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BROWN & WILLIAMSON  
TOBACCO CORPORATION



## ***FAX COVER SHEET***

**TO:** CHRIS DUFTY  
BRITISH-AMERICAN TOBACCO COMPANY LIMITED  
CORPORATE AFFAIRS

**FAX NO:** 0784 448391

**FROM:** ERNEST PEPPLES  
**PHONE:** (502) 568-7476  
**FAX :** (502) 568-7272

**DATE:** AUGUST 11, 1993

**RE:** YOUR FAX OF AUGUST 10, 1993  
U.S. LIMIT ON IMPORTED TOBACCO

**PAGES,  
INCLUDING  
COVER  
SHEET:** 25

**COMMENTS:**

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## STATEMENT OF THE COMMITTEE OF CONFERENCE

## TITLE I -- AGRICULTURE

(Numbers in parentheses refer to the section numbers of the provisions in the House Bill (H), the Senate Amendment (S), and the Conference Report (CR))

The Managers on the part of the House and the Senate on title I of the bill met to resolve a number of issues in disagreement between the House Bill and the Senate Amendment. A number of provisions agreed to by the Managers are included in the Conference Substitute. However, a number of provisions that were agreed to by the Managers were subsequently removed from the Conference Substitute pursuant to the Managers' agreement that provisions potentially violative of section 313 of the Congressional Budget Act of 1974, commonly referred to as the "Byrd Rule", be removed from the Conference Substitute.

The Byrd Rule provides, in pertinent part, that during Senate debate on a reconciliation conference report, any Senator may make a point of order against extraneous material that, if sustained, will result in the extraneous material being stricken and result in the Conference Report being sent back to the House. The Rule also provides guidance as to what constitutes extraneous matter in a reconciliation conference report.

## SUBTITLE 2 -- COMMODITY PROGRAMS

UPLAND COTTON

(H.1103; S.1103; CR.1101)

Triple Base. (H.1103(a))

The House Bill amends section 103B(c)(1)(C)(ii) of the Agricultural Act of 1949 ('49 Act) to decrease eligible payment acres under the cotton program from 85% to 80% of the crop base, less the Acreage Conservation Reserve (ACR) requirement for the crop, beginning with crop year 1994.

The Senate Amendment contains no similar provision.

The Conference Substitute deletes the House provision.

80/92 Program. (S.1103(a); CR.1101(a)(4))

The House Bill contains no similar provision.

The Senate Amendment amends section 103B(c)(1)(D) of the '49 Act to reduce the acres eligible for deficiency payments under

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(2)

1994, it shall be unlawful to use, market, or sell bovine growth hormone for commercial purposes.

The Conference Substitute adopts the Senate provision with an amendment. The amendment: (1) changes the period of the prohibition on the sale of bovine growth hormone to the 90-day period immediately following the date on which the Food and Drug Administration first approves the sale of bovine growth hormone; and (2) requires a ten percent reduction in the assessment on dairy producers imposed by the Omnibus Budget Reconciliation Act of 1990 during such 90-day period.

TOBACCO. (H.1106; S.1106; CR.1106)

Marketing Assessment. (H.1106(a))

The House Bill amends section 106(g) of the '49 Act to increase the marketing assessment by 10 percent (to .85 percent of the national price support level) for the 1994 through 1998 crops.

The Senate Amendment contains no similar provision.

The Conference Substitute deletes the House provision.

Extension of Marketing Assessment. (H.1106(b); S.1106(b)(1)(A))

The House Bill extends the marketing assessment through the 1998 crop.

The Senate Amendment is identical to the House provision.

The Managers agreed to include the House and the Senate provisions in the Conference Substitute, however, the provision was deleted in order to comply with the Byrd Rule.

Importer Contribution to Marketing Assessment. (S.1106(b)(1)(B); CR.1106(b)(1))

The House Bill contains no similar provision.

The Senate Amendment adds a new subsection (h) to section 106 of the '49 Act to provide that, subject to a monetary penalty for nonpayment, a marketing assessment must be paid by importers of tobacco produced outside of the United States, calculated by multiplying the number of pounds imported times the sum of the per pound marketing assessments imposed on purchasers of domestic Burley and domestic flue-cured tobacco.

(3)

The Conference Substitute adopts the Senate provision.

Quotas and Allotments. (H.1106(c))

The House Bill amends certain quota and allotment provisions in order to improve the effectiveness of the program.

The Senate Amendment contains no similar provision.

The Managers agreed to include the House provision in the Conference Substitute, with amendments directing the Secretary of Agriculture to conduct a referendum in the State of Virginia to determine whether growers favor cross-county leasing of certain marketing quotas. If such a referendum was approved, leasing would be permitted only between farms in adjacent counties as of the date of enactment of the provision. However, these provisions were subsequently deleted from the Conference Substitute in order to comply with the Byrd Rule.

Domestic Marketing Assessment. (S.1106(a); CR.1106(a))

The House Bill contains no similar provision.

The Senate Amendment adds a new section 120C to the Agricultural Adjustment Act of 1938 ('38 Act) to require domestic manufacturers of cigarettes to certify annually to the Secretary the United States-produced percentage of the total quantity of tobacco used by the domestic manufacturer to produce cigarettes during the calendar year. Domestic manufacturers who fail to use at least 75 percent domestic tobacco in cigarettes, or to certify the percentage of domestic tobacco used, shall pay a nonrefundable marketing assessment to the Commodity Credit Corporation (CCC), calculated by multiplying--

- NP-75% →
- (1) the quantity of imported tobacco used by the manufacturer to produce cigarettes in the prior calendar year in excess of 25 percent of total tobacco used, by
  - (2) the difference between--
    - (a) the average price per pound of domestic Burley tobacco and domestic Flue-cured tobacco during the preceding year; and
    - (b) the average price per pound of unmanufactured imported tobacco during the preceding year, as determined by the Secretary.

A domestic manufacturer who uses less than 75 percent domestically grown tobacco also shall purchase from producer-owned cooperative marketing associations a quantity of tobacco (equally divided between Burley and Flue-Cured tobacco) equal to

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(4)

the quantity of imported tobacco used by the manufacturer in excess of 25 percent of all tobacco used to produce cigarettes during the preceding year. Failure to purchase the required amounts of Burley or Flue-cured tobacco from the associations shall result in a penalty in an amount equal to 75 percent of the average market price for the respective type of tobacco for the total purchase shortage.

The Conference Substitute adopts the Senate provision with amendments. Under the Conference Substitute, manufacturers of domestic cigarettes are required to make reports and maintain sufficient records for carrying out the requirements. The Conference Substitute clarifies that any person who provides false information or who fails to provide required information is to be subject to applicable Federal criminal sanctions.

The Managers recognize that Turkish and Oriental tobaccos are not grown in the United States. In setting a domestic content standard, the Managers' intent and belief is that the level is sufficient to permit continued importation of Turkish and Oriental tobaccos necessary to maintain current manufacturing blends.

The Conference Substitute also contains provisions authorizing the Secretary of Agriculture to reduce the domestic content percentage level under the provision to respond to natural disasters which cause reduced tobacco production. Whenever the Secretary, in consultation with producer-owned cooperative marketing associations, determines that disastrous losses have occurred to an annual crop of Burley or Flue-cured tobacco, and that pool inventories for the kind of tobacco involved have been depleted, the Secretary may reduce the domestic tobacco percentage for cigarettes below 75 percent to a level that appropriately reflects the reduced availability of domestic supplies due to disaster losses to such crop. The Conference Substitute details guidelines the Secretary is to follow in determining whether disastrous losses have occurred and the extent to which such losses should be factored into a determination of the domestic tobacco percentage.

Importer Contributions to No Net Cost Tobacco Fund.  
(S.1106(b)(2); CR.1106(b)(2) and (3))

The House Bill contains no similar provision.

The Senate Amendment amends sections 106A and 106B of the '49 Act to require each importer of Flue-cured or Burley tobacco to pay an assessment to the applicable association funds, or the Commodity Credit Corporation No Net Cost Tobacco Accounts, equal to the product of--

- (1) the number of pounds imported; and
- (2) the sum of the amount of per pound producer

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(5)

contributions and purchaser assessments that are required of domestic producers and purchasers.

Failure by an importer to pay into the No Net Cost Fund or Account will result in a penalty equal to 75 percent of the average market price for the respective kind of tobacco on the quantity of tobacco as to which the failure occurs.

The Conference Substitute adopts the Senate provision.

Fees for Inspecting Imported Tobacco. (S.1106(c); CR.1106(c))

The House Bill contains no similar provision.

The Senate Amendment amends section 313(d) of the Tobacco Adjustment Act of 1983 to require the Secretary to collect from importers an amount for user fees paid for inspection services provided at a rate comparable to those fees and charges collected in connection with inspection of tobacco produced in the United States.

The Conference Substitute adopts the Senate provision.

Quota Reduction Floor. (S.1106(d); CR.1106(d))

The House Bill contains no similar provision.

The Senate Amendment amends sections 319(c) and 317(c) of the '38 Act, respectively, to extend the Burley and Flue-cured tobacco quota reduction floors to 1998, and authorize the Secretary to reduce the 1995 and 1996 Burley and Flue-cured national marketing quotas by more than 10% of the preceding year's national marketing quotas if the use of the statutory minimum national marketing quota would cause inventories of Burley or Flue-cured tobacco to exceed 150 percent of the applicable reserve stock level.

The Conference Substitute adopts the Senate provision.

Assess. (H.1107; S.1107; CR.1107)

Marketing Assessment. (H.1107(a); S.1107; CR.1107(a))

The House Bill amends section 205(i) of the '49 Act to increase the current marketing assessment by 10 percent to 0.198 cents per pound of raw cane sugar, and 0.2123 cents per pound of beet sugar, for all marketings during fiscal years 1995 through 1999.

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1 ~~prevail and, during the period, it shall be unlawful~~  
2 ~~for a person to sell bovine growth hormone for com-~~  
3 ~~mmercial agricultural purposes.~~

LEGISLATION  
ADOPTED

4 SEC. 1104. TOBACCO PROGRAM.

5 (a) DOMESTIC MARKETING ASSESSMENT.—Part I of  
6 subtitle B of title III of the Agricultural Adjustment Act  
7 of 1938 (7 U.S.C. 1311 et seq.) is amended by adding  
8 at the end the following new section:

9 SEC. 130C. DOMESTIC MARKETING ASSESSMENT.

10 "(a) CERTIFICATION.—A domestic manufacturer of  
11 cigarettes shall certify to the Secretary, for each calendar  
12 year, the percentage of the quantity of tobacco used by  
13 the manufacturer to produce cigarettes during the year  
14 that is produced in the United States.

15 "(b) PENALTIES.—

16 "(1) IN GENERAL.—Subject to subsection (f), a  
17 domestic manufacturer of cigarettes that has failed,  
18 as determined by the Secretary after notice and op-  
19 portunity for a hearing, to use in the manufacture  
20 of cigarettes during a calendar year a quantity of to-  
21 bacco grown in the United States that is at least 75  
22 percent of the total quantity of tobacco used by the  
23 manufacturer, or to comply with subsection (a), shall  
24 be subject to the requirements of subsections (c),  
25 (d), and (e).

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1       “(2) FAILURE TO CERTIFY.—For purposes of  
2       this section, if a manufacturer fails to comply with  
3       subsection (a), the manufacturer shall be presumed  
4       to have used only imported tobacco in the manufac-  
5       ture of cigarettes produced by the manufacturer.

6       “(3) REPORTS AND RECORDS.—

7               “(A) IN GENERAL.—The Secretary shall  
8       require manufacturers of domestic cigarettes to  
9       make such reports and maintain such records  
10      as are necessary to carry out this section. If the  
11      reports and records are insufficient, the Sec-  
12      retary may request other persons to provide  
13      supplemental information.

14             “(B) EXAMINATIONS.—For the purpose of  
15      ascertaining the correctness of any report or  
16      record required under this section, or of obtain-  
17      ing further information required under this sec-  
18      tion, the Secretary and the Office of Inspector  
19      General may examine such records, books, and  
20      other materials as the Secretary has reason to  
21      believe may be relevant. In the case of a manu-  
22      facturer of domestic cigarettes, the Secretary  
23      may charge a fee to the manufacturer to cover  
24      the reasonable costs of any such examination.

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S.L.C.

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1           “(C) PENALTIES.—Any person who fails to  
2           provide information required under this para-  
3           graph or who provides false information under  
4           this paragraph shall be subject to section 1001  
5           of title 18, United States Code.

6           “(D) CONFIDENTIALITY.—Section 320A(e)  
7           shall apply to information submitted by manu-  
8           facturers of domestic cigarettes and other per-  
9           sons under this paragraph.

10          “(E) DISCLOSURE.—Notwithstanding any  
11          other provision of law, information on the per-  
12          centage or quantity of domestic or imported to-  
13          bacco in cigarettes or on the volume of cigarette  
14          production that is submitted under this section  
15          shall be exempt from disclosure under section  
16          552 of title 5, United States Code.

17          “(c) DOMESTIC MARKETING ASSESSMENT.—

18          “(1) IN GENERAL.—A domestic manufacturer  
19          of cigarettes described in subsection (b) shall remit  
20          to the Commodity Credit Corporation a nonrefund-  
21          able marketing assessment in accordance with this  
22          subsection.

23          “(2) AMOUNT.—The amount of an assessment  
24          imposed on a manufacturer under this subsection  
25          shall be determined by multiplying—

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- 1           “(A) the quantity by which the quantity of  
2           imported tobacco used by the manufacturer to  
3           produce cigarettes during a preceding calendar  
4           year exceeds 25 percent of the quantity of all  
5           tobacco used by the manufacturer to produce  
6           cigarettes during the preceding calendar year;  
7           by  
8           “(B) the difference between—  
9           “(I)  $\frac{1}{2}$  of the sum of—  
10           “(I) the average price per pound  
11           received by domestic producers for  
12           Burley tobacco during the preceding  
13           calendar year; and  
14           “(II) the average price per pound  
15           received by domestic producers for  
16           Flue-cured tobacco during the preced-  
17           ing calendar year; and  
18           “(II) the average price per pound of  
19           unmanufactured imported tobacco during  
20           the preceding calendar year, as determined  
21           by the Secretary.  
22           “(3) COLLECTION.—An assessment imposed  
23           under this subsection shall be—

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S.L.C.

1-18

1           “(A) collected by the Secretary and trans-  
2           mitted to the Commodity Credit Corporation;  
3           and

4           “(B) enforced in the same manner as pro-  
5           vided in section 320B.

6           “(d) PURCHASE OF BURLEY TOBACCO.—

7           “(1) IN GENERAL.—A domestic manufacturer  
8           of cigarettes described in subsection (b) shall pur-  
9           chase from the inventories of the producer-owned co-  
10          operative marketing associations for Burley tobacco  
11          described in section 320B(a)(2), at the applicable  
12          list price published by the association, the quantity  
13          of tobacco described in paragraph (2).

14          “(2) QUANTITY.—Subject to paragraph (3), the  
15          quantity of Burley tobacco required to be purchased  
16          by a manufacturer during a calendar year under this  
17          subsection shall equal  $\frac{1}{2}$  of the quantity of imported  
18          tobacco used by the manufacturer to produce ciga-  
19          rettes during the preceding calendar year that ex-  
20          ceeds 25 percent of the quantity of all tobacco used  
21          by the manufacturer to produce cigarettes during  
22          the preceding calendar year.

23          “(3) LIMITATION.—If the total quantity of Bur-  
24          ley tobacco required to be purchased by all manufac-  
25          turers under paragraph (2) would reduce the inven-

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S.L.C.

1-19

1       tories of the producer-owned cooperative marketing  
2       associations for Burley tobacco to less than the re-  
3       serve stock level for Burley tobacco, the Secretary  
4       shall reduce the quantity of tobacco required to be  
5       purchased by manufacturers under paragraph (2),  
6       on a pro rata basis, to ensure that the inventories  
7       will not be less than the reserve stock level for Bur-  
8       ley tobacco.

9       “(4) NONCOMPLIANCE.—If a manufacturer fails  
10      to purchase from the inventories of the producer-  
11      owned cooperative marketing associations the quan-  
12      tity of Burley tobacco required under this sub-  
13      section, the manufacturer shall be subject to a pen-  
14      alty of 75 percent of the average market price (cal-  
15      culated to the nearest whole cent) for Burley tobacco  
16      for the immediately preceding year on the quantity  
17      of tobacco as to which the failure occurs.

18      “(5) PURCHASE REQUIREMENTS.—Tobacco  
19      purchased by a manufacturer under this subsection  
20      shall not be included in determining the quantity of  
21      tobacco purchased by the manufacturer under sec-  
22      tion 320B.

23      “(e) PURCHASE OF FLUE-CURED TOBACCO.—

24      “(1) IN GENERAL.—A domestic manufacturer  
25      of cigarettes described in subsection (b) shall pur-

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1-20

1 chase from the inventories of the producer-owned co-  
2 operative marketing association for Flue-cured to-  
3 bacco described in section 320B(a)(2), at the appli-  
4 cable list price published by the association, the  
5 quantity of tobacco described in paragraph (2).

6 "(2) QUANTITY.—Subject to paragraph (3), the  
7 quantity of Flue-cured tobacco required to be pur-  
8 chased by a manufacturer during a calendar year  
9 under this subsection shall equal  $\frac{1}{2}$  of the quantity  
10 of imported tobacco used by the manufacturer to  
11 produce cigarettes during the preceding calendar  
12 year that exceeds 25 percent of the quantity of all  
13 tobacco used by the manufacturer to produce ciga-  
14 rettes during the preceding calendar year.

15 "(3) LIMITATION.—If the total quantity of  
16 Flue-cured tobacco required to be purchased by all  
17 manufacturers under paragraph (2) would reduce  
18 the inventories of the producer-owned cooperative  
19 marketing association for Flue-cured tobacco to less  
20 than the reserve stock level for Flue-cured tobacco,  
21 the Secretary shall reduce the quantity of tobacco  
22 required to be purchased by manufacturers under  
23 paragraph (2), on a pro rata basis, to ensure that  
24 the inventories will not be less than the reserve stock  
25 level for Flue-cured tobacco.

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S.L.C.

## 1-21

1       “(4) NONCOMPLIANCE.—If a manufacturer fails  
2       to purchase from the inventories of the producer-  
3       owned cooperative marketing association the quan-  
4       tity of Flue-cured tobacco required under this sub-  
5       section, the manufacturer shall be subject to a pen-  
6       alty of 75 percent of the average market price (cal-  
7       culated to the nearest whole cent) for Flue-cured to-  
8       bacco for the immediately preceding year on the  
9       quantity of tobacco as to which the failure occurs.

10       “(5) PURCHASE REQUIREMENTS.—Tobacco  
11       purchased by a manufacturer under this subsection  
12       shall not be included in determining the quantity of  
13       tobacco purchased by the manufacturer under sec-  
14       tion 320B.

15       “(6) CROP LOSSES DUE TO DISASTERS.—

16       “(1) IN GENERAL.—If the Secretary, in con-  
17       sultation with producer-owned cooperative marketing  
18       associations, determines that because of drought, in-  
19       sect or disease infestation, or other natural disaster,  
20       or other condition beyond the control of producers,  
21       the total quantity of a crop of domestic Burley to-  
22       bacco or Flue-cured tobacco that is harvested and  
23       suitable for marketing is substantially less than the  
24       expected yield for the crop, and that pool inventories  
25       for the kind of tobacco involved have been depleted,

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1-22

1 effective for the calendar year following the year in  
2 which the crop loss occurs, the Secretary may reduce  
3 the minimum percentage of domestic tobacco speci-  
4 fied in subsection (a) to a percentage below 75 per-  
5 cent, as determined by the Secretary, that reflects  
6 the reduced availability of domestic supplies of the  
7 kind of tobacco involved.

8 "(2) DETERMINATION OF EXPECTED YIELD.—  
9 For purposes of paragraph (1), the Secretary shall  
10 determine the expected yield for a crop of Burley to-  
11 bacco or Flue-cured tobacco by taking into  
12 consideration—

13 "(A) the total acreage planted to the crop  
14 (including acreage that the producers were pre-  
15 vented from planting because of a condition re-  
16 ferred to in paragraph (1)); and

17 "(B) normal farm yields established for the  
18 crop.

19 "(3) DEADLINE FOR DETERMINATIONS.—The  
20 Secretary shall make determinations under para-  
21 graph (1) about crop losses and announce the re-  
22 duced percentage of the domestic tobacco pool not  
23 later than November 30 of the year in which the ap-  
24 plicable crop of Burley tobacco or Flue-cured to-  
25 bacco is harvested."

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## 1-23

## 1 (b) BUDGET DEFICIT ASSESSMENT.—

2 (1) IN GENERAL.—Section 106 of the Agricul-  
3 tural Act of 1949 (7 U.S.C. 1445) is amended by  
4 adding at the end the following new subsection:

5 “(h)(1) Effective only for each of the 1994 through  
6 1998 crops of tobacco, an importer of tobacco that is pro-  
7 duced outside the United States shall remit to the Com-  
8 modity Credit Corporation a nonrefundable marketing as-  
9 sessment in an amount equal to the product obtained by  
10 multiplying—

11 “(A) the number of pounds of tobacco that is  
12 imported by the importer; by

13 “(B) the sum of—

14 “(i) the per pound marketing assessment  
15 imposed on purchasers of domestic Burley to-  
16 bacco pursuant to subsection (g); and

17 “(ii) the per pound marketing assessment  
18 imposed on purchasers of domestic Flue-cured  
19 tobacco pursuant to subsection (g).

20 “(2) An assessment imposed under this subsection  
21 shall be paid by the importer.

22 “(3)(A) The importer shall remit the assessment at  
23 such time and in such manner as may be prescribed by  
24 the Secretary.

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1-24

1       “(B) If the importer fails to comply with subpara-  
2 graph (A), the importer shall be liable, in addition, for  
3 a marketing penalty at a rate equal to 37.5 percent of  
4 the sum of the average market price (calculated to the  
5 nearest whole cent) of Flue-cured and Burley tobacco for  
6 the immediately preceding year on the quantity of tobacco  
7 as to which the failure occurs.

8       “(C) This subsection shall be enforced in the same  
9 manner as subparagraphs (B) and (C) of paragraph (1),  
10 and paragraphs (2) and (3), of section 106A(h).

11       “(4) Any penalty collected by the Secretary under  
12 this subsection shall be deposited for use by the Commod-  
13 ity Credit Corporation.”.

14       (2) IMPORTER ASSESSMENTS FOR NO NET COST  
15 TOBACCO FUND.—Section 106A of such Act .(7  
16 U.S.C. 1445-1) is amended—

17       (A) in subsection (c), by inserting “and  
18 importers” after “purchasers”;

19       (B) in subsection (d)(1)(A)—

20               (i) by striking “and” at the end of  
21 clause (i); and

22               (ii) by inserting after clause (ii) the  
23 following new clause:

24               “(iii) each importer of Flue-cured or  
25 Burley tobacco shall pay to the appropriate

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S.L.C.

1-26

1 association, for deposit in the Fund of the  
2 association, an assessment, in an amount  
3 that is equal to the product obtained by  
4 multiplying—

5 “(I) the number of pounds of to-  
6 bacco that is imported by the im-  
7 porter; by

8 “(II) the sum of the amount of  
9 per pound producer contributions and  
10 purchaser assessments that are pay-  
11 able by domestic producers and pur-  
12 chasers of Flue-cured and Burley to-  
13 bacco under clauses (i) and (ii); and”;

14 (C) in subsection (d)(2)—

15 (i) by inserting “or importer” after  
16 “or purchaser”;

17 (ii) by striking “and” at the end of  
18 subparagraph (B);

19 (iii) by inserting “and” at the end of  
20 subparagraph (C); and

21 (iv) by adding at the end the following  
22 new subparagraph:

23 “(D) if the tobacco involved is imported by  
24 an importer, from the importer.”; and

25 (D) in subsection (h)(1)—

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1 (i) by redesignating subparagraphs  
2 (B) and (C) as subparagraphs (C) and  
3 (D), respectively; and

4 (ii) by inserting after subparagraph  
5 (A) the following new subparagraph:

6 "(B) Each importer who fails to pay to the associa-  
7 tion an assessment as required by subsection (d)(2) at  
8 such time and in such manner as may be prescribed by  
9 the Secretary, shall be liable, in addition to any amount  
10 due, for a marketing penalty at a rate equal to 75 percent  
11 of the average market price (calculated to the nearest  
12 whole cent) for the respective kind of tobacco for the im-  
13 mediately preceding year on the quantity of tobacco as to  
14 which the failure occurs."

15 (3) IMPORTER ASSESSMENTS TO NO NET COST  
16 TOBACCO ACCOUNT.—Section 106B of such Act (7  
17 U.S.C. 1445-2) is amended—

18 (A) in subsection (a)(1), by striking "pro-  
19 ducers and purchasers" and inserting "produc-  
20 ers, purchasers, and importers";

21 (B) in subsection (d)(1)—

22 (i) by designating the first and second  
23 sentences as subparagraphs (A) and (B),  
24 respectively; and

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1 (ii) by adding at the end the following  
2 new subparagraph:

3 "(C) The Secretary shall also require (in lieu of any  
4 requirement under section 106A(d)(1)) that each importer  
5 of Flue-cured and Burley tobacco shall pay to the Cor-  
6 poration, for deposit in the Account of the association, an  
7 assessment, as determined under paragraph (2) and col-  
8 lected under paragraph (3), with respect to purchases of  
9 all such kinds of tobacco imported by the importer.";

10 (C) in subsection (d)(2), by adding at the  
11 end the following new subparagraph:

12 "(C) The amount of the assessment to be paid by  
13 importers shall be an amount that is equal to the product  
14 obtained by multiplying—

15 "(i) the number of pounds of tobacco that is  
16 imported by the importer; by

17 "(ii) the sum of the amount of per pound pro-  
18 ducer and purchaser assessments that are payable  
19 by domestic producers and purchasers of the respec-  
20 tive kind of tobacco under this paragraph.";

21 (D) in subsection (d)(3), by adding at the  
22 end the following new subparagraph:

23 "(D) If Flue-cured or Burley tobacco is imported by  
24 an importer, any importer assessment required by sub-  
25 section (d) shall be collected from the importer."; and

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- 1 (E) in subsection (j)(1)—  
2 (i) by redesignating subparagraphs  
3 (B) and (C) as subparagraphs (C) and  
4 (D), respectively; and  
5 (ii) by inserting after subparagraph  
6 (A) the following new subparagraph:  
7 “(B) Each importer who fails to pay to the Corpora-  
8 tion an assessment as required by subsection (d) at such  
9 time and in such manner as may be prescribed by the Sec-  
10 retary, shall be liable, in addition to any amount due, to  
11 a marketing penalty at a rate equal to 75 percent of the  
12 average market price (calculated to the nearest whole  
13 cent) for the respective kind of tobacco for the imme-  
14 diately preceding year on the quantity of tobacco as to  
15 which the failure occurs.”.
- 16 (c) FEES FOR INSPECTING IMPORTED TOBACCO.—  
17 The second sentence of section 213(d) of the Tobacco Ad-  
18 justment Act of 1983 (7 U.S.C. 511r(d)) is amended by  
19 inserting before the period at the end the following: “, and  
20 which shall be comparable to fees and charges fixed and  
21 collected for services provided in connection with tobacco  
22 produced in the United States”.
- 23 (d) EXTENSION OF QUOTA REDUCTION FLOORS.—

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1 (1) BURLEY TOBACCO.—Section  
2 319(c)(3)(C)(ii) of the Agricultural Adjustment Act  
3 of 1938 (7 U.S.C. 1314c(c)(3)(C)(ii)) is amended—

4 (A) by striking "1993" and inserting  
5 "1996"; and

6 (B) by inserting before the period at the  
7 end the following: ", except that, in the case of  
8 each of the 1995 and 1996 crops of Burley to-  
9 bacco, the Secretary may waive the require-  
10 ments of this clause if the Secretary determines  
11 that the requirements would likely result in in-  
12 ventories of the producer-owned cooperative  
13 marketing associations for Burley tobacco de-  
14 scribed in section 320B(a)(2) to exceed 150  
15 percent of the reserve stock level for Burley  
16 tobacco".

17 (2) FLUE-CURED TOBACCO.—Section  
18 317(a)(1)(C)(ii) of such Act (7 U.S.C.  
19 1314c(a)(1)(C)(ii)) is amended—

20 (A) by striking "1993" and inserting  
21 "1996"; and

22 (B) by inserting before the period at the  
23 end the following: ", except that, in the case of  
24 each of the 1995 and 1996 crops of Flue-cured  
25 tobacco, the Secretary may waive the require-

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1       ments of this clause if the Secretary determines  
2       that the requirements would likely result in in-  
3       ventories of the producer-owned cooperative  
4       marketing association for Flue-cured tobacco  
5       described in section 320B(a)(2) to exceed 150  
6       percent of the reserve stock level for Flue-cured  
7       tobacco".

END

### 8 SEC. 1107. SUGAR PROGRAM.

9       (a) IN GENERAL.—Section 206 of the Agricultural  
10      Act of 1949 (7 U.S.C. 1446g) is amended—

11       (1) in the section heading, by striking "1995"  
12       and inserting "1997";

13       (2) in subsections (a), (c), (d)(1), and (j), by  
14       striking "1995" each place it appears and inserting  
15       "1997"; and

16       (3) in subsection (i)—

17           (A) in paragraph (1), by striking "equal  
18           to" and all that follows through the period at  
19           the end and inserting the following: "equal to—

20           "(A) in the case of marketings during each  
21           of fiscal years 1992 through 1994, 1.0 percent  
22           of the loan level established under subsection  
23           (b) per pound of raw cane sugar (but not more  
24           than .18 cents per pound of raw cane sugar),  
25           processed by the processor from domestically

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