
Message from Ray Washmera, President;

Hello to All; Normally, summer is a time for rest and relaxation. Crops are growing and the sun is shining. Recreation, picnics, and other outdoor activities give us a chance to “catch a breath.” Not so, this year. Between floods and commodity markets, supply of corn syrup and sugar, this summer has been a source of adversity. Knowing you, I am sure you have met the challenge.

Next week, we will have our NSIMA luncheon at Maggiano’s Old Italy Restaurant. We hope you can join us on Wednesday at 11:30 am. I am very excited about our speaker, David Hightower. He is a high profile commodity analyst, publishing The Hightower Report and speaking at numerous commodity and financial engagements. We are very fortunate to have him as our speaker. He has promised his presentation will challenge us and provide us with food for thought. I know you will enjoy.

Hey, there is good news. Fall is fast approaching. That means baseball playoffs, the World Series, professional and college football. (Yes, I am getting pumped. USC vs Ohio State is just around the corner.) Oh, and the harvests and production campaigns will begin, replenishing stocks and inventories, and helping to settle our markets. A beautiful time of year.

I hope the balance of your summer goes well. I look forward to seeing you Wednesday.



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- [07/25 - OSHA to fine Imperial Sugar \\$8.7m in deadly blast](#)
- [07/27 - \(Switchgrass\) More than food for fuel](#)

The National Sweetener and Ingredient Marketing Association
(The National Sugar Brokers Association)
3000 Chestnut Avenue
Suite 100A
Baltimore, Maryland 21211
Phone: 410-467-6965 Fax: 41 0-467-9552
E-Mail: smisweet@chesa.com

June 19, 2008

The NSIMA's annual Chicago luncheon meeting will be held on Wednesday August 6, 2008 beginning at 11:30A.M. We will meet at Maggiano's Little Italy, 240 Oakbrook Center, Oakbrook, IL 60523

The guest speaker will be Mr. David Hightower, editor of The Hightower Report, a forecast service using both fundamental and technical analysis. Mr. Hightower has dealt in commodities for 25+ years.

Enclosed is a reservation form along with other useful information concerning the luncheon.

We are looking forward to seeing you in Chicago.

Sincerely,

Neale Smith

*****Reservation Form*****

NSIMA Luncheon
Wednesday August 6, 2008

Maggiano's Little Italy
240 Oakbrook Center
Oakbrook, IL 60523
Ph# 630-368-0314

Time: 11:30A.M.

Luncheon. \$65.00

\$70.00 At The Door

Company:

Attendees:

Make checks payable to:

NSIMA
3000 Chestnut Avenue
Suite 100A
Baltimore, MD 21211

June 15, 2008; by Elizabeth Fuhrman, BeverageIndustry.com

Beverage R&D: Sweetened to be different

Sweeteners are helping to differentiate beverages, and taking a healthy stance

A sweetener's role always has been important in achieving a beverage's desired taste profile, but now sweeteners' responsibilities have expanded from just flavor enhancers to calorie control to being a part of a system to deliver functionality. Sweeteners also are a key contributor to beverages in the health and wellness category, including all-natural and organic formulations, and in addition providing a way for beverage companies to differentiate their brands.

With the influx of health and wellness beverages, and particularly all-natural varieties, the latest innovation to arrive in the sweetener industry is the introduction of zero-calorie Truvia brand sweetener. Jointly developed by Cargill, Minneapolis, and The Coca-Cola Co., Atlanta, Truvia is created using rebiana, a high-purity extract of rebaudioside A sourced from the stevia herb. Truvia can be produced consistently on a commercial scale, which responds to consumer requests for a natural, zero-calorie sweetener, the companies say.

"Truvia rebiana is the first high-purity and well-characterized form of rebaudioside A," Leslie Curry, regulatory and scientific affairs director, Cargill Food and Ingredient Systems, said during a Webinar on May 15. "Well characterized or well defined, meaning we know exactly what's in it each and every time."

Rebaudioside A is a steviol glycoside, which is the sweet component of the stevia leaf. Native to Paraguay, stevia is commercially grown today primarily in China. Leaves from the stevia shrub are harvested and dried, then steeped in fresh water in a process similar to making tea. The process releases the "best-tasting part of the leaf," which is then purified to make a food-grade ingredient, Cargill and The Coca-Cola Co. say. The finished product is rebiana, which is 200 times sweeter than sugar, the companies say. The natural sweetener is both heat and pH stable, and can be used across an array of beverage and food products.

Cargill and The Coca-Cola Co. electronically published research last month in the scientific journal "Food and Chemical Toxicology" to establish the safety of rebiana for general use to sweeten foods and beverages. The evaluation research — the first of its kind to examine rebiana — included metabolism, safety, intake, stability and human studies that complement the previously published research on purified steviol glycosides.

Using stevia as a sweetener isn't a new concept either. Consumers in Japan have been using stevia commercially for more than three decades, and today stevia represents 40 percent of the country's low- or zero-calorie sweetener market, Cargill and The Coca-Cola Co. say. In the United States, stevia currently is sold as a dietary supplement. Rebiana will be the first available sweetener for beverages and foods that has been purified from the stevia plant, the companies say.

Because rebiana derives from the stevia leaf, Cargill has built a consistent stevia supply chain in anticipation of launching Truvia. Currently, one stevia plant yields enough rebiana for 30 6-ounce cups of coffee.

"It's this ability to control and predict the taste profile of rebiana that makes it possible to sweeten beverages and foods with a constant stevia leaf," Dr. Rhona Applebaum, vice president and chief scientific and regulatory officer of The Coca-Cola Co. said during the May 15 Webinar. "From a formulation perspective, this is key. We want foods or beverages in one part of the country to taste the same in another part of the country, and we want them to taste the same whether in June or in January. As the world's largest beverage company, with the world's largest distribution system, we intend to combine our product formulation knowledge with this newest scientific development to explore the possibilities to develop new products that will expand and diversify our portfolio of beverages and offer new choices to our consumers."

For 2008, Cargill will be launching a Truvia table-top sweetener and also holds the responsibility for product development in the food industry. Dr. Applebaum said during the Webinar that Coca-Cola is exploring options for its beverage portfolio, but for competitive reasons it could not discuss timing of a release.

Comeback kid

In tune with the request for natural sweeteners, another shift in beverage formulations is the return to cane or beet sugars. Bob Marginelly, Domino Foods Inc.'s vice president of industrial sales, says the main reason for the return to sugar is that it is perceived as natural, although the Food and Drug Administration, has not defined the term "natural."

Beverages in the health and wellness category, such as sports and energy drinks, enhanced waters and teas, are launching with sugar or have switched back to sugar for either formulaic or the "pure and natural" positioning reasons, Marginelly says. Additionally, some niche products and even soft drinks, like Jones Soda, now use or have switched to sugar to differentiate the brands from others in their categories, he says.

Beverages that are using or switching back to sugar are doing so for a product positioning reason though and not an economic reason, Marginelly emphasizes. While the price of sugar may have been the reason soft drink companies switched completely to high fructose corn syrup in the '80s, the economic advantage of HFCS to sugar was about 15 to 20 percent then, Marginelly says. The economic benefit has dissipated somewhat because of the pricing of the commodities in the past year — corn is more than \$6 a bushel today and around \$2.50 a bushel back then. It's a contributing factor, but not the overriding factor of why companies are switching back to sugar, Marginelly says.

"Sugar pricing is still not going to be an advantage," he says.

"It's a functional reason," he continues. "It's not an economic reason. Most of those people, if not all of those people, are paying more for their sweetener than what they did before."

Cane sugar may have an advantage over beet sugar in the natural arena moving forward too, because some beet sugar manufacturers will be growing beets made from genetically modified seeds. "This could be the cause of why even cane sugar next year is going to be the sugar of choice going into these various beverages," Marginelly says, adding that Domino Sugar is strictly cane sugar.

Niche and organic options

Beverage companies seeking to establish their product in the health and wellness category also are using organic sweeteners for their beverages. Organic sugar works well in richer beverages like soy milks, coffee, chocolate, teas and traditional lemonade vs. very light fruit flavored or clear beverages, says Nigel Willerton, chief executive officer of Wholesome Sweeteners, Sugar Land, Texas. "This is because the residual molasses [that is] not chemically refined out of organic sugar can add additional color or flavor, which may be undesirable," he explains. "Organic sugar also delivers that richer depth of color and flavor that can significantly enhance some beverages and not just sweeten them."

The organic and natural ready-to-drink tea category is growing and so is its use of organic cane sugar, Willerton says. "Energy drinks is another area where each is looking to differentiate itself from the competition and using organic, and now this is extending to Fair Trade certified ingredients," he says. "Vitamin-enhanced waters are the latest sector looking at sweetening with organic cane sugar. Wholesome Sweeteners is working on projects to supply organic cane sugar free of all molasses and impurities through using physical filtration and supplying crystal clear organic cane sugar."

Wholesome Sweeteners also offers an Organic Blue Agave Nectar, a fructose sweetener that is 25 percent sweeter than sugar. Wholesome Sweeteners' Organic Blue Agave Nectar has a low-glycemic index (39) that makes a beverage less likely to spike blood sugar, which is a concern for many consumers, including diabetics, Willerton says.

Most applications to date for Organic Blue Agave Nectar tend to be premium beverages that do not require a crystal-clear sweetener, he says. This includes superfruit-based beverages like acai, and vegetable drinks as well as canned, carbonated energy drinks. Organic Blue Agave Nectar's strength of color and mild honey flavor would be the biggest challenges for sensitive beverage applications, Willerton says.

Blend is in

One ongoing strategy is the blending of sweeteners to deliver the best taste.

"The trend in the market is about blending sweeteners," says Jordi Ferre, Tate & Lyle's vice president of sales and marketing for sucralose. "It's really the key to what's enabling the sweetness goal and to support different beverage applications."

When sweeteners are blended, many times formulators are able to achieve more versatility in the taste they want to deliver, Ferre explains. For example, many sweeteners, including sucralose, are being blended with sucrose. "It's certainly to obtain certain sugar tastes, but yet deliver certain functionality with less calories."

As well, the trend for high intensity sweeteners (HIS) has shifted from the single-sweetener-approach to using multiple sweeteners. "These could be in the form of a similar blend of aspartame/ace-K as is used in Coke Zero or ace-K/sucralose/neotame blends as used in CSDs and flavored waters," says John Curry, president of Sweetener Solutions LLC, Pooler, Ga. "This multiple sweetener approach tends to flatten or abate some of the off-notes the individually used HIS tend to give. Sweetener Solutions markets several HIS blends for this exact reason."

Calorie reduction remains an important function of sweeteners as well, but not in the same way low-calorie beverages were marketed three or four years ago, Tate & Lyle's Ferre says. Beverages in the better-for-you or health and wellness category are using low- or zero-calorie sweeteners, but instead of positioning the products as diet or low calorie, beverage companies are focusing on the beverage's functionality. For example, sports and energy drinks and enhanced waters may use zero- or reduced-calorie sweeteners, but tout their vitamin, mineral and energy content instead. Additionally, Tate & Lyle is working with sucralose in no-calorie beverages that would enhance a product's functionality beyond just taste by working on value-added delivery systems, some of which include fiber.

"It's a way of delivering a product that has a value added into it, but also delivers less calories," Ferre says. "The main benefit of the product is not necessarily the less calories, but it's more of the value-added benefit in the product."

When it comes to weight management and nutritional profiles of new beverages, progress has been made incorporating vitamins, minerals, pre- and probiotics in combination with calorie reduction using HIS blends, Curry says. "Although off-notes may be present with vitamins, minerals and some soy beverages, there will be several new launches in the coming year that will demonstrate compatibility of all of these ingredients," he says.

As mentioned in regard to sugar and HFCS, economic changes are playing a role in sweetener blending as well. "We are seeing several beverage segments interested in reducing amounts of HFCS 42 and 55 due to availability firstly, but more significantly for a cost savings by utilizing several of our aspartame/ace-K/ neotame blends," Curry says. "Using HIS blends to reduce HFCS in percentages of up to 30 percent can be a significant overall sweetener cost savings for customers who were never able to realize such savings before."

Natural options in HIS blends are also in development at Sweetener Solutions. The company is awaiting the approval of new grades of stevia in the form of rebaudioside-A. "Stevia powder can tend to have a licorice aftertaste that is tempered quite a bit in the rebaudioside-A powder..." Curry says. "We are currently working on sweetener blend taste profiles and hope to have a rebaudioside-A blend on the market this year."

Weight management

With the rise of obesity worldwide, consumers continue to search for beverages and foods with reduced calories. For weight management, Danisco Texturants & Sweeteners, Elmsford, N.Y., offers Litesse polydextrose, a low-calorie, low-glycemic, prebiotic fiber ingredient that has the added benefit of inducing satiety, says Donna Brooks, the company's regional director.

"Litesse is ideal for use in weight-management beverages as it reduces calories, improves the nutritional profile of the beverage and can even help improve the mouthfeel of the beverage," she says. "Low-glycemic and high-fiber foods and beverages help moderate fluctuations in blood sugar levels and suppress hunger longer — thus reducing the temptation to overeat and assisting with weight management."

Additionally, Litesse also can help mask off-notes in beverages that come from the addition of vitamins and minerals, Brooks says. Reduced-calorie ingredients, such as Litesse polydextrose, can be used in combination with HIS to help provide the body and sweetness when replacing sugar in full-sugar sweetened beverages, she adds. Calorie counting isn't the only factor consumers are concerned with in regard to weight management. Recognition of the potential role fat plays in myriad diseases, such as cardiovascular disease and diabetes, and the value of attaining a personalized healthy weight also are playing a role.

Consumers are looking for convenient, natural, healthy weight-loss solutions, says Sharon Rokosh, business development manager at Glanbia Nutritionals, Monroe, Wis. Weight-management products are increasing on mainstream levels, she says.

Glanbia Nutritionals offers Prolibra weight-management solution, an all-natural specialized whey fraction, which provides a multi-faceted approach to weight loss. Prolibra targets fat, lowers post-prandial glycemia and addresses satiety, Rokosh says.

“Prolibra’s market is healthy weight loss — people interested in achieving healthy, natural, sustainable weight loss,” she says. “The synergistic effect of Prolibra’s unique components, including proprietary whey peptides, contributes to significant fat loss, preserves lean muscle mass and significantly lowers post-prandial glycemia. Targeting fat loss and lowering your glycemic response while retaining lean mass provides a healthier scenario for weight loss.”

Consuming foods with a low-glycemic index is another approach for achieving healthy weight loss and may aid weight loss through the control of appetite, the delay of hunger, and the reduction of insulin levels and insulin resistance, Rokosh says.

Another set of functional ingredients helping consumers to stay satiated for a longer period of time are Super CitriMax and ChromeMate from InterHealth Nutraceuticals Inc., Benicia, Calif. Both ingredients offer weight-management benefits, and Super CitriMax earlier this year was granted a patent for its ability to promote fat oxidation or fat burning. Super CitriMax is an all-natural, weight-loss ingredient that contains standardized levels of hydroxycitric acid, an extract from the South Asian fruit *Garcinia cambogia*, which is bound to minerals calcium and potassium.

In addition to InterHealth Nutraceuticals’ research showing Super CitriMax as a fat burner, the ingredient suppresses appetite and inhibits fat production, without stimulating the central nervous system, the company says.

InterHealth Nutraceuticals also offers ChromeMate, which the company says has been proven to reduce body weight through fat loss while maintaining muscle mass. ChromeMate also has been shown to lower cholesterol, LDL and triglyceride levels while increasing beneficial HDL cholesterol levels, as well as lowering blood pressure, InterHealth Nutraceuticals says.

Paul Dijkstra, chief executive officer of InterHealth Nutraceuticals, agrees that maintaining healthy blood sugar levels is critical for people wanting to manage their weight. “They are able to avoid blood sugar spikes with related food cravings, often leading to eating too many of the wrong sugary foods,” he says.

“Using functional foods and beverages as a way to actively stay satiated for a longer period of time, feel fuller, or to limit caloric intake to prevent weight gain and control body weight is gaining in popularity,” Dijkstra continues. “Functional beverages, including waters, that help prevent weight gain, are increasingly popular ... People like the convenience and the flexibility that these products offer as long as they taste great. They can incorporate it into their daily lives without thinking about remembering to take supplements.”

*Elizabeth Fuhrman
Managing Editor
Beverage Industry*

<http://www.nilesstar.com/articles/2008/07/01/news/ndnews1.txt>

July 1, 2008; By Jessica Sieff, Niles Daily Star

Granholt requests disaster relief for Berrien farmers

NILES - On a day thick with heat and humidity, with a sky threatening rain, at Grampa's Orchard, 11025 M-140, Mark Layman is sorting through his peach trees. He's stripping branches bearing small, hard skinned, still green peaches with the speed that one would imagine only an experienced farmer to have.

Some peaches have fallen victim to nature, aborting themselves and growing inward or not at all. Some are hampering growth by crowding branches.

Layman has owned the 40 acres of farmland for 21 years. He doesn't supply big chain stores or even smaller owned markets. His farm is completely U-Pick. And the weather has impacted more than just his overall financial profitability. Frosts and freezes will affect what Layman's customers will find available to them this year. And the toll that the current economic and agricultural climate is taking on farmers like Layman, in Michigan and across the nation's heartland, seems to be testing some limits.

Layman's farm produces a large variety of fruits including cherries, nectarines, strawberries, Stanley prunes and 17 different types of apples. The strawberries, he said, received some frost damage earlier this year. As a couple of first time visitors make their way up the dirt drive, Layman explains to them the berries are full of taste - but that there remains only a limited amount left to choose from.

Raspberries also grow on Layman's farm but he says that fruit is not available for picking - because it is too vulnerable to weather. "Just as they're ready to pick," he said. "Here comes a three inch rain and they're all gone." Customers, he said, don't necessarily like coming to a U-Pick farm finding that there's relatively nothing to pick.

Operating side by side with a volatile partner in Mother Nature seems to be the art to farming. It's just that simple, as Layman tells it. Three inches of rain and an entire supply of fresh berries are left ruined.

For many Michigan farmers, it has not been an easy year. And that sentiment was made official when Governor Jennifer Granholm made a formal request for federal disaster assistance with Secretary Ed Schafer of the United States Department of Agriculture, the Michigan Department of Agriculture announced last week.

Granholm listed a total of 55 Michigan counties as those that had experienced severe crop losses due to both flooding and frost/freezing conditions between the months of March and May 2008.

"Michigan agriculture is a multi-billion dollar, job-creating industry that is critical to Michigan's economy," Granholm was quoted as saying. "This disaster declaration is a vital first step to ensuring that Michigan Farmers have the additional resources they need to overcome these natural disasters."

According to the release by the Department of Agriculture, an additional disaster request is still to come, regarding damages to "several areas of the Lower Peninsula" which took a toll on vegetable production for the state. That request is scheduled to be made after all information needed has been gathered by officials of the department.

The news is just more evidence that farmers in Berrien County, the state of Michigan and across the nation are facing tougher times and feeling the pinch of higher fuel prices and higher equipment costs. While consumers feel the effects of a struggling industry at the checkout counter and in their wallets from those farmers who supply those stores - state and area farmers are also feeling their fair share of pinches.

Even with Granholm requesting disaster relief for area farmers, Layman is a little skeptical. To hear him explain it -it's not as simple as it sounds. Relief comes in the form of dollars that are directly related to what was lost in the specified time. But farmers have to prove that loss - and that's not always easy to do. And those farmers who apply for their share of the relief funds can be turned down on such technicalities, leaving them with heavily reduced crops and heavily increased debt. If money is received, it sometimes is only a fraction of the total amount that has been lost in the long run.

Apples are giving Layman the worst headaches it seems. Crops froze in 2007 and this year, "May was about a half a degree warmer than April," he said. "I've never seen April and May so cold." There are six acres at Grampa's Orchard for apples alone and 400 trees per acre. "They should all be near full," he said. As he weaves through his neatly lined rows of trees on an old golf cart - it's hard to spot any fruit on any of them. Some look as though they've died completely, killed, he says, by rot or other diseases, or too weak to carry any fruit. Others are simply barren with no fruit to show for them. Results of a freeze. Layman's tone of voice is irritated. "There will be virtually zero," he said.

And there doesn't seem to be much for farmers like Layman to do in order to make up for the loss. "You can not double the price," he said. "Because then you're gouging."

When it comes to federal or state aid, Layman doesn't seem to have much faith in that either. The Michigan Department of Agriculture states, "the original crop loss estimates must be verified from harvest yield data. If losses of 30 percent or more are confirmed, and the disaster request is granted, eligible state producers will have access to USDA -Farm Service Agency's low interest emergency loan program for up to 100 percent of their weather-related agriculture production losses." It's aid, Layman said. "If you can show what you've lost." And, he added, "you get lower interest funds. But it's loans. And you still have to pay it back."

As he heads back to the strawberry fields on his farm, Layman drives past a heap of dead apple trees that he had to cut down after they died from a frost. They sit piled up on top of each other, jagged and dry. They'll be used for firewood, he said. They are of no use to him now.

Of course the story is different for every farmer across the country. Those in the nation's midsection continue to battle flooding and storm damage that have left a toll on the nation's food supply that is immeasurable as of yet. Others in the counties that Granholm outlined as in need of federal assistance were lucky enough to bypass any damages all together. "It all depends on what happens and what time of year it is," and what's being grown, Layman said.

As for him, he's running out of patience with farming. Though it has been a family tradition for more than a hundred years - he says he's selling Grampa's Orchard. Once it's sold, he knows the possibility exists for a new owner to raise prices or take away the idea of U-Pick altogether turning to a more lucrative option. "I'm going to feel bad for the people that come in here and have tried to keep me in business for 20 years," he said.

Currently, according to the statement, "the Michigan Department of Agriculture is working with the USDA-Farm Service Agency to compile crop damage estimates due to Michigan's current extreme weather conditions ... in order for Michigan to receive federal disaster status."

A final picture of the damage Mother Nature has taken on farms local, state and nationwide will become clearer in the coming months. It would seem likely - even before all the details are available, consumers will be able to make their own assumptions as they see the prices at their local grocery stores

The request, however, does open the door to relief for some ... but for others - the current agricultural climate continues to seem poised for stormy weather.

July 01, 2008; by Jon Knutson, Forum Communications Co., Worthington Daily Globe

Sugar industry benefits from U.S. farm bill

The region's economy and sugar beet industry are better off because of the new U.S. farm bill, Sen. Kent Conrad, D-N.D., and sugar beet officials said.

"The winners in this bill are everyone," said Kelly Erickson, a Hallock, Minn., farmer and president of the Red River Sugarbeet Growers Association. Erickson was among the speakers at a new conference that Conrad held Monday at American Crystal Sugar's plant in Moorhead.

Conrad was a leader in crafting the farm bill, which Congress passed over the veto of President Bush earlier this summer. Conrad noted that Sen. Barack Obama, the presumed Democratic presidential nominee who is expected to visit Fargo on Thursday, supported the farm bill.

Sen. John McCain, the presumed Republican presidential nominee, did not support the legislation, Conrad said.

Among other things, the bill contained several provisions welcomed by sugar beet growers, including an increase in the loan rate, or guaranteed minimum price, paid to farmers.

"I'm so proud to come back and talk about these wins for sugar," Conrad said.

"We've got a product we can proud of," he said. David Berg, American Crystal president, praised Conrad's work in the farm bill.

He called Conrad "a bare-knuckled brawler for sugar production."

American Crystal is a cooperative owned by 2,900 Red River Valley growers.

It operates sugar factories in the Minnesota communities of Moorhead, Crookston and East Grand Forks, the North Dakota communities of Hillsboro and Drayton and in Sydney, Mont.

China Pork Producer Invests In Smithfield Foods

HONG KONG - Smithfield Foods' capital-raising plans are making investors nervous as grain prices increasingly crimp food companies' margins. Shares slipped more than 12.0% on Tuesday despite news that the China's largest agricultural trading and processing company, COFCO, agreed to invest in the Smithfield, Va.-based company.

Shares of Smithfield Foods fell to a new five-year low during Tuesday's session, down 15.2% at \$16.85. At Tuesday's closing bell, the company was down by \$2.43, or 12.2% \$17.45. On Monday, Smithfield said it would sell its main European subsidiary, Groupe Smithfield Holdings SL, to a Spanish meat-processing company and also offered \$350.0 million in convertible senior notes. The company said it plans to use the proceeds to fund planned convertible note hedge and warrant transactions and to pay down debt.

Analysts say the deals show how challenging it is for agricultural companies to keep up with the rising working capital costs as grain prices skyrocket and now that debt-financed credit is more difficult to obtain as a result of the global [credit crunch](#).

By agreeing to buy a 4.95% stake in the world's largest hog breeder and pork processor, Smithfield Foods of the United States, China's largest food importer and exporter, the COFCO Group, is signaling its intention to upgrade conditions for the hogs it plans to raise in a newly launched green initiative. The fully state-owned COFCO Group, whose full name is China National Oils, Foodstuffs and Cereals Corp., will purchase 7 million Smithfield shares, whose value will be based on the closing stock price on the pricing date of a concurrent offering by Smithfield of \$350 million worth of convertible senior notes.

Smithfield late last year started selling pork to China as part of China's policy of expanding imports from the United States. Smithfield's announcement last August that it would begin exporting to China, together with a confirmation of the same in January by rival Tyson Foods, caused pork prices to rise in the United States.

The Chinese people have been altering their dietary habits to reflect the country's newfound economic prosperity. As demand for animal protein grows, agricultural producers are turning their attention toward the country's pig population of some 500 million, looking for best practices even as swine raising is intensified.

"China is experiencing rapid growth in pork consumption and consumes more pork than the rest of the world combined. COFCO has introduced Smithfield to many opportunities in China and we look forward to continue working together," said Smithfield President Larry Pope.

In announcing the latest deal, Smithfield said that COFCO's investment is passive in nature and that the purchase agreement contains [standstill provisions](#). COFCO Chairman Gaoning Ning will be nominated to serve as a director at Smithfield's 2008 annual shareholders' meeting. A COFCO spokeswoman, Zhang Xin Yue, said that the company does not intend to raise its stake in Smithfield; the purpose of the investment is to enlist Smithfield's expertise in growing "healthy hogs" on a commercial scale.

China is a major producer of pork but relies on small farmers to raise pigs. COFCO went into pig farming in October 2002, setting up a small operation in central Hubei province that maintains a breeding stock of 20,000 animals and raises half a million hogs commercially, under contract with local farmers. Its products have won the government's green certification. Still, more systematized commercialization and better hygienic standards are called for: pork costs have risen sharply in China, in part because an outbreak of the mysterious blue ear hog disease is estimated to have wiped out as much as 20% of China's pig population.

Under its commercialization initiative, called the Ecologically Healthy Live Hogs Breeding Program, COFCO has earmarked a total of 12 billion yuan (\$1.74 billion) this year for investment to improve the conditions under which hogs are raised, affording 1.5 square meters (16.15 square feet) for each animal. The project also looks to secure adequate water and electricity supplies and will be deploy recycling technology.

The goal is to make COFCO the largest pig farmer in China, with a national market share of between 2% and 3% in three to five years' time. That would translate into annual production about 10 million and 15 million hogs, raised in accordance with standards and practices prevailing in the United States.

In a separate development, Smithfield Foods announced Monday that it would sell its principal European subsidiary, Groupe Smithfield Holdings, to Spain's Campofrio Alimentacion, a meat processor in which Smithfield already holds a substantial stake. Smithfield will end up with 36% of the combined company, which will have annual sales of \$3 billion and a presence in Romania and Russia, in addition to the Iberian and Benelux countries and France. The sale is subject to Spanish regulators waiving a requirement that a stakeholder with more than 30% of a company launch a full takeover bid.

Sugar Company Turns Beets To Energy

MOORHEAD, MN (AP) - In a bid to make better use of several thousand tons of sugar beet waste product each year, American Crystal Sugar Co. this year will test a technology originally developed to help astronauts on Mars generate energy from plant waste.

Each year, Crystal Sugar must pay millions of dollars to properly dispose of tailings, the parts removed from the sugar beets before they are refined into sugar. At the East Grand Forks site - just one of Crystal's six factories in the Red River Valley - about 400 tons of tailings are generated each day during the sugar beet campaign, which Crystal must haul to and spread over area farmland. If the technology works, Crystal instead will be able to turn those tailings into methane gas, a burnable fuel.

Dave Malmkog, director of economic analysis and business development at American Crystal Sugar headquarters in Moorhead likes the win-win possibilities.

"We could actually save money by not having to land-apply it and then take the energy from the process, in addition," he said.

A seven-story pilot plant in Moorhead is near completion and will be ready for testing later this year.

The University of Florida is responsible for developing the technology for NASA, which was in search of high-efficiency models for waste management and energy creation, ostensibly for use on a future manned mission to Mars. Tabletop research proved the theory, but with ingredients measured in teaspoons, not tons. Researchers needed to develop a larger-scale test, so four years ago, they contacted Crystal to see if the company would be interested in pursuing the technology.

"They thought this might have commercial applications here on ground," Malmkog says. "They heard about the Xcel (Energy) Renewable Energy Development Fund, and then came to Crystal Sugar and said, 'If we applied for one of these grants, would you want to work with us on the project?' We thought this was potentially a very good fit for our tailings."

The grant provides \$1 million for developmental projects, allowing an added potential for a \$2 million grant if it can be proven to be commercially viable.

The process uses microorganisms inside a series of containers loaded with tailings to gobble up the organic matter and produce methane gas in return. By controlling the temperature, moisture and pH levels in the bins, the University of Florida process markedly reduces traditional timeframes.

“ It takes a certain length of time to digest this material,” says Terry McGillivray, manager of technical services at Crystal. “They’ve gone from 30 days down to, I think, five to seven days to do the digestion.”

The original pilot plant could fit on a standard kitchen table. The multistory Crystal project, designed to process 10 tons of tailings per week, represents a stepping stone on the way to full commercial-scale processing.

As with all new technology, there has been a learning curve.

Even the simplest of things can become a challenge. For example, how to get the tailings lifted up into the 25-foot-tall containers on the fifth floor of the site.

“ There, with 1 ton versus 25 tons versus 400 tons of tailings - the engineering can be completely different and can cause quite a problem,” he says. “There are probably 100 things like that you need to figure out if you want to go up to the next size.”

There have been issues related to getting the bacteria-charged liquids to percolate down through the tailings, as well as preventing the flammable methane gas from exploding.

“ In a little vessel, you don’t really worry about the gas collection,” McGillivray says. “When methane gas gets to 15 percent in the atmosphere, it’s explosive, but that’s not an issue in the lab. If someone opens the door, you’ve got plenty of ventilation and you’re probably good for the day. But over here, we’ve had to go through and put some ventilation equipment just to ensure that we don’t have any explosion hazards.”

The goal of this plant is to prove the technology can be viable on a much larger scale. Testing will begin in the fall and continue into spring 2009 with different types of weather conditions and tailing feedstock.

There is some talk of using it in a co-generation unit to make electricity.

“ We are a huge energy consumer, so that 125 billion BTUs could easily be used up in any one of these applications,” Malmskog says. “Ideally where I would like to see this go is if we could find a way to clean it up and inject it into the natural gas pipeline.”

7/4/2008; by Dave Wilkins, **Capital Press**

Beet industry watches Fla. sugar deal

Surprise deal unlikely to affect Idaho growers

The U.S. sugar beet industry is keeping a close eye on the proposed \$1.75 billion buyout of U.S. Sugar Corp., a giant Florida cane producer.

Industry officials said they were surprised by the deal, but don't see any immediate implications for sugar beet growers.

"It's something to watch. We may have a better analysis of it in a few weeks or a few months," said Luther Markwart, executive vice president of the American Sugar Beet Growers Association.

U.S. Sugar announced June 24 that it would sell its Florida cane holdings and eventually close its sugar business altogether in a historic deal involving a state water management district.

Under the deal, the state would buy the company's holdings in the Everglades, including its cane fields, mill and railroad lines.

U.S. Sugar Corp. intends to continue farming its 187,000 acres in the region for at least another six years.

That means the deal won't be completed until after the new farm bill expires.

Even though it looks like a big chunk of South Florida's cane production will disappear, it's unlikely to benefit sugar beet growers, industry officials said.

Under the existing farm bill (and the 2002 Farm Bill), the cane and beet sectors are assigned separate marketing allocations by the U.S. Department of Agriculture.

"If any cane production were to not be produced, that allocation would go to other domestic cane producers first and then it would go to imports," Markwart said. "It would not go to the beet industry."

Likewise, the cane industry wouldn't see an increase in its allocation from a decline in sugar beet production.

The willingness of a 77-year-old sugar company to close down may say something about the state of the U.S. sugar industry.

Nineteen U.S. sugar beet factories have closed since 1985 and there have probably been a similar number of cane mills and refineries that have closed, Markwart said.

Sugar hasn't participated in the commodity price rally of the past year and input costs have continued to soar for sugar producers.

"It's tough right now," Markwart said. "With the price levels of other commodities, it makes sugar a very difficult crop.

"You're looking at \$7 (per bushel) corn, \$15 soybeans and \$10 to \$11 wheat," he said. "It's hard to compete with that."

What makes it even more difficult for cane producers is that most of them only grow cane, Markwart said. They don't grow wheat, corn or soybeans.

Most sugar beet growers, whether they're in Idaho, Wyoming or Minnesota, do grow some of those competing crops, he said.

"Our guys are able to grow those things, and I'm happy they're able to get those kind of prices for their other commodities," Markwart said.

The new farm bill just passed by Congress should help the ailing sugar industry, Markwart said.

The bill includes the first sugar loan rate increase in 23 years and a sugar-to-ethanol provision that would kick in whenever foreign sugar imports flood the market.

Markwart said he's optimistic about the industry in the long run. He said grain prices won't stay high forever and when they do come back down to earth, there will still be a stable sugar industry.

"Sugar will bounce back and be competitive," he said. "It may take another year, but I'm optimistic about our industry."

July 04, 2008; by Dianna Smith, **Palm Beach Post**

Farmers foresee tradition fading with U.S. Sugar

Seven months ago, Robert Hammock quit his desk job to help manage the family farm. And at 25, he already had a plan for his life.

He'd learn the trade from his father and eventually be the keeper of this land, where sugar cane as tall as lampposts sprouts from soft, silky soil.

He'd marry. Have children. And raise them along this quiet, crooked road where only a few cars pass by each day.

For Hammock, it was a beautiful plan. The perfect plan.

But now that plan is crumbling, like so many others. News that U.S. Sugar will close in six years has felt like a slow death for farmers like the Hammocks who have relied on the company for so long. For decades, U.S. Sugar has been their only buyer. And there are an estimated 40 other growers in Glades and Hendry counties just like them.

But that will change when the state takes over the company's 187,000 acres, using most of it to restore the Everglades. The \$1.7 billion deal means there will be no more sugar company to sell to, and for many there will be no work.

And while environmentalists tout the state's plan to nurse nature back to health, farmers like the Hammocks are sick. They feel they've been forgotten among this sea of sugar, where life doesn't feel so sweet.

"I came back to the dirt," Hammock says. "It's where my heritage is, my family. It's something I've always wanted to do.

"I don't want to lose this land."

'We would have to sell out'

The Hammocks have farmed their land in Moore Haven since the early 1900s. They were among the first growers to sign on with U.S. Sugar, and the tedious job has been passed down from generation to generation.

They live in a modest house north of Clewiston, with a white picket fence on picture-perfect land, the kind you'd see on postcards. Robert's parents, Alan and Ardis Hammock, built the house next to their 700 acres called Frierson Farms, tucked so far back from a main road that all you can hear outside are the birds and the bugs and maybe even the alligator crawling through their canal.

The dining room walls are covered with trinkets and homespun sayings: "God works in moments" and "May peace preserve this home."

Right now, this home is being disturbed.

Alan Hammock's sugar production diminished 25 percent after the hurricanes hit in 2004. And the drought hasn't helped, either. Last year, the Hammocks harvested 20,000 tons of sugar cane. Usually that number is at least 30,000.

They were already thinking of other ways to make money, such as growing vegetables or raising cattle, but they were nowhere near making a decision when U.S. Sugar announced its plans to close.

And they still don't know what to do.

"If there isn't another mill, we would have to sell out," Alan Hammock, 55, says. "This county is going to be in terrible shape when all of the farmers are gone."

The only other sugar mill in the area is the Okeelanta Corp. near the town of South Bay. But some farmers say the high cost of fuel would keep them from signing up as a client, if the company would even take them.

Right now, most farmers depend on rail transportation to haul sugar cane.

The Hammocks are passionate. They talk about farming like artists talk about painting. Waking up with the sun, seeing the dew glisten in the fields, watching the crops grow like children. Everything smells clean, fresh, new.

"It's a sense of pride. You can say, 'I planted that field,' " Alan Hammock says. "I never dreamed that maybe the mill would be in trouble. I thought U.S. Sugar would be here long after we were gone."

And so did his son.

Robert Hammock quit his job of three years at Everglades Farm Equipment and took a pay cut to help run the farm. He has the same love for it as his father does and was looking forward to making it his life.

Does he regret making the move? No. But he is worried and angry and confused, just like everyone else who lives in these small rural towns near Lake Okeechobee.

All they hear in the news, they say, is that everyone is happy the Everglades will be saved.

But Ardis Hammock says the folks around here are wondering, "Who's going to save the people?"

'We're stuck here waiting'

Three farmers with dirt under their nails and sweat on their brow lean against a dirty white truck and stand in patches of shade, all hesitant to talk about the possibility of losing a job they love.

Between the three of them, they have farmed more than 90 years.

They feel they are being targeted as the bad guys because environmentalists argue they ruin the land. But they say they care for it and protect it. The land is their 401(k).

"These environmentalists," farmer Donnie Lundy says, reminding himself aloud to choose his words carefully, "they don't look at the whole picture. They're instant experts and that's scary."

Lundy, 58, farms 600 acres in Moore Haven. Lee Davis, 55, and Mike Pressley, 58, work another 600 acres called Gram & Couse Farms in Clewiston, owned by banker Miller Couse.

All fields of beautiful farmland that many predict won't be worth much of anything when U.S. Sugar closes.

"It would be terrible," Lundy says. "There's not too many alternative uses for it."

The farmers won't share profit numbers but say the sugar they have sold to U.S. Sugar over the years has paid their bills and essentially built their lives. If all that were to disappear, well, they say these towns would disappear, too.

"We're stuck here waiting," Pressley says.

The deal between U.S. Sugar and the state is expected to close Nov. 30.

Davis says the towns are already shrinking because the company started letting people go last year. His church has lost a third of its congregation because many moved away to look for work.

Butch Wilson was one of the few hundred laid off. Now the curator at the Clewiston Museum, he worked at the company for 32 years.

"They told us there would be change in the company and that they would need to cut costs," Wilson says. "We all lived with that black cloud that one day our job could be terminated."

K.S. "Butch" Jones, 63, a Glades County commissioner, is living beneath that cloud right now.

He's a 44-year U.S. Sugar employee, one of 1,700 who likely will lose their job. At a recent commission meeting, Jones said 95 percent of the population in Glades County survives from agriculture.

"It'll be the worse thing to hit the area since the Great Depression," he says.

State officials say they're working with the tourism industry and perhaps that could help boost the economy in Glades and Hendry counties.

But Jones doesn't want to drive a tour bus. And neither do the others.

These are people who spend their days sweating in the dirt. They till, they study, they harvest.

But now, they wait.

And they hope this country way of life doesn't slowly fade away, just as U.S. Sugar will.

"For a really long time, you knew what your life was," Ardis Hammock says, "and now, no one knows."

7/8/2008; By Laura Crowley, FoodNavigator.com

HFCS is natural, says FDA in a letter

High fructose corn syrup may be labeled natural when synthetic fixing agents do not come into contact with it during manufacturing, said the Food and Drug Administration (FDA), fuelling further debate on the controversial sweetener.

The decision, written to the Corn Refiners Association and considered a backtrack for the FDA by organizations opposed to the ingredient, followed a meeting that was prompted by a FoodNavigator-USA.com article published in April this year.

At that time, Geraldine June, supervisor of the product evaluation and labeling team at FDA's Office of Nutrition, Labeling and Dietary Supplements, responded to an inquiry made by FoodNavigator-USA.com saying "we would object to the use of the term 'natural' on a product containing HFCS", because it is produced using synthetic fixing agents.

However, June has now said that when HFCS is made using the process presented by Archer Daniels Midland Company, it can be considered natural.

The process sees the enzymes for making HFCS being fixed to a column by the use of a synthetic fixing agent called glutaraldehyde. However, this agent does not come into contact with the high dextrose equivalent corn starch hydrolysate and so it is not "considered to be included or added to the HFCS," said June.

"However, we would object to the use of the term 'natural' on a product containing HFCS that has a synthetic substance such as a synthetic fixing agent included in or added to it," added June.

"We would also object to the use of the term 'natural' on a product containing HFCS if the acids used to obtain the starch hydrolysate do not fit within our policy on 'natural'."

Response to FDA viewpoint

High fructose corn syrup (HFCS) is derived from corn, and used primarily to sweeten beverages. The trade group Corn Refiners Association and numerous industry members have long maintained that HFCS is a natural sweetener.

"This is very good news, and makes it clear once again that HFCS is at a parity with sugar," said Audrae Erickson, president of the Corn Refiners Association.

"HFCS contains no artificial or synthetic ingredients or color additives and meets FDA's requirements for the use of the term 'natural.' HFCS, like table sugar and honey, is natural. It is made from corn, a natural grain product."

However, the sugar industry is more critical. Industry group Sugar Association, as well as consumer groups such as the Center for Science in the Public Interest (CSPI) maintain HFCS cannot be

considered natural because its chemical bonds are broken and rearranged in the manufacturing process.

CPSI litigation director, Steve Gardner, said: "While the CSPI has gone out of its way to say HFCS is not worse than sugar, consumers have time and again shown their disdain for the sweetener. They do not want it in their products."

Labeling a product as natural when it contains HFCS is deceiving consumers, as the process is a complex one, he said - more complex than for dextrose, which is not considered natural. If the product is labeled natural, it should at least require a disclaimer saying it contains HFCS, Gardner added.

He also expressed dismay at the fact that such a viewpoint has only been expressed via letter, saying: "When I read of the comments that the FDA said to Food Navigator, I was appalled nothing official had been said, and this is still not anything approaching an official comment. It should be done formally."

FDA letter

In the letter, the FDA reiterated its viewpoint as expressed to this publication in April.

It said: "When we received an inquiry from FoodNavigator-USA.com asking us whether a 'natural' claim on a product containing HFCS and natural ingredients would be misleading to consumers, we reviewed our policy on the use of the term 'natural' and our regulations on HFCS.

"We stated that the use of synthetic fixing agents in the enzyme preparation, which is then used to produce HFCS, would not be consistent with our policy on the use of the term 'natural'. Consequently, we said that we would object to the use of the term 'natural' on a product containing HFCS."

Natural claims

Last month a US federal judge rejected a claim by Stacy Holk, who filed the suit on behalf of herself and other consumers, that the use of the term 'all natural' on Snapple drinks was deceptive because the products contained HFCS.

The case, which was decided on preemption grounds, was filed by judge Mary Cooper from the US District Court of New Jersey. The discrepancy arose from the lack of a clear definition of the term 'natural' from the nation's FDA. However, Judge Cooper said it was up to FDA, not the court, to define 'natural'.

And last year, both Cadbury Schweppes and Kraft faced lawsuits after making 'natural' label claims on 7Up and Capri Sun respectively. Both companies changed the labeling of their products before any legal action was taken.

The quest for natural foods and beverages has burgeoned on the back of an overall consumer move towards healthier nutrition. According to Mintel's Global New Products Database, 'All Natural' was the third most frequent claim made on food products launched in the US in 2007, appearing on 2,617 products. It ranked fourth most popular claim for beverages, used on 542 items.

To view FDA's letter, letter, click [here](#).

Jul 9, 2008; By Martinne Geller, REUTERS

Cargill rolling out natural, no-calorie sweetener

NEW YORK (Reuters) - Agribusiness giant Cargill Inc is starting to roll out Truvia, its natural, no-calorie sweetener on Wednesday, and expects the product to be on grocery shelves across the U.S. sometime this fall.

Truvia is made from certain compounds in the leaves of stevia, a shrub native to Paraguay, and will provide a natural alternative to artificial sweeteners including Sweet 'N Low, Equal and Splenda.

Truvia is going on sale first at a handful of D'Agostino supermarkets in Manhattan, and will eventually be sold at grocery stores and big box retailers across the country, said Steve Snyder, vice president and business director of Cargill's Truvia business.

Snyder declined to name specific retailers, but said it will be "widely available" in stores and from a company website.

A box of 40 green and white packets of Truvia will have a suggested retail price of \$3.99, which Snyder said is a little more expensive than older, artificial sweeteners, such as saccharin, aspartame and sucralose, which are sold under the respective brand names of Sweet'N Low, NutraSweet and Equal, and Splenda, which is made by Tate & Lyle Plc.

Sweet'N Low is manufactured by Brooklyn, New York-based Cumberland Packing Corp while Chicago-based Merisant owns Equal. The NutraSweet Co is owned by Boston-based private equity firm J.W. Childs Associates.

Truvia also will be used as a sweetener in beverages and foods -- such as yogurts, cereals and snack bars -- in early 2009, Snyder said.

Coca-Cola Co co-developed the product with Cargill and has exclusive rights to use Truvia in beverages. Rivals including PepsiCo Inc and Dr Pepper Snapple Group Inc are working on their own versions of natural, no-calorie sweeteners.

According to a May release from Cargill and Coke, Truvia, also known as rebiana, is "the first consistent, high-purity sweetener composed of rebaudioside A, the best-tasting part of the stevia leaf."

Stevia is approved as a food additive in a dozen countries including Japan, Brazil and China, but not in the European Union or the United States. Yet it is sold in the U.S. as a dietary supplement, since supplements are not subject to the same regulations.

Cargill is using various suppliers that are growing the plants in China and South America. One supplier, GLG Life Tech Corp, said in May that it started building a 500-metric-ton stevia processing facility in Qindao, China.

The U.S. Food and Drug Administration classifies stevia as an "unsafe food additive," saying on its website that "available toxicological information on stevia is inadequate to demonstrate its safety as a food additive or to affirm its status as a GRAS (generally recognized as safe)."

According to a story in May in the Wall Street Journal, studies of stevia's health effects have revealed potential mutations in livers of rats and concerns about fertility problems in men.

But Cargill, which handled the growing of the plants and consultations with the FDA, stands by the safety of Truvia and reiterated that it is made from certain compounds in stevia leaves and not the whole leaf.

"Although stevia today is sold in the U.S. as a dietary supplement, rebiana will be the first available sweetener ... that has been purified from the stevia plant. Unlike many existing stevia products, which generally contain crude extracts of the plant, rebiana is...consistent in quality," the company said in May.

Cargill said it worked in consultation with the FDA for three years to make sure all health questions and concerns about Truvia were addressed.

There is no formal approval process for natural substances, but an "independent panel of experts met, reviewed the science, and made the statement that the product is safe," according to Cargill spokeswoman Ann Tucker. She added that the FDA has copies of the data proving that Truvia is safe.



NEWS RELEASE

United States Department of Agriculture • Office of Communications • 1400 Independence Avenue, SW
Washington, DC 20250-1300 • Voice: (202) 720-4623 • Email: oc.news@usda.gov • Web: <http://www.usda.gov>

Release No. 0180.08 - Contact: Kerry Humphrey (202) 720-9733

USDA INCREASES 2007 CROP YEAR SUGAR MARKETING ALLOTMENTS

WASHINGTON, July 10, 2008 - In response to a tightening domestic refined sugar market, the U.S. Department of Agriculture today increased the 2007 crop year sugar Overall Allotment Quantity by 500,000 short tons, raw value.

The Overall Allotment Quantity (OAQ) is the quantity of sugar that may be marketed in the United States without being subject to penalties. USDA expects this action to effectively eliminate marketing allotment program restrictions on domestic sugar beet and sugarcane processors and increase the 2007 crop year marketable sugar supply by 100,000 to 200,000 tons.

The domestic refined sugar market has tightened considerably in recent months. Refined sugar supplies have been severely reduced by the tragic explosion at a major sugar refinery and by lower 2008 sugar beet acreage due to high grain prices and poor planting conditions. In addition, domestic deliveries of sugar for food use are projected to increase by 3 percent in fiscal year (FY) 2008.

Under the law applicable to 2007 crop year sugar, 45.65 percent of the OAQ increase, or 228,250 tons, must be allocated to the cane sector, which cannot use the increase since all of the 2007 crop year cane supply is currently available to the domestic sugar market. Of the increase, 54.35 percent in the OAQ is allocated to the sugar beet sector, or 271,750 tons, but only 100,000 to 200,000 tons is expected to be marketed through the end of FY 2008 -- September 30, 2008.

Since the cane sector cannot use its portion of the OAQ increase, the cane sector's portion of the additional allotment must be reassigned to the Commodity Credit Corporation (CCC) as required by law. As a result, cane state allotments and processor allocations are unchanged from those announced in the June 23, 2008 USDA News Release. Since CCC also has no sugar, the additional cane sugar allotment of 228,250 tons is reassigned to imports, and in this case is reassigned specifically to sugar from Mexico. Such imports are already anticipated, however, and therefore no increase to U.S. sugar supply from this reassignment is expected.

USDA is committed to providing an adequate supply of sugar to meet domestic needs, within the bounds of the current sugar program. Sugar and sweetener market conditions are closely monitored and further adjustments will be made if warranted. The revised sector and state allotments and processor allocations are in the attached table:

[FY 2008 OVERALL BEET/CANE ALLOTMENTS AND ALLOCATIONS](#)

NOTE: FSA news releases are available on the Web at: <http://www.fsa.usda.gov> .

Jul 15, 2008; Imperial Sugar Press Release



Imperial Sugar Increases Investment in Growing Organic and Natural Sweetener Business

SUGAR LAND, Texas-- (BUSINESS WIRE) -- Imperial Sugar Company (NASDAQ:IPSU) today announced that it has increased its ownership stake in Wholesome Sweeteners, Incorporated, and also acquired an option to purchase the remaining equity interest. Wholesome, an organic and natural sweetener company based in Sugar Land, Texas, was formed as a venture in 2001 between Imperial Sugar and Edward Billington & Son, a diversified agriculture and food company based in the United Kingdom.

Under the terms of the agreement, Imperial paid \$4.0 million in cash to purchase 5% of Wholesome's common stock from Billington, increasing Imperial's ownership position from 45% to 50%. The \$4.0 million investment also includes an option to acquire the remaining 50% interest owned by Billington and is exercisable between September 1, 2010 and May 31, 2011, at an agreed multiple of future earnings.

"This is an excellent investment that fits very well with our overall strategy to enter new businesses, expand channels of distribution, develop innovative products, and pursue new avenues of growth beyond our core business," said John Sheptor, President and CEO of Imperial Sugar Company. "We believe Wholesome Sweeteners is the leading organic sugar company in the United States and provides an excellent foundation for us to grow our natural and organic portfolio."

Nigel Willerton, CEO of Wholesome Sweeteners, also welcomed the development as an exciting opportunity to partner even more closely with Imperial Sugar. "We have built a strong market leading position in North America through delivering the highest quality products that meet the consumer demand for socially responsible and environmentally sustainable farming practices. Imperial Sugar will provide a platform to translate our leadership in the natural and organic channel to the mainstream retail environment, as well as the additional resources to support innovation and new product development."

According to the Organic Trade Association, organic food is one of the fastest growing product groups within the food industry with sales growing 15%-20% annually. This growth reflects an increasing trend among consumers to adopt organic and natural items into their daily food and beverage diets.

“Wholesome Sweeteners’ sales performance has been impressive, generating a compound annual growth rate in excess of 30% for the last three years, and rising to the \$43 million level in 2007. The company’s leadership position in the industry and continual product innovations should enable it to capture rising product sales in the expanding organic and natural sweetener channels providing enhanced margins relative to our traditional refined sugar processing and marketing business,” added Sheptor.

Wholesome Sweeteners is a pioneer in Fair Trade Certified™ organic and natural sugars, molasses and honey, bringing the first Fair Trade Certified sweeteners to North America. Recently, the company also introduced the first Fair Trade Certified organic honey products, which will be available through distribution channels in August.

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®, Dixie Crystals® and Holly® brands. For more information about Imperial Sugar, visit www.imperialsugar.com.

About Wholesome Sweeteners

Wholesome Sweeteners is a leading organic sweetener company based in Sugar Land, Texas and a venture between Imperial Sugar Company and Edward Billington & Son, based in the United Kingdom. For more information about Wholesome, visit www.organic sugars.biz.

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.

Imperial Sugar Company, Sugar Land

Senior VP & CFO, H. P. Mechler, 281-490-9652

July 17, 2008; by Anthony Jaffee, [WashingtonTimes.com](http://www.washingtontimes.com)

<http://www.washingtontimes.com/news/2008/jul/17/corn-prices-threaten-ethanol/>

Corn prices threaten ethanol

Analysts doubt costs will fall anytime soon; Brazil may export sugar-based fuel to U.S.

Spiraling corn prices have squeezed profits and stressed the U.S. ethanol industry in recent months - a phenomenon that threatens to destroy hope that American farmers could help end the country's dependence on oil imported from hostile nations.

In June, VeraSun Energy, one of the country's largest ethanol producers, recently delayed opening three new ethanol plants because of "volatility in the market," and a Citigroup analyst predicted last month that nearly three-quarters of U.S. ethanol plants could face a possible shutdown in coming months as profit turns negative.

"One of the main reasons for high ethanol prices is that the cost of the feed stock has been soaring," said Jerry Taylor, senior policy analyst at the D.C.-based Cato Institute. "When corn prices go up, its going to make it more expensive for an ethanol processor to make ethanol from corn."

Corn prices this week fell below \$7 a bushel for the first time in a month after peaking above \$7.80 on July 2.

As recently as March, President Bush reiterated his support for ethanol as a means to reduce reliance on foreign energy supplies. "If you're dependent on oil from overseas, you have a national security issue," Mr. Bush said at the International Renewable Energy Conference in Sao Paulo, Brazil. "The vast majority of ethanol is coming from corn, and that's good. That's good if you're a corn grower. And it's good if you're worried about national security. I'd rather have our corn farmers growing energy than relying upon some nation overseas that may not like us."

The government spends roughly \$7 billion in ethanol subsidies annually. Yet as food prices skyrocket, the prospect of corn ethanol becoming a significant alternative to foreign oil is diminishing.

Analysts say the price of corn is unlikely to fall any time soon. A Chicago Board of Trade report released in May said that despite increased planting tight supply is likely to continue into next year.

Alex Moglia, president of Chicago-based Moglia Advisors, which helps biofuel companies restructure, said 12 biodiesel and ethanol plants have declared bankruptcy in recent months and that the problems facing the ethanol industry are more profound and long-term than just corn and fuel costs.

Difficulty finding financing, high costs of building new plants and general problems with the business model are taking there toll on the U.S. ethanol industry, he said.

"I think the ethanol industry as a whole will have to re-examine its entire financial model and determine how it can make money," he said. "Many of these [ethanol] plants never met the objectives that they were designed and built to achieve."

Many experts say corn has limited potential for securing America's energy independence in the first place. They say energy independence rests more on experimental cellulose-based ethanol made from switch grass, wood or other nonedible parts of plants.

"We're already seeing problems with corn prices and so forth at these levels, and its only going to get tougher from here," Mr. Taylor said. "It's hard to imagine any huge breakthroughs with corn yields or the ethanol production process because this is not something that was created yesterday."

Available land for growing more corn in the United States is limited, and while yield increases from existing farms are expected, corn has the potential to supply only a fraction of U.S. energy needs.

"Ultimately corn ethanol can produce up to about 10 percent of the gasoline transportation fuel markets, with [future] yield and efficiency increases," said Roger Conway, director of the Office of Energy Policy New Uses with the Department of Agriculture. "But to go beyond that we will probably need cellulose-based ethanol."

The U.S. government supports several cellulose-ethanol pilot programs, but the technology is still developmental and not ready for commercial production.

Analysts say it is impossible to know when the technology will become viable enough to be profitable. "It's very hard to predict when the big breakthroughs will occur," said Ben Lieberman, senior policy analyst at the D.C.-based Heritage Foundation. "What the government will learn is it can't just wave a magic wand and mandate it to happen. I think that is the lesson we are going to learn with cellulose ethanol."

As corn and ethanol prices skyrocketed, cheaper sugar-based ethanol from Brazil has become competitive in the U.S. market, despite a 54-cent-a-gallon import tariff.

"After the price of ethanol gets over about \$2.50 per gallon, it still pays for Brazil to export ethanol to the United States," said Joel Velasco, chief U.S. representative of the Brazilian Sugarcane Industry Association.

"With prices in the U.S. approaching \$3 per gallon, despite the fact that we have to pay about 50 to 60 cents of tariff coming in, it is still worthwhile to export."

Current prices for ethanol in the United States average roughly \$3 per gallon. Mr. Velasco said that if prices remain high, Brazil will boost its production with the expectation of exporting to the United States.

"Presumably, if ethanol prices stay high, then obviously we will ramp up our production in Brazil," he said.

Both the Brazilian and U.S. ethanol industries are heavily subsidized by their governments, but ethanol can be made cheaper in Brazil mainly because the sugar cane used to make ethanol in Brazil yields more energy than corn.

Corn ethanol generates around 1.6 times the amount of energy used to produce it, while ethanol made from sugar cane yields more than eight times the energy used for production.

"The basic fact is that it is easier to make ethanol out of sugar than out of corn and the Brazilian ethanol industry has that advantage," Mr. Lieberman said. "However, there are a lot of advantages that Brazil has that I'm glad we don't have, like sugar cane field workers who make pennies per day - and that reduces costs."

<http://www.idahopress.com/news/?id=11787>

July 19, 2008; by Mike Butts, IdahoPress.com

Wheat pushes out sugar beet crop

TREASURE VALLEY — Many local farmers are passing up sugar beets this year to grow wheat because it's a more lucrative crop. The impact on Amalgamated Sugar in Nampa could be substantial.

"Any time you have less beets to process you have less sugar to sell, too," Amalgamated Sugar agriculture manager Clark Millard said. "It can definitely affect your bottom line. The Nampa factory could have a short campaign this year because we don't have a lot of beets to process."

Amalgamated Sugar employs about 500 people during its winter processing work, Millard said. Many of those seasonal workers will have shorter jobs this winter. The company also processes sugar beets from states other than Idaho.

Estimates indicate wheat crops are up about 40 percent in the Treasure Valley over last year. The crop is pushing out corn and sugar beets because wheat prices have doubled in some cases and wheat is less expensive to grow than other crops.

"Beets went out and wheat went in place of it," Evans Grain of Nampa manager Bruce Davis said. "I wouldn't say it's too good for their (Amalgamated's) industry."

Kuna area farmer and crop warehouse manager Richard Durrant said the number of bushels of wheat he is handling this year has doubled from last year to more than 1 million.

"In the 30 years we've been handling wheat, this is the most wheat that's ever been grown," he said.

By the numbers

- The number of acres of sugar beets grown in Idaho in 2008 is the lowest since 1977.
- The crop Amalgamated Sugar uses to process sugar and pulp dropped from 169,000 acres in 2007 statewide to 131,000 acres in 2008.
- Wheat production grew from 70,000 acres planted in Southwest Idaho in 2007 to 103,000 acres this year.
- Sugar beet production fell from 14,200 acres in 2006 to 13,200 acres in 2007 in Canyon and Ada counties. Most of those lie in Canyon County. This year's figures aren't yet available. How much is wheat selling for?

Wheat had sold for about \$3 to \$3.50 a bushel for 10 years. But a worldwide shortage has increased the cost to \$4 and as much as \$8 a bushel. That price increase has prompted many growers to switch from sugar beets or corn to wheat. "For the 2007 crops, the farmers got one of the highest prices ever for wheat," Farm Service Agency of Canyon County executive director Steve Ulrich said. "And it appeared it would continue on to the 2008 crop, and of course it has."

Questions and answers about Idaho wheat - why is wheat cheaper to grow?

Wheat takes less fertilizer to grow than sugar beets or corn. It takes a third less fertilizer than sugar beets and half the water needed for sugar beets. It is also cheaper to harvest.

Who uses Idaho wheat? Most of locally grown wheat is exported to Pacific Rim countries such as Japan and Taiwan. Nationally, Idaho ranked fifth for wheat and wheat product exports in 2006, according to the Idaho Wheat Commission.

Jul 21, 2008; WesternFarmExpress.com

California vegetable review

Summer fresh market vegetable and melon acreage

The prospective area for harvest of 11 selected fresh market vegetables during the summer quarter is forecast to be 282,400 acres, down 6 percent from last year. Acreage declines in snap beans, broccoli, cabbage, cauliflower, sweet corn, head lettuce, and tomatoes more than offset acreage increases in carrots and celery.

Cucumbers and bell peppers harvested area remains unchanged. Area forecast for melon harvest is 109,900 acres, down 8 percent from last year. Cantaloupe area is forecast at 34,000 acres, 7 percent below 2007. Honeydew area, at 13,000 acres, is down 6 percent from last year. Watermelon area, at 62,900 acres, is 9 percent below a year ago.

Broccoli: California's area for summer harvest is forecast at 32,000 acres, down 3 percent from last year. Growing conditions have been ideal for the broccoli crop. No major pest or disease problems have been reported. Harvest is ongoing throughout the state. The crop is expected to be stable despite water supply concerns.

Cantaloupe: U.S. summer cantaloupe area for harvest is forecast at 34,000 acres, down 7 percent from 2007. California's harvest was delayed in the Central Valley. Cool temperatures slowed fruit growth and some growers lost their first melon planting due to a mid-April frost. No major insect or disease problems have been reported. In Georgia, growers report the state has been too dry this growing season.

Carrots: Nationally, area for fresh market harvest is forecast at 21,600 acres, up 4 percent from last year. In California, carrots are in high demand. Warm spring temperatures boosted growing conditions. Harvest is underway with no major pest or disease problems reported. In Michigan, May's rainfall in the west central part of the state was ideal for germinating carrots. Carrots emerged in most fields by late May and had reached the second to third true leaf stage by early June. Producers reported thinner than normal stands and behind normal growth during this stage of the season. Some carrots were lost to flooding during early June.

Cauliflower: California's area for summer harvest is forecast at 8,600 acres, down 2 percent from 2007. Growing conditions have been ideal for the cauliflower crop. No major pest or disease problems have been reported. The crop is expected to be stable despite water supply concerns.

Celery: California's summer area for harvest is forecast at 6,400 acres, up 5 percent from 2007. The summer celery crop was in good condition during late June. Presence of seeders was minimal.

Corn: Nationally, fresh market area for harvest is forecast at 101,100 acres, down 3 percent from last year. In New York, the sweet corn crop is reported to be in good to excellent condition. In Pennsylvania, wet weather and cool temperatures delayed planting. In California, the sweet corn crop is in good condition. Some growers have put in wells to minimize the impact of surface water curtailments.

Honeydew: U.S. fresh market area for summer harvest is forecast at 13,000 acres, down 6 percent from last year. Harvest of the California crop was delayed in the Central Valley. Cool temperatures slowed fruit growth and some early melon planting was lost due to a mid-April frost. No major insect or disease problems have been reported. Harvest in Arizona began in mid-May. The growing season is expected to end by early July.

Lettuce: California's area for summer harvest is forecast at 40,000 acres, down 7 percent from last year. Planted acreage is down due to strong competition from regional growing areas. However, adverse weather conditions in the Midwest have shifted more demand to California.

Tomatoes: U.S. fresh market area for summer harvest is forecast at 35,800 acres, down 6 percent from last year. In California, water shortages are a major concern. Early tomatoes have suffered wind damaged on the crown set in many fields.

Watermelon: Nationally, summer area for harvest is forecast at 62,900 acres, down 9 percent from 2007. In Georgia, producers report conditions has been too dry during this growing season. California's harvest was delayed in the Central Valley. Some growers lost their first melon planting due to a mid-April frost. No major insect or disease problems have been reported.

Processing tomato acreage and tonnage intentions

In California, the processed tomato crop was slightly behind schedule. Transplanting of tomatoes began in early March. A frost in mid-April caused spotty damage to the crop in some areas of the state. Growers are expected to contract 277,000 acres, 7 percent less than in 2007. Contracted production is expected to be 11.7 million tons, 2 percent below a year ago.

Nationally, contracted production is forecast at 12.2 million tons, down 3 percent from last years comparable states. Area contracted, at 294,000 acres, is down 7 percent from 2007 for comparable states.

Onion acreage and production

Nationally, production of spring onions in 2008 is forecast at 11.0 million cwt., up 7 percent from last year. The crop is produced on 29,000 harvested acres. The average yield is 378 cwt. per acre, 48 cwt. above 2007. In Texas, a hard mid-December freeze adversely affected spring planting; however, yields are reported to be above average. In California, cool weather delayed plant growth.

Nationally, production of non-storage onions is forecast at 10.4 million cwt., down 9 percent from last year. Harvested area covers 19,600 acres, down 5 percent from 2007. In California, cool temperatures slowed development, which delayed harvest and produced low yields. In Southern California, non-storage onion growers reported water shortages throughout the area.

Nationally, growers expect to harvest 100,150 acres of storage onions this year, down 7 percent from last year. In California, cool temperatures slowed development, which delayed harvest and produced low yields. In Southern California, non-storage onion growers reported water shortages throughout the area.

The final tally of the U.S. 2007 storage onion production is 57.3 million cwt., up 1 percent from 2006. Harvested area, at 107,780 acres, is down 2 percent from 2006. Average yield of 532 cwt. per acre is 66 cwt. above 2006. The 2007 storage crop is valued at \$298 million, a decrease of 57 percent from 2006. Average price per cwt. decreased from \$15.20 in 2006 to \$5.85 in 2007. With spring and non-storage summer onions added in, total value of the 2007 harvested onions is \$820 million, down 22 percent from 2006.

<http://www.agweekly.com/articles/2008/07/21/commodities/crop/crop37.txt>

July 21, 2008; By Scott Kraus, **Ag Weekly**

U.S. sugar supplies tighten

BOISE, Idaho - The recent 500,000-ton increase in the amount of sugar that U.S. companies can sell in America will have little immediate impact on Amalgamated Sugar Co. in Boise, said President and CEO Vic Jaro.

The federal government determines the amount of domestic sugar that will be sold, called overall allotment quantities, to ensure adequate profits from the market under the U.S. sugar program.

But with the logistics involved in moving sugar to market, it's unlikely to have much impact on Amalgamated before the end of the 2008 federal fiscal year on Sept. 30, he said.

But the change will eliminate blocked stocks from U.S. companies. "Blocked" stocks are sugar supplies that companies must store because selling them would exceed their allotted sales amounts. Having less sugar in storage should help prices.

"It's certainly takes some of the pressure off the market," Jaro said.

Meanwhile, supplies are limited, according to the U.S. Department of Agriculture. So while allotted sales of raw sugar rose by 500,000 tons, it will likely only increase the supply by 100,000 to 200,000 tons at the end of fiscal year.

The USDA said sugar supplies have tightened due to the deadly February explosion at a sugar refinery near Savannah, Ga., lower beet acreage and higher demand.

Of the 500,000-ton allowed sales increase, 228,250 tons were allotted to cane sugar producers. But these producers have no extra sugar to provide. So that allotment was reassigned to Mexican sugar imports. That amount of Mexican sugar is already expected. So it won't increase the expected overall supply, according to the USDA. Mexico, beginning on Jan. 1, can sell unlimited amounts of sugar into the United States under the North American Free Trade Agreement.

So it's important to get good information on expected Mexican supplies in the future, said Luther Markwart, executive vice president of the American Sugarbeet Growers Association in Washington, D.C. "We've got to look at what their production and consumption will be," he said. Still, the outlook for 2009 is for lower stocks of sugar. So that should bode well for prices for marketing the 2008 crop, he said.

Meanwhile, Idaho's sugar beet fields are doing well, especially considering the difficult planting conditions in the spring, Jaro said. This is the first year producers have grown commercial amounts of Roundup Ready beets, which are genetically enhanced to resist the herbicide Roundup. That allows use of a more effective weed control chemical than was previously available.

Jaro said he would have expected a lot of weeds in conventional beets given the difficult spring weather. But the fields look good so far, he said. "There are hardly any weeds," he said.

<http://www.alertnet.org/thenews/newsdesk/N21471121.htm>

22 Jul 2008; By Tom Brown, Reuters

Florida deal may sound death knell for Big Sugar

OKEELANTA, Fla., July 22 (Reuters) - A \$1.75 billion land purchase deal Gov. Charlie Crist announced last month to save the Florida Everglades could also mark the beginning of the end for the state's powerful sugar barons.

Florida would buy U.S. Sugar Corp, one of the largest privately held U.S. agricultural firms, and use a chunk of its 187,000 acres (75,680 hectares) in the northern Everglades to restore the endangered wildlife habitat, Crist said.

"This is a dream come true for every Everglades advocate in the state," said David Guest, a lawyer with the environmental group Earthjustice who has fought for years to sugar growers from sending fertilizer-tainted water into the Everglades.

The deal, which still has to be negotiated, hinges on the cooperation of another major sugar producer. If it goes through, the plan could close the book on the often unsavory history of sugar in Florida.

Experts say growing cane sugar in Florida would never have been possible if the state government hadn't drained the Everglades in the first place. And the cane would have disappeared long ago if the federal government hadn't used the Army Corps of Engineers to micromanage the landscape, keeping conditions just right for growers at taxpayers' expense.

Never really operating in a free market, its growers have long been protected, like other U.S. farmers, from global competition. And they have profited at the expense of just about everyone -- from domestic consumers to farmers in developing countries and the once-precious Everglades environment itself.

The U.S. Sugar deal would put the company out of business after a six-year wind-down period. It would also give the state control over nearly half the 400,000 acres of (161,880 hectares) of sugar cane that grows in the swampy, coal-black soil of the Everglades Agricultural Area just south of Lake Okeechobee.

About 16,000 acres (6,745 hectares) of the U.S. Sugar land would be converted into water storage reservoirs, treatment marches and a flow-way reconnecting the lake to the Everglades and Florida Bay.

But the state will also have to negotiate with the Fanjuls, the owners of Flo-Sun whose name is synonymous with Big Sugar. The deal envisions using as many as 35,000 acres (14,164 hectares) of their 180,000 acres (72,846 hectares) of sugar cane for the same Everglades restoration effort.

The Fanjuls, who would be the last major sugar growers in Florida if U.S. Sugar is bought out, declined to be interviewed.

The deal puts Alfonso Fanjul, the reclusive chief executive of the family-controlled Flo-Sun, back in the public eye for the first time since his company's takeover of the North American sugar business of Britain's Tate & Lyle Plc, including its Domino sugar brand in 2001.

INFLATED PRICE

A cursory tour of the company's Florida Crystals Corp. operations in the steamy marshland near the southern edge of Lake Okeechobee gives visitors a clear view of at least some of what the Cuban-born Fanjuls have at stake.

Sugar-cane fields stretch to the horizon around the Florida Crystals mill and refinery. And their packing and distribution center shows how they control not just a vigorous manufacturing process, but much of the branded sugar sold in supermarkets including major retailers like Wal-Mart Stores Inc.

The politically savvy Fanjuls, Alfonso and his brother Jose, are legend in Washington for their defense of a U.S. program that sugar and confectionary users want dismantled.

The sugar program, an extension of policies in place since the close of the U.S.-British War of 1812, basically shields U.S. sugar cane and sugar beet growers from real-world prices and competition through a system of import quotas and loans that dates back to 1981. It pays no direct subsidies as with other crops, but guarantees growers like the Fanjuls an inflated price by restricting supply.

Little of that has changed under recent legislation governing U.S. agriculture for the next five years.

But U.S. sugar growers have been trying to come to grips with more liberalized trade after the end of remaining trade restrictions with Mexico earlier this year. And U.S. sugar imports could increase more if negotiators finally close a deal in the World Trade Organization's Doha round this summer.

Florida Crystals spokesman Gaston Cantens said the company sees the demise of U.S. Sugar as a potential opportunity to increase its U.S. market share, which could roughly double if it wound up taking over the U.S. Sugar Corp mill. But he declined to rule out a possible buyout of Florida Crystals as well, if the state government fails to sweeten the pot to lure the Fanjuls into its Everglade restoration effort.

If they close up shop, allowing Big Sugar to be booted out of the Everglades altogether, the Fanjuls would still have their sugar business in Europe and the Dominican Republic to tend to. From a sun-drenched corner of the Dominican Republic's southeast coast, they also run Casa de Campo, one of the Caribbean's most luxurious resorts.

One veteran Florida sugar analyst, who asked not to be identified, said the state could probably have the Fanjuls' land too -- for the same \$1.7 billion.

"We'd have to cross that bridge if we got there," said Michael Sole, head of Florida Department of Environmental Protection.

<http://www.mlive.com/business/kzgazette/index.ssf?/base/business-5/121673823385570.xml&coll=7>

July 22, 2008; BY ELIZABETH SHAW, The Kalamazoo Gazette

Genetically altered Kellogg products target of boycott

FLINT -- The grandkids won't munch Froot Loops anymore when they come to visit Mark Fisher and Kathleen Kirby.

"They'll be getting organic oatmeal here," said Kirby, a retired English teacher.

The Flint couple are among those calling for a national consumer boycott against Battle Creek-based Kellogg Co., the world's leading cereal maker, in an effort to block the use of genetically engineered sugar beets in products ranging from candy and breakfast cereal to bread.

The Internet-based boycott is spreading mostly through Web sites dedicated to organic foods.

"Kellogg isn't the only one. It's just the one we're going after," said Kirby. "If we can't stop this, there's going to be a domino effect. Pretty soon all processed foods will have genetically altered sugar, and we won't be able to tell because it isn't on the label."

"If you just boycott Froot Loops without explaining why, you may have a mutiny on your hands. But kids actually change faster than adults," said boycott participant Brenda McCumons, of Lapeer, a registered nurse. "Once they hear the `why' and find out the foods good for them actually taste good, they don't have trouble giving up the junk."

Industry officials discount the alarm bells sounded by the health activists and say critics overlook the advantages of GE crops.

In Michigan alone, about half the sugar-beet crop planted this spring is the new 'Roundup Ready' genetically engineered variety, said Jim Byrum, president of the Michigan Agri-Business Association.

"It took a lot of work all the way through the system to make sure this was no surprise. And it's not as if it's a new technology," said Byrum.

No one has found evidence that biotech foods currently on supermarket shelves present a danger to human health. But the U.S. Food and Drug Administration admits there are concerns, such as the potential for introducing new allergens into foods.

"When you begin to mess with genes, we don't know what's going to happen in the long run," said Fisher, a retired science teacher.

Jul 24, 2008; News.Yahoo.com

Gummy Bears Join Cavity Fight

THURSDAY, July 24 (HealthDay News) -- Gummy bears with the sugar substitute xylitol may help prevent tooth decay in children, according to a U.S. study.

Researchers gave children four xylitol-sweetened gummy bears three times a day during school hours. After six weeks, there were significant reductions in the levels of harmful *mutans streptococci* (MS) bacteria in the children's plaque. MS is known to cause tooth decay.

Xylitol, a naturally-occurring sugar alcohol that's frequently used as a sweetener, has been shown to reduce levels of MS. Xylitol chewing gums are available but aren't considered suitable for younger children.

"For xylitol to be successfully used in oral health promotion programs amongst primary school children, an effective means of delivering xylitol must be identified. Gummy bears would seem to be more ideal than chewing gum," research leader Kiet A. Ly, of the University of Washington, said in a BioMed Central news release.

"Based on our findings, it is feasible to develop a clinical trial of a gummy-based (cavity) prevention program. Such a study is now being carried out in the East Cleveland primary school district," Ly said.

The findings were published in the journal *BMC Oral Health*.

http://ap.google.com/article/ALeqM5jng-IRpUoRXY_jeSCqw3lhlRbB3AD9250I101

July 25, 2008; By Russ Bynum, Associated Press

OSHA to fine Imperial Sugar \$8.7M in deadly blast

SAVANNAH, Ga. (AP) — Federal officials proposed more than \$8.7 million in fines Friday against Imperial Sugar Co. for violations at a Georgia plant where an explosion this year killed 13 people and at another plant in Louisiana.

The fines would be the third-highest in the history of the Occupational Safety and Health Administration and include \$5 million for the explosion near Savannah and \$3.7 million for the plant in Gramercy, La., where authorities found violations a month after the Feb. 7 blast in Georgia that injured dozens of workers.

OSHA found 120 violations against the Georgia plant, including 61 that are considered egregious and 91 violations against the Louisiana plant, including 47 egregious ones, according to a report of the agency's investigation.

"It's pretty stiff," Georgia Rep. Jack Kingston said of the proposed fines. "The third-highest penalty in OSHA's history is certainly a very bad thing to happen, but it underscores the tragedy."

An initial investigation traced the explosion to sugar dust that ignited like gunpowder in a basement area, used to load sugar onto conveyor belts to be transported for packaging, beneath the refinery's 100-foot storage silos.

OSHA officials believe employees in one of the silos at the Georgia plant were using a metal rod and hammer to break up sugar that had hardened so it could be collected in buckets for processing. A spark ignited sugar dust, causing the initial explosion and pushing dust particles into other parts of the plant, investigators concluded in the latest report. A series of second explosions ensued.

Sugar Land, Texas-based Imperial Sugar has owned the 90-year-old refinery, which produces Dixie Crystals brand sugar, since 1997. Located in Port Wentworth, a few miles outside Savannah, it is the second-largest sugar refinery in the U.S.

Imperial Sugar CEO John Sheptor, who said Thursday he anticipated penalties could be "significant," said the company will carefully evaluate OSHA's findings. Sheptor issued a news release Friday saying the company has filed its intention to contest the citations. "We believe that the facts do not merit the allegations made," he said in the

release. "As we go forward, we will continue to focus on the safety of our employees and our contractors."

Three refinery workers remain hospitalized with severe burns at the Joseph M. Still Burn Center in Augusta. Two are in critical condition, while the third is in good condition, hospital spokeswoman Beth Frits said.

OSHA's report comes days before a Senate subcommittee holds a Tuesday hearing on combustible dust hazards focused on the Georgia explosion.

Graham H. Graham, Imperial's vice president for operations, is on the witness list and will testify about "dangerous dust conditions he witnessed" at the Georgia plant before the explosion, according to the lawmaker chairing the hearing, Sen. Patty Murray, D-Wash.

Graham's attorney, Philip Hilder, confirmed he plans to testify before the Senate, but he declined to give details.

The House has passed a bill, co-sponsored by Rep. John Barrow, D-Ga., in response to the explosion to force OSHA to adopt stricter standards on dust hazards. OSHA officials say existing regulations already cover them and rushing to enact new ones won't necessarily make workplaces safer.

Imperial Sugar plans to spend \$180 to \$230 million to rebuild the refinery's packaging plant and silos destroyed by the blast, Sheptor said. It plans to resume refining raw sugar before the end of year, and complete a new packaging plant and storage silos by next summer.

In March, OSHA proposed \$36,000 in fines against Imperial Sugar after an inspection of its Louisiana plant revealed dangerous levels of combustible dust barely a month after the Georgia explosion. The company was forced to shut down its powdered sugar operation for several days.

http://www.inforum.com/articles/index.cfm?id=209544§ion=News&freebie_check&CFID=61472935&CFTOKEN=25029958&jsessionid=883072057d1c1a63146c

July 27, 2008; by Jon Knutson, The Fargo, ND Forum

More than food for fuel

Streeter, N.D. - Grass in a small, out-of-the-way test plot here may play a big role in America's energy future.

The cellulose-rich switchgrass could become a major source of cellulosic ethanol – a fuel that someday might reduce the nation's dependence on petroleum by as much as 30 percent.

Midwestern corn dominates the U.S. ethanol industry now.

But cellulosic ethanol could be produced from switchgrass and many other sources nationwide. The best guess is that large-scale commercial production of the fuel will begin in five to 10 years.

"It's a question of 'when' rather than 'whether,'" said Doug Root, senior scientist/biomass and renewable products with the Center for Producer Owned Energy in Marshall, Minn.

Minnesota and North Dakota should be key players in the new fuel, but the two states also face competition from other parts of the country.

A little background:

Virtually all of the 6.5 billion gallons of ethanol produced in the United States last year came from the starch in corn.

Ethanol also can be produced from cellulose, the main component of plant cell walls.

Ethanol made from corn and cellulose is chemically the same.

But the cellulosic variety holds greater potential as a fuel source. Cellulose, the most common organic compound on Earth, is found in everything from corn stalks and wood chips to fast-growing trees and grasses.

Think of it this way:

Most of the ethanol produced in the United States now comes from the part of plants that can be eaten.

Cellulosic ethanol uses the nonedible portion of plants.

The United States could potentially produce enough cellulosic ethanol to replace about 30 percent of the nation's current petroleum consumption, according to a U.S. Department of Energy study.

For now, though, cellulosic ethanol can't be produced economically in large quantities.

Production is limited to a handful of small plants, according to the Renewable Fuel Association, a trade organization for the U.S. ethanol industry.

For instance, Iogen Corp. in Ottawa, Ont., produces about 1 million gallons of ethanol annually from grain straw at a demonstration plant.

In contrast, the ethanol plant scheduled to open late this year in Casselton, N.D., will produce about 100 million gallons annually from corn.

Heavy-duty help

Cellulosic ethanol may warrant at least a dash of skepticism.

Long-range energy predictions frequently have been wrong, said Jerry Taylor, a senior fellow with the Cato Institute, a Washington, D.C., think tank, and a frequent ethanol critic.

For instance, experts once wrongly predicted that nuclear power would become America's dominant energy source, he said.

Alternative sources such as hydrogen, not cellulosic ethanol, could end up as the next big thing, Taylor said.

But cellulosic ethanol has friends in high places who want it developed:

E The U.S. government passed a law last year requiring the use of 16 billion gallons of cellulosic biofuels for transportation by 2022.

E The U.S. farm bill passed earlier this year has a new income tax credit for producers of cellulosic biofuels.

E The U.S. Department of Energy in the past year has announced more than \$1 billion in biofuel projects.

Academia and the private sector are increasingly involved, too.

For example, research into cellulosic ethanol is under way at the Harvard Medical School.

The research involves the "Q microbe," a microorganism that shows promise in breaking down ethanol from cellulose-rich sources such as switchgrass, wheat straw and wood pulp.

The project aims to produce genetically modified strains of the microbe that will produce higher yields of ethanol than the naturally occurring variety.

"This is very promising. We're excited," said Jef Sharp, executive vice president of SunEthanol, a Hadley, Mass.-based company involved in the project.

Modified strains created at the Harvard Medical School will be tested by SunEthanol scientists for their potential ethanol production. SunEthanol will have an option to license any of the strains created under the partnership.

The worldwide backlash against using food for fuel has increased interest in cellulosic ethanol, Sharp and others say.

Cellulosic ethanol also benefits from growing efforts to reduce greenhouse gas emissions, said Cole Gustafson, biofuels specialist with the North Dakota State University Extension Service.

Using cellulosic ethanol instead of gasoline could lower greenhouse gas emissions by as much as 86 percent, according to the U.S. Department of Energy.

Questions, questions

The fledging cellulosic ethanol industry still has more questions than answers.

A key concern is finding a cost-effective way of converting cellulose into ethanol.

Cellulose needs to be sturdy to keep plants structurally sound, so converting it to ethanol is difficult, Root said.

Researchers are studying several conversion methods.

It's uncertain whether one of the methods ultimately will gain widespread acceptance or whether different methods will be used on different sources of cellulose, Gustafson and others say.

More research also is needed into how to produce, store and transport potential sources of cellulose.

"It's going to take a lot of work, by a lot of different people, to really get cellulosic ethanol developed," said Paul Nyren, director of the North Dakota State University Central Grasslands Research Extension Center near Streeter.

The list includes everyone from crop scientists to the engineers who design cellulosic ethanol plants.

There even are questions about who will work in those plants.

The region's growing ethanol industry will struggle to find, train and retain enough qualified employees, according to a study sponsored by several Minnesota groups, including the Thief River Falls-based Agricultural Utilization Research Institute, which is charged by state government to play a major role in developing Minnesota's renewable energy industry.

Job skills that will grow in demand include plant management, rail safety, basic equipment operation and mechanical engineering, the study shows.

Area farmers also have questions, said Jeff Enger, a Marion, N.D., farmer and chairman of the North Dakota Corn Utilization Council.

For instance, residue from corn plants can be used to make cellulosic ethanol. But it's unclear how that residue might be collected.

“Cellulosic has potential, but there are so many questions,” Enger said.

It’s unclear whether land that now produces corn might be switched to switchgrass.

Farmers will grow the crops that provide the best financial return, Gustafson said.

Expanding ethanol

The ethanol industry will change as cellulosic ethanol allows production to expand outside the Midwest, Gustafson said.

For instance, rice straw and lumber waste can be significant sources of cellulosic ethanol, according to a study by the U.S. energy and agriculture departments.

Even urban areas might get into the act.

Food scraps, discarded furniture, debris from construction sites and yard and tree trimmings are all potential sources of cellulosic ethanol, the study said.

“There’s room for everyone (nationwide) to have an impact. But Minnesota should play a leading role” because it produces so many sources of cellulose, Root said.

Cellulosic ethanol production could take several forms.

One possibility is building cellulosic ethanol plants near existing food-processing plants. The cellulosic ethanol plant would use organic matter that isn’t processed into food now.

It’s too soon to tell whether the concept will become reality, said Jeff Carlson, vice president of operations for Wahpeton, N.D.-based Minn-Dak Farmers Cooperative, which processes sugar beets.

Though the concept has some potential, “The technology isn’t there,” he said.

Another possibility is building cellulosic ethanol plants near corn ethanol plants already in operation.

Brookings, S.D.-based VeraSun, one of the nation’s largest ethanol producers and operator of the corn ethanol plant in Hankinson, N.D., has made a small investment in SunEthanol, the Massachusetts company researching cellulosic ethanol.

VeraSun is interested in investigating and developing cellulosic technology, said Mike Lockrem, a company spokesman.

It’s unclear whether existing corn ethanol plants someday could be converted to cellulosic ethanol.

Yet another possibility is building plants specifically designed for switchgrass.

Switchgrass is a star

As already noted, switchgrass is just one of many potential sources of cellulosic ethanol.

“When you think of cellulosic ethanol, don’t think of just switchgrass,” Gustafson said.

Nonetheless, switchgrass is in the public spotlight, in part because President Bush praised it in his 2006 State of the Union address.

Switchgrass has a lot of other pluses, too.

It can grow in many different soils and climates, and holds up well in drought.

It's also rich in cellulose.

Switchgrass yields about five times more energy than the energy required to grow, harvest and process it, a University of Nebraska-Lincoln study released this year shows.

In comparison, corn yields about one-third more energy than the energy required to produce it, the USDA says.

The North Dakota switchgrass research project began in 2006. A number of state and federal agencies and organizations are involved.

The project is evaluating the economics of producing a bioenergy crop, as well as the impact on soil organic matter and carbon storage.

Results so far indicate that switchgrass is best suited to central and western North Dakota, which don't receive as much rain as the Red River Valley.

Nyren is optimistic about the potential of switchgrass, while noting that much work remains.

"We're trying to develop a product for a market that doesn't exist yet," he said.

Learning the lingo

- Biomass: All plant- and plant-derived material
- Biofuel: Fuel made from biomass
- Ethanol: A type of biofuel that's an alternative to gasoline. Most of the ethanol produced in the United States comes from starch in corn.
- Cellulosic ethanol: A type of ethanol produced from cellulose, the main component of plant cell walls. "Cell-u-LOW-sick" is the more common pronunciation, though "cell-u-LOSS-ick" is acceptable, too.
- Ceetol: Abbreviation for cellulosic ethanol. The term isn't widely used but could catch on.
- Switchgrass: A fast-growing grass that's a rich source of cellulose and the subject of cellulosic ethanol research
- Net energy gain: The difference between the energy required to harvest an energy source and the energy produced from that source.

Switchgrass has a high net energy gain.