

**PRESIDENT'S MESSAGE
FLORIDA DIVISION**

John A. Fanjul
Atlantic Sugar Association
P. O. Box 1570
Belle Glade, FL 33430

This past crop for Florida, in spite of freezes on January 1 and 6, 2001, the drought during the spring growth period, followed by flooding in late summer, early fall, managed to be very good. Looking back five years, this year was the third largest crop and had the second best yield to date. I think that the 2001-02 crop year presented a real revolution in the mainland cane sugar industry, especially in Florida. As of November, 2001, more than 80%, if not all of the Florida industry can be said to have become "vertically integrated," with the purchase of the Domino Sugar Refineries by The American Sugar Refining Company, formed by the growers of the Sugar Cane Growers Cooperative, Florida Crystals Corporation, and Atlantic Sugar Association.

This venture brings together Okeelanta's refinery, R.S.I. Yonkers refinery, and Domino's Baltimore, New York, and New Orleans refineries, into one corporation, which together with U.S. Sugar's Clewiston refinery, means that for the first time in history, one can say that almost 50 percent of all the refined sugar made from sugar cane is truly "From the Field to the Table."

All of this presents and will present new challenges and opportunities for all of us. I think we will be more demanding of ourselves in every aspect of our industry, becoming a truly agri-industrial business. We are now responsible for our product way beyond our traditional boundaries; therefore, we have to be more conscientious of our bottom line, all the way up from agriculture research and development to quality control at the mill/sugar house, through our own refineries, to the ultimate consumer.

The motto of the ASSCT is: "Organized for the Advancement of the Mainland Cane Sugar Industry." Never before has this ever been so important. I believe that to survive in the near and long term, we must be aware that on an ascending scale in our vertically integrated industry, all of us are responsible for improving efficiencies, which will increase productivity with cost effectiveness through positive accountability, in order to achieve maximum profitability.

Today we are tied together into four major sections or divisions, each of which has their own subdivisions.

I. Agriculture: with it's research and development working on developing new cane varieties through traditional genetic development, and using transgenics and bio-technology, must maintain this ever important work that helps us increase our sugar per acre production, which in my opinion, is, at our level, the true "bottom line" goal. We need optimum soil fertility working hand in hand with cane varieties to maintain high yields through recycling mill muds and preventing erosion. Soil conservation is of the highest priority, especially in Florida. Agronomy together with best farming practices, within our own ecosystem is everyone's concern.

Farming and land preparation are of the utmost importance, and rotation guided by research

and development, hold the key to our economic future. Corn, rice and vegetables, all help farm profitability and soil conservation. Planting, cultivation, fertilization, and pest control are equally important to maintain productivity. Today with the advent of precision agriculture, farming can be very precise and cost effective, implementing all of the above, through G.P.S. cultivation and practices.

II. Harvesting, in most cases in Florida, is a function of the mills, but in some cases, and in most of Louisiana, I understand, is a function of farming. Harvesting and hauling have their own important contributions. Burning, while thought to be on it's way out, is a function of harvesting. Cane freshness is essential to provide good juice quality to the mill. We at FCC try to keep it under 13 hours, burn to scale. Advances in cane harvesting machines have improved billeted cane to a level of efficiency and cost that has surpassed all expectations. Infield hauling with the implementation of high dumps, can save money and time. We that use the transfer stations need to maintain efficient operations and quick turnarounds. Keeping good road conditions and proper trailer loading is especially important in feeding the mills.

III. Mill: It is very important that field harvesting and hauling be coordinated and maintain good communications during the crop. Good yard management, including weighing and storing is of the utmost importance. Time in the yards should be held to a minimum and we strive to keep the cane no more that six to eight hours and feed the mill at a uniform rate. A mill is only as good as its cane quality, it cannot produce more than what it receives from the field. Grinding and extraction are two functions very important in holding down crop costs and increase profitability. You all know how much one crop day costs, and how much in earnings, one point in extraction can mean. Another factor is bagasse quality. The better the bagasse, the less fossil fuel is needed and the better the sugar house works. Proper mill settings to equal the grinding rate is essential. Fabrication has four functions that have to work in perfect coordination: clarification, evaporation, sugar boiling/crystallization, and sugar production. High standards of sugar quality, high Pol and low humidity, gives us a higher return. Keeping a good safety factor will help guarantee sugar quality at the refinery, and final molasses exhaustion helps to increase sugar output. the better we do our job, the easier and more profitable the refining of sugar should be.

More and more pressure will be put upon us by the federal and state EPA's to keep us as environmentally friendly as possible. Up to now, it has been my experience that many environmental obligations have increased our efficiency.

IV. At the top end of our scale is refined sugar production sales and marketing, from which the money flows down again in most cases in Florida, right back to the farmer/agriculture.

Not only do we have to be efficient, we need to be "profitable" in each basic step of the scale by our own merits. In the case of the first three basic steps; milling, harvesting, and agriculture, we presently have to make this happen between 0.18/0.19.5 a pound of raw sugar, or between \$360.00 – \$390.00 FOB mill per ton of raw sugar. Sometimes we get lucky and it's more, but for the sake of present day economics, lets leave it at that. Within these parameters, all of our functions have to be paid for and provide for a healthy corporate profit.

These days, the refinery does not have that much of a spread, and depending on whether it is bulk, commercial, or retail, I believe it oscillates anywhere between 0.03 to 0.09 cents a pound of refined sugar over the raw C.I.F. sugar price. The bottom line is that we need to be ever conscious

of our goals in order to survive. The refining sector will, in all probability, demand a better quality of raw sugar from us and we have to get ready to do so on a consistent basis, in the near future.

There are many other outside pressures that come and will come to bear on us in the future; NAFTA, federal, state and local politics, as well as environmental issues. We as technologists must become more pro-active in our industry in all aspects, especially in increasing productivity and efficiency, which at the end of the day, is our obligation. Also in the political and public relations area, I believe that if any of us have good scientific data that can be useful to our public relations department, we should let them know it.

There are many misconceptions continuously expounded in the press against sugar, for example, the calorie count in a teaspoon of sugar is only 15, hardly an alarming number by any means. The press however, would like you to believe that sugar is one of the evils of life.

Another is that we are a huge industry when the reality is this: Let's say in Texas, Louisiana, and Florida, we produce 4,000,000 tons of raw cane sugar a year, at \$390.00 a ton. That's \$1,560,000,000.00 total sales in one year. To put that in perspective, this is equal to two weeks sales of Albertsons Supermarkets or four days of General Motors sales!

As you can see, in our country's economy, we are a very small fish in a huge pond, yet the perception is that we are exploiting the U.S. taxpayer. We aren't, and by the same token, we provide jobs and are responsible for over 40,000 families, pay taxes, and diligently cooperate with the state and federal agencies to protect our environment, feed our citizens and care for our nation.

The message I want to get across today, is that we need to work together within and without each sector of our industry, in order to increase our efficiency, productivity, and profitability so our children and our children's children can continue this wonderful agri-industry, with over 200 years of tradition in the United States.

This is our challenge; let's make it our opportunity!