



Newsletter

National Sweetener and Ingredient Marketing Assn
National Sugar Broker's Association



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Message from Ray Washmera, President:

Happy Halloween!

The ghosts and goblins are coming! The witches brew is brewing! And the little monsters will be ringing our doorbells! Please be nice and give them the "treats". I promise, you don't want their "tricks".

Meanwhile, back on the farm, the harvests continue. Yes, there are interruptions, "rain". But overall, no major hiccups. However, the markets are flying. Wheat has all the grains riding a roller coaster ride. Oil's launch into the 90s has not helped. As a major analyst gave his valued opinion, he advised "Buy on the dips". Our question, what's a "dip"? We, in the business, know...

Your NSIMA Board continues to improve our NSIMA website, adding new links at your fingertips. In fact, when viewing the site, please hit your refresh button to ensure the latest format is shown. Give it a look and give us your thoughts. Go to www.nsim.org

While advocating our NSIMA and enticing new members, questions were raised and those questions gave us food for thought. "Why should I join? What services do you provide?" Besides answering the obvious (from the top of our heads), our Board has decided to address these issues and more with written, concrete materials. Research and work is being done. In the near future, we should have our first pass. Some of you may be asked for further help, review, and input. Please offer your insight and views. All of your contributions do make a true difference.

Enjoy your costumed visitors and have a great Halloween!

Ray Washmera

Also in this issue: (Click on the headline below to zoom to the article)

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Teenagers are led to obesity

Research shows little escape from fast food

Many teens seem doomed to become too heavy by the reality of their environment.

That's the conclusion reached by research out today. It also says teens in lower-income families are exposed to more fast food, junk food and other toxic environmental influences than those in higher income brackets.

Obesity experts have been saying for years that children are getting heavier because portions are huge; junk foods and fast foods are everywhere; and exercise has taken a back seat, replaced by sedentary pursuits such as computer games and watching TV.

Several new studies by researchers at the University of Illinois-Chicago and the University of Michigan examined teenagers' surroundings, and their findings confirm earlier research. Among the conclusions in a special supplement of the American Journal of Preventive Medicine:

*Many middle schools and high schools offer a lot more unhealthful foods and beverages than nutritious foods.

*Students are less likely to participate in physical education classes as they get older. Principals estimate 90% of eighth-graders take P.E. compared with 34% of 12th-graders. (Gym class is often mandatory in middle school but an elective in the upper grades.)

*Food products account for 26% of TV ads seen by children ages 12-17. The majority of those ads are for fast food, sweets and beverages. Virtually all the products are high in fat, added sugars or sodium. African-American young people, who statistics show watch more daytime TV, see more of these ads than white teens do.

*Teens are more likely to be overweight if they live near convenience stores and are less likely to be overweight if they live near supermarkets that offer a wide variety of healthful foods.

*A higher percentage of restaurants in lower-income neighborhoods and high-minority urban communities serve fast foods than in higher-income neighborhoods.

"Kids and their parents are fighting against an environment that makes it almost impossible to eat healthfully, engage in physical activity and maintain a healthy weight," says Frank Chaloupka, professor of economics and public health at the University of Illinois.

Among the environmental changes he and his colleagues recommend:

*Businesses must put supermarkets in "food 'deserts' in inner cities so people have access to healthful choices," Chaloupka says.

http://www.grainnet.com/articles/Reed_Three_Rivers_Bio_Grain_to_Use_New_Process_to_Make_Ethanol_That_Uses_More_of_Corn_Kernel_While_Producing_Less_Pollution_in_Nine_Ethanol_Plants_Across_Illinois_and_Indiana-48791.html

September 26, 2007; **GrainNet.com**

Reed-Three Rivers Bio-Grain to Use New Process to Make Ethanol That Uses More of Corn Kernel, While Producing Less Pollution in Nine Ethanol Plants Across Illinois and Indiana

West Lafayette, IN--**Bio Processing Technology, Inc.** of West Lafayette, IN and **Reed-Three Rivers Bio-Grain, Inc.** of San Jose, IL reached an agreement Sept. 15, under which the latter will become the first commercial production user of the **Chen-Xu Process** of converting corn to fuel ethanol.

The new process was developed by **Professor Lifu Chen** and **Dr. Qin Xu** at **Purdue University's** Food Science Department.

An exclusive global license was granted in August 2006 by Purdue Research Foundation to Bio Processing Technology, Inc. to develop commercial utilization of this new technology.

Reed-Three Rivers Bio-Grain, Inc. plans to build nine 240 million gallon per year (MMGY) corn ethanol plants at Havana, IL, Danville, IL, Greenville, IL, Henry, IL, Paducah, KY, Gila Bend, AZ, and three facilities in the state of Indiana These facilities will all use the Chen-Xu Process of converting corn to ethanol.

Besides 240 MMGY of ethanol, the plants will produce six other pharmaceutical and/or human food grade products.

Reed -Three Rivers Bio-Grain, Inc. will utilize other patented technology provided by **Reed Klondike Group, LLC.** as well as proprietary 240 million gallons commercial production technology provided by Reed Klondike Group, LLC.

These plants will have high volume procurement centers with the state of the art technology for drying and storage. These procurement centers will insure needed annual corn supply. All of the nine corn ethanol facilities will use their patented drying technology which will enable the utilization of high moisture corn to improve the production yield to over three gallons of ethanol per bushel of corn. This drying technology will control drying costs and maintain the higher starch content of the high-moisture corn.

This technology will enable corn growers to deliver earlier harvested corn with higher moisture content and to receive a premium for that higher moisture grain and lower drying costs. Each of these plants will provide employment for approximately 205 persons.

Reed-Three Rivers Bio-Grain, Inc. is a private closely held corporation. Their decision to use the Chen-Xu process is predicated on the capability of this new manufacturing process to reduce pollution, and most importantly to utilize the remaining portion of the corn kernel for human food consumption and pharmaceutical use.

Steven C. Reed, Sr. is the President and CEO of Reed -Three Rivers Bio-Grain, Inc. He is also Co-Founder and Co-Executive Director of Reed Klondike Group, LLC.

Dale Elder is Vice-President and CFO of Reed-Three Rivers Bio-Grain, Inc. Bio Processing Technology Inc. is an Indiana corporation established for the purpose of developing commercial uses of technology invented by Professor Li-fu Chen and Dr. Qin Xu from Purdue University's Food Science Department.

The nine Chen-Xu Method Plants under planning by Reed-Three Rivers Bio-Grain, Inc. will be the first corn ethanol plants built without the odor of Distiller's Grain as a co-product. The elimination of Sulfur Dioxide will eliminate other noxious odors. The combination of environmental benefits, shorter production cycle, lower operating costs and higher total sales revenue of seven co-products from the Chen-Xu Process could make other processes much less attractive in the future.

Dr. John Y.D. Tse, as Co-Founder and CEO of Bio Processing Technology, Inc., carries the mission of developing commercial uses of the Chen-Xu process. Now, as co-founder and co-executive director of Reed Klondike Group, LLC, Dr. Tse is bringing the Purdue Research Foundation licensed basic Chen-Xu process from university laboratory setting to the reality of 240 MMGY commercial production in each of the nine plants under planning by Reed-Three Rivers Bio-Grain, Inc.

For more information, call 765-463-9758

10/08/2007 16:28; PRESS RELEASE

Tate & Lyle agrees sale of Mexican sugar business

Tate & Lyle PLC ("Tate & Lyle") announces that its Mexican subsidiary ("Tate & Lyle Mexico") has signed an agreement for the sale of its 49% shareholding in Grupo Industrial Azucarero de Occidente, S.A. de C.V. ("Occidente") to E D & F Man Holdings Limited ("E D & F Man"). Occidente operates three sugar mills in Mexico. E D & F Man's right to acquire Tate & Lyle Mexico's 49% interest in Occidente is subject to Occidente's majority shareholder's option to acquire 1% of those shares. If such option is exercised then E D & F Man would acquire a 48% interest in Occidente.

On completion, Tate & Lyle will receive a consideration of US\$93 million (£46 million). The consideration will be used to reduce Group debt.

The sale of Occidente is conditional upon clearance under the Mexican Federal Economic Competition Law. Completion is expected by early December.

At 31 March 2007 Tate & Lyle's share of the net operating assets of Occidente was £42 million. Tate & Lyle's share of the operating profit for the year to 31 March 2007 was £6 million.

Iain Ferguson, Chief Executive, Tate & Lyle said, "Last week, we announced the completion of the sale of our European wheat starch plants, eliminating our direct exposure to the European wheat market which has been particularly volatile in recent months. Today, we are announcing the sale of our interest in Occidente, our Mexican cane sugar business. Both these transactions represent important steps in our strategy of reshaping our business to reduce the impact of our exposure to volatile raw material and commodity markets as we build a stronger value added business. I would like to take this opportunity to thank the employees of Occidente for their commitment and hard work over the years, and our former partners in Mexico for their constant support, and wish them all every future success."

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About Tate & Lyle

Tate & Lyle is a world leading manufacturer of renewable food and industrial ingredients. It uses innovative technology to transform corn and sugar into value-added ingredients for customers in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries. The Company is a leader in cereal sweeteners and starches, sugar refining, value added food and industrial ingredients, and citric acid. Tate & Lyle is the world number-one in industrial starches and is the sole manufacturer of SPLENDA® Sucralose.

Headquartered in London, Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. In the US its ADRs trade under TATYY. The Company operates more than 50 production facilities throughout Europe, the Americas and South East Asia. In the year to 31 March 2007, it employed 6,900 people in its subsidiaries with a further 2,300 employed in joint ventures. Sales in the year to 31 March 2007 totalled £4.0 billion. Additional information can be found on <http://www.tateandlyle.com>.

SPLENDA® is a trademark of McNeil Nutritionals, LLC

<http://www.pr-inside.com/print243988.htm>

2007-10-12; PRESS RELEASE

Imperial Sugar Company Announces Three-Year Agreement with Louisiana Union

www.imperialsugar.com - Imperial Sugar Company (NASDAQ:IPSU) today announced that the local union representing associates employed at its Gramercy, Louisiana facility ratified a new three-year contract extending through February 1, 2011. Definitive terms of the new agreement were not released, but both sides expressed satisfaction with the new contract.

Imperial Sugar operates a cane refinery plant in Gramercy, Louisiana, which employs approximately 190 affiliated associates, who are represented by United Food and Commercial Workers Union, Local #1167-P.

Commenting on the agreement, Imperial's President & CEO, Robert A. Peiser, stated: "We are pleased to have been able to reach an amicable agreement with the union representing our associates in Louisiana. The process demonstrated the mutual respect and partnership between the Union and the Company, which has developed over the years." Senior Vice President - Human Resources, Kay Hastings, added, "The collaborative process confirms our belief in the professionalism and dedication of all of our associates."

Lloyd Kliebert, Local 1167-P President, stated: "I really appreciate the hard work of Local 1167-P's Bargaining Committee during the meetings we had with the Imperial negotiating team and the support of our members who continued with their work as usual. Our experience in these negotiations was very positive. Those on the other side of the table listened to our members' concerns, seriously considered our proposals and acted swiftly to correct some of the problems that most concerned our members. We expect that these negotiations will continue to advance our proactive communications with the Company."

The products produced at the Gramercy refinery supply Imperial's customers across its consumer, foodservice and industrial markets with particular emphasis on its Imperial and Dixie Crystal brands and include some of Imperial's innovative products supporting those brands including its new zip-close stand-up pouch. In addition to these operations, Imperial also operates a cane sugar refinery in Savannah, Georgia.

About Imperial Sugar

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. The Company markets products nationally under the Imperial(R), Dixie Crystals(R), and Holly(R) brands. For more information about Imperial Sugar, visit www.imperialsugar.com.

Statements regarding future market prices and margins, future product innovations, future energy costs, future operating results, operating efficiencies, future government and legislative action, future cost savings, future benefit costs, our liquidity and ability to finance our operations, and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These include, but are not limited to, market factors, energy costs, the effect of weather and economic conditions, farm and trade policy, our ability to realize planned cost savings and other improvements, the available supply of sugar, results of actuarial assumptions, strategic initiatives, actual or threatened acts of terrorism or armed hostilities, legislative, administrative and judicial actions and other factors detailed in the Company's Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

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<http://www.journalgazette.net/apps/pbcs.dll/article?AID=/20071013/FEAT0112/710130400>

October 13, 2007; By Dan and Krista Stockman, **The Fort Wayne Journal Gazette**

'07 grapes are hardy bunch after freeze, drought, deluge

What makes wine different from, say, a Pepsi?

A Pepsi, no matter where you buy it, no matter what year it was made, no matter what city it was canned or bottled in, always tastes the same.

That can be a good thing. But the thing that makes wine different – that its flavors depend on the weather, the region and the winemaker – also makes it special.

As you read this, winemakers in Indiana are just closing the books on the 2007 harvest, and how that harvest went will determine how yummy their white wines taste next spring and their red wines next fall.

So how did it go?

To describe the 2007 harvest in one word, it would have to be: Whew!

Bruce Bordelon, an associate professor of horticulture at Purdue University who works with wineries across the state, said this summer brought several opportunities for disaster, but none materialized.

“It was a surprisingly pretty good year,” Bordelon said. “This year we’re really lucky. We’re extremely fortunate.”

First, there was a warm March, which spurred grapevines across the state to begin growing and producing fruit buds. Then came the monster freeze in April.

“It caused a lot of damage, so we went into season not knowing what was going to happen,” he said.

The freeze didn’t just hit Indiana. Many states in the Midwest were affected. In Missouri, it nearly wiped out the entire crop – prompting the state to change rules to allow winemakers there to import grapes from other states, which is normally prohibited.

The freeze hurt the southern part of Indiana the worst because those vines had the most growth on them to freeze off. Vines that lose primary buds to frost will produce secondary buds, but they don’t produce as much fruit and it varies from year to year.

“There were some (vines) with zero primary buds left. They were all toast,” Bordelon said.

Then came the drought. In some respects, drought can be a good thing for wine grapes because the lack of moisture concentrates the flavors in the remaining juice. But if there’s too much drought, the vines shut down entirely, and the grapes stop maturing. But it seemed like every time things got critical, we got a bit of rain.

When the drought finally ended, it ended in a big way with lots of rain in August. Usually, that spells disaster.

If it rains a lot right before picking, the grapes can puff up with water, diluting the flavors in the juice and throwing their chemistry off balance. Remember, the resulting flavors in wine are a delicate balance between sugars, acids and pH, and suddenly dumping water into the mix can be terrible.

If the rain is heavy enough, the grapes can split open, which invites mold, rot and all sorts of nastiness.

But somehow, the crop escaped largely unscathed.

“It did not create the kind of problems it could have,” Bordelon said. “We didn’t have that total meltdown you might expect with a heavy rain right before harvest.”

Unlike the frost, the rain affected the northern vineyards the most. That left Satek Winery in Fremont, just south of the Michigan border, looking for a paddle.

“It was ironic that in a year of drought, the only problems we had were with rain,” Larry Satek said. And it wasn’t just the rain in August – there was heavy rain in May that knocked the blooms off his DeChaunac vines. No blooms means no grapes.

And when the rain finally came in August, it came without stop.

“We had 23 inches of rain in August,” Satek said. “I was really worried about it.”

But aside from some damage to the Marechal Foch crop, everything else recovered.

In fact, Satek usually struggles with its acids and pH balance, while California grapes, which luxuriate in sunshine, do not. This year, he said, the grapes’ chemistry is closer to those from California than what he usually sees.

inches of rain up here, it would have been a spectacular “If we hadn’t had 23 season,” Satek said.

And now that harvest and crush is over, winemakers can relax a little bit and watch their grape juice slowly turn into next year’s wine.

“We just finished crushing a gazillion tons of grapes, so we’re all exhausted,” Satek said.

Perhaps a glass of wine will help.

Cheers!

<http://www.minotdailynews.com/News/articles.asp?articleID=15318>

Thursday, October 18, 2007; By Marvin Baker, Minot Daily News

Sugar beet harvest nearly complete

SIDNEY, Mont. – Since mid-September, American Crystal Sugar has twice reduced the percentage of sugar beet acres it anticipated producers would have to destroy because of over production.

The latest contingency plan, according to the American Crystal Sugar Web site, is for Red River Valley producers to destroy 5 percent, down from 15 percent on Sept. 15.

“American Crystal does not take leaving/destroying sugar beets in the field lightly,” said American Crystal public relations manager Jeff Schweitzer. “Our board and management team have conducted a thorough analysis on alternatives for unused agricultural production.”

The harvest reduction will not affect sugar beet producers in western North Dakota who contract to Sidney Sugars Inc., a wholly-owned subsidiary of American Crystal Sugar, located in Sidney, Mont.

Steve Sing, general manager of Sidney Sugars, said all the beets — about 43,000 acres — contracted to Sidney Sugars will be harvested.

Those acres include 10,000 in McKenzie County and about 4,200 acres in Williams County, which represents about 21 percent of the production for Sidney Sugars. The remainder comes from Richland, Dawson, Roosevelt and Sheridan counties in Montana.

The harvest on both sides of the border is nearly complete, according to Sing. Barring inclement weather, he said 100 percent of the contracted beets should be picked up by this time next week.

Border producers have seen their share of interesting weather conditions this harvest. First, there were two shutdowns because of heat, according to Sing. On Oct. 1 and 2, root temperatures rose above 55 degrees and sugar beets at that temperature or higher aren't safe to store. Rain stopped harvest on Oct. 5, but it quickly resumed and has been going strong since.

“The 2008 harvest has been one of the best in recent history,” Sing said. “We are 77 percent complete as of this morning (Tuesday). Several growers have finished completely.”

Sing said yields are above average for all the districts in the service area and they are about what was expected.

“The North Dakota producers should be near 24 tons per acre,” Sing said. “Their sugar content will be above the factory average. (Overall) the sugar content and purity is down slightly from our expectations.”

According to Schweitzer, harvesting sugar beets that will not be used to make sugar is very costly for the shareholders of American Crystal. It's often more cost effective for producers to mark out some acreage and plow the plants under following harvest instead of feeding livestock or using the product for other purposes.

“Labor, equipment and fuel costs are higher than ever,” Schweitzer said. “The resulting potential revenue gained from uses as a livestock feed simply does not pencil profitably.”

The one possible downfall to destroying 5 percent of the crop is there could be yield loss on a rotational crop the following year because of slow root degradation, according to the American Crystal Web site. In some cases, if the beets begin to grow again the following spring, those re-emergent plants will utilize some of the nitrogen set aside for the new crop, thus reducing yields.

Abundant oilfield jobs in the Williston Basin have caused a shortage of workers to complete the sugar beet harvest, at least in Montana.

The Monday edition of a Sidney newspaper ran an ad asking for workers until late October to participate in the harvest in the communities of Culbertson, Glendive, Sidney, Fairview, Savage and Terry.

October 18, 2007; By [CLIFFORD KRAUSS](#), *The New York Times*

Seeing Sugar's Future in Fuel

LOREAUVILLE, La. — Todd Landry, a farmer who conjures big stands of sugar cane from the muddy fields of southern Louisiana, has been struggling lately against droughts and freezes and [hurricanes](#). Come January he will confront another peril: expanded sugar imports from Mexico.

“Will we have a flood of sugar coming across the border?” Mr. Landry wondered in a Cajun drawl. “Survival is on our minds every minute of every day.”

Mr. Landry and other sugar producers think they have spotted a life raft, and its name is ethanol.

Taking a cue from Midwestern farmers who have improved their lot by selling corn to ethanol distilleries, sugar cane and sugar beet farmers want an ethanol deal of their own, paid for by American taxpayers.

A little-noticed provision in the new farm bill working its way through Congress would oblige the Agriculture Department to buy surplus domestic sugar caused by the expected influx of Mexican sugar next year. Then the government would sell it, most likely at a steep discount, to ethanol producers to add to their fermentation tanks. The Bush administration is fighting the measure.

Sugar producers say the cost would be relatively low and the plan would help keep prices at a level they consider fair. As a side benefit, the deal would allow the nation to produce more ethanol to mix with gasoline, displacing some foreign oil, they say.

But ethanol producers are unenthused. And the plan is drawing fire from opponents of agricultural subsidies and from longtime critics of the sugar industry, who complain that producers already have one of the best deals in American agriculture.

“It’s a tax burden without a benefit that distorts both the ethanol market and the food-ingredient market,” said Richard E. Pasco, counsel for the Sweetener Users Association, a lobby group for food companies that use sugar. “And guess who will pay the price? Taxpayers and consumers.”

The [Congressional Budget Office](#) calculates the cost at \$660 million over five years, relatively cheap as farm programs go. But that is an estimate based on assumptions about how much sugar will come across the border. In truth, no one is sure.

“The [U.S. Department of Agriculture](#) would be taking on a limitless commitment,” said Robert L. Thompson, a [University of Illinois](#) professor of agricultural policy, “to buy any quantity of sugar offered at a guaranteed price, and that would get very expensive, very quickly.”

At issue is a provision of the North American Free Trade Agreement, the big trade pact meant to create a common market among Mexico, Canada and the United States. Though NAFTA was adopted in 1993, some of its more controversial provisions are only now taking effect.

One of them will soon open the United States to unlimited sugar imports from Mexico — the biggest crack in years in the wall of price supports and protectionism the government, at the behest of the sugar industry, has erected against foreign competition. That system includes quotas to limit domestic production and tariffs to limit imports, resulting in a market price for sugar in the United States that is typically twice the world market price.

The NAFTA provision will work in both directions, with the United States able to export to Mexico a form of corn syrup often used as a sweetener. That sweetener, much cheaper than sugar, could displace some sugar use in Mexico, making more available to ship to the United States.

Amid uncertainty over what will happen, the nation’s 12,000 sugar cane and sugar beet farmers are appealing to Washington for an insurance policy. “If Mexico decides to overproduce and send that to our market, they have the potential to eat up our market,” said James H. Simon, general manager of the American Sugar Cane League.

Sugar cane grows only in warmer states, with production concentrated in Florida and Louisiana. Farmers in some northerly states grow sugar beets.

In southern Louisiana, still recovering from hurricanes Katrina and Rita, cane is cultivated on 420,000 acres and has been a mainstay of the economy for generations.

Across a big swath of the state, the sweet smell of molasses wafts on the breeze in autumn, social life revolves around sugar fairs and festivals, and old sugar kettles decorate flower gardens. Whitewashed mansions, stately but not always well maintained, are shaded by live oaks draped with moss.

People fear the loss of a way of life with the onslaught of Mexican sugar. Louisiana's farmers and mill workers say sugar is in their blood, in part because few crops grow so well in the difficult climate, punctuated in recent years by powerful hurricanes that ripped crops from their roots.

"Sugar farming has been my whole life," said Michael Comb, 48, general manager of the Louisiana Sugar Cane Cooperative in St. Martinville. "I was 8 years old when I got on a tractor in a sugar field. It's all I know."

Sugar farmers see the ethanol proposal as the beginning of a much larger national commitment to producing energy from cane.

Brazil, famously, has displaced much of its gasoline by turning cane juice into ethanol. Sugar prices in the United States are far too high for that — and this country imposes a steep tariff that discourages ethanol imports from Brazil.

But the American sugar industry believes that with new technology, the pulp left over after juice is pressed from cane could eventually become a fuel source for cars.

The proposal under consideration in Washington "could be a bridge for greater things for sugar," said Anthony Joe Judice, 61, who works fields along the muddy waters of Bayou Teche, near St. Martinville. "It's like an engagement to a future marriage."

The sugar ethanol provision has won approval in the House. With the support of Senator [Tom Harkin](#), Democrat of Iowa and chairman of the Agriculture Committee, it may get through the Senate despite opposition from the administration and the food industry.

The measure would be grafted onto an existing sugar policy so complex that even many farmers have trouble understanding it. The government limits the supply of sugar through production quotas and import restrictions, and it uses financial mechanisms to set an effective price floor.

The system does not cost taxpayers money directly, a point of pride for the industry. But it costs consumers money in the form of higher sugar prices. The system has been subjected to withering criticism for decades, but the sugar lobby has clout on Capitol Hill. Sugar producers donated \$2.7 million in campaign contributions to House and Senate incumbents in 2006, more than any other group of food growers, according to the Center for Responsive Politics, a Washington group.

The new farm bill would retain much of the existing system, which sugar producers defend on the ground that virtually every country with a domestic sugar industry has

strong protections. But it would add more guarantees, including one that would assure American producers 85 percent of the market no matter how much sugar comes in from abroad.

To effect that policy, the government would buy excess sugar and sell it at a loss to ethanol producers. They ferment corn starch to ethanol, but adding a little sugar can speed the reaction.

Mark E. Keenum, the Bush administration's under secretary of agriculture for farm and foreign agricultural services, said administering the ethanol program would be "very cumbersome."

Mr. Keenum suggested that the Agriculture Department would end up buying sugar for 22 cents a pound and selling it to ethanol producers for 4 to 7 cents a pound. "You can easily do the math and look at the loss potential," he said.

He added that the department tried selling sugar to the ethanol industry in 2001, but ethanol producers were interested in buying only 10,000 of 100,000 tons made available to them, even at a low price of 4 cents a pound.

Ethanol producers, who could be forced to invest in new equipment to process sugar, say they do not have much use for the idea. "In today's grain-based biorefineries, the amount of sugar you could introduce into the process would be fairly small," said Matt Hartwig, spokesman for the Renewable Fuels Association.

Mr. Keenum said the Agriculture Department did not want to be forced to sell only to ethanol producers, arguing that it might get a better price selling sugar for animal feed, pet food or industrial alcohol. On that point, the sugar lobby is willing to negotiate.

The sugar producers say whatever its costs, the new farm bill is needed to save their industry.

"We don't like the government spending money, but if they are going to give away our market to foreign imports then we have to look for alternatives," said Mr. Simon of the American Sugar Cane League. "We're confident we can get this farm bill passed and that will keep our heads above water until we're able to realize the full opportunities of energy production from sugar cane."

http://today.reuters.com/news/articleinvesting.aspx?view=CN&WTmodLOC=C3-News-6&symbol=NMX&type=qcna&storyID=2007-10-22T133436Z_01_N22430952_RTRIDST_0_NYBOT-PIT.XML

Oct 22, 2007; by Jonathan Keehner, **NY Post**

NYBOT plans to shut down futures pits

NEW YORK, Oct 22 (Reuters) - The New York Board of Trade (NYBOT), which has been renamed ICE Futures US, is planning to officially shut down its futures pits in the next six months as electronic commodities trading takes over, the New York Post reported on Monday, citing unnamed sources.

An ICE Futures US spokeswoman said that any such move would require a vote by the board, which has not taken place.

Shutting most of the trading floor could leave nearly 1,000 people out of work, the Post reported. The exchange may also abandon its headquarters at the World Financial Center in New York, which is owned by the neighboring New York Mercantile Exchange Inc. (NMX.N: [Quote](#), [Profile](#), [Research](#)) the Post reported.

Atlanta-based IntercontinentalExchange (ICE.N: [Quote](#), [Profile](#), [Research](#)), an electronic exchange, acquired NYBOT in January and the following month introduced electronic trading to the traditional open-outcry platform for agricultural commodities.

Electronic volume quickly exceeded expectations, with the bulk of trades for most of the soft commodities currently being done on the screen.

10/23/2007; By Mike Richardson, The Freedomia Group

Stevia's potential in an imperfect sweetener market

- No sweetener currently available on the market has proven to be a fully satisfactory replacement for sugar, but the emergence of stevia could rekindle hope, according to Freedomia. The analyst examines the sweetener market in the second of a series of exclusive articles contributed to FoodNavigator-USA.com by global market research firms.

The quest for the perfect sweetener - clean sweet flavor with no off-taste, non-caloric, and no bad health effects - remains unresolved.

Originally, the main market for alternative [sweeteners](#) was in foods and beverages for diabetics. When consumers became more calorie-conscious in the 1960s and 1970s, they turned to diet soft drinks and tabletop sweetener products featuring sweeteners like saccharin and cyclamate.

Eventually, health concerns about these ingredients cast a pall over their market prospects. **Cyclamate** was removed from the US market in 1969 and products containing **saccharin** were required to carry an ominous label between 1977 and 2000.

In the intervening years, a number of other high-intensity sweetener products emerged, following FDA approval: **aspartame** in 1981, **acesulfame potassium** (or Ace-K) in 1988, **sucralose** in 1998 and **neotame** in 2002. Currently, **alitame** is pending FDA approval and cyclamate is pending re-approval.

Aspartame, the sweetener in Equal and NutraSweet, became the leader in the large diet soft drink market, and established a presence in the tabletop sweetener market. Ace-K's main outlet is also in diet soft drinks, where it is often paired with aspartame in a blend that negates the two products' off-tastes and produces a synergistic effect. Sucralose, the sweetener in Splenda, quickly became the leading tabletop sweetener following its introduction. Additionally, **polyols** (or sugar alcohols) such as sorbitol, xylitol, mannitol and maltitol have found use in a variety of foods, especially candy, gum and mints.

However, none of these products have proven to be a fully satisfactory replacement for sugar.

Polyols have been very successful in candy, mints and gum, but are typically less sweet than sugar and often cause difficulties with product formulations. Although some polyols can boast that they help prevent tooth decay, others have a laxative effect sufficient to warrant a warning label.

High-intensity sweeteners generally fail to meet sugar's flavor profile in carbonated soft drinks, although some have been successful as a sweetener for coffee and tea. Moreover, there are numerous concerns about the safety of high-intensity sweeteners. Although the products' manufacturers and the FDA maintain that they are safe, there is no shortage of flag waving about the threats posed by these sweeteners, ranging from carefully reasoned arguments and references to scientific studies, to sensationalistic conspiratorial ranting.

Regardless of tone, producers and users of these ingredients cannot overlook the fact that attention of this sort can affect sales.

As a result, there has been considerable interest in new products, many of which are positioned as 'alternatives to the alternatives' - sweeteners with little or no carbohydrate content, little or no glycemic impact and unburdened by chemical names of which so many consumers are wary.

Stevia and agave nectar are among the products offering the brightest prospects. Neither is the long-lost perfect replacement for sugar, but both offer a number of attractive features.

Agave nectar has found use as a tabletop sweetener and in New Age beverages such as natural sports drinks. It has a low glycemic index and is sweeter than sucrose, but is of roughly equal caloric value, making it an attractive sugar alternative in many settings, but less so in others.

Stevia, made from a plant native to Paraguay but now grown in many regions, is perhaps the product upon which more recent hopes have been placed. It is 250-300 times sweeter than sugar, comparable to high-intensity sweetener products. Also, it is effectively non-caloric, making it an attractive ingredient for diet foods and beverages. [Stevia](#) is already used extensively as a sweetener in many countries, including Japan, Taiwan, South Korea and many South American nations.

But stevia is not without drawbacks of its own. These drawbacks, and how quickly and easily they might be overcome, will hold the key to market success for stevia and its derivatives.

The first is regulatory: stevia is not currently approved for use as a food additive in the US. Although there are stevia products on the market, such as SweetLeaf and OnlySweet, they must be labeled as dietary supplements. Past attempts to gain FDA approval have failed due to health concerns and issues with consistency of supply.

The second is economic: stevia products are currently more expensive than other high-intensity sweetener products. Presumably, increased production levels would address that; but such increases are unlikely without gaining regulatory approval to market stevia as a food additive.

The third is aesthetic: stevia products on the market now have a distinct flavor profile with a pronounced aftertaste which is reminiscent to that of licorice. While stevia has definitely gained a following as an alternative to high-intensity sweeteners, there is no mistaking it for sugar (or Equal or Splenda, for that matter) in its present form.

The great current hope for stevia lies with two heavyweights, Coca-Cola and Cargill. Earlier this year, Coca-Cola filed two dozen patents relating to stevia, including uses in baked goods, condiments, candy, dental products, gum, cereal, beverages, pharmaceuticals, tabletop sweeteners and dairy products. The focus is 'rebiana', an extract of the stevia plant.

The plan is for Cargill to develop rebiana for food uses, while Coca-Cola will focus on beverage applications. The companies intend to introduce rebiana-enhanced products where stevia is accepted, and in the US and Europe when regulatory requirements are satisfied.

The two firms believe that they have a handle on the product consistency issue that has plagued previous efforts to bring stevia to market as a food additive, and that the process by which they make rebiana will deliver a sweet product free from the aftertaste that has prevented it from being a drop-in replacement for other sweeteners.

Clearly, stevia has never had the benefit of patrons with the firepower it has now. Even so, the extent to which the FDA agrees with Coca-Cola and Cargill about the safety of stevia, and the extent to which consumers agree about the flavor profile of rebiana, will make it or break it.

As companies already know, government approval can be tricky, and consumer palates can be fickle; both are scary prospects when trying launch new products.

The [Freedonia](#) Group is a leading international business research company, founded in 1985, that publishes more than 100 industry research studies annually. More information about Freedonia's industry studies and other products is available on the company's website, www.freedoniagroup.com

October 24, 2007; By Mikkel Pates, **Grand Forks Herald**

American Crystal Sugar Co. releases all acres for harvest

MOORHEAD - And now it's zero.

Zero beets destroyed, that is, in an American Crystal Sugar Co. contingency plan that had started at up to 15 percent of the 2007 planted acres, and dropped to 10 percent and had then been cut to 5 percent in recent weeks.

Crystal's board of directors, after a recent conference call meeting, immediately released all of the remaining beets so shareholder-growers could arrange help to finish off the beet lifting campaign.

David Berg, Crystal's new president and chief executive officer, said the staff used the "down time" because of recent rains to contact all growers to verify how many acres were remained to be harvested and how many tons. The numbers are reported through the ag staff.

"We determined that if we harvested everything, we'd be able to get the quantity we'd like to harvest," said Berg, who took over the presidency and CEO position Oct. 19.

Part of the decision is to avoid processing late in the spring and causing odor and other problems.

The board concluded that growers likely would deliver about 11.2 million tons of beets for processing, which is what the company had said it could safely process this year.

"What we're harvesting today, based on normal storage and processing, will give us more sugar than we have allocation for," Berg acknowledged. "That will be a factor in consideration of next year's planted acres."

David Kragnes, Crystal's board chairman from Kragnes, Minn., described the contingency planning as "a very difficult series of decisions."

Weather factors

The crystal ball got cloudy when excessive moisture in the north and south of Crystal's growing region led officials to believe that beet production couldn't be as excessive as in 2006, when 8 percent of the beets were ultimately destroyed because of late season growth.

Sampling in early August was showing larger-than-expected growth. Crops were drying out and thriving more in the north and south, and areas like Crookston and Fisher, Minn., were seeing spectacular potential.

"All those numbers all added together, and we started to see we were in trouble with too many beets," Kragness said.

Ultimately, this led to a repeat of the contingency plan and the earmarking 15 percent of growers' land for possible destruction.

Kragness acknowledged that there are voices from shareholders who say too many acres of beets were allowed to be planted. There are those who have suggested farmers with larger yields could somehow destroy beets.

"It creates a lot of hardships for planning," Kragness said of the contingency plan process.

As one example, a shareholder typically would harvest on their heavier soils when it's drier, Kragness said. But if the poorest crop yield was expected on the heavy soil, that piece might have been set-aside in the contingency plan. Now, after more rain, the producer might have to go back and harvest that.

"There are frustrations with me, with the planning process, and our ability to predict the crop," said Kragness, whose 12-year board term ends at the end of this year. He said he hopes that now the information is correct about the crop: "We believe it, or we wouldn't have made the announcement."

Kragness and Berg both said decisions about whether to cut acreage next year are under discussion. Issues include marketing allocation, factory capacity, market prices, as well as beet prospects in other areas of the country that have alternative crop options.

"They'd like to know right now," Kragness said, noting that much ground preparation happens in the fall, and that crops like soybeans require less input costs than sugar beets. "They need to know, but we're trying to make the right call rather than the quick call."

He noted that board members live with the decisions they make, too.

"We're not isolated from this. We're in the canoe, and it's our job to see the rocks and rapids and get everyone paddling around them."

October 24, 2007; by Herman Wang, *Chattanooga Times Free Press*

Senators urge lifting of sugar protections

 [Senate Agriculture Committee Letter Sugar Oct 23 2007](#)

WASHINGTON -- Seeking to protect Tennessee's food and beverage industries, Sens. Lamar Alexander and Bob Corker, both R-Tenn., have asked the Senate Agriculture Committee to eliminate a provision from the farm bill that they say artificially inflates sugar prices.

In a letter to the committee's chairman, Sen. Tom Harkin, D-Iowa, and ranking member Saxby Chambliss, R-Ga., the senators say the sugar protections, which are included in the farm bill version passed by the House, benefit sugar growers "far in excess" of those given to other commodity producers.

Mike Gloekler, a spokesman for Collegedale, Tenn.-based McKee Foods, which produces Little Debbie snack cakes, applauded the efforts to remove the sugar protections from the farm bill. The bill "could create instability in the baking industry as well as provide an unfair advantage to foreign competitors," Mr. Gloekler said.

Sens. Alexander and Corker wrote that the "provisions jeopardize jobs in the food and beverage processing industries of the economy." "They impose significant added costs on consumers and taxpayers," the senators stated. "They invite retaliation against US. farm exports. And they undermine the very interests they are supposedly designed to protect."

The committee is scheduled to consider the bill this week, with the full Senate scheduled to take it up next week.

The bill, as written, would increase price supports for domestic production of sugar and place restrictions on imports, the senators said. The Congressional Budget Office says the policy would cost taxpayers \$1.3 billion over the next decade, the senators wrote. "At least 15,000 food industry jobs in Tennessee depend on sugar because it's an ingredient in so many products," Sen. Alexander said. "A policy that would raise the price of sugar only in the United States could cause those Tennessee jobs to be shipped overseas."

Erin Hamm, a spokeswoman for Sen. Chambliss, said the Senate draft being considered will differ from the House version. The Senate draft would place fewer restrictions on imported sugar than the House version, she said. "Senator Chambliss understands that (the Senate draft) contains provisions that not everyone will be pleased with, but he continues to work with the committee members to forge a compromise," Ms. Hamm said.

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October 25, 2007 09:00 AM Eastern Daylight Time

Imperial Sugar Implements RFID-Enabled Plastic Pallets

SUGAR LAND, Texas--(BUSINESS WIRE)--Imperial Sugar (NASDAQ:IPSU) announced today that it has signed an exclusive agreement with Intelligent Global Pooling Systems ("iGPS") to become the first sugar company to begin using RFID-enabled plastic pallets to deliver its products to its customers.

In partnership with iGPS, Imperial will provide a pallet platform that is lighter, more uniform in size (48 x 40), significantly more durable, hygienic, fully traceable and 100% recyclable. Every iGPS pallet will contain an RFID (Radio Frequency Identification) enabled sensor to allow for full traceability. Pertinent information, such as where each pallet has previously been and exactly what has been transported on that specific pallet, can be gathered through RFID. As importantly, the composition of the plastic pallet will improve the level of product integrity and will increase durability while reducing susceptibility to damage.

"This partnership encapsulates many of Imperial Sugar's top priorities: innovation, excellent customer service and environmental responsibility," said John Sheptor, chief operating officer of Imperial Sugar. "RFID technology is the future of supply chain management and we are proud to bring this innovation to the sugar industry."

Rex Lowe, president of iGPS, points out that the plastic pallets help ensure product integrity and safeguard against cross-contamination. "We're thrilled to offer a socially responsible, customer-focused solution to Imperial Sugar," Lowe said. "This sugar-industry first enables Imperial to provide a safer and fully traceable product to its consumers while creating a secure, efficient work environment that eliminates injuries from splinters and nails, reduces equipment jams and lowers transport costs."

Imperial Sugar will have exclusive rights to this innovation for one year. Its customers will have the option to receive product on the new pallets, the tracking technology for which can be utilized in their own supply chain, or continue using existing systems.

About Imperial Sugar

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. The Company markets products nationally under the Imperial(R), Dixie Crystals(R) and Holly(R) brands. For more information about Imperial Sugar, visit www.imperialsugar.com.

About iGPS

iGPS is the world's first company to provide manufacturers and retailers with an all-plastic pallet pool with embedded RFID-tags. Launched in March 2006, the company's management includes numerous pallet and supply-chain industry veterans, led by Bob Moore, chief executive officer, and Rex Lowe, president. iGPS (www.igps.net) is headquartered in Orlando, Fla., with offices in Dallas, New York and Bentonville, Arkansas.

Forward-Looking Statements

Statements regarding future market prices and margins, future product innovations, future energy costs, future operating results, future raw sugar availability, operating efficiencies, future government and legislative action, future cost savings, future benefit costs, our liquidity and ability to finance our operations, and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These include, but are not limited to, market factors, energy costs, the effect of weather and economic conditions, farm and trade policy, our ability to realize planned cost savings and other improvements, the available supply of sugar, results of actuarial assumptions, strategic initiatives, actual or threatened acts of terrorism or armed hostilities, legislative, administrative and judicial actions and other factors detailed in the Company's Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

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October 25, 2007; by Shannon P. Duffy, **The Legal Intelligencer**

Splenda Fight With Generic Competitor Goes to 3rd Circuit

In a case that could have a huge impact on the marketing of generic or "store brand" products, a federal appeals court Wednesday appeared poised to rule in favor of the manufacturer of Splenda, the nation's best-selling sugar substitute, in a suit against the manufacturer of a generic version of its product for using "virtually identical" packaging.

In the suit, Splenda's maker, McNeil Nutritionals, claimed that Heartland Sweeteners violated trade dress law by selling its store-brand generic sucralose in packages that mimic Splenda's color scheme, graphics and package sizes.

Heartland won the first round of the litigation when U.S. District Judge John R. Padova ruled in May that McNeil was not entitled to an injunction because it failed to show that consumers were likely to be confused.

But in oral arguments Wednesday before the 3rd U.S. Circuit Court of Appeals, all three judges seemed to find fault with Padova's rulings. McNeil's lawyer, Steven A. Zalesin of Patterson Belknap Webb & Tyler in New York, argued that Padova "got a little bit lost in the forest and forgot about the trees."

In *McNeil Nutritionals v. Heartland*, Padova found that because purchasers of sugar substitutes are motivated by health or fitness concerns, they are more likely to take care in their buying decisions and therefore less likely to be confused.

"Because consumers choose to purchase no-calorie sweeteners for health, fitness, and dietary considerations, we find that the level of care and attention a consumer would use when making a purchase of the products at issue in this case is heightened," Padova wrote.

But U.S. Circuit Judge Robert E. Cowen seemed to disagree with that finding, saying he saw no proof that sugar substitute consumers are all so sophisticated.

Zalesin brought two products with him when he approached the podium and showed the judges that the packaging was "extremely, extremely similar."

Padova, he said, had agreed that five of the eight products had similar packaging, but nonetheless refused to grant an injunction because he found there was no likelihood of confusion as to the source of the products since consumers understand that generic products are a cheaper version made by a different company.

In his ruling, Padova found that "consumers are aware that stores have private-label brands that in most cases are merchandised next to the national-brand products."

But Zalesin said Padova failed to account for "initial interest" confusion.

Under the law, Zalesin said, there "doesn't have to be confusion at the time of purchase."

Heartland's packaging was a trade-dress violation, Zalesin said, because it was designed to take a "free ride on the good will" of Splenda's famous packaging design.

When Heartland's lawyer, Abbe F. Fletman of Flaster Greenberg, approached the podium, U.S. Circuit Judge Walter K. Stapleton insisted on asking a question before she had a chance to begin her argument.

"I want to read you something," Stapleton said.

He then read a passage from Padova's opinion in which Padova addressed McNeil's argument that Heartland's intent to mimic the Splenda trade dress could be inferred from the "striking similarity" between Heartland's packaging and the Splenda trade dress.

Padova had rejected that argument, saying "courts do not focus on the defendant's intent to mimic, but rather on whether the defendant had an intent to confuse."

Fletman defended Padova's reasoning, saying a trade-dress violation must be analyzed on the basis of the so-called "Lapp factors," and that, while similarity is the most important, it is not dispositive.

The central question, Fletman argued, is whether an "appreciable number" of consumers are likely to be confused about the source of the product. Fletman said Padova correctly analyzed the issue of the consumer's reaction by considering the context. All of Heartland's product designs, she said, include the logo of the supermarket chain -- an image that the consumer would see first upon entering the store and again and again on all of its store-brand products.

But U.S. Circuit Judge D. Michael Fisher was skeptical, saying it seemed that Fletman was asking for a "per se rule" that store-brand products are immune from trade-dress claims.

Pointing to the products still sitting next to the podium, Fisher said "you can't get much more similar," and asked "when can there be trade-dress infringement if it wasn't in this case?"

Fletman insisted that the court's inquiry is "fact based" and that Padova had properly considered the effect on consumers who would understand the nature of a cheaper, generic product.

In his rebuttal argument, Zalesin urged the judges to consider the fact that McNeil had spent \$250 million in promoting Splenda and that the courts should recognize that Heartland's mimicking of its package designs was "trading on, free-riding, stealing -- call it whatever you want."

"If these products aren't over the line," Zalesin concluded, "there really isn't anything left to trade-dress protection."