The Present Situation of the Canadian Cane Sugar Refineries

(The Third of a Series of Articles on the Sugar Question.)

(Specially Contributed)

In this article we propose to deal with the sugar situation in Canada, regarding it from the viewpoint of the refiners of cane sugar in this country, taking into consideration the effect upon the industry of the European War and the 1915 changes in the Canadian customs tariff.

Refining in Canada is one of our fairly old industries dating back to 1854. The Canada Sugar Refining Company, Limited, was the first in the field doing the pioneer work of the trade, and has since kept abreast of the times in competition with the other refineries. The St. Lawrence Sugar Refining Company came into existence in 1878, finally being incorporated in April, 1912, as the St. Lawrence Sugar Refineries, Limited, at which time a large amount of money was expended in remodelling the plant and installing new machinery. The plants of both companies are situated in Montreal. In 1893 the Acadia Sugar Refining Company, Limited, was incorporated in Scotland, being a merger of three Nova Scotia Companies, which had carried on business in a smaller way previously.

This plant is quite new, having been rebuilt in 1914 after a fire which in 1912 practically wiped out the old building. Cane sugar is shipped from the West Indies by direct route to this company in Halifax, thereby saving the freight charges from New York to Montreal, which have to be met by the refiners of the latter city. The above three firms handled all the Canadian refined sugar consumption for a number of years.

In 1903-4 we have the establishment of the beet sugar plants in Ontario, with the Dominion Sugar Company's refineries at Wallaceburg and Berlin as the outcome. Within the last decade two refineries have been operated in the West, the British Columbia Refining Co., handling cane sugar in Vancouver, and the Knight Sugar Refining Company at Raymond, Alberta, a beet sugar refinery. The Vancouver refinery imports its raw product across the Pacific from Fiji, Hong Kong and the East Indies. The Raymond factory, on the other hand, has been supplied with beets grown by the Mormons of South Alberta. The sugar consumed in the Western Provinces has been almost entirely supplied by these two refineries out of that market. It may be noted, however, that the Knight Sugar Refining Company, which was only a part of a large farming enterprise, has closed down during the past year.

In 1912 the Atlantic Sugar Refineries, situated at St. John, N.B., were incorporated, naturally with all the latest equipment that modern science has produced. This company is largest in capital, the St. Lawrence coming next. The capitalization of the Canada Sugar Refinery is not available, that company not being listed on the Stock Exchange. Thus we have seven refineries operating in Canada, while ten years ago three were able to take care of all requirements. It is true that consumption of sugar has increased during this period, but not two and two-third times.

Situation Before the War.

The duty on raw sugar of say 96 test immediately before the war was 57½ cents per 100 lbs. and $1.07 2-3 on the imported refined sugar. To all countries in the British Empire preference was accorded, the duties under that tariff amounting to 40¾ cents on the raw product, and 83 cents on the refined. In other words, the protection apparently accorded to the refiners was 42¼ cents per 100 lbs. on the preferential tariff, and 50 cents on the general. These figures are perhaps only apparent, for much dirt and waste is brought in with the raw product, the duty and freight on which is a total loss.

In April, 1913, an agreement was entered into between the Canadian and West Indian Governments by which a preference of one-fifth was given to the products of both countries. This does not seem to have affected the volume of imports of sugar to any great extent, nor has it, the refiners say, affected the price of sugar in the Canadian market, the West India planter taking full advantage of the tariff and usually offering his sugar at a figure slightly under the foreign price in order to make the sale. Taking approximate figures the situation may be illustrated as follows:

	Foreign sugar, per 100.		Preferential per 100
Price of raw..	$3.00	Price	$3.33
Duty	1.37½	Duty	1.03¾
Cost, duty paid to refiner	$4.37¼		$4.36¾
Refiner's expenses and profits, say	.62½		.63¼
	$5.00		$5.00

The following table shows the imports of raw sugar (not above 16 D. S. in color) into Canada during the past five years:

	1911 lbs.	1912 lbs.	1913 lbs.	1914 lbs.	1915 lbs.
From British West Indies. ..	206,083,319	171,174,352	138,429,297	95,338,992	192,361,433
From All Coutries	543,164,990	562,174,452	138,429,297	95,338,992	192,361,433

In the first war budget at Ottawa an additional duty of $0.80 per 100 lbs. was imposed on all imported sugars, making the scale of tariffs as follows:

	Per 100 lbs.
Raw, preferred..	$1.03¾
Refined, preferred	1.63
Raw, ordinary..	1.37½
Refined, ordinary	2.07 2-3

These increases and the general effect of the war have had the following results:

1. Higher prices have been caused, and therefore reduced consumption.

2. Formerly the refiners paid the duty of 57 cents on the waste included in the raw product, but now the duty is raised to $1.37, making the loss on the waste greater in proportion.

3. Such fixed expenses as insurance, commissions, rates of exchange, interest, etc. (being mainly based, as far as the refiners are concerned on the price of sugar) have increased in proportion, while the gross profits have remained the same.

4. Due to the demoralization of Atlantic shipping, the freight rates have gone up very largely. The following examples of rates from New York to various foreign ports show what exporters of all merchandise have had to contend with:

	Before the War Rates per 100 lbs.	Present time Rates per 100 lbs.
From Cuba.. ..	$0.08-9	$0.50-5
To Europe:		
To Liverpool	$0.10-15	$1.25
To France..	.10-15	2.25
To Scandinavia	.10-15	1.50
To Gibraltar..	.10-15	1.50
To Mediterranean..	.10-15	1.50-75

In the case of the route between St. John and Halifax and the West Indies, the rates are kept more nearly normal by the fact that the Canadian Government subsidizes one line, the Royal Mail Steampacket, to the amount of £70,000. Other subsidized lines such as the Pickford and Black SS. Co., and the Quebec Steam Navigation Company have to compete with the Royal Mail Co. and the subsidy, which, no doubt, tends to keep rates within reasonable bounds. From a Montreal point of view this gives the Maritime Province refineries a great advantage. Before the war the freight rates were 14 cents and they have only increased to 33 cents, high enough from the standpoint of the public, but not to be compared with rates from New York, based entirely upon supply and demand.

Although the consumption and therefore the earnings have decreased, the overhead expenses in the refineries remain practically stationary. This has made the refinery business more difficult than usual of late.

The cane sugar refiners consider that under the present taxes the beet refiners are more favored than they are, as the latter growing their own product within the country are not affected by the tariff on the raw product. Thus they had a clear start of 57 cents per 100 lbs. before the war, and the new regulations now give them $1.37, in competition with the cane refineries. This is assuming that the actual cost of producing the refined product is the same in both cases apart from duty. This is apart from the increased advantage given by the rise in the price of raw cane sugar from a normal price of $2.25 per 100 lbs. to a present price of about $4.50. The benefit to the beet sugar producers may be summed up as follows:

	Per 100 lbs.
Increase in price of raw sugar	$2.00
Increase in duty on raw sugar	.80
Total	$2.80

Possibility of Obtaining an Export Market.

The possibilities of exporting Canadian refined sugar in the future depend on three main conditions:

1. The ability of our refiners to compete with the American and British refiners in the World's markets. The American plants are able to turn out in some cases case from two to five million tons a year, while the present capacity of our refineries is still in the thousands. Naturally, we cannot hope to product refined sugar at the same cost for it is well known that as the output increases the cost of production decreases.

2. Up to the present time Canadians have never been able to obtain the same low freight rates as prevail at the large centres such as New York or Boston, for the ship owners cannot be guaranteed a full return cargo. Take for example the Cuba-New York route. A ship arrives in New York laden with raw sugar and returns to port with sugar, machinery and other manufactured articles. Besides this, a large centre is always a port of call for passing tramp steamers which will handle the freight cheaply. The 1913 agreement between Canada and the West Indies was made with a view to bettering these conditions, but the war and general depression have stood in the way of any real progress in this respect.

3. The only available export market after the war for refined sugar will be Great Britain, as we have not direct lines of communication with other countries. Germany has hitherto taken full advantage of the English market, but it remains to be seen whether after the war she will be allowed to compete on even terms with other competitors.

Thus we may conclude that the expansion of our refining industry depends greatly on the possibilities of export as our seven large plants are more than ample to take care of the demands of our nine million people, and this in turn depends on many conditions over which we have no control, such as freight and shipping, and the conditions prevailing in the markets we are seeking. Doubtless, as our commerce increases, greater facilities will be brought about in many respects.

WOMEN AS MUNITION WORKERS.

The first course of instruction in workship practice instituted at the Bradford (Eng.) Technical College for women who wish to take up duties in munition factories has just been completed. The course has extended over three weeks, and has resulted in the training of twenty-two women students to a degree which the Ministry of Munitions considers qualifies them to participate in the actual work of helping to provide the means to victory.

The success of the scheme has fully justified its inauguration, says the Yorkshire Observer. An element of that success is the enthusiastic manner in which Brandford women of high and low degree have come forward to do their best to help their country in the hour of need. The twenty-two who have just finished the course of instruction are merely a few of the many who wish to follow in their footsteps. There is a big waiting list, and another twenty-two will commence their tuition immediately on the processes of turning, drilling, and grinding. Superficially, and to the lay mind these operations may not suggest anything of very great value, but they are all highly important in the manufacture of munitions of war, and the experience derived from the first instruction the Bradford women students have received shows that they are as apt in the performance of these operations as women have proved themselves to be elsewhere.

WHAT IS WANTED.

What is wanted is a pronouncement in the plainest terms of where this Government stands in regard to submarine warfare, what it considers the right and limitations of merchantment and what it considers the rights and inhibitions of submarines. —Louisville Courier-Journal.