



NATIONAL SWEETENER &  
INGREDIENT MARKETING ASSN

# NEWSLETTER

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*Message from Ray Washmera, President:* Yes, January has come and gone. We are 1/12<sup>th</sup> of the way into 2012. Hard to believe! The markets certainly are not for the faint of heart. Sugar, corn, soybeans, wheat, you name it; they are all on a roll. Staying on top of them is difficult. But we are doing our best, please see the attached.

Our 2012 plans are to hold our May luncheon again this year at the Union Club in New York during the Sugar Club events. Please mark your calendars. Although our guest speaker has yet to be found, we know he will give a great presentation. All of you please make sure to attend.

Finally, our membership drive continues. We thank those who have sent in their dues. To those who have not, please do.

The NSIMA and I wish you a prosperous, successful 2012. We hope to help wherever we can. Happy New Year!

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Jan. 03, 2012; By Caroline Scott-Thomas, FoodNavigator-usa.com

## FoodNavigator-USA predicts top five industry influences in 2012

As the New Year begins, FoodNavigator-USA predicts the top five factors likely to have the greatest impact on the US food and beverage industry in the year ahead.

### **The 2012 Farm Bill**

Don't be fooled by the name – the 2012 Farm Bill is about food as well as farms. It covers the biggest food commodities, such as corn, soybeans, sugar and wheat, as well as agricultural items produced on a smaller scale, like certain vegetables.

This is going to mean heightened lobbying efforts from all areas of industry, with potentially huge implications for food and ingredient prices. Nevertheless, although farm subsidies tend to grab headlines, farmers are not the main recipients of Farm Bill funding. The Supplementary Nutrition Assistance Program (SNAP), or Food Stamps, also falls under the remit of the legislation, accounting for a massive 80% of funding provided in the most recent (2008) version.

But how far the Farm Bill can move forward this year is still uncertain. Since 2012 is also an election year, some have suggested that the whole process could be moved back until after the elections in November – or lawmakers could choose to adopt an as-yet-unreleased draft bill that was put together last fall. Others have predicted that work on the Farm Bill could begin as early as January or February: Watch this space.

### **Functional (and whole) foods for seniors**

Older Americans are taking their health more seriously – and as the US population ages, that means increased interest in all kinds of trends associated with healthy food, including local, organic and whole foods, as well as those that promise a particular health benefit, particularly for the heart, joints, brain and eyes.

As Baby Boomers take their health into their own hands, functional foods for disease prevention will become more popular. Hand-in-hand with a continued emphasis on whole foods, older Americans will become increasingly interested in the added health benefits that they can gain from foods, rather than supplements alone.

### **Kids' nutrition**

At the other end of the age spectrum, the health of American children was firmly in the spotlight during 2011, and the issue will only get bigger in 2012.

The relaxation of school nutrition standards, which resulted in a decision to allow tomato sauce on pizza to count as a vegetable in school lunches, attracted derision in 2011, summing up for many the clash between kids' health interests on the one hand, and industry interests on the other. It seems a middle ground is still a long way off.

Expect even more grappling between industry and public health advocates over the coming year, with the marketing of foods and beverages to children to remain a major issue.

Proposed voluntary nutritional standards for foods marketed to children were released in April, and watered down in October, and it is likely that they will continue to be postponed after a congressional

spending bill specified that a cost-benefit analysis should be carried out before the voluntary standards can be finalized.

## **Food safety**

Following the deadly listeria outbreak in cantaloupes late last year, industry and regulators alike will be under renewed pressure to safeguard the US food supply from foodborne pathogens as the New Year begins.

The Food Safety Modernization Act will play a significant role. Passed into law a year ago, the Food and Drug Administration (FDA) has secured \$39m for its implementation in 2012 – much less than the \$1.4bn over five years that it estimated was necessary to fully implement the law, but still one of the biggest government agency funding injections. Related activity is likely to ramp up over the course of the year, including increased inspections and food recalls.

In addition, several other provisions of the legislation are due to be implemented this year, including requiring registered facilities to develop a food safety plan and conduct a hazard analysis by the spring.

## **The natural debate**

Natural will remain a top marketing term in 2012 – but consumers are becoming savvier about the fact that it is unregulated. Add to that a spate of class action lawsuits from consumers who claim they were misled by natural claims on genetically modified foods, or those with particular ingredients that consumers claim are unnatural for other reasons, and you've got an issue that's ready to explode.

In the medium to long-term, the word will either lose its power over the consumer or the FDA will be pressured to come up with a definition – something it has resisted until now. Don't expect things to move quickly, but do expect to see plenty of controversy over this seemingly simple little word in the coming year.

And look out for more evasive synonyms on food packaging...

Jan 03, 2012; By LAUREN WEBER, The Wall Street Journal

# McCormick Spices Up Its Product Line for Home Cooks

Business has been far from bland for [McCormick](#) & Co.



People 'tend to get into a rut, and what we're trying to do is help them expand that weekly meal,' says McCormick's chief, Alan Wilson.

One of the world's largest spice dealers, McCormick has had to cope with rapid price inflation for core products like pepper and cinnamon, along with some catastrophic weather and political unrest in the equatorial regions where most of its raw ingredients are grown.

Alan Wilson, McCormick's chairman, chief executive and president since 2008, has managed to keep growth steady with a combination of price increases, alternative sourcing when supply chains are disrupted, expansion into new geographic markets and cost savings.

In a downturn that scared many Americans away from restaurants, McCormick has refocused its product line and marketing to appeal to home cooks, who account for 60% of sales. That helped to offset recent weakness in its industrial segment, which serves restaurants and large food manufacturers.

McCormick also gained footholds in new geographic and product markets with several acquisitions, including Polish seasonings maker Kamis SA; Indian basmati rice seller Kohinoor Foods Ltd; and the Kitchen Basics line of soup stocks in the U.S.

Mr. Wilson, 54, talked with The Wall Street Journal about the price of cinnamon, America's eating habits and how the company has weathered the downturn. Edited excerpts:

WSJ: How has McCormick experienced the downturn?

Mr. Wilson: What we saw in 2008 and 2009 was a return to basics. We sold a lot of taco mix and spaghetti seasoning as people [cooked simpler] things, and some of the higher-end organic spices dropped off a little bit. As people have gotten a little more confident, they're back to experimenting more. Our organics and our gourmet products are doing well again.

[In terms of the recession,] it's certainly been volatile. In the last few years we've seen a lot of commodity inflation. So we've really tried to offset cost increases and we've changed our advertising strategies to focus on value-type meals.

WSJ: People in developing countries don't shop the way we do in the U.S.; they go to open markets. How does McCormick gain a foothold in places like that?

Mr. Wilson: It's changing. In China, we're selling to the large international retailers like [Carrefour](#) and [Wal-Mart](#). We're also selling to the Chinese chains that may have 50 or 100 smaller-format stores. But we also have distribution in the [open] markets in Shanghai, Beijing and Guangzhou, where consumers come in and buy a sachet of red or white pepper for a couple of [renminbi].

In Turkey and other markets, what we're selling is convenient, safe packaged goods instead of what you find in an open market.

WSJ: You mentioned that commodity prices have been going up. What's behind that?

Mr. Wilson: The prices of most of our commodities have really surged in the last year. The price of pepper has basically quadrupled in four years and doubled in the last 18 months. Cinnamon is up about 30%. Farmers are like any other business people, they're going to grow the things that will generate the best returns. In Vietnam, which is a large pepper and coffee growing area, we've seen farmers move into things like cocoa.

Most of the products that we buy and sell are grown within about 10 degrees of the equator, and there have been a lot of weather events in those parts of the world.

It's also about political unrest. For instance, we source a number of herbs from Egypt, and as that country became more uncertain, we immediately brought in a lot more inventory and shifted some of our sourcing to other parts of the Mediterranean.

WSJ: Around 40% of your sales come from the U.S. Do Americans' eating habits change fast enough to create the growth you need?

Mr. Wilson: People are pretty comfortable with their meal repertoire, but they tend to get into a rut and what we're trying to do is help them expand that weekly meal. We want to help them discover new things, so instead of just making a piece of chicken with soggy barbecue sauce on it, we try to spice it up into rosemary chicken. And that's how we've gotten some of our growth.

WSJ: What kind of cost-savings have you seen?

Mr. Wilson: We set our public goal of saving \$150 million over four years. We're in our third year of that program, and we'll be about a year early in meeting the target. In the past what we've done, like almost every company, is go along for a while and then step back and do a large restructuring program. We believe it's healthier to do that [on an] ongoing [basis]. So for example, by improving the efficiency of the plants in our industrial business in the U.S., we've created enough capacity to avoid building another plant as our business has grown.

WSJ: What's your strategy for expanding the business?

Mr. Wilson: We try to do a third of our growth from our core business, a third of our growth from new product innovation, and a third of our growth from acquisitions. We have a constant stream of new product innovation; things we identify as being new trends in flavor. On the core growth side, we continue to increase our investment in advertising and promotion to make our products top of mind with the consumer.

Jan 04, 2012; Des Plaines, IL (PRWEB)

## Batory Foods Acquires Ingredient Distributor Mac & Massey, LLC

With this largest acquisition in Batory Foods' history, the family-owned business now offers manufacturers the largest portfolio of high quality food and fine ingredients in the U.S.

Batory Foods Inc., the leading, national distributor of food and fine ingredients, has acquired Atlanta, Georgia-based ingredient broker/distributor Mac & Massey, LLC, the \$90 million holding company for Massey Fair, Mac Source and Mulligan Sales. This acquisition marks the largest in Batory Foods' 33-year history. With the completion of the transaction, Batory Foods now offers food and beverage manufacturers the largest portfolio of high quality food and fine ingredients in the United States.

"By merging Mac & Massey with Batory Foods, we have significantly expanded the sales and distribution coverage we can provide our suppliers," says Ron Friedman, Vice President, Batory Foods Inc. "With added distribution centers around the United States, Batory becomes the only national ingredient distribution company that focuses entirely on food and fine ingredients. "

Massey Fair, a subsidiary of Mac & Massey, LLC, has long been the leading ingredients supplier in the Southeast, a region which Batory Foods had just begun to penetrate. With the broader geographic reach that comes of this transaction, Batory Foods emerges as a compelling option for manufacturers that have multiple plant locations around the country. While the newly formed company will "think national," the expanded team of sales professionals—based throughout the U.S— will continue to "act local", providing their customers with unparalleled just-in-time delivery service.

"In many ways, this is a 'plug and play' scenario," says Randy Cimorelli, President and CEO, Mac & Massey, LLC. "Both companies have been on a strategic path toward expansion and vertical integration. Joining forces allows us to leverage our individual strengths—as well as the cultural values we share. It's cross-pollination at its best. "

While the two teams are being integrated over the next 12 months, both companies will continue offering the personal service that their customers have come to appreciate. "The Massey people are outstanding," says Friedman. "Like Batory's Management, Randy and his team are strongly committed to growth, making this an exciting time for both companies—as well as for our business partners."

Brown Gibbons Lang & Company acted as the exclusive financial advisor to Batory Foods in the transaction.

### ABOUT BATORY FOODS

Founded in 1979, Batory Foods is a leading national food ingredients distributor, offering manufacturers the largest portfolio of high-quality food ingredients. With sales professionals covering every major market in every state across the U.S., the family owned and operated business "thinks national" and "acts local," serving national, regional and local manufacturers with an abiding commitment to excellent customer service. Batory Foods' network of distribution facilities services more than 6,000 customers, spanning the full food industry spectrum. (<http://www.batoryfoods.com>)

### ABOUT MAC & MASSEY

Established in 1929, Massey Fair is the largest food ingredient broker in the United States, offering a broad line of food ingredients, including sweeteners, starch, oils, cocoa, fruit concentrates and nut meats. Mac Source is the premier ingredient distributor in the Southeast, representing many of the same suppliers that support Batory Foods. In 2007, Mac & Massey, LLC was formed as the holding company for Massey Fair and Mac Source. In 2010, after acquiring California-based Mulligan Sales, Mac & Massey, LLC becomes a leading ingredient distributor providing services from coast to coast. (<http://www.masseyfair.com>)

Jan 04, 2012; By Nathan Gray, FOODnavigator-usa.com

## Better knowledge of natural sugars could lead to 'designer sweeteners', say researchers

Better defining the relationship between chemical structure and digestibility of under-used natural sugars could help industry to produce a new generation of “designer” sweeteners, say researchers.

The study – published in *Food Chemistry* – assessed various naturally occurring sugars (oligosaccharides) for oral and intestinal digestibility, to test the influence of chemical structure on functional properties and measure their potential as new alternative sweeteners.

The research team, led by Anne Rae of University of Queensland, Australia, explained that increasing concerns about the effects of dietary sugars has bought about a growing interest in alternative sugars as sweeteners. *“The results will be important for predicting the value of naturally occurring sugars as non-calorific sweeteners and may also be used to inform combinatorial chemistry strategies to produce “designer” sweeteners,”* explained Rae and her team. *“Advances in controlled carbohydrate synthesis through improved enzyme engineering techniques or use of microbial synthesis, may enable the development of novel functional food ingredients based on these principles,”* they said.

### Sweet demand

One of the main suggested causes for rising levels of obesity and type 2 diabetes is increasing consumption of sugar-rich processed foods. However, speaking at the International Sweetener Association (ISA) conference last year, ISA chairman Hans Heezen told FoodNavigator that the desire to eat sweet things should not be suppressed, but rather managed to allow consumers to enjoy the taste of products without the worry of unnecessary calories. *“Our desire for sweet taste is an essential and basic human characteristic - cutting out sweet foods and drinks is incredibly hard for most people so they're just not going to do it,”* said Heezen.

As a result the food industry has begun to replace sugars with alternative sweeteners – many of which are non-calorific. Rae and her team noted that in the food industry, sugars add not only provide sweetness, *“but also colour, texture and preservation qualities.”* They said that finding alternatives that match all of these functions can be difficult for industry.

### Oligosaccharide analysis

Whilst many alternative sugars exist in the market, including sugars with low, or no, calorific value, there are many other naturally-occurring sugars that are not currently in commercial production, said the researchers. *“It is likely that some of these sugars will also display properties that would make them useful alternative sweeteners,”* they argued.

*“Although the major dietary sugars have been well studied, there are still many questions about the oral and intestinal utilization of potential novel sweeteners,”* said Rae. *“Desirable properties for an alternative sweetener include low energy content due to low absorption or digestibility, and non-cariogenicity as a result of poor metabolism by oral bacteria, while ideally retaining solubility, texture (“mouth-feel”), crystallinity and bulking properties,”* they explained.

## Research details

In the new research, the team reported that utilisation of oligosaccharides by oral microorganisms and intestinal enzymes are important factors in determining their effectiveness as alternative sweeteners. *“In conjunction with other tests of physical and sensory properties, knowledge of the structures that are non-cariogenic and/or non-calorific will be useful in the selection and design of alternative sweeteners,”* they said.

The sucrose isomers,  $\alpha$ -glucobioses,  $\beta$ -glucobioses and sucrose-based oligosaccharides, structures were identified by the research team as ones that are not broken down by oral bacteria, *“and would therefore contribute to the non-cariogenic potential of a sweetener.”*

They said that results showed oligosaccharides containing a (1→6)- $\beta$ -Glc group, including gentiobiose and gentiobitol, together with melezitose, were resistant to digestion by both oral bacteria and mammalian intestinal enzymes, *“highlighting their potential as dietary sugar substitutes.”*

# Bracing for the Fake Sugar Rush

## As Shoppers Pocket 'Natural' Packets, Truvia Readies More Low-Calorie Sweets

At the Whole Foods Market in Silver Spring, Md., the self-serve coffee counter offers four types of milk and nearly every imaginable alternative to granulated sugar. There's unrefined sugar, evaporated cane juice, agave nectar—and a no-calorie sugar substitute called Truvia.

The green packets are tucked behind the cash register; if you want it, you have to ask. That's because they have a way of disappearing. "People take a lot more than they need," says Liz Burkhart, a Whole Foods spokeswoman.

Truvia's maker, agricultural giant Cargill Inc., of Minneapolis, is aware that consumers often stock up on Truvia packets at coffee bars and in restaurants. Zanna McFerson, vice president and business director for Cargill Health and Nutrition, says Cargill is developing a dispenser that would limit the number of packets a consumer can take at once.

One reason Truvia is so appealing is its position as a "natural" alternative to aspartame, saccharin and other chemically derived sugar substitutes. Fans say they think Truvia's taste and texture are closer to sugar than those of older entries. It's true that Truvia pours out of the packet in convincing crystal-like granules, not in a powder. And when sprinkled on top of foods such as cereal, Truvia crunches.

Some detractors, though, complain of a Truvia aftertaste, especially when it is used in coffee. And many customers blanch at the price. A 40-count box of Truvia packets retails for \$4.29 at the Giant Foods supermarket in Silver Spring, compared with \$2.99 for a 50-count box of Splenda.

Few consumer products have been a greater marketing challenge than no-calorie sweeteners. Companies have devoted teams of scientists to trying to develop better-tasting sugar-substitutes. "I don't think anyone's cracked the code," says Allen

Adamson, managing director of the New York office of brand-consulting firm Landor Associates. Consumers resist, whether complaining about taste or worrying about safety.

Taste "used to be the only thing [marketers] had to worry about," Mr. Adamson says. "Does it taste good? Is there an aftertaste?" Now, he says, "the new challenge is to alleviate the lingering concerns . . . Did they really test it on enough rats over a long enough period of time?"

Cargill makes Truvia from the stevia plant, a member of the chrysanthemum family and native to parts of South America. Leaves are harvested, dried and steeped in water to release the sweeteners found in Truvia's key ingredient, rebiana. Truvia also contains erythritol, a calorie-free sugar alcohol that diffuses the sweet taste across the palate and helps make the crystals.

Cargill, working with Coca-Cola Co., won Food and Drug Administration approval for Truvia in 2008. Since then, sales have overtaken long-established rivals including Sweet'N Low (pink packets with the sweetening agent saccharin) and Equal (light-blue packets with aspartame). Truvia is now the No. 2 branded sugar substitute, behind only Splenda (yellow packets with sucralose), according to retail-sales data for the year that ended Oct. 30, 2011 from SymphonyIRI Group, a Chicago market-research firm. (Its numbers don't reflect sales at Wal-Mart, nor at warehouse clubs, food-service companies and other suppliers to restaurants, an important channel for sugar substitutes.)

Truvia's premium price may have something to do with why coffee shops find it hard to keep the product in stock. Mary Finnegan, a Truvia customer in Edina, Minn., says, "I might throw a couple in my purse" whenever it's available.

Cargill's Ms. McFerson says Truvia has a "clean, sweet taste." And it costs more because it's more expensive to produce a plant-derived product. "We'll always be more expensive because rather than making something in one place, you're growing plants and working with farmers all through the supply chain," she says.

Ruby Washington, a government program manager for the District of Columbia, first heard about Truvia at a church potluck and bought it for her husband, Henry, who had learned that he is a near-diabetic. Although he cringed at the taste of other sugar substitutes, Ms. Washington told him this one would be different. She says, "I told him it must be OK because they say it's natural."

"Natural," a largely unregulated word, casts a powerful spell over marketers, too. Since Truvia hit the market in 2008, it has shown up in more than 30 products, from Coca-Cola's Glacéau Vitamin Water Zero to [Kraft Foods'](#) Crystal Light Pure. So far, stevia-based sweeteners have proved most compatible with citrus and other light-flavored drinks. PepsiCo's Trop50, a reduced-calorie juice drink brand, is sweetened with PureVia, a stevia-based sweetener from Merisant, the Chicago marketer of Equal.

Merisant prices PureVia below Truvia. Paul Block, Merisant chief executive, says the PureVia customer wants a natural sweetener but doesn't want to pay "crazy" Truvia prices.

"We're not going after Truvia customers," Mr. Block says. "We're going after sugar users who can't afford Truvia." Stevia has helped energize the sugar substitute business. "It's on fire," he adds. "When [consumers] see things that are 'natural' and 'pure,' that is a very fertile area for growth.

Truvia says there are hundreds of new Truvia-sweetened products in the works. Tillamook, a dairy-farm cooperative based in Tillamook, Ore., is launching a Truvia-sweetened "light" yogurt in January. Marketing materials trumpet that it is "naturally sweetened."

"That's huge," says Jay Allison, vice president of sales and marketing at Tillamook. "We know we're not a Yoplait or a Dannon, but we wanted to have a great light yogurt. So we said let's not use anything artificial."

Ever since the FDA banned cyclamates in the 1960s due to links to bladder cancer in laboratory animals, sugar substitutes have faced skepticism. In 1977, foods containing saccharin were required to carry a warning label based on results of laboratory studies involving high doses of the artificial sweetener. In 2000, Congress enacted legislation eliminating the label warning.

The door remained open to rivals, though, and a new one hit the market in 2000, when Johnson & Johnson's McNeil Nutritionals unit came in with Splenda. Splenda's sweetening ingredient is sucralose, a chemical alteration of the sugar molecule. In a bid to keep Splenda's signature yellow packets exciting, last year McNeil launched the Splenda Essentials line, which has added fiber and vitamins. A spokeswoman declined to comment on whether the company plans to introduce a stevia-based sweetener.

To get Truvia approved, Cargill focused its safety research on what it perceived to be stevia's best-testing component—Rebaudioside A. "We did a lot of research so that we could say to consumers, 'You have this worry-free way to consume sweetness,' " Ms. McFerson says.

But some concerns linger. Michael Jacobson, executive director of the Center for Science in the Public Interest points to studies in which animal and bacterial cells were administered a stevia component closely related to Rebaudioside A and showed genetic damage, which raises the prospect

that it may cause cancer, CSPI said. (Other cell studies didn't show the same genetic damage, Mr. Jacobson says.)

He noted his concerns in an Aug. 4, 2008 letter to the FDA citing the studies. Cargill says those studies predated its development of Truvia. "The literature has been fraught with lots of issues with respect to purity of the material," says Amy Boileau, associate director for scientific and regulatory affairs at Cargill.

Mr. Jacobson would like to see further testing. "Natural does not automatically mean safe," he says.

### **But How Does It Taste in Coffee?**

An unscientific taste test using a single packet in a small cup of hot coffee.



Introduced in 2008

TRUVIA

Calories: 0

Price\* per 40-pack box: \$4.29

Sweetening agent: Rebiana

Verdict: Smells like cupcake icing, has granular texture like sugar. Sweetness overpowers the coffee's flavor. We detected a 'Tab'-like aftertaste.

Jan 04, 2012; Imperial Sugar Company Newsroom

# Imperial Sugar Partners with SES Foam to Develop “SucraSeal”



SES Foam and Imperial Sugar Company announce the introduction of SucraSeal, an environmentally friendly, open-cell, Class 1 sucrose-based spray foam insulation. SucraSeal is one of the greenest spray foam products on the market with a finished foam green content of 25%. It is fire-resistant, passes the ACC 377 Appendix X test and does not require chemical barriers and coatings. SucraSeal offers an energy-efficient and sustainable solution for commercial contractors and residential homeowners seeking a greener alternative to petroleum-based insulation products.

SES developed SucraSeal in conjunction with Imperial Sugar Company. SES combined their urethane knowledge with Imperial Sugar Company’s natural product knowledge to develop a product expected to lead the polyurethane spray foam industry.

SES Foam uses a patent pending technology to produce a .5 PCF and 1.0 PCF formulations of SucraSeal. The .5 PCF boasts a finished foam green content of 17% and the 1.0 PCF boasts a finished foam green content of 25%. Both products meet the USDA’s BioPreferred® Program qualifications and their green content has been determined by ASTM D-6886. The SucraSeal spray foam line is formulated using water-blown technology so it contains no ozone depleting CFSs or HCFCs, giving it an added degree of green content and renewability.

“SucraSeal insulation offers high-yield and an R-value of 3.7 per inch, is VOC and formaldehyde free and virtually odorless. The SucraSeal spray foam line offers superior fire-resistance and passes the ACC 377 Appendix X test for flammability uncoated without the use of an ignition barrier. SucraSeal’s patented process makes the foam fire-resistant. The fire-resistance is built into the foam itself. SucraSeal’s natural and superior fire protection is less expensive to produce and install because it does not require the addition of a chemical fire barrier coating,” explained Charles Valentine, COO, SES Foam, LLC.

“Sucrose is a renewable resource, making it cost-competitive compared to petroleum-based spray foam. Sucrose is natural and sustainable and has numerous uses in addition to being a food source. It is used in pharmaceuticals, epoxies, bio-plastics, detergents, cosmetics and more. Sucrose-based spray foams have the potential to provide a revolutionary impact in a variety of applications by

replacing widely-used petrochemical-based compounds. Our scientists are continually investigating sucrose's functional properties in order to develop products with promising uses such as SucraSeal," said John C. Sheptor, CEO, Imperial Sugar Company.

"Imperial Sugar Company strives to be a leader in non-food based sucrose technology applications. We are proud to help commercial builders and residential homeowners make their houses safer relative to fire resistance, more energy efficient and greener with SucraSeal spray insulation," said Thomas Rathke, PhD, Managing Director Specialty Sweetener Division, Imperial Sugar Company.

"Even with its sucrose content, SucraSeal has zero food value for rodents or insects. It is naturally mold, mildew and water resistant, is anti-microbial and provides excellent thermal and sound control. It cures instantly, provides an air-tight seal, is dimensionally stable, stays firmly in place and will not settle," said Valentine.

SucraSeal is offered exclusively through SES Foam licensed dealers. Limited contractor partnerships are available on a geographic basis for insulation installers with a history of safety and quality operations.

January 05, 2012; By MATEUSZ PERKOWSKI, Capital Press

## Sugar refinery deal goes bad, sparks lawsuit

A farmer-owned sugar beet processor in Idaho is seeking nearly \$1 million in compensation from a Louisiana sugar cane processor over a failed joint venture.

The Amalgamated Sugar Co. of Boise -- owned by the Snake River Sugar Co. agricultural cooperative -- has filed a federal lawsuit accusing its former partner of breach of contract, fraud and unjust enrichment, among other allegations.

The complaint alleges that M.A. Patout & Son, a sugar cane processor based in Jeanerette, La., unlawfully backed out of a joint sugar refinery project at a cost of at least \$975,000 to Amalgamated Sugar.

Patout did not respond to Capital Press requests for comment.

Amalgamated Sugar alleges that the two companies initially struck a deal in early 2010 to build a 400,000 ton-per-year sugar cane refinery on Patout's property in Louisiana.

The Enterprise Sugar Refinery, as the joint venture was named, incorporated as a limited liability company in that state and established a management committee comprised of representatives from both companies, the complaint said.

The joint venture hired engineers, lawyers, financial advisers and other consultants to help plan for the refinery's construction, and obtained a commitment for \$30 million in financing from an investment firm, the complaint said.

The project proceeded as planned until mid-November 2011, when Patout "abruptly notified" Amalgamated Sugar that it wouldn't provide the equity needed to help fund the project, the complaint said.

The complaint said Patout's withdrawal of support caused the project to fail, causing "extensive damage" to Amalgamated, which had paid for the costs of developing the refinery plan.

Amalgamated Sugar's complaint claims the company was misled to invest in project planning, which provided Patout with "valuable information" about the engineering, design, finances, marketing and environmental permits necessary to build a refinery on its land in the future.

Jan 06, 2012; By Oliver Nieburg, ConfectioneryNews.com

## External influences likely to keep sugar prices high, says USDA

### **World sugar prices are likely to stay high in 2012 due to external factors such as government policies, oil prices and instability in the Eurozone, according to the US Department of Agriculture**

A USDA report *'Post-Reform European Union Sugar – Prospects for the Future'* published late last month assessed past EU sugar reforms and analysed the challenges ahead for the EU as a consequence of further reforms in its new Common Agricultural Policy (CAP). The report said: *"It is likely that world sugar prices will remain higher than in the past when the original reform measures were being considered."*

#### **Government policies**

*"The Indian production cycle and government policies are the main source contributing to an expected continuation of world sugar price variability. Government policies that intervene in sugar markets are assumed to continue,"* it said.

Projections from the Organization for Economic Co-operation and Development (OECD) from 2011/12 through to 2020/21 put the average price for sugar at \$518.5 (€405.9) per tonne, 48% higher than the \$349.5 (€273.6) per tonne average from the earlier period.

*"The figure shows future price volatility, with a low of \$464.1 (€363.3) per tonne in 2012/13 and a high of \$608.7 (€476.5) per tonne in 2015/16,"* said the report. *"Low prices are expected in 2012/13 and 2013/14 that make a case for retaining the quota system during the period in which quota is being debated,"* it continued.

#### **Eurozone and EU expansion**

The report added that another influence affecting prices was instability in the Eurozone. *"The European Union would be in strong competition for the Sub-Saharan African exports unless the euro appreciates above projected levels,"* it said. *"Looking ahead, the value of the Euro and increased demand from emerging market economies will likely have strong effects on EU sugar markets that policymakers cannot afford to ignore."*

The report added that the likely enlargement of the EU to include Croatia and Serbia could also impact the sugar market. *"They [Croatia and Serbia] have been granted loans to improve their sugar infrastructure and could become more efficient producers that could add to greater self-sufficiency in EU sugar production in an EU of 30 member states."*

#### **Influence of oil**

According to the report a lack of risk management policies in the EU, unlike in other regions, mean the next CAP reform will likely address the price volatility issue, though many factors will still affect sugar prices.

*"Oil price changes affect world sugar prices by influencing trade-offs in producing either sugar or ethanol in Brazil,"* said the report. Brazil is the world's largest sugarcane producer and can choose use its produce either for sugar production or ethanol production. *"When the world price of oil is high,*

*Brazil has more incentive to produce ethanol and less sugar. Reduced sugar exports contribute to higher world sugar prices. Conversely, when world oil prices drop, less ethanol is produced and more sugar is available to the world, thereby lowering the world price.”*

The European Commission released its proposals for CAP reforms on 12 October 2011. It is now up to the European Parliament and the Council to approve the regulations, which is expected by the end of 2013. If all goes to plan, the CAP reforms would take effect on the 1 January 2014.

Jan 07, 2012; By Helmut Schmidt, INFORUM

## Can't beet the heat: Sugar beet piles need extended periods of colder temps

FARGO – Warm winter days have been a joy so far for many people but could be costly for the region's farmers – and some homeowners, too.

Without snow cover, winter wheat and alfalfa are vulnerable to damage from the deep cold that will probably hit the region yet, experts said Friday.

Evergreens could also be damaged if warm temperatures bring them out of dormancy with a couple months of hard winter to go.

Meanwhile, Red River Valley sugar beets in their piles are still providing good product as they're processed. But they could use some deep freeze time – and soon.

"Our hope is the weather will turn cold in the near future," said Jeff Schweitzer, spokesman for American Crystal Sugar Co. in Moorhead. "We need several weeks of below 20-degree temperatures to get those beets frozen so we can make sugar through April and May."

Minn-Dak Farmers Cooperative, based in Wahpeton, is two-thirds finished with its beet processing, according to the co-op's website, and comments there indicate Minn-Dak officials, too, are waiting for colder weather.

Winter wheat is still dormant, said Joel Ransom, a North Dakota State University Extension Service agronomist for cereal crops. If the wheat remains dormant, the half million acres planted in the state should be safe, but "if they did (break dormancy), it would be bad news," Ransom said. Without snow to insulate the wheat, deep cold could kill a significant share of the crop, he said. About 20 million bushels of winter wheat were harvested last year, Ransom said. At \$5 to \$6 a bushel, it's worth \$100 million to \$120 million, he said.

Alfalfa should also still be dormant, said Hans Kandel, an NDSU Extension agronomist.

But, again, without snow cover, the crowns of the plants below the surface of the soil can be damaged by subzero cold, he said.

Around the house, hearty perennials such as hostas should survive, unless warm temps get them growing, said Todd Weinmann, the Cass County Extension agent for horticulture. He said that if that happens, expect some damage and losses.

But evergreens could already be in trouble, said Joe Zeleznik, an NDSU Extension forester. "The evergreens are the ones I'm worried about. Right now, with the warmer weather, it's very likely they've come out of dormancy a little bit," Zeleznik said.

"They've de-hardened. Are they going to be able to re-harden (for winter weather)?" he asked. "That's going to be hard on them, especially since it's early January, and we've got a lot of winter to go. We'll likely see some damage to conifers" by late March or early April.

Deciduous trees are less of a worry, except for the ones that are marginally hearty for this climate, Zeleznik said. He said some damage might be avoided by applying antidessicants to conifers to help them retain moisture. The chemicals must be applied at temperatures above freezing. "It certainly won't hurt, and it might help," he said.

January 9, 2012; By Sean Williams, [www.fool.com](http://www.fool.com)

## I'm Not Convinced This Company Will Survive 2012

Just because it's sweet [doesn't mean it's good for you!](#)

Just ask the shareholders of **Imperial Sugar** (Nasdaq: [IPSU](#) ) and they'll probably tell you that the outlook on this company went stale years ago. Since peaking at \$25.68 in early August, shares have since nosedived by 87%. In comparison, the **Dow Jones Industrial Average** gained 4% since early August. It might hard to believe that things could possibly get worse for the refined sugar producer, but last week they did.

On Friday, Imperial Sugar wrapped up another year of steep declines, perpetuating a streak of operating losses dating back to 2008 (a one-time insurance gain of \$278.5 million was recognized in 2010, otherwise the company was operational, not profitable). At the heart of Imperial's problems is the [rising cost of sugar](#), which currently sits at prices that are double what they were three years ago when Imperial's losses began. Competitors aren't making it easy, either. Price undercutting from predominantly private competitors is eating into already constricted gross margins.

But it's not just the rising price of raw materials that has me concerned about Imperial's future -- it's the company's rapidly deteriorating balance sheet. At this time last year Imperial Sugar could claim \$22.8 million in cash. Due to rising expenses and weak sales, that cash balance ended the current quarter at just \$134,000. CEO John Sheptor even noted, "Our operating results and the impact of high sugar prices on working capital have strained our financial resources and we are exploring opportunities to improve liquidity, including potential further asset sales." Those aren't words of optimism, but of a desperate CEO looking frantically for solutions to a three-year-long problem.

Even though there aren't any publicly traded direct competitors, I decided to take a closer look at confectionary giant **Hershey** (NYSE: [HSY](#) ) to see if rising raw material costs were affecting it much. The answer was simple: no. Hershey has been able to adapt to rising input costs by [passing along price increases to consumers](#) and adjusting their production to match demand. Imperial Sugar simply doesn't have the pricing power or the ability to ramp up production even if it wanted to.

And pricing power is really what it comes down to with regard to who can and who can't survive rising commodity costs. Unfortunately, a company like Imperial Sugar generates little brand equity and switching costs are low. Compare that to strongly branded companies like **Kraft** (NYSE: [KFT](#) ) and **General Mills** (NYSE: [GIS](#) ) , both of which have been able to successfully pass on higher commodity costs to consumers through a variety of price hikes and creative packaging solutions.

Despite a recent slip in profits by General Mills, their position is far from Imperial sugar's cash-strapped nightmare. The big news out of Kraft for 2012 is their upcoming split into two companies. Investors should be sure to watch this development carefully. Either way, these companies illustrate the value of brand strength. A company like Imperial Sugar has very little. In this case, it's the difference between surviving and dying in 2012.

Looking ahead to 2012, I can't say that things are looking too good for Imperial. The cash crunch is getting awfully close in the rearview mirror and sugar prices aren't indicating things are going to get any easier anytime soon. I, for one, am not convinced that Imperial Sugar has enough cash to survive the year, and I am going to back up that assertion by [making an underperform CAPScall](#) on the stock.

Jan 10, 2012; By Caroline Scott-Thomas, FOODnavigator-usa.com

## USDA to shut 259 offices in cost-saving initiative

**The US Department of Agriculture (USDA) said on Monday it intends to close 259 offices, facilities and laboratories across the United States, as part of an effort to save about \$150m a year in the agency's \$145bn budget.**

Agriculture secretary Tom Vilsack unveiled the plans, dubbed "*USDA Blueprint for Stronger Service*" at the American Farm Bureau Federation's annual meeting, with about half the closures to affect local Farm Service Agency offices, which deal with crop subsidies and farm insurance, and conservation programs. "*In many cases, offices recommended for closure are either not staffed or staffed with just one or two employees and within 20 miles of other offices,*" the agency said.

Vilsack said that the USDA did not envisage mass job cuts, partly because about 7,000 USDA employees accepted early retirement over the past year. Employees from affected offices are expected to be given the option to transfer to nearby offices where possible, the agency said. It employs about 104,000 staff worldwide. "*In an era of reduced budgets, we're not going to see reduced service,*" Vilsack said.

Among the closures, the USDA's Food, Nutrition and Consumer Services department is due to lose about half of its 63 offices nationwide, with 32 to remain. The agency claims that new technology has reduced the need for "brick and mortar" facilities.

About \$90m worth of cuts have already been made by reducing costs for transport and supplies, so the closures are expected to save an additional \$60m a year, Vilsack said.

The closure of ten Agricultural Research Service (ARS) labs had also already been announced, including the only ARS lab in Alaska.

*"The USDA, like families and businesses across the country, cannot continue to operate like we did 50 years ago," he said. "We must innovate, modernize, and be better stewards of the taxpayers' dollars. We must build on the record accomplishments of farm communities in 2011 with a stronger, more effective USDA in 2012 and beyond."*

The Food Safety and Inspection Service, responsible for meat, poultry and egg product safety, will have the number of offices cut by a third, from 15 to 10 by the end of fiscal 2013, although it is not expected to lose any staff as a result.

Vilsack added that the cost savings to be realized from the closures, alongside other plans, such as consolidating cell phone contracts, would allow further investment in the agriculture sector. "*USDA has heard from producers about reducing red tape and the need to modernize its services,*" he said. "*Today, we are answering the challenge by announcing a series of efforts to help us continue to streamline operations, make the best use of taxpayer resources, and provide the best possible service to the American people."*

In addition to the 259 domestic facility closures, the USDA said it would also close seven foreign offices.

Jan 10, 2012; By Oliver Nieburg, BakeryandSnacks.com

## **No increased disease risk by eating refined grain foods - study review**

**Consuming up to 50% of all grain foods as refined grains will not lead to any increased disease risk, according to a study reviewing all relevant literature from the Noughties.**

The [study](#) 'Evaluation of the evidence between consumption of refined grains and health outcomes' published online ahead of inclusion in the journal Nutrition Review assessed 135 articles on refined grain foods published between 2000-2010. It concluded that no increased risk of cardiovascular disease, diabetes or weight gain came from eating 50% of all grain foods as refined grain foods which don't have high levels of added fat, sugar or sodium. The review was conducted by Peter G Williams of the University of Wollongong, Australia.

### **High consumption ill-advised**

Despite establishing no link between refined grain foods and increased disease risk, Williams said that whole grain options should be preferred for cereals. *"The protective effects of whole grains are well established, and in order to promote increased consumption without exceeding total grain consumption recommendations, there has to be a consequent decrease in the amount of refined-grain foods consumed,"* he said. *"In all communications with the public, the importance of limiting cereal-based foods that are high in added fat, sugar, and sodium still needs to be emphasized,"* he continued.

### **Potential cancer risk with high intakes**

The review did note a handful of studies that associated high intakes of refined grain foods with some types of cancer. However, it added that *"at moderate levels of consumption the risks were not significant"*. For the purposes of the study, refined grain foods included breads, breakfast cereals and pasta.

Study: Williams, P. G. (2012), Evaluation of the evidence between consumption of refined grains and health outcomes. Nutrition Reviews. doi: 10.1111/j.1753-4887.2011.00452.x

Jan 11, 2012; By Ben Bouckley, FoodProductionDaily.com

## Miracle metal could usher in food safety revolution, scientist

### **Copper could usher in a food safety revolution within processing plants, according to the author of a new study that revealed the metal's impressive ability to kill deadly E.coli pathogens.**

Professor Bill Keevil, head of the Microbiology Group and director of the Environmental Healthcare Unit at the University of Southampton told FoodProductionDaily.com about the findings of research he co-authored for the November issue of the journal *Environmental Microbiology*.

The study examined the efficacy of copper used as an antimicrobial biocide against new strains of E.coli, and although it did not examine O104:H4 (the strain apparent in the spring epidemic in Germany and France), the authors found that all the strains investigated died rapidly on copper. On a dry copper surface, S.L Warnes, V.Caves and C.W Keevil showed that 10m E.coli bacteria were eliminated within 10 minutes, while on a wet copper surface, one could expect a 'total kill' within around 45 minutes.

### **Expensive reputation**

Asked about the potential food safety benefits of integrating copper within food processing facilities, Keevil said: *"The problem is that people always think of copper as the pure metal. If you're a French cook, then you know that the best cordon bleu cookery schools use copper pans, they're expensive."*

He added: *"But pure copper isn't very good in acid conditions. You don't make jam, for instance, in copper containers, because the fruit acid attacks the copper. But now there is a whole range of alloys, many of which were developed for things such as car motors, other electronic applications."*

Keevil said that such alloys were never investigated to see if they had antimicrobial properties, but that his team had shown that alloys containing more than 60% copper were antimicrobial. *"So there's a whole family of copper alloys that could be very beneficially in things like food processing. They're resistant to acid attack, for example, in contact with foods."*

### **Integrating copper into plants**

Asked how copper could be integrated into facilities, Keevil said: *"You might be concerned that staff are contaminated. We've had Hepatitis A, for instance spread via hand contact within food firms, before people eat the contaminated food. In that case a copper alloy surface would protect against worker contamination. The other big issue is that the foods themselves are naturally contaminated. O157:H7, for example, is present in contaminated beef, Salmonella and Campylobacter in contaminated chicken."*

Keevil noted that these meats could contaminate, say, salads or tomatoes placed on food contact surfaces after they were removed. *"Protecting against staff, you would certainly be looking at door handles, push plates on doors, etc. But if you're concerned about contaminated food itself, then the actual food preparation area – cutting areas, conveyer belts, etc. are all very important."*

But with copper trading at around \$7,500 on the London Metal Exchange, did Keevil accept that the significant premium involved for food processors using the metal instead of stainless steel?

He said: *“When I’ve spoken to metallurgists in the copper industry, they tell me there’s very little difference between the price of stainless steel and copper. All I know is that there isn’t that much of price differential.”*

Keevil said he had researched the antimicrobial properties of copper since 1988, and that previous research on contact surfaces within the food industry also showed that copper was also effective against *Listeria* on both dry and wet copper surfaces. *“We then moved on to the hospital acquired infections, such as MRSA, Clostridium difficile, Acinetobacter baumannii, and again copper was doing a great job,”* he added.

**Title:** ‘Mechanism of copper surface toxicity in *Escherichia coli* O157:H7 and *Salmonella* involves immediate membrane depolarization followed by slower rate of DNA destruction which differs from that observed for gram-positive bacteria’

**Authors:** S.L Warnes, V.Caves and C.W Keevil

**Source:** *Environmental Microbiology*, November 2011, [doi:10.1111/j.1462-2920.2011.02677.x](https://doi.org/10.1111/j.1462-2920.2011.02677.x)

January 11, 2012; By Cindy Snyder, MidwestProducer.com

## Technology advances help sugar beets

TWIN FALLS, Idaho - Tight sugar supplies around the world and a smaller U.S. beet crop make the crop more valuable than ever.

According to USDA estimates, sugar supplies in the U.S. could fall to a 37-year low. That's keeping U.S. sugar prices about 10 cents a pound higher than the traditional average.

Leonard Kerbs, agricultural manager for Amalgamated Sugar Co.'s Twin Falls District, said nearly ideal growing conditions in August allowed the Idaho crop to bulk up. Sunny, warm days coupled with cool nights added sugar content. Kerbs expected 950,000 tons of beets last fall from about 31,000 acres.

Even though the process of turning sugar beets into sugar hasn't changed much in the last 200 years, advances in technology and equipment allow Amalgamated to recover 92 to 93 percent of the sucrose contained in the beets that are delivered to the factories. A molecule of sucrose in a beet may emerge as sugar within 12 to 18 hours, or it may take a year. One reason Amalgamated can squeeze so much sugar from each beet is that it processes and reprocesses beet juice until nothing is left.

The process begins when the beets are brought to one of three factories owned by Amalgamated in southern Idaho. The Twin Falls plant can slice 7,000 tons of beets per day making it the smallest of the three. The Paul plant slices two-and-a-half times more beets each day, making it the largest beet factory in the U.S.

Beets are dumped from a truck into a hopper and moved by water in a flume to a rock catcher. From there, the beets are moved by water into the factory where they are cleaned and sliced into cossettes. Cossettes look like waffle cut fries that are then soaked in hot water to get the sugar out.

Beets entered the plant at 75 percent water and 17 percent sugar, cossettes discharged from the diffuser contain 90 percent water and just 2.5 percent sugar, said Jorge Devarona, process manager.

Juice that comes from that first process is called thin juice because it contains some organic matter from the beets. The thick juice is refined using milk of lime and carbon dioxide to form thick juice, a semi stable syrup that can either be processed immediately into sugar or stored for processing after all the beets are sliced, usually in mid-March.

Thick juice is put in an evaporator to boil the water away. "We take a juice product that is 15 percent solid and turn it into a 70 percent solid product," Devarona said.

Workers also seed the evaporator pan with sugar crystals to control the size of the crystals that will be formed. When the process is completed, the crystals enter a centrifugal that essentially acts like a washing machine to wash and spin the water out of the crystals. Crystals leave the centrifugal at 0.5 percent water, wet enough to form snowballs out of the sugar. To dry it to .025 percent moisture, the crystals are cooled in a granulator and then are conditioned in a silo.

Amalgamated installed three new centrifugals last year to replace six of the older version. A fluidized air bed cooler was also installed last year that helps dry and cool the crystals. Sugar rides on a current of air much like a puck moves on an air hockey table.

White sugar is produced on the first evaporation. Left over juice is reprocessed and forms brown sugar, juice that is reprocessed forms molasses. "As long as we we produce sugar, we are producing molasses," Devarona said. "We store the excess. When the thick juice runs out, we bring it back to process."

Ten or 20 years ago, molasses was sold as cattle feed but feeders were never willing to pay as much for molasses as humans are for sugar, so Amalgamated Research Inc. developed an ionization process to pull the sugar from molasses. It's an example of the innovations that Amalgamated has pioneered.

In addition to selling table sugar to consumers and dried beet pulp as cattle feed, Amalgamated has also isolated betaine, an amino acid derivative from molasses that can be used as an ingredient in livestock rations.

Pharmaceutical companies purchase sugar from Amalgamated for use in products ranging from cough syrup to antacids.

Amalgamated also produces nearly all of the electricity it needs to run the Twin Falls factory. High pressure steam is produced during processing, but the factory needs lower pressure steam. By reducing the steam from 400 pounds per square inch to around 30 psi, the factory generates 9 megawatts of electricity.

Gaining efficiencies and finding new markets benefits growers. Idaho growers formed a cooperative and purchased Amalgamated in 1997. Rather than a beet contract, as in the early days of the beet industry, the proceeds after the sugar is marketed and operating costs deducted is divided between the member growers. That's worked out to about \$40 per ton of beets in recent years.

Jan. 12, 2012; By Steve Berg, KRMG.com

## 'Dublin Dr. Pepper' forced to stop making soda brand

Pure-cane sugar flavored pop had cult following in Oklahoma



TULSA, Okla. — If you've never heard of Dublin Dr. Pepper, the news of its demise might have easily escaped you, and you might be confused how it differs from the Dr. Pepper that you can find in virtually every grocery store.

[Dublin Dr. Pepper](#) was a specialized brand that was made by a separate company in Dublin, Texas, with a license from the main Dr. Pepper corporation.

It was made with Imperial pure-cane sugar, instead of high fructose corn syrup and came in old-fashioned, 8-ounce bottles that have a nostalgic appeal for many.

But a lawsuit from the Dr. Pepper corporation has forced the Dublin company to stop making Dublin Dr. Pepper.

The news came as a big disappointment to its fans, including Marty Doepke, who owns Pops Soda Ranch in Arcadia, Oklahoma, just outside Oklahoma City.

"We were hoping it wouldn't go quite this far, but unfortunately it has and Dublin Dr. Pepper will be no more," he said.

Of the hundreds of soda flavors sold at Pops, Doepke says Dublin Dr. Pepper was the number-one seller.

The bottling plant in Dublin, Texas draws some 80,000 visitors per year, according to some accounts.

Under its franchise agreement with the Dr. Pepper corporation, it's been reported that Dublin Dr. Pepper was not supposed to distribute the brand beyond a 44-mile radius of Dublin.

The Dr. Pepper corporation reportedly has plans to create its own version of a pure-cane sugar flavored Dr. Pepper, but Doepke says it remains to be seen whether it can successfully copy the taste of Dublin Dr. Pepper.

"We don't know if , 'A', it will be the same recipe with the Imperial cane sugar like the Dublin Dr. Pepper was using for all these years. Also, 'B', we don't know if it will be bottled in the small, little 8-ounce glass bottles," he said.

Jan. 12, 2012; by Staff, FoodBusinessNews.net

## F.D.A. halts imported orange juice shipments

WASHINGTON — The Food and Drug Administration has halted shipments of imported orange juice from all over the world as the result of positive testing of the fungicide carbendazim.

The F.D.A. has linked the fungicide with the 2011 orange crop from Brazil, but the agency said it will examine all container shipments that arrive in the United States. Shipments that test negative will be allowed to enter the country.

The fungicide is used legally in Brazil to combat black spot, a type of mold that grows on orange trees. But the Environmental Protection Agency has not approved carbendazim for use on oranges or established a tolerance or exemption from the need of tolerance for the fungicide in the United States.

According to the Juice Products Association, the E.P.A. has determined levels of 80 parts per billion in orange juice do not raise safety concerns, but the F.D.A. is refusing entry of imported orange juice that tests at 10 parts per billion or higher. Overall, the association said there is no reason consumers should be concerned.

Jan 16, 2012; By Caroline Scott-Thomas, FOODnavigator-usa.com

## Salt increases blood pressure by adrenalin, not volume expansion

It has long been thought that excessive salt consumption raises blood pressure by increasing blood volume, but researchers at the Boston University School of Medicine have conducted a research review that suggests another mechanism may be at work.

Published online in the *Journal of Hypertension*, the new study was led by Dr. Irene Gavras and Dr. Haralambos Gavras, both professors of medicine at the university. Since the 1960s and 1970s, researchers have questioned the theory that increased blood volume puts pressure on the arterial walls, they wrote.

*"The body's circulatory system is a highly flexible vascular system with the capacity to open up new capillaries and distend veins in order to accommodate increased fluid volume,"* said Irene Gavras. *"...The purpose of this paper is to correct an erroneous concept that has prevailed for many years, even though scientific evidence has mounted against it."*

The idea of 'volume-expanded hypertension' implies that excess sodium leads to the retention of extra fluid within the arteries, and this causes an increase in blood volume, resulting in added pressure on arterial walls.

However, research has shown that conditions characterized by the expansion of blood volume from other causes, such as the excessive elevation of blood sugar, do not cause a rise in blood pressure because the extra fluid is accommodated by the expansion of capillaries and veins, a university statement said.

Instead of increasing blood volume, the review's authors claim there is a strong body of evidence to suggest that sodium stimulates the sympathetic nervous system to produce adrenalin, and the excess adrenalin constricts the arteries and causes high blood pressure.

This could have implications for the treatment of high blood pressure, and future treatments should focus on the nervous system, they wrote.

Jan 17, 2012; By Elaine Watson, FOODnavigator-usa.com

## FDA: We'll publish FSMA foreign supplier verification rules 'soon'

**The Food and Drug Administration (FDA) has missed its January 4 deadline for publishing details of how it will regulate imported food under the Food Safety Modernization Act (FSMA), but says it will update the industry "soon".**

Asked when it would publish rulemaking on its proposed Foreign Supplier Verification Program, come up with a definition of 'high-risk foods' and outline the associated certification scheme, a spokesman told FoodNavigator-USA: *"The specifics of these programs are being developed now. "Congress set a deadline for the regulations for the Foreign Supplier Verification Program at one year after the law was signed [January 4, 2011] - so we hope to release the proposed regulation soon, though I cannot speculate on when. "The high risk foods have not been defined yet. The process for certification of foods is yet to be defined as well."* He added: *"Congress set a deadline for the 3rd party audit program for imports at two years after signing – so that would be next January. The voluntary qualified importer program (VQIP) would follow after that."*

### Devil is in the detail

Quite how the foreign supplier verification scheme will work in practice was a source of much consternation in the trade, said Benjamin England, founder of legal practice Benjamin L. England & Associates and consultancy FDAImports.com.

According to the FDA, the scheme will *"require importers to verify that their suppliers are in compliance with reasonably appropriate risk-based preventive controls that provide the same level of public health protection as those required under FSMA"*.

But the devil would be in the detail, he said. *"The FDA seems to be basing its thinking on an assumption of bilateral trade – whereas in fact most is multilateral. If you are importing chocolate from China, but the highest risk ingredient in it – the dairy protein – is in turn being imported by the Chinese company from New Zealand, the trail is dead in China. Far better that the FDA should pump all available resources into the VQIP - which I see as a kind of frequent traveler pass for trusted players to expedite entry into the US of imported food from eligible, qualified importers."*

### Re-examination fees: Food import user fee by the back door?

Under FSMA, FDA can now charge food importers a fee (based upon an hourly rate of \$224 or \$325 if foreign travel is required) for any 're-examination' required because FDA discovered a problem during an initial examination, noted England.

While this seemed eminently reasonable, he said, FDA has such a broad definition of what constitutes the 'first examination' that *"virtually every imported food shipment detained for an apparent food safety reason will become subject to a re-examination fee"*.

For example, FDA's 'first examination' definition includes tasks and operations that *"clearly do not involve any FDA inspection of the imported food at all, such as reviewing sample results from a third party, reviewing any relevant epidemiological evidence, reviewing a third party facility inspection, and almost any activity related to an FDA import alert"*, he claimed *"FDA could not convince Congress to give the agency a food importation user fee so FDA made one up out of the re-examination fee language of FSMA... FDA appears to be looking at this fee requirement as a simple means to capture additional operational funds through a user fee system rejected by Congress in other food safety bills."*

January 17, 2012; By Isis Almeida, Bloomberg/BusinessWeek.com

## Cocoa Falls as Industry Is 'Well Stocked,' Barry Callebaut Says

Jan. 17 (Bloomberg) -- Cocoa prices have fallen because the industry is "well stocked" and the current crop is off to a "good start," according to Barry Callebaut AG, the world's largest maker of bulk chocolate.

Prices on NYSE Liffe in London slid 25 percent to 1,465 pounds (\$2,250) a metric ton in the three months through November, the company's first quarter, data on Bloomberg show. The 2011-12 global cocoa season started in October. Ivory Coast and Ghana are the two biggest producers.

"This price decrease was due to the recent bumper crop in 2010-11 and the good start of the current cocoa campaign, as well as financial investors taking short positions and a generally well-stocked industry," the Zurich-based company said in a statement today.

Cocoa supplies outpaced demand by 341,000 tons last season, according to the International Cocoa Organization. The London-based group has yet to release its forecast for the current season. The global cocoa market will have a "modest surplus" in 2011-12, Goldman Sachs Group Inc. said in a report Jan. 13.

Sugar prices in the European Union continued at "historically high levels," while a better-than-expected crop in top producer Brazil and a "good start" to the harvest in Russia and India helped world prices to fall, Callebaut said.

Raw-sugar prices on ICE Futures U.S. in New York retreated 20 percent in the three-month period, data on Bloomberg show. White-sugar prices in the European Union averaged 645 euros (\$823) a ton in November, the highest since at least July 2006, according to data from the European Commission, the bloc's executive arm.

January 17, 2012; Seeking Alpha

## China Loves Chocolate And You Can Profit

You may never have heard of World Chocolate Wonderland. It's China's first "chocolate theme park." The displays at Shanghai's World Chocolate Wonderland include a terracotta army made of dark chocolate, a Shanghai skyscraper fashioned from white chocolate - complete with a brown Huangpu river flowing next to it - a chocolate bullet train and a white chocolate aircraft carrier.

Europe's confectioners are wooing the crowds with samples and demonstrations of the art of bonbon making.

China's increasingly affluent consumers are boosting spending on fine chocolates. More than half of China's chocolate sales are for gifts. Christmas and next month's Lunar New Year are the peak seasons.

Euromonitor estimates that in China the chocolate confectionery market has grown almost 40 percent in value since 2008, while the global chocolate market grew less than 10 per cent.

A recent Bain study forecast that the Chinese market would grow 11 percent per annum for five years, but Lindt & Sprüngli said it believed the market was growing by 30 percent a year, based on research conducted for it by Nielsen.

Thirty years ago practically no chocolate was consumed in China. It was left to the big five international chocolate makers - Ferrero, Cadbury (Kraft Foods) ([KFT](#)), Hershey ([HSY](#)), Nestle ([NSRGY.PK](#)) and Mars - to create the market from scratch.

Mars has the largest market share around 40%, the second biggest player is Nestlé with an 11% share, followed by Ferrero with 9%. The only significant domestic competition comes from COFCO, which has a 5% market share. Domestic chocolate companies are weak in R&D, resulting in slow product changes and updates.

A company that's on track and has big opportunities in emerging markets is Hershey. Already since 2004, Hershey International is making transactions and alliances.

### Transactions and Alliances

On August 17, 2004, Hershey Mexico acquired the assets and brands of Grupo Lorena, a major confectionery business in Mexico, with relevant presence in the U.S. Hispanic community. Main brands are Pelon Pelo Rico in Spicy confectionery and Crayon in sugar confectionery.

On January 29, 2007, the company announced a manufacturing joint venture in China with Lotte Confectionery Co., Ltd, Korea's leading confectionery and ice cream manufacturer. The joint venture produces for the company Hershey's branded products for sale in China and other Asian markets.

On April 3, 2007, the company announced the formation of a joint venture in India with Godrej Industries Ltd to manufacture and distribute confectionery products, snacks and beverages across India.

On 24 January, 2008, the company announced the formation of a joint venture in Brazil with Pandurata Alimentos Ltda (manufacturer of products sold in Brazil and Latin America under the

Bauducco brand) to manufacture, sell and distribute Hershey's branded products across Brazil using the Bauducco distribution network.

Effective February 28, 2009, the company licensed the Van Houten brand from Barry Callebaut. Specifically, Hershey has a perpetual and exclusive license of the Van Houten brand name and related trademarks in Asia Pacific, the Middle East and Australia/New Zealand for consumer products. Founded in 1990, Van Houten Singapore successfully develops and markets popular consumer chocolate products throughout Asia. This acquisition complements the company's existing business in Asia and gives Hershey an immediate in-market presence in several high-potential markets, including Malaysia, and Indonesia. The investment was about \$15 million, or approximately 1-times sales.

## The Confectionery Picture In Some Emerging Markets

If we look to the retail confectionery market in countries such as China, Brazil, and India, and you compare them with Asia's biggest consumer of chocolate you can draw the conclusion that China and India still have to consume quite a lot of chocolate to catch up, see below.

GLOBAL RETAIL CONFECTIONERY MARKET						
( in Billion \$)	4-year					
Retail Sales*	2010	2009	2008	2007	2006	CAGR
Japan						
Total Confection	\$10.00	\$10.20	\$10.00	\$10.00	\$10.00	0.00%
Chocolate	\$4.20	\$4.30	\$4.30	\$4.30	\$4.30	-0.60%
Non-Chocolate	\$3.70	\$3.80	\$3.70	\$3.70	\$3.60	0.7
Gum	\$2.10	\$2.10	\$2.00	\$2.10	\$2.10	-0.3
China						
Total Confection	\$9.50	\$8.70	\$8.30	\$7.80	\$7.20	7.00%
Chocolate	\$1.40	\$1.20	\$1.10	\$1.00	\$0.90	11.00%
Non-Chocolate	\$5.80	\$5.40	\$5.20	\$5.00	\$4.70	5.80%
Gum	\$2.30	\$2.10	\$2.00	\$1.80	\$1.70	8.20%
Brazil						
Total Confection	\$11.10	\$9.70	\$8.90	\$7.80	\$7.20	11.40%
Chocolate	\$4.90	\$4.30	\$3.80	\$3.30	\$2.80	15.00%
Non-Chocolate	\$4.20	\$3.60	\$3.40	\$3.10	\$3.00	8.70%
Gum	\$2.00	\$1.80	\$1.70	\$1.40	\$1.40	9.20%
India						
Total Confection	\$1.60	\$1.30	\$1.10	\$0.90	\$0.80	20.20%
Chocolate	\$0.80	\$0.60	\$0.50	\$0.40	\$0.30	25.40%
Non-Chocolate	\$0.60	\$0.50	\$0.40	\$0.40	\$0.40	12.10%
Gum	\$0.30	\$0.20	\$0.20	\$0.10	\$0.10	28.90%
* Source: Euromonitor						

Especially if you look to the market size of China and India (in population) you see that there are big opportunities for confectionery (chocolate) manufacturers.

Not only is Hershey an interesting play in the Chinese chocolate market. Nestlé and Kraft Foods' Cadbury are also companies that are participating in the Chocolate Wars that are taking place in the emerging markets.

I really think the three companies mentioned in this article belong in a diversified investment portfolio. My advice is to use market weakness to buy these stocks for the long run.

The January issue of the SUGAR AND SWEETENERS OUTLOOK is available in PDF format. You are able to view this publication at:

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1386>

Acrobat Reader 5.0 or higher is required to view and print this document. To download and get help using the Adobe Acrobat Reader, please go to:

<http://www.adobe.com/products/acrobat/readstep2.html>

The next issue of SUGAR AND SWEETENERS OUTLOOK will be released on February 14, 2012. This report examines world and U.S. production, consumption, trade, stocks, and prices for beet and cane sugar, and high fructose corn syrup.

Jan 19, 2012;

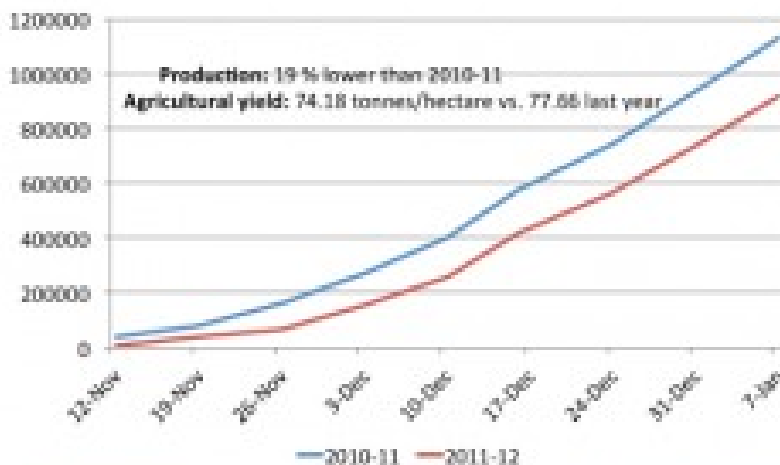
## Jenkins January 2012 Sugar Group Market Update

*The following is an analysis of the 2012 January WASDE report provided by Frank Jenkins of the Jenkins Sugar Group.*

The USDA released updated data for the US and Mexican sugar markets, showing a dramatic reduction in availability of Mexican exports to the US market and a similarly dramatic reduction in US supply and ending stocks. The bottom line of today's report is a 5.3 % ending stocks/use ratio for 2011-12.

The crux of the report was a 548,000 short ton reduction in the estimate of Mexican exports to the US in 2011-12.

### Mexican production: 2011-12 vs. 2010-11



Source: Sugar Chamber

Jenkins Sugar Group, Inc.

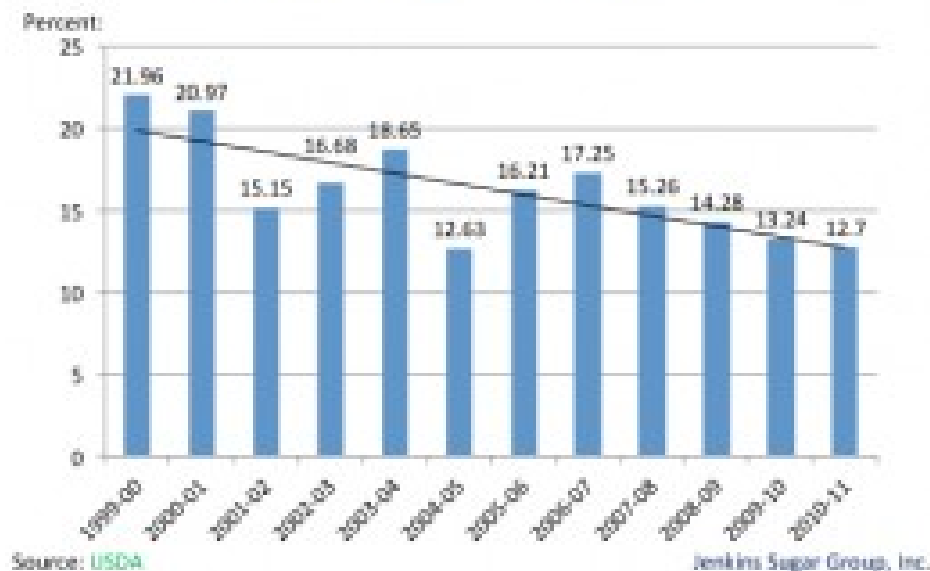
Mexican production was reduced from an estimated 5.330 million tonnes tel quel to 5.0 million tonnes tel quel while the estimate of Mexican imports for 2011-12 was reduced from 449,000 tonnes estimated in December to 310,000 tonne based on the performance against the two 150,000 tonne import quotas executed during the fourth quarter of 2011. This 469,000 metric tonne tel quel reduction equate to a 548,000 short ton raw value reduction in Mexican export availability, assuming six percent weight loss from raw value to "as made". We mentioned in last night's report that Mexican production will likely come in near 5.0 million tonnes, but based on

progress year-to-date, the risk is that the crop is smaller. As the chart to the left illustrates, through the first week in January the crop is 19 % behind last season's crop. Both agricultural and industrial yields are well behind last season – reminiscent of the 2011-12 Brazilian performance.

Mexico's inability to import is worrisome, and is likely to remain an issue. Based on today's report, the US market will need a further 953,000 short tons of additional imports to achieve a 13.5 % stocks/use ratio – a stock level that would have leave the market in similar trim as in 2009-10 when raws prices averaged 34.23 and refined prices 50.28. Thus a valid question is, will producers in Central America export to Mexico to facilitate Mexican exports to the US when they will be able to export directly to the US? Based on last year's performance, the US and Mexico will likely be competing for world market refined imports late in the third-quarter. It appears that 2011-12 will not be a year for pass-through exports to the US via Mexico. While the peso will provide some export incentive early in the year relative to last year, once Mexico need to import, any benefits related to the currency become moot.

Based on today's report, 2011-12 will look a great deal like the past two years, with raws pricing returning to 39.00-40.00 and refined pricing to the 55.00 cent area – assuming that the USDA adds sufficient additional supply to return the market to a 12.5 % to 13.5 % stocks/use ratio in a timely fashion.

## US ending stocks/use:



As the chart at right indicates, the USDA has been consciously reducing the US ending stocks/use ratio for the life of the current farm bill, choosing to follow a very cautious approach to guard against a surge in exports from Mexico. Today's report suggests that threat will be remote at best this summer. The 5.3 % stocks/use ratio in today's report should give the Department confidence

to act promptly and aggressively. We look for a quota increase immediately following the April WASDE release. If that report shows a similar situation to that in today's report, an increase of 500,000 tonnes is in the realm of possibility, though that would be a bold step given the USDA's recent approach and philosophy. That will still leave much work to be done prior to the end of the program year if conditions are to remain orderly. There is clearly a lot of anxiety being priced into the #16 market, for whatever reason. While we would let the market run its course, we view weakness in the #16 as a buying opportunity. Timing will be critical.

January 19, 2012; **CandyAndSnackTODAY**

## Fair Trade USA Revises Certification Policy

Oakland — Revisions to Fair Trade USA Certification labeling standards mean that only products with 100 percent Fair Trade Certified content can put the full label on packaging.



Products with at least 20 percent Fair Trade Certified ingredients in total can use the new Fair Trade Certified Ingredients label if all standards are met.

For example, for a chocolate bar to qualify it must use 100 percent Fair Trade Certified cocoa. For individual ingredients, such as vanilla extract, 100 percent of the vanilla extract must be Fair Trade Certified.

The changes were developed during a two-month period and include the input of multiple stakeholders in the Fair Trade movement, according to Fair Trade USA.

“The revised ingredients policy reflects our organization's commitment to include more farmers and workers in the Fair Trade model, and our desire to raise the bar for certification transparency,” says Paul Rice, president and CEO.

<http://www.bloomberg.com/news/2012-01-19/cocoa-project-will-get-15-million-euros-from-nine-companies.html>

Jan 19, 2012; By Isis Almeida, Bloomberg.com

## **Cocoa Project Will Get 15 Million Euros From Nine Companies**

[Nestle SA \(NESN\)](#), [Archer-Daniels-Midland Co. \(ADM\)](#) and [Kraft Foods Inc. \(KFT\)](#) are among nine companies that agreed to invest 15 million euros (\$19.4 million) in so-called sustainable cocoa in West Africa and [Indonesia](#).

Some 300,000 cocoa farmers are involved, according to a statement e-mailed today by the Sustainable Trade Initiative in Utrecht, Netherlands. The first projects will run from this year to 2015 and aim to boost yields to at least 1,000 kilograms (2,204 pounds) a hectare (2.47 acres), it said.

The other companies are Mars Inc., [Barry Callebaut AG \(BARN\)](#), Armajaro Trading Group Ltd., Continaf BV, [Petra Foods Ltd. \(PETRA\)](#) and Ferrero SpA.

Jan 20, 2012; By Carlos Manuel Rodriguez, BLOOMBERG.com

## **Mexico's Sugar Exports to U.S May Drop as Drought Hits Crop**

U.S. [sugar imports](#) from [Mexico](#), the world's sixth-largest producer, may fall to as low as 800,000 tons this season as the worst drought on record hurt crops.

Mexican sugar mills "signed contracts to export 800,000 tons of sugar this year to the U.S.," Juan Cortina Gallardo, the president of the nation's Sugar and Alcohol Chamber of Commerce, said in a phone interview today.

Mexico exported 1.42 million tons the previous crop season, according to the [Agriculture Ministry](#). The U.S. buys about 99 percent of Mexico's sugar exports, according to the [U.S. Department of Agriculture](#).

Accumulated sugar production this crop year fell 14 percent to 1.1 million tons last week compared with the same period the previous year, according to a Jan. 14 chamber report. Drought caused by the La Nina weather pattern in northern Mexico is harming crops and driving up prices for some of those products.

"Traders may buy 200,000 tons of additional Mexican sugar to export to the U.S., but for us the most important issue is to cover domestic demand," said Cortina.

Mexican sugar production for this crop year may range between 5.05 and 5.1 million tons, said Cortina. A new estimate by the industry will be set next week, he said.

Raw sugar for March delivery rose 1.1 percent to close at 24.89 cents a pound on ICE Futures U.S. in [New York](#). The price posted a weekly gain of 4.4 percent, the most since Oct. 14.

January 23, 2012; CandyAndSnackToday.com

## Congress Staffers Briefing On Sugar

Washington, DC — Congressional staffers will be briefed on the impact of the current U.S. sugar program on business and consumers this coming Friday, January 27, at the the Cannon Office Building in Washington, DC.

The discussion will be led by Iowa State University's John Beghin, author of *The Impact of the U.S. Sugar Program* and researcher of the possible economic results of reforming the U.S. sugar policy.

Larry Graham, chairman of the Coalition for Sugar Reform and NCA president, will deliver the opening address, while Chris Waldrop, director of the Food Policy Institute for the Consumer Federation of America, will moderate an audience Q&A.

To RSVP for the event contact Carson Middleton at the office of Rep. Joe Pitts, Congressional Sugar Reform Caucus at [carson.middleton@mail.house.gov](mailto:carson.middleton@mail.house.gov) or (202) 225 2411.

Jan 23, 2012; By Jane Byrne, BakeryAndSnacks.com

## Tight supply and high prices in guar gum look set to continue

**Tight supply and high prices in guar gum are set to continue until at least the end of 2012, and probably beyond, claims a leading hydrocolloid industry analyst.**

A recent IMR International report published by consultant, Dennis Seisun, notes the situation on guar gum remains critical for food buyers, with oilfield service companies getting priority from suppliers.

*“Food buyers have been quoted prices around US\$10/kg and even then volumes are not available to fulfil all requirements,”* reports Seisun, who files a quarterly update on developments in the hydrocolloid sector. He added that there is no indication of any replacement for guar in the hydraulic fracturing sector. And Seisun predicts that *“unless there is a shift in technology from the oilfield industry there is no end in sight for the current guar shortage.”*

In fact, stressed the hydrocolloid expert, in the case of many hydrocolloids such as guar or gelatin, the days of buyers being in the driver's seat are over. *“Suppliers are recouping investment costs and recovering from extended periods of minimal price increases,”* he said.

And Seisun notes that second to guar gum, in terms of commercial turbulence, are gelatin prices. Since late 2010 the food industry has faced a constant problem with supply, as guar gum is now being heavily used in the oil and gas industry, for the process of fracking, causing an increase in demand and prices to rise.

As guar gum is used in a variety of products, from Asian specialty drinks, to dried processed food, canned foods, bakery, noodles and dairy products, manufacturers are going to have to look towards innovation in order to reduce the overall cost of the product, claimed Euromonitor in a September 2011 review of guar gum supply challenges.

*“One solution, of course, is to replace guar gum with another ingredient, such as starch derivatives, locust bean gum or xanthan gum. As prices for guar gum continue to rise, manufacturers will have to think carefully about how long they can endure the rising costs or whether reformulation needs to take place,”* wrote Euromonitor.

The authors noted that the price of xanthan gum is now not far off the current price of guar gum and so is becoming a more likely replacement in products. *“Nevertheless, it is not a simple issue of price, as each ingredient has different stabilising properties and gives a different texture to the end product. The question, therefore, has to be asked that if the end product were to change, if is this a risk brand manufacturers would be willing to take,”* asked the analysts.

[http://www.iscnewsroom.com/2012/01/24/us-ethanol-companies-facing-competition-from-brazilian-sugar-cane-competitors/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=us-ethanol-companies-facing-competition-from-brazilian-sugar-cane-competitors](http://www.iscnewsroom.com/2012/01/24/us-ethanol-companies-facing-competition-from-brazilian-sugar-cane-competitors/?utm_source=rss&utm_medium=rss&utm_campaign=us-ethanol-companies-facing-competition-from-brazilian-sugar-cane-competitors)

Jan 24, 2012; [iscnewsroom](#)

## US Ethanol Companies Facing Competition from Brazilian Sugar Cane Producers

The United States continues to devote a growing percentage of its corn crop to ethanol production despite recent data from the United Nations showing that global food inflation hit an all-time high in December. An article from Investing Daily earlier this month argues that next year's USDA data could reveal that half of the corn grown in the US went to ethanol production. Sugar cane producers in Brazil could soon play a larger role in ethanol production, however, taking some of the burden away from U.S. corn producers.

Jose Graziano da Silva, the new director general of the United Nations' [Food and Agriculture Organization](#) (FAO), recently argued that the use of corn to make ethanol in the U.S. is playing a noticeable factor in raising grain prices worldwide. "We have been looking into the details of the price, and nowadays there is no doubt that the use of maize in the U.S. for biofuels affects the prices of maize all over the world," Graziano da Silva said. Graziano da Silva argues that "food security comes first, that is the rule." The FAO head says the organization's current position is that cereals should not be used for biofuel production.

Ethanol production from sugar cane in Brazil accounts for only 3 % of land use, and does not currently affect the price of sugar on international markets, according to the director general of the FAO.

The Brazilian Development Bank announced earlier this month a program to finance low cost loans for farmers of sugar cane and producers of ethanol. The country is seeking to boost biofuel production in the wake of ethanol tariffs and subsidies expiring in the US.

January 24, 2012; By Tom Hasslinger, **CDAPress.com**

## De-icer mix can't be beet

Concoction uses vegetable to keep streets clear, cut costs

COEUR d'ALENE - Your car driving over concentrated sugar beets is keeping Coeur d'Alene's streets free and clear of ice.

That's right, the city's street department makes its own de-icer, 20 percent of which comes from concentrated sugar beets in southern Idaho, and the concoction - the brainchild of Street Department Superintendent Tim Martin - has chopped the city's de-icing bill by more than half.

No, the streets don't run red after the de-icing trucks come out.

And licking the pavement after they pass wouldn't be good for you.

"It's an earthy smell," Martin described the concoction. "This is not the type of sugar beet you eat."

It's actually extract from making sugar cane, and when the brown, molasses-like mixture is combined with the rest of the salt brine, it's a match made in exothermic heaven.

Behind the science, the beet product is attracted to the salt, and when cars travel over it, it heats the whole product and allows the ice to melt.

The idea came to Martin during a American Public Works Annual Snow Conference, in Peoria, Ill., in the mid 2000s. Martin was there to talk about Coeur d'Alene's snow gates, the devices on snow plows that operators can use to prevent snow from piling up in driveways. The program alone makes Coeur d'Alene a rarity, as one of six or so cities who use it. But at the conference Martin learned of the possibility of making their own de-icer.

But the key ingredient to make de-icer was too expensive to buy in bulk from the Midwest.

So Martin researched, and found that beet juice byproduct could be a good alternate. He bought the first shipment from Amalgamated Sugar Inc. in Nampa.

Idaho, at the time, was the second biggest beet producer in the country, he said.

Now, the city spends between \$14,000 to \$17,000 a year de-icing. Before it started making its own mix in January 2009, it would spend about \$41,000 a year by spraying magnesium chloride. It breaks down to costing about .31 cents a gallon now, compared to more than \$1 a gallon the old way.

And since the homemade concoction relies on the heat of traffic for optimal results, the city only spreads it on the busier, arterial streets.

Just keep your tongue off the pavement.

<http://www.startribune.com/politics/national/137988233.html>

January 24, 2012; by: Matt Sedensky, Associated Press/Minneapolis Star Tribune

## Surprising sweet spot in GOP debate casts light on US sugar policy, calls for reform

TAMPA, Fla. - The Republican presidential race waded, at least for one night, into the grainy details of U.S. policy toward sugar.

Newt Gingrich's answer to a question about it during a GOP debate Monday night stood out in part for its wonkiness and downright oddity.

"I found out one of the fascinating things about America, which was that cane sugar hides behind beet sugar," the former college professor said, launching into a lecture of sorts on the U.S. industry when asked about subsidies for the sweet ingredient. "And there are just too many beet sugar districts in the United States. It's an amazing side story about how interest groups operate. In an ideal world, you would have an open market."

Mitt Romney, the former Massachusetts governor, followed up by saying "we ought to get rid of subsidies and let markets work properly." The other two candidates, Rick Santorum and Ron Paul, weren't given a chance to reply.

Blogs and Twitter feeds lit up with the exchange, with some observers using it to highlight similarities between Gingrich and beet farmer Dwight Schrute on "The Office." Gingrich, in his younger years, has been compared to the sitcom character.

Pop culture aside, the exchange shed light on a largely unknown facet of American policy: Congress' role in sugar dates to the birth of the country.

Import tariffs were imposed on sugar beginning in 1789 to give incentive to American-grown product. An added layer of complexity came in 1934, when controls on domestic sugar production were put in place.

In short, current sugar policies favor beet sugar growers in the Great Plains and Upper Midwest and cane sugar growers in Florida and Louisiana, keeping the prices of U.S.-grown sugar artificially high and limiting the amount of foreign sugar that can be imported.

"It's a Soviet system what we have for sugar," said Chris Edwards, director of tax policy studies at the libertarian Cato Institute. "It's not a market system."

The Government Accountability Office last looked into the issue in 2000 and found that U.S. sugar prices, at times, were three times the world market price. Critics say that fact hurts much larger industries such as cereal companies, bakers and candy companies, who rely on sugar for their products.

Those industries cheered at the mere mention of existing policy during the debate.

"I think it's time has come and gone," said Susan Smith, a spokeswoman for the National Confectioners Association, which represents candy, gum and chocolate makers and opposes current policy. "Sometime, 80 years ago, there might have been a reason. But now, not only does it hurt companies who have sugar as an ingredient but there's also a huge consumer cost."

The GAO estimated U.S. sugar policy cost consumers \$1.9 billion in 1998 and resulted in \$900 million in net losses to the U.S. economy. Nearly all the benefits, the report argued, went to the wealthy owners of U.S. sugar companies.

Both Republicans and Democrats have squandered chances to change the policy. An analysis by the nonpartisan Center for Responsive Politics, a Washington-based research group, shows the sugar industry has given about \$2.1 million in campaign contributions in the 2012 election cycle.

"It's very much a bipartisan racket," Edwards said.

Judy Sanchez, a spokeswoman for U.S. Sugar Corp., the nation's largest cane sugar grower, said the policies in place keep American companies from going out of business. She said sugar policy has "zero cost" to taxpayers.

"Face it: Sugar is given away for free in restaurants, where they charge you for water, they charge you for an extra slice of cheese on your hamburger," Sanchez said. "The sugar is so affordable that it's given away for free. That's because American sugar policy works."

Jan. 25, 2012; By Donna Gordon Blankinship, Associated Press

## Gates defends focus on high-tech agriculture

KIRKLAND, Wash. — Bill Gates has a terse response to criticism that the high-tech solutions he advocates for world hunger are too expensive or bad for the environment: Countries can embrace modern seed technology and genetic modification or their citizens will starve.

When he was in high school in the 1960s, people worried there wouldn't be enough food to feed the world, Gates recalled in his fourth annual letter, which was published online Tuesday. But the "green revolution," which transformed agriculture with high-yield crop varieties and other innovations, warded off famine.

Gates is among those who believe another, similar revolution is needed now. The Bill & Melinda Gates Foundation has spent about \$2 billion in the past five years to fight poverty and hunger in Africa and Asia, and much of that money has gone toward improving agricultural productivity.

Gates doesn't apologize for his endorsement of modern agriculture or sidestep criticism of genetic modification. He told The Associated Press that he finds it ironic that most people who oppose genetic engineering in plant breeding live in rich nations that he believes are responsible for global climate change that will lead to more starvation and malnutrition for the poor.

Resistance to new technology is "again hurting the people who had nothing to do with climate change happening," Gates said.

Groups resistant to genetic modification and other hallmarks of modern agriculture, such as pesticides and petroleum-based fertilizers, generally object on two grounds - concerns about the environment and the high cost of the seed and chemicals used in modern farming.

Bill Freese, a science policy analyst for the Washington-based Center for Food Safety, said everyone wants to see things get better for hungry people, but genetically modified plants are more likely to make their developers rich than feed the poor. The seed is too expensive and has a high failure rate, he said. Better ways to increase yields would be increasing the fertility of soil by adding organic matter or combining plants growing in the same field to combat pests, he said.

The biggest problem with those alternatives, Freese said, is the same one that Gates cited in high-tech research: A lack of money for development.

In his 24-page letter, the Microsoft Corp. chairman lamented that more money isn't spent on agriculture research and noted that of the \$3 billion spent each year on work on the seven most important crops, only 10 percent focuses on problems in poor countries.

"Given the central role that food plays in human welfare and national stability, it is shocking - not to mention short-sighted and potentially dangerous - how little money is spent on agricultural research," he wrote in his letter, calling for wealthier nations to step up.

The Gates Foundation is heavily engaged in political advocacy to get governments to spend more money on agriculture and improve policies on issues such as trade and land ownership. Along with advocacy and seed research, it spends its money on buying and distributing fertilizer, educating farmers and improving their access to world markets.

Jan 26, 2012; By Caroline Scott-Thomas, FOODnavigator-usa.com

## HFCS and sugar: Can your body tell the difference after all?

**The body may absorb more fructose from high fructose corn syrup (HFCS) than it does from sucrose, according to a new study published in the journal *Metabolism*.**

Food industry consultant and cardiologist Dr. James Rippe says this was “not surprising”, although he disagreed with the findings of the study.

HFCS and sucrose have historically been considered to have nearly identical effects on the body. Numerous studies have linked the consumption of high levels of fructose alone with health risks – including high blood pressure, kidney disease and diabetes – but little fructose is consumed in this way. It is most commonly consumed in conjunction with glucose as sucrose or HFCS.

According to USDA figures, Americans consumed about 34.8lbs of HFCS per capita in 2010, with the type used in soft drinks composed of about 55% fructose, 42% glucose and 3% oligosaccharides, compared to about 47lbs of sucrose, made up of 50% fructose and 50% glucose.

The Corn Refiners Association (CRA), which represents the interests of the HFCS industry, has long defended the sweetener on the basis that “your body can’t tell the difference”, and uses this slogan to compare HFCS with sucrose in advertising campaigns.

This latest study, from researchers at the University of Colorado School of Medicine and the University of Florida, looked at how much fructose was absorbed into the bloodstream within the first few hours after consuming a soft drink sweetened with either HFCS or sucrose. They found that there was a difference between the two, albeit slight.

Co-author in the study and chief of the Division of Renal Diseases and Hypertension at the University of Colorado, Dr. Richard Johnson, said: *“Although both sweeteners are often considered the same in terms of their biological effects, this study demonstrates that there are subtle differences. Soft drinks containing HFCS result in slightly higher blood levels of fructose than sucrose-sweetened drinks.”* Rippe told FoodNavigator-USA: *“It’s not surprising that if one product contains slightly more fructose, that the levels [in the blood] at the end of the study are higher.”*

### **Different fructose levels**

The researchers looked at blood fructose levels in 40 study participants who consumed 24-oz. drinks sweetened with either HFCS or sucrose. They found higher levels of fructose in the bloodstream of those who drank the HFCS-sweetened beverages, and said that this was likely due to the slightly higher amount of fructose in HFCS. They also found higher levels of uric acid and higher systolic blood pressure soon after study participants had consumed the HFCS-containing drinks than with the sucrose-sweetened drinks. Previous research has suggested that fructose raises uric acid, and linked it to higher blood pressure.

The study authors hypothesized that these differences could be due to the makeup of the different sugars, as HFCS provides an immediate source of free fructose and glucose, whereas sucrose must first be broken down by sucrase, making it potentially less efficiently absorbed. However, they also acknowledged limitations to the study, including that much of the sucrose had already been broken down into fructose and glucose in the beverage prior to consumption. *“Results of this study cannot be*

used to form conclusions about the similarities or differences between HFCS and sucrose,” Rippe said in a CRA statement.

### **What next?**

*“Although the treatment effects on acute metabolic responses were small, the effects may increase with continued chronic exposure to these sweeteners,”* the study’s authors wrote.

Johnson added, *“The next step is for new studies to address whether the long-term effects of these two sweeteners are different.”*

President of the CRA Audrae Erickson criticized the study for not using real-life diets as a model, and pointed to [studies cited on the association’s website](#) suggesting that sucrose and HFCS are nutritionally and metabolically equivalent. She also noted that co-author Dr. Richard Johnson had declared a conflict of interest, saying he has a patent application for inhibiting fructose as a potential way of treating sugar cravings.

Source: *Metabolism* - doi:10.1016/j.metabol.2011.09.01

*“Effects of high-fructose corn syrup and sucrose on the pharmacokinetics of fructose and acute metabolic and hemodynamic responses in healthy subjects”*

Authors: MyPhuong T. Le, Reginald F. Frye, Christopher J. Rivard, Jing Cheng, Kim K. McFann, Mark S. Segal, Richard J. Johnson, Julie A. Johnson.

Jan 27, 2012; by Rene Pastor, **REUTERS**

## NY juice jumps as fungicide found in Brazil juice

(Reuters) - Orange juice futures rose almost 3 percent on Friday after the U.S. Food and Drug Administration said juice shipments from [Brazil](#) and Canada had tested positive for a fungicide that is prohibited in the United States.

Such a finding in Brazil juice has traders worried FDA may ban imports from there. Brazil supplies about 10 percent of U.S. orange juice.

The key March frozen concentrated orange juice contract climbed 7.00 cents, up by 3.3 percent, to trade at \$2.136 per lb at 12:05 p.m. EST (1705 GMT), just under the session top of \$2.1365.

The FDA said 11 samples of imported orange juice had tested positive for the fungicide carbendazim. Five of the samples were from Brazil and six from Canada.

"People had to figure it out," said The Price Group analyst Jack Scoville. "We are looking at lower supplies available (for the U.S. market)."

Juice traders noted though that the volume traded with only 90 minutes left before the session ended at 1:30 p.m. (1830 GMT) stood at a little over 1,200 lots, almost two-thirds below the 30-day average, Thomson Reuters data showed.

In front March, nearly 600 of the 850 lots traded were done before the FDA results were released.

"You have to wonder if somebody was just short and just wanted to jam it up there. The market had also corrected this week and we're just regaining the ground lost in that correction," a dealer said.

Traders said the FDA verdict also left unsaid what will happen next to juice imports from Brazil, the world's top citrus producer and accounts for 10 percent of all U.S. supplies.

"The question is what they are going to do going forward," said Country Hedging Inc analyst Sterling Smith. "They've left us hanging."

Fears of a potential ban by U.S. health regulators of Brazilian juice products using the fungicide had powered a recent rally that sent orange juice [futures](#) to record territory.

Brazilian juice is used by leading U.S. producers such as Pepsico's Tropicana and Coca Cola's Minute Maid in a blend with oranges from Florida.

<http://www.startribune.com/politics/statelocal/138264909.html>

Jan 30, 2012; by Jim Spencer, Mike Hughlett and Jeremy Herb, Star Tribune

## Inside Congress, no one beats the beet lobby

EUCLID, MINN. - Paul Rutherford stared over his tilled fields of sugar beets, his gaze focused on hundreds of acres in the midst of harvest.

As heavy machinery plucked beets from the ground, they emerged a dull shade of tan. In Rutherford's eyes, they looked as good as gold.

Across this stretch of the Red River Valley, sugar beets have become an almost can't-miss money maker because of federal price protections that go back decades.

"These babies have always shown some type of profit," said Rutherford, one of about 2,800 farmers who make up the American Crystal Sugar cooperative, based in Moorhead. "If it wasn't for sugar beets, I wouldn't be farming."

With roughly 500,000 acres of sugar beets planted across Minnesota and North Dakota, American Crystal Sugar is the nation's largest producer of refined sugar through beet farming. It generates 15 percent of the country's sugar supply.

But much of the cooperative's financial success is cultivated in Washington D.C.

American Crystal Sugar has become one of the country's most powerful lobbying groups, doling out cash contributions to lawmakers at levels approaching big-business groups like the American Bankers Association. And it's all for a single objective: To guarantee tariffs and price supports allow sugar beet farmers to make money, even if it drives the cost of sugar above the global market.

"They're considered one of the strongest lobbies there is," said Larry Graham, president of the National Confectioners Association, a candy-makers group which has fought in vain against the sugar program.

Price supports for beet sugar inflate sugar prices for food makers and restaurants, costs the food industry often passes on to consumers in everything from candy and cakes to cereal and soda pop. Some economists estimate that Americans pay at least \$1 billion more for sugar a year than they would in an open market.

"There is no justifiable public good being served by the sugar program," said David Orden, an economist at the International Food Policy Research Center. "It's a distortion that helps producers at the cost of consumers."

The sugar industry and its supporters, though, say the sugar program -- unlike most farm subsidies -- involves no government payments and keeps consumer prices stable. "It's a stable industry, and that's what's needed in this country, something stable," Rutherford said.

To protect sugar subsidies, American Crystal's political arm gave \$1.16 million to 177 House and Senate candidates in 2011, and spent more than \$1 million for lobbying. Republican presidential candidate Newt Gingrich alluded to the sugar industry's power in a debate last week in Florida.

"In an ideal world, you would have an open market ...," Gingrich said. "But it's very hard to imagine how you're going to get there ... The capacity of the agricultural groups to defend themselves is pretty amazing."

For many politicians, the co-op makes a persuasive argument, particularly in Minnesota where more than 30,000 residents owe their livelihoods to sugar beet farming.

"I believe in the sugar program; it works," said Minnesota Rep. Collin Peterson, who received \$10,000 last year from American Crystal Sugar and whose district includes the Red River Valley. He is expected to lead the effort to protect the sugar program in the 2012 farm bill. "I'm going to support the sugar program whether they give me money or not."

Last year, American Crystal Sugar's political arm contributed \$5,000 to \$10,000 to Minnesota Reps. Tim Walz, Erik Paulsen, Chip Cravaack and John Kline. Co-op officials gave individual contributions to Sen. Amy Klobuchar totalling \$10,100. Only Sen. Al Franken and Rep. Michele Bachmann missed out.

Rutherford has served as volunteer chairman of American Crystal Sugar's political action committee (PAC) for a decade. He believes in a simple strategy: No donations, no access to Congress. No access to Congress, no sugar price supports and tariff protection.

## **Making friends**

Kevin Price, American Crystal's principal lobbyist, belies Washington's well-heeled "influence industry."

A graduate of North Dakota State University, Price doesn't have his own suite. He has an office in the National Council of Farm Cooperatives' space. There's just enough room for a desk, shelves for books and mementos and a few prints of farm scenes on the walls.

Washington insiders know Price as a man of few words. He's a lobbyist who "doesn't lobby directly very often," as Peterson describes him. "Like a lot of people in northwest Minnesota, he doesn't say anything unless he has to."

Two or three times a year, Price leads a group of American Crystal Sugar farmers who blitz Capitol Hill. They try to meet face-to-face with dozens of members of Congress or their staffs in the course of a week. "We just try to make friends," Price said.

American Crystal Sugar is especially generous with members of the House Agriculture Committee, which plays a key role in food policy and the five-year farm bills that set out subsidies. In 2011, the cooperative contributed to 37 of the committee's 46 members. More than half of the committee, including chairman Frank Lucas, R-Okla., and Peterson, the ranking minority member, received \$10,000, the maximum donation allowed in an election cycle.

The co-op's political spending dwarfs friends and foes alike. In 2011, American Crystal Sugar gave seven times more to candidates and political action committees than its ally, the American Sugar Cane League of the USA. The co-op also spent about seven times more than Kraft Foods Inc., a major cookie maker that would benefit from lower sugar prices.

Opponents of the sugar program acknowledge American Crystal succeeds because of its singular focus, deep pockets and hard work. Graham, who heads the confectioners association, said he has rushed to introduce himself to new representatives and senators, only to discover that officials from the co-op have been there first.

Since 1995, a dozen bills to kill or reform the federal sugar program have died from inaction in the agriculture committees of the House and the Senate. When the program was reconsidered in 2008, more than 280 House members supported it, Price said.

Currently, four new bills to end the sugar program linger in legislative limbo. Officials at American Crystal Sugar don't expect any of them to pass.

"We've enjoyed pretty broad support," Price said.

Even as members of Congress from both parties hail opening markets to foreign trade, recent trade deals that killed many tariffs with Panama and Colombia still allow the American government to pay those countries not to ship their sugar here untaxed.

When it comes to free trade, sugar is always the exception, said George Washington University economist Steve Suranovic. "The sugar lobby has a real stranglehold," he said.

## **Limited imports**

The U.S. sugar program -- a combination of loan programs, tariffs, quotas and other price supports -- almost guarantees American sugar producers can sell their entire yield at a profitable price. Tariffs, for example, require food makers to pay higher taxes for imported sugar, ensuring that the world's 40 major sugar-exporting countries can't sell as much in the United States as they would like.

As a result, American consumers and companies generally pay more for sugar than they would in a more open market. The average wholesale price for a pound of refined sugar in the U.S. (36 cents) was almost double the average worldwide price (19 cents) from 2006 through 2010.

Liam Killeen, CEO of Farley & Sathers, knows the cost of sugar subsidies all too well. Sugar is the largest expense for Farley & Sathers, one of the nation's largest makers of non-chocolate candy. The company, based in Round Lake, Minn., buys about 50 million pounds of U.S. sugar annually, which cost it roughly \$28 million last year.

"If we were free to purchase sugar on the market openly, I think we'd be purchasing it at about 60 percent of the price we're forced to [pay] in the U.S.," Killeen said.

The federal government supports domestic sugar producers in other ways, too. The U.S. guarantees loans by allowing producers to borrow money from the government that can be repaid in sugar instead of cash, if the market crashes.

Supporters of the U.S. sugar program say the outcome is predictable and positive -- stable prices for consumers. "You know the price of gas because it's volatile and high, you don't know the price of sugar because it's not volatile and high," said David Berg, CEO of American Crystal Sugar.

"Unilateral disarmament" of sugar protections, as Berg put it, would lead to a "whipsaw" effect for consumers that won't guarantee lower sugar prices. Peterson agreed, noting that numerous countries protect their own sugar producers.

"The world sugar market is distorted by government involvement in almost every country," he said. "It's not realistic to pretend there is a free market out there."

Some of the largest U.S. food companies are content to let other critics of U.S. sugar policy speak for them. Officials at General Mills, based in Golden Valley, said they won't comment publicly on the cost of sugar or any other commodity. Kellogg, another major food producer, said the same. Kraft Foods deferred questions to the National Confectioners Association, while chocolate candy producers Hershey and Mars didn't respond to requests for comment.

Much of the food industry's efforts in battling the sugar program is channeled through the Coalition for Sugar Reform. In addition to his job at the confectioners association, Graham chairs the coalition, which includes consumer groups, candy companies, bakers and ice cream makers.

The coalition gears up each time the farm bill comes up for renewal every five years. Their pitch to lawmakers is as direct as the sugar lobby's: Protecting one industry at the expense of other businesses and consumers, they say, is unfair. Several members of the House and Senate have been persuaded and are pushing legislation to kill or gut the sugar program. "It just does not make sense and puts U.S. manufacturers at a tremendous disadvantage," said Sen. Jeanne Sheehan, D-N.H.

But beet farmers are a tough political opponent. Many Congressional leaders will say the sugar program "doesn't make sense," Graham said. But they vote for it anyway to win support for their own initiatives.

"The merits of the argument are on our side," Graham said, "But the votes are not."

## **Peer pressure**

In the Red River Valley, a different sort of lobbying plays out every year -- beet farmers raising political funds from other beet farmers.

Almost all of American Crystal Sugar's PAC funding comes from cooperative farmers and their families. In 2011, more than 1,000 farmers and family members contributed.

Fund raising is carried out primarily in the winter, starting in January. Co-op officials hold education sessions to remind members that the sugar program is paramount on the co-op's political agenda. It doesn't distinguish by party, just those who support the sugar program and those who don't. Politically active farmers then solicit PAC contributions from other farmers. Many make personal visits.

"It's always better to have your peers out when you are asking for money," said Berg, the co-op's CEO. He likened it to a church fund-raiser: It's more effective if parishioners drive it instead of the pastor.

Still, Berg meets personally with growers, particularly owners of larger beet operations who have not recently donated to the PAC. Berg doesn't use the term free-riders, but he has noticed that sentiment from some growers. "Geez, he's one of the biggest growers and he's not giving anything," is a phrase Berg says he has heard before.

Overall, the co-op's political arm is as persuasive on the farm as it is on Capitol Hill. Some farmers and their families have donated tens of thousands of dollars over the past 10 years. At least one family gave more than \$100,000 since 2002. Co-op officials say they need the funding more than ever to fend off attacks from the food industry.

"We contribute because it's in our best interest to do so," said Paul Brogen, a farmer in Dilworth, Minn. "We need to watch [sugar policy] pretty closely so we don't get sold out."

PAC director Rutherford believes such sentiments are on the rise among farmers. "[They] are starting to realize politics are a major part of agriculture, so they are getting more involved."

## **Farm bill looms**

Congress is scheduled to negotiate a new farm bill this year. Some in Washington suspect that partisan fights surrounding the presidential election could delay passage until 2013. Whenever the new five-year farm bill becomes law, those in the know expect sugar subsidies to be included.

"Nobody wants to be perceived as voting against farmers -- Republicans or Democrats," Graham said.

Rutherford has a different view. As he watched his sugar beets being harvested, he discussed why farmers in his region need a Midas touch in Washington.

He makes no apologies for the sugar program. Consumers pay less for sugar in this country than in most developed nations, he says, and beet farmers in the Red River Valley do their part to support the state and national economy.

With the 2011 harvest over, Rutherford now travels the icy roads of rural Minnesota. He sits at the tables of dozens of beet farmers in an endless hunt for political funding. His message remains the same.

"You can do everything right out here," Rutherford says. "But if farming policy changes in Washington, D.C., you might be done."

Jan 30, 2012; By Rory Harrington, BakeryAndSnacks.com

# Food fraud – a greater public health risk than traditional safety threats?

**Criminality, the global supply chain and the unpredictable nature of food adulteration for financial gain mean it can pose a greater public health risk than traditional safety threats such as pathogen contamination, according to new research.**

The study – Defining the public health threat of Food Fraud, by John Spink and Douglas C Moyer - notes that current intervention systems are not designed to look for *the “near infinite number of potential contaminants”* that are at food adulterant crooks’ disposal. They add there is a lack of understanding about the associated public health food risk. *“Economically-motivated adulteration may be just that – economically motivated – but the food related public health risks are often more risky than traditional food safety threats because the contaminants are unconventional,”* said the researchers.

The paper, published in the Journal of Food Science, defines food fraud as an intentional act for economic gain while a food safety incident is an unintentional act with unintentional harm. The study seeks to provide a base reference document on the issue by outlining a food risk matrix and identifying food fraud types.

## Global supply chain

The US Food and Drug Administration (FDA) defines economically motivated adulteration (EMA) as *“..the fraudulent, intentional substitution or addition of a substance in a product for the purpose of increasing the apparent value of the product or reducing the cost of its production”*.

The scientists said that this food fraud risk has been heightened and its impact extended by the globalization of the supply chain. *“While the scope of food fraud may have remained the same over time, modern food supply chains and manufacturing infrastructures have vastly extended its scale and potential impact,”* they added.

Traditional food safety intervention focuses on a set list of known harmful chemicals known as ‘bad bugs’. But the research points out fraudsters can use adulterants not on this register. It cites that prior to the Chinese melamine scandal in 2008, where hundreds of thousands were sickened and six died after powdered milk was adulterated with the chemical, the substance was not even on the radar of the authorities.

## Prevention versus intervention

Evolving risks and a lack of a definition – until recently – have held back progress in combating food fraud, said the authors. It identifies three main types food fraud risks; direct risk, where an imminent danger exists; indirect risk, where the hazard comes from longer term exposure; and technical risk - non-material issues such as documentation which deliberately misrepresents content or country of origin information.

Efforts to tackle food adulteration currently centre on intervention measures that swing into action after the problem has been discovered. This has to change and move towards a preventative

approach which involves a deepening understanding of how it differs from other food concerns, said the research. To do this a food matrix has been developed – which seeks to assess the cause of the risk and the fraudsters' motivation in four disciplines; food quality, food fraud, food safety and food defense (i.e.: against terrorism).

## **Criminology**

Because the issue involves criminal intent, the authors stress the need to employ theories in the criminology field. Using traditional theories can focus on cutting this type of crime by understanding the motivation behind the behavior, while environmental analysis seeks to tackle it by reducing physical attributes such as time and space available to the perpetrators.

Unlike traditional food safety incidents, which can be predicted by using statistical techniques, food fraud and adulteration is by its nature more random and opportunistic – making it harder to plan against. The criminality and intelligence of fraudsters also makes detection more difficult.

## **First steps**

Using the US as its template, the research points out that while laws and their enforcement are key, the overlapping jurisdictions of various federal and state bodies makes this more complicated, fragmented and challenging. By outlining the problems and understanding the nature of the risks are “*the first steps in transitioning through the natural evolution of intervention and response to prevention*”, said the authors.

*Domino Foods, Inc.* Domino



January 31, 2012

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

**Announcement IND- 99**

Effective immediately for the period January 31, 2012 to December 31, 2012:

**Bulk Extra Fine Granulated**

	<b>01/31/2012</b>
	<b>To</b>
	<b><u>12/31/2012</u></b>
All Refineries	\$55.00

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.**



January 31, 2012

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

**Announcement IND - 100**

Effective immediately, our prices for Industrial grade products for the period January 31, 2012 to December 31, 2012 are as follows:

**FOB Shipping Location**

**01/31/2012**  
**To**  
**12/31/2012**

Totes EFG	\$57.50
100lb EFG	\$57.50
100lb Bottlers	\$58.00
100lb Canners	\$58.00
100lb Fruit	\$58.50
100lb Bakers Special	\$60.00
100lb 6X	\$59.50
100lb 10X	\$60.00
100lb 12X	\$60.50
100lb Light Brown	\$61.00
100lb Dark Brown	\$61.00
100lb Standard	\$67.50
100lb Medium	\$66.50
100lb Medium Fine	\$66.50
100lb Sanding	\$66.50
100lb LCMT	\$68.00
Liquid Sucrose	\$57.00
Medium Invert	\$57.00

50lb Bags add \$1.20/cwt

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

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