



Newsletter

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



Issue #7

August 28, 2007

Message from Ray Washmera, President:

Hello All Members;

I hope you have enjoyed your summer and you are rested and ready to go. Because fall is approaching and harvests are near. Even better, baseball's playoffs are approaching and football season is near. It's a great time of the year.

Your NSIMA Board met in Chicago in August and its meeting minutes are attached. A new Board was created and Officers were elected. You will note the meeting was very productive and positive. Your Board is actively trying to offer you, our members, new and better services and I believe we are making progress. I thank our Board members for all they do.

At the luncheon, our guest speaker, Mr. Steve Mesenbring of Roquette Americas, gave a spirited and instructive presentation, called "Healthy Indulgence". It described, reviewed, and offered insight into two convergent food trends. One trend is consumers want to indulge on foods that taste good, which sounds innocent. The rub is the second trend. This trend is consumers also want to eat foods that are healthy and nutritious. There is the rub. Very few foods fit both profiles, especially manufactured foodstuffs. However, there is the opportunity. The opportunity is offering new innovative ingredients, which help the products taste good and are nutritious. The presentation offered much food for thought (no pun intended).

I also thank Mr. Robert Lindon and Mr. Stephen Vuilleumier for their presentations on the sugar and corn sweetener markets. Each time they present, it just gets better and better. Great job, Bob and Steve!

Attached please find the topical articles culled from multiple sources. Enjoy!

Sincerely, Ray Washmera

Also in this issue (Check out the attachments)

[07/25 – Americans are paying more for sugar](#)

[07/25 – Artificial sweetener market driven by obesity concerns](#)

[07/27 – Imperial Sugar Co. Announces Appointment of Greg DeBow as VP](#)

[07/31 – Imperial Sugar Co. says year-to-year comparisons don't tell whole story](#)

[08/02 – \(Western\) Sugar Factory Resumes Operations](#)

[08/03 – Splenda fighting to protect secrets](#)

[08/07 – Sugar cane ethanol's not-so-sweet future](#)

[08/09 – 2007 NSIMA Chicago Board Meeting Minutes](#)

[08/10 – WASDE 449-16](#)

[08/11 – Bitter battle in \(artificial\) sweeteners](#)

[08/15 – Prices for key foods are rising sharply](#)

[08/15 – Seeking the Perfect Sweetener](#)

[08/17 – Sweet deal in \(farm\) bill](#)

[08/21 – Prepile sugar beet harvest getting under way in \(Red River\) valley](#)

[08/21 – Sweet rain drops; water comes at right time for \(Canadian\) sugar beet growers](#)

[08/22 – Biotech Sugar Beets Gaining Approval From Processors](#)

Wednesday, July 25, 2007; By JANE MILZA, ADVANCE STAFF WRITER

Americans are paying more for sugar

People in other countries have been paying two to three times less for more than 25 years

STATEN ISLAND, N.Y. -- Americans continue to use more sugar every year. While they may not realize it, the worst part is that they are paying two to three times as much for sugar as people in other countries -- and it's been going on for more than 25 years.

Price supports mandated by Congress, restrictions on imported sugar and a hold-back on sugar produced within the United States is to blame, according to a report from the Competitive Enterprise Institute, a non-profit, non-partisan public policy group dedicated to the principles of free enterprise and limited government.

The latest report has Congress planning to boost sugar prices even higher.

Speculation is that maybe sugar costs are fueling the latest efforts by sugar-laden food products to latch on to the trend toward reducing their sugar content.

While it's all being done in the name of better nutrition and aid to the health of the American public, in general, it would be interesting to know how much wholesale sugar prices are affecting the manufacturers' decisions to reduce the amount of sugar in their convenience products.

Most consumers agree that in many cases the cutback in sugar in any given food item usually has only a minimal affect on the taste.

Collin Peterson, chairman of the House of Representatives' Agriculture Committee, proposed that the current sugar price support be raised by a half percent per pound for raw cane sugar, and a similar amount for refined beet sugar.

If it goes through, American consumers would be paying an additional \$200 million per year to sweeten their menus, according to a study by Promar International.

Fran Smith, an adjunct fellow at the Competitive Enterprise Institute that keeps track of prices increases notes that "Sugar price supports are a form of corporate welfare."

"The rest of us pay the price, not just for the sugar itself, but in lost jobs and harm to ecologically sensitive areas, such as Florida's Everglades, and losses for small farmers in poor countries."

A Department of Commerce study found that the U.S. sugar program has led to the loss of 10,000 jobs in the candy manufacturing industry between 1997 and 2002.

The new farm bill was reviewed by the House of Representatives and chances are the decision to increase sugar prices will be reflected at retail check-out counters long before the holidays.

Jane Milza is the Advance Food Editor. She can be reached at milza@siadvance.com

25/07/2007 By Louise Prance

Artificial sweetener market driven by obesity concerns

Social and health concerns relating to obesity is driving market growth for the global artificial sweetener market. according to a new report.

Published by [Global Industry Analysts](#), *Artificial Sweeteners: A Global Strategic Business Report* reveals that a worldwide weight reduction effort is stimulating the \$3.5bn global artificial [sweeteners](#) market, of which the US and Europe currently make up 65 per cent.

According to the report, the global sweetener market is currently achieving a compound annual growth rate of 3.7 per cent.

Other key factors driving the market include attempts to create foods for diabetic patients, a growing number of people wanting to cut sugar intake, worries regarding dental care, and an increase in production of diet foods and beverages, said Global Industry Analysts.

Breaking the category down, the global market for [sucralose](#) artificial sweeteners will allegedly grow the fastest, posting a CAGR of around 10 per cent.

This will be followed by the aspartame-based artificial sweetener market, which will most likely reach above and beyond the \$3bn mark in 2008, expanding on its current 50 per cent hold of the global market.

However, a category not faring so well is that of the saccharin artificial sweetener market, which the report claims could be linked to a study conducted in the 1960's that found high doses of the ingredient caused bladder cancer in laboratory rats.

Nevertheless, over 90 nations, including Canada, approve restricted level use of the sweetener following various studies conducted from 1977 to 1991. However, many nations have banned saccharin-based sweeteners altogether.

In the US, the Food and Drug Administration (FDA) continues to approve the use of saccharin, along with four other sweeteners: sucralose, [aspartame](#), acesulfame K and neotame. It is also reviewing two new low-calories sweeteners, alitame and cyclamate -opening up the global market for further competition, price erosion and distributed customers.

In terms of sweetener usage, new-age beverages, dairy products, salad dressings and salty snack foods are representing the fastest expanding markets for the sugar substitutes industry.

Major players in the market include Nutrasweet, Tate & Lyle, Nutrinova, Merisant, McNeil Nutritionals, Danisco, Spherix and Imperial Sugar.

Despite the anticipated developments in the market, many food and beverage companies globally are said to be steering towards a health and wellness trend, replacing 'artificial' ingredients, such as colours and sweeteners, with ingredients considered more 'natural'.

Likewise, a report by the Freedonia Group published earlier this year claimed that an expected increase in overall high intensity sweeteners volume will result in the market seeing falling prices, as patent protections expire and new competitors - especially importers based in developing nations - enter the marketplace.

High intensity sweeteners are expected to remain the largest product category through 2010 due to their leadership position in diet soft drinks and tabletop uses, which are among the main applications for alternative sweeteners.

In diet soft drinks, aspartame and acesulfame potassium (ace-K) are forecast to remain the leading products, due to their use in many of the top brands.

Prices for the two products are forecast to decline by around 1-2 percent annually over the next few years, a *"gentle erosion"* compared to the high single-digit declines that occurred after their patent protections fell off.

Although not yet a significant threat to aspartame's dominant position in diet soft drinks, sucralose has become the leader in the key tabletop sweetener market, said the report.

According to Freedonia, sucralose, the main sweetener in Tate & Lyle's well-known Splenda product, has grown from niche status to *"market powerhouse"* in just a few years since its Food and Drug Administration (FDA) approval for use as a general sweetener.



July 27, 2007 09:32 AM Eastern Daylight Time

Imperial Sugar Company Announces Appointment of Greig DeBow as Vice President of Consumer Sales and Marketing

SUGAR LAND, Texas--(BUSINESS WIRE)--Imperial Sugar Company (NASDAQ:IPSU) announced today that Greig P. DeBow, Jr. has been appointed vice president of consumer sales and marketing. Mr. DeBow will be responsible for all sales to these market segments as well as the company's consumer marketing efforts. He will report to Executive Vice President and COO John Sheptor.

DeBow, 35, joined Imperial in 2003 and brings significant experience in this important area. Most recently, he served as director of consumer sales. His sales experiences prior to Imperial include positions with Nestle Waters North America, Frito-Lay and Unilever. He received a B.B.A. in Marketing from Texas A&M University.

"Greig has been an integral part of Imperial's sales efforts for almost four years, has been instrumental in improving our branded performance in recent periods as well as in the introduction of our new packaging products and innovative display concepts, and has developed a very professional sales team," said Robert A. Peiser, Imperial's president and ceo. "Greig's sales and leadership experience and his proven ability to provide excellent service to a broad array of customers will be very valuable to our continuing efforts to improve the market penetration of our consumer products in our core regions as well as in new geographic territories."

About Imperial Sugar About Imperial Sugar

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. The Company markets products nationally under the Imperial®, Dixie Crystals® and Holly® brands. For more information about Imperial Sugar, visit www.imperialsugar.com.

Statements regarding future market prices and margins, future energy costs, future operating results, future availability of raw sugar, operating efficiencies, results of future investments, future government and legislative actions, future outcomes of legal proceedings, 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 and other improvements, the available supply of sugar, results of actuarial assumptions, strategic initiatives, 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.

July 31, 2007; by Will Atkinson, SmallCapInvestor.com

Imperial Sugar Company says year-over-year comparisons don't tell whole story

During an afternoon conference call, **Imperial Sugar Company** (Nasdaq: [IPSU](#)) executives tried to put the company's recently released third-quarter results into perspective.

"In our opinion, the third quarter continues a year of good performance in the face of declining industry dynamics. A clearly exceptional performance in last year's second half due to post-Katrina activities is a factor making year-over-year comparisons very difficult," CEO Robert Peiser said during the call. "Except for last year, this year's third quarter results were the best of any third quarter since I joined the company over five years ago."

Before the opening bell, the Sugar Land, Texas-based company announced earnings of \$7.6 million, or \$0.64 per share, during the three months ended June 30. During the same period of 2006, the company recorded earnings of \$15.2 million, or \$1.30 per share. Revenues totaled \$216 million, compared with \$231 million a year earlier. Wall Street analysts were expecting earnings of \$0.38 per share on \$201.7 million in revenue.

Peiser said year-over-year comparisons are difficult because last year the sugar industry was short on capacity and enjoyed "helpful" pricing dynamics. This year, he said the industry's capacity has been restored and market prices for sugar across many channels are considerably weaker. However, he said the sugar that the company purchased cost less than last year's prices. Lower energy prices also helped the company make a profit, he said.

Even with lower energy and sugar costs, Peiser said the company will have a difficult time comparing with last year's results.

At noon, Imperial Sugar announced that its board approved a quarterly cash dividend of \$0.07 per share payable on August 24 to shareholders of record on August 14. Also this afternoon, Imperial Sugar announced that Greig P. DeBow, Jr. has been appointed to be the company's vice president of consumer sales and marketing.

<http://www.forbes.com/feeds/ap/2007/07/31/ap3973582.html>

By JOSH FUNK 07.31.07, 6:38 PM ET

Sugar Factory Resumes Operations

OMAHA, NEB. - The Western Sugar Cooperative factory in Scottsbluff resumed operation Tuesday, a day after an explosion at the plant forced an evacuation.

No one was injured in Monday's explosion in the packing warehouse or the small fire that followed. Firefighters said a dust collector above the packing floor appeared to be the source of the explosion.

"We were open for business and working on filling orders," said Kent Wimmer, a spokesman for the Denver-based growers cooperative.

Firefighters said Monday that a bearing or belt likely malfunctioned in the dust collector, which sucks sugar dust off the packaging floor. But an official cause had not been identified.

The packaging operation at the Scottsbluff plant will remain shut down while the blast is investigated and repairs are made, Wimmer said. But Western Sugar can use its five other plants in the region to package sugar and complete orders as needed.

Also, Wimmer said the plant's peak season doesn't begin until September, when the sugar beets are harvested and sugar production resumes, so the plant wasn't running at full capacity this week.

The plant's sprinkler system helped control the fire, and Wimmer said the damage was confined to the dust collector and surrounding equipment. No processed sugar in the plant was ruined.

But the company did not have a damage estimate on Tuesday.

Wimmer said Western was just happy no one was hurt in Monday's explosion.

A previous explosion at the factory in July 1996 toppled three storage silos at the plant, killing one worker.

Friday, August 03, 2007; By **LAURA ZAICHKIN**, Staff Reporter

Splenda fighting to protect secrets

As part of a lawsuit between a sugar trade group and marketers of Splenda, the company that makes a key ingredient in the sweetener Thursday fought requests from the sugar group to inspect its production facility in Washington County. Appearing in U.S. District Court in Mobile, Tate & Lyle PLC said allowing sugar interests in its plant would divulge trade secrets.

Hal Turner, representing London-based Tate & Lyle, said the plant is the only one in the United States that can manufacture sucralose in mass commercial quantities.

The McIntosh plant employs about 160 people,, more than half the number who live in the tiny Washington County town.

The Sugar Association's request for a court order to tour, inspect and videotape the process for making sucralose, the main ingredient in Splenda, was not resolved Thursday. U.S. Magistrate Judge William Cassady said that he would make his decision after reviewing both parties' arguments, documents they presented Thursday and his own research.

He asked both parties if a controlled smaller-scale reproduction of the sucralose-making process could be created in a laboratory-like environment. Lawyers for Tate & Lyle said this was possible. Sugar Association lawyers disagreed.

Tate & Lyle is part of a federal lawsuit in California between The Sugar Association and McNeil-PPC and McNeil Nutritionals LLC. The Sugar Association is accusing McNeil, Splenda's marketer, of false and misleading advertising by using the slogan: "Made from sugar so it tastes like sugar."

McNeil in a countersuit claims that The Sugar Association has launched a smear campaign against Splenda, one of the country's most popular artificial sweeteners. It complains that a Web site, www.truthaboutsplenda.com,

run by The Sugar Association and Qorvis Communications, misinterprets the manufacturing process.

The Sugar Association asked the court to allow it to inspect the McIntosh plant as part of the pretrial information-gathering phase. A California judge told lawyers in July that a Southern District of Alabama court would have to make the decision regarding access.

A lawyer for The Sugar Association, John Burlingame, said it is important to the case to observe and videotape the process of making the chemical that goes into the product.

"Trade secrets should not be an issue in this case," Burlingame said.

Tate & Lyle's lawyers said in federal court Thursday that it is easy to make sucralose, but not in mass quantities like those produced in the McIntosh plant.

Turner said Tate & Lyle would allow aerial photographs of the plant to prove it's a chemical plant, or photographs of sugar trucks making deliveries, but unnarrated video of production inside the plant would do nothing for the lawsuit but hurt Tate & Lyle.

Since the McIntosh plant began creating sucralose in 2000, it has become the leading no-calorie sweetener in the nation. Brands such as Coca-Cola and Pepsi Co. and products including ice cream and jam use it. Though some of the patents protecting sucralose have expired, Tate & Lyle contends that it would be harmed if the mass-production process were exposed.

August 7 2007: 7:04 AM EDT By Jeff Cox, CNNMoney.com contributing writer

Sugar cane ethanol's not-so-sweet future

Despite environmental and economic benefits, trade protectionism, production issues likely to stand in the way of Brazilian exports hitting U.S. energy market en masse.

NEW YORK (CNNMoney.com) -- Imagine a fuel that does not come from the Middle East, is about six times more economical to produce than corn ethanol and has the potential to help the environment because it requires few chemicals to grow.

Then imagine there's virtually no chance such a thing will ever come to the United States, at least in any appreciable numbers.

Meet sugar cane ethanol, a product fueling economic growth in Brazil, a nation that between its oil reserves and the burgeoning ethanol industry has attained energy self-sufficiency.

Brazil has spent billions of dollars over decades of research to develop the technology to mass produce ethanol from the millions of cane acres that spread along the South American landscape.

Green business

But due to a number of factors, primary among them the simple logistics of not being able to grow enough of the crop domestically, along with stringent tariffs against Brazilian sugar cane, that success is unlikely to be replicated in the U.S.

"The reason we use corn and grains in this country to make ethanol is that's what we produce best. It's the easier thing for us to do at the moment," said Matt Hartwig, spokesman for the Renewable Fuels Association. "The likelihood that cane will become a huge ethanol foodstock isn't high, though you may see it in the future."

Pitfalls and potholes

Brazil didn't have an easy road either in developing its sugar ethanol production.

Along the way, the country has seen its shares of pitfalls, including the mass emission of greenhouse gases through burning of cane fields when harvesting the crop, a practice the government is working to curtail.

Brazil also wrestled with the blend it uses, eschewing the 85 percent ethanol/15 percent gasoline combination used in most American flex fuels and using a 95 percent ethanol/5 percent additive blend.

Some experts say the Brazilian formula gets even less gas mileage than its corn ethanol counterpart, which itself gets lower mileage generally than gasoline.

The country also will need to invest perhaps \$1 billion or more in infrastructure improvements over the next few years to keep up with demand, and the costs don't stop there as Brazil heaps billions in subsidies on its ethanol producers.

But Brazil has managed, probably more than any other nation in the world, to carve out a thriving ethanol industry that exports millions of barrels a year -including about 160 million to the U.S. - and provides about a million jobs for its residents.

Investor George Soros said in May he is investing \$900 million in Brazilian ethanol, while [Archer Daniels Midland](#) ([Charts](#), [Fortune 500](#)), in its [earnings statement](#) last week, said it was expanding into the market as well.

The industry in Brazil could serve as a template for the U.S. and others looking to implement strong biofuel practices. But with a strong corn lobby looking to protect its crop as the primary ethanol source, and the sugar industry standing tight guard over tariffs on Brazilian exports, the notion of cane being used on a broad scale in the U.S. seems remote at best.

Philip Hayes of the American Sugar Alliance said his group would stand strong against any governmental efforts to drop sugar tariffs.

"Certainly we would be opposed to that," he said. "There are 120 nations in the world that produce sugar, and there are 120 governments that intervene in sugar production in order to protect domestic producers from Brazilian sugar."

[Congress stalks ethanol corn](#)

In addition to tariffs, there are substantial production issues.

The U.S. climate simply isn't conducive to mass sugar cane growth, with the bulk concentrated in Florida and Louisiana. Brazil is expecting a record crop this year of 528 million tons; the U.S. is expected to produce about 3.7 million tons.

The U.S. government also is heavily subsidizing its own ethanol industry, to the tune of 51 cents per gallon produced, and is targeting billions in this year's farm and energy bills to develop additional non-corn ethanol sources, including some minor provisions devoted to sugar-based ethanol.

Meanwhile, the American tariff on Brazilian ethanol is 54 cents a gallon.

All that adds up to bad news for those hoping that Brazil's solution may help to ease, however gently, the U.S. transition away from Middle Eastern oil.

Still, some hold out hope, including veteran adman Stan Cotton, who works for an advocacy group calling itself the Foreign Oil Independence League. The group believes protectionist trade policies and powerful economic interests in the corn and oil industries are depriving Americans of a beneficial alternative fuel.

"Cane's got a 30-year history of working," Cotton said. "Why wouldn't it work here?"

The answer to that question, according to Jerry Taylor from the libertarian Cato Institute, is that the picture in Brazil may not be as rosy as some paint. Should the Brazilian government not be able to keep up with its subsidies, the economics for sugar cane ethanol could get dicey.

"If the Brazilian government continues to heavily subsidize its ethanol, that might allow the fuel to compete successfully with oil and thus establish market share in U.S. fuel markets. But the proposition that Brazilian ethanol is economically competitive with gasoline absent subsidy is fundamentally incorrect," Taylor said.

2007 NSIMA Chicago Board Meeting

9:50 -Review of 2006 Minutes.

- Lack of follow through is noted in regards to goals made for the past year, specifically, the lack of a presence at the IFT

9:55 -Review of the NSIMA finances

- Money was made at the NYC luncheon and the cost of the monthly phone bill has decreased; The Association is in good financial standing

10:00 -The future of the NYC luncheon is discussed -The pressing issue is that the Wednesday afternoon time slot may face ongoing competition from the ISO event; One option is making it a dinner on Tuesday night, the other is combining it with the Dyer brunch on Thursday

- Jerry will speak to Nick Kominus to find out if the ISO event will be taking place on the Wednesday of the Sugar Club dinner in 2008

10:15 -Discussion of membership numbers -Bruce proposes that we contact Industrial Commodity's brokers in regards to joining

- Mike offers to take on the task of contacting the current members who are not participating in events; Massey-Fair and Jack Klass are mentioned in particular

10:25 -Neale proposes a bi-monthly NSIMA board conference call; It is thought that regular contact and discussions will assist in the meeting of goals

10:30 -Jerry would like the NSIMA to define itself with a mission statement to assist members in selling it to others

10:35 – Ray thinks that brokers of ingredients outside of sweeteners should be recruited with the idea that they could help lead the NSIMA into those markets 10:40 – Current members are asked to represent the NSIMA on ingredients that they specialize in; These members will try to recruit new members from these ingredient sectors

-Smith & Co.: Tomato Paste

-McKeany-Flavell: Cocoa

-Larry Bockleman: Grains and Flour

-Southeast Sales: Honey

-Penner Sales: Soybeans

10:55 – Mike states that he believes the recruiting of new members needs to be a proactive effort. He does not think that the website should be seen as a magnet that will attract new members, but as an asset or tool for members to use when they personally approach prospective members.

11:00 – The current state of the website and newsletter is discussed -Chip will contact CBOT about getting a version of their futures ticker for the site -Bruce presents templates of other newsletters that are published using software that he would like to purchase through the Assoc.

- Everyone is in agreement that the software would be a great purchase and that a facelift for the newsletter is needed.

11:10 – Mike Motyka announces that he has started a new brokerage company and asks to be accepted back onto the board; The board votes and unanimously accepts Mike back onto the board

11:12 – Officers for 2007-2008 are elected -Chip is voted in as Secretary -Mike is voted in as 2nd VP -Jerry is voted in as 1st VP -Ray is voted in as President

11:15 – Meeting is adjourned

WASDE-449-16; August 10, 2007

SUGAR: Projected 2007/08 U.S. sugar supply is increased slightly from last month, as higher beginning stocks more than offset slightly lower production, which is based on projections compiled by the Farm Service Agency.

For 2006/07 supplies, a minor reduction in production nearly offsets higher imports of refined specialty sugar.

U.S. Sugar Supply and Use 1/

Item	2007/08 Projection			
	2005/06	2006/07 Est.	July	August
=====				
	1,000 short tons, raw value			
Beginning stocks	1,332	1,698	1,616	1,628
Production 2/	7,399	8,476	8,292	8,291
Beet sugar	4,444	5,002	4,619	4,621
Cane sugar	2,955	3,474	3,673	3,670
Florida	1,367	1,713	1,774	1,774
Hawaii	223	241	271	268
Louisiana	1,190	1,335	1,430	1,430
Texas	175	185	198	198
Imports	3,443	2,029	1,889	1,889
TRQ 3/	2,588	1,569	1,284	1,284
Other program 4/	349	400	425	425
Other 5/	506	60	180	180
Mexico	420	60	175	175
Total supply	12,174	12,203	11,797	11,808
Exports	203	400	250	250
Deliveries	10,341	10,175	10,170	10,170
Food	10,184	9,950	10,000	10,000
Other 6/	157	225	170	170
Miscellaneous 7/	-68	0	0	0
Total use	10,476	10,575	10,420	10,420
Ending stocks	1,698	1,628	1,377	1,388
Stocks to use ratio	16.2	15.4	13.2	13.3

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 2007/08 are processor projections 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 2007/08, includes only U.S. commitments under current trade agreements, minus shortfall of 70,000 tons. The Secretary will establish the actual level of the TRQ at a later date. 4/ Includes sugar under the re-export and polyhydric alcohol programs.

5/ Does not include Mexico TRQ imports. For 2005/06, other high-tier (30) and other (56). For 2006/07, other high-tier (0) and other (0). For 2007/08, other high-tier (0) and other (5). 6/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed. 7/ Includes SMD miscellaneous uses and the difference between SMD imports and WASDE imports.

August 11, 2007 By Mike Hughlett | **Chicago Tribune**

Bitter battle in sweeteners

NutraSweet Co. is launching an assault on the tabletop market

NutraSweet is one of the most recognized names in the artificial sweetener world, but for years the Chicago-based company hasn't actually marketed a product under that name. That's changing, and in a big way.

NutraSweet Co., known primarily for imbuing diet pop with sugariness, this month launched its first offensive into another big sugar-substitute market: tabletop sweeteners -- the little packets that coffee and tea drinkers dump into their beverages.

It's a bold gambit. The rough-and-tumble tabletop sweetener business is already highly competitive -- just ask Chicago-based Merisant Worldwide Inc., NutraSweet's crosstown rival. Merisant is the maker of Equal, a brand that has taken a beating from Splenda, the faux sweetener trade's rising star.

Plus, NutraSweet is rolling out a unique strategy: affixing its famous brand to sweeteners made from different chemical compounds. That may not sound too radical, but sweetener brands tend to be associated with the stuff they're made of, as well as the color of their packaging.

Splenda is made from sucralose and comes in yellow packets. Equal is composed of aspartame and is packaged in blue -- and so on.

NutraSweet launched an aspartame or "blue" sweetener earlier this month and has plans for a "pink" saccharin-based product, and a "green" natural-based sweetener. A "yellow" sucralose product could follow.

"That's a whole new approach and it will be interesting to see how it works," said Marcia Mogelonsky, a food industry analyst for Mintel International Group. But she added, "The biggest challenge [NutraSweet] faces is Splenda."

When Splenda was launched eight years ago by a subsidiary of Johnson & Johnson, the business was dominated by aspartame and saccharin sweeteners. But by 2003, Splenda led the market with a 38 percent share, compared with 24 percent for Equal, according to Information Resources Inc.

Now, Splenda's share is about 61 percent, while Equal and Sweet'n Low each have about 13 percent of the market.

Splenda's rise has hurt Merisant: Its annual sales fell 16 percent between 2002 and 2006, according to a federal securities filing.

Merisant has long claimed that Splenda's success has been abetted by misleading advertising that implies Splenda is healthier and more natural than its rivals. Merisant sued Johnson & Johnson over the matter and came to a settlement -- which hasn't been disclosed -- in the spring.

The settlement was one of several big events in the sugar-substitute business this year. Another: NutraSweet got back the rights to its brand name from Merisant.

Shared history

The two companies have a shared history.

Until 2000, both were part of Monsanto Co., which landed the sweetener siblings as part of its 1985 acquisition of Skokie-based G.D. Searle & Co., where aspartame was invented. Monsanto sold its tabletop business to one private-equity group, and its aspartame production operation to another.

The former is now Merisant, the latter NutraSweet, which employs around 400 and has annual revenues of at least \$100 million. Until this year the two companies continued to have strong ties.

Merisant was allowed to use the NutraSweet brand for one of its own tabletop sweeteners. In return Merisant had to buy at least 200 tons of raw material annually from NutraSweet, which has a big plant in Georgia. NutraSweet, one of the world's largest aspartame-makers, was Merisant's sole supplier.

Last year, though, Merisant opted to buy aspartame from several sources to cut costs and reduce its dependency on just one supplier.

"The benefits of the multisourcing strategy far outweighed the benefits of keeping [the NutraSweet] brand," said Scott Bartlett, Merisant's vice president of global supply.

NutraSweet was a relatively minor brand for Merisant, a "value" product priced roughly 40 percent less than Equal, Bartlett said. It had only a 1 percent share of the tabletop market last year.

As of July 1, the name formally migrated to NutraSweet Co., and its chief executive Craig Petray used the term "ecstatic" to describe how he felt. "We've been waiting for this for a while. We think it's a spectacular opportunity for us."

Petray's plans hinge on repositioning NutraSweet as a premium brand. Its taste, he

said, has been improved through a new recipe. Now the company plans an ambitious marketing campaign -- Petray won't divulge its cost -- to capitalize on NutraSweet's name and its trademark swirl logo.

The name and the logo became famous in the 1980s after aspartame became the leading sweetener in diet sodas. "People still equate NutraSweet with sweeteners," Petray said. "People still know the swirl."

The new NutraSweet's packaging is dominated by a bold red swirl, a snappy departure, Petray maintains, from the "medicine cabinet" look of other sweeteners.

Food industry analysts agree the NutraSweet brand still has its luster, even though it has been used for years primarily to sell a second-tier coffee sweetener.

"The brand name is extremely strong," said Mintel's Mogelonsky. "The thing is how [NutraSweet] delivers on taste and aftertaste."

That's far from NutraSweet's only challenge. "The biggest challenge for them is that they are not a consumer-products company," said Merisant's Bartlett. "They are going to have to transform, which is not an easy thing to do."

That transformation involves creating the capacity to manufacture and distribute sweeteners, not just bulk ingredients. Petray says NutraSweet has tackled both issues through a partnership with Domino Foods, a major sugar refiner and distributor. Domino and NutraSweet will split both profits and costs stemming from the new product.

NutraSweet's first sweetener is an aspartame product currently available in some Wal-Mart Supercenters, mostly on the East Coast. A national rollout is slated for October. The company plans to launch saccharin-based and natural sweeteners next year.

The overall saccharin sweetener market "isn't really going anywhere," said Mike Richardson, a food industry analyst at the Freedonia Group. But the natural sweetener field, now only in a nascent stage, "has enormous potential," he said.

Health fears

Fears of health risks have long dogged artificial sweeteners. Hence a no-calorie sweetener made from natural ingredients -- and one that tastes good -- could prove very popular. Merisant already has a natural sweetener in the market, though like others in its niche it is considerably more expensive than artificial sweeteners.

As the price comes down, natural diet sweeteners will become more attractive to consumers, Richardson said.

<http://www.mcclatchydc.com/227/story/18902.html>

Posted on Tue, Aug. 14, 2007; By Kevin G. Hall | **McClatchy Newspapers**

Prices for key foods are rising sharply

MIDLAND, Va. — The Labor Department's most recent inflation data showed that U.S. food prices rose by 4.1 percent for the 12 months ending in June, but a deeper look at the numbers reveals that the price of milk, eggs and other essentials in the American diet are actually rising by double digits.

Already stung by a two-year rise in gasoline prices, American consumers now face sharply higher prices for foods they can't do without. This little-known fact may go a long way to explaining why, despite healthy job statistics, Americans remain glum about the economy.

Meeting with economic writers last week, President Bush dismissed several polls that show Americans are down on the economy. He expressed surprise that inflation is one of the stated concerns.

"They cite inflation?" Bush asked, adding that, "I happen to believe the war has clouded a lot of people's sense of optimism."

But the inflation numbers reveal the extent to which lower- and middle-income Americans are being pinched.

The Bureau of Labor Statistics said in its June inflation report that egg prices are 19.5 percent higher than they were in June 2006. Over the same period, according to the department's consumer price index, whole milk was up 13.3 percent; fresh chicken 10 percent; navel oranges 19.8 percent; apples 11.7 percent. Dried beans were up 11.5 percent, and white bread just missed double-digit growth, rising by 9.6 percent.

These numbers get lost in the broader inflation rate for all goods and services, which measured 2.7 for the same 12-month period. Across the economy, rising food prices were offset by falling prices for things bought at the mall: computers, cameras, clothing and shoes.

"All of that stuff is going down in price, but prices for gasoline have gotten higher, and food prices have gone up," said Mark Vitner, a senior economist for Wachovia, a large national bank based in Charlotte, N.C.

People also go to the mall a lot less than they go to the grocery store, so they're constantly reminded that dietary staples are up sharply.

Why are food prices rising?

It's partly because of corn prices, driven up by congressional mandates for ethanol production, which have reduced the amount of corn available for animal feed. It's also because of tougher immigration enforcement and a late spring freeze, which have made farm laborers scarcer and damaged fruit and vegetable crops, respectively. And it's because of higher diesel fuel costs to run tractors and attractive foreign markets that take U.S. production.

The Labor Department's last detailed survey of consumer spending, in 2005, showed that Americans spent about 12.8 percent of their income on food. A bit more than 7 percent of their income was spent on food at home, and 5.7 percent was spent on food away from home.

These percentages suggest that higher food prices, while unwelcome, won't break the bank for most consumers. But for retirees such as Jacqueline Wilson, 60, of Upper Marlboro, Md., rising food and fuel prices take a big bite out of fixed income. "I make every dollar count," said Wilson, outside a Giant supermarket.

"I cut back. ... I get only as much as I need. I don't buy it because it is 10 for \$10, but so that I'm using it and not wasting my money."

Asked about her view of the economy, she answered, "Terrible."

In broad terms, the economy isn't terrible. Unemployment is near record lows, and the second quarter posted a strong 3.4 percent growth rate. But it is for those Americans who are pinched by rising food and gasoline costs, and that's a lot of folks. Half the nation's families earn below the median family income of about \$56,000. Three-fifths of American families report income under \$70,000.

At the Al-Mara farm in Midland, Va., Jeff and Patty Leonard run a large dairy operation where about 600 cows produce 19,000 pounds of milk each day. They plant about 1,000 acres of corn, so they don't face all of the rising feed costs like some farmers. But they sympathize with consumers because the costs of nitrogen fertilizers and diesel fuel have all gone up sharply, raising production costs by nearly 30 percent.

"That's how your farmer feels here at home when we're trying to buy soybean meal, food for our cows and trying to maintain our equipment," said Patty Leonard. "I can understand exactly what the shopper is going through."

Milk prices aren't set on the farm. That's done by marketing cooperatives, which this year have been successful in passing on higher production costs after several dismal years of prices that took dairy farmers back to the 1970s.

"It's pretty much a realignment of the actual value of milk in today's dollar," Patty Leonard said. "Milk has been cheap for a long, long time."

Globalization also explains higher milk prices. Australia, a leading milk exporter, is struggling through a drought, and European governments are pulling back dairy subsidies. So U.S. farmers, aided by a weak dollar, are stepping in to meet growing demand for milk products in China and India. That's pinched supply at home and abroad, driving up prices.

"U.S. per capita dairy consumption is the highest it's been since 1987," said Chris Galen, vice president of the National Milk Producers Federation, pointing to rising U.S. demand for cheese, made from milk. "Americans are eating more cheese than ever — not just volume but per capita."

To make more milk, or raise more chickens that lay more eggs, farmers need feed corn and other feed products. But corn prices have soared over the past year as Congress pushes ethanol, a renewable fuel made from corn. Fields that previously grew soybeans are now yielding corn, and that's driven up the price of soybeans as they become scarce.

Iowa State University's Center for Agricultural and Rural Development shocked the farm sector earlier this summer with a report that corn farmers are expected to lock in prices of \$4 a bushel through 2010, about double what corn fetched two years ago.

"You will probably be seeing these prices rise for quite a long time and stabilizing, maybe, but not going back to the \$2-a-bushel corn," said Jacinto Feitosa, co-director of the center in Ames, Iowa.

<http://www.forbes.com/feeds/ap/2007/08/14/ap4019383.html>

08.14.07, 4:28 PM ET; **Associated Press**

Seeking the Perfect Sweetener

NEW YORK - NutraSweet Co.'s headquarters in Chicago has a large test kitchen, which the company calls "The Sweet Spot."

There, the sweetener company's food scientists and researchers study low-calorie blends that hit just the right level of sweetness.

This month the company launches what it calls the "new" NutraSweet - a product it describes as a better tasting, no-calorie tabletop sweetener. And NutraSweet says it has more products in the pipeline, including a natural, low-calorie sweetener.

NutraSweet has plenty of company in its hunt for perfect sweeteners. Consumers - particularly aging baby boomers - are getting more fastidious and demanding products that are both healthy and tasty. That has companies like NutraSweet looking for fresh versions of tabletop sweeteners, and it is driving larger companies like Coca-Cola Co. and PepsiCo to push harder for low- or no-calorie natural sweeteners for their beverages. The hunt for better-tasting sweeteners - and particularly natural ones - will likely spawn a variety of blends in coming years.

"I don't believe there is one Holy Grail, and I don't believe there is one sweetener that we know of today that is going to come on the marketplace and take all this business," said NutraSweet Chief Executive Craig Petray.

NutraSweet's new tabletop sweetener is a blend of two compounds - aspartame and acesulfame potassium. It is a mix that is intended to have less aftertaste and an increased spike of sweetness at the start. Privately held NutraSweet's latest venture comes soon after it got back a license for the NutraSweet brand name that had been with Merisant Co. NutraSweet recently entered into a new manufacturing and distribution deal with privately held American Sugar Refining Inc., maker of Domino sugar.

The new NutraSweet has been launched in Wal-Mart Super Centers on the East Coast and is scheduled for a national rollout in October. NutraSweet's food scientists are testing blends of low-calorie sweeteners that are based on saccharin. Among the products NutraSweet's scientists are testing is a low-calorie sweetener blend that uses saccharin. The scientists are also trying out various blends for a natural product that the company says could be ready to launch in 2008.

Others are jumping into the fray. Senomyx Inc., which develops flavors, says it is in the process of developing a sweet enhancer, called S2383, that in taste tests has been shown to reduce the required levels of the sweetener sucralose by 75 percent while maintaining the desired taste. The company says the sweet enhancer could potentially allow its food and beverage partners to improve the taste of products and reduce sweetener costs.

Senomyx at the moment has seven food and beverage company partners - Ajinomoto Co., Cadbury Schweppes PLC, Campbell Soup Co., Coca-Cola Co., Kraft Foods Inc., Nestle SA, and Solae LLC. Senomyx spokeswoman Gwen Rosenberg says more than one of these companies has rights to new ingredients her company develops under the sweet enhancer program, but won't name them. She says the company believes that S2383 could be used in all products that sucralose is used in, including tabletop sweeteners, foods and beverages, and over-the-counter health-care products.

Particularly prominent is food and beverage companies' push to develop natural, low-calorie sweeteners.

"There is a consensus that people prefer natural over artificial, whether it is backed by science or not," said Nick Fereday, senior economist at consulting firm LMC International.

Sweet 'N Low maker Cumberland Packing Corp., a privately held concern, also says it is working on several natural, low-calorie products. Privately held Merisant - which makes Equal - has created the Whole Earth Sweetener company, whose work is dedicated to developing natural sweeteners and sweetened foods.

Sweet Simplicity was the first sweetener to be developed by Whole Earth in 2006, and it is now sold as a natural, zero-calorie tabletop product. Sweet Simplicity contains erythritol, which is a polyol or sugar alcohol, and fructose. The product is sold in Whole Foods Market Inc. and Wild Oats Markets Inc. stores.

The herb stevia is receiving a great deal of attention in the food and beverage industry. Coke and Cargill recently made headlines on news of a deal to develop and market a natural, zero-calorie sweetener based on the stevia plant. PepsiCo is also researching natural, low-calorie sweeteners for its beverages, including those based on the herb. Stevia doesn't have approval yet from the U.S. Food and Drug Administration for use as a sweetener.

Artificial sweeteners have regularly been dogged by health concerns. Any new sweeteners - even those touted to be natural - are likely to face a great deal of scrutiny from consumers.

"If stevia itself becomes approved for a food additive, the second big step is (winning) approval within the minds of the consumer," said Michael Whitehead, Rabobank Food and Agribusiness research analyst.

Many of the products that are being developed could fail to catch on with consumers, or could be dogged by unexpected flaws. Procter & Gamble Co.'s olestra is a case in point. The faux fat received a great deal of attention in the 1990s. Despite the money and research that the company put into the product, it was dogged by health-related worries. Even when those subsided it never became the blockbuster it was once touted to be.

http://www.in-forum.com/articles/index.cfm?id=175245§ion=Business&forumcomm_check_return&freebie_check&CFID=49020639&CFTOKEN=23980780&jsessionid=88309c74a79e5d406b25

August 17, 2007; By Frederic J. Frommer, Associated Press

Sweet deal in bill

WASHINGTON – Congress is hoping that an ethanol industry with an endless appetite for corn will have a sweet tooth, too.

Under the farm bill the House passed last month, the federal government would buy surplus sugar and sell it to ethanol producers, where it would be used in a mixture with corn. The program was inserted as a hedge against a looming North American Free Trade Agreement provision, which will allow Mexico to export unlimited amounts of sugar to the U.S. starting next year.

The U.S. sugar program currently props up sugar prices through a combination of price guarantees and import quotas. Once the limit on Mexican imports expires, the government could be faced with a price-depressing glut of sugar, which in turn would likely lead to taxpayer-funded government purchases of surplus sugar.

With that backdrop, the Congressional Budget Office has estimated that the sugar program would cost about \$1.3 billion over 10 years. The program currently doesn't cost taxpayers because sugar prices are higher than the guaranteed minimum price.

The chairman of the House Agriculture Committee, Minnesota Democrat Collin Peterson, inserted the sugar-to-ethanol provision in the farm bill. Minnesota is the nation's largest producer of sugar beets, and Peterson represents the state's sugar beet-growing Red River Valley. U.S. sugar is made from beets in some northern and western states, and cane in a few southern states and Hawaii.

The sugar-to-ethanol program would only kick in when imports lead to an oversupply of sugar in the U.S.

"This a program that blinks on and off," Peterson said. "It would only be used if needed." Peterson also included a slight increase in the guaranteed government minimum price for sugar growers, or loan rate, from 18 cents to 18.5 cents a pound.

The sugar-to-ethanol program would benefit Red River Valley sugar beet growers, said James Horvath, chief executive officer of Moorhead-based American Crystal Sugar.

"From our perspective, it's one of the key planks of the 2007 farm bill," he said.

The program would sop up surplus sugar and put it to good use, he said.

The sugar-to-ethanol program is designed to save the cost of government purchases of surplus sugar. But according to the CBO, those savings would largely be offset by the cost of the new program and the price guarantee increase.

The Bush administration doesn't think much of the sugar-to-ethanol idea. Mark Keenum, agriculture undersecretary for farm and foreign agricultural services, said the Department of Agriculture tried to sell 100,000 tons of surplus sugar in 2001 for ethanol, but was only able to sell 10,000 tons – and at a significant loss, because it couldn't get as much money as it paid for the sugar.

“It would lock the department into a management process that’s not been proven to be successful in the past,” he said.

But Jack Roney, an economist with the American Sugar Alliance, an umbrella group of farmers, processors and suppliers, said the market has changed since 2001.

Not that Peterson is expecting the program to operate without government help. The USDA would have to pick up the difference between what it pays for the extra sugar and what it can get from ethanol producers.

“It’s going to take some amount of subsidy in order to get the plants to use it,” Peterson said. “We’re not sure how much that will be.”

Peterson noted that Mexican sugar has been selling at a higher price than U.S. sugar this year, although that hasn’t always been the case.

“I think we can actually sell more sugar to Mexico next year than they sell to us,” he said. “I’ve encouraged the U.S. industry to get to work to establish markets down there.”

Steve Williams, a Fisher, Minn., sugar beet farmer and president of the American Sugar Beet Growers Association, supported the program. “It will make an excellent safety net so that the market does not become unbalanced,” he said. “It will only be used if trade agreements bring in too much sugar to the U.S. Hopefully, it will never (have to) be used.”

The National Corn Growers Association said it does not expect the program to have any noticeable effect on the demand for corn for ethanol.

The Senate takes up the farm bill after the August congressional recess, and the chairman of the Senate Agriculture Committee, Iowa Democrat Tom Harkin, was receptive to the program. “We must continue to look for new sources to produce biofuels – sugar, cellulose, and others,” he said in a statement. “Increasing our renewable energy investments helps increase our energy security and keeps our country competitive.”

Sen. Norm Coleman, a Minnesota Republican who has pushed the sugar-to-ethanol idea for several years, said he would work to persuade the Bush administration to support it. “The policy is good for taxpayers and consumers and helps reduce our addiction to foreign oil by allowing sugar to play a role in renewable fuels,” he said in a statement.

But Taxpayers for Common Sense doesn’t see it that way.

“This is not exactly the best thing for the consumer,” said Demian Moore, a senior policy analyst with the group who specializes in agriculture policy. “It’s just another subsidy for an industry that doesn’t need to be subsidized.”

- **You want sugar with that ethanol?** The House-passed farm bill would establish a program that would turn surplus sugar into ethanol.

- **Bracing for Mexico:** The provision was added because of concerns that unlimited amounts of Mexican sugar could lead to an oversupply of sugar, causing U.S. sugar prices to tumble.

- **Taxpayers group opposes:** Taxpayers for Common Sense called the program a subsidy for an industry that doesn’t need one.

Aug 21 2007 8:54AM Associated Press

Prepile sugar beet harvest getting under way in valley...

Prepile [sugar beet](#) harvest getting under way in valley

[Grand Forks](#), N.D. (AP) The prepile sugar beet harvest is getting under way in the [Red River Valley](#) this week.

The prepile harvest has growers getting just enough beets out of the ground to get [American Crystal Sugar](#) Company processing plants running. There are plants in [Hillsboro](#) and Drayton, and on the [Minnesota](#) side of the Red River in Moorhead, Crookston and East Grand Forks.

Crystal spokesman Jeff Schweitzer says this year's crop looks to be above the average of the last five years of 21 tons per acre.

Crystal's full harvest is to begin October First.

Farther south [Wahpeton](#)-based Minn-Dak Farmer's Cooperative says its prepile harvest will begin September 12th, with beet slicing to begin two days later.

Information from: Gary Rogers, KBMW Wahpeton

Sweet rain drops; water comes at right time for sugar beet growers

By **BOB BOUGHNER / The Daily News**

Local News - Tuesday, August 21, 2007 @ 09:00

It was a "mud bath" Monday for farmers in Chatham-Kent engaged in the harvesting of tomatoes and sweet corn.

More than 50 millimeters (two inches) of rain fell on much of the municipality Sunday and Monday, creating extremely muddy field conditions, but providing much-needed moisture for the municipality's giant corn and soybean crops.

"I received three times as much rainfall in two days than I did since last May," said Dover farmer Brian Fox. "The rainfall was needed and much appreciated."

Fox said, however, that for some farmers the moisture came too late. Yields of earlier harvested crops, such as cucumbers and wheat, suffered from the drought.

"Sugar beets will benefit the most from this rainfall," said Fox, who is a director of the Michigan Sugar Company. "The moisture couldn't have come at a better time for the beet crop. It will help add sugar content to the beets."

Fox said the large downpour was a long time coming.

"Farmers have been praying for rain all summer," he said. "It's been extremely dry. And we can still use more moisture."

Fox said that although more rain is in the forecast this week, it's expected to turn dry again next week. A huge spike in temperatures is also forecast for tomorrow following three days of fall-like weather.

Ralph Brodie, president of the Kent Federation of Agriculture, welcomed the rainfall.

"It will certainly help corn and soybeans," he said. "And it will provide needed soil moisture for planting wheat after the soybean crop is off."

Most farmers interviewed Monday welcomed the rain but said it would have been more beneficial had it come earlier in the growing season. Some area Liberal politicians credited the Chatham-Kent visit of federal Liberal leader Stephane Dion for the rainfall.

In fact, Dion himself, during a farm rally near Wallaceburg, took credit for ending the drought.

"The next time you need rainfall just invite me back," he said.

Dover farmer Duane Dunlop said farmers have been crying for rain for weeks.

"This rainfall sure helps but it would have been better had it come a month earlier," he said.

Tim Chinnick, who also farms in Dover, said the rainfall came too late for many farmers.

"The drought has caused a great deal of crop devastation throughout southwestern Ontario," he said. "It's been a bad year for many crops."

Essex farmer Terry Byrne said crops in Essex appear to be in better shape than most in Chatham-Kent.

"We had some rainfall a few weeks ago in Essex that they didn't get in Chatham-Kent," he said. "That makes a world of difference."

Byrne said many of the crops he drove by in Chatham-Kent Monday on his way to a farm rally near Wallaceburg "looked tough."

Dave O'Neill, who farms near Courtright, said this has been an extremely dry summer in his area.

"This rain will do some good, but it's a shame it didn't come sooner," he said.

Wallaceburg-area farmer Dennis DeBot said farmers, who suspect their crop yields will be impacted by the drought, should waste little time opening damage claims with Guelph-based Agricorp.

August 22, 2007: 02:32 AM EST

Biotech Sugar Beets Gaining Approval From Processors

MOORHEAD, Minn. (AP)--Sugar beet seed that has built-in resistance to the popular Roundup herbicide is expected to be in widespread use next year, as governments and sugar processors approve the biotech beets.

In the Red River Valley of North Dakota and Minnesota, American Crystal Sugar Co. has decided to make the jump. "It's a pretty major step," Crystal President David Berg said. "Here at American Crystal, we believe biotechnology is the current wave that will help feed the world."

The Worland, Wyo.-based Wyoming Sugar Co. planted about one-sixth of its 12,000 acres to Roundup Ready beets this year. Wahpeton, N.D.-based Minn-Dak Farmers Cooperative has announced tentative plans to move to biotech seed.

"It's still not 100%," said Tom Knudsen, a co-op vice president for agriculture. "(But) the reasons for making the decision are still valid. I don't see anything that looks like it could be a cloud on the horizon."

Biotech seed harvest is beginning in Oregon, Knudsen said. Three companies are expected to handle it in 2008, and the Crystal Seed brand also will be available for American Crystal growers. Berg said he expects farmers in the Red River Valley to have enough biotech seed to plant up to half of their acreage.

Farmers who want to use the biotech seed must factor a technology fee of about \$60 per acre into their plans.

"What we're asking our shareholders to do is go in with a good healthy look at their production costs," Berg said. "We have a database of what (farmers) spend, and our numbers say if you're in the middle to lower half in weed control costs, it probably would make sense to use conventional seed and weed control."

Amenia farmer Bill Hejl, president of the Red River Valley Sugarbeet Growers Association, said he expects to get more sugar per acre with biotech beets. "I also think I'll probably spend less on herbicides, maybe less on fertilizer next year, and less on cultivation," he said. "It's something new, and a lot of sugar beet growers, a lot of my neighbors are very excited, up and down the valley," Hejl said.

Sugar beet yields are particularly susceptible to weed pressure, with some industry experts saying weeds can sap as much as 30% of a crop's yield. Sugar beet fields are the only ones in the Red River Valley where people still are occasionally employed to work up and down the rows, hoeing weeds.

"Field labor will be thing of the past," said Nick Sinner, executive director of the sugar beet group.

Biotech beets also could reduce the need for what is known as "micro rate" herbicide applications. The process involves smaller amounts of chemical applied multiple times, to cut down on injury to the beets. That requires more passes through the field, which burns more fuel and compacts the soil, which then needs cultivation.

"Typically, a farmer might spray three or four times a year, but it can be up to five," Sinner said. "With Roundup Ready (beets), we have more of an opportunity to kill weeds without injury to the beets." All countries that are major sugar beet markets, including the United States, have approved the Roundup Ready beet variety. The European Union's formal approval is pending, but the European Food Safety Authority said late last year that "no risks to human and animal health were identified in studies."

Molly Cline, senior director of global industry affairs with St. Louis-based Monsanto Co. (MON), which developed Roundup Ready beets, said recently that processor acceptance was the last step to making biotech beets as widespread as genetically modified soybeans, corn and cotton.

"The sugar from genetically modified beets is chemically the same as that grown from traditional beets, leaving no DNA trace from the biotechnology process," Cline said. "As such, it requires no special labeling in North America and in Japan."