



Foreign Agricultural Service

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Australia

Sugar

Semi-Annual

2000

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Report Highlights:

Sugar production is forecast at 4,600 TMT for 2000/2001, 16 percent lower than the previous year. Lower production is the result of cyclones and flooding in some of the major sugar producing regions of Australia.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Canberra [AS1], AS

Production	1
General	2
Policy	2

Production

PSD Table						
Country	Australia					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Beginning Stocks	253	253	183	183	467	531
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	4997	4997	5481	5481	5000	4600
TOTAL Sugar Production	4997	4997	5481	5481	5000	4600
Raw Imports	1	1	1	1	1	1
Refined Imp.(Raw Val)	3	3	2	2	2	2
TOTAL Imports	4	4	3	3	3	3
TOTAL SUPPLY	5254	5254	5667	5667	5470	5134
Raw Exports	3896	3896	4025	3961	4050	3169
Refined Exp.(Raw Val)	180	180	180	180	180	180
TOTAL EXPORTS	4076	4076	4205	4141	4230	3349
Human Dom. Consumption	995	995	995	995	995	995
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	995	995	995	995	995	995
Ending Stocks	183	183	467	531	245	790
TOTAL DISTRIBUTION	5254	5254	5667	5667	5470	5134
PSD Table						
Country	Australia					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	0	0	0	0	0	0
Area Harvested	412	414	0	419	0	411
Production	40491	40239	0	40600	0	37097
TOTAL SUPPLY	40491	40239	0	40600	0	37097
Utilization for Sugar	40431	40179	0	40540	0	37037
Utilizatn for Alcohol	60	60	0	60	0	60
TOTAL UTILIZATION	40491	40239	0	40600	0	37097

General

Post forecasts sugar production at 4,600 TMT for 2000/2001 in line with the Australian Bureau of Resource Sciences (ABARE), 16 percent lower than the previous years production. This would put sugar production at the lowest level since 1993/4 when 4,234 TMT was produced. Agriculture Fisheries and Forestry Australia (AFFA) reports that the lower production level in 2000/2001 was primarily a result of cyclones and flooding. Rust disease and rat plague also contributed to a smaller crop.

Commercial cane sugar (CCS) levels are expected to fall in all areas with the exception of North Queensland. With around one third of the harvest complete, ABARE reports that the worst effected areas are in central Queensland. The average CCS for Queensland so far has been around 12.4 percent, about 0.2 percent lower than the previous year.

Industry sources generally support the level of sugar production reported by ABARE for 2000/2001, however they arrive at this level of production through a higher CCS level balanced by lower cane production.

Sugar exports are expected to decrease by around 19 percent in line with the decline in production. Post anticipates domestic consumption to remain flat for the medium term.

The Australian Bureau of Statistics (ABS) reports that confidentiality restrictions have been placed on releasing Australian bulk sugar export statistics. Export statistics are now only made available on a quarterly basis six months in arrears.

Policy

In response to the significant production problems experienced by Australian cane farmers, together with a sustained period of low prices, the Government of Australia (GOA) recently announced an assistance package for cane growers. AFFA reports that this package included a range of measures which are aimed at reducing the commercial vulnerability of the industry.

A range of measures have been offered by the GOA to affected growers including: Income support for 10 months in the form of ex-gratia payments (equivalent to unemployment benefits); Interest rate subsidies on "new" or "existing" loans (to a maximum of A\$50,000 and A\$100,000 respectively); and rural financial counselling assistance (in the form of a A\$1000 voucher for growers who do not have access to counseling services).

The total cost of the package is valued at A\$83 million. In return for this assistance, the Australian sugar industry is to prepare proposals for comprehensive structural reform aimed at improving longer term viability. The deadline for this proposal is June 2002.