

**United States Senate Committee on Agriculture, Nutrition and Forestry
Hearing on U.S. Sugar Policy**

**Testimony of Margaret Blamberg
American Cane Sugar Refiners' Association
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Mr. Chairman, members of the Committee, I appreciate you inviting me to be here today.

My name is Margaret Blamberg and I'm the Executive Director of the American Cane Sugar Refiners' Association. Our Association represents all, but one, of the cane refiners in America. And we are strong supporters of America's no-cost sugar policy.

Last summer, this policy faced the biggest test Mother Nature has ever unleashed on our industry. And by avoiding a supply disaster of epic proportions, America's no-cost sugar policy passed that test with flying colors. Let me explain.

On August 29, Hurricane Katrina ripped through New Orleans. And for Domino Sugar, that's when refining took a back seat to rebuilding and recovering.

In one fatal swoop, Katrina brought Domino's Chalmette sugar refinery to its knees.

Nine feet of murky floodwater crept into factory buildings. Sugar destined for grocery store shelves dissolved into two feet of messy goop. Roofs ripped apart. Windows shattered. The electrical infrastructure was destroyed. Ground-level machinery no longer functioned.

When Katrina's winds and waters stopped pounding the plant, Chalmette became more than just a sugar refinery. It was a sanctuary to more than 250 evacuees left homeless by the hurricane. It was a command center for government rescue operations. It became the largest collection of FEMA trailers in St. Bernard Parish—a mini-city known as Chateau Domino where hundreds of workers and their families still live.

Instead of talking about raw sugar prices during staff meetings, Chalmette executives set about figuring out how to feed employees, or how to get kids back to school, or where to put a makeshift laundromat and mobile cafeteria.

During the disaster, Domino paid its employees full wages. The company put people ahead of profits. And putting people first paid off.

Even though many said the Chalmette refinery would never reopen, its 300 workers wouldn't take no for an answer. In a testament to their determination, the wrecked refinery was rebuilt in time for the Christmas baking season. And today, it is operating at pre-hurricane capacity.

But this is not just a story about Domino. While this massive recovery effort was underway, a remarkable thing was happening on the U.S. sugar market. Despite losing 20% percent of America's cane refining capacity for four months, grocery shelves remained stocked and candy factories kept running.

That's because of sugar policy. No-cost sugar policy gives the USDA the flexibility it needs to meet demand during times of emergency by tapping an industry-funded sugar reserve and by increasing imports.

Think about it. When Hurricane Katrina wiped out a chunk of America's oil refining capacity, prices at the pump skyrocketed. But when the same hurricane wiped out a chunk of America's sugar refining capacity, retail prices barely budged.

But the story doesn't end there. Mother Nature wasn't finished. Floods drenched Hawaii. Rita left yet more acres of cane in Louisiana under water. And Hurricane Wilma parked over the sugar-producing region of Florida for hours.

It was the worst year the industry's ever had, and it could have been a perfect storm for market chaos. But chaos never came because of our country's sugar program and because of our country's sugar refineries. In years of healthy crops, refineries supplement domestic supplies with imported raws. When hurricanes or droughts strike, more foreign raws can be tapped.

One word of caution: The USDA tried to speed fresh supplies by permitting sizable imports of refined sugar, bypassing U.S. refineries. This strategy was counterproductive, and actually slowed down the process. U.S. refineries are the best source of high quality sugar. This was a hard lesson learned for many of our customers, and is an experiment that USDA should not repeat.

In the coming months, this Committee will be lobbied by large industrial sugar users looking to turn the no-cost sugar program into one with a hefty price tag. They are looking to boost their profits on the backs of farmers and taxpayers, and they are looking to give foreign countries control over our kitchens. This is a recipe for disaster. Feeding ourselves is the first rule of homeland security.

No-cost sugar policy will play a central role as our industry recovers and rebuilds from the tragedies of last year. From the Florida cane farmer left cropless...to the Louisiana banker pondering farm foreclosures...to the mom buying a five-pound bag of sugar at a low and stable price, America needs policy stability now more than ever.

We're asking you to extend the existing sugar program.

God willing, America's sugar producers will never face a tragedy like Katrina again. But if we do, let's hope we still have a strong refining industry and a proven sugar policy in place that can steer this country through tumultuous times. Thank you.