



Memberandum



Information for members and friends of Golden Growers Cooperative

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Guest Speaker Ron Sterk highlights key trends & challenges at annual meeting

“Millennials are a key target group for the food industry,” Guest Speaker Ron Sterk of Sosland Publishing told Golden Growers members at their annual meeting. The millennial generation is roughly defined as people born from the early 80s to the early 2000s. According to Sterk, millennials represent one of the largest population segments in the United States. They are now household leaders seeking value and convenience in their food choices. Millennials are willing to spend more on ‘socially responsible’ companies and often favor natural or organic foods. “Technology is a defining characteristic of this group and they use social media as a major source of their information.”

“Special interest groups have mastered the use of social media to bombard millennials with information,” said Sterk. “Unfortunately, if they see similar messages, the perception is taken as true with little concern of the source.” Presenting accurate information to millennials will remain a challenge for the food industry, indicated Sterk.

Another trend is the increased adoption of GMO crops. Corn, soybeans, sugarbeets, and canola crops are overwhelmingly genetically modified in the US. An estimated 80% of processed food contains ingredients from bioengineered crops. “The GMO labeling push is not going away,” cautioned Sterk. “It will likely take federal action to resolve the issue.”

Consumers seem to understand the need to change what they eat for health reasons, yet a large percentage lacks the willingness to follow through. Advocacy groups have concluded that they can’t regulate consumer behavior, so their focus is on the food industry. “They seek increased control of food processors through regulation, third party agendas, and lawsuits,” relayed Sterk. There has been pressure on the big three (Fats, Salt, and Sweeteners), but “the assault in sweeteners is just beginning.” When it comes to sweeteners, research informs us that consumers aren’t afraid of sweeteners, they are only afraid of too much. “People like sweets and taste does matter.”

When it comes to opportunities, Sterk suggested highlighting the relative stability of corn sweetener prices. If at all possible, the corn millers should promote sustainability because it “sells well with consumers and saves money if done right.” Sterk said that the industry must take the lead in offering millennials attractive food options. “They need to take initiative rather than react.” concluded Sterk.

Members return DeCock, G. Johnson, Harless, Beauclair, and C. Johnson to the Board.

Golden Growers members voted to re-elect the following individuals to the Board of Directors: Bernie DeCock in the Southeast District; Glenn Johnson in the Northwest District; Mark Harless in the East Central District; Shaun Beauclair in the Northeast District; and Chris Johnson in the Southwest District.

**Jason Medhaug:
Remaining Focused on the
Future**

Chairman Medhaug discussed transitions taking place in the sweetener industry including a 60% drop in sugar prices from record highs in 2010, a 40% increase in Mexican sugar production, and a continued decline in U.S. consumption of carbonated soft drinks. Commodity prices were also down substantially and the EPA proposed a reduction in the renewable fuels standard (RFS). Medhaug went on to relay how ethanol margins have rebounded with efficient ethanol plants operating at full capacity. Medhaug also highlighted efforts to produce renewable bio-based chemicals and oils using corn starch and sweeteners as a possible feedstock. While lower corn prices added to recent profitability of the corn milling industry, Medhaug suggested members, “view membership in Golden Growers as an asset that continues to provide added value when corn prices are lower than we would prefer.”

The Chairman mentioned the pending \$2.2 million replacement of cooling towers at the ProGold plant. He stressed how sensible planning has resulted in a cash reserve sufficient so that GGC member distributions will be unaffected while ProGold, LLC pays for the up front capital cost.

**Scott Stofferahn: Myths,
Useful Research, &
Sweetener Wars**

After a review of cooperative operations and activities, Executive Vice President Stofferahn focused on some of the research or news stories critical of HFCS. “When the general public sees these negative headlines, they rarely dig deep enough to understand the rest of the story. Most often, studies are conducted on rats and primates fed HFCS at rates completely unrealistic when compared to normal human diets,” said Stofferahn. As for a connection to obesity, HFCS consumption in the U.S. began declining in about 2002, while obesity continues to rise. “The cause and effect doesn’t seem to add up.”

Stofferahn asked GGC members to become familiar with a study published in the October 2013 Nutrition Journal which debunks the myth that HFCS is uniquely responsible for obesity ([Link on GGC website](#)). In fact, consumption of fats and starches appear to be responsible for increase in dietary calories.

In conclusion, Stofferahn discussed the ongoing lawsuits between sugar producers and corn refiners. “Our strong partnership with American Crystal and relationship with ProGold’s leasing partner, Cargill, offers GGC a unique perspective. Consumers are simply getting confused by all of this. They don’t know if one sweetener is good or bad for them. They see both sweeteners as nearly the same and believe cutting back as the best course of action.” Stofferahn indicated that this continued war only benefits those groups or organizations targeting the entire sweetener industry.

**Sugar Producers File
Trade Case**

On March 28th, the [American Sugar Coalition filed antidumping and countervailing duty petitions](#) with the U.S. International Trade Commission (ITC) and Department of Commerce alleging the Mexican sugar industry shipped excess sugar to the US with the support of Mexican federal and state governments. On May 9th, the [ITC decided to proceed with an investigation](#) of the petitions. Links to these stories are on the [GGC website](#).

Important Dates

June 9, 2014—Last day to submit transfer requests
June 19, 2014—Board of Directors Meeting

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