

Economics: A Christian Worldview. Tariffs
“Short Film” – Who Pays Tariffs? (Peter Schiff) • Sugar Quota/Tariff Fact Sheet

TEACHER INSTRUCTIONS/KEY

Prep

Print the two-page “Sugar Quota Fact” (Pages 2 & 3) for each student—front to back if possible!

Time

15-20 minutes

Instructions

1. Play the short film “Who Pays Tariffs?” (4:41):

https://www.youtube.com/watch?v=djdmRTywg_Q

2. Get students’ thoughts on this film, then ask them these questions:

- Why do you think the Treasury Secretary hesitates so long to answer the question?
He realizes that the answer is “U.S. consumers,” which he doesn’t want to say out loud.
- What does Peter Schiff point out about this exchange?
Importers pay tariffs, then pass on the increased cost to the consumer. The tariffs are “indirect taxes” paid by consumers in the form of higher prices. Schiff says that Scott Bessett knows very well the answer, but doesn’t want to say.
- Where does the tariff money that is collected go to? Why is this harmful and opposed by those who oppose protective tariffs?
Not only is the money a tax on consumers, the money goes to...the U.S. government! Those who favor liberty want LESS money going to the government, not more.

3. Hand out the “Sugar Quota Fact Sheet” to students and have them skim its contents, then discuss in pairs or small groups.

4. Discuss as a class; ask students’ thoughts on it. Things to point out:

- The incredible complexity of the numbers and percentages.
- How complicated it is for just ONE product (imagine how many thousands of regulations there are for other kinds of imports combined!).
- The stamp of meddling bureaucracy that pervades the document—that is, the mindset of government officials who think they should direct the trade of sugar, instead of simply letting Americans buy and sell sugar from other nations as they wish.
- Remind students of the facts about the sugar industry pointed out in the book’s reading.



Sugar is the largest imported agricultural commodity subject to quota. Sugar, in the Sucrose form (Fructose and Glucose- a disaccharide) is the only sugar subject to quota. The United States Department of Agriculture (USDA) establishes the annual quota limits; The United States Trade Representative (USTR) allocates the country quantitative limits; and U. S. Customs and Border Protection (CBP), through the Office of Trade's Quota Branch, implements the sugar quotas.

Government Regulations and Documentation Related to Sugar Quota

- Presidential Proclamation 6179 set a non-trade agreement sugar Tariff Rate Quota (TRQ) based on a fiscal year period.
- [19 CFR 132.17](#) established the requirements for export certificates and the applicable records retention period.
- [15 CFR 2011.107](#) established conditions under which certificates of quota eligibility will be issued to foreign countries for the U.S. sugar TRQ.
- [15 CFR Part 2015](#) implemented the TRQ for sugar-containing products established as a result of the Uruguay Round Agreements.

Quota Reporting

Sugar quotas are administered according to two methods.

First Come First Served (FCFS)

Entry filing begins during quota hours between 8:30 a.m. Eastern Time (ET) and 4:30 p.m. (ET), until the limit is filled. Quota is assigned based on the presentation time of each entry.

Opening Moment (OM)

For high demand commodities expected to fill at opening. The entries may be transmitted between 12:01 a.m. local time and 12:00 p.m. (ET) on the opening day. All successfully transmitted entries presented during this allotted time frame, will qualify for the 12:00 p.m. (ET) quota opening. If the total quantity of sugar covered by the qualified entries exceeds the quota limit, the system prorates each entry so that each filer is allotted an equal share of the quota. Quantities exceeding the limit, may enter at the over-quota tariff rate, warehoused for future use, exported, or destroyed under CBP supervision in accordance with [19 CFR Part 132](#). Once the quota limit is reached, the quota is closed. Additional entries may be processed at the over-quota tariff rate.

Types of Sugar

Raw Sugar (FCFS): the Harmonized Tariff Schedule of the United States (HTSUS) numbers are 1701.13.1000, 1701.14.1020 and 1701.14.1040, and require a Certificate of Quota Eligibility (CQE) for the in-quota tariff rate. The in-quota tariff rate on raw sugar is lower than specialty or refined sugar. Therefore, all raw sugar entries are sampled in accordance with Customs Directive 3820-001B to ensure the polarity qualifies the sugar as raw, i.e., having a polarity of less than 99.5 degrees.

Refined Sugar: the HTSUS numbers are 1701.12.1000, 1701.91.1000, 1701.99.1015, 1701.99.1017, 1701.99.1025, 1701.99.1050, 1702.90.1000 and 2106.90.4400. When refined sugar is classified as Global Refined Sugar (HTSUS 9903.17.01), it does not require a CQE for the in-quota rate. When refined sugar is classified as Canadian Refined Sugar (HTSUS 9903.18.01), it does require a CQE for the in-quota rate.

Specialty Sugar (OM): the HTSUS numbers are 1701.12.1000, 1701.91.1000, 1701.99.1015, 1701.99.1017, 1702.90.1000 and 2106.90.4400, and require a USDA Specialty Certificate to qualify for the in-quota rate. There are multiple Specialty Sugar openings annually called Tranches.

Certificate of Quota Eligibility and Specialty Certificate

- Issued by USDA
- Numbered to identify the quota year and country
- Only valid for the issued quota period
- Must be presented at time of entry
- Not required for over-quota tariff entries



How to file for Raw, Refined, and Specialty Sugar Quotas (non-trade agreement sugar)

Raw Sugar is the only sugar commodity that is filed with a single 10-digit HTSUS number indicated in the Raw Sugar section above. Dual HTSUS numbers are not utilized. Refined Sugar requires dual HTSUS numbers: a Chapter 99 HTSUS number and the appropriate 10-digit Chapter 17 or Chapter 21 HTSUS number. The Chapter 99 HTSUS number for WTO Refined Sugar is 9903.17.01. The Chapter 99 HTSUS number for Canadian Refined Sugar is 9903.18.01. Specialty Sugar requires dual HTSUS numbers: a Chapter 99 HTSUS number corresponding to the appropriate tranche and the applicable Chapter 17 or Chapter 21 HTSUS number. Typically, the tranche 1 HTSUS number is 9903.17.21, the tranche 2 HTSUS number is 9903.17.22, the tranche 3 HTSUS number is 9903.17.23, the tranche 4 HTSUS number is 9903.17.24, and the tranche 5 HTSUS number is 9903.17.25. Quota Bulletins provide filing guidance for each kind of sugar by quota opening, and Cargo Systems Messaging Service messages are issued announcing each sugar quota opening. For answers to quota filing questions, please access the quota bulletins at <https://www.cbp.gov/trade/quota/bulletins>.

How Sugar is Tested

Sugar Sampling Directive 3820-001B states that bulk raw sugar shipments (loose) are sampled at a rate of 450 grams per 2,100,000 pounds. Bagged shipments are sampled at a rate of one bag per 100 bags. Panela sugar (sugar shipped in block, cone, or disk form) is sampled one unit per entry. The CBP certified gauger provides the sample to a CBP Scientific Services Lab who tests to determine the sugar polarity. If the importer does not use a CBP certified gauger, the port officers conduct the examination. When CBP lab tests indicate the sugar does not meet the requirements for the HTSUS number used, the failing results are provided to the appropriate Center of Excellence and Expertise to address the misclassification to ensure the proper duty is assessed and provided to the U.S. government.

How to file for Trade Agreement Sugar Quotas

Some Trade Agreements provide duty free sugar up to the quantitative limit. Sugar entered beyond the country specific quantitative limit receives the column 1 duty rate. When filing for trade agreement sugar, use the appropriate Chapter 98 HTSUS number and applicable Chapter 1 through 97 HTSUS number outlined in the agreement.

Sugar Program	Tariff	Certificate Type
Colombia	9822.08.01	CQE
Panama General Sugar	9822.09.17	CQE
Panama Raw Sugar	9822.09.18	CQE
Panama Specialty Sugar	9822.09.20	Specialty Certificate
Peru General Sugar	9822.06.10	CQE
Peru Specialty Sugar	9822.06.15	Specialty Certificate
USMCA Non-Originating Sugar	9823.09.09	None
USMCA Beet Sugar	9823.09.02	None

References

[Informed Compliance Publication Cane and Beet Sugar \(Quota, Classification & Entry\)](#)

[Sugar Sampling Directive 3820-001B](#)

[Harmonized Tariff Schedule of the United States \(HTSUS\)](#)

[Quota Bulletins](#)

Contact Information For inquiries, please contact hqquota@cbp.dhs.gov.

