Some Sugar Refineries Close From Oversupply

By BILL CRIDER
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NEW ORLEANS, La. (AP) — Sugar warehouses across the nation are full and sales have been so slow some refineries have been forced to shut down.

It is a sharp comedown for sugar, which rose 400 per cent in price last year to join oil as a symbol of shortage and inflation.

Raw sugar has fallen $24 since it topped out at $64.50 per 100 pounds last Nov. 20.

The world’s largest refinery, the C&H plant in San Francisco, called a five-day layoff. The second largest, Amstair’s refinery here, has just reopened after a week’s shutdown.

“Other refineries indicated they, too, were shutting down,” said Saul Kolodny, a spokesman for Amstair Corp. in New York City. “I would characterize it as a temporary oversupply in the market.

This is the industry’s slack season and part of the slump is normal, he added. But there was nothing routine about the accompanying sag in prices.

Amstair’s wholesale list price for a five-pound sack of sugar has taken five steps down from a peak of $3.74 last Nov. 25. The latest, effective Friday, is $2.48.

Kolodny said supermarket prices often reflect the higher wholesale price of sugar that was in the supply pipeline and hasn’t been depleted.

During the week ending Nov. 23, a time when sugar was reported in short supply and people were stocking up, the nation’s refineries shipped 271,877 tons a week, compared with 173,067 tons for the same week a year earlier.

On Nov. 20, the market price broke downward.

With cheaper sugar looming, supermarket orders slacked off. For the week ending Jan. 18, shipments were down to 108,816 tons.

“When the price of sugar was going up, people figured they better buy today because tomorrow the price will be higher,” said Nick Kominus at the U.S. Cane Sugar Refiners Association in Washington.

“Now you’ve got the reverse situation. Instead of buying, people are eating up their inventory. At some point the market will correct itself, but when that will be, who knows.”

Meanwhile, the Hawaii Sugar Planters Association said soaring sugar prices resulted in a tripling of the 1974 gross revenues for Hawaii’s cane sugar industry — $740 million in total revenues last year compared with $222 million in 1973. The rise came despite an 8 per cent drop in total sugar production in the islands.

Sugar talks here will begin ‘soon’

A spokesman for Great Western Sugar Co. said Monday afternoon that negotiations with Ohio sugarbeet growers will begin “soon.”

Larry McGeel, director of communications of GWS, made the announcement, saying the breakdown of negotiations between the company and growers in the west would not affect local bargaining.

Western growers broke off negotiations after the company refused to make further contract talks conditional on advance commitment to additional 1974 crop payments.

Sugar warehouses full; some refineries close

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