIC INDUSTRIES CONCERNED, AND SUCH OTHER ECONOMIC FACTORS IN SUCH INDUSTRIES AS IT CONSIDERS RELEVANT, INCLUDING PRICES, WAGES, SALES, INVENTORIES, PATTERNS OF DEMAND, CAPITAL INVESTMENT, OBSOLESCENCE OF EQUIPMENT, AND DIVERSIFICATION OF PRODUCTION; AND

(B) DESCRIBE THE NATURE AND EXTENT OF ANY SIGNIFICANT CHANGE IN EMPLOYMENT, PROFIT LEVELS, AND USE OF PRODUCTIVE FACILITIES, AND SUCH OTHER CONDITIONS AS IT DEEMS RELEVANT IN THE DOMESTIC INDUSTRIES CONCERNED, WHICH IT BELIEVES ARE ATTRIBUTABLE TO THIS ACT.

(C)(1) EACH REPORT REQUIRED UNDER SUBSECTION (A) SHALL BE SUBMITTED TO THE CONGRESS AND TO THE PRESIDENT BEFORE THE CLOSE OF THE NINE-MONTH PERIOD BEGINNING ON THE DAY AFTER THE LAST DAY OF THE PERIOD COVERED BY THE REPORT.

(2) THE COMMISSION SHALL PROVIDE OPPORTUNITY FOR THE

"(C) SHIPMENTS OF RUM TO THE UNITED STATES.--

"(1) EXCISE TAXES ON RUM COVERED INTO TREASURIES OF PUERTO RICO AND VIRGIN ISLANDS.--ALL TAXES COLLECTED UNDER SECTION 5001(A)(1) ON RUM IMPORTED INTO THE UNITED STATES (LESS THE ESTIMATED AMOUNT NECESSARY FOR PAYMENT OF REFUNDS AND DRAWBACKS) SHALL BE COVERED INTO THE TREASURIES OF PUERTO RICO AND THE VIRGIN ISLANDS.

"(2) SECRETARY PRESCRIBES FORMULA. -- THE SECRETARY SHALL, FROM TIME TO TIME, PRESCRIBE BY REGULATION A FORMULA FOR THE DIVISION OF SUCH TAX COLLECTIONS BETWEEN PUERTO RICO AND THE VIRGIN ISLANDS AND THE TIMING AND METHODS FOR TRANSFERRING SUCH TAX COLLECTIONS.

"(3) RUM DEFINED. -- FOR PURPOSES OF THIS SUBSECTION, THE TERM 'RUM' MEANS ANY ARTICLE CLASSIFIED UNDER ITEM 169.13 OR 169.14 OF THE TARIFF SCHEDULES OF THE UNITED STATES (19 U.S.C. 1202).

"(4) COORDINATION WITH SUBSECTIONS (A) AND (B). -- PARAGRAPH (1) SHALL NOT APPLY WITH RESPECT TO ANY RUM SUBJECT TO TAX UNDER SUBSECTION (A) OR (B)."

(B) EFFECTIVE DATE. -- THE AMENDMENT MADE BY SUBSECTION

(A) SHALL APPLY TO ARTICLES IMPORTED INTO THE UNITED STATES AFTER JUNE 30, 1983.

SECTION 222. TREATMENT OF CARIBBEAN CONVENTIONS, ETC.

(A) GENERAL RULE. -- SUBSECTION (H) OF SECTION 274 OF THE INTERNAL REVENUE CODE OF 1954 (RELATING TO ATTENDANCE AT CONVENTIONS, ETC.) IS AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW PARAGRAPH:

"(5) TREATMENT OF CONVENTIONS IN CERTAIN CARIBBEAN COUNTRIES. --

"(A) IN GENERAL. -- FOR PURPOSES OF THIS SUBSECTION, THE TERM 'NORTH AMERICAN AREA' INCLUDES, WITH RESPECT TO ANY CONVENTION, SEMINAR, OR SIMILAR MEETING, ANY BENEFICIARY COUNTRY IF (AS OF THE TIME SUCH MEETING BEGINS)-

3M(THERE IS IN EFFECT A BILATERAL OR MULTILATERAL AGREEMENT BETWEEN SUCH COUNTRY AND THE UNITED STATES PROVIDING FOR THE EXCHANGE OF INFORMATION BETWEEN THE UNITED STATES AND SUCH COUNTRY, AND

"(II) THERE IS NOT IN EFFECT A FINDING BY THE SECRETARY THAT THE TAX LAWS OF SUCH COUNTRY DISCRIMINATE AGAINST CONVENTIONS HELD IN THE UNITED STATES.

"(B) BENEFICIARY COUNTRY. -- FOR PURPOSES OF THIS PARAGRAPH, THE TERM 'BENEFICIARY COUNTRY' HAS THE MEANING GIVEN TO SUCH TERM BY SECTION 212(A)(1)(A) OF THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT; EXCEPT THAT SUCH TERM SHALL INCLUDE BERMUDA.

(C) AUTHORITY TO CONCLUDE EXCHANGE OF INFORMATION AGREEMENTS. --

(I) IN GENERAL.--THE SECRETARY IS AUTHORIZED TO NEGOTIATE AND CONCLUDE AN AGREEMENT FOR THE EXCHANGE OF INFORMATION WITH ANY BENEFICIARY COUNTRY. EXCEPT AS PROVIDED IN CLAUSE (II), AN EXCHANGE OF INFORMATION

SUBMISSION BY THE PUBLIC, EITHER ORALLY OR IN WRITING, OR BOTH, OF INFORMATION RELATING TO MATTERS THAT WILL BE ADDRESSED IN THE REPORTS.

SECTION 216 IMPACT STUDY BY SECRETARY OF LABOR

THE SECRETARY OF LABOR, IN CONSULTATION WITH OTHER APPROPRIATE FEDERAL AGENCIES, SHALL UNDERTAKE A CONTINUING REVIEW AND ANALYSIS OF THE IMPACT WHICH THE IMPLEMENTATION OF THE PROVISIONS OF THIS TITLE HAVE WITH RESPECT TO UNITED STATES LABOR; AND SHALL MAKE AN ANNUAL WRITTEN REPORT TO CONGRESS ON THE RESULTS OF SUCH REVIEW AND ANALYSIS.

SECTION 217. FEASIBILITY STUDY REGARDING A CARIBBEAN TRADE INSTITUTE.

(A) THE SECRETARY OF STATE SHALL PREPARE A STUDY REGARDING THE FEASIBILITY OF ESTABLISHING A CARIBBEAN TRADE INSTITUTE IN HARLEM, NEW YORK CITY, SUPPORTED BY A COMBINATION OF FEDERAL AND PRIVATE FUNDS.

(B) THE STUDY SHALL INCLUDE, BUT NOT BE LIMITED TO, AN ASSESSMENT OF THE EXTENT TO WHICH, AND THE MEANS BY WHICH, A CARIBBEAN TRADE INSTITUTE COULD --

(1) FACILITATE COOPERATION BETWEEN PUBLIC AND PRIVATE ENTITIES INTERESTED IN ENGAGING IN OR FURTHERING CARIBBEAN TRADE;

(2) SERVE AS A CATALYST FOR GREATER CULTURAL EXCHANGE BETWEEN THE UNITED STATES AND CARIBBEAN NATIONS; AND

(3) FACILITATE EXPANSION OF JOB OPPORTUNITIES BOTH IN THE UNITED STATES AND THE CARIBBEAN BASIN.

THE STUDY SHALL ALSO INCLUDE SUGGESTIONS REGARDING THE ORGANIZATION AND STAFFING OF SUCH AN INSTITUTE.

(C) THE STUDY REQUIRED BY THIS SECTION SHALL BE SUBMITTED TO THE CONGRESS WITHIN SIX MONTHS AFTER THE DATE OF THE ENACTMENT OF THIS ACT.

SECTION 218. EFFECTIVE DATE OF TITLE AND TERMINATION OF DUTY-FREE TREATMENT.

(A) EFFECTIVE DATE.--THIS SUBTITLE SHALL TAKE EFFECT ON THE DATE OF THE ENACTMENT OF THIS ACT.

~~(B) TERMINATION OF DUTY-FREE TREATMENT.--NO DUTY-FREE TREATMENT EXTENDED TO BENEFICIARY COUNTRIES UNDER THIS TITLE SHALL REMAIN IN EFFECT AFTER SEPTEMBER 30, 1995.~~

SUBTITLE B--TAX PROVISIONS

SECTION 221. PAYMENT OF EXCISE TAXES COLLECTED ON RUM TO PUERTO RICO AND THE UNITED STATES VIRGIN ISLANDS.

(A) IN GENERAL.--SECTION 7652 OF THE INTERNAL REVENUE CODE OF 1954 (RELATING TO SHIPMENTS TO THE UNITED STATES) IS AMENDED BY INSERTING AFTER SUBSECTION (B) THE FOLLOWING NEW SUBSECTION:

AGREEMENT SHALL PROVIDE FOR THE EXCHANGE OF SUCH INFORMATION (NOT LIMITED TO INFORMATION CONCERNING NATIONALS OR RESIDENTS OF THE UNITED STATES OR THE BENEFICIARY COUNTRY) AS MAY BE NECESSARY OR APPROPRIATE TO CARRY OUT AND ENFORCE THE TAX LAWS OF THE UNITED STATES AND THE BENEFICIARY COUNTRY (WHETHER CRIMINAL OR CIVIL PROCEEDINGS), INCLUDING INFORMATION WHICH MAY OTHERWISE BE SUBJECT TO NONDISCLOSURE PROVISIONS OF THE LOCAL LAW OF THE BENEFICIARY COUNTRY SUCH AS PROVISIONS RESPECTING BANK SECRECY AND BEARER SHARES. THE EXCHANGE OF INFORMATION AGREEMENT SHALL BE TERMINABLE BY EITHER COUNTRY ON REASONABLE NOTICE AND SHALL PROVIDE THAT INFORMATION RECEIVED BY EITHER COUNTRY WILL BE DISCLOSED ONLY TO PERSONS OR AUTHORITIES (INCLUDING COURTS AND ADMINISTRATIVE BODIES) INVOLVED IN THE ADMINISTRATION OR

OVERSIGHT OF, OR IN THE DETERMINATION OF APPEALS IN RESPECT OF, TAXES OF THE UNITED STATES OR THE BENEFICIARY COUNTRY AND WILL BE USED BY SUCH PERSONS OR AUTHORITIES ONLY FOR SUCH PURPOSES.

"(II) NONDISCLOSURE OF QUALIFIED CONFIDENTIAL INFORMATION SOUGHT FOR CIVIL TAX PURPOSES.--AN EXCHANGE OF INFORMATION AGREEMENT NEED NOT PROVIDE FOR THE EXCHANGE OF QUALIFIED CONFIDENTIAL INFORMATION WHICH IS SOUGHT ONLY FOR CIVIL TAX PURPOSES IF--

"(I) THE SECRETARY OF THE TREASURY, AFTER MAKING ALL REASONABLE EFFORTS TO NEGOTIATE AN AGREEMENT WHICH INCLUDES THE EXCHANGE OF SUCH INFORMATION, DETERMINES THAT SUCH AN AGREEMENT CANNOT BE NEGOTIATED BUT THAT THE AGREEMENT WHICH WAS NEGOTIATED WILL SIGNIFICANTLY ASSIST IN THE ADMINISTRATION AND ENFORCEMENT OF THE TAX LAWS OF THE UNITED STATES, AND

"(II) THE PRESIDENT DETERMINES THAT THE AGREEMENT AS NEGOTIATED IS IN THE NATIONAL SECURITY INTEREST OF THE UNITED STATES.

"(III) QUALIFIED CONFIDENTIAL INFORMATION DEFINING/-- FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM 'QUALIFIED CONFIDENTIAL INFORMATION' MEANS INFORMATION WHICH IS SUBJECT TO THE NONDISCLOSURE PROVISIONS OF ANY LOCAL LAW OF THE BENEFICIARY COUNTRY REGARDING BANK SECRECY OR OWNERSHIP OF BEARER SHARES.

"(IV) CIVIL TAX PURPOSES.--FOR PURPOSES OF THIS SUBPARAGRAPH, THE DETERMINATION OF WHETHER INFORMATION IS SOUGHT ONLY FOR CIVIL TAX PURPOSES SHALL BE MADE BY THE REQUESTING PARTY.

"(D) COORDINATION WITH SECTION 6103.-- ANY EXCHANGE OF INFORMATION AGREEMENT NEGOTIATED UNDER SUBPARAGRAPH (C) SHALL BE TREATED AS AN INCOME TAX CONVENTION FOR PURPOSES OF SECTION 6103(K)(4)."

"(E) DETERMINATIONS PUBLISHED IN THE FEDERAL REGISTER.-- THE FOLLOWING SHALL BE PUBLISHED IN THE FEDERAL REGISTER--

"(I) ANY DETERMINATION BY THE PRESIDENT UNDER SUBPARAGRAPH (C)(II) (INCLUDING THE REASONS FOR SUCH DETERMINATION),

"(II) ANY DETERMINATION BY THE SECRETARY

UNDERSUBPARAGRAPH (C)(II) (INCLUDING THE REASONS FOR SUCH DETERMINATION), AND  
"(III) ANY FINDING BY THE SECRETARY UNDER SUBPARAGRAPH (A)(II) (AND ANY TERMINATION THEREOF)."  
(D) EFFECTIVE DATE. -- THE AMENDMENT MADE BY SUBSECTION (A) SHALL APPLY TO CONVENTIONS, SEMINARS, OR OTHER MEETINGS WHICH BEGIN AFTER JUNE 30, 1983.

SEC. 223. REPORT WITH RESPECT TO USE OF CARIBBEAN BASIN TAX HAVENS.

THE SECRETARY OF THE TREASURY SHALL, NOT LATER THAN NINETY DAYS AFTER THE DATE OF THE ENACTMENT OF THIS ACT, REPORT TO THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON FINANCE OF THE SENATE ON --

- (1) THE LEVEL AT WHICH CARIBBEAN BASIN TAX HAVENS ARE BEING USED TO EVADE OR AVOID FEDERAL TAXES, AND THE EFFECT ON FEDERAL REVENUES OF SUCH USE,
- (2) ANY INFORMATION HE MAY HAVE ON THE RELATIONSHIP OF SUCH USE TO DRUG TRAFFICKING AND OTHER CRIMINAL ACTIVITIES, AND
- (3) CURRENT ANTITAX HAVEN ENFORCEMENT ACTIVITIES OF THE DEPARTMENT OF THE TREASURY.

SUBTITLE C -- SENSE OF THE CONGRESS REGARDING SUGAR IMPORTS

SEC. 231. SUGAR IMPORTS.

IT IS THE SENSE OF THE CONGRESS THAT SUGAR FROM ANY COMMUNIST COUNTRY IN THE CARIBBEAN BASIN OR IN CENTRAL AMERICA SHOULD NOT BE IMPORTED INTO THE UNITED STATES.

FYI: SPANISH VERSION IS BEING PREPARED BY DEPT. AND WILL BE SENT IN THE NEAR FUTURE. END FYI

SHULTZ

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Department of State

INCOMING  
TELEGRAM

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ADM AID

TO: RICHARD SUTTOR, ST/AGR/EPP

E.O. 12356: N/A

SUBJECT: AGRICULTURE POLICY ANALYSIS - 936-4084

1. THIS MESSAGE IS TO CONFIRM FORD/SUTTOR TELCON OF 10/18/83 IN WHICH SCOPES OF WORK WERE TRANSMITTED FOR SHORT-TERM AGRICULTURE ANALYSIS AND PLANNING ASSISTANCE IN D.R. UNDER SUBJECT PROJECT.
2. USAID/DR UNDERSTANDS JAMES RIORDAN TO ARRIVE O/A OCTOBER 23 FOR ONE WEEK AND DEAN SCHREIVER TO ARRIVE O/A OCTOBER 31 FOR NOT LESS THAN ONE WEEK BUT TWO WEEKS IF AVAILABLE.
3. ASSISTANCE APPRECIATED. ANDERSON

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