

# **SWEETENER USERS ASSOCIATION**

ONE MASSACHUSETTS AVE. NW • SUITE 800 • WASHINGTON, DC 20001 • (202) 842-2345 • (202) 408-7763 FAX

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May 6, 2008

The Honorable Walt Lukken, Acting Chairman  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Dear Mr. Chairman:

The Sweetener Users Association (SUA) represents companies that use nutritive sweeteners in their business operations. SUA companies manufacture baked goods, confectionery, beverages, and a wide range of other food products. SUA membership also includes several trade associations representing the various sugar-using industries.

Our members rely on futures markets for risk management and price discovery. Both the domestic and world sugar futures contracts are critically important to these companies. For this reason, SUA members share some of the same concerns as many other market participants about recent futures market performance. We commend you for holding the April 22 Agricultural Forum to hear a wide range of views on these issues.

There can be little doubt that increased futures market participation by large funds has had an effect on market prices and volatility. Notably, the increased presence of long-only index funds introduces a new element into the market structure that has not previously been present, and can have an effect on markets that will not necessarily be related to supply-demand fundamentals. As CFTC staff noted at the forum, in early April long-only index funds accounted for more than 25% of open interest in the world sugar contract, one of the higher percentages observed in the various commodity markets.

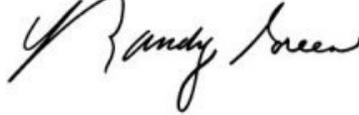
It seems difficult to justify hedging exemptions for such market participants, and the CFTC is well-advised to study this question carefully before granting any further exemptions. At the same time, it is not clear exactly what the appropriate regulatory treatment of the new market participants should be, nor has their actual impact been reliably measured. Nor does there appear to be consensus among commercial market participants about what the CFTC and the exchanges should do to address this and other issues, including the breakdown of price convergence in some agricultural markets. As several forum participants stated, the “silver bullet” for these problems is not evident.

One positive step open to the CFTC is to extend the comment period for the forum and at the same time, drawing upon the testimony and views already presented, formulate a finite series

of questions or options on which the public would be invited to comment. In addition, the CFTC should make clear to the public that the current market problems are a significant concern, and that the Commission is prepared to act promptly to encourage or impose appropriate measures that will ensure futures markets continue to serve the needs of commercial users, functioning as reliable price-discovery and risk-management tools.

Thank you for your attention to these views.

Sincerely,

A handwritten signature in black ink that reads "Randy Green". The signature is written in a cursive style with a large, stylized initial "R".

Randy Green, President