

SUGAR FROM THE EUROPEAN COMMUNITY

Determination of the Commission in
Investigation No. 104-TAA-7
Under Section 104(b) of the
Trade Agreements Act of 1979,
Together With the Information
Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 104-TAA-7

SUGAR FROM THE EUROPEAN COMMUNITIES

Determination

Based on the record 1/ developed in investigation No. 104-TAA-7, the Commission determines pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would be threatened with material injury by reason of imports of sugar from the European Communities covered by countervailing duty order T.D. 78-253, if the order were to be revoked. 2/

Background

On March 28, 1980, the U.S. International Trade Commission received a request from the Delegation of the Commission of the European Communities for an investigation under section 104(b) of the Trade Agreements Act of 1979.

On September 23, 1982, the Department of Commerce published a notice in the Federal Register of the final results of its first annual review of the net amount of the subsidy applicable to sugar from the European Communities.

1/ The "record" is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

2/ Commissioners Eckes, Frank, and Haggart determine that an industry in the United States would be threatened with material injury by reason of imports of sugar from the European Communities covered by countervailing duty order T.D. 78-253, if the order were to be revoked. Chairman Alberger, Vice Chairman Calhoun, and Commissioner Stern find that an industry in the United States would not be materially injured, or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of sugar from the European Communities covered by countervailing duty order 78-253, if the order were to be revoked. Section 771(11) of the Tariff Act of 1930, as amended, provides, in part, that if the Commissioners voting on section 104 investigations "are evenly divided as to whether the determination of the Commission shall be affirmative or negative, the Commission shall be deemed to have made an affirmative determination."

Subsequent to that determination by Commerce, the U.S. International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, on January 27, 1982, instituted investigation No. 104-TAA-7 on Sugar from the European Communities, which currently enters under item 155.20 and item 155.30 of the Tariff Schedules of the United States, to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of sugar covered by the countervailing duty order if the order were to be revoked.

Notice of the institution of the Commission's investigation and of a public hearing was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. 20436, and by publishing the notice in the Federal Register of February 3, 1982 (40 F.R. 5058). The hearing was held on April 5, 1982, in Washington, D.C., and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission vote on this case was held in public session on May 6, 1982.

VIEWS OF COMMISSIONERS ECKES, FRANK, AND HAGGART

Imports of sugar from the European Community (EC) have been subject to a countervailing duty order 1/ since July 31, 1978. 2/ Based on the record developed in this investigation, we conclude that the revocation of this countervailing duty order would result in the threat of material injury to the sugar industry in the United States.

In making this determination, we focused particularly on the EC sugar policy, the large surplus of EC sugar available for export, and the volatility of the domestic and international sugar markets.

The Domestic Industry

Our initial consideration is the definition of the relevant domestic industry against which the impact of the subject imports must be assessed. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as: "The domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." The term "like product" is, in turn, defined in section 771(10) as meaning: "A product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title."

The scope of the outstanding countervailing duty order under consideration covers generally "sugar from the EC." Sugar is derived from the

1/ T.D. 78-253.

2/ 43 F.R. 33237.

juice of sugar cane or sugar beets. The refined sugar product derived from sugar beets is not distinguishable from that of sugar cane inasmuch as both are virtually chemically pure sugar. 3/ We conclude that the like product for purposes of this investigation consists of both beet and cane sugar.

Because of the close relationship among growers, processors, and refiners in the production of sugar, they all may be affected by the removal of the countervailing duty order. Therefore, we have determined that the "industry" for purposes of section 771(4)(A) should include growers, processors, and refiners. 4/

Present Condition of the U.S. Industry

The condition of the U.S. industry has shown some improvement since the imposition of countervailing duties on EC sugar imports. U.S. sugar production, which fell in 1977 and 1978, has risen irregularly since 1979. Capacity utilization for both sugar cane refiners and sugar beet processors increased from 1979 to 1981. 5/ During 1977 and 1978, U.S. producers held record inventories, but inventories then declined through 1981.

Since 1977, the U.S. government has attempted to stabilize sugar prices through a series of price support loan programs protected by: (1) duties and quotas, which the President is authorized to proclaim under Headnote 2 of subpart A, part 10 of schedule 1, of the TSUS; and (2) fees, which the President is authorized to impose under section 22 of the Agricultural

3/ Report A-3.

4/ Commissioners Eckes and Frank refer to the discussion of the appropriate industry in the Majority Opinion in Lamb Meat from New Zealand, Inv. No. 701-TA-80, p. 6-10.

5/ Report A-25.

Adjustment Act of 1933 (as amended). Title IX of the Agriculture and Food Act of 1981 established the most recent price support loan program for sugar. 6/

Recent Developments in International Sugar Trade

EC policy and the sugar surplus--The current world market for sugar is characterized by surpluses and depressed prices. World prices have declined since October 1980. 7/ A major contribution to the world surplus is sugar from the European Community. 8/

The EC's Common Agricultural Policy (CAP) with respect to sugar is one which, through guaranteed prices, encourages production, thereby creating large sugar surpluses. These surpluses are exported with the benefit of subsidies. 9/ The EC production control system for sugar designates three categories of internal sugar production: "A" quota, "B" quota, and "C" sugar. The "A" or basic quota for each country is supposedly set to meet internal EC consumption; but since "A" quotas are set by political negotiations, they usually have been fixed at levels greater than consumption. "A" and "B" quotas together constitute approximately 128.5 percent of annual EC sugar consumption. 10/ To the extent that subsidized "A" and "B" sugar encourages cultivation of "C" sugar, it, too, is subsidized.

6/ Report A-5.

7/ Report A-35.

8/ Report A-17.

9/ The EC's subsidies on sugar exports are currently being challenged under the Subsidies Code as a result of a petition filed pursuant to section 301 of the Trade Act of 1974, as amended. In addition, Australia and Brazil, along with ten other countries, have filed a complaint under Article XXIII of the General Agreement on Tariffs and Trade (GATT) because of the EC's failures to respond to a previous panel determination that the EC's subsidies violate GATT Article XVI(1).

10/ Report A-2.

While "A" and "B" sugar may either be sold domestically or exported, "C" sugar must be exported by the close of the calendar year or the producers run the risk of losing a portion of their subsidies. 11/

For the crop year 1981/82, the intervention price for "A" and "B" sugar was increased by 8.5 percent and for the 1982/83 crop, preliminary discussions indicated an additional 9 percent increase. The result of this policy has been a "mountain of sugar" which the EC has had to dispose of in recent years. This has led to the development of what has been referred to as the EC's common export policy for sugar. The excess of EC sugar production over EC sugar consumption was more than 3 million metric tons in each year since 1976/77 and nearly 5 million metric tons for 1981/82. These excesses coincide with a large world surplus of sugar which made disposal of the "sugar mountain" especially difficult.

Remedial Measures--To help stabilize international trade in sugar, avoid excessive price fluctuations, and guarantee adequate sugar supplies, the world's major exporters and importers of sugar negotiated the International Sugar Agreement (ISA) in 1977. The United States is a member of the ISA; but Congress must pass enabling legislation if United States membership is to continue beyond 1982. The EC is not a member and therefore is subject to a quota on exports to the United States applicable to nonmembers.

Under the current terms of the ISA, the United States is permitted to import 5,109 metric tons of sugar from nonmember countries, which includes the EC. The council of the International Sugar Organization established by the

11/ A detailed discussion of the EC's CAP with respect to sugar is found in the Report, pp.A-2-3, A-14-18, and A-34-36.

Agreement is charged with monitoring imports and exports from member and nonmember countries and periodically adjusts quotas according to changes in world supplies and prices. The Council's quota restrictions for the United States in recent periods are shown in Appendix D of the Report.

In addition to this international effort, the United States also has imposed antidumping duties on imports of sugar from three EC member states. On May 16, 1979, the U.S. International Trade Commission reported to the Secretary of the Treasury its unanimous determination that an industry in the United States was being injured by reason of the importation of sugar from Belgium, France, and West Germany, which the Department of the Treasury had determined was being, or was likely to be, sold at less than fair value (LTFV). As a result of the Commission's determination, Treasury imposed dumping duties on any LTFV sugar imports from the countries in question, entered on or after February 12, 1979.

Finally, in response to plummeting sugar prices which threatened the U.S. sugar price support program, the President recently imposed a sugar import quota of 220,000 short tons for the period between May 11, 1982, and June 30, 1982. ^{12/} France, together with 22 other countries and areas, was allocated a portion of this quota equal to 5.9 percent. The other EC countries received no quota. The total quota may be modified at any time.

^{12/} The President took this action pursuant to Headnote 2 of Subpart A of Part 10 of schedule 1 of the Tariff Schedules of the United States. Pursuant to Section 22 of the Agricultural Adjustment Act of 1933, the President simultaneously modified the fee system implemented by Proclamation 4887 of Dec. 23, 1981, so as to make it compatible with the quotas.

Likely Effect of Removal of the Countervailing Duty Order

In a section 104 review investigation, the Commission is to assess the impact that revoking an existing countervailing duty order will have on the appropriate domestic industry. In explaining the reasons for including section 104, the Committee on Finance report notes:

Under section 701 of the Tariff Act of 1930 . . . countervailing duties will be imposed on imports from certain countries only when the ITC determines that the material injury criterion of section 701 has been satisfied. Countervailing duty orders in effect on the effective date of new section 701 of the Tariff Act with respect to products from a country to which the material injury test of new section 701 will be applied were issued without the necessity of demonstrating injury. Section 104 of the bill provides for a review of these orders for the purpose of making an injury determination . . . 13/

Therefore, Congress intended the ITC to evaluate the effect of subsidized imports and to make a material injury determination of the future impact of these imports if the order were revoked. Having done so, we conclude that if the order were revoked, subsidized EC imports would present a "real and imminent" threat of material injury to the domestic industry.

As discussed above, both the condition of the domestic industry and the world sugar market reflect the unpredictable and volatile nature of trade in sugar and the effects of various remedial measures. In contrast, the program of subsidization by the EC, encouraging a sugar surplus for exportation, is ongoing and certain. There is nothing in the record of this investigation which suggests that the EC will deviate from this policy in the future. 14/

13/ S. Rept. No. 96-249, p. 198.

14/ The EC requested this review investigation, but did not participate in the hearing. Recent changes in the Community's sugar program were outlined in a letter to the Commission. (See Appendix C to the Report). The Department of Commerce is charged with the responsibility of determining the impact of these changes on its determination of subsidy practices by the EC.

Without the protection of the countervailing duty order, the domestic industry would be threatened with material injury in light of EC subsidization and aggressive sugar production. Presently, the EC will have over 5 million short tons of sugar available for export from the 1981-82 crop. 15/ This amount alone almost equals total U.S. imports for 1981. After the Soviet Union, the United States is the largest importer of sugar in the world 16/ and most assuredly would be a market targeted by the EC for sale of its surplus in the absence of a countervailing duty order.

Importantly, the legislative history regarding the definition of the term "material injury" indicates that Congress anticipated special problems in determining whether an industry producing an agricultural commodity is materially injured. 17/ Section 771(7)(D) indicates that the Commission shall consider in the case of agricultural products "any increased burden on government income or price support programs." The demonstrated instability and volatility which characterizes the domestic sugar commodity market point to the certain adverse impact of even small amounts of subsidized imported sugar on the U.S. price support program for sugar as well as on domestic producers. 18/

Although there are other factors which would affect future levels of subsidized sugar imports from the EC, reliance on these factors to restrain

15/ According to the submission made by the Department of Agriculture, the EC's share of the free world market has increased from 3.4 percent in 1975 to over 18 percent in 1981.

16/ Report A-21.

17/ S. Rept. No. 96-249 p. 88.

18/ Report p. A-33.

such imports cannot be justified in this case. One of these factors is the outstanding antidumping order; but, the existence of this order does not provide sufficient assurance regarding future levels of imports. Most importantly, the antidumping order fails to cover seven of the ten EC member states. Those countries not covered by the antidumping order historically have demonstrated the capacity to produce significant amounts of sugar for export. 19/

The countervailing duty order and the antidumping order address separate and distinct unfair trade practices. It is apparent from the statutory provisions concerning each practice that Congress intended separate consideration. The fact that the statutory scheme provides for an offset for countervailing duties in assessing antidumping duties further indicates that Congress envisioned situations where both types of duties would be required. 20/

The statement from the EC reproduced in Appendix C of the report (referenced above) points to a second factor affecting future levels of subsidized imports from the EC--the ISA nonmember quota. Reliance on this quota as determinative of future import levels is unsound, however. The quota is subject to modification at any time, and has been altered significantly in the past in response to changes in the world sugar market. Indeed, as recently as March 1980, quotas for nonmembers, including the EC, were suspended completely. Subsequently, the quota was reinstated and

19/ Report p. A-23 & 24; tables 7-10

20/ Tariff Act of 1930, as amended § 772(d)(1)(D).

adjusted. ^{21/} Further, even though legislation has been introduced to extend U.S. membership in the ISA, future membership beyond 1982 remains uncertain. If the United States were not a member, EC sugar imports would no longer be subject to the nonmember quota.

A final factor is the recent quota system imposed by the President. Quotas under the ISA and the Headnote authority are formulated in response to policy and economic considerations which are subject to the dynamics of the world sugar market. The intent of the Subsidies Code and the enabling legislation was to ensure that domestic producers would have an objective assessment of the impact of unfair imports, free from the considerations which underlie such agreements as the ISA or Presidential actions under the Headnote authority. This process is intended to afford all parties with predictability in that assessment. Reliance on quotas of uncertain amount and duration to counter the threat of injury from subsidized sugar imports is misplaced. To do so is to afford the domestic industry and exporting countries alike with an unpredictable decision-making process which is less than Congress clearly intended. Further, to do so subjects future trade relationships in this commodity to precisely the uncertainty and policy considerations which our trade laws are intended to eliminate. Therefore, the uncertainty of these quotas and the limited scope of the antidumping order preclude us from relying on them in assessing the impact revocation of the countervailing duty order would have on the domestic industry.

^{21/} See "Outline of Quotas, Duties, and Fees on Sugar," in Appendix D of the Report. Since Jan. 1, 1980, the quota for nonmembers has been 93,816 short tons, suspended for over a year, reinstated at 74,384 short tons, adjusted to 5,987 metric tons, and further adjusted to the current level of 5,109 metric tons.

Conclusion

Our determination is based primarily on our assessment that the EC will continue to subsidize exports and that the resulting enormous surplus would have serious effects in already unsettled U.S. and international sugar markets. We find that a revocation of the countervailing duty order will threaten material injury to the U.S. sugar industry.

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VIEWS OF CHAIRMAN ALBERGER, VICE CHAIRMAN CALHOUN, AND COMMISSIONER STERN

Imports of sugar from the European Community (EC) have been subject to a countervailing duty order since July 31, 1978. ^{1/} That order is before us for review pursuant to section 104(b) of the Trade Agreements Act of 1979. Based on the record developed in this investigation, we conclude that the revocation of this countervailing duty (CVD) order would not result in material injury or the threat of material injury to, or in the material retardation of, an industry in the United States.

In arriving at this decision, we have considered such market factors as the existence of antidumping duties on imports from France, Belgium, and West Germany, the existence of import fees and duties pursuant to Presidential Proclamation 4940, the existence of sugar quotas imposed pursuant to the International Sugar Agreement (ISA) and pursuant to Presidential Proclamation 4941, as well as the usual factors bearing on the performance of the domestic industry. The combined effect of the antidumping duties, import duties and fees, and quotas insures that the U.S. industry will not be adversely affected by low-priced EC sugar if the CVD order is revoked.

The Domestic Industry ^{2/}

Our initial consideration is the definition of the relevant domestic industry against which the impact of the subject imports must be assessed. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as

^{1/} T.D. 78-253, 43 FR 33237.

^{2/} It is the view of Vice Chairman Calhoun that, since this case arises under section 104 of the Trade Agreements Act of 1979, the task before the Commission is to determine whether a domestic industry would be materially

(Footnote Continued)

The domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

The term "like product" is, in turn, defined in section 771(10) as meaning

A product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.

The scope of the outstanding CVD order under consideration covers generally all sugar from the EC whether derived from sugar beet or sugar cane. The refined sugar product derived from sugar beets is not distinguishable from that of sugar cane and they are interchangeable in the market place. 3/ We conclude therefore that the domestic product which is like the imported sugar is sugar derived from either beets or cane.

There is a significant level of integration in domestic sugar production. With beet sugar, most growers sell to processors who convert the beets to refined sugar. In the case of cane sugar, many growers (especially in Hawaii) also process the sugar cane into raw sugar before it is sold to refinery companies who produce the end product, refined sugar. Other sugar cane growers sell to companies who process the cane into raw sugar and who in

(Footnote Continued)

injured or threatened with material injury "by reason of imports of the merchandise subject to a countervailing duty order if the order were to be revoked." Similarly, under Title VII of the Tariff Act of 1930, the Commission determines whether a domestic industry is materially injured or threatened with material injury by reason of the imported merchandise under investigation. Since no standards or guidance is given for section 104 determinations, he has in prior cases used the standards and analytical methodology employed in our Title VII cases for guidance in determining what would happen if duties were to be revoked. In this case, the standards and methodology of Title VII are particularly useful as there have been no duties imposed in the past year, making data from that period especially helpful in predicting what would occur without the duty. Thus, when Title VII language and theories arise in this opinion it is, for his purposes, based on the above rationale.

3/ Report A-3.

turn sell it to refiners. Thus the structure of the system for producing sugar is highly interdependent. Naturally, then, any impact of imports on the processors and refiners would be directly felt by the growers, a situation which is not unusual in the agricultural sector. Because of this degree of interdependence and integration among growers, processors and refiners, we have determined that the producers of the like product are the growers of sugar cane and sugar beets and those who process and refine them. Consequently the "industry" for purposes of section 771(4)(A) should include growers and processors and refiners. 4/

Present Condition of the U.S. Industry

The U.S. industry has been healthy during the most recent period. Today antidumping duties and quotas and import duties and fees, as well as countervailing duties, apply to imports of sugar from the European Community (EC).

U.S. sugar production, which fell in crop year 1979/80 to 5.77 million short tons, has increased each year since, reaching 6.51 million short tons in 1981/82. 5/ Capacity utilization for both cane sugar refiners and beet sugar processors increased from 1979 to 1981. 6/ Record levels of inventories were held by U.S. producers through early 1979, but have been declining ever since. From 1978 to 1981, the U.S. sugar processing industry became increasingly profitable. In particular, for the beet sugar processing industry, the net operating margin increased from a negative 2.0 percent in 1978, to 14.4 percent in 1981. Similarly, the net operating margin of cane

4/ Report A-8-11

5/ Report A-28.

6/ Report A-25.

sugar refiners increased from 3.1 percent in 1978 to 5.3 percent in 1981. For those processors that are cooperatives similar trends are evident for their operations. 7/ In sum, since 1978 the performance of both U.S. sugar-beet processors and sugar cane refiners has been improving.

Likely Effect of Removal of the Countervailing Duty Order

In a section 104 review investigation, the task before the Commission is to assess the impact the revocation of an existing countervailing duty order will have on the domestic industry.

U.S. imports of sugar from the EC increased steadily from 42 short tons, raw value, in 1974 to 83,426 short tons, raw value, in 1978. Following the imposition of anti-dumping duties on sugar from France, Belgium and the Federal Republic of Germany, countervailing duties on EC sugar and the imposition of quotas on EC sugar pursuant to the International Sugar Agreement (ISA) imports from the EC fell sharply in 1979 to 2.1 short tons, rose to 71 short tons in 1980 and fell again to 46 short tons in 1981. Since 1974 such imports have never accounted for more than 1 percent of domestic consumption.

U.S. sugar producers have acknowledged that imports from the EC are a minor direct factor in the U.S. market. However, these producers maintain that in assessing material injury it is appropriate for the Commission to examine the impact of EC sugar exports to the world market on the world price which is in turn reflected in the U.S. price. 8/ Even accepting, arguendo, that EC world exports impact adversely on U.S. market prices, we do not think this argument is relevant to the case before the Commission. In a section 104 review, the Commission's task is to determine the impact of imports on U.S.

7/ Report A-30-A-33.

8/ Hearing transcript p. 8.

producers if the countervailing duty order is revoked. Thus, the effect on U.S. producers of EC exports to the world market rather than to just the U.S. market is irrelevant to our determination under section 104. Moreover if the impact of EC sugar is through its worldwide marketing we fail to understand how a countervailing duty order affecting exports to the United States would have remedial effect. Revocation of the order would not affect EC exports to the world market nor their impact on world prices. There is a mechanism in place--the import fee system--which is specifically designed to insulate the U.S. market from the impact of low world prices. Thus, to the extent the direct impact of EC subsidized exports is on world prices and only indirectly on U.S. prices, we do not think an affirmative determination in this case could be defended within the criteria of the statute.

Further, the decline in imports from the EC over the past 3 years coincides with two events: (1) the imposition of the antidumping duties on exports of sugar from France, Belgium and the Federal Republic of Germany on February 12, 1979; (2) the U.S. adoption of the ISA quota regime on January 1, 1978, which severely limits possible imports of EC sugar. Under the ISA quota regime total nonmember exports to the U.S.--including those from the EC--cannot currently exceed 5,109 metric tons a year. Compared to total imports of 5,013,704 short tons raw value in 1981, this is a minimal amount which, even if sold at well below the prevailing market price, would not materially affect the U.S. industry. 9/

9/ In a previous ITC report on sugar, Investigation 22-41, April 1978, the price elasticity of demand was found to be inelastic. Nevertheless, a small increase in the quantity of sugar available to the market, such as 5,000 tons, would be unlikely to have a significant effect on a daily price quote, and would have negligible lasting effect on the price over any period of time. Staff briefing of Commission at meeting, May 6, 1982.

Today the U.S. sugar industry is further protected by quotas imposed by Presidential Proclamation 4941. As of May 11, 1982, only France of the EC member states may export sugar to the United States, and its quota allocation is very small; it must share 5.9 percent of the total global quota with 22 other countries. From May 11, 1982, to June 30, 1982, the total quota is a mere 220,000 short tons, raw value, compared to an annual U.S. consumption of approximately 10 million short tons.

The combined effect of quotas and the antidumping duties afford adequate protection to the domestic industry. Virtually all imports of sugar from the EC originate in the three countries to which the antidumping duties apply. As to these exports, the countervailing duty order provides no additional protection. The effect of § 772(d)(1)(D) of the Tariff Act of 1930, as amended, is that the net duty collected is equal to the larger of the antidumping or countervailing duty. In this case the antidumping duty is the larger of the two. Moreover, given the EC's domestic price support program, it is unlikely that they would manipulate their domestic price in order to avoid antidumping duties. ^{10/} Thus, the antidumping duties ensure that revocation of the countervailing duty order will not result in a substantial decrease in the price of sugar from the EC.

It is true that quotas under both the ISA and the Presidential Proclamation are subject to modification. However, it is specifically provided that quotas proclaimed pursuant to the Presidential Proclamation will be in accordance with the ISA. Modification of the ISA quotas are a function of the prevailing world price, quotas falling only as the price rises, thereby

^{10/} Staff briefing of Commission at meeting, May 6, 1982.

ensuring continued protection of the domestic industry. As to the possibility that the EC may join the ISA and thereby no longer be subject to the non-member quota, we note the letter from the EC to the Commission dated April 22, 1982, stating that ". . . the EC will not be able to join the present ISA as extended for two years (till end of 1984)." On the question of whether the United States will cease to be an ISA member and the quota thereby removed, we note that United States enabling legislation does not expire until 1983, and that there is no indication that the legislation will not be renewed. Similarly, there is no reason to believe that any future modification of the antidumping duty will permit prices or quantities of FC imports which would adversely affect the U.S. industry. In any case, the role of the Commission in a section 104 investigation is to forecast the effect of revocation of the countervailing duty order on the domestic industry. In so doing, we must consider factors which affect the condition of the industry as they exist at the time of the determination. Mere conjecture as to future events is not appropriate even for a threat of material injury argument. It is not our role to engage in pure speculation as to what future market conditions might be. The Senate Committee on Finance in its report on the Trade Agreements Act of 1979 affirms that even a threat of material injury must not be based on mere supposition or conjecture. 11/

11/ "In determining whether an industry in the United States is threatened with material injury, the ITC will consider the likelihood of actual material injury occurring. It will consider any economic factors it deems relevant, and consider the existing and potential situation with respect to such factors. An ITC affirmative determination with respect to threat of material injury must be based upon information showing that the threat is real and injury is imminent, not a mere supposition or conjecture. The 'threat of material injury' standard is intended to permit import relief under the countervailing duty and antidumping laws before actual injury occurs and

(Footnote Continued)

Having considered the current healthy state of the U.S. sugar industry and the existence of other forms of protection against EC sugar imports, we determine that revocation of the countervailing duty order will not result in material injury or threat of material injury to the U.S. sugar industry.

(Footnote Continued)

should be administered in a manner so as to prevent actual injury from occurring. Relief should not be delayed if sufficient evidence exists for concluding that the threat of injury is real and injury is imminent." S. Rept. No. 96-249 at 88-89.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On July 31, 1978, the U.S. Department of Treasury (Treasury) published in the Federal Register (43 F.R. 33237) a notice stating that it had determined that exports from the European Community (EC) of sugar benefited from bounties or grants within the meaning of section 303 of the Tariff Act of 1930. Accordingly, imports into the United States of such sugar from the EC, currently provided for under items 155.20 and 155.30 of the Tariff Schedules of the United States, were subject to countervailing duties. The net amount of such bounties or grants was determined to be 10.58 cents per pound of sugar.

In January 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective, and the authority for administering the countervailing duty statute was transferred from Treasury to the U.S. Department of Commerce (Commerce). As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the countervailing duty order on sugar from the EC. As a result, Commerce, preliminarily determined that the average net subsidy conferred on such sugar during the period July 1, 1979, through June 30, 1980, was 3.5 cents per pound of sugar and that that rate would be used as the estimated duty deposit rate on any entries until completion of the next administrative review, and that liquidation of such entries would be suspended. On September 23, 1981, a notice of final results of Commerce's administrative review on sugar from the EC was published in the Federal Register (46 F.R. 46984). Commerce's final determination was the same as its preliminary determination. ^{1/} Therefore sugar, imported indirectly or directly from the EC, or entered or withdrawn from warehouse for consumption on or after September 23, 1981, is subject to a cash deposit of 3.5 cents per pound of sugar.

On March 28, 1980, the U.S. International Trade Commission received a request from the Delegation of the Commission of the European Communities for an investigation under section 104(b) of the Trade Agreements Act of 1979 with respect to sugar from the EC. The Trade Agreements Act of 1979, subsection 104(b)(1), requires the Commission, in the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930, upon the request of a Government or group of exporters of merchandise covered by the order, to conduct an investigation to determine whether an industry in the United States would be materially injured, or threatened with material injury, or whether the establishment of such industry would be materially retarded, if the order were to be revoked. On January 27, 1982, the Commission instituted investigation No. 104-TAA-7 on sugar from the EC. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on February 3, 1982 (40 F.R. 5058) ^{2/} The hearing was held on April 5, 1982. The final action--i.e., notification of Commerce of the Commission's determination--is scheduled for

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^{1/} Copies of Commerce's notices are presented in app. A.

^{2/} A copy of the Commission's notice of investigation and hearing is shown in app. B.

May 14, 1982. However, the statutory deadline is 3 years from the date of receipt of the request for investigation by the delegation of the Commission of the European Communities, or, in this case, by March 28, 1983.

Nature and Extent of Subsidies Being Provided

The Department of Commerce's administrative review of the countervailing duty order on sugar from the EC covered the period July 1, 1979, through June 30, 1980. The countervailable program cited in Commerce's final determination is export restitution payments made under the guidance and guarantee fund, which is operated under the Common Agriculture Policy (CAP) of the EC. After reviewing comments received during its administrative review, Commerce decided that no change should be made to the estimated duty deposit rate (3.5 cents per pound of sugar) as published in the preliminary review notice. Commerce noted that export restitution payments are adjusted constantly to reflect the movement in world sugar market prices. For example, during the period of Commerce's review, export restitution payments varied from 0 to 19.2 cents per pound. The rate calculated by Commerce is based upon the weighted average subsidy given to all sugar exported from the EC during the review period.

Exports of most, but not all, of the sugar produced in the European Community are subsidized under the CAP, which sets up three accounting categories or designations for all of the sugar produced in the EC. The first two categories, labeled "A" and "B," are quota amounts for which exports are subsidized, and the third, labeled "C," is excess production over the quotas for which exports are not subsidized. The "A", "B", and "C" sugars are completely fungible, and the respective designations are for accounting purposes only.

The "A" sugar quota equals about 105 percent of annual human sugar consumption in the EC, and the "B" quota equals 23.5 percent of the "A" quota. Thus, the "A" and "B" quotas equal about 128.5 percent of annual EC sugar consumption. All sugar produced in excess of "A" and "B" quotas is "C" sugar. "C" sugar is generally about 10 percent of EC sugar production, although in the current year the level of "C" sugar is much higher than usual. Under the CAP, a marketing year runs from October 1 to the following September 30. The harvest of sugar beets in the EC begins in early October and is generally completed sometime in February. The exact amount of excess "C" sugar is not known until October of the following year. "A" and "B" sugar may be sold domestically or exported. However, all "C" sugar must be exported by December 31 of the given year, or the producer may lose part of his subsidy. The subsidies are paid to producers after the end of the marketing year and are based on annual EC human sugar consumption.

On July 1, 1981, the EC instituted a new program, under which quota sugar became subject to levies. Ideally, the levies exacted from producers would be sufficient to offset export restitution payments in a given year. However, the levies do not apply to quantities of exported sugar equivalent to preferential imports, nor can they exceed certain levels. Because of

surpluses and depressed prices in the current world market, it is unlikely that the levies for the 1981/82 crop year will cover export refunds. Under these circumstances, the deficit is added to the amount to be covered by the levy in the following year. A copy of a statement by the delegation of the Commission of the European Communities explaining this new program is provided in appendix C.

The Product

Description and uses

Four products constitute the bulk of the sugar, sirups, and molasses provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States (TSUS)--refined sugar, raw sugar, liquid sugar, and invert sugar sirup.

Refined, i.e., pure sugar, is a dry, white organic chemical known as sucrose, which is derived either from the milling and refining of sugar cane or the processing of sugar beets. Sugar beets are annual temperate zone plants, usually grown in rotation with other crops (to avoid disease and pest problems from growing two beet crops successively in the same field). The United States, Canada, and Europe account for virtually all sugar made from sugar beets. Sugar cane is a perennial subtropical plant. Unlike most sugar beets, which are converted directly to refined sugar in a single operation, sugar cane is first converted into an intermediate product, raw sugar, by one process (milling) before being converted to pure sugar by another (refining). Milling is done close to where the sugar cane is grown; refining is done close to where sugar is consumed. Raw sugar, consisting of large sucrose crystals coated with molasses, is the principal sugar shipped in world trade and accounted for 99.9 percent of U.S. sugar imports in 1981. Since 1975, most imports of refined sugar have originated in Canada. Refined sugar is usually marketed in granulated or powdered form; however, for some uses, primarily in beverages and baking, it is dissolved in water and sold as a liquid (liquid sugar and invert sugar sirup).

Sugar is used primarily as a caloric sweetening agent in food. In the United States, about one-third of the sugar consumed goes to households and institutional users, and two-thirds, to industrial users, where it is used to sweeten commercially sold products. The consumption of sugar, by types of uses, is shown in table 1.

U.S. tariff treatment

The TSUS does not attempt to separately identify sugars, sirups, and molasses by name for classification purposes. Rather, products of this description are classified in accordance with their physical and chemical properties, regardless of the name by which a particular product may be called. Under the description, "sugars, sirups, and molasses, derived from sugar cane or sugar beets, principally of crystalline structure or ⁱⁿ dry amorphous form" (TSUS item 155.20) are classified all the solid sugars of commerce, including raw and refined sugar. Under the description "sugars,

Table 1.--Refined sugar: U.S. deliveries, by industrial and nonindustrial users and by quarters, January 1976-September 1981

(In millions of pounds)

Period	Industrial users										Nonindustrial users										Total
	Bakery and allied products	Cereal and allied products	Ice cream and dairy products	Confectionery and related products	Soft drinks and other beverages	Food processing	Other	Multiple use	Nonfood uses	Total	Hotels, restaurants, and institutions	Wholesale grocers, jobbers, and sugar dealers	Retail grocers, chain stores, and other deliveries	Total	Unspecified						
1976:																					
Jan.-Mar.	648	462	247	961	278	254	254	50	2,899	26	877	540	48	1,492	249						
Apr.-June	610	429	281	1,186	348	285	348	54	3,191	36	1,016	613	65	1,729	281						
July-Sept.	613	415	286	1,198	480	229	480	46	3,265	33	1,223	754	69	2,079	267						
Oct.-Dec.	587	428	222	984	259	212	259	46	2,735	32	932	634	78	1,696	202						
Total	2,457	1,733	1,035	4,326	1,364	979	1,364	195	12,091	128	4,068	2,540	260	6,996	1,000						
1977:																					
Jan.-Mar.	685	470	256	1,016	295	256	295	53	3,029	33	970	577	73	1,653	177						
Apr.-June	637	460	302	1,314	354	237	354	50	3,403	34	978	587	79	1,677	124						
July-Sept.	660	453	292	1,353	494	297	494	46	3,584	33	1,084	687	66	1,871	252						
Oct.-Dec.	633	456	241	1,109	278	278	278	56	3,031	38	1,034	673	72	1,818	75						
Total	2,664	1,839	1,091	4,792	1,426	1,046	1,426	205	13,037	139	4,067	2,524	290	7,019	628						
1978:																					
Jan.-Mar.	667	453	264	1,122	283	197	283	68	3,054	46	843	472	55	1,416	68						
Apr.-June	652	447	314	1,435	350	207	350	72	3,477	51	997	580	68	1,695	73						
July-Sept.	643	444	273	1,448	427	195	427	108	3,539	57	1,141	682	70	1,951	90						
Oct.-Dec.	604	445	226	1,111	284	235	284	68	2,953	54	944	602	54	1,655	83						
Total	2,566	1,789	1,077	5,116	1,344	814	1,344	317	13,033	208	3,926	2,336	247	6,717	314						
1979:																					
Jan.-Mar.	656	458	201	1,135	274	206	274	57	2,987	47	972	544	65	1,628	112						
Apr.-June	581	401	249	1,242	308	204	308	57	3,083	60	919	558	84	1,621	224						
July-Sept.	599	438	261	1,223	433	254	433	58	3,266	47	1,035	668	92	1,842	223						
Oct.-Dec.	636	464	209	1,106	274	265	274	75	3,029	50	1,037	658	94	1,840	54						
Total	2,472	1,762	920	4,707	1,289	929	1,289	246	12,325	204	3,962	2,428	336	6,930	614						
1980:																					
Jan.-Mar.	678	491	203	1,015	241	319	241	76	3,024	48	848	499	95	1,490	129						
Apr.-June	677	423	243	1,135	254	301	254	66	3,098	45	866	548	98	1,557	246						
July-Sept.	627	430	247	1,204	326	249	326	40	3,122	55	1,041	653	114	1,862	62						
Oct.-Dec.	613	468	182	889	212	272	212	53	2,688	44	929	601	104	1,678	0						
Total	2,596	1,812	874	4,243	1,033	1,140	1,033	234	11,931	191	3,685	2,301	410	6,587	436						
1981:																					
Jan.-Mar.	607	504	191	881	197	242	197	57	2,680	42	794	471	97	1,404	26						
Apr.-June	663	455	242	1,009	274	302	274	70	3,013	49	951	586	116	1,701	0						
July-Sept.	696	506	253	1,005	295	354	295	61	3,170	44	1,178	630	53	1,904	0						

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Note: Because of rounding, figures may not add to the totals shown.

sirups, and molasses, derived from sugar cane or sugar beets, not principally of crystalline structure and not in dry amorphous form, containing soluble non sugar solids (excluding any foreign substance that may have been added or developed in the product) equal to 6 percent or less by weight of the total soluble solids" (TSUS item 155.30) are classified liquid sugar and invert sugar sirup.

Since 1934, the primary objective of U.S. tariff policy in regard to TSUS items 155.20 and 155.30 has been to stabilize sugar prices, which, by fluctuating frequently and radically, often threaten the viability of the U.S. sugar industry. Since 1977, the U.S. Government has attempted to stabilize sugar prices through a series of price-support loan programs protected by (1) duties and quotas, which the President is authorized to proclaim under headnote 2 of subpart A, part 10, schedule 1, of the TSUS; and (2) fees, which the President is authorized to impose under section 22 of the Agricultural Adjustment Act of 1933. A review of U.S. price-support programs on sugar and an outline of the history of the protection of these programs through quotas, duties, and fees are presented in appendix D.

Title IX of the Agriculture and Food Act of 1981 established the most recent price-support loan program for sugar. The key provisions of title IX are as follows:

(1) Effective with respect to sugar processed from domestically grown sugar beets and sugar cane beginning with the date of enactment of this subsection through March 31, 1982, the Secretary shall, through purchases of the processed products thereof, support the price of sugar cane at such level as the Secretary determines appropriate to approximate a raw sugar price of 16.75 cents per pound, and the price of sugar beets at such level as the Secretary determines to be fair and reasonable in relation to the support level for sugar cane.

(2) Effective October 1, 1982, the Secretary shall support the price of domestically grown sugar cane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 17 cents per pound for raw cane sugar for the 1982 crop, 17.5 cents per pound for the 1983 crop, 17.75 cents per pound for the 1984 crop, and 18 cents per pound for the 1985 crop. Effective October 1, 1982, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugar cane. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of the subsection. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.

Provision (1) above provided for an interim purchase agreement program to be implemented pending the execution of the loan programs provided for in provision (2). In order to protect these price-support programs, the

President, on December 23, 1981, issued Proclamations Nos. 4887 and 4888, which imposed import fees and modified tariffs on imports, respectively.

Import duties

On December 23, 1981, the President signed Proclamation No. 4888, which, pursuant to headnote 2, subpart A, part 10, schedule 1, of the TSUS, raised the column 1 1/ rate of duty on sugar provided for in TSUS items 155.20 and 155.30 from 0.625 cent per pound, raw value, to 2.8125 cents per pound, raw value. 2/ The former rate of duty is the lowest rate which the President can proclaim, and the latter is the highest rate. 3/ The column 2 4/ rate of duty was also raised to 2.8125 cents per pound, raw value, from the statutory rate of 1.875 cents per pound, pursuant to general headnote 4 to the TSUSA. 5/ Sugar imported under TSUS item 155.20 is eligible for the Generalized System

1/ Column 1 rates of duty are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those communist countries and areas enumerated in general headnote 3(f) of the TSUSA. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or under the "LDDC" rate of duty column.

2/ Duties on sugar in item 155.20 are assessed by a rate formula (2.98125 cents per pound less 0.04281875 cent per pound for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 1.9265625 cents per pound), and duties on sugar in item 155.30 are assessed based on sugar tasting 100 degrees. Sugar degrees, a measure of purity, are determined by polariscopic test. Application of the rate formula based on degrees of purity is intended to yield the same duty per pound of recoverable sucrose content for raw sugar of varying concentrations as is applied to refined sugar (100 percent recoverable sucrose). Duties are generally quoted on 96-degree raw value sugar, as such sugar constitutes the bulk of world trade.

3/ Headnote 2 fixes the column 1 rate of duty in effect Jan. 1, 1968, 0.625 cent per pound, raw value, as the floor below which the President cannot reduce the duty. Sec. 201(a) (2) of the Trade Expansion Act of 1962 establishes the ceiling rate, which is to be no more than 50 percent above the rate existing on July 1, 1934 (1.875 cents per pound, raw value).

4/ The column 2 rates of duty apply to imported products from those communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

5/ These increased rates of duty were effective for articles entered, or withdrawn from warehouse for consumption, after 12:01 a.m. (e.s.t.) on Dec. 24, 1981, except for sugar entered before Jan. 1, 1982, which was imported to fulfill forward contracts that were entered into prior to June 1, 1981, between (a) an exporter and an end user, or (b) an importer, broker, or operator and an end user of such articles. Virtually all sugar imports between Dec. 24, 1981, and Jan. 1, 1982, are believed to have qualified for this exception.

of Preferences (GSP) ^{1/} except for those countries excluded under the competitive-need criterion, Argentina, Brazil, Colombia, the Dominican Republic, Guatemala, Panama, the Philippines, Swaziland, and Thailand. All imports under item 155.30 are eligible for GSP.

Section 22 import fees

Also, on December 23, 1981, the President signed Proclamation No. 4887, which pursuant to emergency provisions of section 22 of the Agricultural Adjustment Act, provided a system for the imposition of additional import fees to protect the price-support operations for sugar cane and sugar beets mandated by the Agriculture and Food Act of 1981. The effective date of these import fees was the same as that for the modification of the tariff on sugar previously discussed.

Under Proclamation No. 4887, the Secretary of Agriculture is provided authority to establish import fees on a quarterly basis, which are automatically adjusted if sugar prices vary from the market stabilization price by more than 1 cent per pound for 10 consecutive market days. The market stabilization price is the price determined necessary to protect the price-support level of the interim purchase agreement program and the price-support loan program, i.e., the minimum price required to discourage forfeiture of sugar to the U.S. Government. It is calculated by adding to the price-support level (16.75 cents per pound for the current interim purchase agreement program) adjusted average transportation costs (weighted average of handling and transporting domestically produced sugar from Florida to Atlantic Coast ports north of Cape Hatteras, determined to be 1.2 cents per pound for transport and 0.43 cent per pound for handling), interest costs, if applicable (not applicable for the purchase agreement program), an amount adequate to compensate for the estimated value of duty reductions to be granted under the GSP on imported raw cane sugar, as determined by the Secretary (0.5 cent per pound), and an incentive factor of 0.2 cent per pound. These additions to the price-support level establish a market stabilization price of 19.08 cents per pound, raw value, until October 1, 1982, when the loan program will take effect, and the support price will increase to 17.00 cents per pound. Thereafter, the market stabilization price will be adjusted on a fiscal year basis, in accordance with the prescribed increases in the price-support level.

Under the current fee system, the fee for raw sugar (sugar to be further refined or improved in quality) is the difference between the market stabilization price and the sum of (1) the average world spot price (number 11 spot price) for the 20 consecutive market days immediately preceding the 20th day of the month preceding the calendar quarter; (2) the duty; and (3) the "attributed cost" of importing raw sugar from Caribbean ports to the north

^{1/} The GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

Atlantic coast, including freight, stevedoring, financing, weighing, sampling, and International Sugar Agreement fees. During January-March of 1982, the President proclaimed the import fees to be 2.1418 cents per pound for raw cane sugar (sugar to be further refined or improved in quality). For refined sugar (not to be further refined or improved in quality), the President proclaimed an import fee equivalent to that for raw sugar plus 15 percent of the amount by which the applicable market stabilization price exceeds the 20-day average of the daily spot (world) price for raw sugar. On April 2, 1982, the Secretary of Agriculture gave notice that the section 22 import fees for April-June 1982 will be 3.0703 cents per pound for raw sugar and 4.1782 cents per pound for refined sugar. The fees were increased an additional 1 cent per pound on April 21, 1982, because sugar prices were below the market stabilization price by more than 1 cent per pound for 10 consecutive markets days.

Antidumping duties on sugar imports from Belgium, France, and West Germany

On May 16, 1979, the U.S. International Trade Commission reported to the Secretary of the Treasury its unanimous determination that an industry in the United States was being injured by reason of the importation of sugar provided for in TSUS items 155.20 and 155.30 from Belgium, France, and West Germany, which the Department of the Treasury had determined was being, or was likely to be, sold at less than fair value (LTFV). Virtually all imports of sugar from the EC originate from these countries.

As a result of the Commission's determination, Treasury imposed dumping duties on any LTFV sugar imports from the countries in question, entered on or after February 12, 1979. The weighted average dumping margins found by Treasury for the three countries ranged from 102 to 121 percent. These margins are still effect. Imports are not subject to both countervailing duties and antidumping fees simultaneously. The importer is only required to pay whichever of the duties Customs determines to be the highest for any particular shipment.

The Domestic Industry

About 55 percent of the sugar consumed annually in the United States comes from domestic sources (30 percent from sugar beets and 25 percent from sugar cane) and 45 percent from foreign sources (nearly all cane except for that imported from the European Community and Canada).

U.S. sugar beet growers and beet sugar processors

Sugar beets are currently produced in 15 States. The number of farms producing sugar beets in 1981/82 is likely to have decreased from the 10,500 farms producing sugar beets in 1977/78 (the last year for which official statistics are available). For 1981/82, estimated U.S. sugar beet acreage was 1,229,800 acres, up from 1,189,500 acres in 1979/80 (table 2). Sugar beets

Table 2.--Sugar: U.S. acreage, production, and season average price, by States, 1976/77-1981/82

Crop year	Cane sugar										Beet sugar									
	Florida	Hawaii	Louisiana	Puerto Rico	Texas	Total	California	Minnesota	Idaho	North Dakota	Michigan	Nebraska	Colorado	Wyoming	Montana	Texas	All other	Total		
Acreage (1,000 acres)																				
1976/77	286.0	99.9	291.0	123.9	27.1	827.9	312.0	248.0	139.4	149.8	91.4	84.5	121.0	46.1	23.3	206.9	1,478.8			
1977/78	285.0	96.8	304.0	116.2	33.5	835.5	287.0	260.0	107.4	155.2	85.5	67.7	72.0	48.4	17.9	140.1	1,216.2			
1978/79	300.0	99.4	268.0	101.1	32.4	800.9	194.0	263.0	132.3	155.2	91.5	76.0	84.0	44.7	23.6	156.1	1,269.2			
1979/80	318.2	100.6	240.0	85.6	30.9	775.3	215.0	234.0	125.9	143.1	88.0	72.4	73.0	48.2	19.5	47.2	1,119.7			
1980/81	320.7	97.4	232.0	83.9	33.5	767.5	229.0	243.0	137.9	142.7	97.0	85.0	91.0	45.3	24.4	50.9	1,189.5			
1981/82	334.0	98.6	247.0	74.8	36.7	791.1	260.0	257.0	145.0	144.9	99.0	78.3	77.0	44.5	25.2	54.0	1,229.8			
Production (1,000 short tons)																				
1976/77	9,324	9,173	7,451	3,630	971	30,549	8,912	3,026	2,879	2,022	1,540	1,690	2,303	1,167	968	503	4,376	29,386		
1977/78	8,493	8,994	7,265	3,177	978	28,907	5,664	4,732	2,094	2,769	1,796	1,354	1,404	949	896	309	3,040	25,007		
1978/79	9,160	9,263	5,449	2,835	949	27,656	4,745	4,971	2,265	3,054	1,770	1,368	1,538	922	885	414	3,356	25,788		
1979/80	9,975	9,632	4,950	2,288	853	27,698	5,719	3,782	2,820	2,304	1,550	1,462	1,358	906	829	934	21,996			
1980/81	9,985	9,214	5,414	2,236	969	27,818	5,885	3,621	3,296	2,017	1,892	1,777	1,729	1,024	879	386	996	23,502		
1981/82	11,356	9,535	6,669	2,038	1,146	30,744	7,020	4,420	3,741	2,652	2,030	1,887	1,733	1,078	926	575	1,209	27,271		
Value of production (1,000,000 dollars)																				
1976/77	140.8	164.7	91.6	48.3	11.3	456.7	199.6	56.6	59.9	39.8	34.5	36.0	48.6	26.3	21.7	9.8	84.1	616.8		
1977/78	166.5	144.2	128.6	34.9	15.0	489.1	149.5	97.5	53.4	59.3	36.1	36.6	36.9	27.3	26.1	7.2	74.5	604.4		
1978/79	187.8	182.7	103.0	39.8	10.5	523.8	120.8	108.4	76.6	69.9	41.6	38.0	42.4	27.2	26.5	10.1	86.7	648.2		
1979/80	302.2	217.7	119.8	35.5	21.5	696.7	177.9	120.3	106.0	78.6	60.3	49.7	46.3	34.4	30.9	11.4	29.5	745.3		
1980/81	393.4	385.1	179.7	67.3	26.3	1,051.8	301.3	159.7	152.3	93.4	77.0	83.5	82.1	52.1	45.2	16.5	45.9	1,109.0		
1981/82	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/		
Season average price (per short ton)																				
1976/77	\$15.10	\$18.00	\$12.30	\$13.31	\$11.60	\$15.00	\$22.40	\$18.70	\$20.80	\$19.70	\$22.40	\$21.30	\$21.10	\$22.50	\$22.40	\$19.40	\$19.20	\$21.00		
1977/78	19.60	16.00	17.70	10.99	15.30	16.90	26.40	20.60	25.50	21.40	20.10	27.00	26.30	26.80	29.10	23.40	20.40	24.20		
1978/79	20.50	19.70	18.90	14.06	11.00	18.90	25.80	21.80	27.70	22.90	23.50	27.80	27.60	29.50	29.90	24.50	25.80	25.20		
1979/80	30.30	22.60	24.20	15.53	25.20	25.20	31.10	31.80	37.60	34.10	38.90	34.00	34.10	38.00	37.30	34.20	31.60	33.90		
1980/81	39.40	41.80	33.20	30.09	27.10	37.80	51.20	44.10	46.20	46.30	40.70	47.00	47.50	50.90	51.40	42.70	46.00	47.20		
1981/82	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/		
Production of sugar (1,000 short tons, raw value)																				
1976/77	930	1,050	650	312	94	3,036	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	3,895		
1977/78	894	1,034	668	268	88	2,952	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	3,108		
1978/79	972	1,029	550	204	61	2,816	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	3,289		
1979/80	1,047	1,060	500	193	93	2,893	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	2,879		
1980/81	1,121	1,023	491	177	93	2,905	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	3,149		
1981/82	1,184	1,037	690	153	101	3,165	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	3,349		

1/ Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

are grown by farmers under contract to beet sugar processors. The contracts generally call for growers to deliver beets from a given acreage to processors and for processors to reimburse the growers on a basis which includes a percentage of the return processors receive from the sale of the refined sugar. In 1979, there were 44 beet sugar factories, owned by 13 companies or cooperatives, scattered throughout the sugar-beet-producing regions in the United States.

Hawaiian sugar cane growers and millers

Hawaii is noted for having the highest yields of sugar cane per acre in the world. There were more than 300 farms in Hawaii, harvesting 99,000 acres of sugar cane in 1978. About one-half the acreage is irrigated, and it produces two-thirds of the sugar cane harvested. Five large corporations, often called the five factors, ^{1/} account for more than 95 percent of the acreage and production of Hawaiian sugarcane through their subsidiary producing and/or milling companies.

More than 95 percent of the raw sugar produced in Hawaii is refined on the U.S. mainland by the California and Hawaiian Sugar Co. (C&H), a cooperative agricultural marketing association. The refining company is owned by 16 Hawaiian raw-sugar-producing and/or milling companies, but it also serves as the refiner and marketing agency for independent nonmember sugar cane farmers in Hawaii.

Mainland sugar cane growers and millers

Louisiana, Florida, and Texas are the principal mainland States producing sugarcane. The mainland cane-milling industry takes sugarcane from growers and processes it into raw sugar. Because it rapidly becomes more difficult to recover sucrose from sugar cane once it has been cut, the cane mills are located close to the producing areas. In 1980/81, the 40 mainland cane-milling companies together produced about 1.8 million short tons of raw sugar and several byproducts, such as molasses and bagasse.

Louisiana.--Sugar cane in Louisiana is grown on the flood plains of the bayous (mostly streams in the Mississippi River Delta). The acreage that can be devoted to sugarcane in Louisiana is limited, and any expansion of production will probably be accomplished by increasing yields. The number of farms producing cane has probably declined from about 1,100 in 1977/78 (the last year for which official statistics are available). More than one-half of the Louisiana crop is grown by owners of processing mills.

Florida.--In Florida, sugar cane production has been increasing. In 1977 and 1978, there were 153 farms producing sugar cane (the last year for which official statistics are available), but the bulk of production comes from a few large farms. The land devoted to sugar cane in Florida is concentrated in

^{1/} The five factors are C. Brewer & Co., Ltd.; Castle & Cooke, Inc.; Amfac, Inc.; Alexander & Baldwin, Inc.; and Theodore H. Davies & Co., Inc.

the vicinity of Lake Okeechobee, where the soil consists of organic materials deposited over the centuries. As sugar cane is grown on this high-yielding base, the level of organic material drops because of exposure to the air. Eventually, when the organic material runs out, sugar cane production methods will have to be revised. Most of the sugar cane in Florida is produced by owners of cane sugar mills, of which there were eight in 1975/76. One company in Florida that is both a processor and grower, the United States Sugar Corp., is the largest grower of sugar cane in the United States.

Texas.---The Texas sugar cane industry began production in southern Texas in 1973/74 and has been expanding since then. In 1977/78, there were 105 farms producing sugar cane (the last year for which official statistics are available). It is likely that the number of farms has increased since then.

Puerto Rico sugar cane growers and millers

In the last decade, there has been a severe decline in the number of farms producing sugar cane in Puerto Rico, and also in sugar cane production on that island. The number of farms declined from 1,932 in 1973/74 to 1,425 in 1977/78 (the last year for which official statistics are available). The bulk of the sugar cane acreage and most of the sugar-cane-processing mills are owned, leased, or contracted for by the Sugar Corp. of Puerto Rico, a quasi-Governmental corporation. In 1981, only seven mills processed sugar cane, and the number of mills is continuing to decline.

Cane sugar refiners

There are 21 cane sugar refineries in the continental United States, located mainly on the east and gulf coasts. The 21 cane sugar refineries are together operated by 11 companies and 1 cooperative. Traditionally, cane sugar refiners provided about 70 percent of the sugar consumed in the mainland U.S. market. In 1981, U.S. cane sugar refiners produced over 6 million short tons, raw value, of sugar. Cane sugar refiners process domestic raw sugar and are also the principal users of imports of raw sugar.

U.S. Importers and Sugar Operators

Besides the cane sugar refiners, which contract for the bulk of U.S. sugar imports, other importers and sugar operators are involved in the importation of raw, semirefined, or refined sugar. They import sugar and arrange for the sale and delivery of the commodity to buyers (mostly cane sugar refiners). The needs for the importers' and sugar operators' services arise because producers cannot always find refiners willing to buy at the times and locations that producers have sugar to sell and vice-versa. The importers' and sugar operators' services consist of financing the transaction, chartering the transportation, arranging for loading, import and export documentation, delivery to the buyers' docks, and taking the risk of price changes while these procedures are being undertaken. The operators also

engage in significant trading in sugar futures markets and may operate in the world sugar trade outside the U.S. market. In 1974, there were at least 16 sugar operators dealing in raw sugar and an unknown number of importers dealing in refined sugar for direct consumption sales.

Alternative Sweeteners

The principal alternatives to sugar in sweetener markets are derived from corn starch. Most cornstarch derivatives, including glucose, glucose syrup, and dextrose, are seldom used as direct substitutes for sugar; however, a recently developed corn-based product, high-fructose corn syrup (HFCS), has grown rapidly in sales and has been increasingly purchased in lieu of sugar for certain applications, especially those for which liquid sugar is used. Figure 1, which shows U.S. per capita consumption of sugar and other sweeteners from 1971 to 1981, shows the extent of this substitution. HFCS could eventually substitute for most sweetener uses that do not specifically require dry crystals. ^{1/}

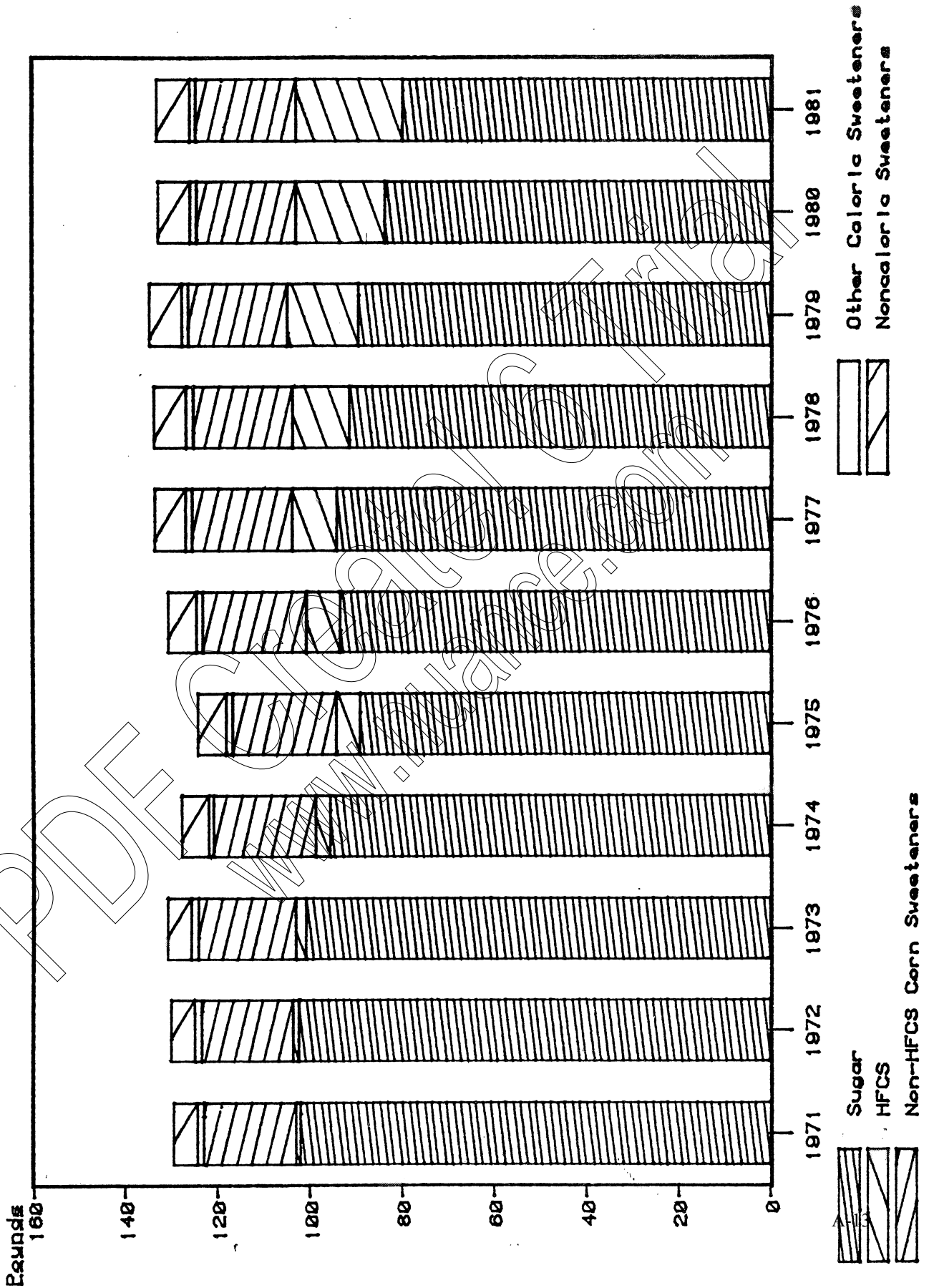
HFCS was first introduced commercially in the U.S. market in 1967. The first HFCS product was composed of 42 percent fructose and had approximately 90 percent of the sweetness of sugar. Two new HFCS products developed in the last few years have increased the fructose content to 55 percent and 90 percent, making HFCS equivalent to sugar in sweetness or even sweeter than sugar.

In 1981, HFCS's accounted for an estimated 25 to 30 percent of total industrial sweetener usage, although in some important segments of the industrial sweetener market, HFCS has a dominant position. The most notable of these is the beverage sector, where HFCS has attained a 50-percent share of sweetener usage. This growth occurred within the last 10 years and almost completely at sugar's expense. Prospects in dairy products, baking, canning, and processed foods are more modest, but many industry observers think that HFCS might eventually supply one-half of industrial sweetener needs (about two-thirds of refined sugar presently goes to industrial sweeteners).

In 1980, there were 11 firms in the U.S. corn sweetener industry, operating 20 plants, most of which are located in the corn-producing States of the Midwest. Corn sweetener sales for 1978-81, as reported by the 10 respondents to the Commission's 1982 questionnaires, are shown in table 3. Aggregate U.S. sales of all corn sweeteners increased steadily during 1978-81. However, sales of HFCS, which more than doubled during the period to 2.7 million short tons, accounted for almost all of the growth. Production of glucose, dextrose, and glucose sirup all increased moderately during the period.

^{1/} Even where liquid sweeteners are possible, HFCS may not always be a feasible alternative. In ice cream, for example, the HFCS molecular structure lowers the product's freezing point, a condition that makes storage and handling more difficult.

Figure 1.--Sugar and other sweeteners:
U.S. per capita consumption, 1971-81.



Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 3.--Corn sweeteners: Shipments by 10 corn sweetener producers, by types, 1978-81

Type	1978	1979	1980	1981
Quantity (short tons)				
HFCS-----	1,208,000	1,674,500	2,179,500	2,672,000
Glucose-----	2,010,000	2,015,000	2,005,500	2,044,500
Dextrose-----	552,000	586,000	599,500	579,000
Glucose sirup-----	63,000	60,500	64,500	68,000
Value (million dollars)				
HFCS-----	255	404	892	1,120
Glucose-----	301	346	425	611
Dextrose-----	156	175	266	294
Glucose sirup-----	21	22	25	29

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

European Community's Common Agricultural Policy for Sugar

Before the admission of Denmark, Ireland, the United Kingdom, and Greece to the EC, the original six members were generally net exporters of sugar to the world, and variable levies were used to prevent any substantial sugar imports. With the admission of these countries to the EC, sugar producers of the original six members were hopeful that the United Kingdom, which had long been a net importer of sugar under the Commonwealth Sugar Agreement, would become a market for their surplus production. However, in the negotiations for accession of the United Kingdom to the EC, it was necessary to deal with the United Kingdom's former commonwealth suppliers; the result was the Lomé Convention, which provided a variety of trade preferences to associated developing countries. One of the most important preferences was quotas for sugar imports into the EC at guaranteed prices. Hence, the expanded EC was to become an importer of sugar but still have substantial surpluses of sugar that had to be exported with the benefit of subsidies.

Production controls

The production control system of the CAP for sugar designated three categories of internal EC sugar production: "A" quota, "B" quota, and "C." The "A" or basic quota aims to meet internal EC consumption, but since "A" quota levels are set by political negotiations, they have usually been fixed at levels greater than consumption. "A" quotas are allocated to each member state. Each member state, in turn, allocates specified shares of its total national quota to domestic sugar refiners and processors on the basis of their

past production levels. Refiners and processors are guaranteed a basic intervention (support) price for their share of "A" quota production. Growers are guaranteed a minimum price for sugar beets as well.

The "B" quota sugar production is fixed prior to each market year by political negotiation among EC member states. The "B" quota level is determined as a percentage of the basic quota ("A" quota). In 1975, when sugar was in short supply, the "B" quota was equivalent to 45 percent of the "A" quota, but for 1976/77 and 1977/78, this was reduced to 35 percent. For 1978/79, the "B" quota was reduced to 27.5 percent of the "A" quota, and this percentage was further reduced to 23.5 percent of the "A" quota for 1981/82. The "B" quota sugar is guaranteed the same intervention price as "A" quota production, but a production levy of up to 30 percent of the intervention price is assessed on a manufacturer's "B" quota production. For 1981/82, an additional levy of 2 percent of the intervention price on "A" and "B" quota production is being assessed, and a retrospective 7.5-percent levy on "B" quota sugar will be assessed if the above levels are not sufficient to support export restitutions in 1981/82. The cost of this levy is shared by growers and manufacturers at a predetermined ratio. The production levies are intended to help meet the cost of marketing "B" quota sugar. If the disposal costs exceed the revenue from the levies, the CAP treasury must absorb the additional costs. Together, the "A" quota and "B" quota are referred to as the maximum quota. From 1975 to 1981, the maximum quota declined from 18.2 million to 11.8 million metric tons.

The "C" production designates any sugar produced in a factory in excess of its own maximum production quotas. The "C" production is undertaken at the producers' risk and has no price guarantees. Normally "C" sugar must be exported from the EC, but no export restitutions are made for such sugar. The only members with significant production of "C" sugar are Belgium, France, and West Germany. In rare instances when sugar has been in short supply in the EC, export levies have been used to hold such sugar in the internal market. This occurred in 1974/75 and May 1980-March 1981, when "C" sugar was prevented from entering the higher priced world market.

Price controls

The CAP sugar production quota system is based on a system of guaranteed prices. The "basic intervention price" is the price at which the member states' National Intervention Boards will purchase maximum quota ("A" and "B") sugar if no other buyer can be found at the price. The basic intervention price represents a floor price for sugar in the EC.

Intervention prices are determined for both raw and refined sugar and for different areas in the EC. The prices are quoted in "units of account per 100 kilograms" (u.a./100 kg). Units of account are known as "Green currency," and it is somewhat difficult to establish conversion rates for units of account. However, Commission staff estimates were made for the intervention price of raw beet sugar in France, Belgium, and West Germany. In 1976/77, the intervention price was 28.15 u.a./100 kg, or 17.35 cents per pound. In 1977/78, the intervention price was 27.25 u.a./100 kg, or an average of 17.30

cents per pound for the whole year. Because of exchange-rate changes, the 1977/78 intervention price amounted to about 18.54 cents per pound. The intervention price for 1981/82 is set at 46.95 u.a./100 kg, or approximately 23.2 cents per pound. In addition to the basic intervention price, a "minimum beet price" is set which is the lowest price a manufacturer may offer a farmer for "A" quota beets of a standard quality.

The EC also fixes a "target price" which is set at 5 percent above the intervention price. The target price supposedly represents the market price which would prevail if supply and demand within the EC were in balance. The "threshold price" is the minimum price at which nonpreferential sugar may be imported into the EC. The threshold price is derived by adding to the target price the cost of transporting sugar from the greatest surplus producing area to the greatest deficit area within the EC (from Laon, France, to Palermo, Sicily). The threshold price is the basis for the variable levy applied to sugar imports and coincides with the maximum price which should be obtainable for sugar in the internal market. The current threshold price for 1981/82 is set at 58.51 u.a./100 kg. The difference between the intervention or floor price and the threshold price for sugar in the EC in 1981/82 is, therefore, about 6.02 cents per pound for raw sugar. For 1982 and 1983, it is estimated that the threshold price will be over 63 u.a./100 kg.

Import controls

The EC price and quota systems are protected from the world market by a system of variable levies. Import levies take effect when the world price of sugar is below the target or threshold price, and are calculated by deducting the "most favorable" world market offer from the threshold price. The levies are common to all EC members and are adjusted to take into account monetary fluctuations among member currencies. When world prices exceed the threshold price, export levies and/or import subsidies are put into effect.

However, there are imports into the EC not affected by the variable levies. Upon entry of the United Kingdom into the EC, a commitment was made to import fixed quantities of sugar from certain less developed countries under the Lome' Convention. These countries are generally referred to as the African, Caribbean, and Pacific (ACP) countries. All the former members of the Commonwealth Sugar Agreement became ACP countries. Additional agreements provided similar status for India and some countries associated with France.

The EC is committed to import 1.3 million metric tons of sugar annually from the ACP countries, and the ACP countries are committed to shipping that amount to the EC. The ACP countries are guaranteed a price, set annually by the EC with consultation with ACP countries. The ACP guaranteed prices are linked to internal EC prices and are generally set at about the level of the basic intervention price.

High-fructose sirup

The EC, like the United States, has its sugar policy problems complicated by the introduction of HFCS (called "isoglucose sirup" in Europe). When intro-

duced in Europe, HFCS immediately began to capture part of the overall "sweetener" market from sugar. The CAP reacted to the problem by placing a production levy on HFCS similar to that on "B" quota sugar. However, a Dutch producer took the imposition of the levy to the European Court of Justice, which ruled that the imposition of the B-quota-type levy on 100 percent of the production of HFCS while such production levies applied to only "B" quota production of sugar represented illegal discrimination against the manufacturers of HFCS. Currently, the CAP policy for HFCS applies a quota system on production similar to that for sugar, and levies will be charged only on the over-quota production of HFCS.

The European Community's "sugar mountain"

During the period of short sugar supplies in 1974/75, intervention prices were raised rapidly, and efforts were aimed at encouraging production under the Common Agricultural Policy. The entry of the United Kingdom into the EC (and the accompanying Lomé Convention imports), along with this artificially stimulated production, quickly resulted in mounting sugar surpluses. The introduction of HFCS added to this problem by displacing more sugar from anticipated internal consumption. Although some of these problems could probably have been anticipated, there were heavy political pressures to keep raising the prices for sugar. France, in particular, has many small sugar beet producers which benefit from the CAP for sugar, and these producers are an important political force in France. From 1974/75 to 1977/78, the intervention price for sugar rose about 6 percent per year. Not until regulations were written for 1978/79 was this rate of increase slowed to only a 2-percent rise. However, for the crop year 1981/82, the intervention price was increased by 8.5 percent, and for the 1982/83 crop year, preliminary discussions indicate that it might be increased again by 9 percent. The result of this policy has been a "mountain of sugar" which the EC has had to dispose of in recent years. The excess of EC sugar production over EC sugar consumption was more than 3 million metric tons in each year since 1976/77 and nearly 5 million metric tons for 1981/82, coinciding with a large world surplus of sugar, making disposal of the "sugar mountain" especially difficult.

Disposal of surplus sugar

Removal of surpluses under the CAP for sugar can take place through three different ways: intervention, compulsory stocks, or export restitution.

Intervention.--When no other buyer can be found at or above the intervention price, a manufacturer or trader may sell sugar to the local intervention board. The sugar obtained by the intervention boards is then resold at or above the intervention prices on the authorization of the European Commission. Very little of the sugar surplus has been marketed through direct intervention in recent years. In 1976/77, about 150,000 metric tons were absorbed by direct intervention, and in 1977/78, only 3,000 tons were taken off the market this way. The EC tends to avoid direct intervention as a means of drawing off internal surpluses.

Export restitution.--Direct intervention is avoided by the alternative use of export promotion through subsidization. During 1977/78, the EC subsidized the export of an average of 50,000 metric tons per week at rates approximating 14 cents per pound. Most export subsidization is granted via tenders submitted by sugar traders. An invitation to tender is published several weeks prior to bidding. Traders wishing to export submit their names, the quantity to be exported, and the amount of subsidy desired to member state authorities who send the information forward (without the names) to the European Commission. The European Commission examines the tenders and fixes a maximum level of subsidy to be granted, taking into account world market conditions and the level of exports required to reduce internal surpluses (and avoid direct intervention). When the maximum amount of subsidy is set, each tenderer who has bid at or below the maximum subsidy receives his requested level of subsidy. Except for the subsidy on a quantity of exports equivalent to preferential imports of ACP sugar, which is Community-financed, the subsidy program is financed through the production levy on quota sugar. However, the levy, cannot exceed 2 percent of the intervention price on "A" quota sugar or more than 39.5 percent of the intervention price on "B" quota sugar. Because of extremely low prices for sugar in the world market in recent periods, the EC has had to absorb significant costs for sugar export subsidies not covered by levy receipts. For 1981/82, it is estimated that total subsidies will equal nearly 500 million E.C.U.'s.

Compulsory stocks.--The CAP sugar regime also includes a mechanism for compulsory stocks to be held by manufacturers, equal to 10 percent of the basic production quota. At current "A" quota levels, this compulsory carry-over stock amounts to about 1 million metric tons of refined sugar. The EC has also stipulated that an additional 2 million tons of sugar be withheld from the world market during 1981/82 in order to help stabilize the world market. The stock will consist of 1.3 million tons of "C" sugar, with the remainder coming from "B" quota sugar. The EC, however, has no legal authority to require EC processors to stockpile "C" sugar.

The International Sugar Agreement

Although the EC participated in the negotiations for the International Sugar Agreement, 1977, it did not become a member because of dissatisfaction with the export quota which would have been assigned to it. The export quota would have been much too small to accommodate the sugar surplus in the EC. The EC has continued negotiations in an effort to find an "equivalent discipline" to export quotas which would be satisfactory to the members of the International Sugar Agreement, but has had little success with this approach. Because of the restrictions on imports from nonmembers required for importing members of the agreement, the markets in which the EC can dispose of its sugar surplus have been largely limited to nonmember countries. Currently, the maximum amount of sugar the U.S. can import from nonmember countries is 5,109 metric tons annually. The Council of the International Sugar Organization, established by the Agreement, is charged with monitoring imports and exports from member and nonmember countries and may periodically adjust quota restrictions on member countries according to changes in world prices. (The changes in the Council's quota restriction for the United States in recent periods is shown in appendix D). The United States is required by the Agreement to provide the Council with data on imports from member and non-

member countries. The U.S. Customs Service is charged with monitoring imports to insure that quotas are not exceeded.

Generalized Agreement on Tariffs and Trade Complaint on European Sugar Subsidies

The CAP sugar regime has been further complicated by complaints from Australia and Brazil that the EC sugar subsidy is not consistent with the obligations of member states of the EC under the Generalized Agreement on Tariffs and Trade (GATT). It was charged that the subsidies resulted in Community exporters having more than an equitable share of the world export trade in sugar in terms of GATT Article XVI. Despite certain procedural complaints by the EC, the complaint was put before a panel under GATT Article XXIII. The panel found the EC in violation of GATT Article XVI(1). Australia and Brazil, however, allege that the EC has not responded adequately to the panel's determination and have therefore refiled, together with 10 other countries, under GATT Article XXIII.

Section 301 Complaint by the Great Western Sugar Co.

On August 19, 1981, the Great Western Sugar Co. filed a petition with the Office of the United States Trade Representative under section 301 of the Trade Act of 1974, as amended, seeking the elimination or reduction of the practice of the EC of granting subsidies on sugar exports and requesting that the United States seek enforcement of rights secured by articles VIII and X pursuant to the Subsidies Code. The President is currently considering asking for a GATT panel to resolve the issue.

Foreign Producers and the World Sugar Market

Leading world producers of sugar were the EC, Brazil, the U.S.S.R., India, Cuba, and the United States (table 4), together accounting for over 53 percent of world production in 1981. However, since most of the world's sugar is consumed in the country where it is produced, the only leading producers that were also net exporters were the EC, Brazil, and Cuba. The leading exporters are Cuba, the EC, Australia, Brazil, and the Philippines, which together accounted for 64 percent of world exports in 1981 (table 5).

Leading world consumers of sugar are the U.S.S.R., the EC, the United States, India, Brazil, China, Mexico, Japan, and Indonesia, which together accounted for about 63 percent of world consumption in 1981. Leading importing countries include the U.S.S.R., the United States, Japan, the EC, Canada, and Iran, which together accounted for about 52 percent of world imports in that year.

Table 4.--Sugar: World production by leading producers, and world consumption by leading consumers, crop years 1975/76 through 1980/81 ^{1/}

(Thousands of short tons, raw value)						
Area	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
	Production					
European Community--	11,575	11,998	13,668	13,856	14,394	14,139
Brazil-----	6,834	8,267	9,770	8,532	7,681	8,929
U.S.S.R-----	8,488	8,102	9,728	10,251	8,598	7,606
India-----	6,023	6,661	9,040	7,794	5,699	7,203
Cuba-----	6,834	6,724	7,937	8,267	7,165	7,055
United States-----	7,204	6,872	5,992	6,126	5,718	6,005
Australia-----	3,294	3,753	3,662	3,283	3,271	3,734
China-----	2,547	2,373	2,701	2,949	2,763	3,364
Mexico-----	2,974	2,972	3,339	3,371	3,048	2,776
Philippines-----	3,169	3,035	2,642	2,587	2,563	2,616
Argentina-----	1,487	1,755	1,835	1,529	1,538	1,890
Republic of South Africa-----	1,986	2,388	2,437	2,435	2,432	1,884
Thailand-----	1,809	2,438	1,746	2,040	1,198	1,807
Indonesia-----	1,135	1,177	1,240	1,527	1,447	1,510
Colombia-----	1,064	972	1,009	1,123	1,315	1,323
Poland-----	2,050	1,985	2,005	1,943	1,744	1,243
Dominican Republic--	1,377	1,347	1,283	1,326	1,117	1,150
Spain-----	1,030	1,517	1,305	1,219	791	1,082
Turkey-----	1,070	1,393	1,174	1,189	1,160	1,025
All other-----	18,085	19,406	19,500	19,170	19,214	19,375
Total, world-----	90,036	95,135	102,012	100,519	92,855	95,716
	Consumption					
U.S.S.R-----	12,401	12,765	13,140	13,558	13,779	13,558
European Community--	11,561	11,342	11,484	11,412	11,655	11,428
United States-----	10,803	11,044	10,882	10,749	10,493	10,050
India-----	4,911	5,460	6,860	8,190	7,276	7,038
Brazil-----	5,622	5,732	5,965	6,008	6,063	6,283
China-----	3,016	3,332	3,665	4,032	4,079	3,968
Mexico-----	2,921	3,042	3,197	3,395	3,445	3,583
Japan-----	3,290	3,208	3,408	3,486	3,506	2,995
Indonesia-----	1,285	1,432	1,630	1,954	2,114	2,058
Egypt-----	871	967	1,084	1,155	1,236	1,480
Poland-----	1,752	1,699	1,763	1,864	1,799	1,432
Republic of South Africa-----	1,160	1,348	1,232	1,315	1,276	1,362
Spain-----	1,120	1,243	1,179	1,202	1,243	1,342
Iran-----	1,268	1,411	1,444	1,543	1,433	1,323
Canada-----	1,127	1,154	1,268	1,171	1,187	1,202
Philippines-----	926	972	1,167	1,219	1,269	1,182
Argentina-----	1,121	1,069	1,008	1,146	1,134	1,146
Turkey-----	1,136	1,227	1,287	1,326	1,269	1,142
Colombia-----	888	924	987	937	965	992
All other-----	20,076	20,919	22,336	23,157	23,458	23,852
Total, world-----	87,255	90,290	94,986	98,819	98,679	97,417

^{1/} Crop year ending in year shown.

Table 5.--Sugar: Imports by leading importers and exports by leading exporters, crop years 1975/76 through 1980/81

(Thousands of short tons, raw value)

Area	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Imports						
U.S.S.R-----	4,144	5,265	4,403	4,497	5,491	6,129
United States-----	4,661	5,832	4,692	4,890	4,190	5,121
Japan-----	2,770	3,074	2,544	2,961	2,573	2,167
European Community--	2,291	1,910	1,825	1,626	1,577	1,323
Canada-----	1,037	1,233	1,194	1,172	1,000	992
Iran-----	284	546	791	822	865	772
Mexico-----	0	0	0	0	839	672
China-----	691	1,849	1,585	1,086	1,043	661
All other-----	8,298	10,538	10,388	10,554	11,691	11,925
World total-----	24,176	29,797	27,422	27,608	29,269	29,762
Exports						
European Community--	2,060	2,975	3,931	3,943	4,767	5,512
Cuba-----	6,354	6,876	7,971	8,013	6,825	6,834
Brazil-----	1,380	2,741	2,122	2,141	2,934	2,425
Australia-----	2,889	3,268	2,207	2,208	2,658	2,976
Philippines-----	1,670	2,838	1,259	1,276	1,976	1,653
United States-----	76	22	22	15	647	1,046
Thailand-----	1,273	1,846	1,134	1,335	507	1,102
Dominican Republic--	1,101	1,231	1,033	1,141	874	926
All other-----	8,282	9,533	7,919	8,518	8,272	7,839
World total-----	25,085	31,330	27,598	28,590	29,460	30,313

Source: Compiled from official statistics of the U.S. Department of Agriculture, Foreign Agricultural Service and the International Sugar Organization.

The Question of Material Injury

U.S. production, exports, and imports

Between 1970 and 1981, U.S. production of sugar fluctuated between a high of 7.1 million short tons (raw value) in 1976 and a low of 5.8 million short tons in 1978 (table 6). To some extent, the changes in production reflect changes in prices. The decline in U.S. sugar production from the peak in 1976 followed the lower prices received by domestic producers after the high prices of 1974 and early 1975. Because of high prices in late 1980 and early 1981, production in 1981 increased to 6 million short tons.

Table 6.--Sugar: U.S. production, imports, exports, ending stocks, and consumption, 1960-81

(In short tons, raw value)

Year	Production	Imports	Exports	Ending stocks	Consumption
1960	5,038,633	4,884,560	45,762	2,476,637	9,489,819
1961	5,397,880	4,406,543	55,386	2,350,261	9,862,698
1962	5,419,839	4,682,470	66,137	2,396,567	9,987,666
1963	5,878,621	4,593,667	30,346	2,658,876	10,193,038
1964	6,595,417	3,633,327	20,794	2,945,437	9,909,889
1965	6,273,736	4,027,061	89,406	2,873,852	10,274,144
1966	6,177,087	4,494,636	65,351	2,854,934	10,604,773
1967	6,122,034	4,803,966	71,837	2,984,193	10,679,399
1968	6,281,698	5,130,168	79,255	3,077,167	11,226,880
1969	5,973,247	4,886,167	81,582	2,918,105	10,939,231
1970	6,339,001	5,296,015	66,141	2,848,605	11,613,649
1971	6,138,957	5,587,079	89,370	2,886,837	11,589,300
1972	6,318,411	5,458,812	50,378	2,864,783	11,699,670
1973	6,324,049	5,329,293	25,536	2,685,268	11,765,311
1974	5,963,296	5,769,976	27,640	2,879,310	11,472,252
1975	6,610,673	3,882,580	147,287	2,902,874	10,176,189
1976	7,129,842	4,658,039	67,566	3,512,563	11,100,636
1977	6,372,573	6,138,048	28,880	4,554,450	11,419,058
1978	5,804,731	4,682,900	20,258	3,895,790	11,089,385
1979	6,004,237	5,026,746	30,359	3,909,107	10,989,772
1980	5,936,912	4,494,688	661,282	3,264,509	10,386,572
1981 ^{1/}	6,358,406	5,013,704	1,165,526	3,536,351	9,927,575

^{1/} Preliminary.

Source: Compiled from the U.S. Department of Agriculture, Statistical Research Service.

After remaining at less than 3 percent of production since 1970, exports increased to 11 percent of production in 1980 and to more than 18 percent of production in 1981. The increase in exports in 1980 and 1981 was primarily an aberration, due to a drawback provision available to U.S. refiners.

U.S. imports of sugar on a crop-year basis (beginning Oct. 1) rose to a peak in 1977/78 and generally declined thereafter (table 7). Crop-year data on imports tend to eliminate the distortions in import patterns that have occurred because of import duty changes late in the calendar year for several recent years. U.S. imports on a calendar-year basis have shown a fluctuating trend because of these distorting effects (table 8).

Table 7.--Sugar: U.S. imports, by sources, crop years (beginning Oct. 1) 1974/75-1980/81

Source	(Quantity in short tons, raw value)						
	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 ^{1/}	1980/81 ^{1/}
Brazil-----	566,756	0	183,287	756,087	1,233,503	860,861	877,911
Dominican Republic-----	737,007	707,683	1,137,583	869,724	768,894	621,288	716,348
Australia-----	433,919	333,563	468,014	400,859	111,244	283,737	662,670
Argentina-----	138,038	129,343	122,792	300,776	292,719	127,127	457,695
Philippines-----	570,469	733,290	1,127,117	1,105,438	562,116	439,896	317,950
Guatemala-----	60,606	240,096	376,534	153,469	156,833	239,074	219,260
Colombia-----	130,604	125,923	28,185	100,129	13,281	151,371	207,786
Thailand-----	45,525	148,046	0	15,900	58,297	66,180	193,328
Swaziland-----	61,333	17,002	46,461	94,436	87,123	171,735	156,638
Panama-----	91,421	103,754	124,213	111,148	127,848	172,481	137,932
Honduras-----	9,740	0	28,117	17,781	59,925	88,908	100,227
Costa Rica-----	54,017	59,953	103,532	78,318	49,109	82,441	98,630
Malawi-----	36,859	0	29,202	40,548	41,719	63,534	90,015
Guyana-----	2/	2/	2/	24,287	46,936	61,350	85,262
Nicaragua-----	70,358	153,328	126,597	107,543	121,640	69,234	80,089
Zimbabwe-----	0	0	0	0	0	13,586	77,666
Mozambique-----	15,090	11,979	103,462	26,630	54,068	102,756	69,488
Belize-----	60,096	14,349	32,222	75,388	55,077	72,034	61,067
Ecuador-----	51,730	63,680	48,441	11,774	97,969	49,872	50,299
Fiji-----	34,560	0	0	30,307	97,476	97,658	47,438
El Salvador-----	108,029	133,972	135,852	149,740	136,350	90,899	39,058
Barbados-----	2/	2/	2/	18,246	36,473	80,388	28,019
St. Kitts-----	2/	2/	2/	21,568	23,995	20,726	22,772
Paraguay-----	10,792	10,070	1,159	0	0	3,588	21,288
Malagasy Republic-----	13,088	26,422	12,052	14,180	9,724	20,435	12,312
Ivory Coast-----	0	0	0	0	0	23,082	12,236
Jamaica-----	2/	2/	2/	21,538	50,657	66,558	10,724
Bolivia-----	5,714	48,836	25,343	86,466	64,899	104,564	8,091
Cameroon-----	0	0	0	0	0	0	5,775
Canada-----	25,927	50,786	87,068	131,484	110,996	8,905	1,477
Mexico-----	94,100	411	376	186	113,052	188	175
Netherlands-----	22	1,501	37	0	7	2	132
China-----	0	0	0	0	0	34	117
Hong Kong-----	0	0	1	3	0	9	55
India-----	74,894	317,204	32	57	15	18	42
Belgium-----	1	717	947	25,890	0	0	22
United Kingdom-----	21	44	92	43	0	36	14
Peru-----	257,303	370,856	266,667	269,406	212,904	78,641	4
West Germany-----	2	904	0	36,445	0	2	4
France-----	0	11,095	16,871	56,374	1	0	3
Sweden-----	2	1	3	3	2	2	2
Republic of South Africa-----	106,200	134,602	237,539	55,543	66,671	228,467	0
Mauritius-----	48,882	0	70,622	82,151	87,807	129,830	0
Haiti-----	23,307	6,218	0	5,757	11,287	10,044	0
Congo-----	0	0	0	0	0	7,544	0
Chile-----	0	0	0	0	0	7,152	0
Japan-----	0	0	0	1	0	110	0
Taiwan-----	116,287	138,467	86,047	56,594	28,200	0	0
Trinidad-----	2/	2/	2/	49,050	23,791	0	0
Romania-----	0	0	0	0	13,209	0	0
Republic of Korea-----	30	11,362	451	1,036	354	0	0
Ireland-----	0	0	0	0	2	0	0
Uruguay-----	0	5,229	0	8,220	0	0	0
West Indies-----	208,867	252,825	182,317	3/ 6,293	3/	3/	3/
Denmark-----	2	0	963	2,136	0	0	0
Switzerland-----	0	745	0	0	0	0	0
Netherlands Antilles-----	1,279	17	0	0	0	0	0
Austria-----	10	16	0	0	0	0	0
Venezuela-----	24	0	0	0	0	0	0
Total-----	4,262,911	4,364,289	5,210,192	5,418,952	5,025,877	4,716,348	4,869,961

^{1/} Preliminary.^{2/} Not separately reported before 1978.^{3/} See imports of Guyana, Barbados, St. Kitts, Jamaica, and Trinidad.

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Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 8.--Sugar: U.S. imports, by sources, 1975-81

Source	(Short tons, raw value)						
	1975	1976	1977	1978	1979	1980	1981 ^{1/}
Brazil	197,131	0	660,633	600,684	1,262,358	845,948	1,099,351
Dominican Republic	775,147	971,084	974,788	733,530	816,967	615,362	761,007
Australia	479,163	469,534	494,275	165,493	107,715	350,881	715,126
Argentina	112,318	86,729	266,968	271,019	234,820	197,172	443,950
Thailand	123,512	70,059	0	64,761	9,436	66,203	262,059
Philippines	413,034	913,781	1,442,991	833,341	413,191	408,998	239,043
Guatemala	60,606	330,578	300,938	156,033	170,869	218,568	224,213
Swaziland	35,795	45,923	61,855	82,456	102,072	141,935	191,869
Colombia	159,065	84,289	14,249	113,410	26,103	214,374	166,321
Panama	98,250	95,031	131,162	123,003	157,287	156,351	103,958
Honduras	6,073	7,483	20,634	17,781	65,303	89,133	94,528
Zimbabwe	0	0	0	0	0	13,620	92,119
Malawi	26,585	17,659	38,358	37,028	35,727	60,118	87,627
Costa Rica	56,240	65,076	95,365	78,318	80,405	68,262	81,513
Nicaragua	57,962	165,710	119,529	108,204	122,307	62,592	80,089
Guyana	2/	2/	2/	49,158	54,560	60,997	74,737
Belize	46,155	14,350	35,549	87,261	57,967	71,539	56,290
Ecuador	46,770	28,441	55,380	37,294	82,227	72,949	54,673
El Salvador	107,466	143,154	166,028	130,365	161,077	51,821	46,497
Mozambique	15,090	31,847	97,311	14,913	98,139	87,960	40,066
Fiji	1	0	18,407	50,722	130,211	49,717	23,822
St. Kitts	2/	2/	2/	21,568	27,187	21,669	18,637
Paraguay	3,328	10,187	0	0	0	11,041	16,160
Malagasy	13,022	13,400	12,052	14,295	9,610	20,472	12,274
Barbados	2/	2/	2/	20,760	57,526	73,925	10,918
Bolivia	3,507	52,990	49,473	62,441	89,189	72,508	8,090
Cameroon	0	0	0	0	0	0	-5,775
Canada	39,990	49,457	138,027	98,144	89,521	638	2,597
China	0	0	0	0	0	64	152
Mexico	41,130	543	274	52,998	60,259	221	107
Hong Kong	0	0	1	3	0	22	58
India	187,624	188,545	32	58	14	18	42
Belgium	0	717	1,690	25,147	0	0	23
United Kingdom	29	84	44	43	0	44	6
France	0	14,275	27,215	72,851	0	0	3
Japan	0	0	0	1	0	110	2
Sweden	3	2	2	3	2	3	2
Republic of South Africa	134,082	98,472	274,227	60,100	88,779	164,025	0
Jamaica	2/	2/	2/	43,856	47,846	57,775	0
Mauritius	26,741	29,811	57,363	112,212	115,808	55,216	0
Peru	215,679	312,726	314,186	225,241	188,630	52,241	0
Ivory Coast	0	0	0	0	0	35,318	0
Haiti	11,622	6,218	0	5,757	11,287	10,044	0
Congo	0	0	0	0	0	7,544	0
Chile	0	0	0	0	0	7,152	0
Netherlands	22	1,538	0	7	0	134	0
West Germany	1	904	19,906	16,539	2	4	0
Taiwan	139,963	86,534	86,055	56,585	28,200	0	0
Trinidad	2/	2/	2/	49,050	23,791	0	0
Republic of Korea	10,615	940	288	1,036	354	0	0
Romania	0	0	0	13,209	0	0	0
Uruguay	0	5,229	0	8,220	0	0	0
Ireland	0	0	0	2	0	0	0
West Indies	237,537	243,978	159,744	3/	3/	3/	3/
Denmark	2	0	3,099	0	0	0	0
Switzerland	0	745	0	0	0	0	0
Austria	0	16	0	0	0	0	0
Netherlands Antilles	1,296	0	0	0	0	0	0
Venezuela	24	0	0	0	0	0	0
Total	3,882,580	4,658,039	6,138,048	4,682,900	5,026,746	4,494,688	5,013,704

^{1/} Preliminary. ^{2/} Included under West Indies.^{3/} See Barbados, Guyana, Jamaica, St. Kitts, and Trinidad.

The United States has been the largest open market for sugar imports in the world since 1974, when Sugar Act quotas expired. Leading sources of U.S. imports in 1980/81 were Brazil, the Dominican Republic, Australia, Argentina, the Philippines, Guatemala, Colombia, Thailand, Swaziland, and Panama, which together accounted for 81 percent of U.S. imports. Most U.S. imports are raw sugar. Only 5,062 short tons of the 5 million short tons of sugar imports in 1981 were refined sugar (table 9).

U.S. imports from the EC increased steadily from 42 short tons, raw value, (valued at \$34,591) in 1974 to 83,426 short tons (valued at \$19.2 million) in 1978 (table 10). Following the imposition of antidumping duties on imports from Belgium, France, and West Germany, imports fell sharply in 1979 to 2.1 short tons (valued at \$1,591). Imports from the EC totaled 71 short tons in 1980 and fell to 46 short tons in 1981. Nearly all of the U.S. imports of sugar from the EC during 1981 were refined sugar for direct human consumption. In 1981, west coast ports accounted for over 45 percent of the imports.

Capacity and capacity utilization

Because capacity to produce sugar is dependent upon crop size, crop quality, and other widely fluctuating variables, estimates of capacity and capacity utilization incorporate a relatively large number of assumptions and may thus indicate little more than an index. Notwithstanding these limitations to capacity considerations, several firms, representing over 75 percent of U.S. refined sugar production, estimated annual capacity on the basis of utilizing all straight-time week days for the production of sugar from a normal crop under constant levels of employment. More revealing than the actual yearly estimates are the trends. Despite several plant closings from 1978 to 1981, the capacity to process sugar beets remained constant, and the capacity to refine sugar cane increased by about 5 percent. The ability of U.S. producers to maintain production reflects increased productivity. On the basis of U.S. producers' estimated capacity and actual production, capacity utilization for sugar cane refiners increased from 89 percent in 1979 to 92 percent in 1981; the capacity utilization for sugar-beet processors increased from 86 to 96 percent in the same period.

Inventories

U.S. stocks of sugar, by type of producer and by month, for January 1977-December 1981 are shown in table 11. The table shows high levels of inventories for processors and refiners through January 1979 and declining inventory levels thereafter. The high inventory level reflects large sugar holdings as collateral for price-support loans and record levels of imports in the last two months of 1977 to avoid paying higher duties effective January 1, 1978. After the early 1979 peak, inventories held by U.S. producers fell rapidly to much lower levels. Higher sugar prices and interest rates during most of 1980-81 made holding large sugar stocks more expensive.

Table 9.--Refined sugar: U.S. imports, by sources, 1972-1980

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Canada	3	0	1	39,990	49,457	138,027	98,144	89,521	638	2,597
Australia	0	0	0	0	0	0	0	331	1,323	993
Guatemala	0	10	0	0	0	0	154	0	455	506
Colombia	10	0	0	4,285	33	0	0	0	17	343
Brazil	0	0	2	0	0	93,771	0	0	4,781	152
China	0	0	0	0	0	0	0	0	64	152
Mexico	10	1	23	5,846	543	274	176	142	221	107
Dominican Republic	0	0	0	0	33	0	0	0	0	75
Hong Kong	27	0	0	0	0	1	3	0	22	58
India	12	8	1	0	8,644	32	58	14	18	42
Belgium	0	0	2	0	717	1,690	1	0	0	23
United Kingdom	15,745	5,247	0	29	84	44	43	0	44	6
France	0	0	0	0	14,275	27,215	0	0	0	3
Japan	0	0	1	0	0	0	1	0	110	2
Sweden	10	9	4	3	2	2	3	2	3	2
Malawi	0	0	0	0	0	0	0	0	0	1
Netherlands	0	0	0	22	1,538	0	7	0	134	0
Ecuador	20	10	0	0	0	0	0	0	25	0
West Germany	0	2	5	1	904	7,481	0	2	4	0
Philippines	13,009	12,919	30	0	0	0	2	2	1	0
Korea	0	0	0	10,615	940	288	1,036	354	0	0
West Indies	7	2	1	1,732	0	0	2	3	0	0
Taiwan	1	0	4	0	5	20	16	0	0	0
Ireland	5,357	1,107	0	0	0	0	2	0	0	0
Costa Rica	0	10	0	0	51	0	1	0	0	0
Denmark	10	0	0	2	0	3,099	0	0	0	0
Switzerland	0	0	0	0	745	0	0	0	0	0
Nicaragua	0	0	0	2	64	0	0	0	0	0
El Salvador	0	0	0	0	40	0	0	0	0	0
Austria	0	0	10	0	16	0	0	0	0	0
South Africa	0	0	3	0	1	0	0	0	0	0
Panama	856	9	169	5,325	0	0	0	0	0	0
Bolivia	0	0	10	3,507	0	0	0	0	0	0
Netherlands Antilles	0	0	0	1,296	0	0	0	0	0	0
Venezuela	0	0	0	24	0	0	0	0	0	0
Fiji	0	0	0	1	0	0	0	0	0	0
Total	35,077	19,335	266	72,680	78,092	271,944	99,649	90,371	7,860	5,062

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 11.—Sugar: Month end stocks held by cane sugar refiners, beet sugar processors, mainland cane mills, Commodity Credit Corporation, and total continental U.S. stocks, 1977-81

Year	January	February	March	April	May	June	July	August	September	October	November	December
(1,000 short tons)												
Cane sugar refiners' stocks												
1977	983	1,064	907	971	1,052	985	1,022	1,032	1,169	1,211	1,369	2,012
1978	1,700	1,395	1,241	1,490	1,491	1,216	1,174	1,120	1,142	1,144	1,289	1,249
1979	1,211	1,187	896	989	1,002	941	913	580	530	579	710	798
1980	699	826	940	886	934	913	1,030	982	986	938	1,025	1,005
1981	1,018	1,081	963	866	1,017	845	852	826	934	835	956	1,105
Beet sugar processors' stocks												
1977	2,014	2,009	1,845	1,734	1,647	1,433	1,166	859	704	949	1,342	1,691
1978	1,812	1,753	1,614	1,413	1,413	1,248	1,025	712	501	773	1,190	1,560
1979	1,773	1,770	1,614	1,569	1,535	1,376	1,154	819	688	888	1,178	1,205
1980	1,337	1,269	1,063	946	871	781	627	451	339	592	927	1,286
1981	1,522	1,543	1,350	1,244	1,159	1,015	776	572	353	614	960	1,277
Mainland cane mills' stocks												
1977	627	685	680	596	693	364	236	129	79	99	298	556
1978	755	877	924	834	672	556	500	415	403	403	610	641
1979	756	885	955	890	845	766	680	619	556	628	869	1,068
1980	1,153	1,192	1,152	1,010	887	838	456	383	172	102	368	658
1981	769	827	862	710	566	405	231	184	110	110	481	910
Commodity Credit Corporation stocks 1/												
1977	0	0	0	0	0	0	0	0	0	0	0	0
1978	0	0	0	0	0	0	0	0	0	0	0	171
1979	187	192	197	197	197	197	204	202	203	202	206	432
1980	432	288	222	217	133	99	30	30	30	30	25	20
1981	20	20	20	20	20	20	20	20	20	20	20	20
Total continental U.S. stocks												
1977	3,624	3,758	3,430	3,302	3,191	2,782	2,424	2,019	1,951	2,259	3,009	4,349
1978	4,352	4,104	3,850	3,451	3,326	3,059	2,729	2,264	2,054	2,324	3,084	3,621
1979	3,927	4,034	3,662	3,644	3,559	3,280	2,950	2,220	1,977	2,296	2,962	3,503
1980	3,621	3,575	3,377	3,059	2,825	2,490	2,183	1,845	1,528	1,665	2,337	2,970
1981	3,330	3,472	3,195	2,807	2,755	2,335	1,928	1,692	1,416	1,579	2,416	3,311

1/ Totals include stocks of importers of direct consumption sugar.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

U.S. employment and wages

Table 12 shows the average number of production and related workers, man-hours, and wages associated with the manufacture of refined sugar. The average number of production and related workers producing sugar decreased from 15,045 in 1978 to 14,465 in 1979, before increasing steadily to 14,969 in 1981. The trend in man-hours is similar. Wages paid to sugar workers, however, increased steadily during the period.

Table 12.--Average number of employees in U.S. establishments producing refined sugar, total and production and related workers producing sugar and man-hours worked and wages paid to production and related workers producing sugar, 1978-81

Item	1978	1979	1980	1981
Average number of employees:				
All persons-----	1/ 19,801	1/ 19,058	1/ 19,294	1/ 19,453
Production and related workers producing sugar----	15,045	14,465	14,616	14,969
Man-hours worked by production and related workers producing sugar-----1,000 hours--	31,682	30,776	30,906	31,441
Wages paid to production and related workers producing sugar-----1,000 dollars--	217,628	233,530	247,389	267,427

1/ Data do not include Revere Sugar.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The average hourly earnings of production and related workers engaged in refining sugar were consistently higher throughout 1978-81 than average hourly wages received by workers in all manufacturing as shown in the following tabulation:

(per hour)				
Item	1978	1979	1980	1981
Production workers employed in--				
All manufacturing-----	\$6.17	\$7.27	\$7.07	1/
Sugar refining-----	6.87	7.59	8.00	\$8.51

1/ Not available.

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Source: Data relating to establishments in which sugar was processed compiled from responses to questionnaires of the U.S. International Trade Commission; other data compiled from official statistics of the U.S. Department of Labor.

Financial experience of U.S. producers of refined sugar

The financial performance of beet sugar processors and cane sugar refiners for 1978-81 are shown in tables 13 and 14, respectively. Because the accounting methods of corporations and cooperatives differ significantly, the data for these two types of organizations are shown separately in the tables. The data represent at least 95 percent of sales of U.S.-produced sugar processed from sugar beets and at least 85 percent of U.S.-produced sugar refined from sugar cane. Included in the sales data are sales of byproducts, principally molasses, associated with sugar production. Also included are Government price-support payments, although these payments declined substantially during the period. ^{1/} U.S. producers' accounting years end in months ranging from March to December; however, because there is no correlation between accounting year and degree of profitability, the data were aggregated on a calendar year basis. Although in general U.S. beet sugar processors were more profitable than were cane sugar refiners from 1978 to 1981, the performance of both, at least in the aggregate, improved.

Aggregate net sales on beet sugar processing operations by corporations increased by over 100 percent, from \$738 million in 1978 to \$1.6 billion in 1981, primarily because of increased sales prices (table 13). Cost of goods sold as a percentage of net sales declined from 91.2 to 79.0 percent in the same period despite general increases in costs. As a share of net sales, general, selling, and administrative expenses fell from 10.8 percent in 1978 to 6.7 percent in 1981. Because increases in operating expenses were proportionately less than rises in selling prices, aggregate net operating profit increased substantially during 1978-81. A net operating loss of \$14.6 million took place in 1978; there was a net operating profit of \$18.8 million in 1979, \$84.3 million in 1980, and \$227.4 million in 1981. The trend in net operating margin, i.e., the ratio of net operating profit to net sales, closely parallels that of net operating profit. From a negative 2.0 percent in 1978, the net operating margin increased to a positive 2.2 percent in 1979, to a positive 7.2 percent in 1980, and then doubled to 14.4 percent in 1981. Cash flow from operations increased from a negative \$17.1 million in 1978 to a positive \$246.7 million in 1981. Similar trends are evident for the operations of the two reporting cooperatives; however, * * *.

For the most part, the data for the cane sugar refiners reflect that for the beet sugar processors; however, there are notable differences (table 14). Although the trend, for example, in net operating margin for the cane sugar refiners increased during 1978-81, it remained at a lower level than that for the beet sugar processors. Moreover, while all beet sugar processors reported profits for 1981, two cane sugar refiners reported losses. * * *

In April 1981, the U.S. Department of Agriculture released a preliminary comprehensive report on the cost of producing and processing sugar cane and sugar beets in the United States. A complete copy of this study is shown in appendix E. The study shows that for 1980/81 net costs, excluding land, were 21.4 cents per pound for cane sugar refiners and 23.5 cents per pound for beet sugar processors. For 1981/82, the study projects that these costs will

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^{1/} For each of the years from 1978 to 1981, annual price-support payments to refined sugar producers were \$58 million, \$15 million, \$3 million, and \$2,000, respectively.

Table 13.--Profit-and-loss experience of U.S. beet sugar processors on their U.S. beet sugar processing operations, 1978-81 ^{1/}

Item	1978	1979	1980	1981
Net sales of sugar				
million pounds--	3,728	4,153	4,132	4,558
Net sales-----1,000 dollars----	738,012	848,868	1,163,417	1,579,917
Of which, molasses-----do-----	20,993	38,851	49,341	52,488
Cost of good sold-----do-----	673,224	752,312	984,386	1,247,403
Gross profit-----do-----	64,788	96,556	179,031	332,514
General, selling, and adminis- trative expenses				
1,000 dollars----	79,410	77,783	94,753	105,069
Net operating profit or (loss)-----do-----	(14,622)	18,773	84,278	227,445
Interest expense-----do-----	18,840	23,141	23,327	35,216
Other income (expense)---do-----	(4,516)	7,901	18,453	32,673
Net profit (loss) before taxes-----do-----	(37,978)	3,533	79,404	224,902
Cash flow from operations ^{2/} 1,000 dollars-----	(17,082)	24,592	100,575	246,710
As a share of net sales				
Net operating profit (loss) percent-----	(2.0)	2.2	7.2	14.4
Net profit (loss) before taxes-----percent-----	(5.1)	.4	6.8	14.2
Number of firms reporting net operating loss-----	3	2	0	0
Number of firms reporting net loss-----	4	2	1	0
Operations of 2 U.S. cooperatives				
Net sales-----1,000 dollars----	***	***	***	***
Cost and expenses-----do-----	***	***	***	***
Net proceeds resulting from member and non-member business after taxes				
1,000 dollars----	***	***	***	***
Net income (loss) from non- member business ^{3/} 1,000 dollars----	***	***	***	***
Ratio of net proceeds resulting from member and non member business to net sales percent--	***	***	***	***

^{1/} The data do not include 1 small U.S. producer, the Southern Minnesota Beet Sugar Cooperative.

^{2/} Defined as net profit (loss) before taxes plus depreciation and amortization expense.

^{3/} * * *.

Table 14.--Profit-and-loss experience of U.S. cane sugar refiners on their
U.S. cane sugar refining operations, 1978-81 ^{1/}

	1978	1979	1980	1981 ^{2/}
Net sales of sugar				
million pounds----	10,501	10,258	10,652	10,986
Net sales-----1,000 dollars--	1,491,903	1,758,390	2,530,610	3,050,635
Of which, molasses-----do----	10,411	16,705	19,534	18,364
Cost of good sold-----do----	1,328,222	1,617,134	2,293,713	2,767,753
Gross profit-----do----	163,681	141,256	236,897	282,882
General selling and administra- tive expenses				
1,000 dollars----	118,027	114,691	117,212	122,605
Net operating profit or (loss)-----do----	45,654	26,565	119,685	160,277
Interest expense-----do----	9,617	14,997	17,676	19,096
Other income (expense)----do----	313	1,305	3,236	18,038
Net profit (loss) before taxes-----do----	36,350	12,873	105,245	159,219
Cash flow from operations ^{3/} 1,000 dollars----	51,397	34,931	128,984	184,124
As a share of net sales				
Net operating profit (loss) percent----	3.1	1.5	4.7	5.3
Net profit (loss) before taxes-----percent----	2.4	.7	4.2	5.2
Number of firms reporting net operating loss-----	2	3	2	2
Number of firms reporting net loss-----	2	4	2	2
Operations of California & Hawaiian Sugar Co. (a cooperative)				
Net sales-----1,000 dollars--	***	***	***	***
Cost and expenses-----do----	***	***	***	***
Net proceeds available for dis- tribution to members----do----	***	***	***	***
Ratio of net proceeds available for distribution to net sales: percent--	***	***	***	***

^{1/} The data do not include the Colonial Sugar Co., Supreme Sugar Co, Talisman Sugar Co., and Food Products Co.

^{2/} Data for the National Sugar Refining Company were not available due to bankruptcy proceedings filed on Sept. 3, 1981.

^{3/} Defined as net profit before taxes plus depreciation and amortization expense.

increase to 24.0 cents per pound and 25.3 cents per pound, respectively. Agriculture's calculations for 1980/1981 closely approximate those which can be made on the basis of information submitted in response to the Commission's questionnaires.

The Question of the Threat of Material Injury

The extent to which the U.S. industry may be affected by imports of EC sugar depends upon the volume of subsidized imports from EC countries and the corresponding price for these imports. Periodic surpluses and resulting low prices are endemic to the sugar industry and are currently worldwide conditions. The EC has traditionally produced more sugar than it has consumed. From 1976/77 to 1980/81, the excess of EC sugar production over consumption was more than 3 million metric tons annually, and that for 1981/82 was nearly 5 million metric tons, coinciding with excess supplies worldwide. The EC importation of sugar from developing countries, required under the Lomé Convention, adds to its chronic surplus. To avoid absorbing internal surplus through direct intervention, the EC promotes exports through subsidization. In recent years, only Cuba has exported more sugar than the EC. Ideally, the EC's production levy on quota sugar production would finance its export restitution program. There are, however, limitations on the amount of the levy and on the amount of exports to which it can apply. Because of large surpluses and exceedingly low prices in current world markets, levies are not likely to fully fund restitution payments in the near future and large quantities of subsidized sugar will be available for export. The EC, however, remains a nonmember of the International Sugar Agreement. Under the current restrictions established by the Council, the United States is permitted to import no more than a total of 5,109 metric tons from nonmembers annually.

For several months the price of EC sugar, adjusted for customs duties, freight, and insurance to New York, has been below the wholesale price in the Northeast United States. A more detailed discussion of prices is presented in the price section of this report.

The Question of the Impact of the Revocation of the Countervailing Duty Order on the Current Price-Support Program of the U.S. Department of Agriculture

Section 771 of the Trade Agreements Act of 1979 requires the Commission, in the case of agricultural products, to consider any increased burden on government income or price-support programs. Relatively small quantities of imports, such as those which the United States is permitted to import from the EC under the current terms of the International Sugar Agreement, can have disproportionate repercussions in the industry. It is possible that shipments sold at a distressed price at a certain time and location, for example, could have a depressive effect on prices throughout a much larger area, which in turn could influence producers' decisions on whether or not to forfeit sugar to the Commodity Credit Corporation.

The Question of the Causal Relationship between
Imports and the Alleged Material Injury

Prices

Since 1974, very little sugar has been exported from the EC to the United States. Nonetheless, because the Community has recently become a major supplier to the world market and because the U.S. price is closely related to the world price derived from that market, exports of EC sugar to the world market may indirectly affect the U.S. price.

EC sugar exports and imports.--During the period 1974-76, the EC was a net importer of sugar from the world market. However, in 1977 the EC became an important net exporter. The EC's prominence as a major exporter from 1977 onward reflects large annual EC sugar surpluses caused by the increased price and market guarantees to EC sugar beet growers and processors beginning in 1975. Also, because EC sugar growing and processing costs often exceed the world price, a large proportion of EC exports have been encouraged by subsidies when the world price has been low. 1/ Table 15 shows the amounts of these subsidies. The quantity of EC imports receiving the subsidies can be large. From April to December 1981, 2.7 million metric tons of sugar were exported from the EC with the benefit of subsidy. Table 16 shows the level of EC production, acreage, exports, and imports during 1975-81.

1/ Until the 1981-82 crop year, only a part of the subsidy was paid by the EC sugar growers and processors, and the EC general treasury had to bear most of the subsidy to sell their within-quota exports and the ACP purchases. Beginning with the present crop year, however, growers and processors are expected to pay for all the subsidy on "A" and "B" quota sugar exports. In addition to larger crops stimulated by market and price guarantees, another factor adding to the EC surpluses is increased sugar imports from the signers of the Lomé Convention. Under the Lomé Convention, the EC is committed to import minimum amounts of sugar at guaranteed prices even when the domestic harvest can meet domestic demand requirements. As a result of this agreement, about 95 percent of EC sugar imports come from the preferential market established for Lomé Convention countries. Beginning with the present crop year, however, growers and processors are expected to pay for all the subsidy on "A" and "B" quota sugar exports. This is to be accomplished by a system of levies which are applied to the intervention price of sugar whether the market price is above or below the intervention price. When the market price is above 105 percent of the intervention price, the EC will impose levies on all "A" and "B" quota sugar equal to the amount by which the market price exceeds the intervention price plus 5 percent. When the market price falls below the intervention price, the EC will impose a 2-percent levy on all "A" quota and "B" quota sugar. If the amount collected by this 2-percent levy should not be sufficient to cover the subsidy cost, then "B" quota sugar is levied an additional 30 percent. Should the overall subsidy cost not be covered by these levies on "A" and "B" sugar and any positive balance from a prior year's production levy (i.e. when the market price exceeded the intervention price plus 5 percent), then the 30-percent

Table 15.--Sugar: World price, Paris market price, EC intervention price, U.S. wholesale price and exchange rate, by months, July 1979-February 1982

Period	World price raw sugar f.o.b. Caribbean cents/lb. (1)	Paris market prices for refined sugar cents/lb. (2)	EC intervention prices 2/ cents/lb. (3)	Difference between Paris Market price and EC intervention price cents/lb. (4)	Weighted average of EC export refunds cents/lb. (5)	Wholesale price, Northeast United States 3/ for refined sugar (cents/lb.) (6)	Exchange rate \$/ECU (7)
1979:							
July	8.52	10.23	25.29	-15.06	18.65	22.69	1.357
August	8.84	11.19	25.41	-14.22	17.37	23.79	1.363
September	9.80	12.36	25.84	-13.48	16.79	23.50	1.386
October	11.93	14.46	25.93	-11.47	14.20	23.34	1.391
November	14.66	17.39	25.89	-8.50	14.18	23.48	1.389
December	14.86	19.34	26.60	-7.26	11.72	26.47	1.427
1980:							
January	17.23	19.89	26.80	-6.91	10.70	27.51	1.438
February	23.03	26.01	26.49	-4.8	7.67	35.00	1.421
March	20.12	23.55	25.33	-1.80	7.46	29.48	1.360
April	21.61	24.20	24.96	-7.76	11.18	31.55	1.339
May	31.33	33.30	25.80	7.50	4.77	41.96	1.384
June	31.61	35.48	26.23	8.95	-	43.53	1.407
July	28.12	33.24	28.03	5.21	-	39.92	1.428
August	31.97	35.09	27.66	7.63	-	44.15	1.399
September	35.12	37.52	27.30	10.02	-	48.05	1.401
October	41.09	42.57	26.91	19.66	-	55.06	1.371
November	37.95	40.99	25.66	15.33	-	52.84	1.307
December	28.98	34.08	24.83	9.25	-	42.86	1.265
1981:							
January	28.01	33.03	24.20	8.83	-	41.80	1.233
February	24.27	30.00	24.20	5.80	-	37.47	1.233
March	21.77	27.53	24.20	3.33	-	35.51	1.233
April	17.90	21.52	23.07	-1.55	10.77	31.42	1.175
May	15.03	18.59	21.73	-3.14	9.49	22.90	1.107
June	16.35	20.19	21.06	-7.87	6.91	29.74	1.073
July	16.32	20.12	22.02	-1.90	6.33	29.96	1.034
August	14.76	17.55	21.45	-3.90	7.95	28.79	1.007
September	11.66	13.70	22.49	-8.79	12.55	25.08	1.056
October	12.13	14.68	23.17	-8.49	12.09	25.99	1.088
November	11.96	14.67	23.22	-8.55	11.96	27.1	1.090
December	12.96	14.90	23.80	-8.90	11.37	27.4	1.080
1982:							
January		14.8	22.58	-7.78	10.98		1.06
February		14.7	21.94	-4.24	9.97		1.03

1/ The Paris price for refined sugar is the price of sugar f.o.b. Europe.

2/ The intervention price is the floor price at which the EC buys sugar, "A" + "B" quota, when the market price is lower.

3/ Wholesale list price does not include possible discount.

Source: Column 1, 2 and 5--U.S. Department of Agriculture, column 3--The intervention price in ECU/100kg was obtained from Commission of the European Communities, Agricultural Markets, 1981, column 6--U.S. Department of Agriculture, and column 7--Estimate derived by averaging weekly approximation of ECU/\$ rate obtained from telex received by EC Delegation in Washington from Commission headquarters in Brussels.

Table 16.--European Community sugar production, acreage, imports, and exports, 1975-1981

Crop year <u>1/</u>	Sugar produc- tion <u>2/</u>	Acreage <u>3/</u>	Imports <u>2/</u>	Exports <u>2/</u>
	1,000 short tons	1,000 hectares	1,000 short tons	1,000 short tons
1975/76-----	11,664	1,854	2,291	2,060
1976/77-----	11,998	1,960	1,910	2,975
1977/78-----	13,668	1,898	1,825	3,931
1978/79-----	13,856	1,799	1,626	3,943
1979/80-----	14,394	1,811	1,577	4,767
1980/81-----	14,139	1,821	1,323	5,502

1/ Crop years from September to August.

2/ Refined sugar equivalent.

3/ One hectare equals 2.471 acres.

Source: U.S. Department of Agriculture.

Unlike EC imports for which a preferential agreement guarantees EC purchases, EC exports are placed entirely on the free market where they directly affect the world price. For this reason, the effect of total EC exports on the free world market price may be greater than data on the net balance of EC sugar traded (i.e., exports minus imports) might indicate. One measure of the EC's growing role in the world market is that its share of exports to that market increased from 9 to 21 percent during the 1976-81.

(Continued)

maximum on the "B" quota sugar may be increased to 37.5 percent of the intervention price for the following year.

The new EC levy program to recoup subsidy expenses does not mean that the EC has completely ceased subsidizing its sugar exports. ACP sugar will continue to be exported from the EC at a subsidized price when the market price is less than the price for which the sugar can be purchased. Also, to the extent "C" sugar cultivation is encouraged by "A" and "B" price support, it might be concluded that "C" sugar is also subsidized. Finally, the program is new, and the question of how effectively the cost of subsidizing sugar can be shifted from the EC treasury to the grower is yet to be answered.

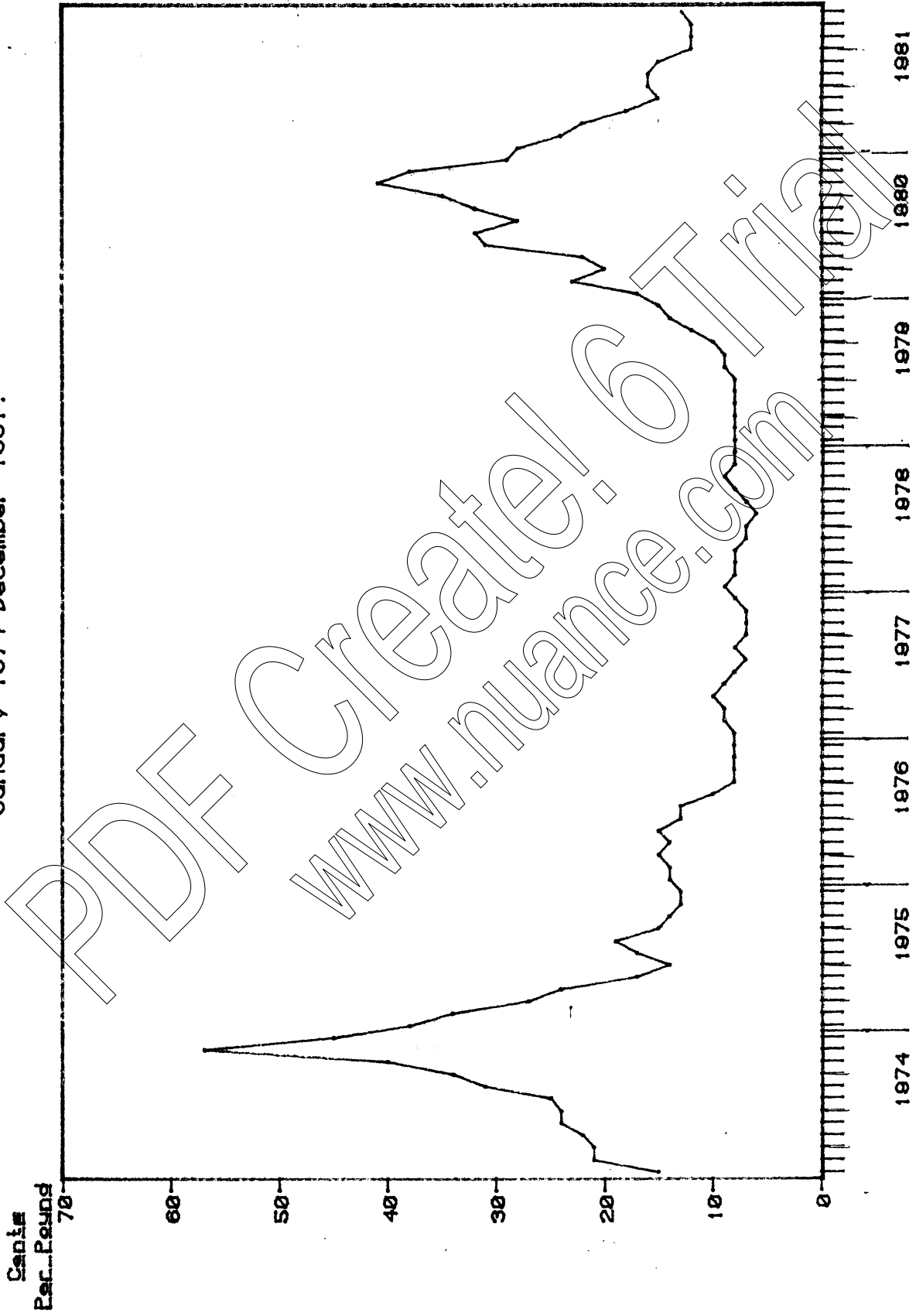
EC sugar exports and world prices.--The EC's rising supply of sugar to the world market during 1977-79 coincided with, and probably contributed to, a period of low prices on the world sugar market. In 1977, 1978, and 1979, the average annual world price ranged between 7.8 and 9.6 cents per pound. These low prices contrast with the record high prices of sugar in 1974 (40 cents per pound), and reflect a frequently observed cyclical price pattern for sugar. This cycle consists of about 1 year of high prices followed by 5 to 10 years of low prices. The most recent complete cycle, with highs in 1974 and 1980, is presented in figure 2.

U.S. raw sugar prices.--After the quotas established by the Sugar Act lapsed on December 31, 1974, the world sugar price and the U.S. sugar price became closely related; only the costs of insurance, freight, and import fees separated the two formerly unrelated prices. The U.S. price, however, has not been left completely free to fluctuate with the world price. Various support programs, described earlier, have established a minimum price for U.S. grown sugar. When the world price of sugar falls below the U.S. domestic support price and imports of world sugar at lower prices threaten the U.S. market, import fees are raised to bring the price of imports to the U.S. support level. These fees are imposed through either the headnote authority of the TSUS or section 22 of the Agricultural Adjustment Act. For example, in December 1977, when the world price averaged 8.09 cents per pound, the President raised the duty to its maximum of 2.8125 cents per pound ^{1/} and imposed additional fees under section 22 of 1.74 cents per pound. These import fees, added to the cost of freight and insurance, raised the price of imported sugar to the level of the U.S. support price of 13.5 cents per pound. On the other hand, when, as in most of 1980, the world price was high, the duty on raw sugar was reduced to its minimum of 0.625 cent per pound, and the section 22 fees on raw sugar were removed. Hence, when the world price is lower than the U.S. price, import fees are increased to raise the U.S. price to the support level. When the world price is high, however, the two prices become essentially the same. Figure 3 shows this relationship during 1977-81, and table 17 shows the world price for sugar since 1974, adjusted for the costs of insurance, freight, and import fees. During the past year, the world price of sugar declined from 25 cents in January 1981 to 12 cents per pound in December 1981. A new U.S. support price was established in December 1981 at 16.75 cents per pound for raw sugar, and import fees were raised to compensate for the low world price.

Non sugar sweeteners.--In addition to the world sugar price and programs to support the U.S. price, another major influence on sugar prices is the availability of substitute products. From 1971 to 1981, per capita consumption of all sweeteners remained essentially the same in each year. However, per capita consumption of sugar fell in almost every year. Most of this displacement is due to sales of HFCS.

^{1/} These duties were not applicable to all imports of sugar. Under the Generalized System of Preferences, imports from designated countries enter the United States duty free. Approximately 40 percent of imports in 1980 and 26 percent in 1981 qualified for duty-free treatment under the GSP.

Figure 2. ---World raw sugar prices, by months, January 1974--December 1981.



Source: U.S. Department of Agriculture.

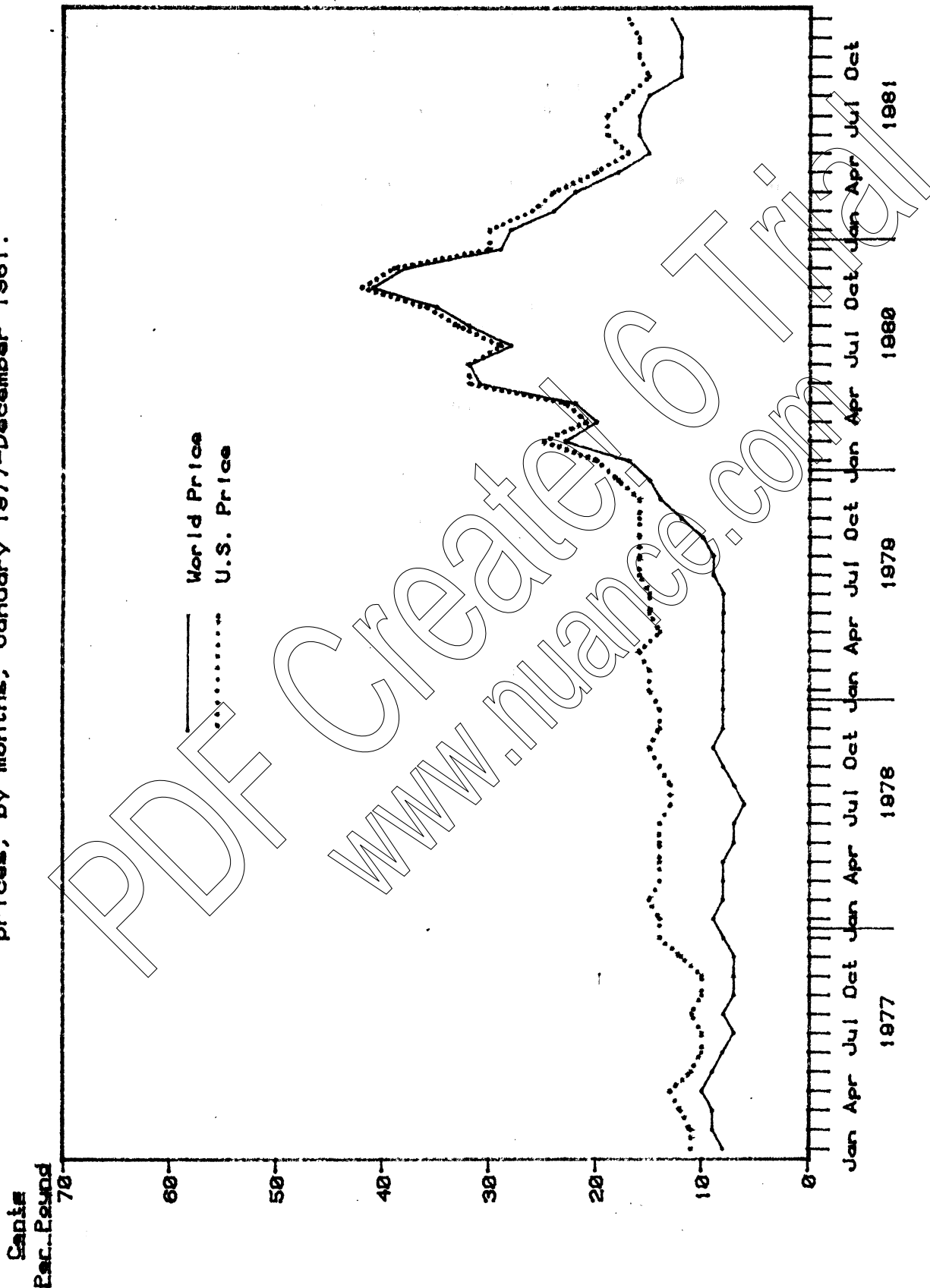
Figure 4 and table 18 present monthly price data comparing refined sugar with HFCS from 1977 through 1981. The data indicate that the primary impetus for substituting HFCS for sugar is its lower price compared to refined sugar. The figure also demonstrates the strong correlation between refined sugar prices and HFCS prices; HFCS prices are usually about 20 to 30 percent below prices for sugar.

HFCS's fluctuating prices reflect problems with planning capacity expansions. Because HFCS producing plants begin operating in large production units, the industry has been plagued with shifts from undercapacity to overcapacity during the last decade. This condition has been aggravated by the unstable price of sugar. When, for example, sugar's price increases, the demand to substitute HFCS for sugar also increases. The price of HFCS will probably become more stable as the production capacity of HFCS continues to increase and the technology matures.

Data on the present and estimated future HFCS capacity, compiled from data submitted to the Commission, are presented in the following tabulation.

<u>Year</u>	<u>Estimated HFCS Capacity</u>	
	<u>Over 50 percent fructose (1,000 pounds dry basis)</u>	<u>Under 50 percent fructose (1,000 pounds dry basis)</u>
1981-----	3,486,916	2,886,228
1982-----	4,540,919	2,956,081
1983-----	4,941,919	3,091,081
1984-----	4,941,919	3,091,081
1985-----	4,941,919	3,091,081

Figure 3.--Raw sugar prices: Comparison of U.S. and world prices, by months, January 1977-December 1981.



Source: U.S. Department of Agriculture.

Table 17.--Refined sugar: Component parts of U.S. wholesale price, by months January 1975-December 1981-Continued

(In cents per pound)											
Period	World price f.o.b. Carib-bean 1/	Premium or dis-count 2/	Foreign sup-pliers' price 3/	Cost of freight and insur-ance 4/	ISA fee	Duty 5/	Sect. 22 import fee 6/	U.S. price, duty paid, New York 7/	Cost to refiner after refining loss 8/	Spread for refin-ing 9/	Whole-sale price, North-east 10/
1975:											
Jan--	38.33	-1.47	36.86	0.85	-	0.6250	-	38.33	41.40	11.55	52.95
Feb--	33.69	.88	34.57	.87	-	.6250	-	36.07	38.96	10.01	48.96
Mar--	26.50	.53	27.03	.87	-	.6250	-	28.53	30.81	9.69	40.50
Apr--	24.15	.42	24.58	.87	-	.6250	-	26.07	28.16	8.85	37.01
May--	17.38	.46	17.84	.80	-	.6250	-	19.27	20.81	11.42	32.23
Jun--	13.83	.72	14.54	.79	-	.6250	-	15.96	17.24	8.33	25.57
Jul--	17.07	1.41	18.47	.79	-	.6250	-	19.89	21.48	5.41	26.89
Aug--	18.73	1.02	19.74	.74	-	.6250	-	21.11	22.80	4.25	27.05
Sep--	15.45	.55	16.00	.77	-	.6250	-	17.39	18.79	4.51	23.30
Oct--	14.09	-.04	14.05	.78	-	.6250	-	15.45	16.69	4.47	21.15
Nov--	13.40	.01	13.41	.78	-	.6250	-	14.82	16.00	4.84	20.84
Dec--	13.29	-.06	13.23	.78	-	.6250	-	14.64	15.81	4.72	20.53
Ave----	20.50	.36	20.87	.81	-	.6250	-	22.29	24.08	7.35	31.43
1976:											
Jan--	14.04	-	14.04	.76	-	.6250	-	15.42	16.66	4.65	21.31
Feb--	13.52	.14	13.66	.76	-	.6250	-	15.04	16.25	4.62	20.86
Mar--	14.92	-.10	14.82	.82	-	.6250	-	16.27	17.57	4.63	22.20
Apr--	14.06	.07	14.13	.82	-	.6250	-	15.58	16.82	4.59	21.41
May--	14.58	-.06	14.52	.82	-	.6250	-	15.97	17.24	4.63	21.87
Jun--	12.99	-.01	12.97	.80	-	.6250	-	14.40	15.55	4.67	20.22
Jul--	13.21	-.05	13.17	.80	-	.6250	-	14.59	15.76	4.70	20.46
Aug--	9.99	.10	9.90	.79	-	.6250	-	11.31	12.22	4.82	17.04
Sep--	8.16	.24	7.91	.79	-	1.1012	-	9.80	10.58	5.27	15.85
Oct--	8.03	.10	7.93	.84	-	1.8750	-	10.65	11.50	5.40	16.90
Nov--	7.91	.12	7.79	.80	-	1.8750	-	10.46	11.29	4.99	16.28
Dec--	7.54	.01	7.55	.80	-	1.8750	-	10.22	11.04	4.93	15.97
Ave----	11.60	-.05	11.55	.80	-	.9677	-	13.32	14.39	4.82	19.21
1977:											
Jan--	8.37	-.08	8.29	.79	-	1.8750	-	10.95	11.83	4.87	16.70
Feb--	8.56	-.17	8.39	.79	-	1.8750	-	11.06	11.94	5.00	16.94
Mar--	8.91	.04	8.96	.83	-	1.8750	-	11.66	12.60	4.85	17.45
Apr--	10.10	-.18	9.92	.78	-	1.8750	-	12.57	13.57	4.95	18.52
May--	8.94	-.24	8.70	.76	-	1.8750	-	11.34	12.25	5.27	17.52
Jun--	7.82	-.19	7.64	.76	-	1.8750	-	10.28	11.10	5.30	16.40
Jul--	7.38	.18	7.55	.73	-	1.8750	-	10.15	10.97	5.16	16.13
Aug--	7.61	.99	8.60	.73	-	1.8750	-	11.21	12.10	5.28	17.38
Sep--	7.30	.51	7.81	.73	-	1.8750	-	10.41	11.25	5.32	16.57
Oct--	7.08	.51	7.59	.78	-	1.8750	-	10.24	11.06	5.29	16.35
Nov--	7.07	.15	7.22	.86	-	2.4716	1.58	12.13	13.10	5.40	18.50
Dec--	8.09	-	8.09	.86	-	2.8125	1.74	13.50	14.58	4.30	18.88
Ave----	8.10	.13	8.23	.78	-	2.0020	.28	11.30	12.20	5.09	17.29

Note.--See footnotes at end of table.

Table 17.--Refined sugar: Component parts of U.S. wholesale price, by months January 1975-December 1981--Continued

(In cents per pound)											
Period	World price f.o.b. Carib-bean 1/	Premium or dis-count 2/	Foreign sup-pliers' price 3/	Cost of freight and insur-ance 4/	ISA fee	Duty 5/	Sect. 22 import fee 6/	U.S. price, duty paid, New York 7/	Cost to refiner after refining loss 8/	Spread for ref-in-ing 9/	Whole-sale price, North-east 10/
1978:											
Jan--	8.77	-	8.77	0.77	-	2.8125	1.80	14.15	15.28	4.57	19.85
Feb--	8.48	-	8.48	.81	-	2.8125	2.70	14.81	15.99	4.55	20.54
Mar--	7.74	-	7.74	.81	-	2.8125	2.70	14.07	15.19	4.84	20.03
Apr--	7.59	-	7.59	.81	-	2.8125	2.70	13.91	15.02	5.16	20.18
May--	7.33	-	7.33	.79	-	2.8125	2.70	13.63	14.72	5.59	20.31
Jun--	7.23	-	7.23	.81	-	2.8125	2.70	13.56	14.64	5.49	20.13
Jul--	6.43	-	6.43	.79	-	2.8125	2.70	12.74	13.76	6.14	19.90
Aug--	7.08	-	7.08	.78	-	2.8125	2.70	13.38	14.45	6.25	20.70
Sep--	8.17	-	8.17	.79	-	2.8125	2.70	14.48	15.64	6.19	21.83
Oct--	8.96	-	8.96	.86	-	2.8125	2.70	15.33	16.55	6.10	22.65
Nov--	8.01	-	8.01	.88	-	2.8125	2.70	14.40	15.56	6.49	22.05
Dec--	8.00	-	8.00	.88	-	2.8125	2.70	14.29	15.54	6.73	22.27
Ave----	7.81	-	7.81	.82	-	2.8125	2.62	14.07	15.19	5.68	20.87
1979:											
Jan--	7.57	-	7.57	.84	-	2.8125	3.35	14.58	15.74	6.53	22.27
Feb--	8.23	-	8.23	.83	-	2.8125	3.35	15.22	16.44	6.00	22.44
Mar--	8.46	-	8.46	.98	-	2.8125	3.35	15.60	16.85	5.69	22.54
Apr--	7.82	-	7.82	1.02	-	2.8125	2.76	14.42	15.57	6.78	22.35
May--	7.85	-	7.85	1.16	-	2.8125	2.76	14.58	15.75	6.78	22.53
Jun--	8.14	-	8.14	1.16	-	2.8125	2.76	14.87	16.06	6.65	22.71
Jul--	8.52	-	8.52	1.13	-	2.8125	3.36	15.82	17.09	5.87	22.96
Aug--	8.84	-.21	8.63	1.05	-	2.8125	3.36	15.85	17.11	6.68	23.79
Sep--	9.80	-.30	9.50	1.05	-	2.8125	2.36	15.72	16.98	6.52	23.50
Oct--	11.93	-1.22	10.71	1.23	-	2.8125	1.17	15.93	17.20	6.14	23.34
Nov--	13.69	-1.49	12.21	1.26	-	2.8125	-	16.29	17.59	5.89	23.48
Dec--	14.86	-.65	14.21	1.28	-	2.8125	-	18.30	19.76	6.71	26.47
Ave----	9.59	-.33	9.27	1.08	-	2.8125	2.41	15.58	16.82	6.38	23.20
1980:											
Jan--	17.23	-1.76	15.47	1.37	-	2.8125	-	19.66	21.23	6.28	27.51
Feb--	23.03	-.41	22.62	1.44	-	.6250	-	24.69	26.66	8.34	35.00
Mar--	20.12	-1.04	19.08	1.48	-	.6250	-	21.28	22.88	6.60	29.48
Apr--	21.61	-1.23	20.38	1.67	-	.6250	-	22.67	24.48	7.07	31.55
May--	31.33	-1.82	29.51	1.76	-	.6250	-	31.89	34.45	7.51	41.96
Jun--	31.61	-1.87	29.75	1.73	-	.6250	-	32.10	34.67	8.86	43.53
Jul--	28.12	-1.59	26.52	1.58	0.0227	.6250	-	28.75	31.05	8.87	39.92
Aug--	31.97	-1.10	30.88	1.61	.0227	.6250	-	33.14	35.79	8.36	44.15
Sep--	35.12	-1.28	33.84	1.54	.0227	.6250	-	36.03	38.91	9.14	48.05
Oct--	41.09	-1.79	39.30	1.75	.0227	.6250	-	41.70	45.03	10.03	55.06
Nov--	37.95	-1.03	36.93	1.70	.0227	.6250	-	39.28	42.42	10.42	52.84
Dec--	28.98	-1.00	27.97	1.67	.0227	.6250	-	30.29	32.71	10.15	42.86
Ave----	29.00	-1.35	27.65	1.61	.0227	.8183	-	30.09	32.50	8.49	40.99

Note.--See footnotes at end of table.

Table 17.--Refined sugar: Component parts of U.S. wholesale price, by months January 1975-December 1981--Continued

(In cents per pound)

Period	World : f.o.b. : Carib- bean 1/	Premium : or dis- : count 2/	Foreign : sup- : pliers' : price 3/	Cost of : freight : and : insur- : ance 4/	ISA : fee	Duty 5/	Sect. : 22 : import : fee 6/	U.S. : price, : duty : paid, : New : York 7/	Cost to : refiner : after : refining : loss 8/	Spread : for : refin- : ing 9/	Whole- : sale : price, : North- : east 10/
1981:											
Jan--:	28.01	-0.73	27.28	1.64	0.0227	0.6250		29.57	31.94	9.86	41.80
Feb--:	24.27	-.38	23.88	1.54	.0227	.6250		26.07	28.16	9.31	37.47
Mar--:	21.77	-.14	21.63	1.54	.0227	.6250		23.81	25.72	9.79	35.51
Apr--:	17.90	-.13	17.77	1.50	.0227	.6250		19.91	21.51	9.91	31.42
May--:	15.08	.22	15.31	1.48	.0227	.6250		17.43	18.82	9.08	22.90
Jun--:	16.35	.46	16.80	1.50	.0227	.6250		18.95	20.47	9.27	29.74
Jul--:	16.32	.63	16.95	1.45	.0748	.6250		19.10	20.62	9.34	29.96
Aug--:	14.76	.60	15.36	1.36	.0748	.6250		17.42	18.81	9.98	28.79
Sep--:	11.66	1.16	12.82	1.30	.0748	.6250	.67	15.49	16.73	8.35	25.08
Oct--:	12.13	-.13	12.01	1.43	.0748	.6250	1.53	15.66	16.91	9.08	25.99
Nov--:	11.96	.84	12.80	1.25	.0748	.6250	1.53	16.28	17.58	9.52	27.10
Dec--:	12.96	.00	12.96	1.34	.0748	1.0417	1.65	17.07	18.43	8.97	27.40
Ave----	16.85	.21	17.06	1.44	.0491	.6599	.45	19.66	21.23	8.97	30.20

1/ Data are spot prices, Contract No. 11, New York Coffee, Sugar, & Cocoa Exchange, except from Nov. 3, 1977, to Aug. 17, 1979, when data are daily world prices as determined by the International Sugar Organization.

2/ Premium or discount assumed to be zero from Nov. 3, 1977, to Aug. 17, 1979.

3/ Foreign suppliers' price is U.S. price less duties, fees, and cost of insurance and freight, except from Nov. 3, 1977, to Aug. 17, 1979.

4/ Cost of freight, stevedoring, and insurance for transport of sugar from Greater Caribbean ports to U.S. ports north of Cape Hatteras.

5/ Duty for 96-degree raw sugar increased Sept. 21, 1976, Nov. 11, 1977, and Dec. 24, 1981, and lowered on Feb. 1, 1980.

6/ Sect. 22 import fee assumed to be the difference between world price (plus cost of insurance and freight and duties) and the price objective of 13.5 cents per pound from Nov. 11, 1977, to Jan. 20, 1978.

7/ Data are spot prices, Contract No. 12, New York Coffee, Sugar, & Cocoa Exchange, except from Nov. 3, 1977, to Aug. 17, 1979, when data are daily world prices as determined by the International Sugar Organization plus cost of insurance and freight and duties.

8/ Refining loss calculated from U.S. price, assuming that 108 pounds of 96-degree sugar are required to produce 100 pounds of refined sugar.

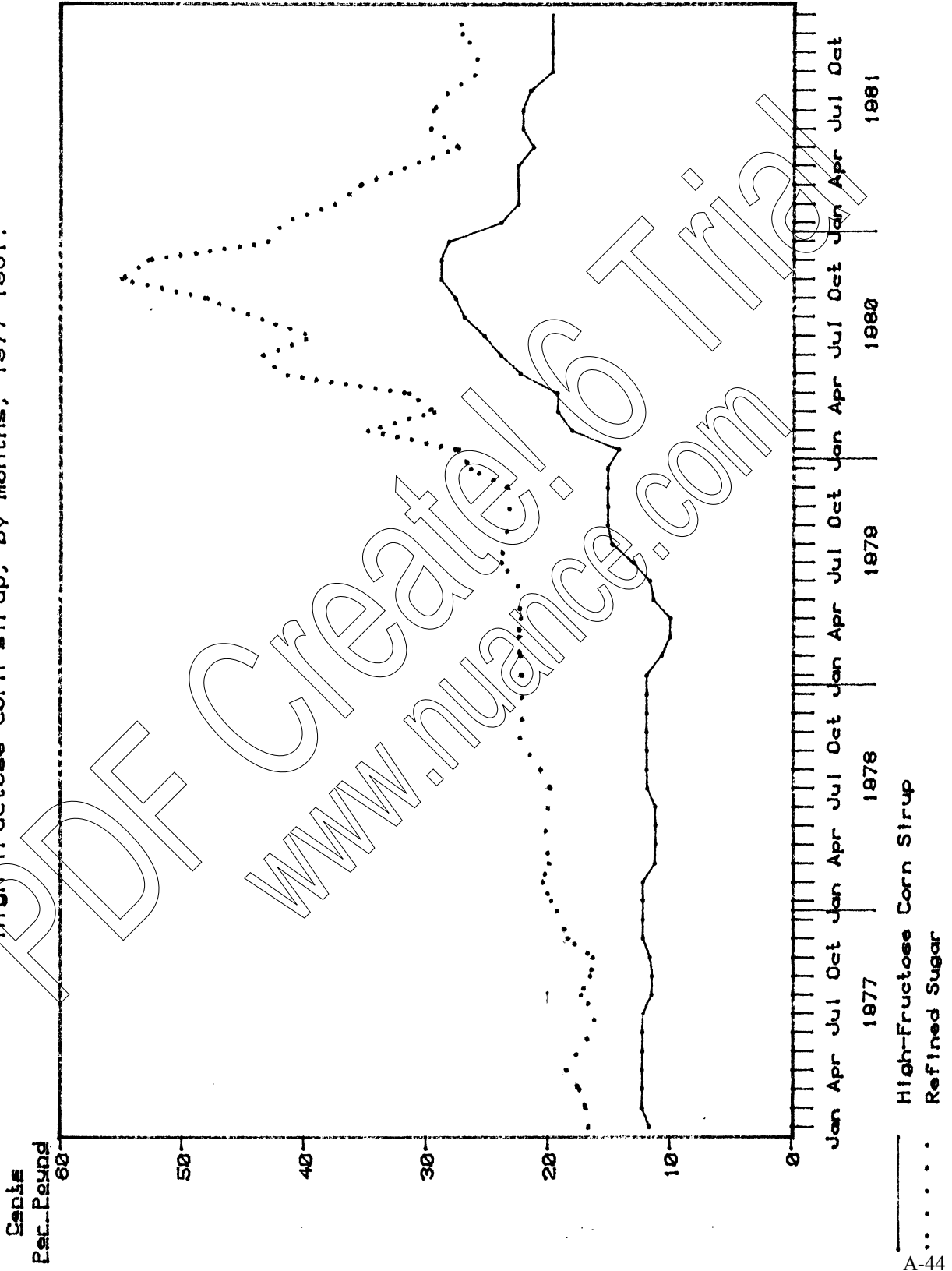
9/ Spread for refining includes refining costs and profits, if any, for cane sugar refiners. From Jan. 1, 1975, to June 30, 1975, includes excise tax of 0.53 cent per pound.

10/ Data are wholesale list prices for refined sugar in 100-pound bags, Northeastern United States.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Note.--Because of rounding, figures may not add to the totals shown.

Figure 4. Comparison of wholesale prices for refined sugar and high-fructose corn syrup, by months, 1977-1981.



Source: U.S. Department of Agriculture.

Table 18.--Wholesale prices of high-fructose corn sirup, corn sirup, and refined sugar, by months, January 1975-December 1981

(In cents per pound)

Month	1975			1976			1977		
	High-fructose: corn sirup 1/	Corn sirup 2/	Refined sugar 3/	High-fruc- tose corn sirup 1/	Corn sirup 2/	Refined sugar 3/	High-fruc- tose corn sirup 1/	Corn sirup 2/	Refined sugar 3/
January	32.20	17.81	52.95	15.14	16.33	21.31	11.69	11.49	16.70
February	32.20	17.83	48.96	15.14	15.18	20.86	12.32	11.49	16.94
March	29.45	17.78	40.50	15.14	15.18	22.20	12.32	11.59	17.45
April	25.58	17.80	37.01	15.14	15.18	21.41	12.32	11.59	18.52
May	22.93	17.93	32.23	15.18	16.18	21.87	21.32	11.59	17.52
June	18.68	17.93	25.57	14.85	18.74	20.22	21.32	11.59	16.40
July	17.95	17.78	26.89	14.79	14.73	20.46	12.24	11.54	16.13
August	20.82	18.04	27.05	14.34	14.50	17.04	11.55	11.07	17.38
September	19.97	19.17	28.30	11.89	13.56	15.85	11.55	11.07	16.57
October	17.06	19.20	21.15	11.75	12.00	16.90	11.68	10.73	16.35
November	15.95	18.11	20.84	11.30	12.12	16.28	12.30	9.49	18.50
December	15.27	17.01	20.53	11.48	11.61	15.97	12.32	9.49	18.88

See footnotes at end of table.

Table 18.--Wholesale prices of high-fructose corn sirup, corn sirup, and refined sugar, by months, January 1975-December 1981--Continued

(In cents per pound)

Month	1978			1979			1980			1981		
	High-fruc- tose corn sirup 1/	Refined sugar 3/	Corn sirup 2/	High-fruc- tose corn sirup 1/	Refined sugar 3/	Corn sirup 2/	High-fruc- tose corn sirup 1/	Refined sugar 3/	Corn sirup 2/	High-fruc- tose corn sirup 1/	Refined sugar 3/	Corn sirup 2/
January	12.32	19.85	9.59	11.97	22.27	11.91	14.27	9.83	27.51	23.94	27.51	16.63
February	12.32	20.54	9.61	10.76	22.44	11.91	18.16	10.06	35.00	22.53	35.00	16.63
March	11.28	20.03	9.61	10.06	22.54	11.91	19.37	10.96	29.48	22.53	29.48	15.95
April	11.24	20.18	10.17	10.06	22.35	11.91	19.37	13.19	31.55	22.54	31.55	15.38
May	11.27	20.31	10.36	11.46	22.53	11.91	22.41	13.19	41.96	21.28	41.96	15.38
June	11.27	20.13	10.36	11.79	22.71	11.91	24.01	14.32	22.18	22.18	22.18	16.10
July	11.94	19.90	11.28	13.10	23.96	11.91	25.35	15.50	39.42	22.18	39.42	17.09
August	11.97	20.70	11.90	14.86	23.79	11.91	27.03	17.25	44.15	21.56	44.15	17.79
September	11.97	21.83	11.90	15.21	23.46	11.46	27.70	17.25	48.05	19.72	48.05	16.49
October	11.97	22.65	11.74	15.21	23.34	11.46	28.87	17.25	55.06	19.72	55.06	15.49
November	11.97	22.05	11.90	15.21	23.48	11.46	28.87	17.25	52.84	19.72	52.84	15.12
December	11.97	22.27	11.91	15.21	26.47	11.46	28.23	16.83	42.86	19.72	42.86	14.74

1/ High-fructose corn sirup, in bulk, dry basis, Decatur, Ill.

2/ Corn sirup, in bulk, dry basis, New York.

3/ Refined sugar, in 100-pound bags, Northeast.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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APPENDIX A
COMMERCE'S NOTICES OF PRELIMINARY AND FINAL REVIEWS

on spirits from Ireland. The review is based upon information for the period January 1, 1980 through December 31, 1980. Interested parties were given an opportunity to submit written or oral comments. We received no comments.

As a result of this review, the Department has determined to assess countervailing duties of 0.004 Irish pounds per liter of alcohol in plain spirits and 0.008 Irish pounds per liter of alcohol in compounded spirits.

EFFECTIVE DATE: June 25, 1981.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

SUPPLEMENTARY INFORMATION:

Procedural Background

On May 25, 1914, in T.D. 34468, the Department of the Treasury imposed countervailing duties on certain classes of spirits imported directly or indirectly from the United Kingdom of Great Britain and Ireland. On June 20, 1935, in T.D. 47753, the Department of the Treasury stated that countervailing duties continued to be applicable to spirits from Ireland, notwithstanding the establishment of the Irish Free State.

On April 3, 1980, the International Trade Commission ("the ITC") notified the Department of Commerce ("the Department") that an injury determination had been requested under section 104(b) of the Trade Agreements Act of 1979. Therefore, following the requirements of that section, liquidation was suspended on April 3, 1980, on all shipments of spirits from Ireland entered, or withdrawn from warehouse, for consumption on or after that date.

On April 20, 1981, the Department published in the Federal Register a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order" (43 FR 22632). The Department has now completed its administrative review of that countervailing duty order.

Scope of the Review

Imports covered by this review are plain spirits and compounded spirits from the Republic of Ireland. These imports are currently classifiable under items 168.98, 168.98, 169.19, 169.20, 169.48 and 169.47, Tariff Schedules of the United States. The review is based on information for the period January 1, 1980 through December 31, 1980.

Interested parties were afforded an opportunity to furnish oral or written comments. The Department received no such comments.

Final Results of the Review

Since we have received no comments, the final results of our review are the same as those presented in the preliminary results of the review. We therefore determine that the net subsidy conferred on spirits from Ireland is 0.004 Irish pounds per liter of alcohol in plain spirits and 0.008 Irish pounds per liter of alcohol in compounded spirits for the period January 1, 1980 through December 31, 1980.

The U.S. Customs Service shall assess countervailing duties at the rates stated above on all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption prior to April 3, 1980. In addition, should the ITC find that there is material injury or likelihood of material injury to an industry in the United States, the Department will instruct the Customs Service to assess countervailing duties at these rates on all unliquidated entries of plain and compounded spirits entered, or withdrawn from warehouse, for consumption from April 3, 1980 through December 31, 1980.

Further, as required by section 751(a)(1) of the Tariff Act of 1930, the Customs Service shall collect a cash deposit of the estimated countervailing duties listed above on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results, and liquidation shall continue to be suspended on such shipments.

This deposit requirement will remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next review by the end of June, 1982.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

B. Waring Partridge, III,

Acting Deputy Assistant Secretary for Import Administration.

June 22, 1981.

[FR Doc. 81-18775 Filed 6-24-81; 8:45 am]

BILLING CODE 3510-25-M

Sugar From the European Communities; Preliminary Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of administrative review of countervailing duty order.

SUMMARY: The Department of Commerce has conducted an administrative review of the countervailing duty order on sugar from the European Communities ("the EC"). The review is based upon information for the period from July 1, 1979 through June 30, 1980. As a result of this review the Department has tentatively determined the rate of net subsidy to be 3.5¢ per pound of sugar. Interested parties are invited to comment on this decision.

EFFECTIVE DATE: June 25, 1981.

FOR FURTHER INFORMATION CONTACT: Joseph A. Black, Office of Compliance, Room 1126, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1774).

SUPPLEMENTARY INFORMATION:

Procedural Background

On July 31, 1978 a notice of "Final Countervailing Duty Determination," T.D. 78-253, was published in the Federal Register (43 FR 33237). The notice stated that the Treasury Department had determined that exports of sugar from the EC received bounties or grants, within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Act"). Accordingly, imports into the United States of sugar from the EC were subject to countervailing duties.

On January 1, 1980 the provisions of title I of the Trade Agreements Act of 1979 ("the TAA") became effective. On January 2, 1980, the authority for administering the countervailing duty law was transferred from the Treasury Department to the Department of Commerce ("the Department"). On April 4, 1980 the International Trade Commission ("ITC") notified the Department that the EC had requested an injury determination under section 104(b) of the TAA. Therefore, following the requirements of that section, liquidation was suspended on all shipments of sugar from the EC entered, or withdrawn from warehouse, for consumption on or after April 4, 1980. The Department published in the Federal Register of May 13, 1980 (45 FR 31455) a notice of intent to conduct administrative reviews of all outstanding countervailing duty orders. As required by section 751 of the Act, the Department has conducted an administrative review of the order on sugar from the EC.

Scope of Review

Imports covered by this review are sugar from the EC, which consisted of

Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxemburg, the Netherlands, and the United Kingdom during our review period. Sugar is currently classifiable under items 155.20 and 155.30 of the Tariff Schedules of the United States. The review is based on information for the period from July 1, 1979 through June 30, 1980. The countervailable program cited in the final determination is restitution payments made under the guidance and guarantee fund which in turn is operated under the Common Agricultural Policy ("CAP") of the EC. On January 1, 1981 Greece became a member of the EC and was simultaneously covered by the CAP as it applies to sugar; therefore, our instructions regarding suspension of liquidation and deposit of estimated countervailing duty apply to sugar from Greece as of that date.

Analysis of Programs

The resolution payments made under the CAP vary in amount and are granted only when the world price of sugar as established on international markets is lower than the EC "threshold price". The world price of sugar has been higher than the threshold price since May, 1980, and as a consequence restitution payments were suspended by the EC as of June 1, 1980. Under the guidance and guarantee fund program, not all sugar exported from the EC benefits from the same level of export subsidies. Sugar produced in and exported from the EC is classified in one of three production quotas: A, B and C quota. Only A and B quota sugar are eligible for restitution payments. We verified the information submitted by the Delegation of the Commission of the European Communities through a review of public documents published by the EC, the U.S. Department of Agriculture, and data developed by an independent statistical gathering organization.

Preliminary Results of Review

As a result of our administrative review, we preliminarily conclude that the rate of net subsidy was 3.5¢ per pound of sugar for the period from July 1, 1979 through June 30, 1980. There are no known unliquidated entries of this merchandise entered, or withdrawn from warehouse, on or before June 30, 1980. The Department intends to instruct the Customs Service to collect an estimated countervailing duty of 3.5¢ per pound on shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of the present administrative review. This deposit requirement will remain in effect

until publication of the final results of the next administrative review. Pending the publication of the final results of the present review, a deposit of estimated duties of 10.8¢ per pound shall continue to be required on each entry of the subject merchandise. The suspension of liquidation previously ordered will continue in effect until the ITC completes its injury investigation.

Interested parties may submit written comments on these preliminary results on or before July 27, 1981 and may request disclosure and/or a hearing on or before July 10, 1981. Any request for an administrative protective order must be made within 5 days of the date of publication. The Department will publish the final results of the administrative review after analysis of issues raised in written comments or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

B. Waring Partridge, III,

Acting Deputy Assistant Secretary for Import Administration.

June 22, 1981.

[PS Dec. 81-18778 Filed 6-24-81; 8:45 am]

BILLING CODE 3510-25-M

Sugar From The United Kingdom; Final Results of Administrative Review and Revocation of Countervailing Duty Order

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice of final results of administrative review and revocation of countervailing duty order.

SUMMARY: On March 26, 1981, the Department of Commerce published in the Federal Register a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order and of Tentative Determination to Revoke" with respect to sugar from the United Kingdom. Reasons for the tentative determination were given in the notice and interested parties were afforded an opportunity to present written or oral views. The Department received no comments. Therefore, the Department is revoking this order on the grounds that the subsidy practices cited in the final determination have been terminated and that the merchandise remains covered by the order on sugar from the European Communities.

EFFECTIVE DATE: June 25, 1981.

FOR FURTHER INFORMATION CONTACT: Joseph A. Black or Josephine A. Russo,

Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1774 or 377-1168)

SUPPLEMENTARY INFORMATION:

Procedural Background

On January 22, 1978, the Department of the Treasury, in T.D. 49355, imposed countervailing duties on refined sugar from the United Kingdom of Great Britain and Northern Ireland ("the UK"). On July 23, 1978, a notice of "Final Countervailing Duty Determination," T.D. 78-253, was published in the Federal Register (45 FR 33237) regarding exports of sugar from the European Communities ("the EC"). On March 26, 1981, the Department of Commerce ("the Department") published the preliminary results of its administrative review and a tentative determination to revoke the countervailing duty order on sugar from the UK (46 FR 18751).

Scope of the Review

Imports covered by this review are sugar from the UK. Sugar is currently classifiable under item numbers 155.20 and 155.30 of the Tariff Schedules of the United States. The countervailable program cited in the final determination was the excessive drawback of customs duties on imported raw sugar.

The preliminary results of the review stated that the imported merchandise no longer benefited from subsidies from the Government of the UK and that entries of this merchandise are presently covered by the subsequent countervailing duty order on sugar from the EC. Interested parties were afforded an opportunity to furnish oral or written comments. The Department received no such comments.

Final Results of the Review

As a result of the review, we conclude that the imported merchandise no longer benefits from net subsidies from the Government of the UK. Therefore, in accordance with § 355.42(c)(2) of the Commerce Regulations, the Department revokes the countervailing duty order concerning sugar from the UK (T.D. 49355) with respect to all merchandise entered, or withdrawn from warehouse, for consumption on or after March 26, 1981. There are no known unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption prior to April 4, 1980, the date of suspension of liquidation of all entries covered by the countervailing duty order on sugar from the EC. Entries on or after April 4, 1980 of UK sugar will be included in the Department's

Manufacturer/exporter	Time period	Marginal (percent)
Odin Industrial Co., Ltd.	10/7/77-5/31/80	11.37
Paulko Enterprises	9/1/78-10/6/79	0
	10/7/79-5/31/80	0
Phoenix Enterprises Inc.	8/1/78-10/6/79	0
	10/7/79-5/31/80	11.37
Progress Plastics Co., Ltd.	9/1/79-5/31/80	11.37
Richard Soong & Co., Ltd.	8/1/78-5/31/80	11.37
San Chang Plastics	9/1/78-5/31/80	11.37
San Jing Enterprises Corp.	9/1/79-5/31/80	5.9
Sequence Co., Ltd.	4/1/79-5/31/80	0
St. Solid Co., Ltd.	9/1/79-5/31/80	5.9
Taiwan Eva Industrial Co., Ltd.	1/1/78-5/31/80	5.9
Taiwan Upholstery Furniture Export Supplies, Ltd.	9/1/78-10/6/79	0
	10/7/79-5/31/80	11.37
Tamar Enterprises Co.	9/1/78-10/6/79	0
	10/7/79-5/31/80	11.37
Team Worldwide Corporation	9/1/78-10/6/79	0
	10/7/79-5/31/80	0
Union Industries Ltd.	9/1/78-5/31/80	11.37
Wen Fung Industrial Co., Ltd.	4/22/79-5/31/80	5.9
Yen Shan Plastic Co., Ltd.	5/1/79-5/31/80	11.37
Yung Chieh Enterprise Co., Ltd.	10/1/77-5/31/80	11.37
Yunkeon Enterprises Co., Ltd.	7/1/78-5/31/80	11.37

*No shipments during period.

The determination to revoke in part the Antidumping finding with respect to Nan Ya Plastics Corporation will be covered in a subsequent notice.

The Department shall determine, and the U.S. Customs Service shall assess, dumping duties, if applicable, on all entries by these firms with purchase dated during the periods involved. Individual differences between purchase price and foreign market value may vary from the percentages stated above. The Department will issue appraisement instructions separately on each exporter to the Customs Service.

Further, as required by § 353.46(b) of the Commerce Regulations, a cash deposit of estimated duties based on the most recent of the margins calculated above shall be required on all shipments by these firms entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results. Because the weighted average margin for Cathay Plastics is *de minimis*, the Department shall not require a cash deposit on its shipments. For any shipment from a new exporter not covered in this administrative review, unrelated to any covered firm, a cash deposit shall be required at the highest rate for responding firms with shipments during the most recent period. These deposit requirements, and the waiver for Cathay Plastics, shall remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next administrative review by the end of June 1982.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C.

1675(a)(1)) and § 353.53 of the Commerce Regulations (19 CFR 353.53).

Leonard M. Shambon,

Director, Office of Compliance.

September 16, 1981.

[FR Doc. 81-27048 Filed 9-22-81; 8:45 am]

BILLING CODE 3510-25-M

Sugar From the European Communities; Final Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice of final results of administrative review of countervailing duty order.

SUMMARY: On June 25, 1981, the Department of Commerce published in the Federal Register a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order" with respect to sugar from the European Communities. The review is based upon information for the period July 1, 1979, through June 30, 1980. The notice stated that the Department had preliminarily determined the amount of the net subsidy to be 3.5¢ per pound of sugar and proposed that rate be used for cash deposit of estimated countervailing duties. Interested parties were invited to comment on this decision. Upon review and analysis of all comments received, the Department determines that a cash deposit of 3.5¢ per pound of sugar shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

EFFECTIVE DATE: September 23, 1981.

FOR FURTHER INFORMATION CONTACT: Joseph A. Black, Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1774).

SUPPLEMENTARY INFORMATION:

Procedural Background

On July 31, 1978, a notice of "Final Countervailing Duty Determination," T.D. 78-53, was published in the Federal Register (43 FR 33237). The notice stated that the Department of the Treasury had determined that exports of sugar from the European Communities ("the EC") benefitted from bounties or grants, within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Tariff Act"). Accordingly, imports into the United States of this merchandise were subject to countervailing duties.

On June 25, 1981, the Department of Commerce ("the Department")

published in the Federal Register a notice of the preliminary results of its administrative review of that countervailing duty order (46 FR 32924). In the notice, we stated that the estimated subsidy in effect during the period of review was 3.5 cents per pound and that this rate would be used as the estimated duty deposit rate on any entries until completion of the next administrative review. Interested parties were invited to comment.

Scope of the Review

Imports covered by this review are sugar from the EC, which consisted of Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxemburg, the Netherlands, and the United Kingdom during our review period. Sugar is currently classifiable under item 155.29 and 155.30 of the Tariff Schedules of the United States. The review is based on information for the period from July 1, 1979 through June 30, 1980. The countervailing program cited in the final determination is restitution payments made under the guidance and guarantee fund which in turn is operated under the Common Agricultural Policy ("CAP") of the EC. On January 1, 1981, Greece became a member of the EC and was simultaneously covered by the CAP as it applies to sugar; therefore, our instructions regarding suspension of liquidation and deposit of estimated countervailing duty apply to sugar from Greece as of that date.

Analysis of Comments Received

Certain domestic parties objected to the use of 3.5 cents per pound for the future estimated duty deposit rate. They argued that recent changes in the level of EC sugar export restitution payments necessitated a higher duty deposit rate.

After reviewing these comments, we have decided that no change should be made to the estimated duty deposit rate as published in the preliminary review notice. Export restitution payments on sugar are adjusted constantly to reflect the movement in world market sugar prices. For example, during the period of the review, export restitution payments varied from 0 to 19.2 cents per pound. Because of the constantly changing nature of export restitution payment levels, the Department believes that the choice of a future duty deposit rate in this case based simply on the rate in effect when the results of our review are published is an inappropriate barometer of anticipated subsidy payments. The rate calculated by the Department is based upon the weighted average subsidy given to all sugar exported from

the EC during the review period. We believe that it forms a more credible basis for estimating the average subsidy levels which can be anticipated for the succeeding period.

Final Results of the Review

As a result of our review, we determine that sugar from the EC has benefitted from a net subsidy of 3.5¢ per pound for the period July 1, 1979 through June 30, 1980. There are no known unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or before June 30, 1980. As required by section 751(a)(1) of the Tariff Act, a cash deposit of estimated countervailing duties in the amount of 3.5¢ per pound shall be required on all shipments of sugar from the EC entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results. This deposit requirement and the suspension of liquidation previously ordered shall remain in effect until further notice. The Department intends to complete the next administrative review by the end of July, 1982.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

September 18, 1981.

[FR Doc. 81-27648 Filed 9-22-81; 8:45 am]

BILLING CODE 3510-25-M

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Adjustment of Levels of Restraint for Certain Wool and Man-Made Fiber Textile Products from the People's Republic of China

AGENCY: Committee for the Implementation of Textile Agreements.

ACTION: (1) Establishing a specific ceiling of 250,000 dozen for wool sweaters in Category 445/446, produced or manufactured in the People's Republic of China and exported during the twelve-month period which began on January 1, 1981 and extends through December 31, 1981.

(2) Reducing the level of restraint for man-made fiber sweaters in Category 645/646 by 50,000 dozen to 516,500 dozen for the twelve-month period which began on January 1, 1981.

(A detailed description of the textile categories in terms of T.S.U.S.A.

numbers was published in the Federal Register on February 28, 1980 (45 FR 13172), as amended on April 23, 1980 (45 FR 27463), August 12, 1980 (45 FR 53506), December 24, 1980 (45 FR 85142) and May 5, 1981 (46 FR 25121)).

SUMMARY: On September 21, 1981, the Governments of the United States and the People's Republic of China exchanged notes amending the Bilateral Cotton, Wool and Man-Made Fiber Textile Agreement of September 17, 1980 between the two governments to establish, among other things, a specific ceiling of 250,000 dozen for wool textile products in Category 445/446 for the agreement year which began on January 1, 1981, but including the proviso that the percentage increase of 5 percent for swing shall not apply to the category during the 1981 agreement period. It was further agreed that the level of restraint for man-made fiber sweaters in Category 645/646 shall be reduced to 516,500 dozen during the twelve-month period which began on January 1, 1981.

EFFECTIVE DATE: September 24, 1981.

FOR FURTHER INFORMATION CONTACT:

Carl Ruttis, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, Washington, D.C. 20230 (202/377-5423).

SUPPLEMENTARY INFORMATION: On December 4, 1980, there was published in the Federal Register (45 FR 80234) a letter dated November 28, 1980 to the Commissioner of Customs from the Chairman of the Committee for the Implementation of Textile Agreements which established levels of restraint for certain categories of cotton and man-made fiber textile products, produced or manufactured in the People's Republic of China and exported during the twelve-month period which began on January 1, 1981. In the letter published below the Chairman of the Committee for the Implementation of Textile Agreements directs the Commissioner of Customs to prohibit entry into the United States for consumption, or withdrawal from warehouse for consumption, or wool textile products in Category 445/446 and man-made fiber textile products in Category 645/646 in excess of the designated levels of restraint during the twelve-month period which began on January 1, 1981. The letter also cancels and supersedes the directive of January 14, 1981 (46 FR 5033), which established a level of restraint of 183,709 dozen for wool textile products in Category 445/446 during the period which began on

October 19, 1980 and extends through January 16, 1982.

Arthur Garel,

Acting Chairman, Committee for the Implementation of Textile Agreements.
September 22, 1981.

Committee for the Implementation of Textile Agreements

Commissioner of Customs, Department of the Treasury,
Washington, D.C.

Dear Mr. Commissioner: This directive cancels and supersedes the directive issued to you on January 14, 1981 by the Chairman of the Committee for the Implementation of Textile Agreements which established a level of restraint for wool textile products in Category 445/446 from the People's Republic of China during the period which began on October 19, 1980 and extends through January 16, 1982. It also amends, but does not cancel, the directive issued to you on November 28, 1980 by the Chairman of the Committee for the Implementation of Textile Agreements concerning imports into the United States of certain cotton and man-made fiber textile products, produced or manufactured in the People's Republic of China.

Under the terms of the Bilateral Cotton, Wool and Man-Made Fiber Textile Agreement of September 17, 1980, as amended, between the Governments of the United States and the People's Republic of China, and in accordance with the provisions of Executive Order 11651 of March 3, 1972, as amended by Executive Order 11951 of January 8, 1977, you are directed to prohibit, effective on September 24, 1981 and for the twelve-month period which began on January 1, 1981 and extends through December 31, 1981, entry into the United States for consumption and withdrawal from warehouse for consumption of wool textile products in Category 445/446, exported from the People's Republic of China on and after January 1, 1981, in excess of 250,000 dozen.¹

You are further directed, effective on September 24, 1981 and for the twelve-month period which began on January 1, 1981 and extends through December 31, 1981, to reduce the level of restraint established in the directive of November 28, 1980 for man-made fiber textile products in Category 645/646 to 516,500 dozen.¹

Textile products in Category 445/446 which have been exported to the United States prior to January 1, 1981 shall not be subject to this directive.

Textile products in Category 445/446 which have been released from the custody of the U.S. Customs Service under the provisions of 19 U.S.C. 1448(b) or 1484(a)(1)(A) prior to the effective date of this directive shall not be denied entry under this directive.

The actions taken with respect to the Government of the People's Republic of China and with respect to imports of wool and man-made fiber textile products from China have been determined by the Committee for the Implementation of Textile

¹The levels of restraint have not been adjusted to reflect any imports after December 31, 1981.

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APPENDIX B

COMMISSION'S NOTICE OF INVESTIGATION AND HEARING

Written submissions.—Any person may submit to the Commission on or before April 13, 1982, written statements of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted in accordance with § 201.8 of the Commission's rules of practice and procedure, 19 CFR 201.8 (1980). All written submissions, except confidential business data, will be available for public inspection.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the rules of practice and procedure (19 CFR 201.6).

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

This notice is published pursuant to § 207.20 of the Commission's rules of practice and procedure (19 CFR 207.20, 44 FR 76458).

By order of the Commission.

Issued: January 27, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-2798 Filed 2-2-82; 8:45 am]
BILLING CODE 7030-02-M

[Investigation No. 337-TA-115]

Certain Power Woodworking Tools, Their Parts, Accessories and Special Purpose Tools; Order

Pursuant to my authority as Chief Administrative Law Judge of this Commission, I hereby designate Administrative Law Judge Janet D. Saxon as Presiding Officer in this investigation.

The Secretary shall serve a copy of this order upon all parties of record and shall publish it in the Federal Register.

Issued: January 26, 1982.

Donald K. Duvall,
Chief Administrative Law Judge.

[FR Doc. 82-2787 Filed 2-2-82; 8:45 am]
BILLING CODE 7030-02-M

[Investigation No. 104-TAA-7]

Sugar From The European Communities; Countervailing Duty Investigation

AGENCY: United States International Trade Commission.

ACTION: Institution of a countervailing duty investigation.

SUMMARY: On July 31, 1978 in T.D. 78-53, the Department of the Treasury (Treasury) imposed countervailing duties, under section 303 of the Tariff Act of 1930, on sugar imported from the European Communities. Imports of sugar from the European Communities, currently provided for under items 155.20 and 155.30 of the Tariff Schedules of the United States were subject to countervailing duties of 10.84 cents per pound.

On January 1, 1980, the provisions of the Trade Agreements Act of 1979 became effective, and on January 2, 1980, the authority for administering the countervailing duty statute was transferred from Treasury to the Department of Commerce (Commerce). On May 12, 1980, Commerce published a notice in the Federal Register (44 FR 31455) of intent to conduct an annual administrative review of all outstanding countervailing duty orders.

On March 28, 1980, the U.S. International Trade Commission received a request from the Delegation of the Commission of the European Communities for an investigation under section 104(b)(1) of the Trade Agreements Act of 1979, with respect to sugar from the European Communities (EC). In accordance with section 104(b)(3) of the act, the Commission notified the Department of Commerce of its receipt of the request for this investigation.

As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the countervailing duty order on sugar from the European Communities. As a result, on September 23, 1981, Commerce published in the Federal Register (46 FR 46984), its final determination that the net subsidy conferred was 3.5 cents per pound. On the basis of that determination, the U.S. International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, is instituting this countervailing duty investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of sugar from the European

Communities provided for under items 155.20 and 155.30 of the Tariff Schedules of the United States, covered by the countervailing duty order, if the order were to be revoked.

EFFECTIVE DATE: January 27, 1982.

FOR FURTHER INFORMATION CONTACT: T. Vernon Greer, Commodity-Industry Analyst, U.S. International Trade Commission, Washington, D.C. 20436 (202-724-0074).

SUPPLEMENTARY INFORMATION: *Public Hearing:* The Commission will hold a public hearing in connection with this investigation on April 5, 1982, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10 a.m. The hearing on this investigation will be held concurrently with the hearing on molasses from France (Investigation will be held concurrently with the hearing on molasses from France (Investigation No. 104-TAA-8). Requests to appear at the hearing should be filed with the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. 20436, not later than the close of business (5:15 p.m.) on March 18, 1982. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10 a.m., on March 22, 1982, in room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed with the Commission on or before March 31, 1982.

A staff report containing preliminary findings of fact in this investigation will be available to all interested parties on March 17, 1982.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as would otherwise be provided for in § 201.12(d). All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing statements in accordance with rule § 207.22. Posthearing briefs should be filed with the Commission by ~~April 13~~ after than the close of business, April 13, 1982.

Written submissions.—Any person may submit to the Commission on or before April 13, 1982, written statements

of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted in accordance with § 201.8 of the Commission's rules of practice and procedure, 19 CFR 201.8 (1980). All written submissions, except confidential business data, will be available for public inspection.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the rules of practice and procedure (19 CFR 201.6).

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, subparts A through E (19 CFR Part 201).

This notice is published pursuant to § 207.20 of the Commission's rules of practice and procedure (19 CFR 207.20, 44 FR 76458).

By order of the Commission.

Issued: January 27, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-2768 Filed 2-2-82; 8:45 am]

BILLING CODE 7029-02-M

DEPARTMENT OF JUSTICE

Antitrust Division

Final Judgment; U.S. v. Beven-Herron, Inc., et al.

Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(d), the following is a *Comment* received by the Antitrust Division on the proposed Final Judgment filed in the case of *U.S. v. Beven-Herron, Inc., et al.*, Civil No. 81-0951, (C.D. Calif.), together with the Division's *Response* thereto.

Joseph H. Widmar,

Director of Operations, Antitrust Division.

Stephen S. Trott, United States Attorney;
Leon W. Weidman, Chief, Antitrust Division; Kendra S. McNally, William L. Webber, Assistant United States Attorneys, 1441A United States Courthouse, 312 North Spring Street, Los Angeles, California 90012. Telephone: (213) 698-6579. Attorneys for Plaintiff, United States of America.

U.S. District Court Central District of California

United States of America Plaintiff, v. Beven-Herron, Inc., and Simpson Manufacturing Co., Inc., Defendants.
No. CV-81-0951-RJK(Kx).

Government's Response to Comments of Snyder & Dickenson Company and Comments of Snyder & Dickenson Company. Pursuant to the Antitrust Procedures and Penalties Act (APPA), 15 U.S.C. 16(d), the Government hereby publishes and responds to the comments of Snyder & Dickenson Company concerning the proposed Final Judgment in *United States v. Beven-Herron, Inc., and Simpson Manufacturing Company, Inc.*, CV-81-0951-RJK(Kx) (C.D. Cal., filed February 25, 1981). The Government has carefully reviewed the comments of Snyder & Dickenson Company and has concluded that the issues raised by Snyder & Dickenson Company do not warrant any modification in the proposed Final Judgment.

I. The Government is in compliance with the APPA

The Government is in compliance with the APPA, 15 U.S.C. 16 (b)-(c) which requires that certain documents pertaining to this case be published and made available to the public. On November 13, 1981 the proposed Final Judgment and Competitive Impact Statement were published in the Federal Register, Vol. 46, No. 219, pp. 55,069-56,073. These documents were available for public inspection at the Office of the Clerk of the United States District Court for the Central District of California, Los Angeles, California, and at the Department of Justice in Washington, D.C. In addition, summaries of the proposed Final Judgment and the Competitive Impact Statement were published in the *Herald Examiner* of Los Angeles and the *Washington Post* of Washington, D.C. on November 3-9, 1981. The APPA requires the Government to publish a list of, and make available to the public, " . . . any other materials or documents which the United States considered *determinative* in formulating . . . the proposed Final Judgment, 15 U.S.C. 16(b) (emphasis supplied). No other documents or materials were determinative in formulating the proposed Final Judgment, and hence there were no documents or materials to be published in a list or to be made available to the public.

II. This is Not an Appropriate Forum for Snyder and Dickenson Company To Request That the Criminal Record Be Unsealed

Contrary to the suggestions of Snyder & Dickenson Company, the public interest does not require that entry of the proposed Final Judgment be conditioned on unsealing the record of the Government's criminal antitrust case, *United States v. Beven-Herron, Inc., et al.*, CR-81-192-MRP (C.D. Cal., filed February 25, 1981). The criminal case is separate from the civil case that would be terminated by entry of the proposed Final Judgment. The Government has already published and made available to the public those documents in this civil case that enable the public to comment on the proposed Final Judgment, namely the proposed Final Judgment and the

Competitive Impact Statement. Moreover, all pleadings filed by parties in this civil case are a matter of public record and are available for inspection at the Office of the Clerk of the United States District Court for the Central District of California, Los Angeles, California.

Snyder & Dickenson Company may wish to have the record in the criminal case unsealed in order to aid its private antitrust suit, *Snyder & Dickenson Company v. Beven-Herron, Inc., and Simpson Manufacturing Co., Inc.*, CV-81-2719-MRP(JRx) (C.D. Cal., filed June 2, 1981). The appropriate procedure for unsealing the criminal record would be to apply to the District Court Judge who issued the order sealing the record. To the extent that Snyder and Dickenson Company wishes to obtain grand jury materials that are protected from disclosure by Rule 6(e) of the Federal Rules of Criminal Procedure, a motion must be made before that same District Court Judge who was assigned to the criminal case, as required by *Douglas Oil Co. v. Petrol Stops Northwest*, 441 U.S. 211 (1979). It should be noted that the same District Court Judge who presided over the Snyder & Dickenson Company's private case.

III. The Terms of the Proposed Final Judgment Are Consistent With the Public Interest

The terms of the proposed Final Judgment are consistent with the public interest. Snyder & Dickenson Company does not claim that the restrictions that the proposed Final Judgment would impose upon the defendants are in any way contrary to the public interest. The primary purposes of the APPA's publication and comment provisions are to provide a check against possible bad faith on the part of the Government in negotiating a proposed Final Judgment and to allow for public review of the merits of the proposed Final Judgment. Snyder & Dickenson Company has not questioned the good faith of the Government in negotiating the proposed Final Judgment, nor has it suggested that the terms of the proposed Final Judgment would be ineffective in achieving its goal of remedying the violation alleged in the complaint. The Government considers the terms of the proposed Final Judgment to be of sufficient scope and effectiveness to make litigation on the issues unnecessary, as the proposed Final Judgment provides all or substantially all of the relief that could reasonably be expected to be obtained after a full trial. The proposed Final Judgment provides all of the injunctive relief sought in the complaint. For these reasons, the proposed Final Judgment need not be modified.

Dated: January 20, 1982. A-55

Respectfully submitted,

Stephen S. Trott,
United States Attorney.
Kendra S. McNally,
Assistant United States Attorney, Acting
Chief, Antitrust Division.

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APPENDIX C
STATEMENT OF
THE DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

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DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

April 22, 1982

Mr. Kenneth R. Mason
Secretary
U.S. International Trade Commission
701 E Street, N.W. Room 160
Washington D.C. 20436

Re: ITC CVD Investigation concerning Imports of Sugar from
the E.C.

Dear Mr. Mason,

The Delegation of the Commission of the European Communities has taken note of the ITC staff pre-hearing report, as well as of the various comments made at the April 5 hearing. The following information may be useful to the Commissioners in reaching their determination:

In a letter, dated March 9, 1982, addressed to the Department of Commerce, with copy to you, we indicated that the Community adopted a new sugar program as of July 1, 1981. The cost of possible export refunds is now totally borne by sugar producers, except for a quantity equivalent to preferential imports from countries who are signatories of the Lome Convention. This means that export refunds cannot be considered to be a subsidy under Article XVI of the GATT. Consequently, the basis for an application of Article VI.3 of the GATT does not exist anymore. A brief description of the new mechanism is attached to this letter.

We also would like to mention that the E.C. will not be able to join the present ISA as extended for two years (till end of 1984). The E.C. will attempt to negotiate for 1985 onwards an improved agreement, but no one can predict the outcome at this time. In the meantime, the maximum tonnage the E.C. could ship to the U.S., a member of ISA, is 5,000 T, a quantity that cannot possibly cause material injury or threat thereof to the U.S. sugar industry, or the U.S. sugar program.

Sincerely yours,



Mogens Peter Carl
First Secretary

A-58

Enc.

- 2 -

cc : Hon. William Alberger, Chairman
Hon. Michael Calhoun, Vice-Chairman
Hon. Paula Stern, Commissioner
Hon. Alfred Eckes, Commissioner
Hon. Eugene Frank, Commissioner
Hon. Veronica Haggart, Commissioner

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NEW EC COMMON MARKET ORGANIZATION FOR SUGAR AS OF JULY 1, 1981

B. EXPORT REFUNDS.

As far as Community-produced sugar is concerned, export refunds apply only to exports of quota ("A" + "B") sugar.

Such export refunds are financed as follows :

1. Quantities of exported sugar equivalent to preferential imports

These amount to about 1.3 mio t of sugar. Export refunds on these quantities are financed totally by the Community budget and are excluded from the arrangements described in paragraph 2 below.

2. Other exports qualifying for refunds.

Export refunds are fixed either by means of competitive tenders or periodically by the Commission, and are paid after the export has taken place. They are financed from Community funds. The cost of these refunds is, however, recovered from the producers, whether exporters or not, by means of production levies on all quota sugar. These levies are fixed before the end of each marketing year and are calculated at a level intended to cover the total costs arising from export refunds.

These levies may be fixed at a level not exceeding 2 % of the basic intervention price (currently 469,50 ECU/t) and charged on all "A" and "B" sugars actually produced. If production fully matched the "A" and "B" quotas, this would give the following total amount: $469,50 \times 2 \% \times 11.758.000 = 110,407,620 \text{ ECU}$. If this proves insufficient, a second levy may be charged on "B" sugar up to a maximum of 30 % of the intervention price, i.e. $469,50 \times 30 \% \times 2.242.000 = 315,785,700 \text{ ECU}$. Although 1981/82 is the first year of operation of this new system, it is expected that these levies will be recovered in a single payment approximately two months after the end of the marketing year to which they apply. It is, of course, possible that the total levies thus paid by the producers may still be insufficient to cover export refunds in a given year, especially when world market prices are particularly depressed and the Community's exporters are obliged to follow them. Should this happen, the deficit will be

added to the amount to be covered by the levy to be charged in the following year. Similarly, any Community income derived from export levies, as was the case in 1980/81, is also carried forward to offset any future costs.

On the basis of current estimates, it is probable that the full levies of 2 % on "A" sugar and 32 % on "B" sugar will not quite cover expenditure in the current marketing year. Should this prove to be the case, the deficit will be carried over into 1982/83. However, it is also possible that the Council of Ministers will decide to increase the maximum amount of the levy on "B" sugar in 1982/83 (1).

It is clear from the above that, taking one year with another, there is complete budgetary neutrality as far as export refunds are concerned.

3. Exports of "C" sugar.

There are no export refunds on "C" sugar, which must be exported outside the Community at the cost of the producers themselves.

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APPENDIX D

OUTLINE OF QUOTAS, DUTIES, AND FEES ON SUGAR

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Sugar (TSUS items 155.20 and 155.30).--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982

Effective date	Action	Authority	Rates of duty				Section 22 fees 1/			Quotas and other requirements of International Sugar Agreement, 1977 (ISA)
			Col. 1	Col. 2	Col. 2	Col. 2	Raw sugar 2/	Refined sugar 3/	None	
			960 raw sugar	1000 refined sugar	960 raw sugar	1000 refined sugar	Raw sugar 2/	Refined sugar 3/	None	
In effect before Jan. 1, 1975			0.675	0.6625	1.875	1.9875	None	None	None	Quotas under title II of the Sugar Act of 1948, as amended and extended (expired Dec. 31, 1974)
Jan. 1, 1975	Presidential Proclamation 4334 (Nov. 16, 1974)	Headnote 2, pt. 10(A), schedule 1, TSUS	0.625	0.6625						Annual global quota of 7 million short tons, raw value.
Sept. 21, 1976 4/	Presidential Proclamation 4463	Headnote 2	1.875	1.9875						
Nov. 11, 1977 5/	Presidential Proclamation 4538	Section 22, Agricultural Adjustment Act					3.32 less the amount by which value exceeds 6.67			
Nov. 11, 1977 5/	Presidential Proclamation 4539	Headnote 2 and TSUS General Headnote 4(b)	2.8125	2.98125	2.8125	2.98125				United States becomes provisional member of ISA
Dec. 24, 1977	Notice of Provisional Application									
Jan. 20, 1978 6/	Presidential Proclamation 4547	Section 22					2.70	3.22		Annual global quota reduced to 6.9 million short tons, raw value, Taiwan allocated quota of 210,987 short tons and other nonmembers of ISA allocated quota of 150,544 short tons for period Jan. 1, 1978 to Dec. 31, 1979
Nov. 30, 1978	Presidential Proclamation 4610	Headnote 2								
Jan. 1, 1979	Presidential Proclamation 4631 (Dec. 28, 1978)	Section 22								Provided authority for Secretary of Agriculture to adjust Section 22 fees

Note.--See footnotes at end of table.

Sugar (TSUS items 155, 20 and 185, 30)--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982

Effective date	Action	Authority	Rates of duty				Section 22			Quotas and other requirements of International Sugar Agreement, 1977 (ISA)
			Col. 1 960 raw sugar	Col. 2 1000 refined sugar	Col. 3 960 raw sugar	Col. 4 1000 refined sugar	Raw sugar 2/	Refined sugar 3/	fees 1/	
In effect before Jan. 1, 1975			0.625	0.6625	1.875	1.9875	None	None	None	Quotas under title II of the Sugar Act of 1948, as amended and extended (expired Dec. 31, 1974)
Jan. 1, 1975	Presidential Proclamation 4334 (Nov. 16, 1974)	Headnote 2, pt. 10(A), schedule 1, TSUS	0.625	0.6625						Annual global quota of 7 million short tons, raw value.
Sept. 21, 1976	Presidential Proclamation 4463	Headnote 2	1.875	1.9875						
Nov. 11, 1977	Presidential Proclamation 4538	Section 22, Agricultural Adjustment Act					3.32 less the amount by which value exceeds 6.67			
Nov. 11, 1977	Presidential Proclamation 4539	Headnote 2 and TSUS General Headnote 4(b)	2.8125	2.98125	2.8125	2.98125				
Dec. 24, 1977	Notice of Provisional Application									United States becomes provisional member of ISA
Jan. 20, 1978	Presidential Proclamation 4547	Section 22					2.70	3.22		
Nov. 30, 1978	Presidential Proclamation 4610	Headnote 2								Annual global quota reduced to 6.9 million short tons, raw value, Taiwan allocated quota of 210,987 short tons and other nonmembers of ISA allocated quota of 150,544 short tons for period Jan. 1, 1978 to Dec. 31, 1979
Jan. 1, 1979	Presidential Proclamation 4631 (Dec. 28, 1978)	Section 22								Provided authority for Secretary of Agriculture to adjust Section 22 fees

Note.--See footnotes at end of table.

Sugar (TSUS items 155.20 and 155.30).--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982 (continued)

Effective date	Action	Authority	Rates of duty				Section 22 fees 1/			Quotas and other requirements of International Sugar Agreement, 1977 (ISA)	
			Col. 1	Col. 2	Col. 2	Col. 2	Raw sugar 2/	Refined sugar 3/	Raw sugar 1/		
			960 raw sugar	1000 refined sugar	960 raw sugar	1000 refined sugar	Raw sugar 2/	Refined sugar 3/	Raw sugar 1/		
Cents per pound											
Jan. 1, 1979	44 F.R. 1202 (Jan. 4, 1979)	Presidential Proclamation 4631							3.35	3.87	
Apr. 1, 1979	44 F.R. 18540 (Mar. 28, 1979)	Presidential Proclamation 4631							2.76	3.28	
May 24, 1979	Presidential Proclamation 4663	Headnote 2									
June 22, 1979	44 F.R. 36579	Presidential Proclamation 4663									
July 1, 1979	44 F.R. 37644 (June 22, 1979)	Presidential Proclamation 4631							3.36	3.88	
Sept. 1, 1979	44 F.R. 52014 (Sept. 6, 1979)	Presidential Proclamation 4631							2.36	2.88	
Oct. 1, 1979	44 F.R. 55915 (Sept. 28, 1979)	Presidential Proclamation 4631							1.76	2.28	
Oct. 19, 1979	44 F.R. 61076 (Oct. 23, 1979)	Presidential Proclamation 4631							0.76	1.28	
Oct. 24, 1979	44 F.R. 61402 (Oct. 25, 1979)	Presidential Proclamation 4631							0.00	0.52	
Nov. 30, 1979	125 CONG. REC.: S17,551 (daily ed. Nov. 30, 1979)										

Secretary of State provided authority to allocate quotas in conformity with requirements of the ISA

Allocation of quota for nonmembers of ISA reduced to 144,090 short tons, raw value, for the period Jan. 1, 1978, to Dec. 31, 1979

ISA ratified by United States Senate

Note.--See footnotes at end of table.

Sugar (TSUS items 155.20 and 155.30).--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982 (continued)

Effective date	Action	Authority	Rates of duty				Section 22		Quotas and other requirements of International Sugar Agreement, 1977 (ISA)
			Col. 1		Col. 2		Raw sugar 2/	Refined sugar 3/	
			960 raw sugar	1000 refined sugar	960 raw sugar	1000 refined sugar			
Cents per pound									
Jan. 1, 1980	44 F.R. 69064 (Nov. 30, 1979)	Presidential Proclamation 4663							Quotas of 105,522 short tons, raw value, for Taiwan, and 93,816 short tons, raw value for other nonmembers of the ISA for the period Jan. 1, 1980, to Dec. 31, 1980
Jan. 1, 1980	44 F.R. 77226 (Dec. 31, 1979)	Presidential Proclamation 4631				0.00		0.52	
Feb. 1, 1980	Presidential Proclamation 4720	Headnote 2	0.625	0.6625	1.875		1.9875		
Mar. 6, 1980	45 F.R. 14356 (Mar. 5, 1980)	Presidential Proclamation 4663							Quotas for nonmembers of ISA suspended
Apr. 1, 1980	45 F.R. 21665 (Apr. 2, 1980)	Presidential Proclamation 4631				0.00		0.52	
Apr. 22, 1980	P.L. 96-236 International Sugar Agreement 1977, Implementation								Authority for President to apply fully all requirements of ISA membership
July 1, 1980	Presidential Proclamation 4770								Presidential delegation of authority to apply ISA provisions to the United States Trade Representative
July 1, 1980	45 F.R. 44974 (July 2, 1980)	Presidential Proclamation 4631				0.00		0.52	
July 1, 1980	45 F.R. 45448 (July 3, 1980)	Presidential Proclamation 4770							All imports in excess of one ton required to be accompanied by stamps assuring that ISA stock financing fund fee has been paid (50¢ per metric ton)

Note.--See footnotes at end of table.

Sugar (TSUS items 155.20 and 155.30).--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982 (continued)

Effective date	Action	Authority	Rates of duty				Section 22 fees 1/		Quotas and other requirements of International Sugar Agreement, 1977 (ISA)
			96° raw sugar	96° refined sugar	96° raw sugar	100° refined sugar	Raw sugar 2/	Refined sugar 3/	
Oct. 1, 1980	45 F.R. 64608 (Sept. 30, 1980)	Presidential Proclamation 4631			0.00			6.52	
Jan. 1, 1981	46 F.R. 980 (Jan. 5, 1981)	Presidential Proclamation 4631			0.00			0.52	
Apr. 1, 1981	46 F.R. 20244 (Apr. 3, 1981)	Presidential Proclamation 4631			0.00			0.52	
Apr. 21, 1981	46 F.R. 23186 (Apr. 23, 1981)	Presidential Proclamation 4770							Quota for nonmembers of ISA reinstated at 74,384 short tons, raw value, for Jan. 1, 1981 to Dec. 31, 1981
May 12, 1981	46 F.R. 26418	Presidential Proclamation 4770							Quota for nonmembers of ISA corrected to 5,987 metric tons
June 26, 1981	46 F.R. 33163	Presidential Proclamation 4770							Quota for Taiwan, 95,729 metric tons, and quota for other nonmembers of the ISA, 6,967 metric tons, for the period April 21, 1981, to Dec. 31, 1981
July 1, 1981	46 F.R. 54846								ISA stock financing fund fee revised (\$1.65 per metric ton)
July 1, 1981	46 F.R. 34825 (July 6, 1981)	Presidential Proclamation 4631			0.00			0.52	
Sept. 11, 1981	46 F.R. 45788 (Sept. 15, 1981)	Presidential Proclamation 4631			1.00			1.52	
Oct. 1, 1981	46 F.R. 48274	Presidential Proclamation 4631			1.531			2.051	

Note.--See footnotes at end of table.

Sugar (TSUS Items 155.20 and 155.30).--U.S. import duties, import fees, and quotas, January 1, 1975, to May 11, 1982 (continued)

Effective date	Action	Rates of duty				Section 22 fees 1/			Quotas and other requirements of International Sugar Agreement, 1977 (ISA)
		Authority	Col. 1	Col. 2	Section 22 fees 1/	Raw sugar 2/	Refined sugar 3/	Quotas for Taiwan, 95,729 metric tons, and quota for other non-members, 5,109 metric tons, for 1981	
		960 raw sugar	1000 refined sugar	960 raw sugar	1000 refined sugar	Raw sugar 2/	Refined sugar 3/		
		Cents per pound							
Oct. 9, 1981	46 F.R. 50179	Presidential Proclamation 4770							
Dec. 24, 1981 7/	Presidential Proclamation 4887	Section 22				2.1418	3.1104	Quota for Taiwan, 95,729 metric tons, and quota for other non-members, 5,109 metric tons, for 1981	
Dec. 23, 1981 7/	Presidential Proclamation 4888	Headnote 2	2.8125	2.98125	2.8125	2.98125	2.98125		
April 1, 1982	47 F.R. 14200 (Apr. 2, 1982)	Presidential Proclamation 4887				3.0703	4.1782		
April 21, 1982	47 F.R. 17600 (Apr. 23, 1982)	Presidential Proclamation 4887				4.0703	5.1782		
May 6, 1982	Presidential Proclamation 4940	Section 22				4.0703	5.0703		
May 11, 1982	Presidential Proclamation 4941	Headnote 2						Establishes country-by-country shares of quota to be established quarterly by Sec. of Agriculture. Quota for May 11-June 30, 1982, 220,000 short tons.	

1/ Section 22 fees may not exceed 50 per cent ad valorem.

2/ Sugar to be further refined or improved in quality.

3/ Sugar not to be further refined or improved in quality.

4/ By Presidential Proclamation 4466 (Oct. 4, 1976) the effective date was revised to Sept. 21, 1976, except for sugar exported before that date, and entered before Nov. 8, 1976.

5/ Except for sugar exported or contracted for before Nov. 11, 1977, and entered before Jan. 1, 1978 (but see footnote 6).

6/ Except for sugar of Malawian origin contracted for before Nov. 11, 1977, and entered before Feb. 15, 1978. In addition, articles exported or contracted for before Nov. 11, 1977, but not entered before Jan. 1, 1978, as a result of delay in transportation because of windstorm, fog, or similar stress of weather, were exempted from duties and fees of Presidential Proclamations 4538 and 4539.

7/ Except for sugar entered before Jan. 1, 1982, to fulfill contracts entered into before June 1, 1981, between exporters and end users, or between importers, brokers, or operators, and end users.

Source: Compiled by the staff of the United States International Trade Commission.

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Appendix E

Preliminary Report on Cost of Producing and Processing
Sugar Cane and Beets

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**Preliminary Report on
Cost of Producing and Processing
Sugarcane and Sugarbeets**

by

Robert Bohall, Hosein Shapouri, and Luigi Angelo¹
National Economics Division, Economics and Statistics Service

ABSTRACT: Net production and processing costs, excluding land, are estimated at 24.0 cents per pound of raw cane sugar and \$50.05 per ton of sugarcane in 1981/82. Nonland sugarcane production costs per acre are projected at \$1,029 in 1981/82. For sugarbeets, 1981/82 net production and processing costs, excluding land, are estimated at 25.3 cents a pound of refined beet sugar and \$59.98 a ton of sugarbeets. Production costs for sugarbeets, excluding land, are projected at \$535 an acre in 1981/82 or \$27.52 a ton with a trend yield of 19.4 tons an acre. Processing costs for both sugarbeets and sugarcane are projected to increase 8 percent in 1981/82.

KEY WORDS: Sugar, sweeteners, cost of production, sugarcane, sugarbeets.

INTRODUCTION

On April 22, 1981, the Economics and Statistics Service (ESS) released a preliminary report on the cost of producing and processing sugarbeets and sugarcane. The report, the first on sugarcane and sugarbeets, provides estimates of costs for the 1980/81 season and projections for the 1981/82 crop. This article summarizes the results.²

The average costs presented are based on methods that provide total cost estimates for sugarcane and sugarbeet production and processing on a per-acre, per-ton (cane and beets), and per-pound (raw cane and refined beet sugar) basis. Some inputs for producing or processing are used up each year—labor and fuel for example. Some inputs such as machinery, last more than 1 year, but become obsolete and wear out. Others—stock inputs such as management and land—provide a flow of services and output when combined with other inputs. The sugar production and processing cost estimates include the cost of all inputs used up, an allowance sufficient to replace the portion of depreciable inputs used, and a return to remaining stock inputs sufficient to keep them employed in their present use.

The cost estimates presented are averages, thus masking the range around the average. Costs vary significantly over time from producer to producer among States and regions. This variability among producers and processors is attributable to several factors—climate, soil type,

availability and cost of inputs, and varying management skills. The size of units is also an important factor, as some firms achieve efficiencies through purchasing large quantities of inputs at a discount, using resources—especially machinery and plant—more efficiently, and securing more advantageous marketing arrangements. The cost estimates are derived from a total accounting for all inputs. Annual receipts and cash expenditures, often of most concern to producers and corporate officials, are not specifically treated. Consistent with fulfillment of the Section 808 mandate of the Agriculture and Consumer Protection Act of 1973, emphasis is placed on the longer run allocation of resources and maintaining the capacity to produce.

Data for the cost of producing and processing sugarcane and sugarbeets came from a variety of sources. The primary sources were the surveys conducted by ESS. The estimates presented here are derived from six cost of production surveys that were conducted in 1980/81. Estimates for sugarbeets are based on 1980/81 data for 774 sugarbeet producers in 15 States, utilizing budgeting methods. Budgeting procedures utilize technical information on cultural practices and the use of inputs from survey firms. This information is supplemented by data on input costs to estimate the average cost of production.

Costs of producing sugarcane in Louisiana and Texas are similarly based on 1980/81 information from 65 and 29 producers, respectively, utilizing budgeting procedures. Sugarcane production costs in other areas are based on 1978/79 and 1979/80 data for 22 Florida producers, and information from 1979 and 1980 for the 13 major companies in Hawaii. For both States, cost-accounting procedures were employed. Cost accounting uses statistical and financial records of survey firms to estimate the average cost of production and processing.

¹ Hosein Shapouri is working under contract 63-3J23-1-0027 with ESS.

² Copies of the report "Cost of Producing and Processing Sugarcane and Sugarbeets in the United States including Projections for the 1981/82 Crop" may be obtained from Mrs. Lofton (202-447-8660) or by writing to the National Economics Division, ESS, USDA, 606 12th St. S.W., Washington, D.C. 20250.

Beet sugar processing costs are based on 1978/79 and 1979/80 cost accounting data for all processors--11 companies with 44 factories. Sugarcane processing costs are similarly based on cost-accounting procedures, with 41 of the 44 mills in Florida, Louisiana, Texas, and Hawaii participating. Data for mainland cane processors were for the 1978/79 and 1979/80 crops, and for Hawaii, the 1979 and 1980 crops.

Cost of Producing and Processing Sugarcane

Sugarcane production costs per acre for the 1980/81 and 1981/82 crops are shown in table 1. United States weighted average production costs per acre, excluding land, are projected as \$1,029 in 1981/82. Total estimated nonland production costs for 1981/82 are lowest in Louisiana at \$505 and highest in Hawaii at \$3,162.

The estimated nonland costs of producing and processing sugarcane in 1980/81 and projected cost for 1981/82 are presented in tables 2 and 3. For 1981/82 U.S. weighted average production costs, excluding land, are projected to increase to \$28.80 per ton, 19 percent over 1980/81. Cost of production per pound of raw sugar is projected at 13.3 cents. In 1981/82, U.S. processing costs are expected to increase 8 percent to an average of 12.2 cents per pound of raw cane sugar.

Net production and processing costs per ton of cane, after allowance for byproducts, were estimated at \$44.32 for 1980/81, and are projected to increase to \$59.05 for 1981/82, equal to 24.0 cents per pound for raw cane sugar.

Cost of Producing and Processing Sugarbeets

Regional sugarbeet production costs per planted acre and per ton of beets in 1980/81 are presented in table 4. Production costs per acre, excluding land, were highest California at \$719 and lowest in Minnesota-North Dakota at \$326.

The estimated 1980/81 and projected 1981/82 costs of producing and processing sugarbeets are shown in table 5. Nonland production cost per acre for 1981/82 is projected at \$535, an increase of 13 percent over 1980/81. In both years, land allocation on a share basis was well above interest and taxes on owned land at current market value; cash rent represented the lowest cost.

Nonland production costs per pound of beet sugar are forecast to increase 11.6 cents or 9 percent for 1981/82. For 1981/82, processing cost before credit for byproducts is expected to increase to 17.8 cents or 7 percent over 1980/81.

Dried beet pulp and molasses are the major byproducts of refined sugar production. Estimated credit from byproducts in 1980/81 was 2.8 cents per pound; it is projected to increase to 4.1 cents in 1981/82. Net production and processing costs, excluding land, per ton of beets were estimated \$54.91 for 1980/81 and are expected to increase to \$59.98 for 1981/82 equal, to 25.3 cents per pound.

Table 1-Sugarbeets: Preliminary and projected production costs per acre, by cost item, crop year

Cost item	Florida		Hawaii		Louisiana		Texas		United States	
	1980-81	1981-82	1980-81	1981-82	1980-81	1981-82	1980-81	1981-82	1980-81	1981-82
Variable	602.54	676.86	2,247.74	2,531.70	203.81	301.92	544.45	612.43	702.63	793.09
Seed	1.58	1.73	--	--	--	--	--	--	.74	.81
Fertilizer	42.79	48.66	280.03	313.47	30.30	43.56	53.01	60.28	73.48	83.56
Chemicals	34.42	38.25	95.25	106.77	40.71	45.63	51.26	57.46	45.44	50.93
Custom operations	17.84	19.76	86.25	94.95	14.21	15.64	74.28	81.78	28.22	31.07
Labor	302.87	335.85	1,015.20	1,126.09	55.21	61.24	125.77	139.51	303.63	336.78
Fuel and lubrication	41.56	54.46	96.51	119.62	48.05	59.49	33.37	41.52	50.75	62.83
Repairs	205.90	119.98	394.47	446.53	40.37	45.70	116.23	131.57	122.39	138.54
Purchased irrigation water	--	--	--	--	--	--	39.93	43.96	2.03	2.23
Purchased electricity	1.23	1.89	50.37	62.36	--	--	--	--	7.45	9.23
Miscellaneous	4.90	6.07	--	--	--	--	--	--	2.30	2.87
Interest	50.25	56.21	229.56	256.91	26.96	30.66	50.60	56.55	66.20	74.24
Machinery ownership	76.62	87.30	234.45	265.66	124.52	141.46	35.96	41.32	112.20	127.64
Replacement	36.27	40.64	107.93	120.94	63.02	70.62	17.71	19.85	54.15	60.67
Interest	27.22	31.24	107.37	123.22	51.36	58.94	13.16	15.10	45.56	52.28
Taxes and insurance	13.13	15.92	19.15	22.50	10.14	11.90	5.09	6.37	12.49	14.69
General farm overhead	--	--	--	--	14.89	16.03	8.60	9.32	5.55	6.01
Management	--	--	--	--	40.31	45.94	35.76	40.40	15.73	17.91
General and administration	67.43	76.91	328.21	363.70	--	--	1.71	3.04	75.67	84.53
Total excluding land	746.59	842.17	2,810.30	3,162.06	443.44	505.35	626.48	706.51	911.78	1,029.18
Land allocation	--	--	--	--	--	--	--	--	--	--
Share rent	--	--	373.62	361.32	131.75	171.79	--	--	237.29	243.24
Cash rent	167.64	188.34	--	--	248.03	54.37	77.46	88.27	136.14	153.16
Current market value	376.26	399.30	--	--	203.02	229.82	139.55	159.03	325.61	349.54
Composite	534.54	557.59	378.62	361.32	139.36	180.62	122.16	139.21	269.18	285.91
Yield per acre (tons)	32.90	31.60	94.97	92.90	23.00	21.20	27.58	26.30	37.51	35.73

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Table 2--Sugarcane: Preliminary production and processing costs per ton of cane and per pound of raw sugar, by cost item, specified areas, 1980/81 crop year

Cost item	Florida		Hawaii		Louisiana		Texas		United States	
	Ton	Pound	Ton	Pound	Ton	Pound	Ton	Pound	Ton	Pound
	Dollars	Cents	Dollars	Cents	Dollars	Cents	Dollars	Cents	Dollars	Cents
PRODUCTION										
Variable	18.31	8.715	23.67	10.643	11.47	6.510	19.74	11.115	18.73	9.098
Seed	.05	.024	---	---	---	---	---	---	.02	.010
Fertilizer	1.30	.619	2.95	1.326	1.67	.948	1.92	1.081	1.96	.952
Chemicals	1.03	.490	1.00	.450	1.77	1.005	1.86	1.047	1.21	.587
Custom operations	.52	.248	.91	.409	.62	.352	2.69	1.515	.75	.367
Labor	9.20	4.379	10.69	4.807	2.40	1.362	4.56	2.568	8.09	3.931
Fuel and lubrication	1.26	.600	1.02	.459	2.08	1.180	1.21	.681	1.35	.656
Repairs	3.22	1.533	4.15	1.866	1.76	.999	4.22	2.376	3.26	1.585
Purchased irrigation water	---	---	---	---	---	---	1.45	.817	.05	.026
Purchased electricity	.05	.024	.53	.238	---	---	---	---	.20	.097
Miscellaneous	.15	.071	---	---	---	---	---	---	.07	.030
Interest	1.53	.727	2.42	1.088	1.17	.664	1.83	1.030	1.77	.857
Machinery ownership	2.33	1.109	2.47	1.111	5.42	3.076	1.30	.732	2.99	1.454
Replacement	1.10	.524	1.14	.513	2.74	1.555	.64	.361	1.44	.701
Interest	.83	.395	1.13	.508	2.23	1.266	.48	.270	1.22	.590
Taxes and insurance	.40	.190	.20	.090	.45	.255	.18	.101	.33	.163
General farm overhead	---	---	---	---	.64	.363	.31	.175	.15	.072
Management	---	---	---	---	1.75	.993	1.30	.732	.42	.203
General and administration	2.05	.976	3.45	1.551	---	---	1.06	.604	2.01	.979
Total excluding land	22.69	10.800	29.59	13.305	19.28	10.942	22.71	12.788	24.30	11.806
PROCESSING										
Variable	10.09	4.803	15.57	6.998	12.35	7.011	12.61	7.100	12.68	6.098
Cane transportation	2.22	1.056	2.42	1.086	1.71	.972	3.09	1.741	2.23	1.075
Processing										
Labor	1.70	.811	2.43	1.097	1.70	.965	1.10	.619	1.95	.940
Fuel	.46	.221	.96	.430	1.52	.860	.91	.512	.88	.421
Supplies and materials	.72	.343	1.23	.553	1.23	.701	1.25	.702	1.03	.497
Repair and maintenance	1.88	.895	2.70	1.259	4.22	2.355	3.57	2.013	3.09	1.484
Labor benefits	.55	.260	1.49	.670	.72	.407	.30	.169	.91	.439
Marketing	2.02	.960	2.42	1.086	.49	.278	1.63	.918	1.85	.888
Interest	.54	.257	.92	.417	.76	.433	.76	.426	.74	.354
Ownership	7.65	3.639	7.48	3.356	16.52	9.375	11.71	6.595	9.62	4.628
Depreciation	.89	.422	1.38	.622	1.77	1.003	2.31	1.300	1.30	.628
Interest	6.43	3.098	5.93	2.662	14.53	8.235	8.64	4.866	8.01	3.852
Taxes and insurance	.33	.159	.16	.072	.42	.237	.76	.429	.31	.148
General and administration	.81	.389	2.00	.896	.86	.489	1.61	.903	1.28	.616
Labor	.32	.154	.37	.167	.40	.228	.71	.396	.37	.180
Non-labor	.49	.235	1.63	.729	.46	.261	.90	.507	.91	.440
Total processing cost	18.55	8.831	25.05	11.250	29.73	16.875	25.93	14.598	23.58	11.340
TOTAL PRODUCTION AND PROCESSING, EXCLUDING LAND	41.24	19.631	54.64	24.555	49.01	27.817	48.64	27.386	47.88	21.49
CREDITS	3.40	1.622	3.63	1.269	3.55	2.015	4.03	2.266	3.56	1.714
Holdings	3.33	1.590	2.73	1.226	3.50	1.987	4.03	2.266	3.21	1.542
Rebates	.01	.004	---	---	.05	.028	---	---	.01	.007
Other	.06	.028	.90	.043	---	---	---	---	.34	.165
NET PRODUCTION AND PROCESSING, EXCLUDING LAND	37.84	18.009	51.01	23.286	45.46	25.802	44.61	25.120	44.32	21.435
Land allocation										
Share rent	---	---	3.99	1.794	6.60	3.746	---	---	4.74	2.264
Cash rent	5.10	2.427	---	---	2.09	1.186	2.81	1.582	4.46	2.208
Current market value	11.44	5.645	---	---	8.82	5.011	5.05	2.849	10.69	5.245
Composite	10.17	4.840	3.99	1.794	6.93	3.933	4.43	2.494	7.18	3.486
Yield per acre (tons)	32.90	---	94.97	---	23.00	---	27.58	---	---	---
Recovery per ton (pounds)	---	210.1	---	222.7	---	176.2	---	177.6	---	---

--- = Not applicable.

Table 5--Sugarbeets: Preliminary production costs per planted acre and per ton of sugarbeets, by cost item, specified study areas, 1980/81 crop year

Cost item	Regions								United States
	Mich. & Ohio	Minn. & N. Dak.	Kan. Col. & Neb & S.E. Wyo	Tex. & N. Mex.	Mont. & N.W. Wyo & S.W. N. Dak.	East Idaho	W. Ida. & Ore.	Calif. & Ariz.	
COST PER ACRE									
	<u>Dollars</u>								
Variable	254.62	210.60	304.43	399.95	334.24	378.27	439.96	539.57	331.42
Seed	5.54	19.31	16.08	18.48	18.09	18.79	20.94	12.36	16.06
Fertilizer	81.08	37.78	45.03	29.83	75.15	73.13	92.15	61.21	55.11
Chemicals	28.69	39.47	36.03	88.27	28.70	31.51	49.01	76.77	45.37
Custom operations	39.98	6.95	15.90	51.84	6.14	19.89	29.69	108.40	34.64
Labor	39.36	49.67	93.74	70.01	101.89	92.90	111.69	125.17	81.17
Fuel and lubrication	24.29	25.30	49.17	79.17	38.15	75.09	44.78	57.58	42.66
Repairs	19.49	20.46	26.37	39.49	26.57	33.03	46.00	26.49	25.46
Purchased irrigation water	--	--	5.84	--	11.74	13.73	23.13	31.43	10.03
Miscellaneous	2.17	.45	.72	--	11.74	2.64	.06	5.38	2.47
Interest	14.02	11.21	15.55	22.86	16.07	17.56	22.51	54.78	18.45
Machinery ownership	64.53	76.93	97.58	96.94	90.52	106.31	88.83	94.76	67.11
Replacement	31.58	37.72	49.68	52.07	46.04	55.87	46.25	48.67	44.11
Interest	27.43	32.71	40.65	38.52	37.10	42.56	35.54	38.82	36.14
Taxes and insurance	5.52	6.50	7.35	6.35	7.38	7.88	7.09	7.07	6.86
General farm overhead	7.72	9.01	6.80	9.33	6.38	6.25	8.37	19.66	10.19
Management	32.69	29.65	40.89	50.62	43.11	49.08	53.72	65.40	42.87
Total excluding land	359.56	326.19	449.80	556.84	474.25	539.91	590.93	719.39	471.59
Land allocation									
Share rent	272.00	187.70	251.37	120.25	260.92	256.83	406.32	277.02	258.96
Cash rent	89.48	76.56	42.43	22.25	72.18	46.62	99.70	121.22	87.29
Current market value	163.85	103.64	127.92	41.97	126.91	76.29	211.05	311.84	146.68
Composite	165.20	93.43	205.38	81.01	180.07	121.13	253.79	233.00	161.31
Yield per acre (tons)	19.02	13.58	19.08	14.89	20.75	22.00	25.94	24.54	18.90
Value of beet tops	--	--	7.99	14.72	18.47	1.47	.94	3.12	3.7
COST PER TON									
Variable	13.36	15.51	15.95	26.86	16.11	17.20	16.96	21.98	17.27
Machinery ownership	3.39	5.67	5.12	6.51	4.36	4.83	3.43	3.86	4.61
General farm overhead	.41	.66	.36	.63	.31	.28	.32	.80	.54
Management	1.72	2.18	2.14	3.40	2.08	2.23	2.07	2.67	2.26
Total excluding land	18.90	24.02	23.57	37.40	22.86	24.54	22.78	29.31	24.95
Land allocation									
Share rent	14.30	13.82	13.17	8.08	12.57	11.67	15.66	11.29	13.70
Cash rent	4.70	5.64	2.22	1.49	3.48	2.12	3.84	4.94	4.62
Current market value	8.72	7.63	6.70	2.82	6.12	3.47	8.14	12.71	7.76
Composite	8.69	6.88	10.76	5.44	8.68	5.51	9.78	9.49	8.53
Value of beet tops	--	--	.42	.99	.89	.07	.04	.13	.20

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