CORN SYRUP SET TO POUNCE

Sugar Facing Sour Outlook

WASHINGTON — The Carter administration, considering steps to protect the ailing domestic sugar industry, is caught in a dilemma: How to cure the patient without killing him.

Sitting by like an undertaker is a competitor, the corn refining industry, which has been making inroads into the sweetener market with a new product, four times sweeter than sugar, called high-fructose corn syrup. That product, the result of a technological breakthrough using enzymes, is changing the eating habits of consumers.

AND THE PUBLIC — either as consumers or as taxpayers — will have to pay for any measures taken to protect the sugar industry.

Americans consumed 95 pounds of sugar per capita last year, but only about 30 per cent of that was in the form of grocery-shelf sugar. The rest was in products such as soft drinks, canned goods and bakery products.

It is in those uses that common sugar — sucrose — is threatened by the high-fructose product, which potentially could replace sugar in as much as half the total sweetener market, according to some industry estimates.

High-fructose syrup began to be substituted for sugar when the price of the old-fashioned item went out of sight in autumn of 1974, only to fall steadily in the last two years.

AT ABOUT the same time, the end of 1974, domestic sugar producers lost the protective warmth of the Sugar Act, which had sheltered the industry for 40 years. It didn't seem like such a loss when the price of raw sugar was peaking at 65 cents a pound, but now it is back down to around 11 cents — below the costs of production — and is expected to stay there for a while.

And the producers are crying for help.

Agriculture Secretary Bob Bergland is pressing within the administration for new quotas and price supports for sugar. But in addition to resistance over the consumer impact of higher prices, Bergland is facing the prospect that artificially high prices for sugar would give the corn syrup refiners a windfall at the expense of the sugar industry.

"THE ONES WHO will win the most out of all this are the corn sweetener people," observed a government agricultural economist. "They win if there is action. They win if there is none. And the short-term winners (the sugar producers) are likely to be the long-term losers."

Bergland's goal, the secretary says, is to set sugar quotas and establish a loan-purchase system for sugar beet and cane producers so they would be compensated at a rate of 13½ cents per pound of raw sugar, about 2½ cents above the current market price.

The problem, from the producers' point of view, is that 13½ cents a pound still would not cover all their costs. An Agriculture Department task force report, prepared for Bergland, estimated that best growers need a raw-sugar equivalent of 15 cents a pound to break even, and that cane growers need 12 to 14 cents a pound.

BERGLAND HAS AGREED to delay action until receiving the final report of the International Trade Commission's (ITC) six-month investigation, expected late this week.

The ITC, an independent federal commission, on Thursday determined that the U.S. sugar industry was "threatened" by increased imports, and scheduled a debate March 10 on what remedies to recommend to the President, who must make the final decision on protective measures.