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**THE
WORLD SUGAR PROBLEM
1926-1935**

**BY
DR. VIRIATO GUTIERREZ**

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Publisher's Note

Dr. VIRIATO GUTIERREZ, during the period referred to in this book, held an important position in the Cuban Government and Cabinet, at first as Secretary of the Presidency, and later as Senator of the Cuban Republic.

He was the chief Delegate of the Government and Sugar Producers of Cuba to the Conference of Sugar Exporting Countries, held in Brussels in 1929; President of the Co-operative Agency for Sugar Exports (Single Seller) of Cuba; Delegate of the Cuban Government to the Meeting of Sugar Producers supplying the United States market, held in New York in 1930; President of the Cuban Delegation which negotiated the International Sugar Agreement, signed at Brussels in 1931; Delegate to the World Monetary and Economic Conference, held in London in 1933; and President of the Cuban Sugar Stabilization Institute from 1931 to 1933.

Preface

Of all the primary commodities, sugar was the most intensely affected by the disturbances of the World War and of the period which followed it.

Sugar has also been subject, to a greater and more varied extent than any other commodity, to the experimentation of the new economic theories put forth as remedies for those disturbances.

It is likewise an unquestionable fact that in the initiation and practical application of those theories, the sugar producers and the Government of Cuba, during the Presidency of General GERARDO MACHADO from the year 1925, have played a predominant rôle.

The first attempts to apply restrictions to the production of an agricultural-industrial article like sugar were made by Cuba, which also initiated the early attempts to bring about an international agreement to effectively stabilize world sugar production, with the idea of substituting this system for the normal operation of economic laws.

Ten years of intense experimenting have passed, and during their course a considerable fund of valuable experiences has been accumulated. As history, in these economic questions advances with greater rapidity than it does in political matters, we believe that the time is now ripe to collect and classify those experiences, in order that those who take an interest in the study of economic science, may begin to analyse them with a calm critical spirit and to set forth the conclusions which may be useful to guide human action in similar cases which may arise in the future.

PREFACE

This simple purpose of assembling and classifying the materials so that others better able to do so and better prepared may study them and draw conclusions, is the reason for this book.

Necessity produces ideas ; experience purifies them ; good judgment selects that which is useful ; and in this way Humanity progresses.

It is now for economists to decide if the theories put forth to solve the problem of the over-production of primary commodities which has occurred during the post-war period constitute a positive step forward in the strides of human knowledge, or if they have only the value of a negative truth, that is, that they have been useless efforts.

V. G.

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APPENDIXES.

APPENDIX I.

Brussels Agreement of May 9th, 1931.

AGREEMENT between :

Instituto Cubano de Estabilización del Azúcar (Cuban Sugar Stabilization Institute), a Cuban Corporation ;

Vereeniging van Java Suiker Ondernemers ter Quoteering der Uitvoeren bij Internationaal Contract (Visoco), (Association of Java Sugar Manufacturers for the Determination of Export Quota under International Agreement), a Netherlands Corporation ;

Wirtschaftliche Vereinigung der Deutschen Zucker-Industrie (The Economic Union of the German Sugar Industry), a German Corporation ;

Ustřední spolek československého průmyslu cukrovarnického (Central Association of the Czechoslovak Sugar Industry), a Czechoslovakian Corporation ;

Związek Zachodnio-Polskiego Przemysłu Cukrowniczego w Poznaniu Stowarzyszenie wpisane (Polish Occidental Sugar Industry Association in Poznan Registered Company), and

Związek Zawodowy Cukrowni b. Królestwa Polskiego, Wolynia, Małopolski i Śląska w Warszawie (Professional Association of Sugar Factories of the former Kingdom of Poland, Volhynia, Little Poland and Silesia in Warsaw), Polish Corporations ;

Magyar Cukörgyárosok Országos Egyesülete (Hungarian Sugar Manufacturers' Association), a Hungarian Corporation ; and

The Thirty-Five Members of the Union Economique Belgo-Luxembourgeoise hereinafter mentioned, being all the Sugar Producers of Belgium and Luxembourg.

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The parties are acting in the interest of the sugar industries of their respective countries, which are the principal exporting countries of the world. As a result of the great increase of production and the accumulation of large surplus stocks, there has been brought about a decline in the world price of sugar to such an extent that such price is substantially less than the cost of production. These conditions have brought the sugar industry face to face with disaster, and the continuance thereof will result in much suffering and hardship in such countries. The parties therefore consider it their duty to take such steps as will remedy these conditions and promote and protect their industry from a recurrence of the same, and to that end enter into this Agreement.

To carry into effect the purpose of this Agreement, it is considered of great importance that legal measures shall be taken in the respective countries either through the form of legislation or by official decree for the limitation of exports for the period of this Agreement in accordance with the provisions hereof. The parties agree that, if and when enacted, they will use their best efforts for the retention and proper and effective enforcement of such legal measures during the period of this Agreement. While these measures have been enacted in Cuba, Java and Germany, the same have not been completed in the other countries. The respective parties in such other countries agree to use their best efforts for the prompt enactment of such measures.

DESCRIPTION OF PARTIES

Instituto Cubano de Estabilización del Azúcar (Cuban Sugar Stabilization Institute), hereinafter sometimes referred to as the "Cuban Corporation," is a corporation duly organized as a legal person under a decree of the President of the Republic of Cuba approved May 6th, 1931, issued in accordance with authority conferred upon said Executive by the Law of October 4, 1927, and by the Sugar Stabilization Law of November 15, 1930, and published in the Official Gazette of the Republic of Cuba, May 6th, 1931, for the purpose among others of entering into an international conference or conferences on questions having to do with sugar with producers of sugar or delegates of other sugar producing countries and, with the approval of the President of the Republic, to carry out negotiations and make Agreements with the producers of sugar of other countries or others acting for or in representation of such producers or with the representatives of other governments or countries regarding the production or export of sugar, which approval of the President of Cuba has been given by Presidential decree dated May 7th, 1931, and published in the Official Gazette of the Republic of Cuba, May 7th, 1931. The powers of said corporation are fully set forth in the said decree. The provisions of this Agreement respecting the Cuban Corporation have the force of law in Cuba by virtue of the

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provisions of the Sugar Stabilization Law of November 15th, 1930, and are effective with respect to all producers (present and future) of sugar in Cuba.

Vereeniging van Java Suiker Ondernemers ter Quoteering der Uitvoeren bij Internationaal Contract (Visoco) (Association of Java Sugar Manufacturers for the Determination of Export Quota under International Contract), hereinafter sometimes referred to as the "Java Corporation," is a corporation duly organized as a legal person under the laws of the Netherlands and has been duly authorized to enter into this Agreement by a resolution of its council passed in accordance with its statutes. The members of said corporation control about three-fourths of the Java sugar production, and the co-operation of its members necessary to enable the corporation to fulfil its obligations emanating from this Agreement is fully guaranteed. Said corporation is prepared to take the necessary proceedings for the modification of its statutes providing that the successors in interest to the factories of its members shall undertake the same obligations towards the corporation as those of the present members.

Wirtschaftliche Vereinigung der Deutschen Zucker-Industrie (The Economic Union of the German Sugar Industry), hereinafter sometimes referred to as the "German Corporation," is a corporation duly organized as a legal person by Special Decree of the *Minister für Ernährung und Landwirtschaft* (Minister of Food and Agriculture), dated March 27th, 1931, made pursuant to a decree of the Reichspräsident, having force of law and dated December 1st, 1930. Said Corporation is authorized by said Decree and its statutes to enter into this Agreement, which, pursuant to said Decree and the laws of the Reich, is effective with respect to all producers (present and future) of sugar in Germany. Said Corporation represents that all proceedings have been taken pursuant to said Decree and statutes to authorize the execution of this Agreement.

Ústřední spolek československého průmyslu cukrovarnického (Central Association of the Czechoslovak Sugar Industry), hereinafter sometimes referred to as the "Czechoslovakian Corporation," is a corporation duly organized as a legal person under the laws of Czechoslovakia and has been duly authorized to enter into this Agreement by a resolution of its council passed in accordance with its statutes. The members of said corporation control about ninety-six (96%) per cent. of the Czechoslovak sugar production, and the co-operation of its members necessary to enable the corporation to fulfil its obligations emanating from this Agreement is fully guaranteed. Said corporation has made an arrangement with its members providing that the successors in interest to the factories of its members shall undertake the same obligations towards the corporation as those of the present members.

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Zwiazek Zachodnio-Polskiego Przemyslu Cukrowniczego w Poznaniu Stowarzyszenie wpisane (Polish Occidental Sugar Industry Association in Poznan Registered Company), and

Zwiazek Zawodowy Cukrowni b. Krolestwa Polskiego, Wolynia, Malopolski i Slaska w Warszawie (Professional Association of Sugar Factories of the former Kingdom of Poland, Volhynia, Little Poland and Silesia in Warsaw), are corporations duly organized as legal persons under the laws of Poland and have been duly authorized to enter into this Agreement by resolutions of their councils passed in accordance with their statutes. The members of said corporations constitute all of the sugar producers of Poland and the co-operation of said members necessary to enable the corporations to fulfil their obligations emanating from this Agreement is fully guaranteed. Said corporations have respectively made arrangements with their members providing that the successors in interest to the factories of their members shall undertake the same obligations towards said corporations respectively as those of the present members. Said corporations are hereinafter sometimes referred to jointly as the "Polish Corporations."

Magyar Cukorgyárosok Országos Egyesülete (Hungarian Sugar Manufacturers' Association), sometimes hereinafter referred to as the "Hungarian Corporation," is a corporation duly organized as a legal person under the laws of Hungary and has been duly authorized to enter into this Agreement by a resolution of its council passed in accordance with its statutes. The members of said corporation constitute all of the sugar producers of Hungary, and the co-operation of said members necessary to enable the corporation to fulfil its obligations emanating from this Agreement is fully guaranteed. Said corporation is prepared to make an arrangement with its members providing that the successors in interest to the factories of its members shall undertake the same obligations towards the corporation as those of the present members.

The Thirty-Five Members of the Union Economique Belgo-Luxembourgeoise, described in Annex A, represent that they are all of the sugar producers of Belgium and Luxembourg and have duly authorized the execution of this Agreement on behalf of themselves and their respective successors in interest to their respective properties. They are hereinafter jointly referred to as the "Belgian Producers."

ARTICLE I.—EXPORTS.

(a) The Cuban Corporation agrees that exports of sugar from the Republic of Cuba to countries other than the United States of America shall not exceed the following respective quotas in each of the five years beginning with January 1st, 1931, to and including December 31st, 1935, i.e. :

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1931	655,000 long tons
1932	805,000 long tons
1933	855,000 long tons
1934	855,000 long tons
1935	855,000 long tons

Sugars, exported or re-exported from the United States of America, shall, for the year in which such exports or re-exports occurred, to the extent that the same exceed the imports of sugar in such year to the United States of America from countries other than the United States of America and Cuba, be deducted from the export quota as fixed above for Cuba to countries other than the United States of America; any amount by which Cuba's exports to such other countries were not reduced as hereinbefore provided (because of the exports or re-exports from the United States of America occurring too late in the year to permit of a reduction of Cuba's exports or otherwise) shall be deducted from the export quota of Cuba to such other countries for the following year. Exports of low grade sugar, so called dry sugar or muscovados, not polarizing above 88 per cent., from the Philippine Islands to China and/or Japan, shall not be considered as exports from the United States of America under this Agreement to the extent of 10,000 long tons annually. Sugars produced in the United States of America and sugars imported into the United States of America, which are exported or re-exported from the United States of America to countries other than the United States of America, after being refined in the United States of America, shall, for the purpose of this paragraph, be converted into the equivalent of Cuban raw sugar to ascertain the quantity so exported or re-exported. The United States of America, for the purposes of this Agreement, includes not only the 48 individual States and the District of Columbia, but as well the present possessions of the United States of America, including the Philippine Islands, Hawaii, Porto Rico and the Virgin Islands, but as to each such possession only for such period (whether or not it continues to be a possession of the United States) as sugar produced in such possession may be imported into the territorial United States either free of duty or subject to a preferential tariff. Imports, exports and re-exports mentioned in this paragraph shall be ascertained from the official Government statistics of the United States.

(b) The Java Corporation agrees that the exports of sugar from Java in each of the five years beginning with April 1st, 1931, to and including March 31st, 1936, shall not exceed the following respective quotas:

April 1st, 1931 to March 31st, 1932 ..	2,300,000 metric tons
April 1st, 1932 to March 31st, 1933 ..	2,400,000 metric tons
April 1st, 1933 to March 31st, 1934 ..	2,500,000 metric tons
April 1st, 1934 to March 31st, 1935 ..	2,600,000 metric tons
April 1st, 1935 to March 31st, 1936 ..	2,700,000 metric tons

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The increase in the quota of exports for Java above 2,300,000 metric tons beginning with April 1st, 1932, is subject to the condition that if in any of the four years beginning with the last mentioned date there are accumulated additional stocks of Java sugars by reason of the inability of Java to export its export quotas for such year above provided, then it is agreed that Java shall take measures purposing to adjust its production accordingly when planting its next year's crop; the intent being that the production of Java will not, by reason of the cumulative annual increases in its quota above provided, be so increased that additional surplus stocks will be accumulated.

(c) The German Corporation, Polish Corporations, the Hungarian Corporations and Belgian Producers respectively agree that the exports of sugar from their respective countries for each of the five years beginning with September 1st, 1930, shall not exceed the following respective quotas :

	Metric Tons
Germany, for the year beginning September 1st, 1930	500,000
Germany, for the year beginning September 1st, 1931	350,000
Germany, for the year beginning September 1st, 1932	300,000
Germany, for the year beginning September 1st, 1933	300,000
Germany, for the year beginning September 1st, 1934	300,000
Poland annually	308,812
Hungary annually	84,100
Belgium annually	30,275

The Czechoslovakian Corporation agrees that the exports of sugar from Czechoslovakia for each of the five years beginning with October 1st, 1930, shall not exceed 570,817 metric tons.

(d) Inasmuch as the five-year period of this Agreement for Germany, Poland, Hungary and Belgium expires September 1st, 1935, such date shall likewise be the termination date hereof for Cuba, Java and Czechoslovakia. The quota of exports for Cuba to countries other than the United States of America for the period January 1st, 1935, to September 1st, 1935, shall be such proportion of the quota fixed for Cuba for exports to countries other than the United States of America for the calendar year 1935, as the total actual quantity of exports of sugar from Cuba to countries other than the United States of America during the respective periods from January 1st to September 1st, for the four calendar years 1931 to 1934, is to the total actual exports of sugar from Cuba to countries other than the United States of America during the total four-year period beginning January 1st, 1931.

The export quota of Java for such period April 1st, 1935, to September 1st, 1935, shall be such proportion of the total quota above fixed for the period from April 1st, 1935 to April 1st, 1936, as the total actual quantity of exports of sugar from Java during the respective periods from April 1st to September 1st for the

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four calendar years 1931 to 1934, is to the total actual exports of sugar from Java for the four-year period beginning April 1st, 1931.

The export quota of Czechoslovakia for such period October 1st, 1934 to September 1st, 1935, shall be such proportion of the annual quota of Czechoslovakia, as the total actual quantity of exports of sugar from Czechoslovakia during the four periods of eleven months, i.e. :

October 1st, 1930 to September 1st, 1931 ;
October 1st, 1931 to September 1st, 1932 ;
October 1st, 1932 to September 1st, 1933 ; and
October 1st, 1933 to September 1st, 1934 ;

is to the total actual exports of sugar from Czechoslovakia for the entire four-year period from October 1st, 1930, to October 1st, 1934.

(e) If, in any quota year for which an export quota is fixed for any country in this Article I, the actual exports from such country shall be less than such quota, the deficiency shall not be added to nor affect any subsequent quota year ; it being understood that each quota year shall be separate and independent of any other year ; provided, however, that if, in any quota year the shipment or transportation of sugar within or from any of the countries mentioned in this Agreement is interfered with by reason of strike, fire, internal disturbance, ice or high or low water in waterways, act of God or similar *force majeure* (other than destruction or shortage of crops and/or sugar from any cause), the International Sugar Council shall have power to determine whether or not the extent to which such *force majeure* prevented the export of the quota allotted to such country for such quota year. If the Council determines that any such *force majeure* prevented the export of the quota of such country during such period, then the quantity of sugar which such country was so unable to export as determined by the Council, shall be added to its quota for the following quota year.

(f) Except as provided in Article VI, no transfer of quotas from one country to another shall be permitted.

ARTICLE II.—SURPLUS STOCKS AND PRODUCTION

(a) It is agreed that part of the exports from the respective countries each year (within the limits of the respective quotas herein set forth) shall consist of surplus stocks on hand in the several countries, and that as far as possible the production of such countries shall be adjusted during the term of this Agreement, so that it will not exceed the local consumption of the respective country plus its export quota (and in the case of Cuba, plus its exports to the United States of America), less the quantity to be taken from the surplus stocks as herein provided, so that all surplus stocks of said countries will have been eliminated in the course of the respective five-year periods above mentioned.

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(b) There has been organized in Cuba, *Compania Exportadora Nacional de Azucar* (The National Sugar Exporting Corporation), pursuant to the Sugar Stabilization Law approved November 15th, 1930. Said corporation, on January 1st, 1931, held or had contracts for the acquisition of approximately 1,300,000 long tons of sugar from the old crops. Of this amount it is intended to export, during 1931, 260,000 long tons. In addition, there were additional surplus stocks of sugar of the past crop on January 1st, 1931, which were taken into account in ascertaining the total amount of the crop fixed by the President of the Republic of Cuba for 1931, pursuant to his Decree dated January 31st, 1931.

(c) The Java Corporation agrees that the surplus stocks of sugar in Java on April 1st, 1931, were approximately 500,000 metric tons; and further agrees that if the sugar produced from the crop to be harvested in Java in the year beginning April 1st, 1931, exceeds the total of (a) 2,200,000 metric tons and (b) the amount of sugar consumed in Java during such year, the excess will be segregated and included in the sugars to be exported from Java during the following four years of this Agreement (within the limits of its respective quotas above provided) and the production of Java in such four years limited as hereinafter provided.

(d) The German Corporation, Czechoslovakian Corporation, Polish Corporations, Hungarian Corporation and Belgian Producers, respectively, agree that the respective surplus stocks of sugar in their respective countries on September 1st, 1930, aggregated the quantities respectively set forth below, i.e.:

Germany	84,000 Metric Tons
Czechoslovakia	9,000 Metric Tons
Poland	80,000 Metric Tons
Hungary	16,199 Metric Tons
Belgium	29,000 Metric Tons

and that after providing for (a) their respective effective exports, but not in excess of their respective quotas permitted by this Agreement for the year beginning September 1st, 1930, and (b) the respective quantities consumed in their respective countries in such year, there will be retained in each country as a surplus stock, the excess of sugar produced from the crop harvested in the year beginning September 1st, 1930, as well as said surplus stocks existing on September 1st, 1930, such surplus to be exported in accordance with the provisions of the following paragraph (e), provided, however, that the dates mentioned in this paragraph shall, in the case of Czechoslovakia, be October 1st, 1930, instead of September 1st, 1930.

(e) The amount to be exported from each country annually, as set forth in Article I, shall consist, either in whole or in part, of surplus stocks above set forth and/or of new sugars produced currently, the parties intending, however, that the surplus stocks

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of each country shall, in the course of the respective five-year periods above mentioned, be entirely disposed of and eliminated by being included either in the quantities consumed in the respective country or in its export quota. The parties respectively agree that as far as possible the production of sugar in their countries shall be adjusted beginning with the coming year's sowings, plantings or harvesting, so that such production shall, with the portion of the surplus stocks of such country to be disposed of annually, equal the local consumption of such country plus the amount of the export quota allotted to such country; the intent being that the surplus stocks in the European countries existing on September 1st, 1931 (in the case of Czechoslovakia October 1st, 1931) shall be decreased at least approximately at the rate of 25 per cent. for each of the remaining four years of the Agreement; the surplus stock of Java existing on April 1st, 1932, likewise to be reduced at least approximately at the rate of 25 per cent. for each year from that date; the segregated stock in Cuba to be reduced at the rate of at least approximately 260,000 long tons per annum; so that all such surplus stocks shall be practically eliminated during the period of this Agreement and no additional surplus stocks created. In any country, however, there may be substituted for sugars included in existing surplus stocks a like quantity of sugar from the crop of said country in any quota year, provided that no such substitution shall operate to increase the quantity to be exported by such country in any quota year as hereinbefore provided in Article I, nor operate to increase the surplus stocks of such country above the quantity contemplated by this Article after deducting from such stocks the amount by which such stocks are to be decreased annually as above provided. If any one of the countries, for any reason, does not produce a crop large enough (after providing for its local consumption) to provide for its total export quota for such year after taking into account the quantity to be taken from its surplus stocks, such country may provide the deficiency from the surplus stocks without affecting the right of such country in future years to its export quota hereinabove provided for such future years.

The Java Corporation agrees to take measures to the effect that the production of its members will be limited in accordance with the foregoing principles, so that additional surplus stocks will not be created and that their present surplus stocks will be practically eliminated. Said Corporation will use its best endeavours to have legislation passed in Java as early as practicable to require the Java producers who are not members of the Corporation similarly to adjust their production.

Inasmuch as this Agreement does not control the exports of Cuba to the United States of America, it is understood that the foregoing provisions of this section (c) are not intended, so far as Cuba is concerned, to limit the export of its segregated or surplus

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stocks to countries other than the United States, but that the same may be exported, in whole or in part, to the United States of America, and it is further understood that the production of Cuba will be limited to the total quantity necessary to provide for its home consumption, its exports to countries other than the United States of America, and its exports to the United States of America, to the extent that said home consumption and exports are not provided for by the amount to be taken annually from the segregated stocks of Cuba as above provided.

The Cuban Corporation agrees that on September 1st, 1935, the Cuban Producers will not have in the United States of America stocks of sugar in excess of the normal and usual stocks of sugar usually maintained by them in the United States for the requirements of the markets of the United States.

ARTICLE III.—DEFINITIONS—STATISTICS.

The term "exports" as used in this Agreement in connection with the exports of the respective countries of the parties to this Agreement, means net exports from such countries respectively.

Sugar imported in bond for refining purposes into any of the countries represented in this Agreement, or into the United States of America, will not be considered as having been imported as long as it remains in bond; likewise such sugar being exported after refining will not be considered as export under this Agreement; provided that the foregoing clause does not apply to Cuban sugars imported into the United States of America. Government statistics as to the foregoing shall be furnished by the respective parties.

As export of sugar from Poland shall be considered all sugar that has left the territory falling under the Polish laws re excise and re the regulation of the turnover of sugar.

As long as the present Customs Union between Belgium and Luxembourg continues in effect, Belgium and Luxembourg shall be considered as one country for the purposes of this Agreement.

The term "long tons" as used in this Agreement shall mean 2,240 pounds avoirdupois weight.

The term "metric tons" as used in this Agreement shall mean 1,000 kilograms.

The respective exportable quantities of sugar heretofore mentioned shall, in the case of Cuba and Java, mean and refer to the nature and the types of sugar heretofore exported by such countries respectively; and, in the case of the European countries above mentioned, shall mean raw sugar Tel Quel, European white sugars to be converted to a raw basis at the rate of nine parts white to ten parts raw. Such quantities shall, in all cases, mean net weight excluding the container.

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The word "sugar" as used in this Agreement shall be deemed to include sugar in any of its commercial forms, except the product sold as final molasses, and also the so-called "Goela Mangkok" sugar produced by primitive methods by natives of Java for their own account to which sugar the Java Government does not extend its legislative measures.

STATISTICS.

The parties agree to furnish the International Sugar Council hereinafter provided for, with official government statistics of their respective countries immediately after the publication thereof, showing the total quantities of sugar exported and imported in each month and the form in which such export or import was made, and in the case of European beet countries the equivalent thereof in raw sugar, and also in each case as far as possible the destination of said exports respectively; provided, however, that as to Java, the Java Corporation will furnish unofficial statistics respecting the foregoing matters as early as practicable, and will furnish the official Government statistics as soon as possible after the publication thereof. There shall also be furnished similarly statistics as to production and estimated stocks. Any revision or correction of said statistics shall likewise be promptly submitted to the International Sugar Council. Within thirty (30) days after the execution of this Agreement, the respective parties shall also furnish such statistics for the calendar months of the term of this Agreement which shall have preceded the formal execution and delivery thereof. If any party fails to furnish any such statistics, the International Sugar Council shall procure the same from such source as it considers reliable. The International Sugar Council may specify the forms to be used for the furnishing of the statistical information by the parties.

ARTICLE IV.—INTERNATIONAL SUGAR COUNCIL.

(a) There is hereby created an International Sugar Council (herein referred to as the "Council") representing the parties to this Agreement, which shall consist of three members for the industry of each of the countries represented in this Agreement, except that the Czechoslovakian Corporation may appoint as many members as it considers advisable, provided, however, that the members representing the industry of each country shall designate in writing to the Chairman of the Council one member who shall, at meetings of the Council, cast the vote of the party or parties representing such industry, and shall also designate an alternate to act in the absence of the member so designated. The party or parties representing in this Agreement the industry of each country shall appoint their said representatives on the Council, and in addition shall appoint three further members, who shall act as alternates in their order of appoint-

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ment in the absence or disability of any of the regular members representing such party or parties on the Council. Upon the execution of this Agreement, the party or parties representing the industry of each country shall deliver an instrument duly executed by such party or parties, setting forth the names of its appointees and alternates to the Council. Any member of the Council or alternate may be removed at any time by the party or parties who appointed him. If any member of the Council should die or become disabled or resign or fail to act or be removed, the party or parties appointing such member shall promptly select a successor, so that such party or parties may be duly represented at all meetings of the Council.

The Belgian Producers respectively agree that in case it is necessary to fill a vacancy in their representatives upon the Council, they shall, as early as possible, call a general meeting of their producers, which meeting shall, by a majority vote, fill the vacancy.

(b) The seat of the International Sugar Council shall be at The Hague, at which place an office is to be maintained during the term of this Agreement. Meetings of the International Sugar Council shall be held in Europe at the place designated by the Chairman from time to time.

(c) Regular meetings of the Council shall be held quarterly on the second Monday of March, June, September and December. Special meetings may be called at any time either (a) by the Chairman of the Council, in his discretion, or (b) upon the written request of the members of the Council representing the industries of two countries, which request shall state the purpose of the meeting and be delivered to the Chairman of the Council, the time for such special meeting to be at least twenty days but not more than thirty days after such request has been so delivered. Such request shall be sufficient if signed by at least two of the members of the Council representing the industry of each of said two countries. Upon the receipt of such request, the Chairman shall cause notice of such meeting to be given as hereinafter provided.

(d) The Chairman of the Council shall cause a notice of all meetings, regular and special, to be given in writing by mail and cable to each member of the Council, at his regular address, at least fourteen days before the date for the meeting. Such notice shall state the matters to be brought before the meeting. Any two members of the Council may, in writing, request the Chairman thereof, at least twenty days before any regular meeting, to incorporate in the notice of such meeting, any matters or purposes within the powers of the Council, for consideration at the meeting, and the Chairman shall thereupon incorporate in such notice such matters or purposes. Only matters stated in the notice of each meeting may be considered thereat, unless all of the parties to this Agreement are represented at such meeting and otherwise consent.

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(e) The number of votes which the respective parties shall be entitled to cast at each meeting of the Council through their respective representatives shall be as follows :

	Votes
The Cuban Corporation	35
The Java Corporation	30
The Czechoslovakian Corporation	8
The German Corporation	6
The Polish Corporations, jointly	6
The Hungarian Corporation	3
The Belgian Producers, jointly	2
Total	90

(f) At all duly-called meetings of the Council, the members of the Council who are present shall constitute a quorum (regardless of the number of votes to which such members are entitled), and a majority of the votes present at any meeting shall be sufficient to authorize any and all action taken at any such meeting, except in the following instances, which shall require the respective votes hereinafter specified :

1. The first resolution adopted by the Council shall not be modified, altered or repealed, except by the unanimous vote of the Council. Likewise the unanimous vote of the Council shall be required to modify, alter or repeal any other resolution of the Council which has been adopted upon the condition that it shall not be modified, altered or repealed except by such unanimous vote.
2. Action taken for the increase of quotas under the provisions of paragraph (g) of Article V shall require fifty-five (55) votes.
3. Any arrangement or agreement contemplating the admission as a party to this Agreement of the industry of any other country than the countries originally represented herein, shall require the unanimous vote of the Council, as provided in Article VII.
4. Action referred to in the second paragraph of Article VII shall require fifty-five (55) votes.
5. The appointment of arbitrators under the provisions of paragraph (a) of Article VIII shall require the unanimous vote of the Council.
6. Action taken under paragraph (e) of Article VIII shall require three-fourths ($3/4$) of all the votes allotted to the respective parties under Article IV, excluding the party or parties representing the country from which it is claimed the excess of exports was made, which majority to be sufficient shall consist of the votes allotted to the parties acting for the industries of at least two-thirds of the countries represented in this Agreement, excluding the country from which such excess of exports is claimed to have been made.

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(g) Any party or parties representing the industry of any country may, by special power of attorney signed by at least two (2) of the Members of the Council representing such party or parties, authorize any Member of the Council representing another party to cast at a meeting of the Council the votes which the representatives of such party or parties are entitled to cast at such meeting, such written instrument to be filed with the Chairman of the Council.

(h) The Council may act without a meeting by written instrument signed by members of the Council as hereinafter provided. Whenever any such action is proposed to be taken by written instrument, the Chairman shall give notice thereof to each member of the Council by registered mail. If, within fourteen (14) days after the mailing of such notice, the member of the Council entitled to cast the vote of any party or parties does not approve such instrument but instead delivers to the Chairman his written demand that a meeting of the Council be called to consider the proposal, then the proposed action cannot be made effective by such written instrument, but must be submitted to a meeting of the Council which the Chairman shall then immediately call; but if no such demand is presented to the Chairman within said period of fourteen (14) days, then the proposal shall be effective if and when such written instrument is approved in writing by Members of the Council authorized to vote for parties entitled to a total of fifty-five (55) votes, or such greater vote as may be specifically required by this Agreement for the proposed action; provided, however, that if such written approval is not given within a period to be fixed by the Chairman in requesting approval as aforesaid, the proposal shall be considered to have been rejected. The Chairman shall notify all parties of any action taken by the Council pursuant to this paragraph.

(i) *Powers.* The Council shall have the following powers:

1. The supervision of the operation of this Agreement.
2. The collection of statistics and information respecting the production, consumption, stocks and requirements of the countries of the several parties to this Agreement, as well as all other countries.
3. The study of the progress or retrogression of sugar consumption and the reasons therefor.
4. The study of ways and means for the increase of the consumption of sugar in the world.
5. The recommendation to parties to this Agreement of measures for the improvement, development and/or control of production and consumption.
6. The publication, at regular intervals, of accurate statistics regarding the world situation of sugar, and to suggest to the parties steps to be taken respecting the adjustment of production with actual needs and exports and to improve the method of selling and marketing.

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7. The consideration and discussion with producers of countries not represented by the parties to this Agreement, of measures of mutual interest and to enter into agreements providing for arrangements with such producers as provided by Article VII hereof.

8. The appointment of an Honorary President, Chairman and Secretary, as well as statisticians, attorneys, accountants and such additional staff as may be necessary to carry on the work of the Council, subject, at all times, to the control of the Council. Any appointee of the Council may be removed at any time by the Council with or without cause. The powers and duties of its respective appointees shall be designated by the Council from time to time.

(j) The Honorary President shall be selected from the members of the Council for a term of one year, and shall preside at all meetings of the Council. In his absence, the meeting shall designate a temporary president.

(k) The Chairman need not be a member of the Council. He shall supervise and direct the activities of the Council in the intervals between the meetings of the Council, but at all times subject to the advice and control of the Council, and shall perform such other duties as are designated by the Council from time to time. The Secretary and other appointees of the Council shall perform such duties as the Council and/or Chairman may designate from time to time.

(l) The parties shall contribute to the expenses of the Council in the same proportion as the votes allotted to them respectively. The payments to be made each year shall be made in two semi-annual equal instalments on January 15th and July 15th of each year. One-half of the sum payable for the year 1931 shall be paid upon the execution of this Agreement, such payment to be made to the order of Nederlandsche Handel-Maatschappij, N.V., of The Hague, as Trustee, under the terms of this Agreement, to be paid and disbursed upon the written order of a majority of the members of a committee of three (to be known as the Finance Committee) who shall be appointed at the first meeting of the Council from the members of the Council; but the members of the Finance Committee may be removed and superseded at any time by the Council, who shall have the right to fill all vacancies in such Finance Committee. Such moneys shall be used to pay all expenses connected with the activities of the Council, and if on September 1st, 1935, any moneys remain after providing for all obligations, liabilities and expenses incurred by the Council, the same shall be refunded to the parties in proportion to their respective contributions.

(m) The members of the Council shall not be liable for any acts or agreements or contracts made by the appointees or employees of the Council. No member of the Council shall be responsible for any act or omission of any other member, nor for anything by him, except in bad faith.

THE WORLD SUGAR PROBLEM

ARTICLE V.—INCREASES OF QUOTAS.

The purpose of this Agreement is to restore a normal price for sugar but not more than a normal price in the world market. To the end that the plan of segregation and reduced production set forth in this Agreement may not operate through creating higher than normal prices, to encourage further surplus sugar production, the following plan of increasing export quotas is provided for.

(a) The respective annual export quotas of each country shall be increased five per cent. (5%) in the event of the world price for raw sugar, basis 96 degrees of polarization, reaching, for the prescribed period, the equivalent of two cents (2 c.) United States currency per English pound, free on board Cuba, for prompt shipment as hereinafter defined.

(b) If the said world price reaches, for the prescribed period, two and one-quarter cents ($2\frac{1}{4}$ c.) United States currency, the International Sugar Council may, at its discretion (but without obligation), increase the export quotas by an additional two and one-half per cent. ($2\frac{1}{2}\%$). If, however, the said world price reaches two and one-half cents ($2\frac{1}{2}$ c.) United States currency for the prescribed period, the International Sugar Council shall increase the said quotas respectively by an amount which, with the increase (if any) made after the price reached two and one-quarter cents ($2\frac{1}{4}$ c.), shall equal five per cent. (5%) of the said quotas.

(c) For the purpose of this Agreement, the world price shall be understood to mean the quotation of the London Terminal Raw Sugar Market for sugar basis 96 degree polarization, cost, freight and insurance (c.i.f.) United Kingdom, calculated back to free on board (f.o.b.) Cuba by deducting the current rate of freight and insurance and converted to United States currency at the current rate of exchange. The respective prices referred to shall be considered to be reached whenever the average price over a period of thirty (30) consecutive market working days shall not be less than the equivalent named. The quotations to be taken shall be the average price of business done on the three daily calls, or failing business done, the average of buyers and sellers quotations. The month of delivery on which the quotations are to be based shall be the second month from the current months (for instance, during January the March quotation to be taken; during February the April quotation, and so on) from which basis the premium for carrying charges, to be computed at $1\frac{1}{2}$ d. per hundredweight (cwt.) shall be deducted.

(d) Notwithstanding the foregoing, if Java producers have sold consecutively quantities aggregating 400,000 metric tons at an average price of not less than twelve (12) guilders per 100 kilos for Java whites, first cost (free warehouse Java ports), before the

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said two cents world price calculated above has been reached for the prescribed period, as provided in paragraph (a), the International Sugar Council shall regard this as equivalent to the said price of two cents having been reached for the purpose of this Agreement, and shall release the said increase of five per cent. (5%) referred to in paragraph (a). Sales of Java low grades are to be adjusted to the basis of whites by adding to the sales price of low grades one (1) guilder per 100 kilos in the case of brown sugars and one and one-quarter ($1\frac{1}{4}$) guilders per 100 kilos in the case of muscovados.

Consecutive sales by Java producers of quantities aggregating 400,000 metric tons at an average price of not less than thirteen and a half guilders (f. 13.50) and fifteen guilders (f. 15), respectively, per 100 kilos for Java whites, first cost (free warehouse Java ports), will have the same effect as prices of $2\frac{1}{2}$ c. and $2\frac{1}{2}$ c. respectively under the terms of paragraph (b) and (g) of this Article V.

In case the Java producers in any calendar year sell sugar of the crop of the next calendar year, such sales shall, for the purposes of this paragraph (d), be considered as the first sales of the year when such crop is harvested.

(e) The International Sugar Council shall obtain, in such manner as it shall determine from time to time, daily information giving the London official prices, freight and insurance rates, and calculation of free on board Cuba equivalent, as well as information as to Java sales, the Java Corporation to furnish information as to sales made by its members and as far as possible by outsiders.

(f) Only one increase of five per cent. (5%) under paragraph (a) of this Article V, shall be permitted in each calendar year beginning with 1931; and the additional releases under paragraph (b) above, shall not exceed, in the aggregate, five per cent. (5%) in any calendar year. Sixty (60) calendar days will have to elapse between two periods of thirty (30) market working days in order to involve for each of them an automatic increase of the quotas of 5%, when such periods do not end within the same calendar year. This does not apply to the stipulations as to Java sales aggregating 400,000 metric tons provided for in paragraph (d).

(g) After and while the world price for raw sugar, as defined in the preceding paragraphs (a) and (c), remains at an average above two and one-half cents ($2\frac{1}{2}$ c.) for the prescribed period or longer, the International Sugar Council shall have power to determine whether and the conditions under which increases in the quotas additional to those above provided shall be released and the respective amounts thereof; any such decision to require fifty-five (55) votes in the Council.

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(h) The basis for the calculation of each increase of quotas for each country shall be its export quota for the twelve (12) months commencing with the date of the increase, the quota for each such month to be taken as one-twelfth (1/12) of the quota of such country fixed in Article I for the quota year in which such month falls; the percentage of each increase shall be the same for each country. Each increase in quotas under this Article only affects the quota for the period of twelve months aforesaid, and no subsequent period.

The International Sugar Council shall at the time of each increase fix the period within which said increase is to be exported, and when doing so shall be guided by the principle that sufficient time shall be allowed to every participant to market its increase and, if necessary, to produce the required sugar, taking into account the difference in time for the various participants between sowing or planting, and harvesting.

ARTICLE VI.

In case Germany in any year is unable to export its export quota, such deficiency up to the following respective quantities in each of the five years, i. e. :

The year beginning September 1st, 1930 .. 300,000 metric tons
The year beginning September 1st, 1931 .. 150,000 metric tons
The year beginning September 1st, 1932 .. 100,000 metric tons
The year beginning September 1st, 1933 .. 100,000 metric tons
The year beginning September 1st, 1934 .. 100,000 metric tons

shall be divided between Cuba, Czechoslovakia, Poland, Hungary and Belgium in the following respective proportions :

Cuba	575/750ths
Czechoslovakia	96/750ths
Poland	56/750ths
Hungary	17/750ths
Belgium	6/750ths

In the event that the countries last mentioned become entitled to export any deficiency in the quota of Germany under the foregoing provisions, the International Sugar Council shall fix the period within which such other countries shall be entitled to export said deficiency and, in doing so, shall be guided by the principles outlined in the last paragraph of Article V of this Agreement.

ARTICLE VII.—ADHERENCE OF THE SUGAR INDUSTRIES OF OTHER COUNTRIES

The parties have entered into this Agreement for the purpose of stabilizing their industry and curing the difficulties with which

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it has been faced. They expect other producing countries to co-operate and many of those countries have evidenced their desire to participate in the purposes of this Agreement. Therefore, the Council shall take steps to agree as soon as practicable with the sugar industries not represented by the parties to this Agreement, so that they may contribute their share to the task of bringing about a better balance between the supply and consumption of sugar in the world. Any such arrangement shall be covered by supplemental agreement and may contemplate or involve the admission as a party to this Agreement of the industry of any such other country either upon the terms set forth in this Agreement, or upon other terms to be approved by the Council, or any such supplemental Agreement may be a special one not involving the admission of such industry as a party to this Agreement; provided that any such arrangement shall require the unanimous vote of the Council. Any party so admitted to this Agreement shall, for all purposes, except as limited by said supplemental Agreement, be considered a party to this Agreement.

If, despite the sacrifices and efforts of the parties hereto as well as such other countries as may become parties to this Agreement, in the opinion of the International Sugar Council any measures should be taken by a producing country (not participating in this Agreement) to prevent restoration of normal and economic conditions in the world sugar market, the Council with the approval of members entitled to cast fifty-five (55) votes, shall take such action as they shall consider necessary for the protection of the interests of the parties to this Agreement.

ARTICLE VIII.—ARBITRATION

(a) The International Sugar Council shall, at its first meeting, elect a board of three arbitrators, and also a first, second and third alternate to act in the order of their election in case of the death, incapacity or failure to act of any member of the Board of Arbitration; such arbitrators to be elected by the unanimous vote of the Council.

If any member of the Board of Arbitration or any alternate should resign, die or become incapacitated, the Council shall, by unanimous vote, elect a successor, who shall take the place of such member of the Board or alternate.

The Council may, in its discretion, authorize the payment to the arbitrators and alternates of an annual retainer, and also additional compensation when actually engaged in an arbitration.

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(b) In case the party or parties representing the industry of any country should claim that the exports of sugar covered by this Agreement from any of the countries represented herein exceed the quota hereinbefore fixed for such country for the quota year in question, such party or parties shall notify the Chairman of the International Sugar Council in writing of such fact, and thereupon the Chairman shall notify the party or parties representing the country the exports from which were so claimed to have exceeded the quota, which notice shall be in writing and shall be given by registered mail to the members of the Council acting for such party or parties. The notice shall specify the quantity by which the exports are claimed to have exceeded the quota and the period when such export quota was exceeded.

(c) The party or parties so notified, within thirty days after receiving the notice, shall, by written notice to the Chairman, either deny or admit the claim that such quota was exceeded. In case such party or parties deny that the quota was exceeded, or fail to notify the Chairman with regard thereto, the Chairman shall submit to the Board of Arbitration hereinbefore provided the question whether or not for the year involved the exports from such country (for Cuba its exports to countries other than the United States of America) exceeded its quota for such year.

(d) The Board of Arbitration shall be entitled to make such investigation as it deems proper in order to determine the question to be decided and to obtain all necessary information from any party or parties to this Agreement with respect thereto. The Board of Arbitration shall give to the parties hereto full opportunity of being heard and presenting any facts in regard to the question.

As soon as practicable after the completion of the investigation and hearings of the Board of Arbitration, it shall submit its decision in writing to the Chairman of the International Sugar Council. The decision of two of the three arbitrators shall govern.

If the decision of the Board of Arbitration shall find that the exports of the country involved exceeded the quota in question, the decision shall also specify the extent by which such quota was exceeded.

(e) Upon receipt of such decision of the Board, or if the party or parties representing the country involved admitted that the exports in question from such country exceeded its quota, the Chairman shall call a special meeting of the Council for the purpose of considering the action to be taken by the Council with respect to such decision of the Board of Arbitration or such admission. Such action shall require the approval of three-fourths

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{) of all the votes allotted to the respective parties under Article IV, excluding the party or parties representing the country from which the excess of exports is claimed to have been made, which majority to be sufficient shall consist of the votes allotted to the parties acting for the industries of at least two-thirds of the countries represented in this Agreement, excluding the country from which such excess of exports is claimed to have been made.

If the Arbitration Board shall have decided that the export quota of the country involved was exceeded, the party or parties representing such country shall pay to the Council the cost of arbitration.

ARTICLE IX.

This agreement shall continue until September 1st, 1935.

Executed at Brussels, May 9th, 1931.

INSTITUTO CUBANO DE ESTABILIZACION DEL AZUCAR.

By CARLOS MANUEL DE CESPEDES.

VEREENIGING VAN JAVA SUIKER ONDERNEMERS TER QUOTEERING DER UITVOEREN BIJ INTERNATIONAAL CONTRACT (VISOCO).

By C. J. K. VAN AALST; E. BENNINK; A. A. PAUW;
A. W. HARTMAN; J. G. WIEBENGA; H. C. PRINSEN GEERLIGS.

WIRTSCHAFTLICHE VEREINIGUNG DER DEUTSCHEN ZUCKER-INDUSTRIE.

By FRITZ HARNEY; OTTO VON SCHLIEMEN.

USTREDNI SPOLEK CESKOSLOVENSKEHO PRUMYSLU CUKRO-VARNICKEHO.

By ROBERT MANDELIK; JOE HARTMANN; JOSEF VEPRIK;
F. ELBOGEN; FELIX REDLICH.

ZWIĄZEK ZACHODNIO-POLSKIEGO PRZEMYSŁU CUKROWNICZEGO
W. POZNANIU STOWARZYSZENIE WEISANE.

By JOSEPH ZYCHLINSKI; W. PSARSKI; T. DRZAZDZYŃSKI.

ZWIĄZEK ZAWODOWY CUKROWNI B. KRÓLESTWA POLSKIEGO,
WOLYNIA, MAŁOPOLSKI I ŚLĄSKA W. WARSZAWIE.

By KAROL SACHS.

MAGYAR CUKORGYAROSOK ORSZAGOS EGYESULETE.

By EDOUARD ACZEL; HUGO ELBOGEN; ALBERT HIRSCH.

THE THIRTY-FIVE MEMBERS OF THE UNION ECONOMIQUE
BELGO-LUXEMBOURGEOISE.

By LUCIEN BEAUDUIN; ERNEST OURY; LEOPOLD
KRONACHER; PAUL DESCAMPS; E. DUMONT DE CHASSART.

THE WORLD SUGAR PROBLEM

PROTOCOL EXECUTED SIMULTANEOUSLY WITH THE DEFINITE AGREEMENT BETWEEN THE UNDERSIGNED PARTIES DATED MAY 9TH, 1931.

1. The undersigned parties to the Agreement dated May 9th, 1931, creating "The International Sugar Council," hereby state their understanding that if Czechoslovakia, Poland and/or Hungary fail to adopt or enact, within a period of sixty (60) days after the date of this Agreement, the legislation or governmental decree contemplated by said Agreement for the limitation of exports of sugar from their respective countries to the amount of the quotas set forth in said Agreement and in accordance with a system of export licenses or permits (subject to penalties for violation) and effective as to all persons within the boundaries of said countries respectively, then the parties to this Agreement representing the industries of the other countries represented therein shall have the right to take up and consider what action, if any, they shall take for the termination of the Agreement, for the provision of guarantees satisfactory to all such other parties, or otherwise. Notwithstanding the foregoing, with respect to Poland it is understood that the Polish Corporations will, within said sixty (60) day period, deliver to the Chairman of the Council a letter from the President of the Council of Ministers of Poland and/or the Minister of Finance stating that the necessary legislation, as above provided, has been approved by the Council of Ministers and has been drafted and filed with the Chairman of the Polish Parliament, and will be presented to the Parliament at its October, 1931, session.

2. It is further understood that if, during the period of the Agreement, the legislation or governmental decree adopted or enacted or to be adopted or enacted in the respective countries for the limitation of exports as contemplated by the Agreement, is repealed or altered so as to change the basis upon which said Agreement was made, then likewise the other parties to this Agreement shall have the right to take up and consider what action, if any, they shall take for the termination of the Agreement, for the provision of guarantees satisfactory to all such other parties, or otherwise.

3. The wording of paragraph (d) of Article V of the Agreement is based on the present rules and selling methods of the V.I.S.P. If the same are altered to such an extent that the intention forming the basis underlying said paragraph is no longer covered by such wording, the parties shall alter said wording in order to adjust it to the original meaning.

4. No financial obligation shall be imposed upon any of the parties hereto in connection with the provisions of the second paragraph of Article VII of the definite contract without the vote of the member of the Council entitled to cast the votes allotted to such party, (either individually or jointly with other parties representing the industry of the same country).

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5. The expenses of the Council shall not exceed the sum of One hundred and fifty thousand dollars (\$150,000) per annum, without the unanimous vote of the International Sugar Council.

Dated, May 9th, 1931, at Brussels.

ADDITIONAL PROTOCOL EXECUTED SIMULTANEOUSLY WITH THE DEFINITE AGREEMENT BETWEEN THE UNDERSIGNED PARTIES DATED MAY 9TH, 1931.

As to the question of the import and export of white and raw sugar from one of the European contracting countries represented in this Agreement to any of the other of said European countries for consumption in the country to which shipped, it is in principle agreed that the contracting parties representing the industries of said countries bind themselves reciprocally to prevent such operations; but it is understood that if sugar, which has been delivered on basis of terminal contracts, enters into one of said European countries, the country having sold this sugar, cannot be rendered responsible for it. The International Sugar Council will occupy itself with the settlement of the whole question. Inasmuch as there exist such running contracts, each party representing a European country engages itself to make them known to the countries interested therein.

Dated, May 9th, 1931, at Brussels.

RESOLUTIONS OF THE INTERNATIONAL SUGAR COUNCIL, DECEMBER 2ND, 1932.

The following *Resolution, taken by the International Sugar Council at its Sixth Regular Meeting on 2nd December, 1932*, contains certain new arrangements regarding the export quotas fixed in the Agreement of 9th May, 1931 :—

1. Germany agrees not to export more than 200,000 metric tons from 1st September, 1932, to 31st August, 1933, instead of the 300,000 metric tons to which she is entitled under Article I(c) of the Agreement of 9th May, 1931.

2. Cuba and the European countries parties to the Agreement excluding Germany, renounce their share in the German deficits as they existed or will exist as on 1st September, 1932, and 1st September, 1933, respectively, the first of which amounts to 150,000 metric tons and the second of which (see Clause 1 above) will amount to 100,000 metric tons.

3. For 1932 Cuba obtains a total quota of 985,000 long tons instead of her quota of 805,000 long tons plus about 65,000 long tons as her share in the German deficit as on 1st September, 1931.

THE WORLD SUGAR PROBLEM

4. For 1933 Cuba obtains instead of her quota of 855,000 long tons a quota of 1,000,000 long tons; such part of this increase as results from renunciations on the part of the European countries to be taken into account in connection with the guarantee given in March, 1932, by the European countries and Peru to Cuba as regards the exports of Java during the year ending 31st March, 1933.

5. The prices of 2c., 2½c. and 2¾c. respectively mentioned in Article V(a), (b), (d) and (g) of the Agreement are each decreased by ¼c. and therefore become 1½c., 2c. and 2½c. and those of 12 guilders, 13¼ guilders and 15 guilders mentioned in Article V(d), are each decreased by 1½ guilders and therefore become 10¾ guilders, 12 guilders and 13¾ guilders respectively.

6. (a) Java cedes to Cuba the 5 per cent. increase of Java's quota to which Java might become entitled under article V (a) taken in conjunction with the first part of Article V (d) of the Agreement in the course of each of the calendar years 1934 and 1935. Java therefore retains her right to the increase of her quota to which she may become entitled under Article V (b) in conjunction with the second part of Article V (d) of the Agreement.

(b) Peru cedes to Cuba the 5 per cent. increase of Peru's quota to which Peru might become entitled under Article V (a) taken in conjunction with the first part of Article V (d) of the Agreement in the course of the calendar year 1934. Peru therefore retains her right to the increase of her quota to which she might become entitled under Article V (b) in conjunction with the second part of Article V (d) of the Agreement.

7. Subject to the conditions set out in Clause 8 below, Germany cedes to Cuba 76,666 metric tons out of the quota of 300,000 metric tons to which she is entitled for the year beginning 1st September, 1933, and 76,666 metric tons out of the quota of 300,000 metric tons to which she is entitled for the year beginning 1st September, 1934, under Article I(c) of the Agreement; Cuba is entitled to produce and export these quantities to countries other than the United States during the calendar year 1934 and 1935 respectively.

8. Germany has the right to declare not later than 1st October, 1933, as regards the cession made for the year 1934 and 1st October, 1934, as regards the cession made for the year 1935 that, on account of her estimated crop and her estimated consumption, she considers it necessary to export herself the above mentioned 76,666 metric tons assigned to Cuba or a part thereof. In such case, Cuba will automatically lose her right to the said 76,666 metric tons or such part thereof as Germany has declared she will export herself.

Notification of Germany's declaration shall be made by her direct by cable to the Cuban Sugar Stabilization Institute and simultaneously by telegram to the Office of the Council, and the latter shall forthwith transmit the declaration by registered letter to the President of each Delegation.

APPENDIX I

9. Should Germany use her right under the preceding Clause 8, then an amount of 76,666 metric tons or such part thereof as has been reclaimed by Germany will be ceded automatically to Cuba before October 31st, 1933, for the year 1934 and before October 31st, 1934, for the year 1935 by Czechoslovakia, Poland, Germany, Hungary, Belgium and Jugoslavia out of their joint quotas for the quota year then current, provided that none of the other parties to the Agreement declares in writing in a notification to be received by the Office of the Council on or before 30th October, 1933, in respect of the year 1934 and on or before 30th October, 1934, in respect of the year 1935 that it is opposed to such cession.

The Office, upon receipt of such notification shall forthwith inform the Cuban Sugar Stabilization Institute by cable and the President of each Delegation by registered letter accordingly.

The contributions of the above-mentioned countries to the 76,666 metric tons or any part thereof ceded to Cuba under this Clause will be made in proportion to their export quotas for the corresponding year under the Agreement.

10. In the event of Cuba receiving 76,666 metric tons or any part thereof in any of the cases provided for in Clauses 7, 8 and 9 above, Cuba will :

- (a) Renounce her rights under Article VI of the Agreement to a share of the German deficit which may exist on the following 1st September, or to an amount equal to the part of the 76,666 metric tons which she receives.
- (b) Transfer to the country or countries from which she receives the said amount or part thereof the 5 per cent. increase of the quotas of Java and Peru provided for in Clause 6 (a) and (b) above or a part of those increases proportionate to the part of the 76,666 metric tons received by her.

Any part of the amount transferred by Cuba under Clause 10 (b) above which falls to be distributed between these six European countries concerned ; to be divided among them in proportion to their export quotas in the corresponding quota year.

11. In the event of Cuba not receiving any part of the 76,666 metric tons as provided under Clauses 7, 8 and 9 above, she shall retain her right under Article VI of the Agreement to her share in the German deficit which may exist on the following 1st September, as well as to the increase of the 5 per cent. of the quotas of Java and Peru as set out in Clauses 6 (a) and (b) above.

The above arrangements are contingent on the Cuban 1933 crop not exceeding 2,000,000 Spanish tons as fixed by the decree of the President of Cuba of 2nd November, 1932.

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ADHERENCE OF PERU AND YUGOSLAVIA TO THE
BRUSSELS AGREEMENT OF MAY 9TH, 1931.

Peru adhered to the Brussels Agreement of May 9th, 1931,
on 4th October, 1931, with the following export quotas :—

1931	360,000 long tons tel quel
1932 to 1935		373,750 long tons tel quel per annum.

Yugoslavia adhered on the 8th July, 1932, with an annual
export quota of 15,000 metric tons.



APPENDIX II.

The Brussels Convention of March 5th, 1902.

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India; His Majesty the German Emperor, King of Prussia, in the name of the German Empire; His Majesty the Emperor of Austria, King of Bohemia, &c., &c., and Apostolic King of Hungary; His Majesty the King of the Belgians; His Majesty the King of Spain, and, in his name, Her Majesty the Queen-Regent of the Kingdom; the President of the French Republic; His Majesty the King of Italy; Her Majesty the Queen of the Netherlands; His Majesty the King of Sweden and Norway;

Desiring, on the one hand, to equalize the conditions of the competition between beet and cane sugar from various countries, and, on the other hand, to promote the consumption of sugar;

And considering that this twofold result cannot be attained otherwise than by the abolition of bounties and by the limitation of the surtax.

Have resolved to conclude a Convention to this effect, and have appointed as their Plenipotentiaries, that is to say

Who, having exchanged their full powers, found to be in good and due form, have agreed on the following Articles:—

ARTICLE I.—The High Contracting Parties engage to suppress, from the date of the coming into force of the present Convention, the direct and indirect bounties by which the production or exportation of sugar may profit, and not to establish bounties of such a kind during the whole continuance of the said Convention. For the application of this provision, sugar-sweetened products, such as preserves, chocolates, biscuits, condensed milk, and all other analogous products containing, in a notable proportion, artificially incorporated sugar, are assimilated to sugar.

The preceding paragraph applies to all advantages derived directly or indirectly, by the several categories of producers, from State fiscal legislation, and in particular to—

- (a) Direct bonuses granted on exportation;
- (b) Direct bonuses granted to production;
- (c) Total or partial exemptions from taxation which profit a part of the products of manufacture;
- (d) Profits derived from excess of yield;
- (e) Profits derived from too high a drawback;
- (f) Advantages derived from any surtax in excess of the rate fixed by Article III.

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ARTICLE II.—The High Contracting Parties engage to place in bond, under the continuous supervision, both by day and by night, of Revenue officers, sugar factories and sugar refineries, as well as factories for the extraction of sugar from molasses.

For this purpose, the factories shall be so arranged as to afford every guarantee against the surreptitious removal of sugar, and the officers shall have the right of entry into all parts of the factories.

Check registers shall be kept respecting one or more of the processes of manufacture, and finished sugar shall be placed in special warehouses affording every requisite guarantee of security.

ARTICLE III.—The High Contracting Parties engage to limit the surtax—that is to say, the difference between the rate of duty or taxation to which foreign sugar is liable and the rate of duty or taxation to which home-produced sugar is subject—to a maximum of 6 fr. per 100 kilog. on refined sugar and on sugar which may be classed as refined, and to 5 fr. 50 c. on other sugar.

This provision is not intended to apply to the rate of import duty in countries which produce no sugar; neither is it applicable to the by-products of sugar manufacture and of sugar refining.

ARTICLE IV.—The High Contracting Parties engage to impose a special duty on the importation into their territories of sugar from those countries which may grant bounties either on production or on exportation.

This duty shall not be less than the amount of the bounties, direct or indirect, granted in the country of origin. The High Contracting Parties reserve to themselves, each so far as concerns itself, the right to prohibit the importation of bounty-fed sugar.

In order to calculate the amount of the advantages eventually derived from the surtax specified under letter (*f*) of Article I, the figure fixed by Article III is deducted from the amount of this surtax; half of this difference is considered to represent the bounty, the Permanent Commission instituted by Article VII having the right, at the request of a Contracting State, to revise the figure thus obtained.

ARTICLE V.—The High Contracting Parties engage reciprocally to admit at the lowest rates of their tariffs of import duties sugar the produce either of the Contracting States or of those Colonies or possessions of the said States which do not grant bounties, and to which the obligations of Article VIII are applicable.

Cane sugar and beet sugar may not be subjected to different duties.

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ARTICLE VI.—Spain, Italy, and Sweden shall be exempted from the engagements which form the subject of Articles I, II, and III, so long as they do not export sugar.

Those States engage to adapt their sugar legislation to the provisions of the Convention within one year—or earlier if possible—from the time at which the Permanent Commission shall have found that the above-mentioned condition has ceased to exist.

ARTICLE VII.—The High Contracting Parties agree to establish a Permanent Commission charged with supervising the execution of the provisions of the present Convention.

This Commission shall be composed of Delegates of the several Contracting States, and a Permanent Bureau shall be attached to it. The Commission elects its President; it will sit at Brussels and will assemble at the summons of the President.

The duties of the Delegates will be :—

(a) To pronounce whether in the Contracting States no direct or indirect bounty is granted on the production or on the exportation of sugar.

(b) To pronounce whether the States referred to in Article VI continue to fulfil the special condition foreseen by that Article.

(c) To pronounce whether bounties exist in the non-signatory States, and to estimate the amount thereof for the purposes of Article IV.

(d) To deliver an opinion on contested questions.

(e) To prepare for consideration requests for admission to the Union made by States which have not taken part in the present Convention.

It will be the duty of the permanent Bureau to collect, translate, arrange, and publish information of all kinds respecting legislation, on, and statistics of, sugar, not only in the Contracting States, but in other States as well.

In order to insure the execution of the preceding provisions, the High Contracting Parties shall communicate, through the diplomatic channel, to the Belgian Government, which shall forward them to the Commission, the Laws, Orders, and Regulations on the taxation of sugar which are or may in the future be in force in their respective countries, as well as statistical information relative to the object of the present Convention.

Each of the High Contracting Parties may be represented on the Commission by a Delegate, or by a Delegate and Assistant Delegates.

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Austria and Hungary shall be considered as separate Contracting Parties.

The first meeting of the Commission shall be held in Brussels, under arrangements to be made by the Belgian Government, at least three months before the coming into force of the present Convention.

The duty of the Commission shall be limited to findings and investigations. It shall draw up a report on all questions submitted to it, and forward the same to the Belgian Government, which shall communicate it to the States interested, and, at the request of one of the High Contracting Parties, shall convoke a Conference, which shall take such decisions or measures as circumstances demand.

The findings and calculations referred to under letters (b) and (c) must, however, be acted on by the Contracting States; they will be passed by a vote of the majority—each Contracting State having one vote—and they will take effect in two months' time at the latest. Should one of the Contracting States consider it necessary to appeal against a decision of the Commission, the said State must, within eight days of notification to it of the said decision, require a fresh discussion by the Commission; the Commission will immediately hold a meeting, and will pronounce its final decision within one month of the date of the appeal. The new decision shall take effect, at latest, within two months of its delivery. The same procedure will be followed with regard to the preparation for consideration of demands for admission provided for under letter (e).

The expenses incurred on account of the organization and working of the Permanent Bureau and of the Commission—excepting the salaries or allowances of the Delegates, who shall be paid by their respective countries—shall be borne by all the Contracting States, and shall be divided among them in a manner to be determined by the Commission.

ARTICLE VIII.—The High Contracting Parties engage, for themselves and for their Colonies or possessions, exception being made in the case of the self-governing Colonies of Great Britain and the British East Indies, to take the necessary measures to prevent bounty-fed sugar which has passed in transit through the territory of a Contracting State from enjoying the benefits of the Convention in the market to which it is being sent. The Permanent Commission shall make the necessary proposals with regard to this matter.

ARTICLE IX.—States which have not taken part in the present Convention shall be admitted to adhere to it at their request, and after concurrence has been expressed by the Permanent Commission.

APPENDIX II

The request shall be addressed through the diplomatic channel to the Belgian Government, which shall undertake, when occasion arises, to notify the adhesion to all the other Governments. The adhesion shall entail, as of right, acceptance of all the obligations and admission to all the advantages stipulated by the present Convention, and will take effect as from the 1st September following the dispatch of the notification by the Belgian Government to the other Contracting States.

ARTICLE X.—The present Convention shall come into force from the 1st September, 1903.

It shall remain in force for five years from that date, and in the case of none of the High Contracting Parties having notified to the Belgian Government, twelve months before the expiration of the said period of five years, its intention of terminating the effects thereof, it shall continue to remain in force for one year, and so on from year to year.

In the event of one of the Contracting States denouncing the Convention, such denunciation shall have effect only in respect to such State; the other States shall retain, until the 31st October of the year in which the denunciation takes place, the right of notifying their intention of withdrawing as from the 1st September of the following year. If one of these latter States desired to exercise this right, the Belgian Government shall summon a Conference at Brussels within three months to consider the measures to be taken.

ARTICLE XI.—The provisions of the present Convention shall apply to the overseas Provinces, Colonies, and foreign possessions of the High Contracting Parties. The British and Netherland Colonies and possessions are excepted, save as regards the provisions forming the object of Articles V and VIII.

The position of the British and Netherland Colonies and possessions is, furthermore, regulated by the Declarations inserted in the Final Protocol.

ARTICLE XII.—The fulfilment of the mutual engagements contained in the present Convention is subject, as far as necessary, to the completion of the formalities and requirements established by the Constitutional laws of each of the Contracting States.

The present Convention shall be ratified, and the ratifications shall be deposited at the Ministry for Foreign Affairs at Brussels, on the 1st February, 1903, or earlier if possible.

It is understood that the present Convention shall become binding, as of right, only if it is ratified by those at least of the Contracting States who are not the subject of the exceptional provision of Article VI. Should one or more of the said States

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not have deposited their ratifications within the period stipulated, the Belgian Government shall immediately take steps to obtain a decision by the other Signatory Powers as to whether the present Convention shall come into force among them alone.

In faith whereof the respective Plenipotentiaries have signed the present Convention.

Done at Brussels, in single copy, March 5th, 1902.

- For Great Britain :
(Signed) CONSTANTINE PHIPPS.
H. W. PRIMROSE.
H. G. BERGNE.
ARTHUR A. PEARSON.
E. C. OZANNE.
- For Germany :
(Signed) GRAF VON WALLWITZ.
VON KOERNER.
KUHN.
- For Austria-Hungary :
(Signed) COMTE DE KHEVENHULLER.
- For Austria :
(Signed) JORKASCH-KOCH.
- For Hungary :
(Signed) TOEPKE ALFRED.
- For Belgium :
(Signed) COMTE DE SMET DE NAEYER.
CAPELLE.
KEBERS.
D. DE SMET.
BEAUDUIN.
- For Spain :
(Signed) W. R. DE VILLA URRUTIA.
- For France :
(Signed) A. GERARD.
BOUSQUET.
A. DELATOUR.
COURTIN.
- For Italy :
(Signed) R. CANTAGALLI.
EMILIO MARAINI.
- For the Netherlands :
(Signed) R. D. PESTEL.
J. D'AULNIS DE BOUROUILL.
G. ESCHAUZIER.
A. VAN ROSSUM.
- For Sweden :
(Signed) COMTE WRANGEL.
C. TRANCHELL.

APPENDIX II

Final Protocol.

On proceeding to the signature of the Sugar Convention concluded this day between the Governments of Germany, of Austria and of Hungary, of Belgium, of Spain, of France, of Great Britain, of Italy, of the Netherlands, and of Sweden, the undersigned Plenipotentiaries have agreed as follows:—

As regards Article III.—Considering that the object of the surtax is the effectual protection of the home markets of the producing countries, the High Contracting Parties reserve to themselves the right, each as concerns itself, to propose an increase of the surtax, should considerable quantities of sugar produced by one of the Contracting States enter their territories; this increase would only apply to sugar produced by that State.

The proposal must be addressed to the Permanent Commission, which will decide, at an early date, by a vote of the majority, whether there is good ground for the proposed measure, as to the period for which it shall be enforced, and as to the rate of the increase; the latter shall not exceed 1 fr. per 100 kilog.

The assent of the Commission shall only be given when the invasion of the market concerned is the consequence of real economic inferiority, and not the result of a factitious increase in price brought about by an agreement among producers.

As regards Article XI.—(A) 1. The Government of Great Britain declares that no bounty, direct or indirect, shall be granted to the sugar of the Crown Colonies during the continuance of the Convention.

2. It also declares, as an exceptional measure, and reserving in principle entire liberty of action as regards the fiscal relations between the United Kingdom and its Colonies and possessions, that, during the continuance of the Convention, no preference will be granted in the United Kingdom to Colonial sugar as against sugar from the Contracting States.

3. Lastly, it declares that the Convention will be submitted by it to the self-governing Colonies and to the East Indies, so that they may have an opportunity of giving their adhesion to it,

It is understood that the Government of His Britannic Majesty has power to adhere to the Convention on behalf of the Crown Colonies.

(B) The Government of the Netherlands declares that during the continuance of the Convention no bounty, direct or indirect, shall be granted to sugar from the Netherland Colonies, and that such sugar shall not be admitted into the Netherlands at a lower Tariff than that applied to sugar from the Contracting States.

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The present Final Protocol, which shall be ratified at the same time as the Convention concluded this day, shall be regarded as forming an integral part of the Convention, and shall have the same force, value, and duration.

In faith whereof the undersigned Plenipotentiaries have drawn up the present Protocol.

Done at Brussels, the 5th March, 1902.
(Signatures as above).

Proces-verbal of Deposit of Ratifications.

The Contracting Parties having unanimously agreed that the exchange of ratifications respecting the Sugar Convention signed at Brussels on the 5th March, 1902, should be effected by means of the deposit of the respective instruments in the archives of the Ministry of Foreign Affairs of Belgium, the present record of deposit has, with this object, been opened in the Ministry for Foreign Affairs to-day, the 18th June, 1902.

(Signed) P. DE FAVEREAU. This day has been effected the deposit of ratifications of His Majesty the King of the Belgians.

The following have been successively deposited :

(Signed) BULOW. The 15th January, 1903, the ratifications of His Majesty the German Emperor, King of Prussia.

(Signed) A. GERARD. The 29th January, 1903, the ratifications of the President of the French Republic.

(Signed) E. DE PESTEL. The 30th January, 1903, the ratifications of Her Majesty the Queen of the Netherlands.

(Signed) CONSTANTINE PHIPPS. The 31st January, 1903, the ratifications of His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, according to the conditions laid down in the note annexed.

(Signed) T. B. KOZIEBRODZKI. The 31st January, 1903, the ratifications of His Majesty the Emperor of Austria, King of Bohemia, &c., &c., and Apostolic King of Hungary.

(Signed) R. CANTAGALLI. The 1st February, 1903, the ratifications of His Majesty the King of Italy.

APPENDIX II

In accordance with Article XII of the Convention of the 5th March, 1902, the present record has been closed on to-day's date.

The Minister for Foreign Affairs
for Belgium,

(Signed) P. DE FAVEREAU.

Brussels, February 1st, 1903.

In depositing the ratifications of His Britannic Majesty, his Excellency the Minister of Great Britain declares that it is necessary to place on record that the Government of His Britannic Majesty will not consent under any circumstances to be bound to penalize bounty-fed sugar imported into the United Kingdom from any of the self-governing British Colonies.

He further declares that His Britannic Majesty's Government are not prepared to accept any reference of this question to the Permanent Commission to be established under Article VII, and that His Majesty's ratification of the Convention is deposited under the explicit declaration above mentioned.

The Secretary-General of the
Ministry of Foreign Affairs of Belgium,
(Signed) F. A. LAMBERMONT.

Brussels, January 31st, 1903.

ADDITIONAL ACT TO THE SUGAR CONVENTION OF MARCH 5th, 1902. 28th AUGUST, 1907.

The Governments of Great Britain, Germany, Austria and Hungary, Belgium, France, Italy, the Grand-Duchy of Luxembourg, the Netherlands, Peru, Sweden, and Switzerland having resolved to conclude an Additional Act to the Convention of the 5th March, 1902, relative to Sugar Regulations, the Undersigned, duly authorized for this purpose, have agreed upon the following :—

ARTICLE 1.—The Contracting States undertake to maintain the Convention of the 5th March, 1902, in force for a fresh period of five years, commencing on the 1st September, 1908.

It shall, however, be possible for any one of the Contracting States to withdraw from the Convention after the 1st September, 1911, provided one year's notice has been given, if the Permanent Commission, at the last meeting held before the 1st September, 1910, have decided by a majority of votes that circumstances warrant such power being granted to the Contracting States.

For the rest, the provisions of Article X of the above-mentioned Convention of the 5th March, 1902, concerning the denunciation and continued operation of the Convention shall still be applicable.

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ARTICLE 2.—Notwithstanding Article I, Great Britain shall be relieved, after the 1st September, 1908, from the obligation contained in Article IV of the Convention.

After the same date the Contracting States may demand that, in order to enjoy the benefit of the Convention, sugar refined in the United Kingdom and thence exported to their territories shall be accompanied by a certificate stating that none of this sugar comes from a country recognized by the Permanent Commission as granting bounties for the production or exportation of sugar.

ARTICLE 3.—The present Additional Act shall be ratified, and the ratifications thereof shall be deposited at Brussels, at the Ministry for Foreign Affairs, as soon as possible, and in any case before the 1st February, 1908.

It shall only become legally binding if it is ratified at least by all the Contracting States which are not affected by the special provisions contained in Article VI of the Convention. In the event of one or more of the said States not having deposited their ratifications by the proper time, the Belgian Government shall, in the course of the month which follows the 1st February, 1908, call upon the States which have already ratified to give a decision as regards the putting into force among themselves alone of the present Additional Act.

The States which have not ratified before the 1st February, 1908, shall be considered as having denounced the Convention in time for it to cease to have effect as far as they are concerned after the 1st of the following September, unless a contrary decision shall have been come to, at the request of the Parties interested, by a majority of the States called upon to deliberate, as arranged for in the preceding paragraph.

In faith whereof the respective Plenipotentiaries have signed the present Additional Act.

Done at Brussels, the 28th August, 1907, in a single signed copy, of which a certified copy shall be given to each of the Signatory Governments.

(Signatures for Great Britain, Germany, Austria-Hungary, Austria, Hungary, Belgium, France, Italy, Luxembourg, Netherlands, Peru, Sweden, Switzerland).

Protocol of Signature.

On proceeding to the signature of the Additional Act of the Convention respecting Sugar Relations, concluded this day between the Governments of Great Britain, Germany, Austria and Hungary, Belgium, France, Italy, the Grand-Duchy of Luxembourg, the Netherlands, Peru, Sweden, and Switzerland, the Undersigned, duly authorized for this purpose, have agreed upon the following :—

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SOLE ARTICLE.—It is understood that if the ratifications which are necessary before the above-mentioned Additional Act can be made valid, in accordance with Article 3, have not been obtained by the 1st March, 1908, His Britannic Majesty's Government shall be able to denounce the Convention on that date as from the 1st September, 1908, without entering into the question whether they have previously ratified the aforesaid Additional Act or not.

The present Protocol of Signature, which shall be ratified at the same time as the Additional Act concluded under this day's date, shall be of equal force and validity.

In faith whereof the Undersigned have drawn up the present Protocol.

Done at Brussels, the 28th August, 1907, in a single signed copy, of which a certified copy shall be given to each of the Signatory Governments.

(Signatures as above).

Declaration.

For the purpose of preventing any doubts which might arise in regard to the possible application of paragraph 3 of Article 3 of the Additional Act of the Sugar Convention, concluded to-day, the Undersigned, duly authorized for this purpose, declare that they denounce conditionally, as far as may be necessary, the Convention of the 5th March, 1902, in the event of their respective Governments not having ratified in time the above-mentioned Additional Act.

Done at Brussels, the 28th August, 1907, in a single signed copy, of which a certified copy shall be given to each of the Signatory Governments.

(Signatures as above).

On proceeding to the signature of the present Declaration, the Swedish Plenipotentiary declares, in the name of his Government, that in spite of the great hesitation to which the provision, according to which the ratification must be deposited at latest on the 1st February, 1908, has given rise on the part of Sweden—in view of the fact that the Diet does not meet before the 15th January—the Swedish Government have nevertheless authorized him to sign the above Arrangements, with the conviction that, in the event of the approval of the Diet not being given at the proper time before the 1st February, a request for the extension of the time allowed for the deposit of ratification would be favourably received by the other Governments.

Brussels, August 28, 1907.

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PROTOCOL RESPECTING THE ACCESSION OF RUSSIA.
19th DECEMBER, 1907.

Protocol.

The Imperial Russian Government having expressed their desire to accede to the Convention of the 5th March, 1902, relative to Sugar Regulations, as well as to the Additional Act to the said Convention signed on the 28th August, 1907, and the States at present Parties to the Sugar Union having recognized that this accession cannot, on account of the special conditions of the sugar industry in Russia, be subordinated to the general conditions of the Convention, it has been agreed as follows between the Government of Russia on the one hand and the Governments of Great Britain, Germany, Austria and Hungary, Belgium, France, Italy, the Grand-Duchy of Luxembourg, the Netherlands, Peru, Sweden, and Switzerland on the other hand :—

ARTICLE 1.—Russia adheres to the Convention of the 5th March, 1902, respecting Sugar Regulations, as amended by the Additional Act of the 28th August, 1907, with all the advantages and all the obligations which it entails, with the reservations and subject to the conditions referred to in the following Articles.

ARTICLE 2.—Russia shall retain her present fiscal and customs legislation as regards sugar, and shall not increase the advantages which might result, in favour of the producers, from the maximum sale price fixed for the internal market.

ARTICLE 3.—In consideration of the special arrangements which are allowed to Russia by the preceding Article, she undertakes not to authorize the exportation, with return of or exemption from excise, of quantities of sugar exceeding the maximum figure of 1,000,000 tons for a period of six years, beginning on the 1st September, 1907.

This contingent will be divided among the different sugar seasons according to the requirements of trade, but in such a way that the quantity allotted to each season shall not exceed the following figures :—

	Tons.
Double season from Sept. 1, 1907, to August 31, 1909	300,000
Season from September 1, 1909, to August 31, 1910	200,000
" " 1910, "	1911 200,000
" " 1911, "	1912 200,000
" " 1912, "	1913 200,000

The engagements mentioned in this Article do not apply to exports—

1. To Finland ;
2. To Persia (for exports via the Caspian Sea and the land frontier, and not for those via the Persian Gulf) ; and
3. To the other Asiatic countries adjoining Russia (for exports via the land frontier only), with the exception of Turkey in Asia.

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ARTICLE 4.—The accession of Russia shall come into force from the 1st September, 1908.

During the Session preceding the 1st September, 1912, the Permanent Commission shall decide by a unanimous vote as to the treatment to be accorded to Russia should she be disposed to continue to be a party to the Convention beyond the limit of the 1st September, 1913.

In the event of the Commission not being unanimous, Russia shall be considered as having denounced the Convention, such denunciation to take effect from the 1st September, 1913.

ARTICLE 5.—The present Protocol shall be ratified and the ratifications thereof shall be deposited at Brussels, at the Ministry for Foreign Affairs, as soon as possible, and in any case before the 1st February, 1908.

Done at Brussels, the 19th December, 1907, in a single signed copy, a certified copy of which shall be delivered to each of the Signatory Governments.

(Signatures for countries which signed the Additional Act of 28 August, 1907, and for Russia).

On signing the Protocol of the 19th December, 1907, the Plenipotentiaries of the Contracting States have been informed of the communications given below, which were addressed to the Belgian Ministry for Foreign Affairs by the British, Italian, and Netherland Legations at Brussels :—

M. le Ministre,

Brussels, December 18, 1907.

I have the honour to inform your Excellency, with reference to your note of the 16th instant, that I am authorized to sign the Protocol drawn up by the Sugar Commission in regard to the admission of Russia to the Sugar Convention, subject to the following declaration, which I am instructed to make at the time of signing :—

“The assent of His Majesty’s Government to the present Protocol is limited to the provisions enabling Russia to adhere to the Convention, and does not imply assent to the stipulation tending to restrict the importation of Russian sugar.”

I should feel obliged if your Excellency would kindly cause this declaration to be recorded in the *proces-verbal* of the signature of the Protocol, so that note may be taken of it by the Representatives of the Signatory Powers.

I avail, &c., ARTHUR H. HARDINGE
(His Majesty’s Britannic Minister).

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PROTOCOL CONCERNING THE PROLONGATION OF THE INTERNATIONAL UNION CONSTITUTED BY THE SUGAR CONVENTION OF MARCH 5TH, 1902.

The German, Austro-Hungarian, Belgian, French, Luxembourg, Netherlands, Peruvian, Russian, Swedish, and Swiss Governments, having decided to maintain in force after the 31st August, 1913, the International Union constituted by the Sugar Convention of the 5th March, 1902, the undersigned, duly authorized to this effect, have agreed as follows :—

ARTICLE 1.—The contracting States undertake to prolong for a further term of five years, as from the 1st September, 1913, the Sugar Convention of the 5th March, 1902, as amended and completed by the protocol of the 26th June, 1906, relative to the accession of Switzerland, by the Additional Act to the said convention of the 28th August, 1907, and by the protocol of the 19th December, 1907, relative to the adhesion of Russia, subject to the condition that Switzerland shall be granted the right to vote, which she did not obtain under the protocol of the 26th June, 1906, and also subject to the provisions contained in Article 2 below.

The said States undertake, in consequence, not to exercise the right granted to them by Article 10 of the convention of the 5th March, 1902, in regard to the denunciation of that diplomatic instrument.

ARTICLE 2.—The amount of export of 200,000 tons granted to Russia by Article 3 of the protocol of the 19th December, 1907, for each of the four annual periods between the 1st September, 1909, and the 31st August, 1913, shall be maintained for each of the five periods between the 1st September, 1913, and the 31st August, 1918.

Taking into consideration the fact that, owing to exceptional circumstances, a shortage of sugar and a considerable rise in price on the world's sugar market occurred simultaneously in 1911-12, the contracting States agree to Russia exporting an extra amount, to be divided as follows :—

	Tons.
Year 1911-12	150,000
Year 1912-13	50,000
Year 1913-14	50,000

ARTICLE 3.—The present protocol shall be ratified and the ratifications deposited at Brussels, at the Ministry of Foreign Affairs, as early as possible, and, in any case, before the 1st April, 1912.

It shall come into force on that date if it has been ratified at least by the following sugar-exporting European States : Germany, Austria-Hungary, Belgium, France, the Netherlands, Russia.

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In this event the other States which have signed the present protocol, but which have not ratified it by the date mentioned, shall be able, nevertheless, by ratifying it before the 1st September of the same year, to continue to form part of the International Union on the conditions allowed to them at present and for the whole duration of the present protocol, provided that they have, before the 1st April, 1912, given their definite consent to the granting to Russia of the extra amount of export provided for in Article 2 of the present protocol. They shall not in any case be able to take advantage of the clause respecting tacit renewal contained in Article 10 of the convention of the 5th March, 1902, to continue their membership of the Union from year to year.

ARTICLE 4.—In the last session held before the 1st September, 1917, the Permanent Commission shall decide by a unanimous vote as to the régime to be assigned to Russia in the case of her being disposed to continue her participation in the convention after the period ending the 1st September, 1918.

In the event of the commission being unable to agree, Russia will be considered as having denounced the convention as from the 1st September, 1918.

ARTICLE 5.—Each of the contracting States shall be at liberty to withdraw from the Union on or after the 1st September, 1918, upon giving one year's notice; after that the provision of Article 10 of the convention of the 5th March, 1902, respecting denunciation and tacit renewal shall again become applicable.

In witness whereof the undersigned plenipotentiaries of the respective States have signed the present protocol.

Done at Brussels, the 17th March, 1912, in a single original, a certified copy of which will be furnished to each of the signatory Governments.

(Signatures for Germany, Austria-Hungary, Austria, Hungary, Belgium, France, Luxembourg, Netherlands, Peru, Russia, Sweden, Switzerland).

DECLARATIONS RELATIVE TO THE EXTRA AMOUNT OF EXPORT ALLOWED TO RUSSIA UNDER ARTICLE 2 OF THE PROTOCOL OF MARCH 17TH, 1912, RESPECTING THE PROLONGATION OF THE INTERNATIONAL SUGAR UNION.

First Declaration.

The undersigned make the following declaration on signing the protocol respecting the prolongation of the International Sugar Union :—

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The two supplementary amounts of 50,000 tons allowed to Russia for the annual periods 1912-13 and 1913-14 shall be so divided that the portion of the extra amount for each of the four half-years between the 1st September, 1912, and the 31st August, 1914, shall not exceed 25,000 tons.

(Signatures for Germany, Austria-Hungary, Austria, Hungary, Belgium, France, Luxembourg, Netherlands, Peru, Russia, Sweden, Switzerland).

Second Declaration.

The undersigned are authorized to make the following declaration on signing the protocol concerning the prolongation of the International Sugar Union :—

The Governments which they represent undertake, in event of their being unable to ratify the above-mentioned protocol before the 1st April, 1912, to give, on that date at latest, their definite assent to Russia being allowed the extra amount of export mentioned in Article 2 of the said protocol.

In witness whereof they have signed the present declaration.

Done at Brussels, the 17th March, 1912, in a single original, of which a certified copy shall be given to each of the signatory Governments.

(Signatures for Luxembourg, Peru, Sweden, Switzerland).

Third Declaration.

The undersigned is authorized to declare that the Government of His Majesty the King of Italy give their consent to Russia being allowed the extra amount of export for the annual periods 1911-12 and 1912-13.

Brussels, March 17, 1912.

COSTA.

Note addressed to the Belgian Minister for Foreign Affairs by the British Minister at Brussels.

M. le Ministre,

Brussels, March 17th, 1912.

On the 18th December, 1907, my predecessor, Sir A. Hardinge, addressed a note to your Excellency stating that he was authorized to sign the protocol relative to the admission of Russia to the Sugar Convention, subject to the reserve that the assent of His Majesty's Government to the protocol was limited to the provisions enabling Russia to adhere to the convention, and did not imply assent to the stipulation regarding the exportation of Russian sugar.

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In view of this reserve, His Majesty's Government consider that their assent is not necessary for the increase of the exportation of Russian sugar provided for in the protocol recently discussed by the International Sugar Commission, seeing that such assent has never been given to its restriction, and they do not therefore propose to authorize me to sign that protocol, which provides for an increase of the export of Russian sugar as well as for the renewal of the convention for five years from the 1st September, 1913. Nevertheless, in order to avoid all possibility of misunderstanding on the subject, I have been instructed by His Majesty's Principal Secretary of State for Foreign Affairs to state formally that His Majesty's Government see no objection to the increase of Russian export in this or any future year during the continuance of the convention, and I am to ask your Excellency to be so good as to communicate the purport of this note to the other members of the Sugar Union, with a request that they will take note of it.

I avail, &c., F. H. VILLIERS.

Sir F. Villiers to Sir Edward Grey.—(Received April 4.)

Sir,

Brussels, April 3, 1912.

I have the honour to report that I am in receipt of a note, dated the 1st instant, from the Belgian Minister for Foreign Affairs, asking me to inform His Majesty's Government that the ratifications of all the Powers enumerated in Article 3 of the protocol of the 17th March, 1912, concerning the prolongation of the International Sugar Convention have been deposited at the Ministry for Foreign Affairs. The ratification of the Grand Duchy of Luxembourg has also been deposited.

The note goes on to state that the Governments of the other States which signed the protocol, viz., Peru, Sweden, and Switzerland, which had been authorized to deposit their ratifications after the 1st April, have in the meantime signified their assent to the increase in the Russian export of sugar. As far as Great Britain and Italy were concerned, who had not signed the protocol, these countries had already given their assent to the increase in the Russian export by the declarations formulated by their representatives at the time of the signature of the protocol.

M. DAVIGNON further states that a certified copy of the *proces-verbal* of the deposit of the ratifications will shortly be communicated to His Majesty's Government.

I have, &c., F. H. VILLIERS.

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WITHDRAWAL OF THE BRITISH GOVERNMENT FROM
THE BRUSSELS SUGAR CONVENTION.

Sir Edward Grey to Mr. Macleay.

Sir,

Foreign Office, August 2, 1912.

His Majesty's Government have had under consideration the conditions under which the Brussels Sugar Convention has been renewed as between certain of the parties to that instrument by the protocol of the 17th March, 1912, and they have reluctantly come to the conclusion that they will be unable to remain parties to that convention after the 1st September, 1913.

His Majesty's Government have, however, no intention of departing from the fundamental principles of the convention by themselves giving bounties on the export of sugar, or by giving preference to sugar produced within the British Empire on importation into the United Kingdom, or by imposing a higher customs duty on beet sugar than on cane sugar. They will, moreover, be prepared to maintain the present system of giving customs certificates to any refiners or exporters of sugar not made from bounty-fed materials who may desire such certificates, with a view to enable the sugar to be imported into the countries of the Sugar Union at the lowest rate of duty. His Majesty's Government will not depart in any particular from the policy laid down above without giving due notice through the usual channels to the States of the Sugar Union.

His Majesty's Government, in making this declaration of policy, desire at the same time to put on record their hope that the States of the Sugar Union, on their part, will in no way alter the existing régime applicable to sugar and sugared products to the detriment of British trade.

I request that you will inform the Belgian Government accordingly, and will request that the decision of His Majesty's Government to withdraw from the convention under the provisions of Article 10, as well as from the subsidiary arrangements by which this country is bound, may be communicated to the other Powers parties thereto.

I am, &c., E. GREY.

(Translation).

M. le Chargé d'Affaires,

Brussels, August 8, 1912.

In your letter of the 5th instant you notified to me the intention of the British Government to withdraw from the International Sugar Union as from the 1st September, 1913.

I have the honour to give you a formal acknowledgment of this denunciation.

In accordance with the wishes of the British Government, the Belgian Government have informed the other States of the Sugar Union thereof.

Accept, &c. DAVIGNON.

APPENDIX III.

Draft of a Proposed International Convention on the lines of the Brussels Convention of 1902.

By DR. H. C. PRINSEN GEERLIGS.

*Published, October, 1929.*¹

ARTICLE I.—The High Contracting Parties engage to suppress, from the date to be fixed hereafter, but, in any case, within a period which shall not exceed two years from the date of the coming into force of the present Convention, the direct and indirect bounties by which the production or exportation of sugar may profit, and not to establish bounties of such a kind during the whole continuance of the said Convention. For the application of this provision, sugar-sweetened products, such as preserves, chocolates, biscuits, condensed milk, and all other analogous products containing, in a notable proportion, artificially incorporated sugar, are assimilated to sugar.

The preceding paragraph applies to all advantages derived directly or indirectly, by the several categories of producers, from State fiscal legislation, and in particular to—

- (a) Direct bonuses granted on exportation ;
- (b) Direct bonuses granted to production ;
- (c) Total or partial exemptions from taxation which profit a part of the products of manufacture ;
- (d) Profits derived from excess of yield ;
- (e) Profits derived from too high a drawback ;
- (f) Advantages derived from any surtax in excess of the rate fixed by Article III.

ARTICLE II.—The High Contracting Parties engage to place in bond, under the continuous supervision, both by day and by night, of Revenue officers, sugar factories and sugar refineries, as well as factories for the extraction of sugar from molasses.

For this purpose, the factories shall be so arranged as to afford every guarantee against the surreptitious removal of sugar, and the officers shall have the right of entry into all parts of the factories.

Check registers shall be kept respecting one or more of the processes of manufacture, and finished sugar shall be placed in special warehouses affording every requisite guarantee of security.

¹ Translated from the French.

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ARTICLE III.—The High Contracting Parties engage to limit the surtax (that is to say, the difference between the rate of duty or taxation to which foreign sugar is liable and the rate of duty or taxation to which home-produced sugar is subject) to a maximum of 20 gold frs. per 100 kilog. on white sugar which polarizes 99° or more, and to 15 gold frs. on other sugar.

This provision is not applicable to the by-products of sugar manufacture and of sugar refining.

ARTICLE IV.—The High Contracting Parties engage to impose a special duty, in addition to that provided for in Article III, on the importation into their territories of sugar from those countries which may grant bounties either on production or on exportation.

The High Contracting Parties reserve to themselves, each so far as concerns itself, the right to prohibit the importation of bounty-fed sugar.

ARTICLE V.—The High Contracting Parties engage reciprocally to admit at the lowest rates of their tariffs of import duties sugar the produce either of the Contracting States or of those Colonies or possessions of the said States which do not grant bounties, and to which the obligations of the last paragraph of Article X are applicable.

Cane sugar and beet sugar may not be subjected to different duties.

ARTICLE VI.—The United States of America and the Republic of Cuba shall be exempted from the engagements imposed by the first paragraph of Article V, and may continue to grant each other reciprocally the benefits of a reduction of 20 per cent. on the import duties on sugar.

ARTICLE VII.—The High Contracting Parties engage to limit, not later than two years after the present Convention comes into force, to the maximum of 30 gold frs. per 100 kilog. on sugar polarizing 100° and in proportion on sugar of other polarization, the consumption or excise tax levied on sugar on its withdrawal from bonded warehouses for consumption and not to increase said tax above the rate in force on the 1st....., 19.....

ARTICLE VIII.—The High Contracting Parties engage to limit, not later than two years after the present Convention comes into force, to the figure of 40 gold frs. per 100 kilog. on white sugar polarizing 99° or more, and 35 gold frs. on other sugars, the total of the surtax and the consumption tax combined.

ARTICLE IX.—The High Contracting Parties agree to establish a Permanent Commission charged with supervising the execution of the provisions of the present Convention.

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This Commission shall be composed of Delegates of the several Contracting States, and a Permanent Bureau shall be attached to it. The Commission elects its President; it will sit at and will assemble at the summons of the President.

The duties of the Delegates will be :—

- (a) To pronounce whether in the Contracting States any direct or indirect bounty is granted on the production or on the exportation of sugar.
- (b) To pronounce whether the Contracting States levy on the importation of sugar which is the produce of a Contracting State any surtax in excess of that provided for in Article III.
- (c) To pronounce whether the Contracting States levy taxes on the consumption of sugar in excess of those provided for by Article VII.
- (d) To deliver an opinion on contested questions.
- (e) To prepare for consideration requests for admission to the Union made by States which have not taken part in the present Convention.

It will be the duty of the Permanent Bureau to collect, translate, arrange, and publish information of all kinds respecting legislation on, and statistics of, sugar, not only in the Contracting States, but in other States as well.

In order to insure the execution of the preceding provisions, the High Contracting Parties shall communicate, through the diplomatic channel, to the Government (or to the Council of the League of Nations), which shall forward them to the Commission, the Laws, Orders, and Regulations on the taxation of sugar which are or may in the future be in force in their respective countries, as well as statistical information relative to the object of the present Convention.

Each of the High Contracting Parties may be represented on the Commission by a Delegate, or by a Delegate and Assistant Delegates.

The first meeting of the Commission shall be held in under arrangements to be made by the Government (or by the Council of the League of Nations) at least three months before the coming into force of the present Convention.

The duty of the Commission shall be limited to findings and investigations. It shall draw up a report on all questions submitted to it, and forward the same to the Government, which shall communicate it to the States interested, and, at the request of one of the High Contracting Parties, shall convoke a Conference, which shall take such decisions or measures as circumstances demand.

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The reports on demands for admission will be passed by a vote of the majority—each Contracting State having one vote—and they will take effect in two months' time at the latest. Should one of the Contracting States consider it necessary to appeal against a decision of the Commission, the said State must, within eight days of notification to it of the said decision, require a fresh discussion by the Commission; the Commission will immediately hold a meeting, and will pronounce its final decision within one month of the date of the appeal. The new decision shall take effect, at latest, within two months of its delivery.

The expenses incurred on account of the organization and working of the Permanent Bureau and of the Commission—excepting the salaries or allowances of the Delegates, who shall be paid by their respective countries—shall be borne by all the Contracting States, and shall be divided among them in a manner to be determined by the Commission.

ARTICLE X.—The present Convention shall not affect the relations between Colonies, Possessions, or Autonomous Dominions and their Mother-Country, or between them; those relations shall be considered as internal matters not subject to the provisions of the Convention.

Nevertheless, if a Colony or Autonomous Dominion desires to be excluded from this exception, it shall be considered as an individual Contracting Party, with the full obligations and advantages stipulated in the articles of this Convention.

ARTICLE XI.—The High Contracting Parties engage, for themselves and for their Colonies or possessions, exception being made in the case of the Colonies and self-governing Dominions referred to in the last paragraph of Article X, to take the necessary measures to prevent bounty-fed sugar which has passed in transit through the territory of a Contracting State from enjoying the benefits of the Convention in the market to which it is being sent. The Permanent Commission shall make the necessary proposals with regard to this matter.

ARTICLE XII.—States which have not taken part in the present Convention shall be admitted to adhere to it at their request, and after concurrence has been expressed by the Permanent Commission.

The request shall be addressed through the diplomatic channel to the Government, which shall undertake, when occasion arises, to notify the adhesion to all the other Governments. The adhesion shall entail, as of right, acceptance of all the obligations and admission to all the advantages stipulated by the present Convention, and will take effect as from the 1st September following the dispatch of the notification by the Government to the other Contracting States.

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ARTICLE XIII.—The present Convention shall come into force from the

It shall remain in force for five years from that date, and in the case of none of the High Contracting Parties having notified to the Government, twelve months before the expiration of the said period of five years, its intention of terminating the effects thereof, shall continue to remain in force for one year and so on from year to year.

In the event of one of the Contracting States denouncing the Convention, such denunciation shall have effect only in respect to such State; the other States shall retain, until the 31st October of the year in which the denunciation takes place, the right of notifying their intention of withdrawing as from the 1st September of the following year. If one of these latter States desires to exercise this right, the Government shall summon a Conference at within three months to consider the measures to be taken.

ARTICLE XIV.—The fulfilment of the mutual engagements contained in the present Convention is subject, as far as necessary, to the completion of the formalities and requirements established by the Constitutional laws of each of the Contracting States.

The present Convention shall be ratified, and the ratifications shall be deposited at the Ministry for Foreign Affairs at on, or earlier if possible.

It is understood that the present Convention shall become binding, as of right, when ratified by the Contracting States. Should one or more of the said States not have deposited their ratifications within the period stipulated, the Government shall immediately take steps to obtain a decision by the other Signatory Powers as to whether the present Convention shall come into force among them alone.

APPENDIX IV.

Comments on the Proposal of Dr. Prinsen Geerligs for reconstructing the Brussels Convention of 1902.

By DR. VIRIATO GUTIERREZ.¹

The project of reconstruction of the old Brussels Convention of 1902 by Dr. PRINSEN GEERLIGS (published in Appendix III) is undoubtedly a work of great merit.

It aims at two fundamental objectives of unquestionable value, which should be applauded by all producers, namely: to put a limit to the extremes of protectionism, and to stimulate consumption through the healthy means of continued reduction in the cost of sugar to the consumer.

Besides, it is based on the effective guarantees of the Governments and the participation of the largest number of producing countries. And this also is to be commended.

It is not necessary here to give a detailed account of the plan, since it is already well known to those who make a study of these questions.

Of course, as its eminent author properly pointed out in his study in the edition of the newspaper *De Telegraaf*, of Amsterdam of September 28th, 1929, the figures mentioned by him in his project for the consumption tax and the surtax, and other details, were subject to discussion, since the principal object for him consisted in arriving at a regulation of the matter along the general lines suggested and in accordance with the present situation to which they would have to be adapted.

With these reservations it is possible in my opinion to arrive at a solution of the greater part of the practical difficulties which the internal political situations of certain countries—as, for instance, the United States—would present for a reduction in the present protectionist duties. I also suppose that by this means, which Dr. PRINSEN GEERLIGS leaves open, a solution could be found for other problems which other countries might present, such as the imperious necessity of maintaining their production of sugar by means of special bounties. Of course, the export bounties should disappear, but perhaps it may be necessary to surrender to the demands of some countries to continue bounties to its producers, who, otherwise, would not be able to exist, and provided, of course, such bounties did not lead to exports.

¹ From an article published in "El Mundo Azucarero" (New York) in July, 1930, which also appeared in newspapers of Havana and Amsterdam.

APPENDIX IV

There is, nevertheless, a vulnerable point in the general plan which Dr. PRINSEN GEERLIGS offers, to which it is not easy to find a solution, adhering to the system adopted by him of not interfering either with production or exports.

The difficulty arises from the text of Article 10 of his Project, by which, departing from the principle of the old Brussels Convention, the relations between the colonies or self-governing dominions and their mother-country are not affected by the Convention.

The exclusion of the colonies from the application of the Convention, implies that the sugars of the British Empire might receive additional tariff favours or complete exemption from duties, and other colonies likewise, and since the United States government has in view the increase of its duties, the Philippines will soon be enjoying a protection equivalent to a bounty of two cents per pound on raw sugar.

This situation does not prove compatible with the fundamental purpose of preventing the stimulation of world production, because it is precisely among a number of these countries that there is a probability of considerable expansion, provided they continue to enjoy free entry for their sugars or an increase in their preferential.

Dr. PRINSEN GEERLIGS himself has come to the conclusion, after a detailed study (in his report to the League of Nations, April 12th, 1929), that "the possibility of an unlimited expansion for some time to come cannot be regarded as wholly non-existent. In Cuba, the Argentine, India, the Philippines, Queensland, Natal, China, Africa, Brazil and elsewhere, plenty of land suitable for cane planting is still available. In many countries the sugar yield per unit of area is still so much lower than it might be that an immense increase could be secured by improving the variety of cane, planting equipment, methods of cultivation, manuring, manufacturing, etc."

And we can say with respect to the Philippines concretely, that they have a potential capacity for increasing their production to a great extent, not equalled perhaps by any other country. That the Philippines can increase their crop considerably and rapidly is proven by the experience of the last few years. The Philippines have in their favour, the subsidy which the customs duties of the United States grant their sugar producers, the abundance of lands and labour, the cheapness of both, and also the fact that the new Java cane, POJ 2878, is being rapidly propagated in the Philippines with very favourable results. On this point, *Facts about Sugar*, in its issue of March 1st, 1930, has the following to say:—

"The POJ 2878 repeats in the Philippines its performance in Java, where it is giving the planters about 30 per cent. more sugar than they were obtaining from EK 28 or DI 52,

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formerly their best varieties. With such an increased production within their grasp, the Java men were not slow in throwing their old varieties overboard and giving POJ 2878 practically one hundred per cent. of their available acreage. With the possibility of a similar increase being now offered to the Philippine planters, it is only natural to expect that they will show a similar eagerness to base their production chiefly on this remarkable variety.

"The significance of this development will not be overlooked by those who for one reason or another are interested in the possibilities of expansion of the Philippine sugar industry. The tests thus far made have not included all the sugar producing districts of the islands, but if history repeats itself there, as in Java, POJ 2878 will be the means of increasing the sugar production of those islands to a million tons annually without requiring the planters to clear a single acre of new ground or open a single extra furrow."

Evidently, in order to solve this situation, looking forward not to the next six or eight years, but to a more distant future, we must consider the figures of production or of exports.

The observation can also be made in regard to Dr. PRINSEN GEERLIGS' project, that the measures which he proposes would operate too slowly in their effect upon the sugar market. This seems to be evident.

But if the evils now existing are acute, then they require more rapid, almost heroic, remedies, and they must be applied to the figures of production or of exports. We therefore conclude that it is necessary to introduce certain changes in Dr. PRINSEN GEERLIGS' project.

By combining the principles of the normalization of protection (PRINSEN GEERLIGS' project) with the principles of stabilization of exports (Brussels Agreement of July, 1929), the mediate and immediate solution of the world's sugar problem would be found.

Besides putting a stop to the excesses to which protectionism has been carried (by the total suppression of export bounties, by the suppression or decrease, as far as possible, of the bounties on production, by the reduction, to the extent that may be feasible, of the tariff protection or surtax and of the consumption taxes), it is necessary to seek, by more rapid means, an equilibrium between the supplies of sugar (stocks and current production) and the effective consumption of the world.

We believe those means to consist in the stabilization of exports for the period of time which may be considered necessary (according to the statistics of stocks or of surpluses and the normal increase of consumption) to bring about an effective equilibrium between production (including the existing surpluses) and consumption.

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The combination of these means with those proposed by Dr. PRINSEN GEERLIGS, by uniting them within the same plan, is the logical solution.

We therefore venture to suggest as an ideal agreement for the solution of the problems of the world sugar industry, the reconstruction of the Brussels Convention of 1902, as proposed by Dr. PRINSEN GEERLIGS, with the following modifications and additions :—

First.—The High Contracting parties agree that for a period of (four or five) years there shall not be exported annually from their respective countries to foreign countries or to other countries under the same sovereignty quantities of sugar in excess of the equivalent of the highest quantity which they have exported in any of the last five years, counting from the year 1925, namely : (Here should follow the list of countries, with the maximum quantity of exports to which they would be entitled annually and the date from which the exports should begin to be counted).

Second.—If any country, after having exported the amount of sugar to which it is entitled, in accordance with this convention, should find itself in possession of a considerable surplus, it shall study and put in practice the means to prevent this surplus from increasing and to obtain as far as possible its reduction in the course of the following year.

Third.—If any country should have been unable to export, during the course of the year, the full quantity to which it is entitled, on account of a decrease in its production, or because its own internal consumption has increased, or for any other reasons, the quantity which it failed to export cannot be exported in a subsequent year and it can never make up such deficiency by exporting more than its annual quota in a subsequent year, since the quotas of exportation only indicate maximum possibilities within each year.

Fourth.—The High Contracting parties, whose production being at present less than their national consumption, are as yet unable to export their own sugars without substituting for them foreign sugars, agree for a period of (four or five) years not to export annually to foreign countries a quantity of sugar which in total exceeds the equivalent of the amounts imported from foreign countries, in the same period of time.

Fifth.—(In case it is absolutely indispensable, the following stipulation could be added to the first paragraph of Article I of Dr. PRINSEN GEERLIGS' project) :—

“ Nevertheless, the following countries reserve the right to maintain the existing direct bounties on production or to create other direct bounties on production in substitution

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of the indirect bounties which they agree to suppress, for the sole and exclusive reason that they consider said direct bounties on production to be absolutely indispensable for maintaining the latter for their national consumption, but in no case for export."

Sixth.—(Also if it were inevitable, on account of the internal political situation of certain countries, the following could be added to Article 3 of Dr. PRINSEN GEERLIGS' project):—

"Nevertheless, the following countries only agree to do what is possible, within their constitutional systems, to reduce their protective duties or surtaxes to the limits fixed in this article, and in any case they agree not to increase their present protective duties, during the life of the present convention."

The preceding paragraphs contain the fundamental points for uniting the two plans which we have been examining. Other details, such as the full powers of the Permanent Committee and the form in which the voting should be done in order that the agreements may be binding upon all, are questions of lesser importance, which could easily be settled.

And in conclusion, let me repeat what I have said above, namely: that an International Conference called together to discuss and agree to a Convention along the lines stated, would give the definitive solution of the present evils of the world sugar situation, and until that ideal is attained, an agreement such as that which was reached at Brussels last year, in which the producers in other countries, such as the Philippines, the Dominican Republic and Peru, and also those of Java, should participate, would be the most constructive step taken in the world's sugar industry, since the Brussels Convention of 1902, and would produce immediate and fruitful results, both for the producers and for the consumers, by creating order and confidence in an industry at present in great distress.

VIRIATO GUTIERREZ.

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