

Would a Spoonful of Sugar Help: Is the Competition Structure in the U.S. Sugar Cane Growing and Milling Industries Changing?

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The United States Sugar Corporation (U.S. Sugar) of Clewiston, Florida is among the largest growers and millers of sugar cane in the United States. In March 2021, U.S. Sugar announced that it had agreed to acquire the assets of Imperial Sugar—including a cane sugar refinery located near Savannah, Georgia—from Louis Dreyfus Co. This acquisition increased vertical integration and further consolidated the U.S. refined cane sugar supply.¹ This EBOT—the first in a series—outlines the structure of U.S. sugar cane growers and sugar cane mills that produce raw cane sugar upstream from cane sugar refineries. Additional EBOTs will cover the structure of other sugar industry sectors, including cane sugar refining and sugar beet growing and processing.

Table 1. Sugar Cane Milling Capacity

State and Owner/Operator	Production Capacity: Daily Crush Metric tons/day	Percent of Daily Crush Capacity (DCC)
Florida	101,500	43.3
Florida Crystals–Pahokee	15,500	9.4
Florida Crystals–South Bay	24,000	6.6
U.S. Sugar Corp–Clewiston	40,000	17.1
Sugar Cane Growers Co-op of Florida	22,000	10.2
Louisiana	123,055	52.5
Alma Plantation, Ltd.–Alma	12,500	5.3
Lula-Westfield, LLC–Belle Rose	7,000	3.0
Lula-Westfield, LLC–Paincourtville	8,000	3.6
M.A Patout & Son, Ltd.–Sterling	12,000	5.1
M.A Patout & Son, Ltd.–Patout	22,000	9.4
M.A Patout & Son, Ltd.–Raceland	10,555	4.5
St. Mary Sugar Cooperative–St. Mary	9,000	3.8
Cajun Sugar Cooperative–New Iberia	9,000	3.8
Lafourche Sugar Corp.–Thibodaux	8,500	3.6
LaSuCa–St. Martinville	8,500	3.6
Cora Texas–White Castle	16,000	6.8
Texas	10,000	4.3
Rio Grande Valley Sugar Growers–Santa Rosa	10,000	4.3
Total Domestic Sugar Cane Milling Capacity	234,555	100.0

Source: S&P Global

The U.S. raw cane sugar sector is highly regulated in terms of sources of supply for human consumption, is moderately to highly concentrated, and is highly vertically integrated. Cane sugar production involves three steps, growing, milling and refining; milling and refining typically take place in different facilities.² Sugar cane growing and sugar cane milling tend to be co-located, and nearly all growing operations are associated with a sugar cane mill through either corporate or cooperative ownership.³ Climatic requirements for sugar cane growing, and the end of commercial production in Hawaii, concentrated U.S. production of

raw cane sugar in Florida and Louisiana.⁴

¹ The U.S. Department of Justice challenged the acquisition; as of July 13, 2023, the courts have let the acquisition proceed. Office of Public Affairs, "[Justice Department Sues to Block U.S. Sugar's Proposed Acquisition of Imperial Sugar](#)," November 23, 2021. Bartz and Stempel, "[Appeals Court Will Not Undo US Sugar-Imperial Sugar Merger](#)," July 13, 2023.

² In contrast, beet sugar production involves two steps, growing and processing.

³ Sugar cane is perishable and sucrose content begins to deteriorate once the sugar cane is cut. Transaction costs associated with high perishability raw farm products, such as milk and sugar cane, historically motivated cooperative development, mergers, and vertical integration. Solomon, "[Post-Harvest Deterioration of Sugarcane](#)," June 2009, 109–23; Jacobson and Cropp, "[Dairy Cooperatives and Their Role in the United States](#)," August 1995.

⁴ For economic reasons, commercial growing and milling of sugar cane in Hawaii ended after the 2015/16 sugar marketing year. Solomon, Molly, "[The Final Days of Hawaiian Sugar](#)," NPR, December 17, 2016.

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USDA expects Florida sugar cane growers to harvest 386,000 acres for sugar production in MY2022/23.⁵ These growers' cane is processed into raw sugar at four mills (Table 1), representing 43.3 percent of U.S. cane milling capacity. U.S. Sugar controls 230,000 acres of Florida farmland, mostly for sugar cane production, and operates one mill. Florida Crystals—owned by the Fajul Corporation—farms 190,000 acres (mostly sugar cane and rice) and operates two sugar mills. The Florida Cane Growers Cooperative has 39 members that grow sugar cane on approximately 70,000 acres and operate one mill. Louisiana sugar cane growers are less concentrated and are projected to harvest sugar cane from 475,000 acres in MY2022/23; their cane is processed at 11 mills operated by eight entities that represent 52.5 percent of national daily crush capacity.⁶

Table 2. Marketing Year 2022/23 Raw Cane Sugar Allocations

State and Processor	Initial FY 2023 Allocation (short tons, raw value)	Percent of Total Raw Cane Sugar Marketing Allotment (percentage)
Florida	2,152,475	49.0
Florida Crystals	772,420	17.6
Growers Co-op of FL	406,257	9.3
U.S. Sugar Corp	973,798	22.2
Louisiana	2,134,997	48.6
Louisiana Sugar Cane Products, Inc.	1,463,932	33.4
M.A. Patout & Sons	671,065	15.3
Texas	101,643	2.3
Rio Grande Valley, Sugar Growers, Inc.	101,643	2.3
Total domestic raw cane sugar	4,389,115	100.0

Source: 88 FR 21604 ([Domestic Sugar Program-2023 Cane Sugar Marketing Allotments and Cane and Beet Processor Allocations](#)).

USDA regulates the supply of sugar for human consumption by setting flexible marketing allotments for domestic producers (Table 2) and limiting sugar imports with tariff rate quotas. At least 85 percent of estimated U.S. domestic human consumption must be allotted to domestic producers.⁷ The total MY2022/23 domestic allotment of 9,960,000 short tons, raw value (STRV) is, by law, divided between beet sugar production

(54.35 percent) and cane sugar production (46.65 percent). The domestic cane sugar allotment is further allocated to sugar cane millers in Florida, Louisiana, and Texas (Table 2).⁸

U.S. Sugar's acquisition of Louis Dreyfus' sugar operations, including the Imperial Sugar refinery near Savannah, increased vertical integration in the U.S. cane sugar industry but it did not alter the concentration of raw cane sugar for human consumption—which is regulated by USDA—in the sugar cane growing or the sugar cane milling sectors. This was because Imperial Sugar was not an integrated cane sugar refining operation—Louis Dreyfus did not own growing or milling assets to supply raw sugar to the Savannah refinery. The Savannah refinery primarily refined imported raw cane sugar.

The next EBOT in this series will review the structure of sugar beet growing and processing in the United States.

⁵ The sugar marketing year is concurrent with the federal fiscal year and begins on October 1 of one year and runs through September 30 of the following year. Abadam, [Sugar and Sweeteners Outlook: April 2023](#), April 17, 2023.

⁶ Louisiana possesses more daily crushing capacity but produces less sugar than Florida based on a shorter harvest season and lower yields.

⁷ The U.S. Department of Agriculture's (USDA) [World Agricultural Outlook Board](#) (WAOB) most recently estimated domestic human sugar consumption of 12.6 million short tons, raw value (STRV) for the MY2022/23.

⁸ The [Jones-Costigan Amendment](#) (a.k.a., the Sugar Act of 1934) allocated sugar to the U.S. insular areas of Hawaii, Puerto Rico, and the Philippines. [Puerto Rico](#)'s last allotment was 6,171 STRV in MY2001/02 and [Hawaii](#)'s last allotment was 245,499 STRV in MY2015/16.

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