

**PRESIDENT'S MESSAGE
LOUISIANA DIVISION
2005 ANNUAL MEETING**

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Let me start by welcoming everyone to the 35th annual Joint Meeting of the ASSCT. Panama City is a nice place to house our convention and I am sure that everyone will enjoy the hospitality of the area. I would like to extend a special thanks to Mr. Kenneth Gravois, our program chairman, for putting together what promises to be a great program with specific topics covering pertinent issues facing the agricultural and manufacturing sides of the sugar industry today. Our guest speaker is one we've chosen to provide a first hand view on what is the outlook for the sugar industry in the upcoming years as we face the ramifications brought about by NAFTA, CAFTA, marketing allocations, reduced consumption and pricing. This year mills and selected growers alike were asked to complete questionnaires from the United States International Trade Commission that allowed first hand feedback on the impact of government agreements with other countries to their specific operations. I hope this feedback will favorably impact the US sugar industry as these agreements continue to unfold and be modified.

Before we talk about the future of our industry, let's review what happened in 2004. At the end of the 2004 crop, Louisiana saw the closing of 2 additional sugar mill processors and at least 12 growers who went out of business. Fortunately, the industry has the capacity to absorb all the production.

As he has in the past, Dr, Ben Legendre has compiled the final statistics on the crop which I've used to highlight the 2004 production. Expectations for the 2004 crop were high, however; history recorded this crop as one of the lightest tonnage crops that

the Louisiana industry has experienced since the release of the variety LCP 85-384 back in 1993. Since 90% of the acreage planted was in this variety, members of the industry had hoped that yields would rebound following the financially disappointing crop years of 2002 and 2003. Acres of cultivated cane harvested totaled 424,799 tons, with tons of cane per acre averaging 27.07 down 9.7% from 2003. With an average recovery of 208.12 pounds of sugar per ton of cane, Louisiana's growers realized an average yield of 5,634 pounds of sugar per harvested acre, as compared to the 2003 crop of 6,360 pounds of sugar per harvested acre, resulting in an 11.41% decrease in yield production. Unfortunately, the continued saga of less than mediocre yields has dealt a crippling blow to some operations and is likely to continue to redefine portions of the industry.

Highlights from an article describing the 2004 crop cited several factors that contributed to the low yields experienced. More than 50% of the crop was in second and older stubble, with the majority of this acreage in LCP 85-384. Above average rains during April, May, and June altered plans for timely fertilization and lay-by cultivation. In many areas the spring wind and rain also delayed herbicide applications in the crop and in fallow fields. These wet conditions during this critical growth time slowed fertilizer uptake and development of the crop. Rust was another contributing factor that reduced growth of cane and scientist are still trying to decide how big of a factor it played. Below average rainfall in August and September reduced crop development and delayed the beginning of harvest season. Simultaneously, growers were faced with the effects of Tropical Storm Matthew that turned an almost entirely erect crop into a low tonnage, lodged crop.

While much of what's happening in the industry seems dismal, there are some positive things to look forward to in the future. New varieties of cane released for commercial production in 2004 are LCP 97-128, HDCT 96-540, and HO 95-988. These varieties have yielded better than or equal to cane variety LCP 85-384 in the field trials, they are easier to clean and are early maturing needing less ripener. Secondly, harvesting equipment continues to improve and sugar prices remained steady, consistent with the 2003 pricing and as of the middle of May were approaching \$0.22. Finally, the Laccin Syrup Project has had ground breaking on the ethanol facility.

I would like to leave you with my vision for the future. The political climate will continue to play an important role in the future of the sugar industry in Louisiana. Marketing allocations from the mill down to the grower will become an increasing issue that will have an impact on the amount of land remaining in sugar cane production. As production costs continue to rise, mills will need to operate as efficiently as possible grinding at daily capacity with minimal down time and maximum extraction. Louisiana mills will need to look to our Florida counterparts and embrace the concept of vertical integration if we want to continue to be a viable player in this industry.

In spite of the obstacles that continue to face our industry, overcoming adversity is not a new concept to this industry. The industry has persevered for over 200 years and those involved in the process are accustomed to hard work and sacrifice and will continue to trudge along to insure that the sugar industry remains a viable industry in the state of

Nolan: President's Message, ASSCT Louisiana Division, 2005 Annual Meeting

Louisiana. I encourage everyone to take advantage of the program here this year and take whatever knowledge that you glean back with you and put it to good use either in the factory or field.

Enjoy your stay in Florida along with the program and festivities that we have planned for you.