

Title: Enterprise Cost Analysis for Rabbiteye Blueberries and Southern High bush Blueberries in Soil in Georgia

Progress Report

Grant Code ie SRSFC Project # 2009-E-04

Extension Proposal

Name(s), mailing and email address(s) of principal investigators

Esendugue Greg Fonsah (PI)
Associate Professor & Ext. Economist
Department of Ag & Applied Economics
University of Georgia
P.O. Box 1209 – RDC
Tifton, Georgia 31793
gfonsah@uga.edu

Objectives

The overall objective of this study is to summarize the resources and estimate the costs associated with producing blueberries in Georgia in particular and the southeastern U.S. region at large. The specific objectives are:

- (1) to develop a new and/or updated the old Rabbiteye blueberry budget; and,
- (2) To develop a new and/or update the old Southern High bush blueberry budget.

Justification

Budgets are an integral part of planning and risk analysis for any agricultural production systems. Business managers, small, part-time and beginning producers, lending and financial institutions, state and federal service providers, government entities, agricultural support industries, educators, extension specialists, county agents and legal advisors are all interested in the cost estimates and resource needs outlined in budgets. Unfortunately, the existing Rabbiteye and southern High bush blueberry enterprise cost analysis in Georgia (budgets) that were funded by Southern Region Small Fruit Consortium Grants in 2004 are all outdated. Since this research was carried out, there have been significant changes in terms of input prices, agricultural practices and production technologies. Consequently, there is a significant high demand from stakeholders for new Rabbiteye and Southern High bush budgets as they provide marketing and price guidance to this rapid growing industry at large and provide information needed for the day to day

decision making process aimed at determining profitability of the growers and whether the industry is still viable and worth their investment especially given the current increased cost of inputs triggered by high energy cost.

Methodologies

Due to the record high cost of energy prices, agricultural input prices have drastically soared from last year until now. The increase in input prices has a direct impact in the production of blueberries and direct negative correlation with profitability margin. Total costs of cultivating Rabbiteye blueberries and Southern High bush blueberry in soil include fixed costs (machinery, irrigation, recaptured establishment costs, land, overhead and management) and variable costs (i.e. fuel, fertilizer, insecticides, fungicides, labor, harvesting and marketing costs etc) respectively. To satisfy this need, several blueberry orchards will be visited to study new technologies and agricultural practices in blueberry production and collect the necessary primary data for generating or updating the budget. Various blueberry specialists, Extension Agricultural Economists, Horticulturists, Biological and Ag-Engineers, and County Agents and farmers will be visited to gather agronomic, irrigation and equipment data required to develop and/or update the old publication.

Furthermore, vendors of agricultural inputs (fertilizers, chemicals and equipment) will be contacted to obtain latest prices needed to generate variable and fixed costs of Rabbiteye blueberry and Southern High bush blueberry in soil respectively. USDA, NASS and other publications will be consulted to obtain historical information on productivity, marketing, inputs, prices and overall outlook of blueberries industry. The data collected, both primary and secondary will be utilized to update both the Rabbiteye and Southern High bush blueberry budgets respectively. The newly developed budgets would also serve as a practical guide to Southeastern regions such as South Carolina, Tennessee and other neighboring states involved in blueberries production that do not have or have not had the opportunity to update their budgets. They could also facilitate the initial development of neighboring states blueberries budgets and serve as guidelines to farmers, county agents and financial institutions of those states without blueberries budgets respectively. They could further be used for comparison purposes by Southeastern blueberry growers to contrast their costs with production costs in Michigan and other states.

Results

Both the Rabbiteye and Southern Highbush blueberry budgets are still in progress. We plan to meet with county agents in Alma, Georgia January 2010 and other blueberry economists for comparison at the Food Distribution Research Society (FDRS) meeting also in January, 2010.

Conclusions

The final product will provide solutions to the growers of the Rabbiteye and Southern Highbush blueberries production in Georgia and the Southeast regions concomitantly. Growers are caught between the choice of which cultivars to grow. Also due to labor and immigration problem, growers are worried about which cultivar to grow without getting caught up with shortage labor issues. These budgets will facilitate their decision process after comparing net return of each cultivar.

Impact Statement

The newly developed budgets would definitely serve as a practical guide to Southeastern regions such as South Carolina, North Carolina, Florida, Tennessee and other neighboring states involved in blueberries production that do not have budgets yet. They would also facilitate the initial development of neighboring states blueberries budgets and serve as guidelines to farmers, county agents, insurance companies, USDA and financial institutions of those states without blueberries budgets respectively. They would further be used for comparison purposes by Southeastern blueberry growers to contrast their costs with production costs in Michigan and other states.

Citation(s) for any publications arising from the project

Fonsah, E.G., G. Krewer, J. E. Smith, D. Stanaland. 2009. "New Enterprise Cost Analysis for Blueberries in Georgia". Presented at the Food Distribution Research Society Conference, The Omni Interlocken Resort, Broomfield, Colorado, October 31 - November 04, 2009.