

ECONOMIC FACTORS AFFECTING US SUGAR CONSUMPTION

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FACTORS TO EXAMINE ABOUT SUGAR CONSUMPTION

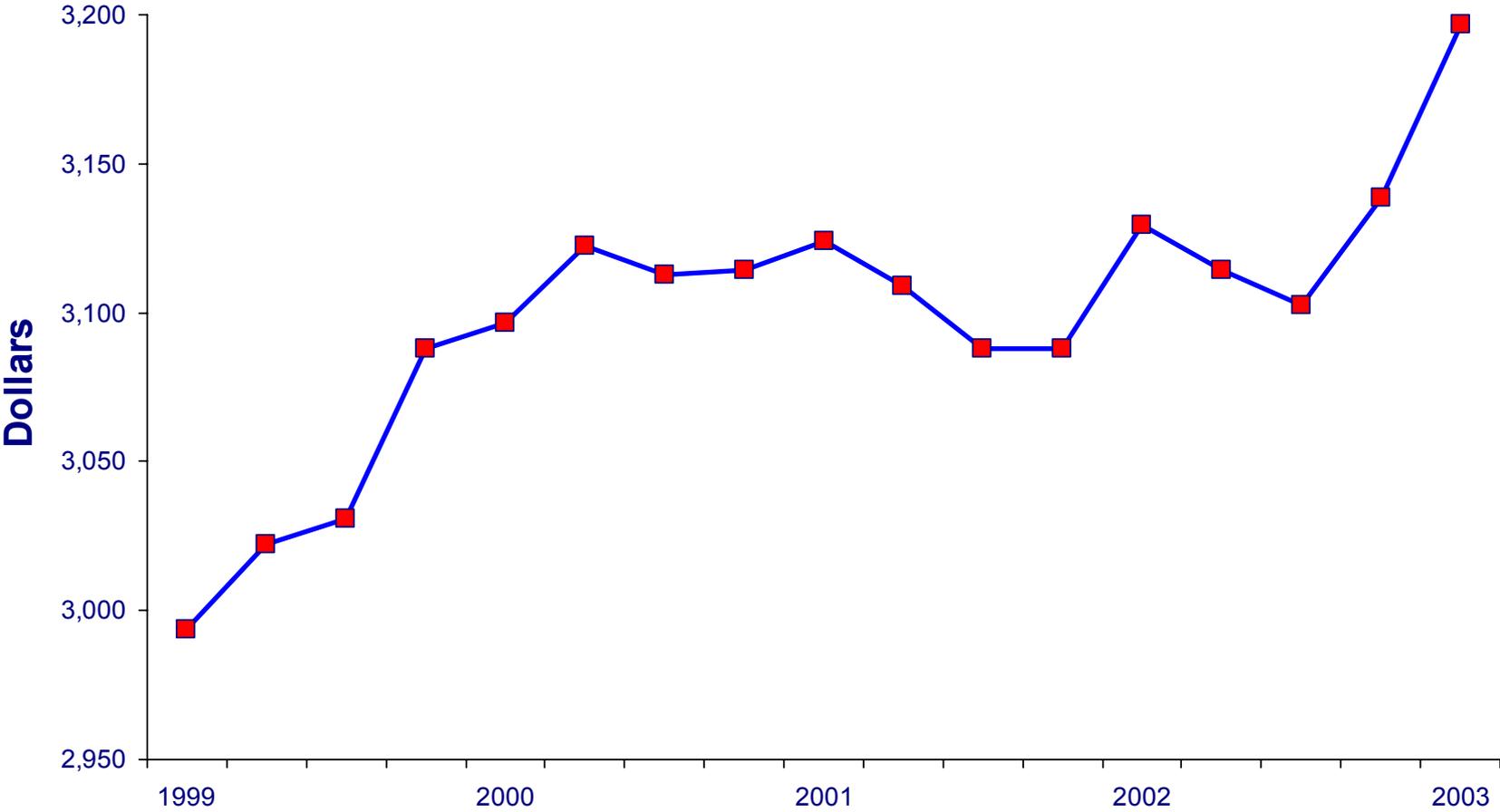
Quantifiable

- **Allotment Rollovers**
- **Sugar-Containing Product Shifts**
- **Analogies to Other Food Industries**

Impressionistic

- **Economic Recession/Recovery**
- **Obesity Concerns**
- **Low-Carb Diets**

U.S. Real Per Capita Expenditures on Food Quarterly, 1999-2003



Data source: USDA, Economic Research

US Sugar Consumption Trends

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	1999/00	2000/01	2001/02	2002/03	2003/04 est.
Total Domestic Sales (WASDE)	10,111	10,142	9,972	9,975	9,675
SCP Exports and Other Uses (WASDE)	-118	-142	-188	-208	-210
Domestic Food Sales (WASDE)	9,993	10,000	9,785	9,767	9,465
Allotment Shifts (MB est.)					
From September	--	--	-200	-300	?
To October	--	--	--	200	300
Actual Domestic Food Sales	9,993	10,000	9,585	9,667	9,765
SCP Imports	647	725	819	926	1,050
TOTAL CONSUMPTION	10,640	10,725	10,404	10,573	10,815
Change from Previous Year	1.6%	0.8%	-3.0%	1.6%	2.3%

Note: "Total consumption" measures US industrial and consumer usage. "Domestic food sales" represents deliveries by US beet processors and cane sugar refiners.

US RESTAURANT INDUSTRY SALES GROWTH

(percentage growth in constant dollars)

- 1999 +2.9 %
- 2000 +3.0
- 2001 +0.8
- 2002 +0.9
- 2003 +1.3
- 2004 est. +2.0

OBSERVATIONS

- **Something happened to food consumption in 2001/02, from which the US is only now recovering**
- **Sugar has not been exempt from this trend**
- **Allotment rollovers have skewed demand reporting, requiring appropriate statistical adjustments**
- **Sugar-containing product imports must be added to domestic food sales to arrive at a meaningful understanding of consumption patterns**
- **The relationship of lifestyle issues to sugar demand is not supported by consumption statistics**

CONCLUSION

US sugar consumption weakened in 2001/02 due to the same economic factors that affected the rest of the food industry, but is now on the rebound.