

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Categories:

Livestock and Products

Retail Food Sector

Dairy and Products

Sugar

Cotton and Products

Agricultural Situation

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Report Highlights:

[Australian Live Cattle Exports to Indonesia](#); [Survey of Chemical Migration from Food Contact Packaging Materials](#); [Testing of Food from Japan - Update](#); [Cheaper Imported food and supermarket home brands costing Australian jobs](#); [Dairy and Products Semi-Annual 2011](#); [Sugar Annual 2011](#); [Cotton and Products Annual 2011](#).

Australian Live Cattle Exports to Indonesia

A major story is currently receiving coverage in Australian media regarding the mistreatment of Australian live cattle in Indonesian slaughter facilities. A local animal rights activist group (Animals Australia) in conjunction with a high profile current affairs program (Four Corners) aired a story this which shows video footage of cattle being slaughtered in Indonesia (see <http://www.abc.net.au/4corners/content/2011/s3228880.htm>). Of particular interest is the use of "restraint boxes" during the slaughter process, some of which were installed with the assistance of the Australian industry.

In response to this story the Federal Minister for Agriculture, Fisheries and Forestry announced a range of measures including: an immediate investigation by the Department of Agriculture, Fisheries & Forestry; a moratorium on the installation of any new restraint boxes; and the complete suspension of live animal exports to the Indonesian slaughterhouses identified in the story.

Indonesia is the largest live export market for Australian cattle, historically representing around two thirds of total exports. In 2010, Australia exported 581,841 head of cattle to Indonesia.

Survey of Chemical Migration from Food Contact Packaging Materials

Food Standards Australia New Zealand (FSANZ) has undertaken a survey of a range of chemicals associated with packaging materials to assess whether the levels of packaging chemicals in Australian foods and beverages present any health and safety risks.

The survey looked at concentrations of a range of chemicals that might migrate from packaging into food including phthalates, perfluorinated compounds, epoxidised soybean oil (ESBO), semicarbazide, acrylonitrile and vinyl chloride. A total of 65 foods and beverages packaged in glass, paper, plastic or cans were analyzed. The survey found: no detections of phthalates, perfluorinated compounds, semicarbazide, acrylonitrile or vinyl chloride; detections of ESBO (produced from soybean oil and is used in a range of plastics) at very low levels in a small proportion of the samples analyzed (the levels were well below international migration limits set by the EU and did not pose a risk to human health and safety). Further information is available on the *FSANZ website*.

Testing of Food from Japan – Update

In April the Australian government announced additional testing requirements for Japanese food products entering Australia (*See attaché report: Testing of Food from Japan - Update*).

Tests carried out in April & May of 2011 on seasoned mushrooms; frozen and prepared fish & seafood; & prepared, frozen & dried vegetables have all been assessed at below the safe levels for Iodine 131 and Caesium 134.

Cheaper Imported food and supermarket home brands costing Australian jobs

On supermarket shelves the survival of products from Australian food manufacturers is being played out with Coles and Woolworths using cheaper imported house brands to undercut other well-known labels. For example, to remain competitive, Heinz Australia has announced it would move its tomato processing operation to New Zealand, where wages are 30 per cent below Australia's.

Chief Executive, of the [Australian Food and Grocery Council](#), said Australian food processors faced not only fierce competition from imports and house brands, but an inflexible Australian wages system, a 30 per cent hike in power bills, rising transport costs and a strong Australia dollar.

Source: *Weekly Times*

Dairy and Products Semi-Annual 2011

Dairy production and exports are forecast to increase in CY 2011 as production conditions continue to improve. This represents a turnaround in the long-term decline experienced in the dairy industry since the drought began in CY 2002. A shortage of dairy cows for herd expansion is expected to constrain larger increases in production while a high Australian dollar value is expected to constrain exports from exceeding Post's forecasts. Robust domestic economic growth is expected to see domestic consumption continue to grow (*See attaché report: Dairy Semi Annual 2011*).

Sugar Annual 2011

Estimated sugar production for 2010/11 has been slashed by more than one million metric tons on Post's previous report due to disastrous "once in a generation" harvest conditions. Exports and ending stocks for 2010/11 have also been cut. Production and exports on sugar in 2011/12 are forecast to increase somewhat, but will likely be partially constrained by the previous difficult weather conditions. (*See attaché report: [Sugar Annual 2011](#)*)

Cotton and Products Annual 2011

Australian cotton production is forecast to increase to a record 4.84 million bales in 2011/12, despite a forecast fall in planted area. Greatly improved water availability is expected to boost area planted to irrigated cotton and lift overall yield. Exports are expected to also reach record levels in 2011/12 due to higher production, continued strong export demand and a higher carryover of stocks from 2010/11. The 2010/11 harvest has yet to begin in earnest. Early reports suggest some disappointing yields, although this will likely improve as harvest moves forward (*See attaché report [Cotton and Products Annual](#)*).

Exchange Rate: Noon rate June 7, 2011

US Dollar \$1 = AUS 93cents

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Title of Report	Date
Dairy Semi Annual 2011	05/09/11
Testing of Food from Japan - Update	04/14/11
Sugar Annual 2011	04/13/11
Additional Testing Required for Japanese Food Products	04/08/11
Cotton and Products Annual	04/04/11
Grain and Feed Annual 2011	03/29/11
Livestock and Products Semi-annual 2011	03/18/11
Wine Annual 2011	03/10/11
Public Attitudes Towards Agricultural Biotechnology in Australia	03/08/11
Review of Food Labeling & Policy	02/24/11
Grain & Feed Lock-Up – February 2011	02/01/11