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DEPARTMENT OF STATE
ASSISTANT SECRETARY

4202

TO: THE ACTING SECRETARY

June 9, 1959.

THROUGH: S/S

FROM: ARA-Mr. Rubottom *RRR*

SUBJECT: Reply to Fidel Castro's Telegram of June 5

Enclosure (A) is a copy of the telegram addressed to Secretary Benson by Prime Minister Castro last Friday, offering to sell the United States eight million tons of sugar in 1961 at a price of ~~6~~ per pound.

Enclosure (B) is a copy of a proposed reply drafted in the Department of Agriculture, which has our concurrence, pointing out that sugar is sold through private rather than government channels, that there is no basis for assuming that the United States would need as much as eight million tons of Cuban sugar in 1961, and that the Department of Agriculture would not recommend to the Congress the enactment of new legislation that would either destroy the domestic sugar producing industry or prohibit imports from foreign countries other than Cuba.

By agreement with the Department of Agriculture, we propose to send Secretary Benson's reply via Embassy Habana for transmittal to the Minister of Foreign Affairs there.

ARA-RRRubottom, Jr.:eb

6/9-11:05 A.M.

Not shown to Mr. Dillon but draft telegram read by him & approved.
RRR

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TAKEN BY PHONE 6/5/59
ymd

A
June 5 Habana

Cuban Government

TO: Secretary of Agriculture
of the United States of America,
Washington, D. C.

In answer to fears expressed by your Department in regard to the consequence of agrarian reform concerning sugar production of Cuba, we inform your Government that we are in position to sell to the United States of America 8 million tons of sugar at 4¢ of a dollar per pound in 1961. It is unnecessary to liberate restrictions of area of your domestic production. Cuba can produce total sugar consumption of United States thus saving to the American consumer about \$300 million. We need your answer before the 15th of June of the present year.

Yours truly,

Fidel Castro Ruz
Prime Minister of
the Cuban Government
and President of the
Institute of Agrarian
Reform

6-11-59

This will acknowledge the cablegram dated June 5, 1961 from His Excellency, the Prime Minister, to the Secretary of Agriculture offering to sell to the United States 8 million tons of sugar in 1961 at 4s per pound.

The procurement of sugar for consumption in the United States is made through private trade channels, and not through governmental agencies, under quotas established pursuant to the Sugar Act of 1948 as amended. We do not know whether private enterprises would be interested in entering into purchase contracts that far in advance for sugar not yet produced.

There is no reason for assuming that the United States will need as much as 8 million tons of sugar from Cuba in 1961. Current total requirements of our country are estimated at 9,200,000 short tons, raw value. Of this, 4,912,000 tons are to be supplied by domestic areas, 980,000 by the Republic of the Philippines and 248,000 tons by full duty countries. The current quota from Cuba amounts to approximately 3,000,000 tons. Our consumption appears to be increasing at a rate of about 150,000 tons per year.

Although the present sugar legislation extends only through 1960, the Executive Branch of this Government could certainly not make any recommendation to the United States Congress that it enact new legislation that would either destroy the domestic sugar producing industry or prohibit imports from foreign countries other than Cuba.

DRAFT REPLY TO CUBA:

This will acknowledge ~~with appreciation your~~ cablegram of June 5, 1959 to the Secretary of Agriculture offering to sell to the United States 8 million tons of sugar in 1961 at 4¢ per pound.

The procurement of sugar for consumption in the United States is made through private trade channels and not through governmental agencies. We do not know whether private enterprises would be interested in entering into purchase contracts that far in advance for sugar not yet produced.

There is no reason for assuming that the United States will need as much as 8 million tons of sugar from Cuba in 1961. Current total requirements of our country are estimated at 9,200,000 short tons, raw value. Of this 4,912,000 tons are to be supplied by domestic areas, 980,000 by the Republic of the Philippines and 248,000 tons by full duty countries. The current quota from Cuba amounts to approximately 3,060,000 tons. Our consumption appears to be increasing at a rate of about 150,000 tons per year.

Although the present sugar legislation extends only through 1960, ~~it is unlikely~~ that Congress would enact new legislation that would either destroy the domestic sugar producing industry or prohibit imports from foreign countries other than Cuba.

Executive Branch of this
10/2/59

TAKEN BY PHONE 6/8/59.

me ymd