



# Newsletter

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



Issue # 7

September 29, 2006

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## *Message from Ray Washmera, President;*

Hello NSIMA Members:

It's harvest time! It looks like the crops just keep getting bigger and bigger (except for wheat). We should have adequate supply for most commodities, which is good news. Enclosed please find some articles which should help explain.

We are still diligently working on our NSIMA Website and are putting the finishing touches on it this week. You should be receiving it next week. This is exciting! Each member will now have their own page which they will access and populate with the pertinent information about their company, its important people, and its quality products. The NSIMA Website will be a new marketing tool for you! Please take advantage of it.

Wishing you a great fall (football) season,  
Ray

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

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

Sep 01, 2006; By Anthony Fletcher, FoodProductionDaily.com – Europe

## **New ingredients driving sugar-free development**

**The use of ingredients to improve the nutritional status of food products by replacing sugar is one of the major driving forces for new product development, according to Roquette.**

### **And the French group is confident that this trend is likely to continue.**

Sales of food and beverage categories considered by consumers as being unhealthy are, in general, falling. Combined with growing regulatory pressure on the industry to provide healthier food, this provides a strong incentive for food makers to invest in new ingredients.

*"By taking advantage of the many nutritional and technical properties offered by two different ingredients polyols and soluble fibre confectionery products are possible that are not only sugar-free but also safe for teeth, low in calories, rich in fibre and suitable for diabetics and produce a low glycaemic response,"* said Yves Le Bot, Roquette global confectionery development manager.

In order to further tap this growing market, the company has recently developed a recipe for high-chew sugar-free chewy sweets. The extra 'chew' is provided by a combination of mannitol, Lycasin 80/55 maltitol syrup and Nutriose 06 soluble fibre.

The firm said that other food products could also benefit from such combinations. *"Sugar-free pound cakes, muffins and sponge cake can be high in fibre, deliver long-lasting energy and still remain delicious,"* said the company in a statement.

In addition, Roquette has recently developed no-sugar-added and source-of-fibre hamburger buns that are sweet and are claimed to have the same colour and texture as original buns. A combination of Nutriose FB 06 and Maltisorb P 200 maltitol powder was used to achieve this result.

And in the field of beverages, Roquette recently reported success in formulating a good-tasting sugar-free syrup. Routin, the second largest French syrup producer after Teisseire, launched a sugar-free fruit syrup using Roquette's Nutriose FB06 product earlier this year.

The company claimed that the soluble fibre ingredient compensates for the lack of body and mouthfeel traditionally associated with sugar-free drinks, and also brings some added health benefits.

The light drinks sector represents around 20 per cent of the soft drinks market in volume in France, according to Roquette.

Sep. 04, 2006; By Chris MacKinder, **Port Huron Times Herald**

## **(Michigan) Sugar beets sprout extra-sweet yields**

### **Area farmers expecting a bumper crop**

When Marty Lewis planted his sugar-beet seeds last year in North Street, he wasn't expecting anything unusual to spring from the ground.

Now, a year later, he's got some abnormal white sugar beets - and that's a good thing.

The beets are huge - looking more like a cantaloupe than beets. Some weigh more than 10 pounds.

Keith Kalso, agricultural manager at the Michigan Sugar Co.'s Croswell plant, said Lewis likely is not alone. This could be a bumper year for the sugar-beet crop.

When beet fields were sampled Aug. 21 and 22, results showed positive forecasts for the number of sugar beets and the amount of sugar in them, Kalso said.

This year's crop, which will be harvested starting this month, is showing an average of 18% sugar. Last year, the sugar measured about 17%.

While it might not seem like a large margin, Kalso said last year's crop "was not ideal."

The upcoming crop is expected to be good news for local farmers, especially those in Sanilac County. Of the 152,000 acres of Michigan sugar beets harvested in 2005, 19,800 acres - or 13% - came from Sanilac County, according to the U.S. Department of Agriculture.

Sanilac County ranks second only to neighboring Huron County in sugar-beet production, according to department statistics. St. Clair County harvested about 1,200 acres of sugar beets in 2005.

The sugar industry employs 2,350 workers statewide.

### **A record year**

Why could 2006 be the year of the sugar beet?

"We've had near-perfect conditions this year, starting with the spring," Kalso said. "At the time of planting it was not so perfect, but after that, we've had very good moisture, and the high heat of the summer made the crop grow rapidly."

Quality aside, the sheer number of beets growing has been impressive.

The samples drawn last month showed production at nearly 18 tons per acre, Kalso said. At this time last year, that number was 15 tons per acre.

Better yet, Kalso said, the yield is expected to increase this month between 1 ton and 1.5 tons per week.

Alan Bisher of Minden City farms sugar beets and is excited about this year's potential.

"The beet crop is pretty darn good in our area," said Bisher, whose farms dot sites from Harbor Beach to Carsonville. "I suspect we could have a 25- to 30-ton crop at harvest if we can keep getting rain."

## **In the family**

For Lewis, growing sugar beets wasn't a hard job to come by.

His grandfather grew them in the early 1900s. Later on, his father and uncle joined in the business. Lewis joined the partnership in 1974 and has been a sugar-beet grower since.

Lewis, along with other family members, owns 320 acres of farmland.

Sugar beets aren't that hard to take care of, Lewis said, and a lot of the crop's success depends on luck. When the seeds - which are the size of a BB - are planted, they are laid 4 inches apart in the dirt. The climate, moisture and severity of a Michigan winter dictate how many sugar beets will grow and how they will grow.

"If you have a plant coming up every 8 inches, you're doing OK," Lewis said.

This year, that's about what he has. And in many cases, two sugar beets have grown so close together they've morphed into one gigantic crop.

"It could be a record crop for us this year," Lewis said. "We'll have to wait and see."

## **The future**

Because of the large number of sugar beets, Kalso said this year's harvest will begin Sept. 14 - a couple of weeks earlier than normal.

Because temperatures in September still can be warm, farmers won't harvest all their crops at one time.

Sugar isn't the only commodity that comes from a sugar beet.

After sugar is made, there usually is a leftover liquid - molasses. More sugar can be taken out of the syrup, but there are instances when it is sold as molasses.

In the process of taking the sugar from the beets, pulp is gathered. That usually is sold as animal feed.

Regardless of what products are made, local farmers and agriculture experts agree - this year's crop should produce a win-win situation for everyone.

"The more yield means, potentially, more sugar produced for the company," Kalso said. "Since growers own companies, it could potentially mean larger payments for them. They're paid for the total tons delivered and the percent of sugar. And of course, the amount of sugar we as a company produce reflects the payment we receive. "It's good for the company and good for the grower."

<http://www.chicagotribune.com/news/nationworld/chi-0609050248sep05.1,3948216.story>

September 5, 2006; By Gary Marx, Chicago Tribune foreign correspondent

# Cuba returns to sugar high

## As global demand rises, Havana vows production rebound

JESUS MENENDEZ, Cuba -- Several years after downsizing what was once Cuba's most important business, authorities have reversed course and are expanding the sugar industry to take advantage of the high global price of sugar and growing demand for ethanol.

Ulises Rosales del Toro, Cuba's sugar minister, said last week that he expects sugar production to increase at least 25 percent this year and has vowed to triple production to 3 million tons in the next few years, according to Cuba's state-run media.

Cuban authorities also plan a fivefold increase in the production of ethanol, a sugar-based fuel for automobiles that is increasingly attractive as gasoline prices soar.

Analysts say the ambitious effort is full of pitfalls and doubt that Cuba has the capital needed to quickly boost sugar cane yields, modernize two dozen or more refineries to increase processing capacity, and build new ethanol distillery plants and other infrastructure to develop a viable export business.

In late July, Rosales del Toro said Cuba was negotiating with at least three foreign companies to invest in the production and milling of sugar, a huge step given the island has prohibited foreign investment in the sugar sector since the 1959 revolution.

But one Havana-based diplomat cast doubt on Rosales del Toro's comment, explaining that foreign investors are likely to shy away from Cuba's sugar industry because the majority of the sugar-producing lands and refineries were expropriated from U.S. companies and are subject to legal challenge.

Analysts warn that investing in Cuba's sugar industry also is risky given Cuba's high production costs and the historic volatility of world sugar prices.

Since February, when Fidel Castro launched Cuba's expansion plan, the world price for a pound of sugar has fallen to below 13 cents from about 19 cents, though it remains above the 5- to 7-cent price in 2002 and 2003.

"What's strange about this is that the message in the rest of the Caribbean is: Get out of sugar," said Daniel Erikson, director of Caribbean programs at the Inter American Dialogue, a Washington policy group. "Cuba is cutting against the regional trend."

One country that has shown interest in Cuba's sugar industry is China, which earlier this year was

negotiating to provide credit for the purchase of Chinese equipment for the island's antiquated mills, according to diplomats and industry sources. It's unclear whether an agreement has been reached.

Analysts say China's interest in Cuban sugar makes sense because it already purchases sugar from the island nation and is hungry for alternative energy sources like ethanol. The two nations also are political allies.

Hampered by poor management, a bloated workforce and chronic under-investment, Cuba and other Caribbean producers are unable to compete against low-cost powerhouses such as Brazil, Thailand and South Africa.

### Castro cuts losses, shuts mills

In recent years, Castro acknowledged the business was no longer viable and he cut government losses by closing about two-thirds of the nation's 156 sugar mills.

The downsizing cost several hundred thousand workers their jobs -- the most profound change in rural Cuba since the 1959 revolution.

"The most beautiful thing in this town was the mill," said Miguel Verdesia, 35, who spent 14 years at the refinery in the town of Jesus Menendez until it was closed last year. "It was our flower. The majority of us wanted to keep working for it."

One measure of the steep decline of Big Sugar in Cuba is this year's harvest of about 1.3 million tons. It was Cuba's lowest production level in nearly a century and far below the 7 million tons produced in 1992.

In Jesus Menendez, about 420 miles east of Havana, and other towns in Cuba's eastern sugar belt, cane fields that once stretched to the horizon now lay fallow while early 20th Century mills stand silent, their rusted machinery a symbol of a bygone era.

To ease the transition, Cuba's socialist government has continued paying laid-off workers their \$15 to \$20 a month salaries. Some ex-sugar workers have taken early retirement. Others were shifted to farming, construction and other work.

Verdesia is among more than 100,000 ex-sugar workers enrolled in government-sponsored retraining. But some participants express little hope of ever matching their mill jobs and fear they could be stuck in employment limbo for years.

"It's a disaster," said one resident of Manati, a town 40 miles west of Jesus Menendez, where the sugar refinery was closed four years ago. "Many workers are studying because they have nothing else to do. In a place like this the only source of employment was the mill."

Cuban officials declined to comment, but in June the island's state-run Agencia Cubana de Noticias reported that almost 13,000 ex-sugar workers are now enrolled in university. Food production also has soared on former sugar lands, the news agency reported.

Juan Parra, director of Jesus Menendez's retraining program, said more than 400 of the mill's estimated 1,000 former workers are studying subjects ranging from agronomy to accounting to computer training.

"Fidel planted the idea of a new form of employment, and that's to study," Parra explained. "No one is left behind."

Introduced into Cuba by the Spanish in the 19th Century, sugar became the backbone of a colonial economy founded on slave labor. American corporations later stepped in, buying up huge tracts of land and constructing mills.

Neighborhoods of wood-slat and brick homes grew up around the mills, but the lives of sugar workers were tough. They labored long hours during the harvest between December and May and often were unemployed the rest of the year.

In time, Cuba became the world's largest exporter of sugar, and much of it was shipped to the United States. But the U.S. suspended trade after Castro seized power in 1959 and nationalized the sugar industry.

The Soviet Union took up the slack and purchased Cuban sugar at many times the world price as a reward for Castro's allegiance during the Cold War.

The boom times in Cuba ended after the Soviet Union's collapse. Sugar production plummeted because of a lack of fuel to run the mills, and because of shortages of fertilizer, herbicides and other inputs.

World sugar prices also fell dramatically, forcing the government to spend tens of millions of dollars annually to subsidize the industry.

'Sugar was a loser'

"Sugar was a loser," said Philip Peters, a Cuba expert at the Lexington Institute, a Virginia-based think tank. "The market was flooded. The price was down. Cuba's cost of production was through the roof, and the amount of capital it takes to modernize the industry was nowhere to be found."

Today, sugar has slipped far back in importance to the Cuban economy, which grew at a sharp clip last year thanks to the high world price for Cuba's nickel exports, solid tourism revenue and huge financial assistance from Venezuela.

Still, the sugar industry remains critical because it provides work to hundreds of thousands of Cubans in rural areas even as experts predict its long-term demise.

"That's not where the future lies," said the diplomat in Havana.

## Press Release

### Imperial Sugar Company Announces Appointment of Jack Walker as Vice President - Industrial Sales

SUGAR LAND, Texas--(BUSINESS WIRE)--Sept. 5, 2006--Imperial Sugar Company (NASDAQ:IPSU) announced today that Jack E. Walker has been appointed to the position of vice president - industrial sales. He will be responsible for all sales management functions to the Company's industrial customers, who buy a range of products, including basic bulk and liquid sugar, packaged sugar products and a variety of specialty, higher value-added products. He will report to Pat Henneberry, senior vice president - commodities management.

Walker, 48, brings an extensive background in sales of a variety of commodity products, including sugar, shortening, oils, flour and specialty ingredients. Most recently, he served as General Manager - Food Ingredient Solutions for MGP Ingredients, selling products into the food processing, baking and industrial markets. Prior to that role, he was vice president of Bartlett Milling Company, where he had P&L responsibility for two divisions engaged in the processing of wheat into flour and was involved in all facets of the manufacturing operations, commodity material procurement and risk management activities, and vice president, sales of ConAgra Flour Milling Company. He received a B.S. - Business Administration degree from the University of Kansas.

"I am very pleased to welcome Jack to Imperial and look forward to his contributions to one of our core activities," said Peiser. "He will lead a group of sales executives who already rank among the best in the sugar industry but who, under expanded leadership, should be able to provide a greater array of sweetener solutions to those customers in need of innovation in this category, in addition to their core industrial purchasing experience. He is also joining the Company following our substantial investment in our supply chain designed to further enhance our customers' procurement experience."

Imperial Sugar is already recognized as a leading innovator of new packaging concepts in the retail sector of the sugar industry and is in the process of expanding these concepts into the foodservice channel. Additional resources are being expended towards the development of higher, value-added products to its industrial specialties business in order to better service its industrial customers.

## About Imperial Sugar

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. With packaging and refining facilities across the U.S., the Company markets products nationally under the Imperial(R), Dixie Crystals(R) and Holly(R) brands. For more information about Imperial Sugar, visit [www.imperialsugar.com](http://www.imperialsugar.com).

Statements regarding future market prices and margins, future energy costs, future operating results, future availability of raw sugar, operating efficiencies, future government and legislative action, future cost savings, future benefit costs, our liquidity and ability to finance our operations, and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These include, but are not limited to, market factors, energy costs, the effect of weather and economic conditions, farm and trade policy, our ability to realize planned cost savings, the available supply of sugar, actual or threatened acts of terrorism or armed hostilities, legislative, administrative and judicial actions and other factors detailed in the Company's Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

CONTACT: Imperial Sugar Company, Sugar Land, Yaron Gisser, 281-490-9787  
SOURCE: Imperial Sugar Company

<http://www.startribune.com/535/story/660451.html>

September 06, 2006; by Matt McKinney, Star Tribune

## In a year of drought, it's good to be a beet farmer

The sugar beet harvest begins soon, and despite this year's drought it's a story of surplus. It's a sweet year for the state's sugar beet growers, with hints of a bumper crop, an early harvest and perhaps more beets than local factories can process.

What makes this even more newsworthy is that it's all occurring near the epicenter of this year's Midwest drought. The dry weather withered some corn and soybean crops, but how does one crop blossom while others perish? It's all about roots. The sugar beet plant taps deep into the soil, and crops were pulling water from the subsoil moisture left from last year's rainfall, which brought flooding to some portions of the Red River Valley.

"We had tremendous subsoil moisture," said Tom Astrup, vice president for agriculture at American Crystal Sugar Co., one of the state's three sugar beet farm cooperatives. "Beets are a deep-rooting crop with the ability to go down and tap into that moisture."

The early hints of a bumper crop had farmers starting the harvest last week, two weeks earlier than usual. And a contingency plan to plow under 10 percent of the crop was drafted recently, in case the processing plants are unable to handle all of the sugar beets before spring. "We saw extra tons out there and the company decided to start up the factories early in the hopes of not having to leave as many in the ground," said Nick Sinner, executive director of the Red River Valley Sugarbeet Growers Association.

The sugar beet is a staple commodity for U.S. food producers, who rely on it for half their annual sugar supply.

Farmers plant 1 million acres of sugar beets in about a dozen states. Minnesota sugar beet production in 2005 was 9.4 million tons, according to the state Department of Agriculture.

Farmers saw yields of 20.4 tons per acre, with 460,000 harvested acres, according to the agency. The size of this year's harvest will be known by mid-October.

This season's drought extended across much of central and northern Minnesota, first emerging in late June. The dry weather continued until "extreme drought" conditions overtook a large swath of northern Minnesota for much of August, according to the National Drought Mitigation Center at the University of Nebraska. The beet-growing areas saw little rainfall in June or July, but normal rainfall returned last month, Astrup said.

State officials have toured the area to talk to farmers affected by the drought, finding some of the worst-hit areas in the far northwest corner of the state, said Perry Aasness, deputy commissioner of the Department of Agriculture. "We heard some very good yields, we heard some poor ones," Aasness said. "It's not like the whole area is completely lost, but certainly there are some areas that have significant damage."

**WASDE-438-16** - September 12, 2006

SUGAR: Projected 2006/07 U.S. sugar supply is increased 147,000 tons, raw value, from last month, due to higher beginning stocks and production. Production is increased 100,000 tons based on processor estimates compiled by the Farm Service Agency (FSA). Sugar use is unchanged.

For 2005/06, total supply is increased 47,000 tons. Production is increased 72,000 tons based on processor estimates compiled by FSA. Imports of high-tier sugar are reduced 25,000 tons based on U.S. Customs reporting.

U.S. Sugar Supply and Use 1/

Item	2006/07 Projection			
	2004/05	2005/06 Estimate	August	September
=====				
	1,000 short tons, raw value			
Beginning stocks	1,897	1,332	1,581	1,628
Production 2/	7,877	7,406	8,345	8,445
Beet sugar	4,611	4,421	4,800	4,878
Cane sugar	3,266	2,985	3,545	3,567
Florida	1,693	1,368	1,745	1,730
Hawaii	258	239	265	269
Louisiana	1,157	1,202	1,350	1,370
Texas	158	176	185	198
Imports	2,100	3,390	2,298	2,298
TRQ 3/	1,408	2,630	1,848	1,848
Other program 4/	500	300	325	325
Other 5/	192	460	125	125
Supply, total	11,874	12,128	12,224	12,371
Exports	259	200	200	200
Deliveries	10,188	10,300	10,415	10,415
Food	10,019	10,150	10,250	10,250
Other 6/	169	150	165	165
Miscellaneous 7/	95	0	0	0
Use, total	10,542	10,500	10,615	10,615
Ending stocks	1,332	1,628	1,609	1,756
Stocks to use ratio	12.6	15.5	15.2	16.5

1/ Fiscal years beginning Oct 1. Includes Puerto Rico. Historical data are from FSA, "Sweetener Market Data" except imports (U.S. Customs Service, Census Bureau). 2/ Projections for 2006/07 are based on processors' submissions compiled by the Farm Service Agency. 3/ Actual arrivals under the tariff rate quota (TRQ) with late entries, early entries, and TRQ overfills assigned to the fiscal year in which they actually arrived. For 2006/07, includes only U.S. commitments under current trade agreements, minus shortfall of 50,000 tons. The Secretary will establish the actual level of the TRQ at a later date. 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ For 2005/06, high-tier (400) and other (60). For 2006/07, high-tier (50) and other (75). 6/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed. 7/ Residual statistical discrepancies.

09-12-2006; by Melissa McGrath, The Idaho Statesman

## Amalgamated Sugar appoints new CEO

Victor Jaro, who has been with the company for 33 years, replaces retiring Ralph Burton

Amalgamated Sugar Co., based in Boise, named its new president and chief executive officer Monday.

Victor "Vic" Jaro, 59, who has been with the company 33 years, will step into his new position Oct. 1 when Ralph Burton, the company's CEO since 2002, retires.

"Ralph Burton was a tremendous leader," Jaro said Monday. "He was respected by employees, and he was well liked in the community."

Jaro said he wants to follow Burton's example closely.

The company announced in March that Dave Budge, the company's chief financial officer, would succeed Burton as CEO. But Budge got in a serious car crash earlier this year and decided not to take the position, Burton said.

Jaro will be a "fine leader of the company," said Burton, 63, who has worked at Amalgamated for 36 years. Snake River Sugar Co., a cooperative of 1,200 sugarbeet growers, owns Amalgamated Sugar.

"Vic has been with the company a lot of years," he added. "He's got some good operating experiences in running factories, and he has been vice president of agriculture for the last four to five years. He has a wealth of background and a wealth of knowledge."

Burton said his greatest accomplishment over the past four years was moving the company's headquarters to Boise. Amalgamated Sugar moved from Ogden, Utah, in 2004 to be closer to its Idaho production facilities in Nampa, Twin Falls and Paul. The company employs 1,500 people in Idaho.

The sugar industry is performing well now. The industry struggled for several years with low demand because of popular low-carb diets.

"I think that fad has run its course," Burton said. "Sugar is being recognized as being an all-natural food. We're being vindicated."

But after October, Burton said, he'll have other things to focus on.

"I'm going to fish, and I'm going to paint and enjoy my grandkids," he said.

September 12, 2006; by Ron Sterk, Bakingbusiness.com

## **U.S. corn, soybean crops forecast second largest ever**

WASHINGTON — The National Agricultural Statistics Service of the U.S. Department of Agriculture on Tuesday forecast the second largest ever corn and soybean crops for the U.S.

The U.S.D.A. forecast U.S. 2006 corn production at 11,114 million bus based on Sept. 1 conditions, up 1% from its initial August estimate and up slightly from the 2005 crop of 11,112 million bus. If realized, the crop would be second only to the 2004 crop of 11,807 million bus.

Corn yield was forecast at 154.7 bus per acre, up 2.5 bus from August, up 6.8 bus from a year ago and also the second highest on record. Harvested area was forecast at 71.8 million acres, down 250,000 acres from August because of increased abandonment or use for silage in South Dakota due to adverse weather.

The 2006 soybean crop was forecast at 3,093 million bus, up 6% from the initial August forecast and up slightly from 3,086 million bus in 2005. If realized, the crop would be second only to the 2004 record of 3,124 million bus.

Average soybean yield was forecast at 41.8 bus per acre, up 2.2 bus from August but down 1.5 bus from the 2005 record high yield. Area for harvest was forecast at 73.9 million acres, unchanged from August and up 4% from 2005.

The U.S.D.A. will release the season's final wheat production estimates in its Small Grains Summary on Sept. 29.

September 14, 2006; **THE SAGINAW NEWS**

## **Michigan Sugar receives two grants**

Michigan Sugar Co. officials hope to better the beet business with two state Department of Agriculture grants totaling \$315,000.

Company officials will use a \$250,000 grant to install computerized ventilation systems for stored beets, said Paul D. Pfenninger, vice president of agriculture for Michigan Sugar.

The system is comprised of temperature-sensitive tubes that run under and throughout the beet piles. Rising heat activates them and they adjust automatically.

"We have 40,000 tons of beets under ventilation. With this new system we should be able to ventilate another 30,000 tons," he said. "It will be ready for the 2007 campaign."

Officials will use a \$65,000 grant to study biodiesel production at their closed Carrollton Township plant.

"We suspended beet production at our Carrollton facility," Pfenninger said. "The plant is there, it's operational, we're just not using it for beets."

09/15/2006; by Stacy Langley, **The Huron Daily Tribune**

## Earliest harvest ever

**UPPER THUMB** — Officials at Michigan Sugar Co. say sugar beet growers, particularly in Huron and eastern Sanilac counties, had an ideal growing season. Now that, coupled with an \$8 per ton incentive for growers company-wide for early delivery of sugar beets, has encouraged many across the Thumb to dig early, marking the earliest sugar beet harvest in the company's 100-year history.

"This is earlier than ever, especially for growers who used to be contracted through (the former Monitor Sugar Co.) Bay City, and really a mid-September start is early for all Michigan Sugar Co. growers," said Paul Pfenninger, vice president of agriculture for Michigan Sugar. "I think that an early harvest like this won't be unusual in the future but will become more the norm as we go forward. But looking back, it's definitely early." Pfenninger said the farm fields were a bit wet in some growing areas, making for a slow start Thursday morning for many growers planning to take advantage of the early harvest. "As the sun came out in the afternoon it really made a difference. Harvest really picked up and you could see that by the number of trucks we had coming in," he said. "It's always good to start things slower like that — there's always start-up issues on the farm and at the factories and it's better to get those worked out early on. Looking back at Thursday, I'd say we had a pretty good first day."

Growers will continue to harvest and deliver sugar beets Friday, but then Pfenninger said the company will stop accepting sugar beets from the field "about mid-day" and won't start back up until later this month when the weather cools down a bit. "Peak harvest season really isn't until Oct. 20-23, around that time it's cooler," he said. "But then the growers only have a small window of time to get them out of the ground before they freeze. There's about 10 to 15 days of real harvest."

Pfenninger said the reason for the early start this year is to get all of the factories up and running, and they feel an early start will allow them to better manage storage of the beets. "You can only slice so many beets and store them for so long. We know that when we're slicing in March the quality isn't as good. And with an earlier delivery we now have to keep a close watch on how we manage that aspect. But we'd rather front end the season (by starting earlier) than extend it on the back end (with later delivery)," he said. "We're talking about storing a product that's a living vegetable, and you're dealing with nature that's not always easy to predict." Pfenninger said while the early delivery will help the company better manage his year's harvest, the sugar content and tons won't be as high as they would given another month in the ground.

"Today and yesterday we're offering \$8 per ton premium for those growers for early beets, that's new this year up a little bit from past years," he said. "We knew we had to get going, and in order to do that it was decided to up the ante. Paying a premium to those growers to harvest early, their sugar content is going to be lower — a good beet has another month to grow. The premium will offset the reduction those farmers would have to their crop."

Pfenninger said while the company works to deal with storage issues, growers have a responsibility to bring in beets as clean as they can which will help them keep longer in the piles.

"There's always an issue with storage and managing the piles, and we're doing that as aggressively as we can," he said. "The best thing that can happen is the beet temperature in-soil will drop. The cooler the beet goes into the pile, the better they will store. The cooler we bring them in and the cleaner we bring them in, the longer they will store."

September 17, 2006; by Robin McKie and Ned Temko, **The (London) Observer**

## Could sugar cane save the planet?

Cars that run on sugar cane, fuel made from palm trees - it sounds like an oil-free future that could solve global warming. But, as a major report backs the biofuels revolution, the critics are gathering.

For the past few months, motorists in Somerset have been taking part in an unusual experiment: filling their cars with fuel made of fermented Brazilian sugar cane. Only a handful of cars, including 10 police vehicles, can use the resultant ethanol and only five pumps - on Morrison's forecourts - can supply it. Nevertheless, the council has high hopes. In three years it aims to have 300 cars running on bioethanol. By then, it will be made at a special plant for turning the county's wheat surplus into biofuel.

It sounds like a dream of the future. Forget about digging up more and more oil to run the ever increasing number of cars. Just grow the fuel and relax as the problem of CO2 emissions is finally solved. If only it were so simple.

First, the good news - the stuff that is being grown works. 'The cars - all Ford Focus flexi-fuel vehicles - cost no more than standard cars and the bioethanol fuel, called E85, is slightly cheaper than regular petrol,' said Somerset's renewable energy officer, Ian Bright.

It is far-sighted project that aims to help reduce Britain's carbon emissions. And, according to the House of Commons Environment, Food and Rural Affairs select committee, it needs to be followed by many more councils, government departments and businesses. In a special report to be published tomorrow, the committee will warn that a major change in the government's approach to energy derived from crops and plants is urgently needed. Ministers have been far too timid, incoherent and disorganised in promoting bio-energy, it will state.

The committee says five different government departments are taking the lead on various aspects of bio-energy. The MPs fear that no one is in proper control. Bio-fuel policies announced by ministers have also been far too vague and short-term to give private investors and planners the confidence to sink serious money into projects.

In addition, the political impetus created by the green agenda at last year's G8 summit in Gleneagles, where all the VIPs' cars were flexi-fuelled, has been lost. Why, the MPs pointedly asked, was the British government fleet not following suit? In Sweden, by far the Euro-leader on biofuels, drivers of E85 cars are not only exempt from congestion charges, they can park for free.

The critical nature of the situation was underlined last week with the publication of reports by the Tyndall Centre in Britain, and by Nasa, which indicated that the impact of global warming is being felt far more quickly than even the most pessimistic researcher expected a decade ago. The world is melting - rapidly. A major commitment to renewable energy, and to biofuels in particular, would therefore be widely welcomed by climate campaigners. However, it also risks a backlash from some

scientists and conservationists. Yes, the use of plant material as a substitute for fossil fuels could help the environment and halt global warming, but it also has the potential to cause serious ecological damage.

This point was stressed last week by the director of Kew Gardens, Sir Peter Crane. 'Biofuels certainly have great potential, but they also carry great risks. They are not a panacea.' For example, growing plants for fermentation using nitrogen fertilisers does not necessarily cut down on carbon emissions. 'Those fertilisers may well have been made in factories that burn fossil fuels, either oil or coal, so you would still be pumping carbon dioxide into the atmosphere,' Crane said.

In addition, planting crops - such as sugar cane or sugar beet - for use as sources of biofuels either means that fields are no longer used for food production or that wild habitats have to be cultivated over. 'This is certainly not a straightforward issue,' Crane said.

The point is backed by the Royal Society for the Protection of Birds. It points out that lapwings, skylarks and bunting are suffering major declines in numbers. Set-aside fields - land that has been taken out of agriculture and allowed to go wild - offer precious havens. If farmers are soon to be offered high prices for growing 'energy crops' on this land, they may well be tempted to set-aside for bio-energy crops - with serious consequences for many bird species.

Then there is the international dimension. Some biofuels use oil from palm trees whose growth often involves chopping down rainforests. Making sugar-cane bioethanol can produce silage that pollutes local rivers. Other bio-crops rely on environmentally harmful fertilisers. And where Britain is concerned, the likely need to import at least some bio-fuel from as far away as South America means the environmental balance sheet must include transport, potentially reducing the carbon-emissions gains.

Nevertheless, biofuel's capacity to help Britain meet its climate change obligations is considerable. One study suggests that Europe has the potential to provide 40 per cent of the fuel it needs for transport from crop fermentation. This would help to make dramatic cuts in carbon dioxide emissions.

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

Passenger cars alone accounted for 13 per cent of all carbon emissions in 2003 (residential emissions accounted for 15 per cent, manufacturing for 15.7 per cent and the energy industries 38.1 per cent.) So a move to bio-ethanol fuels and other forms of bio-energy has great potential to help fight global warming. Hence the committee's enthusiasm. The trouble, the committee says, is that the government has decided on a carrot-and-stick strategy, with duty being lowered on biofuel and a penalty being imposed on oil companies that continue to market only standard petrol and diesel. But this combination is not sufficient to bring about a major change in energy strategy in this country. Worse still, says the report, is the lack of a bio-energy strategy.

This point is backed by bio-energy expert Jeremy Woods of Imperial College, London. 'For a start, the government still has not got its fuel pricing right. E85 is roughly the same price as regular petrol, but a litre will only take a car two-thirds the distance that regular unleaded will carry it. So drivers are still losing out. Prices should be adjusted to compensate for that.

'The government has to send out signals that will encourage investors to commit their money to manufacturing plants and making cars that run on bioethanol. Their rhetoric on climate change just does not match their actions.'

And this is a crucial issue. A move to a private transport system that is based on biofuels will take years, if not decades, to implement. At present, only two cars - the Saab 9-5 BioPower and the Ford Focus FFV - can run on bioethanol. Many more models will be needed.

Certainly, initiatives are worryingly rare and piecemeal - particularly as Britain is now committed to ensuring bioethanol forms 5 per cent of all its total fuel sales for private cars in Britain by 2010, and 10 per cent by 2015.

Fortunately, there are ways around most of these challenges. The MPs will urge the government to introduce a 'carbon-assurance' scheme to establish the real environmental costs and benefits of each bio-source, and tailor the use of their carrots and sticks accordingly. They are also expected to recommend a 'bio-map' of Britain with the aim of matching local fuel and energy sources to needs and demands, meaning in theory that agricultural land-use and transport effects can be taken into account.

A 'second-generation' of biofuels, being developed in Germany and elsewhere, could also deliver dramatically higher gains with fewer environmental side-effects, the committee adds. And at least one existing technology, developed in South Africa's apartheid-era Sasol plant synthetically to turn coal into oil, could be used with a more environmentally friendly substance such as wheat. Further down the road - much further, the MPs will suggest, despite the occasional tabloid headline - is the prospect of hydrogen-powered cars and trucks.

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

### **Around the world**

- Brazil's biofuel programme generates 1,350 megawatts of electricity each year and reduces - by 10 million - the number of cars running on petrol.
- Sweden uses wood from its forests to generate 16 per cent of its energy needs.
- The US is the world's largest producer of ethanol at 16 billion litres a year. Five million vehicles run on E85 - a fuel mixture of 85 per cent ethanol from grain and 15 per cent petrol.
- Additional reporting by Nick Christian

## **Michigan Sugar taking hard look at biodiesel use for closed plant**

Soybeans soon could replace sugar beets at the closed Michigan Sugar Co. plant in Carrollton Township. The state Department of Agriculture is reviewing plans to award a \$65,000 grant to Michigan Sugar to study biodiesel production -- and if all goes as planned, crews will produce the fuel for the tractors and trucks farmers use to harvest the beets bound for Michigan Sugar's Bay City factory.

State officials said they should make the recommendation to approve the grant within the next few weeks. "We would use the grant money to hire engineers with experience in biodiesel facilities to see if it was feasible to build and operate a biodiesel plant at the Carrollton facility," said Ray F. VanDriessche, director of community and government relations for the sugar company. The outcome of the study would determine the number of employees and how many bushels of soybeans it would take to operate such a facility, as well as how much fuel crews could produce there, he said. Sugar officials suspended beet processing in Carrollton in late February 2005 but still use the plant as a storage and distribution center.

So far, the state has one biodiesel factory -- Ag Solutions Inc., which opened Aug. 18 in Gladstone. Michigan soon may have two more -- Milan Biodiesel Co. of Milan expects to complete a production plant there this month, and Michigan Biodiesel in Bangor is preparing to open a plant there in October.

Officials with Liberty Renewable Fuels are toying with the idea of starting an ethanol plant and biodiesel operation in Gratiot County's North Star Township near Alma.

Ethanol comes from corn. Biodiesel comes from soybeans.

The proximity of Michigan Ethanol in Caro, which opened in November 2002, had a lot to do with the Michigan Sugar decision to focus less on ethanol and more on biodiesel, VanDriessche said.

Nationwide, there are 97 ethanol plants in operation, with another 35 under construction and a number of others in the planning stages. For biodiesel, there are 87 plants in operation nationwide, with 64 under construction and 13 existing sites undergoing expansion, said a spokeswoman with the National Biodiesel Board in Jefferson City, Mo.

"We've already completed a feasibility study for ethanol," VanDriessche said. "We completed that before we suspended operations at the (Carrollton Township) plant, when we were looking at options. "We were studying long-range plans to keep our people working, but we weren't ready to make that move toward ethanol."

Michigan Sugar laid off or transferred 65 people at the Carrollton plant, VanDriessche said.

"There was a hope to restart sugar-processing operations there again," he said. "Now, as each year goes by, it looks less likely that we're going to do that. The final decision isn't made yet, but it's getting more unlikely all the time.

"There are soybean farmers all around us. There's an elevator nearby, the rail line is already in place, we're located just off the river. "It has a lot of potential."

## Sugar shaping up as farm bill battle ground

*Tuesday, September 19, 2006, 10:04 AM; by Peter Shinn*

U.S. sugar policy is emerging as one of the key battlegrounds in the next farm bill, and opposition to the current U.S. sugar program is emerging from the Corn Refiners Association (CRA). In fact, CRA President Audrae Erickson told a House Ag Committee farm bill hearing last week changing U.S. sugar policy is the CRA's only priority in the next farm bill.

"We really only have position, and that is linked to a trade issue that we've had for 10 years, and that is to ensure that the NAFTA [North American Free Trade Agreement] is fully implemented for sweeteners, corn sweeteners flowing south and sugar flowing north," Erickson said. "And sugar flowing north means that the U.S. sugar program, and in specific the marketing allotments, need to be addressed to accommodate this increased volume."

The U.S. and Mexico have had a long-running battle over U.S. high fructose corn syrup (HFCS) exports, which the Mexican government has blocked through a variety of measures, including a 20% tax on soft drinks sweetened with anything besides sugar. Sugar is among Mexico's biggest ag industries, and U.S. HFCS has been seen as a threat to that industry. But the issue was supposed to have been resolved under a deal announced in late July that will allow up to half-a-million tons of Mexican sugar into the U.S. market.

According to Erickson, the deal is just a band-aid meant to smooth the issue over until NAFTA is fully implemented. "The difference is that is a tariff rate quota, that is not free trade," she said. "And beginning January 1, 2008, or three months after the farm bill, that is when free trade, unlimited amounts, are able to flow north and south."

Jack Roney is chief economist for the American Sugar Alliance (ASA). He testifies before the House Ag Committee on Wednesday, and he said he sees no need to modify the U.S. sugar program to comply with NAFTA. "I don't believe there is, Peter," he said. "I think we can work through the current no-cost U.S. sugar policy to accommodate Mexican sugar over time, and I don't think it's really necessary to do any fundamental change in our program." Roney said Mexico's actions to keep out U.S. HFCS haven't been due to a lack of access to the U.S. sugar market, but have been about protecting Mexico's domestic sugar industry. And according to Roney, changing U.S. sugar policy isn't going to change Mexico's desire to protect its own sugar industry.

But the CRA isn't the only organization of end-users calling for major changes to the U.S. sugar program in the next farm bill. They complain the U.S. sugar program artificially inflates their price, and therefore, prices paid by consumers for food products.

But Roney disputed that assertion, and said the goal of ASA in the next farm bill is to preserve the current U.S. sugar program as-is. "We think the current system is working beautifully," he said. "We've got a program that costs taxpayers nothing. We've got consumers who are paying some of the lowest prices for sugar in the developed world, and prices that have been perfectly steady for the past 25 years."

And Roney said the current U.S. sugar program is hardly a panacea for U.S. sugar producers. "We have farmers who are able to eke out a living," he said. "We aren't seeing any expansion among sugar producers. We've seen a lot of contraction over the last few years. But we're hoping that remaining producers can stay afloat."

09/19/2006; by Cheryl Wade

## **Grant almost sure for biodiesel study at Michigan Sugar**

Michigan Sugar is almost certain to receive state grant money to study the possibility of putting a biodiesel plant at its Carrollton location. The \$315,000 from the Michigan Department of Agriculture includes \$65,000 for the study and \$250,000 for another project that would help keep beets from rotting in storage piles before they're sliced at two Michigan Sugar factories.

Michigan Sugar suspended processing operations at the Carrollton plant in 2005, although the site still is used for storing and distributing beets and maintains a staff of 10 to 12. Idling the plant cut 65 jobs, and it's that tough blow to the work force that the company wants to reverse, said Ray Van Driessche, director of community and government relations.

"We want to look at every option that we can to try and put people back to work if we can," he said.

Biodiesel is made with soybeans, and a future plant would need equipment to removed the oil from the beans to make the fuel. Van Driessche expects to hear by early October if the state administrative board reviewing the proposal approves it. Approval is very likely, he said. Then, Michigan Sugar would hire a consultant to study the plant's existing equipment to see if it can be re-used, and recommend what new equipment would be needed.

"We would really like to be able to get the full potential out of that facility," Van Driessche said.

The Carrollton plant is across the street from one of the biggest grain elevators on the Saginaw River and near rail transportation, he said. But Van Driessche stressed it's still too early to get people's hopes up. He doesn't want "everybody in the mind set that we're going to have a new facility, we're going to have jobs available, because we don't know that yet," he said.

The other project, to keep beet piles from developing hot spots that ruin beets inside them, would target Michigan Sugar facilities in Bay City and Sebawaing. The company would invest \$3 million to \$4 million besides the grant money to run large corrugated tubes horizontally through the piles, with temperature probes spread through the piles to detect hot spots. The tubes would be hooked into a large fan that would blow cold air into the piles when the probes find hot places.

It's important to keep the beets from getting to warm late in the storage season, just before they're sliced, Van Driessche said. Warmer-than-normal temperatures and rain in early 2005 caused beets to rot, and the company lost \$27 million to \$30 million worth of them, Van Driessche said.

"We want to be sure that we're not just waiting for the right kind of weather to come along," he said. "We want to be proactive."

He hopes the ventilation equipment will be ready to use by fall 2007.

<http://www.fox12news.com/Global/story.asp?S=5431353>

## Upgrades at Amalgamated Sugar

Sep 20, 2006 11:28 AM EDT; by Aileen Simborio

Nampa, Idaho -- It's almost harvest time for sugar beets in Idaho. The Amalgamated Sugar Company in Nampa begins their processing campaign in early October and it continues until February.

But this year, thanks to improvements at the facility, you'll notice a difference not only in the amount of water vapors emitted into the air, but the odors as well. If you're anywhere near the sugar beet factory in Nampa, chances are you'll see this. And depending on what's being processed, an odor may be emitted as well. "You can smell it when you drive by, that's for sure," said Hope Jordan, who lives in Parma.

"Like cooking a vegetable on your stove, we're cooking a sugar beet to diffuse the sugar out of it, so therefore you will have some odor associated with that," said Kent Quinney, P.E., the plant manager at The Amalgamated Sugar Company LLC. Quinney says they process 12,000 tons of sugar beets a day. The crop goes through several steps before it is transformed into the granulated sugar you buy at the store. Only 17 percent of a sugar beet is actual sugar, the majority is water, and 4 1/2 percent is the pulp, which is turned into dry cattle feed by using a rotary drum dryer. "The large plumes you see from the factory is the water leaving the pulp. That carries with it some particulate and some odor," said Quinney.

But not for long. The factory is installing an \$18 million steam dryer, which will replace the open-fire rotary drum dryer. The new technology will dry the pulp using steam, the same steam that will be used to diffuse sugar from the sugar beet. That will reduce the company's coal burning by 200 tons a day and decreasing its air emissions by more than 600 tons a year.

"Not only reduce emissions, but odors coming from plant and perception that odors are coming from the plant," said Quinney.

And for those who drive by the sugar beet factory, that's definitely welcoming news.

"That's a good idea. That's a really good idea," said Jordan.

Amalgamated Sugar is installing the new equipment as part of its commitment to the Department of Environmental Quality to spend \$25 million for air and wastewater environmental improvements.

The new steam dryer should be up and running by the end of November.

[http://www.magicvalley.com/articles/2006/09/20/news\\_localstate/news\\_local\\_state.1.txt](http://www.magicvalley.com/articles/2006/09/20/news_localstate/news_local_state.1.txt)

# (Amalgamated Sugar) Harvest time

## **It's a flurry of sugar beets**

By Matt Christensen, Times-News writer

TWIN FALLS — Pray for your windshield. It's harvest time for sugar beets.

Amalgamated Sugar Co. began last week collecting beets from area growers for processing at its Twin Falls and Paul factories. As part of its "early harvest," Amalgamated invited select growers to transport beets to dozens of satellite collection stations throughout Magic Valley. Next month, all other growers will make the haul.

It's the busiest time of year for beet growers, sugar factory employees, some truck drivers and — believe it or not — a few sanitation workers.

With more than 40 satellite collection stations open between now and the end of harvest, which is expected in early November, PSI Environmental Systems is scrambling. Each station has two portable toilets maintained by PSI.

Its not just sugar beets being collected.

"We've got to not only deliver equipment but develop a routing system for servicing each collection site twice a week," said Les Reitz, sales manager at PSI. "Yeah, we're busy."

PSI deposits waste from the toilets, which it collects using a single truck, in Twin Falls' sewer system, a sewage waste area near Burley or the Twin Falls landfill, whichever is more convenient.

Most of the harvest work, though, happens at the collection sites. Growers bring their crops to these points via trucks they own or hire.

At the collection points, the beets are weighed. Then, they're dropped onto a conveyor belt that shuttles them to a screen that shakes off loose dirt. Once cleaned, the beets go to another conveyor belt that takes them up a boom and onto massive piles.

Growers are paid according to sugar content, so a few beets are taken from each truckload for laboratory analysis. One ton of beets is usually worth between \$38 and \$42, said Len Kerbs, Amalgamated's Twin Falls district agriculture manager.

Amalgamated, this area's only sugar beet refining company, expects to collect about 850,000 tons of Magic Valley beets in the next two months. At \$40 a ton, that's \$34 million worth of beets.

The majority of that money doesn't come until later in the fall. The early harvest period — between now and Oct. 6 — accounts for only 12 percent of the total harvest.

All early-harvest beets are processed immediately. The other beets will be stored and processed between now and February.

From the collection sites, beets are trucked to Amalgamated factories in Twin Falls and Paul. At the Twin Falls factory, Jerry Dickard oversees the 200 trucks that bring beets from collection sites. This time of year, he works 12-hour days, he said Tuesday as he watched a never-ending stream of beets fall onto a pile at least 200 feet long and 30 feet high.

"We're handling 7,000 tons of beets every day this time of year," he said. "Yup, that's a lot of beets."

SUGAR AND SWEETENERS OUTLOOK -- SUMMARY  
September 21 2006, ERS-SSS-247

Approved by the World Agricultural Outlook Board

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This SUMMARY is published by the Economic Research Service, U.S. Department of Agriculture, Washington, DC 20036-5831. The complete report will be available electronically about 1 week following this summary release.

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### The United States and Mexico Resolve Sweetener Dispute

On July 27, 2006, the United States and Mexico announced an agreement that resolves disputes related to each nation's interpretation of the sweetener provisions in the North American Free Trade Agreement (NAFTA). Under the July 27 agreement, the United States provides for duty-free access to 250,000 metric tons, raw value (MTRV) of Mexican sugar for fiscal year (FY) 2007, and for duty-free access to between 175,000 and 250,000 MTRV of Mexican sugar for the period October 1, 2007 through December 31, 2007. In turn, Mexico provides for duty-free access to equivalent amounts to U.S. high fructose corn syrup (HFCS) corresponding to the same periods. Under the agreement, the United States can ship 7,258 MTRV of sugar duty-free to Mexico for each of the marketing years 2006, 2007, and 2008. Also, the United States and Mexico confirmed that on July 3 they submitted a joint letter to the World Trade Organization (WTO) Dispute Settlement Body in which both countries had accepted in principal the elimination of Mexico's soft drink and distribution taxes. Effective on January 1, 2008 under NAFTA, there will be no duties or quantitative restraints between the two countries on all sugar and HFCS trade.

Also on July 27, 2006, the U.S. Department of Agriculture (USDA) announced additions to the FY 2006 sugar tariff-rate quota (TRQ), provisions of the FY 2007 sugar TRQ, and the Overall Allotment Quantity (OAQ) for FY 2007. The FY 2006 refined sugar TRQ was increased by 100,000 short tons, raw value (STRV). The U.S. Trade Representative (USTR) allocated 29,410 STRV of this TRQ to Mexico, and the remainder to the global portion of the refined sugar TRQ. In addition to this TRQ increase, the USDA increased the specialty sugar portion of the refined sugar TRQ by 9,921 STRV.

The USDA established the FY 2007 raw sugar TRQ at 1.481 million STRV. This amount is 250,000 STRV above the WTO minimum access level of 1.231 million STRV. The USDA announced that there would be no shipping patterns for these imports and that early entry of FY 2007 raw sugar TRQ imports could start as of August 7, 2006. Early entries were originally expected to total 75,000 STRV, but the estimate was scaled back to 25,000 STRV in the August World Agricultural Supply and Demand Estimates (WASDE) report. On August 3, 2006, the USTR made allocations to the 40 countries that receive quota shares.

The USDA established the FY 2007 refined sugar TRQ at 62,832 STRV, which is 38,581 STRV above the WTO minimum access level of 24,251 STRV. The USTR made specific allocations to Canada (11,354 STRV) and to Mexico (3,256 STRV). The specialty sugar TRQ (mostly organic sugar) was established at 40,406 STRV.

The USDA established the FY 2007 OAQ at 8.750 million STRV, down from 9.350 million STRV in FY 2006. As set out in the 2002 Farm Act, allocations to the beet processors were set at 4.756 million STRV and to raw cane sugar processors at 3.994 million STRV. Cane sugar production is expected to fall short of its allocation by 375,000 STRV. This amount was, therefore, reassigned to imports. Although imports for consumption are projected at above 1.532 million STRV, allotments are not suspended because the additional imports are needed to meet the OAQ due to the expected low level of domestic cane sugar production.

After the TRQ announcement, the nearby raw sugar No. 14 contract fell from 21.70 cents/lb to 20.75 cents/lb. The raw price had been decreasing for a few days prior to the announcement after news from some TRQ exporters regarding shipments had resolved certain doubts about TRQ shortfall for FY 2006. Also prior to the announcement, world raw sugar spot prices had been decreasing (above 17 cents/lb at the beginning of July to under 16 cents/lb at the end), reflecting more plentiful world supplies. These lower world prices helped to bring down the U.S. raw sugar price. Since the announcement, world sugar prices have continued their fall (between 12 and 13 cents/lb in early September), but the linkage between U.S. and world prices seems to have been broken: the gap between U.S. and world sugar prices has reached about 8 cents/lb, an amount above the threshold at which they are linked.

FY 2007 sugar production is projected at 4.878 million for beet sugar and 3.567 million STRV for cane sugar. Especially notable is the increase in beet sugar production forecast for the Upper Midwest. Although area harvested is projected to increase about 7.4 percent above FY 2006 area, sugarbeet production is projected to be 26.1 percent higher, with an expected record yield of 23.3 tons per acre. Cane sugar production is expected to recover from last year's disappointing levels in Florida (1.730 million STRV, up 26.5 percent) and in Louisiana (1.370 million STRV, up 14.0 percent).

FY 2006 sugar production is estimated at 7.405 million STRV. September 2006 beet sugar production in the Upper Midwest has been strong and has offset almost nonexistent September production in Louisiana.

The estimate for FY 2006 deliveries for food and beverage consumption is 10.150 million STRV. Deliveries this year have been difficult to analyze because of high levels of refined sugar imports going to entities that are not required to report to the USDA. It has not been clear whether these imports have been for immediate delivery/consumption or are being inventoried for later use. The projection for FY 2007 is 10.250 million STRV.

Ending stocks for FY 2006 are estimated at 1.627 million STRV, implying an ending stocks-to-use ratio of 15.5 percent. Ending stocks for FY 2007 are projected at 1.756 million STRV, implying an ending stocks-to-use ratio of 16.5 percent.

[http://www.miami.com/mld/miamiherald/business/special\\_packages/business\\_monday/15587123.htm](http://www.miami.com/mld/miamiherald/business/special_packages/business_monday/15587123.htm)

Posted on Mon, Sep. 25, 2006; BY SUSAN SALISBURY, The Palm Beach Post

## **University of Florida study may clear sugar harvest haze**

**Florida sugar cane growers experiment with harvest methods that don't involve burning their fields.**

**BELLE GLADE** - Green sugar cane harvests may help put out the fire

When sugar cane is harvested each year in Palm Beach, Hendry, Martin and Glades counties, smoke, ash and fires are a familiar part of the process.

Just before the cane is cut, more than 375,000 acres are burned, field by field, to rid the crop of debris.

But worldwide, harvesting sugar cane without burning -- known as green cane production -- is gaining favor as development nears cane-growing areas and complaints about the smoke begin to rise.

A team of University of Florida researchers at the Everglades Research and Education Center in Belle Glade is examining the effect of green harvesting on the crop and fields here.

During harvest season, which begins in October, researchers will be working with growers to conduct field trials comparing burned and nonburned fields, said Rob Gilbert, an agronomist who is leading the team.

"We are not proselytizing green cane production," Gilbert said. "We are trying to take a scientific approach to inform policy."

Burning rids the fields of weeds, leaves and other unwanted material and makes it easier and faster for harvesting machines to cut the cane, Gilbert said. It also means hauling less tonnage to the mill, resulting in reduced fuel use.

### **DEBRIS REMAINS**

With green harvesting, after the cane is cut and taken to the mill, the remaining debris is left on the fields, either as a mulch-like cover or raked into rows.

Ben Legendre, a sugar cane specialist at Louisiana State University, said cane burning is being phased out in Argentina, Australia, South Africa and Brazil. In Louisiana, 65 percent of the crop is harvested green.

In Florida, a regulated burn program that was made stricter in the early 1990s has kept complaints to a minimum. The Palm Beach County Health Department received just two complaints related to sugar cane burning in 2005 and has received three in 2006, said Randall Miller, environmental supervisor at the department's division of environmental health and engineering. A total of 35 complaints were received from 2001 through early 2006.

## **BEFORE BURN PERMITS**

Before the current zone-based burn-permit program was instituted, the health department received an average of 18 sugar cane burning complaints a year, Miller said.

During the 2005-06 season, the Florida Department of Agriculture's Division of Forestry issued 8,285 sugar cane burn permits, said Ralph Crawford, assistant chief of fire protection. The growing areas are divided into four sections, with those near populated areas subject to tougher rules.

"The closer you are to eastern Palm Beach County, the more restrictive the burning is," he said.

Growers must apply for a separate permit for each field on the morning they want to burn. An automated computer system takes the application and, using weather data, determines whether to grant the burn permit.

Florida sugar producers say they would rather continue to burn fields because yields are higher and costs are lower, but they have used green-harvesting methods occasionally.

## **U.S. SUGAR EXPERIMENTS**

Judy Sanchez, spokeswoman for U.S. Sugar Corp. in Clewiston, said the company is experimenting with green cane harvesting in Hendry County.

"The burn program we have in place right now has been working very well," Sanchez said. "We have a good relationship with the communities out here." Barbara Miedema, spokeswoman for the Sugar Cane Growers Cooperative of Florida in Belle Glade, said the company has been green harvesting a portion of its fields for years. If a burn permit cannot be obtained the day a field is scheduled to be harvested, the green method will sometimes be used instead to keep to the harvesting schedule.

"We would prefer to continue to be able to burn sugar cane," Miedema said. "It is not a real big nuisance anymore."

Researchers, who plan to have preliminary results by early 2008, are looking toward the future, when burning could become more of an issue here as development increases near agricultural areas.