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*Message from Ray Washmera, President:*

Hello NSIMA Members:

The month of May has come and gone. The major topics have been planting, wet weather, and supply/demand for most major commodities. For corn, it's the wet weather and whether the acreage will get planted. For soybeans, just how much acreage will be planted given corn's present and future situation? For sugar beets, the Red River Valley continues to be the story. Will it get fully planted? An interesting month all told.

Our NSIMA May luncheon was truly a wonderful success. Attendance was very good and our speaker was terrific. Daniel Colacicco, the Director of Dairy and Sweetener Analysis for the USDA, gave us an insightful review of sugar policy and the USDA practices needed to enforce the policy. Questions were plentiful and Dan was most generous with his time, missing his 2:00 pm train even. Everyone agreed it was an excellent meeting.

With summer just around the corner, we must mention our August luncheon is fast approaching. Please mark your calendars and plan to attend. The date is August 5 and Maggiano's Little Italy will be the restaurant. We have an excellent speaker, well known to our industries. Steven Freed, ADM Investor Services, has agreed to speak and we are very pleased that he accepted.

I look forward to seeing you there.

Sincerely,  
Ray Washmera

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## Mexico Scraps Sale of State-Owned Sugar Mills on Low Offers

April 2 (Bloomberg) -- Mexico's government will postpone the sale of 13 sugar mills after rejecting offers that were as much as 70 percent below estimates, said Agriculture Minister [Alberto Cardenas](#).

Bids for four of the mills were below the price the government wanted, Cardenas, 49, said. He declined to say who offered to buy the mills and how much they bid. The 13 mills accounted for about 18 percent of the 5.5 million metric tons produced in Mexico last year.

"I wish we could sell at least these four" said Cardenas, in his Mexico City office yesterday. The current economy makes the divestitures more difficult, he said.

Mexico, which had decided against investing in the mills, wants to sell them to fuel spending in the industry as it seeks to boost production by 13 percent by 2012. Domestic sugar producers want to take advantage of selling sugar to the U.S. after the two countries lifted trade restrictions on the commodity last year.

"These mills require large investments to make the most of them, and of course, we don't have a large enough budget to invest," he said. Each plant may need as much as 800 million pesos (\$57.5 million) for upgrades, he said.

Since 2001, the government has sold 14 mills. Mexico, the sixth-largest producer of the sweetener in 2007, wants to raise output to 6.23 million metric tons in three years and exports to 840,000 tons, according to government estimates. Not selling the mills may make that goal harder to reach.

### Less Profitable

"It seems that the mills that the government still owns are the least profitable, the least productive," said Cardenas, a former governor of Jalisco state, whose family still owns peach orchards there. "We don't want the government to own any sugar mills, it's not our activity, that should be a private-sector activity."

The government expropriated 27 mills in 2001 after talks fell apart with producers on providing loans for upgrades. [Grupo Azucarero Mexico SA](#), owner of six mills at the time, went bankrupt, and protests by sugar-cane cutters for \$500 million in back pay led to mill closures. Today, Mexico has 57 mills.

Mexican producers may increase exports to the U.S. by 50 percent to 750,000 tons in the year that began Oct. 1, Cardenas said. Imperial Sugar Co. Chief Executive Officer [John Charles Sheptor](#) said exports may rise 44 percent in an interview last month.

Raw sugar for May delivery rose 0.06 cent, or 0.5 percent, to 12.73 cents a pound on ICE Futures U.S. in New York yesterday. The price has gained 7.8 percent this year.

### Doha Revival?

Talks between members of the Group of 20 nations in London today may spark a renewal of discussions to revive the Doha trade talks, said Cardenas.

“The main obstacles for a global trade agreement are the subsidies, which are especially large in Europe and the U.S.,” said Cardenas, a former candidate for the National Action Party’s presidential nomination. He lost to President Felipe Calderon.

“Countries need to reduce subsidies to its production and to the transportation,” Cardenas said. “The G-20 leaders may be able to get us closer to revitalize the Doha talks.”

Mexican consumers are paying as much as 12 pesos per kilo (0.39 cents a pound) for sugar, Cardenas said. Mills are selling the sweetener for half that price, or as much as 6 pesos, he said. There may be room for prices to drop for consumers, he said.

### Farmer Payments

Farmers are paid based on the amount of raw sugar produced per ton of cane. Payments are made after the crop year ends. The harvest runs from October to May.

Sugar-cane workers halted shipments to mills during the last two seasons demanding mill owners pay 2 billion pesos in back pay. The government stepped in last September and offered to pay subsidy of 145 pesos per ton to sugar- cane producers. The government also agreed to set up a pricing system that will be adopted by 2011.

<http://www.slate.com/id/2216796/>

April 28, 2009; By Daniel Engber, [www.slate.com](http://www.slate.com)

## Dark Sugar - The decline and fall of high-fructose corn syrup.

High-fructose corn syrup first started [trickling into our food supply](#) about 40 years ago; by 1984, it was flowing from just about every soda fountain in the country. These days HFCS accounts for almost half of all the added sugars in the U.S. diet, but the corn Niagara may soon be over. Last week, PepsiCo became the latest manufacturer to turn its back on America's sweetener, introducing [three new soft drinks](#)—Pepsi Natural, Pepsi Throwback, and Mountain Dew Throwback—sweetened with a "natural" blend of cane and beet sugars. Next week, Snapple will roll out its [most expensive advertising campaign ever](#) to promote a "natural" line of tea drinks brewed with ["real" cane sugar](#). Pizza Hut, Kraft Foods, and ConAgra have also [made the switch](#) in recent months. Not even a [\\$30 million multimedia campaign](#) from the Corn Refiners Association has done much to [reverse the trend](#).

The case against HFCS comprises the three cardinal claims of food politics: Like other villainous ingredients—trans fat and artificial food dye come to mind—high-fructose corn syrup is accused of being at once *unhealthy*, *unnatural*, and *unappetizing*. (These might be described as the [Hippocratic, Platonic, and Epicurean](#) tines of the foodie movement.) While none of these claims is completely wrong when it comes to corn sweetener, none is quite right, either.

Our fear of high-fructose corn syrup seems to have arisen from some very real concerns over the health effects of fructose, one of its principal components. The ingestion of glucose, another basic sugar, is known to stimulate the release of body chemicals that regulate food intake. Fructose, on the other hand, does little to suppress your appetite, and it seems to be preferentially associated with the formation of new fat cells. A growing body of research has led some scientists to wonder whether the increased consumption of fructose over the past few decades might be [responsible for rising rates of obesity](#).

More damning evidence against fructose emerged just last week in an [important study](#) from the Journal of Clinical Investigation. Researchers in California recruited volunteers to drink a glass of Kool-Aid with every meal for 10 weeks; half took their soft drinks sweetened with fructose, the other half with glucose. By the end of the study period, both groups had put on weight, but the subjects getting fructose had more visceral fat—the kind that adheres to our organs and is associated with heightened risk for atherosclerosis, cardiovascular disease, and type 2 diabetes. The fructose group also showed higher levels of [LDL cholesterol](#) and lower [insulin sensitivity](#). (One flaw in the Kool-Aid study: Fructose is much sweeter than glucose, so in the real world you wouldn't need as much of it to sweeten your drink.)

So there's every reason to believe that fructose is worse for you than glucose, at least taken pound-for-pound. But it's another thing altogether to suggest that high-fructose corn syrup is worse for you than other caloric sweeteners. Despite its name, HFCS doesn't contain much more fructose than table sugar—the product refined from beets or sugar cane. The stuff we put in our coffee, called sucrose, is a mixture of 50 percent fructose and 50 percent glucose, while the corn syrup used in soft drinks is 55 percent fructose and 42 percent glucose. (The sugar ratio in HFCS is about the same as in honey.) If fructose were really the source of all evil, then HFCS would be only marginally more sinful than "real" cane sugar. Indeed, the authors of the study published last week don't distinguish between the two sweeteners: Corn syrup and sugar could be equally bad, they argue, since both contain significant quantities of fructose: "Additional studies are needed to compare the long-term effects of consuming HFCS and/or sucrose with 100% fructose."

There may be other reasons to blame obesity in the United States on high-fructose corn syrup. According to a [critique](#) popularized by Michael Pollan, the development of HFCS allowed cheap, subsidized corn to be converted into cheap, subsidized sugar. Food processors plumped up with empty calories, and America got fat. But it's not clear we'd be consuming any less sweetener if corn weren't so cheap and plentiful. Since the corn content of HFCS contributes [less than 2 percent](#) (PDF) to the cost of producing a can of soda, the effect of the subsidies amounts to just a few pennies in the retail price. And while the price of corn syrup is kept artificially low by farm subsidies, the prices of other sweeteners are artificially inflated by [tariffs and quotas on imported raw cane sugar and refined sugar](#). In other words, if we wiped out all of our subsidies and trade restrictions, we'd still have plenty of cheap sugar around, and processed foods would be just as caloric. As Tom Philpott [points out](#) in *Grist*, you don't need high-fructose corn syrup to rack up American-style obesity rates: Australia manages [similar numbers](#) with a food industry based largely on [cane sugar](#).

The unwholesome reputation of HFCS has no doubt been exacerbated by the general view that it's less "natural" than other forms of sugar. The notion that anything natural is healthy—and anything artificial is not—seems especially silly when it comes to added sweeteners. If fructose is indeed the problem, we'd do well to avoid the all-natural sweeteners in health-food products and fruit drinks, which often include concentrated apple or pear juices. These are almost [two-thirds fructose](#)—and might be significantly worse for your health than HFCS. (Organic, raw agave nectar could be even more dangerous, containing 90 percent fructose.) In any case, the question of how to classify HFCS is a vexing one, since the highly processed syrup is made from a natural product that grows in the soil. The major argument for designating HFCS as an artificial product relies on the long list of chemicals used to convert corn starch into fructose and glucose. (Two of those chemicals can [transfer trace quantities of mercury](#) into the finished product.) At least one part of the process makes incidental use of a toxic, synthetic fixing agent called [glutaraldehyde](#).

On that basis, consumers have repeatedly tried to sue soft-drink manufacturers for marketing HFCS-sweetened products as "all natural." In 2007, the makers of 7Up and Capri Sun changed the wording of their labels in the face of [legal action](#). A similar lawsuit against Snapple was [tossed out](#) last year, when the judge decided that what can only be described as the metaphysical status of corn syrup was better left up to the bureaucrats at the Food and Drug Administration. The FDA, for its part, finally addressed the matter in mid-2008, ruling in favor of the corn refiners. According to the government, [HFCS can be considered "natural"](#) so long as the glutaraldehyde never comes into physical contact with the syrup.

That ruling has done little to convince the public, though, and the food industry has continued to indulge the notion that corn syrup is fake while cane sugar and beet sugar are real. The makers of new, sugar-sweetened soft drinks inevitably tout their all-natural ingredients—according to the Mintel marketing research group, the "natural" claim was more prominent than any other in 2008, appearing on [23 percent of new food and beverage labels](#).

These same marketing campaigns pander to the widespread and unproven belief that high-fructose corn syrup has an unpleasant flavor. ("Science aside, there's no question that [sugar just plain tastes better](#)," says one prominent food blog.) The vice president of marketing for Snapple announced that the company's decision to change sweeteners "[comes down to delivering great taste](#)"; according to the editor of BevNet.com, an industry publication, cane sugar has a "[much different, cleaner taste](#). ... You don't have that syrupy coat in your mouth after you drink it." This sentiment accounts for the yearly excitement over the [sugar-sweetened, kosher Coke and Pepsi](#) that turn up at the supermarket during Passover; HFCS-free Mexican Coke generates similar enthusiasm for its supposedly [better taste](#).

Some flavor experts are skeptical, though. They point out that the formulation of high-fructose corn syrup was precisely calibrated to mimic the taste of sucrose before it was subbed into soft drinks in the early 1980s. (Coca-Cola spokesmen have been particularly adamant that there is no perceivable taste difference between the two.)

Scientists have tried to evaluate the relative flavors of pure sugars: A 1996 study, for example, found that fructose, glucose, and sucrose were [indistinguishable](#) as long as doses were matched for sweetness intensity. Other research suggests that the taste of fructose has a quicker onset while the taste of glucose builds slowly and tends to linger. But no readily available studies have compared the flavor profiles of sucrose and HFCS.

That said, widespread anecdotal reports suggest that people really can tell the difference between sugar-sweetened and HFCS-sweetened colas. (I'm pretty sure I can taste it myself.) What's less clear is whether one is really any better than the other. Despite the enthusiasm for sugar-sweetened Coke and all-natural iced tea, informal taste tests have yielded ambiguous results. In a street survey conducted by the Toronto Star, [most passers-by preferred regular Coke](#) to the Passover version; several folks described the latter as tasting like aspartame. A similar confusion beset the Snapple testers at Fast Company: One described the HFCS version as tasting "more natural" while another [dismissed the all-natural version](#) for its "chemical taste."

Let's review: HFCS isn't healthy, but there's no reason to believe it's any worse for you than cane or beet sugar; HFCS is just as "natural" as any other sweetener, at least according to the U.S. government; and while HFCS seems to have a slightly different taste from pure sucrose, many people prefer it. So why are we abandoning high-fructose corn syrup? It doesn't matter how weak each claim is on its own terms; together, they seem irrefutable. You can win over hypochondriacs with one argument, environmentalists with another, and gourmands with a third. That's the beauty of the three-pronged critique: It's customizable. The foodies haven't just killed HFCS—they've stuck a fork in it.

May 6, 2009; by Dan Gunderson, Minnesota Public Radio

## Sugar and corn syrup battle for tastebuds

Sugar is making a comeback. In soft drinks and food, some manufacturers are replacing high fructose corn sweetener with sugar. It's another twist in a long marketing battle between sugar and corn sweetener. The sugar industry is smiling, the corn sweetener industry is crying foul and consumers are still getting the calories.

Moorhead, Minn. — Sugar took a back seat to corn sweetener starting in the 1970s. Corn sweetener was cheaper and increased the shelf life of processed food.

By the 1990s, high fructose corn sweetener was in everything from bread to soft drinks -- especially soft drinks. That's where up to 80 percent of high fructose corn sweetener is consumed.

After years of marketing battles, sugar is winning and corn sweetener is fighting an image of being unhealthy.

In response, some beverage makers are switching back to sugar and touting it as a natural ingredient.

Snapple drinks are in the midst of a major marketing campaign to promote the use of sugar. Pepsi is using sugar in its "Throwback" Pepsi and Mountain Dew.

"Everything is competitive, we all compete for share of stomach if you will," said American Crystal Sugar President David Berg. "For some time most of the beverages in the country were sweetened with corn sweeteners and at this time some of the beverage manufacturers decided they want to take some of that share of stomach and put it back into sugar. We obviously feel good about that."

Berg admits after watching sugar lose market share to corn sweetener, he smiles when he sees ads that now tout the use of sugar.

However, Berg didn't want to talk about many of the other issues at play now, such as how the change might affect the competitive world sugar market.

The switch isn't likely to make sugar beet growers rich. Farmers in Minnesota and North Dakota could see their price for sugar could go up a few cents a pound, but sugar producers in countries like Brazil and Thailand might see more financial benefit.

World sugar prices are lower than U.S. prices, so as demand for sugar grows, the U.S. will allow more sugar imports, driving up world prices.

Economists say the corn sweetener industry could suffer if demand falls, but farmers shouldn't see much effect because there's still strong demand for corn to make ethanol.

However, the corn sweetener industry is fighting back with an ad campaign of its own, pointing out that high fructose corn sweetener is also a natural ingredient.

"Corn growers certainly, as well as corn refiners, are very concerned about the mischaracterization of high fructose corn syrup that are being made in the public domain," said Corn Refiners Association President Audrae Erickson. "Consumers are being misled into thinking it's somehow different from sugar when nutritionally they are both the same."

Erickson won't talk about the financial impact on the corn sweetener industry as manufacturers reduce their demand. But she contends corn sweetener is the victim of bad press.

Some studies have pointed to soft drinks and corn sweetener as a contributor to obesity, but others point to health risks from fructose, which is found in both corn sweetener and sugar.

One study found fructose raises the level of triglycerides in the blood, contributing to heart disease, another found it metabolized differently, increasing the risk of diabetes.

The corn sweetener industry contends those studies are flawed because they only studied fructose, one component of corn sweetener.

Allen Levine, Dean of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota, says it's true many of the studies that found adverse health effects from fructose were based on high doses of pure fructose.

"So it got a bad name, the word fructose," he said. "Now you have high fructose corn sweeteners and it says high fructose. So immediately, the public is going to assume this is bad because fructose may not be so great for you. But it's really close to the same chemical composition as table sugar, sucrose. So it's really misinformation."

Levine says from a nutritional standpoint, sugar has about the same calories as corn sweetener. As a result, he says consumers will still need to limit consumption to avoid adverse health effects.

Levine says it's not clear yet how much of the food and beverage industry will switch from corn sweetener to sugar. He says sugar is still more expensive, but the food industry will respond to consumer demand.

Levine would like to see more research directly comparing the two sweeteners. He says that's the only way to know which sweetener has the fewest health risks.

May 07, 2009; [www.gurufocus.com](http://www.gurufocus.com)

## Imperial Sugar Company Reports Operating Results (10-Q)

Imperial Sugar Company ([IPSU](#)) filed Quarterly Report for the period ended 2009-03-31.

The Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States and a major sugar distributor to the foodservice market. Imperial Sugar has been recognized and trusted in the food industry for more than 150 years as the company's history dates back to the mid-1800s. With packaging and refining facilities across the nation the Company markets products nationally under the Imperial Dixie Crystals Spreckels Pioneer Holly and Wholesome Sweeteners brands. Imperial Sugar Company has a market cap of \$89.6 million; its shares were traded at around \$7.49 with and P/S ratio of 0.1. The dividend yield of Imperial Sugar Company stocks is 3.8%.

### ***Highlight of Business Operations:***

In the current quarter, we reported a loss from continuing operations of \$12.6 million or \$1.07 per diluted share, compared to a loss of \$15.5 million or \$1.33 per diluted share during the second fiscal quarter of the prior year. For the six months of the current year, we reported a loss from continuing operations of \$13.2 million or \$1.12 per diluted share, compared to a loss of \$3.3 million or \$0.28 per diluted share last year. Refinery explosion related charges (as described in Note 2 to the Consolidated Financial Statements) resulted in net pre-tax charges of \$4.9 million in the current quarter and \$8.2 million in the current year as compared to \$12.1 million for the second quarter and six months ended last year. We discuss these and other factors in more detail below. These results do not include any recoveries for lost income under the business interruption portion of the Company's property insurance policy.

We incurred costs related to the refinery accident of \$14.2 million in the quarter and \$29.2 million for the year and have accrued insurance recoveries totaling \$9.3 million and \$21.0 million for the same periods, resulting in a net charge to operations of \$4.9 million for the quarter and \$8.2 million for the year. Details of the costs incurred and the status of insurance recoveries is provided in Note 2 to the Consolidated Financial Statements.

As a result of the foregoing, operating loss was \$21.2 million for the quarter and \$22.9 million for the year compared to operating loss of \$21.9 million in the prior year quarter and \$18.3 million for the prior year.

At March 31, 2009, the Company had cash and cash equivalents of \$79.5 million. Additionally, the Company has a revolving credit agreement with Bank of America, N.A. (the "Revolver") which provides for up to \$100 million (subject to a borrowing base) of senior secured revolving credit loans. At March 31, 2009, we had \$30.0 million of outstanding borrowings and had the capacity under the borrowing base formula to borrow an additional \$59.3 million against inventory and receivables, after deducting outstanding letters of credit totaling \$5.9 million.

As of April 30, 2009, we had outstanding revolver borrowings of \$30 million, undrawn available revolver capacity of \$64.0 million and \$63.0 million of cash and cash equivalents after \$66.8 million of spending on the Port Wentworth rebuild.

Our capital expenditures for the six months ended March 31, 2009 were \$50.0 million including \$46.2 million relating to the Port Wentworth refinery rebuild. As of March 31, 2009, we have expended \$54.5 million on the Port Wentworth rebuild project. Capital expenditures in fiscal 2009, excluding the Port Wentworth rebuild, are expected to total between \$15 million and \$20 million, related primarily to normal equipment replacement, product quality and safety improvements.

[Read the The complete Report](#)

May 14, 2009; By Scott Kraus, Ag Weekly

## Beet planting wraps up

Spring has been better to Idaho sugar beet growers this year than last, said an official for Amalgamated Sugar Co. in Boise.

Last year, cold and windy weather forced farmers in the grower-owned cooperative in which includes producers from Idaho, Washington and Oregon to replant 17,000 acres. But this year, replanting has been only slightly higher than usual at 6.5-7 percent of acres, said John Schorr, corporate director of agriculture.

"Nothing as bad as last year," he said. He said this spring has been cold. But the winds haven't been nearly as strong as in 2008. "Last year we just had day after day after day of storms," Schorr said. "This year we've had some, but not day after day."

In all, company growers planted about 175,000 acres. That compares to last year's figure of about 123,000. The company has planted considerably more acres in the past. But it has enjoyed steadily higher yields. So taking that into account, the 175,000 acres is enough to fill the company's sales allotments and match its production capacity. "That's what we were shooting for; that's what we expected and that's what we need for our markets," Schorr said.

Meanwhile, probably all the co-op's farmers this year planted Roundup Ready beets. The beets, which are genetically enhanced to allow the use of the herbicide Roundup, were used companywide for the first time last year.

And the Roundup beets seemed to perform well last year, despite the adverse spring weather, said Jeff Henry, who grows beets in the Eden area. Roundup controls weeds well. And it doesn't stress the beets and stall growth, as happens with herbicides needed for conventional beets.

"Anybody who had them saw the benefit of having them," he said.

But while weather losses haven't been as widespread this year, he said frost and wind damage has happened in pockets. He had to replant about 400 acres of beets this year, about as many as last year. And a recent frost may require more replanting.

"It's about a duplicate of last year for me," he said.

Meanwhile, the new 2008 sugar program has worked well so far, said Mark Duffin, executive director of the Idaho Sugar Beet Growers Association in Boise.

Under the program, the government matches sales to demand so producers profit from the marketplace, and avoid the need for taxpayer subsidies. And under the new program, the government will divert excess sugar that comes from Mexico, which can sell an unlimited amount here now under the North American Free Trade Agreement, to ethanol plants.

So far, the government hasn't let in an oversupply of foreign sugar that has hurt prices, as has happened in the past.

"We've felt good so far about the way the USDA has monitored the supply situation and managed the import quota," Duffin said.

May 15, 2009; By Jonathan Bardelline, REUTERS

## **Coca-Cola to Test Dasani Bottles Made with Sugar Cane, Molasses**

First Coca-Cola started adding recycled content to bottles, and now it's putting in sugar cane and molasses.

The company has announced it's developed a bottle made partially with plant derivatives, and is going to test it in select markets later this year with Dasani and sparkling waters. Next year Coca-Cola plans to start bottling Vitamin Water in it as well.

I don't particularly agree with the name they've given the bottle, the PlantBottle, seeing as how the bottles contains only "up to 30 percent plant-based materials," according to the company. But production of the bottle puts out 25 percent fewer carbon emissions than all-plastic bottles, based on a life-cycle analysis conducted by Imperial College London.

And even though it contains bioplastic, Coca-Cola says it can be recycled through typical recycling systems without contaminating other plastics, a concern that has been raised in the past as other companies introduce bio-bottles.

Coca-Cola's bottle is made with byproducts of sugar cane production, sourced from Brazil and India, and the company has "focused on sustainable agriculture in selecting our suppliers," said Lisa Manley, Coca-Cola's director of sustainability communications.

Taking a long-term view, the company plans to eventually make bottles with 100 percent plant materials, and is eyeing wood chips, corn stover and wheat stalks as possible bottle materials.

May 15, 2009; by Ryan Findlay, Michigan Farm News

## Will ethanol hit the 'blend wall'?

Currently, most gasoline nationwide is blended at a 10 percent rate (E-10). Efforts are being made to raise the blend rate beyond E-10 because there is concern the industry in the near future may hit the 'blend wall.'

**This is the point at which the amount of ethanol produced nationally will exceed the ability of the market to absorb it at the E-10 or E-85 levels.**

For any ethanol blends higher than 10 percent to be used (not including E-85), the EPA must issue a waiver. Under statutory requirements, when a waiver request is made to increase the blend level, EPA must allow public comment and then rule on the higher ethanol blend waiver request. EPA is accepting public comment until May 21 on a request from the ethanol industry to increase the blend level from 10 percent to 15 percent.

It is important to note that the blend rate request does not impact the Renewable Fuel Standard (RFS). The RFS requires that 15 billion gallons of starch (corn)-based ethanol be produced annually in 2015. The ethanol blend rate impacts the consumption of the RFS mandate. Farm Bureau policy supports increasing the ethanol blending standard to a level higher than 10 percent.

Michigan agriculture is encouraged to submit comments on the increased ethanol blend rate proposal.

Comments must be submitted to EPA by May 21.

Comments can be submitted via fax at (202) 566-1741;  
Email [a-and-r-docket@epa.gov](mailto:a-and-r-docket@epa.gov);

or mail (please include two copies) to:  
Air and Radiation Docket  
Docket ID No. EPA-HQ-OAR-2009-0211  
Environmental Protection Agency  
Mail code: 6102T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Farmers are encouraged to provide insight on how they are involved in or impacted by the ethanol industry. The talking points below may be incorporated into your comments.

- Moving to higher blends of ethanol is crucial to the sustained health and expansion of corn and cellulosic ethanol production in the U.S.
- Increasing the ethanol blend level will allow the U.S. to promote environmental protection, help create jobs and become less dependent on foreign oil.
- The agricultural sector strongly believes biofuels are key components to helping increase our nation's energy security.
- Science overwhelmingly supports E 15 – in fact, there has been more testing of E 15 than any other fuel additive in the history of the EPA waiver process.
- Oak Ridge National Laboratory researchers for the Department of Energy (DOE) concluded that when compared to traditional gasoline, E 15 caused no significant changes in vehicle tailpipe emissions or drivability.
- The recent Minnesota Drivability Study presents data that using E 15 results in no difference in drivability compared to gasoline.
- A report studying blends ranging from E 10 -E85, prepared for the Energy & Environmental Research Center and Minnesota Center for Automotive Research for American Coalition, found exhaust emissions levels for all vehicles at all blend levels were within the applicable Clean Air Act standards.

May 16, 2009; By Gabriel Saldana, The Brownsville Herald

## Port of Harlingen opens new sugar warehouse

HARLINGEN - A new sugar warehouse at the Port of Harlingen means lower costs and more effective shipping methods for growers.

The Sam Sparks Warehouse, at 60,000 square feet and 60 feet tall, can hold about 36,000 tons of sugar, according to Steve B. Bearden, CEO of the Rio Grande Valley Sugar Growers Inc.

The warehouse allows for daily sugar shipments from the mill in Santa Rosa. The lack of loading-site storage space previously limited the amount of sugar that could be taken to the port each day, Bearden said.

"We would hire trucks every two to three weeks when the barge train came in," he said. "We would dump it out on the dock ... put it into a conveyer and load the barge. It was very slow and if it rained we'd have all the sugar out there on the dock and it was a mess."

Bearden said sugar barges travel up the Arroyo Colorado, into the Gulf Intracoastal Waterway and along the Mississippi River to Chalmette, Louisiana, where it is turned into Domino brand sugar.

And weather is no longer an obstacle with the covered warehouse.

"Now we can store it here ... available for barges ... under cover," he said. "It's an all-weather facility. This has just been wonderful."

The warehouse, which has been in use since January, is the result of two years of planning with the Port of Harlingen, said Sam Sparks, former Rio Grande Valley Sugar Growers president and the man for whom the facility is named.

He said storage possibilities with the warehouse, coupled with that of the Santa Rosa facility of about the same size, has made it easier for the co-op to adhere to shipping deadlines.

"Domino wants to receive our sugar over a 12-month period, but we produce our sugar in a five- or six-month period," he said.

Altogether, the warehouse is expected to save the co-op about \$320,000 each year.

"Our intention was to save enough to make the lease payment on the facility and haul (the sugar) down here," Bearden said.

Port of Harlingen Director Butch Palmer said he is happy to welcome the new facility to the port.

"It's nice to have another tenant out here and they're paying us rent for the building," he said. "It's going to help them cut down some of their costs."

Harlingen City Commissioner Larry Galbreath said the new warehouse is a positive addition to the Valley's agricultural industry. "With modern technology you get more production and better use of what you have," he said. "You just look at the technology going on here and you realize, 'this is pretty cool.' "Just look at that," he said, referring to a 60-foot mountain of sugar.

May 17, 2009; By Kathrine Schmidt, [www.dailycomet.com](http://www.dailycomet.com)

## Deal would put growers in refining business

THIBODAUX - A marketing board that includes sugar growers and processors is working on a joint venture to get into the refining business for the first time. Louisiana Sugar Cane Products International is working with international food producer Cargill and Imperial Sugar to build a \$250 million refinery expansion to Imperial's 110-year old Colonial Refinery in Gramercy. The improvement would increase the capacity by a million tons annually. The group includes seven sugar processors, including the St. Mary Sugar Co-op, Lafourche Sugars in Raceland and Lula-Westfield in Paincourtville, and represents about 75 percent of Louisiana's sugar-cane crop.

"As we looked at the future of the sugar cane industry, we knew we had to get into refining," said Lonnie Champagne, general manager of Louisiana Sugar Cane Products International, which also calls itself SUGARS, adding that only two refinery companies remain in the state. "Right now, we only have two customers. That's pretty dangerous."

Once dominant throughout south Louisiana, sugar growers and processors have long seen their industry threatened by dramatically rising costs and cheaper imports. But prices for refined white sugar have outpaced those of raw sugar. The deal would allow farmers to share in higher prices of raw sugar as well as gain access to consumer markets of Imperial, a Sugar Land, Texas-based company that makes sweetener products.

"This is the best deal to the Louisiana farmer to stay in business by cutting out the middleman and controlling your final price," said Ronald Guillotte, general manager at the St. Mary Co-op, which includes about 100 growers and landlords. "Their income will be dependent on what the consumers are paying, not just what the refiner wants to pay." The idea has been in the works for five to six years, but plans for a plant in St. John Parish fell through.

Roads and other infrastructure near the 250-acre Gramercy site drew the project there, said St. James Parish President Dale Hymel. "It just made more sense to partner up with one that's already there," Hymel said,

The parish has already gotten approval to sell \$100 million in bonds to help to finance the project, which he said could create between five and 20 jobs. Champagne said the groups are still looking for \$180 million from banks to finance the rest of the project, a quest made more difficult by a shaky economy.

"There's no question it's been more of a challenge to line up the financing because of what banks are going through right now," said Bill Brady, spokesman for the Minneapolis-based Cargill. "Over the long term, we feel good about the possibilities for this joint venture. The long-term health of the sugar industry would be well-served."

Integrating refining isn't the only new model that has emerged as the sugar-growing industry looks to reinvent itself to cope with new economic conditions. "All of the industry is looking for different ways to increase revenue per acre," said Jim Simon of Thibodaux's American Sugar Cane League.

Raceland Raw Sugars, owned by the Patoutville-based M.A. Patout Co., has taken a different approach to up its return on acreage planted: Alternative-energy projects using bagasse, or a byproduct of the sugar-grinding process. Representatives of Patout did not return calls seeking comment.

Wallace "Dickie" Ellender III, an independent sugar grower in Terrebonne Parish, said he would be at competitive disadvantage if the deal was successful, but a new model could help the business overall. "I hope they can achieve that," he said. "I hope it works. It'd be great for the Louisiana sugar industry."



# NEWS RELEASE

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Release No. 0175.09 Contact: Kent Politsch (202)720-7163 USDA Reallocates Surplus 2009 Fiscal Year Beet and Cane Sugar Marketing Allotments *Action Will Help Expand Marketing and Increase Availability of Domestically -Produced Sugar*

WASHINGTON, May 19, 2009 - The U.S. Department of Agriculture's Commodity Credit Corporation (CCC) today announced the reassignment of projected surplus beet and cane sugar marketing allotments and allocations under the fiscal year (FY) 2009 Sugar Marketing Allotment program. "We are taking this action today to help sugar processors expand their marketing efforts, which will help increase the availability of domestically-produced sugar," said Agriculture Secretary Tom Vilsack.

Sugar marketing allocations of the allotments were transferred from processors with insufficient supply to those processors who had more sugar supply than allocation. This reassignment will substantially increase the available supplies of domestically produced refined beet sugar. Before the reassignment, the marketing allotment program was preventing several domestic beet processors from marketing all of their beet sugar production.

CCC also announced, subject to further proceedings, it is redistributing a portion of the American Crystal Sugar Company's allocation to other sugar beet processors in response to legal proceedings contesting the transfer of sugar marketing allocation from the Pacific Northwest Sugar Company to the American Crystal Sugar Company. This redistribution does not affect the net aggregate beet sugar allotment for fiscal year (FY) 2009 given the current supply situation. However, this redistribution will be considered a permanent allotment transfer for future years. The legal proceedings resulted in an 82,425 ton net decrease in American Crystal Sugar's allocation, and a corresponding increase, on a pro-rata basis, to the other sugar beet processors.

The FY 2009 beet and cane sector allotments are larger than can be fulfilled by domestically-produced beet and cane sugar, so the remaining sector surpluses were reassigned to raw sugar imports as required by law. The surplus allotments were allocated to imports that were already expected under the latest World Agricultural Supply and Demand Estimates (WASDE) report; thus, there will be no increase in projected raw sugar imports due to this reassignment.

CCC announced the FY 2009 overall allotment quantity (OAQ) and company allocations on Sept. 30, 2008. At the midpoint of the fiscal year, CCC reviewed the expected use of the company allocations relative to their sugar supply and today's announcement is a result of that review. CCC evaluated each company's current inventories, estimated production, expected marketings, and other factors affecting a sugar beet or sugarcane processor's ability to market its full allocation.

Based on data supplied by the processors, the beet sector will be unable to market 198,073 tons of its current sugar marketing allotment. The beet sugar allotment will be reduced by this amount to 4,652,664 tons. Raw cane sugar processors are expected to have a sugar marketing allotment surplus of 561,510 tons. The cane sugar allotment will be reduced by this amount to 3,512,752 tons. Due to uncertainties that still exist in forecasting each company's and sector's FY 2009 sugar production, more allocation is left with the companies than is expected to finally be used in FY 2009. Further reassignments are likely.

The revised 2009 crop year beet and cane sugar marketing allotments and processor allocations are listed in this table: (pdf): [http://www.usda.gov/documents/5-18-09Sugar\\_Release.pdf](http://www.usda.gov/documents/5-18-09Sugar_Release.pdf)

The sums of individual entries may not match totals due to rounding. For more information, contact Barbara Fecso at (202) 720-4146, [barbara.fecso@wdc.usda.gov](mailto:barbara.fecso@wdc.usda.gov).

<http://www.tradingmarkets.com/.site/news/Stock%20News/2336219/>

May 19, 2009; By Bill Tomson, Dow Jones Newswires

# US Sugar Farmers Can't Fill Govt Production Allotments

WASHINGTON, May 19, 2009 (Dow Jones [Commodities](#) News via Comtex)

Cane and beet sugar farmers in the U.S. won't be able to produce enough sugar to fill government-assigned production allotments this year, the U.S. Department of Agriculture said Tuesday.

"The FY 2009 beet and cane sector allotments are larger than can be fulfilled by domestically produced beet and cane sugar, so the remaining sector surpluses were reassigned to raw sugar imports as required by law," the USDA said in a statement.

Total domestic beet and cane production allocation being switched for imports is 759,583 short tons, raw value.

The foreign sugar coming in to fill those allotments would be coming in anyway, though, the USDA said, so "there will be no increase in projected raw sugar imports due to this reassignment."

However, the USDA added, "Further reassignments are likely."

Every year the USDA sets the amount of the domestic food market for sugar, called the overall allotment quantity, or OAQ, that is reserved for U.S. sugar producers.

Individual U.S. producers are assigned a portion, or an allotment, of the OAQ. If they grow more than the allotment, those extra "block" stocks traditionally cannot be sold for food usage.

Beet sugar production will fall short of its overall allotment by 198,073 tons and cane sugar production will fall short by 561,510 tons, the USDA said.

Beyond the overall allotment switch to imports, the USDA is also taking away some individual domestic allotments assigned to producers "with insufficient supply" and transferring them to those who "had more sugar supply than allocation."

"We are taking this action today to help sugar [processors](#) expand their marketing efforts, which will help increase the availability of domestically produced sugar," USDA Secretary Tom Vilsack said in the statement.

## Summer corn, how sweet it is

MEMORIAL DAY REPRESENTS the unofficial summer season kickoff. And one veggie rounds out an outdoor celebration better than any other — sweet, sweeter and super sweet fresh corn-on-the-cob. Corn, native to the Americas, has a long and interesting history. But for today, let's fast forward about 5,000 years to the late 1940s. Up until then, all varieties, whether a standard or a hybrid seed, shared a common, regrettable characteristic. Namely, the sugar stored in the kernel began turning to starch as soon as the ear was snatched from the stalk. Within 24 hours, the creamy sweetness can turn to starchy blandness. Not a pleasant dining experience.

But in the late 1950s, after 10 years of breeding, the first variety of super sweet corn was available. Because of its genetic makeup, this bionic corn is almost twice as sweet as regular corn. In addition, it can be held on the stalk longer, and can be stored off the stalk longer and still retain its just-picked sweetness. Super sweets will last a good week or longer if kept cold.

One drawback some folks tag on the super sweets is that they are too sweet and lack that familiar creaminess of the old standbys. True, they are a might crunchy, and the lack of starch contributes to a rougher texture, but hey, that's a small price to pay for really sweet, sweet corn. Shall we confuse the issue a bit more? In the late '70s another sweeter than normal type of corn was introduced. This "sugar enhanced" type was not quite as sweet as its older, super sweet kin, but it did have more of a traditional creaminess and less of a crunch to it. These types also can hold their peak flavor for a longer period of time, (but more like 3-5 days instead of 7-10 days for the true super sweets.)

Currently, the King of Corn will not be decided between the "old" corn and the new, but rather between the two new super sweet categories. Florida, an important supplier outside of the Golden State, has 95 percent of its production in one or the other super sweet types. The old, starchy standbys are old news in that state.

So how do you tell one from another without having a degree in plant pathology? Don't expect a produce person to be much help, the packing boxes don't say what variety it is. And even the produce wholesalers don't generally get that info. What I've noticed is that everything gets lumped into the "super sweet" category.

But no matter, the true test is the taste test. Muscle up some courage to ask for a raw taste. Good raw — great cooked. Starchy raw — compost pile candidate.

Short of tasting it, a good ear should be filled to the tip with plump, healthy looking kernels. The husks should be green with no signs of yellowing. The stem should show no signs of decay. I don't bother about goopy looking tassels, as corn is packed in ice and because of that, said foliage "melts" quite quickly.

To celebrate the corn season this Memorial Day, throw a couple ears on the barby! If you choose, peel back the husks, de-silk the ear then soak them for a half-hour in cold water. Carefully blaze them for 10 minutes or so, and chow down!

The new breed of super sweet corn comes in all flavors — yellow, white and for those who wish to make a real fashion statement, bicolor (80 percent yellow kernels speckled with 20 percent white). During the early spring, our supplies come from Florida and Mexico. The California season started about two weeks ago with the kernels originating out of the Imperial Valley (Mexican border) and also the Coachella Valley (a bit farther north, Palm Springs ways). Our local supply out of Brentwood should be here shortly.

5/21/09--Effective immediately, Domino pricing increased \$2 cwt for 2010

**5/21/09 Domino Announcement IND-37**

Bulk Extra Fine Granulated---All Refineries----\$33.00 cwt. effective immediately  
Period: January 1, 2010 thru December 31, 2010

Note: This is an increase of \$2 cwt. over the 2/17/09 Domino Announcement IND-35 for bulk sugar which was also for the same period of January 1, 2010 thru December 31, 2010.

**5/21/09 Domino Announcement IND-38**

Announcement IND-38 shows Industrial grade products pricing for the period of January 1, 2010 thru December 31, 2010---all at an increase of \$2 cwt. per item over the 2/17/09 Domino Announcement IND-36 which also was for the same period of January 1, 2010 thru December 31, 2010.

May 21, 2009---United Sugars Corp. Industrial Announcement  
Effective immediately, our prices for industrial grade Sugar products  
for the period of January 1, 2010 thru December 31, 2010  
will be based upon the following:

**Bulk Extra Fine Granulated**

Red River Valley-----\$33.00 (Bulk Basis)  
Clewiston, FL-----\$33.00 (Bulk Basis)

*Domino Foods, Inc.* Domino



May 21, 2009

**ANNOUNCEMENT**  
**TO OUR INDUSTRIAL TRADE AND BROKERS**

**Announcement IND-37**

Effective immediately for the period January 1, 2010 to December 31, 2010:

**Bulk Extra Fine Granulated**

All Refineries \$33.00

Pricing is quoted per cwt. (dry basis), FOB Refinery. All orders are subject to confirmation.

These prices are subject to withdrawal without prior notice.

Fuel surcharge as applicable.

Pallet charges are \$8.00 per pallet.

Purchases are subject to Domino Foods, Inc. Standard Terms and Conditions, available at [www.dominosugar.com](http://www.dominosugar.com).

Please contact your sales representative for further information.

**Domino Foods, Inc.**

May 21, 2009

**ANNOUNCEMENT**  
**TO OUR INDUSTRIAL TRADE AND BROKERS**

**Announcement IND-38**

Effective immediately, our prices for Industrial grade products for the period January 1, 2010 to December 31, 2010 are as follows:

<b><u>Product</u></b>	<b><u>FOB Shipping Location</u></b>
Totes EFG	\$35.50
100lb EFG	\$35.50
100lb Bottlers	\$36.00
100lb Canners	\$36.00
100lb Fruit	\$36.50
100lb Bakers Special	\$37.00
100lb 6X	\$37.50
100lb 10X	\$38.00
100lb 12X	\$38.50
100lb Light Brown	\$39.00
100lb Dark Brown	\$39.00
100lb Standard	\$45.50
100lb Medium	\$44.50
100lb Medium Fine	\$44.50
100lb Sanding	\$44.50
100lb LCMT	\$46.00
Liquid Sucrose	\$35.00
Medium Invert	\$35.00

50lb Bags add \$1.20/cwt

Pricing is quoted per cwt. (dry basis), FOB Refinery. All orders are subject to confirmation.

These prices are subject to withdrawal without prior notice.

Fuel surcharge as applicable. Pallet charges are \$8.00 per pallet.

Purchases are subject to Domino Foods, Inc. Standard Terms and Conditions, available at [www.dominosugar.com](http://www.dominosugar.com).

Please contact your sales representative for further information.



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May 21, 2009

**ANNOUNCEMENT**  
**TO OUR INDUSTRIAL CUSTOMERS**

Effective immediately, our prices for industrial grade sugar products for the period January 1, 2010 through December 31, 2010 will be based upon the following:

**Bulk Extra Fine Granulated**

Red River Valley	\$33.00 (Bulk Basis)
Clewiston, FL	\$33.00 (Bulk Basis)

Pricing will be quoted per cwt (dry basis), delivered customer location. All orders are subject to confirmation.

These prices are subject to withdrawal without prior notice.

Fuel surcharge as applicable.

Pallet charges are \$8.00 per pallet.

Prices are subject to United Sugars Corporation Standard Terms and Conditions, available from your sales representative.

Normal bag differentials will apply.

Please contact your sales representative for further information.

**United Sugars Corporation**

May 22, 2009; USA Today

## FDA: Pistachio plant knew some nuts were tainted

FRESNO, Calif. (AP) — Food safety inspectors said Friday that the California plant at the center of a salmonella scare knew some of its pistachios were tainted but continued shipping nuts for another six months.

The Food and Drug Administration issued a sweeping national warning in March for consumers to avoid eating pistachios after concerns surfaced about nuts from Setton Pistachio of Terra Bella.

In an inspection report released this week, FDA officials said Setton got results in October showing some of its roasted nuts tested positive for salmonella. But, officials said, it didn't make proper adjustments to its processing procedures and kept shipping out nuts.

Officials haven't said whether Setton will face sanctions.

A Setton spokeswoman didn't immediately return calls seeking comment Friday.

No illnesses have been confirmed as a result of contaminated pistachios.

May 25, 2009; by Mikkel Pates, Agweek.com

## Experts question impact of sugar specialty lines

FARGO, N.D. — Some food and beverage marketers are testing whether consumers want sugar to retake some of the ground lost to high-fructose corn syrup in the past two decades.

The most high-profile recent effort is the marketing of “Throwback” brands of Pepsi-Cola products, including Pepsi and Mountain Dew. The packaging is reminiscent of neon swirl typeface — promoted as containing “natural sugar.” There is no report, yet, about how the campaign is going.

Pepsi Throwback products occupied a small place at the bottom of shelves in both Hornbacher’s and SunMart stores in Fargo, N.D. — both priced on special at four 12-packs for \$12, or 25 cents a can.

Nicole Bradley, a spokeswoman for Pepsi-Cola North America Beverages, asked how the promotion was going at its halfway point, didn’t offer numbers but said, the “Throwback beverages have been very popular with consumers.” At the roll-out, Bradley told food and beverage writers the product gives a “nod to the fun things off the past” or a “new twist” on favorite brands. The introduction of the product and others has created some question whether sugar may have some resurgence in the market.

Any increased use of sugar would be good news for three companies in the region — American Crystal Sugar Co., a farmer-owned cooperative in Moorhead, Minn., has five factories that produce granulated sugar from sugar beets. Minn-Dak Farmers Co-op of Wahpeton, N.D., has another factory, and still another is at Southern Minnesota Beet Sugar Co-op of Renville, Minn.

It would take a lot for this to represent a significant trend. Per capita, U.S. refined sugar deliveries are about 62 pounds per person per year, while high-fructose corn syrup deliveries on an equal basis is about 56 pounds.

### **Health myths?**

While HFCS has accumulated some negative press for its purported influence to make diabetes worse, scientists are saying otherwise.

One nationally known expert is John S. White, a biochemist from Illinois and founder of White Technical Research, published in the American Journal of Clinical Nutrition and the Journal of Nutrition. He’s worked with the beverage industry and who says flatly that there is “no nutritional advantage to substituting sugar” for high-fructose corn syrup.

White says sweeteners only accounts for about 10 percent of the calories, while the human studies of fructose increased that to 15 percent to 30 percent, and animal took it as high as 60 percent to 65 percent.

Ample studies in the past few years demonstrate no metabolic differences between the two, and how they're handled in the body, White says. "The body can't tell whether what you're drinking contains one or the other," he says. "The idea of substituting sugar for high-fructose corn syrup is simply a marketing decision. There's no science to substantiate it."

White also sees the promotion of "natural" as "a ruse, an exaggerated construct that is argued by many who are not familiar with the realities of things." "I defy you to put a sugar beet in a glass of water and call that a good sweetener. I defy you to put sugar cane in a glass of water, just as you can't put corn in a glass of water" and sweeten it. "These are all botanical products and they all require a certain amount of refining to produce a sweetener that is suitable for use."

White says that to say sugar is a natural product is "useful to the sugar industry" but "doesn't reflect the realities of the production of these things." He notes that high-fructose corn syrup satisfied the Food and Drug Administration regulation for "natural" labeling about a year ago.

### **Sweet chemistry**

White says he's seen the concept that high-fructose corn syrup is sweeter than sugar, but he says "that is also a myth." He notes that in the initial conversions of soda pop beverages from sugar to corn sweetener that took place in the 1980s, "great pains were taken to make sure that both high-fructose corn syrup and sugar had the same sweetness." The companies ran taste panels with consumers and did their own research until they were "convinced the formulations didn't taste different," he says.

He says there may be "some individuals" who can taste differences between high-fructose corn syrup and sugar-sweetened products, but they'd have to be "trained in flavor to discern the difference." He says there may be people who have memories of how things tasted when they were young, but, "Memories of when we were children fade with time."

Further, there is the biochemical issue. Both high-fructose corn syrup and sugar are similar in that both have about half "fructose" and half "glucose." "Sucrose," or sugar, is a disaccharide — with the two sugars linked together. In high-fructose corn syrup, the fructose and glucose are separated, as monosaccharides. "Some say this is an important difference, but before sucrose can be absorbed into the blood stream, the two are apart — they are identical," White says. "That's what's in the blood. That's what the body has to handle."

When a soft drink is made out of sugar, the bonds are complete. But as it usually takes a month or two before the product is consumed, and by that time the bond is broken. Typically, soft drink has a fairly low pH, meaning it is more acidic than basic.

"It has some phosphoric or citric acid in it, and the pH is low enough so the acid breaks the bond between the fructose and glucose," White says. "This takes place over time, and the warmer the storage is, the more complete that is. Essentially, as this bond is

hydrolyzed, you get the fructose and glucose as 'free' sugars, which is essentially the same as high-fructose corn syrup. This is another reason to believe there is no nutritional advantage for sugar."

Meanwhile, high-fructose corn syrup is likelier to taste the same on day 30 as they do when they're made. White says any of the sweeteners are designed to "give sweetness only" and "don't taste like either corn or sugar cane."

### **Utility, other factors**

One of the clear advantages of high-fructose corn syrup in certain food products is that it is "already a liquid product," White says. "It is very well-suited to soft drinks. If you receive granular sugar, you have to get that into solution in order to make your product. And it takes more energy and manpower to do that than with high-fructose corn syrup." High-fructose corn syrup is about 20 percent water, and a liquid syrup can be off-loaded from a rail car using pumps. White says it is interesting that corn fructose was initially intended to be a liquid sweetener alternative to sugar. "In that respect you might call it corn 'sugar.' You've got beet and cane."

In the same way, beet and cane sugar has some functional advantages.

Pepsi isn't the only company promoting sugar in its products, as opposed to high-fructose corn syrup. Andy Briscoe of The Sugar Association in Washington says his organization has a list of 100 products that feature sugar, as opposed to corn syrup. He points to Dublin Dr. Pepper of Dublin, Texas, markets its products with "pure cane sugar." There are stories about U.S. distributors who handle "Mexican Coke," which some immigrants are nostalgic for, and some customers think taste better.

Briscoe says the "natural" label is a key to the success of sugar. Sugar still is a little costlier than high-fructose corn syrup, but pricing is closer than ever before.

One of the marketers featuring sugar is Jones Soda Co., of Seattle. The company markets products under the Jones Soda, Jones Pure Cane Soda and other brands. The specialty products are sometimes priced as a premium, and do well in the Midwest, Northwest and eastern Canada, says Conor Gentes, an assistant brand manager for the company.

Gentes says his products have been doing well, but says the sugar content is "just an overall preference. There's not really a whole lot of science saying high-fructose corn syrup is any different on your body than pure cane," he says. "It's just something we prefer to do." He also says there is no particular rationale for using cane sugar vs. beet sugar. "It's just something we prefer to do."

May 29, 2009; By JEFF AMY, AL.Com

## Splenda plant closing to cost company \$175 million

Tate & Lyle PLC said Thursday that it would spend about \$175 million to mothball its Splenda-brand sucralose plant in McIntosh.

The British company said Wednesday that it is closing the 10-year-old facility by March, laying off about 60 workers. The company will shift all sucralose production to its newer Singapore plant, saying that a breakthrough that raised productivity by more than 25 percent allows it to supply all global demand with just one plant.

Chief Executive Iain Ferguson told analysts on a conference call Thursday that the company expects to lay off about half of the plant's 120 workers while transferring many of the process engineers to other facilities. It will keep the remainder as a "core group" that could restart the McIntosh plant if sucralose demand grows faster than the production capacity of the Singapore plant.

The company said it expects to pay \$108 million of those costs in cash, with all \$175 million charged off in the budget year running through March 2010. Savings are expected to repay the cash part of the closing costs within three years.

It is unclear how much of that money would be spent locally.

Though there's a possibility of restart the company expects the plant to be closed for the "foreseeable future." It plans to write off the cost of the current assets, though, saying they can't be moved.

Tate & Lyle has been on an overall cost-cutting drive, including a company-wide wage freeze, and reiterated that the closure would allow it to maintain its lead in the Splenda business, even though it lost a U.S. patent protection case where it was trying to stop imports of sucralose from copycat Chinese manufacturers.

"This action will ensure that we remain the most efficient and the lowest-cost producer of sucralose," the company said.

Tate & Lyle's sucralose business remains much more profitable than the rest of its business, with margins of 42.6 percent. But that profit margin fell from

44.6 percent the year before, and the company warned that "price competition continues in this market from both incumbents and new entrants."

In the year that ended March 31, sucralose sales rose 14 percent to \$305 million. Operating profit rose 9 percent to \$130 million

The company said introductions of products containing Splenda grew 7 percent in 2008, and the product increased its share of the artificial sweetener market, as judged by sales, to 25 percent in the most recent year from 23 percent in the year that ended in March 2008.

Tate & Lyle posted overall profit of \$126 million for the year, down 67 percent from \$338 million in the previous year, in part because of one-time charges. Sales rose to \$6.4 billion, up from \$5.2 billion a year ago, thanks in part to a rise of the U.S. dollar against the British pound.