Sugar Prices May Never Return to the 'Good Buy of the Past'

By DICK BARNES
Associated Press Writer
WINDSOR, Colo. (AP) — Sugar growers and processors are reaping record prices and profits. But in a time of spiraling costs for everything, sugar users like soft drink and candy manufacturers are finding it difficult to cut the demand gap.

Relief, if it comes at all, looks months or more away. For the short term, expect higher prices.

Increasing worldwide demand for sugar has led to massive sugar purchases by Arab countries and a concentration of disastrous weather that harmed sugar cane and sugar beet crops in virtually every sugar-producing country.

As a result of this, the price of sugar has soared. The world market price for sugar has almost doubled this year, according to the U.S. Department of Agriculture.

The price of sugar this year has more than tripled in grocery stores and for such big sugar users as soft drink and candy manufacturers.

Producers and processors of sugar grown in the United States, in turn, get about the same market price for their output as the foreign growers.

The sources of sugar — beets and cane — differ in a number of ways. But similar cost pressures affect the growers of each, reducing what might have been a bonanza year for them into simply a good one.

Domestic beets yield about 300 pounds of the sugar consumed in the United States. They're grown in more than half the states, mostly in the upper Midwest, the Rocky Mountain states and the Far West.

Sugar beet producers have the advantage of growing their own sugar and selling it to the market. In this case, sugar is produced in the state of Colorado.

Manuel Pineda and Jack Boegel are typical beet growers in northern Colorado, a state where sugar beets are grown in large quantities. Although their beet crops are already harvested and delivered for processing, they sell their sugar to refineries and processors.

Their contract with Great Western Sugar Co., the nation's largest sugar beet processor, provides that the grower will be paid a percentage of the price for the sugar made from the beet crop.

Processing of the 1974 crop began in October and will continue for about four months. But the sugar produced will be sold until next September, when another harvest begins.

As a result of rising prices, the payment system works in the farmers' favor. Had they been paid in the autumn of 1973 for the value of their crop when it was delivered, they would have received far less than they eventually got as a result of the rising 1974 sugar price.

Thus, while sugar at the time of the 1973 harvest was selling in grocery stores for about 15 cents per pound, the beet farmers wound up getting about 15 cents per pound of sugar produced from their beets as the price escalated.

Initial payments right after the harvest are made on a basis of projected sugar prices. Subsequent payments are made during the year as the actual prices are determined.

Thus, sugar growers are in a much better financial position than their counterparts in other countries. They are able to sell their sugar at a higher price and are not subject to the same risks as those in countries where the sugar market is unstable.

The sugar beet is a hardy crop, and its production is not affected by weather conditions as much as other crops. This makes it a good choice for farmers who are looking for a stable income source.

Despite high sugar prices, the sugar industry continues to be a major contributor to the economy of the United States. It provides jobs for millions of people and is an important source of tax revenue for the government.

Sugar is also an important component of many food products, and its high price has led to an increase in the cost of many food items. However, the sugar industry continues to be a major source of revenue for the country, and it is expected to continue to grow in the future.