

(B.)—*Foreign Sugar.*

As the beet-root sugar industry began in Austria in 1830, it will be desirable to mention the Customs duties since that year to the present time.

	1830.	1836.	1849.	1852.	1856.
	F. k.	F. k.	F. k.	F. k.	F. k.
Refined sugar, C.M. per Vienna cwt. ...	21 00	18 00	16 00	14 00	12 30
Raw sugar for commerce „ ...	21 00	15 00	12 40	11 00	9 00
Ditto for refiners „ ...	7 00	7 30	8 00	7 00	6 00
Molasses ... „ ...	6 00	5 00	5 00	5 00	3 00

The Customs duties of 1856, were in 1858 converted into Austrian silver currency from the “Convention coin,” and became—

	F.	k.
Refined ...	13	15
Raw for consumer ...	2	45
Raw for refiners ...	6	30
Molasses ...	3	15

It will be noticed that the refiners enjoyed at the beginning a very large advantage in a lower duty on the raw sugar imported, which has been gradually reduced to the existing difference of 33½ per cent. in their favour.

Thirty years sufficed to destroy the import of raw sugar for refining, and to reduce to insignificance the importation of sugars for consumption. The increase in the importation of molasses followed the development of the beet-root sugar industry; for, as the beet-root sugar syrup cannot be used except for the distillation of spirit, Colonial sugar syrup must be used.

Before the drawbacks scarcely any exportation of sugar existed. A drawback was established, as already mentioned, in 1860.

The raising of the drawback has had an important influence in 1864 in increasing the exportation.

The exportation has become larger than ever was the importation, and the struggle of fifty years between the home producer and the importer has ended advantageously for the former. The Austrian charterer can now export sugar instead of importing it.

The bulk of the refined sugars goes to the East, but that of raw sugar to Germany, and perhaps further westward. This year a considerable quantity is, as I have just heard, being sent to England.

(C.)—*Remarks as to British Interests.*

So far as colonial sugar is concerned, it is evident that the beet-root sugar industry is so well established in Austria that no revival of its importation can be expected. And as regards competition in England with refiners, it does not appear probable that any important quantity of Austrian refined sugar finds its way into England except by the operation of the drawback, for there is little difference of opinion that the beet-root sugar industry is not in an altogether sound condition.

It will have been noticed that the basis of the excise tax was in 1865 changed from the quantity of beet-roots consumed to the capacity of the plant for consuming in a given time a given quantity of beet-roots. It will also have been observed, that it is acknowledged that the quantity of beet-roots returned for taxation as manufactured into sugar is “notoriously” less than the actual quantity. Moreover, the statistics—after due allowance for the large exports of beet-root sugar and the insignificant importation of sugar—show so small a consumption of sugar per head in the Austrian Empire (from a half to three-quarters of a pound per head per annum), that there must be a larger manufacture of sugar than the statistics record. If these three facts, together with the fact of the moderate cost of beet-root sugar in North Germany and the larger export into Germany be taken into consideration, it is sufficiently obvious that the drawback, although otherwise intended, does act as a direct bounty, and probably is to nearly half its amount a real bounty on export. Hence the Austrian manufacturer can send his surplus sugar abroad at a very low price. Since I wrote my former report I have been informed that a yearly increasing quantity of sugar has been exported to England *via* Hamburg. It is evident that this can only give a profit when the exporting price at Hamburg is less than the competing price of North German sugar, and such a low price can only arise from something abnormal in the taxation of sugar in the Empire, for I cannot hear of any great advantages of the beet-root sugar producer over his competitor in Northern Germany.

The higher drawback of 1864, and the change of basis of the excise in 1865, have evidently favoured the exportation. The way in which the drawback becomes a bounty is, that the capacity of the plant is taken at a low average for excise, and is for manufacturing much greater and even doubled. Hence, as the drawback is the equivalent of the excise thus estimated, it becomes a bounty in the proportion in which the actual capacity of the plant is greater than the estimated capacity.

I had the privilege in 1869 of becoming acquainted with the position of the beet-root sugar industry in North Germany, and have therefore hazarded a few comparisons in my own mind; but I know nothing practically of the position of the industry in Austria, and cannot therefore venture to hazard an opinion as to the proportion of bounty that the drawback may cover. I fancy, however, from what I hear, that it may be not far short of 50 per cent. of the drawback.

But, even if this drawback had not proved on inquiry to act as a bounty to a certain degree, it seems to me that a return of duty on an exported article may conceal more often than is suspected a