



# Newsletter

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



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## *Message from Ray Washmera, President;*

Hello All;

We are looking forward to seeing you at our May 7 luncheon in New York. Patrick Henneberry, Executive Vice President of Imperial Sugar Company, is our guest speaker and knowing Pat, his speech will be short, sweet, and to the point. It should be an excellent affair.

Between the Farm Bill, food riots, commodity markets, speculative funds, energy and oil costs, and biofuels, there is truly an overload of controversy. Our customers may be feeling a bit overwhelmed and seeking guidance and help. The attached articles, culled by some of our fine members, should offer insight and assistance.

Hopefully, the weather will cooperate and we will get our crops planted. Let Spring begin. It will be a boon to all of us.

All the best, NSIMA;

*Ray Washmera*

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27-Mar-2008; By Jess Halliday, FoodNavigator.com

# Study suggests calories cause addictive brain response

**A new animal study indicates that food calories, not just sweetness, can trigger a positive response in the brain – a breakthrough that could have implications for anti-obesity strategies and the food industry.**

Scientists have long known that there is a link between sweet taste and production of [dopamine](#), a neurotransmitter that provokes feelings of pleasure. Dopamine is produced in two areas of the brain - the nucleus accumbens (NAcc) of the ventral striatum, and the orbitofrontal cortex (OFC).

However the researchers from Duke University Medical Center in Durham, North Carolina, wanted to find out if the brain dopamine reward system is sensitive to the metabolic value of nutrients, even when the taste receptor activation is absent.

From their animal study they found that calorific content of a food substance triggered dopamine response in the NAcc area even in mice that were modified to have no capacity for taste.

This result, if it also holds true for humans, could have significant impact for the strategies to combat the global [obesity](#) epidemic - and particularly the food industry's efforts to help address the problem.

To date, reformulation of food products along healthier lines has revolved around making products that have less sugar, fat or salt, but as far as possible the same taste as the original product.

This is because consumers are unlikely to buy a product again if they do not like the taste. This is particularly important when it comes to sweet foods, as the consumer does not want to feel they are losing out on a treat.

However the new study suggests that simply replicating the taste might not be enough to satisfy cravings for the high calorie snacks we are used to. In the long run this could have an effect on people's ability to stick with a diet or healthier eating approach.

## The study

First author Ivan de Araujo and his team carried out behavioural, neurochemical and electrophysiological experiments on taste-blind mice - that is, mice that had been bred to have no capacity for taste - and compared the findings with normal mice.

In the first part of the study the team provided the mice with two feeding bottles, one containing water and the other containing sucrose (sugar) solution.

Initially the taste blind mice showed no preference, but after a time they showed a preference for licking the sweet solution.

The researchers then repeated the experiment, this time using water in one bottle and a solution of the sweetener sucralose, which has the same sweetness as sugar but without the [calories](#).

In this case the taste-blind mice showed no preference for the sucralose solution over the water. The indication is that, in the first instance, it was the calories that attracted the mice to the sugar.

In both experiments normal mice preferred the sweet solutions over the water, as would be expected.

## Brain responses

The researchers then turned their attention to what is actually happening at a neural level. They implanted the mice with microdialysis probes, so they could see whether the behaviour they had observed was related to dopamine secretion levels.

They found that in the taste-blind mice, the NAcc area responded to only after they had licked the sugar solution, not the sucralose solution. In addition, there was no activity in the OFC region after either solution was consumed.

In the normal mice, on the other hand, both the NAcc and the OFC released dopamine after intake of sugar and sucralose.

The indication here is that the NAcc responds to sweet taste and calorific content, whereas the OFC responds only to sweet taste.

*"Our results demonstrate that even in the absence of taste transduction or palatability, caloric intake produces measurable tonic increases in NAcc dopamine,"* wrote de Araujo and his colleagues.

*"Thus, both palatability and postingestive factors can independently increase dopamine levels in brain reward circuits."*

## Source

*Neuron*

DOI: 10.1016/j.neuron.2008.01.032

*"Food Reward in the absence of taste receptor signalling"*

Authors: Ivan Araujo, Albino Oliveira-Maia, Tatyana Sotnikova, Raul Gainetdinov, Marc Caron, Miguel Nicolelis, Sidney Simon.

March 29, 2008; by Brian Cleeve, Today's Farmer

## Beet growers brace for larger yields

Planting Roundup Ready sugar beets could improve yields by up to two tons per acre, says the chairman of the Ontario Sugarbeet Growers Association.

"With RoundUp Ready, growers will have virtually clean fields," says Glen Jack. Speaking at the annual meeting of the OSGA on March 20, Jack estimated that 50% of the beet acreage this year would be Roundup Ready. "This will help with weed control immensely. Weed control in sugar beets is difficult. Once they reach half an inch, it's tough to control them."

Jack, who grows 460 acres of beets in Dover Township, says there will likely be 9,000 acres of beets grown in Ontario this year, down from the 9,800 in 2007. Jack says that the Michigan Sugar Company has established the 8% reduction in acreage because of record crops the last couple of years. "The company has stocks of sugar on hand. We will produce all the sugar we can sell," said Jack. He added that with record prices for oil seeds and grains, growers stand to make as much money as if they grew more beets.

Over the past five years, Michigan Sugar has realized a yield increase from 23 tons per acre to about 28 tons this year. For 2007, the price of the crop is likely to be about \$38 per ton, and the final payment figure should be announced soon. Jack said the payment for 2008 could be from \$1 to \$1.50 more per ton.

Jack said 2007 was a good, dry year for sugar beets. There was a good rain in late August and early September that helped gain a "tremendous amount of tonnage." "A normal spring and summer would be great." While things looks good for 2008, Jack said that the rise of the Canadian dollar has hurt Canadian growers who have seen a 30% takeoff over the past three years. Growers could get a great benefit if the Canadian dollar drops to about 85 cents U.S., he added.

High fuel costs are another issue that growers have to watch out for, he said. All the beets have to be trucked from the Dover yard to the company in Croswell, Mich. There are 90 growers in Ontario; two-thirds of them are in Chatham-Kent, and the other third are in Lambton.

<http://www.chron.com/disp/story.mpl/business/steffy/5658276.html>

March 29, 2008, 12:17AM; By LOREN STEFFY, Houston Chronicle

## Biofuel startup slow going as slow as molasses

Maybe it's fitting that Pete Carrothers' business plan is slow to develop.

Carrothers, a former executive with Imperial Sugar and Pepsico, wants to make ethanol in Houston from imported molasses.

It's an attempt to maneuver around a web of special interests, trade restrictions and price controls that have left corn the ethanol feedstock of choice in the United States.

More than half of the world's ethanol is made from sugar, with Brazil the biggest producer. Using sugar or byproducts such as molasses is simpler and takes less energy because it doesn't require the cooking and enzyme additives needed for corn.

Capital expenditures for a sugar-ethanol refinery are about 30 percent less on average than for a corn-ethanol facility, according to the Renewable Fuels Association. Operating expenses for sugar are 37 percent below corn.

Yet 97 percent of U.S. ethanol is made from corn, according to the Department of Agriculture. Corn ethanol is profitable only because of government subsidies.

Almost two years ago, the USDA released a study that found sugar-based ethanol would be profitable without subsidies, if it weren't for price supports on domestic sugar that almost double the cost compared with corn.

"The economics certainly are better for sugar," Carrothers said. "The reason I've got to bring it in as molasses is because the U.S. Congress won't let me bring in raw sugar. They're worried that it will disrupt their precious sugar program."

### **Keeping sugar prices up**

U.S. policy includes import tariffs on raw sugar and price supports that keep domestic sugar prices above 18 cents a pound. It's part of a decades-old program to shield producers from a volatile world market, where sugar often is sold below production costs, according to the USDA. On the world market, raw sugar was selling for about 12 cents a pound last week, while domestic prices remained above 20 cents.

That's good for domestic sugar producers, but it essentially prices sugar ethanol out of the market.

"These guys really believe that they somehow deserve to have their prices supported at the expense of everybody," said Robert McTeer, former president of the Federal Reserve Bank of Dallas, who said he knows little about ethanol production but dislikes price controls.

## **Shielding 'the corn guys'**

Meanwhile, Congress also imposed a 54-cent-a-gallon tariff on imported ethanol, making it uneconomic to buy sugar ethanol from, say, Brazil and ship it here.

"That's to protect the corn guys," Carrothers said.

The corn guys — mostly big agribusinesses — are the biggest benefactor of the alternative-fuel boom. Without the subsidies, though, most wouldn't make money on ethanol, prompting concern that the government is skewing the market instead of allowing the most economic alternative to develop.

Carrothers' solution is to build a plant on the Ship Channel and convert imported molasses into ethanol. The location is ideal because Kinder Morgan Energy Partners operates a terminal nearby that blends ethanol with gasoline.

A Kinder Morgan spokeswoman said the company is always looking for new sources of feedstock but couldn't say whether it has had any discussions with Carrothers.

Houston already is one of the country's largest ports for imported molasses, which is used in cattle feed.

"I have a major advantage over the corn guys in that I don't have to haul it down from Iowa to Houston," Carrothers said.

Carrothers estimates he needs \$125 million to build a plant that initially would produce 60 million gallons a year. That would account for only 14 percent of Houston's current ethanol demand, he said.

He's a long way from getting his plan off the ground, but he believes oil prices above \$100 a barrel could generate interest from a strategic partner or major investor.

## **Not enough corn acreage**

Congress has set a goal for domestic ethanol production of 35 billion gallons annually. We can't plant enough acres of corn to meet that goal, Carrothers said. Sugar ethanol can coexist with corn and help reach the mandate.

If we're going to develop viable alternatives to oil, we need open-market solutions and we need a combination of alternatives, not one fuel chosen for its lobby support in Washington.

Getting around the government's roadblocks, though, can be slower than molasses.

April 1, 2008; By Jerry Hirsch, Los Angeles Times

## Reduced corn crop forecast plants fears

**The USDA estimates farmers will grow 8% less of the grain, which will affect food prices.**

The U.S. Agriculture Department sent shudders through much of the food industry Monday when it released estimates that showed farmers would plant 8% less corn this year.

With corn prices already pushing up food prices, a spokesman for the Grocery Manufacturers Assn. called the projection "alarming" and warned that the estimate bodes ill for consumers at the supermarket.

"Food prices are rising twice as fast as inflation, placing significant pressure on American families who are already suffering from economic uncertainty," spokesman Scott Faber said. "It's time for Congress and the administration to offer families some relief and stop food inflation."

In particular, the association is protesting federal energy policies that have created increased competition between the nation's food producers and energy companies for corn.

But don't put all the blame on corn-based ethanol, the USDA said. Competing demands for farmland from high-priced wheat and soy crops also play into reduced corn plantings, officials said.

The decline in the amount of farmland that will be devoted to growing corn this year will worsen the effect of "food-to-fuel mandates which are resulting in massive increases in food prices," Faber said.

Grocery prices are rising at more than a 5% rate this year, the fastest increase since 1990, according to the Department of Labor.

Corn prices jumped 6.75 cents to \$5.67 a bushel Monday, up 51% from a year earlier, on news that farmers would be planting fewer acres. Farmers intend to plant 86 million acres this year, 7.6 million acres less than 2007.

Food producers are worried about the decline because corn is a building block for a wide range of foods.

It is feed for dairy cows and egg-laying hens. It fattens cattle, hogs and chickens. Corn syrup is the third-largest ingredient in Heinz ketchup and is the sweetener that goes into soda pop and hundreds of other food items.

Federal officials said corn plantings have fallen as prices have soared for wheat and soy. Farmers are looking for the best payoff for their investments.

"There is a set amount of farm acres, and every crop competes for them," said Elaine Kub, grains analyst for DTN, an Omaha-based agriculture information firm.

The acreage also has dipped because of the high cost of the petroleum-based fertilizers and agricultural chemicals that are used to grow corn as well as the standard practice of rotating crops to sustain farmland.

"Despite the decrease, corn acreage is expected to remain at historically high levels as the corn price outlook remains strong due in part to the continued expansion in ethanol production," the USDA said in its report.

What happens next will depend on Mother Nature, Kub said.

The current wet weather and flooding in the Midwest could hamper or delay plantings of the grain and reduce the amount that is harvested.

"Corn plantings could be a real challenge, and the later you go into May, the lower yield we are going to see," Kub said.

Later in the year, heat and drought at the wrong times could hurt the crop.

Soybean producers intend to plant 74.8 million acres this year, up 18% from last year. Much of the increase is a result of the run-up in soy prices in recent months. Soy prices closed at \$11.97 a bushel Monday. Although that was down 70 cents from Friday, it was 57% higher than a year earlier.

Wheat acreage also is expected to rise this year, up 6% to 63.8 million acres. Wheat prices have risen 112% in the last year, closing off 60 cents Monday at \$9.29 a bushel.

<http://baltimore.bizjournals.com/baltimore/stories/2008/03/31/daily23.html>

Wednesday, April 2, 2008; by Rachel Sams, **Baltimore Business Journal**

## **McCormick & Co. sinking its teeth into challenge of boosting spice sales**

As spice maker McCormick & Co. Inc. battles a tough economic climate, the company is tapping into top food trends -- expanding its line of organic spices, for example, and offering blends that give a restaurant-style crust to meats.

McCormick has plenty of change on the horizon this year, and it laid those changes out for shareholders at its annual meeting Wednesday morning at the Hunt Valley Inn. The gathering, which features "goody bags" of McCormick products, attracts about 1,000 people each year, many of whom are McCormick retirees.

This year's changes include having familiar faces in new roles. McCormick veteran Alan D. Wilson was promoted to CEO this year, while the company's longtime head, Robert Lawless, retained his role as chairman.

Sparks-based McCormick (NYSE: MKC) is facing spikes in the cost of key commodities such as cheese and soy oil, as well as the energy prices that are challenging businesses nationwide. But McCormick says it is well-positioned for the future, with a restructuring program in place that has helped cut company expenses.

Despite the economic pressures McCormick is facing as Wilson takes over -- and despite the challenge of speaking before an audience of 1,000 -- Wilson appeared comfortable as he addressed shareholders. He occasionally jumped in with additional information as other executives answered shareholders' questions, and got some laughs when he filled the audience in on potato consumption trends. (If you're wondering, the average American eats almost a potato a day, and McCormick has debuted new steamer bags that quickly cook potatoes with seasoning to try and get in on more of the action.)

McCormick is stepping up advertising this year, including Internet advertising, and plans to overhaul its Web site later this year. McCormick also plans to hold top managers more accountable for the company's management of its money. Top executives' pay will now be partly tied to how they perform against targets for management of working capital -- a metric that shows how well the company uses its assets to pay off its short-term liabilities. Better capital management will leave the company well-prepared to pursue acquisitions, which have been a major avenue of growth for McCormick, officials said.

McCormick's efforts to stay on point with food trends include:

- Going organic -- the firm's expanded Gourmet Collection now includes 30 organic products.
- Slow-cooker spice blends that tie in with the resurgence of the Crock-Pot.
- Continuing to expand the Grill Mates line to capitalize on the ongoing popularity of grilling.
- Low-sodium offerings to cater to people's desire to eat healthier. This year's annual meeting goody bags included a version of Maryland's iconic Old Bay crab spice with 30 percent less sodium.

Like many other companies, McCormick is launching a push to communicate its efforts in environmental awareness and sustainability. A new section on McCormick's Web site provides information on how the company works with small farmers around the world and is investigating materials like bio-resins for use in its plastic packaging.

One shareholder at Wednesday's meeting wanted to know why McCormick's popular "Grinders," spices that include a built-in grinder top, aren't refillable. Wilson told her the company made a choice between keeping the product's price relatively low or having reusable packaging that would increase the cost.

<http://www.redorbit.com/news/display/?id=1322494>

2008/04/02; REDORBIT NEWS

## Americans Still Crazy for Organic Foods

For the past few years, one of the few certain trends for American grocers has been the growing popularity of organic food. In just one decade, from 1997 to 2006, sales of organic food have grown by nearly 80 percent to \$17.7 billion.

The boost has been driven by an ever-growing chunk of the population that considers organic food healthier, safer and better for the environment. For now, those reasons are still spurring shoppers to move toward organics.

But with the economy slowing down and household budgets tightening, the once-sure bet for stores may be a bit more shaky. A slowdown in organic purchasing would be particularly troublesome for grocery chains, which have been pumping millions of dollars into improving their organic selections and developing their own store-brand organic lines.

There are no estimates on how much the industry has invested in organics. But spurred by the success of chains such as Whole Foods and the steep demand, many chains have been expanding their organic selections as fast as possible for years.

Harris Teeter introduced its HT Naturals products in April 2002, with 26 products. Now there are 188 HT Naturals items, with more items such as organic frozen waffles and salad dressings under development.

Kroger expanded its Naturally Preferred product line to 270 items and boasts more than 60 products in its premium Private Selection organics line.

"The way that supermarkets have beefed up their organics -- it's definitely made them more vulnerable," said Jeff Wells, a reporter who covers health and wellness for industry publication Supermarket News. "There are core consumers of organics like the people who do a lot of their shopping at Whole Foods and co-ops and things like that," Wells said. "They believe in it, they're loyal to it, and they'll give up a lot of things before they give up organic. The people on the periphery are the question mark."

### Staying the course

Nearly 60 percent of U.S. households buy some organic items, and stores say they are not expecting demand to slow down.

So far, sales of organic items have not decreased at BJ's Wholesale Club, said spokeswoman Stephanie LaCroix. BJ's is another chain that has added more organic products over the past year. "People placing a premium on maintaining a nutritious lifestyle seems to be the main reason why we have not seen a decrease," she said.

Other stores are even expecting a small increase in organic sales.

"Generally, in the past when we've had a weaker economy, we do not see a downturn in our sales," said Whole Foods Market spokeswoman Teresa Jones. "We see if anything, it might even be going up a little bit because people are actually eating out less and cooking more at home."

Kate Stone said she sees her investment in organic food as a big-picture approach to life. "In the long term, I'm saving money because I'll stay healthy," she said. "That would be one of the last things I'd cut back on." Still, Stone said, staying committed to organics is getting harder. She has started driving her Mini Cooper instead of her truck to conserve gas and has cut back on other items such as clothes and going to the movies. But she refuses to cut back on organic food. Last week, Stone was at the Fresh Market store on Falls of Neuse Road in Raleigh with a cart full of wild-caught salmon, asparagus and peppers. She figures she spends \$20 more a week plus the cost of gas each time she shops for organics in Raleigh instead of buying the nonorganic produce offerings near her home in Warren County. "It's still almost always less than eating out," she said.

## **Staying on the shelves**

Devoted shoppers like Stone may not be enough to keep stores stocking tons of organics. If enough shoppers cut back, stores will be forced to either try to find an inventive way to get organic items selling or simply cut back on the space allotted for organics, said Brian Todd, president of the Food Marketing Institute, a New Jersey group that studies food prices. "Shelf space is at a premium," he said. "At many supermarkets, they charge slotting allowances where they charge companies fees when they have a new product. It is costly. It is very valuable space."

Staying committed to organics may become even harder this year for shoppers.

Organic farmers are facing a variety of factors, including higher demand and higher costs for things like feed that could push prices up, said Holly Givens, spokeswoman for the Organic Trade Association.

Grocery stores are likely to raise prices across the board this year, too, Todd added. With food prices increasing overall, people might think twice before paying more for organics. "For all of 2007, wholesale prices were increasing much faster than retail prices, so supermarkets were absorbing a lot," he said. "They've kind of held the line as much as they could, and then we'll see prices probably go up even more at the retail level this year than last year."

The Food Marketing Institute is predicting a 5 percent increase in overall retail food prices this year, up from 4.2 percent last year.

Still, organic items only make up 2 to 3 percent of food sales, said Wells of Supermarket News.

If people stopped buying organics altogether, "it definitely wouldn't bankrupt the store," he said.

The outcome hinges on shoppers like Edy Striebel of Raleigh. "I would love to buy all organic, but I kind of do half and half," Striebel said. The Raleigh mother of three -- two of whom are in college -- has to balance healthy eating with expenses. "I try to get things that are grown in the United States," she said. "But it's kind of like a bonus if something's organic."

4/4/2008 6:00:00 AM; by Dave Wilcox, Capitol Press

## Growers to slash beet acreage

*Wheat takes a bite out of acreage for other crops, too*

Idaho sugar beet plantings are expected to drop by 15 percent this year to the lowest level since 1982, according to the U.S. Department of Agriculture planting intentions report released early this week. Acreage could decline by 25,000 acres in Idaho to 144,000 acres, the agency reported.

High wheat prices and increased competition for cropland are major factors behind the anticipated acreage reduction, said John Schorr, agriculture manager for the Amalgamated Sugar Co. "Landlords wanted to put wheat in this year because they saw that they could make some money in it," Schorr said in an interview this week.

Last year, growers in Amalgamated's three-state growing region of Idaho, Oregon and Washington turned in record average yields of 34.4 tons per acre.

Nearly all of the sugar beets planted this year are expected to be Roundup Ready varieties, which are resistant to Monsanto's glyphosate herbicide. That means the crop is likely to have less competition from weeds than in past years. Roundup Ready seed has already been delivered to Idaho growers, and they are ready to plant as soon as the weather allows, Schorr said.

Beet planting has gotten off to a slow start. Only about 1,900 acres had been planted in Amalgamated's growing area as of April 1, Schorr said. "We're a little bit behind where we normally are," he said. "It's just been too cold."

Nationally, sugar beet acreage is expected to be down about 11 percent to 1.13 million acres.

Sugar beets aren't the only crop expected to take a hit in Idaho as farmers rush to plant more wheat this year.

Idaho dry bean plantings are expected to decline 11 percent to 80,000 acres, and barley seedings are projected to drop 4 percent to 550,000 acres.

Field corn acreage, which hit a record high of 300,000 acres in Idaho last year, is expected to decline 3 percent.

Estimates of potato acreage won't be released by USDA until July, but industry leaders won't be surprised if spud plantings are down too. "People are just not excited about raising potatoes this year," Mountain Home grower Jeff Harper said in a recent interview. Alternative crops, including wheat, are competitive with spuds this year and have "a lot less inputs and a lot lower risk," Harper said.

Wheat prices have been around \$8 to \$10 per bushel recently and many growers aim to cash in. Winter wheat seedings in Idaho increased 20 percent to 900,000 acres. Spring wheat plantings are expected to increase 15 percent to 540,000 acres.

<http://www.foodnavigator-usa.com/news/ng.asp?n=84551-cargill-sugar-growers-and-refiners>

09-Apr-2008; By Charlotte Eyre, Food Navigator

## **Cargill builds first sugar refinery**

Ingredients firm Cargill yesterday announced the construction of its first ever sugar refinery in the US, as part of the company's plans to provide all possible sweeteners or sugars to the food industry.

Spokesperson Bill Brady told FoodNavigator-USA.com that [Cargill](#) is aiming to be a *"one-stop sweetener provider, manufacturing products ranging from corn syrups, sugar and low-calorie sweetening solutions."*

The new plant cost an estimated \$150m to build and will process a million tons of sugar every year, mainly for the US market, he added.

The new refinery will add to Cargill's not inconsiderable dealings in the sugar industry. The firm trades raw sugar in Switzerland, China, the US and Holland, and operates two sugar export terminals in Brazil.

Cargill also markets sugar for two independent US traders, Brady said.

The new complex, which will be built in Louisiana, is a joint venture between Cargill and [Sugar Growers and Refiners](#) (SUGAR), an agricultural cooperative in the state.

The refinery complex will be officially opened April 15, with commercial production beginning in the first half of 2010, Cargill said.

In terms of sweeteners, Cargill is one of the world leaders, and is currently trying to get approval for its stevia sweetener by marketing it for use in 'natural' foods and beverages.

Although the ingredient has been approved for some time in countries such as Japan, Brazil and China, it has not as yet achieved food additive status in the US, Canada and Europe.

As well as sugars and sweeteners, Cargill deals with agricultural and food products such as grain, chocolate and food ingredients. In January the firm reported net earnings of \$954m for its second quarter results, an improvement of 44 percent from last year's takings.

<http://www.startribune.com/business/17560999.html>

April 12, 2008; By MATT McKINNEY, Star Tribune

## Looking to add some sugar to fuel tanks

Ethanol plants across the country may soon sprinkle sugar on their mostly corn diets, thanks to free trade and Mexico.

It's one of the finer points buried deep in the sprawling farm bill legislation on Capitol Hill that may pass as soon as this week, and it's a point with significant importance for state farmers, the largest group of sugar beet producers in the nation.

The government-supported market controls that prevent cheap imported sugar from collapsing the U.S. market have come under threat this year. The final provisions of the North American Free Trade Agreement went into effect Jan. 1, removing all barriers between the sugar industries here and in Mexico.

No one knows how much more sugar will come north -- or even whether growers in Mexico will use the unrestricted access -- but the possibility has so alarmed the domestic sugar beet industry that it sought an escape clause. It found it in ethanol.

The farm bill provision mandates the use of sugar for ethanol each year in an amount equal to the sugar imports that come in above and beyond U.S. food consumption needs, shielding the domestic sugar industry from dumping by Mexico. It would require the government to buy excess sugar and then sell it at a loss to ethanol plants.

"We admit the fact that this is going to create a cost," said Nick Sinner, executive director of the Red River Valley Sugarbeet Growers Association.

Early estimates on that cost: about \$1 billion through 2017, according to the Congressional Budget Office. Other parts of the world already use different forms of sugar to produce ethanol, most notably Brazil, which became energy independent two years ago, producing ethanol from sugar cane. But sugar wouldn't amount to a major source of ethanol for this country, with most estimates predicting a low-single-digit percentage of total U.S. ethanol production from sugar farmers.

The ethanol provision is supported by U.S. Rep. Collin Peterson, chairman of the House Agriculture Committee and the representative from Minnesota's Seventh District -- sugar beet territory.

And though the Bush administration has hinted that it might veto any provision that calls for deflecting imported sugar into ethanol, Peterson said he doubts any sugar provisions will provoke a veto.

"I would be very surprised," the Democrat said Thursday in a call with reporters shortly after the first meeting of the farm bill conference committee. "I don't think that's a consideration that anyone has paid much attention to."

Two additional provisions in the proposed bill would further support domestic sugar farmers. One calls for reserving 85 percent of U.S. market share for the domestic industry. Imports currently account for about 20 percent of U.S. sugar consumption.

A second measure calls for an increase -- almost 3 percent in the House version of the bill, and 6 to 7 percent in the Senate version -- of the 22.9 cents per pound loan rate that the government pays farmers under the sugar program. A legislative effort to eliminate both provisions failed last summer on a 282-144 vote in the House.

Critics of the sugar program say it props up sugar prices at rates higher than the world price, with consumers paying more for candy and soda as a result. The Government Accountability Office says the cost of the sugar program to consumers and food companies amounts to \$1.9 billion annually.

The industry says that sugar prices here compare favorably with those in other developed nations, which also use subsidies and tariffs to control prices. And the average price of U.S. sugar, when adjusted for inflation, has fallen in recent years: Sugar today costs about 15 cents per pound less than it did 20 years ago, according to Bureau of Labor Statistics data.

Sugar-industry supporters also point out that the price of candy and soda wouldn't change by much if sugar was cheaper, as sweeteners typically account for a small portion of the final cost of a consumer-packaged good.

Another reason why consumers would likely not see cheaper sugar under free trade rules, according to R. Dennis Olson, a sugar policy expert at the Minneapolis-based Institute for Agriculture and Trade Policy, is greed: Candy and food companies would simply take more profit if their sugar costs fell, he said, pointing to behavior patterns common in other food industries.

Imports account for more sugar consumption in the United States today than five years ago, but much of that growth has come from Mexico and Central American countries covered by new trade agreements. The growth of Mexican shipments to this country alone has been dramatic, from about 7,300 tons 15 years ago to an anticipated 475,000 tons this year, according to the U.S. Department of Agriculture.

But Mexico's growth has come on the backs of other countries. "If you increase imports from one country, you have to take away from others," said Paul Ryberg, president of the International Sugar Trade Coalition. His group represents growers in Africa and the Caribbean who have quotas to supply

1.1 million tons annually to the United States, but have seen their market share fall because of the free trade agreements. About 40 countries in all have quotas to sell sugar here, accounting for about 20 percent of all sugar consumed domestically.

Farmers have watched that number climb in recent years, particularly after Hurricane Katrina in 2005. The domestic high-fructose corn syrup industry typically exports huge volumes of syrup to Mexico, displacing Mexican sugar and leading to higher exports of Mexican sugar back here.

"The immediate future is a little less ominous, because the price of corn has made the price of high-fructose corn syrup go up," said David Berg, president and CEO of American Crystal Sugar Co., the Moorhead, Minn.-based cooperative.

The state's three sugar beet cooperatives have fought lately to keep their members focused on sugar beets, traditionally the state's most profitable crop, as prices for corn, wheat and soybeans have soared along with demand. American Crystal's annual shareholders meeting this month revealed that a lot of farmers were thinking about those prices and about whether they could plant crops other than sugar beets, though they are required under contract to grow a certain amount of sugar beets.

Berg said the cooperative plans a 15 to 19 percent drop in production this year, after two years of bumper crops, which should allow its 3,000 members across 850 farms more land to grow some of the more-profitable crops.

"People understand that this too is cyclical and sugar beets have been good over the years and will be stable for years to come," said Sinner, of the Red River Valley Sugarbeet Growers Association, whose members own American Crystal.

The farm bill, which has already consumed more months of debate than originally planned, faces a Friday deadline for passage before old laws take effect. "If we get to Thursday or Friday and we don't have a resolution, I don't know what will happen," Peterson said. "I have no backup strategy."

April 15, 2008; by Graham Summers, SeekingAlpha.com

## **Sugar: Get in While It's Still Cheap**

"Good God Almighty!" The woman in front of me had reached the age at which she no longer cared what anyone thought of her. After nearly running into me with her shopping cart and clearly not caring about it she paused to pick up a pack of Baltimore's famous Berger cookies. She squinted, unable to make out the price tag at first. Then came the scream. "\$4.59! Good God almighty, I don't like 'em that much!" Throwing the box of cookies down with disgust, she shuffled off mumbling under her breath.

Around Baltimore, Berger cookies are legendary for their taste and their artery clogging abilities. They're essentially sugar cookies that have been slathered with a thick chocolate icing. There's not a whole lot to them, just eggs, milk, sugar, flour, and cocoa for the chocolate. However, the prices for virtually every one of these ingredients has soared in the last year. Eggs are up 45% in the last eight months. Wheat recently hit a record high. And milk prices are competing with gasoline on a per gallon basis.

Like everyone in food retail, Berger's has resorted to shifting these higher prices onto consumers, resulting in outbursts like the one I had to witness standing in line at lunch. There is, however, one ingredient in Berger's cookies that hasn't resulted in price increases... yet. In fact, based on inflation, this commodity is unbelievably cheap, especially when you consider most of its counterparts are hitting all time highs. I'm talking about sugar.

Today, raw sugar sells for roughly 12 cents a pound, up from 11 cents at the beginning of the year. The sweet stuff, like all commodities, has been rising in the past four years. However, sugar remains extremely depressed relative to its historic highs and to other, more popular commodities. This fact literally stared me in the face today while I waited to order my sandwich. Posted on the shelf to my right was a grocery index from 1933. Sugar was priced at five cents a pound. Has it really only risen seven cents in over 70 years?

Nope, based on inflation sugar is ridiculously cheap compared to its 1933 prices five cents in 1933 equates to 50 cents in "real" terms today. In fact, sugar in "real" terms has been dirt-cheap since the late '80s. In the U.S., we're used to this. For us, sugar is something of an evil thanks to several anti-sugar diets and the development of various artificial sweeteners. However, for most of the world, sugar is the primary sweetener. And they're starting to get a sweet tooth.

Since 2002, worldwide demand for sugar has increased 15%. That's an strong rate of growth for an industry measured in millions of tons. So far, production has exceeded demand... but just barely. And this won't last for long. In 2007 worldwide production of sugar exceeded demand by 12 million tons: not a whole lot when you consider that demand is growing between three and six million tons a year.

With production growing 1% and consumption growing 4%, it's not difficult to see where this situation is headed. High oil prices and cheap dollars are only going to help, too. Brazil, the largest producer of sugar in the world, is shifting more and more of its sugar crop to ethanol since the appreciation of the Brazilian real against the dollar is making exporting less attractive.

Between these factors, and growing demand from emerging markets, particularly China and India, I expect sugar consumption will catch up with production some time in the next three years or so. By the time it does, sugar, like oil and gold today, will be at an-all time high, above 66 cents per pound. Meteoric rises like this have happened before. During the last commodities bull market, sugar prices rose 45-fold from 1.4 cents to 66.5 cents per pound. Even with sugar trading at 12 cents today, we could see a five fold increase and still remain below the historic sugar high.

There are a number of ways of playing this trend. The London stock exchange has a Sugar ETF trading under the symbol SUGA. The largest producer in South African, Illovo Sugar, trades on the Johannesburg exchange under ILVOF. And in the U.S., there's Imperial Sugar ([IPSU](#)), the maker of Dixie crystals. However, if you decide to invest in sugar, be warned, the commodity can be quite volatile. The trends I've discussed are long-term and will require a strong stomach. Still, sugar remains one of the few asset classes trading at a depressed price relative to its historic levels. Gold, oil, wheat and milk have all recently hit all time highs. Sugar's turn is coming, and when it does... Good God Almighty!

<http://www.confectionerynews.com/news/printNewsBis.asp?id=84688>

2008 04/16; By Annie Launois, ConfectioneryNews.com

## US consumer group warns against GE sugar beets

**Citizens for Health, a US consumer advocacy group, has launched an online campaign to warn consumers about the dangers of genetically engineered (GE) sugar beets in food products.**

Citizens for Health's email campaign urges consumers to send their concerns about the use of GE sugar beets to sugar companies.

The campaign is particularly aimed at several large firms, including Hershey's, M&M Mars, and American Crystal Sugar. According to Citizens for Health, these companies in 2001 pledged not to use sugar from genetically engineered sugar beets in their products. However, with Monsanto's Roundup Ready sugar beet now allegedly ready for planting, these companies have not been renewed, said the advocacy group.

The group fears that the use of sugar beet seeds that have built-in resistance to the Monsanto's Roundup herbicide could create new and unpredictable health and environmental risks.

American Crystal Sugar confirmed that there had been no planting of GE sugar beet seeds yet. However, the company was unable to comment further prior to publication.

Mars and Hershey's did not respond to calls for comment.

### **Sugar beets**

Sugar beets are grown on about 5 665 million square metres (1.4 million acres) by about 12,000 farmers in the United States, mainly in northern states from Oregon to Michigan, according to figures published in Capital Press Agriculture Weekly.

Although a minor crop compared with corn and soybeans, sugar beets account for about half the US sugar supply, with the rest coming from sugar cane.

According to Citizens for Health, as these sugars are found in hundreds of everyday food products, such as candies, cereals, and cakes, "*the infiltration of GE sugar beets could represent a significant alteration of our food supply*".

### **Consumer calls**

The Organic Consumers Association (OCA), an American public interest organisation campaigning for health, justice, and sustainability has also urged consumers to take action

against GM sugar beets on its website.

The association draws consumers' attention to the fact that they would not be able to make an informed decision when buying foods containing sugar made from biotech beets as these foods would not have to be labelled as genetically modified products in the US.

However, US food companies that export to European countries would have to label them as containing genetically engineered ingredients (EU Regulation 1829/2003 on genetically modified food and feed).

## **Lawsuits**

In the same context, farmers, food safety advocates, and conservation groups filed a suit in the federal court on 23 January 2008 in San Francisco, challenging the deregulation of "Roundup Ready" sugar beets by the Animal and Plant Health Inspection Service (APHIS) of the US Department of Agriculture (USDA).

As a "*regulated article*", Roundup Ready sugar beets could not be introduced into the environment without a permit from USDA's Animal and Plant Health Inspection Service before 2005. In March 2005, USDA announced that H7-1 was no longer to be considered a regulated article and deregulation "*would not present a risk of plant pest introduction or dissemination*".

The plaintiffs in the 2008 suit, Center for Food Safety, Organic Seed Alliance, Sierra Club, and High Mowing Seeds, seek to obtain a thorough assessment of the environmental, health, and associated economic impacts of the deregulation.

## **Europe**

In Europe, a request for placing products produced from sugar beet H7-1 on the market was submitted by KWS SAAT AG, a German plant breeding company and Monsanto Europe to the authorities of The United Kingdom on 12 November 2004.

On 20 December 2006, the European Food Safety Authority gave a favourable opinion and concluded that "*it is unlikely that the placing on the market of the products produced from sugar beet H7-1 as described in the application will have any adverse effects on human or animal health or the environment in the context of their intended uses.*"

The placing in the EU of foods, food ingredients and feeds produced from sugar beet H7-1 was approved by a decision of the EU commission on 24 October 2007 for the next 10 years. Their use for cultivation in Europe is still undergoing completeness checks by EFSA.

2008 04/17; Compiled By Staff, Michigan Farmer

## **Time Will Tell if Farmers Ultimately Plant More Soybeans, Less Corn**

Eagerly anticipated data was released this week revealing the crops Michigan and U.S. farmers intend to plant this spring, and the statistics forecast fewer fields planted to corn and more to soybeans and wheat. But industry experts warn not to bet the farm on the projections, emphasizing that these are early predictions and what ultimately happens rests in the hands of uncontrollable forces such as Mother Nature.

According to the National Agricultural Statistics Service Michigan Field Office, Michigan farmers on March 1 said they intend to plant 2.35 million acres of corn, down 300,000 acres or 11% from last year. Meanwhile, Michigan farmers intend to plant 2 million acres of soybeans, up 250,000 acres or 14% from 2007. Michigan wheat fields planted last fall grew 30% from 560,000 acres the previous year to 730,000 acres this year.

The state statistics follow national trends that suggest U.S. farmers this year will plant 86 million acres of corn, down 8% from a year ago when corn acreage was the highest since 1944. U.S. soybean acreage is forecast at 74.8 million acres, up 18% from 2007 but 1% below the record high set in 2006. Meanwhile, U.S. farmers intend to plant 63.8 million acres of wheat, a 6% increase from last year.

The early findings don't surprise Bob Boehm, manager of the Michigan Farm Bureau Commodity and Marketing Department.

"Farmers were surveyed a month ago and, at that time, market prices for soybeans and wheat were very bullish. Prior, corn had been the real standout. So you had producers seeing new profit potential in soybeans and wheat, and they were weighing the costs of what it takes to grow corn against what it takes to grow soybeans or wheat. Traditionally, soybeans and wheat are less expensive crops to grow relative to corn, so you naturally had farmers leaning toward these other markets," said Boehm. "Also, farmers were looking to return to more typical crop rotations, as corn following corn is more expensive in terms of inputs."

While well and good in theory, only time will tell whether farmers ultimately choose to - or are able to - carry out their plans.

Already, the planting intentions report is making an imprint on markets and could influence farmers to re-think their planting decisions. For instance, corn futures on the Chicago Board of Trade soared Wednesday to around \$6 a bushel, while soybean and wheat prices slid earlier in the week.

"History has shown that farmers adjust their planting intentions as these reports come out and the market reacts," said Terry Francl, senior economist for the American Farm Bureau Federation.

Boehm and Francl agree that the bigger variable, however, is weather. Michigan farmers ideally like to start planting corn around April 15, followed very soon by soybeans.

"With current weather patterns and cooler and wetter than normal conditions forecast for the Midwest for the next 10 days, it could be a challenge to get soil conditions conducive to planting activity by April 15, and markets will respond accordingly," said Boehm.

The availability of seed and fertilizer could also influence farmers' ultimate planting decisions, as countries like Asia and India contribute to increased global demand for crop inputs.

"Seed, fertilizer and crop protection manufacturers are already pushing capacity. So if weather conditions delay planting in areas that are normally ahead of Michigan and farmers across the Corn Belt hit fields simultaneously, there could be a tight squeeze for supplies," said Boehm..

And despite the projected decrease in corn fields this year, Boehm and Francl expect corn acreage to remain at historically high levels as the corn price outlook stays strong, due in part to the continued expansion of ethanol production.

## **Other crops**

Tracking other Michigan-grown crops, the NASS-Michigan Field Office March 1 survey found that Michigan sugar beet producers expect to plant 141,000 acres, down 6% from last year. Sugar beet acreage is tied to contract production, so the reduction balances supply and demand for the crop.

In the state's dry edible bean sector, growers intend to plant 190,000 acres, down 5% from 2007. "Dry bean prices, as well as prices for other specialty crops, have risen in an attempt to compete against major crops for acres. However, with significant per-acre returns available from crops such as corn, soybeans and wheat which, in many cases, have less production risk, require less labor and offer broader marketing options, specialty crop annual plantings are under pressure," explained Boehm.

The next survey of farmers' state and national planting intentions will take place June 1, with subsequent reports due later in the summer.

April 18, 2008 10:04 AM ET; BusinessWire v.MSN.COM

## Imperial Sugar Board Affirms Intention to Rebuild Damaged Areas of Its Port Wentworth Refinery

The Imperial Sugar Company [IPSU](#) board of directors affirmed its intention to rebuild the parts of its Port Wentworth, Ga. refinery that were damaged in a debilitating incident on Feb. 7, 2008. The board's affirmation authorizes management to retain design and engineering services to expedite the rebuilding process and continue to work with Imperial Sugar Company insurers to accomplish that goal.

"The board's action is a key milestone in our plans to bring the Port Wentworth refinery back online and to re-establish the packaging capacity destroyed in early February," said John Sheptor, Imperial's president and CEO. "Engaging outside resources to complete the engineering developed by our internal staff should allow us to stay on track to restart bulk sugar production this calendar year." Sheptor also noted the company expects the full restoration of packaging capabilities to be completed in the next 12 to 18 months. When fully operational, the Port Wentworth facility is the nation's second largest sugar refinery, equivalent to nine percent of the total U.S. market.

While continuing to reach out to employees, families and community leaders in the Port Wentworth area, Sheptor said Imperial Sugar associates and management continue to work tirelessly to achieve critical reconstruction objectives. These include recalling 275 of 371 employees back to work, completing preliminary engineering estimates for the rebuild and ordering the equipment requiring the longest lead time in order to accelerate the rebuilding process. Demolition activities are well underway.

"Although the past months have been difficult for the Imperial Sugar family, we remain committed to our customers and stakeholders and will emerge from this incident a stronger and more competitive sugar producer," concluded Sheptor. "We intend to build the safest and most modern packaging facility possible."

### 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](http://www.imperialsugar.com).

Statements regarding future rebuilding efforts, future market prices and margins, future import and export levels, future government and legislative action, future operating results, future availability of raw sugar, operating efficiencies, future investments and initiatives, future cost savings, future product innovations, future energy costs, our liquidity and ability to finance our operations and capital investment programs, future pension payments 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, unknown refinery damage, unforeseen engineering and equipment delays, results of insurance negotiations, market factors, farm and trade policy, our ability to realize planned cost savings and other improvements, the available supply of sugar, energy costs, the effect of weather and economic conditions, results of actuarial assumptions, 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.

*Contact Information:* Imperial Sugar Company, Sugar Land Senior VP & CFO H. P. Mechler, 281-490-9652

<http://www.groceryretailonline.com/content/news/article.asp?docid=%7BE225DC12-5D72-4BF3-ABF4-679D493B5182%7D&VNETCOOKIE=NO>

4/23/2008; GroceryRetailOnline.com

## **Imperial Sugar Company Inks Brokerage Deal With Maximus Coffee Group**

Sugar Land, TX - Imperial Sugar Company recently announced it has entered into a brokerage agreement with Maximus Coffee Group, a premier North American coffee processing, packaging and marketing company.

Headquartered in Houston, Maximus is keenly focused on partnering with third party companies to develop private label coffee programs.

"This agreement demonstrates Imperial Sugar's commitment to value creation by diversifying revenue streams via strategic industry partnerships," said John Sheptor, president and CEO of Imperial Sugar. "By leveraging Imperial's extensive network of contacts within the food and beverage industries, Maximus will have enhanced opportunities to create business relationships that will benefit both of our companies."

The sales agency agreement will enable Maximus to gain a stronger foothold in the North American retail grocery market. As a result, Imperial Sugar will receive a portion of the net revenue Maximus makes through its newly acquired contract.

"Maximus does a great deal of business with several U.S. retail chains, but we are always looking for creative ways to increase our market share," said Carlos de Aldecoa, president of Maximus Coffee Group. "Our agreement with a well-branded supplier like Imperial Sugar is unique and will allow us to increase the breadth and depth of our strategic sales effort."

*SOURCE: Imperial Sugar Company*

4/23/2008-By Lorraine Heller, FoodNavigator.com

## Health awareness boosts US soy market, report

**The US market for soy foods and beverages is poised for strong growth as consumer awareness of the health benefits of soy increases, according to a new report.**

Published by Packaged Facts, *Soy Foods and Beverages* estimates that total retail sales of these products reached \$2.1bn in 2007, up 7 percent from the year before.

The report covers all foods and beverages that are made entirely from soy - such as soy milk - or that have soy as a primary component - such as meal replacement bars, smoothies or cereal. Excluded from the report are products whose only soy ingredient is soy lecithin, which is added for texture rather than nutritional benefits, as well as 'unhealthy' soy products, such as soy sauce, which is considered unhealthy due to its high sodium content.

According to Packaged Facts, sales of soy foods and beverages increased 29 percent between 2003 and 2007, representing a compound annual growth rate of 6.6 percent.

The group *"conservatively forecasts"* that the market will continue to grow at a *"healthy pace"* through 2012, to near \$3bn.

### Health drives sales

Health remains a main driver for the category, according to the report, with soy products slipping into the mainstream as more and more consumers become aware of the specific health and nutrition benefits linked to soy.

*"One of the biggest boons to the market came in October 1999, when the Food and Drug Administration gave food manufacturers permission to put labels on products high in soy protein indicating that these foods may help to lower heart disease risk,"* writes Packaged Facts.

*"As with health claims for other foods, this claim provides consumers with a solid 'seal of approval' regarding the benefits of soy protein and helps them make informed choices to create a 'heart healthy' diet."*

As well as heart benefits, soy has also been linked to a positive effect on bone health, menopause symptoms and cancer.

During the past decade, consumer awareness of soy as a healthy food has increased from 67 percent in 1998 to 85 percent in 2007, according to figures from the United Soybean Board's 14th Annual National Report (2007), *Consumer Attitudes About Nutrition: Insights Into Nutrition, Health & Soyfoods*.

More than three out of five consumers surveyed reported that they believe that consuming soy-based foods can play a role in reducing obesity, while soy foods and beverages were also recognized by 18 percent of respondents for their low-fat properties, high protein content (17 percent), heart health function (16 percent), cholesterol-lowering properties (11 percent) and potential for menopause symptom relief (10 percent).

Beyond those consumers that choose soy products for their health benefits, the category also benefited from vegetarians and organic and gourmet food fans, said the report.

## **Snack bars lead**

Although Packaged Facts estimated that total soy product retail sales reached \$2.1bn in 2007, the figure for the year as tracked by IRI (Information Resources, Inc) was \$1.3bn. Sales tracked by IRI included sales at supermarkets, drugstores and mass merchandisers, except Wal-Mart.

Foods accounted for about two-thirds of IRI-tracked sales, amounting to around \$4817m.

Beverages accounted for \$456m, but although this category was smaller, it showed a faster growth rate of 6.3 percent, compared to the 4.1 percent growth rate for soy foods.

Among the soy food and beverage categories, snack bars accounted for the largest share of IRI-tracked sales in 2007 at 32 percent, although combining both refrigerated and shelf-stable products put soymilk in the lead at 34.8 percent, with refrigerated soymilk alone accounting for 30.7 percent of the market.

Frozen meat substitutes were the next largest segment, at 17 percent, followed by cereal at 9.3 percent.

Only three other categories have more than 1 percent of the market - frozen treats (1.8 percent), yogurt/yogurt drinks (1.7 percent) and salted snacks (1.5 percent).

From 2006 to 2007, the biggest share shifts were for snack bars (up 0.9 percentage points) and frozen meat substitutes (down 0.7 percentage points), said Packaged Facts.

## **Challenges**

*"In the past, a rather ironic barrier to soy's success has been its prevalence in natural food stores, which despite the explosive growth in this channel has tended to leave soy without a substantial foothold in the mainstream market,"* said the report.

Soymilk is a good example of a product that has managed to bridge the gap by fully crossing over into mainstream and appearing in the dairy cases of most supermarkets beside the 'regular' milk, it said.

*"If marketers of other kinds of soy products expect to replicate soymilk's growth, they will need to find ways to compete for shelf space in traditional supermarkets and supercenters."*

[http://www.boston.com/news/local/articles/2008/04/25/rumblings\\_in\\_roslindale/](http://www.boston.com/news/local/articles/2008/04/25/rumblings_in_roslindale/)

April 25, 2008; By Stephanie Ebbert, *The Boston Globe*

# Rumblings in Roslindale

## *A Boston neighborhood feels the tremors of a troubled economy*

Open Door Realty is closing its doors, moving to a less expensive space across the park. Bob's Pita Bakery up the street has stopped baking pitas. And the manager of the pizzeria on the corner now takes a train and a bus to work most days, rather than racking up higher bills for gas.

This is what the nation's economic tremors feel like on Main Street. While economists debate the immediacy of a recession, the merchants and shoppers here in Roslindale Village can tell you times have already changed. They can see it in the spike in secondhand sales at The Thrift Shop. They can see it in the rush on DVDs and free museum passes at the library. They can see it in the smaller purchases, the higher delivery costs, the daily decisions to stay closer to home.

On the streets of one unassuming Boston neighborhood, people feel the vibrations from distant detonations: The rumblings on Wall Street after the collapse of the mortgage market. The war in the Middle East and the drumbeat of bad news about energy prices. The explosion of Midwest wheat prices, which is driving up the local costs of bread and flour.

"Everyone is complaining - not complaining, crying," said Sam Awad, a Roslindale resident who drives a taxi.

Not only is he losing money to higher gas prices, but his customers have become stingy with their tips. "Everyone is being affected," he said. "All kinds of businesses."

Take a walk through Roslindale Village past the no-frills storefronts of Poplar Street to the gussied-up bistro and brick sidewalks of Birch. Witness the American economy, limping along.

In May 2004, five days after Joe Murphy bought A. Boschetto Bakery, a fixture on Washington Street for more than five decades, he was crushed between two cars while sitting on his Harley-Davidson. He spent nine weeks in a coma and nine months in an upper-body cast.

He survived. Now Murphy, 60, is trying to keep his bakery alive.

In the past year, the costs of running the business have skyrocketed: The price of flour tripled. The price of eggs doubled. And providing health insurance now required by the state cost the bakery an extra \$20,000 last year.

"I'm into the bakery for around three-quarters of a million dollars, with no return on my investment," Murphy said.

Next week, he will begin raising his prices, from \$9.50 to at least \$10 for a pound of cookies. But the math isn't easy.

"When you're trying to run a small business, dealing directly with the public, you have to step back and say, how much can I charge for a loaf of bread or a cake before they start saying, 'You're ripping me off?' " Murphy said. "In good conscience, how much can I charge my loyal customers?"

In the past two weeks, he had to cut six employees, including Barbara Davis.

"That hurt," said Davis, 51, who started working overnight shifts in February. "I'm upset, because it's very, very difficult, especially for a woman my age, to go out and find another position."

For now, she's extending her hours at her second job, now her only job, at a Malden cookie manufacturer.

Up Washington Street, the Roslindale branch of the Boston Public Library is alive with students on computers and men using the photocopier or reading the newspaper. The library is thriving as people cut back on spending and get creative with their borrowing.

They are reserving DVDs as if the library is Netflix. They are calling like mad - 15 calls in less than three hours last week - for free passes to area museums.

"They're like gold," said Catherine Davidson, a librarian's assistant. The New England Aquarium pass has gone unclaimed only four days this month.

Roslindale Village, a thriving neighborhood center in the 1950s that was drained by the white flight of the 1970s, was the city's first urban center to be designated a Main Street district.

In 1985, Mayor Thomas M. Menino, then a city councilor, tapped federal funds to help restore facades, bolster local merchants, and attract new restaurants.

Now, the village is a food lover's paradise, with ethnic markets, inviting restaurants, and a belt-straining six bakeries. Here, you can find burritos, baklava, bibimbop, pizza, paella, and pho. Casually chic restaurants mingle with unadorned postwar markets whose owners seem to see no need for upgrades.

The storefronts of Greek markets dangle candles ribboned and bedecked with toys for Orthodox Easter, while the broad window at Fornax Bread Co., maker of artisanal breads, is draped with artfully mismatched aprons.

Unlike most urban centers, Roslindale Village still feels completely real, dominated by locally owned businesses and traversed by people from a wide array of races and income levels.

And it remains a place where many people take the bus. They line up or sit along the benches on Poplar Street across from Adams Park, waiting.

Overlooking Adams Park is Open Door Realty. After six years of high visibility in the retail office and one year of a sluggish real estate market, Kim Ecevido can no longer justify the space. She is moving to a tucked-away office where she will not need to pay someone to greet visitors. (She has already let one receptionist go.)

Across South Street, Bob's Pita Bakery has kept its name, but now functions only as a Middle Eastern market. Buckets of succulent olives tempt near the register, where George Habib - the delivery man, occasional cashier, and general assistant - leans.

The bakery, hidden behind a closed door at the back of the market, once churned out 5,000 bags of pitas a day. Now, it lies dark and dormant with its floor-to-ceiling flour silo, giant racks for bread, and an 800-degree oven that was costing owner Robert Khouzami \$3,000 a month in gas. He stopped baking last fall.

Khouzami started working here in 1980, the same year he emigrated from Lebanon, and bought the business 10 years later.

He had to lay off five people when he stopped baking. That may not be enough. "I'll be honest with you - I'd like to let him go," Khouzami said, gesturing to Habib, who smiled, nodding.

"He knows it," Khouzami said. "But I feel like he's my brother. I've been with him like 25 years."

So now, Bob's Pita Bakery orders 1,000 bags of pitas a day from Rhode Island and Canada, a better deal, despite today's gas prices, which Khouzami knows well. He also owns four area gas stations, which would seem to be a more lucrative line of work now. But it's not. Competition is so fierce, he said, that he can only charge his customers what he is paying for gas.

Adding insult to injury, vendors serving his store are charging him extra to pay for gas. Khouzami will spend an additional \$136 this month to have the market's trash hauled away.

On Birch Street stands a store owned by Joanne Rossman, whose sign proclaims her a "purveyor of the unnecessary and the irresistible." She wants her shop to remain that way, recession or not, so she has brought in lower-cost items - a \$4 notebook to place beside her \$125 slippers - and she is introducing more affordable jewelry designers.

"You need something that promises a future," said Rossman, who has seen recessions come and go in her 68 years. "If nothing else, being tagged an irresistible and unnecessary store is a good way to look the world in the eye and just keep trucking."

Turn on Corinth and then Cohasset, past the wall murals: At the far end of the street is a tan house that is now padlocked. It's one of several in the neighborhood that have been foreclosed on this year. Roslindale is not a neighborhood hard hit by foreclosures, but this tidy, two-family house stands as a monument to the losses the mortgage market has wrought.

Not everyone is feeling the squeeze, of course, and shoppers sound more wary than panicked. Sandra Castillo is still looking for interesting finds at The Thrift Shop on Corinth Street, though she cannot walk out with six suits the way she once did, even here. With gas prices eating up so much of her pay, she also cannot sample a new neighborhood restaurant every day.

And that works for Tony DeBenedictis, the happiest guy in the square. His European-style butcher shop, Tony's Market, has been on Washington Street since 1969, and he always does better when the economy is staggering.

"Now the economy is a little bit on the rocks; people cook," said DeBenedictis, 69, who goes ballroom dancing at least three nights a week. "What you pay in a restaurant, you can buy in food for a week."

Yes, the prices of his Italian imports, the limoncello cakes and some pastas, climbed slightly as the dollar lost value against the euro. But his outlook is sanguine.

"What do you do?" he said, gesturing. "That goes up, that goes up. You don't eat anymore?"

And in walked his girlfriend, Deborah Maietta, dressed for ballroom dancing.

*Stephanie Ebbert can be reached at [ebbert@globe.com](mailto:ebbert@globe.com).*

May 1, 2008; By [Jonathan Katz](#), Industry Week

## ***OSHA Takes Heat for Refinery Fire***

Congressional committee says it could have done more to prevent fatal blast.

The Labor Department's safety administration failed to implement rules that could have prevented combustible dust accidents, such as the deadly February blast that killed 13 workers at a sugar refinery in Georgia, the House Education and Labor Committee determined during a March hearing.

In response, Democratic Reps. George Miller of California and John Barrow of Georgia introduced legislation that would force the Occupational Safety and Health Administration (OSHA) to regulate combustible industrial dusts that create explosion hazards. OSHA will fine-tune and expand its National Emphasis Program (NEP) for combustible dusts implemented in October, but OSHA has not indicated any immediate plans to create a mandatory standard. "After the NEP has been in effect and we have conducted enough inspections, we will evaluate and review the inspection data to determine if the standards we currently have are adequate to address combustible dust hazards," OSHA director Edwin Foulke said to the Congressional committee, [according to IW sister publication \*Occupational Hazards\*](#).

The reissued NEP directive calls for increased enforcement of safety measures at facilities where multiple combustible dust incidents or disasters have occurred. State participation in the program is voluntary. The U.S. Chemical and Safety Board (CSB) concluded in a preliminary investigation that OSHA does not have a standard that effectively controls dust explosion risks, according to the House Education and Labor Committee. The CSB has noted that standards set by the National Fire Protection Agency are effective in preventing dust explosions.

The blast that brought combustible dust concerns to light occurred in February at the Imperial Sugar refinery in Port Wentworth, Ga., near Savannah. The CSB says the fire was likely fueled by combustible sugar dust. Days after the Congressional hearing the blast claimed its 13th victim when a patient in an Augusta hospital died. One employee injured in the explosion has already filed a lawsuit in a Georgia state court, according to the Associated Press.