John O'Connell/Capital Press

Trucks unload sugar beets at a piling station in the Pleasant Valley area of southeast Idaho, located between Aberdeen and American Falls in this file photo. The sugar and corn industries ended their billion-dollar bitter battle over sweeteners Nov. 20,

Sugar, corn industries settle sweetener spat

By **BRIAN MELLEY**
Associated Press

LOS ANGELES (AP) — A bitter billion-dollar battle in the sweetener wars came to an end Nov. 20 as sugar processors and the makers of high fructose corn syrup announced a secret out-of-court settlement.

The deal midway through a trial in Los Angeles federal court was announced in a short statement that sugar-coated the hostility that emerged from dueling lawsuits over losses each side blamed on efforts by their rival to win over consumers.

By bringing the case to a close privately, the foes avoided the uncertainty of a jury verdict that could have had broader market implications for products that are ubiquitous on the ingredient labels of countless food items in U.S. stores.

Sugar processors had sought $1.5 billion in a false-advertising claim against corn refiners and agribusinesses giants Archer Daniels Midland and Cargill and other companies after they tried to rebrand their publicity-plagued product as "corn sugar."

Western Sugar Cooperative and other sugar processors said they lost money when corn refiners launched a "sugar is sugar" ad campaign that stated, "Your body can't tell the difference."

Corn refiners and the companies countersued for $530 million, saying they suffered after the sugar industry made false and misleading statements that included a comment that high fructose corn syrup was as addictive as crack cocaine.

They blamed the sugar industry for being behind the "junk science" that associated the product with diabetes and obesity.

Any rancor evident during the four-year legal skirmish wasn't evident in the joint statement that announced commitments to "practices that encourage safe and healthful use of their products, including moderation in the consumption of table sugar, high fructose corn syrup and other sweeteners."

Attorneys on both sides refused to discuss terms of the settlement or whether any money would be exchanged.

Eric Rose, a spokesman for the sugar processors, said they "achieved a satisfactory settlement of the disputes in the lawsuit."

Big Sugar and Big Corn have battled in the marketplace since the 1970s when high fructose corn syrup was introduced as a cheaper alternative to sugar.

The fortunes for corn began slipping when studies in the mid-2000s began connecting the product to health problems such as obesity.

Corn refiners launched the ad campaign to support its bid before the Food and Drug Administration to change the name to "corn sugar."

The FDA rejected the request in 2012, finding that sugar was a solid, dried and crystallized food, not syrup.

Although some consumers passionately favor one product over the other, science has determined they are nearly identical and are metabolized the same way, said Roger A. Clemens, a University of Southern California research professor of pharmacology and pharmaceutical science.

Sugar is sucrose, which is half fructose, half glucose. High fructose corn syrup is typically 55 percent fructose and 45 percent glucose.

The trial had presented a chance for jurors to weigh in on the vexing debate and side with one sweetener after years of dispute in the court of public opinion over the evils of both.

A big win by one side over the other could have had a broader impact on the food industry, the law and advertising.

Attorney Dan Herling, who was not involved in the case but has handled suits alleging false or misleading labeling or advertising of foods, said a jury verdict could have provided a model for lawyers looking to take on foods with genetically modified or non-organic ingredients.

"I would also imagine that people who come up with marketing campaigns would have to take a step back and say if we do this not only how is the market going to react, but is it going to lead to a lawsuit," Herling said.

Attorney Mark Lanier, who represented sugar processors, predicted before the trial that if he prevailed, other companies would the follow the likes of Hunt's ketchup and Capri Sun juices and switch to sugar from high fructose corn syrup.

"I think both sides will get massive PR out of the win or the loss," he said. "Good PR or bad PR. Both sides have a lot hanging on it."

Analyst: Cattle markets decidedly lower in 2016

By **CAROL RYAN DUMAS**
Capital Press

SUN VALLEY, Idaho — Cattle prices took a wild ride into the clouds in 2014 and 2015 on tight supply and strong demand, but they're coming back down to earth.

That's just where it's at, especially with the price of feeder cattle. Feedlots can't keep placing them at lofty levels, industry analyst John Nalivka, owner of Sterling Marketing, Vale, Ore., told those at the Idaho Cattle Association annual meeting on Nov. 19.

Feedlot breakevens on cattle placed today aren't likely to yield black ink when those cattle come out, he said.

Choice fed steers, now in the $120s per hundredweight, will likely move up to the $130s in the first half of next year but trim back to the $120s in the second half, he said.

He expects 800-pound feeder steers to average $164 per hundredweight in the second quarter of 2016 — down about $56 per hundredweight year over year — to about $157 by the fourth quarter.

Those feeder steers have to get down in the $150s before it even starts to look reasonable for feedlots, he said.

"Essentially, everybody's making money but the feeders. They're losing $450 to $500 a head; that can't go on forever," he said.

Many factors are weighing in on the decline in cattle prices, including herd expansion, higher slaughter weights, the high price of beef, across-the-board deflation on Wall Street, and increasing supplies of pork and poultry, he said.

Beef cow slaughter and heifer retention clearly show herd expansion, with year-to-date beef cow slaughter in 2015 down 14 percent year over year to its lowest level in more than 30 years and heifer slaughter down 13 percent to its lowest level since 1978, he said.

The U.S. cattle inventory on Jan. 1 was up 1 percent. The 2016 inventory could be up another 2.5 to 3 percent, followed by a 2 percent increase in 2017. Liquidation is likely to begin in 2018, with cattle numbers down again in 2019, he said.

While those inventory increases over the next couple of years might not seem like much, slaughter weights continue to increase. Essentially, cattle numbers are about the same as 60 years ago but producing three times the amount of beef, he said.

It all adds up to lower but still healthy profits for cow-calf producers, with feeder cattle prices well below 2014 and 2015 next year but still above 2013, he said.

Choice fed steers are back to 2013 prices, in the $120s per hundredweight. But producers shouldn't get carried away comparing current prices to the $170 at the end of 2014 — a level that shouldn't have materialized, he said.

The whole problem was that the market was driven so high across the board it resulted in a meltdown, he said.