

1998-99 Sugarbeet Costs and Returns from the Agricultural Resource Management Study

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Sugar beet cost and return estimates are based on data collected in a special sugar beet survey as part of the 1992 Farm Costs and Returns Survey. Therefore, the 1998 and 1999 estimates reflect the technology that was used in 1992. Annual changes in input-output prices and yields reported by USDA in Agricultural Prices and Crop Production were used to update costs and returns to 1998 and 1999 levels. The 1998 and 1999 sugar beet accounts were developed using the old USDA accounting system and will be converted to the new methodology once the next survey is conducted. The next sugar beet survey is being conducted for the 2000 crop year and will become the base for cost and return estimates starting in 2000.

Sugar beet production in 1999 was estimated at a record high of 33.3 million tons, up 2.5 percent from the previous record established in 1998. Growers in 12 beet producing states planted 1.56 million acres, 4 percent higher than 1998, and harvested 1.53 million acres, 5 percent more than 1998 and the highest since 1969. Adequate moisture supplies promoted healthy development of beets in most of the Great Plains. The California beet crop was a record high, as planted acreage was up 11 percent and cooler-than-normal summer weather boosted yield prospects. Favorable harvest weather prevailed across the northern Great Plains.

Prices paid for farm production inputs in 1999 fell slightly from 1998. Prices for seed, fertilizer, chemicals, and land rent decreased among crop inputs. The largest decline was in fertilizer prices, 6 percent below 1998. Prices of fuel, machinery, and wage rates increased. Fuel prices were up 11 percent, while wages were 5 percent higher. This resulted in variable cash costs rising slightly in 1999. Average variable expenses among U.S. beet growers were \$448 per planted acre, ranging from \$321 per acre in the Great Lakes to \$852 in the Southwest. Irrigation expenses in the Southwest and the Northwest increased costs relative to the other regions.

U.S. sugar beet yields averaged 21.5 tons per planted acre, similar to that of 1998. However, the influence of growing and harvest conditions on yields varied greatly among regions. Sugarbeet yields in 1999 were lower in all regions except the Southwest and Great Lake regions. On a per-ton basis, the variable cash costs of producing sugar beets averaged \$20.88, varying from \$16.56 to \$27.17 per ton among the regions.

Returns above total cash costs and economic costs cannot be discussed at this time, as they depend on 1999 beet prices that are not yet available. In 1999, the beet prices used for estimating the value of production and the share rent component of the land costs have been held at their published 1998 levels. The 1999 production cost and return estimates will be revised next year, and the likely upward revision in beet prices will raise the value of production, fixed cash and land costs, and potentially, returns. However, the adjustment will vary among regions. The production costs and returns for 1998 published in this report are revised. The revised 1998 total economic costs of producing beets averaged \$843.46 per acre, down slightly from the previous estimate.

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Sugarbeet production costs and returns, 1998-1999 1/

Item	United States		Great Lakes		Red River Valley		Great Plains		Northwest
	1998	1999	1998	1999	1998	1999	1998	1999	
	Dollars per planted acre								
Gross value of production:									
Beets	802.05	791.72	567.90	662.25	733.42	700.33	733.03	740.34	1,115
Beet tops	0.54	0.53	0.00	0.00	0.00	0.00	2.65	2.64	0
Total, gross value of production	802.59	792.25	567.90	662.25	733.42	700.33	735.68	742.98	1,115
Cash expenses:									
Seed	45.01	44.19	26.04	25.57	46.39	45.55	49.88	49.34	47
Fertilizer	62.82	59.93	65.31	63.89	35.68	33.83	80.66	73.32	109
Chemicals	73.82	72.66	60.53	58.91	71.43	70.62	75.77	73.65	83
Custom operations	37.44	38.19	28.23	30.31	25.78	24.79	20.74	21.67	38
Fuel and lubrication	37.16	39.86	21.13	24.49	18.43	19.18	45.40	49.52	90
Repairs	43.19	44.93	30.45	35.23	33.53	34.38	57.87	61.34	66
Hired labor	116.02	118.26	70.46	73.45	86.06	84.88	119.13	122.83	204
Purchased irrigation water	9.27	9.16	0.00	0.00	0.05	0.04	14.34	13.53	30
Freight and dirt hauling charges	14.52	16.85	6.25	7.49	11.25	10.85	17.19	17.11	12
Miscellaneous	12.54	12.80	4.12	4.31	15.71	15.77	6.24	6.16	5
Hauling allowance (-)	7.82	8.82	2.30	2.75	10.75	10.36	1.38	1.52	1
Total, variable cash expenses	443.97	448.01	310.22	320.90	333.56	329.53	485.84	486.95	687
General farm overhead	36.77	37.45	39.14	39.76	28.98	29.48	43.90	43.38	45
Taxes and insurance	44.56	45.28	65.08	65.44	40.39	40.76	42.36	43.31	39
Interest	53.02	53.98	57.66	58.73	48.63	49.59	62.80	62.57	54
Total, fixed cash expenses	134.35	136.71	161.88	163.93	118.00	119.83	149.06	149.26	138
Total, cash expenses	578.32	584.72	472.10	484.83	451.56	449.36	634.90	636.21	826
Gross value of production less cash expenses	224.27	207.53	95.80	177.42	281.86	250.97	100.78	106.77	288
Economic (full ownership) costs:									
Variable cash expenses	443.97	448.01	310.22	320.90	333.56	329.53	485.84	486.95	687
General farm overhead	36.77	37.45	39.14	39.76	28.98	29.48	43.90	43.38	45
Taxes and insurance	44.56	45.28	65.08	65.44	40.39	40.76	42.36	43.31	39
Capital replacement	57.53	59.62	39.78	46.03	44.04	45.16	76.64	80.92	95
Operating capital	10.77	10.66	7.52	7.64	8.09	7.84	11.78	11.59	16
Nonland capital	28.79	28.64	26.36	28.99	21.32	20.78	40.87	40.99	41
Land	142.49	143.93	112.19	116.86	137.63	133.99	120.07	121.76	183
Coop share	25.07	23.69	0.00	0.00	51.37	50.42	0.00	0.00	0
Unpaid labor	53.51	55.17	70.14	73.11	41.27	40.70	88.42	92.01	50
Total, economic costs	843.46	852.45	670.43	698.73	706.65	698.66	909.88	920.91	1,159
Residual returns to management and risk	-40.87	-60.20	-102.53	-36.48	26.77	1.67	-174.20	-177.93	-44
Season-average price (dollars/ton)	36.91	36.91	36.71	36.71	35.21	35.21	36.56	36.56	39
Yield (net tons/planted acre) 2/	21.73	21.45	15.47	18.04	20.83	19.89	20.05	20.25	27

1/ 1998 estimates are revised. 1999 estimates are preliminary. Sugar beet prices are held at the 1998 level because Statelevel prices for the 1999 season were not available until 2001. 2/ Yields are those reported in USDA's 1992 Farm Costs and Returns Survey of sugarbeet growers adjusted for year-over-year changes as reported by the USDA's 1999 Production, 1999 Summary, January 2000. Note: Sugar beet regions defined as: Great Lakes (Michigan, Ohio), Red River Valley (Minnesota, eastern North Dakota, Montana, Wyoming, Nebraska, Colorado, Texas), Northwest (Idaho, Oregon except Klamath County), and Southwest (California, Klamath C