



USDA Foreign Agricultural Service

# GAIN Report

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## Canada

## Sugar

## Update

## 2004

**Approved by:**

Gary C. Groves  
U.S. Embassy

**Prepared by:**

George Myles

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**Report Highlights:**

Canada's main source of sugar (more than 90%) comes from imported raw sugar that is refined in Canada. The Canadian cane sugar refining industry is comprised of three cane sugar refineries. Sugar production in Canada is limited to the sugar refined from about 12,000 hectares of sugar beets in the province of Alberta.

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## Executive Summary

### Production

Canada's main source of sugar (more than 90%) comes from imported raw sugar that is refined in Canada. The Canadian cane sugar refining industry is comprised of three refineries.

Sugar production in Canada is limited to the sugar refined from about 12,000 hectares of sugar beets in the province of Alberta. Sugar from sugar beet production accounts for about 8% of Canadian sugar supply. While beet processing plants have existed in Ontario, Quebec and Manitoba at various times in history, the only remaining processor is in Alberta (Rogers Sugar, Taber, Alberta). Between 3,000-4,000 hectares of sugar beets are produced in southwestern Ontario and trucked to a processing facility in Croswell, Michigan. The Ontario growers have an 8% ownership in the Michigan refinery. All the sugar processed from Ontario-grown sugar beets remains in the United States, but represents less than 1% of total U.S. sugar production.

Canada						
Commodity	Centrifugal Sugar				(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2001	10/2001	10/2002	10/2002	10/2003	10/2003
Beginning Stocks	194	194	253	128	128	144
Beet Sugar Production	88	88	54	54	98	98
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Prod.	88	88	54	54	98	98
Raw Imports	1207	1202	1140	1287	1300	1300
Refined Imp.(Raw Val)	32	33	60	37	50	32
TOTAL Imports	1239	1235	1190	1378	1350	1332
TOTAL SUPPLY	1521	1517	1497	1560	1576	1574
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	14	14	18	18	157	13
TOTAL EXPORTS	14	14	18	18	157	13
Human Dom. Consum.	1254	1250	1315	1398	1275	1431
Other Disappearance	0	0	0	0	0	0
Total Disappearance	1254	1250	1351	1398	1275	1431
Ending Stocks	253	253	128	144	144	130
TOTAL DISTRIBUTION	1521	1517	1497	1560	1576	1574

## **Production Subsidies**

Canada does not operate any subsidy scheme for sugar or for sugar beets. Sugar beet producers may voluntarily join an income stabilization program called the Canadian Agricultural Income Stabilization Program (CAIS), (outlined on page 8). Canada's National Tripartite Stabilization Program, which provided large deficiency payments to sugar beet producers, ran from 1987 to 1992. The plan, cost shared by producers, the federal government and the provincial government was designed to be financially self-sustaining, but terminated with a deficit of C\$8.4 million in 1992.

## **Tariffs**

Canadian sugar tariffs are minimal and no Tariff Rate Quotas (TRQs) apply. All duties are zero if raw sugar is imported by a domestic refinery for processing.

## **Safeguard Protection**

In 1995 Canada imposed anti-dumping and countervailing duties on certain refined sugars from a number of suppliers, including the United States. In a November 2000 review, Canada's International Trade Tribunal continued the findings in respect of the dumping of the subject goods originating in or exported from Denmark, the Federal Republic of Germany, the Netherlands and the United Kingdom, and the subsidizing of the subject goods originating in or exported from the European Union, with an amendment to exclude certain goods. The Tribunal also continued the finding in respect of the dumping of the subject goods originating in or exported from the United States, with an amendment to exclude the certain goods. Another review of the above safeguard measures is scheduled in 2005.

## Structure of the Refining Industry

Canadian refiners purchase raw sugar on the world market at prices that are significantly lower than those in the United States. Access to low-priced refined sugar provides a cost advantage for Canadian consumers and food processors.

### LANTIC SUGAR Operations

Montréal: Executive Office and Cane Sugar Refinery  
4026 Notre Dame East  
Montréal, QC H1W 2K3  
Tel: (514) 527-8686 or  
1-800-361-7742

Toronto: Sales and Distribution Office  
198 New Toronto Street  
Toronto, ON M8V 2E8  
Tel: (416) 252-9431 or  
1-800-387-7325

### REDPATH SUGARS Operations

Toronto, ON: Head office and cane sugar refinery  
95 Queens Quay  
Toronto, ON M5E 1A3  
Tel: (416) 366-3561 or  
1-800-267-1517

Montréal, QC: Québec sales and distribution office  
7400 TransCanada  
Montréal, QC H4T 1A5  
Tel: (514) 738-1743 or  
1-800-361-1657

### ROGERS SUGAR Operations

Vancouver: Cane sugar refinery  
123 Rogers Street - Box 2150  
Vancouver, BC V6B 3V2  
Tel: (604) 253-1131

Taber: Beet sugar factory  
5405 64th Street  
Taber, AB T1G 2C4  
Tel: (403) 223-3535

## Trade Policy

The following summary was selected from an Agriculture and Agri-Food Canada sugar industry profile:

During the first few years of the FTA (U.S./Canada Free Trade Agreement), Canada enjoyed increased access to the U.S. for refined sugar-of-origin. However, the U.S. created a small global TRQ (22,000 MT) in the recent WTO round to distinguish refined sugar from raw sugar thereby substantially reducing Canada's exports. Then, in 1997, Canada and the U.S. reached an understanding yielding a country-specific portion of the U.S. TRQ for refined sugar as well as a country-specific allocation of the U.S. TRQ for Sugar Containing Products (SCP). According to the understanding, the U.S. provided Canada with guaranteed access for 10,300 MT of refined sugar and 59,250 MT of sugar-containing products. Canada could also compete for a share of the remaining portion of the global TRQ (about 7,500 MT of refined sugar). In exchange for the Canada-specific allocations, Canada agreed not to pursue a NAFTA challenge of the U.S. Re-export program for SCPs.

A limited number of Canadian exports of SCPs, particularly those products with a significantly high sugar content, such as iced tea, crystal drink mixes, sweetened cocoa, cake mixes and doughs, are subject to U.S. TRQs.

Canada administers an export control system to regulate exports of sugar and sugar containing products to the United States. The tables on the following page track the weekly utilization rate of the U.S. TRQs and are available on the following GOC webpage:

<http://www.dfait-maeci.gc.ca/trade/eicb/EICS/EICS-en.asp>

## Refined Sugar and Sugar-Containing Products

Date: March 23, 2004

October 1, 2003 - September 30, 2004

Chapter 17, Additional U.S. Note 5 = Raw Sugars

Refined

Canada Quota Level: 10,300,000 kilograms raw = 9,579,000 kilograms refined					
Date	U.S. Entry	% Filled	Date	Cdn. Exports	% Filled
Mar 22/04	2 547 596	24.73%	Mar 22/04	6 327 791	61.43%

Global Quota Level: 7,090,000 kilograms					
Date	U.S. Entry	% Filled	Date	Cdn. Exports	% Filled
Mar 22/04	7 090 000	100.00%	Mar 22/04	38 000	0.54%

October 1, 2003 - September 30, 2004

Chapter 17, Additional U.S. Note 7, Sugar Blends

Bulk and Retail

Canada Quota Level: 59,250,000 kilograms					
Date	U.S. Entry	% Filled	Date	Cdn. Exports	% Filled
Mar 22/04	31 425 843	53.04%	Mar 22/04	35 402 021	59.75%

Global Quota Level: 5,459,000 kilograms					
Date	U.S. Entry	% Filled	Date	Cdn. Exports	% Filled
Mar 22/04	5 459 000	100.00%	Mar 22/04	938	0.02%

## Income Stabilization Policy

The Canadian Agricultural Income Stabilization (CAIS) program is part of the Business Risk Management element of the Agricultural Policy Framework of the Canadian government. The voluntary CAIS program is a whole-farm program available to eligible farmers regardless of the commodities they produce. With the CAIS program, participants select a protection level for their operation and then make the necessary deposit to secure that protection level. Program payments, which include funds from their account and a government contribution, are made when the participant's margin in the program year falls below their reference margin. The bigger the loss, the larger the share of the payment from government.

## Prices

Canadian sugar prices are based upon the world raw sugar market, traded on the New York Coffee & Sugar Cocoa Exchange. Most raw sugar transactions are hedged, thus eliminating gains or losses from any raw sugar price movements. For the Rogers operation in Taber, the raw material is sugar beets, while the selling price of refined sugar is based upon the world price of raw cane sugar. Alberta sugar beet growers are paid a fixed price for the sugar derived from the beets processed.

Domestic cane sugar refineries rely almost entirely on imported raw sugar purchased at world prices to meet their raw sugar requirements. The prevailing price of refined sugar in Canada has historically been below that in the United States.

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: [agottawa@usda.gov](mailto:agottawa@usda.gov)