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American Bakers Association

www.americanbakers.org

Sugar Outlook: HFCS – Wildcard in the U.S.-Mexico Sweetener Market

Robb MacKie
President and CEO
American Bakers Association
USDA Agricultural Outlook Forum
February 25, 2011



American Bakers Association

www.americanbakers.org

About ABA...

American Bakers ASSOCIATION

700

The American Bakers Association (ABA) advocates on behalf of over 700 wholesale baking facilities and their suppliers.

\$70B

The baking industry generates more than \$70 billion in economic activity annually.

500,000

The baking industry employs close to half a million highly skilled people.

www.americanbakers.org





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Wednesday, Sep. 17, 2008

Is High-Fructose Corn Syrup Really Good for You?

By Lisa McLaughlin

Shopping last week in her local New York City grocery store, Elise Mackin, 32, filled her cart with items she knows to be good for her family — whole grains, fruits and veggies — and shied away from products that

"The special harmfulness of high-fructose corn syrup has become one of those urban myths that sounds right, but is basically wrong. Nutritionally, high-fructose corn syrup and sucrose may be identical."

Michael Jacobson, executive director of the Center for Science in the Public Interest



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The Washington Post

Clinton: Too much ethanol could lead to food riots

By MARY CLARE JALONICK
The Associated Press
Thursday, February 24, 2011; 4:26 PM

WASHINGTON -- Former President [Bill Clinton](#) on Thursday warned farmers that using too much corn for ethanol fuel could lead to higher food prices and riots in poor countries.

"We need a balanced approach," he said.

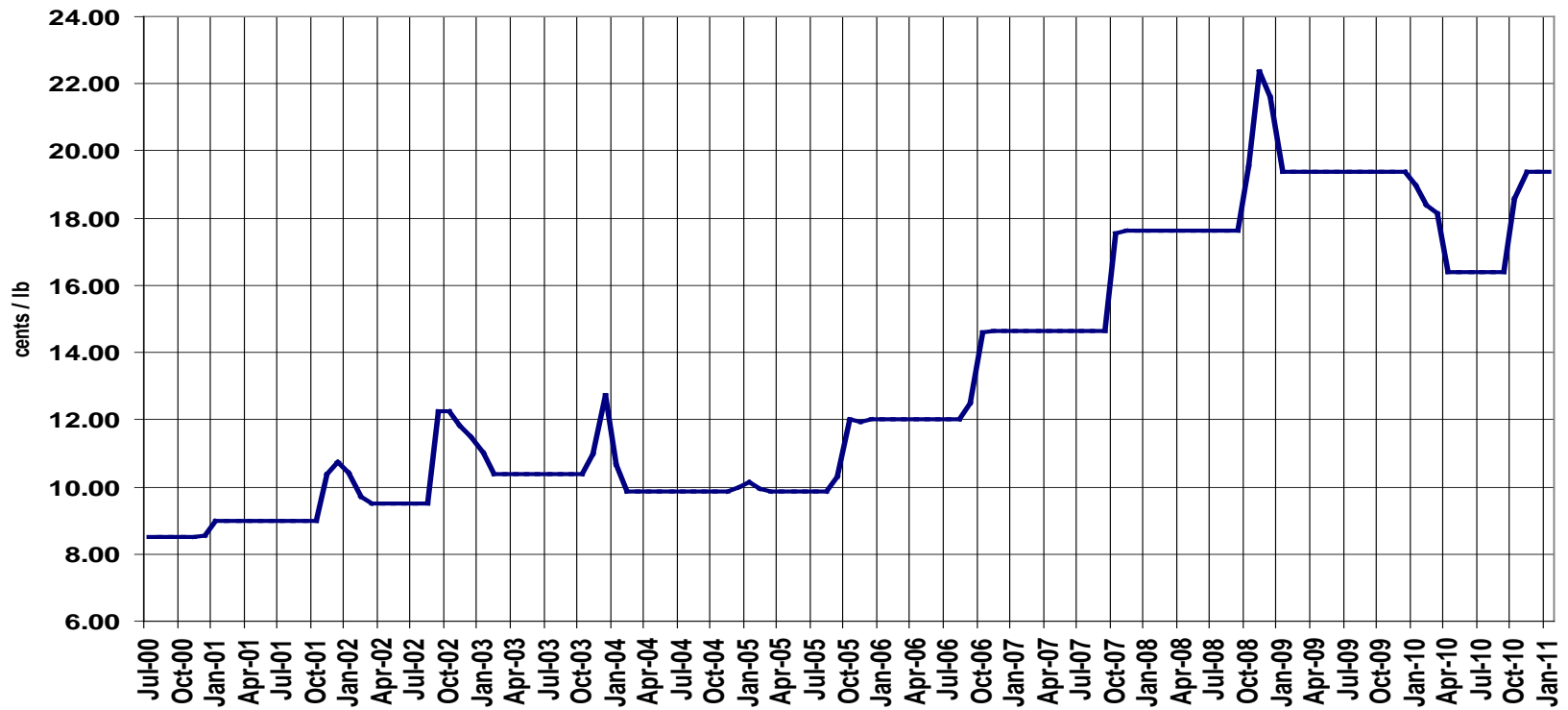


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HFCS (High Fructose Corn Syrup)

Source: Milling & Baking
(monthly average price)



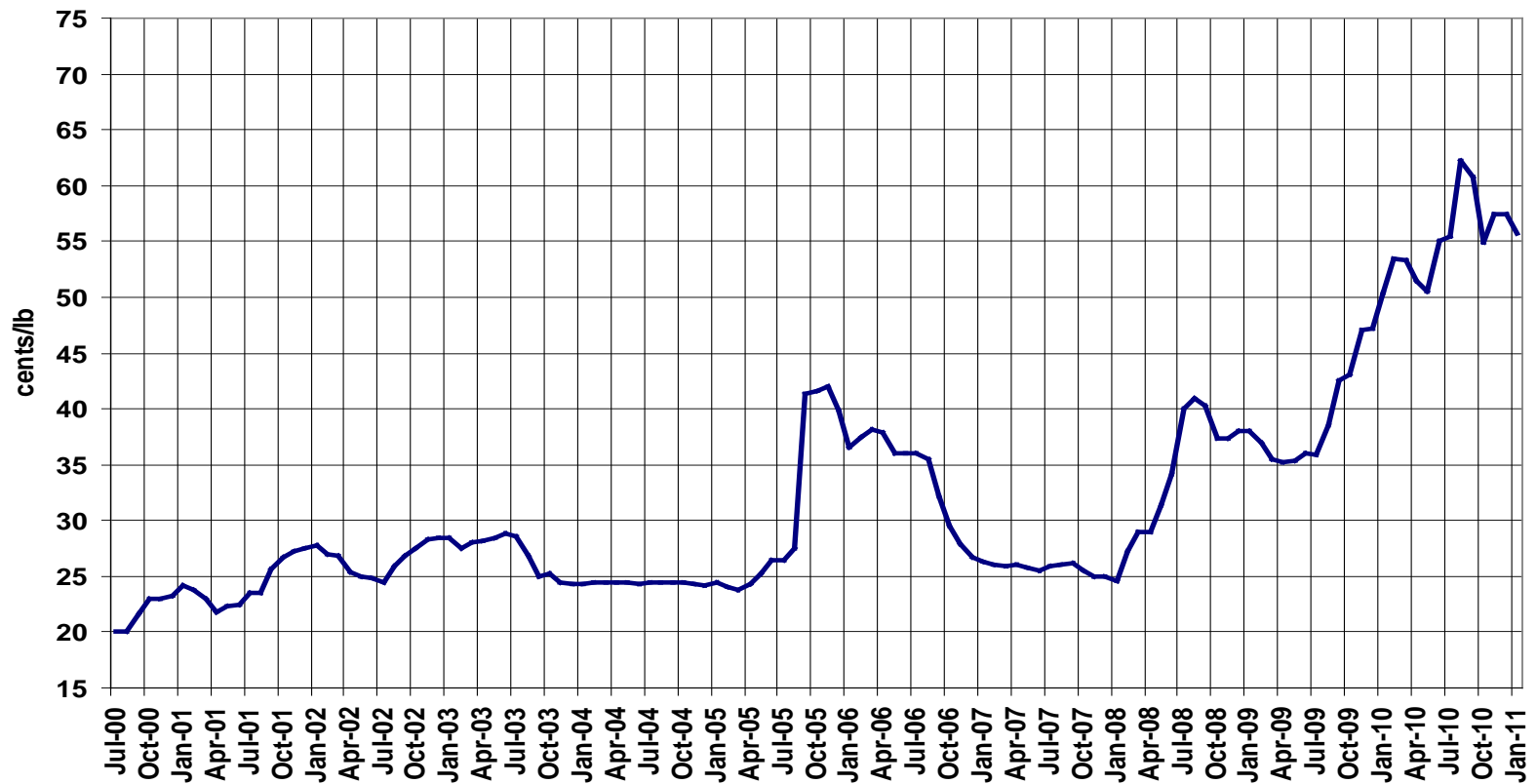


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RED RIVER VALLEY BEET SUGAR

Source: Milling & Baking
(monthly average price)



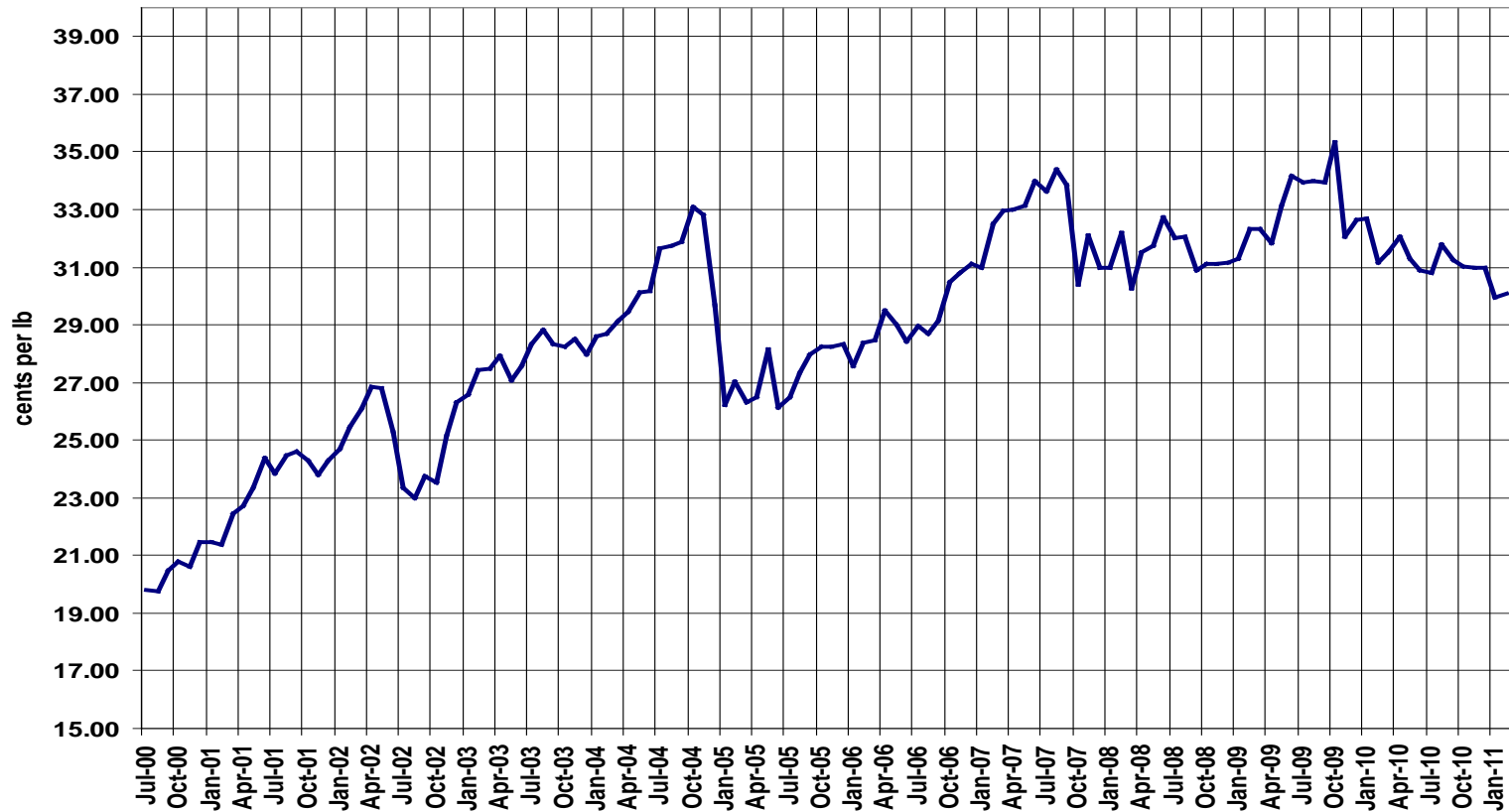


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World Sugar Price

Source: ICE futures
(monthly average price)





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Impact to Bakers

- Average US Retail Baker Annual Sugar Costs –
 - \$77,000 – US sugar price
- Cost at World Sugar Price
 - \$31,000 – World sugar price
- Savings to US Retail Baker
 - \$46,000 - Savings
- National Median Salary – Retail Bakery Clerk
 - **\$26,544**
- Commercial Bakers would save significant more



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Sweetener Usage Trends –

- U.S. Trending From HFCS to Sugar
 - Despite Cost Differential
 - Consumer Awareness – Natural, Organic
 - Increase in Whole Grains
- Mexico Trending Heavily From Sugar to HFCS
 - 30.1 percent increase for HFCS
 - 17.2 percent decrease for sugar
 - Primary source of imported sugar – US

Source: USDA ERS data for 2010



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Expectations for 2011

- **Early hopes of the 10/11 season returning the global balance to surplus are now forgotten**
- **Continued market volatility**
- **Despite uptick in production, market looks distressed**
- **Potential for political and weather related risk extremely high**
- **Rising food price inflation domestically and globally**
- **Significant potential for heightened trade retaliation**
- **Food industry margins will continue to be squeezed, especially among bakers**



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Recommendations:

- Ease ethanol mandates
- Phase out federal ethanol supports
- Eliminate sugar import quotas
- Eliminate sugar for ethanol mandate
- Eliminate sugar price supports



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Results:

- Lower food price inflation domestically and globally
- Decrease trade tensions
- Eliminate barriers to job creation

The time has come.



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Thank you