


NATIONAL SUGAR MARKETING

Presentation to the American Sugar Alliance

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Integration of Mexican Access

- NSM has been successful with the integration of Mexican access.
 - 2008 imports of estander.
 - Insure and maximize fungibility.
 - Leverage “cane only” opportunities.
 - Always have a backup plan.

Changes in the Mexican Supply Chain

- Value Proposition.
- Less refined, more raw sugar.
- Increased focus on quality and logistics.
- Increased focus on product type.
- Dynamics of supply line from pricing to delivery.

Dynamics Moving Forward

- Cautious approach to Mexican access calculation.
- Domestic production should be conservative.
- Consumption estimates should reflect market reality.
- Eliminate the chatter of non-reporters variability.

Pricing Equation

Tier II

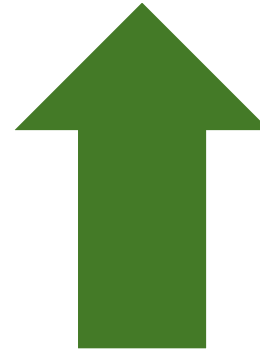
Stability Zone

Minimum Mexican refined pricing

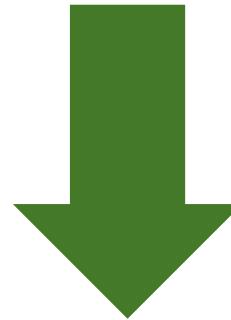
CCC loan rate for refined

Minimum raw pricing

CCC loan rates for raws

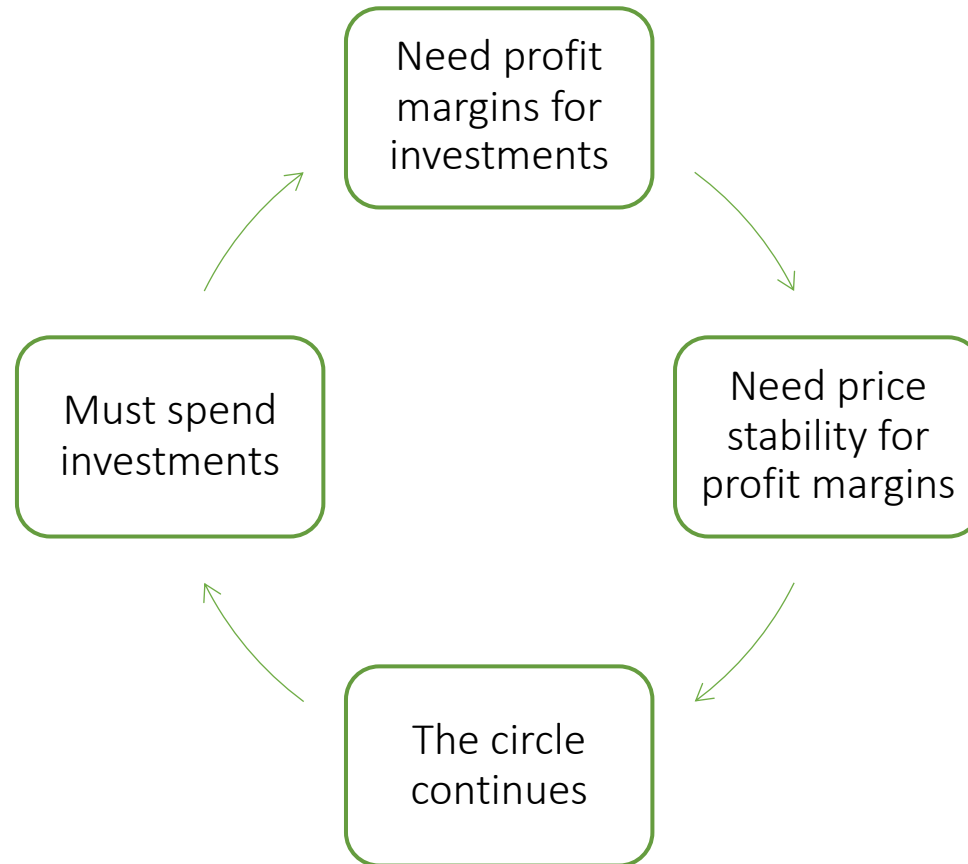


Maximum
Price



Minimum
Price

Producers Need Stability



Changes that Add Stability

- A clearly defined definition of raw vs refined.
- Access calculation is essential.
 - We support 13.5% stock to use ratio (7 weeks of supply).
- Raw refined split (70% Raw / 30% Refined).
- Creates stable access for refiners and gives a value-added concept for Mexican producers.

Creating Value and Stability

- Advice to Mexican producers for creating value and adding stability.
 - Find value in fungibility.
 - Create a reliable trade flow for both physical delivery and price discovery. (Build warehouses, loading infrastructure, become a top tier I supplier).
- Adopt a “Domestic Market” mentality.
 - (Quality, Supply Chain, Sustainability, Pricing, Constant flow of Supply).
- Find a good partner to assist you.

Thank You