

**American Crystal Sugar Lockout Nears Seventh Month**  
**By Cindy Snyder**

The American Crystal lockout is nearing its seventh month with no end in sight and not much evidence that a solution will be found anytime soon despite an effort by the federal mediator overseeing the dispute.

Two weeks ago, a subcommittee from each side's negotiating team met with the federal mediator to explore ideas for how the standoff could be ended. Both sides agreed to the mediator's ground rules which stated that the meeting would be off-the-record and informal.

The good terms didn't last long, just a little over a half hour according to American Crystal officials. In a letter sent to employees following the meeting, American Crystal said its negotiators shared ideas with the Union on how several of the difficult issues could be resolved and offered a path for ending the lockout.

After 35 minutes, Union leadership requested a caucus and then advised the federal mediator the Union intended to disregard the ground rules and give the Company a formal offer. Not only did this violate the agreed upon ground rules, but also marked the first time that a formal offer from either the Company or Union has been presented without each side's full negotiating committee being present.

Representatives from the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM) Local 167G then presented American Crystal with a 16-page formal proposal and immediately issued a press release.

American Crystal rejected the proposal saying that it failed to comprehensively address the company's final offer and also rejected every idea the company suggested in the informal talks.

To an outsider not privy to what was said in the informal talks nor what the Union's January 11th proposal included, it is sad to see a farmer-owned cooperative mired in a prolonged labour dispute. Sad and unseemly. After all this is a cooperative, formed by a strong work ethic of the member growers and fashioned after seven principles outlined by the International Cooperative Alliance: concern for community, voluntary and open membership, democratic member controls, member economic participation, autonomy and independence, education training and information, and cooperation between cooperatives.

Many in the American Crystal growing region are asking themselves how locking out 1,300 workers for nearly seven months meets the concern for community standard. One answer may be that American Crystal is functioning more like a corporation and that its management, grower-members and employees are following scripts from the corporate world.

Getting a cooperative often involves a group of farmers deciding they want to add value to a commodity they are already growing. It takes hard work and often is a struggle. The lines between management, workers and owners often become blurred.

That was the case when growers purchased the four facilities owned by American Crystal Sugar Company – the corporation -- for US\$86 million in 1973. Workers believed they were part of the team even after they were locked out of their jobs on August 1. They talked about how they had worked together with management and growers to produce a quality product. They pointed to the problems harvesting the 2010 crop that led to lower quality beets in piles but how improvements in efficiency meant all the beets were processed.

Union members mention that they have historically worked with growers and management to stave off cuts or changes to U.S. sugar policy that could hurt the competitiveness of the U.S. sugarbeet industry in general and American Crystal in specific.

After all they have done to support grower-members and management, they believe they deserve to have the company continue to pay 100% of their health care premiums. And under the cooperative model of doing business that argument may carry more weight.

But in today's business environment--with the emphasis on being the lowest cost producer to remain competitive in the global market--American Crystal says it's can't afford to renew labour contracts that probably haven't made economic sense for a while.

Workers aren't complaining when they point it's unfair for a company to report an increase in net revenues of over 28% from fiscal year 2009 to fiscal year 2011 (to US\$1.54 billion) and then gave its president a US\$2.44 million compensation package; yet say it can't afford to continue to pick up the total tab for health care premiums.

Yet management and growers (and likely the workers themselves) know that the net revenue gain is largely based on a Midwest wholesale beet sugar price of 50 cents or better. Crop challenges in several key global sugar producing countries and the cutback of domestic sugar production when grain prices skyrocketed in 2008 have tightened sugar supplies and pushed prices higher. Those conditions won't last forever and once sugar prices soften again, net revenue will fall. And that's when sugar producers with the lowest costs will see the greatest returns.

From the company's standpoint, the best time to negotiate more favourable terms with employees is now when sugar prices are high and the company can better afford to hire long-term temporary employees and security guards. Waiting until sugar prices fall to ask for concessions could quickly put the company in the red.

Yet company officials also need to recognize that announcing a US\$2.44 million compensation for its president in the midst of the lockout was poor public relations, especially when the mood of the country is against the wealthy 1%.

Workers had hoped that the replacement workers would not be able to process the beets into sugar efficiently and that growers would see their checks reduced because of that. But thanks to the short crop, American Crystal is already halfway through the 2011/12 campaign. And growers, many of whom have experienced firsthand the impact of the global marketplace, seem to be in lockstep with management.

The new chairman of American Crystal, Robert Green, said in a written statement, that the cooperative's original goals are still in place today -- to find every way possible to become more efficient at improving our productive capacities from the farm through the factory to the consumer. And that decisions made by the co-op board are intended to fulfill long-term strategic goals, including producing low-cost sugar. 'We have to make changes that make us competitive,' he wrote.

That's proving to be a difficult goal for a company that isn't quite a cooperative anymore but isn't quite a corporation either.