SUGARS AND SIRUPS FROM CANADA

Determination of Material Injury
in Investigation No. 731-TA-3 (Final)
Under the Tariff Act of 1930,
Together With Information
Obtained in the Investigation

USITC PUBLICATION 1047

MARCH 1980

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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FOR RELEASE
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USITC 80-028

USITC MAKES FINAL DETERMINATION ON ANTIDUMPING INVESTIGATION OF SUGARS AND SIRUPS FROM CANADA

The United States International Trade Commission today determined under section 735(b) of the Tariff Act of 1930 that an industry in the United States is materially injured by reason of imports of sugars and sirups from Canada which are being, or are likely to be, sold at less than fair value. By virtue of this affirmative determination of the Commission, the U.S. Customs Service will assess antidumping duties as appropriate.

Voting in the affirmative were Vice Chairman Bill Alberger, and Commissioners George M. Moore, Paula Stern, and Michael J. Calhoun. Chairman Catherine Bedell did not participate in the investigation.

The investigation, designated as investigation No. 731-TA-3 (Final), is one of the first final determinations made by the Commission under the new antidumping provision of section 735(b) of the Tariff Act of 1930, as established by the Trade Agreements Act of 1979.

The investigation is a transition case in that an earlier Commission investigation (No. AA1921-213), underway January 1, 1980, the effective date of the Trade Agr ments Act of 1979, was terminated and investigation No. 731-TA-3 (Final) was institute

The Commission's public report, Sugars and Sirups From Canada (USITC Publication 1047), contains the views of the Commissioners and information developed during the final investigation. Copies may be obtained by calling (202) 523-5178, from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436, or from the Commission's New York Office, 6 World Trade Center, Suite 629, New York, N.Y. 10048 telephone (212) 466-5599.

FACTUAL HIGHLIGHTS

Sugars and Sirup From Canada
731-TA-3 (formerly AA1921-213)

Status of Proceedings:

1. Petition filed--February 27, 1979.

2. Petitioner--Amstar Corporation.

3. Date Investigation Instituted by USITC--November 20, 1979 and effective January 1, 1980. Preliminary Investigation Reported May 1979; AA1921-Inq.-27.

4. Public Hearing (date, time and location)--February 13, 1980, 10:00 a.m., USITC hearing room.

Petition alleged regional injury for the Northeastern Region:

1. Number of Producers--7; Michigan Sugar Co., Monitor Sugar Co., Northern Ohio Sugar Co., Amstar Corp., Revere Sugar Corp., National Sugar Refining Co., and Refined Syrups & Sugars, Inc.

2. Location of Producers (by states--Michigan, Ohio, Philadelphia, New York, and Boston.

3. Types of Products--Refined sugars and sirups.

4. Sales (data for most recent year)--Domestic sales of refined sugar in the Northeastern region were about 3 million short tons in 1978 and about 30 percent of total U.S. domestic sales of sugar.

U.S. Imports:

1. Canada accounts for 99 percent of U.S. imports of refined sugar, but for only about 2 percent of all U.S. imports.

2. Imports from Canada were nearly 100,000 short tons in 1978.

3. Treasury found dumping margins of about 20 percent for two Canadian firms--Redpath Sugars, Ltd. and Atlantic Sugar, Ltd.

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[731-TA-3(Final)]

SUGARS AND SIRUPS FROM CANADA

Determination

On the basis of the record 1/ developed in the investigation, the Commission unanimously determines (Chairman Bedell not participating) pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) that an industry in the United States is being materially injured by reason of imports of sugars and sirups from Canada, which the Department of the Treasury has determined are being, or are likely to be, sold in the United States at less than fair value.

Background

On November 5, 1979, the United States International Trade Commission received advice from the Department of the Treasury that sugars and sirups from Canada, provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States are being, or are likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921 (19 U.S.C. 160(a)). Accordingly, on November 20, 1979, the Commission instituted investigation No. AA1921-213 under section 201(a) of said act to determine whether 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. The Antidumping Act, however, was repealed on January 1, 1980, by the Trade Agreements Act of 1979 (P.L. 96-39, 93 Stat. 144, July 26, 1979). Under section 102 of that act, the Commission was required to terminate antidumping investigations in progress on January 1, 1980, and reinstitute them

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

under subtitle B of title VII of the Tariff Act of 1930, as added by the Trade Agreements Act of 1979. Accordingly, on January 1, 1980, investigation No. AA1921-213 was terminated and a new investigation (No. 731-TA-3 (Final)) was instituted under the provisions of section 735 of the Tariff Act of 1930.

Notice of the institution of investigation No. AA1921-213 and of the hearing to be held in connection therewith was duly given by posting copies thereof 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 by publication in the Federal Register of November 28, 1979 (44 F.R. 68041). Notice of the termination of investigation No. AA1921-213 and of the institution of investigation No. 731-TA-3 (Final) was published in the Federal Register of January 17, 1980 (45 F.R. 3403). The public hearing was held in Washington, D.C. on February 13, 1980, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Statement of reasons of Vice Chairman Bill Alberger and Commissioner Michael J. Calhoun

In order for the Commission to reach an affirmative determination in this investigation under Section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), it is necessary to find that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of sugars and sirups which the Department of the Treasury (Treasury) has found are being, or are likely to be, sold in the United States at less than fair value (LTFV). 1/

Discussion

In this investigation, we consider the relevant domestic industry to consist of the facilities producing refined sugar located in the Northeastern States region. 2/

Section 771(4)(C) of the Tariff Act of 1930 (19 U.S.C. 1677(4)(C) provides as follows:

> In appropriate circumstances, the United States, for a particular product market, may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry if--
>
> (i) the producers within such market sell all or almost all of their production of the like product in question in that market, and
>
> (ii) the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States.
>
> In such appropriate circumstances, material injury, the threat of material injury, or material retardation of the establishment of an industry may be found to exist with respect to an industry even if

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1/ The Treasury investigation covered exports of sugar and sirups from Canada between October 1, 1978 and March 31, 1979. Weighted average margins were determined for the two largest exporters, Red Path Sugars, Ltd. (20.15 percent), and Atlantic Sugar, Ltd. (19.25 percent).

2/ This region consists of the states of Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont (see Finding No. 7)

> the domestic industry as a whole, or those producers whose collective output of a like product constitutes a major proportion of the total domestic production of that product, is not injured, if there is a concentration of subsidized or dumped imports into such an isolated market and if the producers of all, or almost all, of the production within that market are being materially injured or threatened by material injury, or if the establishment of an industry is being materially retarded, by reason of the subsidized or dumped imports.

The record of this investigation establishes that appropriate circumstances exist for treating the Northeastern States region as a separate industry. An average of over 96 percent of the sales of plants located in the Northeastern States region were to customers in that region during the period 1975-79. This clearly constitutes "all or almost all of their production", as required by the Act. Only about 5.5 percent of the sales of producers located in states outside the region were to customers within the region. We consider this amount to be insubstantial. Finally, there is a concentration of dumped imports into this region, since less than one percent of Canadian imports entered customs districts in states outside the Northeastern States region. Of Canadian imports entering customs districts in the Northeastern States region, only about 3.3 percent were sold in states outside the region.

We find that the refined sugar industry in the Northeastern States region is materially injured by reason of imported Canadian sugar sold at LTFV. The adverse impact of the LTFV imports on the domestic prices and government price support programs 1/ has been particularly severe. The weighted average prices at which Canadian sugar was sold in the United States have been substantially below the weighted average selling prices of the domestic firms in the Northeastern States region that responded to the Commission's questionnaires.

1/ In determining whether there is material injury, section 771(7)(D)(ii) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(D)(ii)) directs the Commission to "consider any increased burden on government income or price support programs" resulting from LTFV imports.

Moreover, the lowest Canadian prices were lower than the lowest prices for domestic refined sugar producers in the Northeastern States region. The presence of low priced imports often forced domestic producers, in particular, those selling to the grocery market trade, to make substantial discounts from these list prices in order to meet competition. These facts lead us to the conclusion that LTFV imports of sugar from Canada have contributed materially to price suppression and price depression of sugar sold in the Northeast region. In addition, there have been several instances of lost sales as a result of LTFV imports where domestic refiners could not afford to sell below their cost of production.

The sugar price-support program of the U.S. Department of Agriculture has been in effect since 1977. In essence, this program allows beet sugar processors the option of pledging their product as collateral for government loans in an amount equal to the minimum support level. The loan may be redeemed at any time, but at maturity the processor has the option of forfeiting his collateral and keeping the loan proceeds, in effect creating a sale to the government at the minimum support price.

During the period of LTFV imports of sugar from Canada, large quantities of sugar have been placed under price-support loans and large quantities of sugar have been forfeited to the Commodity Credit Corporation in lieu of repaying such loans. Stocks of sugar held by the Commodity Credit Corporation have been rising. During the period when the 1978 beet sugar crop was marketed, weighted average prices for refined sugar imported from Canada were generally below the minimum support price in Michigan and Ohio. The volume of Canadian imports at LTFV depressed sugar prices below the minimum price-support level. As a consequence, beet sugar processors forfeited their product to the Department of Agriculture to obtain a price equal to the minimum support level. The Government was burdened with increased storage and maintenance costs in addition to the costs incident to forfeiture.

In addition to the adverse impact of LTFV imports on domestic prices and price-support programs, we are convinced by the downward trend in other economic and financial indicators that these imports from Canada have contributed materially to the ill health of the regional industry. For example, during accounting years 1976-79 the ratios of net profits before income taxes to net sales and net assets declined. Profits in general declined drastically in the Northeast region and several firms showed net losses for 1978 and 1979. This poor showing on profits and return on investment has impaired the ability of many firms to raise additional capital.

Capacity utilization in the Northeastern States region has hovered near the breakeven point for the period 1975-79, and was lower than the percent capacity utilization shown by plants in the rest of the country in every year except 1978.

Findings of Fact

Section 771(7)(B) of the Tariff Act of 1930 requires the Commission to consider (i) the volume of the subject imports, (ii) their effect on the domestic price of the like product, and (iii) their impact on the domestic producers of the like product. In section 771(7)(C), the Act further specifies a series of economic facts that the Commission must include in these considerations. The following findings, based on the record in this investigation, set forth our evaluation of these factors.

A. Volume of imports

(1) Imports from Canada of refined sugar increased from only 1 ton in 1974 to a high of 138,000 tons in 1977. For 1978, sugar imports from Canada decreased to 98,000 tons, and totalled 81,000 tons for the first three quarters of 1979 (Report at A-50; Table 19).

(2) Imports of sugar from Canada entering through customs districts in the Northeastern States region, as a share of the primary distribution of U.S. produced sugar in that region, increased from a negligible percentage in 1974 to 4.5 percent in 1977, and then decreased to 3.3 percent in 1978. For January-September 1979, the ratio was 4.0 percent (Report at A-50; Table 17).

(3) Imports of sugar entering through the five customs districts in the Northeastern States region accounted from more than 99 percent of the total quantity of imports from Canada in 1978 (Report at A-50; Table 22).

B. Effect of imports on U.S. prices

(4) Generally, for the period October 1978 to March 1979, the weighted average spot prices, f.o.b. plant, for Canadian refined sugar in 100-pound bags sold to the United States were below the comparable prices of domestic prices in the Northeastern States region by a substantial margin of underselling, but less than the margin of dumping found by the Department of Treasury (approximately 20 percent) (Report at A-64; Table 25).

(5) In most of the months of the Treasury investigation, the lowest prices of Canadian firms for sugar sold in the United States were lower than the lowest prices reported for domestic refined sugar producers (Report at A-64; Table 25).

(6) On occasion, domestic firms offered substantial discounts to meet competition. This strategy was undertaken because refined sugar is a fungible commodity and aside from "brand name" product differentiation, sales of Canadian refined sugar at LTFV were fully price competitive with the domestic product. For example, domestic producers were required to meet the prices of LTFV Canadian sugar in grocery markets or lose shelf space, which, once lost, was very difficult to regain. Because of sugar's high turnover rate on grocery store shelves, product visibility and shelf space are crucial considerations. The presence of low priced imports, therefore, has a significant effect in suppressing prices. Only for the largest industrial users of sugar, who are concerned with dependability of supply as well as price, were the Canadian imports unable to compete effectively with domestic refined sugar. (Report at A-64; Answers to Commission questionnaires (Confidential); testimony of Ludlow Miller, National Sugar Refining Co. at Commission hearing on February 13, 1980, pp. 20, 35-37; Post-hearing Statement of National Sugar Refining Co., Feb. 20, 1980, pp. 3 and 4).

C. Impact on affected industry

(7) There is a distinct regional industry which consists of refined sugar producers located in Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont. Sales by plants located within this region to customers located in the region averaged over 96 percent of total sales of those plants from 1975 through 1979. Less than 0.1 percent of imported Canadian sugar entered the United States in customs districts outside the Northeastern

States region. Of Canadian imports entering customs districts in the region only about 3.3 percent were sold in states outside the region. Sales of refined sugar producers for plants located outside the region to customers in the region were about 5.5 percent of total sales in the region for the period 1975 through 1979 (Report at A-17-19; Table 3).

(8) Production of refined sugar by 6 refiners in the Northeast region increased slightly from 4,948 million pounds in 1975 to 5,399 million pounds in 1978, and then decreased to 5,273 million pounds in 1979 (Report at A-36; Table 13).

(9) As measured by primary distribution, sales of sugar refiners located in the Northeastern States region declined from 3.4 million short tons in 1974 to an estimated 3.0 million tons in 1978. This was a larger decline than was experienced in other states (Report at A-46; Table 17).

(10) The market share of total consumption of sugar in the Northeastern States region held by imports from Canada follows closely the ratio of imports to primary distribution of U.S. produced sugar, which increased from negligible in 1974 to 4.46 percent in 1977. This ratio declined in 1978 but recovered to 4.0 percent from January through September 1979. (See Finding No. 2; Report at A-46; Table 17).

(11) Seven firms in the Northeastern States region showed a declining profitability with the ratio of net profits to sales dropping from 5.55 percent in 1976 to 0.34 percent in 1979. Aggregate profits for these seven firms declined from $54 million in 1976 to $4 million in 1979. Three of these firms had net losses in both 1978 and 1979. This decline paralleled the trend of rapidly dropping profits in the entire United States sugar industry (Report at A-42; Table 15; Responses to Commission Questionnaires).

(12) Productivity of workers in the Northeastern States region in pounds of sugar per person-hour worked increased steadily from 721.4 in 1975 to 780.4 in 1979. (Report at A-40).

(13) Return on investment for refined sugar producers in the Northeastern States region, as measured by net profit before income taxes as a percentage of net assets (book value) declined dramatically from 19.08 in 1976 to 1.39 in 1979 (Report at A-45).

(14) Capacity utilization for sugar producers located in the Northeastern States region remained at or only slightly above the breakeven point of 85 percent from 1975 to 1979. Except for 1978, this region showed a lower rate of capacity utilization than that of producers located in other states (Report at A-35; Table 13).

(15) Capital expenditures, research and development expenditures and cash flow (increases or decreases in working capital) varied so much from firm to firm, reflecting individual firm decisions, that aggregated data on these factors is not a meaningful measure of injury (Report at A-42; Table 16).

(16) Inventories of domestic refined sugar producers in the Northeastern States region increased from 401 million pounds in 1974 to 444 million pounds in 1976. Inventories declined to 343 million pounds in 1979. However, stocks held by the Commodity Credit Corporation increased in the last two months of 1979 because of forfeitures of sugar held as collateral for price support loans. (Report at A-37).

(17) The number of production and related workers employed in producing refined sugar in the Northeastern States region peaked at 5,131 in 1977 and subsequently declined to 4,967 in 1979. This same trend occurred in the number of person-hours worked by production and related workers in the region. (Report at A-40).

(18) Wages paid per person-hour worked to production and related workers in refined sugar operations in the Northeastern States region increased steadily from $6.78 in 1975 to $9.23 in 1979. These wages were significantly higher than that paid to workers in other states, primarily because of the higher percentage of traditionally higher paid cane sugar refinery workers in the Northeastern region. (Report at A-41).

(19) Seven out of nine reporting firms noted their ability to raise capital had been impared by declining profitability, due in part to LTFV imports and high interest rates. Four of these firms operated primarily in the Northeastern States region. (Report at A-42,45).

D. Impact of LTFV imports on the Sugar Price-Support Program

(20) During the period of LTFV imports of sugar from Canada, large quantities of sugar have been placed under price-support loan and large quantities of sugar have been forfeited to the Commodity Credit Corporation in lieu of repaying such loans. Stocks of sugar held by the Commodity Credit have been rising. (Report at A-56).

(21) The minimum support price for 1978 crop beet sugar in Michigan and Ohio was 17.68 cents per pound. During the period when the 1978 beet sugar crop was marketed, weighted average prices for refined sugar imported from Canada were below the minimum support price in the Michigan and Ohio beet processing region. (Report at A-56).

Conclusions of Law

(1) There exists a distinct regional industry as defined by section 771(4)(C) of the Tariff Act of 1930 (19 U.S.C. 1677) comprised of the sugar

refinery facilities operating in the States of Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Vermont (Northeastern States region).

(2) Less than fair value imports of sugar from Canada have materially increased the burden placed on the Department of Agriculture's sugar price-support program as a result of the large quantities of sugar placed under price-support loans and large quantities of sugar forfeited to the Commodity Credit Corporation in lieu of repaying such loans.

(3) The Northeastern States region, as defined above, is materially injured by reason of imports of sugar and sirups from Canada which the Department of Treasury has found are being, or are likely to be, sold in the United States at less than fair value.

STATEMENT OF REASONS OF COMMISSIONERS GEORGE M. MOORE AND PAULA STERN

On the basis of the record developed in this investigation, we determine, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured by reason of imports of sugars and sirups from Canada which the Department of the Treasury has found are being, or are likely to be, sold in the United States at less than fair value (LTFV).

The domestic industry

In this investigaton, we consider the relevant domestic industry, against which the impact of imports sold at LTFV must be measured, to consist of the facilities producing refined sugar located in the Northeastern States region. 1/

Section 771(4)(C) of the Tariff Act of 1930 (19 U.S.C. 1677(4)(C)) provides as follows:

> In appropriate circumstances, the United States, for a particular product market, may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry if--
>
> (i) the producers within such market sell all or almost all of their production of the like product in question in that market, and
>
> (ii) the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States.
>
> In such appropriate circumstances, material injury, the threat of material injury, or material retardation of the establishment of an industry may be found to exist with respect to an industry even if

1/ For the purposes of this investigation, this region consists of the states of Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont.

> the domestic industry as a whole, or those producers whose collective output of a like product constitutes a major proportion of the total domestic production of that product, is not injured, if there is a concentration of subsidized or dumped imports into such an isolated market and if the producers of all, or almost all, of the production within that market are being materially injured or threatened by material injury, or if the establishment of an industry is being materially retarded, by reason of the subsidized or dumped imports.

The record of this investigation establishes that appropriate circumstances exist for treating the Northeastern States region as a product market served by a separate industry. Over 94 percent of the sales of plants located in the Northeastern States region were to customers in that region during the period 1975-79. 1/ Only about 5.5 percent of the sales of producers located in states outside the region were to customers within the region. 2/ Less than one percent of Canadian imports entered customs districts in states outside the Northeastern States region. 3/ Of Canadian imports entering customs districts in the Northeastern States region, only about 3.3 percent were sold in states outside the region. 4/ Thus, the region's producers sell almost all their production within the region, and the region's demand is not satisfied to any substantial degree by product from elsewhere in the United States.

Sales at less than fair value

The Department of the Treasury found sales at less than fair value by Redpath Sugars, Ltd., with an average ratio of LTFV margin to purchase price

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1/ Sugars and Sirups from Canada, Report to the Commission in Investigation No. 731-TA-3 (FINAL) Under Section 735 of the Tariff Act of 1930, as amended, (hereinafter referred to as "Report"), pp. 17-19.

2/ Report, p. 19.

3/ Report, pp. 46-53.

4/ Posthearing Submission of Redpath Sugars, Ltd., and Atlantic Sugar, Ltd., Confidential Exhibit B.

of 20.33 percent, and by Atlantic Sugar, Ltd., with an average ratio of 19.25 percent. 1/

The question of injury

The financial performance of firms located primarily in the Northeastern States region has been unsatisfactory. During accounting years 1976-79 the ratios of net profits before income taxes to net sales and net assets declined from 5.55 percent to 0.34 percent, and from 19.08 percent to 1.39 percent, respectively. 2/ Employment and person-hours worked declined during the period 1977-79 from 5,131 employees to 4,967 employees, and from 10.0 million hours to 9.7 million hours, respectively. 3/ Capacity utilization has hovered near the breakeven point (85 percent capacity utilization) for the period 1975-79, never rising higher than 88 percent. 4/

Data on inventories in the case are inconclusive because of the existence of the price-support program covering beet sugar producers in the region. Yearend data reflect primarily beet sugar because cane sugar refineries maintain much lower inventories as raw sugar can be imported year round. Regional inventories rose in the years preceding the start of the program, but have fallen from 393 million pounds in 1977 to 343 million pounds in 1979.

Since its inception in late 1977, the sugar price-support program of the U.S. Department of Agriculture has been a burden on government income. 5/ At

1/ Report, pp. 12-15.
2/ Report, pp. 42-45.
3/ Report, pp. 40-41.
4/ Report, pp. 35-36.
5/ In determining whether there is material injury, section 771(7)(D)(ii) of the Tariff Act of 1930 (19 US.C. 1677(7)(D)(ii)) directs the Commission to "consider any increased burden on government income or price support programs" resulting from LTFV imports.

the end of 1979, 1,981,377 short tons, raw value, of sugar had been placed under price-support loan and of this quantity 506,724 short tons had been forfeited to the Commodity Credit Corporation in lieu of repaying such loans. 1/ Yearend stocks of sugar held by the Commodity Credit Corportion rose from 171,000 short tons in 1978 to 409,000 short tons in 1979. 2/ Beet sugar processors in Michigan and Ohio faced with import competition from imported Canadian sugar had placed 100,500 short tons of sugar under price support loan at the end of 1979. 3/ While some of the sugar placed under price-support loan was redeemed and sold at prevailing prices to maintain customers, some was also forfeited to the Commodity Credit Corporation. The minimum support price for 1978 crop beet sugar in Michigan and Ohio was 17.68 cents per pound. During the period when the 1978 beet sugar crop was marketed, the prevailing price in the Michigan and Ohio was generally below this minimum support price. 4/

The question of causation

Refined sugar is a fungible commodity and aside from "brand name" product differentiation, Canadian refined sugar was fully competitive with the domestic product on a price basis in the market place. For example, domestic producers were required to meet prices of Canadian sugar in grocery markets or lose shelf space which, once lost, is very costly to regain. Only for the largest industrial users of sugar, which are very concerned with the

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1/ Report, p. 56.
2/ Report, p. 38.
3/ Report, p. 56.
4/ Report, p. 56. Commissioner Stern notes that the information on the record on other economic indicators which the Commission considers was inconclusive with respect to the health of this industry. Such factors included cash flow, wages, ability to raise capital and investment.

dependability of supplies as well as price, were the Canadian imports unable to compete effectively with domestic refined sugar.

The weighted average prices at which Canadian sugar was sold in the United States have been substantially below the weighted average selling prices of the domestic firms in the Northeastern States region that responded to the Commission's questionnaires. 1/ Moreover, the lowest Canadian prices were lower than the lowest prices for domestic refined sugar producers in the Northeastern States region. On occasion, domestic firms offered substantial discounts to meet competition. This fact suggests price suppression and price depression as a result of Canadian sugar imports sold at LTFV. 2/

Domestic refiners located in the Northeastern States region indicated that they suffered lost sales as a result of Canadian sugar imports. Customer surveys conducted by the U.S. Departments of Labor and Commerce in connection with adjustment assistance cases involving refiners in the Northeastern States region verified that decreased purchases of domestic refined sugar corresponded to increased purchases of imported refined sugar. 3/ Since Canada supplied over 99 percent of all U.S. imports of refined sugar in 1978 and 1979, the increased purchases of imported refined sugar in the Northeastern states during those years consisted of sugar of Canadian origin.

We conclude that an industry in the United States is materially injured by reason of imports of sugar and sirups from Canada which the Department of the Treasury has found are being, or are likely to be, sold in the United States at less than fair value.

1/ Actual prices for both Canadian and domestic firms are confidential.
2/ Report, p. 63.
3/ Report, pp. 54-55.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On November 5, 1979, the United States International Trade Commission received advice from the Department of the Treasury that sugars and sirups from Canada, provided for in items 155.20 and 155.30 of the Tariff Schedules of the United States (TSUS), are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). 1/ Accordingly, on November 20, 1979, the Commission instituted investigation No. AA1921-213 under section 201(a) of said act to determine whether 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.

Effective January 1, 1980, the Commission terminated investigation No. AA1921-213 under the Antidumping Act, 1921, and reinstituted the investigation as investigation No. 731-TA-3 under title VII of the Tariff Act of 1930, as amended, to determine whether, with respect to sugars and sirups from Canada, an industry in the United States is materially injured, or is threatened with material injury, or establishment of an industry in the United States is materially retarded, by reason of such imports sold or likely to be sold at less than fair value.

1/ A copy of Treasury's letter to the Commission concerning LTFV sales of sugars and sirups from Canada is presented in the appendix.

The complaint which led to Treasury's determinations of LTFV sales was filed on March 19, 1979, by counsel for Amstar Corporation. Treasury's notice of antidumping proceeding was published in the Federal Register of April 30, 1979 (44 F.R. 25284). Notice of Treasury's withholding of appraisement and determination of sales at less than fair value was published in the Federal Register of November 8, 1979 (44 F.R. 64946). The petitioner contends that, because of the importation of sugars and sirups from Canada the sugar-producing industry in the Northeastern States region 1/ is being injured by reason of lost sales in its regional market, where the bulk of the LTFV imports have been sold.

On April 25, 1979, the Commission received advice from the Department of the Treasury that there was substantial doubt that an industry in the United States was being or was likely to be injured by reason of the importation of sugar from Canada. On May 1, 1979, the Commission instituted inquiry No. AA1921-Inq.-27 under section 201(c) of the Antidumping Act, 1921, as amended, to determine whether there was no reasonable indication that an industry in the United States was being or was likely to be injured, or was prevented from being established, by reason of the importation of such sugar. On May 25, 1979, the Commission reported its determination that the standards set forth in section 201(c)(2) of the Antidumping Act, 1921, as amended, for terminating the Treasury investigation had not been satisfied. Treasury, consequently, continued its investigation into the nature and extent of LTFV imports of sugars and sirups into the United States from Canada.

1/ The term "Northeastern States" for purposes of this report includes Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont.

Description and Uses

The products covered by the Department of the Treasury's determination, according to its notice of its LTFV determination, are sugars and sirups provided for in TSUS items 155.20 and 155.30. Raw and refined sugar are classified in TSUS item 155.20. TSUS item 155.30 covers liquid sugar and other sugar sirups, including invert sugar sirups. None of the imports of sugars and sirups from Canada are believed to be raw sugar imported to be further refined or improved in quality.

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 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 sirups, or as blends of sucrose with simpler sugars such as glucose or 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 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. However, sugar beets grown in some countries are used to produce an intermediate 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 nonfood uses. Sugar is primarily a caloric sweetening agent, but has preservative uses. In the United States, about one-third of the sugar consumed goes to households and institutional users and two-thirds to industrial users (table 1).

Table 1.--Refined sugar: U.S. deliveries, by industrial and nonindustrial users, and by quarters, January 1974-September 1979

(In millions of pounds)

Period	Industrial users								Nonindustrial users					Unspecified	Total
	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	Hotels, restaurants, and institutions	Wholesale grocers, jobbers, and sugar dealers	Retail grocers, chain-stores, and supermarkets	All other deliveries	Total		
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
1978:															
Jan.-Mar---	667	453	264	1,122	283	197	68	3,054	46	843	472	55	1,416	68	4,538
Apr.-June--	652	447	314	1,435	350	207	72	3,477	51	997	580	68	1,695	73	5,245
July-Sept--	643	444	273	1,448	427	195	108	3,539	57	1,141	682	70	1,951	90	5,580
Oct.-Dec---	604	445	226	1,111	284	215	68	2,953	54	944	602	54	1,655	83	4,691
Total----	2,566	1,789	1,038	5,154	1,344	814	317	13,023	208	3,926	2,336	247	6,717	314	20,054
1979:															
Jan.-Mar---	656	458	201	1,135	274	206	57	2,987	47	972	544	65	1,628	112	4,727
Apr.-June--	581	401	249	1,242	308	204	57	3,043	60	919	558	84	1,621	224	4,888
July-Sept--	599	438	261	1,223	433	254	58	3,266	47	1,035	668	92	1,842	223	5,331

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

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

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

Pursuant to Presidential Proclamation No. 4539, issued November 11, 1977, the column 1 rate of duty for TSUS item 155.20 was established at 2.98125 cents per pound less 0.0421875 cent per pound for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 1.9265625 cents per pound. By general headnote 4(b) of the TSUS, the column 2 rate was established at the same level. The rate formula provides a duty of 2.8125 cents per pound for 96-degree raw sugar (the term "degree" means sugar degree as determined by polariscopic test). Imports of sugar from all countries into the United States were subject to these rates of duty except for imports from certain countries which are designated beneficiaries eligible for duty-free treatment under the Generalized System of Preferences.

Articles classified under TSUS item 155.30 are dutiable on total sugars at the rate per pound applicable under TSUS item 155.20 to sugar testing 100 degrees. All designated beneficiaries for the Generalized System of Preferences are eligible for duty-free treatment on imports under TSUS item 155.30.

On February 1, 1980, the President signed Proclamation No. 4720, which pursuant to headnote 2, subpart 10A, schedule 1, of the TSUS, reduced the column 1 rate of duty for TSUS item 155.20 to 0.6625 cent per pound less 0.009375 cent per pound for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.428125 cent per pound. The column 2 rate of duty was reduced to 1.9875 cents per pound less 0.028125 cent per pound for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 1.284375 cents per pound. The rates of duty for TSUS item 155.30 were reduced in accordance with the reductions for TSUS item 155.20. These reductions in rates of duty were effective as of February 1, 1980.

Import quotas

On November 16, 1974, when the President, by Proclamation No. 4334, established rates of duty for sugar provided for in TSUS items 155.20 and 155.30 pursuant to headnote 2, part 10A, schedule 1, of the TSUS, the President also established a global quota of 7 million tons, raw value, on such imports. At that time, it was announced that the quota was not intended to be restrictive on normal import levels. On November 30, 1978, the President signed Proclamation No. 4610, which lowered the global quota to 6.9 million short tons, raw value. In addition, the quota was allocated with small quantities for the products of Taiwan and for the products of all other countries other than members at that time of the International Sugar Agreement, 1977, ~~for the period~~ calendar years 1978 and 1979. By Presidential Proclamation No. 4663, of May 24, 1979, the power to allocate these quotas was delegated to the Secretary of State or his designee, in order to make it possible to allocate the quotas in accordance to the changing membership of the International Sugar Agreement, 1977, and that agreement's requirements for restrictions on imports from nonmembers. At the time of the original quota announcement, the quota for nonmembers other than Taiwan had already been filled, which in effect made the quota restriction an embargo on further imports from such countries until the end of 1979. Canada is an importing member of the International Sugar Agreement, 1977, and is not affected by these quota allocations.

Section 22 import fees

Presidential Proclamation No. 4547, issued January 20, 1978, pursuant to section 22 of the Agricultural Adjustment Act, as amended, provided for additional import fees for sugars provided for in TSUS items 155.20 and 155.30. This was to modify certain fees previously established under Presidential Proclamation 4538, issued November 11, 1977. For sugar provided for in TSUS item 155.20, "to be further refined or improved in quality," the additional import fee under TSUS item 956.15 was 2.70 cents per pound. For sugar in TSUS item 155.20, "not to be further refined or improved in quality," and for sugar in TSUS item 155.30 (based on total sugars content), the additional import fees under TSUS items 956.05 and 957.15, respectively, were 3.22 cents per pound. None of the additional import fees could exceed 50 percent ad valorem. An exception was provided for sugar entered for the production of polyhydric alcohols (i.e., sorbitol and mannitol) not for use in human consumption. Designated beneficiaries for the Generalized System of Preferences are not eligible for duty-free treatment with regard to section 22 fees. These fees were established under emergency powers of the President pursuant to section 22, pending receipt by the President of the United States International Trade Commission's report (issued April 17, 1978) and his action thereupon.

On December 28, 1978, the President signed Proclamation No. 4631 in response to the Commission's section 22 report, establishing a system of variable import fees to be managed by the Secretary of Agriculture. The system provides that the import fees be adjusted quarterly on the basis of world prices of sugar for the 20 consecutive market days preceding the 20th day of the month preceding each calendar quarter, and automatically, whenever the world price of sugar plus duties, fees, and attributed c.i.f. costs varies from a price objective of 15 cents per pound by more than 1 cent per pound.

On the basis of this system, the Secretary of Agriculture established import fees for Janauary-March 1979 of 3.35 cents per pound for TSUS item 956.15, and 3.87 cents per pound for TSUS items 956.05 and 957.15. For April-June 1979, the import fees were lowered to 2.76 cents per pound for TSUS item 956.15 and 3.28 cents per pound for TSUS items 956.05 and 957.15. For July-September 1979, the import fees were raised to 3.36 cents per pound for TSUS item 956.15 and 3.88 cents per pound for TSUS items 956.05 and 957.15. However, as a result of the provision for automatic adjustment of the import fees, on September 1, 1979, the import fees were revised downward to 2.36 cents per pound and 2.88 cents per pound, respectively. For September-December 1979, import fees were established at 1.76 cents per pound for TSUS item 956.15 and 2.28 cents per pound for TSUS items 956.05 and 957.15. On October 18, 1979, these import fees were revised downward to 0.76 cent per pound and 1.28 cents per pound, respectively, and on October 24, 1979, were revised again to zero for TSUS item 956.15 and 0.52 cent per pound for TSUS items 956.05 and 957.15, the minimum level allowed under Presidential Proclamation No. 4631.

Countervailing duties on sugar imports from the European Community

On July 30, 1978, the U.S. Customs Service announced a final countervailing duty determination that sugar from the European Community, provided for in TSUS 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.

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

On May 16, 1979, the U.S. International Trade Commission reported to the Secretary of the Treasury its unanimous determination that an industry in the United States is being injured by reason of the importation of sugar provided for in TSUS items 155.20 and 155.30 from Belgium, France, and West Germany, which the Department of the Treasury had determined is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. The Commission's determinations resulted in the imposition of dumping duties on any LTFV sugar imports from the countries in question, entered on or after February 12, 1979. The weighted average dumping margins found by Treasury for the three countries range from 51 to 55 percent of the home-market prices. There have been virtually no imports of sugar from the European Community since countervailing duties were imposed on July 31, 1978.

Nature and Extent of Sales at LTFV

In addition to information in the Treasury Department file transmitted to the Commission at the time of the Commission's preliminary inquiry No. AA1921-Inq.-27, the Treasury Department made the file of its investigation concerning sales at less than fair value of sugars and sirups from Canada available to the Commission's staff. All responses to Treasury's questionnaires of Canadian firms were obtained along with notes of meetings of Treasury officials with representatives of Canadian firms. * * *

Treasury's investigation of U.S. imports of sugars and sirups from Canada covered the 6-month period October 1, 1978-March 31, 1979, and included imports from three producers, Redpath Sugars, Ltd., Atlantic Sugar, Ltd., and St. Lawrence Sugar, a division of Sucronel, Ltd. Fair value comparisons were made for Redpath and Atlantic, which firms accounted for 77 percent of Canadian sugar sales in the U.S. market. Since contract sales were difficult to compare with home-market sales, price comparisons were made primarily for spot sales to the U.S. market by these firms. This limited price comparisons to sales representing about 40 percent of total sales. The basis of comparison for U.S. imports was the purchase price, with adjustments made for freight, insurance, duty, import fee, customs brokerage, commission, and cash discounts, as applicable. An addition was made for customs duty paid upon importation of raw sugar, which duty was rebated upon exportation of refined sugar to the United States (drawback). The home-market price was the f.o.b. plant price, with adjustments for cash discount, quantity rebate, competitive discount, differences in packing, and differences in selling expenses, as appropriate.

For Redpath, price comparisons indicated that the purchase price was less than the home-market price of such or similar merchandise on about 96 percent of the sales compared. Margins ranged from approximately 0.05 percent to 49.5 percent, and the weighted average margin was approximately 20.15 percent. 1/ For Atlantic, price comparisons indicated that the purchase price was less than the home-market price on 100 percent of the sales compared. Margins ranged from 5.5 percent to 30.4 percent, with a weighted average margin of about 19.25 percent. 2/ St. Lawrence did not supply

1/ On the basis of the Commission's method of calculating margins (home-market price less purchase price, divided by the home-market price), the above margins ranged from *** percent to *** percent, and the weighted average margin was *** percent.

2/ On the basis of the Commission's method of calculating margins, the above margins ranged from *** percent to *** percent, and the weighted average margin was *** percent.

sufficient information for Treasury to determine a dumping margin on its sales to the United States.

In answer to Treasury's questionnaires, Redpath reported total sales to the U.S. market during the period October 1978-March 1979, of *** hundredweights, Atlantic reported sales of *** hundredweights, and St. Lawrence reported sales of *** hundredweights, for total sales of *** hundredweights. U.S. imports from Canada during the period were about *** hundredweights, so these firms accounted for virtually all imports. These three firms are reported to account for about *** percent of all sales of refined sugar in Canada.

A summary of Treasury's price comparisons for spot sales by Redpath and Atlantic in the U.S. market during the period October 1978-March 1979 is shown in table 2.

Table 2.--Summary of price comparisons made by Treasury for spot sales, by firms and by products, October 1978-March 1979

Item	Total sales		Sales at fair value		Sales at LTFV					
					Quantity	Value	LTFV margins as a percent of purchase price		LTFV margins as a percent of fair market value	
	Quantity	Value	Quantity	Value			Range	Average	Range	Average
	Cwt.		Cwt.		Cwt.		Percent	Percent	Percent	Percent
Atlantic Sugar 1/	***	***	-	-	***	***	5.53-30.42	19.25	***	***
Redpath Sugars:										
Special fine 100-lb paper bags	***	***	***	***	***	***	***	***	***	***
Liquid invert	***	***	-	-	***	***	***	***	***	***
Fine 100-lb paper bags	***	***	-	-	***	***	***	***	***	***
Plantation 10/5-lb paper bags	***	***	-	-	***	***	***	***	***	***
Liquid sucrose	***	***	***	***	***	***	***	***	***	***
Special fine bulk	***	***	***	***	***	***	***	***	***	***
Staff 10/5-lb paper bags	***	***	-	-	***	***	***	***	***	***
Icing 40-kg paper bags	***	***	-	-	***	***	***	***	***	***
Golden yellow 40-kg paper bags	***	***	-	-	***	***	***	***	***	***
U.S. Sugar 10/5-lb paper bags	***	***	-	-	***	***	***	***	***	***
All other sales	***	***	***	***	***	***	***	***	***	***
Total Redpath sales	***	***	***	***	***	***	0.05-49.54	20.33	***	***

1/ ***.

Source: Compiled from information obtained from the U.S. Department of the Treasury.

The Domestic Industry

About 55 percent of the sugar consumed annually in the United States comes from domestic sources (30 percent from sugar beets and 25 percent from sugar cane) and 45 percent, from foreign sources (virtually all cane).

Considerations of a regional market and a regional industry

Section 771(4)(C) of the Tariff Act of 1930, as amended, in regard to regional industries, states as follows--

> In appropriate circumstances, the United States, for a particular product market, may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry if--
>
> (i) the producers within such market sell all or almost all of their production of the like product in question in that market, and
>
> (ii) the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States.
>
> In such appropriate circumstances, material injury, the threat of material injury, or material retardation of the establishment of an industry may be found to exist with respect to an industry even if the domestic industry as a whole, or those producers whose collective output of a like product constitutes a major proportion of the total domestic production of that product, is not injured, if there is a concentration of subsidized or dumped imports into such an isolated market and if the producers of all, or almost all, of the production within that market are being materially injured or threatened by material injury, or if the establishment of an industry is being materially retarded, by reason of the subsidized or dumped imports.

Transportation costs for refined sugar are relatively high in relation to its value; therefore, refined sugar is normally shipped to markets within 250-300 miles of refineries or not more than half way to the next refinery. The distance refined sugar can be profitably shipped depends to a large degree on the location of competitors and shipping rates. Refined sugar shipped by water transportation can generally be sent a greater distance to compete with other producers than can refined sugar shipped by truck.

The Northeastern States region for which separate data were obtained in the Commission's questionnaires includes Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont. In the preliminary inquiry (AA1921-Inq.-27), in addition to these States, the Northeastern/Eastern Great Lakes area examined included Maryland, Delaware, and the District of Columbia. The latter States were left out in the current investigation because the original Amstar Corporation petition did not allege injury to its operations in this area. Also, the Department of Labor did not find that Amstar's Baltimore refinery suffered from lost sales in its customer survey in determining the eligibility of workers for adjustment assistance. Finally, the evidence obtained in the inquiry was that very little Canadian sugar was sold in these States and very little of the Baltimore refinery's production was sold in the Northeastern States region as defined in this investigation.

In the Northeastern States region there are competitive producers located in close proximity which have similar marketing territories. In addition, the petitioner, Amstar Corporation is such a large producer that it markets sugar for great distances, sometimes past the location of competitive producers. For example, the beet sugar production of Michigan and Ohio is not large enough to supply consumption in those States so sugar refined on the east coast is marketed in these States and even farther if necessary.

The refineries located in the Northeastern States region market the bulk of their product therein. Table 3 shows sales by regions where the firms were primarily located and by region where the sales were made. About 60 percent of the sales by refined sugar producers primarily located in the Northeastern States region are made in that region. However, these data include cane refining operations of two firms which have plants located outside the region. For only those plants located with the region, sales within the Northeastern States region as a percentage of total sales of those plants were 97 percent

Table 3.--Refined sugar: Sales of 14 domestic refined sugar producers, by areas of production and by areas of sale, 1975-79

(In billions of pounds)

Item	Firms primarily located in--		
	Northeastern States 1/	Other States 2/	Total 3/
Sales in Northeastern States:			
1975----------	***	***	3.397
1976----------	***	***	3.786
1977----------	***	***	3.658
1978----------	***	***	3.504
1979----------	***	***	3.478
Total sales:			
1975----------	***	***	13.126
1976----------	***	***	14.351
1977----------	***	***	14.212
1978----------	***	***	13.644
1979----------	***	***	14.032

1/ Data for 4 respondents, including a firm with cane refining operations in other States.

2/ Data for 11 respondents.

3/ Data for 14 respondents, including a firm with cane refining operations reported in Northeastern States and beet sugar operations reported in other States.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic refined sugar producers.

in 1975, 98 percent in 1976, 96 percent in 1977, 94 percent in 1978, and 96 percent in 1979. Sales of refined sugar producers for plants located in other States to customers within the Northeastern States region were about 5.5 percent of total sales in each year for 1975-79.

Less than 0.1 percent of imported Canadian sugar entered the United States in customs districts outside the Northeastern States region. Most Canadian sugar is believed to have been marketed near where it entered, particularly in upstate New York. However, there were many instances where sugar was shipped substantial distances form the port of entry, notably from entry in the Detroit district for sale in Chicago, Illinois. It has been suggested that Illinois and Indiana should be included in the region in any consideration of regional industry by the Commission. However, there is not sufficient evidence available to suggest that a large portion of Canadian sugar imports were ultimately sold in these States. The only sugar refining facility located in Illinois and Indiana is already reported as a subsidiary of a firm primarily located in the Northeastern States region. A posthearing submission indicated that sales outside the Northeastern States region by Redpath and Atlantic during the period January 1-October 1, 1979, were about 5.9 million pounds, or about 3.3 percent of total Canadian sugar imports during that period.

U.S. sugar beet growers and beet sugar processors

Sugar beets are currently produced in 16 States. The number of farms producing sugar beets in 1978/79 most likely has decreased from the 12,000 farms producing sugar beets in 1973/74 (the last year for which official statistics are available). For 1978/79, estimated U.S. sugar beet acreage is 1,119,300 acres, down from 1,272,000 acres in 1977/78 (table 4). Sugar beets are generally grown by farmers under contracts with beet sugar processors which call for growers to deliver beets from a given acreage to processors and for processors to reimburse the growers on a basis which includes a percentage of the return processors receive from the sale of refined sugar. In 1979 there were 44 beet sugar factories owned by 13 companies or cooperatives operating in the sugar-beet-producing regions in the United States.

There were nine beet sugar processing plants that produced refined beet sugar in the Northeastern States during the period 1975-79. One plant in Maine was reopened and operated during 1975/76 but closed thereafter. The four remaining companies operating plants in the Northeastern States and the plant locations follow:

Company	Location of plant
Buckeye Sugars, Inc	Ottawa, Ohio
Michigan Sugar Co	Caro, Mich.
	Carrollton, Mich.
	Croswell, Mich.
	Sebewaing, Mich.
Monitor Sugar Co	Bay City, Mich.
Northern Ohio Sugar Co	Findlay, Ohio
	Fremont, Ohio

Table 4.--Sugar beets: U.S. acreage and production, by States, crop years 1974/75 to 1978/79 1/

State	1974/75	1975/76	1976/77	1977/78	1978/79 2/
	Acreage (1,000 acres)				
California	326.3	312.0	217.0	193.4	214.0
Minnesota	196.0	248.0	260.0	263.0	244.0
Idaho	158.3	139.4	107.4	132.3	126.3
North Dakota	130.9	149.8	155.2	155.2	143.1
Michigan	91.4	91.4	85.5	91.5	89.0
Nebraska	96.0	84.5	67.7	76.0	73.0
Colorado	154.9	121.0	72.0	84.0	73.0
Wyoming	57.7	56.4	48.4	48.8	48.2
Montana	48.5	46.1	45.0	44.7	43.4
Texas	33.7	23.3	17.9	23.6	19.5
Ohio	39.2	36.5	22.5	23.3	13.7
Arizona	17.0	17.0	12.8	15.0	11.4
Kansas	43.0	38.0	24.0	26.0	11.4
Oregon	17.9	14.5	8.2	8.9	6.7
New Mexico	.9	.9	1.2	1.8	2.0
Utah	22.5	18.0	9.8	12.6	1.5
Washingtion	82.4	76.5	61.6	68.5	0
Maine	0	5.5	0	0	0
Total	1,516.6	1,478.8	1,216.2	1,268.6	1,120.2
	Production (1,000 short tons)				
California	8,892	8,912	5,664	4,682	5,731
Minnesota	2,783	3,026	4,732	4,971	3,782
Idaho	2,942	2,879	2,094	2,765	2,804
North Dakota	1,820	2,022	2,769	3,054	2,304
Michigan	1,755	1,540	1,796	1,770	1,558
Nebraska	1,776	1,690	1,354	1,368	1,460
Colorado	2,661	2,303	1,404	1,538	1,358
Wyoming	1,060	1,167	949	922	906
Montana	829	968	896	885	829
Texas	440	503	309	414	332
Ohio	777	617	457	394	266
Arizona	366	391	285	308	219
Kansas	667	749	401	442	213
Oregon	426	364	206	203	175
New Mexico	15	20	23	37	30
Utah	353	317	173	225	29
Washington	2,142	1,862	1,495	1,747	0
Maine	0	56	0	0	0
Total	29,704	29,386	25,007	25,725	21,996

1/ The crop year begins in September in all States except in California and lowland areas of Arizona, where it begins in March and April, respectively.
2/ Preliminary estimate.

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

It has been reported that the plants in Ottawa and Fremont, Ohio, ceased operations and did not produce refined beet sugar in 1978/79.

Cane sugar refiners

There are 22 cane sugar refineries in the United States, located mainly on the east and gulf coasts. The 22 cane refineries are operated by 12 companies and one cooperative. Cane sugar refineries provide about 70 percent of the refined sugar consumed in the U.S. market. In 1978, U.S. cane sugar refineries produced 7.35 million short tons, raw value, of sugar. Cane sugar refiners are the principal users of imports of raw sugar.

There is no production of raw cane sugar in the Northeastern States; therefore, cane sugar refineries in that area import raw sugar from other countries to sustain their operations as well as obtain some supplies from other regions of the United States where raw cane sugar is produced. In recent years, imported raw sugar is believed to have accounted for more than 90 percent of the raw sugar used by these operations.

Four companies currently operate cane sugar refineries in the Northeastern States region. These four companies, as well as the locations of their refineries in the region, are as follows:

Company	Location of refinery
Amstar Corporation 1/	Boston, Mass. Brooklyn, N.Y. Philadelphia, Pa.
National Sugar Refining Co	Philadelphia, Pa.
Revere Sugar Corporation	Brooklyn, N.Y. Charlestown, Mass.
Refined Syrups & Sugars, Inc 2/	Yonkers, N.Y.

1/ Amstar Corp., the petitioner to Treasury, also has cane sugar refineries at Baltimore, Md. and New Orleans, La., a liquid sugar plant at Chicago, Ill., 4 beet sugar plants in California and 1 in Arizona, and a corn sweetener plant at Dimmit, Tex.

2/ Refined Syrups & Sugars, Inc., is a subsidiary of Tate & Lyle, Ltd., which is also the parent firm of Redpath Sugars, Ltd., one of the Canadian firms for which Treasury found sales at less than fair value.

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 difficult to recover sucrose from sugar cane as the time lengthens between cutting and milling, the cane mills are located close to the producing areas. In 1977/78, some 40 mainland cane-milling companies produced about 1.65 million tons of raw sugar, but production in 1978/79 is estimated to have declined to about 1.58 million tons.

Offshore sugar cane growers and millers

Hawaii and Puerto Rico are offshore producers and millers of sugar cane. Hawaii is noted for having the highest yields of sugar cane per acre in the world. In 1978, 99,000 acres of sugar cane were harvested in Hawaii on about 480 farms. There are 15 Hawaiian cane-milling companies which also produce nearly 95 percent of the sugar cane. Sugar is mostly marketed on the mainland through a cooperative marketing association--Californian & Hawaiian Sugar Co., which is owned by the 15 cane-milling companies.

Puerto Rican sugar production has declined severely over the last several years. The bulk of sugar cane acreage and most of the cane 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 tons of sugar cane.

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 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 sugar operators' services arises because producers cannot always find refiners willing to buy at the times and locations that producers have sugar to sell. The sugar operators' services consist of financing the transaction, chartering the transportation, arranging for loading, doing import and export documentation, delivering to buyers' docks, and taking the risk of price changes while these procedures are being undertaken. The operators also engage in significant trading and hedging in commodities futures markets for sugar, and usually operate in the world sugar trade outside the U.S. market. There are at least 16 sugar operators dealing in raw sugar and an unknown number of importers dealing in refined sugar for direct-consumption sales.

Refined Sugar Brokers

In the sale of refined sugar by refiners to wholesale customers there is often another participant in the U.S. sugar market. Refined sugar brokers have various customers for whom they purchase sugar from refiners. General brokers will buy sugar from any refiner in an effort to attempt to find the lowest price for their customers. Amstar Corporation uses exclusive brokers who only sell Amstar sugar to their customers. In addition, certain large industrial customers contract directly with refiners for their sugar needs. The extent to which brokerage relationships are a factor in price determination for refined sugar may be a factor in measuring the impact of U.S. imports of Canadian sugar sold at less than fair value. Treasury data indicated that a portion of Canadian sales to U.S. customers were made through general brokers.

Alternative Sweeteners

The principal alternatives to sugar in sweetener markets are corn-based sweeteners. They are derived from corn starch by hydrolysis, usually with enzyme processes. The products of this process include glucose sirups and anhydrous and monohydrate dextrose. However, a recently developed product, high-fructose sirup, which is derived from glucose sirup, has grown rapidly in use and has been highly competitive with sugar in certain applications. For example, the soft-drink industry is the largest industrial user of sugar but since high-fructose sirups have become available, this industry has been using increasing amounts of this product as a substitute for sugar and for sugar and corn sirup blends. High-fructose sirup could eventually substitute for most sweetener uses that do not specifically require dry crystals, and it is estimated that high-fructose sirups will eventually supply a substantial portion of the industrial market for sweeteners in liquid application. While at their introduction, use of high-fructose sirups was limited because of lack of productive capacity, currently there are reports of excess processing capacity as a result of the coming on stream of substantial new capacity. It would appear that the ability to produce high-fructose sirup has increased faster than the development of product formulations that could take advantage of its availability at prices lower than those for sugar.

There are 11 firms in the U.S. corn sweetener industry, operating 20 plants, most of which are located in the corn-producing States of the Midwest. Eleven of these plants produce high-fructose sirup.

Three firms have corn sweetener operations in the Northeastern States region, and each of these plants produces high-fructose sirup. The locations of these plants and the companies operating them are as follows:

Company	Location of plant
A. E. Staley Manufacturing Co	Morrisville, Pa.
Clinton Corn Processing Co	Montezuma, N.Y.
Car-Mi, Inc	Dayton, Ohio

The distribution of net sales of all corn sweeteners to designated market areas for eight respondents to the Commission's questionnaires, which accounted for about 70 percent of all corn sweetener sales in 1977, are shown in table 5. High-fructose sirup sales for these respondents were as follows:

Year	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit value (cents per pound)
1975	1,032,867	232,332	22.49
1976	1,319,629	182,253	13.81
1977	1,469,070	159,418	10.85
1978	1,800,811	181,742	10.09
1979	2,542,177	271,887	10.70

Sales of high-fructose sirup were rising relative to total corn sweetener sales, but it appears unlikely that such sales were more heavily concentrated in the Northeastern States region than in other States.

Table 5.--Corn sweeteners: Net sales by 8 corn sweetener producers, by market areas, 1975-79

(In millions of pounds, dry basis)

Market area	1975	1976	1977	1978	1979
Domestic:					
Northeastern States	1,718	1,656	1,747	2,042	2,050
Other States	3,181	3,479	3,527	3,828	4,459
Subtotal	4,899	5,135	5,275	5,870	6,509
Foreign:					
Canada	24	26	41	56	44
Other countries	22	15	17	16	21
Subtotal	46	41	58	73	65
Total	4,945	5,177	5,332	5,943	6,574

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic corn sweetener producers.

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

Foreign Producers

The European Community, the U.S.S.R., Brazil, India, Cuba, and the United States are the world's leading producers of sugar (table 6). The U.S.S.R., the European Community, and the United States are also the world's leading consumers of sugar, consuming most of their own production, while Brazil, Cuba, and India export significant portions of their output.

In most years, world production exceeds world consumption of sugar (table 7), resulting in world sugar prices that are generally low. When world consumption exceeds (or is perceived to exceed) world production for any prolonged period, prices generally rise quickly. During crop years 1974/75 to 1978/79, world production was in excess of world consumption in each year. Current projections are that world consumption will exceed world production of sugar beginning with crop year 1979/80 and will continue to do so until higher prices for sugar bring forth increased production.

In the 1978/79 crop year, the leading suppliers of sugar to the United States were Brazil, the Dominican Republic, the Philippines, Argentina, and Peru (table 8). Although 36 countries supplied sugar to the United States in 1978/79, the leading suppliers listed above accounted for more than 61 percent of total sugar imports. Canada was a less important supplier, accounting for only 2.2 percent of total sugar imports, However, Canada was the principal supplier of refined sugar, supplying more than 98 percent of refined sugar imports in 1978/79.

Canada is a producer of beet sugar, but the bulk of Canadian consumption and exports come from the refining of raw cane sugar imports (table 9). Six cane refineries make up the eastern Canada sugar-refining industry. The five companies operating these refineries and their locations are as follows:

Company	Location of Refinery
Redpath Sugars, Ltd	Montreal, Quebec Toronto, Ontario
Atlantic Sugar, Ltd	St. John, New Brunswick
St. Lawrence Sugar	Montreal, Quebec
Cartier Sugar, Ltd	Montreal, Quebec
Westcane Sugar, Ltd	Oshawa, Ontario

Table 6.--Sugar: World production, by leading producers, crop years 1974/75 to 1979/80 1/

(In thousands of short tons, raw value)

Producer	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 2/
European Community	9,885	11,237	11,573	13,441	13,597	13,533
U.S.S.R	8,521	8,488	8,102	9,728	9,921	9,370
Brazil	8,157	6,834	8,267	9,770	8,552	7,661
India	6,387	6,023	6,661	9,058	8,094	7,191
Cuba	6,944	6,834	6,724	7,937	7,716	7,165
United States	5,791	7,204	6,872	5,992	6,131	5,670
Mexico	2,972	2,974	2,972	3,339	3,371	3,417
Australia	3,226	3,294	3,753	3,662	3,268	3,279
People's Republic of China	2,488	2,547	2,373	2,701	2,949	2,811
Philippines	2,718	3,169	3,035	2,642	2,587	2,627
South Africa	2,076	1,986	2,388	2,437	2,436	2,456
Poland	1,716	2,050	1,985	2,005	1,914	1,749
Argentina	1,689	1,487	1,755	1,835	1,529	1,543
Indonesia	1,102	1,157	1,218	1,240	1,278	1,461
Thailand	1,168	1,809	2,438	1,746	2,015	1,389
Dominican Republic	1,251	1,377	1,347	1,283	1,312	1,323
Turkey	919	1,087	1,393	1,174	1,189	1,179
Colombia	1,001	1,064	972	1,009	1,160	1,160
Czechoslovakia	937	827	742	1,019	1,069	1,102
Taiwan	828	901	1,238	847	982	981
Yugoslavia	611	539	716	813	843	926
Spain	659	1,030	1,517	1,304	1,218	897
Peru	1,091	1,054	1,021	971	794	882
Pakistan	614	697	817	1,016	720	826
Mauritius	767	547	806	777	777	821
East Germany	772	716	661	862	772	799
Romania	618	617	882	671	716	772
Japan	527	519	623	694	764	768
Egypt	595	708	704	735	724	739
Iran	711	786	821	756	753	705
Hungary	375	386	428	517	584	606
Guatemala	423	583	570	452	414	468
Fiji	301	313	338	398	382	441
Ecuador	295	317	332	325	389	433
Austria	438	564	483	573	413	421
Morocco	320	386	380	299	413	413
Venezuela	584	509	488	358	358	413
Greece	206	338	424	325	387	389
Jamaica	403	403	326	337	395	386
Guyana	336	373	366	377	368	386
All other producers	6,080	6,299	6,576	6,514	6,910	7,071
Total	86,505	90,035	95,088	101,940	100,165	96,630

1/ Centrifugal sugar production for crop years beginning October 1, of each year.
2/ Preliminary.

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

Table 7.--Sugar: Comparison of world production and consumption, crop years 1965/66 to 1979/80

(In thousands of short tons, raw value)

Crop year 1/	Production	Consumption	Production less consumption
1965/66	68,704	68,330	+ 374
1966/67	71,390	70,792	+ 598
1967/68	72,340	71,090	+ 1,250
1968/69	73,665	73,757	- 92
1969/70	80,447	77,811	+ 2,636
1970/71	78,296	80,203	- 1,907
1971/72	79,560	81,937	- 2,377
1972/73	83,431	83,624	- 193
1973/74	87,621	86,895	+ 725
1974/75	86,475	84,205	+ 2,270
1975/76	90,120	87,223	+ 2,897
1976/77	95,771	90,145	+ 5,626
1977/78	100,238	94,515	+ 5,723
1978/79	100,525	99,629	+ 896
1979/80	97,062	100,949	- 3,887

1/ Crop year beginning September 1 of each year.

Source: Compiled from statistics of F. O. Licht, independent sugar market reporting service.

Table 8.--Sugar: U.S. imports, by sources, crop years 1974/75 to 1978/79 1/

(In short tons, raw value)

Source	1974/75	1975/76	1976/77	1977/78	1978/79
Brazil	566,756	0	183,287	756,087	1,233,303
Dominican Republic	737,007	707,683	1,137,583	869,724	768,894
Philippines	570,469	733,290	1,127,117	1,105,438	562,116
Argentina	138,038	129,343	122,792	300,776	292,719
Peru	257,303	370,856	266,667	269,406	212,904
West Indies 2/	208,867	252,825	182,317	140,982	181,852
Guatemala	60,606	240,096	376,534	153,469	156,833
El Salvador	108,029	133,972	135,852	149,740	136,350
Panama	91,421	103,754	124,213	111,148	127,648
Nicaragua	70,358	153,328	126,597	107,543	121,621
Mexico	94,100	411	370	186	113,052
Australia	433,919	333,563	468,014	400,859	111,244
Canada	25,927	50,786	87,068	131,484	110,996
Ecuador	51,730	63,680	48,441	11,774	97,969
Fiji	34,560	0	0	30,307	97,476
Mauritius	48,882	0	70,622	82,151	87,807
Swaziland	61,333	17,002	46,461	94,436	87,123
South Africa	106,200	134,602	237,539	55,543	66,671
Bolivia	5,714	48,836	25,343	86,466	64,899
Honduras	9,740	0	28,117	17,781	59,829
Thailand	45,525	148,046	0	15,900	58,296
Belize	60,096	14,349	32,222	75,388	55,077
Mozambique	15,090	11,979	103,462	26,630	54,068
Costa Rica	54,017	59,953	103,532	78,318	49,109
Malawi	36,859	0	29,202	40,548	41,719
Taiwan	116,287	138,467	86,047	56,594	28,200
Colombia	130,604	125,923	28,185	100,129	13,281
Romania	0	0	0	0	13,209
Haiti	23,307	6,218	0	5,757	11,287
Madagascar	13,088	26,422	12,052	14,180	9,724
Korea	30	11,362	451	1,036	354
India	74,894	317,204	32	57	15
Netherlands	22	1,501	37	0	7
Sweden	2	1	3	3	2
Ireland	0	0	0	0	2
France	0	11,095	16,871	56,375	1
West Germany	2	904	0	36,445	0
Belgium	1	717	947	25,889	0
Uruguay	0	5,229	0	8,220	0
Denmark	2	0	963	2,136	0
United Kingdom	21	44	92	43	0
Hong Kong	0	0	1	3	0
Japan	0	0	0	1	0
Paraguay	10,792	10,070	1,159	0	0
Switzerland	0	745	0	0	0
Netherlands Antilles	1,279	17	0	0	0
Austria	10	16	0	0	0
Venezuela	24	0	0	0	0
Total	4,262,911	4,364,289	5,210,192	5,418,952	5,025,657

1/ Crop year beginning October 1 of each year.
2/ West Indies includes Barbados, Jamaica, Guyana, St. Kitt's, and Trinidad.
Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 9.--Sugar: Canadian production, imports, exports, consumption, and ending stocks, 1974-78

Year	Production	Imports	Exports	Consumption	Ending stocks	Ratio of imports to consumption
	Short tons, raw value					Percent
1974	108,279	1,044,517	47,291	1,084,781	375,636	96.3
1975	132,573	1,144,960	94,951	1,164,862	392,808	98.3
1976	172,301	1,037,020	59,035	1,062,688	480,276	97.6
1977	170,553	1,232,889	160,032	1,226,078	497,608	100.6
1978	135,347	1,194,158	150,267	1,211,660	465,183	98.6

Source: Compiled from official statistics of the International Sugar Organization.

Table 10.--Sugar: Canadian imports, by leading sources, 1974-78

(In short tons, raw value)

Source	1974	1975	1976	1977	1978
Australia	416,124	419,694	454,393	594,007	537,808
South Africa	194,212	357,796	370,796	349,808	304,125
Cuba	115,992	170,618	154,219	117,544	222,789
Guyana	0	0	6,459	23,834	63,341
Mauritius	183,296	97,956	4,758	29,895	46,451
Jamaica	11,867	1	0	81,277	12,227
United States	49,364	60,773	33,853	2,803	874
Swaziland	33,409	10,828	0	0	0
Fiji	18,673	0	0	0	0
All other	21,580	27,294	12,542	33,721	6,543
Total	1,044,517	1,144,960	1,037,020	1,232,889	1,194,158

Source: Compiled from official statistics of the International Sugar Organization.

Table 11.--Sugar: Canadian exports, by leading markets, 1974-78

(In short tons, raw value)

Market	1974	1975	1976	1977	1978
United States	71	33,207	41,578	121,434	114,580
Jamaica	209	62	176	12,243	6,412
Nigeria	0	10,760	1,440	47	0
Greece	0	17,973	0	0	0
All other	47,011	32,949	15,841	26,308	29,275
Total	47,291	94,951	59,035	160,032	150,267

Source: Compiled from official statistics of the International Sugar Organization.

Redpath Sugars, Ltd., closed its Montreal refinery on December 12, 1979. Redpath, Atlantic, and St. Lawrence are the producers of most of the Canadian sugar exported to the United States. In addition, at least two high-fructose sirup plants are being built in eastern Canada and will come on stream within the next two years.

Canada imports raw sugar from several sources, but Australia, South Africa, and Cuba are the leading suppliers (table 10). Except for imports from Cuba, most Canadian imports are from British Commonwealth sources. Most of the sugar imports are delivered against long-term supply contracts made with the supplying sources. Canada exports sugar (virtually all refined sugar) to several countries, mostly in small amounts. However, the bulk of Canadian exports in recent years have been to the United States (table 11).

The estimated production capacity of refineries in Eastern Canada was 94,185 short tons per month (table 12), or 1,130,219 short tons per year. During 1978, average monthly production was 84,488 short tons, or 90 percent of capacity. In 1979, average monthly production was 82,533 short tons, or 88 percent of capacity. During 1978, about 10 percent of the production in Eastern Canada was exported to the United States.

Table 12.--Sugar: Estimated refining capacity and production in Eastern Canada, by months, 1978-79

Period	Capacity	Production	Ratio of production to capacity
	Short tons		Percent
1978:			
January	94,185	71,084	75
February	94,185	72,575	77
March	94,185	84,460	90
April	94,185	79,206	84
May	94,185	89,226	95
June	94,185	98,042	104
July	94,185	86,003	91
August	94,185	97,143	103
September	94,185	92,131	98
October	94,185	86,283	92
November	94,185	85,508	91
December	94,185	72,193	77
Average	94,185	84,488	90
1979:			
January	94,185	76,033	81
February	94,185	74,326	79
March	94,185	85,178	90
April	94,185	80,207	85
May	94,185	94,684	101
June	94,185	94,946	101
July	94,185	85,145	90
August	94,185	96,078	102
September	94,185	81,833	87
October	94,185	87,982	93
November	94,185	77,669	82
December	1/ 87,740	56,318	64
Average	93,648	82,533	88

1/ Effective December 12, 1979, capacity was reduced to 81,295 short tons, reflecting the closure of Redpath's Montreal refinery and the upgrading of Westcane and Cartier Refineries.

Source: Redpath Sugars, Ltd., Montreal, Quebec, Canada.

U.S. Production and Production Capacity

U.S. production capacity, production, and capacity utilization are shown in table 13 for 18 domestic refined sugar producers who responded to the Commission's questionnaires. Capacity utilization for plants in the Northeastern States region was below that for plants in other States during the period 1975-79 except in 1978. However, the higher capacity utilization in 1978 in Northeastern States was primarily because of substantially increased production of one firm. Beet sugar plants showed greater variation in capacity utilization than cane sugar plants, largely because of the varying size and yield of beet sugar crops and also because capacity can be expanded by extending the processing season. Generally, 85 percent capacity utilization is considered the breakeven point for cane sugar refining operations.

Table 13.--Refined sugar: Production capacity, production, and capacity utilization for 18 domestic refined sugar producers, by areas, 1975-79

Item	1975	1976	1977	1978	1979
Northeastern States refiners: 1/					
Annual capacity------million pounds--	5,901	5,952	6,154	6,132	6,052
Production--------------------do----	4,948	5,145	5,214	5,399	5,273
Capacity utilization--------percent--	84	86	85	88	87
Other U.S. refiners: 2/					
Annual capacity------million pounds--	13,263	13,645	13,708	13,893	13,626
Production--------------------do----	11,449	12,478	12,237	11,628	12,063
Capacity utilization--------percent--	86	91	89	84	89
Total: 3/					
Annual capacity------million pounds--	19,164	19,597	19,861	20,025	19,678
Production--------------------do----	16,397	17,623	17,451	17,027	17,335
Capacity utilization--------percent--	86	90	88	85	88

1/ Data for 6 refiners, estimated only for those plants operating in Northeastern States. Data include estimates of production and capacity for firms whose ownership changed during the period.

2/ Data for 13 refiners.

3/ Data for 18 refiners, including firms reported in Northeastern States for refining operations located therein and reported in other States for other operations.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic refined sugar producers, except as noted.

U.S. Producers' Inventories

Monthend stocks of cane sugar refiners, beet sugar processors, importers of refined sugar, mainland cane sugar mills, the Commodity Credit Corporation, and total U.S. inventories of sugar during 1975-79 are shown in table 14. The table does not include stocks of sugar held offshore in Hawaii or Puerto Rico. The data show rising inventories, with record levels of inventories in each month from December 1977 to November 1978. This record high inventory level is because of significant sugar holdings as collateral for price-support loans and record levels of imports in the last two months of 1977 to avoid paying higher duties effective January 1, 1978. Since the peak in inventories during most of 1978, inventories held by U.S. sugar producers have fallen off dramatically, particularly in the latter months of 1979. Increasing sugar prices and interest rates in this period made the holding of large stocks of sugar more expensive. However, stocks held by the Commodity Credit Corporation increased in the last two months of 1979 because of forfeitures of sugar held as collateral for price-support loans.

Yearend inventories held by 17 domestic refined sugar producers who responded to the Commission's questionnaires, by regions where operations were primarily located, were as follows:

Year	Northeastern States (million pounds)	Other States (million pounds)	Total (million pounds)
1974--------	401	1,716	2,117
1975--------	400	2,058	2,458
1976--------	444	2,430	2,873
1977--------	393	2,443	2,835
1978--------	391	2,119	2,510
1979--------	343	1,770	2,113

Data for six firms in Northeastern States include firms with sugar refining operations in other States, and one firm whose beet sugar operations are reported in other States. The pattern of total inventories is similar to that shown in table 14.

Table 14.--Sugar: Monthend stocks held by primary distributors (continental), by months, 1975-79

(In thousands of short tons, raw value)

Period	Cane sugar refiners: Refined	Cane sugar refiners: Raw	Cane sugar refiners: Total	Beet sugar processors	Importers of refined sugar	Mainland cane sugar mills	Commodity Credit Corporation	Total
1975:								
Jan---:	288	756	1,044	1,649	1	373	0	3,067
Feb---:	279	600	879	1,578	1	513	0	2,971
Mar---:	261	601	863	1,421	1/	552	0	2,836
Apr---:	274	494	768	1,316	0	437	0	2,521
May---:	259	491	750	1,219	0	330	0	2,299
Jun---:	274	423	698	1,010	0	238	0	1,946
Jul---:	211	272	484	652	0	139	0	1,275
Aug---:	251	319	569	400	0	62	0	1,032
Sep---:	265	434	699	246	0	13	0	958
Oct---:	262	477	738	617	0	60	0	1,415
Nov---:	275	493	768	1,082	0	238	0	2,088
Dec---:	237	415	651	1,596	0	484	0	2,731
1976:								
Jan---:	280	461	741	1,915	0	515	0	3,171
Feb---:	277	421	698	1,906	0	596	0	3,201
Mar---:	237	362	599	1,700	0	634	0	2,933
Apr---:	261	410	671	1,562	0	545	0	2,778
May---:	285	429	715	1,435	0	419	0	2,569
Jun---:	298	522	820	1,195	0	299	0	2,314
Jul---:	311	588	899	919	0	220	0	2,038
Aug---:	284	585	869	679	0	141	0	1,689
Sep---:	252	513	765	496	0	62	0	1,324
Oct---:	290	439	729	826	0	105	0	1,660
Nov---:	277	631	907	1,296	0	300	0	2,504
Dec---:	279	776	1,055	1,777	0	509	0	3,341
1977:								
Jan---:	278	705	983	2,014	0	627	0	3,624
Feb---:	327	737	1,064	2,009	0	685	0	3,758
Mar---:	315	592	907	1,843	0	680	0	3,430
Apr---:	331	640	971	1,734	0	596	0	3,302
May---:	373	679	1,052	1,647	0	493	0	3,191
Jun---:	362	623	985	1,433	0	364	0	2,782
Jul---:	361	661	1,022	1,166	0	236	0	2,424
Aug---:	372	660	1,032	859	0	129	0	2,019
Sep---:	406	763	1,169	704	0	79	0	1,951
Oct---:	366	846	1,211	949	0	99	0	2,259
Nov---:	328	1,041	1,369	1,342	0	298	0	3,009
Dec---:	334	1,677	2,012	1,691	91	556	0	4,349
1978:								
Jan---:	366	1,334	1,700	1,812	85	755	0	4,352
Feb---:	362	1,033	1,395	1,753	79	877	0	4,104
Mar---:	376	865	1,241	1,614	70	924	0	3,850
Apr---:	410	655	1,065	1,490	62	834	0	3,451
May---:	457	734	1,191	1,413	49	672	0	3,326
Jun---:	442	774	1,216	1,248	39	556	0	3,059
Jul---:	441	733	1,174	1,025	29	500	0	2,729
Aug---:	426	695	1,120	712	17	415	0	2,264
Sep---:	400	742	1,142	501	9	403	0	2,054
Oct---:	393	750	1,144	773	4	403	0	2,324
Nov---:	394	890	1,284	1,190	0	610	0	3,084
Dec---:	388	982	1,369	1,561	0	633	171	3,734
1979:								
Jan---:	391	819	1,211	1,773	0	756	187	3,927
Feb---:	393	793	1,187	1,770	0	885	192	4,034
Mar---:	290	606	896	1,614	0	955	197	3,662
Apr---:	315	674	989	1,569	0	890	197	3,644
May---:	333	669	1,002	1,515	0	845	197	3,559
Jun---:	342	600	941	1,376	0	766	197	3,280
Jul---:	314	599	913	1,154	0	680	202	2,950
Aug---:	281	299	580	819	0	619	202	2,220
Sep---:	266	265	530	688	0	556	202	1,977
Oct---:	259	320	579	888	0	628	202	2,296
Nov---:	257	453	710	1,177	0	869	206	2,962
Dec---:	243	500	744	1,368	0	1,000	405	3,517

1/ Less than 500 short tons.

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

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

It should be noted that cane sugar refineries generally maintain much lower yearend inventories than beet sugar processors, since raw sugar can be imported on a year-round basis. Production of beet sugar is seasonal and near its peak at yearend. Most of the firms in the Northeastern States region responding to the questionnaire were cane sugar refiners, but stocks of beet sugar companies in the region were a large portion of inventories held by firms reported in the Northeastern States region.

U.S. Employment in Refined Sugar Production Operations

Data on employment, person-hours worked, and wages were supplied by 15 respondents to the Commission's questionnaires. Six firms provided data on refined sugar operations primarily located in the Northeastern States region, including firms with refined sugar operations in other States, and one firm whose beet sugar operations are reported in other States. Estimates were made for firms whose ownership changed during the period 1975-79.

The number of production and related workers employed in producing refined sugar, by regions, 1975-79, was as follows:

Year	Northeastern States	Other States	Total
1975--------	5,059	10,508	15,567
1976--------	5,064	11,264	16,328
1977--------	5,131	10,590	15,721
1978--------	5,015	10,266	15,281
1979--------	4,967	9,713	14,680

Employment in sugar refining operations peaked in 1976 nationally, and in 1977 in Northeastern States, and declined thereafter.

The person-hours worked by production and related workers, by regions, 1975-79, were as follows:

Year	Northeastern States (million hours)	Other States (million hours)	Total (million hours)
1975--------	9.8	19.6	29.4
1976--------	9.8	21.3	31.1
1977--------	10.0	20.1	30.2
1978--------	10.0	20.0	30.0
1979--------	9.7	17.2	27.0

Productivity of workers in pounds of sugar per person-hour worked, by regions, 1975-79, was as follows:

Year	Northeastern States	Other States	Total
1975--------	721.4	414.5	516.1
1976--------	745.2	422.9	524.4
1977--------	755.2	416.4	529.1
1978--------	773.6	393.4	520.4
1979--------	780.4	481.1	589.0

Productivity in cane sugar operations tends to be substantially higher than the productivity in beet sugar processing operations. The higher productivity in the Northeastern States region is because of the preponderance of cane sugar refiners among the respondents. There is greater variability in the productivity of beet sugar operations because beet acreage, beet yields, and yields of sugar per ton of beets are variables not subject to the beet sugar processors' control.

Wages paid to production and related workers in refined sugar production operations, by regions, are shown below:

Year	Northeastern States (million dollars)	Other States (million dollars)	Total (million dollars)
1975---	66	108	175
1976---	72	126	199
1977---	82	121	203
1978---	87	121	208
1979---	90	126	215

Wages paid per person-hour worked, by regions, were as follows:

Year	Northeastern States	Other States	Total
1975----	$6.78	$5.53	$5.95
1976----	7.42	5.91	6.39
1977----	8.19	6.02	6.74
1978----	8.69	6.05	6.93
1979----	9.23	7.28	7.98

Financial Performance of Domestic Producers

Fifteen firms provided data in response to the Commission's questionnaires sufficient to measure financial performance in the domestic sugar industry. Net sales of these firms were *** million in 1976, *** million in 1977, *** million in 1978, and *** million in 1979. Two firms went out of business in 1979, and seven firms had their second consecutive year of net losses before income taxes in 1979. For these firms, net profits before income taxes were *** million in 1976 and *** million in 1977, and net losses of *** million in 1978 and *** million in 1979. This decline in profitability indicates that, as a whole, the U.S. sugar refining industry has not been doing well.

The ratio of net profits or losses before Federal or other income taxes as compared with sales for the fifteen firms on a regional basis is shown in table 15. Seven firms in the Northeastern States region showed declining profitability, with the ratio of net profits to sales dropping from 5.55 percent in 1976 to 0.34 percent in 1979. However, these firms did not show an overall loss, as was shown by the aggregate data for producers in other States. However, three of these firms had net losses in both 1978 and 1979. In general, cane sugar refiners did not show net losses as frequently as did beet sugar processors.

Table 16 shows data on capital expenditures, research and development expenditures, and cash flow (increases or decreases in working capital) for respondents to the Commission's questionnaires for accounting years ending 1976-79. The data for each of these categories vary so much from firm to firm, reflecting individual firm decisions to an extent that the aggregated data do not appear to be useful as a measure of injury on a regional or national basis.

In response to the Commission's questionnaires, six firms noted that their ability to raise capital had been impaired by declining profitability and rising interest rates. Two firms noted no change in their ability to raise capital.

Table 15.--Sugar: Ratio of net profit or (loss) before Federal and other income taxes to net sales for sugar-refining operations, by areas of major sales, accounting years 1976-79

(In percent)

Accounting year	Northeastern States 1/	Other States 2/	Total 3/
1976	5.55	10.74	8.59
1977	3.84	2.77	3.24
1978	.87	(1.49)	(0.37)
1979	.34	(1.90)	(0.71)

1/ Data for 7 firms, including 2 firms with sugar-refining operations in other States.
2/ Data for 9 firms.
3/ Data for 15 firms, including 1 firm with beet sugar operations reported in other States and cane sugar operations reported in Northeastern States.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic refined sugar producers.

Table 16.--Sugar: Capital expenditures, research and development expenditures, and cash flow (increases or (decreases) in working capital) for domestic refined sugar producers, accounting years 1976-79

Accounting year	Northeastern States	Other States	Total
Capital expenditures: 1/			
1976	***	***	118,452
1977	***	***	69,730
1978	***	***	41,344
1979	***	***	42,563
Research and development expenditures: 2/			
1976	***	***	5,328
1977	***	***	6,219
1978	***	***	6,649
1979	***	***	6,773
Cash flow: 3/			
1976	***	***	492
1977	***	***	12,074
1978	***	***	32,559
1979	***	***	(3,198)

1/ Data for 12 respondents.
2/ Data for 11 respondents.
3/ Data for 10 respondents.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic refined sugar producers.

Four of the respondents noting difficulties operated primarily in the Northeastern States region.

Return on investment for refined sugar producers, as measured by net profit before income taxes as a percentage of net assests (book value), for 14 respondents to the Commission's questionnaires, by regions were sugar-refining operations were primarily located, accounting years 1976-79, were as follows:

Accounting year	Northeastern States	Other States	Total
1976----------	19.08	29.84	26.08
1977----------	11.28	6.24	8.11
1978----------	3.03	- 3.45	- .93
1979----------	1.39	- 4.25	- 2.06

As can be seen in the tabulation, the decline in return on investment tends to follow the trend of profit and loss on sales shown in table 15.

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 high but declining prices during much of 1975, caused total U.S. sugar consumption to decline to 11.5 million tons in 1974 and then sharply to 10.2 million tons in 1975. Total sugar consumption recovered in 1977 to 11.4 million tons as prices declined sharply from their 1974 peak. Consumption again declined to 11.0 million tons in 1978. Preliminary indications are that a further decline occurred in 1979.

Primary distribution of U.S.-produced sugar (continental) in the Northeastern States region decreased from 3.4 million short tons in 1974 to an estimated 3.0 million tons in 1978 (table 17). During this period, primary distribution in other States declined from 7.2 million tons to 7.0 million tons. Hence, the decline in U.S. consumption in the Northeastern States region has been larger than that for other States.

Per capita U.S. consumption of sweeteners increased from 129.0 pounds in 1974 to an estimated 135.6 pounds in 1977 and 1978 (table 18). Estimated per capita consumption for 1979 is 137.5 pounds. During this period, however, refined sugar consumption declined, from 96.5 pounds per capita in 1974 to an estimated 91.3 pounds in 1979. The increase in per capita consumption of sweeteners resulted from increased use of corn sweeteners, especially high-fructose sirup, per capita consumption of which increased from 3.0 pounds in 1974 to an estimated 15.0 pounds in 1979.

U.S. imports of sugar from all sources dropped from 5.8 million tons in 1974 to only 3.9 million tons in 1975 (table 19). Thereafter, imports of sugar increased to 6.1 million tons in 1977, but nearly a quarter of 1977 imports were

Table 17.--Sugar: Primary distribution of U.S.-produced sugar (continental), by areas, and imports from Canada, by areas of customs district of entry, 1974-78 and January-September 1979

(In short tons)

Item	1974	1975	1976	1977	1978	January-September 1979
U.S.-produced sugar: 1/						
Northeastern States-----short tons--	3,392,250	2,832,950	2/ 2,902,000	2/ 3,017,500	2/ 3,009,566	2,206,100
Other------------------------do----	7,151,600	6,441,850	2/ 7,202,700	2/ 7,334,850	2/ 7,017,415	5,267,000
Total----------------------do----	10,543,850	9,274,800	10,104,700	10,352,350	10,026,981	7,473,100
Imports from Canada: 3/						
Northeastern States-----------do----	1	40,252	48,571	134,679	99,687	88,285
Other------------------------do----	0	64	42	351	93	81
Total----------------------do----	1	40,316	48,613	135,030	99,780	88,366
Ratio of imports to primary distribution of U.S.-produced sugar:						
Northeastern States--------percent--	4/	1.42	1.67	4.46	3.31	4.00
Other------------------------do----	-	4/	4/	4/	4/	4/
Total----------------------do----	4/	.43	.48	1.30	1.00	1.18

1/ Includes refined sugar of cane sugar refiners and beet sugar processors and direct-consumption sugar of mainland cane mills. Compiled from official statistics of the U.S. Department of Agriculture, except as noted.

2/ Estimated by the staff of the U.S. International Trade Commission.

3/ Compiled from official statistics of the U.S. Department of Commerce. Includes imports into customs districts within the designated regions, whether or not such sugar was ultimately marketed in such regions.

4/ Less than 0.005 percent.

Table 18.--Caloric and noncaloric sweeteners: Per capita U.S. consumption, 1974-79

(In pounds)

Item	1974	1975	1976	1977	1978 1/	1979 1/
All sweeteners	128.9	125.5	132.1	135.6	135.6	137.5
Caloric sweetners, total	123.0	119.3	126.0	129.0	128.7	130.5
Refined sugar	96.5	90.2	94.6	95.7	93.1	91.3
Cane	70.5	59.7	62.2	65.4	65.2	64.1
Beet	26.0	30.5	32.4	30.3	27.9	27.2
Corn sweeteners	25.3	27.8	30.0	32.0	34.1	37.7
High-fructose sirup	3.0	5.0	7.2	9.4	11.5	15.0
Glucose sirup	17.4	17.7	17.7	17.9	18.1	18.5
Dextrose	4.9	5.1	5.1	4.7	4.5	4.2
Other 2/	1.2	1.3	1.4	1.3	1.5	1.5
Noncaloric sweeteners 3/	5.9	6.2	6.1	6.6	6.9	7.0

1/ Estimated.
2/ Honey and edible sirups, dry basis.
3/ Saccharin, sugar-sweetness-equivalent basis.

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

Table 19.--Sugar: U.S. production, imports, exports, ending stocks, and consumption, 1972-78 and January-September 1979

(In short tons, raw value)

Period	Production	Imports			Exports	Ending stocks	Consumption
		From Canada	From all others	Total			
1972	6,318,411	3	5,458,809	5,458,812	50,378	2,864,783	11,699,670
1973	6,324,049	0	5,329,293	5,329,293	25,536	2,685,268	11,765,311
1974	5,963,296	1	5,769,975	5,769,976	27,640	2,879,310	11,472,252
1975	6,610,673	39,990	3,842,590	3,882,580	147,287	2,902,874	10,176,189
1976	7,129,812	49,457	4,608,582	4,658,039	67,566	3,512,563	11,100,636
1977	6,372,573	138,027	6,000,021	6,138,048	34,959	4,544,450	11,419,058
1978	5,809,798	98,144	4,584,756	4,682,900	47,525	3,862,790	11,089,385
1979:							
Jan.-Sept	3,224,182	80,643	3,567,745	3,648,388	52,060	2,408,154	8,258,933

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

imported in the last two months of 1977 to fulfill contracts for delivery in 1978 before higher duties were imposed. During 1974-78, the ratio of imports to domestic consumption varied from 38 percent in 1975 to 54 percent in 1977 (table 20). The ratio in 1978 was 42 percent and for the first nine months of 1979 the ratio was 44 percent.

The Sugar Act of 1948, as amended and extended, which expired on December 31, 1974, permitted the importation of refined sugar only in nominal quantities. As shown in table 20, imports from Canada amounted to only 1 ton in 1974, and then increased to a high of 138,000 tons in 1977, accounting for 1.2 percent of U.S. consumption of sugar. Sugar imports from Canada totaled 98,000 tons in 1978, or 0.9 percent of consumption. For the period January-September 1979, imports from Canada were 81,000 tons, or 1.0 percent of U.S. consumption.

Monthly U.S. imports of sugar from Canada for 1975-79 are shown in table 21. As can be seen, imports of sugar from Canada in the last two months of 1977 increased sharply to avoid the higher duties imposed January 1, 1978. The customs value of these imports are also shown but do not correspond to the value determinations made by the U.S. Department of Treasury.

U.S. imports from Canada predominantly enter through five customs districts for distribution in markets mostly in the Northeastern States region (table 22). Imports entering through these customs destricts accounted for more than 99 percent of the total quantity of imports from Canada in 1978. As a share of imports entering through customs districts in the Northeastern States region, imports from Canada (virtually all refined sugar) increased from a negligible amount in 1974 to 5 percent in 1978.

Imports of sugar from Canada entering through customs districts in the Northeastern States region, as a share of the primary distribution of U.S.-produced sugar in that region, increased from a negligible percentage in 1974 to 4.5 percent in 1977, and then decreased to 3.3 percent in 1978 (table 17). For January-September 1979, the ratio was 4.0 percent.

Table 20.--Sugar: Ratio of imports to consumption, 1972-78 and January-September 1979

(In percent)

Period	Canada	From all others	Total
1972	1/	46.66	46.66
1973	0	45.30	45.30
1974	1/	50.30	40.30
1975	.39	37.76	38.15
1976	.45	41.51	41.96
1977	1.21	52.64	53.75
1978	.89	41.34	42.23
Jan.-Sept. 1979	.98	43.20	44.18

1/ Less than 0.005 percent.

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

Table 21.--Sugar: U.S. imports for consumption from Canada, by months, 1975-79

Period	1975	1976	1977	1978	1979
	Quantity (1,000 pounds, refined basis)				
January	572	6,946	8,077	10,470	14,256
February	902	8,459	7,655	5,765	26,992
March	6,318	10,244	12,634	7,630	19,510
April	6,274	9,095	14,960	10,609	22,954
May	5,702	5,721	13,895	17,874	26,976
June	5,021	5,259	18,097	22,657	33,460
July	4,787	2,048	13,877	26,845	5,238
August	3,324	8,660	20,647	18,875	11,965
September	8,574	14,161	38,672	15,496	15,381
October	16,799	9,435	26,842	15,980	12,567
November	8,227	9,406	53,816	20,840	2,933
December	14,128	7,797	40,892	26,520	1/
Total	80,628	97,231	270,064	199,561	192,232
	Value (1,000 dollars)				
January	273	1,312	1,050	1,525	1,856
February	398	1,569	1,082	894	4,134
March	2,244	1,896	1,728	1,074	3,113
April	1,873	1,694	2,071	1,520	3,384
May	1,567	1,074	2,041	2,710	4,061
June	1,127	989	2,445	3,156	5,572
July	960	387	1,785	3,703	896
August	849	1,458	2,639	2,380	2,014
September	1,972	2,056	4,879	2,193	2,827
October	3,440	1,361	3,277	2,515	2,450
November	1,600	1,270	6,680	2,907	653
December	2,617	1,035	5,621	3,784	2/
Total	18,920	16,101	35,298	28,361	30,960
	Unit value (cents per pound)				
January	47.7	18.9	13.0	14.6	13.0
February	44.1	18.5	14.1	15.5	15.3
March	35.5	18.5	13.7	14.1	16.4
April	29.9	18.6	13.8	14.3	14.7
May	27.5	18.8	14.7	15.2	15.1
June	22.4	18.8	13.5	13.9	16.7
July	20.1	18.9	12.9	13.8	17.1
August	25.5	16.8	12.8	12.6	16.8
September	23.0	14.5	12.6	14.2	18.4
October	20.5	14.4	12.2	15.7	19.5
November	19.4	13.5	12.4	13.9	22.3
December	18.5	13.3	13.7	14.3	134.6
Average	23.5	16.6	13.1	14.2	16.1

1/ Less than 500 pounds.
2/ Less than $500.
Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 22.--Sugar: U.S. imports for consumption from Canada, by customs districts of entry and by quarters, January 1975-September 1979

(In thousands of pounds, refined basis)

Period	Customs district of entry						
	Portland, Maine	St. Albans, Vermont	Ogdensburg, New York	Buffalo, New York	Detroit, Michigan	Other districts	All districts
1975:							
Jan.-Mar	368	1,440	3,286	2,698	0	0	7,792
Apr.-June	2,609	643	6,063	7,075	520	84	16,994
July-Sept	213	1,006	4,274	9,205	1,944	45	16,687
Oct.-Dec	1,164	5,646	8,320	17,475	6,554	0	39,159
Total	4,354	8,735	21,943	36,453	9,018	129	80,632
1976:							
Jan.-Mar	124	6,445	5,911	10,952	2,213	0	25,645
Apr.-June	264	3,247	6,730	7,624	2,211	1	20,077
July-Sept	84	2,616	3,656	10,819	7,611	83	24,869
Oct.-Dec	0	2,702	3,603	13,958	6,372	0	26,635
Total	472	15,010	19,900	43,353	18,407	84	97,226
1977:							
Jan.-Mar	0	3,735	5,318	13,962	5,345	0	28,360
Apr.-June	48	4,977	7,305	20,797	13,822	0	46,949
July-Sept	639	8,637	14,972	24,967	23,982	2	73,199
Oct.-Dec	1,010	15,013	29,512	41,940	33,376	702	121,553
Total	1,697	32,362	57,107	101,666	76,525	704	270,061
1978:							
Jan.-Mar	187	4,432	3,578	12,700	2,875	95	23,867
Apr.-June	97	13,479	6,602	22,773	8,103	91	51,145
July-Sept	676	13,263	8,605	26,662	12,012	0	61,218
Oct.-Dec	30	10,813	12,279	31,408	8,800	0	63,330
Total	990	41,987	31,064	93,543	31,790	186	199,560
1979:							
Jan.-Mar	101	7,631	11,160	29,675	12,118	73	60,759
Apr.-June	50	13,734	6,846	43,671	19,000	89	83,390
July-Sept	31	4,767	3,355	22,355	2,077	0	32,584

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

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

Lost Sales

All but one respondent to the Commission's questionnaires who operate plants in the Northeastern States region indicated that they lost sales as a result of imports of refined sugar from Canada and provided documents to support these allegations of lost sales, In addition, some respondents operating outside the Northeastern States region claimed injury due to imports of sugar from Canada. One large cane refiner producing sugar in other States documented specific sales lost to imports of Canadian sugar at prices lower than those offered by the domestic firms for customers in scattered locations outside the Northeastern States region.

Also in response to the Commission's questionnaires, two beet sugar processors located in other States indicated that they had been injured by sales of Canadian sugar in Illinois and Indiana, and in addition, had lost sales to traditional customers as a result of sales by beet sugar processors located in the Northeastern States region, which sold sugar at lower prices because their sales within the region had been displaced by Canadian sugar imports. This tends to indicate a ripple effect, where Canadian sugar displaced domestic sugar in border regions and domestic sugar produced in border regions displaced other domestic sugar farther from the border. A beet sugar processor in the Northeastern States region indicated in response to the Commission's questionnaire that as a result of lost sales to traditional customers because of Canadian sugar, the firm had attempted to adjust by finding new customers at greater distances.

As a result of petitions for adjustment assistance by firms and workers, the Departments of Commerce and Labor have conducted customer surveys to verify claims of lost sales due to imports of refined sugar. Since Canada accounted for virtually all imports of refined sugar in 1978 and 1979, lost sales because of imports of refined sugar would have to be lost sales because of Canadian imports.

On October 12, 1978, the U.S. Department of Labor published its determination that workers of Amstar Corporation were eligible for adjustment assistance (44 F.R. 59002). The certificate of eligibility applied with regard to operations of the Boston, Brooklyn, and Philadelphia refineries and related facilities of the American Sugar Division of Amstar Corporation. The Department of Labor found that these three refineries experienced declines in sales, production, and employment in 1978 and January-June 1979. A survey of customers who decreased purchases from these sources in this period found that these customers increased purchases of imported refined sugar during the same period. These surveyed customers were located in the northeastern and north central regions of the United States. Aggregate results of the survey of 35 customers of Amstar Corporation were as follows:

Period	Domestic purchases	Foreign purchases	Total purchases
1977--------	280,135,387	48,652,632	328,788,019
1978--------	304,365,924	49,912,340	354,278,264
Jan.-June:			
1978------	163,308,887	22,240,824	185,549,711
1979------	159,651,808	24,903,578	184,555,386

On Octber 19, 1979, the Department of Labor published a similar determination for workers of National Sugar Refining Company (44 F.R. 60429). Surveyed customers of National Sugar Refining Company decreased purchases from National Sugar and increased purchases of imported refined sugar in 1978 compared with 1977 and during January-July 1979 compared to the same period in 1978.

On June 15, 1979, the Department of Labor published a similar determination for workers of Buckeye Sugars, Inc., Ottawa, Ohio, which closed down operations in 1979 (44 F.R. 34666). The Department of Commerce on April 4, 1979, issued a certificate of eligibility to Buckeye Sugars, Inc., to apply for firm adjustment assistance. A survey of the Department of Commerce found that some customers who reduced purchases from Buckeye Sugars, Inc., in 1978 from 1977, purchased imported refined sugar during the same period.

Sugar Price-Support Program

Section 771(7)(D) of the Tariff Act of 1930, as amended, provides special rules for agricultural products as follows:

> (i) The Commission shall not determine that there is no material injury or threat of material injury to United States producers of an agricutural commodity merely because the prevailing price is at or above the minimum support price.
>
> (ii) In the case of agricultural products, the Commission shall consider the increased burden on government income or price support programs.

Currently there is considerable activity in the price-support loan program for sugar. As of January 2, 1980, for the 1978 and 1979 sugar crops, 1,981,377 short tons, raw value, of sugar was under price-support loan. Of these crops previously under loan, 506,724 short tons had been forfeited, and 2,407,819 short tons had been redeemed. The value of price-support loans outstanding was $574,163,000. In January 1980, loans were redeemed on 26,174 short tons, 153,845 short tons were forfeited, and loans outstanding increased by 125,894 short tons, valued at $29,349,000. While the current minimum support price is considerably below current sugar prices, as yet price-support operations of the U.S. Department of Agriculture have not shown signs of winding down, hence, there is still a burden on government income and price support programs for sugar.

On January 2, 1980, beet sugar processors in the Northeastern States region had loans outstanding on the 1978 crop for 3,621 short tons valued at $1,197,000, and on the 1979 crop for 96,889 short tons valued at $28,571,000. The minimum support price (price-support loan rate) for 1978 crop refined beet sugar in Michigan and Ohio was 17.68 cents per pound. Most 1978 crop sugar in these States is marketed from October 1978 until the new crop in the following year. The minimum support price for the 1979 crop was lowered to 15.87 cents per pound. For a significant portion of the period of the Treasury investigation weighted average prices for the Canadian firms were below the minimum support price in the Michigan and Ohio beet processing region.

Prices

Following an extraordinary leap in refined sugar prices in 1974 from about 15 cents per pound in January to over 60 cents per pound in November (in terms of wholesale list prices), the price fell as quickly as it rose, reaching 20 cents per pound by the end of 1975 (table 23). Thereafter, prices generally fell, reaching their nadir at just under 16 cents per pound in September 1976. Since then wholesale prices have been rising erratically, reaching about 23.5 cents per pound in November 1979.

These movements in the prices of refined sugar are attributable to changes in the prices of the primary production input for refined cane sugar, raw sugar. Given that raw sugar prices constitute more than 70 percent of the cost of refined sugar this dominance is hardly surprising. The following figure shows that movements in raw and refined sugar prices are almost identical. The correlation coefficient (a statistical measure of the degree of comovement in the two prices) equals 0.97. This responsiveness of refined sugar prices to changes in costs, particularly reductions in costs, suggests that the sugar industry is fairly price competitive. In addition, the spread for refining (the difference between the wholesale price of refined sugar and the cost of raw sugar after refining loss) varied irregularly between about 4.5 and 7.0 cents per pound over the period 1976-79 (table 23). The general trend appears to be toward an increasing spread, probably corresponding to increasing refining cost (from higher wages, rent, etc.). However, the margin tends to be an absolute margin, rather than a percentage margin of the cost of raw sugar, hence the determinants of raw sugar prices would tend to have a large influence on refined sugar prices.

As can be seen in table 23, the difference between world raw sugar prices and U.S. raw sugar prices is primarily influenced by cost of insurance and

Table 23.--Refined sugar: Component parts of U.S. wholesale price, by months and annual average, 1975-79

(In cents per pound)

Period	World price, f.o.b., Caribbean 1/	Premium or discount 2/	Foreign suppliers' price 3/	Cost of freight and insurance 4/	Duty 5/	Section 22 import fee 6/	U.S. price, duty paid, New York 7/	Cost to refiner after refining loss 8/	Spread for refining 9/	Wholesale price, Northeast 10/
1975:										
Jan--	38.33	-1.47	36.86	0.85	0.6250	-	38.33	41.40	11.55	52.95
Feb--	33.69	.88	34.57	.87	.6250	-	36.07	38.96	10.01	48.96
Mar--	26.50	.53	27.03	.87	.6250	-	28.53	30.81	9.69	40.50
Apr--	24.15	.42	24.58	.87	.6250	-	26.07	28.16	8.85	37.01
May--	17.38	.46	17.84	.80	.6250	-	19.27	20.81	11.42	32.23
Jun--	13.83	.72	14.54	.79	.6250	-	15.96	17.24	8.33	25.57
Jul--	17.07	1.41	18.47	.79	.6250	-	19.89	21.48	5.41	26.89
Aug--	18.73	1.02	19.74	.74	.6250	-	21.11	22.80	4.25	27.05
Sep--	15.45	.55	16.00	.77	.6250	-	17.39	18.79	4.51	23.30
Oct--	14.09	- .04	14.05	.78	.6250	-	15.45	16.69	4.47	21.15
Nov--	13.40	.01	13.41	.78	.6250	-	14.82	16.00	4.84	20.84
Dec--	13.29	- .06	13.23	.78	.6250	-	14.64	15.81	4.72	20.53
Ave----	20.50	.36	20.87	.81	.6250	-	22.29	24.08	7.35	31.43
1976:										
Jan--	14.04	0	14.04	.76	.6250	-	15.42	16.66	4.65	21.31
Feb--	13.52	.14	13.66	.76	.6250	-	15.04	16.25	4.62	20.86
Mar--	14.92	- .10	14.82	.82	.6250	-	16.27	17.57	4.63	22.20
Apr--	14.06	.07	14.13	.82	.6250	-	15.58	16.82	4.59	21.41
May--	14.58	- .06	14.52	.82	.6250	-	15.97	17.24	4.63	21.87
Jun--	12.99	- .01	12.97	.80	.6250	-	14.40	15.55	4.67	20.22
Jul--	13.21	- .05	13.17	.80	.6250	-	14.59	15.76	4.70	20.46
Aug--	9.99	- .10	9.90	.79	.6250	-	11.31	12.22	4.82	17.04
Sep--	8.16	- .24	7.91	.79	1.1012	-	9.80	10.58	5.27	15.85
Oct--	8.03	- .10	7.93	.84	1.8750	-	10.65	11.50	5.40	16.90
Nov--	7.91	- .12	7.79	.80	1.8750	-	10.46	11.29	4.99	16.28
Dec--	7.54	.01	7.55	.80	1.8750	-	10.22	11.04	4.93	15.97
Ave----	11.60	- .05	11.55	.80	.9677	-	13.32	14.39	4.82	19.21
1977:										
Jan--	8.37	- .08	8.29	.79	1.8750	-	10.95	11.83	4.87	16.70
Feb--	8.56	- .17	8.39	.79	1.8750	-	11.06	11.94	5.00	16.94
Mar--	8.91	.04	8.96	.83	1.8750	-	11.66	12.60	4.85	17.45
Apr--	10.10	- .18	9.92	.78	1.8750	-	12.57	13.57	4.95	18.52
May--	8.94	- .24	8.70	.76	1.8750	-	11.34	12.25	5.27	17.52
Jun--	7.82	- .19	7.64	.76	1.8750	-	10.28	11.10	5.30	16.40
Jul--	7.38	.18	7.55	.73	1.8750	-	10.15	10.97	5.16	16.13
Aug--	7.61	.99	8.60	.73	1.8750	-	11.21	12.10	5.28	17.38
Sep--	7.30	.51	7.81	.73	1.8750	-	10.41	11.25	5.32	16.57
Oct--	7.08	.51	7.59	.78	1.8750	-	10.24	11.06	5.29	16.35
Nov--	7.07	.15	7.22	.86	2.4716	1.58	12.13	13.10	5.40	18.50
Dec--	8.09	0	8.09	.86	2.8125	1.74	13.50	14.58	4.30	18.88
Ave----	8.10	.13	8.23	.78	2.0020	.28	11.30	12.20	5.09	17.29

Note.--See footnotes at end of table.

Table 23.--Refined sugar: Component parts of U.S. wholesale price, by months and annual average, 1975-79--Continued

(In cents per pound)

Period	World price, f.o.b., Caribbean 1/	Premium or discount 2/	Foreign suppliers' price 3/	Cost of freight and insurance 4/	Duty 5/	Section 22 import fee 6/	U.S. price, duty paid, New York 7/	Cost to refiner after refining loss 8/	Spread for refining 9/	Wholesale price, Northeast 10/
1978:										
Jan	8.77	0	8.77	0.77	2.8125	1.80	14.15	15.28	4.57	19.85
Feb	8.48	0	8.48	.81	2.8125	2.70	14.81	15.99	4.55	20.54
Mar	7.74	0	7.74	.81	2.8125	2.70	14.07	15.19	4.84	20.03
Apr	7.59	0	7.59	.81	2.8125	2.70	13.91	15.02	5.16	20.18
May	7.33	0	7.33	.79	2.8125	2.70	13.63	14.72	5.59	20.31
Jun	7.23	0	7.23	.81	2.8125	2.70	13.56	14.64	5.49	20.13
Jul	6.43	0	6.43	.79	2.8125	2.70	12.74	13.76	6.14	19.90
Aug	7.08	0	7.08	.78	2.8125	2.70	13.38	14.45	6.25	20.70
Sep	8.17	0	8.17	.79	2.8125	2.70	14.48	15.64	6.19	21.83
Oct	8.96	0	8.96	.86	2.8125	2.70	15.33	16.55	6.10	22.65
Nov	8.01	0	8.01	.88	2.8125	2.70	14.40	15.56	6.49	22.05
Dec	8.00	0	8.00	.88	2.8125	2.70	14.39	15.54	6.73	22.27
Ave	7.81	0	7.81	.82	2.8125	2.62	14.07	15.19	5.68	20.87
1979:										
Jan	7.57	0	7.57	.84	2.8125	3.35	14.58	15.74	6.53	22.27
Feb	8.23	0	8.23	.83	2.8125	3.35	15.22	16.44	6.00	22.44
Mar	8.46	0	8.46	.98	2.8125	3.35	15.60	16.85	5.69	22.54
Apr	7.82	0	7.82	1.02	2.8125	2.76	14.42	15.57	6.78	22.35
May	7.85	0	7.85	1.16	2.8125	2.76	14.58	15.75	6.78	22.53
Jun	8.14	0	8.14	1.16	2.8125	2.76	14.87	16.06	6.65	22.71
Jul	8.52	0	8.52	1.13	2.8125	3.36	15.82	17.09	5.87	22.96
Aug	8.84	- .21	8.63	1.05	2.8125	3.36	15.85	17.11	6.68	23.79
Sep	9.80	- .30	9.50	1.05	2.8125	2.36	15.72	16.98	6.52	23.50
Oct	11.93	-1.05	10.88	1.06	2.8125	1.17	15.93	17.20	6.14	23.34
Nov	13.69	-1.33	12.37	1.11	2.8125	0	16.29	17.59	5.89	23.48
Dec	14.86	- .51	14.36	1.13	2.8125	0	18.30	19.76	6.71	26.47
Ave	9.59	- .29	9.31	1.04	2.8125	2.41	15.58	16.82	6.38	23.20

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

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

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

4/ Data supplied by Lamborn, Inc.

5/ Duty for 96-degree raw sugar increased Sept. 21, 1976, and Nov. 11, 1977.

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

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

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

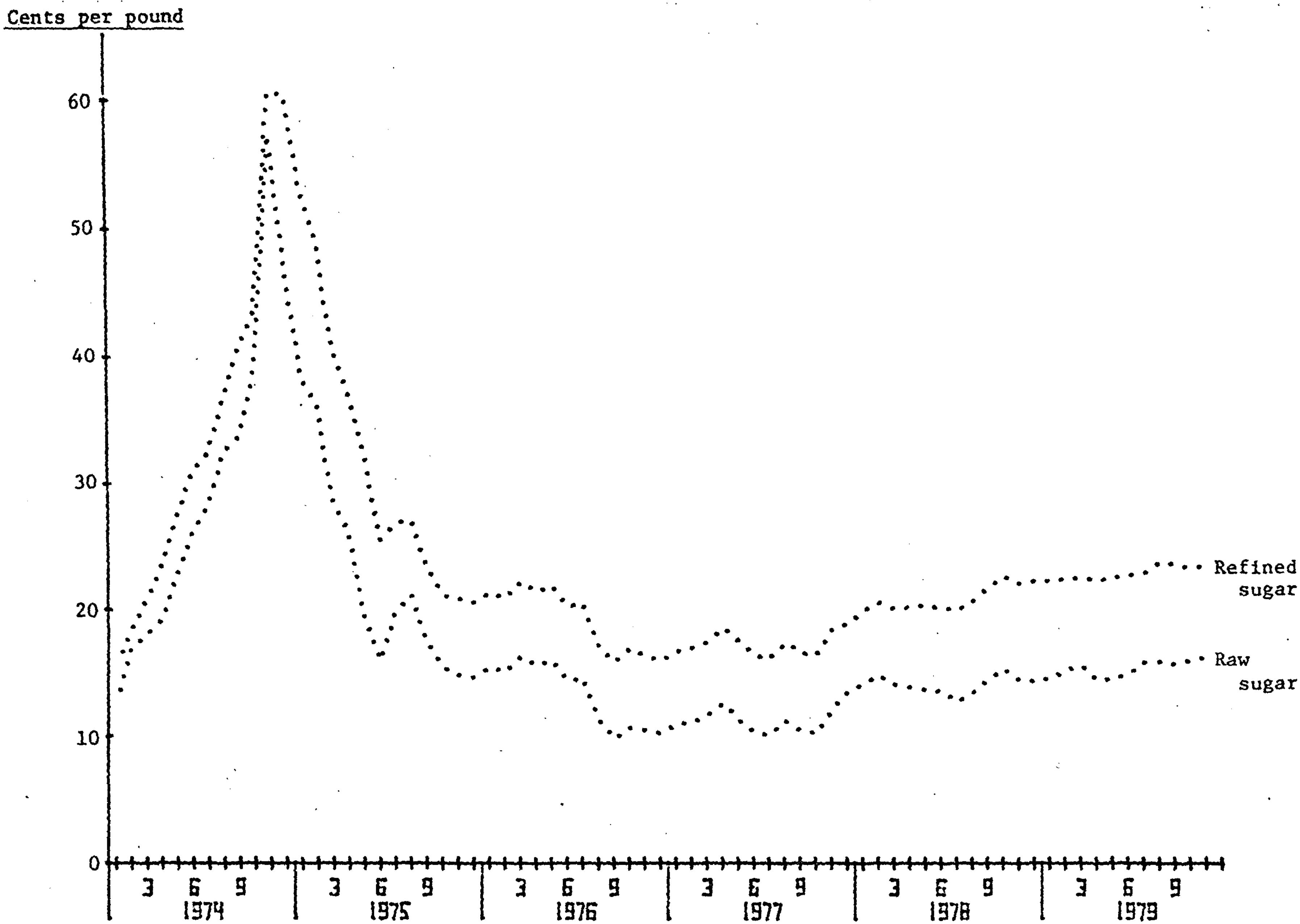
9/ Spread for refining includes refining costs and profits, if any, for cane sugar refiners. Includes excise tax of 0.53 cent per pound from Jan. 1, 1975, to June 30, 1975.

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

Source: Compiled from official statistics of the U.S. Department of Agriculture, except as noted.

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

Comparison of U.S. refined sugar and raw sugar prices, by months, 1974-79.



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

freight, and duties, including the tariff and section 22 import fees. The difference betweeu world and U.S. prices was substantial from November 1977, when a higher tariff and section 22 import fees were imposed, until October 1979, when the section 22 import fees were ultimately reduced to zero.

Table 24 shows selected wholesale prices for alternative sweeteners. The price of high-fructose sirup has ranged from 84 percent to 45 percent of the wholesale price of refined sugar. The percentage, which was high in 1976, reached its nadir in March 1979, and since has risen to 65 percent in October 1979. Apparently, increased sales of high-fructose sirup already reported required the corn sweetener industry to maintain an increasing price margin against sugar prices in recent years until the rising sugar prices in 1979 finally allowed corn sweetener sellers to make continued sales at increasing prices.

The weighted average of spot prices, f.o.b., plant, for Canadian sugar intended for sale in the United States (purchase price as determined by the U.S. Department of the Treasury plus duties, less allowance for drawback taken upon exportation) for two Canadian sugar refiners is compared with the f.o.b. plant, price for spot sales of domestically refined sugar, net of discounts, in table 25. Five firms in the Northeastern States region provided responses on such prices for the period October 1, 1978, to March 31, 1979, the period in which Treasury found sales at less than fair value. Also presented are the lowest spot prices of the domestic firms.

Table 24.--Selected wholesale prices for refined sugar, high-fructose corn sirup, corn sirup, and dextrose, by months, 1974-79

Period	Refined sugar 1/ (1)	High-fructose corn sirup 2/ (2)	Ratio of (2) to (1) (3)	Corn sirup 3/ (4)	Ratio of (4) to (1) (5)	Dextrose 4/ (6)	Ratio of (6) to (1) (7)
	Cents per pound	Cents per pound	Percent	Cents per pound	Percent	Cents per pound	Percent
1976:							
Jan---	21.31	15.14	71.0	16.33	76.6	16.71	78.4
Feb---	20.86	15.14	72.6	15.18	72.8	16.90	81.0
Mar---	22.20	15.14	68.2	15.18	68.4	16.90	76.1
Apr---	21.41	15.14	70.7	15.18	70.9	16.90	78.9
May---	21.87	15.14	69.2	15.18	69.4	16.90	77.3
Jun---	20.22	14.85	73.4	14.74	72.9	16.90	83.6
Jul---	20.46	14.79	72.3	14.73	72.0	16.90	82.6
Aug---	17.04	14.34	84.2	14.50	85.1	16.70	98.0
Sep---	15.85	11.89	75.0	12.56	79.2	15.27	96.3
Oct---	16.90	11.75	69.5	12.00	71.0	15.27	90.4
Nov---	16.28	11.30	69.4	12.00	73.7	15.27	93.8
Dec---	15.97	11.48	71.9	11.61	72.7	15.27	95.6
1977:							
Jan---	16.70	11.69	70.0	11.49	68.8	15.27	91.4
Feb---	16.94	12.32	72.7	11.49	67.8	15.27	90.1
Mar---	17.45	12.32	70.6	11.59	66.4	15.27	87.5
Apr---	18.52	12.32	66.5	11.59	62.6	15.25	82.3
May---	17.52	12.32	70.3	11.59	66.2	15.00	85.6
Jun---	16.40	12.32	75.1	11.59	70.7	15.00	91.5
Jul---	16.13	12.24	75.9	11.54	71.5	14.83	91.9
Aug---	17.38	11.55	66.5	11.07	63.7	13.26	76.3
Sep---	16.57	11.55	69.7	11.07	66.8	13.26	80.0
Oct---	16.35	11.68	71.4	10.73	65.6	13.37	81.8
Nov---	18.50	12.30	66.5	9.49	51.3	13.80	74.6
Dec---	18.88	12.32	65.3	9.49	50.3	13.80	73.1
1978:							
Jan---	19.85	12.32	62.1	9.59	48.3	15.10	76.1
Feb---	20.54	12.32	60.0	9.61	46.8	15.33	74.6
Mar---	20.03	11.28	56.3	9.61	48.0	15.33	76.5
Apr---	20.18	11.24	55.7	10.17	50.4	15.78	78.2
May---	20.31	11.27	55.5	10.36	51.0	15.87	73.1
Jun---	20.13	11.27	56.0	10.36	51.5	15.87	78.8
Jul---	19.90	11.94	60.0	11.28	56.7	16.75	84.2
Aug---	20.70	11.97	57.8	11.90	57.5	17.34	83.8
Sep---	21.83	11.97	54.8	11.90	54.5	17.31	79.3
Oct---	22.65	11.97	52.8	11.74	51.8	16.96	74.9
Nov---	22.05	11.97	54.3	11.90	54.0	16.96	76.9
Dec---	22.27	11.97	53.7	11.91	53.5	16.96	76.2
1979:							
Jan---	22.27	11.97	53.7	11.91	53.5	17.32	77.8
Feb---	22.44	10.76	48.0	11.91	53.1	17.32	77.2
Mar---	22.54	10.06	44.6	11.91	52.8	17.32	76.8
Apr---	22.35	10.06	45.0	11.91	53.3	17.32	77.5
May---	22.53	11.46	50.9	11.91	52.9	16.91	75.1
Jun---	22.71	11.79	51.9	11.91	52.4	16.90	74.4
Jul---	22.96	13.10	57.1	11.91	51.9	16.90	73.6
Aug---	23.79	14.86	62.5	11.91	50.1	16.90	71.0
Sep---	23.46	15.21	64.8	11.46	48.8	17.39	74.1
Oct---	23.34	15.21	65.2	11.46	49.1	17.39	74.5
Nov---	23.48	15.21	64.8	11.46	48.8	17.39	74.1
Dec---	26.47	15.21	57.5	11.46	43.3	17.39	65.7

1/ Average Northeast list price for granulated sugar in 100-lb paper bags.
2/ Average Decatur, Ill. list price for tank cars, 42 percent fructose, dry basis.
3/ Average New York list price for tank cars, 38-49 dextrose equivalent, dry basis.
4/ Average New York list price for carload lot (600 bags).

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

Table 25.--Fine sugar in 100-pound bags: Comparison of spot prices, f.o.b. plant, for Canadian sales to the United States and U.S. firms in the Northeastern States region, by weighted averages and lowest price, by months, October 1978-March 1979

(In cents per pound)

Firm	1978			1979		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Weighted average prices:						
Canadian firms: 1/						
Redpath Sugars, Ltd	***	***	***	***	***	***
Atlantic Sugar, Ltd	***	***	***	***	***	***
Northeastern States firms:						
Amstar Corp	***	***	***	***	***	***
Revere Sugar Corp	***	***	***	***	***	***
National Sugar Refining Co	***	***	***	***	***	***
Refined Syrups & Sugars	***	***	***	***	***	***
Michigan Sugar Co	***	***	***	***	***	***
Monitor Sugar Co	***	***	***	***	***	***
Lowest price:						
Canadian firms: 1/						
Redpath Sugars, Ltd	***	***	***	***	***	***
Atlantic Sugar, Ltd	***	***	***	***	***	***
Northeastern States firms:						
Amstar Corp	***	***	***	***	***	***
Revere Sugar Corp	***	***	***	***	***	***
Michigan Sugar Co	***	***	***	***	***	***
Monitor Sugar Co	***	***	***	***	***	***

1/ Prices for Canadian firms are compiled from purchase prices as determined by the U.S. Department of the Treasury, plus U.S. duties, less allowance for drawback.

Source: Compiled from data submitted in response to questionnaires fo the U.S. International Trade Commission by domestic refined sugar producers, except as noted.

Generally the Canadian prices were below the prices of domestic firms by a substantial margin of underselling, but less than the margin of dumping found by the Department of Treasury. * * *

In most months of the period of the Treasury investigation, the lowest prices of Canadian firms were lower than the lowest prices reported for domestic refined sugar producers. On occasion, domestic firms apparently had to offer substantial discounts to meet competition. This plus the substantial margin of underselling in the weighted average prices tends to support arguments of price depression because of sales of Canadian sugar at less than fair value.

APPENDIX

U.S. DEPARTMENT OF TREASURY'S LETTER TO THE COMMISSION CONCERNING SALES OF SUGARS AND SIRUPS FROM CANADA AT LESS THAN FAIR VALUE

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

NOV 1 1979

Dear Mr. Chairman:

In accordance with section 201(a) of the Antidumping Act, 1921, as amended, you are hereby advised that sugars and syrups from Canada are being, or are likely to be, sold at less than fair value within the meaning of the Act.

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of sugars and syrups subject to this determination. This file is for the Commission's use in connection with its investigation as to whether an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by the reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Customs Service.

Sincerely,

Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman
United States International
Trade Commission
Washington, D.C. 20436

Enclosure