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Agricultural Outlook Forum

Presented: February 17, 2006

THE FUTURE OF CORN SWEETNERS IN INTERNATIONAL TRADE AND
MEXICO

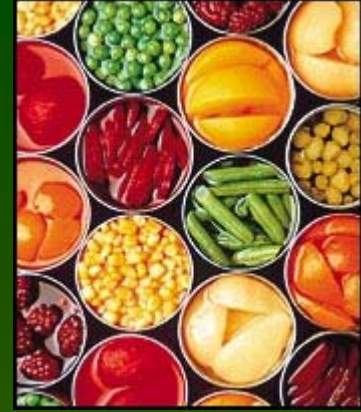
Audrae Erickson
President, The Corn Refiners Association



***The Future of Corn
Sweeteners in
International Trade
and Mexico***



**Americans
rely on corn
for the
majority of all
the nutritive
sweeteners
they consume**



- Corn Syrups
 - Dextrose
 - HFCS
- Crystalline Fructose



Corn Syrup

- Sweetness & energy
- Prevents crystal formation in ice cream
- Makes salad dressings pourable
- Keeps lunch meat ingredients evenly mixed





Dextrose

- Easily digestible
- Pure
- Starting point for manufacturing Vitamin C
- Improves the color and texture of breads
- Helps products maintain moisture
- Chewing gum, jams, jellies



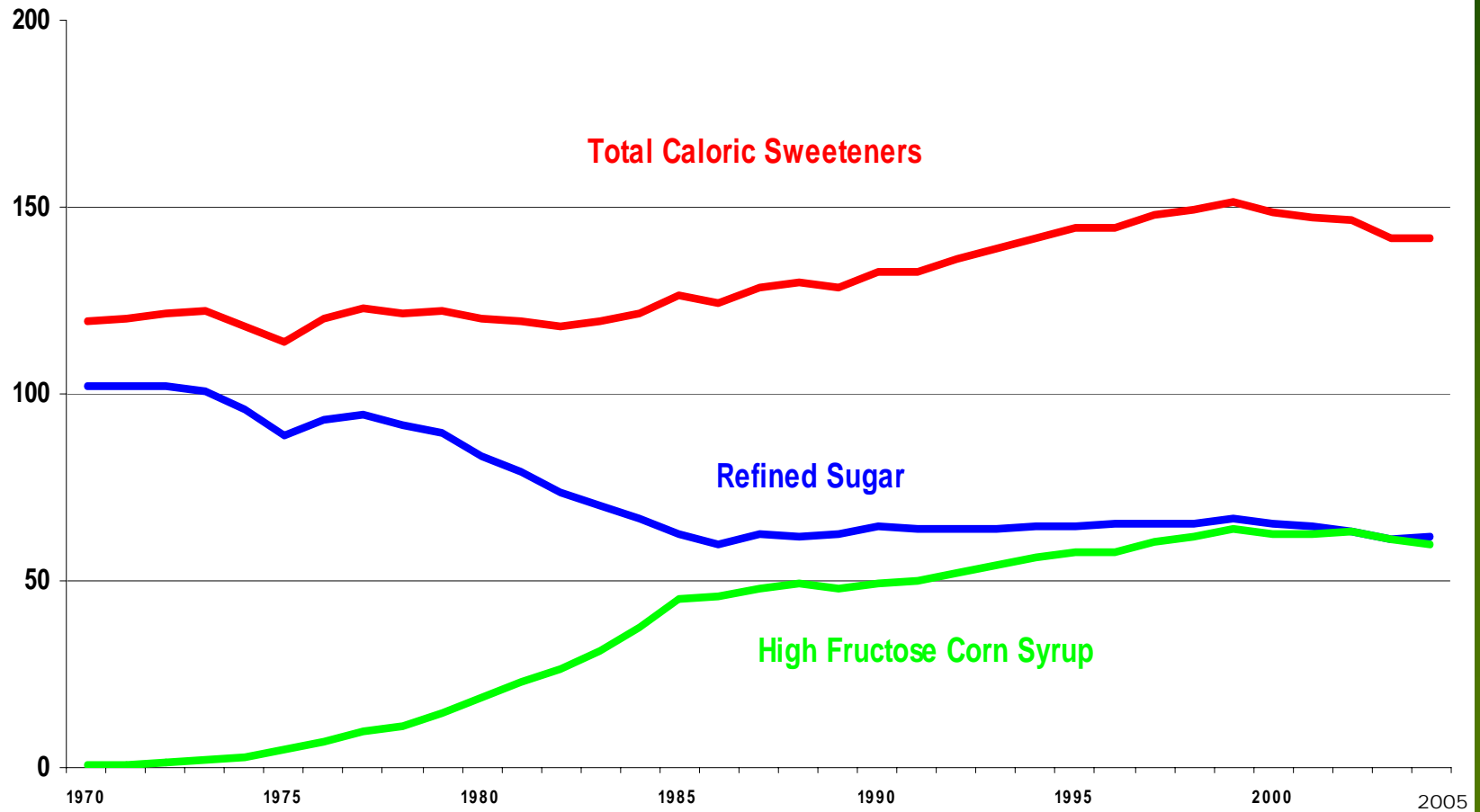


HFCS Benefits

- Enhances flavors – fruit yogurts, sauces
- Promotes freshness – Canned/frozen fruits
- Superior browning – baked breads
- Stability of product –condiments
- Soft texture – breakfast bars
- Pourability – frozen juice concentrates
- Sweetness – equivalent to sugar



HFCS Replaced Sugar – One for One

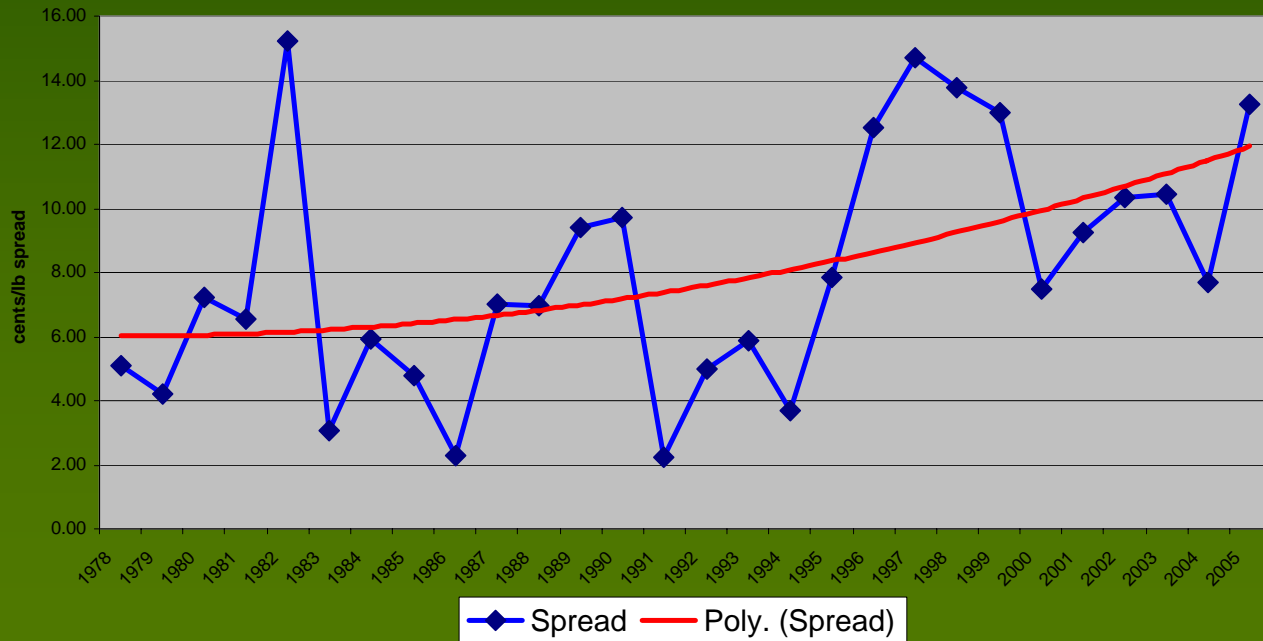


HFCS and Sugar Prices Not linked

- Common misperception
- HFCS priced separately from sugar
- Price differential is increasing over time
- Most prominent after soft drink market fully converted to HFCS

HFCS and Sugar Prices 1975-2005

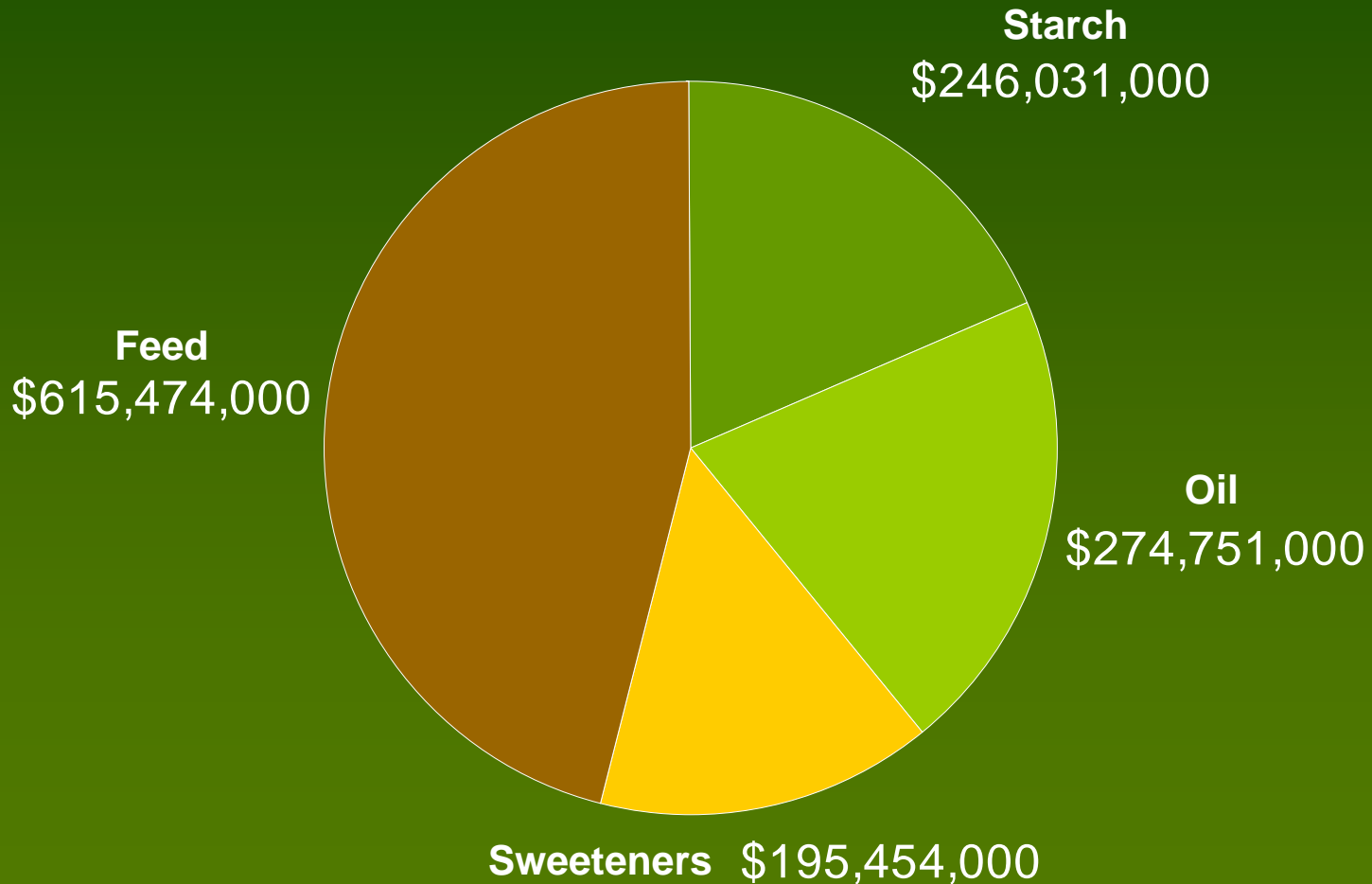
HFCS 55 - Refined Beet Price Spread 1978 - 2005



CRA Endorses Free Trade

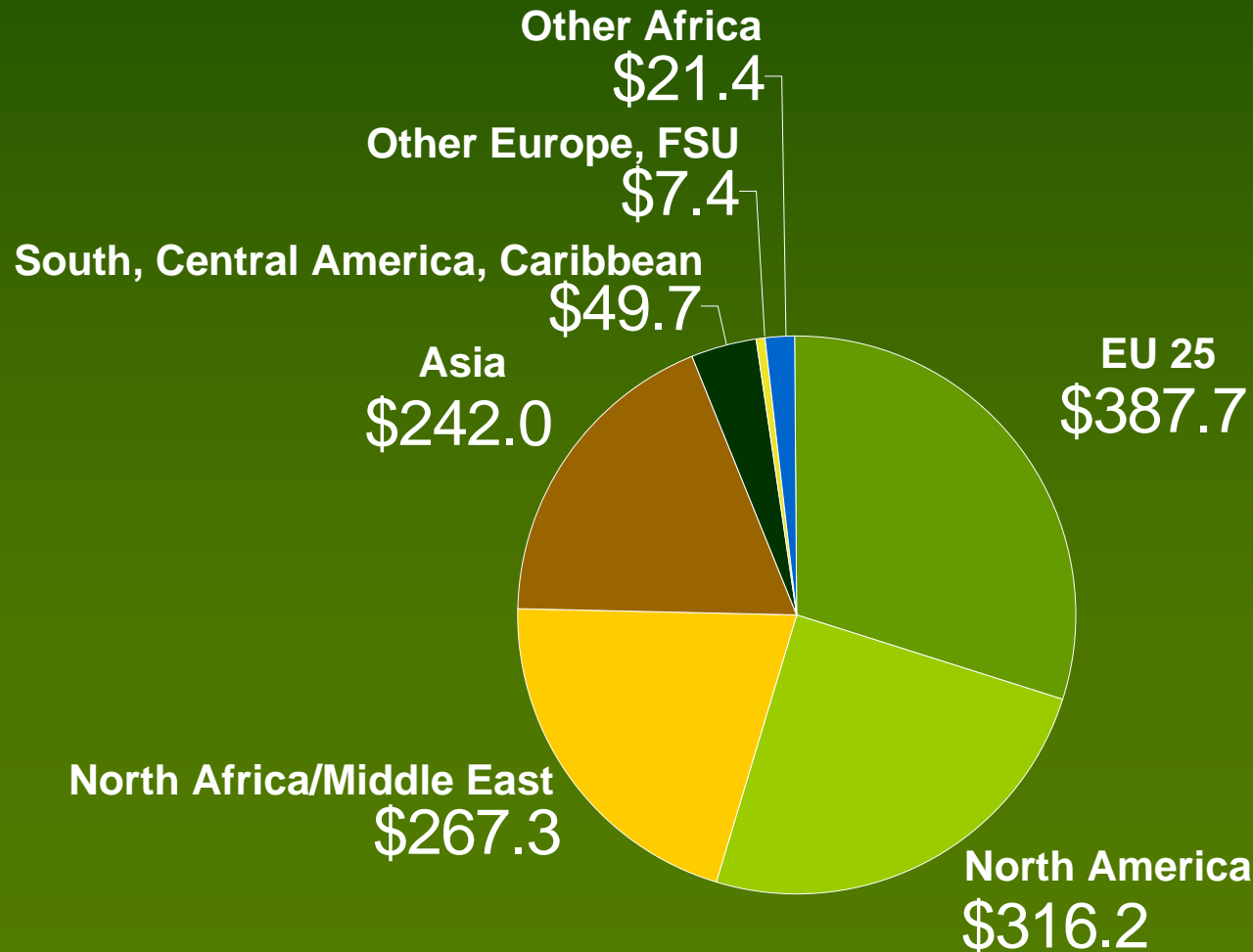
- NAFTA beneficial to U.S. food and agricultural industry
- WTO vital for global trade
- Supported Chile, Australia, CAFTA and other FTAs
- Endorse: All products on the table for negotiation

Refined Corn Exports by Product - 2004



Refined Corn Exports By Region - 2004

In million US\$

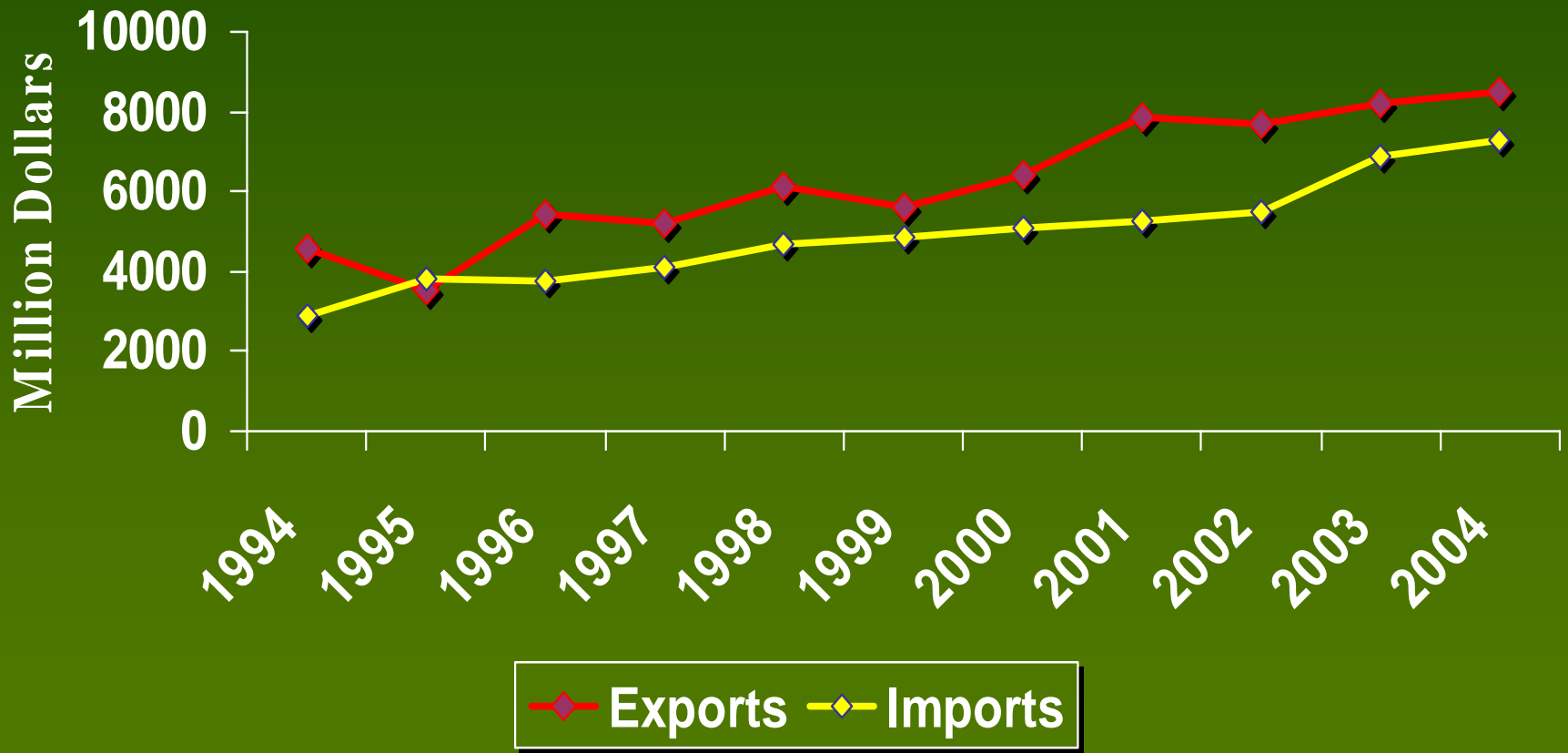


The Promise of Mexico and the NAFTA

*A Trade Bonanza for U.S.
Grains and Livestock
Sectors*



Total U.S. Agricultural Trade with Mexico



NAFTA Envisioned Integrated Market for Sweeteners

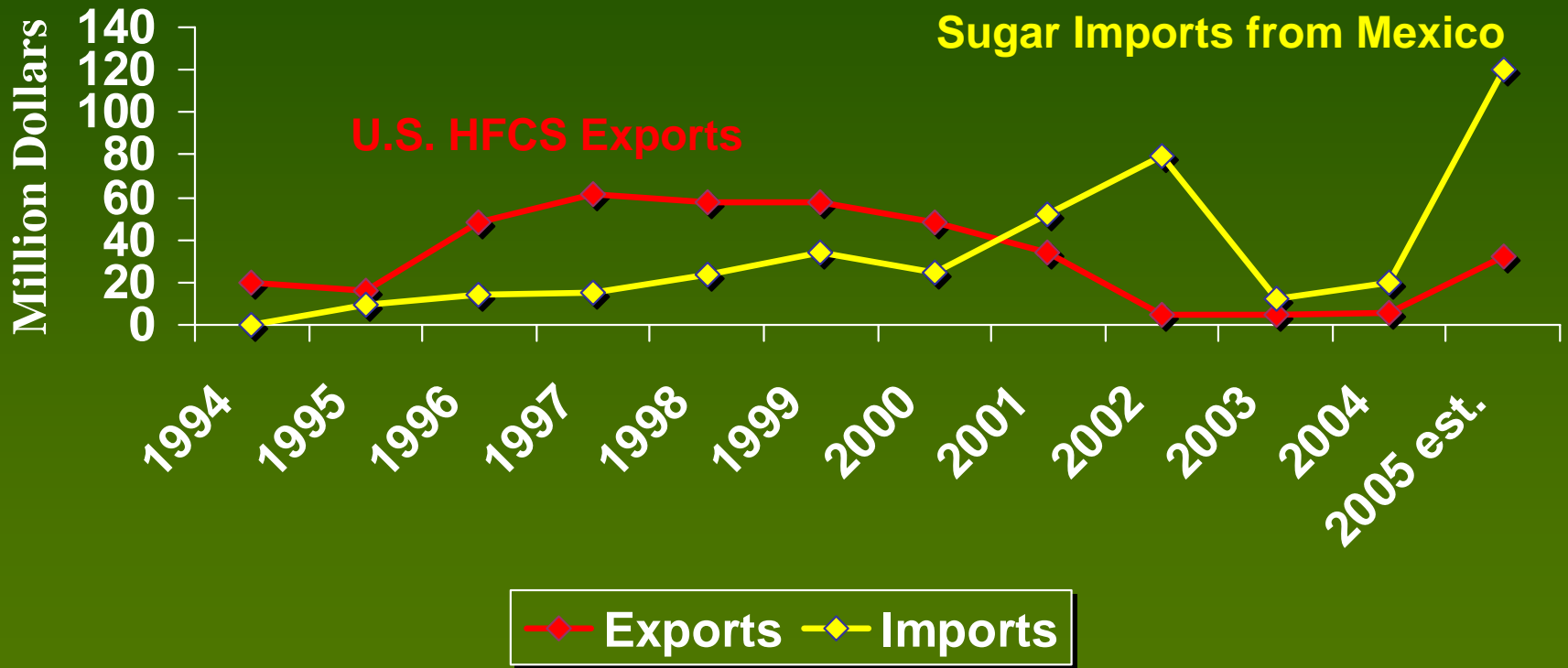


Mexico and U.S. Trade in HFCS and Sugar



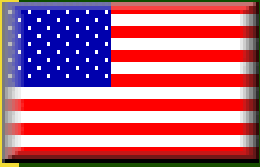
Source: USDA ERS Sugar and Sweetener Data: Tables 35, 23a, 23b, 23c

U.S. Sweetener Trade with Mexico



HFCS Lost Market Potential

- Losses since 1997:
 - \$3.1 billion = HFCS
 - \$1.48 billion = Corn
 - 672 million bushels of corn
- Annual Losses:
 - 168 million bushels of corn
 - \$437 million in corn sales
 - \$944 million in HFCS sales



Implications for Corn?

- **Full Re-opening of the Mexican HFCS market:**
 - \$0.06 per bushel price increase nationally
 - \$0.10 per bushel rise in key corn states



Corn wet milling industry

Innovative

Dynamic



Looking to the future – A promising horizon

