SUGAR FROM BELGIUM, FRANCE, AND WEST GERMANY

Determination of "A Reasonable Indication of Injury" in Inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and, AA1921-Inq.-22, Under the Antidumping Act, 1921, as Amended

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22]

SUGAR FROM BELGIUM, FRANCE, AND WEST GERMANY

Commission Determines "A Reasonable Indication of Injury"

On the basis of information developed during the course of inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22 undertaken by the United States International Trade Commission under section 201 of the Antidumping Act, 1921, as amended, the Commission determines that there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of sugar, provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States (TSUS), from Belgium, France and West Germany allegedly sold at less than fair value as indicated by the Department of the Treasury. 1/

On August 18, 1978, the Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to sugar from Belgium, France, and West Germany, and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in

1/ Vice Chairman Bill Alberger and Commissioners George M. Moore and Catherine Bedell, voting to continue the investigation, determine that, on the basis of information developed during the course of these inquiries, there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, and West Germany, allegedly sold at less than fair value as indicated by the Department of the Treasury. Chairman Joseph O. Parker, also voting to continue the investigation, does not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, and West Germany, allegedly sold at less than fair value as indicated by the Department of the Treasury. Commissioner Italo H. Ablondi determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of sugar from Belgium, France, or West Germany, allegedly sold at less than fair value as indicated by the Department of the Treasury. Commissioner Daniel Minchew did not participate in the determinations.

the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, or West Germany into the United States. Accordingly, the Commission, on August 24, 1978, instituted inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22, under section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on September 6, 1978, in Washington, D.C. Public notice of both the institution of the inquiries and of the hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of August 31, 1978 (43 F.R. 38948).

The Treasury Department instituted its investigation after receiving a properly filed complaint on July 10, 1978, from counsel acting on behalf of the Florida Sugar Marketing and Terminal Association, Inc., Riviera, Florida. Treasury's notice of its antidumping proceeding was published in the Federal Register of August 18, 1978 (43 F.R. 36746).

Statement of Reasons of Chairman Joseph O. Parker
and Commissioners George M. Moore and Catherine Bedell

On August 18, 1978, the United States International Trade Commission received advice from the Secretary of Treasury that, during the course of a preliminary investigation with respect to imports of sugar from Belgium, France, and West Germany allegedly sold at less than fair value (LTFV), he concluded from the information available "that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States." Acting upon this advice, the Commission, on August 24, 1978, instituted inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of the information developed during the course of these inquiries, we determine that the standards set forth in section 201(c)(2) of the Antidumping Act, 1921, as amended, for terminating the Treasury investigation have not been satisfied.

Statutory criteria of section 201(c)(2)

Section 201(c)(2) of the Antidumping Act, 1921, as amended, under which these inquiries are being conducted, provides that if, in the course of making a determination whether to initiate an investigation under the Antidumping Act, the Secretary of the Treasury concludes, from the information available to him, that there is substantial doubt whether an industry in the United States is being or is likely to be injured, he shall forward to the Commission the reasons for such substantial doubt and a preliminary indication concerning possible sales at less than fair value, including possible margins of dumping and the volume of trade. If within thirty days after receipt of such information, the Commission determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of such merchandise into the United States it shall advise the Secretary of its determination and any investigation then in progress shall be terminated.

The bases for the Secretary's determination of substantial doubt are summarized in the Antidumping Proceeding Notice published by Treasury in the Federal Register of August 18, 1978. 1/ That notice states in part:

> The evidence of injury contained in the petition rested primarily on the impact of the alleged less than fair value sales in the regional market in which the bulk of those sales were made, the Southeast United States. However, although imports from these three countries have increased, they still account for only approximately 1.0 percent of total U.S. raw sugar production and 0.5 percent of total U.S. consumption of sugar. Even using the regional definition of the domestic market for sugar produced by petitioner, the imports in question only represent about 6 percent of domestic production in that region.
>
> The likelihood of future increases in imports from these countries is significantly reduced, if not totally eliminated, as the result of the imposition of a 10.8 cents/pound countervailing duty effective July 31, 1978 on sugar exported to the U.S. from all European Community (EC)

1/ 43 F.R. 36746.

> member states, including that covered by this investigation. Sugar from the European Community, Final Countervailing Duty Determination, 43 Fed. Reg. 33237 (1978). Even at current world prices, the imposition of this duty will raise the c.i.f. duty-paid price of the subject sugar well above domestic U.S. prices.

The notice also states, " . . . petitioner alleges that a margin of dumping of 170 percent exists . . . ."

Discussion

The imported sugar which is the subject of these inquiries is from Belgium, France, and West Germany. All three countries are members of the European Community (EC) and the sugar produced in all three countries is subject to the Community's Common Agricultural Policy (CAP). Because all three countries are members of the EC and all their sugar is covered by the CAP, sugar from these countries will be considered, for purposes of this discussion, as coming from one source.

On July 31, 1978, the Treasury Department imposed a countervailing duty of 10.8 cents per pound on sugar imported from the Community on which an export restitution payment has been made (see Treasury's notice published in the Federal Register of July 31, 1978 (43 F.R. 33237)). That duty, according to Treasury, represents an "accurate approximation" of the subsidy being paid.

However, information developed during the Commission's inquiry indicates that not all EC sugar is directly eligible for export restitution payments. Under the sugar program of the EC, imports are restricted and the price of domestically produced sugar generally is maintained at prices substantially in excess of world prices. The sugar for the domestic consumption is called "A" sugar. Similarly, a volume of domestically produced sugar, called "B" sugar, is eligible for export restitution payments. Sugar produced in excess of the "A" and "B" quantities can only be marketed for export and is not eligible for export restitution payments. In order to be competitive in the world market, this sugar must be sold at prices substantially less than the home market price in the EC countries. Information received during the Commission's inquiry indicates that for the years 1978 and 1979, the quantity of "C" sugar available for export may equal about 10 percent of the total EC sugar production, or about 200,000 to 300,000 tons annually. 1/

It is this so-called "C" sugar which may pose a threat to U.S. sugar producers. Such sugar may not be subject to the countervailing duties on the ground that it is not eligible for the export restitution payment by the EC. With the large supplies of world sugar stocks available and with the U.S. market being the largest and highest price market into which world sugar may freely enter, "C" sugar from the EC, if sold at LTFV and not subject to either the countervailing duties or antidumping duties, may enter the United States and be marketed at prices below the price support level and injure U.S. sugar producers.

Traditionally, sugar imports from the EC and, specifically, Belgium, France, and West Germany have been very small. However, sugar imports from these countries increased in recent years to 49,000 short

1/ Transcript of hearing, pp. 24, 53.

tons in 1977 and an estimated 75,000 short tons in January-July 1978 and prompted the petition for the imposition of countervailing duties.

While overall such imports have been and still are almost negligible vis-a-vis all sugar imports (about 1 percent of total imports), information received by the Commission indicates that an estimated 90 percent of such imports entered the southeastern U.S. market in recent months. Such imports equaled about 6 percent of domestic production in the Florida producing area. Thus, Florida growers, petitioners in this antidumping proceeding, who normally sell about 85 percent of their crop to the region's primary refiner in Georgia, are particularly affected by such imports.

The Florida growers maintain that the EC imports have taken nearly 100 percent of their sales in several recent months. 1/ These growers maintain that they have been unable to sell any of their sugar to the primary refiner located in the Southeast, or to any other refiner since April 1978, since the market prices have been below price support levels. Imports from the EC were capturing this market on the basis of lower prices.

U.S. inventories of sugar, including those held by Florida producers, were at record high levels in each month considered in 1978. A large part of these inventories is held by domestic producers under price-support loans. Data available to the Commission indicate that many domestic sugar producers were losing money in the 1976/77 crop year, and that such losses may have continued in the 1977/78 crop year. Florida growers reported losses on their sugar operations in each of the crop years 1975/76, 1976/77, and 1977/78.

1/ Transcript of hearing, p. 82.

Conclusion

On the basis of the information available from the Commission's inquiries, imports from the EC, if sold at LTFV, could enter the U.S. market at prices below the price-support level and might cause injury to U.S. producers. In these circumstances, the antidumping investigation should not be terminated.

Statement of Reasons of Vice Chairman Bill Alberger

Statutory criteria of section 201(c)(2)

Section 201(c)(2) of the Antidumping Act, 1921, as amended, under which these inquiries are being conducted, states, in effect, that if the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission his reasons for such doubt. If, within 30 days of the Commission's receipt of such information, the Commission determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of merchandise allegedly sold in the United States at less than fair value (LTFV), it shall advise the Secretary of its determination and any investigation then in progress shall be terminated. In making its determinations in these inquiries, the Commission developed information from various sources and did not consider the information received from Treasury as determinative.

Determination

On the basis of the information developed during the course of these inquiries, I determine that there is a reasonable indication that an industry in the United States is being or is likely to be injured 1/ by reason of the importation of sugar into the United States from Belgium, France, and West Germany allegedly sold at less than fair value as indicated by the Department of the Treasury.

1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

A reasonable indication of injury

Market penetration by alleged LTFV imports -- U.S. imports of sugar from Belgium, France, and West Germany, all of which are subject to the current LTFV investigation, have increased considerably in 1977. While the overall volume of such imports is still quite small compared to U.S. consumption (0.43 percent), it has risen from zero in 1972 to 48.8 thousand short tons, raw value, in 1977. Moreover, the approximately 75,000 tons imported in 1978 account for 55 percent of imports into the southeastern United States.

Profitability -- The Commission has received data indicating losses on the 1976/77 crop. The low profitability should continue given the current depressed prices and large volume of imports. Petitioners, who serve the southeastern market, have reported continued losses of significant proportions.

Prices -- Data from the U.S. Customs Service indicate that the price of sugar imports from Belgium, France, and West Germany, f.o.b., foreign port, was 7.09 cents per pound. Adding the costs of insurance and freight, and applicable duties and fees, the price of such imports delivered at Savannah, Georgia, the primary market for both the alleged LTFV imports and the Florida sugar producers, would be about 13.59 cents per pound. Data supplied by petitioner indicate that the average delivered selling price for their sugar during January-July 1978, at Savannah was substantially higher than the import price with the margin of underselling more than accounted for by the alleged LTFV margin.

Lost sales -- The petitioner, who sells primarily in the southeastern market, has allegedly not made any sales since late April 1978. Petitioner's major purchaser prior to 1978, the refinery at Savannah, has purchased the overwhelming bulk of the alleged LTFV sales. This would tend to indicate that the Savannah refinery could purchase sugar from European Community (EC) sources at prices lower than the price-support levels, and therefore undersell the petitioners. Through the final seven months of this year, about 75,000 short tons of sugar from Belgium, France, and West Germany has been sold in the United States, most of it to the Savannah refinery.

Likelihood of injury -- Given the announcement of a 10.8 cents per pound countervailing duty on sugar from the EC, it is arguable that no likelihood of future injury exists. However, testimony before the Commission, and staff discussions with Treasury, have both verified that a considerable volume of EC sugar cannot qualify for export subsidies. This so-called "C" sugar may amount to 300,000 metric tons. Treasury has informally indicated that upon presentation of an EC declaration, importers of such sugar could avoid the countervailing duty. Hence, the future likelihood of injury cannot be dismissed, even though the antidumping duties would be inapplicable to the extent bounties or grants are subject to a countervailing duty. 2/

Conclusion

In making our determination under section (201)(c)(2), the Commission need only consider whether a "reasonable indication" of injury, or likelihood thereof, is either present or totally absent. Therefore, our analysis of the record is concerned with factors which may present a "reasonable indication" of injury, even if later examination of the full record shows that the weight of the evidence militates against a final injury determination.

2/ See 19 U.S.C. §163.

Summarizing the criteria of injury enumerated above, it is clear that Treasury should proceed with its investigation. Petitioner has shown evidence of lost sales, price suppression and substantially increased market share from those countries which are the source of the LTFV sales. While these market penetration figures are still very low, and while the LTFV sales do not represent a large portion of U.S. consumption, two observations can be made to indicate their importance. First, these countries have substantial capacity to export larger quantities in future years, although our obligations under the International Sugar Agreement (ISA) may limit them. Second, it is conceivable the Commission could find injury within the regional market of the southeast, where import penetration has been more significant. It appears that the factors which have led the Commission in previous instances to find injury to a regional industry may be present, and I do not wish to dismiss such a possibility. 3/ The LTFV sales appear to be concentrated in the southeast, and it is possible the Commission could apply accepted principles of regional industry analysis. Therefore, I find that the Treasury antidumping investigation of sugar from Belgium, France and West Germany should not be terminated.

3/ See USITC Publication 882, Carbon Steel Plate from Japan, Inv. No. AA1921-179, Views of Chairman Minchew and Commissioner Alberger; T.C. Publication 314, Steel Bars, Reinforcing Bars, and Shapes from Australia, Inv. No. AA1921-62.

STATEMENT OF REASONS OF COMMISSIONER ITALO H. ABLONDI

On August 18, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of a preliminary investigation with respect to sugar from Belgium, France, and West Germany, Treasury had concluded from the information available "that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States." Acting upon this advice, the Commission, on August 24, 1978, instituted inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry is being or is likely to be injured, or is prevented from being established by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of these inquiries, I determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, [1] by reason of the importation of sugar into the United States from Belgium, France, or West Germany allegedly sold at less than fair value as indicated by the Department of the Treasury.

Discussion

The legislative intent in the enactment of section 201(c)(2) of the Antidumping Act, 1921, as amended, is "to eliminate unnecessary and costly investigations which are an administrative burden and an impediment to trade." This intent is effectuate when the Commission determines, pursuant to section 201(c)(2), that "there is no

1/ Prevention of establishment of an industry in these inquiries is not in questio and will not be discussed further in these views.

reasonable indication that a domestic industry is being or is likely to be injured" by reason of the subject imports, thereby eliminating an unnecessary, costly, and burdensome investigation. Although the quantum of proof required in inquiries under section 201(c)(2) is less than that required in full investigations under section 201(a) of the Antidumping Act, 1921, as amended, the information obtained in these inquiries requires a finding that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, or West Germany allegedly sold at less than fair value.

Market penetration by alleged LTFV imports.--In a number of past investigations under the Antidumping Act, 1921, as amended, the Commission has held that LTFV imports sold in the United States in insignificant quantities compared with the quantity of domestic consumption have not caused injury to the domestic industry. 1/ In a number of other investigations under the act, the Commission has found no injury when imports sold at LTFV constituted less than 1 percent of apparent U.S. consumption. 2/ While each investigation must be examined according to the individual facts peculiar to each, as regards sugar I determine that market penetration of less than 1 percent of apparent U.S. consumption is insignificant and should not warrant a continued investigation.

The share of apparent U.S. consumption of sugar accounted for by the alleged LTFV imports from Belgium amounted to only 0.0148 percent in 1977; the share accounted for by imports from France was only 0.2383 percent; and that accounted for by imports from West Germany was only 0.1743 percent. None of the three countries considered

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1/ See Cast Iron Soil Pipe From Australia, Investigation No. AA1921-35, TC Publication 124, 1964.

2/ See, for example, Welded-Wire Mesh From Belgium * * * Investigation No. AA1921-94, TC Publication 497, 1972; Titanium Dioxide From Japan * * * Investigation No. AA1921-47, TC Publication 174, 1966; and White Portland Cement From Japan, Investigation No. AA1921-38, TC Publication 129, 1964.

individually accounted for even as much as a quarter of 1 percent of apparent U.S. consumption in 1977. In view of the fungible nature of the commodity in question, it is arguable that imports from Belgium, France, and West Germany should be cumulated. However, even if the imports from the three countries are cumulated, the total import penetration of the U.S. market would still be less than half of 1 percent. I determine, therefore, whether the countries are considered separately or cumulatively, that under current conditions there is no reasonable indication that an industry in the United States is being injured by reason of alleged LTFV imports of sugar from Belgium, France, or West Germany.

Likelihood of injury.--The U.S. Customs Service has announced a countervailing duty determination for sugar imports from the European Community that benefit from bounties or grants. Such imports will be subject to a countervailing duty of 10.8 cents per pound. This, together with other duties and fees on sugar imports of about 5.51 cents per pound, results in total import duties and fees of 16.3 cents per pound on sugar from the European Community subject to countervailable bounties and grants. Since the current price of U.S. sugar imports, landed and duty paid, is about 13.5 cents per pound, further imports of European Community sugar that benefit from bounties or grants are uncompetitive and highly unlikely.

Information available to the Commission, however, indicates that most, but not all, sugar produced in the European Community is subsidized under the Common Agricultural Policy (CAP). The CAP provides for three accounting categories for all sugar produced in the Community. The first two categories, labeled "A" and "B," are quota amounts and are subject to bounties and grants that will result in countervailing duties if the sugar is imported into the United States. The "C" category is excess production over the "A" and "B" quotas, reportedly is not subsidized, and accordingly is not subject to countervailing duties if imported into the United States. The "A," "B," and "C" sugar are completely fungible, and their respective designations are for accounting purposes only.

The "A" sugar quota equals 105 percent of annual European Community human sugar consumption; the "B" sugar quota equals 27 percent over the "A" quota; and all sugar

›roduced in excess of the "A" and "B" quotas, or in excess of 132 percent of annual ìuropean Community human sugar consumption, is "C" sugar and is required to be ›xported. "C" sugar generally accounts for about 10 percent of annual Community ;ugar production and forecasts for marketing years 1979 and 1980 indicate that the ınnual quantity of "C" sugar to be produced and exported is 200,000 to 300,000 ıetric tons, raw value, in each of the 2 years. Virtually all the "C" sugar ›roduced in the European Community in recent years has been produced by Belgium, 'rance, and West Germany, and virtually all exports from the Community are of sugar ›roduced by the the countries.

In 1977, export shipments of raw sugar from the European Community to all out-;ide markets totaled 3 million metric tons, of which three-quarters consisted of "A" ınd "B" sugar. There is no documentary evidence that any "C" sugar has ever been :xported by Belgium, France, or West Germany to the United States. By reason of the .mposition of countervailing duties on "A" and "B" sugar, the bulk of sugar formerly :xported by the Community should not compete and in all likelihood will be sold else-'here and not in the U.S. market. In addition, exports from the EC to the United States ıever accounted for a significant proportion of these exports, and accounted for ›nly 1.6 percent of the total in 1977. Furthermore, the only sugar that can be :xported to the United States without countervailing duties is "C" sugar. The .nticipated production of "C" sugar in 1979 and 1980 is only 200,000 to 300,000 ıetric tons, substantially below the 750,000 metric tons produced in 1977. Since .S. imports have never been equivalent to more than a mere fraction of total pro-uction of "C" sugar--48,800 short tons, or less than 7 percent of the total in 977--it cannot be anticipated that all or most of the "C" sugar produced in Belgium, rance, and West Germany will be exported to the United States. In fact, in view f the sharp decline in the availability of "C" sugar from the European Community ιt is quite likely that U.S. imports of sugar from Belgium, France, and West Germany ıay decline in the near future.

In the absence of special incentives, therefore, the U.S. market should not increase its share of total exports of sugar from Belgium, France, or West Germany. A higher U.S. price for foreign sugar than could be obtained in other markets would be a special incentive for exporters to direct their sugar to the U.S. market; however, no such incentive exists. The U.S. market price for sugar is substantially higher than the world price, but the difference is accounted for by transportation charges and import fees and duties. Exporters receive the same price for their sales to the U.S. markets as they do for their sales to other markets. In view of the foregoing, together with extremely low levels of current imports from the three countries in question, I determine that there is no reasonable indication that an industry in the United States is likely to be injured by reason of alleged LTFV imports of sugar from Belgium, France, or West Germany.

Conclusion

On the basis of the above, I determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, or West Germany allegedly sold at less than fair value as indicated by the Department of the Treasury.

INFORMATION OBTAINED IN THE INQUIRIES

Summary

On August 24, 1978, the United States International Trade Commission instituted inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22 on sugar--dutiable under items 155.20 and 155.30 of the TSUS--after receiving advice from the Treasury Department on August 18, 1978, that there is substantial doubt that imports of the subject merchandise from Belgium, France, and West Germany alleged to be sold at less than fair value are the cause of present, or likely future, injury to an industry in the United States. Treasury's advice is consequent to a preliminary antidumping investigation begun on July 10, 1978, upon receipt of a complaint from counsel acting on behalf of Florida Sugar Marketing and Terminal Association, Inc. The petitioner contends that, because of the importation of sugar from Belgium, France, and West Germany sold at less than fair value, it and other domestic producers are being injured by reason of lost sales, price suppression and depression, and declining regional and total U.S. production of raw sugar.

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 comes from foreign sources. Sugar imported from Belgium, France, and West Germany is from sugar beets; virtually all other imports are of sugar from cane. Sugar beets are currently produced in 18 States. Sugar cane is produced in four States and Puerto Rico. The Florida sugar industry in recent years has accounted for about 14 percent of total U.S. sugar production.

In 1977, the leading suppliers of U.S. sugar were the Philippines, Dominican Republic, Brazil, Australia, Peru, and Guatemala. Belgium, France, and West Germany, the three countries under consideration in the inquiries, are minor suppliers and accounted for 0.02, 0.44, and 0.31 percent, respectively, of U.S. sugar imports in 1977. Collectively, imports from Belgium, France, and West Germany increased from only about 1,000 short tons in 1975 to 16,000 in 1976 and to nearly 49,000 in 1977. The alleged margin of sales at less than fair value for the sugar from these countries is 11.7 cents per pound, or 63 percent of the home market price.

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Data submitted to the Commission show that for the last three crop years (1975/76 through 1977/78) the value of Florida sugar production has been less than the cost of production. For crop year 1975/76, the loss was 0.96 cent per pound. In the 1976/77 crop year, the loss increased to 4.75 cents per pound, and for the 1977/78 crop year, it is estimated that the loss will be approximately 2.29 cents per pound.

Total U.S. inventories of sugar have increased from 2.9 million short tons in 1972 to over 4.5 million short tons in 1977. Inventories of mainland cane mills as of June 30, 1978, were more than double those of June 30, 1975.

During the period 1960-73, annual U.S. consumption of sugar increased gradually from 9.5 million to 11.8 million short tons, raw value. Consumption then declined sharply to 10.2 million tons in 1975 following the increase in sugar prices to record levels toward the end of 1974. Total sugar consumption then recovered in 1977 to 11.42 million tons. As a percentage of consumption, imports of sugar from Belgium, France, and West Germany have increased from zero in 1972 to 0.43 percent in 1977.

Since April 1978, the Florida sugar industry has not sold any sugar and has a substantial part of the 1977 crop under price-support loan. Without higher prices in the Florida sugar market it is unlikely that the Florida sugar industry would be able to redeem the loans and sell to the market place. The Florida sugar industry sells 85 percent of its sugar to Savannah Foods and Industries, Inc., which is the firm that received about 90 percent of all sugar imports from Belgium, France, and West Germany in 1978.

Introduction

On August 18, 1978, the United States International Trade Commission received advice from the Department of the Treasury that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of sugar from Belgium, France, and West Germany that may be sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. 1/ Accordingly, on August 24, 1978, the Commission instituted inquiries Nos. AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22 under section 201(c) of said act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of sugar provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States (TSUS) into the United States. By statute, the Commission must render its determination within 30 days of its receipt of advice from the Department of Treasury--in this case by September 18, 1978.

In connection with the investigation, a public hearing was held in Washington, D.C., on September 6, 1978. Notice of the institution of the inquiries and the public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and the notice was printed in the Federal Register on August 31,1978 (43 F.R. 38948). 2/

The Department of the Treasury's advice is consequent to a preliminary antidumping investigation it initiated in response to a petition it received on July 10, 1978, from counsel for the Florida Sugar Marketing and Terminal Association, Inc. 3/ The

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1/ The Treasury Department's letter of notification to the U.S. International Trade Commission is presented in app. A.

2/ A copy of the Commission's notice of inquiries and hearing is presented in app. B.

3/ The Treasury Department's notice of antidumping proceeding is presented in app. C.

petitioner contends that, because of the importation of raw and refined sugar from Belgium, France, and West Germany, the Florida sugar-producing industry is being injured by reason of lost sales in its regional market, where the bulk of the LTFV imports have been sold.

In the event that the U.S. International Trade Commission finds in the affirmative--that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of sugar from Belgium, France, or West Germany that may be sold at less than fair value--the Treasury Department's investigation as to the fact or likelihood of sales at LTFV will be terminated. If the Commission finds in the negative, the Treasury Department's investigation will continue. The Commission reported to the President on sugar in investigation No. TA-201-16 on March 17, 1977, and in investigation No. 22-41 on April 17, 1978.

Description and Uses

The Treasury Department stated in its notice, "The sugar under consideration includes raw and refined sugar provided for in item numbers 155.20 and 155.30 of the Tariff Schedules of the United States." Raw and refined sugar are classified in TSUS item 155.20. TSUS item 155.30 covers liquid sugar and other sugar sirups.

Sugar is derived from the juice of sugar cane or sugar beets. It is present in these plants in the form of dissolved sucrose. Most sugar is marketed to consumers in a refined form as pure granulated or powdered sucrose. Substantial quantities also reach consumers as liquid sugar (sucrose dissolved in water) or in forms not chemically pure, such as brown sugar and invert sugar sirup, or as blends of sucrose with simpler sugars such as glucose and fructose.

Sugar cane is a perennial subtropical plant which is cut and milled to obtain sugar cane juice. Through a process of filtering, evaporating and centrifuging this juice, a product consisting of large sucrose crystals coated with molasses called raw sugar, is produced. Raw sugar derived from sugar cane is the principal "sugar" actually shipped in world trade. Raw sugar is generally refined near consumption centers through additional processes of melting, filtering, evaporating, and centrifuging to yield the refined white (100 percent pure sucrose) sugar of commerce.

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). Most sugar beets, including those grown in the United States, are converted directly into refined sugar; sugar beets grown in some countries, however, are used to produce a product known as raw beet sugar. The refined sugar product derived from sugar beets is not distinguishable from that of sugar cane inasmuch as both are virtually chemically pure sucrose.

The overwhelming use of sugar in the United States is for human consumption, although some is used in specialty livestock feeds and in the production of alcohol. Sugar is primarily a caloric sweetening agent, but it also has preservative uses. In the United States, about one-third of the sugar consumed goes to household users and two-thirds to industrial users. There is currently little nonfood use of sugar in the United States and even less, proportionately, in the rest of the world.

U.S. Customs Treatment

U.S. tariff

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.

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Pursuant to Presidential Proclamation 4539, issued November 11, 1977, the olumn 1 rate of duty in item 155.20 was established at 2.98125 cents per pound ess 0.0421875 cent per pound for each degree under 100 degrees (and fractions of degree in proportion) but not less than 1.9265625 cents per pound. By general eadnote 4(b) of the TSUS, the column 2 rate was established at the same level. he rate formula provides a duty of 2.8125 cents per pound for 96 degree raw sugar. ll countries exporting sugar to the United States are subject to these rates of uty except for certain countries eligible for duty-free treatment under the eneralized System of Preferences.

Sugars, sirups, and molasses, derived from sugar cane or sugar beets, not rincipally of crystalline structure and not in dry amorphous form, containing oluble nonsugar solids (excluding any foreign substance that may have been added developed in the product) equal to 6 percent or less by weight of the total oluble solids, are classified for tariff purposes in TSUS item 155.30. Articles nported under this description are primarily liquid sugar and invert sugar sirups. ticles classified under TSUS item 155.30 are dutiable on total sugars at the rate r pound applicable under item 155.20 to sugar testing 100 degrees. All designated neficiaries for the Generalized System of Preferences are eligible for duty-free eatment on imports under TSUS item 155.30.

ction 22 fees

Presidential Proclamation 4547, issued January 20, 1978, pursuant to section of the Agricultural Adjustment Act, as amended, provides for additional import es for certain sugars in TSUS items 155.20 and 155.30. For sugar in item 155.20, t to be further refined or improved in quality, the additional fee under TSUS em 956.05 is 3.22 cents per pound. For sugar in TSUS item 155.20, to be further fined or improved in quality, the additional fee under TSUS item 956.15 is 2.70 nts per pound. For sugar classified in TSUS item 155.30, the additional fee under TSUS item 957.15 is 3.22 cents per pound of total sugars. None of the additional fees may exceed 50 percent ad valorem. These fees were established under the emergency powers of the President pursuant to section 22 and are pending the receipt by the President of the U.S. International Trade Commission's report to the President (issued April 17, 1978) and his action thereupon (as yet, the President has taken no action). The Presidential proclamation establishing these fees provided an exception for sugar entered for the production of polyhydric alcohols not for use in human consumption. Designated beneficiaries for the Generalized System of Preferences are not eligible for duty-free treatment on section 22 fees.

Countervailing duties

On July 30, 1978, the U.S. Customs Service announced a final countervailing duty determination that sugar provided for in items 155.20 and 155.30 which benefited from bounties or grants was being entered into the United States. Such sugar imported directly or indirectly from the European Community, if entered or withdrawn from warehouse for consumption on or after July 31, 1978, is subject to payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed. The net amount of such bounties or grants was ascertained and estimated to be 10.8 cents per pound of sugar. Under the Common Agricultural Policy (CAP) of the European Community, there is a substantial surplus of sugar for which such bounties and grants apply. Such countervailing duties would apply to sugar imported from Belgium, France, and West Germany except to the extent that the importer could show that such imports benefit from bounties or grants smaller than the 10.8 cents per pound estimated by the U.S. Customs Service. However, there may also be substantial quantities of European Community sugar exports to which bounties or grants do not apply which could be imported without imposition of countervailing duties.

The Treasury Department, effective July 31, 1978, imposed a countervailing duty of 10.8 cents per pound on sugar imported from the European Community. The 10.8 cents per pound duty represents an "accurate approximation" of the subsidy being paid to exporters of European sugar.

Most but not all of the sugar produced in the European Community is subsidized under the EC's Common Agricultural Policy (CAP). CAP sets up three accounting categories or designations for all of the sugar produced in the Community. The first two categories, labeled "A" and "B," are quota amounts and are subsidized, and the third, labeled "C," is excess production over the quotas and is not subsidized. The "A," "B," and "C" sugar is completely fungible and the respective designations are for accounting purposes only.

The "A" sugar quota equals 105 percent of annual EC human sugar consumption and the "B" quota equals 27 percent over the "A" quota. Thus, the "A" and "B" quotas, both of which are subsidized, equal 132 percent of annual human sugar consumption. All sugar produced in excess of the "A" and "B" quotas is "C" sugar. "C" sugar is generally about 10 percent of EC sugar production, and has been estimated for the 1977 crop year at about 200,000 to 300,000 tons per year. Under CAP, a marketing year runs from October 1 to the following September 30. The harvest of the sugar beets begins in early October and is generally complete sometime in February. Since the "A" and "B" quotas are based on actual rather than estimated consumption, and consumption is not known until the end of the marketing year, it is not until October that the "A" and "B" quotas and, hence, the exact amount of excess "C" sugar are known. "A" and "B" sugars 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. Most, if not all, of the "C" sugar is expected to come from Belgium, France, and West Germany, which are surplus sugar-producing countries.

The subsidies are paid to the producers after the end of the marketing year and are based, as noted above, on annual EC human sugar consumption. Because the subsidies have been quite profitable, producers find it advantageous to produce enough sugar to insure the filling of the "A" and "B" quota allocations, if possible. In recent years, EC producers have produced more than enough sugar to fill their "A" and "B" quota allocations and, hence, there has been excess "C" sugar.

Discussions with officials at the Treasury Department have generated information that "C" sugar would not be countervailable. Thus, the existence of the countervailing duty on European sugar would not appear to be a deterrent to the importation of "C" sugar into the United States.

In view of the fact that the present U.S. sugar tariff is about 5.5 cents per pound and the U.S. domestic price of sugar is about 13.5 cents per pound, it is unlikely that any EC sugar subject to a countervailing duty of 10.8 cents per pound and a tariff of 5.5 cents per pound could be sold in the United States. Under such circumstances, apparently only "C" sugar could enter the United States at commercially competetive prices. Hence, only "C" sugar could be sold at less than fair value.

Nature and Extent of Alleged LTFV Sales

According to the petitioner to the Department of the Treasury, the home-market price for sugar from Belgium, France, and West Germany is 18.55 cents per pound, the price to the U.S. market averages 6.87 cents per pound, and the LTFV margin therefore averages 11.68 cents per pound. As calculated by the Treasury Department, the average LTFV margin (when divided by the price in the U.S. market) would be 170 percent; as calculated by the U.S. International Trade Commission, the average LTFV margin (when divided by the home-market price) would be 63 percent.

The petitioner calculated the home-market prices for sugar from published data of the European Community on the threshold, target, and intervention prices for raw and white (refined) sugar. In computing the price of sugar from Belgium, France, and West Germany shipped to the U.S. market, the petitioner calculated the equivalent of a Paris raw sugar market price, termed a "Derived EC Raws" price, and then made adjustments for ocean transportation, port charges, commissions, and inland transportation. The petitioner provides no claim as to what share of the U.S. sugar market since 1974 represents LTFV imports. The petitioner claims that all the imports from Belgium, France, and West Germany since April 21, 1978, represent lost sales to U.S. producers, and Florida producers in particular.

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 comes from foreign sources (virtually all cane). The Florida sugar industry in recent years has accounted for about 14 percent of total U.S. sugar production (table 1 in app. D).

U.S. sugar beet growers and beet sugar processors

Sugar beets are currently produced in 18 States. The number of farms producing sugar beets in 1977/78 most likely increased from the 12,000 farms producing sugar beets in 1973/74 (the last year for which official statistics are available). Sugar beets 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 returns processors receive from the sale of the refined sugar. In 1976 there were 58 beet sugar factories owned by 13 companies or cooperatives scattered throughout the sugar-beet-producing regions in the United States. The 58 factories had a daily processing capacity of about 200,000 tons of sugar beets.

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 500 farms in Hawaii harvesting 97,000 acres of sugar cane in 1977. About 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 over 95 percent of the acreage and production of Hawaiian sugar cane through their subsidiary producing and/or milling companies.

Over 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

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

marketing association. The refining company is owned by 16 Hawaiian raw sugar producing and/or milling companies, but 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 sugar cane. The mainland cane-milling industry takes sugar cane 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 1975/76, the 40 mainland cane-milling companies 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 Delta). The acreage that can be devoted to sugar cane 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 the 1,290 farms producing in 1973/74 (the last year for which official statistics are available). Over half of the Louisiana crop is grown by owners of processing mills. In 1975/76, 31 companies operated 37 sugar cane mills. The 37 mills had a daily processing capacity of approximately 135,600 short tons of sugar cane.

Florida.--In Florida, sugar cane production has been increasing. In 1973/74, there were 136 farms producing sugar cane (the last year for which official statistics are available), but the bulk of the production comes from a few large farms. The land devoted to sugar cane in Florida is concentrated in 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. These mills have a daily processing capacity of 82,000 short tons of sugar cane. One company in Florida that is both a processor and grower, the United States Sugar Corporation, 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 growing since then. In 1975/76, one sugar cane mill, operated as a cooperative owned by the growers, had a daily capacity of 8,500 short tons of sugar cane.

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 and in sugar cane production in Puerto Rico. The number of farms declined from 11,608 in 1963/64 to 2,551 in 1973/74 (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 Corporation of Puerto Rico, a quasi-governmental corporation. In 1975/76, 12 sugar cane mills in Puerto Rico had a daily processing capacity of about 55,000 short tons of sugar cane.

Cane sugar refiners

There are 22 cane sugar refineries in the continental United States, located mainly on the east and gulf coasts. The 22 cane sugar refineries are operated by 12 companies and one cooperative. Traditionally, cane sugar refiners have provided about 70 percent of the sugar consumed in the mainland U.S. market. In 1977, U.S. cane sugar refiners produced 7.55 million short tons, raw value, of sugar. Cane sugar refiners are the principal users of imports of raw sugar. They obtained about 61 percent of their raw sugar supplies from foreign sources in 1975.

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 need for the importers' and sugar operators' services arises 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.

Tables 2 and 3 show U.S. production, imports, exports, ending stocks, and consumption for recent periods. Table 4 shows the ratio of imports to consumption, particularly for imports from Belgium, France, and West Germany.

Foreign Producers

The European Community is the world's leading producer accounting for over one-tenth of total world production of sugar (table 5). The U.S.S.R., Brazil, Cuba, India, and the United States are also important producers. The European Community, the U.S.S.R., and the United States consume most of their own production, while Brazil, Cuba, and India export significant portions of their output (table 6).

In most years, world production of sugar exceeds world consumption of sugar, which is why world sugar prices are generally low (table 7). However, when world consumption exceeds world production for any prolonged period, prices generally rise quickly. Since 1974, world production has been in excess of world consumption, by increasing amounts in each year, and the result has been the current low level of world sugar prices.

In 1977, the leading suppliers of U.S. sugar (TSUS items 155.20 and 155.30) were the Philippines, Dominican Republic, Brazil, Australia, Peru, and Guatemala. Although 30 countries supplied sugar to the United States in 1977, the principal suppliers listed above accounted for nearly 70 percent of the total. Belgium, France, and West Germany were minor suppliers and accounted for 0.02, 0.44, and 0.31 percent, respectively, of U.S. sugar imports in 1977 (table 8).

Capacity Utilization

Capacity utilization for U.S. producers and for Florida producers is not available. The seasonal nature of the industry makes it very difficult to calculate meaningful data on capacity utilization. The petitioner stated that Florida sugar producers are not fully utilizing their capacity and have not done so for several years. The petitioner estimates that Florida sugar producers could expand production by about 20 percent with existing facilities.

Financial Performance of Domestic Producers

Selected data indicative of the aggregate financial performance of U.S. producers on their sugar operations in 1972-75, as summarized in tables 9 and 10, reveal an increase in total sales and net profit before income taxes from 1972 to 1974. Net sales and profit for most segments of the sugar industry declined in 1975. Data available as of September 30, 1976, indicate that net sales and net profit for 1976 would have been down.

Data submitted by the petitioner show that for the last three crop years (1975/76 through 1977/78) the value of Florida sugar production has been less than the cost of production. For crop year 1975/76, the loss was 0.96 cent per pound. In the 1976/77 crop year, the loss increased to 4.75 cents per pound, and for the 1977/78 crop year, they estimate the loss will be approximately 2.29 cents per pound.

U.S. Producers' Inventories

The yearend inventories for mainland cane mills and total U.S. inventories of sugar are shown in table 11. Table 12 shows that as a percentage of production, inventories of sugar have increased steadily since 1975. The inventories as of June 30, 1978, for mainland cane mills were more than double those of June 30, 1975.

U.S. Consumption and Market Penetration of Imports

During the period 1960-73, annual U.S. consumption of sugar increased gradually from 9.5 million to 11.8 million short tons, raw value. However, the rapid increase in prices to record levels toward the end of 1974 followed by the continued high prices during much of 1975 caused total U.S. sugar consumption to fall in each of those years--to 11.5 million tons in 1974 and then sharply to 10.2 million tons in 1975. Total sugar consumption recovered in 1977 to 11.42 million tons as prices declined sharply from their 1974 peak.

There has been an increase in the proportion of domestic sugar consumption supplied by domestic sugar producers. From 1971 to 1975, the ratio of imports to domestic consumption decreased irregularly from 48 percent to 38 percent (table 2). This implies that the share of the domestic market supplied by domestic producers increased from about 52 percent in 1971 to 62 percent in 1975. However, the ratio fell to 58 percent in 1976 and declined further in 1977 to 46 percent. As a percentage of consumption, imports of sugar from Belgium, France, and West Germany have increased from zero in 1972 to 0.43 percent in 1977.

The distribution of sugar to primary users gives an indication as to who uses the sugar consumed in the United States (table 13). U.S. deliveries of refined sugar amounted to 21.5 billion pounds in 1973 and then declined to 18.5 billion pounds in 1975. Deliveries rose to 20.8 billion pounds in 1977. Industrial users accounted for over 60 percent of the deliveries in 1977.

Sugar imports from Belgium, France, and West Germany increased from only about 1,000 short tons in 1975 to 16,000 in 1976 and to nearly 49,000 in 1977. Imports from these countries in 1978 were about 75,000 short tons.

Prices

The prices of raw sugar on the world and U.S. markets increased dramatically in 1974 and then declined as abruptly as they had risen (table 14). The price of sugar delivered in New York averaged 10 cents per pound in 1973, peaked in 1974 at an average of 57 cents per pound for November, then fell to just below 10 cents per pound in September 1976. At that time there was a twofold tariff increase of 1.25 cents per pound and prices remained above 10 cents per pound through October 1977. After the additional duty increase and imposition of section 22 fees announced in November 1977, the price of sugar rose gradually to 14 cents per pound in June 1978, but fell to 13.49 cents per pound in July 1978.

The best information available from the Customs Service on the prices of sugar imports from Belgium, France, and West Germany is that the f.o.b. foreign port price of the imports averaged 7.08 cents per pound. This would indicate that the c.i.f., duty-paid price of the imports in Savannah, Ga., would be about 13.59 cents per pound. Data supplied by Savannah Foods & Industries, Inc., indicate that the weighted average purchase price of these imports delivered in Savannah was 13.76 cents per pound. Data supplied by the Florida Sugar Marketing and Terminal Association, Inc., indicate that the average selling price for sugar, f.o.b. Florida mills, for the period January through April 1978 for deliveries through July 1978 was 13.80 cents per pound, which would represent a price of 14.18 cents per pound, delivered in Savannah, when the cost of freight is added.

Lost Sales

The petitioner claims that sales have been lost to traditional customers in the southeastern United States market. No sales have been made since April 21, 1978, owing to the availability of low-priced imports (approximately 75,000 tons) of sugar from Belgium, France, and West Germany. The petitioner states that all tender offers to these customers have been made at the minimum price which they can offer as a result of the terms of the price-support loans under which the sugar is stored (13.65 cents per pound, raw value). The Florida sugar industry sells about 85 percent of its sugar to Savannah Foods and Industries, Inc. This firm received about 90 percent of all 1978 sugar imports from Belgium, France, and West Germany. Sugar imports from Belgium, France, and West Germany represented about 55 percent of all imports for Savannah Foods and Industries, Inc., from January to June 1978.

APPENDIX A

TREASURY DEPARTMENT'S LETTER OF NOTIFICATION TO THE U.S. INTERNATIONAL TRADE COMMISSION

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

#534

AUG 11 1978

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to sugar from Belgium, the Federal Republic of Germany and France. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Additional information will be provided by the U.S. Customs Service.

Some of the information involved in this case is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the information provided for its investigation to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely,

Robert H. Mundheim

The Honorable
Joseph O. Parker, Chairman
U.S. International Trade
Commission
Washington, D.C. 20436

Enclosure

APPENDIX B

NOTICE OF COMMISSION'S INQUIRIES AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22]

SUGAR FROM BELGIUM, FRANCE, AND WEST GERMANY

Notice of Inquiries and Hearing

The United States International Trade Commission (Commission) received advice from the Department of Treasury (Treasury) on August 18, 1978, that during the course of determining whether to institute an investigation with respect to sugar provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States from Belgium, France, and West Germany in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)), Treasury had concluded from the information developed during its preliminary investigation that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, the Commission on August 24, 1978, instituted inquiries AA1921-Inq.-20, AA1921-Inq.-21, and AA1921-Inq.-22, under section 201(c)(2) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Treasury's advice to the Commission was published in the Federal Register on August 18, 1978 (43 F.R. 36746).

Public hearing. A public hearing in connection with the inquiries will be held in Washington, D.C. on Wednesday, September 6, 1978, at 10:30 a.m., e.d.t. The hearing will be held in the Hearing Room, United States International Trade Commission Building, 701 E Street, NW., Washington, D.C. All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary of the Commission not later than noon Wednesday, August 30, 1978.

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Written statements. Interested parties may submit statements in writing in lieu of, and in addition to appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received not later than September 6, 1978.

By order of the Commission:

Kenneth R. Mason

Kenneth R. Mason
Secretary

Issued: August 25, 1978

APPENDIX C

TREASURY DEPARTMENT'S NOTICE OF ANTIDUMPING PROCEEDING

4810-22

APP-2-04-O:D:T-JRk jl

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

SUGAR FROM BELGIUM, FRANCE AND
THE FEDERAL REPUBLIC OF GERMANY

ANTIDUMPING PROCEEDING NOTICE

AGENCY: U.S. Treasury Department

ACTION: Initiation of Antidumping Investigation

SUMMARY:

This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of sugar from Belgium, France and the Federal Republic of Germany are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United States are less than the prices in the home market.

There appears to be substantial doubt that imports of the subject merchandise allegedly sold at less than fair value have caused injury or are likely to cause injury to an industry in the United States. This case is therefore being referred to the U.S. International Trade Commission for an investigation to determine whether there is reasonable indication of injury or likelihood of injury.

EFFECTIVE DATE:

(Date of publication in the Federal Register).

FOR FURTHER INFORMATION CONTACT:

John R. Kugelman, Operations Officer, U.S. Customs Service, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION:

On July 10, 1978, information was received in proper form pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel for Florida Sugar Marketing and Terminal Associations, Inc. (FSM), indicating a possibility that raw and refined sugar from Belgium, Denmark, the Federal Republic of Germany, France and the United Kingdom is being, or is likely to be sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.). FSM subsequently withdrew its petition as it related to sugar imported from the United Kingdom and Denmark.

The sugar under consideration includes raw and refined sugar provided for in item numbers 155.20 and 155.30 of the Tariff Schedules of the United States (TSUS).

Petitioner alleges that a margin of dumping of 170 percent exists, based upon a comparison of estimated sugar prices from these countries to the U.S. and the "intervention" (minimum) price for sugar sold in each of those countries as determined under the European Communities "Common Agricultural Policy". To the extent the investigation to be undertaken reveals that actual sales prices in the home market have been at other than such determined prices, the margins, if any, will be computed on the basis of such actual transactions.

In assessing the injury caused by the alleged sales at less than fair value from these three countries of the European Community, it has been considered appropriate to cumulate the shares of the market held by imports from each of the countries named. The product appears to be fungible. Under such circumstances, it would be unrealistic to attempt to differentiate the alleged injury caused by imports from one country rather than another, when it is the cumulative effect of all, occurring within a discrete time frame, that creates whatever problem may exist.

Petitioner has presented evidence concerning alleged injury or likelihood of injury as the result of imports of sugar from Belgium, the Federal Republic of Germany and France at less than fair value. The information relates primarily to increased imports in the first half of 1978 compared to the same period in 1977, sales lost by virtue of the availability of lower priced imports, a margin of underselling which would be entirely eliminated by the elimination of the alleged dumping margins, suppressed prices which have resulted in an inability to make profits by its members over the last three years, and declining regional and total U.S. production of raw sugar. The evidence of injury contained in the petition rested primarily on the impact of the alleged less than fair value sales in the regional market in which the bulk of those sales were made, the Southeast

United States. However, although imports from these three countries have increased, they still account for only approximately 1.0 percent of total U.S. raw sugar production and 0.5 percent of total U.S. consumption of sugar. Even using the regional definition of the domestic market for sugar produced by petitioner, the imports in question only represent about 6 percent of domestic production in that region.

The likelihood of future increases in imports from these countries is significantly reduced, if not totally eliminated, as the result of the imposition of a 10.8 cents/pound countervailing duty effective July 31, 1978 on sugar exported to the U.S. from all European Community (EC) member states, including that covered by this investigation. Sugar from the European Community, Final Countervailing Duty Determination, 43 Fed. Reg. 33237 (1978). Even at current world prices, the imposition of this duty will raise the c.i.f. duty-paid price of the subject sugar well above domestic U.S. prices.

In cases in which regional injury has been an issue, the International Trade Commission has examined the relationship between the alleged regional injury and conditions at the national level. Given the low level of import penetration by the imports from these three countries on the national level and even the regional level, the aforementioned imposition of a countervailing duty on sugar imports from all EC countries and the need for examination of the relationship between alleged regional injury and alleged injury on the national level, it has been concluded that there is substantial doubt of injury or likelihood of injury to an industry in the United States as a result of imports of such merchandise from Belgium, the Federal Republic of Germany and France. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act.

Having conducted a summary investigation as required by section 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. Should the International Trade Commission, within 30 days of receipt of the advice cited in the preceding paragraph advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise into the United States, the Department will publish promptly in the Federal Register a notice terminating the investigation. Otherwise the investigation will continue to conclusion.

This notice is published pursuant to section 153.30 of the Customs Regulations (19 CFR 513.30).

General Counsel of the Treasury

AUG 11 1976

APPENDIX D

STATISTICAL TABLES

Table 1.--Sugar: U.S. production, by producing areas, crop years 1971/72 to 1977/78 1/

(In thousands of short tons, raw value)

Item and producing area	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78 2/
Cane sugar:							
Florida	635	961	824	803	1,061	930	894
Louisiana	571	660	558	594	640	650	668
Texas	-	-	38	74	126	94	86
Total, mainland	1,206	1,621	1,420	1,471	1,827	1,674	1,648
Hawaii	1,230	1,119	1,129	1,041	1,107	1,050	1,033
Puerto Rico	324	298	255	291	302	312	268
Total, offshore	1,554	1,417	1,384	1,332	1,409	1,362	1,301
Total, cane sugar	2,760	3,038	2,804	2,803	3,236	3,036	2,949
Beet sugar	3,552	3,624	3,200	2,916	4,019	3,895	3,367
Total sugar, cane and beet	6,312	6,662	6,004	5,719	7,255	6,931	6,316

1/ The crop year for beet sugar begins in September in all States except California and lowland areas of Arizona, where it begins in March and April, respectively. The Louisiana cane sugar crop year begins in October, that in Florida and Texas begins in November, that in Puerto Rico begins in December, and that in Hawaii, in January.

2/ Preliminary.

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

Table 2.--Sugar: U.S. production, imports, exports, ending stocks, and consumption, 1960-77

Year	Production	Imports	Exports	Ending stocks	Consumption 1/	Ratio of imports to-- Production	Ratio of imports to-- Consumption
	Million short tons, raw value					Percent	
1960	5.04	4.88	0.05	2.48	9.49	97	51
1961	5.40	4.41	.06	2.35	9.86	82	45
1962	5.42	4.68	.07	2.40	9.99	86	47
1963	5.88	4.59	.03	2.66	10.19	78	45
1964	6.60	3.63	.02	2.95	9.91	55	37
1965	6.27	4.03	.09	2.87	10.27	64	39
1966	6.18	4.50	.07	2.85	10.60	73	42
1967	6.12	4.80	.07	2.98	10.68	78	45
1968	6.28	5.13	.08	3.08	11.23	82	46
1969	5.97	4.89	.08	2.92	10.94	82	45
1970	6.34	5.30	.07	2.85	11.61	84	48
1971	6.14	5.59	.09	2.89	11.59	91	48
1972	6.32	5.46	.05	2.86	11.70	86	47
1973	6.32	5.33	.03	2.69	11.77	84	45
1974	5.96	5.77	.03	2.38	11.47	97	50
1975	6.61	3.88	.15	2.90	10.18	59	38
1976	7.12	4.66	.07	3.50	11.10	65	42
1977	6.37	6.14	.03	4.53	11.42	96	54

1/ Actual consumption, including human, livestock feed, alcohol, and refining loss.

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

Table 3.--Sugar: U.S. production, imports, exports, ending stocks, and consumption, 1972-77

(Short tons, raw value)

Year	Production	Imports						Exports	Ending stocks	Consumption
		Alleged LTFV imports 1/				From all others	Total			
		From Belgium	From France	From West Germany	Subtotal					
1972--	6,318,411	0	0	0	0	5,458,812	5,458,812	50,378	2,864,783	11,699,670
1973--	6,324,049	0	0	2	2	5,329,291	5,329,293	25,536	2,685,268	11,765,311
1974--	5,963,296	2	0	5	7	5,769,969	5,769,976	27,640	2,879,310	11,472,252
1975--	6,610,640	0	0	1	1	3,867,474	3,867,475	147,287	2,902,874	10,176,189
1976--	7,118,065	717	14,275	904	15,896	4,642,143	4,658,039	67,566	3,502,563	11,100,656
1977--	6,372,573	1,690	27,215	19,906	48,811	6,089,237	6,138,048	34,959	4,534,450	11,419,058

1/ Official statistics on alleged LTFV imports which occurred in 1978 are not yet available.

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

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Table 4.--Sugar: Ratio of imports to consumption, 1972-77

Year	Alleged LTFV imports				All other imports	Total imports
	From Belgium	From France	From West Germany	Subtotal		
	Percent					
1972	0	0	0	0	46.6578	46.6578
1973	0	0	1/	1/	45.2966	45.2966
1974	1/	0	1/	.0001	50.2949	50.2950
1975	0	0	1/	1/	38.0051	38.0051
1976	.0065	.1286	.0081	.1432	41.8186	41.9618
1977	.0148	.2383	.1743	.4274	53.3252	53.7526

1/ Less than 0.00005 percent.

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

Table 5.--Sugar: World production, by leading producers, crop years 1971/72 to 1977/78 1/

(In thousands of short tons, raw value)

Producer	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78 2/
European Community	11,191	10,367	11,168	9,885	11,170	11,601	12,262
U.S.S.R	8,811	8,982	10,547	8,521	8,488	8,102	10,251
Brazil	6,226	6,793	7,671	8,157	6,834	8,267	9,480
Cuba	5,168	5,787	6,393	6,945	6,834	6,393	6,614
India	4,221	5,039	5,455	6,387	6,024	6,658	6,614
United States	6,133	6,665	5,928	5,792	7,204	6,925	6,200
Australia	3,015	3,164	2,857	3,276	3,294	3,753	3,748
Mexico	2,778	3,052	3,092	2,972	2,974	2,973	3,175
People's Republic of China	2,115	2,007	2,899	2,646	2,811	2,866	3,031
Philippines	2,060	2,672	2,913	2,718	3,236	2,949	2,535
Poland	1,887	2,016	2,003	1,716	2,149	2,205	2,425
Republic of South Africa	2,055	2,111	1,908	2,076	1,985	2,251	2,315
Thailand	693	715	1,025	1,168	1,809	2,492	1,984
Argentina	1,091	1,425	1,819	1,689	1,487	1,722	1,764
Dominican Republic	1,256	1,259	1,316	1,251	1,377	1,500	1,543
Spain	1,163	917	886	659	1,030	1,593	1,439
Turkey	1,003	894	918	919	1,087	1,416	1,323
Indonesia	937	981	1,047	1,102	1,157	1,268	1,323
Republic of China	822	860	983	828	901	1,238	1,102
Peru	1,015	1,014	1,124	1,091	1,054	1,014	1,058
Colombia	871	897	937	1,001	1,064	972	959
Czechoslovakia	772	859	893	937	827	772	937
Guatemala	259	298	358	423	583	651	858
Pakistan	392	518	701	614	694	811	821
Iran	639	689	728	711	755	816	802
Romania	489	636	698	618	617	882	799
Yugoslavia	464	471	533	611	539	779	790
Mauritius	688	756	768	767	547	806	788
Egypt	601	650	716	595	683	731	733
German Democratic Republic	573	794	777	772	716	661	716
Japan	639	716	720	527	519	623	633
Venezuela	570	571	580	584	509	488	551
Other countries	7,933	7,976	8,361	8,788	9,497	10,015	10,357
World total	78,530	82,551	88,722	86,696	90,455	96,193	99,930

1/ Crop years for most countries are on a September/August basis.
2/ Preliminary.

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

Table 6.--Sugar: World consumption, by leading consumers, crop years 1971/72 to 1975/76 1/

(In thousands of short tons, raw value)

Consumer	1971/72	1972/73	1973/74	1974/75	1975/76 2/
U.S.S.R	11,133	12,306	12,401	12,456	12,566
European Community	11,737	11,988	12,496	11,598	11,277
United States	12,015	12,323	11,933	9,917	10,803
Brazil	4,299	4,480	4,521	5,181	5,622
India	4,903	4,814	5,299	5,346	4,911
People's Republic of China	2,701	2,687	3,291	3,307	3,417
Japan	3,142	3,638	3,403	3,462	3,009
Mexico	2,285	2,425	2,519	2,646	2,921
Poland	1,609	1,608	1,819	1,693	1,752
Spain	1,109	1,157	1,222	1,330	1,337
Indonesia	1,102	1,047	1,204	1,213	1,268
Iran	821	733	875	1,146	1,268
Republic of South Africa	1,074	1,004	1,053	1,139	1,160
Turkey	827	882	1,005	1,071	1,154
Canada	1,157	1,125	1,211	987	1,127
Argentina	1,059	1,130	1,125	1,162	1,121
Colombia	644	693	735	794	888
Philippines	650	827	981	992	854
Australia	1,030	838	907	873	839
German Democratic Republic	761	772	859	772	794
Egypt	639	661	661	740	766
Yugoslavia	717	713	719	717	719
Czechoslovakia	747	772	772	777	716
Pakistan	540	551	716	628	671
Romania	551	664	772	661	661
Venezuela	466	500	572	588	640
Peru	507	551	588	628	628
Thailand	452	455	552	551	606
Bulgaria	612	538	551	573	584
Cuba	551	497	827	551	579
Hungary	524	584	595	591	579
Other countries	12,024	12,486	12,680	12,034	12,418
World total	82,388	85,449	88,864	86,124	87,655

1/ Crop years for most countries are on a September/August basis.
2/ Preliminary.

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

Table 7.--Sugar: World production and consumption, crop years, 1956-77

Crop year	World sugar production	World sugar consumption	Production less consumption	World per capita consumption
	-------1,000 short tons, raw value-----------			Pounds, raw value
Year beginning Sept. 1--				
1956	46,670	46,548	122	32.98
1957	49,793	49,277	516	34.28
1958	56,255	52,426	3,829	35.80
1959	54,634	53,956	778	36.07
1960	61,809	58,129	3,680	38.19
1961	57,707	61,290	-3,583	39.50
1962	56,407	60,052	-3,645	37.97
1963	60,345	59,812	533	37.09
1964	73,668	65,337	8,331	39.74
1965	69,557	69,242	315	41.34
1966	72,357	72,153	204	42.27
1967	73,231	72,349	882	41.60
1968	74,718	75,111	-393	42.40
1969	81,952	79,611	2,341	44.11
1970	80,215	82,032	-1,817	44.61
1971	80,717	83,084	-2,367	44.35
1972	84,643	85,167	-584	44.61
1973	88,514	88,263	251	45.38
1974	87,743	85,601	2,142	43.15
1975	91,277	88,089	3,188	43.55
1976	97,652	91,126	6,526	44.20
1977	100,631	94,462	6,169	1/

1/ Not available.

Source: Compiled from statistics of F. O. Licht, independent market news reporting service, Feb. 21, 1978.

Table 8.--Sugar: U.S. imports, by sources and by types, 1972-77

(In short tons, raw value)

Source and type	1972	1973	1974	1975	1976	1977
Philippines	1,431,745	1,454,377	1,472,299	413,034	913,781	1,442,991
Dominican Republic	751,491	745,043	817,728	775,147	971,084	974,788
Brazil	637,330	652,084	783,330	197,131	0	660,633
Australia	229,696	265,388	241,705	479,163	469,534	494,225
Peru	443,678	407,410	471,145	215,679	312,726	314,186
Guatemala	77,337	62,552	95,934	60,606	330,578	300,938
South Africa	57,681	73,883	69,410	134,082	98,472	274,227
Argentina	87,843	84,759	109,755	112,318	86,729	266,968
El Salvador	54,348	59,880	65,127	107,466	143,154	166,028
West Indies 1/	174,271	40,836	282,146	237,537	243,978	159,744
Canada	3	0	1	39,990	49,457	138,027
Panama	41,646	52,273	65,525	98,250	95,031	131,162
Nicaragua	79,513	76,193	53,254	57,962	165,710	119,529
Mozambique	0	0	0	15,090	31,847	97,311
Costa Rica	84,156	99,705	78,515	56,240	65,076	95,365
Republic of China	86,080	86,198	90,059	139,963	86,534	86,055
Swaziland	32,067	30,186	41,360	35,795	45,923	61,855
Mauritius	31,723	44,599	45,527	26,741	29,811	57,363
Ecuador	94,309	93,156	59,628	46,770	28,441	55,380
Bolivia	0	7,549	5,714	3,507	52,990	49,473
Malawi	0	15,615	10,274	26,585	17,659	38,358
Belize	39,577	47,509	62,506	46,155	14,350	35,549
France	0	0	0	0	14,275	27,215
Honduras	13,328	0	8,455	6,073	7,483	20,634
West Germany	0	2	5	1	904	19,906
Fiji	45,984	44,605	46,083	1	0	18,407
Colombia	78,886	75,055	104,820	159,065	84,289	14,249
Malagasy Republic	13,119	12,130	13,088	13,022	13,400	12,052
Denmark	10	0	0	2	0	3,099
Belgium	0	0	2	0	717	1,690
Republic of Korea	0	0	0	10,615	940	288
Mexico	648,323	636,832	538,131	41,130	543	274
United Kingdom	15,745	5,247	0	29	84	44
India	84,104	81,445	84,902	187,624	188,545	32
Sweden	10	9	4	3	2	2
Hong Kong	27	1	0	0	0	1
Thailand	19,053	19,072	26,220	123,512	70,059	0
Paraguay	7,646	7,398	8,506	3,328	10,187	0
Haiti	22,521	15,294	18.807	11,622	6,218	0
Uruguay	0	0	0	0	5,229	0
Netherlands	0	0	0	22	1,538	0
Switzerland	0	0	0	0	745	0
Austria	0	0	10	0	16	0
Netherland Antilles	0	0	0	1,296	0	0
Venezuela	70,205	31,901	0	24	0	0
Japan	0	0	1	0	0	0
Ireland	5,357	1,107	0	0	0	0
Total	5,458.812	5,329,293	5,769,976	3,882,580	4,658,039	6,138,048
Refined imports	35,077	19,335	266	72,680	78,092	271,944
Raw imports	5,423,735	5,309,958	5,769,710	3,809,900	4,579,947	5,866,104

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1/ West Indies consists of Jamaica, Guyana, Barbados, Trinidad and Tobago, and St. Christopher-Nevis-Anguilla.

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

Table 9.--Sugar: Net sales by U.S. growers, processors, millers, and refiners on their sugar operations, accounting years 1972-76

(In thousands of dollars)

Item	1972	1973	1974	1975	To Sept. 30 1/-- 1975	To Sept. 30 1/-- 1976
Sugar beet growers and beet sugar processors:						
27 growers	2/	2/	2/	2/	2/	2/
10 processors	841,513	1,012,477	1,951,782	1,562,280	3/ 535,430	3/ 428,545
Total	841,513	1,012,477	1,951,782	1,562,280	535,430	428,545
Sugar cane growers:						
19 Florida growers	***	***	***	***	***	***
23 Louisiana growers	***	***	***	***	***	***
14 Hawaiian growers	***	***	***	***	***	***
Total	65,590	88,943	161,916	181,039	4/	4/
Sugar cane millers:						
6 Florida millers	***	***	***	***	***	***
26 Louisiana millers	***	***	***	***	***	***
1 Texas miller	***	***	***	***	***	***
14 Hawaiian millers	***	***	***	***	***	***
Total	390,846	529,573	1,408,820	1,091,366	174,656	92,685
Cane sugar refiners:						
8 refiners	***	***	***	***	***	***
1 Florida cooperative refiner	***	***	***	***	***	***
California & Hawaiian Sugar Co	***	***	***	***	***	***
Total	1,401,499	1,826,555	3,406,360	2,571,226	1,132,135	766,214
Grand total	2,699,448	3,457,548	6,928,878	5,405,911	1,842,221	1,287,444

1/ The interim 1975 and 1976 accounting periods for each of the reporting concerns range from 1 month to 12 months and end no later than Sept. 30. 2/ Data are insignificant in terms of the total for all U.S. sugar beet growers. 3/ Data are for 7 processors. 4/ Not available.
5/ The 14 Hawaiian growers are also millers. Their sugar cane is transferred to their mills at cost.
6/ Data are for 1 miller. 7/ Commenced operation on Dec. 8, 1973. 8/ Data are for 6 refiners.

Source: Compiled from data submitted to the U.S. International Trade Commission by U.S. growers, processors, millers, and refiners.

Table 10.--Sugar: Net profit or (loss) before income taxes or net proceeds paid or payable to cooperative members for U.S. growers, processors, millers, and refiners on their sugar operations, accounting years 1972-76

(In thousands of dollars)

Item	1972	1973	1974	1975	To Sept. 30 1/-- 1975	To Sept. 30 1/-- 1976
Sugar beet growers and beet sugar processors:						
27 growers (total farm)	2/	2/	2/	2/	2/	2/
10 processors	45,534	108,229	395,402	234,419	3/ 111,117	3/ 37,987
Total	45,534	108,229	395,402	234,419	111,117	37,987
Sugar cane growers:						
19 Florida growers	***	***	***	***	***	***
23 Louisiana growers	***	***	***	***	***	***
14 Hawaiian growers	***	***	***	***	***	***
Total	7,342	20,533	72,996	75,945	4/	4/
Sugar cane millers:						
6 Florida millers	***	***	***	***	***	***
26 Louisiana millers	***	***	***	***	***	***
1 Texas miller	***	***	***	***	***	***
14 Hawaiian millers	***	***	***	***	***	***
Total	55,187	121,613	641,553	357,405	40,887	16,267
Cane sugar refiners:						
8 refiners	***	***	***	***	***	***
1 Florida cooperative refiner	***	***	***	***	***	***
California & Hawaiian Sugar Co.	***	***	***	***	***	***
Total	169,757	202,535	438,851	367,150	225,943	193,977
Grand total	277,820	452,910	1,548,802	1,034,919	377,947	248,231

1/ The interim 1975 and 1976 accounting periods for each of the reporting concerns range from 1 month to 12 months and end no later than Sept. 30. 2/ Data are insignificant in terms of the total for all U.S. sugar beet growers. 3/ Data are for 7 processors. 4/ Not available.
5/ The 14 Hawaiian growers are also millers. Their sugar cane is transferred to their mill at cost.
6/ Commenced operation on Dec. 8, 1973. 7/ Data are for 6 refiners.

Source: Compiled from data submitted to the U.S. International Trade Commission by U.S. growers, processors, millers, and refiners.

Table 11.--Sugar: Month-end stocks held by cane sugar refiners, beet sugar processors, mainland cane sugar mills, and total continental U.S. stocks, January 1972-June 1978

(In thousands of short tons, raw value)

Month	1972	1973	1974	1975	1976	1977	1978
				Cane sugar refiners' stocks			
January	1,045	1,026	917	1,044	741	983	1,700
February	996	1,003	809	879	698	1,064	1,395
March	999	882	836	863	599	907	1,241
April	1,116	1,032	658	768	671	971	1,065
May	1,111	980	646	750	715	1,052	1,191
June	1,103	929	714	698	820	985	1,080
July	1,049	996	691	484	899	1,022	-
August	881	850	613	569	869	1,032	-
September	769	636	600	699	765	1,169	-
October	792	653	583	738	729	1,211	-
November	877	807	750	768	907	1,369	-
December	1,222	1,273	1,181	651	1,055	2,012	-
				Beet sugar processors' stocks			
January	1,604	1,626	1,334	1,649	1,915	2,014	1,812
February	1,640	1,637	1,330	1,578	1,906	2,009	1,753
March	1,521	1,430	1,263	1,421	1,700	1,843	1,614
April	1,390	1,313	1,168	1,316	1,562	1,734	1,490
May	1,248	1,192	1,123	1,219	1,435	1,647	1,413
June	1,011	996	1,034	1,010	1,195	1,433	1,256
July	823	770	792	652	919	1,166	-
August	578	446	521	400	679	859	-
September	417	275	334	246	496	704	-
October	806	551	587	617	826	949	-
November	1,192	929	953	1,082	1,296	1,342	-
December	1,369	1,210	1,406	1,596	1,777	1,687	-
				Mainland cane sugar mills' stocks			
January	357	286	236	373	515	627	755
February	419	392	367	513	596	685	877
March	375	460	392	552	634	680	924
April	363	483	346	437	545	596	834
May	309	430	263	330	419	493	672
June	225	364	200	238	299	364	550
July	155	272	128	139	220	236	-
August	69	154	64	62	141	129	-
September	15	63	16	13	62	79	-
October	36	44	31	60	105	99	-
November	144	164	119	238	300	288	-
December	116	99	211	484	509	561	-

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 sugar mills, and total continental U.S. stocks, January 1972-June 1978--Continued

(In thousands of short tons, raw value)

Month	1972	1973	1974	1975	1976	1977	1978
	Total continental U.S. stocks						
January------	3,008	2,941	2,488	3,067	3,171	3,624	4,352
February-----	3,059	3,038	2,509	2,971	3,201	2,758	4,104
March--------	2,897	2,777	2,493	2,836	2,933	3,430	3,850
April--------	2,874	2,831	2,174	2,521	2,778	3,302	3,451
May----------	2,672	2,604	2,034	2,299	2,569	3,191	3,326
June---------	2,343	2,291	1,949	1,946	2,314	2,782	2,930
July---------	2,032	2,040	1,613	1,275	2,038	2,424	-
August-------	1,531	1,454	1,200	1,032	1,689	2,019	-
September----	1,204	979	949	958	1,324	1,951	-
October------	1,639	1,251	1,202	1,415	1,660	2,259	-
November-----	2,218	1,902	1,822	2,088	2,504	3,009	-
December-----	2,710	2,583	2,800	2,731	3,341	4,352	-

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

Table 12.--Sugar: Ending inventories and production for mainland cane mills and for the United States, 1972-77 and January-June of 1972-77

Period	Mainland cane mills			Total United States		
	Inventories	Production	Ratio of inventories to production	Inventories	Production	Ratio of inventories to production
	1,000 short tons, raw value	1,000 short tons, raw value	Percent	1,000 short tons, raw value	1,000 short tons, raw value	Percent
1972--------	116	1,240	9.36	2,865	6,318	45.35
1973--------	100	1,460	6.85	2,685	6,324	42.46
1974--------	211	1,297	16.27	2,879	5,963	48.28
1975--------	484	1,584	30.56	2,903	6,611	43.91
1976--------	525	1,542	34.05	3,503	7,118	49.21
1977--------	556	1,444	38.50	4,534	6,373	71.14
Jan.-June--						
1972------	225	435	51.72	2/	2/	2/
1973------	364	684	53.22	2/	2/	2/
1974------	200	528	37.88	2/	2/	2/
1975------	238	587	40.55	2/	2/	2/
1976------	299	649	46.07	2/	2/	2/
1977------	364	574	63.42	2/	2/	2/
1978 1/--	550	625	88.00	2/	2/	2/

1/ Preliminary estimate.
2/ Not available.

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

Table 13.--Sugar: U.S. deliveries, by types of products or business of buyer and by quarters, 1972-77

(In millions of pounds)

Period	Bakery, cereal, and allied products	Confectionery and related products	Ice cream and dairy products	Beverages	Canned, bottled, frozen foods; jams, jellies, etc.	Multiple and all other food uses	Nonfood uses	Total industrial uses	Hotels, restaurants, and institutions	Wholesale grocers, jobbers, and sugar dealers	Retail grocers, chainstores, and supermarkets	All other deliveries	Total nonindustrial uses	Unspecified	Total deliveries
1972:															
Jan.-Mar---	684	541	248	1,057	379	239	46	3,194	43	967	592	44	1,646	0	4,840
Apr.-June--	698	501	340	1,326	469	268	41	3,643	39	1,005	648	38	1,730	0	5,372
July-Sept--	800	531	341	1,401	713	259	47	4,092	44	1,173	731	50	1,999	0	6,091
Oct.-Dec---	716	542	270	1,090	413	250	48	3,328	44	1,060	661	43	1,808	0	5,136
Total----	2,899	2,114	1,199	4,874	1,974	1,016	181	14,256	169	4,206	2,632	176	7,183	0	21,439
1973:															
Jan.-Mar---	694	511	273	1,070	410	257	56	3,270	45	911	543	46	1,544	0	4,814
Apr.-June--	737	533	340	1,325	492	262	50	3,739	47	1,016	645	52	1,759	0	5,498
July-Sept--	734	495	313	1,426	710	247	52	3,978	50	1,199	797	61	2,107	0	6,085
Oct.-Dec---	742	532	265	1,118	438	238	64	3,396	46	1,002	648	54	1,749	0	5,145
Total----	2,907	2,070	1,190	4,939	2,050	1,004	222	14,382	188	4,127	2,633	213	7,160	0	21,542
1974:															
Jan.-Mar---	783	566	292	1,086	410	265	70	3,472	46	947	631	52	1,677	0	5,149
Apr.-June--	737	530	320	1,309	462	238	66	3,662	46	1,035	671	67	1,818	0	5,480
July-Sept--	748	523	307	1,323	715	277	63	3,955	54	1,134	780	58	2,026	0	5,981
Oct.-Dec---	617	418	221	982	311	248	57	2,854	36	888	625	64	1,614	0	4,468
Total----	2,886	2,037	1,140	4,699	1,898	1,028	256	13,944	181	4,004	2,707	242	7,135	0	21,079
1975:															
Jan.-Mar---	500	315	170	787	199	188	32	2,191	33	518	379	43	973	85	3,250
Apr.-June--	601	379	278	1,085	337	250	41	2,971	45	979	646	37	1,706	140	4,816
July-Sept--	653	421	289	1,214	588	276	44	3,484	34	1,243	767	46	2,089	186	5,760
Oct.-Dec---	622	419	239	953	280	223	50	2,786	31	970	671	38	1,709	187	4,682
Total----	2,376	1,533	976	4,039	1,405	936	168	11,432	142	3,709	2,463	164	6,478	636	18,545
1976:															
Jan.-Mar---	648	462	247	961	278	254	50	2,899	26	877	540	48	1,492	249	4,640
Apr.-June--	610	429	281	1,186	348	285	54	3,191	36	1,016	613	65	1,729	281	5,202
July-Sept--	613	415	286	1,198	480	229	46	3,265	33	1,223	754	69	2,079	267	5,612
Oct.-Dec---	587	428	222	981	259	212	46	2,735	32	952	634	78	1,696	202	4,632
Total----	2,457	1,733	1,035	4,326	1,364	979	195	12,091	128	4,068	2,540	260	6,996	1,000	20,087
1977:															
Jan.-Mar---	685	470	256	1,016	295	254	53	3,029	33	970	577	73	1,653	177	4,859
Apr.-June--	687	460	302	1,314	354	237	50	3,403	34	978	587	79	1,677	124	5,205
July-Sept--	660	453	292	1,353	494	297	46	3,594	33	1,084	687	66	1,871	252	5,716
Oct.-Dec---	604	436	233	1,056	274	253	50	2,907	38	1,034	673	72	1,818	199	4,924
Total----	2,636	1,819	1,083	4,739	1,417	1,041	199	12,933	140	4,066	2,524	290	7,019	752	20,704

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

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Table 14.--Raw sugar: U.S. and world prices, by months, January 1974 to July 1978

(In cents per pound)

Period	World price, f.o.b., Carib-bean 1/	Cost of insur-ance and freight	Duty per lb. for 96° raw sugar 2/	World price, New York basis	Quota premium or dis-count 3/	U.S. price, New York, duty paid 4/	Price paid to foreign sup-plier
1974:							
January	15.32	0.925	0.625	16.87	-4.24	12.63	11.08
February	21.28	.925	.625	22.83	-5.74	17.09	15.54
March	21.27	.965	.625	22.86	-4.75	18.11	16.52
April	21.77	1.005	.625	23.40	-4.15	19.25	17.62
May	23.65	1.125	.625	25.40	-2.35	23.05	21.30
June	23.67	1.105	.625	25.40	.90	26.30	24.57
July	25.40	1.035	.625	27.06	.29	28.35	25.69
August	31.45	1.005	.625	33.08	-.48	32.60	30.97
September	34.35	.975	.625	35.95	-2.24	33.71	32.11
October	39.63	1.045	.625	41.30	-2.47	38.83	37.16
November	57.17	1.045	.625	58.84	-1.54	57.30	55.63
December	44.97	.955	.625	46.55	.19	46.74	45.16
1975:							
January	38.32	.845	.625	39.79	.36	40.15	38.68
February	33.72	.875	.625	35.22	.85	36.07	34.57
March	26.50	.875	.625	28.00	.52	28.52	27.02
April	24.06	.875	.625	25.56	.51	26.07	24.57
May	17.38	.805	.625	18.81	.46	19.27	17.84
June	13.83	.795	.625	15.25	.71	15.96	14.54
July	17.06	.795	.625	18.48	1.41	19.89	18.47
August	18.73	.745	.625	20.10	1.01	21.11	19.74
September	15.45	.765	.625	16.84	.52	17.36	15.97
October	14.09	.775	.625	15.49	-.04	15.45	14.05
November	13.40	.775	.625	14.80	.23	15.03	13.63
December	13.29	.775	.625	14.69	.11	14.80	13.40
1976:							
January	14.04	.755	.625	15.42	0	15.42	14.04
February	13.52	.755	.625	14.90	.14	15.04	13.66
March	14.92	.825	.625	16.37	-.10	16.27	14.82
April	14.06	.825	.625	15.51	.07	15.58	14.13
May	14.58	.825	.625	16.03	-.06	15.97	14.52
June	12.99	.805	.625	14.42	-.02	14.40	12.97
July	13.21	.805	.625	14.64	-.05	14.59	13.16
August	9.99	.785	.625	11.40	-.08	11.32	9.91
September	8.16	.879	1.011	10.05	-.25	9.80	7.91
October	8.03	.845	1.875	10.75	-.10	10.65	7.93
November	7.91	.795	1.875	10.58	-.12	10.46	7.79
December	7.54	.795	1.875	10.21	.01	10.22	7.55

See footnotes at end of table.

Table 14.--Raw sugar: U.S. and world prices, by months, January 1974 to July 1978--Continued

(In cents per pound)

Period	World price, f.o.b., Caribbean 1/	Cost of insurance and freight	Duty per lb. for 96° raw sugar 2/	World price, New York basis	Quota premium or discount 3/	U.S. price, New York, duty paid 4/	Price paid to foreign supplier
1977:							
January	8.37	0.785	1.875	11.03	-0.08	10.95	8.29
February	8.56	.785	1.875	11.22	-.16	11.06	8.40
March	8.98	.835	1.875	11.69	-.02	11.67	8.96
April	10.12	.775	1.875	12.77	-.20	12.57	9.92
May	8.94	.765	1.875	11.58	-.24	11.34	8.70
June	7.82	.765	1.875	10.46	-.18	10.28	7.64
July	7.38	.725	1.875	9.98	.17	10.15	7.55
August	7.61	.725	1.875	10.21	1.00	11.21	8.61
September	7.30	.725	1.875	9.90	.51	10.41	7.81
October	7.08	.785	1.875	9.74	.49	10.23	7.57
November	7.07	.855	1.875	9.80	1.54	11.34	8.61
December	8.09	.855	1.875	10.82	1.51	12.33	9.60
1978:							
January	8.77	.797	3.171	12.74	.64	13.38	9.41
February	8.48	.750	5.513	14.74	-.98	13.76	7.50
March	7.74	.750	5.513	14.00	-.35	13.65	7.39
April	7.59	.830	5.513	13.93	0	13.93	7.59
May	7.33	.780	5.513	13.62	.33	13.95	7.66
June	7.22	.830	5.513	13.56	.52	14.08	7.74
July	6.43	.700	5.513	12.64	.85	13.49	7.28

1/ Data for Jan. 1974 to Oct. 1977 are spot prices for Contract No. 11 bulk sugar, f.o.b., stowed at Greater Caribbean ports (including Brazil). Beginning Nov. 1977, data are London Daily Price (spot) adjusted to f.o.b., stowed at Greater Caribbean ports by deducting the cost of insurance and freight.

2/ Since imports of sugar exported or contracted for before Nov. 11, 1977, and entered on or before Jan. 1, 1978, were exempt from duties and fees proclaimed by the President on Nov. 11, 1977, and as far as is known, all sugar imported was subject to this exemption, the duty of 1.875 ¢/lb. was used for Nov. and Dec- 1977. No sugar imports were subject to these fees until after Jan. 20, 1978, when the President established fixed fees, which have been in effect since that date.

3/ Since quotas have not been in effect since Dec. 31, 1974, the quota premiums and discounts shown probably represent premiums for the risk of price changes, in particular price changes resulting from duty changes. It is uncertain whether the premiums go to the foreign supplier as shown, or to the importer of sugar.

4/ Data for Jan. 1974 to Oct. 1977 are spot prices for Contract No. 12 bulk sugar, delivered at Atlantic or Gulf ports, duty paid, or duty free. Beginning Nov. 1977, data are estimates calculated from the world prices shown based on the spread in futures prices for Contract No. 11 and Contract No. 12.

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

APPENDIX E

PROBABLE ECONOMIC EFFECT OF TARIFF CHANGES UNDER
TITLE I AND TITLE V OF THE TRADE ACT OF 1974
FOR TRADE AGREEMENT DIGEST NUMBER 10229,
JULY 1975

*   *   *   *   *   *   *