

International Sweetener Colloquium
Aventura, Florida
February 27, 2018

*Producers' Perspective on
Federal Sugar Policy*

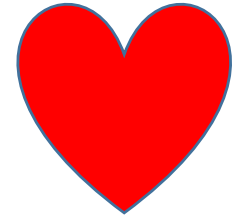
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Producers' Perspective on Federal Sugar Policy

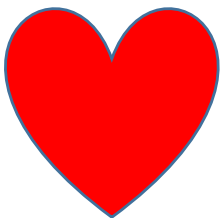
- Developments since last Colloquium
- Strong prospects for market stability
- Common Cause: Producers' and Users' shared goals, concerns
 1. Satisfy consumer desire for sustainably-produced food
 2. Defend sugar and sweetened-product consumption against misguided attacks

February 14, 2018 (my closing slide)

**Best hope for American Sugar Producers,
and Sweetener Users?**



- No further reduction in producer prices for sugar
- Continued economic safety net in 2018 Farm Bill
- Continued buffer to volatile world dump market, predatory dumping by foreign countries
- Capable enforcement of U.S.-Mexican-government Suspension Agreements – to prevent further dumping/injury from Mexico

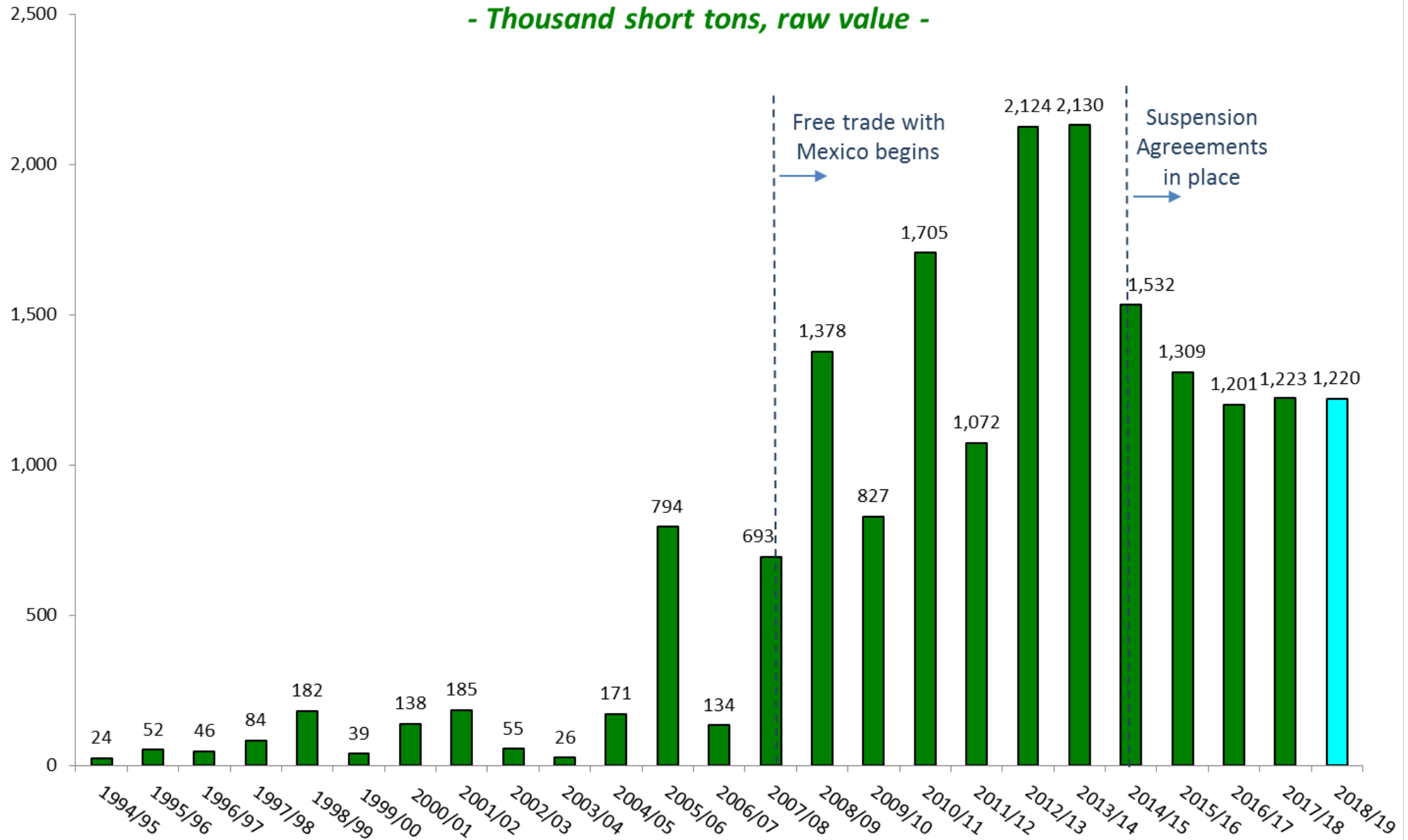


Since last February:

- No further reduction in producer prices for sugar
 - *Prices stable, though one more beet factory closure (WY)*
- Continued economic safety net in 2018 Farm Bill
 - *Farm Bill passed December 2018*
- Continued buffer to volatile world dump market, predatory dumping by foreign countries
 - *Trade measures unchanged (Small concessions to Canada in proposed USMCA)*
- Capable enforcement of U.S.-Mexican-government Suspension Agreements – to prevent further dumping/injury from Mexico
 - *SAs working well – stable prices, supplies, more certainty for sugar markets in U.S. and Mexico*
 - *Mexico remains huge supplier to U.S. sugar market*

U.S. Sugar Imports from Mexico, 1994/95-2018/19

- Thousand short tons, raw value -

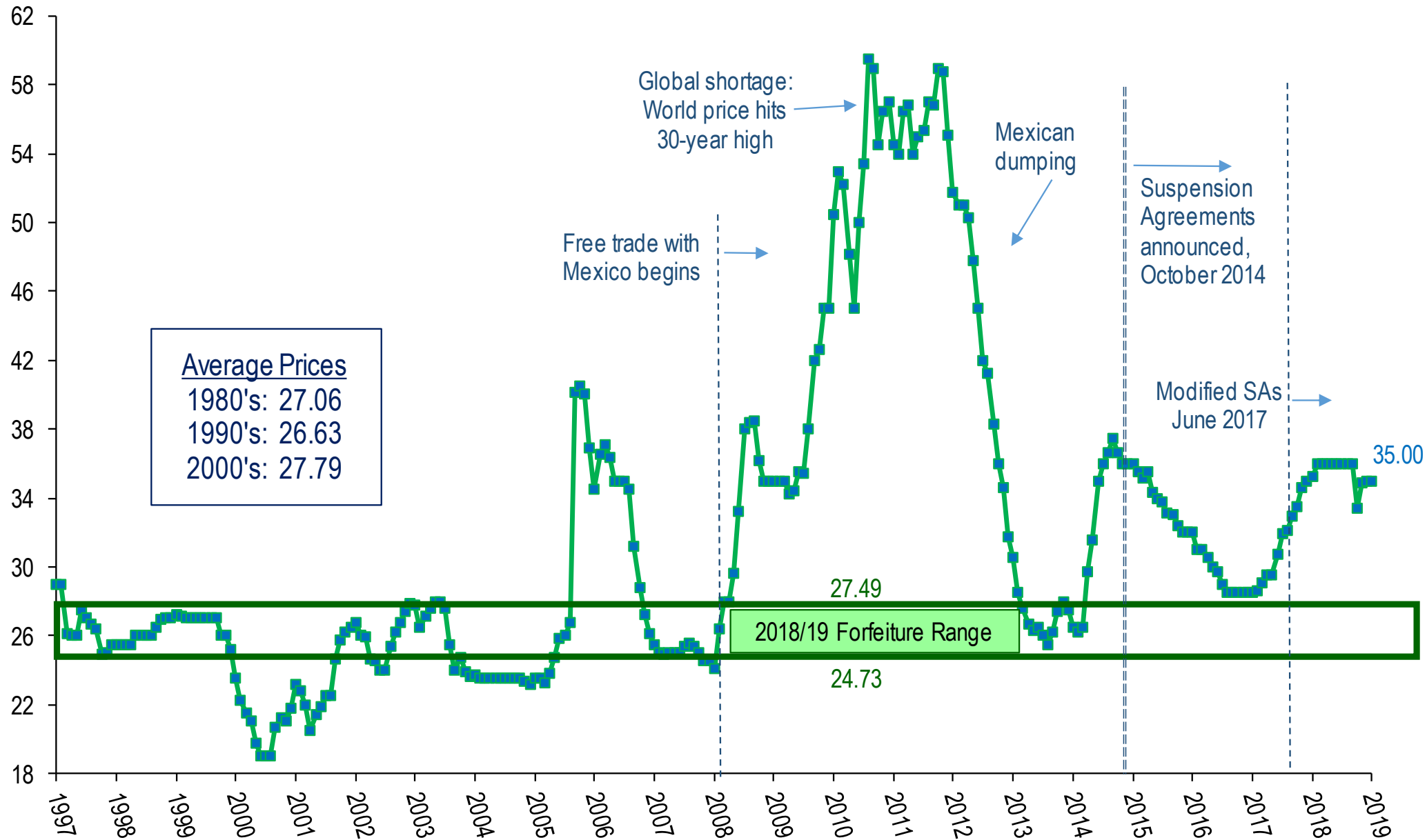


Source: USDA, Global Agriculture Trade System(GATS) (<http://apps.fas.usda.gov/gats/default.aspx>).

USDA, ERS: Table 24b- 2017/18= forecast; 2018/19= projected.

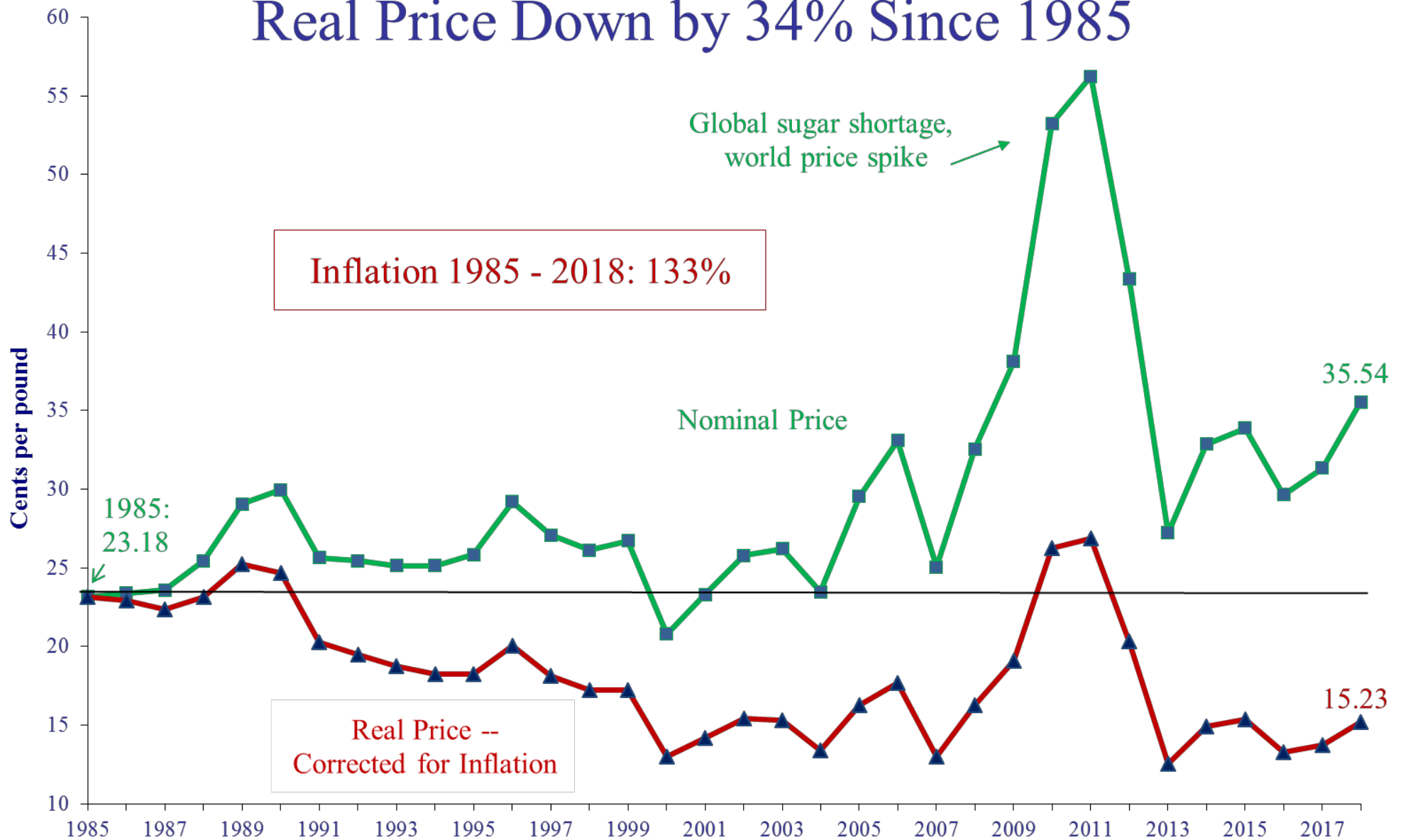
U.S. Wholesale Refined Beet Sugar Prices, 1997-2019

--Cents per pound--



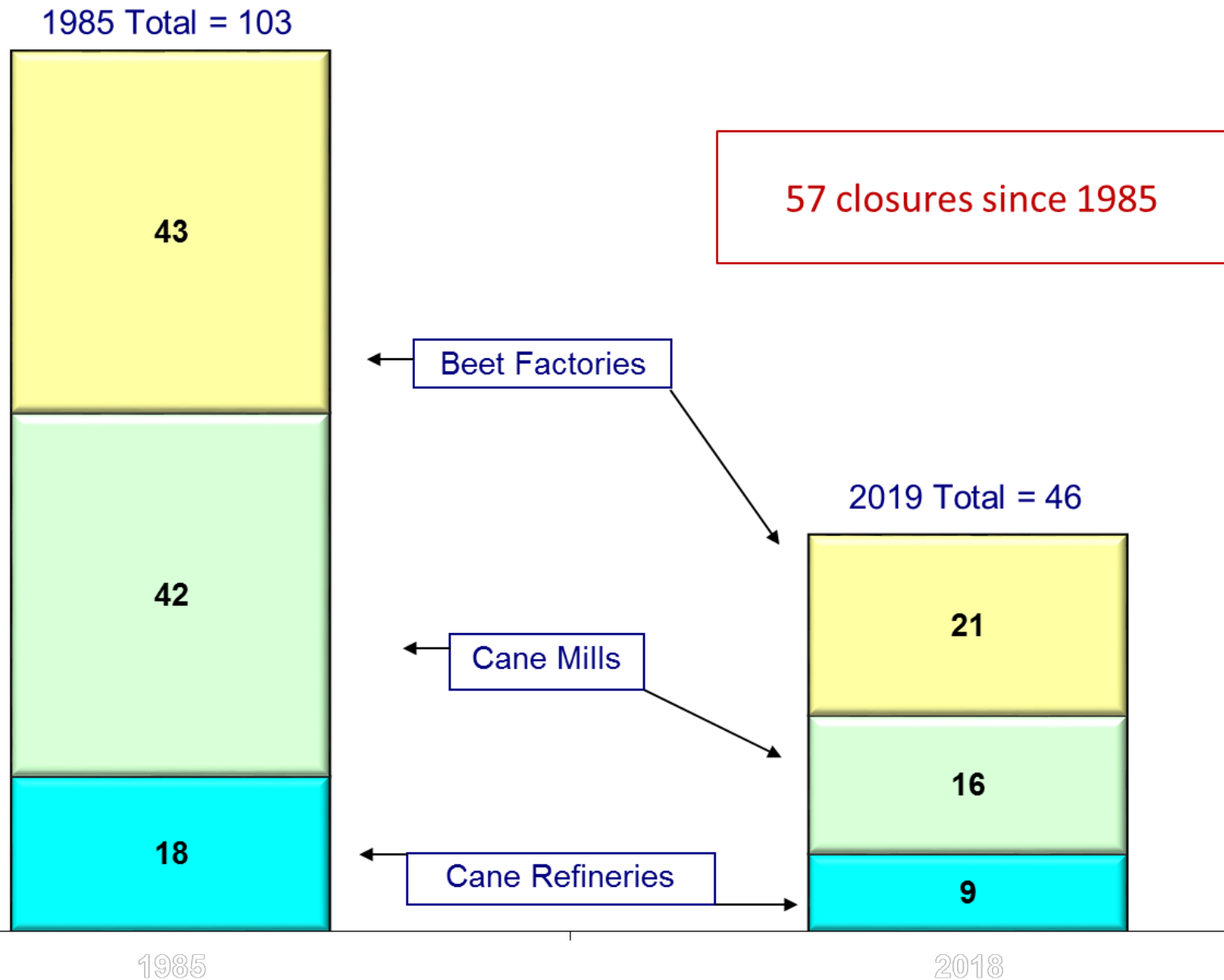
Source: USDA--Wholesale refined beet sugar, Midwest markets, monthly averages; FSA-calculated forfeiture range.

U.S. Wholesale Refined Sugar Prices: Real Price Down by 34% Since 1985



Data sources: BLS -- CPI-U. USDA - wholesale refined beet sugar, Midwest markets; annual averages 1985-2018.

With Flat Sugar Prices Since 1985: More Than Half of U.S. Sugar-Producing Operations Have Shut Down



Source: American Sugar Alliance, 2019

Cautionary Tale: European Union



Since EU exposure to world dump market pricing in late 2017

- Massive sugarbeet company financial losses
- Beet factories closing in many countries – four closures over next two years announced in Germany and France (historically competitive producers), so far
 - One EU beet executive has predicted 10-20 closures in next 4-5 years – 10-20% of all EU beet processing plants
 - Despite EU subsidies estimated at \$665 million/year, and individual countries providing additional aid
- Significant job losses, more expected
- Fewer areas growing sugar in Europe

Common Cause (1)

Respond to consumers' rising desire for sustainably-produced food

- Sourcing refined sugar from U.S. sugar producers = American standards for treatment of:
 - Workers: Wages, benefits, safety
 - Consumers: Food safety
 - Environment:
 - Water quality & conservation
 - Air quality
 - Soil quality & retention
- Long sustainable; becoming more so

Common Cause (1)

Respond to consumers' rising desire for sustainably-produced food

- Sourcing refined sugar from developing countries
= Consumer doubts about sustainability
 - Less confidence in safety, purity: Higher risk for U.S. food manufacturers
 - Cost to U.S. food manufacturers of improving social standards in supplier countries
 - Consumer confidence, social-standards costs of production covered in U.S.-sourced sugar
 - Food manufacturers' storage costs covered by U.S.-sourced sugar, as well – just-in-time delivery

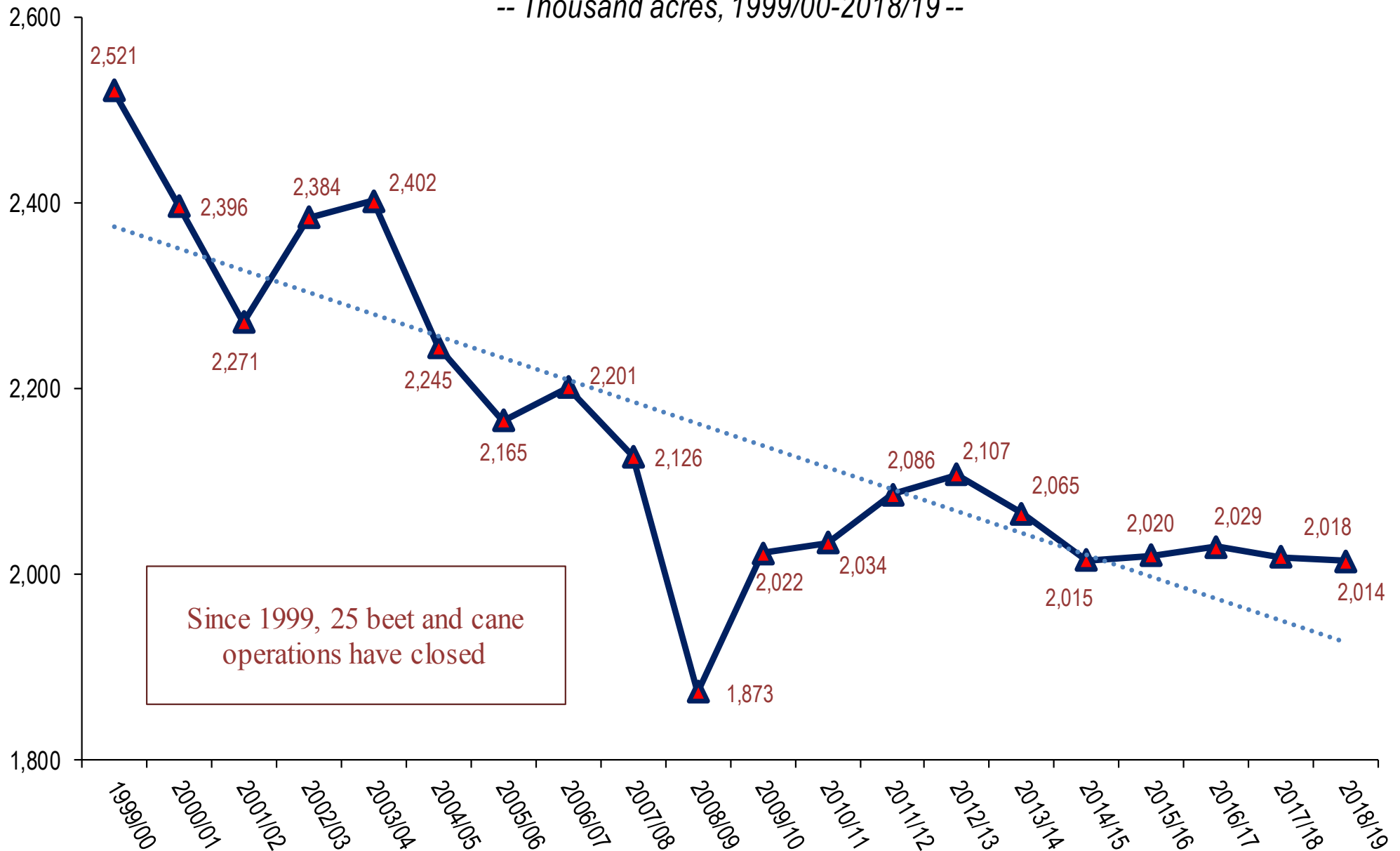
Common Cause (1)

Respond to consumers' rising desire for sustainably-produced food

- U.S. producers' progress from already high sustainability levels: Beet and cane acreage down 20% this century but yields per acre up and production steady
 - =Less land
 - =Less water
 - =Less energy
 - =Fewer chemicals
 - =More sustainable

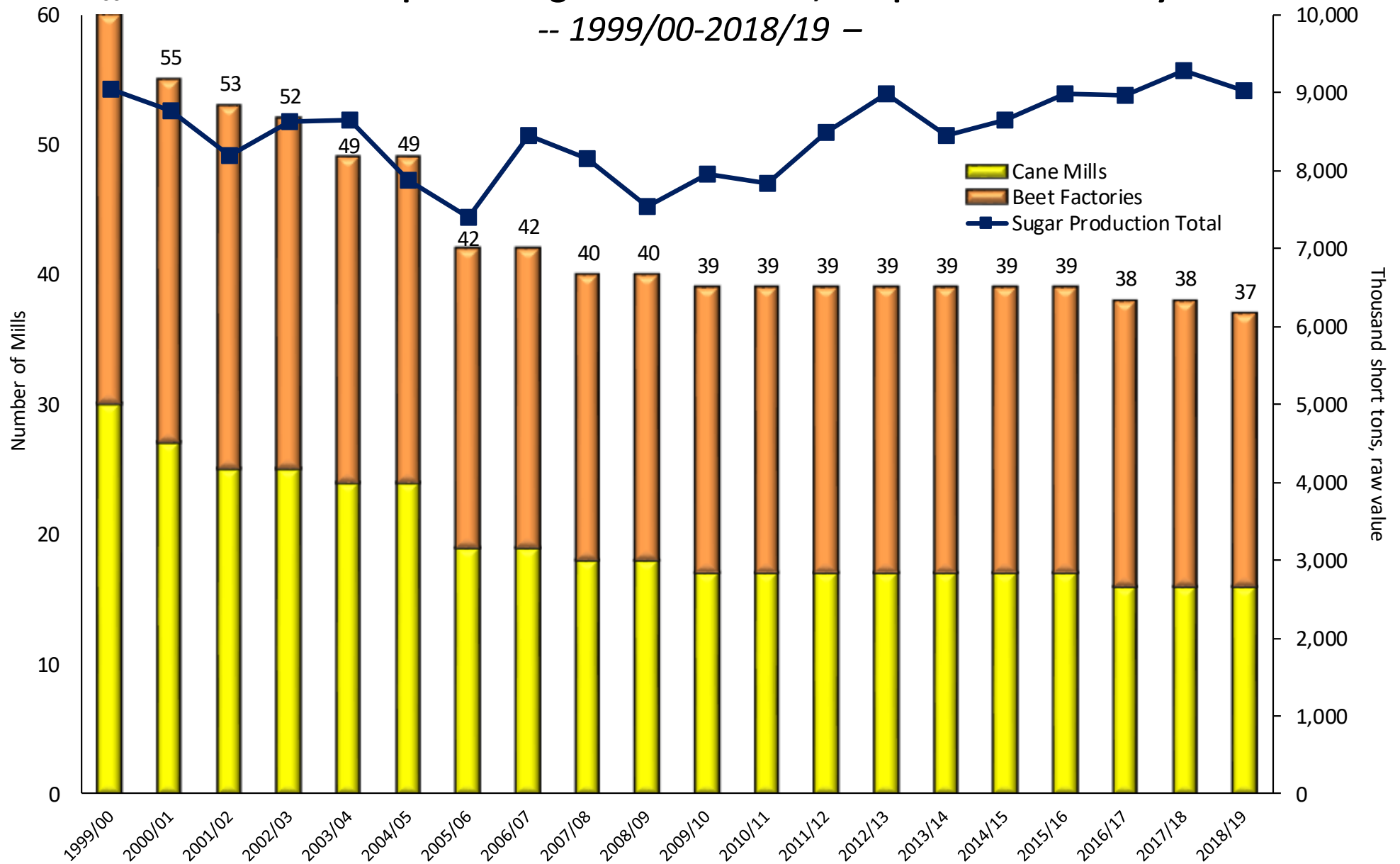
U.S. Sugarbeet and Sugarcane Acreage Down 20% since 1999

-- Thousand acres, 1999/00-2018/19 --



Coping with declining sugar prices: Consolidation, but higher yields — Number of processing mills down 38%, but production steady

-- 1999/00-2018/19 --



Data sources: USDA, American Sugar Alliance, February 2019

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Common Cause (1)

Respond to consumers' rising desire for sustainably-produced food

- U.S. producers proud that:
 - Several cane crops are derived from one planting (ratooning)
 - Cane mills run on cane residue (bagasse); sell excess power to grid (co-generation)
 - = Carbon neutral, or better
 - Biotech beets have dramatically increased yields, reduced land, water, energy and chemical use
 - = Most sustainable of world's beet producers

Common Cause (2)

Respond to misguided attacks on sugar in the diet

- Misguided guidelines, labeling laws
 - Positive development: Biotech labeling regulations do not require labeling of refined biotech ingredients
 - *American Sugarbeet Growers Association a leader in this effort, to the benefit of other crops, many consumer-product manufacturers*
 - Support efforts of Sugar Association: Science-based guidelines, labeling

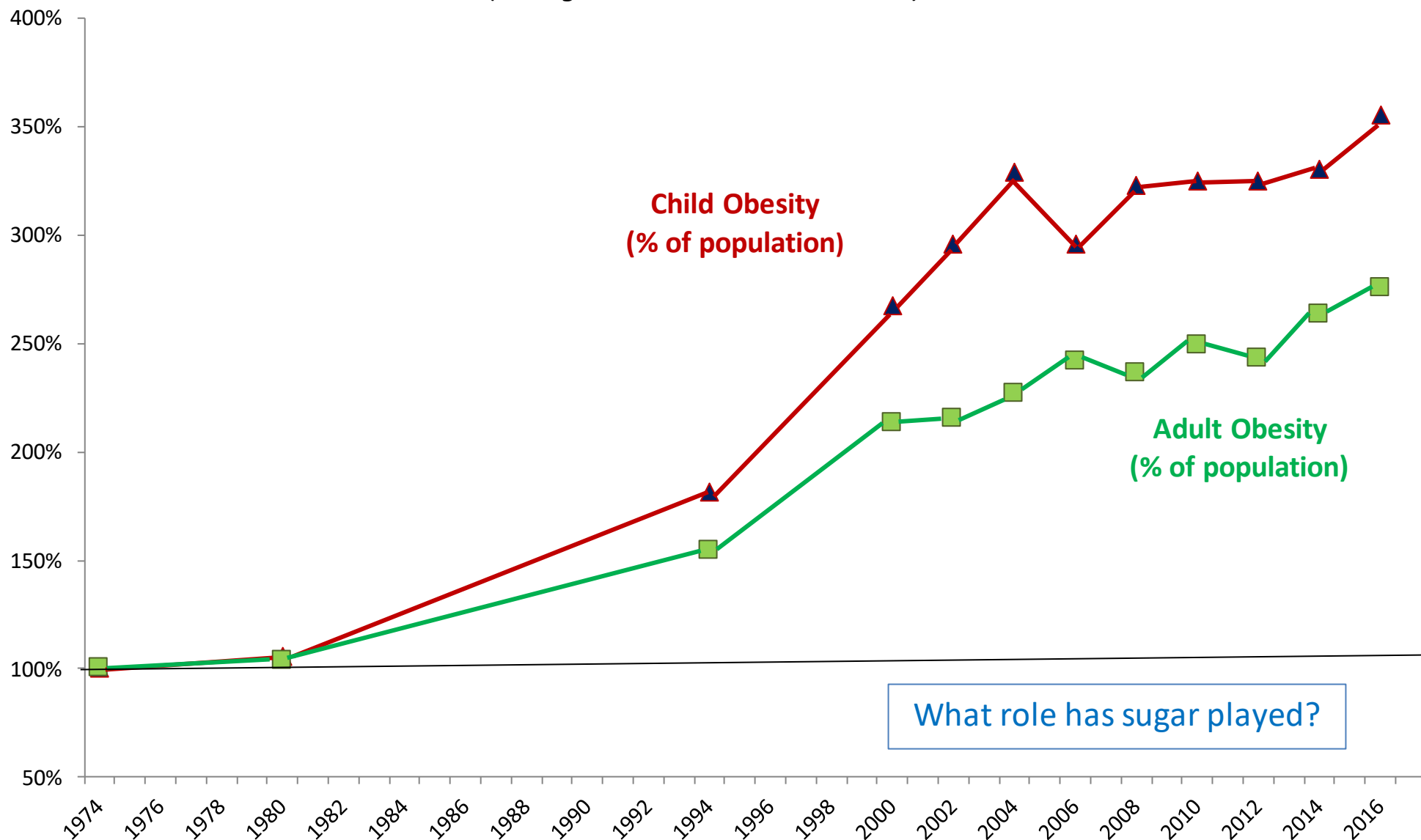
Common Cause (2)

Respond to misguided attacks on sugar in the diet

- Consumer confusion regarding sugar safety, nutrition
 - Absurd notion that rising sugar consumption is a major cause of rising U.S. obesity rates
 - In fact, U.S. per capita sugar consumption is down 34% since its peak in 1972
 - In fact, per capita caloric sweetener consumption down 18% since 1999
 - In fact, sugar and sweeteners' share of U.S. caloric sweetener consumption is down 7% since 1970

Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled

(Change since 1974; 1974 = 100%)



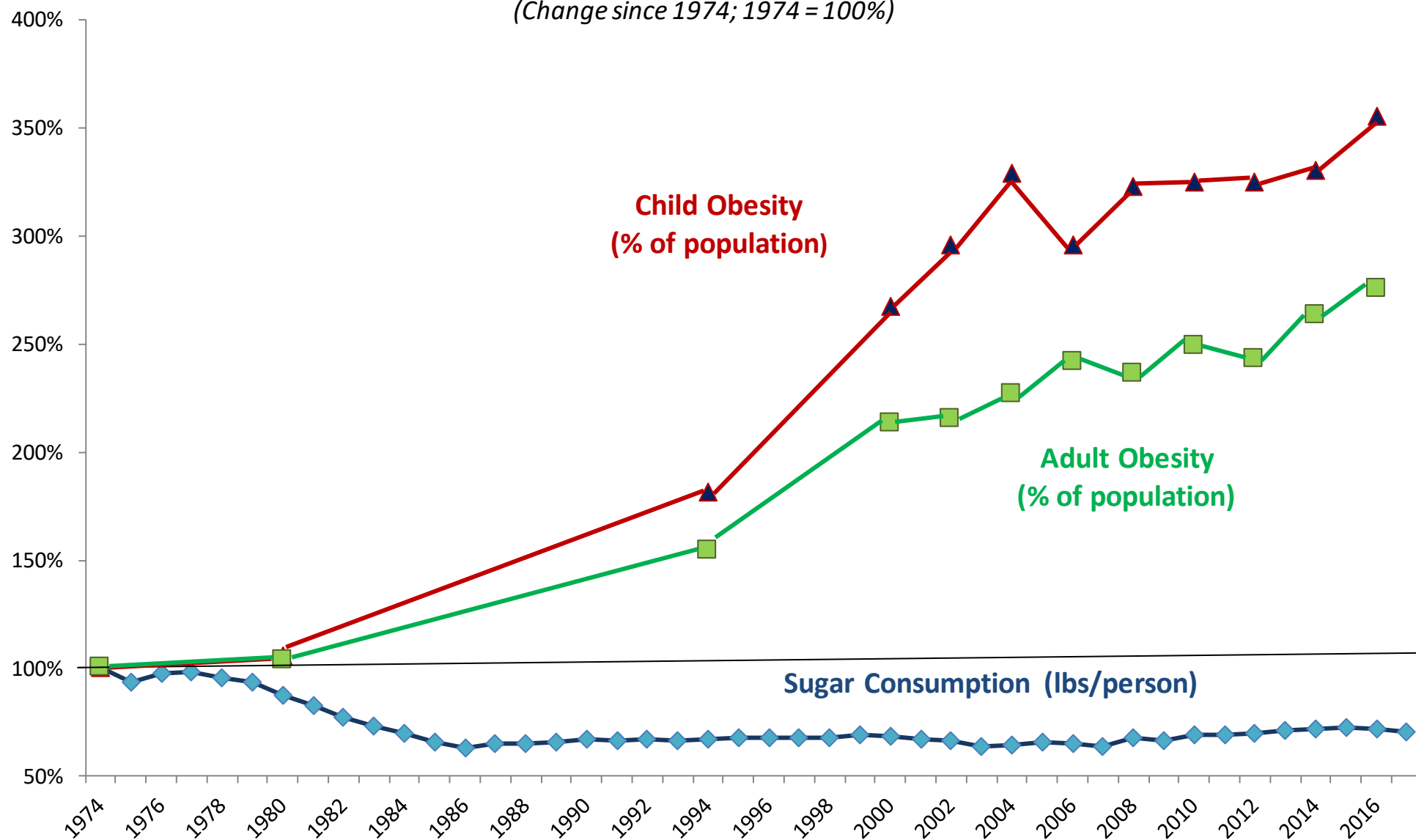
Source: Centers for Disease Control and Prevention/HHS.

Note: Official obesity data available only for years shown. Percents of population: Child (age 2-19) obesity rose from 6.2% in 1971-74 to 24.1% in 2015-16;

Adult (age 20-74) obesity rose from 14.5% in 1971-74 to 40% in 2015-16.

Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled; U.S. Per Capita Sugar Consumption Has Fallen 29%

(Change since 1974; 1974 = 100%)



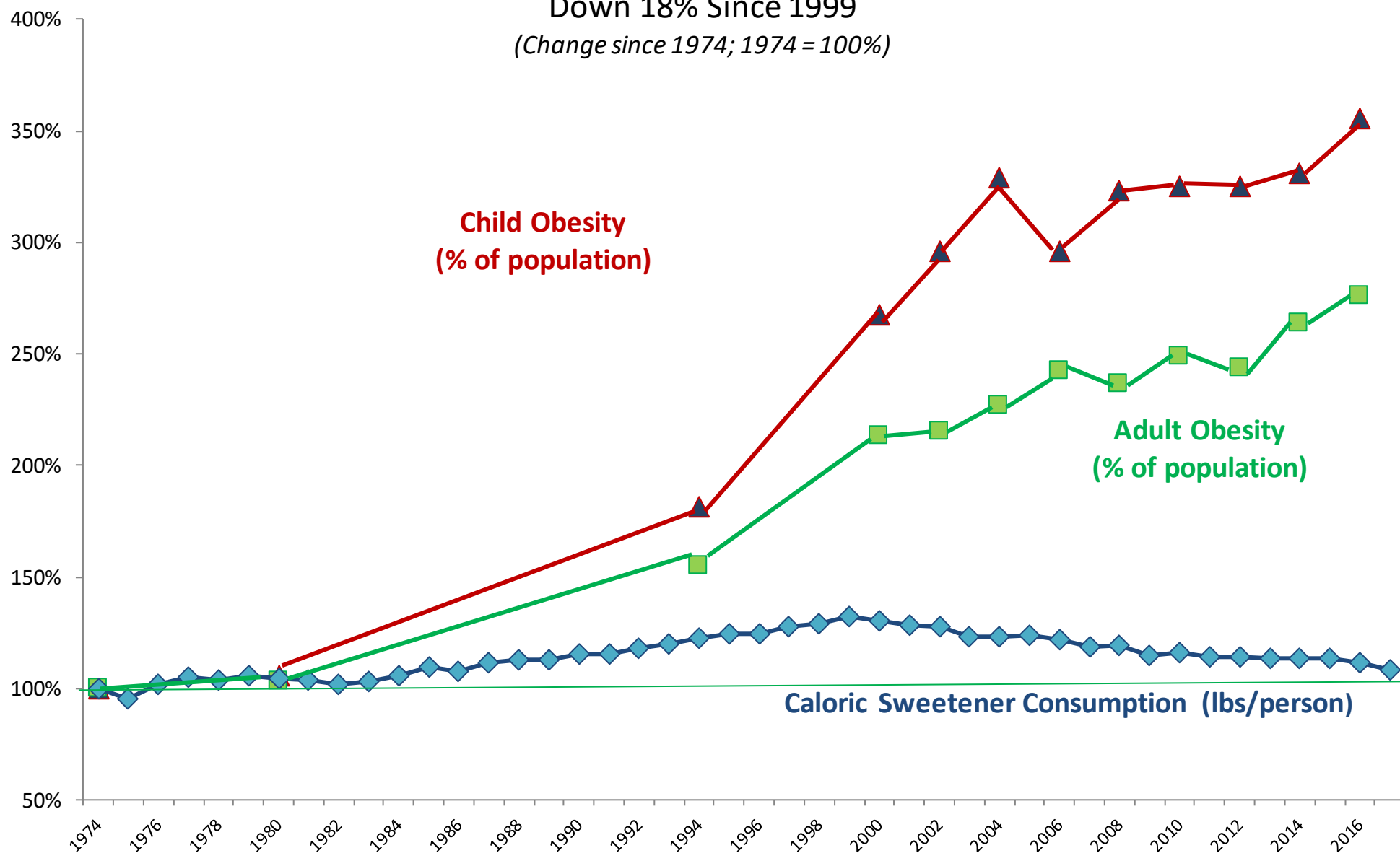
Source: Sugar data (through 2017) -- Economic Research Service/USDA, Table 51.

Obesity Data -- Centers for Disease Control and Prevention/HHS. Note: Official obesity data available only for years shown. Percents of population: Child (age 2-19) obesity rose from 5.2% in 1971-74 to 18.5% in 2015-16; Adult (age 20-74) obesity rose from 14.5% in 1971-74 to 40.0% in 2015-16.

Since 1974: U.S. Child Obesity Has Tripled, Adult Obesity Has Doubled;
U.S. Per Capita Caloric Sweetener Consumption Up Only Slightly,

Down 18% Since 1999

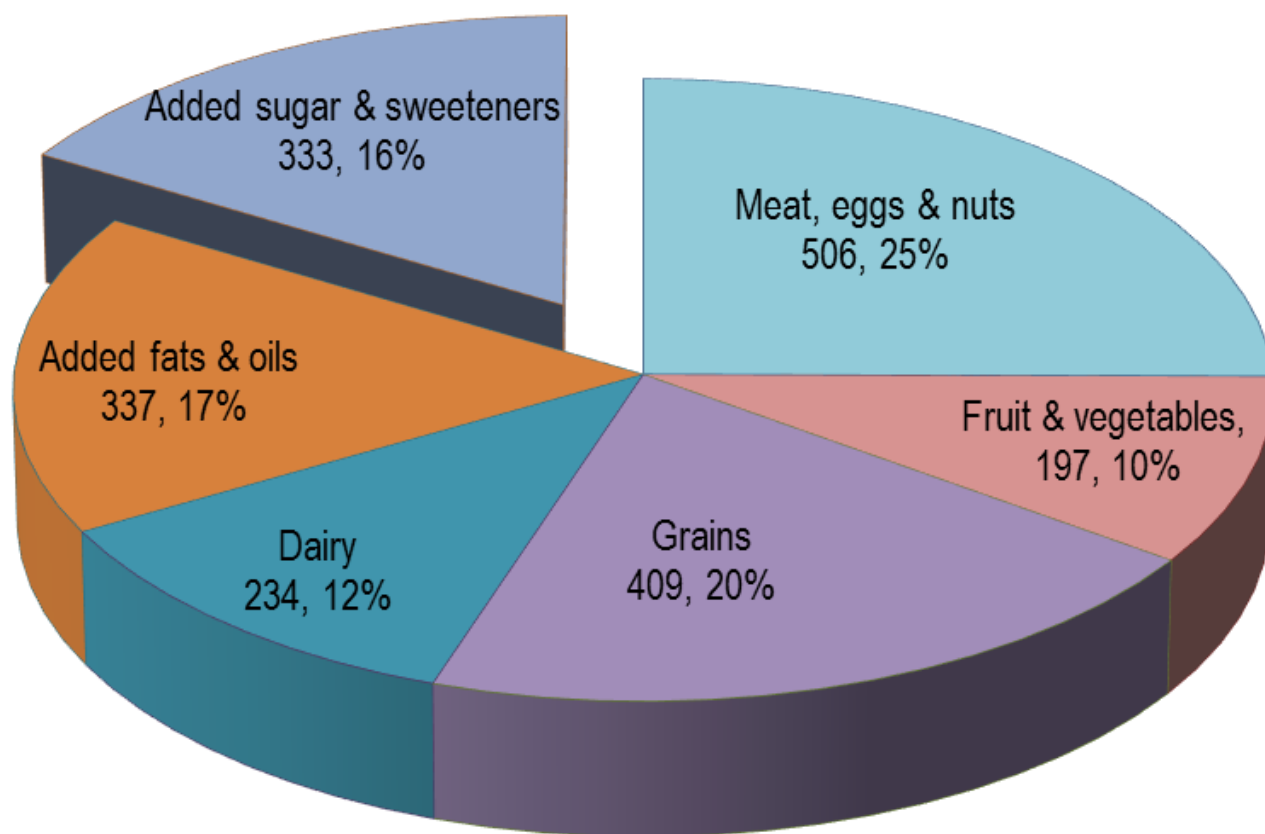
(Change since 1974; 1974 = 100%)



Source: Caloric Sweetener (Sugar + High Fructose Corn Syrup) Data -- Economic Research Service/USDA, Tables 51 & 52.

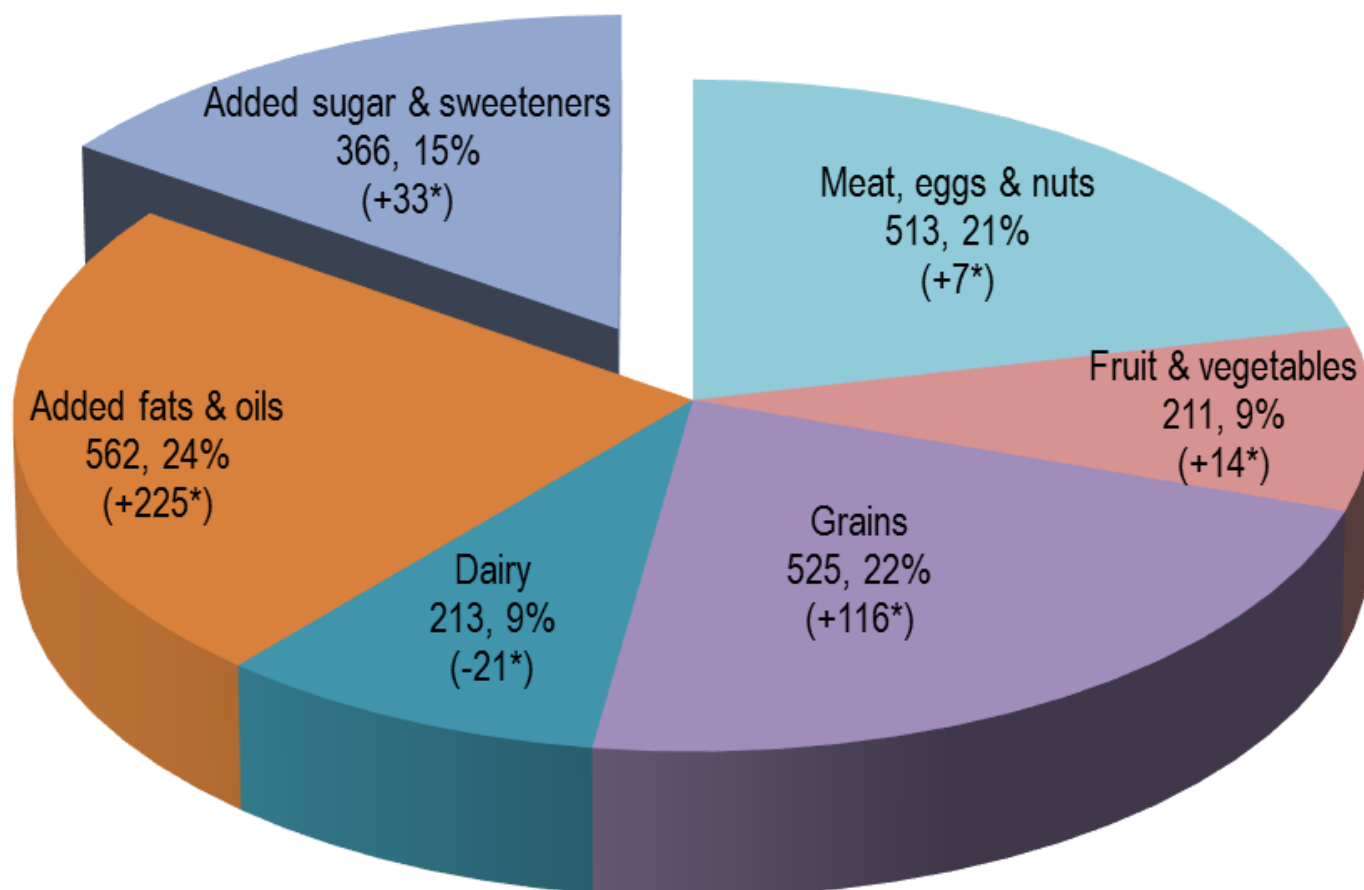
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**1970 U.S. Per Capita Daily Caloric Consumption;
Sugar & Sweeteners' Share 16%**



1970: Total calories: 2,016

2014 U.S. Per Capita Caloric Consumption Up 19% (374 Calories) from 1970; Sugar & Sweeteners' Share Drops from 16% to 15%

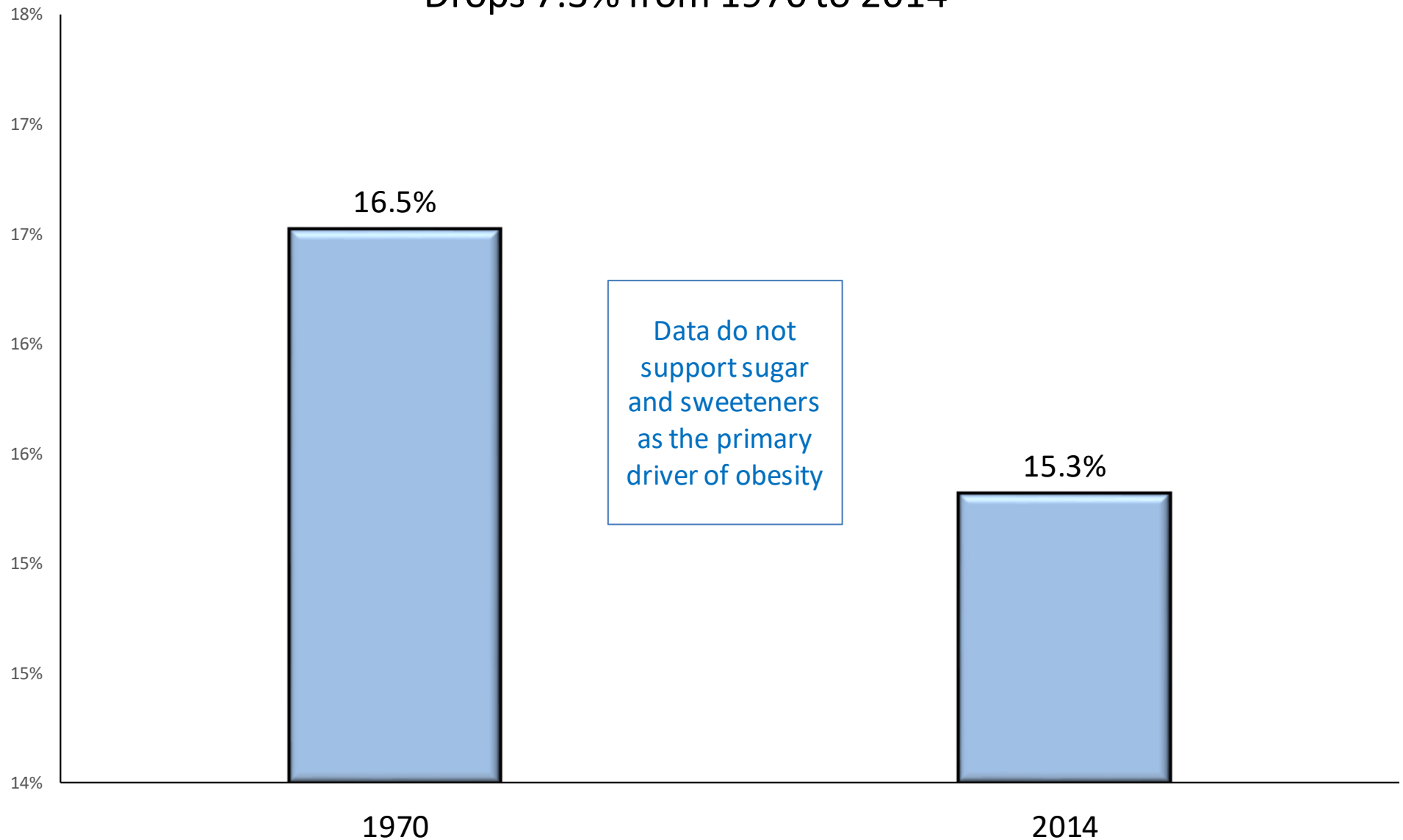


2014: Total calories: 2,390 (+374*)

Source: USDA, U.S. Trends in Food Availability and a Dietary Assessment of Loss-Adjusted Food Availability, 1970-2014, January 2017
<https://www.ers.usda.gov/webdocs/publications/eib166/eib-166.pdf?v=42762>

*Change from calories consumed in 1970.

Sugar and Sweeteners' Share of U.S. Caloric Consumption Drops 7.3% from 1970 to 2014



Source: USDA/ERS <https://www.ers.usda.gov/data-products/food-availability-per-capita-data-system/>

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Producers' Perspective on Federal Sugar Policy

Conclusions

1. If food manufacturers prefer access to stable, geographically dispersed, responsibly-produced domestic sugar, policies are in place to help ensure that:
 - The 2018 Farm Bill;
 - The U.S.-Mexican governments' Suspension Agreements
2. Strong prospects for stably-priced, dependable, nearby sugar supplies
3. Common Cause: Producers' and Users' shared goals, concerns:
 - Satisfy American consumer desire for safe, sustainably-produced food;
 - Defend sugar and sweetened-product consumption against misguided attacks
 - Please join us



Omni Grove Park Inn Asheville, NC August 2-7, 2019



www.sugaralliance.org/symposium

Photo Credit: ExploreAsheville.com