

PUBLIC
BARRY CALLEBAUT USA/SWEETENER USERS ASSOCIATION
PRESENTATION FOR
SUGAR FROM MEXICO

September 16, 2015

KELLEY

DRYE

Slide 1 – USDA Reports that U.S. Producers Are the Price Leaders in the U.S. Market

USDA reported that U.S. price declines that occurred after CY 2011/12 “started with U.S. beet sugar prices” and “were soon matched by declines in refinado {refined sugar} prices {in Mexico} and unit import values {of refined sugar from Mexico}.”

-- Sugar and Sweeteners Outlook,
USDA (Apr. 15, 2014)

Slide 2 – Testimony from Staff Conference Regarding Price

Mr. Paul Farmer, the President and CEO of CSC Sugar, LLC, testified at the staff conference that:

- "Mexican producers are not price leaders, they are price takers in the global market for sugar." Conf. Tr. at 188.
- "With respects {sic} to imports of refined sugar, it should be observed that the majority of refined sugar produced in the U.S. market is sold far in advance of the delivery period." Conf. Tr. at 188.
- "In contrast, refined sugar for Mexico is sold much closer to the delivery date. As a result, Mexican sales tend to fill in supply gaps and do not have a material impact on prices received by U.S. growers or refiners." Conf.Tr. at 188.

Slide 3: Testimony on Price from Hearing on the Adequacy of the Suspension Agreements

Mr. Paul Farmer, the President and CEO of CSC Sugar, LLC, testified at the Commission's hearing on the adequacy of the suspension agreement that:

- “So Mexico, you know, their refined sugar quota is going to be about 700,000 tons or 750,000 tons. The beet crop is 5 million tons, so who sets the price of refined sugar? It's really the beet sugar crop – the beet sugar growers” Suspension Agreement Hearing Tr. at 237-38.
- “I would say Mexico met the price . . . from U.S. beet sugar growers and cane growers who basically set the price. A 5 million ton {crop} in the United States, which is the beet sugar growers, they determine the price at the beginning of the year. They're the ones who are selling sometimes two and three years forward, right, and everybody else kind of has to meet that.” Suspension Agreement Hearing Tr. at 237-38.

Slide 4: U.S. Producers Experienced Record Profits During 2012-2013

American Crystal Sugar Company, a major grower-owned cooperative that processes sugar beets, stated:

- “For the crop we processed in Fiscal Year 2012, shareholders received an average gross beet payment of \$58.67 per ton, which translated to \$1,212 on a per acre basis. Respectively, these payments were the second and fourth highest in our history.”

- 2012 Annual Report of American Crystal Sugar Company

- “{W}e distributed an average gross beet payment of \$68.41 per ton to shareholders, which was the second highest in our history. On a per acre basis, we delivered an average of \$1,854, which was also the second best in our history.”

- 2013 Annual Report of American Crystal Sugar Company