



Washington Update

By Jack Pettus

Lincoln Named Senate Chair Foreign Policy Matters USDA Delays Regulations

USDA WASDE September Report on US Sugar Supply and Use

Senator Blanche Lincoln (D-AR) was elevated to the Chair of the Senate Agriculture Committee in the aftermath of the passing of Senator Ted Kennedy (D-MA). Senator Tom Harkin (D-IA) opted to shift to the Health, Education, Labor and Pensions Committee, creating the opening on the Agriculture Committee. Lincoln quickly named Robert Holifield as the chief of staff for the majority on the Agriculture Committee. Lincoln and Holifield bring a new perspective to the committee's majority leadership, which was predominately mid-western in outlook, and her close working relationship with Senator Saxby Chamblis (R-GA) should be invaluable to the committee's effective oversight of farm bill implementation. The sugar industry joined a host of agricultural interests in welcoming the new leadership team.

Senator Lincoln, a savvy former Hill staffer who also served on the House Agriculture Committee during her two terms in the House, was a vital partner in development of the 2008 farm bill and was particularly effective as a champion for

southern interests in the Senate debate on appropriate payment limitations and other issues. In a decade in the Senate, Senator Lincoln has risen to leadership positions on other vital committees, including the Finance and Energy and Natural Resources committees, and is currently the Chair of Rural Outreach within the Senate Democratic Caucus. In her early remarks as committee leader, Senator Lincoln has expressed positions on trade, climate-change and other fronts that will resonate well with those involved in production agriculture.

Foreign Policy Matters

When the US State Department announced in early September that it was shutting down all visa activities in Honduras in protest of the military coup of June 2009, approved visas for nearly 40 mill workers were in limbo. These returning workers bring unique and valuable skill sets to south Louisiana for the 3-month sugarcane grinding season each year and all required a final appointment at the US embassy before coming north for the Louisiana harvest.

Greater risk and higher per-unit costs are a vicious one-two punch to farmers, mills and their extended economic communities. Delayed or denied entry of these workers would leave a majority of our mills short-handed with little or no chance of finding competent replacements. The ripple effects could force the growers to slow and/or delay the harvest, exposing the crop to more of winter's peril.

Few will know of the intense efforts put forward over the past few weeks as this issue emerged, but all should be proud of your industry leadership and your congressional champions, who quickly assessed the emerging international situation and quietly but effectively communicated our concerns to the new foreign policy team. Only bureaucratic inertia stands in the way of a solution at the time of this writing. While it is never wise to bet against inertia, it appears that our champions have been heard.

USDA Delays Regulations

In early September, as prelude to beginning the new sugar marketing year on October 1st, USDA officially acknowledged that regulations to implement the flexible feedstock program in Title IX of the 2008 farm bill were not likely to be offered for public comment in the near-term. The League continues to urge administration officials and congressional champions of the merits of releasing proposed regulations for public comment before the need for such regulation becomes an emergency. In our conversations with officials, we stress the importance of having a structure in place as soon as possible, even if that structure remains unused for the current marketing year. In short, our argument is that, when the need arises, it is best to have a tool in your toolbox instead of a vague outline of a tool in your head.

The Administration has shown an initial willingness to implement the 2008 farm bill as Congress intended and it is fair to acknowledge that regulations for implementing the permanent disaster program contained in the '08 bill are dominating the pipeline of implementing rules. Those regulations need to clear the system before other items can move forward. When those regulations move out of the pipeline, there is no reason to believe that a broadly written proposed rule for the flexible feedstock program, subject to the regular commenting process before implementation, would be controversial. We will continue to monitor the process and, where appropriate, push for activity on this important programmatic issue.

USDA WASDE September Report on US Sugar Supply and Use

USDA released its September World Agricultural Supply and Demand Estimates (WASDE) report for sugar supply and use. USDA's 2008/09 beginning stocks and production were unchanged at 1,660,000 tons (raw value) and 7,571,000 tons, respectively. Louisiana production was unchanged at 1,400,000 tons. Imports were reduced 75,000 tons to 3,166,000 tons after rising 150,000 to 3,191,000 tons last month. Imports from Mexico were reduced 75,000 tons to 1,375,000 tons, resulting in a drop in total supply to 12,347,000 tons from 12,422,000 tons last month.

Exports were unchanged at 130,000 tons, deliveries were reduced to 10,910,00 tons from 11,040,000 tons, resulting in total use falling to 11,040,000 tons from 11,170,000 tons. Ending stocks are increased to 1,307,000 tons from 1,252,000 tons, raising the stocks to use ratio to 11.8 percent from 11.2 percent last month.

Domestic production for 2009/10 was scaled back to 8,025,000 tons after rising to 8,275,000 tons last month. Beet production was reduced to 4,700,000 tons from 4,850,000 tons last month. Florida production fell 100,000 tons to 1,700,000 tons while Louisiana production remained at 1,300,000 tons. Imports are increased to 2,087,000 tons, reflecting a 330,000 ton increase in shipments from Mexico and resulting in an increase of total supplies to 11,419,000 tons from 11,284,000 tons last month. Exports and deliveries were unchanged at 200,000 tons and 10,375,000 tons, respectively, leaving total use was unchanged at 10,575,000 tons. Ending stocks for September 2010 are now projected at 844,000 tons, more than doubling July's projections. The stocks-to-use ratio was

increased to 8.0 percent from 6.7 percent last month (and 3.4 percent in July).

USDA increased 2008/09 Mexican beginning stocks by 360,000 tons while leaving domestic production at 5,260,000 tons. Imports were reduced by nearly 200,000 tons to 215,000 tons, domestic use remained at 5,540,000 tons and exports were reduced to 1,245,000 tons from 1,315,000 tons last month. This resulted in an increase in ending stocks to 665,000 tons from 420,000 tons. Mexico's 2009/10 production remained at 5,500,000 tons, while imports were dropped to 710,000 tons from 870,000 tons last month. Use remained at 5,540,000 tons and exports were increased to 450,000 tons from 150,000 tons last month, which lowered ending stocks to 885,000 tons from 1,100,000 tons.



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