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UNITED STATES TARIFF COMMISSION

**CANNED PINEAPPLE AND PINEAPPLE JUICE:
WORKERS OF HAWAIIAN FRUIT PACKERS, LTD., KAPAA,
KAUAI, HAWAII**

**Report to the President
on Investigation No. TEA-W-194
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



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UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

**Address all communications to
United States Tariff Commission
Washington, D. C. 20436**

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission
June 4, 1973

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (TEA) (76 Stat. 885), the U.S. Tariff Commission herein reports the findings of an investigation made under section 301(c)(2) of the act in response to a petition filed on behalf of a group of workers.

On April 3, 1973, the Tariff Commission received a petition from Local 142 of the International Longshoremen's & Warehousemen's Union for a determination of eligibility to apply for adjustment assistance on behalf of the workers of Hawaiian Fruit Packers, Ltd., Kapaa, Kauai, Hawaii, a subsidiary of Stokely-Van Camp, Inc., Indianapolis, Indiana. The Commission instituted an investigation (TEA-W-194) on April 9, 1973, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with canned pineapple and pineapple juice (of the types provided for in items 148.98, 165.44, and 165.46 of the Tariff Schedules of the United States (TSUS)) produced by said firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

Public notice of the investigation was given by posting copies of the notice at the office of the Commission in Washington, D.C., at the New York office, and by publication in the Federal Register of April 12, 1973 (38 F.R. 9272). No public hearing was requested and none was held.

The information in this report was obtained from Local 142 of the International Longshoremen's & Warehousemen's Union, from Hawaiian Fruit Packers, Ltd., from Stokely-Van Camp, Inc., from other domestic producers, from importers, from trade associations, from other Federal agencies, from State agencies, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds unanimously (Vice Chairman Parker not participating) that articles like or directly competitive with canned pineapple and pineapple juice (of the types provided for in items 148.98, 165.44, and 165.46 of the TSUS) produced by Hawaiian Fruit Packers, Ltd., a subsidiary of Stokely-Van Camp, Inc., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such company or an appropriate subdivision thereof.

Views of Chairman Bedell and Commissioners Moore and Ablondi

This investigation was made in response to a petition filed by the International Longshoremen's & Warehousemen's Union for a determination of the eligibility of workers of Hawaiian Fruit Packers, Ltd. of Kapaa, Kauai, Hawaii, a subsidiary of Stokely-Van Camp, Inc., for adjustment assistance under section 301(a)(2) of the Trade Expansion Act of 1962. Hawaiian Fruit Packers, Ltd. plans to terminate its production of canned pineapple and pineapple juice in October 1973.

The Trade Expansion Act of 1962 establishes four criteria to be met in order for an affirmative determination to be made in a worker case. The criteria are as follows:

- (1) An article like or directly competitive with an article produced by the workers concerned must be imported in increased quantities;
- (2) The increased imports must be a result in major part of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers concerned must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor in causing, or threatening to cause, the unemployment or underemployment.

If any one of the above criteria is not satisfied in a given case, the Commission must make a negative determination. It is our judgment that the fourth criterion has not been met in the case at hand, and, therefore, we have made a negative determination. Under the circumstances, we have not been required to reach a conclusion respecting the first three criteria, and we have not done so.

As is true in nearly all instances when firms close, the planned shutdown of Hawaiian Fruit Packers, Ltd. is the result of several adverse factors affecting the company's operations. In the present instance, factors other than increased U.S. imports of canned pineapple and pineapple juice constituted the overriding considerations influencing the company's decision to close. Among these are the factors resulting in the high costs of producing and processing pineapples in Hawaii, those resulting in high costs of shipping processed pineapples to the continental United States, and the increased price competition with other fruit and fruit juices in the U.S. market in recent years.

The major cost factor contributing to the high costs of producing and processing pineapple by Hawaiian Fruit Packers, Ltd. is labor. In Hawaii, unit labor costs, which are reported to account for about half of total production costs, were about 90 percent greater in 1972 than in 1960. Not only have labor costs risen greatly in Hawaii, but they are much higher than in the major foreign supplying countries. For example direct wages (excluding costs of fringe benefits) received by workers employed by Hawaiian Fruit Packers, Ltd. currently average about \$2.50 per hour more than the direct wages received by pineapple workers in the Philippine Republic and Taiwan--a difference that indicates marked differences in unit labor costs. Other factors contributing to the high production costs of Hawaiian Fruit Packers, Ltd. are: the rising price of land in Hawaii; a 1/2 percent gross sales tax on pineapple sales imposed by the State of Hawaii; and the cost of pineapple research work which is borne by the pineapple industry.

As a consequence of the cost differences, U.S. firms producing in both Hawaii and foreign countries report that production costs in Hawaii per case of canned pineapple are * * * [higher than] those in the Philippine Republic and Thailand.

The cost of shipping canned pineapple and pineapple juice to the continental United States is high because of the Merchant Marine Act of 1920 (Jones Act) which requires domestically produced pineapple to be shipped in vessels built and documented in the United States and owned by persons who are citizens of the United States. Thus, a case of pineapple can be shipped from the Philippines or Taiwan to the United States cheaper than an equivalent case can be shipped from Hawaii. In 1968, moreover, regular shipping service between Hawaii and gulf and east coast ports was ended. Because of this, shipping costs were increased by 15 to 30 percent for that portion of Hawaii's pineapple sales (approximately 40 percent) that had been entering through these ports. Now, ships have to be chartered to service those ports, or products must be entered through west coast ports and then shipped by rail or truck to eastern and southern markets.

Finally, canned pineapple has not remained competitive in price in the U.S. market with other canned fruits. Since the late 1940's, the wholesale price of canned pineapple in the United States has increased by nearly 50 percent while the prices of canned peaches, apricots, pears, and fruit cocktail have risen from 2 percent to about 25 percent. Moreover, the current price of canned pineapple is substantially higher than that of other canned fruits--averaging about 15 percent to 50 percent higher in 1972.

On the basis of all the foregoing considerations, we have determined that imports were not the major factor causing the anticipated closing of Hawaiian Fruit Packers, Ltd. and the unemployment of its workers. The fourth criterion of the statute not having been satisfied, a negative determination must be made.

Views of Commissioners Leonard and Young

Our determination in this case is negative because we find that the second of the four statutory criteria which must be met if an affirmative determination is to be reached, has not been met--namely, that the increased imports have not been in major part the result of concessions granted under trade agreements.

It is evident that U.S. imports of both canned pineapple and pineapple juice (the products which account for virtually all of Hawaiian Fruit Packers' sales) have increased substantially. Annual imports of prepared or preserved pineapple, virtually all of which are canned, increased from an average of 88 million pounds during the 1950's to an average of 164 million pounds during the 1960's. Thereafter such imports reached an all-time high of 265 million pounds in 1971 but declined to 255 million pounds in 1972. Likewise annual imports of pineapple juice increased from an average of 5.9 million gallons during 1955-64 to 9.4 million gallons during 1965-69 and to 12.5 million gallons during 1970-72.

These increased imports, however, have not occurred in major part as the result of concessions granted under trade agreements, but primarily as a result of a complex of other factors, including the substantial erosion of the protective incidence of the specific duties as a result of increased prices, costs markedly lower in foreign countries than in the United States, and relatively high shipping costs for Hawaiian pineapple.

With respect to canned pineapple and pineapple juice that are the products of countries entitled to most-favored-nation treatment, the

last trade-agreement concession went into effect in 1948--some 25 years ago. From 1948 to 1960, annual imports of canned pineapple from most-favored-nation countries, though fluctuating, showed no great tendency to increase. Then during the 1960's, beginning some 12 years after the last trade-agreement concession, imports rose substantially to 175 million pounds in 1968 before declining to 154 million pounds in 1972. Data are available on imports of pineapple juice only since 1954. Annual imports from most-favored-nation countries were negligible until 1964, and then they fluctuated from almost nil to a million gallons (single-strength basis). Thus, since World War II, there is little correlation between trade-agreement concessions and U.S. imports of canned pineapple and pineapple juice from most-favored-nation countries.

The Philippine Republic has been one of the principal U.S. suppliers of canned pineapple and by far the principal supplier of pineapple juice in recent years. Pursuant to the U.S.-Philippine trade agreements, U.S. imports of such products since the Philippines became independent in 1946 were free of duty until 1956, and subsequently have become subject to gradually increasing rates of duty that will become equivalent to the most-favored-nation rate in 1974. While it is not completely clear whether the concessions in the trade agreements granting the Philippine Republic preferential duty-free treatment and then preferential rates should be regarded as "concessions granted under trade agreements" for purposes of the adjustment assistance provisions

of the Trade Expansion Act of 1962, it is clear that any recently increased imports of canned pineapple and pineapple juice from the Philippine Republic were not in major part the result of those concessions. Like the import trade in those products from most-favored-nation countries, there has been little, if any, correlation between the concessions and the imports. For example, U.S. imports of canned pineapple from the Philippine Republic, while fluctuating from year to year, tended to slowly decline throughout the post-World War II period until the late 1960's. In 1967, long after the original trade-agreement concessions had been made and in the middle of the period during which the rates were actually increasing, imports from that country began to grow. U.S. imports of pineapple juice from the Philippine Republic have grown only modestly in recent years, but have done so despite increasing rates of duty resulting from commitments made in the Philippine trade agreement--a development that suggests that other factors have been more important than the concessions.

The U.S. rates of duty applicable to canned pineapple and pineapple juice are specific, i.e., a specified number of cents per pound and per gallon, respectively. During periods of price increases, such rates are subject to an erosion of their protective effect as the amount of duty levied per unit shrinks in relation to the price per unit. Since the beginnings of the trade agreements program, the unit value of imported canned pineapple and pineapple juice have risen greatly. Calculated on the basis of trade in 1931 and 1972, the ad valorem equivalent of the current rate of duty on canned pineapple

declined from 15.1 percent to 6.8 percent--a decline unrelated to trade-agreement concessions but caused solely by price increases. The specific duty applicable to canned pineapple has been reduced by about two-thirds of the pre-trade-agreement rate by trade-agreement concessions. Thus, the effects of inflation alone on the restrictiveness of the U.S. duty have been nearly as great as the effects of the trade-agreement concessions. Similar comparisons cannot be made for canned pineapple juice because of the lack of statistical data, but the inflationary erosion of the protectiveness of duty surely has occurred.

In the preceding statement of views of Chairman Bedell and Commissioners Moore and Ablondi, our colleagues point out that the costs of producing pineapple in Hawaii, particularly the labor costs, have increased markedly in recent years and are * * * [higher than] the costs of producing pineapple in the Philippines and other countries which export to the United States, and that the costs of shipping canned pineapple and pineapple juice from Hawaii to the mainland are higher than the costs of shipping such products from the Philippines or Taiwan to the continental United States. These facts are advanced by them in support of their negative determination. We agree with our colleagues that Hawaiian production costs and shipping costs to the mainland are higher than such costs for imported pineapple products. We do not agree, however, with the way in which they marshal this evidence for their negative determination. In our view, the higher production costs and shipping costs are to be

considered when finding whether the second criterion has been met, i.e., whether the increased imports are a result in major part of trade-agreement concessions. In the instant case, these factors are among the reasons (other than trade-agreement concessions) that U.S. imports of canned pineapple and pineapple juice have increased. Our colleagues, however, have presented these factors in finding whether the fourth criterion has been met, i.e., whether the increased imports are the major factor causing, or threatening to cause, the unemployment or underemployment of the petitioning workers. We do not agree with such logic. The higher production and shipping costs are why imports have increased and the import increase is what is causing Hawaiian Fruit Packers, Ltd. (a strictly domestic firm) and its workers their problems.

The negative determination based on the fourth criterion (albeit, the evidence goes to a negative determination based on the second criterion) is not novel to this case for our colleagues. In negative determinations, Chairman Bedell and Commissioner Moore have relied on the fourth criterion approximately six times more than on the second criterion. Commissioner Ablondi has never relied on the second criterion in the cases in which he has had a written negative opinion.

In light of the circumstances of this case, we have concluded that the second statutory criterion has not been met, and have made a negative determination.

INFORMATION OBTAINED IN THE INVESTIGATION

Description and Uses of Articles Under Investigation

This investigation pertains to canned pineapple and pineapple juice--the only articles of significance produced by Hawaiian Fruit Packers, Ltd. 1/ The firm has announced that it will permanently close operations by about the end of October 1973 at its only production facility, at Kapaa, Kauai, Hawaii.

Canned pineapple and pineapple juice are produced from the fruit of the pineapple plant, a succulent tropical and subtropical perennial that produces one fruit per season. The first fruit matures 18 to 24 months after the plant is set in the field, and an additional fruit is produced each year thereafter. In commercial practice, however, the plants are usually replaced after the second crop because of declining yields.

Fresh fruit accounts for only a small part of the world trade in pineapple, and such shipments as occur go largely to nearby countries. The bulk of the pineapple entering international trade is in the form of fruit or juice which has been processed near the growing area.

1/ The firm also produces pineapple bran from the fibrous material remaining after the production of canned pineapple and pineapple juice; however, the value of sales of this product, which is used as a live-stock feed, is insignificant in comparison with the firm's sales of canned pineapple and pineapple juice.

Most processed pineapple fruit is marketed in airtight containers as canned pineapple packed in sirup, pineapple juice, or water, but small quantities are also marketed in brine or as chilled or frozen preparations. Canned pineapple is used in salads, desserts, baked goods, and numerous other food preparations. Some canned pineapple is utilized in the manufacture of fruit cocktail.

Pineapple juice is produced principally as a byproduct of the canning of pineapple fruit. It is obtained as excess juice during the trimming and slicing of chunk or sliced pineapple, during the production of crushed pineapple, and from the final crush of discarded cores and trimmings. A small share of the juice produced is extracted from whole fruit of a size or condition unsuitable for processing into canned pineapple.

About two-thirds of the pineapple juice produced in the United States is marketed as single-strength (unconcentrated) juice, whereas less than half of the imported pineapple juice is single-strength. The remainder is marketed as concentrated juice at various degrees of concentration. 1/ Almost all of the unconcentrated pineapple juice, whether or not sweetened, is marketed at retail in airtight cans.

1/ Trade sources indicate that in commercial practice almost all pineapple juice, both foreign and domestically produced, is marketed either single-strength (natural or reconstituted) or as a concentrate of more than 3.75 degrees (3-3/4 times its natural strength. The Tariff Schedules of the United States provide for pineapple juice "not concentrated, or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degree)" in item 165.44 and for "other" pineapple juice in item 165.46. In this report, all imports entered under item 165.44 are therefore considered to be unconcentrated and all imports entered under item 165.46 are considered to be concentrated.

When blended with other fruit juices, pineapple juice is most often mixed with grapefruit juice. Most concentrated juice is used in the production of canned fruit-juice drinks, which generally consist of fruit juice, water, citric acid, dextrose, and vitamin C. A minor amount of concentrated pineapple juice is frozen for retail sale.

U.S. Tariff Treatment

Canned Pineapple

Statutory and most-favored-nation (MFN) trade-agreement rates of duty.--Canned pineapple is presently provided for in item 148.98 of the TSUS. This product was originally dutiable under paragraph 747 of the Tariff Act of 1930 at 2.0 cents per pound, the rate now reflected in rate column numbered 2 of item 148.98. Since 1930, there have been three reductions in the MFN rate of duty proclaimed pursuant to trade-agreement concessions, viz.: to 1.5 cents per pound, effective January 1, 1939, trade agreement with the United Kingdom; to 1.0 cent per pound, effective January 30, 1943, trade agreement with Mexico; and to 0.75 cent per pound, effective January 1, 1948, GATT (see table on following page). The rate of 0.75 cent per pound is the current MFN rate (rate column numbered 1) for item 148.98.

The ad valorem equivalents of the specific rates of duty applicable to prepared or preserved pineapple (virtually all canned) in

Canned pineapple and pineapple juice: Effective date of U.S. rates of duty or scheduled rates of duty, by TSUS items, June 18, 1930-
July 4, 1974 1/

Effective date	Authority	Canned pineapple from		Pineapple juice 2/	
		Most favored nation (item 148.98 pt.)	Cuba (item 148.99)	Not concentrated or of not more than 3.5 degrees concentration (item 165.44) from--	Other (item 165.46) from--
June 18, 1930	Tariff Act of 1930	2	1.6	70	70
Sept. 3, 1934	Trade agreement, Cuba	-	0.8	-	-
Jan. 1, 1939	Trade agreement, United Kingdom.	1.5	-	35	35
Jan. 30, 1943	Trade agreement	1	-	-	-
Jan. 1, 1948	Mexico.	-	-	-	-
May 21, 1948	GATT concession	-	0.55 3/	20	20
Jan. 1, 1956	Philippine Trade Act of 1955.	0.75	-	-	-
Jan. 1, 1959	do	-	-	1	1
Jan. 1, 1962	do	-	-	2	2
Aug. 31, 1963	Tariff Classification Act of 1962.	-	-	4	4
Jan. 1, 1965	Philippine Trade Act of 1955.	-	-	5	5
Jan. 1, 1968	do	-	-	8	8
Jan. 1, 1971	do	-	-	12	12
Jan. 1, 1974	do	-	-	16	16
July 4, 1974	do	-	-	20	20

1/ Pursuant to Presidential Proclamation No. 4074, effective Aug. 16, 1971, trade-agreement rates were modified by the temporary imposition of an additional cumulative duty of 10 percent ad valorem or less. The additional duty was removed, effective Dec. 20, 1971, pursuant to Presidential Proclamation No. 4098.

2/ See text, at page A-9 for preferential rates applicable to pineapple juice, the product of Cuba.

3/ The rate for imports from Cuba was suspended on May 24, 1962. Imports from Cuba have been prohibited since Feb. 7, 1962.

1931 and in 1972, computed on the basis of entries in those years from the Philippines, Cuba and from the MFN countries are shown in the following table.

Pineapple, prepared or preserved: Ad valorem equivalents of 1930 and 1972 U.S. rates of duty, based on imports in 1931 and 1972 from the Philippines, Cuba, and from most-favored-nation (MFN) countries

(In percentage)

TSUS item and rate of duty	Ad valorem equivalent of--			
	1930 rates, <u>1/</u> based on imports in--		1972 rates, <u>2/</u> based on imports in--	
	1931	1972	1931	1972
	:	:	:	:
148.98:	:	:	:	:
Rate applicable to imports from the Philippines-----:	<u>3/</u>	<u>3/</u>	6.1	3.4
Rate applicable to imports from MFN countries-----:	40.4	18.1	15.1	6.8
148.99:	:	:	:	:
Rate applicable to imports from Cuba-:	16.8	<u>4/</u>	<u>4/</u>	<u>4/</u>

1/ The rate was free for the Philippines, 1.6 cents per pound for Cuba, and 2 cents per pound for all other countries.

2/ The rate was 0.44 cents per pound for the Philippines and 0.75 cents per pound for all other countries except Cuba (see footnote 4).

3/ Substantial imports but not dutiable under the 1930 rate.

4/ The rate for imports from Cuba was suspended on May 24, 1962. Imports from Cuba have been prohibited since Feb. 7, 1962.

Since 1930, the specific rate of duty provided for canned pineapple imported from MNF countries has been reduced by 62 percent, but, because of an increase in the average unit value of imports, the ad valorem equivalent of the duty (or incidence of protection) was 83 percent less in 1972 than in 1931. There have been no reductions in duty on such pineapple since Jan. 1, 1948--that is, in the

last 25 years. In 1972, countries other than the Philippine Republic accounted for three-fifths of the total U.S. imports of canned pineapple and the Philippine Republic accounted for the remainder.

Cuban preferential rate.--In accordance with the Commercial Convention of 1902 between the United States and Cuba, canned pineapple, the product of Cuba, was originally dutiable under the Tariff Act of 1930 at a preferential rate of 1.6 cents per pound; and, effective September 3, 1934, at the preferential rate of 0.8 cents per pound pursuant to the trade agreement with Cuba. This rate was subsequently reduced to 0.55 cents per pound, effective January 1, 1948, pursuant to the GATT. By virtue of section 401 of the Tariff Classification Act of 1962, the Cuban preferential rates applicable to products of Cuba were suspended, effective May 24, 1962. Imports from Cuba have been prohibited since February 7, 1962.

Philippine preferential rate.--Under section 301 of the Tariff Act of 1930, direct shipments of Philippine articles entered the United States duty-free. The Philippine Independence Act of March 24, 1934 (48 Stat. 456), continued the duty free status of Philippine articles pending independence. That act further provided that on or after the date of independence of the Philippines, July 4, 1946, all Philippine articles would be subject to full U.S. duties. However, this provision was repealed by the Philippine Trade Act of 1946 (Public Law 79-371) which provided for the continued free entry of Philippine articles during the period May 1, 1946 to July 3, 1954. The duty free status of Philippine articles was further continued to December 31, 1955, by Presidential Proclamation of July 10, 1954 (5 UST 1632).

Tariff preferences for articles of the Philippine Republic were continued effective January 1, 1956, by the Philippine Trade Agreement Revision Act of 1955 (Public Law 84-196). That act provides for preferential tariff treatment for Philippine articles at rates which result from the application of stated percentages of the most favorable rate of duty, including any preferential rate for Cuban products. 1/ The effect of the preference on canned pineapples from the Philippines was to increase the rate of duty to .0275 cents per pound on January 1, 1956, with successive increases periodically thereafter to the full Cuban rate of .55 cents per pound, effective January 1, 1974, as shown in the table on page A-4. The Philippine Trade Revision Act is scheduled to terminate on July 3, 1974, after which the duty will be increased to 0.75 cents per pound, the same as the most-favored-nation rate.

Inasmuch as the average unit value of canned pineapple entered from the Philippines was substantially higher in 1972 than in 1931, the incidence of protection provided by the 1972 rate for such entries would have been almost 80 percent greater in 1931 than it was in 1972 (see table on page A-5).

Pineapple Juice

Statutory and most-favored-nation (MFN) trade agreement rates of duty.--Pineapple juice is presently provided for in items 165.44 and 165.46 of the TSUS. These items of the TSUS distinguish between

1/ See General Headnote 3(c) to the TSUS.

unconcentrated and concentrated pineapple juice in accordance with specifications set forth in the TSUS effective August 31, 1963. 1/ This product was originally dutiable under paragraph 806 of the Tariff Act of 1930 at the rate of 70 cents per gallon, whether or not concentrated, 2/ the rate now reflected in rate column numbered 2 of items 165.44 and 165.46. Since 1930, this rate was reduced to 35 cents per gallon, effective January 1, 1939, pursuant to the trade agreement with the United Kingdom, and to 20 cents per gallon, effective January 1, 1948, pursuant to the GATT. Currently, the 20 cent rate is the MFN rate (rate column numbered 1) for item 165.44, and 5 cents per gallon is the MFN rate for item 165.46.

As the result of trade concession reductions, the rates of duty presently applicable to pineapple juice imported from countries other than the Philippine Republic are 71 percent less for unconcentrated

1/ Item 165.44 of the TSUS provides for pineapple juice "not concentrated, or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degree)" and item 165.46 provides for "other" pineapple juice. The duty on imports entered under item 165.46 is calculated on the number of gallons of reconstituted single-strength juice that can be made from a gallon of the imported concentrated juice (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice.) A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, customs regulations (19 CFR 13.19). For pineapple juice the average Brix value has been determined to be 14.3 degrees. The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure (also see footnote 1 on page A-2 concerning the use of the terms "unconcentrated" and "concentrated" in this report.)

2/ Information available to the Tariff Commission indicates that at the time of the enactment of the 1930 Act, concentrated pineapple juice was of little or no commercial importance.

juice, and 93 percent less for concentrated juice, than they were in 1930.

Information on the incidence of protection originally afforded by the duty provided for pineapple juice by the 1930 Act is not available inasmuch as data on imports of pineapple juice were not separately reported prior to 1954. The table on page A-10 shows the ad valorem equivalents of the 1930 rates and of the rates in effect in 1972 based on imports in 1972.

Cuban preferential rate.--Pineapple juice, the product of Cuba, was dutiable at the preferential rate of 56 cents per gallon until January 1, 1939, when it became 28 cents per gallon; effective January 1, 1948, under the GATT, the Cuban preference on pineapple juice was discontinued, and such products became dutiable at the MFN rate.

Philippine preferential rate.--As noted above with respect to canned pineapples, Philippine articles enjoyed a duty-free tariff preference prior to January 1, 1956. Since that date, the duty imposed on pineapple juice has been subject to successive increases as shown on the table on page A-4. Effective January 1, 1974, the rates will become 20 cents (item 165.44) and 5 cents (item 165.46) per gallon, respectively, i.e., the same as the MFN rates.

Pineapple juice: Ad valorem equivalents of 1930 and 1972 rates of duty, based on U.S. imports in 1972 from the Philippine Republic and from all other countries

TSUS item and rate of duty	Ad valorem equivalent of--	
	1930 rates, <u>1/</u> based on imports in 1972	1972 rates, <u>2/</u> based on imports in 1972
	<u>Percent</u>	<u>Percent</u>
165.44 (unconcentrated):		
Rate applicable to imports		
from the Philippines-----:	<u>3/</u>	38.5
Rate applicable to imports		
from MFN countries-----:	<u>4/</u>	<u>4/</u>
165.46 (concentrated):		
Rate applicable to imports		
from the Philippines-----:	<u>5/</u>	17.1
Rate applicable to imports		
from MFN countries-----:	117.3:	8.4

1/ Shipments were free of duty if entered from the Philippines and dutiable at 70 cents per gallon, whether concentrated or not, if entered from any other country.

2/ The rate for item 165.44 (unconcentrated pineapple juice) was 16 cents per gallon for imports from the Philippines Republic and 20 cents per gallon for imports from all other countries, and the rate for item 165.46 (concentrated pineapple juice) was 4 cents per equivalent single-strength gallon imported from the Philippine Republic and 5 cents per equivalent single-strength gallon imported from all other countries.

3/ There were some imports in 1972, but they would have been free of duty under the 1930 act.

4/ There were no imports in 1972.

5/ There were substantial imports in 1972 but they would have been free of duty under the 1930 act.

U.S. Producers

Canned pineapple and pineapple juice are invariably produced in the same plants since pineapple juice is a byproduct of the canning operation. In recent years more than 95 percent of the U.S. output of canned pineapple and pineapple juice has been packed in Hawaii and the remainder, in Puerto Rico.

Hawaii

Pineapple is the second most important agricultural product produced in Hawaii; sugar is first. In 1972, pineapple, most of which was processed, accounted for about a third of the income generated by Hawaiian agriculture.

The number of firms producing canned pineapple and pineapple juice in Hawaii has declined by half since 1955, when eight firms operated pineapple canneries there. Of those eight firms, two ceased operation in the first half of the 1960's, two merged their operations in 1962, and another sold its pineapple growing and processing facilities in 1970 to one of the remaining firms. One of the four firms now remaining, Hawaiian Fruit Packers, Ltd., has announced that it will cease operations at about the end of October 1973, and two of the others (Castle and Cooke Foods and Del Monte) have announced that their pineapple-growing operations will be substantially reduced by the end of 1975.

Of the total value of sales of Hawaiian canned pineapple and pineapple juice in 1972, Castle and Cooke Foods (Dole Corp.) accounted

for *** percent; Del Monte, Inc., for *** percent; Maui Land and Pineapple Company for *** percent; and Hawaiian Fruit Packers, Ltd. for *** percent. Both Castle and Cooke Foods and Del Monte are large diversified firms with a number of sources of income in addition to pineapple. They are, therefore, far less dependent on pineapple than the remaining two firms, which depend entirely on pineapple. Furthermore, Castle and Cooke Foods and Del Monte have foreign pineapple growing and processing facilities; Maui Land and Pineapple Co. and Hawaiian Fruit Packers, Ltd., have none.

Castle and Cooke's foreign pineapple operations are situated in the Philippine Republic and Thailand. Currently the amount of pineapple processed in the firm's foreign operations is equal to about half of the amount they process in Hawaii. The Philippine operation at present accounts for * * * * of the total, but the Thailand operation, which is new, is slated to become more important in the future. Del Monte has growing and canning operations in the Philippines and in Kenya. No information on the size of these operations is available.

Hawaiian canned pineapple and pineapple juice are marketed under nationally advertised brands and under private labels. Del Monte markets under its Del Monte label. Castle and Cooke Foods markets under its Dole, Plantation, and Ukulele labels and also under private labels. Hawaiian Fruit Packers, Ltd., markets under the Stokely-Van Camp label, with some sales under private labels. Maui Land and Pineapple Co., which has no nationally advertised brands, markets all its products

under private labels.

Hawaiian pineapple processors have traditionally grown a part of the pineapple they processed. The four firms presently processing pineapple are reported to grow, either on their own land or on leased land, most of the pineapple they process. They acquire the remainder from independent growers with which they usually have contractual arrangements.

In 1971 the four Hawaiian pineapple processors employed more than 18,800 employees in July, which is normally the month of peak employment for growing, harvesting, and processing pineapple. About 900 of these employees were engaged in administrative, supervisory, and clerical work. Of the remainder, about 6,000 were employed in growing and harvesting operations, and about 11,900, in processing operations. About 25 percent of the employees engaged in growing and harvesting operations and 8 percent of those engaged in canning operations were full-time, year-round employees. Most of the others were seasonal employees who worked mainly during the peak harvesting and planting season, which extends from May through September, but some were employees who worked intermittently as needed throughout the year in the canneries.

Puerto Rico

The Land Authority of Puerto Rico Pineapple Program is the major producer of canned pineapple and pineapple juice in Puerto Rico. One other firm is known to have produced canned pineapple and pineapple

juice in Puerto Rico at least in the years 1969-71, but data on their operations are not available. Trade sources, however, indicate that the output of pineapple products by that firm was substantially less than that of the Land Authority plant. The Puerto Rican Land Authority produces significant quantities of pineapple on Government-owned land. A large part of this output is sold as fresh fruit in Puerto Rico and in the continental United States. Low-quality fruit and surplus good-quality fruit are processed--mostly for juice, but some fruit is canned--in a large Government-owned plant. It is reported that about three-fourths of the processed pineapple is marketed in Puerto Rico, and most of the remainder is shipped to the mainland. * * * *
Pineapple is processed during the months of January to June in Puerto Rico.

U.S. Consumption, Sales, and Exports

The United States produces and consumes more canned pineapple and pineapple juice than any other country. It is one of the major exporters of canned pineapple.

Canned pineapple

Annual U.S. consumption of canned pineapple averaged 688 million pounds during 1968-72 (table 1), compared with 580 million pounds during the 1950's. The share of such annual consumption accounted for by domestically produced pineapple declined from an average of 85 percent during the 1950's to 63 percent during 1968-72. Annual per capita consumption of canned pineapple has been somewhat in excess of 3 pounds for many years. Certain other canned fruits, such as peaches, apricots, and pears, are frequently available in substantial quantities and at reasonable prices and are often consumed in place of pineapple. They are thus a restraining influence on industry efforts to increase the consumption of canned pineapple.

Annual domestic sales of U.S.-produced canned pineapple have declined since the 1950's, when they averaged about 490 million pounds. During 1968-72 they declined from 459 million pounds to 418 million pounds and averaged only 432 million pounds (table 1). In recent years more than 95 percent of the U.S.-produced canned pineapple (and pineapple juice) has been produced in Hawaii.

Annual U.S. export sales during 1968-72 increased from 61 million pounds in 1968 to 71 million pounds in 1972 and averaged 65 million pounds (table 2)--the same as during the 1950's. During 1968-72, export sales accounted for 13 percent of total sales of domestically produced canned pineapple. West Germany, which took nearly a third of the total, was by far the most important market for U.S. exports of canned pineapple during this period.

Pineapple juice

During 1968-72, annual U.S. consumption of pineapple juice ranged from 60 million gallons to 73 million gallons (unconcentrated basis) and averaged 65 million gallons (table 1). During the late 1950's such consumption had averaged only about 47 million gallons. Annual per capita consumption of pineapple juice has averaged about one-third of a gallon in recent years. During 1968-72 about 83 percent of the pineapple juice consumed in the United States was domestically produced.

The United States is virtually the only country in which a sizable market for pineapple juice has been developed--principally the result of much product research and sales promotion by the U.S. pineapple industry. Consumption of pineapple juice would probably be considerably larger if it were not for the substantial competition it meets from other natural juices, juice drinks, and imitation juice drinks. The consumption of pineapple juice is especially responsive to changes in the supplies and prices of citrus juices, particularly

of frozen orange juice concentrate, which by itself accounts for about half of the annual U.S. consumption of fruit juices.

Annual domestic sales of U.S.-produced pineapple juice averaged 54 million gallons during 1968-72 and were little changed over that period (table 1). These sales were 29 percent greater than the 42 million gallons sold annually during the late 1950's.

During 1968-72, annual U.S. exports of domestically produced pineapple juice averaged about 5 million gallons and declined about 23 percent over the period (table 3). During those years, export sales accounted for 9 percent of total sales of domestically produced pineapple juice. Canada, which took 42 percent of total exports during 1968-72, was by far the most important export market for U.S. pineapple juice.

U.S. Imports

Canned pineapple

Annual U.S. imports of prepared or preserved pineapple, virtually all of which are canned, increased from an average of 81 million pounds during the late 1940's to an average of 88 million pounds during the 1950's and to an average of 164 million pounds during the 1960's. Such imports reached an all-time high of 265 million pounds in 1971 but declined to 255 million pounds in 1972 (table 4). During the years 1968-72 the imports ranged from 250 million to 265 million pounds annually and supplied from 36 to 40 percent of consumption (table 1). The following table shows that during 1968-72 the share of U.S. prepared or preserved pineapple consumption supplied by imports from the Philippine Republic increased, while the share supplied by imports from other countries decreased.

Pineapple, prepared or preserved: U.S. imports for consumption from the Philippine Republic and from all other countries, 1968-72

Year	Imports of prepared or preserved pineapple from--			
	Philippine Republic		All other countries	
	Quantity	Ratio to total consumption	Quantity	Ratio to total consumption
	<u>1,000 pounds</u>	<u>Percent</u>	<u>1,000 pounds</u>	<u>Percent</u>
1968-----	83,643	12	175,358	24
1969-----	81,877	12	171,540	25
1970-----	97,310	14	152,608	22
1971-----	116,478	18	148,599	22
1972-----	102,675	15	154,238	23

Source: Compiled from data in table 1 and table 2 in Appendix A.

In nearly all of the years since 1930 the Philippines has been the most important U.S. supplier of foreign prepared or preserved pineapple. Of the total U.S. imports of prepared or preserved pineapple entered in 1972, the Philippine Republic supplied 40 percent; Taiwan, 30 percent; Mexico, 11 percent; Malaysia, 8 percent; Thailand, 5 percent; and Singapore, the Republic of South Africa and several other countries the remaining 6 percent (table 5).

The two largest Hawaiian pineapple growers and processors are the only major processors of pineapple in the Philippine Republic. Most, if not all, of the U.S. imports of canned pineapple as well as of pineapple juice from that country are produced and exported by these firms. One of these firms also has a pineapple-processing operation in Thailand, and the other has an operation in Kenya. The processed pineapple imported into the United States by these firms from their foreign operations are generally sold under their nationally advertised brand names.

Pineapple juice

Data on U.S. imports of pineapple juice were not separately reported prior to 1954; information on the share of total imports that consisted of concentrated juice was not separately available until 1964. During the years from 1930 to 1963, in which year the 5-cent rate per gallon, on single-strength-equivalent basis, for concentrate became effective, most U.S. imports of pineapple juice are reported to have

consisted of unconcentrated juice. Beginning in about 1964, however, the share of total imports that consisted of concentrated juice began to increase rapidly, and by the years 1969-72 most imports were concentrated (table 6).

Total annual U.S. imports of pineapple juice have increased significantly in recent years. During 1970-72 such imports averaged 12.5 million gallons, compared with 9.4 million gallons during the last half of the 1960's and only 5.9 million gallons in the 10-year period 1955-64 (see annual data table 6). Over the 1968-72 period, the imports increased in relation to consumption from an annual average of 13 percent in the years 1968-69 to 19 percent in the years 1971-72 (see ratios of imports to consumption in table 1). In recent years virtually all of the imports have come from the Philippine Republic (table 7).

Other Factors Affecting Domestic Processors

A recent publication of the Pineapple Growers Association of Hawaii, 1/ which is the Hawaiian pineapple processors' trade association, indicates that imports of processed pineapple are "only one aspect of pineapple's problems--and that, not the major one." The most important of the other problems that the association and various other industry spokesmen contend are affecting processors are (1) the high costs of producing and processing Hawaiian pineapple and (2) the high costs of shipping processed Hawaiian pineapple. These two problems affect the ability of pineapple to compete with the domestic producers of other fruit and juices as well as with imported processed pineapple.

Costs of producing and processing Hawaiian pineapple

Among the most important cost factors contributing to the high costs of producing and processing Hawaiian pineapple are labor, land, taxes, research, and environmental-protection regulations. Of these cost factors, labor is reported to be by far the most important--accounting for about half of the total cost of production.

Labor.--In recent years, hourly wages paid to workers growing and processing Hawaiian pineapple have increased substantially. Table 8 presents basic hourly wage data for grade 2 workers, which comprise the largest group of nonseasonal employees engaged in processing

1/ Present Problems and Future Production of Pineapple in Hawaii--A Report With Recommendations, February 1973.

Hawaiian pineapple. The table also presents similar data for bracket 5 workers, which comprise the largest group of workers employed in central California plants where fruits competitive with pineapple (e.g., peaches and apricots) are canned. The hourly wage paid to Hawaiian workers processing pineapple in 1972 was \$2.695, 89 percent above that paid in 1960. During the same period the hourly wage paid to central California workers engaged in fruit processing increased by only 74 percent. Workers in Hawaii and those in California are both unionized. The largest group of nonseasonal Hawaiian workers engaged in pineapple growing and harvesting operations are paid at the same union wage rate as that paid to the largest group of workers engaged in processing pineapple (i.e., grade 2).

In addition to the basic hourly wages paid, the Hawaiian workers receive fringe benefits--such as social security, pension, health and welfare benefits (e.g., medical, dental, and life insurance), separation allowance, and sick leave, holidays, and vacations--which reportedly amounted to about 25 percent of the basic hourly wages paid in 1972. California workers receive similar benefits.

Land, taxes, research, and environmental-protection regulations.--
The value of agricultural land in Hawaii is reported to have increased sharply in recent years, and most observers expect this trend to continue because of the limited supply of such land and the nonagricultural demand for it (e.g., for housing, recreational, and industrial developments). In the past the pineapple processors grew most of the pineapple they processed, and much of this was grown on land which

they generally leased for a period of 5 to 10 years or more. Today landowners are much more reluctant than in the past to commit their land to long-term leases and if they do make such commitments they expect to be well compensated. Thus, it is becoming harder to lease or to buy good land for producing pineapples, and rental rates are increasing rapidly.

The State of Hawaii imposes a gross sales tax on pineapple sales, a tax which the industry believes hampers the ability of pineapple to compete with other fruit produced in States that do not have such a tax and with imports of pineapple and other fruit. The industry also believes that certain general excise and use taxes imposed by the State of Hawaii should be eliminated for the pineapple industry for at least 5 years and that real property taxes on agricultural land should be significantly reduced to reflect the fact that such land does not require nearly as many Government services as residential property.

In the past, nearly all agricultural research work related to pineapple has been done by the Pineapple Research Institute, which is financed by the Hawaiian pineapple industry. A large part of the research done on behalf of competitive fruits in other States is generally paid for with State and Federal funds. The industry believes that it can no longer afford to finance the type of pineapple research that it has been doing, and it is seeking to have much of that type of research taken over by the University of Hawaii.

The industry maintains that certain environmental-protection regulations proposed by the Federal Government would--if imposed--substantially

increase its costs. For example, the industry estimates that a ban on agricultural burning would reduce yields per acre by about 15 percent a year and increase land costs to a like degree per crop cycle. The industry also faces the imposition of expensive secondary wastewater-treatment requirements and the loss of the use of certain agricultural chemicals. These requirements would substantially increase production costs. The industry feels that these regulations have been promulgated on the basis of conditions in the continental United States and do not take into account Hawaii's unique location or situation.

Costs of shipping processed Hawaiian pineapple

Most of the Hawaiian production of canned pineapple and pineapple juice is consumed in the continental United States or is exported. In either case, the products must be transported to market by ocean vessels. Under the Jones Act, Hawaiian (and Puerto Rican) canned pineapple and pineapple juice cannot be shipped to continental U.S. ports in foreign vessels or in U.S.-owned vessels of foreign construction.

In 1968 the regular shipping service between Hawaii and the gulf and east coast ports was ended. At that time about 40 percent of the Hawaiian pineapple sold to the continental United States entered through these ports. For the industry's sales that had been entering through these ports, shipping costs were increased by 15 to 30 percent because the industry had to charter whole ships or enter the product through west coast ports and then ship them by rail

or truck to eastern and southern markets. Regular shipping service is still available between Hawaii and west coast ports. It appears that the situation will become worse in the future because U.S.-built-and-owned ships available for charter between Hawaii and the continental United States are declining in number. These ships were generally built during the Second World War. Many ships of this type have already been scrapped or sold to foreign operators.

Competition with other processed fruit and juices

The high costs of producing, processing, and shipping canned pineapple and pineapple juice have a direct relationship to the ability of pineapple processors to compete with domestic producers of other processed fruit and juices. The Pineapple Growers Association of Hawaii in the publication referred to earlier (see footnote 1 on p. A-21) indicates that 20 years ago--

Hawaiian pineapple production was about the same as today. Foreign pineapple imports were less than one-half of those today. Yet Hawaiian pineapple was having real marketing problems-- due primarily to the price competition of domestic canned fruits and juices.

Table 9 indicates that the price of canned pineapple has increased by 48 percent since the late 1950's, while the prices of the major competitive products have increased by much smaller amounts, and the absolute price tends to be significantly higher than the prices of the competing products. During the 1972 marketing year, for example, the price of canned pineapple ranged from 15 percent higher than canned pears to 53 percent higher than canned cling peaches. Comparable data are not available for pineapple juice and the juices with which it competes.

Differences in costs of production

* * * *

According to the Pineapple Growers Association of Hawaii, typical workers engaged in growing pineapple received 15 cents per hour in the Philippine Republic in 1972, and 10 cents (if female) or 17 cents (if male) per hour in Taiwan. For a typical pineapple-processing worker the rates were 20 cents per hour in the Philippine Republic and 8 cents (if female) or 17 to 22 cents (if male) per hour in Taiwan. As mentioned earlier, the wage rate of typical workers engaged in growing and processing pineapple in Hawaii is \$2.695 per hour.

Hawaiian Fruit Packers, Ltd.

The firm

Hawaiian Fruit Packers, Ltd., at Kapaa, Kauai, Hawaii, is the smallest of the four firms processing pineapple in Hawaii, and the last surviving pineapple cannery on the island of Kauai.

Stokely-Van Camp, Inc., of Indianapolis, Ind., owns 97 per cent of the firm and acts as sales agent for it. Along with its other subsidiaries, Stokely-Van Camp processes a line of nonseasonal canned foods, including pork and beans and a line of canned and frozen seasonal fruits and vegetables. Most of the canned pineapple and pineapple juice produced by Hawaiian Fruit Packers, Ltd., is marketed under the Stokely-Van Camp label, but some is marketed under private labels.

* * * *

Hawaiian Fruit Packers, Ltd., was incorporated May 6, 1932, as Growers Canning Association, Ltd., by a group of Kapa area pineapple growers that had been growing pineapples for Hawaiian Canneries Co., Ltd. The company was reorganized June 3, 1937, as Hawaiian Fruit Packers, Ltd., and commenced leasing lands on which to grow part of its pineapple needs. In December 1942 Stokely-Van Camp, Inc., purchased an interest in the company and began acting as sales agent; in 1944 Stokely-Van Camp acquired a majority of the stock.

On May 15, 1972, Stokely-Van Camp announced that it would close Hawaiian Fruit Packers, Ltd., at the end of the 1972 pineapple-packing season, but at the request of Governor John Burns of Hawaii, Stokely-Van Camp, Inc., agreed to an extension of the termination date to the end of the 1973 packing season.

* * * *

Production

* * * *

Sales and inventories

* * * *

Employment

The average number of employees and the total man-hours worked by all employees and by production and related workers of Hawaiian Fruit Packers, Ltd., during the years 1968-72 and during the months January 1971 to April 1973 are shown in table 11. 1/ This table indicates that a substantial seasonal variation in employment exists. Every pineapple growing and canning operation has a core of year-round, full-time workers, but in Hawaii, especially during the main harvesting and canning season in June, July, and August, substantial numbers of seasonal employees are added to take care of the greatly expanded workload. It is reported that about three-fourths of the seasonal employees are students.

* * * *

1/ Monthly employment is the total number of full-time and part-time workers employed in the pay period ending closest to the 15th of each month. Average annual employment is calculated by adding the monthly totals and dividing by 12.

The main local source of potential employment for the majority of the laid-off pineapple workers will be in the tourist and sugar industries of Kauai. According to a task-force report concerning the agricultural problems of Kauai, 1/ the tourist industry alone will be unable to replace all of the jobs lost as a result of the closing of Hawaiian Fruit Packers' operations. It was also stated that it is not known whether any of the land formerly used to grow pineapples for processing by Hawaiian Fruit Packers will be used for sugarcane. If the land is so used, a number of former employees of Hawaiian Fruit Packers might find employment in the sugar industry. The report indicated that at the time the closing of Hawaiian Fruit Packers' operations was announced on May 15, 1972, an estimated 850 workers, or 6.2 percent of the civilian labor force, were unemployed on the island of Kauai.

The terminated employees of Hawaiian Fruit Packers will receive severance pay based on the formula of 8 days' pay for every year of service.

Prices

The following table compares current prices of Hawaiian Fruit Packers' canned pineapple packed under the Stokely-Van Camp label with the current prices of canned pineapple from several foreign sources. 2/

1/ The Kauai Task Force Report and Recommendations to the Seventh Legislature of the State of Hawaii, Feb. 20, 1973. On June 21, 1972, Lieutenant Governor (of Hawaii) George Ariyoshi appointed a State agricultural task force to "develop sound agricultural and other alternatives for the resources that were committed to pineapple production."

2/ Price data are not shown for canned pineapple imported from the Philippine Republic. Most, if not all, of the imports from the Philippine Republic are produced and imported by the two largest Hawaiian pineapple processors. These firms market the imported product at the same prices that they ask for their domestically canned pineapple.

Canned pineapple: April 1973 prices quoted for pack of Hawaiian Fruit Packers, Ltd., and for packs from foreign sources 1/

(Price per case)				
Source	:	Sliced (case of	:	Crushed (case of
	:	24/No. 2 cans)	:	6/No. 10 cans)
Hawaiian Fruit Packers-----:	:	\$7.03	:	\$7.51
Taiwan-----:	:	5.60	:	5.75
Malaysia-----:	:	5.50	:	6.10
Mexico-----:	:	4.75	:	5.35

1/ All prices are f.o.b. east coast port of entry.

Source: Hawaiian Fruit Packers' prices were obtained from that firm; prices for Taiwan packs were obtained from Island Sun Co., Inc.; and prices for Malaysian and Mexican packs were obtained from the Report on Food Markets published by the American Institute of Food Distribution, Inc.

The canned pineapple packed by Hawaiian Fruit Packers is considered by Stokely-Van Camp to be of U.S. Department of Agriculture (U.S.D.A.) fancy grade and is the only grade produced by Hawaiian Fruit Packers. No grade designation appears on the label except for the words "Stokely's Finest." Data shown for foreign sources are reported by importers to be for canned pineapple of U.S.D.A. choice grade, although no grade designation normally appears on the label. Fancy-grade pineapple is seldom imported from these sources. The Pineapple Growers Association of Hawaii contends that the U.S. Food and Drug Administration is lax in inspecting imports of canned pineapple. Their surveys indicate that as much as 50 percent of the imports, if properly inspected, would have to be marked as "substandard grade" because of defects. In general, however, these defects do not affect the wholesomeness of the product.

In the table on A-32 Hawaiian Fruit Packers' prices and foreign product prices are presented only for sliced canned pineapple packed in cases of 24/No. 2 cans and for crushed canned pineapple packed in cases of 6/No. 10 cans because the first style and container size is the most common style and container size marketed for retail sale and the second style and container size is the most common style and size marketed for institutional use. Prices of other container styles and sizes generally move in concert with these representative packs. Current prices of 24/No. 2 cans of foreign-produced sliced canned pineapple ranged from \$1.43 (Taiwan) to \$2.28 (Mexican) below the current prices quoted by Hawaiian Fruit Packers. In the institutional-size pack (6/No. 10 cans of crushed canned pineapple, the foreign prices ranged from \$1.41 (Malaysian) to \$2.16 (Mexican) below the prices quoted by Hawaiian Fruit Packers. Table 12 shows that if the 1930 most-favored-nation rate of 2 cents per pound were now in effect rather than the present rate of 0.75 cent per pound, and if all other factors remained unchanged, then the present prices for the foreign products would be 39 cents more for a case of 24/No. 2 cans and 52 cents more for a case of 6/No. 10 cans than they are at the present rate.

Reasons stated by Hawaiian Fruit Packers, Ltd., for closing operations

In response to the Commission's request for reasons for the decision of Hawaiian Fruit Packers, Ltd., to close its operations, the firm responded as follows:

The Company's financial reports show that it is no longer economically feasible to continue the business. We pay the highest agriculture labor wages in the world without obtaining an adequate supply of labor. * * * There has been no state help for pineapple research as done by all other states for their major agriculture crops. State taxes are excessively high. State and Federal pollution requirement costs cannot be financially justified. Electric power rates are nearly the highest in the entire United States. Shipping costs are high under the Jones Act, service is poor to Kauai and shipping strikes are frequent. Pineapple does not enjoy tariff protection similar to that given Mainland grown fruits.

APPENDIX A
STATISTICAL TABLES

Table 1.--Pineapple, prepared or preserved, and pineapple juice:
Domestic sales of U.S. product, U.S. imports for consumption,
and apparent consumption, 1968-72

(Prepared or preserved pineapple in millions of pounds; pineapple
juice in millions of gallons)

Year	Domestic sales of U.S. product	Imports	Apparent con- sumption <u>1/</u>	Ratio (percent) of imports to consumption
Prepared or preserved pineapple				
1968-----	459	259	718	36
1969-----	440	253	693	37
1970-----	443	250	693	36
1971-----	398	265	663	40
1972-----	418	255	673	38
Pineapple juice <u>2/</u>				
1968-----	55	7	62	11
1969-----	53	10	63	16
1970-----	60	13	73	18
1971-----	52	13	65	20
1972-----	49	11	60	18

1/ Domestic sales of U.S. product plus imports.

2/ Unconcentrated basis.

Source: Domestic sales of U.S. product estimated from data supplied the U.S. Tariff Commission by domestic producers; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Pineapple, prepared or preserved, in airtight containers:
U.S. exports of domestic merchandise, by principal markets, 1968-72

Market	1968	1969	1970	1971	1972
Quantity (1,000 pounds)					
West Germany-----	16,148	14,499	23,472	22,062	23,533
France-----	2,502	7,654	7,040	10,462	10,922
Canada-----	7,593	6,629	6,619	6,117	8,537
Netherlands-----	5,700	5,418	4,315	5,781	6,749
United Kingdom-----	2,215	3,826	3,322	3,946	3,427
Belgium-----	8,966	6,063	7,839	3,785	2,857
Austria-----	1,416	2,150	2,495	2,307	2,687
Republic of Korea-----	147	412	758	1,440	1,013
Switzerland-----	3,380	2,553	4,103	1,484	2,756
Japan-----	309	377	1,392	843	2,771
All others-----	12,762	12,086	7,293	5,088	6,058
Total-----	61,138	61,667	68,648	63,321	71,310
Value (1,000 dollars)					
West Germany-----	2,331	2,053	3,417	3,401	3,663
France-----	417	1,306	1,151	1,782	1,850
Canada-----	1,284	1,169	1,283	1,078	1,444
Netherlands-----	817	759	620	937	1,019
United Kingdom-----	376	623	595	762	619
Belgium-----	1,325	1,024	1,189	636	525
Austria-----	229	308	393	381	429
Republic of Korea-----	24	69	125	229	169
Switzerland-----	552	413	626	223	456
Japan-----	52	74	256	190	618
All others-----	2,056	1,977	1,247	924	1,087
Total-----	9,463	9,775	10,902	10,543	11,879

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

Table 3.--Pineapple juice: U.S. exports of domestic merchandise, by principal markets, 1968-72

Market	1968	1969	1970	1971	1972
	Quantity (1,000 gallons) ^{1/}				
Canada-----	3,008	2,296	1,910	1,726	1,675
France-----	290	462	756	846	1,000
West Germany-----	476	301	223	329	197
Belgium-----	211	144	178	189	180
French Pacific Islands-----	150	167	132	58	118
Lebanon-----	63	180	83	93	147
Netherlands-----	32	68	171	199	182
Spain-----	44	93	55	28	73
Netherlands Antilles-----	118	126	106	77	79
Jamaica-----	46	93	90	54	151
Bahamas-----	86	75	50	82	74
Trinidad-----	-	37	-	52	101
United Kingdom-----	287	275	49	51	20
Switzerland-----	-	-	50	285	-
Bermuda-----	-	-	-	36	143
All others-----	959	1,018	1,025	874	359
Total-----	5,770	5,335	4,878	4,980	4,499
	Value (1,000 dollars)				
Canada-----	1,547	1,358	1,116	1,063	926
France-----	180	298	413	577	694
West Germany-----	246	177	160	185	112
Belgium-----	134	88	112	187	104
French Pacific Islands-----	104	124	96	63	89
Lebanon-----	35	111	40	53	83
Netherlands-----	19	34	106	103	96
Spain-----	38	66	43	15	61
Netherlands Antilles-----	86	102	87	63	68
Jamaica-----	21	63	76	42	64
Bahamas-----	70	56	44	61	54
Trinidad-----	-	19	-	35	71
United Kingdom-----	171	161	34	33	13
Switzerland-----	-	-	48	160	-
Bermuda-----	-	-	-	16	54
All others-----	645	742	779	539	329
Total-----	3,298	3,397	3,156	3,195	2,818

^{1/} Single-strength basis.

Source: Compiled for official statistics of the U.S. Department of Commerce.

Table 4.--Pineapple, prepared or preserved: U.S. rates of duty under the Tariff Act of 1930, as amended, 1/ and U.S. imports 2/ for consumption, 1931-72

(Rate of duty in cents per pound)							
Year	Rate of duty on imports from--			Imports <u>2/</u>			
	The Philippines	Cuba	Most-favored nations	From the Philippines	From Cuba	From all other countries	Total
				1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1931	Free	1.6	2.0	3,289	2,261	1,292	6,842
1932	Free	1.6	2.0	5,310	2,147	1,446	8,903
1933	Free	1.6	2.0	3,368	2,071	1,113	6,552
1934	Free	<u>3/</u> .8	2.0	4,197	1,611	2,471	8,279
1935	Free	.8	2.0	6,695	1,736	4,513	12,944
1936	Free	.8	2.0	8,156	2,240	9,475	19,871
1937	Free	.8	2.0	26,559	7,081	11,658	45,298
1938	Free	.8	2.0	21,425	6,587	3,472	31,484
1939	Free	.8	1.5	44,632	12,249	18,012	74,893
1940	Free	.8	1.5	48,279	14,296	22,377	84,952
1941	Free	.8	1.5	29,579	15,304	10,910	55,793
1942	Free	.8	1.5	-	25,335	592	25,927
1943	Free	.8	<u>4/</u> 1.0	-	32,680	2,015	34,695
1944	Free	.8	1.0	-	15,548	3,303	18,851
1945	Free	.8	1.0	-	19,668	4,624	24,292
1946	Free	.8	1.0	-	31,665	7,664	39,329
1947	Free	.8	1.0	-	44,334	10,254	54,588
1948	Free	.55	.75	21,153	64,684	6,858	92,695
1949	Free	.55	.75	43,318	37,930	13,341	94,589
1950	Free	.55	.75	50,698	19,700	14,729	85,127
1951	Free	.55	.75	70,163	15,772	15,891	101,826
1952	Free	.55	.75	67,359	13,352	11,042	91,753
1953	Free	.55	.75	82,399	16,126	8,837	107,362
1954	Free	.55	.75	32,528	13,861	11,822	58,211
1955	Free	.55	.75	42,544	19,510	12,206	74,260
1956	0.0275	.55	.75	42,575	27,537	18,362	88,474
1957	0.0275	.55	.75	54,761	33,780	11,618	100,027
1958	0.0275	.55	.75	39,292	26,239	18,481	84,012
1959	0.055	.55	.75	47,239	25,357	20,454	93,050
1960	0.055	.55	.75	46,782	24,249	48,950	119,981
1961	0.055	.55	.75	54,407	6,569	52,867	113,843
1962	0.11	<u>5/</u> .55	.75	30,171	113	70,610	100,894
1963	0.11	<u>5/</u> .55	.75	28,361	-	90,080	118,441
1964	0.11	<u>5/</u> .55	.75	33,758	-	106,111	139,869
1965	0.22	<u>5/</u> .55	.75	38,335	-	124,255	162,590
1966	0.22	<u>5/</u> .55	.75	32,963	-	140,783	173,746
1967	0.22	<u>5/</u> .55	.75	49,094	-	151,067	200,161
1968	0.33	<u>5/</u> .55	.75	83,643	-	175,358	259,001
1969	0.33	<u>5/</u> .55	.75	81,877	-	171,540	253,417
1970	0.33	<u>5/</u> .55	.75	97,310	-	152,608	249,918
1971 <u>6/</u>	0.44	<u>5/</u> .55	.75	116,478	-	148,599	265,077
1972	0.44	<u>5/</u> .55	.75	102,675	-	154,238	254,913

1/ The Tariff Act of 1930 became effective June 18, 1930.

2/ Entries from the Philippines prior to July 4, 1946 were not imports from a foreign country but rather were shipments to the United States from a U.S. possession.

3/ Became effective Sept. 3, 1934.

4/ Became effective Jan. 30, 1943.

5/ Suspended on May 24, 1962. Imports from Cuba have been prohibited since Feb. 7, 1962.

6/ Pursuant to Presidential Proclamation No. 4074, effective Aug. 16, 1971, trade-agreement rates were modified by the temporary imposition of an additional cumulative duty of 10 percent ad valorem or less. The additional duty was removed, effective Dec. 20, 1971, pursuant to Presidential Proclamation No. 4098.

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

Table 5.--Pineapple, prepared or preserved: U.S. imports for consumption, by type of container and by principal sources, 1968-72

Type of container and source	1968	1969	1970	1971	1972
Quantity (1,000 pounds)					
Total-----	259,001	253,417	249,918	265,077	254,913
In airtight containers (canned)-----	253,548	249,763	245,290	259,685	249,578
Republic of the Philippines-----	83,643	81,877	95,552	116,399	102,356
Taiwan-----	83,059	79,797	76,072	71,225	74,763
Mexico-----	34,017	27,073	25,518	24,004	24,488
Malaysia-----	27,984	26,517	16,103	16,760	19,005
Thailand-----	7,981	12,912	15,384	16,284	13,773
Singapore-----	8,320	10,933	9,385	9,145	7,113
Republic of South Africa-----	3,408	6,104	4,075	3,965	5,407
All others-----	5,136	4,550	3,201	1,903	2,673
Not in airtight containers-----	5,453	3,654	4,628	5,392	5,335
Mexico-----	4,019	2,811	2,498	4,752	3,662
Venezuela-----	704	10	-	-	-
Malaysia-----	452	364	167	22	93
Taiwan-----	157	176	34	417	1,116
Singapore-----	28	135	69	-	55
Republic of the Philippines-----	-	-	1,758	79	319
All others-----	93	158	102	122	90
Value (1,000 dollars)					
Total-----	28,065	29,284	29,598	32,773	30,010
In airtight containers (canned)-----	27,248	28,792	28,982	31,855	29,103
Republic of the Philippines-----	8,818	10,312	12,105	15,722	13,119
Taiwan-----	8,432	8,579	8,320	7,732	7,789
Mexico-----	4,168	3,118	3,053	2,915	2,896
Malaysia-----	3,164	3,084	1,995	2,055	2,250
Thailand-----	770	1,305	1,600	1,673	1,331
Singapore-----	942	1,275	1,116	1,082	842
Republic of South Africa-----	342	623	436	446	553
All others-----	612	496	357	230	323
Not in airtight containers-----	817	492	616	918	907
Mexico-----	558	377	321	821	617
Venezuela-----	147	2	-	-	-
Malaysia-----	77	58	30	3	17
Taiwan-----	22	21	8	65	181
Singapore-----	5	16	13	-	10
Republic of the Philippines-----	-	-	230	8	42
All others-----	8	18	14	21	40

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

Table 6.—Pineapple juice: U.S. rates of duty and imports for consumption, 1954-72 1/
(Rate of duty in cents per gallon)

Year	Rate of duty on imports from--				Imports					
	Philippine Republic		Most-favored nations		From Philippine Republic		From all other countries		Total	
	Not concen- trated	Concen- trated	Not concen- trated 2/ 3	Concen- trated	Not concen- trated	Concen- trated	Not concen- trated	Concen- trated		
				1,000 gallons	1,000 gallons	1,000 gallons	1,000 gallons	1,000 gallons	1,000 gallons	
1954----	Free 3/				4/	4/	4/	4/	7	3/ 4,520
1955----	Free 3/				4/	4/	4/	4/	5	3/ 2,478
1956----	3/ 1				4/	4/	-	-	-	3/ 8,893
1957----	3/ 1				4/	4/	-	-	-	3/ 10,833
1958----	3/ 1				4/	4/	4/	4/	3	3/ 3,752
1959----	3/ 2				4/	4/	4/	4/	52	3/ 3,453
1960----	3/ 2				4/	4/	4/	4/	24	3/ 4,884
1961----	3/ 2				4/	4/	-	-	-	3/ 5,757
1962----	3/ 4				4/	4/	-	-	-	3/ 3,162
1963----	5/ 4	5/ 5			4/	4/	-	-	-	3/ 3,113
1964----	4	1			3,434	6/ 8,155	6/ 11,589	6/ 1,002	6/ 1,002	6/ 12,591
1965----	8	2			4,445	6/ 5,303	6/ 9,748	26	6/ 6,52	6/ 10,426
1966----	8	2			2,006	6/ 6,686	6/ 8,692	-	6/ 89	6/ 8,781
1967----	8	2			3,325	6/ 6,875	6/ 10,200	-	6/ 1	6/ 10,201
1968----	12	3			3,317	6/ 4,175	6/ 7,492	-	6/ 4	6/ 7,496
1969----	12	3			258	6/ 9,735	6/ 9,993	5	6/ 29	6/ 10,027
1970----	12	3			754	6/ 12,738	6/ 13,492	-	6/ 102	6/ 13,594
1971----	16	4			1,255	6/ 11,765	6/ 13,020	70	6/ 52	6/ 13,142
1972----	16	4			227	6/ 10,393	6/ 10,620	-	6/ 59	6/ 10,679

1/ U.S. imports of canned pineapple juice were not separately reported prior to 1954.

2/ Five cent rate is per gallon on single-strength basis.

3/ Single rate.

4/ Separate data are not available for not concentrated and for concentrated imports.

5/ Rate effective Aug. 31, 1963.

6/ Single-strength basis.

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

Table 7 .--Pineapple juice: U.S. imports for consumption, by degree of concentration 1/ and by principal sources, 1968-72

Type of product and source	1968	1969	1970	1971	1972
	Quantity (1,000 gallons) <u>2/</u>				
Total-----	7,496	10,027	13,594	13,142	10,679
Not concentrated-----	3,317	263	754	1,325	227
Republic of the Philippines-----	3,317	258	754	1,255	227
All other-----	-	5	-	70	-
Concentrated-----	4,179	9,764	12,840	11,817	10,452
Republic of the Philippines-----	4,175	9,735	12,738	11,765	10,393
Mexico-----	4	29	11	-	-
Dominican Republic-----	-	-	89	16	-
Columbia-----	-	-	2	-	-
Venezuela-----	-	-	-	36	59
	Value (1,000 dollars)				
Total-----	1,987	2,303	3,336	3,320	2,554
Not concentrated-----	1,018	71	332	544	95
Republic of the Philippines-----	1,018	67	332	506	95
All other-----	-	4	-	38	-
Concentrated-----	969	2,232	3,004	2,776	2,459
Republic of the Philippines-----	968	2,219	2,961	2,743	2,424
Mexico-----	1	13	7	-	-
Dominican Republic-----	-	-	35	7	-
Columbia-----	-	-	1	-	-
Venezuela-----	-	-	-	26	35

1/ See footnote 1 on p. A-2, footnote 1 on p. A-7 and footnote 1 on p. A-8.

2/ Single-strength basis.

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

Table 8.--Basic hourly wages received by workers employed in processing pineapple in Hawaii and in processing fruits in central California, 1960-73 1/

Year	Hawaiian workers engaged in pineapple-processing operations		Central California workers engaged in fruit-processing operations	
	Basic hourly wage	Percent of 1960 rate	Basic hourly wage	Percent of 1960 rate
1960-----	\$1.425	100	\$1.94	100
1961-----	1.555	109	2.03	105
1962-----	1.625	114	2.08	107
1963-----	1.625	114	2.13	110
1964-----	1.725	121	2.21	114
1965-----	1.855	130	2.28	118
1966-----	1.915	134	2.35	121
1967-----	1.985	139	2.45	126
1968-----	2.105	148	2.55	131
1969-----	2.215	155	2.66	137
1970-----	2.435	171	2.93	151
1971-----	2.545	179	3.15	162
1972-----	2.695	189	3.37	174
1973-----	2.835	199	<u>2/</u>	<u>2/</u>

1/ Data shown for Hawaii are for grade 2 workers, which comprise the largest group of nonseasonal employees processing pineapple, and data shown for Central California are for bracket 5 workers, which comprise the largest group of employees processing fruit competitive with pineapple.

2/ Not available.

Source: Data on Hawaiian workers compiled from information supplied by the Pineapple Growers Association of Hawaii and data on central California workers compiled from information supplied by California canners.

Table 9.--Hawaiian canned pineapple and certain other canned fruit: F.o.b. prices, 1/ marketing years 1948-72

Marketing year ending May 31--	(Price per case of 24/No. 2-1/2 cans)											
	California : cling peaches (choice)	California : apricots (choice)	Pacific Coast : pears (choice)	Pacific Coast : freestone peaches (fancy)	Pacific Coast : fruit cocktail (choice)	Hawaiian pine-apple (sliced, fancy)	Percent : of 1948 : price	Percent : of 1948 : price	Percent : of 1948 : price	Percent : of 1948 : price	Percent : of 1948 : price	Percent : of 1948 : price
1948	\$ 4.78	\$ 6.00	\$ 7.10	\$ 6.50	\$ 6.90	\$ 6.10	100	100	100	100	100	100
1949	5.10	5.25	8.10	7.00	6.65	6.80	88	114	108	96	111	111
1950	4.07	5.00	5.30	5.90	5.70	6.40	83	75	91	83	105	105
1951	5.17	5.75	7.80	7.50	6.65	6.80	96	110	115	96	111	111
1952	5.53	5.94	7.86	7.50	6.68	6.80	99	111	115	97	111	111
1953	5.32	5.68	6.49	7.00	6.41	6.85	95	91	108	93	112	112
1954	5.12	5.25	6.91	6.70	6.67	6.85	88	97	103	97	112	112
1955	5.17	5.66	6.92	6.45	6.57	6.90	94	97	99	95	113	113
1956	5.70	5.10	6.72	6.78	6.56	7.35	85	95	104	95	120	120
1957	5.35	5.60	6.89	6.29	6.22	7.40	93	97	97	90	121	121
1958	5.10	5.48	6.25	6.10	6.28	7.45	91	88	94	91	122	122
1959	5.36	6.75	6.88	6.16	6.83	7.75	112	97	95	99	127	127
1960	4.89	5.38	6.15	5.79	6.27	8.05	90	87	89	91	132	132
1961	4.86	5.24	6.50	5.52	6.17	8.05	87	92	85	89	132	132
1962	4.70	4.95	6.53	5.37	5.75	8.15	82	92	83	83	134	134
1963	4.50	5.65	5.64	5.20	5.40	8.20	94	79	80	78	134	134
1964	4.87	5.30	7.60	6.00	6.50	8.50	88	107	92	94	139	139
1965	4.51	5.26	6.29	5.68	5.78	8.50	94	89	87	84	139	139
1966	4.65	4.90	7.55	5.80	6.75	8.50	82	106	89	98	139	139
1967	4.63	5.15	6.14	6.00	6.00	8.50	97	86	92	87	139	139
1968	5.50	6.55	9.00	7.15	7.20	8.50	115	127	110	104	139	139
1969	5.30	6.70	7.25	7.10	6.35	8.50	111	102	109	92	139	139
1970	5.05	5.95	6.50	6.20	6.10	8.65	99	92	95	88	142	142
1971	5.60	6.00	2/ 8.05	2/ 7.10	7.30	8.85	100	113	109	106	145	145
1972	5.90	6.15	2/ 7.80	2/ 7.50	7.70	9.00	102	110	115	112	148	148

1/ F.o.b. San Francisco for pineapple and weighted average west coast canners' sales prices for the other canned fruit.
 2/ California only.

Source: Compiled from data published by the Gianini Foundation of Agricultural Economics of the University of California.

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Table 12.--Canned pineapple: Quoted prices of Hawaiian Fruit Packers, Ltd., for Hawaiian products f.o.b. east coast, 1/ prices for Taiwan, Malaysian, and Mexican products f.o.b. east coast, 2/ and theoretical prices for the foreign products assuming the duty was calculated on the basis of the pre-trade-agreement rate of duty, April 1973

Item	Most-favored-		Computed :		Price per case			
	nation rate :	duty :	Hawaiian :	Taiwan :	Malaysia :	Mexico :		
	of duty :	per case :	Fruit :	Packers :				
Sliced canned pineapple (case of 24/No. 2 cans)								
1930 rate applied-----	\$0.02	\$0.62	\$7.03	\$5.99	\$5.89	\$5.14		
Present rate applied-----	.0075	.23	3/ 7.03	3/ 5.60	3/ 5.50	3/ 4.75		
Crushed canned pineapple (case of 6/No. 10 cans)								
1930 rate applied-----	\$0.02	\$0.83	\$7.51	\$6.27	\$6.62	\$5.87		
Present rate applied-----	.0075	.31	3/ 7.51	3/ 5.75	3/ 6.10	3/ 5.35		

1/ The Hawaiian Fruit Packers, Ltd., products for which prices are quoted are considered to be of a U.S.D.A. fancy grade.

2/ The Taiwan, Malaysian, and Mexican products for which prices are quoted are considered to be of a U.S.D.A. choice grade.

3/ Actual quoted price in April 1973.

Source: Hawaiian Fruit Packers, Ltd., prices were obtained from that firm; prices for Taiwan packs were obtained from Island Sun Co., Inc.; and prices for Malaysian and Mexican packs were obtained from the Report on Food Markets, published by the American Institute of Food Distribution, Inc.

