Sugar must cost more, U-I president says

By Arnold Irvine
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For Utahns, the choice has to be sugar at 52 to 59 cents a pound or no sugar, the president of Utah-Idaho Sugar Co. said Thursday.

Rowland M. Cannon, head of the Salt Lake-based beet sugar manufacturing firm, briefed newsmen Thursday afternoon on the sugar price situation as a prelude to hearings that will begin Monday in Washington, D.C., on the matter.

Cannon said his company has tried to hold its prices down, noting that the U-I price of $52.60 per hundred pounds is well below prices in other parts of the nation which range from $59.90 to as high as $74.40 a hundred.

He explained, however, that if prices here are not kept somewhat on a parity with prices elsewhere, the local sugar will be siphoned off the market here and sold where the price is higher. He noted this already is happening to some extent.

An East Coast agent offered Thursday to buy U-I's entire inventory at the current Utah price, Cannon said. The agent planned to sell the sugar on the East coast or on the foreign market.

The company found that another local customer was buying large quantities of sugar and shipping it to Canada, where a higher price is paid: Cannon said. He also cited the situation in England where the price of sugar is controlled at a low rate but "there's no sugar on the shelves." Sugar there is being black marketed at high prices.

"There has been no question about the need for substantially higher prices for sugar than those in effect in recent years, but we believe sugar prices now have advanced to a level that is too high for the welfare of our company and the sugar industry in the United States," Cannon said.

He pointed to the fact that sugar production for the company and in the U.S. generally has been declining in recent years and that company earnings have been falling.

The increased earnings in fiscal 1974, to nearly $4 million are slightly less than the company's earnings of 1967, Cannon said. That year's earnings were the highest of recent years. He noted that when one sugar company reported an earnings increase of 1,200 percent, the starting point for the increase was practically nothing so the increase was really not all that great.

Nevertheless, Cannon said the high prices are not good for the company because "they're putting an umbrella over substitute sweeteners." Consumers are turning to corn syrup increasingly or are getting used to a smaller sugar intake. This trend will hurt the industry in the future.

Asked if the prediction of a substantial decrease in the price of sugar is coming next year, Cannon said "It's hard to predict what will happen in the world market."

Paul Holmgren, Bear River City, president of the Utah Sugar Beet Growers Association and of the National Beet Growers Federation, said the prospects are good for increased sugar beet acreage next year although there may be problems in obtaining equipment needed to handle the beet crops.

He said farmers over the past years have turned increasingly from beets to crops bringing higher returns such as potatoes and grain.

About 68 percent of the sugar price increase goes to the growers, Cannon said.