

[10/1/79-Not Submitted-DF]

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DATE: 01 OCT 79

FOR ACTION:

Handwritten initials: Rb
Handwritten initials: DF

INFO ONLY: THE VICE PRESIDENT	STU EIZENSTAT
FRANK MOORE	JACK WATSON
ZBIG BRZEZINSKI	JIM MCINTYRE
CHARLES SCHULTZE	ALFRED KAHN

SUBJECT: BERGLAND MEMO RE SUGAR FEES

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: ~~1200 PM WEDNESDAY 03 OCT 79~~ +

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ACTION REQUESTED: L. DAFT WILL SUMMARIZE MUCH OF THIS MEMO

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	FOR APPROPRIATE HANDLING
<input type="checkbox"/>	LAST DAY FOR ACTION

*note: Dept
will summarize
much of the above
all info*

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
	MCDONALD
<input checked="" type="checkbox"/>	MOORE / <i>Thompson</i>
	POWELL
<input checked="" type="checkbox"/>	WATSON
	WEDDINGTON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

<input type="checkbox"/>	MILLER
<input type="checkbox"/>	VANCE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	FRANCIS
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	HUTCHESON
<input checked="" type="checkbox"/>	KAHN
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SANDERS
<input type="checkbox"/>	SPETH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

THE WHITE HOUSE
WASHINGTON

Date: 9/27

TO: Rich

FROM: LYNN DAFT

For your information _____

appropriate action



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

SEP 28 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Sugar Fees

A sugar fee reduction of .6 cent, effective October 1, was announced yesterday, September 25. This adjustment results from an increase in the world sugar price. It is automatic under our current fee setting procedure in proclamation 4631 of December 28, 1978, which adjusts fees as necessary to protect a 15 cent per pound, raw value, domestic market price.

Based on your decision of last February, the Administration is committed to work with the Congress to develop a program that stabilizes world sugar prices between 11 and 21 cents per pound, under the International Sugar Agreement (ISA) and stabilizes domestic sugar prices between 15.3 and 16.3 cents per pound for the year beginning October 1, 1979. The domestic market price objective we support is 15.8 cents per pound.

We expect the House to consider their sugar bill (H.R. 2172, which we strongly support) in early October, and the Senate to take up the House bill soon thereafter.

There are a number of proposals from sugar interests that the Administration move to establish the domestic price at 15.8 cents now, independent of Congressional action. I do not propose such a change at this time, but you may receive similar proposals directly from members of Congress, and others.

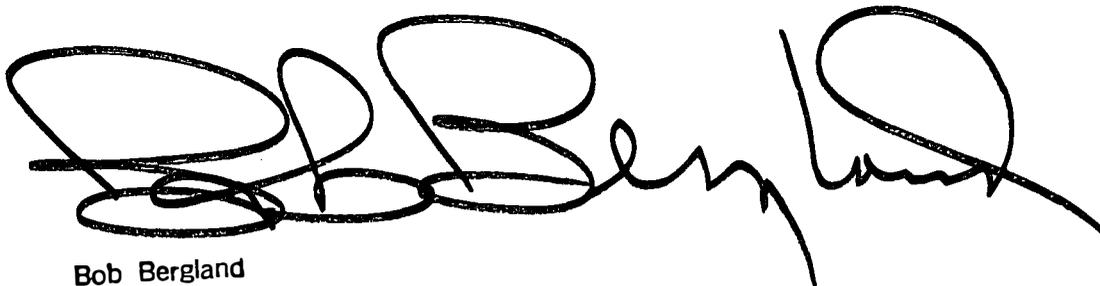
Under certain circumstances, however, it would be appropriate for the Administration to consider issuing a new proclamation with a 15.8 cent price standard.

Should the House pass H.R. 2172 and the Senate be delayed in bringing their bill to a vote, the sugar trade would have a strong incentive to import as much sugar as possible during the fourth quarter of 1979 before the increase in fees authorized by the bill could go into effect. In such an event, provided we have

strong assurances that the Congress will both complete work on the sugar bill and ratify the ISA, I am considering recommending a new emergency proclamation with a 15.8 cent price standard for 1979/80. I will be discussing this matter with your other advisors before presenting my recommendation.

The CCC now owns about \$55 million worth of sugar from the 1977 crop. Because of the very high Congressionally mandated loan rate for the 1978 crop, CCC could take over between \$275 and \$365 million worth of 1978 crop sugar during the next few months. A low market price of 15 cents and a large increase in sugar imports would seriously damage our prospects of selling that sugar, and add an unknown but very significant cost to the CCC sugar price support program.

Issuing a new proclamation, increasing the market price standard to 15.8 cents, and increasing the fee on imported sugar, given appropriate actions and assurances from the Congress, could significantly reduce the Government's risk of very large costs under the USDA sugar program.

A large, stylized handwritten signature in black ink, appearing to read 'Bob Bergland'. The signature is written in a cursive, flowing style with several loops and a long tail.

Bob Bergland
Secretary

THE WHITE HOUSE
WASHINGTON

October 22, 1979

NOTE TO: RICK HUTCHINSON

FROM: LYNN DAFT



Rick, I believe you can file this. I included a brief note on this subject in our last status report to the President.

Attachment

ID 794208

THE WHITE HOUSE

WASHINGTON

DATE: 01 OCT 79

FOR ACTION:

cc: Bert
David
Lynn
Nancy

INFO ONLY: THE VICE PRESIDENT

EIZENSTAT

FRANK MOORE

JACK WATSON

ZBIG BRZEZINSKI

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CHARLES SCHULTZE

ALFRED KAHN

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Secretary