President's Address - ASSBT

I am very pleased to welcome fellow members of the American Society of Sugarbeet Technologists, guests (especially, members of our sister organization in Europe, the IIRB) and friends to the 26th General Meeting of the Society.

It is especially meaningful to hold this meeting in Monterey, adjacent to the oldest sugarbeet producing area in the United States. The Salinas Valley has been producing sugarbeets since 1888. The world record for sugar production per acre, achieved in 1984, is held by a grower from the Salinas Valley. His 51-acre contract produced 61.7 TPA with a 15.03% sugar, or 18,547 pounds of sugar per acre. Sugarbeets produced in this area are processed at Betteravia which is the oldest sugarbeet processing plant in the U.S. built in 1899. I wonder how many producing areas will be able to achieve this record for longevity?

It has been rewarding to serve the Society in this capacity, the last two years and to work with such dedicated and outstanding representatives of the industry, your Board of Directors. They invested an exceeding amount of time and effort to prepare for this meeting and make this session the most successful yet. I would, also, like to recognize and thank Tom Schwartz, our Executive Vice President, who guided us through the last two years.

Today, I am cautiously optimistic for the sugarbeet industry as we begin the decade of the 90s. In spite of record high and low temperatures, droughts, El Ninos, and other weather related events, the industry is in a strong position to meet the challenges of the future. Sugar prices are stable and at a level to encourage continual reinvestment in the industry. Sugar consumption for 1990-91 is forecasted to increase 1% - to 8.6 million tons - the fifth straight year of increased consumption.

Since we met last in New Orleans, a new Farm Bill has been enacted which covers the 1991 through 1996 sugar crops. I said earlier that I was cautiously optimistic for our industry. A potential threat which could alter the outcome of the Sugar Provisions of the 1991 Farm Bill will be the final outcome of the current GATT negotiations. The sugar industry's position going into GATT negotiations was to support efforts to eliminate all agricultural trade barriers worldwide to create a level playing field to allow all producers, exporters, and importers to compete fairly. We believe the U.S. Sugar Industry is quite capable of competing in this environment. Unfortunately, little progress has been made todate. We do not support compromising efforts which would create an unfair competitive position, as some in the Administration have suggested.

The 1990 Farm Bill, as it applies to the Sugar Crops, is similar to the 1985 Farm Bill in that raw sugar loan levels are identical at 18 cents/pound. The major change in the new Farm Bill is that it includes provisions guaranteeing U.S. refiners 1.25

million tons of imported raw sugar. If the import quota requirement should be less than 1,250,000 tons, marketing limitations would be placed on sugar marketings in the Cane and Beet industry, as well as Crystalline Fructose of the Corn refining industry. This Provision, I believe, will curtail the trend to increase acreage at most factories. It doesn't make much sense to increase the acreage base if the additional sugar cannot be marketed. Most producing areas will focus on continuing to develop internal efficiencies, such as reducing labor requirements through automation, reducing fuel consumption, and recovering more sugar from a ton of sugarbeets.

I believe the major change to occur during the next 5 years will be the increased amount of sugar recovered from sugarbeets having a dramatic effect on reducing costs.

The Beet Seed Companies have done an outstanding job of developing new varieties with higher sugar contents, improved processing characteristics, and more disease resistance. Future improvements will occur at a faster pace due to pooling of resources and new technologies being implemented and placed in practical use.

Sugarbeet producers will respond rapidly to incentives being inputted in beet purchase contracts to improve beet quality and increase profits by improving cultural practices.

Reinvestment by processors in capital improvements will continue to develop factories more efficient in extracting more sugar, from a ton of sugarbeets, such as molasses desugarization projects.

Improvements will continue to be implemented to reduce the sugar losses incurred during the beet storage period.

If the 1990 Farm Bill is not affected by GATT negotiations, loan levels for raw cane sugar will probably remain at the 18 cents/pound level throughout the 5-year term. We could see <u>14 years</u> (1983 - 1996) at this support level. Taking into account - the inflation rate during this term, the rate expressed in 1983 dollars for the projected 1996 crop would be 10.14 cents/pound. In addition to normal production costs, the Budget Reconciliation Act of 1990 imposes an amendment on the 1990 Farm Bill requiring a 1% marketing fee of $.193 cwt. for refined beet sugar. This assessment will cost the beet industry approximately $15 million per year.

We cannot expect to receive relief from the market as labor, fuel, chemical and material costs continue to increase. We must continue our efforts to become more productive and efficient if we expect to remain in a strong position for future.

This group assembled here today is best suited to achieve the accomplishments required to remain viable in the future. I am certain by working together, as we have in the past, and sharing research information, we will be successful.

Thank you!