

# TELEGRAM

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INCOMING

RIO DE JANEIRO

**SUBJECT**

ACTION: ECON-4  
INFO AMB AMERICAN EMBASSY  
DCM BRASILIA, BRAZIL

LIMITED OFFICIAL USE

INCO SUGAR

Classification

Control: 681

Recd: 17 May 1967  
2100

NOTIFIED DUTY OFFICER

- USIS 172015Z MAY 67 ZFF-4
- RDG FM SECSTATE WASHDC
- FILE TO RUESBG/AMEMBASSY BOGOTA IMMEDIATE
- BRAS RUESON/AMEMBASSY GEORGETOWN
- RUESGT/AMEMBASSY GUATEMALA
- RUESKN/AMEMBASSY KINGSTON
- RUESLZ/AMEMBASSY LAPAZ
- RUESLM/AMEMBASSY LIMA
- RUESMO/AMEMBASSY MEXICO
- RUCLMKD/AMEMBASSY PORT OF SPAIN
- RUESQI/AMEMBASSY QUITO
- RUESJO/AMEMBASSY RIO DE JANEIRO
- RUESAL/AMEMBASSY SAN JOSE
- RUESBA/AMEMBASSY SAN SALVADOR
- RUESRS/AMEMBASSY BUENOS AIRES
- RUESMG/AMEMBASSY CARACAS
- RUESVA/AMEMBASSY MANAGUA
- RUESPR/JCEMBASSY PORT AU PRINCE
- RUESSD/AMEMBASSY SANTO DOMINGO
- RUEHCR/AMEMBASSY BRIDGETOWN
- STATE GRNC
- BT

EMBOFFICE  
Brasilia

P.O.	1
Pol/Econ	2
Adm.	
PER	
CSO	
Cons	
Ueis	
PSO	
IRI	
MSG	
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ACTION TAKEN

LIMITED OFFICIAL USE STATE 196120 CIRCULAR  
REF: STATE 196119 CIRCULAR  
SUBJ: SPECIAL SUGAR DEFICIT ALLOCATION TO DR

FOLLOWING POINTS SHOULD BE USEFUL FIELDING QUESTIONS AND HOPEFULLY ASSUAGE ANY RESENTMENTS, PARTICULARLY AMONG THOSE COUNTRIES WHICH HAD THEMSELVES REQUESTED SPECIAL SUGAR ALLOCATIONS:

1. DR IS LA QUOTA COUNTRY MOST DEPENDENT ON SUGAR. CONGRESS RECOGNIZED THIS FACT IN MAKING RECOMMENDATION WHICH ACCOMPANIED PASSAGE SUGAR ACT THAT PRESIDENT USE HIS SPECIAL POWER OVER DEFICITS TO PROVIDE SUBSTANTIAL AMOUNT ADDITIONAL QUOTA TO DR IF POLITICAL SITUATION THAT COUNTRY SO WARRANTS.
2. RECOMMENDATION OF CIAP SUBCOMMITTEE ON THE DR RECENTLY ISSUED BY CIAP INCLUDES FOLLOWING: QTE GIVEN EXCEPTIONAL CIRCUMSTANCES OF CASE, SUBCOMMITTEE AGREED THAT IT WOULD BE NECESSARY TO

17/2115/RLS

FORM 1-64 FS-501

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EXHAUST ALL MEANS CAPABLE OF GIVING IMPETUS TO EXPORTS AND THAT, IN SHORT TERM, MOST VIABLE POSSIBILITY WAS THROUGH AN INCREASE IN SALES OF SUGAR; FOR THIS REASON IT SUGGESTED, GIVEN CIRCUMSTANCES OF EXTERNAL MARKETS, THAT SOLUTIONS BE SOUGHT THAT WOULD ENABLE DOMINICAN REPUBLIC, UNDER THE PRESENT UNITED STATES SUGAR LEGISLATION, AND WITHOUT PREJUDICE TO THE BASIC QUOTAS ALREADY ASSIGNED OTHER LATIN AMERICAN COUNTRIES, TO COVER -- IN AN AMOUNT SIMILAR TO THAT OF THE YEAR 1966 AND FOR A TEMPORARY PERIOD OF NOT LESS THAN TWO YEARS -- THE DEFICITS OF OTHER AREAS AND COUNTRIES SUPPLYING THE UNITED STATES MARKET, SO THAT IT COULD INCREASE EXPORTS OF THIS PRODUCT, WHICH IS SO ESSENTIAL TO THE DOMINICAN ECONOMY END QTE.

3. DEPT TOOK COGNIZANCE THIS RECOMMENDATION, BUT DECIDED AGAINST ACCEPTING IT IN FULL. SPECIAL ALLOCATION 105,000 TONS THIS YEAR AS AGAINST SPECIAL 1966 ALLOCATION 123,000 TONS INTENDED TO PUT DR ON NOTICE CANNOT CONTINUE DEPEND ON SPECIAL TREATMENT AND MUST INCREASE EFFORTS MAKE ITS SUGAR INDUSTRY COMPETITIVE IN WORLD MARKETS AND BRING SUGAR PRODUCTION INTO LINE WITH REALITIES OF WORLD MARKET POSSIBILITIES.

4. OTHER LA QUOTAS WILL, IN FACT, BE SLIGHTLY LARGER THIS YEAR THAN LAST, DESPITE THE SPECIAL DR ALLOCATION, BECAUSE OF CURRENT INABILITY OF PHILIPPINES FILL ANY PART ITS SHARE OF DEFICITS.

RUSK

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