Sugar farmers insist their profits not so sweet

WINDSOR, Colo. (AP) — If you think the current price of sugar is a ripoff, don't take your gripe to a sugar farmer unless you're ready to listen to his money problems, too.

The domestic farmers who grow sugar beets and sugar cane are the original source for nearly half the sugar consumed in the United States.

As greater worldwide demand and weather disasters around the globe push sugar prices far beyond levels of a year ago, the payments and potential payments to farmers are jumping up, too.

But sugar beet growers like Manuel Pineda and Jack Boegel of this northern Colorado farm area will tell you that burgeoning prices for fuel, equipment and fertilizer are eating away at their seeming bonanza.

And for diversified farmers like these men, some of the sugar money is just an offset for their recent losses in the cattle business.

Fuel costs have doubled in the past year, pushing up the cost of operating tractors, harvesters and other implements in the $75,000 fleet of specialized equipment that Boegel uses on his 196 acres of sugar beets.

“Damned fertilizer,” Pineda grumbled at another expense. “When we were a quarter of the way through this year, we were already up to all of last year's fertilizer bill.”

Many in the sugar growing business say costs are changing so rapidly that growers' traditional accounting-analysis figures can't keep up. But they estimate it's taking a market sugar price of about 30 cents a pound just to break even.

With sugar now past 50 cents a pound, that means good profits for farmers and processors.

But it also means that year-ago sugar prices of 16 or 17 cents a pound aren't likely to return.

Despite profits running as high as 20 times those of a year earlier, sugar processing firms say their previous earnings were so low that a big jump is not unconsolable.

They'll have a chance to make their case to the government this week at hearings on sugar prices called in Washington by the Council on Wage and Price Stability.

They're also expected to have their say at congressional hearings next week when the House Agriculture Committee inquires into soaring sugar prices.

In the wake of this year's weather-devastated cane and beet crop, there seems no prospect for improved supplies until the next crop comes in next year.

Bigger supplies in relation to demand could ease prices.

But sugar men, from farmers to financial experts, don't predict any big rush to increase U.S. production until they see whether prices will hold at or near the current levels.

With those fuel, fertilizer and equipment costs going up for farmers like Pineda and Boegel, and with four years lead time needed to build a big sugar mill, forecasts remain wary despite current good times.