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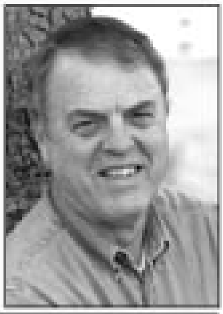

Neal G. Lineback

CLOSING THE CANDY STORE

For a candy lover sugar and chocolate are two of the "staffs of life." The United States has traditionally been a leading producer and consumer of popular candy confections. Globalization influences, however, are taking a toll on the American candy industry, as production moves offshore. There are many intricate issues involved in studying sugar and candy, from production to consumption.

In the *Winston-Salem Journal* (Feb. 13, 2004), international columnist George Will discussed the thousands of job losses in the U.S. candy industry associated with sugar subsidies. As just a sample of candy companies, Brach's, alone, has lost more than 7,000 jobs since 1970. Life Savers are now made in Canada and the manufacturers of Jaw Breakers, Red Hots and Boston Baked Beans have moved production out of the country.

There are several "push-pull" factors explaining why candy makers are moving their operations out of the United States. Of course, labor costs play a role in "pushing" low-wage industry away. Production labor costs may be 70 or even 80 percent lower in developing countries, representing a considerable savings for a company which "pulls" the candy industry toward less expensive labor in these developing countries.

Sugar production and costs also play a role in changing candy production patterns. As the major ingredient of most confections, sugar availability and cost are major influences on the industry. The United States has long subsidized its sugar cane and sugar beet farmers and protected them from the importation of less expensive foreign sugar. The entire process is called *protectionism*, giving U.S. farmers an advantage.

U.S. quotas on sugar imports have created an artificially high price for American sugar, doubling the cost of U.S. sugar compared to foreign prices. This high price "pushes" candy manufacturers away from the United States toward countries with less expensive sugar. George Will says that developed countries spend $1 billion per day on agriculture subsidies that prevent poor countries' farmers from competing in the world market.

Then there is chocolate, the *crème de la crème* of candy ingredients. Chocolate comes from the seeds of the cacao (cah-COW) tree, native to South America's Amazon and Orinoco river basins. Perhaps in a simple misspelling, the English translation of "cacao" became "cocoa," a widely accepted term for a chocolate drink today.

The cacao tree's natural habitat is the tropical rain forest, where it grows in the shade beneath the forest canopy. The tree does not thrive in the open sunlight. Today, more than two-thirds of the world's cacao is produced in the rainforests of Brazil, Ivory Coast, Ghana and Nigeria. Cameroon, Ecuador, Mexico, Dominican Republic, Colombia and Papua New Guinea produce lesser amounts.

The rate of chocolate consumption is increasing twice as fast as the rate of cacao production, creating a major problem. Although the growth of the chocolate market in the developed countries is relatively flat, the demand in developing countries is increasing rapidly. The increasing demand is driven by rapid economic development of countries, such as China, Indonesia, Malaysia and Thailand, where chocolate is finding a huge market.

Throughout much of the 1900s, candy was a luxury, mostly affordable to the upper and middle classes of developing countries. During the last quarter of the century, however, as the economies in developing countries boomed, so did their populations' demand for candy. This new market created another "pull" on the industry to locate some of its production near the rising markets in developing countries.

"Globesity" is a new term coined to describe a worldwide epidemic of obesity (Peter Ford, The Christian Science Monitor, Feb. 19, 2004). Although the high-carbohydrate Western diet is being blamed, sugar and candy are part of that diet.

Diets in developing countries are witnessing an explosion of sugar-laden foods. The result has been increasing numbers of obese adults and children in such unlikely places as Egypt and the Pacific island country of Nauru, where sugar may be greater than 25 percent of the daily caloric intake of individuals.

These changing world patterns of candy production and consumption have multiple implications for candy lovers, sugar producers and the candy industry.

And that is Geography in the News™. March 19, 2004. #720.

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Sugar Free?