

ECONOMIC IMPORTANCE OF LOUISIANA SUGARCANE PRODUCTION IN 2011

Michael E. Salassi¹, Michael A. Deliberto¹, John Westra¹ and Kenneth Gravois²
¹Department of Agricultural Economics and Agribusiness, and ²Sugar Research Station

Overview

In 2011, sugarcane was grown on 407,641 acres (a decrease of 12,496 acres or 3 percent below the 2010 crop) in 23 Louisiana parishes. An estimated 381,144 acres were available for harvest for sugar, assuming 6.5 percent of the total acres were used for seed cane purposes. The 11 operating factories in the state processed nearly 11.92 million tons of cane (a decrease of 283,000 tons or 2 percent from 2010 levels). In total, the state's sugar factories produced 1.44 million short tons of sugar (96 pol), similar to the amount produced in 2010. The average yield of cane produced in 2011 was 31.3 tons per harvested acre, with an average sugar recovery of 11.55 percent or 231 pounds of sugar per ton of cane. The yield of commercially recoverable sugar produced per harvested acre was approximately 7,222 pounds (an increase of 203 pounds or 3 percent over 2010).

The gross farm value of the 2011 sugarcane crop was \$617 million for sugar and molasses (an increase of 23 percent above the 2010 crop value). The gross farm value reported above represents 60 percent of the value of the sugar and 50% of the value of molasses produced, with the remaining value for processing and marketing, which amounted to \$421 million. Therefore, the total value of the sugarcane crop to Louisiana producers, processors and landlords at the first processing level was just above \$1.0 billion for the 2011 crop. The value ranks sugarcane as the leading agricultural row crop produced in Louisiana in terms of total crop market value. Using an economic multiplier in the range of 2.5-3.0, the sugarcane industry in 2011 has an estimated total impact on the state's economy of \$2.5 to \$3.0 billion.

Louisiana's Rank is Total U.S. Sugar Production

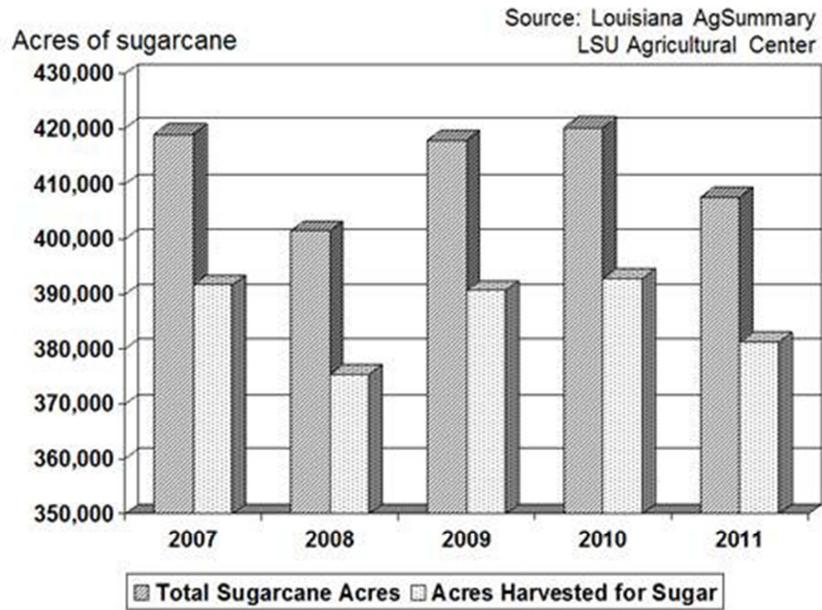
Refined white sugar in the United States is produced from two sources. Sugarbeets are processed directly into refined sugar, while sugarcane is first processed into raw sugar before being refined into white sugar. In 2011, 56.4 percent of total U.S. sugar production came from sugarbeets and 43.6 percent came from sugarcane. For the 2011/12 fiscal year, Louisiana accounted for approximately 39.9 percent of total U.S. cane sugar production and 17.4 percent of total U.S. sugar production.

U.S. Sugar Production, 2010/11 and 2011/12

	2010/11	2011/12
	(1,000 short tons, raw value)	(1,000 short tons, raw value)
Beet sugar production	4,659	4,525
Cane sugar production	3,172	3,505
Florida	1,433	1,790
Hawaii	182	170
Louisiana	1,411	1,400
Texas	146	145
Total U.S. sugar production	7,831	8,030

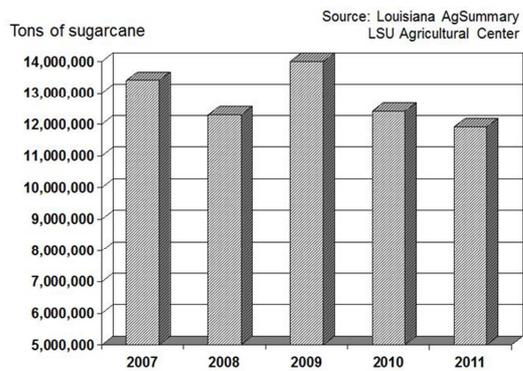
Source: World Agricultural Outlook Board, U.S. Department of Agriculture, WASDE-504, March 2012.

Louisiana Sugarcane Acreage, 2007-2011

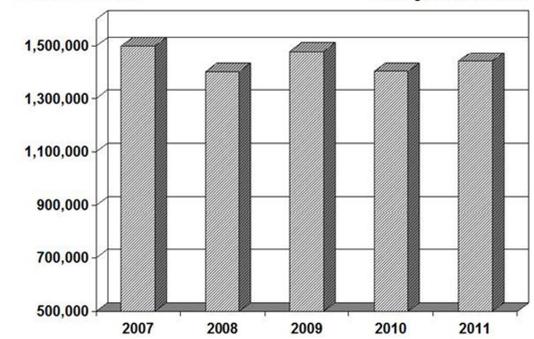


Louisiana Sugar Production, 2007-2011

Louisiana Sugarcane Production, 2007-2011



Louisiana Sugar Production, 2007-2011



2011 Louisiana Agricultural Summary Data for Sugarcane

Parish	Sugarcane Products	Total Producers	Units of Production (Yield per acre)	Total Production	Total Acres	Total Crop Value
Acadia	Raw sugar (lbs)	7	5,400	8,100,000	1,500	\$2,754,000
	Molasses (gal)		162	243,000		\$171,169
Ascension	Raw sugar (lbs)	16	6,600	119,911,440	18,168	\$40,769,890
	Molasses (gal)		198	3,597,343		\$2,533,968
Assumption	Raw sugar (lbs)	49	7,120	268,545,040	37,717	\$91,305,314
	Molasses (gal)		214	8,071,438		\$5,685,521
Avoyelles	Raw sugar (lbs)	11	6,200	50,052,600	8,073	\$17,017,884
	Molasses (gal)		186	1,501,578		\$1,057,712
Calcasieu	Raw sugar (lbs)	*	5,000	5,515,000	1,103	\$1,875,100
	Molasses (gal)		150	165,450		\$116,543
Evangeline	Raw sugar (lbs)	*	6,355	1,080,350	170	\$367,319
	Molasses (gal)		191	32,470		\$22,872
Iberia	Raw sugar (lbs)	82	7,340	394,803,920	53,788	\$134,233,333
	Molasses (gal)		220	11,833,360		\$8,335,419
Iberville	Raw sugar (lbs)	29	8,200	284,154,600	34,653	\$96,612,564
	Molasses (gal)		246	8,524,638		\$6,004,755
Jefferson Davis	Raw sugar (lbs)	*	5,500	19,459,000	3,538	\$6,616,060
	Molasses (gal)		165	583,770		\$411,208
Lafayette	Raw sugar (lbs)	23	7,050	82,259,400	11,668	\$27,968,196
	Molasses (gal)		212	2,473,616		\$1,742,415
Lafourche	Raw sugar (lbs)	30	6,298	174,227,872	27,664	\$59,237,476
	Molasses (gal)		189	5,228,496		\$3,682,953
Pointe Coupee	Raw sugar (lbs)	30	7,700	296,265,200	38,476	\$100,730,168
	Molasses (gal)		231	8,887,956		\$6,260,676
Rapides	Raw sugar (lbs)	16	7,260	70,726,920	9,742	\$24,047,153
	Molasses (gal)		218	2,123,756		\$1,495,974
St. Charles	Raw sugar (lbs)	*	6,215	7,928,475	1,276	\$2,695,682
	Molasses (gal)		186	237,280		\$167,140
St. James	Raw sugar (lbs)	29	6,150	170,956,470	27,798	\$58,125,200
	Molasses (gal)		185	5,142,593		\$3,622,443
St. John	Raw sugar (lbs)	10	6,125	42,886,637	7,002	\$14,581,457
	Molasses (gal)		184	1,288,349		\$907,513
St. Landry	Raw sugar (lbs)	6	6,800	43,472,400	6,393	\$14,780,616
	Molasses (gal)		204	1,304,172		\$918,659
St. Martin	Raw sugar (lbs)	49	6,815	181,708,345	26,663	\$61,780,837
	Molasses (gal)		204	5,439,252		\$3,831,409
St. Mary	Raw sugar (lbs)	45	6,900	274,965,000	39,850	\$93,488,100
	Molasses (gal)		207	8,248,950		\$5,810,560
Terrebonne	Raw sugar (lbs)	10	6,521	58,675,958	8,998	\$19,949,826
	Molasses (gal)		196	1,763,608		\$1,242,285
Vermilion	Raw sugar (lbs)	27	6,980	205,456,300	29,435	\$69,855,142
	Molasses (gal)		209	6,151,915		\$4,333,409
West Baton Rouge	Raw sugar (lbs)	15	8,200	114,521,200	13,966	\$38,937,208
	Molasses (gal)		246	3,435,636		\$2,420,062
Total Sugarcane Crop Value						\$1,038,503,187

Source: 2011 Louisiana Summary of Agriculture and Natural Resources, LSU Agricultural Center.

Sugarcane Summary for Crop Year 2011

Kenneth A. Gravois¹ and Benjamin L. Legendre²

¹ Sugar Research Station and ² Audubon Sugar Institute

In 2011, sugarcane was grown on 407,641 acres (a decrease of 12,496 acres or 3 percent below the 2010 crop) in 23 Louisiana parishes. An estimated 381,144 acres were available for harvest for sugar, assuming that 6.5 percent of the total acres were used for seed cane.

The 11 operating factories in the state processed 11,916,887 million tons of cane (a decrease of 283,000 tons or 2.3 percent less than 2010 levels). In total, the 11 factories produced 1.44 million short tons of sugar (96 pol), which was very similar to the levels produced in 2010.

The average yield of cane produced from each harvested acre amounted to 31.3 tons (an increase of 0.2 tons or 0.6 percent). The average sugar recovery at the 11 factories was 11.55 percent or 231 pounds of sugar (96 pol) per ton of cane; this was an increase of 5 pounds of sugar per ton of cane or an increase of 2.2 percent when compared to the 2010 crop. The yield of commercially recoverable sugar produced per harvested acre was approximately 7,222 pounds (an increase of 203 pounds or 2.9 percent).

Although the pricing period is not completed for the 2011 crop, sugar prices remained high for most of the year, with the average predicted value for raw sugar at \$0.34 per pound, an increase of \$0.06 per pound or 21 percent more than the 2010 price. Molasses prices have remained high at an average about \$120 per short ton at 79.5 Brix, an increase of 20 percent relative to 2010.

The gross farm value of the 2010 sugarcane crop was \$638.4 million for sugar and molasses (an increase of 32 percent compared to the 2010 crop). The gross farm value represents 60 percent of the value of the sugar and 50 percent of the value of molasses produced. The remaining percentages are for processing and marketing, which amounted to \$442.9 million. Therefore, the total value of the sugarcane crop to Louisiana producers, processors and landlords at the first processing level actually was \$1.081 billion, an increase of 27.7 percent when compared to the 2010 crop. Sugarcane continues to rank first in value among the state's row crops.

Cane yield for the 2011 crop was similar to the 2010 crop. Lower tonnage was likely the result of lingering damage from the wet harvest of 2009 followed by an extremely dry growing season in 2011. Tropical Storm Lee came ashore on Labor Day weekend and provided timely rain, although the crop was lodged as a result. As an offset to lower tonnage, recoverable sugar per ton of cane was excellent. Conditions after the storm were dry, which allowed for planting to be completed and ripener applications to continue. High sugar per ton of cane partially offset the lower cane yield. The yield of sugar per acre was fourth best in the history of the Louisiana industry and well within a five-year average for the state.

Sugarcane acreage in Louisiana for 2011 was lower than the acreage reported in 2010. Production acreage continues to be lost to urban encroachment, but the main factor contributing to lower overall acreage was a higher number of acres being planted within the crop cycle. With higher sugar prices, more acres were planted in the northern part of the sugarcane area (i.e. Avoyelles, Rapides, and Pointe Coupee parishes).

The 2011 sugarcane variety census showed Louisiana producers continued to rely primarily on HoCP 96-540, which was grown on 43 percent of the production acres. This was followed by L 99-226 (19.4 percent), L 99-233 (11.3 percent), L 01-283 (8.2 percent), L 97-128 (6.1 percent), HoCP 00-950 (5.9 percent), and L 01-299 (2.6 percent). Acreage devoted to LCP 85-384, Ho 95-988, and L 97-128 continued to decrease. L 03-371 and HoCP 04-838 were released in 2010 and 2011, respectively, and are currently being increased on most farms.

Weather records indicated that average temperatures across the sugarcane belt were above average for 2011. This is not unusual during a dry year. The lack of timely rain in many areas of the industry was the main story of the 2011 crop year. Most of the sugarcane growing region was in drought as early as February. Many areas did not receive sufficient rainfall until July, and the drought did not end until the arrival of Tropical Storm Lee, which dumped up to 10 inches of rainfall. Planting was approximately 80 percent complete prior to Lee's landfall and the majority of newly planted cane is in excellent condition. Weather after Tropical Storm Lee was nearly ideal for natural ripening – clear, sunny days and cool night temperatures. Ripener applications were delayed with the storm but were helpful in boosting sugar content.

Because of new fertilizer recommendations that reduce nitrogen rates by 20 to 30 percent and the high cost of fertilizer, in general, many producers continued to use less nitrogen in 2011 than was used in past years. Undoubtedly, the lower rates of nitrogen helped to improve the natural maturity of the crop. Producers also applied little to no phosphorus, but more potassium was applied due to slightly lower potash prices and higher sugar prices.

Sugar yield at the beginning of the harvest was low as growers harvested their older stubble crops and heavy clay land first. In a dry year, older stubble crops are more adversely affected than plant-cane and first stubble crops. In addition, sugarcane grown on heavy clay soils is more adversely affected than sugarcane grown on sandier soils. Sugar recoveries were excellent and very little field soil (mud) and trash were brought to the factories. The crop was lodged as a result of Tropical Storm Lee. The dry weather contributed to lowering both harvesting and processing costs.

The 11 factories processed less tonnage than the 2010 crop, and all factories closed earlier than previous years. The first factory closed on December 15, 2011, and the last factory closed on December 30, 2011. In 2011, the Louisiana sugar industry did not experience any severe killing freezes.