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Economic Research Service

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INTRODUCTION

This is my third occasion to present the U.S. sweeteners outlook to this Conference. In these three years we have seen world sugar prices surge to 44 cents, then sink to 6 cents. Domestically, over the last twelve months, there have been three major developments: Passage of a sugar title in the Agriculture and Food Act of 1981, providing sugar producers a measure of shelter via a price support program through 1985/86; implementation of an import quota system in the face of a world sugar glut of unprecedented proportions; and the onset of overcapacity in the corn wet milling industry, which could but may not be a protracted condition. With that as framework, we turn to the situation and prospects for sweeteners prices, supply, and demand.

Later, we shall take a few minutes to outline prospects in coffee, tea, and cocoa. U.S. imports of these three products this year could reach \$3.8 billion.

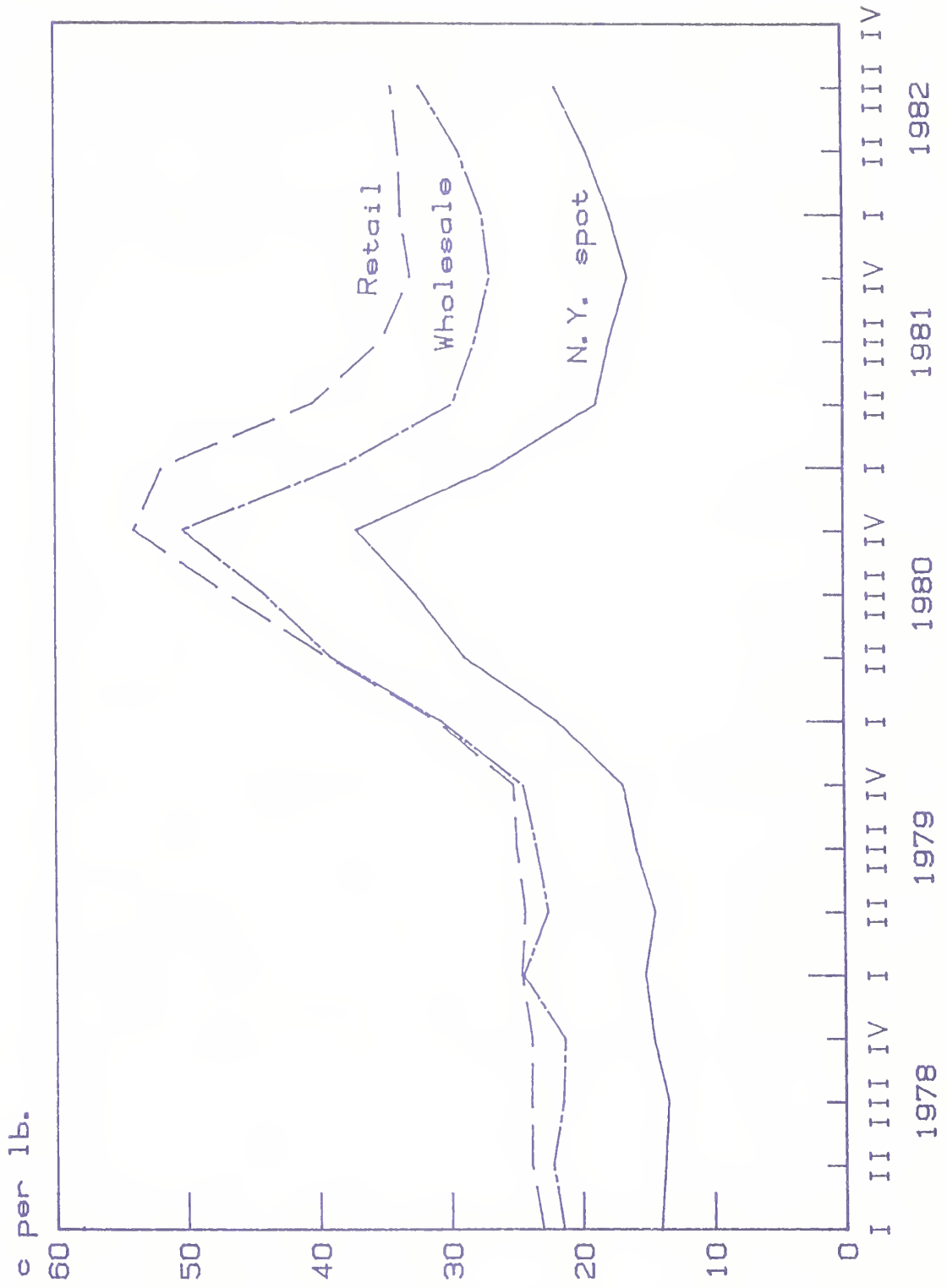
THE SWEETENER SITUATION

Sugar

Prices: The domestic price of raw sugar (cif, duty/fee-paid, New York) has been geared to the market stabilization price (MSP) ever since the sugar title of the Agriculture and Food Act was implemented in December 1981. However, prices never reached the initial MSP of 19.08 in all the time that MSP prevailed (to May 5). Large quantities of imported sugar entered the United States because of rapidly declining world prices. In early March, domestic prices fell to 16.7 cents a pound, the lowest in 1982. Prices reached this year's peak of 22.9 cents in late July after the MSP had been raised to 19.88 (May 6) and a quarterly quota system established (May 11). In November, domestic prices are just about at the 1982/83 MSP of 20.73 cents a pound. Last year in November, prices averaged 16.3 cents, and in November 1980, 39.3 cents.

The sugar program has effectively insulated domestic prices from prices abroad. The world price (Caribbean) and the New York raw price differential averaged 15 cents in the third quarter compared with 3.1 cents in the third quarter of 1981.

U. S. Sugar Prices



USDA
Neg. ERS 768-82 (11)

Price spreads for sugar

Calendar year and quarter	World : No. 11	Difference : between :		New York spot : No. 12	Difference : between :		Northeast : wholesale list	Difference : between :	
		No. 11	No. 12		No. 11 and No. 12	No. 12 and Northeast		wholesale and retail	wholesale and retail
<u>Cents per pound</u>									
1980									
I	20.13	1.71		21.84	8.86		30.7	1.7	32.4
II	28.18	.71		28.89	10.11		39.0	3.2	42.2
III	31.74	.90		32.64	11.36		44.0	7.8	51.8
IV	36.01	1.08		37.09	13.21		50.3	9.0	59.3
1981									
I	24.69	1.81		26.50	11.80		38.3	17.7	56.0
II	16.44	2.32		18.76	10.94		29.7	15.7	45.4
III	14.25	3.08		17.33	10.67		28.0	12.4	40.4
IV	12.35	3.99		16.34	10.46		26.8	12.0	38.8
1982									
I	12.43	5.26		17.69	10.31		28.0	10.9	38.9
II	8.17	11.33		19.50	9.50		29.0	8.7	37.7
III	6.84	14.99		21.83	10.27		32.1	7.8	39.9
IV									

Wholesale list prices for refined sugar have closely followed changes in raw sugar. The price differential between the New York spot and Northeast wholesale price has been about 10 to 11 cents in the past two years. Nearly all the change in wholesale prices can be explained by changes in the NY spot price. Wholesale prices for bulk refined cane sugar in the Northeast were 31 cents a pound in October, about 6 cents higher than last year.

Retail prices have increased slowly this year, from 32.7 cents a pound in January to 35.6 cents in September. The September price is one cent up from last year. In the Northeast, the price spread between retail and wholesale has narrowed to about 8 cents in third quarter 1982, down from 12 to 13 cents in third quarter 1981.

Retail prices of sweetener-containing products are up only slightly in 1982, largely reflecting poor market demand. The Bureau of Labor Statistics Consumer Price Index shows an average price increase of 1.6 percent for 14 sweetener-containing foods and beverages between January and September. ^{1/} Prices rose about 4.3 percent for canned and dried fruits but decreased for ice cream and related products. For seven cereal and bakery items, prices rose 1.9 percent. By comparison, the U.S. average retail price of sugar rose 7.6 percent. In 1981, prices for the 14 items increased 4.5 percent while retail sugar prices dropped 27 percent.

Percent change, January to September in price of sugar and sugar-containing products, 1978-82

	Average of 7 cereal and bakery items	Average of 7 other items	Average of the 14 items	Retail sugar price
	<u>Percent</u>			
1978	6.56	6.59	6.58	5.54
79	7.75	5.58	6.66	2.39
80	7.28	8.75	8.02	63.82
81	4.61	4.36	4.48	-26.84
82	1.93	1.30	1.62	7.65

Production: U.S. production of beet and cane sugar in crop year 1982/83 is estimated at 5.66 million tons (without Puerto Rico), down 7.5 percent from last season and minus 3.6 percent from 1980/81. On a calendar-year basis, 1982 sugar production is estimated at 5.7 million tons, 7.5 percent below 1981 and about equal to 1980. All of the decline in 1982/83 total output comes from beet sugar. Four significant processing facilities have shut down this year, representing a combined annual production capacity loss of 250 to 300 thousand tons of sugar (raw basis). Two small cane sugar mills in Louisiana have also been shut down.

^{1/} Measured by the simple average of the indexes for the 14 product categories.

U. S. Sugar Production, Crop Year*



*Raw value. ° Includes Hawaii. ^ Estimate.

Sugarbeet harvested area in 1982/83, estimated at 1.044 million acres, is 15 percent below last season, with California minus 35 percent and Colorado minus 39 percent. Prospective U.S. beet yields are 20.8 tons an acre, 6.7 percent below 1981/82 but still averaging above yields in the past decade. Yields are down in all producing States except Minnesota. Beet sugar production from 21.7 million tons of sugarbeets in 1982/83 is estimated at 2.8 million tons (raw basis), about 14 percent less than last season.

Sugarcane area (including seed) for harvest could total nearly 731 thousand acres in 1982/83, about 3.3 percent less than the previous campaign. Acreage is down in all four producing States--Florida, Louisiana, Texas, and Hawaii. However, cane yields are up in all four States, rising an average of nearly 9.5 percent. U.S. cane sugar output is estimated at 2.8 million tons, about the same as in 1981/82. Florida's cane sugar output is estimated at a record 1.144 million tons, nearly 19 percent above the previous year. Production could be down about 10 percent each in Louisiana and Hawaii.

Utilization: Sugar deliveries in fiscal 1982 are estimated at 9.20 million tons, down about 6 percent from 1980/81. Calendar 1982 deliveries, based on the trend for the most recent 12 months, will approximate 9.15 million tons (raw value) compared with 9.77 million last year. Most of the reduction in sugar deliveries is accounted for by the gain in the use of high fructose corn sirup, but other factors are the weak economy and possibly greater diet consciousness by the consumer. Consumption of caloric sweeteners in total may have eased slightly in 1982, from 14.41 million tons to about 14.30 million.

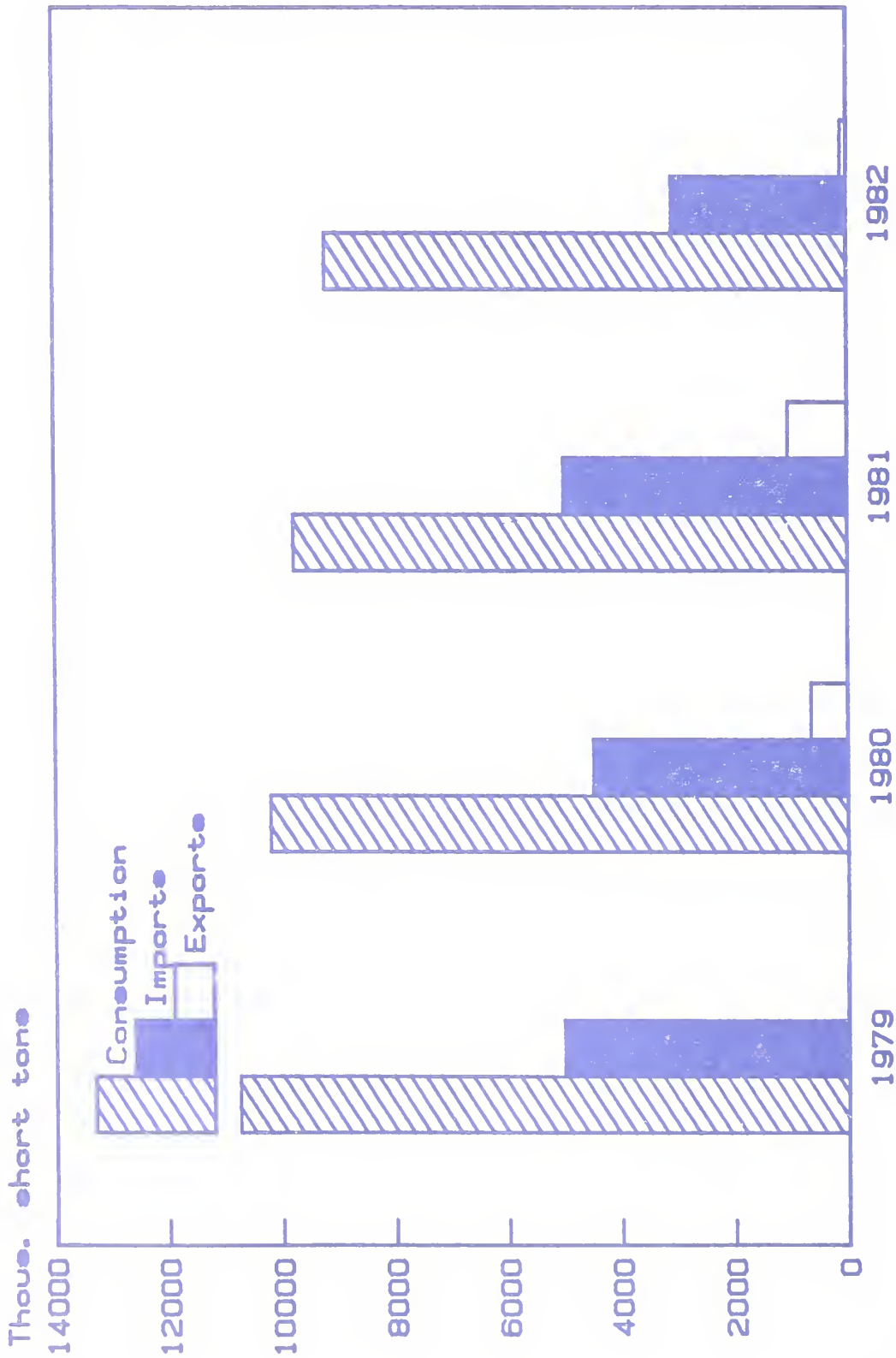
Liquid sugar deliveries, where sugar is most vulnerable to replacement by HFCS, fell about 6 percent in first-half 1982 from a year earlier. Most of the liquid sugar is for use in beverages which took 21.3 percent of all sugar deliveries in first-half 1982, down from 26 percent 4 years ago. Sugar deliveries for use in beverages (largely soft drinks) were down 17.3 percent from a year ago. Sugar deliveries also decreased for processed foods (-13.9 percent), dairy products (-13.3 percent), confectionery (-6.2 percent), bakery and cereal (-2.9 percent, and other commercially prepared food products (-5.3 percent).

U.S. consumption of refined sugar (approximated by sugar deliveries) will be about 8.6 million tons in 1982. Per capita sugar use, based on a population of 232.0 million, is estimated at 73.7 pounds, a decrease of 5.8 pounds since 1981 and 10 pounds since 1980.

Trade: Calendar 1982 sugar receipts from offshore are expected to total about 3.1 million tons, almost 2 million below 1981. January-June receipts totaled 1.68 million tons, up 24 percent from a year ago despite a quota limitation of 220,000 tons (206,000 tons actually imported) for the period May 11-June 30. U.S. imports in the third quarter were 408,315 tons, out of a quota of 420,000 tons. January-September offshore receipts of 2.23 million tons are 1.5 million below a year ago.

The shrinkage in U.S. sugar imports follows the drying up of the re-export market by over 900,000 tons in 1982 from the previous year; the further fall in consumption by over 500,000 tons, reduced stock requirements because of lower total use; and the large volume of fourth-quarter 1981 imports that were rushed ahead of 1982, in order to avoid anticipated higher duties and fees. Quotas primarily insured that prices would be close to target levels by limiting the huge world sugar surplus from flooding the U.S. market. Quotas thereby also permitted exporters to the United States a share of the higher-priced market, largely on a historical pro-rata basis.

U. S. Sugar Imports, Exports and Consumption*



*Raw value. Estimate. (1982)

U.S. exports of sugar could be only about 65,000 tons in 1982, less than 7 percent of last year's volume. Through September, exports totaled about 55,000 tons as a result of low net drawback (of previously paid duties and fees), the low premium on refined sugar, and limited markets.

Stocks: Domestic sugar stocks on October 1, 1982 totaled 1.58 million short tons (raw value), about the same as a year ago, but including an estimated 147,000 tons of overquota sugar (that is, sugar not yet "entered for consumption"). Refiners' stocks were down by 98,000 tons. Mainland sugarcane processors' stocks declined 69,000 tons while beet processors' refined sugar stocks increased 288,000 tons from a year ago. With U.S. refiners attempting to keep sugar inventories relatively low, smaller U.S. production, sharply lower imports, lower domestic utilization, and sharply smaller exports, overall U.S. stocks could decrease from a year ago by an estimated 400,000 tons next January 1, 1983, to around 2.9 million tons, the lowest level since January 1, 1976.

CORN SWEETENERS

Prices: Corn sweetener prices tend to follow sugar price trends. However, in 1982, with an overcapacity in the corn wet milling industry, prices actually declined or held steady while sugar prices rose. Dextrose prices have not changed from September a year ago; still, on a calendar-year basis, prices in 1982 seem likely to average 2-3 cents below 1981. Dextrose prices have been ranging 27-29 cents a pound, depending on marketing area.

The September price of glucose corn sirup in Chicago-West was 12.7 cents a pound (dry basis), down nearly 10 percent from January and 20 percent from September 1981. Price trends in other marketing areas showed similar change. The calendar 1982 price of glucose corn sirup in Chicago-West could average 13.5 cents a pound, down 15-16 percent from 16 cents last year.

HFCS prices have weakened the most as a result of overcapacity. In September, the Chicago-West price for 55-percent HFCS was about 18.5 cents a pound (dry basis), down 25 percent from a year ago. Prices for 42-percent HFCS have improved slightly during the summer but, at 15.8 cents a pound, are still around 28 percent lower than last year. Price discounts relative to beet sugar list prices in Chicago-West were about 34 percent in third quarter 1982 versus 16.5 percent in calendar 1981. For 42-percent HFCS, the corresponding discount was about 44 percent in third quarter 1982 versus 24 percent in calendar 1981.

Though corn sirup prices have declined, corn wet millers have been favored by lower net corn cost, about \$2.70 per 100 pounds (cwt) in September 1982 versus \$5.28 on average in calendar 1981. Prices for corn gluten feed, meal, and crude corn oil all declined in 1982 but corn prices dropped more sharply, by nearly 18 percent from January to September. The 1982/83 record corn crop of 8.32 million bushels and coupled with sluggish export and domestic feed demand point to continued low corn costs.

High fructose corn sirup price relative to sugar, Chicago-West

Calendar year and quarter	Price discount to sugar				
	HFCS-42	HFCS-55	Beet sugar	HFCS-42	HFCS-55
	Dollars per 100 lbs.			Percent	
1978	12.12	NA	18.66	35.0	NA
79	13.15	NA	19.68	33.2	NA
80	23.64	NA	38.29	38.3	NA
81	21.47	23.59	28.26	24.0	16.6
1982					
I	14.08	20.0	27.50	48.8	27.3
II	14.46	19.5	26.77	46.0	27.2
III	15.85	18.5	28.20	43.8	34.4
IV					

Production: The corn wet milling grind in 1982 is expected to total around 535 million bushels, up about 35 million from 1981. Domestic shipments of corn sweeteners for food use in 1982 are estimated at 5.6 million tons (dry basis), an increase of 9 percent from 5.15 million in 1981. Most of the increase is coming from an estimated 15 percent rise in HFCS sales this year, particularly for 55-percent-fructose HFCS. HFCS sales are estimated at around 3.1 million tons (dry basis), up from 2.7 million in 1981. Around half of HFCS sales were 55-percent-fructose HFCS, up from 40 percent in 1981. HFCS use in beverages reportedly rose nearly 40 percent to around 1.81 million tons.

The use of glucose corn sirup in commercially prepared foods and beverages is close to market saturation, and in 1982 is expected to increase only marginally to near 2.1 million tons (dry basis) from around 2.05 million in 1981. Dextrose sales have been relatively static in recent years, and dextrose shipments for food use may total around 400,000 tons, practically the same as in 1981.

Per capita consumption of corn sweeteners could total around 48 pounds (dry basis) in 1982, up about 3.5 pounds from 1981. Almost all of the increase would be in HFCS which is expected to reach around 26.7 pounds. Glucose corn sirup intake may total 18 pounds, up from 17.8 pounds. Per capita dextrose use is not expected to change from 1981's 3.5 pounds. The increase in total corn sweeteners use seems unlikely to fully compensate for the estimated loss of 5.8 pounds in per capita sugar consumption.

OTHER SWEETENERS

Honey production in 1982 could total around 220 million pounds, up from 186 million in 1981. Imports for the year are likely to be 80-85 million, exceeding last year's record imports of 77.3 million pounds. Exports are lagging last year's pace and, without a significant pickup in the last quarter, will fall short of 1981's 9.2 million. Domestic disappearance of honey is placed at around 250 million pounds, up from 225 million in 1981.

The support price for 1982-crop white honey (April 1982-March 1983) is 60.4 cents. With the support price higher than the market price, 75 million pounds have been put under loan. About 45 million pounds of the 1981 crop was forfeited to the Commodity Credit Corporation (CCC). Low import prices have undercut domestic prices and encouraged forfeitures of honey to the CCC. With large world honey supplies available, U.S. honey imports in 1983 may set another record.

U.S. pure maple sirup output totaled an estimated 1.29 billion gallons in 1982, down over 8 percent from 1981. Vermont continues as the leading state, producing 500 million gallons in 1982, down from 545 million the previous year. New York produced 320 million gallons down from 331 million in 1981. Vermont accounts for about 39 percent and New York 25 percent of U.S. production. Pure maple sirup has been selling at around \$22.50 a gallon in Maine this year, and \$17 in New York and Vermont. Last year, pure maple sirup sold for \$17.90 per gallon in Maine, \$14.20 in Vermont and \$13.10 in New York.

THE SWEETENER OUTLOOK

The 1981 Farm Act removes a major source of sugar outlook uncertainty by providing relatively assured price assumptions for growers and processors in 1982/83 through 1985/86. Still, there is considerable leeway in production decisions relative to net returns for alternative crops and, on the consumption side, the decisions by major sweeteners users on an appropriate sweetener mix.

Program levels of support for 1983/84 would appear to be stimulative to some producers and processors, and not to others. The first official USDA indication of 1983 sugarcane acreage will be in the January Crop Production - Annual report which has estimates of 1982 seedcane planted. Current expectations are that overall sugarbeet acreage in 1983 could balance out at close to 1982/83's 10.4 million acres. This takes into account the closing of the Chandler plant in Arizona, with its less than 50,000 tons a year (raw basis) production. Some growers may want to grow more beets, but processing capacity will be a limiting factor. Sugarbeet acreage could be less if there is no resolution of the contract dispute between the Great Western Company and its associated growers. Even if total U.S. sugarbeet acreage does not change much from the previous season, beet sugar output in 1983/84 is estimated to fall about 100,000 tons, to 2.7 million tons, based on a decline of yields to average levels.

Also, on the assumption of more normal yields, cane sugar output could be expected to drop by over 200,000 tons, to around 2.6 million tons. Sugarcane acreage may decline only marginally. Next year's yields are likely to fall from 1982/83's 39.7 tons an acre--3 tons above the more normal yields of the two previous seasons.

Beet and cane sugar production together would add up to about 5.3 million tons in 1983/84, 6 to 7 percent less than in 1982/83. Calendar 1983 production, derived in part from the 1982/83 output, is estimated to fall 4 percent to around 5.5 million tons below 1982.

Reflecting recent changes in the production and other estimates, the 1982/83 supply and use as of mid-November looks like this (all in thousand short tons, raw value): Output 5,664; imports 2,778 (including 35 from Puerto Rico); beginning stocks 1,578 (including 147--the difference between offshore receipts of 555.6 and 408.3 July-September charges against quota); exports 35; refining loss adjustment and residual 100; and consumption 8,800-8,900. Total supply would be 10,020; total use 8,935-9,035; and ending stocks 985-1,085. The import figure of 2,778 minus Puerto Rico differs from 2,890 by the 147,000 tons of sugar reflected in stocks but not yet "entered for consumption" and therefore chargeable to the 2,890 quota.

	FY-1981/82	FY-1982/83
	1,000 short tons	
Beginning stocks	1,576	1,578
Production	6,123	5,664
Imports	3,621	2,778
Total supply	11,320	10,020
Exports	249	35
Domestic use	9,204	8,800-8,900
Residual	289	100
Total use	9,742	8,935-9,035
Ending stocks	1,578	985-1,085

Much interest has been expressed in an arrangement to allow the import of sugar outside of quota limits, for the purpose of refining and re-export. Such an arrangement could mean perhaps a total of 6 to 7 hundred thousand tons of sugar, based on the "drawback" (rebate) of duties and fees previously paid on imported sugar, when an equivalent amount of sugar is re-exported in product or refined form. Assuming 250,000 tons of the total could be handled in 1982/83, the 250,000 would be added to the import and export sides of the S and U estimates given previously.

The New York spot price for raw sugar has been guided by three market stabilization prices in 1982--at 19.08 cents a pound, then 19.88 cents effective May 6, and 20.73 cents effective October 1. In 1983, prices will continue to be keyed to 20.73 cents until October 1 when a new MSP will take effect. Prices in 1983 are expected to average about 21.60 cents a pound compared with an estimated 20.00 cents in 1982. Wholesale prices, closely tied to the domestic raw sugar price, should average about 2 cents a pound above 1982. Retail prices are estimated at 38-40 cents a pound, compared with 40 cents in 1981 and the 1982 probable average price of 35 cents a pound.

CORN SWEETENERS

U.S. use of glucose corn sirup and dextrose will likely just keep pace with population in 1983. Consumption of HFCS in the last several years has been rising at a declining rate--30 percent in 1980, 23 percent in 1981, and an estimated 16 percent in 1982. HFCS use in 1983 will depend largely on growth of the beverage market and major company decisions to permit higher levels of replacement of sugar by HFCS.

Depending on replacement levels, and leaving aside the potential for use of aspartame in beverages, HFCS intake in 1983 could rise to 3.6 million tons (dry basis), up about 16 percent.

HFCS industry capacity utilization is estimated at about 75-80 percent in 1982. At 3.6 million tons use in 1983, capacity utilization would improve, to an estimated 85 percent. That rate allows for the addition of a new corn wet milling plant in Loudon, Tennessee which is presently producing ethanol but is planned to produce 1/2 HFCS and 1/2 ethanol in 1983.

TOTAL SWEETENER USE

Per capita caloric sweetener use in 1983 is projected to recover slightly from 1982, by about a half pound, to 123.9 pounds. A per capita maximum use of 125 pounds is assumed beginning in 1984.

Overall caloric sweeteners use is projected to rise to 14.5 million tons in 1983, a 1.5 percent recovery from 1982. The share of sugar in total caloric sweeteners use could be down to 56-57 percent in 1983, down from 60 percent in 1982 and 67 percent in 1980.

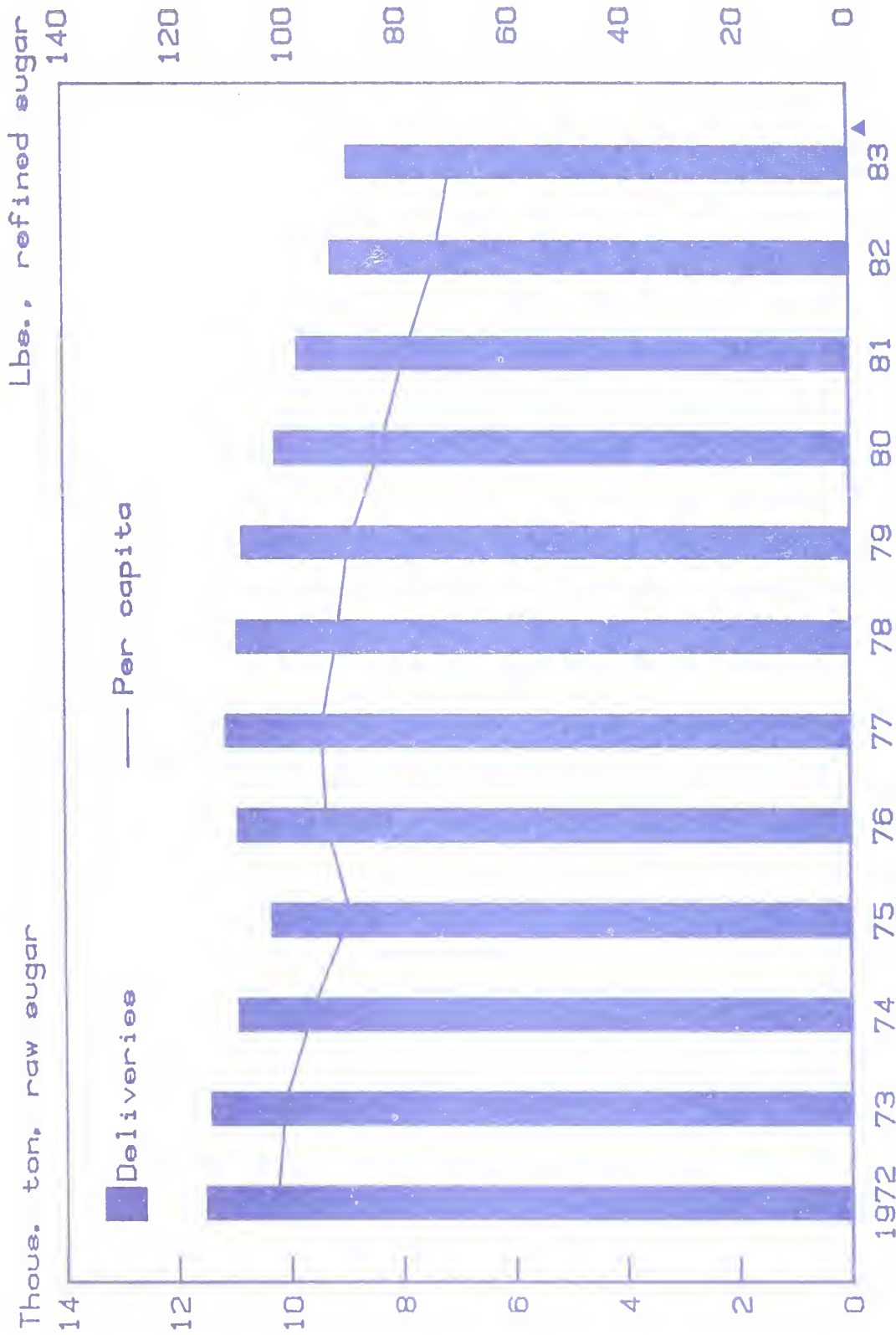
The entry of aspartame as a low caloric sweetener and the emergence of other sweetener alternatives for possible future approval by the Food and Drug Administration (FDA) opens up a vast potential for competition in a wide variety of product applications. Aspartame was introduced as an industrial sweetener in 1981 and for table-top consumer use in September 1982. Still pending is FDA approval of use of aspartame in beverages.

U.S. Consumption of Caloric Sweeteners

Calendar year	Refined sugar	Corn Sweeteners				Total ^{1/}	Total of all caloric sweeteners ^{2/}
		HFCS	Glucose	Dextrose	Total		
<u>Pounds per capita</u>							
1975	89.1	5.0	17.5	5.0	27.5	118.0	
80	83.7	19.2	17.6	3.5	40.3	125.3	
81	79.5	23.3	17.8	3.5	44.6	125.5	
82	73.7	26.7	18.0	3.5	48.2	123.3	
83	70.2	30.8	18.0	3.5	52.3	123.9	
84	68.0	34.1	18.0	3.5	55.6	125.0	
85	66.1	36.0	18.0	3.5	57.5	125.0	
<u>Percent of total caloric sweeteners</u>							
1975	75.5	4.2	14.8	4.2	23.3	100.0	
80	66.8	15.3	14.1	2.8	32.2	100.0	
81	63.4	18.5	14.2	2.8	35.5	100.0	
82	59.8	21.7	14.6	2.8	39.1	100.0	
83	56.7	24.9	14.4	2.8	42.2	100.0	
84	54.4	27.3	14.4	2.8	44.5	100.0	
85	52.9	28.8	14.4	2.8	46.0	100.0	
<u>Million s.t.</u>							
1980	9.52	2.18	2.01	0.40	4.59	14.25	
81	9.13	2.67	2.04	0.40	5.12	14.41	
82	8.55	3.10	2.09	0.41	5.59	14.30	
83	8.22	3.61	2.11	0.41	6.13	14.51	
84	7.89	4.03	2.13	0.41	6.57	14.78	
85	8.32	4.30	2.15	0.42	6.86	14.91	

^{1/} May not precisely add to total of individual items because of rounding.
^{2/} Includes honey and edible sirups.

U.S. Sugar Deliveries and Per Capita Consumption



▲ Estimate.

OUTLOOK FOR COFFEE, TEA, AND COCOA

COFFEE

U.S. imports of coffee (green and processed) for the first 8 months of 1982 totaled 1.46 billion pounds and, at this rate, calendar 1982 imports would approximate last year's 2.25 billion pounds. The dollar value of imports will probably exceed last year's \$2.9 billion, but be considerably short of 1980's \$4.2 billion.

Domestic roastings have been estimated at 1.62 billion pounds for the first 8 months of 1982, down 3 percent from a year ago. Annual roastings, however, may be slightly below 1981's 2.32 billion pounds. With roastings exceeding imports, stocks will be reduced on January 1, 1983 from a year ago.

The composite price for the 4 major types of green coffee used mostly in roasted coffee averaged \$1.31 during January-August, up about 10 cents from the calendar 1981 average. Prices ranged from a high of \$1.40 in February to a low of \$1.25 in June. The 1976 International Coffee Agreement composite price for "Other Milds and Robustas" used largely in instant coffee, averaged \$1.24 during the first 8 months of 1982, up from \$1.14 a year earlier. The International Coffee Organization is aiming at keeping the composite price within \$1.20 to \$1.40 cents a pound, by adjusting export quotas when necessary.

U.S. wholesale prices of roasted coffee have been relatively stable since June 1981, ranging from \$2.34 in December 1981 to \$2.45 in March 1982. Prices averaged \$2.41 during January-October 1982. However, several U.S. coffee roasters have announced that wholesale prices would be increased 10 to 15 cents a pound beginning this winter.

U.S. retail prices for roasted coffee have also been relatively stable since May 1981, ranging from \$2.41 a pound in November 1981 to \$2.58 in April 1982. Prices for the first 8 months of 1982 averaged \$2.54, but are likely to follow the announced price hikes for wholesale roasted coffee.

U.S. per capita consumption of coffee in 1982 appears likely to decline slightly from 1981's 10.3 pounds (green bean equivalent). However, the long-term downtrend in per capita use, which began two decades ago when per capita use was about 16 pounds, could be slowing down.

TEA

U.S. tea imports totaled 136 million pounds (dry leaf basis) during January-September 1982, down 9 percent from a year ago. Calendar 1982 imports are expected to fall around 10 million pounds short of the 190 million imported in 1981. However, tea consumption is estimated to remain near 1982's 0.8 pounds per capita. The dollar value of imports could be around \$5 million less than 1981's \$153 million.

Retail tea prices increased only slightly in 1982. A package of 48-tea bags cost \$1.65 in New York City in September, up less than 3 percent from a year ago. Wholesale tea prices have been declining in 1982, from a high of 94 cents a pound in February (average London auction price converted to U.S. dollars) to about 80 cents a pound in July and August. With another large world crop being harvested in 1982/83, tea prices at wholesale will continue to be under downward pressure.

COCOA AND CHOCOLATE

Total cocoa imports, bean equivalent, totaled 513 million pounds for the first 8 months of 1981, down 27 percent from a year ago as manufacturers reduced stocks in a falling market. All product categories showed decreases: cocoa bean imports of 300 million pounds were down 30 percent; semiprocessed cocoa and chocolate products, at 235 million pounds (bean equivalent) fell 24 percent; unsweetened chocolate imports were down only 6.5 percent, but imports of unsweetened cocoa powder dropped 34 percent and cocoa butter fell 26 percent.

Based on 8 months of data, 1982 domestic use of cocoa and chocolate products will probably decline slightly from 1981's 821 million pounds. Per capita consumption is likely to fall to 3.3 to 3.5 pounds from 1981's 3.6 pounds (bean equivalent). The cocoa bean grind totaled 327.3 million pounds through September 1982, up 3.4 percent from a year ago, partly coming from the increase in chocolate candy bar sizes which were introduced this year by several manufacturers in response to lower cocoa prices. However, the higher domestic grind does not appear sufficiently large to offset the drop in semiprocessed cocoa and chocolate product imports.

New York cocoa bean prices (the average of the nearest-three active futures trading months on the Coffee, Sugar & Cocoa Exchange) fell from 96 cents a pound in January 1982 to nearly 70 cents in September. Cocoa prices have declined annually since 1977, but are expected to remain near current levels in 1983. World 1982/83 production is estimated to exceed consumption and raise stocks for the sixth consecutive year.

U.S. imports of cocoa and products in the first 8 months of 1982 were valued at \$460 million, down from \$655 million a year ago. The value of cocoa bean imports fell to \$235 million from \$357 million, while imports of semiprocessed and cocoa and chocolate consumer products dropped to \$225 million from \$298 million. The dollar value of U.S. imports of cocoa and products can be expected to decline from around \$900 million in calendar 1981 to within \$600 to \$700 million this year.

U.S. sugar: World and domestic prices, market stabilization price, import duty and fee, and Presidential Proclamation authority, 1982

1982 month and date	World price 1/	New York spot 2/	USDA Market Stabilization Price	Import duty 3/	Import fee 3/	Total duty and fee	Presidential Proclamation authority for fee changes
January	12.99	18.16	19.08	2.8125	2.1418	4.9543	4/4887
February	13.05	17.77	"	"	"	"	"
March	11.24	17.13	"	"	"	"	"
April	9.53	17.89	"	"	"	"	"
April 1					3.0703	5.8828	5/
April 23					4.0703	6.8828	6/
May	8.12	19.57	"	"	"	"	"
May 6			19.88	"	"	"	7/4940
June	6.85	21.03	"	"	"	"	"
July	7.83	22.15	"	"	"	"	"
July 1					3.4193	6.2318	5/
July 21					2.4193	5.2318	6/
August	6.80	22.45	"	"	"	"	"
August 10					1.4193	4.2318	6/
August 28					0.4193	3.2318	6/
September	5.90	20.88	"	"	"	"	"
October	5.91	20.44	"	"	"	"	"
October 1			8/20.73	"	0.0000	2.8125	5/

1/ F.o.b. Caribbean, Contract No. 11. 2/ C.t.f., duty/fee-paid, Contract No. 12. 3/ Based on 96-degree raw sugar. 4/ Proclamation of December 23, 1981. 5/ Quarterly adjustment. 6/ Intraquarter adjustment. 7/ Proclamation of May 5, 1982. 8/ Market stabilization price announced September 1, 1982 for the 1982/83 nonrecourse loan program.

Source: Fruits, Vegetables and Sweeteners Branch, Economic Research Service, USDA.