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Australia

Sugar

Cyclone Larry Affects Sugar Production

2006

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Report Highlights:

The far North Queensland region of Australia has been hit by a category five cyclone. The extreme weather conditions are believed to have affected all crops grown in the direct vicinity. Australian raw sugar production could fall as much as 250 TMT as both crops and infrastructure have been damaged.

Includes PSD Changes: No
Includes Trade Matrix: No
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SECTION ONE: SITUATION AND OUTLOOK

The far North Queensland region of Australia was recently damaged by a force five cyclone. Cyclone "Larry", equivalent in force to Hurricane "Katrina", hit the town of Innisfail at about 6.30 AM on Monday March 20, 2006. The effects of this weather event have been widely reported by the national media, although reports on damage vary widely.

North Queensland produces sugar and tropical horticultural crops such as bananas. Australian sugar production for 2006/07 was recently forecast by ABARE at 5,203 MMT, an average sized crop compared to historical data. The area affected by the cyclone (northern region) has historically accounted for up to 1,000 TMT of refined sugar, although industry sources suggest that for the 2006 season the region was expected to produce just less than 750 TMT, or about 14 percent of the national crop. Post anticipates total production losses in the order of 150 TMT to 250 TMT, although this figure may change as new information becomes available.

The northern region contains seven sugar mills and two ports. According to industry sources, the Babinda and Mulgrave mills have suffered significant damage while the Mourilyan mill has suffered extensive damage. Both the Babinda and Mourilyan mills are owned by the Bundaberg Sugar group, which also owns the South Johnston mill, which is closely located and relatively unharmed. Two other mills have reportedly suffered damage. There have been no reports of damage to ports or sugar loading facilities.

The Herbert/Burdekin region, which produces around 40 percent of Australian sugar, lies just to the south of the northern region is understood to have not suffered any damage from the cyclone but has received valuable rainfall in some areas. Post anticipates a mild production increase in these areas.

Another tropical cyclone is currently threatening the North Queensland coast. Tropical cyclone Wati is currently rated at a force two cyclone but is expected to increase to a force three cyclone. Post continues to monitor the weather situation in north Queensland.

With regard to banana production, press reports indicate more than 200,000 MT of bananas, valued at \$A300 million, have been destroyed, as estimates as high as 90 percent crop losses have been reported. A spokesperson for Biosecurity Australia said Australia will not be relaxing quarantine measures to allow importation of bananas, following reports that Cyclone Larry has destroyed most of the national crop.