



# Newsletter

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



Issue # 07

July 12, 2005

Message from Neale Smith, President:

We hope all had a glorious 4th of July weekend.

The CAFTA House vote still looms.

An informal check of the path of Hurricane Dennis shows no damage to either the cane sugar crops or to the Southern refineries. Close call !

We will attend the IFT Food Expo 2005, July 17<sup>th</sup> – 19<sup>th</sup> in New Orleans. Hope to see many of you there.

Attached is the information about the luncheon Wednesday, August 3, 2005 and the Chicago Sugar Trade Golf Outing Thursday, August 4, 2005. Also, we will convene the annual Board of Directors meeting at 9:00A.M. at Maggiano's.

*A. Neale Smith*

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Also in this issue: (Left mouse click on the headlines to zip to the article)

- [6/28 - Chicago NSIMA Luncheon registration forms](#)
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The National Sweetener and Ingredient Marketing Association  
(The National Sugar Brokers Association)  
3000 Chestnut Avenue  
Suite 100A  
Baltimore, Maryland 21211  
Phone: 410-366-7400 Fax: 410-467-9552  
E-Mail: smisweet@chesa.com

June 17, 2005

The NSIMA's annual Chicago luncheon meeting will be held on Wednesday August 3, 2005 beginning at 11:45A.M. Maggiano's Little Italy will again be the restaurant at 240 Oakbrook Center – Oak Brook, IL (directions from Chicago's O'Hare Airport: Take I-294 South to I-88 West to Aurora – Exit Cermak Road / 22nd Street to the Oak Brook mall – Next to Saks Fifth Avenue).

Bill Smith, V.P. of Marketing, The Amalgamated Sugar Company, LLC will be our speaker. We are very fortunate to have Bill with us. He knows sugar! In addition Bob Lindon and Steve Vuilleumier will again give their crop reports and market updates.

Enclosed is a reservation form along with other useful information concerning the luncheon, and the flyer with all the information you'll need for the Chicago Sugar Trade Association's annual outing which will be held on Thursday August 4, 2005 at Ruffled Feathers Golf Club, Lemont, IL.

We are looking forward to seeing you in Chicago.

Sincerely,

*Neale Smith*

Neale Smith  
President

\*\*\*\*\*Reservation Form\*\*\*\*\*

NSIMA Luncheon  
Wednesday August 4, 2004

Maggiano's Little Italy  
240 Oakbrook Center  
Oakbrook, IL

Time: 11:45A.M.

Reception/Buffer Luncheon.....\$70.00 Per Person

\$75.00 At the door

Company:

Attendees:

**Reservations must be in by Thursday July 28, 2005**

Make checks payable to:

NSIMA  
3000 Chestnut Avenue  
Suite 100A  
Baltimore, MD 21211

# Chicago Sugar Trade Golf Outing Association

**76<sup>th</sup> Annual Golf Outing**  
**THURSDAY, AUGUST 4, 2005**

**Ruffled Feathers Golf Club**  
**1 Pete Dye Dr**  
**Lemont, IL 60439**

***SHOTGUN START 1:30 PM***

*Lunch served 12:30 PM - Cocktails 5:30 PM. - Dinner 6:30 PM.*

*Ticket Price \$ 190.00*

*Includes: Lunch, Golf, Cart, and Dinner*

*Dinner only \$ 135.00 (purchase in advance)*

*DINNER ONLY - AT THE DOOR: \$ 165.00*

**\*\*\*\* GOLF LIMITED TO THE FIRST 100 GOLFERS \*\*\*\***

***DIRECT YOUR REMITTANCE BEFORE JULY 8<sup>th</sup> TO:***  
***Tom Speck***

***C/O SWEETENER SUPPLY***

***9501 West Southview Avenue***

***Brookfield, IL 60513***

***(708) 588-8400***

***FAX (708) 588-8460***

***Upon receipt of remittance, prepaid tickets will be forwarded promptly.***

**CHAIRMAN: John Yonover**

**TICKET COMMITTEE: Tom Speck**

**HOUSE & GREENS COMMITTEE: Joe McMahon**

**To arrange foursomes, fax the attached foursome/table request sheet to:**

**Joe Mc Mahon - email: [joem@buysugars.com](mailto:joem@buysugars.com) fax# 630-986-1030 ph. # 630-986-9150**

# Chicago Sugar Trade Golf Outing Association

August 4, 2005

## Foursome/Table Request Sheet

*Foursome*

1. \_\_\_\_\_
2. \_\_\_\_\_
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*Foursome*

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*Foursome*

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*Foursome*

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4. \_\_\_\_\_

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*Table Request*

\_\_\_\_\_ is requesting \_\_\_\_\_ tables of ten.

Please return this completed foursome/table request sheet (by July 8, 2005) to:  
Joe Mc Mahon - email: [joem@buysugars.com](mailto:joem@buysugars.com) fax: 630-986-1030, ph.: 630-986-9150

July 5, 2005: by Sean Silcoff,

**The Financial Post**

## **Showdown over sugar: U.S. giant takes aim at stranglehold of Rogers and Tate & Lyle in Canada**

CREDIT: Peter J. Thompson, National Post

Rogers and Redpath, which has a sugar refining plant in Toronto, have had the domestic sugar market almost to themselves.

MONTREAL - Five years ago, Gord Love and a group of Canadian bakers and candymakers took on the stranglehold Rogers Sugar Income Fund and Tate & Lyle PLC's Redpath unit have over the domestic sugar market. Mr. Love hoped, in vain, to convince Ottawa to open the country to foreign sugar refiners. Now, as the federal government prepares to revisit those trade barriers this fall, Mr. Love has been unable to convince a single one of his former allies, including New Brunswick chocalatier Ganong Bros., to renew the fight.

"My wife even said to me, 'Why do you want to get involved in a case you know you'll lose?' " the Toronto-based food industry consultant says with a sigh. "If you can't get people interested, I don't know what you're supposed to do."

But a new and more powerful force has stepped up to challenge the 78% average duty on sugar from Europe and the United States, which has left Rogers and Redpath, in a duopoly position in Canada's sugar refining business for 10 years.

"We believe Canada's trade laws were not intended to give an industry that is healthy by any standards a quasi-permanent duopoly and that after a decade, the time has come to remove the duties," says Christopher Kent, a lawyer for Florida's Fanjul family, which controls the largest cane sugar business in the United States and is a powerful political U.S. kingmaker.

For the past decade, Rogers and Redpath have had the Canadian market almost entirely to themselves, enjoying some pretty sweet profits along the way. Last year, the two had a staggering 97.4% share of the Canadian market's 1.35 million tonnes in shipments of refined sugar.

Rogers' latest annual report is an embarrassment of riches. (Tate & Lyle doesn't break out results for its Canadian operation.) The publicly traded income trust -- whose Lantic Sugar splits eastern Canada with Redpath and whose Rogers Sugar has almost 100% of the West -- earned \$70.6-million in operating profits last year (up 15% from the year before), or 16.5% of sales. Its net income of \$43.1-million was 10.1% of sales, almost unheard of for a commodity food manufacturer.

Sugar deliveries grew 5% over the previous year as U.S. food companies moved more production to Canada. Better sugar beet crops in the West helped its Taber, Alta., processing plant improve production. And chief executive Pierre Cote's bonus tripled to \$558,540.

"By sugar industry standards Rogers is printing money," Mr. Kent says. "Obviously these spectacular profits are being made at the expense of somebody. In our view, the real loser has been the Canadian consumer."

But the good times for Rogers and Redpath, which primarily refine imported sugar cane at plants in Vancouver, Toronto and Montreal, could dissolve rapidly, the industry warns, threatening 1,500 Canadian jobs, if Ottawa does away with the 78% average anti-dumping duties it applies to sugar coming from the United States or Europe.

That was the reason for the duties in the first place, in 1995, after foreign producers captured 15% of the Canadian market. As it turns out, sugar refining is one of the most distorted and protected industries in the world, thanks largely to policies in those two markets. Import quotas largely keep out Third World producers such as Brazil, and all but a trickle of sugar from Canada. Subsidies and price floors well above world prices mean local taxpayers and consumers pay while refiners profit -- and their governments, which buy millions of tonnes of surplus sugar from farmers, dump the excess on world markets, suppressing world prices, further hurting a major industry of many developing countries. A 2004 Oxfam report said European Union sugar policies "hamper global efforts to reduce poverty," while the U.S. Government Accountability Office estimates U.S. consumers spend US\$1.9-billion more on sugar a year than they need to.

The ugly state of the world's sugar industry convinced the Canadian International Trade Tribunal in 2000 to extend its initial anti-dumping and countervailing measures against the EU and U.S. for another five years. But that period expires in November, so hearings begin in September before CITT to determine if they should be extended. Already, the Canada Border Services Agency has weighed in, releasing a report last week concluding the end of duties is "likely to result in the continuation or resumption of dumping into Canada" of sugar by the United States and EU countries.

"The fundamental aspects of both the U.S. and EU sugar programs haven't changed" in a decade, says Sandra Marsden, president of the Canadian Sugar Institute, the lobby firm for the two Canadian producers, which buy their raw sugar at the world prices.

But Mr. Kent argues the Canadian industry doesn't need protection, largely because it has rationalized and become more competitive in the past decade. He points to an explosion in the amount of candy and chocolates made in Canada for export primarily to the United States in the past five years. That's happening because high sugar prices in the United States have led to a flight of producers out of the United States to lower-cost Canada and Mexico, who send the finished products back home.

But under existing rules, Mr. Kent points out, U.S. sugar could come into Canada duty free if it's used in products that are shipped right back to the United States. The reason that isn't happening much is that U.S. producers have tightened supply and production capacity to the point where "it makes no sense for exports in large quantities to go to Canada."

A senior food industry executive who has watched the sugar debate closely says Ottawa "has given [Rogers and Tate & Lyle] 10 years of benefits all based on projections. The big difference is they're making money hand over fist right now. Maybe now they'll say, 'Give them a year [of no duty protection] to see what happens.' If all hell breaks loose, they can just come back in a year or so and ask" for duties to be re-applied.

July 06, 2005; By Alex Meneses Miyashita, **Hispanic Link News Service**

## **CAFTA likely to face opposition on House floor**

**WASHINGTON** - The U.S. House of Representatives is expected to take up the Central America Free Trade Agreement legislation after the July 4 congressional recess. The U.S. Senate voted June 30 54-45 in favor of the measure, after intense lobbying by the White House. In the House, it passed the Ways and Means Committee by a 24-11 vote June 30, also paving the way to reach the floor.

“Step by step, we're making good progress and building momentum for its successful passage,” U.S. Trade Representative Rob Portman said in a statement following a June 29 Senate Finance Committee vote.

But CAFTA still faces an uphill battle on the House floor. Opposition from Democrats who claim the deal's labor standards are poor, as well as several Republicans who are concerned with issues raised by the U.S. sugar industry, could stop the deal in the lower chamber.

Fourteen members of the all-Democrat Congressional Hispanic Caucus have taken a position against CAFTA. Four others are undecided, and only one, Rep. Henry Cuellar (D-Texas), favors it. Members of the all-Republican Congressional Hispanic Conference support the pact.

Other opponents, such as the Stop CAFTA Coalition, comprised of environmental, religious and trade justice groups, claim that they will use the recess to spread the word about the damaging effects they say the trade deal will have on U.S., Central American and Dominican workers.

Opponents also warn of the failures of the North American Free Trade Agreement. Rep. Xavier Becerra, D-Calif., who voted for NAFTA in 1993 and now doesn't support CAFTA, claims the growing trade deficit with Mexico and Canada has cost the United States nearly one million jobs.

Sen. John Kerry, D-Mass., who has supported virtually every trade deal in his 20-plus years in the Senate, including NAFTA, called CAFTA a step backward in the standards applied to U.S. workers. The former presidential candidate said that even though he voted for NAFTA, he's argued for years to improve the labor standards in the agreement.

Senate Minority Leader Harry Reid, D-Nev., said in a statement: “The fact is that in many cases, Latinos bear the consequences of expanded trade, because they are concentrated in industries that lose out with trade agreements.”

But Daniel Griswold, director of the Center for Trade Policy Studies at the CATO Institute, calls trade and the development that it brings is the best way to raise labor and environmental standards. He said that although CAFTA would not have a significant impact on the economy of the United States, it would be an important foreign policy initiative.

Supporters have also pointed out that the six Central American countries in the agreement, along with the Dominican Republic, represent the second-largest export market for the United States in Latin America. While imports from these countries arrive duty-free, CAFTA would eliminate trade barriers for U.S. exports to Central America.

CAFTA was signed last year with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. The White House submitted CAFTA to Congress on June 23, as the Bush administration took time to build support for it.

(Distributed by Scripps Howard News Service, <http://www.shns.com>)

## Domino Sugar workers return after strike

By THE JOURNAL NEWS

(Original publication: July 6, 2005)

Six months after beginning a strike at the Domino Sugar plant in Yonkers, members of the plant's largest union are returning to work with their numbers diminished and on terms largely dictated by management.

Local 1814 of the International Longshoremen's Association voted 2-to-1 on June 24 to accept a three-year contract. About 135-140 union members are expected to return to work by the end of this week, down from the roughly 200 members that worked at the plant when the strike started on Dec. 20. Employees started returning last Wednesday.

About three dozen employees who quit the union and crossed the picket lines to continue working at the plant will retain their jobs on the same terms as those who stayed out, a condition that particularly galls union leadership.

"That in itself creates some problems in the work force," said Louis Pernice, president of Local 1814. "The membership was beaten. ... There are a lot of open wounds."

Donald W. Brainard, vice president of human resources for the plant's owner, American Sugar Refining Inc., took a different view of the conclusion of the labor dispute.

Hard feelings haven't been "demonstrated to me or my managers," Brainard said. "People seem to be generally very, very pleased to be back. ... We were delighted that the reaction was very positive."

Fifteen additional workers opted to take a buyout package offered by management, which included a \$5,000 cash payment in addition to the normal pension benefits. The move opens positions for 15 former employees to come back to the plant, based on their seniority. The waiting list lasts for one year.

The Domino plant has had little turnover in its history, and has employed second- and third-generation family members. Brainard said the average length of employment at the plant is 18 to 20 years. Some workers who are taking the buyout are more than 70 years old.

The contract called for the same wage package offered by management last year. It will provide a \$1,000 payment for 2005, a 2 percent increase at the start of 2006, and 2 percent at the start of 2007. Among other agreements, workers who used to get time-and-a-half for working Saturdays and double time on Sundays will now receive only time-and-a-half when they work more than 40 hours, regardless of what days they worked.

The plant takes raw sugar that's delivered via the Hudson River and converts it into refined sugar and other products. Pernice said the union's inability to shut down the plant during the strike weakened its leverage.

The company was able to hire non-union longshoremen to unload deliveries from non-union ships.

Union members who crossed the picket line will be allowed to rejoin the union, and Pernice said existing rules require the ILA to readmit them. He called it a "very difficult pill."

Brainard said management felt "a moral obligation" to support workers who left the union to help them run the plant during the strike.

"We felt that was quite a big step for them to take," he said. "I don't think anybody wins in these types of situations."

July 7, 2005; Editorial,

The Wall Street Journal

## **Democrats and CAFTA**

The Central American Free Trade Agreement passed the Senate last week, as everyone expected, but the more interesting news is who voted against it. Hint: This isn't Bill Clinton's Democratic Party anymore.

Nafta was one of the former President's signature achievements, and free trade one of the issues he used to define himself as a New Democrat. But last week only 10 Senate Democrats found the nerve to support Cafta, as opposed to 27 who voted for Nafta in 1993. Support among House Democrats looks even worse, with 10 or fewer expected to support Cafta when it comes up for a vote this summer, compared with 102 who backed Nafta.

Just as startling is which Senators voted against free trade with our southern neighbors. They include Joe Biden, who is often lauded as a statesman-internationalist; Chris Dodd, the self-avowed friend of Latin American democracy; Evan Bayh, the alleged heir to the New Democrat mantle; Jon Corzine, who made a fortune from free global capital markets at Goldman Sachs; and John Kerry, who lost last year's election in part because voters suspected he wasn't what he claimed to be (e.g., a free trader).

The biggest surprise, at least to us, is the no cast by New York Senator Hillary Rodham Clinton. We'd have thought that a modest trade-opening deal with a few poor countries was an ideal chance to continue her march to moderation and demonstrate to business that she'd follow in the path of her husband as she seeks the White House in 2008. Apparently not.

Why this protectionist turn by Democrats? Opponents claim that this deal is somehow worse on labor and environmental protections than Nafta and other bilateral trade accords, but in fact any differences are nominal. If anything, the Bush administration has made too many protectionist concessions to U.S. sugar growers, among others, in an attempt to appease Democratic concerns.

A more honest explanation may be pure partisanship, as Democrats hope to deny President Bush a legislative victory. But this is still troubling, since trade has long been more of a regional than partisan issue. Mr. Clinton would never have passed Nafta through a Democratic Congress without the support of 34 Republicans in the Senate and 132 in the House.

Perhaps Mrs. Clinton, Mr. Biden and the rest are all eyeing each other as they maneuver for 2008 and want to make sure no one can get to their left with Big Labor. Or perhaps they all believe they have no choice but to march to the orders of MoveOn.org, the Daily Kos and other liberals who are threatening primary challenges for any Democrat who supports Mr. Bush on anything. The latter theory is supported by Ron Brownstein's article in the latest National Journal about the rise of this Bush-hating, but rich and mobilized, Internet-based left.

Whatever the explanation, this Democratic turn against free trade is bad for the country. The U.S. hasn't had a protectionist President since Herbert Hoover, and we all remember how that turned out.

## WASDE-424-14; July 12, 2005

SUGAR: SUGAR: Projected U.S. sugar supply for 2005/06 is increased 145,000 short tons, raw value, from last month, due to higher beginning stocks and production. Processors' reports compiled by the Farm Service Agency put 2005/06 production at 8.15 million tons, up 12,000 tons from last month's projection. No changes are made to use.

For 2004/05, higher production and imports increase supply 133,000 tons. Production is increased 43,000 tons based on processors' reports. Imports are increased 90,000 tons, as higher shortfall in filling the tariff rate quota is more than offset by higher imports under the re-export program (50,000 tons) and high-tier sugar imports from Mexico (60,000tons).

### WASDE-424-14 - U.S. Sugar Supply and Use 1/

Item	2003/04	2004/05		2005/06
		June	July	Projection
=====				
	: 1,000 short tons, raw value			
	:	:	:	:
Beginning stocks	: 1,670	1,897	1,343	1,476
Production 2/	: 8,649	8,110	8,140	8,152
Beet sugar	: 4,692	4,721	4,370	4,443
Cane sugar	: 3,957	3,389	3,770	3,709
Florida	: 2,154	1,690	1,950	1,899
Hawaii	: 251	268	250	254
Louisiana	: 1,377	1,271	1,400	1,376
Texas	: 175	160	170	180
Imports	: 1,754	1,729	1,591	1,591
TRQ 3/	: 1,230	1,209	1,206	1,206
Other program 4/	: 464	400	325	325
Other 5/	: 60	120	60	60
Supply, total	: 12,073	11,736	11,074	11,219
	:	:	:	:
Exports	: 288	240	200	200
Deliveries	: 9,862	10,020	10,115	10,115
Food	: 9,678	9,875	9,950	9,950
Other 6/	: 184	145	165	165
Miscellaneous 7/	: 26	0	0	0
Use, total	: 10,176	10,260	10,315	10,315
Ending stocks	: 1,897	1,476	759	904
Stocks to use ratio	: 18.6	14.4	7.4	8.8
=====				

1/ Fiscal years beginning Oct 1. Includes Puerto Rico. Historical data are from FSA, "Sweetener Market Data" except imports (U.S. Customs Service, Census Bureau). 2/ Production projections for 2005/06 are based on March 31 Prospective Plantings and trend yields. 3/ Actual arrivals under the tariff rate quota (TRQ) with late entries, early entries, and TRQ overfills assigned to the fiscal year in which they actually arrived. For 2005/06, includes only the U.S. commitment to the World Trade Organization to import a minimum quantity of raw and refined sugar, minus shortfall of 50,000 tons. The Secretary will establish the actual level of the TRQ at a later date. 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ Includes high-tier and other. 6/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed. 7/ Residual statistical discrepancies.