

**PRESIDENT'S MESSAGE
FLORIDA DIVISION
2003 ANNUAL MEETING**

James M. Shine, Jr.



On behalf of the membership of the Florida Division of the American Society of Sugar Cane Technologists, I wish to thank the Louisiana Division for hosting this year's annual meeting at such a wonderful location. We know the amount of time and effort it takes to prepare for such an event. I also want to thank the program chair, Bill White for putting together a program that looks to be outstanding and will present information that all of us will be able to use to make our industry more productive and efficient.

I am please to report that the Florida sugar industry reported many records for the 2003-2003 crop. We produced ground 17 million tons of cane harvested from 460,000 acres. This represents the highest yield of cane per acre in the history of the Florida industry of 41.0 tons per acre. Sucrose percent cane was also the third highest at 14.0% and sucrose yield at the mill was 11.52 indicating both high quality cane and good performance in the factory. Even though fuel costs are more than 40% higher than last year's crop, most of the Florida mills realized cost per ton of cane for harvest, hauling and processing at levels equal to last year indicating significant improvement in efficiency in operations in the field and factory.

These improvements in efficiency are only possible through the work done by members of this technical society and our ability to learn from one another, teach one another and a yearning desire to learn about and implement new technologies as they come available. Automation in the factory has been a focus throughout the industry. Automation improves labor efficiency, but more importantly is improves process timing resulting in higher throughput and a higher quality product. Changes such as these do not come without problems, which are better referred to as challenging opportunities. No two factories are alike therefore no new technology or instrumentation can be installed and expected to operate per specifications on day one. Any new system has to be adjusted to fit each mill and the only testing that can be done is during the crop where the process is actively running.

The raw sugar industry has been rapidly changing over the last two years. John Fanjul reported on the vertical integration of the Florida industry from the field to the grocery shelf. This has also occurred in the beet sugar industry. Growers as small as 14 acres in the Florida industry now have a stake in the largest refining operation in the United States through the joint

acquisition of Tate & Lyle refining, packaging and distribution interests and the formation of American Sugar Refining, Inc and Domino Foods, Inc. Both of these organizations will be operated as farmer cooperatives to further protect the value of these assets for the producer. This trend toward vertical integration will likely continue over the next few years as more growers seek to acquire refining interests to provide a market for their sugar. Growers are then able to take advantage of margin shifts on both the raw and refined sides of the equation providing stability for the price received for their crop.

The present farm bill has demonstrated that marketing allotments can provide a stable and reasonable price for raw sugar in the United States. Though there are still fears that raw sugars may be blocked from sale within a given year and there is a possibility of excess sugar accumulating should we have several good sugar producing years in a row. The USDA has so far demonstrated that keeping allotments tight provides flexibility whereby they can increase allotments once actual production is realized resulting in a stable price for producers. Even with the high production realized in Florida this year is likely that we will have very little sugar blocked under the current marketing allotment system. Others may disagree with my opinion, but I believe the sugar marketplace in the United States is healthier than it has been for many years and will remain healthy throughout the life of the current Farm Bill.

There is a dark cloud on the horizon and it has been there for a long time and will remain an issue forever. Trade agreements have loomed over agricultural crop producers throughout modern time. The trend toward a global economy will continue. The North American Free Trade Agreement has affected many commodities including sugar and is still not resolved. The Free Trade of the Americas initiative broadens the opportunities for more agricultural commodities to enter the country in excess our demand and unilateral agreements with individual countries further expands our exposure to even more products entering our borders. Our experts in policy spend most of their time trying to focus on these agreements being handled through the World Trade organization to level the playing field on a global scale. Anything less than global agreements where every country abides by the same rules further tips the scales toward an imbalance of trade favoring other countries over domestic agricultural producers. It is unfortunate that we must spend the amount of time and money that we do to protect our ability to produce our own food with in our borders. This is money out of own families pockets and threatens the very survival of domestic agricultural production.

The interface of agriculture, the environment and rapidly urban development continues to be a threat to the existence of agriculture in the state of Florida. The Florida, Texas and Louisiana industries are all face with similar problems, but the Florida industry is in he most active venue at present. The passage of the Everglades Forever Act in 1994 has caused producers in the Everglades Agricultural Area (EAA) to directly address water quality, specifically phosphorus, leaving their farms. This program has been a success resulting in more than 50% reduction of the amount of phosphorus leaving the EAA. This has been done through the implementation of Best Management Practices for phosphorus that are required through a permitting process through the South Florida Water Management District. The implementation of the practices is not as costly as the monitoring and verification of the practices put in place. It is difficult if not impossible to calculate an exact cost per acre to carry out this program. The direct costs that can be identified are in the form of permit fees and taxes. Each producer pays a minimum tax of about \$25.00 for the construction of Storm Water Treatment Areas in the EAA. The EAA Everglades Protection District was formed to conduct phosphorus research and

improve water quality coming from the municipalities in the area. This special taxing district levies additional taxes of \$3.00-\$5.00 per acre on agricultural land. Each farm also has to conduct its own water quality monitoring program and an annual BMP report. The direct costs of this are hard to quantify, but a single monitoring station costs about \$2000 to install and about \$150 per month to operate. You can see that there are high costs associated with water quality improvement.

The second environmental issue effecting Florida sugar producers is the implementation of the Comprehensive Everglades Restoration Plan (CERP). This is a program focused on addressing water quantity issues. The plan “re-plumbs” the south Florida water delivery and discharge system that was built beginning in 1947 and too more than 20 years to construct to its present-day state. CERP is a \$7-8 billion construction plan to be implemented over another 20 years. The success of the plan is dependent on utilizing several un-proven technologies on a large scale. Matching state and federal dollars will fund the project. The final source of funds is still unknown, but there is little doubt it will have a direct impact of fees and taxes paid by farmers in the EAA.

There are brighter stars in the sky in other areas. Over the past three years the Florida, Texas and Louisiana industries have been successful in recruiting more federal dollars toward our primary USDA – Agricultural Research Stations in Houma, Canal Point and Miami. Houma has received almost \$1 million to work in the areas of molecular genetics and management of green cane harvesting systems. Canal Point has received a like amount to improve facilities and increase staffing up to the levels they were more than 10 years ago; resources eroded by inflation. Miami has received sufficient new dollars for the World Collection of Sugarcane and Related Grasses to hire a full-time curator and sufficient resources to re-establish the collection to what it should be. This effort is not over. We are seeking even more federal money for Canal Point to effectively double the budget prior to the recent appropriations. None of this would be possible without a unified effort among the sugarcane producing states. Our ability to work together to insure the continued operation of our USDA research facilities is more important now than ever before. Whether your interests are in the sugar mill or on the farm, we all know the importance of continued release of productive, pest and disease-free sugarcane cultivars.

Our ability to recruit funds for the USDA program has been important to the Florida industry particularly since we have not had much support from the state university system in agronomic research on sugarcane. Sustainable operation of Canal Point, specifically, has allowed us to work more with the University of Florida to develop an agronomic research program. The State University System throughout the United States is suffering badly through budget cuts, especially in these post-9/11 times, yet we have been successful in recruiting an agronomist and a weed scientist to work primarily in sugarcane. We have also been able to refocus efforts of other program in pathology and entomology to address needs that have been in existence of many years. We are continuing to fill the void by working closely with university administrators and the state legislature to provide the resources needed to improve efficiency in crop production. As a result we have several herbicides that will likely be registered for use in Florida in the near future. We have also come closer to identifying appropriate locations for planting our cultivars in a systematic way. We are also developing recommendations for appropriate harvest windows for new CP cultivars prior to finding out through the occurrence of severe freeze events. We are also very close to developing an economic threshold for control of yellow sugarcane aphid. There remain many other areas that we need to focus on as we mover to the future.

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The fact that our farmers have the ability to face these issues that were never discussed during our formal training demonstrates our ability to learn and our will to survive into the future. Farmers working with the University of Florida and other research institutions developed most of the elements of the Best Management Practices plan. The many elements of the CERP project have been reviewed by farmers in conjunction with recruiting some of the best technical experts in the world to develop alternatives. This also demonstrates the importance of this organization to communicate with one another on our successes and failures to further improve efficiency of our operations and our ability to sustain or agricultural operations.

Again my heart-felt thanks to the Louisiana Division Executive Committee and its membership for your hospitality and I look forward to a productive and enlightening meeting.