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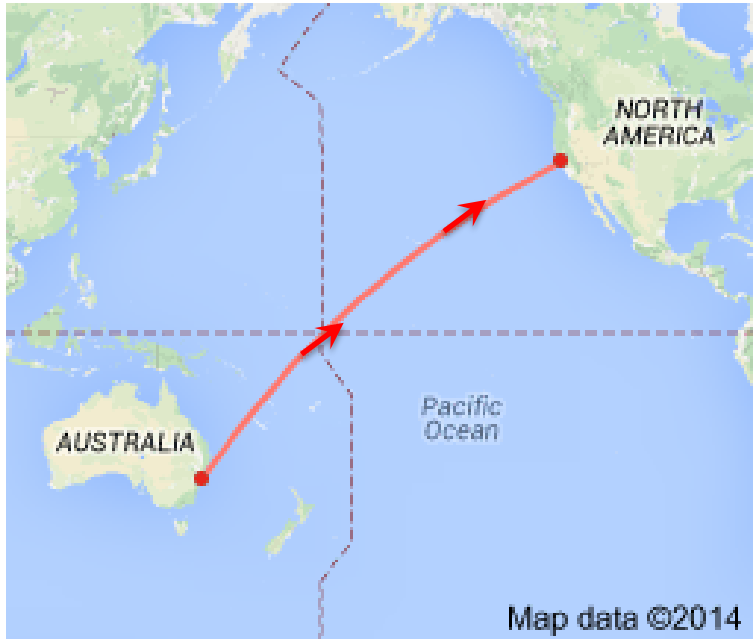
**ED&F
MAN**
EST. 1783

Liquid
Products

From Deficit to Surplus:

Managing the shift in the NAFTA sugar balance
John Copley, ED&F Man New Orleans

A tale of 2 cargos.....



October 2013:
33k tonnes
Australia- USA West coast



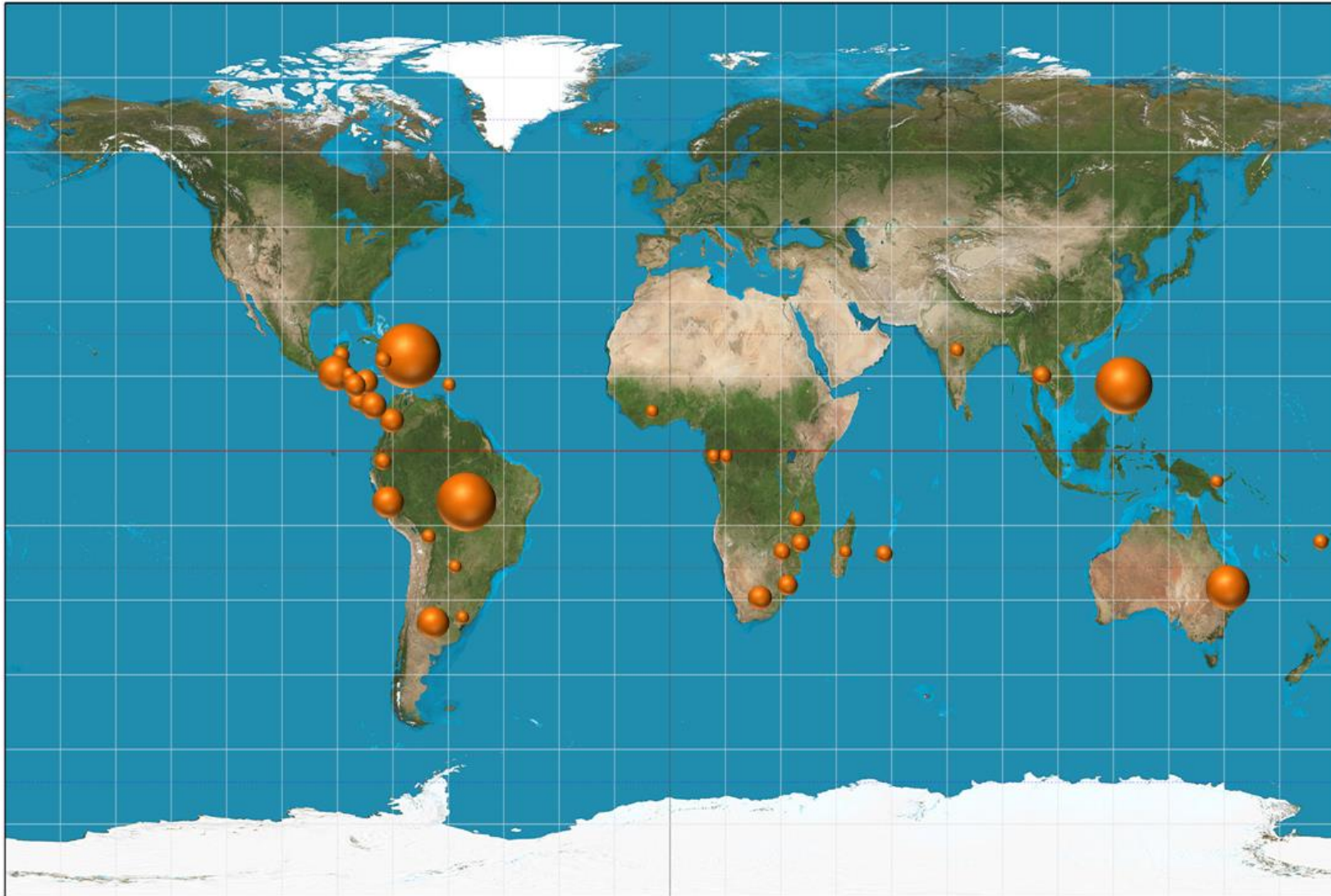
December 2013:
27k tonnes
Mexico West coast - Australia

WASDE - 526 - 16

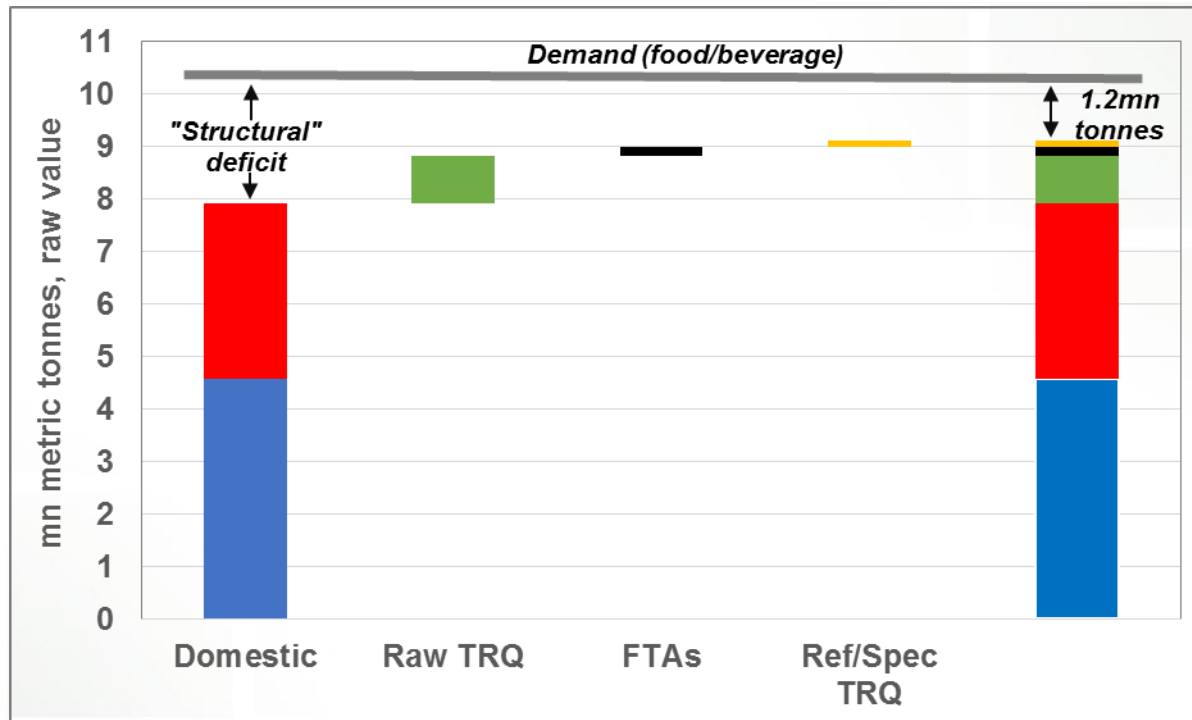
U.S. Sugar Supply and Use 1/

	2011/12	2012/13 Est.	2013/14 Proj. Jan	2013/14 Proj. Feb
	<i>1,000 Short Tons, Raw Value</i>			
Beginning Stocks	1378	1979	2160	2157
Production 2/	8485	8980	8778	8725
Beet Sugar	4895	5076	5025	5025
Cane Sugar	3590	3904	3753	3700
Florida	1828	1866	1833	1780
Hawaii	172	179	180	185
Louisiana	1440	1686	1600	1600
Texas	150	173	140	135
Imports	3631	3224	3184	3184
TRQ 3/	1883	957	1319	1319
Other Program 4/	664	136	110	110
Other 5/	1084	2131	1755	1755
Mexico	1071	2124	1745	1745
Total Supply	13494	14183	14122	14066
Exports	269	274	250	250
Deliveries	11246	11752	11991	11991
Food 6/	11073	11487	11490	11490
Other 7/	173	265	501	501
Miscellaneous	0	0	0	0
Total Use	11515	12026	12241	12241
Ending Stocks 8/	1979	2157	1881	1825
Stocks to Use Ratio	17.2	17.9	15.4	14.9

US Tariff Rate Quota for Sugar Imports



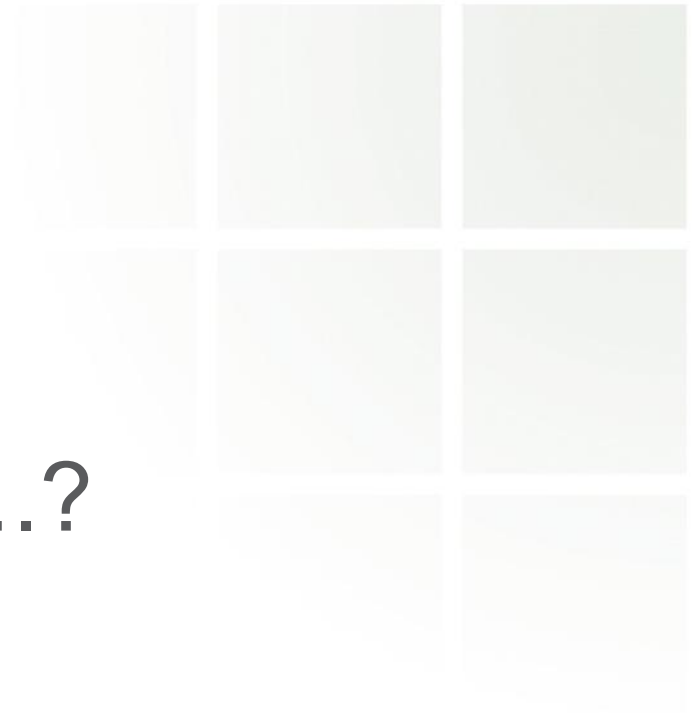
More than enough....



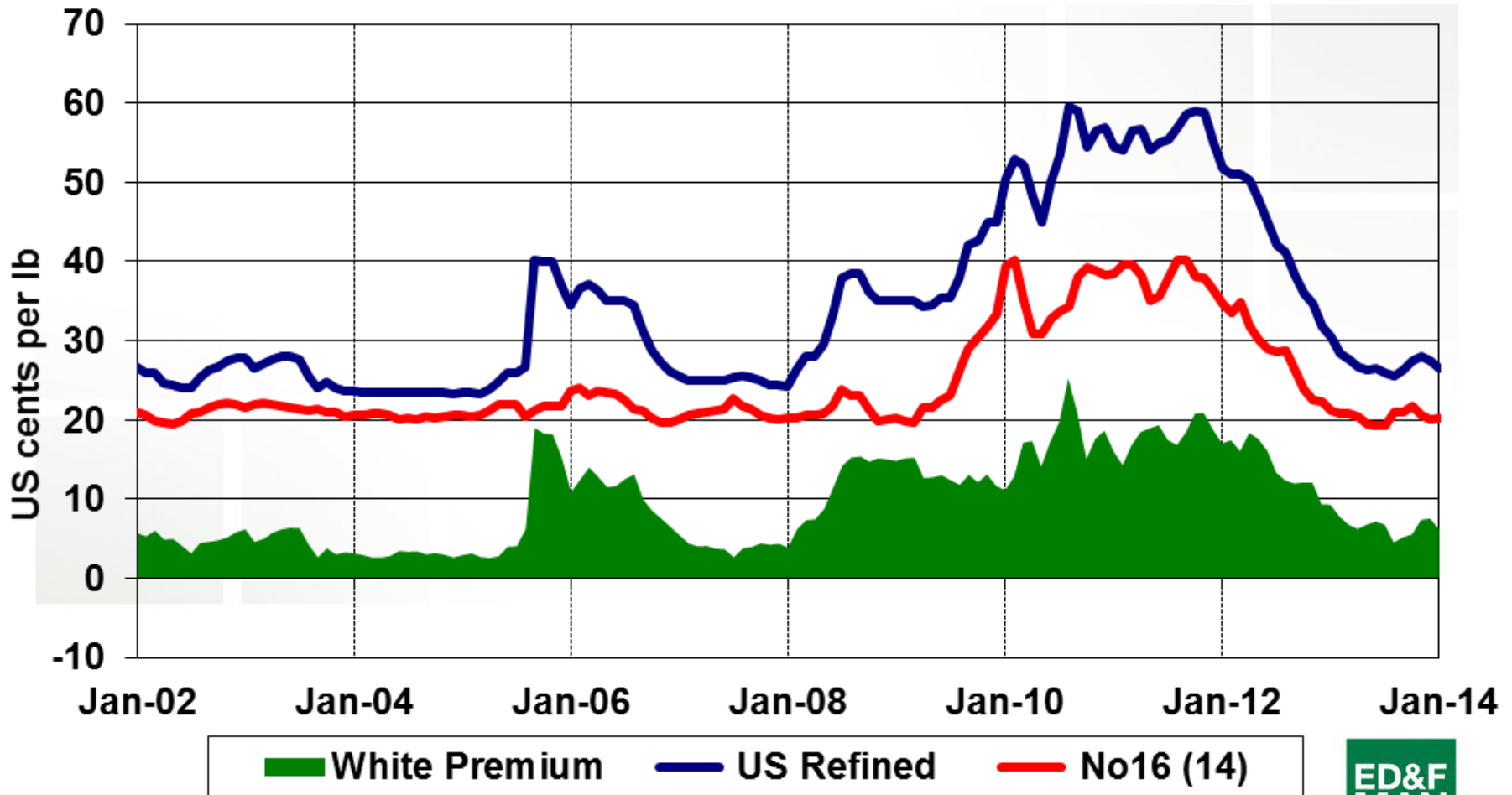
Mexico Sugar Supply and Use and High Fructose Corn Syrup Imports 1/

		Beginning Stocks	Production	Imports	Domestic 2/	Exports	Ending Stocks
Sugar		<i>1,000 Metric Tons, Actual Weight</i>					
2012/13 Est.	Jan	966	6975	217	4726	1972	1460
2012/13 Est.	Feb	966	6975	217	4726	1972	1460
2013/14 Proj.	Jan	1460	6695	226	4790	2622	969
2013/14 Proj.	Feb	1460	6350	226	4690	2399	947

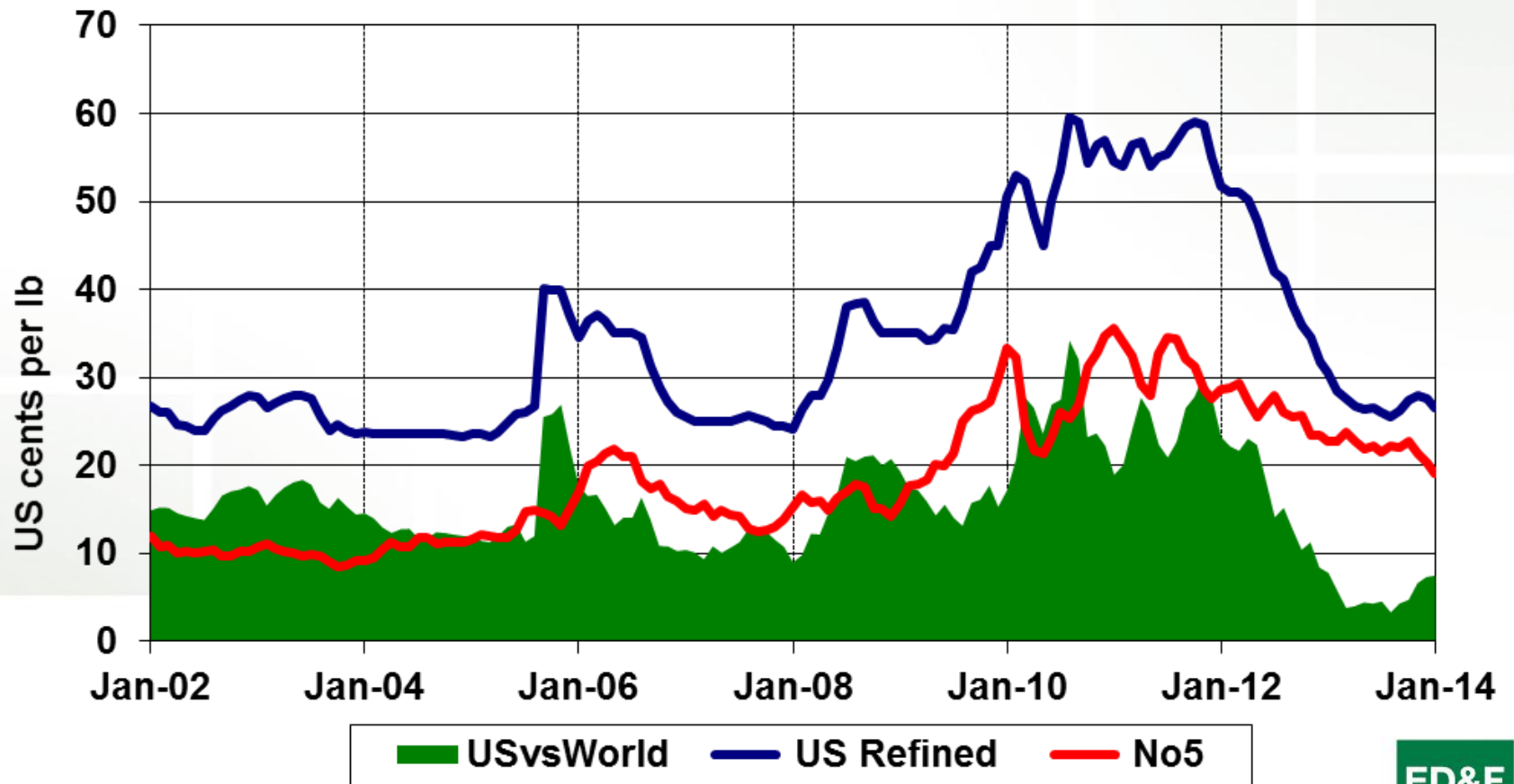
How did we get here....?



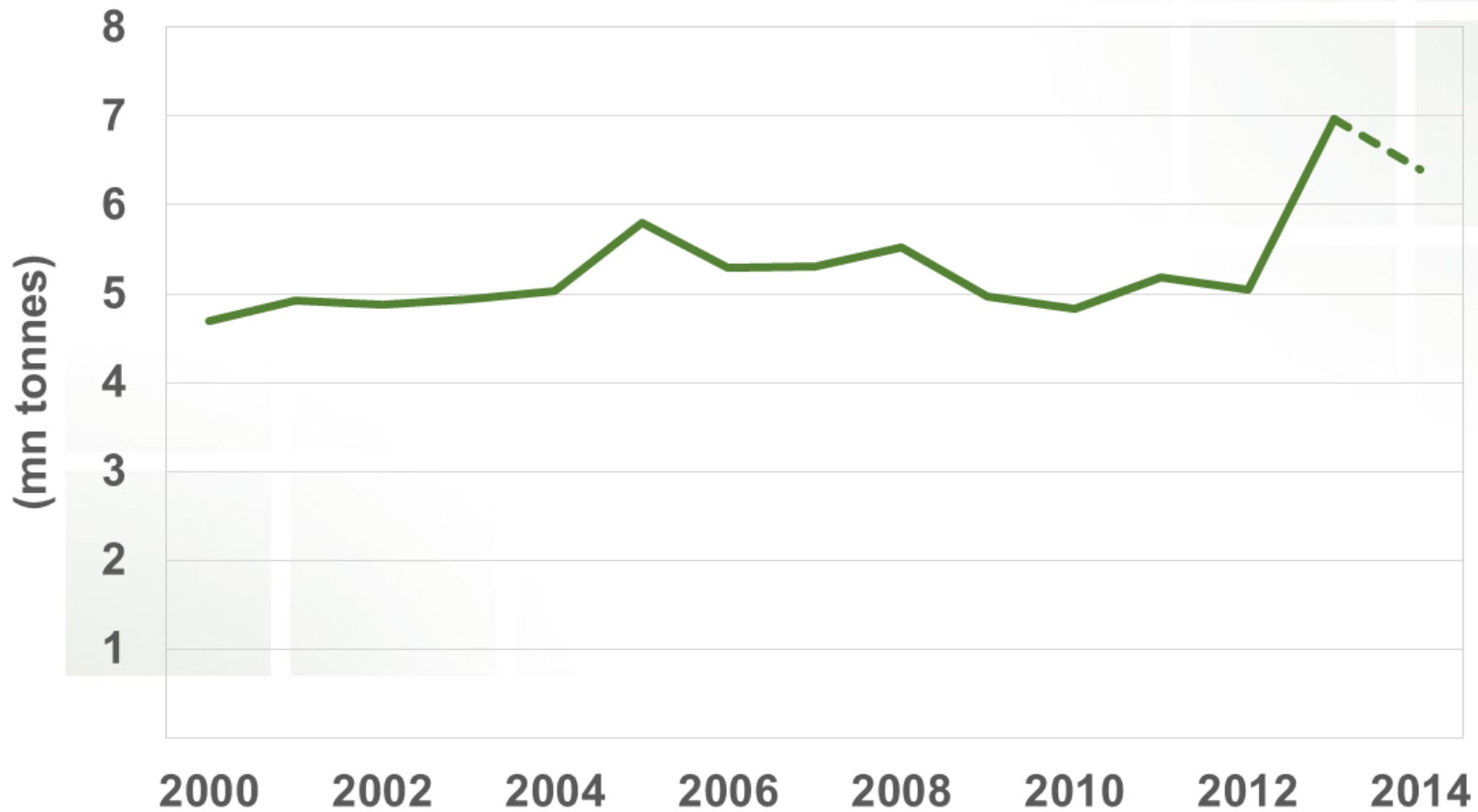
USA: Raw and Refined Sugar Prices



Refined Sugar Prices: USA and World



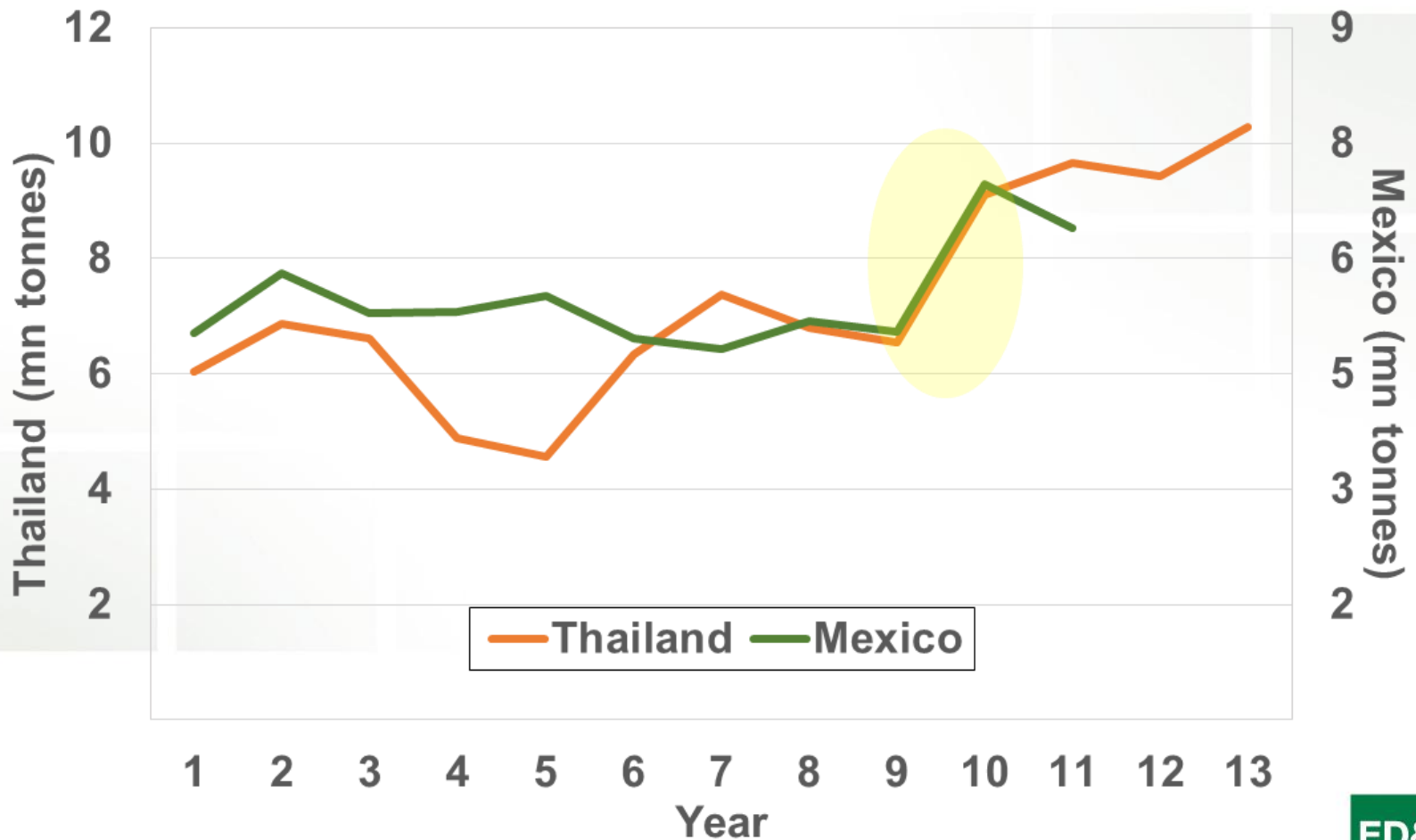
Mexico's sugar production



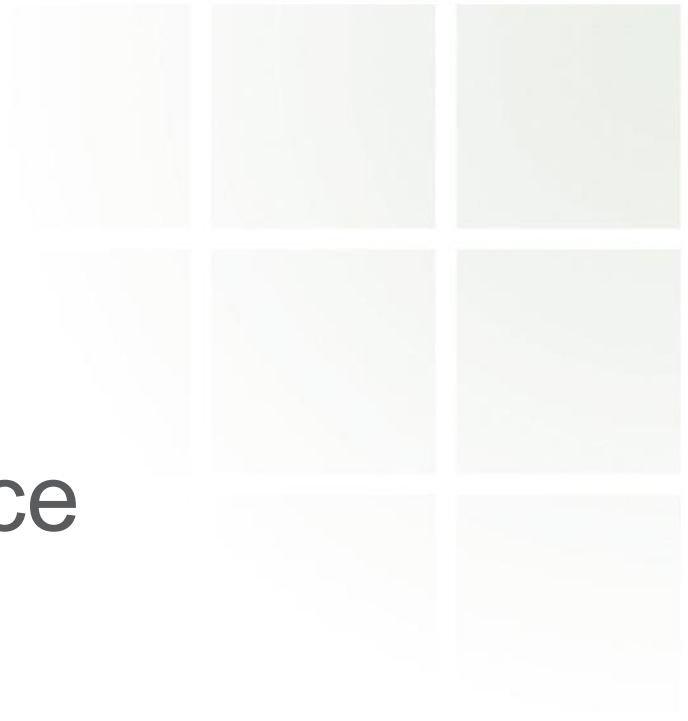
A massive (+40%) increase in cane sugar production

Where have we seen this before.....?

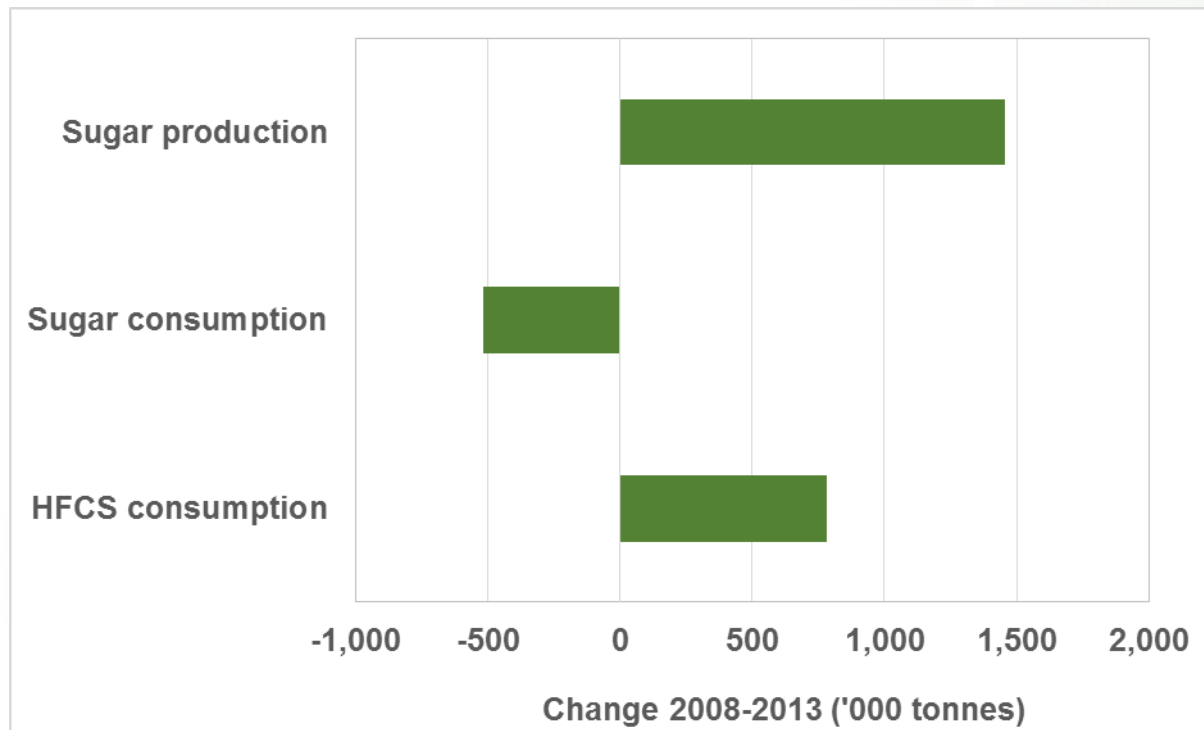
Contrasting two “jumpers”



Mexico's overall balance



Since the last Farm Bill: *Developments in Mexico*



One Hundred Tenth Congress
of the
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Thursday,
the third day of January, two thousand and eight*

An Act

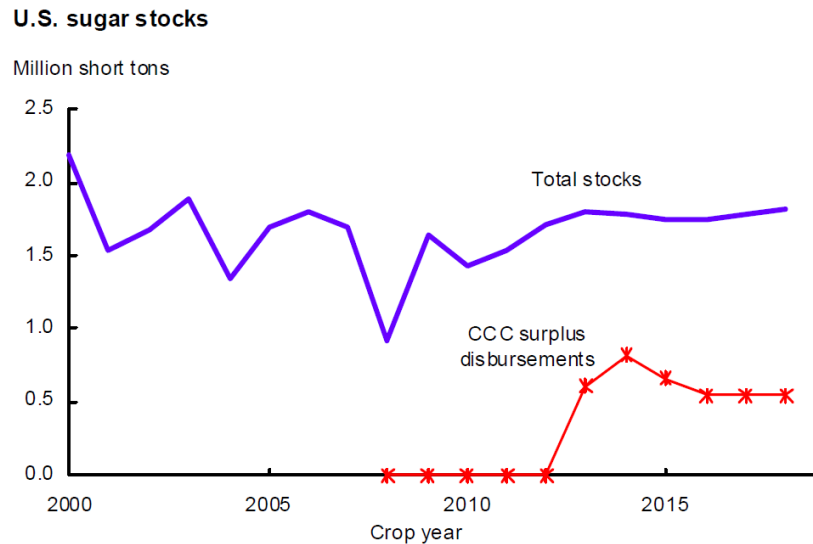
To provide for the continuation of agricultural programs through fiscal year 2012,
and for other purposes.

“(b) FEEDSTOCK FLEXIBILITY PROGRAM.—

“(1) IN GENERAL.—

“(A) PURCHASES AND SALES.—For each of the 2008 through 2012 crops, the Secretary shall purchase eligible commodities from eligible entities and sell such commodities to bioenergy producers for the purpose of producing bioenergy in a manner that ensures that section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272) is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

(Not un-anticipated.....)



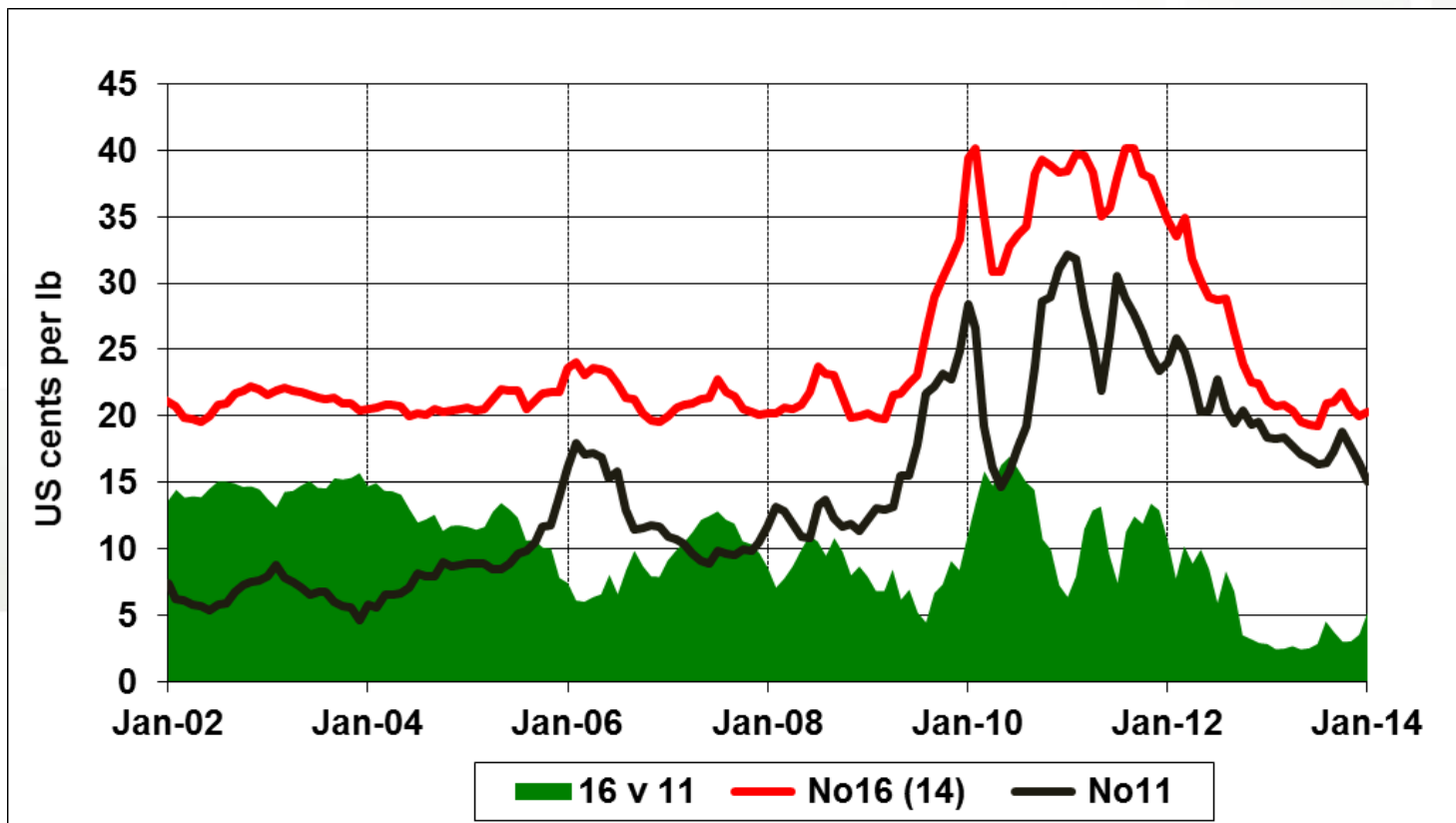
- The 2008 Farm Act also introduced the Feedstock Flexibility Program, which requires the diversion of sugar from food use to ethanol producers, if needed, to keep sugar prices above levels at which sugar processors might otherwise forfeit sugar under loan to the Commodity Credit Corporation (CCC). Consequently, there are no sugar loan forfeitures projected because of USDA purchases of sugar under this program. These purchases are projected to begin in 2013/14, with the largest projected purchases in 2014/15. Purchase levels are then somewhat lower over the remaining years of the projections. From 2013/14 through the end of the projection period, U.S. sugar prices are at the minimum level to avoid forfeiture—about 21.30 cents per pound for raw sugar (No. 16 NY contract).

Managing the shift in the balance

Reactive? Proactive?

Managing the shift in the balance;

- Discourage imports: *Let the market do the work (price)*



Managing the shift in the balance;

- Discourage imports: Government action

Re-export credit swaps

Timing (delay in impact on balance)

CQE swaps ?

Cannot limit CQE origins

Managing the shift in the balance;

- Encourage consumption Non-food uses

Feedstock Flexibility Program

Declining corn price

Uncertain RFS/ethanol demand

Feed Use

Declining corn price

Experience from the EU.....

Managing the shift in the balance;

- Encourage consumption Non-food uses

Feedstock Flexibility Program
Declining corn price
Uncertain RFS/ethanol demand

Feed Use
Declining corn price

Experience from the EU.....industrial use of OOOQ sugar

Managing the shift in the balance;

- Discourage production

Marketing Allotments/OAQ already in place

Payment in Kind (PIK)....*an option?*

Managing the shift in the balance;

- An integrated market.....

.....implies shared responsibilities

....and requires an integrated approach to managing the balance?

Both for equity AND efficiency

A victim of success?

**December 2013:
27k tonnes
Mexico West coast - Australia**

