

MECAS(11)18 - Input Costs in Sugarcane and Sugarbeet Farming**ABSTRACT**

This paper is the first ISO document to quantify the evolution of sugar beet/cane input costs. As such, the paper assesses the world dynamics of prices of variable farming inputs like seed cane/ beet seeds, fertilizers, pesticides (comprising insecticides, fungicides and herbicides), cane machinery and harvesting costs, transportation fuel, land rented or purchased as well as indicative interest rates on cane/beet farming loans for a representative sample covering over 70% of world cane and beet production between 2005 and 2010. When taken together, these inputs account for over half of total sugarcane/sugar beet production costs. The paper shows that the costs of most inputs in beet and cane farming worldwide have risen sharply over the past few years. In addition to providing an evaluation of farm input costs, the paper also describes some attempts by the farming sector to minimize reliance on inputs such as certain pesticides, as well as changes in input costs following a more widespread usage of GM beet.

The paper finds that input price rises have been particularly high for seed cane, cane/beet fertilizers as well as cane and beet farm land. The derived ISO world seed cane price index soared by 95% between 2005 and 2010. For beet producers, the picture is mixed, with seed prices rising steeply in the US as a result of GM beet dissemination but climbing more modestly in the EU. Of interest, the cost of purchasing new cane farming land has trebled in Colombia and doubled in Brazil, Argentina and South Africa. In the EU, the indicative price of purchasing new beet farm land has also risen significantly between 2005 and 2010, from an average of USD 13,000/ha to over USD 21,000/ha. Other large rises in input costs have been noted for transportation fuel. Meanwhile, both cane and beet fertilizer prices have skyrocketed. The derived ISO world cane fertilizer price index jumped by 65% between 2005 and 2010. In Brazil, the world's largest sugarcane producer, the indicative cost of fertilizer for new plant cane has risen by 84% between 2005 and 2010. The rise has been even higher in percentage terms in smaller ACP cane producers like Swaziland and Jamaica. In the EU, the beet fertilizer cost rose by 62% over the past five years. Given the weight of fertilizers in total variable farming input costs, a brief overview of the world fertilizer market to 2015 is also provided as a supplementary annex to the paper.

* Please note this report is also available in French, Russian and Spanish.

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