

Testimony of Antonio L. Contreras  
Senior Vice President  
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Before the  
Farm Service Agency  
United States Department of Agriculture

Regarding the New Entrant Application  
From the Arizona Sugar Factory, LLC  
For 2003 and Subsequent Crops

January 29, 2003

I am Tony Contreras, Senior Vice President of Sugar Cane Growers Cooperative of Florida. The Cooperative's membership consists of fifty-four small and medium sized sugar cane stockholder-member-growers. We are located in Belle Glade, Florida and have been in business over 40 years.

We appreciate and want to thank the Department for the opportunity to explain our concerns regarding the pending application of the Arizona Sugar Factory, L.L.C. (Arizona Sugar) for new entrant allotments.

It is our understanding there is no sugarcane processing facility owned or operated by Arizona Sugar and further there has been no demonstration that the applicant has a supply of sugarcane to process in the yet to be acquired facility.

We believe that before an applicant can be considered a producer, eligible for the granting of an allotment, the applicant must show that they have the land, water, labor, management skill and capacity to grow a crop of sugarcane. Further the applicant must have the processing capacity, capital investment, labor, and skill to operate a processing facility, and the marketing expertise and capacity to profitably market the sugar on a competitive basis.

We believe the Arizona Sugar application fails every test contemplated by Congress and the Department in the authorizing statute and the implementing regulations.

We understand there has been some discussion of granting the Arizona Sugar a "provisional" allotment for crop year 2003. We oppose the granting of a "provisional allocation" to the applicant – or to any applicant – based on the expectation that the statutory tests for a new entrant may be met at some later date. We do not believe that this is consistent with the statute nor the intent of Congress. We are strongly opposed to such a course of action.

The USDA implementing regulations (7 CFR 1435.2) define a "sugarcane processor" to mean

“...a person who commercially produces sugar, directly or indirectly, from sugarcane, has a viable processing facility, and a supply of sugarcane for the applicable allotment year.”

All of the terms in this definition assume that the processor currently “*produces sugar*”, “*has a viable processing facility*”, and “*has a supply of sugarcane*”. Neither the statute nor the regulations contemplate that an allotment may be granted to an applicant that merely *plans* to produce sugar, *seeks to construct* a viable processing facility, or *may have* a supply of sugarcane.

We believe that the application submitted by Arizona Sugar is premature and should be denied at this time.

Thank you for convening this hearing and for the opportunity to testify.