



Newsletter

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



Issue # 2

March 15, 2006

Message from Ray Washmera, President:

Dear Members:

We hope this newsletter finds you all in good spirit and "your powder dry" so to speak. The weather here in Northern California has been cold, wet, and believe it or not, with some snow.

I am pleased to inform you that The National Sweetener and Ingredient Marketing Association is continuing its move towards developing a website for the organization and individual members. Thanks to Bruce Penner's work, we now have a website address. It is NSIMA.org. We also have hired a website development company, OhioMedia, and they have begun the process. So we are "on our way" and it is exciting! We will keep you posted with our progress.

As to the Sweetener Industry, the attached will give you a good feel as to what is being discussed. The sugar market is still quite tight and nervous. Planting intentions are still being discussed and there is some talk of new crop offerings. But it is still early in the cycle.

Sincerely,
Raymond A. Washmera

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With diet drinks unappealing to some, the industry pursues its 'holy grail' — a natural product

By [CAROLINE WILBERT](#)

The Atlanta Journal-Constitution

Published on: 01/29/06

Elizabeth Golden doesn't even slow down as she pushes her grocery cart down the soft drink aisle at Publix in Buckhead. Golden, 60, gave up Coca-Cola a couple of years ago because of the sugar.

Why doesn't she substitute a diet version?

"I just don't think they are good for you," she explains, adding that she installed a water purification system in her home and mostly drinks water now.

Golden represents the soft drink industry's biggest fear.

Many Americans, concerned about calories, are giving up lifelong habits of drinking sugary soda. Some switch to diet soft drinks. However, some don't, either because they don't like the taste, or increasingly, because they worry about the safety of sweeteners.

Morgan Stanley analyst Bill Pecoriello says beverage companies "need to aggressively develop new sweetener solutions with more consumer appeal."

Though beverage executives will tell you that sweeteners like aspartame and sucralose have been tested and are safe, they acknowledge that many consumers still are uncomfortable with the artificial ingredients. As consumers become more focused on healthful, all-natural products, beverage companies want to ensure diet soft drink sales keep growing.

Coke Chairman and CEO Neville Isdell has said the company is searching for an all-natural sweetener, calling it "the holy grail."

Coke isn't alone. John Cahill, CEO of Pepsi Bottling Group, was asked about the quest for a natural sweetener at a recent beverage conference.

"I am aware that all the major companies are looking at these alternatives," he said. "I think it would be helpful."

Certainly, existing diet soft drinks with artificial sweeteners still are a large and profitable business for companies like Coke, Pepsi and Cadbury Schweppes, which owns Dr Pepper. Diet soft drinks were a \$19 billion business in 2004, according to Beverage Digest.

And the diet market has continued to grow, despite decades of controversy about whether artificial sweeteners are bad for people.

Concerns about saccharin, one of the first artificial sweeteners, have been around for nearly a half-century. The Food and Drug Administration sought to ban it in 1977, but Congress instead required that products containing the sweetener carry a warning label that said: "Use of this product may be hazardous to your health. This product contains saccharin, which has been determined to cause cancer in laboratory animals." After additional research, the mandatory warning was rescinded in 2000.

Aspartame, also known by its brand name NutraSweet, has been controversial since the FDA approved it in the early 1980s. Though the FDA says it is one of the most thoroughly tested products ever approved, there are still groups that claim it causes everything from brain tumors to multiple sclerosis.

Sucralose, marketed as Splenda, was approved by the FDA in 1998 and has ignited its own controversy. Critics say the food industry has misled consumers into thinking the sweetener is natural, because it is derived from sugar.

Nelson Martinez, 46, a customer at the same Buckhead Publix where Golden shops, said he drinks diet sodas and particularly likes Coke Zero, which contains a blend of aspartame and acesulfame potassium. If you worry about every health report you see, he said with a chuckle, "you can't have anything."

The 'natural' trend

But more consumers today are gravitating toward products perceived as natural.

"People are increasingly nervous about what they put in their bodies," said Michael Bellas, chief executive at Beverage Marketing Corp., a consulting firm. "You are what you eat."

Among people who are drinking less regular cola, only 21 percent are drinking more diet cola, according to a report from Morgan Stanley Consumer Research. By contrast, 46 percent are drinking more bottled water.

The research also shows that 73 percent of people say at least one reason they abstain from diet drinks is they don't like the taste. The No. 2 reason, with 40 percent of people citing it, is that they don't like artificial sweeteners.

The problem is that developing an all-natural, good-tasting sweetener without calories is no easy task.

"They don't call it the holy grail for no reason," said Craig Petray, CEO of NutraSweet, which sells aspartame to thousands of companies, including the major soft drink players. "It is very hard to get to."

Petray said NutraSweet's former owner, Monsanto Co., researched all-natural sweeteners in the 1990s but gave up, deciding to focus on new artificial sweeteners, including Neotame, which NutraSweet now is marketing to food and beverage companies. Neotame, approved by the FDA in 2002, is 8,000 times sweeter than sugar and can be used to enhance the taste of sugar.

Petray said he thinks the next major change will be the use of such sweetener enhancers, which would allow soft drink companies to put less sugar in regular soft drinks but get the same taste. Therefore, as an example, 8 ounces of Pepsi might have 80 calories instead of 100.

If Petray believed a viable all-natural sweetener could make it to the market in five or 10 years, he would be working on it, he said.

The artificial sweeteners on the market today, things like Splenda, saccharin and aspartame, actually do have calories. The key is that they are high-intensity sweeteners, meaning that they are significantly sweeter than sugar. Because of the intense sweetness, a very small amount of the sweetener is needed, making the caloric content so small as to be essentially zero, said Sara Risch, an expert in food science and a professor at Michigan State University. Most diet soft drinks have such a low caloric content that their labels say zero calories.

Risch said nobody has discovered a sweetener in nature with the necessary level of intensity.

'A very difficult challenge'

High-intensity sweeteners therefore are made by chemically altering an existing substance. For instance, the relatively new sweetener Splenda is sucrose, or sugar, that has been chemically altered with chlorine.

The trick, Risch said, would be to find a natural substance, likely a plant or bacteria, that could be altered through a natural process, such as fermentation.

"It is a very difficult challenge, but if they solve it, it will be a phenomenal breakthrough," Risch said.

There are sweeteners out there that are natural with nearly zero calories. However, the consensus is that the sweeteners don't taste good enough to appeal to mainstream consumers. The most well-known is stevia, which comes from a plant in South America. Stevia is sweeter than sugar and is known for its strong licorice taste. Stevia has not been approved by the FDA for use in drinks and food in the United States but is approved for use as a dietary supplement.

Coke isn't commenting on specific plans or research.

Coke spokeswoman Kari Bjorhus said, "We're confident in the quality and safety of sweeteners in use today, but we are always interested in new sweetener options that might offer a different taste profile or be more appealing to some people."

A Pepsi spokesman also declined to comment on anything specific the company might be looking into.

"We offer a wide variety of low-calorie beverages that taste great and help people cut calories or maintain their weight," said Dave DeCecco at Pepsi. "We're already using several low-calorie sweeteners in these products and if a new sweetener is developed, we'll certainly consider using it."

Imperial Sugar Company Declares 20% Increase in Quarterly Cash Dividend to \$0.06 Per Share Payable February 24, 2006

SUGAR LAND, Texas--(BUSINESS WIRE)--Jan. 31, 2006--Imperial Sugar Company (NASDAQ:IPSU) today announced that its Board of Directors declared a quarterly cash dividend of \$0.06 per share payable on February 24, 2006 to shareholders of record on February 14, 2006. This dividend represents a 20% increase from the regular quarterly dividends that have been paid by Imperial since it instituted its quarterly dividend program in December, 2004.

Commenting on this increase, James Gaffney, chairman of the Imperial's board of directors said: "In recognition of our strong financial position and recent financial results, we are pleased to be in a position to augment the dividend program that has been in effect for the past twelve months in addition to distributing a special \$2.50 dividend last November."

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. With packaging and refining facilities across the U.S., the Company markets products nationally under the Imperial(R), Dixie Crystals(R) and Holly(R) brands. For more information about Imperial Sugar, visit www.imperialsugar.com.

Statements regarding future market prices and margins, future energy costs, future operating results, operating efficiencies, future government and legislative action, future cost savings, future benefit costs, our liquidity and ability to finance our operations, and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These include, but are not limited to, market factors, energy costs, the effect of weather and economic conditions, farm and trade policy, our ability to realize planned cost savings, the available supply of sugar, 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 to increase sugar prices

2/1/2006- Imperial sugar yesterday reported a strong sales increase in its first quarter, boosted by increased consumer and foodservice prices on the back of a tight domestic sugar market. And with the supply situation still uncertain, the refined sugar giant said food manufacturers are next in line to face higher prices.

Net sales for the quarter ended December 31 2005 increased 18.3 percent to \$254 million, compared to \$215 million last year.

Domestic sugar prices increased 9.3 percent in the quarter, driven by a smaller sugarbeet crop, delays in the start of the harvest in some areas and the impact of gulf coast hurricanes, said the company.

But food manufacturers on the whole have escaped increased prices so far, as a “significant portion” of industrial sales are under fixed price forward sales contracts for up to a year, said Imperial Sugar.

However, the company now notes that it expects *“industrial prices and margins for the remainder of the fiscal year to increase due to the new contracts that have been executed and those remaining to be booked.”*

The tight domestic sugar market recently prompted the industry to yet again call for extra imports in order to avoid shortages on the market.

In December, the US Department of Agriculture (USDA), announced it was to allow 450,000 tons extra sugar imports into the country, only half the amount asked for by the nation’s Sweetener Users Association (SUA), which represents manufacturers of products that use sugar.

And just a few weeks ago, the SUA again appealed for more imports after the USDA's latest World Agricultural Supply and Demand Estimates (WASDE), revealed ending stocks for US sugar supplies for 2005-2006 are set at 1.3 million tons, or 75,000 tons lower than the previous month’s estimates.

Imperial Sugar’s president and chief executive officer Robert Peiser yesterday said that *“shortages of refined sugar are certainly possible and even the availability of raw sugar is uncertain until such time as the USDA provides for a higher level of raw sugar imports.”*

“The sugar industry has once again demonstrated its tendency to shift direction quickly as market conditions changed dramatically following various summer events. On the negative side, operations throughout the Southeast were severely impacted during the post-hurricane period, leading to disruption of deliveries and increases in the cost of transportation and supplies, at the same time that energy costs used in our manufacturing process increased significantly. On the other hand, the supply situation within the industry changed significantly and, as a result, we were able to increase prices in order to recover our higher costs,” he said

“We expect the industry to continue to experience volatility as increases in the price of raw sugar have accelerated in recent weeks. If such trends continue, it will be necessary to effect future consumer and foodservice price increases in order to preserve our margins,” he added.

But it may not all be bad news for food manufacturers. Although tightened sugar supplies have contributed to general price increases for the commodity this year, there are signs that the situation may improve.

According to the USDA, the average lower range price for beet sugar has decreased to 34 cents per pound, compared to 40 cents per pound between September 2 and December 9. However, this is still significantly higher than last year's price of 23 cents.

USDA ANNOUNCES FURTHER INCREASES IN SUGAR SUPPLIES

WASHINGTON, Feb. 2, 2006. The U.S. Department of Agriculture today further modified the FY 2006 sugar program to allow increased imports to meet domestic market needs. USDA is announcing these actions in response to a continuing tight sugar market resulting largely from disastrous weather events that greatly reduced the FY 2006 domestic supplies. These actions are expected to significantly increase supplies in the short term and across the remainder of the marketing year.

USDA earlier announced increases in the FY 2006 Overall Allotment Quantity of amounting to a cumulative 525,000 short tons, raw value (STRV) for a total of 9,350,000 STRV. Because domestic cane producers can supply none of this increased allotment and domestic sugar beet processors can supply only a small amount, the Commodity Credit Corporation (CCC) is reassigning 500,000 STRV to imports. The import increase will be divided evenly between the World Trade Organization (WTO) FY 2006 tariff rate quota (TRQ) for refined sugar and the WTO TRQ for raw sugar.

Increase Overall Allotment Quantity (OAQ)

The OAQ increase of 525,000 STRV is expected to permit all beet and cane sugar produced in the United States to be marketed domestically in FY 2006. The beet sugar allotment is increased by 285,338 STRV to 5,081,725 STRV. The cane sugar allotment is increased by 239,663 STRV to 4,268,275 STRV.

Neither the beet nor the cane sector has sufficient supply to meet these new allotments, thus the shortfalls will be reassigned to imports as required by statute. Data provided by the beet processors indicate the FY 2006 beet sugar supply is 242,000 STRV less than the new allotment. The beet sugar shortfall reassigned to imports is less than the increase in the beet sugar allotment to enable complete marketing of all the FY 2006 beet sugar supply.

Domestic sugarcane processors have an estimated 258,000 STRV shortfall for reassignment to imports. For cane sugar, the reassignment to imports is slightly larger than the increase in the cane sugar allotment because the cane sector already had a small amount of surplus allotment prior to this action. State marketing allotments and processor allocations will be announced later. CCC expects all domestic sugar beet and sugarcane processors to be able to market 100 percent of their FY 2006 sugar supply.

FY 2006 WTO Refined Sugar TRQ Increase

USDA today further increased the FY 2006 WTO refined sugar TRQ, raising the amount from 279,013 STRV to 529,013 STRV. The FY 2006 total WTO refined sugar TRQ is composed of the WTO-minimum amount of 24,251 STRV; an additional 29,762 STRV announced on August 12, 2005 for specialty sugar; 75,000 STRV announced on September 9, 2005; 150,000 STRV announced on December 2, 2005 and today's additional 250,000 STRV.

The United States Trade Representative (USTR) will allocate the additional quantity announced today. Prior to allocation, USTR will consult with countries to determine refined sugar availability.

FY 2006 WTO Raw Sugar Increase

USDA today also further increased FY 2006 allowable raw cane sugar imports by 250,000 STRV. The total FY 2006 raw cane sugar TRQ is now 1,901,497 STRV, comprised of the WTO-minimum amount of 1,231,497 STRV; an additional 120,000 STRV announced on August 19, 2005; 300,000 STRV announced December 2, 2005; and today's additional 250,000 STRV. The additional TRQ quantity of 250,000 STRV will be allocated by USTR and entry of the sugar into U.S. Customs Territory will require certificates of quota eligibility (CQEs). Prior to allocation, USTR will survey all countries that receive raw sugar allocations and reassign the allocation from those countries that state they cannot fill their FY 2006 raw sugar TRQ. To ensure timely availability to the domestic market, this additional quantity must be entered into the United States by July 1, 2006.

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Published: Feb 01, 2006 - 05:35:16 pm EST **By Bill Fabian - Sugar expansion in full swing**

CLEWISTON - A local sugar producer may have delivered a potential long-term solution to questions concerning its future.

Well into the 2006 harvest season, the United States Sugar Corporation is continuing to expand and upgrade its Clewiston sugar processing and refinery facilities, and expects the expansion efforts to give the company an extra spring in its steps towards regaining the prosperity of years past.

U.S. Sugar announced in November plans for consolidating, expanding and modernizing its sugar milling operations at the Clewiston Mill. The project, termed "Breakthrough," is one of the largest private industrial construction projects in the United States, and will result in the world's largest raw sugar milling operations. The highly automated operation will enable U.S. Sugar to be a low-cost sugar producer and greatly enhance the long-term future of the company.

According to U.S. Sugar Corporate Communications Director Judy Sanchez, the core project team has a very aggressive fast-track project schedule that demands that engineering, procurement and construction are conducted almost in parallel - at the same time that the mill and refinery are running full speed in processing this year's cane crop. There are 68 individuals in management, engineering and construction making sure the project stays on track.

In the past year, a great deal of progress has been made on the project. Demolition of existing structures started in March of last year, allowing the construction crews to begin work in mid-April on cane preparation and evaporator building earthworks and foundation structures.

The hurricanes that struck the Southeast affected some of the equipment and structural steel fabrication facilities located in Louisiana and Texas, putting the project slightly behind schedule. However, with the tremendous momentum the project has at this stage, they expect that this lost time will be caught up within the next couple of months.

Project Facts

- * Six-mill facility will be the largest in the world
- * Each mill weighs 550 tons
- * 382,950 total engineering/management man-hours
- * 2.6 million total construction man-hours
- * 6,200 cubic yards of concrete poured
- * 20.8 miles of piping to be installed
- * 7,500 tons of structural steel
- * Evaporator capacity of 1,736 tons/hr is equivalent to evaporating the water in 28 swimming pools per hour.

To date, approximately 80 percent of the equipment required for the process has been procured and 39 percent of the construction is completed with the majority of concrete foundation and structural steel installed. A total of 366,000 man-hours have been worked on the project without an accident.

Major pieces of process equipment have been arriving since mid-October, including the milling units from Brazil, juice heaters from France, and evaporator vessels from Louisiana. The evaporator vessels were shipped by barge along the Gulf of Mexico and through Florida via the Caloosahatchee River to the Port of Clewiston. Additional deliveries of specialized equipment are expected during the next two months from England, Sweden and Finland.

Phase I of the project was completed prior to the crop in October, 2005 and the majority of the project will be completed in Phase II by October, 2006. The demolition of some of the existing raw sugar processing facilities will begin in May of this year, making room for the new process equipment that will arrive toward the end of the year. Once installed, this equipment will complete the third and final phase of the Breakthrough project.

<http://www.klfy.com/Global/story.asp?S=4482714>

February 9, 2006

Sugar Cane Farmers Planting Crop by Hand

While some sugar cane farmers are wrapping up this year's harvest, others are getting a head start on next year's yields.

A drought period, followed by two hurricanes, put sugar growers in dire straits.

Farmers are planting their crop by hand to avoid another bad year.

Sugar cane farmers are not normally working in the fields this time of year. Louisiana cane seed planting season is in August. But, Kevin Gonsoulin's farm workers can be seen hovering over several acres of land, burying next year's crop.

Farmers say because they can't afford to lose any more of their precious crop, they're doing things the old fashion way, laying the cane row-by-row, by hand.

The sugar cane planted Thursday will be cut and re-planted in August. It will be used as fertilizer for more than 200 acres of farm land.

Gonsoulin says if this method helps next year's yields flourish, the old way of doing things may become the farm tool of the future.

Sugar growers already have a little something in their favor.

The price of sugar has picked up 10 to 15 percent.

The increase is a result of the crop being used for ethanol.

February 9, 2006; By BILL TOMSON, **DOW JONES NEWSWIRES**

Commerce Department Faults U.S. Sugar Policy for Job Losses

The U.S. Commerce Department is preparing to release a report criticizing the government's long-running sugar-policy programs.

The U.S. has seen thousands of jobs leave the country because of government programs that insulate sugar farmers from cheap imports and force U.S. companies to spend more on sugar than foreign competitors, according to a draft of the Commerce report.

The report blames government policy and artificial sugar prices in the U.S. for the loss of 10,000 U.S. jobs from 1997 through 2002 at companies that produce chocolate, candy, breakfast cereal and other sugar-rich food products. Meanwhile, employment grew by more than 30,000 jobs in the same time frame at food companies not heavily reliant on sugar.

In 2004 U.S. companies paid 23.5 cents for a pound of refined sugar while the "world price" was 10.9 cents, the Commerce Department said, adding that it put U.S. food companies "at a competitive disadvantage" to foreign competition.

The candy and chocolate industries were some of the hardest hit when U.S. sugar prices rose as much as three times the world price in the late 1990s, the report said. Some were forced to shut down or move factories to Mexico or Canada.

Rep. Mark Kirk, (R., Ill.), who asked for the Commerce report in 2004, said he did so because he wanted substantial proof that U.S. sugar policy is responsible for sending jobs out of the country. "We're losing jobs in Illinois," Mr. Kirk said. "We saw the bankruptcy of Fannie May and the departure of Brach's [Confections Inc.]. Chicago used to be the candy capital of the world."

The Commerce Department agrees that U.S. sugar policy has exacerbated a "trade imbalance" in sugar-containing products.

The report credited the high price of sugar as a factor in the decision by Kraft Foods Inc., then-maker of Lifesavers candy, to move its production facility from Holland, Mich., to Montreal. Lifesavers is now owned by the [Wm. Wrigley Jr. Co.](#) Christopher Perille, a spokesman for Wrigley, said the company relies on sugar for some of its products and has built a plant in Mexico recently, but also maintains plants in Tennessee, Georgia and two in Illinois.

Phillip Hayes, a spokesman for the American Sugar Alliance, a group representing producers, said the price of sugar in the U.S. has nothing to do with job-loss in the confection industry. He said candy and chocolate companies are moving out of the U.S. for the same reasons other manufacturers do -- the high costs of wages and health care.

Write to Bill Tomson at bill.tomson@dowjones.com

<http://www.forbes.com/work/feeds/afx/2006/02/09/afx2512123.html>

Danisco to close 3 Nordic sugar plants, to cut staff by up to 350 employees

02.09.2006, 03:10 AM

COPENHAGEN (AFX) - Danisco AS said it plans to close down three sugar plants -- one in Denmark, one in Sweden and one in Finland -- and reduce staff by up to 350 employees, in a move to improve efficiency.

The measures are a result of the new EU sugar reform which comes into effect on July 1, it said.

Danisco said the measures will help realise the previously announced earnings target for its sugar activities of 600-750 mln dkr.

Danisco will sell some of its sugar quotas in Sweden and Finland, purchase extra quota for its sugar factory in Anklam, Germany and restructure administrative functions in 2007.

The measures will reduce Danisco's total production of quota sugar by around 100,000 tonnes per year.

http://www.bakingbusiness.com/daily_enews.asp?ArticleID=78042

February 22, 2006; by Ron Sterk, Bakingbusiness.com

Danisco cutting sugar production under new E.U. rules

COPENHAGEN, DENMARK — Danisco A/S said it plans to close three facilities and reduce sugar production by 100,000 tonnes to comply with new European Union sugar export rules and to maintain profitability.

Danisco will close sugar factories in Assens, Denmark, Kopingebro, Sweden, and Salo, Finland, after the 2006 beet processing campaign. It also will sell part of its sugar quotas in Sweden and Finland, buy extra quota in Germany and optimize administration functions.

"The efficiency measures will affect up to 350 employees and reduce Danisco's total production of quota sugar by around 100,000 tonnes," Danisco said.

The measures were deemed necessary to reduce the impact of an expected earnings decline as the result of the substantial reduction in the E.U.'s sugar prices, and to adapt its factory structure to new production and export conditions, Danisco said. New rules for E.U. sugar exports take effect on July 1, 2006. The company noted that the E.U. sugar regime has not yet been publicly finalized and that changes could result in adjustments to Danisco's plans.

Danisco, based in Copenhagen, is one of the world's leading producers of ingredients for food and consumer products and one of Europe's leading sugar producers.

Greencore to Stop Producing Sugar in Ireland

February 09, 2006 08:13 AM ET

DUBLIN, Ireland (AP) - Greencore Group PLC, one of Ireland's major food and ingredients manufacturers, announced Thursday it will end its decades-old production of sugar -- possibly within the next year -- because of EU competition rules. "A consequence of the reformed EU sugar regime agreed last November is that neither sugar growing nor processing have a long-term future in Ireland," Greencore chairman Ned Sullivan told the company's annual shareholder meeting.

USDA has released new long-term baseline projections (a report and data tables). The baseline provides projections for the agricultural sector through 2015. Projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices.

The full baseline report, USDA AGRICULTURAL BASELINE PROJECTIONS TO 2015, OCE-2006-1, is available at:

<http://www.ers.usda.gov/publications/oce061/>

Baseline projection tables are available in spreadsheet format at:

<http://usda.mannlib.cornell.edu/data-sets/baseline/2006/index.html>

For further discussion of the USDA baseline projections and electronic access to the report by sections, see the Economic Research Service briefing room at:

<http://www.ers.usda.gov/Briefing/Baseline/>

To unsubscribe, change your e-mail address, or change the reports you subscribe to, go to http://usda.mannlib.cornell.edu/ess_netid.html and follow the instructions.

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Friday, February 10, 2006; by Drew Hasselback, Financial Post

Energy strategy in Brazil helps lift sugar prices to 25-year high

Used to make ethanol

Sugar prices are hovering at 25-year highs in a global commodity mosaic linking Brazilian gas tanks with Canadian cereal bowls.

Benchmark sugar closed down US0.66 cents a pound yesterday in New York at US18.14 cents and while that's off from the 25-year-high of US20.46 cents hit on Feb. 3, it's still more than 40% higher than a year ago.

Commodities from copper to platinum have been soaring to new heights in recent months on surging demand from China, yet the sugar story is driven by a different dynamic. The price spike has less to do with a global sweet tooth than with Brazil's energy strategy.

In the 1970s, Brazil moved to reduce its dependency on imported oil by encouraging the growth of an ethanol business that would make fuel from sugar cane, explains Stephen Poloz, chief economist with Export Development Canada. Brazil produces 20% of the world's sugar. About half of that output is used to make ethanol fuel for roughly 40% of Brazil's cars, Mr. Poloz says. "Brazil has the weight to swing the market."

The link between Brazilian energy demand and world sugar prices demonstrates how interconnected global markets have become. The resulting chain of cause and effect could well inflate the prices of foods that contain sugar, Mr. Poloz said. "Consumers may see the greatest impact in cereal prices, the most important destination for sugar, and of course candy products."

It is not easy to get a handle on the global sugar business. Production quotas, subsidies, and pricing caps distort the market. The European Union, for example, has begun a four-year process to cut production on the continent by 25% and cut prices by 36%.

Meanwhile, big sugar buyers are not totally exposed to market volatility because they tend to procure supply using long-term contracts with fixed prices. About 80% of Canada's sugar is purchased by other manufacturers and used to make everything from candy to alcohol. It is even used in concrete to slow the setting process. The remaining 20% is refined sugar sold on the retail market. Montreal-based Lantic Sugar, Toronto-based Redpath Sugars, and Vancouver-based Rogers Sugar, sell about 1.2 million tonnes of refined sugar a year, with shipments worth about \$840-million, according to the Canadian Sugar Institute.

While Statistics Canada says Canadians have been decreasing their appetite for sugar, syrup, and honey to 10.3% of the energy in their diet in 2004 from 13.1% in 1994, it still is significant. The International Sugar Organization notes that demand for "high intensity sweeteners" -- sugar substitutes by another name -- is outpacing demand for sugar. The global market for sugar substitutes rose 4.6% in 2003 and now accounts for about 10% of the global sweetener business. Yet, sugar prices have managed to rise despite changes in eating habits. The benchmark price for sugar, an entity known as the No. 11 Sugar Spot on the the New York Coffee, Sugar and Cocoa Exchange, earlier this year broke through US20 cents a pound for the first time since 1981.

The London-based International Sugar Organization says the world will consume 150.7 million tonnes of sugar this year, an increase of 2.1% from last year. Global consumption now exceeds supply by about a million tonnes.

The supply shortfall comes in part from Brazil's increasing reliance on ethanol made from sugar cane. The International Energy Agency suggests ethanol will make up as much as 10% of the world's gasoline mix by 2025.

"Currently, ethanol production in the United States relies on agricultural waste, but sugar may become a key ingredient," said David Rosenberg, North American economist with Merrill Lynch in New York.

From the Lafayette Farm Bureau: Demand growing for sugar

Aaron Duhon
news@theadvertiser.com

Of all the factors that affect the price of sugar, one that has taken many by surprise is the rising cost of fuel.

According to Rene Simon, a sugarcane grower in Iberia Parish, the recent demand for sugar has driven prices to 20-year highs.

"We're looking at a world price we haven't had in 20 years," he said. "However, one of the problems we're having is a lot of our '05 production has already been priced, so the farmer isn't going to see a big boost this year."

Simon was one of the many farmers in attendance at the recent 2006 Ag Outlook Conference. Guest speaker Hosein Shapouri, an ag economist with the SDA's Department of Energy Policy and New Uses, pointed out that Brazil has successfully set up its mills for ethanol and sugar production.

"Every mill in Brazil has the capacity to produce both ethanol and sugar at the same time," Shapouri said. "That could be a real possibility for here too, because rather than building a stand-alone plant or a new plant, you can convert existing sugarcane plants into ethanol plants."

Ethanol production is not a new idea in Louisiana, as both state-funded and privately invested plants have been tried before without much success. However, Simon sees ethanol production as part of a three-pronged attack to maintain viability of sugar cane in Louisiana.

"I think we need to make ethanol, keep making sugar and look at cogeneration," he said. "I don't think we can continue to raise sugar cane for sugar and it be a viable, long-term product."

Simon said the most persuasive argument for ethanol production from sugar is the long-term viability of sugar cane as a commodity in this state.

"I don't think we can lose sight of the fact that we've been losing market share in the international sugar trade," he said. "If we don't look for alternative uses, we're going to be out of business. I'm excited about ethanol and I think we need to do it."

(Aaron Duhon is president of the Lafayette Parish Farm Bureau.)

THE ADVERTISER

February 11, 2006 Saturday
State Edition

Pass the salt, please;

Science is putting the squeeze on moss to spice up our wheat and barley crops.

DAMIAN DREW, PHD STUDENT - CENTRE FOR PLANT FUNCTIONAL GENOMICS

A ROLLING stone will gather no moss, so they say - but savvy scientists are now stopping the rolling, collecting the moss and getting into its genes. And that's not just a pick-up line. It's research that can save farmers millions of dollars and help to preserve our environment.

Unlike modern cereal crops such as wheat and barley, moss has a strategy to deal with salt in the soil. In fact, the plant is so tough it can survive when watered with sea water.

One of the many mechanisms moss uses to tolerate salt is a specific gene which instructs the moss to produce a special protein to sit in the membranes surrounding every cell.

As salt leaks into the plant, the protein acts like a pump and pushes the salt straight back out again - thus saving the plant from damage caused by too much salt in the cells.

To determine the specifics of the salt pump's structure and how it works, scientists at the Australian Centre for Plant Functional Genomics, at the University of Adelaide's Waite Campus, are attempting to figure out just how this protein pump works.

It's not as easy as taking a few photographs and drawing up plans. These proteins are too small to directly analyse without great effort.

So, science figures out how they work.

Predictive computer programs generate models of the actual three-dimensional shapes of these proteins, based on known structures of related proteins.

To build a model we needed a protein that had already been identified as a pump. The perfect place to look was at human genes.

Why? The complete human genome has already been sequenced and, despite the obvious differences, there are often similarities between gene sequence and function. In fact, humans and plants share about 20 per cent of their genes.

So, science looked into genes for pumps in humans. In particular, the calcium pump that controls our muscle contractions.

The three-dimensional structure for a human calcium pump has already been solved. While proteins embedded in the membranes of the root and other plant cells contain a central pore through which substances are pushed, small differences in the pore mean only selected materials are bound to the protein for pumping.

Knowing how the human calcium pump works enabled researchers to generate a three-dimensional model of a possible sodium pump. And it's an interesting device. It resembles a set of bellows, constantly squeezing in and out. But, in the moss, it is pumping salt - not air.

What now?

The next step is to use this knowledge to increase salinity tolerance in complex plants such as the cereal crops, wheat and barley.

We know that complex plants don't possess the same type of sodium pump as moss. This may be why we cannot water wheat with seawater and expect a crop at the end of the season.

However, cereals do have a range of other proteins that pump sodium around. They also have inbuilt pumps that move calcium.

New research technologies such as genetic engineering will then allow scientists to modify the existing calcium pump in roots of wheat or barley so that they can pump salt out of the cells. This may then lead to cereal crops having a greater salt tolerance. This research is **important** to Australian agriculture because **wheat** and barley are not well adapted to deal with high concentrations of salt in the soil.

* Damian Drew is a PhD student with the Australian Centre for Plant Functional Genomics.

PUMPED UP AND READY

This protein sits in the membranes surrounding every cell in moss.

As salt moves into the cell, the protein sifts the salt from other necessary nutrients and acts like a pump - forcing the salt back out into the surrounding environment.

February 10, 2006

Posted on Sun, Feb. 12, 2006

Western Sugar encourages farmers to plant more beets

BILLINGS, Mont. - Managers of Western Sugar Cooperative want to increase its production and are urging farmers to boost sugar-beet acreage near Billings and Lovell, Wyo., cities where the co-op operates refineries.

The sugar market is strong, giving farmers a price incentive to plant more beets, said Tony Zitterkopf, an agricultural manager for Western Sugar.

Zitterkopf said the co-op's Billings and Lovell operations could use beets from an additional 3,000 acres. For the processing season now drawing to a close, Western Sugar received beets grown on a total of some 43,500 acres in those areas of Montana and Wyoming.

Farmers will plant the next crop in mid-April.

Sugar prices have been strengthened partly by unfavorable weather that hurt some of the sugar production elsewhere, domestically and overseas.

"The growers can make use of an opportunity," Zitterkopf said.

Denver-based Western Sugar operates six factories in four states. Officials are trying to boost production at all of them.

Besides weather's influence, the domestic sugar market is feeling the effect of consumers' withdrawal from low-carbohydrate diets, said Inder Mathur, the cooperative's president and chief executive officer.

"Last April, May it became apparent that increased consumption was here to stay," Mathur said.

For the past two years, U.S. beet crops have fallen below average. Retail prices for sugar have been relatively stable, however.

Mathur said reasons for price stability include U.S. trade policies and stores' use of sugar as a so-called loss leader. Such an item is priced attractively as a way to draw customers into a store, with the hope they will buy multiple items while there.

At northeastern Montana's Sidney Sugars, run by Minnesota-based American Crystal Sugar Cooperative, spokesman Russ Fullmer said farmers supplied beets grown on 38,000 to 39,000 acres in 2005. Fullmer said Sidney Sugars desires 41,000 acres worth of beets.

Acreage has fallen the past couple of years because "farmers keep retiring and (prices for) inputs - fertilizer and fuel - are going up," Fullmer said.

Information from: Billings Gazette, <http://www.billingsgazette.com>

13 February 2006; By Bruce Odessey, Washington File Staff Writer

Bush Advisers View Sugar Program as Hurting U.S. Consumers **Import restrictions also hurt foreign producers, economic advisers' report says**

Washington -- U.S. domestic support for sugar production hurts U.S. consumers who have to pay more, as well as foreign producers that might benefit from exporting to the United States, according to President Bush's Council of Economic Advisers (CEA).

The statements in the CEA's section of the annual *Economic Report of the President*, released February 13, are in line with the Bush administration position in World Trade Organization (WTO) negotiations proposing sharp reductions of domestic agricultural support payments by wealthy countries.

The decades-old program, designed to protect U.S. sugar cane and sugar beet farmers as well as U.S. companies that process the crops into refined sugar, keeps domestic prices artificially high by restricting imports under tariff-rate quotas (TRQs). The program has strong support in Congress, which repeatedly has rejected proposals to reduce the level of price support or to phase out the program.

The economic report's chapter on agriculture says that the cost to U.S. consumers of domestic support is especially high for sugar. "Because of the U.S. tariff rate quota system on sugar imports, the domestic price of sugar has been approximately double world sugar price over the last few years," it says. "An estimate by the OECD [Organization for Economic Cooperation and Development] found that the cost of U.S. sugar policies to U.S. sugar consumers due to increased sugar prices was \$1.5 billion in 2004."

Removing support for domestic sugar and inviting more competition from imports would lower U.S. prices, the CEA says. According to the report, U.S. trading partners seek to escape negotiation of lower tariffs and other barriers to trade in services and manufactured goods important to U.S. business by citing the trade-distorting U.S. agricultural subsidies. The CEA cites studies asserting that WTO reform of agricultural trade policy would increase global income by \$180 billion by 2015, while eliminating barriers to manufactured goods trade would increase it by \$110 billion. And nearly half of the total \$290 billion gained would go to developing countries, it says. "Global reform thus becomes an effective supplement to, and in some cases a substitute for, less-effective development aid," the CEA says. It says a WTO trade agreement especially would help the world's poorest countries, lifting hundreds of millions of people out of poverty. "Debt relief and foreign aid can also help to reduce poverty," the CEA says, "but trade is a far more powerful tool" because it can increase farm incomes for the roughly 75 percent of the world's poor who live in rural areas of developing countries.

According to *The Wall Street Journal*, the U.S. Commerce Department is preparing a report asserting that the artificially high prices brought by the U.S. sugar program have forced the U.S. food industry, including candy makers, to relocate thousands of jobs abroad to countries where sugar costs less.

For information on U.S. trade policy, see [Trade and Economics](#).

The 2006 [CEA report](#) (PDF, 401 pages) can be accessed at the Government Printing Office Web site. (The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State.

Web site: <http://usinfo.state.gov>

Tuesday, February 14, 2006; 6:07 PM; By *LIBBY QUAID*, **The Associated Press**

White House Takes Swing at Sugar Business

WASHINGTON -- The high cost of sugar in the United States has driven thousands of candy jobs abroad, the Bush administration said in a Valentine's Day report. The Commerce Department report blames federal farm programs that keep sugar prices higher in the U.S. than in other countries.

"Increasingly, all of those wonderful chocolates we're buying our sweetheart are manufactured in Canada instead of the U.S., where they've traditionally been made," said Frank Lavin, the department's under secretary for U.S. trade. "Our point is, the vast majority of those job losses took place because of sugar prices," Lavin said.

Food companies pay more than double what their foreign competitors pay for sugar, the Commerce Department said. High sugar prices have cost the U.S. at least 6,400 jobs since 2000, according to the report. There have been 10,000 job losses in candy, breakfast cereal and other sugared food since 1997, the report said.

The losses hit the Chicago area particularly hard, according to the report. There, the confectionary industry has seen employment drop 30 percent since 1991, the report said.

One example in the report is Brach's Confections Inc., maker of top-selling candy corn and jelly beans, which closed its Chicago plant in 2004. Brach's kept a manufacturing plant in Tennessee but also opened one in Mexico.

However, company spokeswoman Julie Daniels said Tuesday the closure "was based on lots of factors and could not be pinned specifically on sugar pricing."

The company pays less in wages, health care and taxes in Mexico, a sugar growers' group said. The group pointed out that manufacturing jobs are disappearing across all sectors of the economy, not just in food and candy.

"Yet for some reason we allow one tiny sector to single out sugar farmers and use them as a scapegoat," said Phillip Hayes, spokesman for the American Sugar Alliance.

Unlike other farm programs, the government spends no money on U.S. sugar policy, Hayes said.

The lawmaker who sought the report retorted that sugar growers extract the money directly from Americans.

"And they've done this, not only charging consumers higher prices but doing it at the expense of employers that process food," said Rep. Mark Kirk, R-Ill. "The federal government has mandated that one of the key ingredients cost more in the U.S. than anywhere else."

The government keeps sugar prices high by limiting imports and restricting how much sugar can be sold domestically.

The program protects farmers and ensures a steady sugar supply, but it also means that food manufacturers and consumers pay more than if there were no restrictions on imports.

The price of sugar is currently about 34 cents a pound. The world price is 18.58 cents a pound, according to the New York Board of Trade. Most sugar is never traded on the open market, Hayes said; it's consumed in the country where it's produced.

Commerce Department: <http://www.commerce.gov> ; American Sugar Alliance: <http://www.sugaralliance.org>

Industry calls for collaboration of sugar producers and users

By Lorraine Heller

2/15/2006 - The Sweetener Users Association (SUA) has called for an end to the *"bitter disputes"* between sugar users and producers, saying the industry needs to unite in a common effort to improve the US sugar policy.

The announcement comes at a time when the nation's [sugar](#) supply is historically tight, and manufacturers are faced with increased prices.

The [SUA](#), which represents food and beverage companies that use sugar, has repeatedly petitioned the USDA in recent months to allow for extra sugar imports in order to relieve the tight market and supply food makers' needs.

In December, the USDA announced it was to allow 450,000 tons extra sugar imports into the country, but this is still not enough, according to the SUA.

"As the year moves on and the market remains tight, it will be absolutely necessary for the USDA to allow more imports in order to preserve an orderly market and adequate supply," SUA president Randy Green told FoodNavigator-USA.com last month.

The association now seems to be trying a new approach in its efforts to maintain a balanced market.

"As users, we need a stable, reliable, high-quality supply of sugar at competitive prices," Green said last week. *"Suppliers, in turn, rely on us to transform their commodity into a product with value to the ultimate consumer."*

"It is in sugar users' interest to have a viable, healthy sugar-producing and sugar-processing industry," he added.

According to the SUA, [sugar policy](#) has historically been marked by bitter disputes between producers and users.

"Frankly, I am not aware of another commodity where the gap between suppliers' and customers' policy preferences has historically been any wider," said Green, adding that the arguments mask the reality of mutual dependence and the need for cooperation.

But Green says producers and users must now work together, in order to face mounting pressures facing the industry, such as unrestricted sugar imports from Mexico in 2008 and growing imports of sugar-containing products that have increased *"because of the way the sugar program operates."*

Other pressures he cited include Congressional projections that the sugar program will cost around \$300 million a year in the future, and the probability that future trade agreements will create additional sugar import obligations as US negotiators bargain for more market access for export-oriented US farm products.

And according to Green, the current sugar policy is *"unbalanced."* *"The entire industry should begin to discuss how it can work together. The status quo does not work for us and will not work long for producers."*

When Congress writes the 2007 farm bill, a sugar industry consensus would allow positive changes to be made, he explained.

"We think future policies need to emphasize the role of market needs in delivering an ample supply of sugar to refiners, industrial users and consumers, and support producer incomes without distorting market signals," he said.

"It is also important that future policies be more transparent, administratively flexible and responsive to market needs, as well as consistent with our trade obligations."

Published February 15, 2006; By Mike Dorning, Washington Bureau - mdorning@tribune.com

U.S.: Sugar rules costly

Commerce Department calls artificially high prices, caused by trade policies protecting politically powerful sugar growers, 'a major factor' in the loss of 10,000 candymaking jobs

WASHINGTON -- After years of complaints from the Chicago-centered candy industry about high costs imposed by trade policies protecting sugar growers, the U.S. Commerce Department on Tuesday officially blamed the sugar policies for the loss of thousands of American jobs.

The Valentine's Day report, along with blunt comments from a senior trade official, signaled that the Bush administration is moving toward a harder line on long-standing protections for the politically powerful sugar industry. "This issue is bubbling up," said Franklin Lavin, undersecretary of commerce for international trade. "It just stands out. The distortion is just so significant. It's one of the more protected, more inefficient sectors in the U.S. economy."

The report found that an artificially high sugar price caused by limits on imports was "a major factor" in the loss of 10,000 jobs as U.S. candymakers shift production overseas to take advantage of lower sugar prices. For every job protected in sugar cultivation, three jobs were lost in food production, the Commerce Department concluded. The Commerce Department, which examined data from 1997 through 2002, noted that many of the jobs lost came from the Chicago area. Chicago has long been a center of the confectionery industry, and the high-profile shutdowns of Brach's Chicago operation in 2003 and Fannie May in 2004 focused local attention on the travails of candymakers. The report assessing the impact of the sugar program on American jobs was mandated by a provision attached to legislation by a Chicago-area congressman, Rep. Mark Kirk (R-Ill.). But the Commerce Department made the decision on the timing of its release, on Valentine's Day, maximizing attention for a report on production of sweets. A day earlier, in the annual Economic Report of the President, the Bush administration criticized U.S. sugar policies, citing an estimate that protection of sugar growers cost consumers \$1.5 billion in 2004 through higher food prices.

Quotas limit production

Sugar is one of the most protected industries in the country, with quotas limiting U.S. production of sugar and also controlling imports of cheaper sugar. As a result, the price of sugar in the U.S. has been two to three times the world price, according to the Commerce Department. Sugar producers have long commanded clout in Washington, partly because of their generous funding of political candidates. The industry gave about \$3.2 million in the 2004 election, according to the Center for Responsive Politics, a non-partisan watchdog group. Two sugar magnates were among the Bush campaign's top fundraisers.

Sugar growers also have considerable geographic reach. Sugar cane farmers are located in Florida, Louisiana and Texas. Sugar beet farmers are spread across the northern reaches of the country, from Michigan, Minnesota and North Dakota to Oregon. But the sugar lobby antagonized the Bush administration with a bruising but unsuccessful battle to stop the Central American Free Trade Agreement, which allowed some additional sugar imports. And the sugar program is inimical to the administration's free-trade philosophy.

The administration is engaged in a round of trade negotiations under the World Trade Organization in which it is aiming to lower barriers to trade in agricultural commodities, including sugar. It also is negotiating a trade agreement with Colombia that could open the way to more sugar imports. And the administration will be revising the program covering agriculture later this year.

Marietta Bernot, a senior trade adviser for the candy company Mars, which favors the elimination of sugar quotas, said the comments Lavin made upon release of the Commerce Department report were the strongest public criticism she has seen from a senior Bush official.

Kirk, who commissioned the report, said the study would give him a powerful argument when Congress considers the farm bill and renewal of sugar quotas next year. "Now, we see that the price-fixing in the sugar program leads to more Americans being unemployed rather than less. So it gives us a powerful argument when we take up the farm bill."

Industry disputes findings

Phillip Hayes, a spokesman for the American Sugar Alliance, an industry trade association, disputed the Commerce Department's findings. "It's an unfortunate fact of U.S. manufacturing in general that the high cost of labor is causing jobs to go abroad," Hayes said. "The only difference is that candy companies are content to use sugar prices as a scapegoat."

But the Commerce Department concluded that sugar prices were a more significant factor. It noted that during the same period the country lost 10,000 jobs in production of sugar-rich products, employment grew by more than 31,000 in production of food not heavily reliant on sugar.

Wal-Mart: Sweetener Supplier Sees No Patent Issue

Thu Feb 16, 2006 3:06 PM ET

CHICAGO (Reuters) - Wal-Mart Stores Inc. (WMT.N: [Quote](#), [Profile](#), [Research](#)) said on Thursday that the company supplying its store-brand low-calorie sweetener told it the product does not infringe on Splenda maker Tate & Lyle Plc's (TATE.L: [Quote](#), [Profile](#), [Research](#)) patent or copyrights.

Tate & Lyle shares fell 1.3 percent on the London Stock Exchange on Thursday after Wal-Mart said it would sell its own brand of sucralose sweetener -- which it calls "Altern" -- in all of its U.S. supercenters by the end of the month. Splenda also contains sucralose, and the product is a major profit generator for Tate & Lyle.

"According to the supplier, Altern does not infringe on a patent or copyrights, and...it complies with all FDA regulatory requirements," Wal-Mart spokeswoman Karen Burk said in response to questions from Reuters.

Wal-Mart did not name the supplier, but Tate & Lyle said earlier this week that its analysis showed that Altern contained "an active ingredient of Chinese origin."

Tate & Lyle had said on Tuesday that it was aware of a few Wal-Mart stores carrying Altern, and it was trying to determine whether the product infringed on patents or met U.S. Food and Drug Administration requirements.

Wal-Mart told Reuters on Wednesday that it will roll out Altern to all of its U.S. supercenters by the end of the month. The retailer has nearly 2,000 U.S. supercenters, which carry a full line of groceries and general merchandise.

Thank you for participating in the 2006 International Sweetener Colloquium last week. We had a very successful meeting, and if you have any feedback regarding the program, social events, hotel, or golf and tennis, please email them to me at tboyle@idfa.org. We'd like to hear from you so we can build on the 2006 program and make the 2007 Colloquium even better!

Speaker presentations from the 2006 Colloquium can be found on the IDFA website. Click on the link below to access all the presentations:

<http://www.idfa.org/meetings/previous.cfm>

The 2007 International Sweetener Colloquium will be held February 11-14 at the Hilton El Conquistador Golf & Tennis Resort in Tucson, Arizona. To learn more about the hotel, please visit their website at www.hiltonworldresorts.com.

If you have any questions, please email me or call me at (202) 220-3509.

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Advocates Threaten Lawsuits to Curb Food Marketing

By REUTERS

Published: February 19, 2006

Filed at 11:08 a.m. ET

NEW YORK (Reuters) - As more and more children grow obese eating fatty foods saturated with sugar, consumer advocates battling to curb marketing by food companies are threatening to use their big guns: lawsuits and bad press.

And it appears to be working.

Although no lawsuits have been filed, the Center for Science in the Public Interest (CSPI) is talking with [Kellogg](#) and representatives for soft drink companies -- including [Coca-Cola Co.](#) (KO.N) and [PepsiCo Inc.](#) (PEP.N) -- about the way they sell products to children, CSPI lawyer Stephen Gardner said.

``Unfortunately, many food companies maximize their profits by pitching junk foods to kids," Richard Daynard, a law professor at Northeastern University in Boston, said via e-mail while abroad.

``Selling sugared soft drinks in schools is a good example. Asking them nicely to stop hasn't worked. Only the threat of litigation, which threatens their benign public image and their bottom line, really gets their attention."

Daynard is also a long-time critic of tobacco companies and their marketing practices.

In the past three decades, obesity has tripled among American children ages 6 to 11, according to data from the Robert Wood Johnson Foundation, which is pushing to improve nutrition in school lunches.

Daynard, who is working with CSPI to ban soft-drink vending machines from schools, cited the surge in childhood obesity and soaring rates of diabetes as the reason for his push.

A spokesman for the American Beverage Association, who is representing the soft drink companies in the talks with CSPI, said his association ``would talk to any group," adding the industry already has a sound policy on selling sodas in schools.

CSPI has threatened to sue Kellogg and [Viacom](#) Inc. if they do not stop advertising food high in sugar and fat on the Nickelodeon children's television channel during certain hours.

A spokeswoman for Kellogg would not comment on the talks or the threat of litigation.

But one product-liability attorney said the response from food companies so far is really more about their aversion to bad publicity than any fear of legal action.

``The threat of a lawsuit is really not that meaningful and I don't think those consumer groups would have standing to bring those actions," said Susan Dwyer, a defense-side product liability partner with the New

York firm of Herrick, Feinstein LLP. ``The pressure they can exert on the manufacturer is through negative media coverage."

CSPI's Gardner said it would be ``disingenuous" to think his group does not consider public reaction when threatening to bring lawsuits, but added: ``These are all good cases that we should win and the law is on our side."

Gardner characterized the talks with the soft drink makers as ``positive" and said he would know in a couple of weeks whether or not litigation was needed.

Media-savvy CSPI -- best known for exposing the amount of fat in fast food -- also earlier this month notified PepsiCo's Frito-Lay snack food division and Kellogg and Viacom that they face legal action unless certain conditions are met.

In the case of Frito-Lay, CSPI and others want the company to print health warning labels on products containing the olestra fat substitute, which may cause diarrhea and cramping.

The CSPI has already logged a victory -- a settlement with [Pinnacle Foods Inc.](#), the parent of the Aunt Jemima brands.

Under threat of legal action, Aunt Jemima promised to change labels to make it clearer that blueberries in its waffles were imitation, made from ingredients such as maltic acid, soy protein concentrate and salt.

EU to formalise new sugar regime today

20/02/2006; By Anthony Fletcher

The Agriculture & Fisheries Council will formally adopt new sugar reform regulations today after months of fine-tuning the final wording.

The basic points of the agreement however remain the same.

On 24 November 2005, [EU](#) agriculture ministers reached political agreement on a wide-ranging reform of the Common Market Organisation for [sugar](#), based on the proposal tabled by the European Commission in June 2005.

The guaranteed price for white sugar will be cut by 36 percent over 4 years; farmers will be compensated for 64.2 percent of the price cut through a decoupled payment - which will be linked to the respect of environmental and land management standards and added to the Single Farm Payment.

Countries which give up more than half of their production quota will be entitled to pay an additional coupled payment of 30 percent of the income loss for a temporary period of five years; a generous voluntary restructuring scheme will be established to provide incentives for less competitive producers to leave the sector; intervention buying of surplus production will be phased out after four years.

The EU believes that reform will enhance the competitiveness and market-orientation of the EU sugar sector, guarantee it a viable long-term future and strengthen the EU's negotiating position in the current round of world trade talks.

It will bring a system, which has remained largely unchanged for almost 40 years, into line with the rest of the reformed Common Agricultural Policy (CAP).

But Some New Member States are likely to express reservations today. In Poland for example, the new sugar reform is not only viewed as bad news for the country's sugar beet industry, but for the Polish economy as a whole.

Poland currently has the highest unemployment rate in the EU and has been hovering at about 18 per cent for more than a year. A recent situation report by the US Foreign Agricultural Service (FAS) said Polish officials opposed EU plans to merge A and B quotas: sugar for domestic use at guaranteed prices and sugar for export at guaranteed prices.

But the implementation of the new sugar regime, which comes into force in July this year, is now a foregone conclusion. Some market analysts suggest in fact that the new regulations will enable the most competitive players in the European sugar industry to continue operating.

Standard & Poors for example said that over the initial four years of the reform process, transition measures, such as the use of protected reference prices and the reliance on a voluntary incentive scheme for farmers and processors to relinquish their quotas, should ensure that EU sugar production is reduced by about one-third by encouraging the exit of the less efficient manufacturers.

St. Bernard Parish Domino Sugar workers never missed one paycheck

(St. Bernard Parish, Louisiana-NBC) February 21, 2006 - Mardi Gras means a lot more jobs in New Orleans for a few days, but one big employer in the hurricane-ravaged city has never cut its workforce. It's Domino Sugar.

In a region that's lost so many jobs, the Domino Sugar workers didn't lose one paycheck. After the huge sugar plant, just east of New Orleans in St. Bernard Parish, was flooded by Katrina, Domino called its 300 employees back to clean up and rebuild.

But where would they live? Nearly every home in St. Bernard Parish was in ruins; still is. So the sugar plant brought in travel trailers, 273 trailers. They built a rent-free company town that's come to be called Chateau Domino.

It was roofs and beds for the families, no more. Domino Sugar comptroller Allan Reichert says, "It's tough. They're basically in that little box, even though it's a home."

In their travel trailer, Domino Sugar worker Jim Hearty, his wife Cathy, who's lost her job as a teacher, and 8-year-old Kaitlin, dream of a real home.

Their old street is dead. The house that they loved is heavily damaged, full of swamp grass. Its foundation is broken, along with the Hearty's extended-family New Orleans lifestyle.

Cathy Hearty is feeling the loss, "His job is still there, but everything else is gone."

Jim speaks about his extended family who have "all scattered, everywhere."

"Aunts, uncles, nephews, my mother, father, sister, we all would get together and eat every Sunday and now that's gone and that's pretty much what I miss the most."

It's great to have a job, but for the Domino families so much else is gone.

Posted 4:45pm by [Chantelle Janelle](#)

Thursday, February 23, 2006 12:15 PM CST

Sugar prices bitter for bakeries

By **RC BALABAN**, *Courier Staff Writer*

WATERLOO --- Dick Hutton learned long ago not to sweat what he can't control.

Hutton, who owns the La Porte City Bakery with his wife, Dee, has seen the price of sugar continue to increase recently. Still, foregoing sugar becomes tricky with the doughnuts and other pastries coming out of his bakery.

"There's nothing I can do about it. I have to have it," Hutton said.

Such is the attitude of many bakers when it comes to sugar, which is rising to high levels. In January, the price of raw sugar on the New York Board of Trade hit a 25-year high. Refined sugar hit a 15-year high in London.

Dennis Johnson, owner of Johnson's Bakery in Waterloo, said such fluctuations are common with commodities such as sugar. He estimates the price of sugar has increased 20 to 25 percent in the past four or five months.

Johnson has been through this before in more severe circumstances. The best thing he can do is wait it out.

"We're patient and hopefully it will be something that levels off, then backs off," Johnson said.

When such price increases hit, bakeries have several options, ranging from increasing the price of goods to decreasing the portion sizes to introducing new products to offset the costs.

Johnson said when it comes to changing cost or portions, customers are more forgiving of a price increase.

Vickie Buckman, owner of the Hub City Baking Co. in Janesville, tries to keep price increases in her merchandise reasonable. When the costs of her materials rises, she balances the increase between passing it along to customers and absorbing the impact herself.

"I don't want to shock my customers, and I don't want to shock me," Buckman said. "It's shock enough to look at the invoice when it comes in."

Hutton said his way of dealing with such an increase is to cut advertising revenue and to work on new products. When introducing new baked goods, the price increases can be more easily absorbed into the cost of the goods.

"You have to look at other ways of making money," Hutton said. "That's not always easy."

With an increase in the price of sugar comes an increase in the price of goods bakers use that already contain sugar. Hutton said he was told recently the price of his frozen goods was going up 3 percent.

So far, each of the bakeries are riding out the latest increases, hoping sugar prices will come back down. Hutton said he isn't sure how much longer his shop can keep absorbing the costs.

"You've got to pass it along eventually," Hutton said.

Then again, things could change quickly in the sugar trade. "Two days from now, you don't know," Johnson said.

Contact RC Balaban at (319) 291-1418 or rc.balaban@wfcourier.com.

February 23, 2006; by Jonathan Knudsen, **Fargo, ND InForum**

High sugar prices not helping (RRV) area

World sugar futures are at their highest levels in 25 years, but that's not doing Red River Valley sugar beet growers much good.

The area's two sugar beet cooperatives – Moorhead-based American Crystal Sugar and Wahpeton, N.D.-based Minn-Dak Farmers – sold most of their 2005 crop last summer before prices jumped.

"That's when our buyers wanted it," said James Horvath, president of American Crystal Sugar, which has about 2,900 farmer-shareholders.

Minn-Dak, with about 500 farmer-shareholders, also sold most of its 2005 beets before sugar prices jumped, said Dave Roche, its president.

Area sugar beets are planted in the spring and harvested in the fall.

Sugar futures soared as high as 19 cents – and are now at about 18 cents – per pound of raw sugar. They were 9 cents a pound a year ago and under 10 cents for most of the past decade.

That helped push the price of refined sugar from about 24 cents per pound last summer to about 38 cents now, said Ron Sterk, an assistant editor with Baking and Milling News, which tracks refined sugar prices.

Sugar prices are rising in part because Brazil, the leading sugar exporter, is processing more of its sugar into ethanol, said Phillip Hayes, director of media relations for the American Sugar Industry, a Washington, D.C.-based trade group.

Dry weather in Brazil and Thailand, another top sugar producer, also is a factor, as is damage to the U.S. sugar cane industry caused by Hurricane Katrina, Hayes said.

Speculators hoping to make money off sugar have pushed up prices, too, he said.

The cost of a pound of sugar in U.S. supermarkets has held steady at about 43 cents since 1980, and that's unlikely to change, Hayes said.

U.S. sugar policies are designed to keep prices stable in the supermarket, he said.

It's unclear how long world sugar prices will remain strong. How much sugar Brazil exports and how much it converts to ethanol, a fuel blended with gasoline, will play a big role, sugar industry officials say.

Area sugar beet producers hope prices are still good when it's time to sell this year's crop, Horvath said.

Dave Kragnes, a Felton, Minn., sugar beet farmer, said area growers were disappointed by not capturing higher prices for their 2005 beets. But he's optimistic growers will benefit this year. "I'm a farmer. Every time I put seed in the ground I'm optimistic," he said.

U.S. sugar producers support Peru agreement

Thursday, February 23, 2006, 1:53 PM

by Tom Steever

Here's a switch. U.S. sugar farmers are supporting a proposed U.S./Peru Free Trade Agreement. They've been solidly against FTAs in the past.

American Sugarbeet Growers Association President Steve Williams says this agreement is more manageable for U.S. sugar producers. He says sugar producers support subsidy-free trade. What they have a problem with, according to Williams, is giving subsidized foreign producers what they say is an unfair advantage over U.S. producers who don't get subsidies.

Williams says American sugar producers want to work with Congress and U.S. trade negotiators to create a world sugar market that's not so distorted by subsidies from Brazil, Colombia, Thailand and other sugar superpowers.

Early in 2005 the Bush Administration had a difficult fight with U.S. sugar interests over the Central American Free Trade Agreement or CAFTA.

The NAFB News Service contributed to this article.

Posted on Fri, Feb. 24, 2006

Sugar PACs sweeten campaign coffers

Donations spurred by free trade agreement

BY FREDERIC J. FROMMER
Associated Press

WASHINGTON — Minnesota sugar beet growers set a fast political pace last year, giving nearly \$700,000 in political action committee donations as part of an unsuccessful fight to defeat a free trade agreement.

Leading the pack was American Crystal Sugar Co. of Bloomington, which made \$531,000 in PAC contributions — more than any other business in the state, an Associated Press review found. Southern Minnesota Beet Sugar Cooperative of Renville was fifth in the state.

PACs for UnitedHealth Group, U.S. Bancorp and Target were the other three in the top five. PACs are vehicles that businesses and other organizations use to make contributions to federal candidates. Often, they are funded by employee donations or, in the case of trade groups, by members.

A big issue for the sugar industry last year was the Central American Free Trade Agreement, which passed by just two votes in the House last summer. The sugar industry opposed the deal because of concerns about the impact of cheap imported sugar on U.S. sugar growers. Minnesota is the nation's leading producer of sugar beets.

Most Democrats voted against the deal, and American Crystal's PAC made contributions to nearly every Democratic member of the House Agriculture Committee. The PAC also gave to about half of the Republican members on the committee.

"We have a very large and politically savvy foundation of growers and employees who believe that being politically active is important for their future," said Kevin S. Price, a lobbyist for American Crystal.

American Crystal also tended to its home base, contributing to every U.S. House member from Minnesota seeking re-election except Republican Jim Ramstad and Democrat Jim Oberstar.

Officials from Southern Minnesota Beet Sugar Cooperative and Minnetonka-based UnitedHealth Group did not respond to phone messages.

Deb Burke, a lobbyist for U.S. Bancorp of Minneapolis, said, "We decided the PAC was underutilized, and we had a significant balance, and we just wanted to start utilizing that resource a little bit more."

Fourth on the state list was Target Corp. The company declined an interview request but issued a statement saying, "Target contributes to state and federal political candidates based strictly on issues that directly affect our retail and business interests."

Minnesota's leading business political action committees last year:

American Crystal Sugar Co., \$531,000

UnitedHealth Group, \$253,000

U.S. Bancorp, \$214,000

Target Corp., \$167,000

Southern Minnesota Beet Sugar Cooperative, \$143,000

Source: Campaign records

Sunday February 26, 2006; by Robin McKie, **Observer**

Save the planet - by taking your car on an alcohol-fuelled jaunt

Some British cars will soon fill up with 'petrol' made from sugar cane.

It's a modest first step on the road to cutting carbon emissions, writes Robin McKie

In a few weeks, in Somerset, motorists will take part in one of the country's strangest transport experiments. They will be able to fill up their cars with fuel that is made up almost entirely of ethanol fermented from sugar cane in Brazil.

Their cars will then cruise the county's lanes and roads - using alcohol. For drivers, this offers a simple advantage: their vehicles will pump out greatly reduced amounts of fossil-derived carbon dioxide into the atmosphere.

Scientists estimate bioethanol fuelled cars produce at least 60 per cent less climate-altering gases than standard vehicles. Even better, these vehicles actually perform better - albeit only slightly - on their alcohol-rich diet.

There is a snag, of course. Only a handful of cars available in Britain can run on fuel rich in ethanol. There is the Saab 9-5 BioPower, which arrived in showrooms last month, and a version of Ford's Focus range. And that is about it.

Not much to go on, you might think. However, for many engineers and green campaigners the experiment represents the tip of a very promising iceberg. According to some analysts, Europe has the potential to provide 40 per cent of the fuel it needs for transport from ethanol fermented from crops and biodegradable waste, suggesting a massive opportunity for nations to reduce outputs of global warming gases.

It is not that ethanol-based fuels produce no carbon dioxide, of course. The crucial point is that their emissions merely involve recycling the gas.

Plants breathe in carbon dioxide. Then they are fermented to make ethanol. In turn, this alcohol is burned in a car engine and the carbon dioxide is returned to the atmosphere. There is no overall addition to atmospheric levels of the gas. By contrast, petrol and diesel are pumped from reservoirs laid down millions of years ago. Burning them adds to atmospheric carbon dioxide levels.

A move to ethanol-based fuels therefore offers a superb chance to make major inroads into carbon dioxide production. Recent figures show that passenger cars accounted for 13 per cent of emissions in Britain in 2003 (compared with 15 per cent for residential emissions, 15.7 per cent for manufacturing industries and 38.1 per cent for the energy industries).

But although moving to greater reliance on biofuels has considerable promise, it will not come overnight. For a start, there is the issue of engine specifications. Cars on the roads of Britain (and most of the rest of Europe) are designed to burn petrol with a maximum bioethanol addition of 5 per cent. A standard petrol engine ticks over nicely on such a modest alcoholic addition and in burning this fuel, called E5, you are doing your bit to slow global warming.

Finding a forecourt that sells it is a different matter. Only Tesco sells E5 petrol. (The 'e' is for ethanol, by the way, and the 5 for 5 per cent.) Other firms say they have E5 plans, though Tesco remains a clear leader in the field. The company introduced E5 in April and now sells it, as Tesco's standard unleaded petrol, at 185 of its forecourts, mainly in London, the south east and the north west.

'Bio-ethanol costs - roughly - 20p more a litre than petrol at present,' said a Tesco spokesman. 'However that rise is balanced by the recent cut made by Chancellor Gordon Brown on the duty for bioethanol fuel. So the price of our fuel is the same whether or not it has E5 in it or not.'

The alcohol for Tesco's unleaded is imported from Brazil, which has a major market in bioethanol fermented from the nation's sugar cane. Most Brazilian cars run on it. So when will Britain start making its own ethanol supplements? The answer is straightforward: very soon.

British Sugar is building a £20m plant in Wisington, Norfolk. It will convert low-grade sugar extracted from beet into ethanol and will have an output of 70 million litres. Much of its bioethanol will be taken by British company Greenergy, the supplier of Tesco's E5 petrol. In addition, Green Spirit Fuels, based in Henstridge, Somerset, has planning permission to build a bioethanol plant to convert 340,000 tonnes of wheat into 131 million litres of bioethanol.

In short, the country will soon be awash with the stuff. And not before time, say campaigners. The government has indicated that it expects 5 per cent of all motor fuel in the UK to come from renewable sources by 2010, a move that would have the environmental impact of taking a million cars off the road. Expect a future of flexible fermented fuels.

But adding a mere 5 per cent alcohol to petrol is a fairly modest step to cutting carbon emissions. Bigger reductions will be needed if the world is to avoid desperate overheating and, not surprisingly, these cuts will require more radical technological fixes. And that takes us back to the leafy lanes of Somerset. When its bioethanol fuel goes on sale in a few days, it will have an alcohol content of 85 per cent, a truly eco-friendly brew.

Your standard Nissan or VW would choke on the stuff, of course. But not Ford's new 1.8 Focus. It will lap it up. 'The great thing about flexible fuel vehicles like ours is that they run on standard petrol or E85 fuel with equal ease,' says Andy Taylor, director of sustainability at Ford. 'You can add one to the other in your tank with no performance loss.'

The E85 - which will be sold at selected Somerset forecourts - will cost the same as standard unleaded and will be used in a growing number of official county vehicles, such as police cars and ambulances. 'FFVs - flexi-fuel vehicles - have only just come on the market in the UK, but sales in other countries have been explosive,' said Dr Jeremy Woods, a bio-fuel expert at Imperial College, London. 'All major motor manufacturers are now designing their own versions.'

The particular attraction of FFVs, compared with hybrid petrol-electric cars, is price. A Ford FFV 1.8 Focus costs only £350 more than the 1.6 version that runs on standard petrol.

A move to a private transport system based on FFVs will take decades, however. Manufacturers have to introduce new ranges, the public has to start buying them, oil companies have to co-operate on fuel production, and owners of existing cars have to start weaning themselves of old technologies and fuels. Nevertheless, the potential is clear, though the benefits are not universal.

For a start, even if Britain could convert its entire 3.5 million-tonne wheat surplus into bioethanol, that still won't be enough for the country to meet its carbon commitments. One course will involve more imports - and attendant ethical issues. In many bioethanol producing countries there are, for example, serious concerns about the use of child labour in growing crops.

The other approach involves more efficient forms of fermentation and swapping sugar-rich crops (which have high ethanol yields when fermented) for agricultural waste, which has a high cellulose content, and is therefore not so good as an ethanol source.

'The technology is developing, however,' adds Woods. 'We may not be there yet, but the signs are hopeful.'

February 28, 2006

Short on Drivers, Truckers Offer Perks

By [IAN URBINA](#)

PHILADELPHIA — The men gathered in front of the BZ Ballaz Club barbershop in a gritty, mostly Hispanic section of North Philadelphia were listening intently as Kimberly Cromer made her pitch for a career in long-haul trucking.

"Why pull \$7 an hour cutting hair when you can make \$19 an hour driving an 18-wheeler?" Ms. Cromer said, handing the men a pamphlet in Spanish explaining the requirements for a federal commercial driver's license. "Seriously guys, don't you want to get a job with a future and get out of this neighborhood to see the country?"

Faced with what trucking experts describe as the worst labor shortage in the industry's history, recruiters like Ms. Cromer are canvassing cities and holding job fairs.

Fueled mostly by retirements, the driver shortage grew dire, industry economists say, starting in 2000 when average wages in construction and other blue-collar jobs surpassed those of long-haul drivers.

"Guys figured, why be out on the road for three weeks when they could swing a hammer during the day, make more money and sleep in their own bed each night?" said Bob Costello, chief economist for the American Trucking Association.

With predictions from the association that the current shortage of 20,000 drivers will grow nearly fivefold within a decade, trucking companies are offering generous 401(k), stock option and health care packages to new recruits and cash bonuses and prizes to drivers who refer viable candidates.

In hope of stealing drivers from competitors, companies have begun outfitting more of their cabs with satellite radio and television and introducing policies to allow drivers to bring pets and spouses on the road.

Allied Holdings, a trucking company based in Decatur, Ga., employs chaplains to check on the morale of its drivers. Schneider National, based in Green Bay, Wis., holds "driver recognition days" every few months at regional repair shops, featuring Elvis impersonators, free barbecue and raffles for motorcycles and iPods. The trucking association has also begun pressuring large truck stops to add Internet portals.

"Hands down, this is the most serious crisis the industry has faced," said Duff Swain, president of the Trincon Group, a transportation consulting firm in Columbus, Ohio. "Close to 10 percent of major fleets have their trucks sitting up against the fence because they're short on drivers."

Since more than three-quarters of all goods in the United States are shipped by truck, it is only a matter of time, Mr. Swain said, before the shortage causes delays in products hitting the shelves and leads to consumer price increases because of rising transportation costs.

Despite the 7.4 million Americans out of work as of last December, and the recent round of layoffs in manufacturing industries, trucking has struggled to find workers in part because the lifestyle is so grueling.

"I missed my son's birth, first steps and kindergarten graduation," said Nasser Adams, who has been a trucker for eight years. "And I'm better off than most drivers who don't get home every weekend like I do."

Mr. Adams, 47, said that before he began hauling bottled beer for the Abita Brewing Company last year, he drove chemical tanker trucks. "Now that's stressful stuff," he said. "One wrong move and you're in a traffic accident with a bomb at your back."

Since 2000, drivers' wages have started to rebound, though they have not caught up with construction, according to the association. In 2004, the average annual pay for a truck driver was \$34,920, compared with \$37,890 for a construction worker, according to the Department of Labor.

Union truck drivers make on average about \$60,000, and roughly 10 percent of all truck drivers in the country are unionized, an economist with the Teamsters said.

The driver shortfall is expected to worsen in coming years since about 219,000 of the country's 1.3 million long-haul truckers are over 55 and are likely to retire in the next 10 years.

"It's called long-haul trucking for a reason," Mr. Costello said. "Even though a lot of companies are redesigning routes for shorter runs, it's hard to avoid long stretches away from home, and that's a tough way to live."

Victor Rivera described another factor that adds to drivers' stress: time pressure.

"You don't get a hotter load than this," said Mr. Rivera, 34, referring to deadlines that come with perishable cargo like the \$150,000 worth of shrimp in his refrigerated 18-wheeler at the TA Trucking stop just off Exit 57 on Interstate 95 in Baltimore. "You're making seven or eight stops for one truckload, and if traffic or whatever backs you up at the beginning of your run, all the rest of the stops have to be rescheduled, and the dispatcher gets really angry."

Trucking companies also complain that they need to hire even more drivers because federal rules passed in January 2004 limit how long their drivers can remain on the road each shift before resting. Under the rules, truckers can drive for 11 hours at a time, but they have to take 10 hours off between shifts, 2 more hours than previously required.

"Trucking is incongruous with what we've come to expect with the blue-collar economy these days," said Donald Broughton, the transportation analyst with A. G. Edwards & Sons, a brokerage firm based in St. Louis. "Productivity improvements mean that other industries are scaling down whereas it still takes one driver per truck to move goods, and there is little way around that. What's more, other industries can outsource, but trucking can't."

To meet the growing need, some carriers are turning to new sources of labor like women, retirees and especially Hispanics.

"The industry realizes that Hispanics are the fastest-growing population in the country, and they're eager to tap into them," said Ms. Cromer, who works for Congreso de Latinos Unidos, a community group in Philadelphia that joined forces in 2004 with the Truckload Carriers Association to begin recruiting more Hispanics into long-haul trucking.

Companies have begun advertising on Spanish radio and in Spanish newspapers, and trucking schools have added intensive English courses to help prepare their non-English-speaking population to pass the federal exam required for a commercial license. Federal transportation laws require that long-haul truckers be able to speak, read and write English and undergo background checks and drug tests.

The number of truck drivers who are not white males increased to 30 percent in 2004, up from 26.6 percent in 2001, according to the Department of Labor. Hispanics now account for 15 percent of all truck drivers, up from 12 percent during the same period, federal records show.

"We decided two years ago to switch trucking companies because we had the leverage," said Claire Rocha, who, with her husband, Daniel, drives for the Celadon Group, a trucking company based in Indianapolis. Ms. Rocha, 51, said that they earned about \$100,000 between the two of them, a 10 percent increase over what they were earning. "There couldn't be a better time to be a team driver," she said.

Chris Burruss, president of the Truckload Carriers Association, said that many truck driving schools were getting calls from trucking companies looking for husband-wife teams or female drivers.

"Women spouses are especially attractive once they have finished raising their kids because they start wanting to spend time with their husbands on the road," Mr. Burruss said. "Women are also seen by a lot of carriers as more dependable and less prone to jump from company to company."

Todd Jadin, senior vice president of operations for Schneider National, said that in hope of bolstering retention, his drivers in January 2004 received the largest raise in the company's 70-year history, about a \$4,000 annual increase for drivers who averaged about 100,000 miles per year.

"But more than wages, it's really quality-of-life issues that matter," said Mr. Jadin, citing the stress of traffic and rushed hauls across country, coupled with unpredictable schedules and long periods away from home as the main factors deterring people from entering the profession.

With that in mind, Mr. Jadin said that his company had redesigned some of its routes so that several hundred of its 15,000 drivers could sleep at home at least 17 weeks a year. The company has also tried to increase the 500 or so husband-wife teams it employs because they have lower turnover rates than single drivers, he said.

But the most popular move has been the company's driver appreciation events, Mr. Jadin said, like the one the company held in January in Memphis, featuring an Elvis impersonator and free barbecue.

"That event was a really big hit," Mr. Jadin said. "I guess a little Elvis goes a long way when it comes to boosting morale and keeping drivers on the job."

Sugar factory odor, dust Plans cited to ease problems

Causes of odors and some dust from Fort Morgan's Western Sugar Cooperative factory were outlined to City Council members Tuesday night accompanied by an outline for a future direction to ease the problems.

Carl Schoenfelder, plant general manager, told the council and a number of citizens in the audience, "We're in strict compliance" with required permits; the factory's records are in order, and, "We want to be a good neighbor to the city. We want to work with the city and the community and meet things head-on." In his prepared slide presentation, Schoenfelder said the future direction for the factory will include better management of sugar beet processing to help ease the odor problem. It will also include better aeration of ponds although he noted that aeration does release gases which contribute to odor.

<http://www.fortmorgantimes.com/Stories/0,1413,164~8312~3255607,00.html> - #Also planned is beautification of the factory and grounds. This is "one of my agenda items," he said, adding, "With that comes the need for funds. That's always a struggle," but he said he feels things can be done that will please the community.

Also planned in the future is better dust control. Schoenfelder noted that the company was purchased in 2003 from Tate and Lyle by about 1,000 sugar beet growers. There are now 1,353 shareholders who control 128,460 shares of stock, so the company is in "a growth mode. It is not a company in decline. We're very positive about our future," he said.

Schoenfelder explained most of the smell from the factory happens during processing -- decomposition -- of organic material. He added that with stack emissions the factory's boilers emit dust, but he also said that black smoke is not always bad, and white smoke is not always good. Water is used for transportation of beets, cleaning and cooking. Smell is a byproduct of the cooking which "is inherent to our process."

The factory is required to contain all runoff on its property, Schoenfelder explained, adding that there are scrubbers on the factory's stacks, and there is continuous monitoring of the stacks. There is fugitive dust control with a watering program to keep dust down. He also said the factory is required to notify the state if it is out of compliance, and it must meet annual compliance certification.

In 1996, the factory stopped all discharge into the South Platte River, and there is periodic sampling and analysis of wastewater.

Schoenfelder said the odor and dust problems will not go away entirely, but he said he also feels "we haven't done all we can," and it's better to be proactive in these cases. He cited weather as a major factor during the 2006 campaign. When the temperature goes up, things spoil, and the abnormally high temperatures this year contributed to the odors.

Also, there was an untimely freeze and rain in December-January, he said. Beets spoil if they freeze and then thaw which happened in this campaign; the high, warm winds increased thawing, and the pulp piles spoiled as well. He also said factory officials have talked about a more aggressive watering program and planting vegetation to help resolve the problem of lime dust blowing when conditions are windy. He also noted that the wet scrubbers on the stacks pick up particulates, and the water passes out to the pond and evaporates.

Schoenfelder said the financial impact of the factory, plus the Greeley operation, totals \$220,000,000 a year. He asserted that weather had a significant impact on the factory's operation and said further environmental controls will be implemented in the future.

Western Sugar Coop Factory slices 745,169 tons

By CHRIS MARCHESO

Times Farm Editor

The 2005-2006 campaign at the Western Sugar Cooperative is wrapping up this week, and General Manager Carl Schoenfelder said it was a respectable year.

This year's campaign began Oct. 6, and the lack of moisture had a significant effect along with the weather, Schoenfelder said.

"We had high expectations for the year starting with a lot of potential, but we just didn't get near the amount of sugar we expected," he said. "It was still a good year, but we, along with the farmers, couldn't help but be disappointed as we had so much potential in the beginning of the campaign."

The factory, 18317 Highway 144, sliced 745,169 tons of beets this year as Schoenfelder said the size of the crop this year was big; the beets were brought in in good shape, and respectable sugar content and purity were achieved with the beets.

During the 2004-2005 campaign 721,850 tons of beets were sliced, and during the 2003-2004 campaign 673,828 tons of beets were sliced.

Chris Marcheso/Fort Morgan Times

Finished product Bags of sugar come off the line today at the Western Sugar Coop, 18317 Highway 144, which marks today as the last official day of the 2005-06 campaign. For this year's campaign, 745,169 tons of beets were sliced, which is up from the 2003-04 and 2004-05 campaigns.

But a couple of cold spells earlier this winter froze the beets, then they thawed them out again, ruining much of the potential crop.

"Beets can be frozen and used, but once they're thawed out, they rot and are typically ruined," Schoenfelder said.

Wind was also a factor during this year's campaign. Not only did the cold spells affect piles being stored, but the wind pushed warm air and cold air deep into storage piles affecting the beets that much more.

Juicing of the beets was being finished up Wednesday night and today, and some cleanup in the factory has begun. Schoenfelder said next week the factory will begin full cleanup and preparation for next year's campaign.

"We may not have achieved what we originally expected for the year, but it still turned out to be a good one," Schoenfelder said.

(Chinese) Sugar price posts new high

(Xinhua)

Updated: 2006-03-04 10:04

China's sugar price has climbing steadily of late, mounting to a new high of 5,000 yuan (about 620 US dollars) per ton, Friday's China Securities Journal reported.

The paper quoted the Ministry of Commerce as saying that the average retail price of sugar stood at 5.7 yuan in February, up 3.49 percent and 12.9 percent respectively over last month and the same period of last year.

Foods containing sugar, like beverages and cakes, also witnessed a price rise, according to the survey conducted by the ministry in supermarkets.

Due to the price hike and straining supply of sugar, cities like Qingdao in eastern Shandong Province and Guangzhou in southern Guangdong Province, reported a shortage of sugar in late February.

Insiders said the price rise is owed mainly to a drop in sugar production and a rising international price.

Friday's Shanghai Securities News said a meeting held by concerned departments has approved that the government will launch one million tons of sugar, so as to fetch up the market shortage, noting that market supply will determine the amount.

In 1991, China started up its national reserve of sugar, keeping the amount beyond one million tons in most years. The national sugar reserve had about 1.5 million and one million tons respectively in 2004 and 2005.

China is now the world's fourth largest sugar producer after Brazil, India, and European Union, and the world's fifth largest consumer after India, the EU, Brazil and the United States.

BITTERSWEET DEAL

Though Louisiana cane farmers expected to take a hit after Hurricanes Katrina and Rita, many actually saw sugar yields rise after the heavy rains. Others, however, are struggling to stay afloat.

Although state agricultural officials estimated in October that Hurricanes Katrina and Rita had caused \$287 million worth of damage to sugar cane crops in Louisiana in 2005, Iberville Parish sugar cane farmer John Gay called the storms a bit of a boon for his business.

That's because the roughly 10 inches of rain dumped on the 3,300 acres Gay farms in Plaquemine offset an earlier summer drought. In addition, the dry weather after the storms allowed Gay's cane to ripen to its full potential for the first time in years.

While the total tonnage Gay harvested was down over 2004, it did produce about 250 pounds of sugar for each ton of cane: a much better sugar yield than in years past.

"With the dry conditions that followed the storms, if we would not have had the storm we would have had real problems with drought," said Gay, who noted that much of the decrease in the tonnage of his crop was due to disease that decreases stalk size. "That storm surge (from the Gulf of Mexico) did not make it this far . . . We dodged a bullet."

'Very, very lucky'

State sugar cane analysts and farmers say Gay's good fortune was shared by the majority of Louisiana's roughly 718 sugar cane farmers. Although the total tonnage of cane produced was down, the 2005 crop yielded much more sugar than most years, they said.

With the exception of about 12,000 acres of cane in St. Mary's, Vermilion, Iberia and Calcasieu parishes that were wiped out by Rita, last summer's hurricanes spared most of the state's 24 cane-growing parishes, a swath of 450,000 acres stretching from Rapides to Lafourche parishes and west to Cameron Parish. That stroke of good luck, combined with a dry harvest season, meant that the 6.6 percent decrease in the total tons of cane harvested in the state was balanced by the second-largest sugar yield per ton of cane in the past 42 years, said Rene Schmit, the St. Charles Parish county agent for the Louisiana State University AgCenter. In 2004 the sugar yield was 207 pounds per ton of cane statewide; in 2005 it averaged 219 pounds per ton.

Consequently, the gross farm value for Louisiana's sugar cane harvest decreased only about 6 percent in 2005, going from \$505 million in 2004 to \$475 million in 2005. Gross farm value is calculated using several factors, including sugar prices, mill payments and total economic value to market.

About 10.78 million tons of sugar cane were harvested in 2005, compared with 11.5 million tons of cane in 2004, Schmit said. Sugar now is valued at about 20.45 cents a pound, while molasses is valued at 35 cents per gallon. In 2004, the sugar price was slightly more than 19 cents a pound.

"Given the situation of Katrina and Rita, overall we were very, very lucky," Schmit said.

Schmit noted that after several years of rainy falls that made for difficult harvests and lower sugar content, the state's growers enjoyed a plethora of sunny days this year. Rainy and overcast days prevent sugar cane from fully and quickly ripening, and rain also allows more foreign materials to cling to the cane when it is harvested. Both conditions lead to a lower sugar yield, which decreases its value.

In a year where tonnage was down, a lower sugar yield would have been disastrous, Schmit said.

Windell Jackson, a spokesman for the American Sugar Cane League based in Thibodaux, said that Schmit's optimism is justified, but noted that it must be tempered by the realization that farmers in some parishes were almost completely wiped out.

Jackson, whose group provides lobbying and research to cane farmers, noted that farms in St. Mary's, Vermilion, Calcasieu and Iberia parishes received from 5 to 12 feet of standing saltwater, which severely damaged the full-grown cane and almost destroyed the cane seedlings.

Bleak forecast for some

Because sugar cane is grown on a four-year cycle, with several acres of a cane field dedicated to new plantings or lying fallow each year, Jackson said, the effects of the hurricanes will not truly be known for several years.

He noted that many of the cane seedlings planted in 2005 were a new variety that was designed to produce a higher sugar yield. The loss of those seedlings, the fact that this is the fourth consecutive bad harvest for many farmers and the rising costs of running a farm make the forecast for sugar cane farmers increasingly bleak, Jackson said.

The sugar yield "is good news, but when you look at the tonnage, we only averaged 25 tons of cane per acre and that's what's hurting us," Jackson said. Plus "the price of diesel and electricity skyrocketed."

Ronnie Gonsoulin, a sugar cane farmer in New Iberia, can understand exactly how tough things have been for some farmers. Gonsoulin, who farms 3,000 acres, said that in 2005 his total tonnage was down 30 percent compared with 2004, and his sugar yield was down about 25 pounds per acre. He attributed the decrease to the 7 feet of saltwater that enveloped about half of his crop following Katrina and left behind debris and damaged cane.

Gonsoulin quickly counted off about two dozen farmers that he knows who are leaving the business in 2006, and noted that several others are on the cusp of departing. He noted that his diesel fuel costs and fertilizer costs have increased by 150 percent and 28 percent, respectively, while his revenue has decreased. Gonsoulin said his 21 employees haven't received a raise in six years and the amount he can dedicate to their retirement funds has steadily declined. "The American farmer has been asking who do we pass our cost on to. Things are really, really at the breaking point," Gonsoulin said. "We pray and hope that the next year comes and covers the holes we had the previous year . . . That's just the optimism of the American farmer."

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Editorial: Time is right to end U.S. sugar program

The Wall Street Journal editorializes that now is the time to scrap the U.S. sugar program: "Now that a spike in world prices has put the U.S. on par with foreign producers, there is a window of opportunity to do away with a sugar program that costs American jobs and has become a source of trade friction around the world."

[The Wall Street Journal](#) (subscription required)

Tuesday, March 7, 2006; By Kate Spinner, **naplesnews.com**

Restoration vs. Development

Environmental groups prefer sugar over roof-tops south of Lake Okeechobee

When sugar cane is no longer profitable and when the population of Florida starts expanding toward the center of the peninsula, homes could pop up as the newest crop in the Everglades Agricultural Area. Developers are already looking to three areas within the Everglades Agricultural Area, or EAA, for future housing projects, and that pressure is making environmental groups nervous.

For all the criticism the sugar industry gets for its presence in the Everglades, homes would create a much bigger barrier to restoring healthy water flow and habitat within Lake Okeechobee and the coastal estuaries, said Eric Draper, policy director for Audubon of Florida. "The problem is that the EAA is uniquely located right in the middle of the Everglades system in the historic flowway between Lake Okeechobee and the rest of the Everglades. It was historically the River of Grass there, so if you put a lot of people in there you run into significant problems," Draper said.

Agriculture south of Lake Okeechobee is entirely dependent on an intricate flood control network that was built into the system about 60 years ago. The system that works for agriculture, though, could be a lot trickier and expensive when homes and people are entered into the equation. People require advanced flood control and advanced technology to clean wastewater. Farmers, especially those who work in the EAA, have to meet stringent water quality requirements and use farming techniques that reduce stormwater runoff and fertilizer use.

"Your typical nutrients on an urban lawn are more significant than nutrients applied on agriculture," Draper said. "Anyone can go down to Wal-Mart and buy 50 pounds of concentrated fertilizer and go dump them on their yard regardless of the need."

On the east coast, near Wellington, Florida Crystals has contemplated selling about 16,000 acres of its sugar lands for development. Just west of Clewiston, U.S. Sugar plans to sell 500 acres of sugar and pasture land to Bonita Bay.

Belle Glade is also considering annexing about 700 acres of EAA land for development.

Lisa Interlandi, regional counsel for the Environmental Law and Land Use Center, said Everglades restoration projects are much too premature for developers or anyone else to be considering development within the agricultural area. "The whole Everglades restoration plan, all that planning that's been done over the last decade and beyond, has been based on agriculture continuing in the EAA," Interlandi said. "Because of different stormwater, drainage, pollution issues associated with houses, it would pretty much make all the planning that has been done for the restoration invalid."

Interlandi and Draper both said research is showing more storage capacity will be needed for restoration than originally thought. Expanding development south of the lake, they said, would take that land out of the picture for water storage potential.

"You start putting homes and neighborhoods and development out there, the restoration plan becomes a lot less likely to become successful," Interlandi said. Interlandi also said municipalities and counties need to start thinking about the way their land-use planning affects the cost of land.

Increasing densities near lands slated for Everglades restoration projects drives up the cost of restoration.

"That's not just in the EAA. That's everywhere," Interlandi said. "Local governments very easily have the ability to price land, make it not affordable for restoration."

Without adequate storage around Lake Okeechobee, the coastal estuaries will continue to be hammered by dirty water from the lake in the summer and starved of needed water in the winter.

Depending on water storage needs, Interlandi said, development might work in certain places, but no one knows where. She said an analysis needs to be done first.

A year ago, Audubon produced its own vision for the agricultural area, which included 1 million acre-feet of water storage as opposed to the 360,000 acre-feet of storage the restoration plans rely upon.

The vision also calls for sustainable agriculture in the Everglades Agricultural Area, whether that turns out to be sugarcane, cattle ranching, vegetable crops, crops for alternative energy or rice.

"The plan for the EAA should be for the goals of restoration first," Draper said.

Draper said returning the EAA to Everglades is probably not practical because of cost. The land would not automatically revert back to sawgrass prairies without intense management to raise the elevation of the agricultural area and to combat invasive plants like melaleuca, cattails and torpedo grass.

Paul Gray, Lake Okeechobee watershed science coordinator for Audubon, said the EAA sits in a bowl now because agriculture and drainage have exposed the area's muck soils to air. The soils have oxidized and shrunk, leaving the elevation of the agricultural area much lower than the Everglades and the lake.

Removing the Hoover Dike and letting the water flow as it did 100 years ago would just drain Lake Okeechobee and create a new lake in the EAA, Gray said.

As soils continue to disappear, sugar might not be the most profitable crop in the agricultural area, but Draper said agriculture should be encouraged.

Malcolm "Bubba" Wade, vice president of U.S. Sugar, said his company is less worried about subsidence than free trade agreements. Despite the changing global economy, Wade said U.S. Sugar plans to continue growing sugar well into the future.

As the need for affordable housing grows stronger, however, U.S. Sugar will sell parts of its farmland, Wade said.

"In our long-term plans, so far right now, we have nothing in them as far as development ... other than making available land around the local communities," Wade said.

He said his company is working with Clewiston on a potential project to build affordable homes on about 300 acres.

He said people are buying homes in Clewiston and commuting to the coasts because homes are less expensive in the rural area. That migration is driving up Clewiston's housing prices.

He said the pressure for development in agricultural areas will continue to mount until coastal communities start addressing housing problems in their own back yards.

"If we don't figure out something in the coastal areas, some of that development will come to the fringes of the EAA," Wade said.

Louis Dreyfus to construct soybean processing plant in Indiana

(Bakingbusiness.com, March 8, 2006) by Bakingbusiness Staff

WILTON, CONN. — Louis Dreyfus Corp., a subsidiary of Louis Dreyfus Commodities, one of the world's largest merchandisers of grains and oilseeds and the agribusiness arm of the Louis Dreyfus Group, plans to construct an integrated soybean processing and biodiesel production facility in Claypool, Ind. The plant will crush nearly 50 million bus of soybeans per year, producing more than 1 million tons of soybean meal and 80 million gallons of biodiesel annually.

"The Claypool project represents a significant and timely investment in the expanding U.S. biofuels space," said Erik Anderson, chief executive officer of Louis Dreyfus Commodities North America. "We believe that biofuels will be a key and increasingly important driver in U.S. commodity markets."

The plant, located in northern Indiana, will be ideally situated to source soybeans locally and from neighboring states, Louis Dreyfus said. Competitive truck and rail access to feed markets in Indiana and the Southeast will provide a consistent outlet for soybean meal. Claypool is located in the center of burgeoning biodiesel demand in Indiana and surrounding midwestern states.

3/8/2006 4:55:00 PM

New Orleans Area Sugar Refinery Continues Rebuilding Efforts; 200 Employees and Their Families Still Living in Trailers On-Site

To: Assignment Desk, Daybook Editor

Contact: Blythe Lamonica, 225-344-0381 or 225-281-3137 (cell) or blamonica@hdaissues.com, for Domino Sugar

The Domino Sugar refinery in Arabi, Louisiana -- the nation's largest sugar refinery -- continues the long road to recovery after Hurricane Katrina. The plant has made huge strides since it reopened in December thanks, in large part, to the hard work of its employees -- many of who are living at the refinery in FEMA trailers. Today, Domino Sugar is producing at 90 percent capacity. But sugar production is not the company's only priority; the company's employees continue to focus on the most important task at hand -- rebuilding their homes and their lives.

Domino Sugar would like to offer reporters the opportunity to interview the employees and managers at the refinery to get another perspective on how people are recovering from the destruction caused by Hurricane Katrina.

Facts:

- Arabi, Louisiana is in St. Bernard Parish - about five miles south of downtown New Orleans
- No employees lost their job, although 30 chose not to return to Louisiana after the hurricane
- 200 FEMA trailers on-site for employees and their families
- Water levels from Katrina rose to 9 feet in parts of the plant
- Millions of pounds of sugar was ruined
- Flood waters destroyed electrical equipment and the plant's two electricity-generating substations
- 215 of the refinery's 295 current employees were left homeless
- No employees lost their lives, although unfortunately one employee lost his father
- About 100 children live on-site and 40 attend the only school open in the parish

Some possible story ideas include:

- The rebuilding of Louisiana and the Gulf Coast depends on the private sector taking an active role in the recovery - the government can't do it alone
- The Domino Sugar refinery is a positive example of corporations taking care of their businesses and their employees under incredible circumstances
- The long road to recovery facing many in South Louisiana
- The countless human interest stories among the Domino Sugar employees
- Tracking the progress of the nation's largest sugar refinery

Some sugar yields rise, others struggling to stay afloat

NEW ORLEANS -- Although state agricultural officials estimated in October that Hurricanes Katrina and Rita had caused \$287 million worth of damage to sugar cane crops in Louisiana in 2005, Iberville Parish sugar cane farmer John Gay called the storms a bit of a boon for his business.

That's because the roughly 10 inches of rain dumped on the 3,300 acres Gay farms in Plaquemine offset an earlier summer drought. In addition, the dry weather after the storms allowed Gay's cane to ripen to its full potential for the first time in years.

While the total tonnage Gay harvested was down over 2004, it did produce about 250 pounds of sugar for each ton of cane: a much better sugar yield than in years past.

"With the dry conditions that followed the storms, if we would not have had the storm we would have had real problems with drought," said Gay, who noted that much of the decrease in the tonnage of his crop was due to disease that decreases stalk size. "That storm surge (from the Gulf of Mexico) did not make it this far ... We dodged a bullet."

State sugar cane analysts and farmers say Gay's good fortune was shared by the majority of Louisiana's roughly 718 sugar cane farmers. Although the total tonnage of cane produced was down, the 2005 crop yielded much more sugar than most years, they said.

With the exception of about 12,000 acres of cane in St. Mary's, Vermilion, Iberia and Calcasieu parishes that were wiped out by Rita, last summer's hurricanes spared most of the state's 24 cane-growing parishes, a swath of 450,000 acres stretching from Rapides to Lafourche parishes and west to Cameron Parish.

That stroke of good luck, combined with a dry harvest season, meant that the 6.6 percent decrease in the total tons of cane harvested in the state was balanced by the second-largest sugar yield per ton of cane in the past 42 years, said Rene Schmit, the St. Charles Parish county agent for the Louisiana State University AgCenter.

In 2004 the sugar yield was 207 pounds per ton of cane statewide; in 2005 it averaged 219 pounds per ton. Consequently, the gross farm value for Louisiana's sugar cane harvest decreased only about 6 percent in 2005, going from \$505 million in 2004 to \$475 million in 2005. Gross farm value is calculated using several factors, including sugar prices, mill payments and total economic value to market.

About 10.78 million tons of sugar cane were harvested in 2005, compared with 11.5 million tons of cane in 2004, Schmit said. Sugar now is valued at about 20.45 cents a pound, while molasses is valued at 35 cents per gallon. In 2004, the sugar price was slightly more than 19 cents a pound.

"Given the situation of Katrina and Rita, overall we were very, very lucky," Schmit said.

Schmit noted that after several years of rainy falls that made for difficult harvests and lower sugar content, the state's growers enjoyed a plethora of sunny days this year. Rainy and overcast days prevent sugar cane from fully and quickly ripening, and rain also allows more foreign materials to cling to the cane when it is harvested. Both conditions lead to a lower sugar yield, which decreases its value.

In a year where tonnage was down, a lower sugar yield would have been disastrous, Schmit said.

Windell Jackson, a spokesman for the American Sugar Cane League based in Thibodaux, said that Schmit's optimism is justified, but noted that it must be tempered by the realization that farmers in some parishes were almost completely wiped out.

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The sugar yield "is good news, but when you look at the tonnage, we only averaged 25 tons of cane per acre and that's what's hurting us," Jackson said. Plus "the price of diesel and electricity skyrocketed."

Thursday, March 09, 2006; By [Susan Salisbury](#), Palm Beach Post Staff Writer

Florida sugar production plunges

Third-generation Pahokee sugar cane farmer Bill Kennedy won't forget the 2005-06 growing season, but he wishes he could.

"This is the worst year we've ever had, without a doubt," said Kennedy, who grows cane on 1,900 acres in western Palm Beach County with his son, Kirk. "My crop was terrible. It's at least 20 percent off. The trouble is, that 20 percent is your profit."

Kennedy's crop was battered by Hurricane Wilma in October and then punished again by freezes in January and February. And the malignant weather will have an effect on Florida's sugar cane production as a whole.

The industry, which grows three-fourths of its crop in western Palm Beach County, is expected to produce 1.43 million tons of sugar, its smallest crop since the 1.39 million tons of the 1989-90 season, which also was affected by freezes.

The season of 2004, hit hard by hurricanes, produced 1.69 million tons of sugar. The two difficult seasons follow a string of eight years of production in the range of 1.9 million to 2.1 million tons.

Robert Coker, senior vice president of U.S. Sugar Corp. in Clewiston, said the company — one of the state's three major cane growers — expects to complete its harvest in about three weeks and is projecting to bring in about 610,000 tons of sugar, down from around 900,000 tons.

"It's the worst year in our 75 years of being in business in Florida," Coker said. "It is a double whammy. We got knocked down again by Hurricane Wilma, and we got our teeth kicked in by the Valentine's Day freeze."

West Palm Beach-based Florida Crystals Corp. produced 495,737 tons of sugar this season, far below its pre-Wilma projection of 745,275 tons. In 2004-05, the company produced 669,287 tons of sugar, spokesman Gaston Cantens said.

In 2003-04, Florida Crystals produced an all-time high of about 900,000 tons of sugar.

And the Sugar Cane Growers Cooperative of Florida in Belle Glade completed 118 days of harvesting Monday, the shortest season since its first one in 1962, co-op spokeswoman Barbara Miedema said.

The co-op's production of 262,216 tons of sugar is down from 339,159 tons in the 2004-05 season. That crop, hammered by Hurricanes Frances and Jeanne, was smaller than the co-op's 408,000 tons in 2003-04.

Wilma's damage to cane, warehouses and other structures is estimated at \$400 million by the Florida Department of Agriculture. This spring, the sugar industry will seek disaster aid from Congress, said Carolyn Cheney, the co-op's Washington representative.

"Our damage has been unbelievable. We started grinding late and quit grinding a month early," she said.

Because of the crop shortfall, the U.S. Department of Agriculture allowed imports of 2.5 million tons from other nations, up from the usual 1.5 million tons, Miedema said.

Florida's sugar cane growers view the tall, hardy grass as their staple crop. Many also grow sweet corn, green beans, lettuce and other vegetables considered riskier but with a greater profit potential.

John S. Hundley, vice president at Hundley Farms Inc. east of Belle Glade, said Wednesday the farm's cane losses were 20 percent to 30 percent, and vegetables took a beating, too. But he's not giving up. "We will survive," Hundley said.

WASDE-432-14; March 10, 2006

SUGAR: Projected U.S. sugar supply for 2005/06 is decreased 51,000 short tons, raw value, from last month. Lower production more than offsets a slight increase in beginning stocks. Production, based on processor projections compiled by the Farm Service Agency, is down 30,000 tons for beet sugar and 23,000 tons for cane sugar. Use is increased 100,000 tons based on a strong deliveries pace to date. Ending stocks are decreased to 1.5 million tons, or 14.4 percent of use.

WASDE-432-14 - U.S. Sugar Supply and Use 1/

Item	2003/04	2004/05	2005/06 Projections	
			February	March
=====				
		1,000 short tons, raw value		
Beginning stocks	1,670	1,897	1,347	1,349
Production 2/	8,649	7,877	7,589	7,536
Beet sugar	4,692	4,611	4,458	4,428
Cane sugar	3,957	3,266	3,131	3,108
Florida	2,154	1,693	1,428	1,428
Hawaii	251	258	260	255
Louisiana	1,377	1,157	1,263	1,245
Texas	175	158	180	180
Imports	1,754	2,096	3,090	3,090
TRQ 3/	1,230	1,404	2,590	2,590
Other programs 4/	464	500	325	325
Other 5/	60	192	175	175
Supply, total	12,073	11,870	12,026	11,975
Exports	288	259	175	175
Deliveries	9,862	10,188	10,190	10,290
Food	9,678	10,019	10,050	10,150
Other 6/	184	169	140	140
Miscellaneous 7/	26	74	0	0
Use, total	10,176	10,521	10,365	10,465
Ending stocks	1,897	1,349	1,661	1,510
Stocks to use ratio	18.6	12.8	16.0	14.4

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 from processor reports compiled by the Farm Service Agency. 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, shortfall is 115,000 tons. 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.

METRIC CONVERSION FACTORS 1 Hectare = 2.4710 Acres 1 Kilogram = 2.20462 Pounds

Metric-Ton Equivalent	:	=	Domestic Unit	*	Factor
Wheat & Soybeans	:	=	bushels	*	.027216
Rice	:	=	cwt	*	.045359
Corn, Sorghum & Rye	:	=	bushels	*	.025401
Barley	:	=	bushels	*	.021772
Oats	:	=	bushels	*	.014515
Sugar	:	=	short tons	*	.907185

Posted on Sat, Mar. 11, 2006; By Frederic Frommer, Associated Press

Mexican imports could force changes in sugar program **Mexico could export unlimited sugar amounts**

WASHINGTON - A looming free-trade provision allowing Mexico to export unlimited amounts of sugar to the United States could force changes to the U.S. sugar program, which guarantees minimum prices to cane and beet farmers.

That program, which also props up sugar prices by limiting sugar imports, expires at the end of 2007, along with the rest of the current farm bill. The following year, the United States and Mexico are to form a common sugar market under the North American Free Trade Agreement.

Plunge in prices

A flood of Mexican sugar imports could cause domestic prices to plunge. That, in turn, would likely lead to taxpayer-funded government purchases of surplus sugar, unless changes are made to the sugar program.

The Congressional Budget Office projects that the program, which currently operates at no cost to taxpayers, would cost nearly \$300 million a year by 2012.

Jack Roney, an economist with the American Sugar Alliance, an umbrella group of farmers, processors and suppliers, said he agreed with that projection, predicting that the Mexican imports would lead to government purchases of surplus domestic sugar.

Roney's solution is not an overhaul of the sugar program, but rather changes to the trade deal. He's calling for a "managed market" where Mexico agrees to limits in sugar exports, in exchange for limits of U.S. corn sweetener exports to Mexico.

"What would happen without that would be utter chaos," Roney said. "We could see sugar prices in both countries collapsing, and world dump prices flooding the U.S."

But Marci Hilt, a spokeswoman for the Office of the U.S. Trade Representative, said such an adjustment isn't on the table.

Trade violation

Monday, the World Trade Organization ruled Mexico violated global trade rules by imposing a 20 percent tax on drinks that are sweetened with anything other than cane sugar grown in Mexico - effectively shutting out high-fructose corn syrup from the United States.

Mexico might be willing to limit its sugar exports if it gets the United States to voluntarily limit corn syrup, said Gary Hufbauer, a senior fellow at the Institute for International Economics. Hufbauer said that Mexico could also make a deal for caps in other U.S. exports, such as poultry or beans.

Randy Green, president of the Sweetener Users Association, which represents companies that use sugar, predicted Congress will make changes to the sugar program.

"The program doesn't work well for the entire industry, because it's not balanced," Green said. "It need to be made more market-oriented."

Green said he didn't think it was realistic to expect new limits to be negotiated in 2008.

"There might be some vested interest in Mexico that would perceive a benefit from limiting American corn farmers' ability to sell down there," he said, "but I doubt that either the administration or members of Congress from corn-growing states think much of that idea."

Beet growers' view

Steve Williams, president of the American Sugarbeet Growers Association, said he wasn't surprised by the sweeteners' group calls for change.

"The users have always tried to change the sugar program," said Williams, who farms 700 acres of sugar beets in Fisher, Minn. "To me, it's working very well." Minnesota is the largest producer of sugar beets in the nation.

Williams noted that in recent years, Mexican sugar prices have been running higher than U.S. prices.

"It's very difficult to say how things will play out in 2008 when it becomes a common market with Mexico," Williams said.

Farm bill fight

The American Sugar Alliance is already ginning up for a fight on the farm bill. Alliance spokesman Phillip Hayes called it "the most important piece of legislation that faces America's sugar farmers."

"We are willing to spend whatever it takes to maintain a strong sugar policy," he said.

The alliance plans to run advertisements in a Capitol Hill publication Tuesday, and has already distributed information packets to every Capitol Hill office on sugar policy.

It has hired Combest, Sell & Associates to lobby Congress. The firm includes former House Agriculture Committee Chairman Larry Combest, R-Texas.

Ethanol market

Meanwhile, some Minnesota lawmakers are already talking about finding an alternative market for sugar: ethanol. The state's Republican senator, Norm Coleman, said he will push for a sugar-to-ethanol program.

But Coleman recently told reporters that he doesn't think the Bush administration is fully committed to such a program. He said that may be because of lingering resentment at the sugar industry's full-throttled opposition to the Central American Free Trade Agreement.

"I may get in trouble for this, but I think we still pay a little price for the resistance to CAFTA," said Coleman.

By "we," Coleman means the sugar industry. He voted to approve CAFTA.

"I just worry that at certain levels of the ag department, there is a little resistance from the rough-and-tumble fight over CAFTA," Coleman added.

Peterson's view

But Minnesota Rep. Collin Peterson, the ranking Democrat on the House Agriculture Committee, ridiculed the sugar-to-ethanol idea, saying it wasn't economically viable. Peterson said he's tried to shoot down the idea at early farm bill hearings across the country.

"We will survive," Peterson said. "We can compete. This ethanol business is just a bunch of baloney."

Sunday, March 12, 2006; By **GEORGE TALBOT**, Business Reporter

Battling for sweet success

Competitors mounting challenges to Splenda's supremacy

MCINTOSH, Ala. -- From the bottomless cups of coffee at the local service station to the top of the corner grocery's chocolate meringue pie, this tiny south Alabama town has a big taste for Splenda.

And with good reason: McIntosh, population 244, is proud of its distinction as the one and only source of the world's most popular no-calorie sweetener.

"They let me know when we run low," said Faye Smith, owner of the Dart Mart, a convenience store that serves as the town's social center. "I don't like to hear my customers complain."

Dressed in sunny yellow packets, bags and boxes, Splenda has brightened local pantries ever since the product started rolling out of the plant here in late 2000.

Splenda, the brand name for sucralose, was an immediate success in McIntosh, but it didn't take long for the rest of the world to catch on. In less than three years, the product rocketed past Equal and Sweet'N Low to become the industry leader.

By last summer, Splenda accounted for more than 60 percent of the U.S. market for artificial sweeteners, and the prospects for its manufacturer, the London-based Tate & Lyle PLC, never looked better.

But the company's enviable position as the sole supplier of Splenda -- and McIntosh's place at the center of the sweetener universe -- soon was in jeopardy. In August, a competing version of sucralose popped up next to Splenda in a couple of Wal-Mart Supercenters.

That product, packaged under the store brand Altern and priced about a third less than retail Splenda, threatened to unlock Tate & Lyle's hold on the market.

The news sent shock waves across the industry. Tate & Lyle's shareholders were rattled. Low-cost competition from the world's largest retailer was sure to take a bite out of sales, forcing Tate & Lyle to cut its own prices. Splenda was vital to the company's financial health, accounting for nearly a fourth of its annual income.

Then, on Sept. 29, Tate & Lyle made a startling revelation: Wal-Mart had dropped Altern from its shelves. The reason? Tate & Lyle scientists had been able to "fingerprint" the sucralose used in the product and trace it back to the McIntosh plant.

The twist meant that Wal-Mart had acquired its sucralose from one of Tate & Lyle's customers and not, as investors feared, from a new source outside the company. Tate & Lyle said in an interview it had identified the third-party seller -- though it declined to do so publicly -- and halted its supply.

Buoyed by the discovery, Iain Ferguson, Tate & Lyle's chief executive officer, led a team of senior managers to Decatur, Ill., for a conference with key U.S. investors on Oct. 12. Sequestered in a lecture hall inside one of Tate & Lyle's research centers, the company used the two-day series of meetings to tout the strength of the Splenda brand, and to address concerns that the company had become over-reliant on its most profitable product.

"Although we are extremely proud of the success of Splenda sucralose, I can assure you that we are not a one-trick pony," Ferguson told an audience of about 30 institutional investors and stock analysts, according to a transcript of his remarks that the company provided to the Mobile Register.

The speech was persuasive, judging by Tate & Lyle's stock price. Over the next eight weeks, its shares rose nearly 30 percent on the London Stock Exchange, reaching an all-time high of 590 pence (or \$10.26) on Dec. 6.

The relief, however, proved to be short-lived.

The key to Splenda's allure is that it is the closest man-made substance so far to what Coca-Cola chairman Neville Isdell has termed the "holy grail" of the beverage industry: a natural, no-calorie sweetener.

Sucralose is a form of chemically altered sugar that is calorie-free because it cannot be metabolized by the body. With demand surging for sugar-free products, America's food and drink manufacturers couldn't get enough of the stuff. Of the 942 new products they introduced last year, more than half were sweetened exclusively with Splenda, according to the Mintel Group, a Chicago-based consumer research firm.

The product's debut coincided with the low-carb diet craze, and a timely endorsement from guru Robert Atkins gave it a turbo boost. Tate & Lyle, unimpeded by competition, was raking in profits of nearly 50 percent on every batch sold.

Demand so outstripped supply that the company stopped taking new customers as of July 2004. Tate & Lyle raced ahead with a \$75 million expansion that will double the capacity of its McIntosh plant, a four-story maze of exposed pipes and boilers that resembles a giant hot-rod engine set down by the highway. The company also broke ground on a replica in Singapore that is scheduled to begin production in January 2007.

One of the great ironies of Splenda's success, however, is that the formula for sucralose is an open secret. The basic recipe for the sweetener, perfected by Tate & Lyle in 1976 and approved by the U.S. Food and Drug Administration in 1998, is readily available on the company's Web site. Tate & Lyle admits that any college-level chemistry student should be capable of whipping up a batch.

"It's an easy matter to produce it in a lab, but quite another to manufacture it in commercial quantities," said Ferne Hudson, a spokeswoman for Tate & Lyle in London.

In fact, the company's patents on the product itself expired last year. What remains is a web of patents -- 36 current and eight pending -- that are designed to protect the manufacturing process, potentially giving Tate & Lyle a monopoly on the sucralose market until 2020.

Unless, of course, someone figures out an alternative means of production. Depending on whom you ask, that's exactly what happened on Feb. 14.

On Valentine's Day, Wal-Mart announced it was re-introducing Altern, saying it expected to have the sweetener available in all of its nearly 2,000 Supercenters nationwide by month's end.

This time, initial tests by Tate & Lyle revealed the product did not come from McIntosh. Tate & Lyle claimed Altern "contains an active ingredient of Chinese origin." Wal-Mart, which did not return numerous phone calls from the Register over the past two weeks, said in published reports that it would not identify the source of its sucralose.

Tate & Lyle downplayed the significance of the announcement, saying that sales through supermarkets represented only a fraction of its business. So-called "table top" sales accounted for less than 17 percent of the \$212 million worth of Splenda sold by the company last year.

Still, shares of the company's stock dipped by 4 percent on Feb. 14. More than 12 million shares changed hands that day, three times the average.

"The risk to Tate & Lyle's profits has increased with news that Altern will be carried in Wal-Mart," the brokerage firm Morgan Stanley & Co. warned in a note to investors Feb. 16. "It suggests the new rival does have some reasonable volume available ... and that the competitor does not infringe on Tate's patents."

Morgan Stanley also projected that Splenda's prices, profit margins and market share would all decline by at least 30 percent within three years of generic competition.

Tate & Lyle disputed those predictions, repeating its claim to be the world's only reliable source of sucralose. The argument gained strength on Feb. 17, when Wal-Mart said it was scaling back its plans for Altern to 250 stores in Florida and Texas. A Register survey of a dozen Supercenters in the two states, including stores in Dallas, Houston, Jacksonville and Miami, found none that were offering Altern as of last week.

The product's scarcity "is an indication Wal-Mart may be having some issues with supply," said Nick Fereday, a New York-based economist for LMC International Ltd. who tracks the sweetener market. "The fact is we still don't know of any significant producer of sucralose outside of Tate & Lyle."

Significant or not, alternative sources of sucralose can be found with only a few clicks on the Internet. Manufacturers in China and India advertise ready quantities available for export, though none of the companies identified by the Register responded to e-mail inquiries last week.

Pharmed Medicare Ltd., for one, claims on its Web site to be producing limited amounts of sucralose in Bangalore, India, and said it expects to ramp up to "industrial scale" production at a new plant by the middle of next year.

"We have had our fair share of difficulties, but I think what we've done is really mind-blowing -- breaking the sucralose monopoly goes far beyond our expectations," Pharmed president Sundeep Aurora told the trade publication FoodNavigator.com in January.

The Pharmed plant "is more than just hot air from the East," said analyst Julian Lakin, head of research for Mirabaud Securities in London. The company, a major supplier of pharmaceutical products to Europe, "is certainly no backstreet operator," Lakin said.

The story is different in China, home to a thriving black market for sucralose. Lakin said he is tracking at least 10 Chinese companies that have advertised sucralose on the Internet.

"It's a throwback to Prohibition, when you had all sorts of bootleggers running about and turning out small batches" of booze, Lakin said. "There's money to be made in sucralose, so why shouldn't they have a go at it? The stuff sells at a premium."

Based on average prices at Wal-Mart, Splenda sells for \$11.26 per pound, compared to \$10.05 for Equal and \$3.84 for Sweet'N Low.

The catch is that quantities are limited and the companies are often highly unreliable, Lakin said: Add up all the sucralose that is presumed to be from China, and you get a total capacity of perhaps 300 tons a year.

That's nowhere near the 1,500 tons that will be available from the McIntosh plant annually beginning in April.

Tate & Lyle declined to comment on the claims of its Chinese and Indian competitors, saying it had seen no evidence of commercial production.

The stakes are high for the 150-year-old Tate & Lyle, traditionally one of the world's biggest producers of sugar, molasses and corn syrup. Those products remain important, but the company "is building its future around sucralose," Lakin said.

"They're an age-old outfit trying to transform themselves into something modern, and Splenda marks the way forward for them," he said. "If it basically goes generic and falls to commodity pricing sooner than we thought, it could cost them very, very dearly."

That's essentially what happened to NutraSweet, the brand name for the artificial sweetener aspartame, when the last of its patents expired Dec. 14, 1992.

NutraSweet, then owned by the chemical manufacturer Monsanto Co., was the Splenda of its day, generating huge profits and dominating the sweetener market for years after its introduction in 1982.

The sweetener was the key ingredient in Diet Coke and in baby-blue packets of Equal, and Monsanto spent heavily to build its name: A \$300 million marketing campaign established NutraSweet and its swirling, red-and-white logo as one of the world's most recognized brands.

But fame couldn't stop low-cost, generic manufacturers from pouncing when aspartame's patents ran out. NutraSweet watched its profit margin, once a fizzy 50 percent, flatten as prices plunged from \$90 a pound in 1990 to less than \$50 a pound in 1993.

After a slow, steady decline in sales through the 1990s, Monsanto spun off its aspartame business in 2000. The NutraSweet brand was sold to a Boston-based private equity fund, and Equal to the Chicago-based Merisant Co. Three years later, NutraSweet idled production at its plant in Augusta, Ga., laying off 50 workers.

Despite that experience, Lakin and other analysts said they did not expect generic sucralose would affect operations in McIntosh, where Tate & Lyle employs about 160 workers.

"There's no question that when a product goes off patent, its value can go down," said Al Ries, chairman of the marketing firm Ries & Ries in Atlanta. "In Splenda's case, however, they've done a magnificent job of positioning the product. It's set up to do very well for a long time to come, even if there are generic versions out there."

Ries, author of the best-selling business book "The Origin of Brands," said Splenda's tag line -- "made from sugar, so it tastes like sugar" -- was an instant classic. The slogan was developed by McNeil Nutritionals LLC, a Fort Washington, Pa.-based subsidiary of Johnson & Johnson that holds the marketing rights to Splenda in North America.

Not everyone is a fan. The Sugar Association, a trade group representing the U.S. sugar industry, has filed a lawsuit seeking an injunction on the campaign, claiming it misleads consumers into believe Splenda is a "natural" product.

Ries, however, said the pitch "is a very powerful idea" that may already have served its purpose.

"It resonated with consumers because it took a common problem with artificial sweeteners -- the perception that they're bad for you -- and turned it on its head. In that sense, it was brilliant, and won't be easy to undo."

Ries said Splenda's success has helped raise interest in a range of sugar-free products, energizing sales across the category. Artificial sweetener sales are projected to grow by 8.3 percent each year through 2009, according to the Freedonia Group Inc., a consumer analyst based in Cleveland.

That's meant renewed interest in Nutrasweet, which said increased demand for diet soft drinks had led it to restart production of aspartame in Augusta this year. Craig Petray, the company's chief executive officer, also said Nutrasweet was in "exploratory talks" with potential partners in China about the possibility of producing sucralose.

"We would look at getting into sucralose if we could ensure proper quality and reliability and avoid patent issues," Petray said.

Even stronger evidence of Splenda's growing power as a brand may have come from Wal-Mart itself. The Bentonville, Ark.-based behemoth flexed its muscles last year when it heard that Coca-Cola was developing a new, low-calorie soda, Coke Zero, based on aspartame.

Wal-Mart "wanted a drink that contained Splenda, the artificial sweetener that had been selling extremely well, especially among women shoppers," reporter Melanie Warner wrote in the New York Times. "So Coke executives went back to the drawing board and in May introduced a drink called Diet Coke With Splenda. The company used the name Coke Zero on another new drink a month later."

Now, by introducing Altern, Wal-Mart could be bringing its considerable leverage to bear against Splenda. Officials with both Tate & Lyle and McNeil said they won't be intimidated.

"Splenda is the No. 1 one sweetener in the U.S. market, and one in five households are purchasing our products on a regular basis," said McNeil spokesman Michael Beckerich. "We're confident our customers will continue to choose and recommend us. We've built tremendous loyalty."

Industry analysts estimate that the two companies collectively have spent more than \$400 million to build the Splenda brand.

"Now that they're finally recouping some of that investment, they can't let it go without a fight," said Charlie Mills, a London-based analyst who follows Tate & Lyle for the investment bank Credit Suisse First Boston.

For its part, Tate & Lyle said it is analyzing samples of Altern to determine whether the product meets U.S. Food and Drug Administration standards, and whether it infringes on the company's patents. The testing process could take several months, according to the company.

"They've had a relatively easy time keeping competitors out of the market so far, but this could be the first meaningful challenge for them," said Mills. "Altern is a classic, unlabeled copy of an existing product. I expect they'll fight it vigorously. If they don't, it's open season on sucralose."

Inside the London headquarters of Tate & Lyle, they're known as the "six rings of protection" -- the multiple layers of armor the company has constructed around Splenda to protect it from attack.

The barriers include Splenda's reputation as a brand and the stringent regulatory approvals the sweetener has received. They continue with Tate & Lyle's existing production capacity and its manufacturing know-how. The ultimate defense, however, is the company's arsenal of patents.

"We've invested heavily to protect our proprietary position in sucralose," Austin Maguire, president of Tate & Lyle's sucralose division, told investors last fall. Enforcing the company's patents "is a high priority for us," Maguire said, and the company "has a variety of internal and external investigative resources at our disposal to assist in this effort."

Singapore's reputation for strongly enforcing intellectual property rights was a key factor for Tate & Lyle in choosing the country for its new \$174 million sucralose plant. In China, however, the patent process provides the company far less protection than it enjoys in the United States and Europe, according to Tate & Lyle.

U.S. patents are considered the gold standard, giving holders exclusive rights to the American market. While they are powerless outside the country, "they do allow you to stop others from making, selling or importing a product that infringes on your design," said Brigid Quinn, a spokeswoman for the U.S. Patent and Trademark office.

Still, the system isn't perfect. About half of all patents are found to be invalid when challenged in court, according to Dan Ravicher, a patent attorney and president of the New York-based Public Patent Foundation.

"The bottom line is, just because you've got a patent doesn't mean you're protected," Ravicher said.

Tate & Lyle said it has confidence in the strength of its patent portfolio.

"They reckon they've sewn up all viable means of producing sucralose," said Lakin, the London analyst. "I reckon we'll see how well they've done."

March 13, 2006; by Johnathon Knutsen, **The Fargo, N.D. Forum**

RRV Area sugar supports U.S. program

Leaders of the Red River Valley's two sugar beet cooperatives say the U.S. sugar program is fine the way it is.

But they worry the program could be affected by a provision of the North American Free Trade Agreement, which will allow unlimited amounts of Mexican sugar into the United States in 2008.

"We wouldn't want to see many changes. The program provides a stable, affordable supply of sugar, without a cost to the taxpayer," said James Horvath, president of Moorhead-based American Crystal Sugar, which has about 2,900 farmer-shareholders.

Dave Roche, president of Wahpeton, N.D.-based Minn-Dak, which has about 500 farmer-shareholders, also said the sugar program is sound.

Allowing more foreign sugar into the country threatens the U.S. program, said Dennis Olson of the Institute for Agriculture and Trade Policy in Minneapolis.

The sugar program now revolves around managing domestic production and inventories and sugar imports, he said.

The program could collapse if too much foreign sugar comes in, he said.

Rep. Collin Peterson, D-Minn., the ranking Democrat on the House Agriculture committee, is keeping a close eye on the sugar program.

"I don't think any changes are imminent, but you never know," he said.

Horvath said his cooperative grows sugar efficiently and could compete successfully against Mexican sugar, even though the competition would cut into prices and hurt area sugar beet farmers.

"It wouldn't be pretty, but I think we'd win," he said.

Sugar company names new CEO

Statesman staff

Edition Date: 03-14-2006

Dave Budge, a 32-year veteran of the Amalgamated Sugar Co., will become president and chief executive officer effective July 1. He will succeed Ralph Burton, who will retire in July after more than 36 years at Amalgamated Sugar.

Budge, a certified public accountant, has risen through the ranks at Amalgamated Sugar from accounting manager to his most recent position as executive vice president and chief financial officer.

"Dave is a real leader, so when Ralph decided to retire and change the focus of his life, the management committee looked to Dave because of his significant experience in critical roles for our company," said Terry L. Ketterling, chairman of Amalgamated Sugar's management committee. "Ralph's leadership has been unsurpassed and we have every confidence that our company will continue to prosper under Dave's guidance."

Budge, 58, holds a Bachelor of Science degree from Weber State University. He and his wife live in Boise and have four children and seven grandchildren.

Amalgamated Sugar, the processing division of Snake River Sugar Co., employs more than 1,500 people at its facilities, including its largest processing plant in Nampa. The grower-owned cooperative processes sugar beets grown on more than 200,000 acres in Idaho, Oregon and Washington.

Amalgamated is the second largest beet sugar company in the United States with facilities in Nampa, Twin Falls and Paul, Idaho