

Written Statement 2.20.2019:

Chairwoman Alexander, Vice-Chairmen Meerman and Elder, members of the House Agriculture Committee, thank you for inviting me to speak to you today. Many of you are no doubt aware of the sugarbeet industry in Michigan, and I am sure that some of you have heard my predecessor, Ray Van Driessche, discuss Michigan Sugar Company at length. However, I am also sure that many of you probably had no idea that we make sugar in Michigan, or that more than half of the sugar produced domestically is derived from beets as opposed to cane. So, today, I would like to give a brief overview of the sugarbeet industry in Michigan and Michigan Sugar Company leaving plenty of time at the end for any questions you may have.

The sugarbeet industry in Michigan dates back to the late 1800's and all four of our factories – located in Bay City, Caro, Croswell, and Sebawaing – were built between 1899 and 1902. By the 1950s the sugarbeet industry in Michigan had coalesced around two main companies, Monitor Sugar Company and Michigan Sugar Company. These companies were privately owned and contracted each year with growers throughout the state. In 2002, Michigan Sugar Company was facing financial difficulties and was purchased by its growers becoming a cooperative. In 2004, Monitor Sugar Company faced similar challenges and its growers, in collaboration with the Michigan Sugar Growers, purchased the company and merged them together.

Today, Michigan Sugar Company is a wholly grower-owned cooperative with nearly 900 grower-owners, and is the third largest beet sugar company in the country. Every owner is obligated to grow one acre of sugarbeets for every share of the company they own. Each year our owners harvest around 4.7 million tons of sugarbeets on 160,000 acres in 20 counties in Michigan and Ontario. These beets are turned into 1.3 billion pounds of beet sugar. This represents 6 percent of the total domestic sugar production and 11.72 percent of the total beet sugar production in the United States. Our sugar is sold under the Pioneer and Big Chief brand names but we also package 27 private label brands for costumers including Kroger, Walmart, and Meijer.

Michigan Sugar Company has 900 year-round and 1,100 seasonal employees. Nearly 200 of the year-round employees are corporate and the rest are manufacturing, union represented positions. Michigan Sugar annual pays wages of more than \$65 million. Our total direct economic impact to the state is \$500 million and our indirect economic impact is \$1.5 billion.

Additionally, in 2016, Michigan Sugar Company purchased AmCane, a specialty sugar company located in Taylor. This wholly owned subsidiary, imports around 100,000 tons of raw sugar through the Port of Detroit, to make a variety of specialty sugars, including coarse grain and organic. The AmCane acquisition gives Michigan Sugar Company an additional 100 employees and \$75 million in direct and \$200 million in indirect economic impact to the state.

The sugar industry in Michigan is unique in several ways. First, we are completely vertically integrated. From our owners planting the sugar beetseeds to our marketing team selling the finalized product, it is all

one company. Secondly, the United States is a net importer of sugar, as a result, we consume all of our sugar domestically and we are as concerned with access to foreign markets as many other commodities.

While the sugar industry in the United States and Michigan certainly faces challenges. Michigan Sugar Company is in a strong financial position and we are confident that after 113 years doing business in Michigan we will continue to grow and thrive.

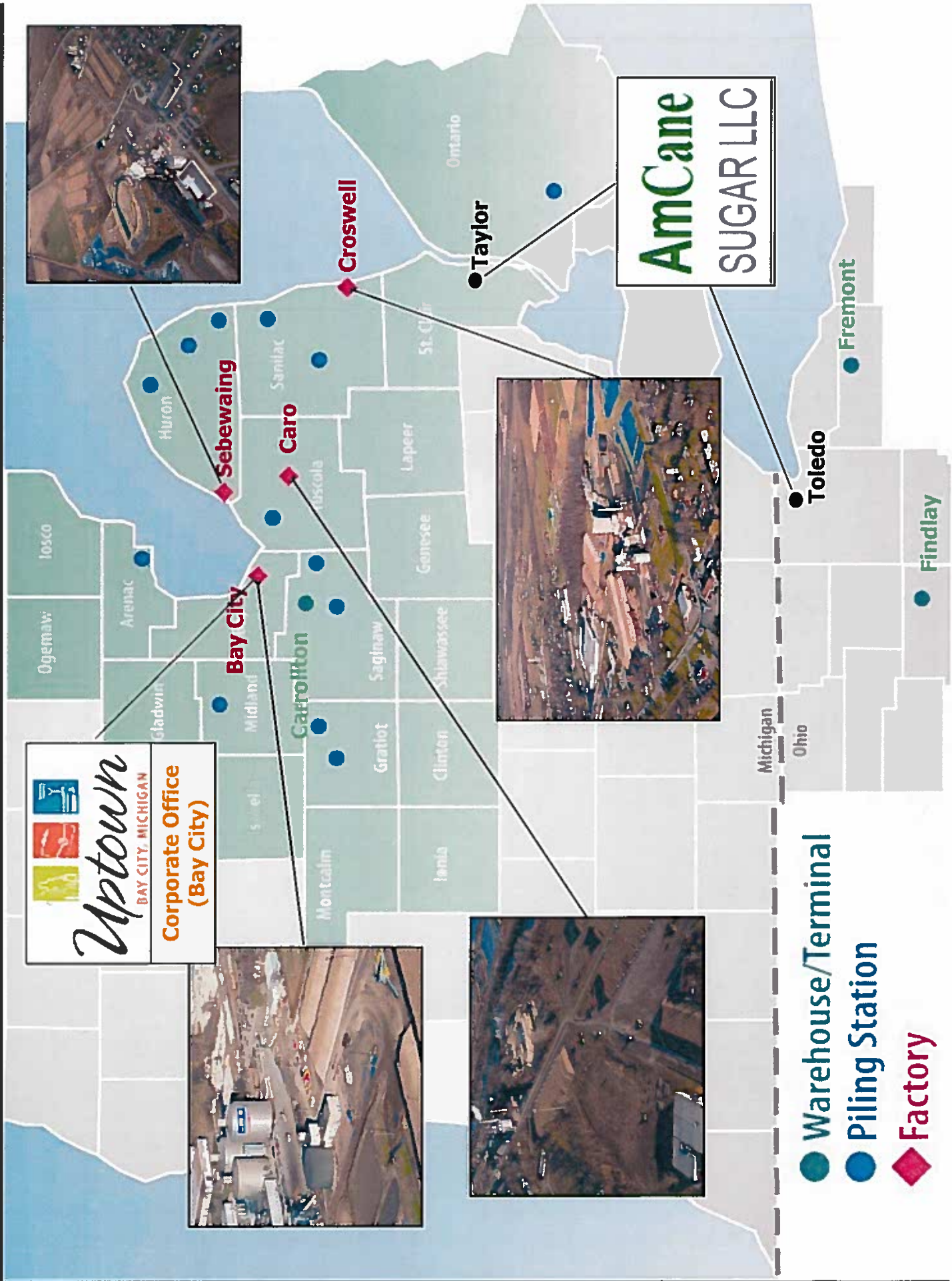
Again, thank you for inviting me to speak to you today; I look forward to your questions.

John Boothroyd, Manager of Government Relations, Michigan Sugar Company

Uptown
 BAY CITY, MICHIGAN
Corporate Office
 (Bay City)

AmCane
 SUGAR LLC

- Warehouse/Terminal
- Piling Station
- ◆ Factory



MICHIGAN SUGAR COMPANY: FINDING A WAY – BIG OR SMALL – TO GIVE BACK

At Michigan Sugar Company we invest heavily in corporate philanthropy because we believe in the positive impact our employees, our products and our dollars can have in our local communities.

Because we operate factories in four Michigan communities – Bay City, Caro, Croswell and Sebewaing – we pay special attention to Bay, Huron, Sanilac and Tuscola counties, but also look for ways to have impact in the 16 other counties where our grower-owners annually plant and harvest sugarbeets.

Here are just a few of the ways we do that:

- We sponsor a major festival each year in each of our factory towns – the St. Patrick’s Day Parade in Bay City, the Tuscola County Pumpkin Festival in Caro, Pioneer Days in Croswell and the Michigan Sugar Festival in Sebewaing.
- We sponsor six county fairs – Bay, Huron, Midland, Sanilac, Saginaw and Tuscola.
- We annually award thousands of dollars to area students through more than a dozen scholarship opportunities.
- We annually invest tens of thousands of dollars to sponsor a variety of events put on by community and nonprofit organizations. In 2019, Michigan Sugar Company has stepped forward as the Presenting/Port Sponsor of the Tall Ship Celebration: Bay City, which takes place July 18-21 and features a fleet of 11 tall ships from around the world visiting Bay City. This is a \$50,000 commitment that shows our love for Bay City, the Great Lakes Bay Region and the state of Michigan.
- We annually donate about 85,000 pounds of sugar to good causes. We never say no when asked for sugar. This past year, we donated 22,800 pounds of sugar in one day through our annual United Way Sugar Giveaway. In total, 57 nonprofit agencies each received 400 pounds of sugar. We also partner with the Great Lakes Loons to donate sugar to Hidden Harvest through our Michigan Sugar Home Runs promotion and Saginaw Spirit to donate sugar to Rescue Ministries of Mid-Michigan through our Sweet Shot of the Game promotion.
- We plant two community gardens at the Kantzler Memorial Arboretum every spring and also maintain the United Way Community Garden, where we plant and care for a variety of vegetables that are picked and given to families in need.
- We work closely with the Saginaw Basin Land Conservancy to maintain the Michigan Sugar Trails, a system of hiking and biking trails on Middlegrounds Island in Bay City.
- We spend tens of thousands of dollars to support economic development and business activities through local chambers of commerce and economic development organizations.

These are just a few of the highlights. We like to say that everyday Michigan Sugar Company is finding some way – big or small – to give back. Philanthropy is a core belief here and we take pride in what we believe is a solid record of performance.