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Australia

Grain and Feed

Grain and Feed Annual

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Report Highlights:
The 1999/2000 Australian wheat crop is currently estimated at 24.1 MMT, around nine percent larger than the output of the previous year, and the largest on record. The 1999/2000 barley crop is estimated to be around 19 percent smaller than the 1998/99 crop. Post forecasts that the area sown to barley will increase by up to 20 percent during 2000/01. Sorghum production for the 2000/01 crop is forecast to be 3 percent down on 1999/2000 levels. Rice production is forecast to fall about 21 percent in 2000/01 as a result of restrictions on irrigation water during planting.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary

The 1999/2000 Australian wheat crop is currently estimated at 24.1 MMT, around nine percent larger than the output of the previous year, and the largest on record. This record crop reflects a three percent increase in planted area and an overall yield increase of 5.2 percent.

The 1999/2000 crop began well with widespread autumn planting rains followed by good rain in the early growth stage of the crop. Generally growing conditions were excellent with dry conditions in Queensland and parts of South Australia, isolated frosts in Victoria and rust outbreaks in Western Australia the only negative factors. Harvest was interrupted by rain in nearly every state resulting in a significant proportion of the total crop being downgraded to feed grades. The AWB reports that the 1999/2000 year was 'unusual' in that receivals showed well above average tonnages of both high protein grain and feed grain.

The AWB pool returns, delivered to the 1999/2000 pool, for Australian Standard White (ASW) wheat of ten percent protein, is forecasted by ABARE to average A$175 tonne, three percent lower than 1998/1999.

Australian barley production has been in decline in recent years. The 1999/2000 barley crop is estimated to be around 19 percent smaller than the 1998/99 crop. This decrease reflects a 22 percent reduction in planted area. The barley crop experienced similar problems to the wheat crop which included rain at harvest in nearly all states, dry conditions in Queensland, and frosts in southern Victoria. Production of quality malting barley in NSW and Victoria was reported to be lower than achieved during the previous year due to the wet harvest.

South Australia is the largest barley producing state, accounting for an estimated 29 percent of 1999/2000 production, Western Australia was second with 23 percent, Victoria was third producing 22 percent, NSW was fourth producing 21 percent, while Queensland and Tasmania produced 5 percent.

Currently world wheat and coarse grain prices are low due to high world production levels combined with decreased demand in some markets. Large stocks of feed grain on both the domestic and export markets made feed barley production unattractive in 1999/2000. However, in the past five months barley supplies tightened in the major producing countries allowing prices to firm slightly. Thus, Post estimates that the area sown to barley will increase by up to 20 percent during 2000/01.

Current ABARE estimates indicate that the composite feed and malting barley price will average A$161/MT for the 1999/2000 season, A$21/MT higher than during the previous year.

Sorghum production for the 2000/01 crop is forecast to be 3 percent down on 1999/2000 levels. This decrease reflects relatively lower feed grain prices together with large supplies of feed wheat. While cool weather has slowed the growth of the crop, good rains have allowed it to finish in good condition.

ABARE has forecast sorghum production to fall to 1.329 MMT. However, since that forecast, good finishing rains have improved the harvest potential. Thus, Post estimates that the 2000/01 crop will be slightly higher at 1.336 MMT. Larger areas of forage sorghum (which will not be harvested) are expected to have been planted reflecting the improved outlook for beef production.

The 2001/02 crop is forecast to produce around 1.35 MMT from 560,000 hectares, given normal seasonal conditions. Sustained low prices are expected to constrain major increases in planting.

Industry sources expect that export prices for sorghum delivered to Newcastle will average around A$140/MT in 2000/01. This reflects an increase in feed grain availability and depressed feedgrain prices.

Post forecasts exports of sorghum of around 284,000 MT in 2000/01. Given normal weather condition this level is expected to continue into 2000/2001.

Rice growing in Australia is concentrated in the Murray and Murrumbidgee Valleys in Southern NSW.

The 2000/01 area is estimated to be 133,000 hectares, 13 percent lower than the previous year, reflecting decreased availability of irrigation water at the time of planting.

After planting, the 2000/01 rice crop suffered from low solar radiation levels associated with the cooler season. This provided less than ideal conditions during the vegetative stage of the crop's production cycle. As a result, yields are expected to be lower, further detracting from production levels.

Wheat

PSD Table						
Country	Australia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	11583	11583	12000	11952	0	12000
Beginning Stocks	1348	1348	2400	2495	2325	3453
Production	22110	22108	23500	24058	0	23000
TOTAL Mkt. Yr. Imports	55	0	50	0	0	0
Jul-Jun Imports	55	0	50	0	0	0
Jul-Jun Import U.S.	1	0	0	0	0	0
TOTAL SUPPLY	23513	23456	25950	26553	2325	26453
TOTAL Mkt. Yr. Exports	16000	15899	18500	16900	0	16600
Jul-Jun Exports	16000	15400	18500	16500	0	16500
Feed Dom. Consumption	2788	2641	2800	3500	0	3500
TOTAL Dom. Consumption	5113	5062	5125	6200	0	6200
Ending Stocks	2400	2495	2325	3453	0	1653
TOTAL DISTRIBUTION	23513	23456	25950	26553	0	24453

Production

General

The 1999/2000 Australian wheat crop is currently estimated at 24.1 MMT, around nine percent larger than the output of the previous year, and the largest on record. This record crop reflects a three percent increase in planted area and an overall yield increase of 5.2 percent.

The 1999/2000 crop began well with widespread autumn planting rains followed by good rain in the early growth stage of the crop. Generally growing conditions were excellent with dry conditions in Queensland and parts of South Australia, isolated frosts in Victoria and rust outbreaks in Western Australia the only negative factors. Harvest was interrupted by rain in nearly every state resulting in a significant proportion of the total crop being downgraded to feed grades. The AWB reports that the 1999/2000 year was 'unusual' in that receivals showed well above average tonnages of both high protein grain and feed grain.

ABARE reports that a greater than normal proportion of the crop has been downgraded to feed and general purpose grades. Post anticipates significant amounts of weather damaged wheat has been retained on farm for on-farm use or for sale later in the season. The size of on-farm stocks is not clear at this stage, however low feed market prices suggest that they are substantial.

The AWB has responded to the quality problems by increasing the number of the receival categories for wheat. This included trials for high moisture segregations (above 12 percent) in Queensland.

ABARE forecasts that planted area for the 2000/01 crop will remain around 12 million hectares.

The factors affecting the size of the 2000/01 winter grain area are:

- the price of wheat at the time of planting and the forecast wheat price for the upcoming crop (which will in turn be affected by the value of the Australian dollar);
- the price of competing grains, oilseeds, pulses and cotton;
- the size of the summer grain crop;
- the profitability of wool and beef production; and,
- the level of soil moisture at planting.

While grain prices have eased with the assistance of an appreciating Australian dollar and the relative profitability of some grains compared to wool production, total cropping area is forecast to remain high during 2000/01.

Weather

The 1998/99 crop began well with widespread autumn planting rain followed by good falls in the early growth stage of the crop. Rainfall tended to be well timed allowing for the application of fertilizer during the growing season. However, rain persisted into the harvest period, creating significant quantities of downgraded wheat.

The wet weather reflects the end of the El Nino cycle and the beginning of a La Nina cycle. Medium term forecasts indicate that average to above average rainfall will continue into 2000.

Isolated frosts in Victoria and Western Australia adversely affected grain quality and yields. Less than average rainfall over Queensland and areas of South Australia reduced yields.

Crop Area

The area planted to wheat during 1999/2000 increased by 3 percent due to favorable rainfall early in the season, low feed barley prices and continued poor prospects for the wool industry.

Post forecasts that the 2000/01 wheat area will remain high due to a decrease in pulse and cotton acreage, combined with a continuation of the reduction in the sheep flock.

The Asian economic slowdown has not had a major effect on grain sales as demand for staple foods continues to be relatively strong.

Yields

ABARE estimates that the national wheat yield increased from 1.91 MT/ha in 1998/99 to 2.01 MT/ha in 1999/2000. The increase in yield reflects the improved seasonal conditions experienced in NSW and Victoria together with advances in cropping technology, particularly in Western Australia (where 38 percent of the national crop is grown) where technology adoption has been significant.

Yields are forecast to continue increasing due to better management practices and the development of higher yielding varieties. A recent ABARE publication stated that wheat yields have been increasing by an average 2.6 percent for the past two decades.

Cross Commodity Developments

The Australian wool industry has a significant influence on the Australian wheat industry. In many areas of Australia these industries compete for farm resources in the farm enterprise mix i.e. when wheat prices are low farmers are likely to transfer some of their resources (land, labor, etc) into wool production and vice versa when wool prices are low.

ABARE forecasts wool prices to average 575 Aust. cents /kg in 1999/2000. However demand for Australian wool is improving in line with the economic recovery of South Korea. The sheep flock has fallen from around 170 million head in 1990 to around 114 million head at present which has resulted in a sharp fall in wool production. ABARE estimates that sheep numbers and wool production will continue to fall during 1999/2000.

ABARE states that the largest falls in sheep numbers occurred in the wheat-sheep zone, where producers have the greatest opportunity to transfer between wheat and wool production. Much of this land has already been transferred, resulting in only marginal increases expected in 2000/2001.

While prospects for the cattle industry have improved it is unlikely that land will be transferred from grain to cattle production due to a shortage of available cattle. The high capital cost involved in transferring from grain to cattle production is a major disincentive.

Consumption

General

Expansion of Australia's intensive livestock industries has resulted in increased consumption of wheat and coarse grains domestically. The dairy industry will continue to use more feed grain as it continues to increase cow numbers and production per cow. Furthermore, industry sources report that with the impending deregulation of the dairy industry, and its subsequent impact on milk prices, higher grain consumption should result as farmers improve productivity through feeding higher grain rations. The chicken meat industry has continued to increase production due to strong consumer demand.

The capacity of the Australian feedlot industry is reported by the Australian Lot Feeders Association (ALFA) to have increased strongly in recent years and was estimated at 905,000 head in the December 1999 quarter. Numbers on feed were estimated at 550,000 head at September 30, 1999, ten percent higher than the December 1998 quarter. Strong domestic and export demand is expected to result in numbers continuing to expand during 2000. This outlook will do much to provide markets for the significant amounts of downgraded wheat that have resulted from a wet harvest. Domestic feed wheat consumption is forecast to increase during CY 2000 due to its availability and the improved returns for feedlotting beef.

Prices

The AWB pool returns, delivered to the 1999/2000 pool, for Australian Standard White (ASW) wheat of ten percent protein, is forecasted by ABARE to average A$175 tonne, three percent lower than 1998/1999.

Trade

Import Trade Matrix			
Country	Australia		
Commodity	Wheat		
Time period	Jul - Jun	Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
New Zealand	714	New Zealand	403
Taiwan	1	Chile	1
		Taiwan	1
Total for Others	715		405
Others not Listed			
Grand Total	715		405

(NB. 1999 figures July 1999 - Dec 1999 only)

Export Trade Matrix			
Country	Australia		
Commodity	Wheat		
Time period	Jul - Jun	Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Indonesia	1705792	Pakistan	940988
Iran	1608256	Indonesia	832535
Egypt	1491263	Iran	781350
Pakistan	1286310	Iraq	737023
Iraq	1179347	Japan	702505
Rep of Korea	1110376	Rep of Korea	550704
Japan	1093418	Malaysia	478824
Malaysia	854373	Yemen	365552
Yemen	529500	India	326492
India	505548	Bangladesh	294343
Total for Others	11364183		6010316
Others not Listed	4508863		2769961
Grand Total	15873046		8780277

Source : AWB Limited
NB. 1999 figures July 1999 - Jan 2000 only
Note: ABS statistics for wheat exports are restricted

Recent Sales

While the 1999/2000 crop is forecast to be larger than the 1998/99 crop, the amount of wheat available for export is expected to be similar. ABARE reports that a significant proportion of the crop has been downgraded which is likely to result in carryover stocks of feed wheat. The AWB reports that the 1999/2000 crop has also produced larger quantities of high quality wheat.

During 1998/1999 the Middle East was an important region for exports with Iraq taking nearly 1.3 MMT, Iran buying nearly 1.6 MMT, and Yemen 0.6 MMT.

Other important markets during 1998/1999 were Indonesia (1.4 MMT), India (0.3 MMT), Japan (1.1MMT), Pakistan (1.1 MMT), The Republic of Korea (1.2 MMT) and Egypt (1.5 MMT). While Indonesia has experienced serious economic problems, the AWB sold significant quantities to this market during the 1998/1999 year.

The availability of feed grain will be higher during 2000 due to the large 1999/2000 crop and the quality problems which arose from wet conditions during harvest.

Policy

General

The Australian Wheat Board became known as AWB Limited on June 1, 1998 and assumed the operations of the statutory (government owned) AWB. AWB Limited was created under Australian corporations law. Full transfer of ownership and control of the company to grain growers took effect on July 1, 1999. On that date, the Federal Government stopped guaranteeing borrowing programs, which had raised up to $A 4 billion a year. Under AWB Limited, controlling A Class shares are non-tradeable and can be held only by active grain growers based on their wheat production. Class B shares are tradeable and were allocated according to the amount that farmers had contributed to AWBs $A 600 million capital base through compulsory levies i.e the Wheat Industry Fund (WIF).

The dual-class share structure separates investment in the company from control. Class A share holders will control the company, while Class B share holders own the investment capital. The challenge will be to balance grower ownership and control with a commercial structure. Thus AWB Limited will face the difficulty of balancing the traditional role of maximizing net returns to growers while delivering an acceptable return to shareholders.

The export pool operations are handled through the subsidiary AWB International. AWB International is designed to maximize grower returns – not return dividends or revenues to shareholders.

The wheat industry established the WIF in 1989, to provide a capital base for the AWB to fund it's cash trading operations and to allow the industry to take advantage of the profits generated by value adding. The AWB used the WIF to establish a commercial trading record in advance of the end of government guarantees on July 1 1999.

In implementing the new structure, growers were issued B shares in AWB Limited in proportion to the amount of money each grower had in the WIF account. These shares are to be fully tradeable. Under the current constitution, a shareholder with more than 10 percent of Class B shares would lose all voting and dividend rights. A proposal to change the constitution so that a shareholder owning more that 10 percent of class B shares would only forfeit dividends and voting rights on that portion over 10 percent was voted down by growers at the first annual general meeting in February. This vote has delayed the listing of Class B shares on the Australian Stock Exchange as talks continue on listing requirements.

The new structure has five key grower objectives: the retention of the single desk; grower control; a capital base to provide an acceptable level of harvest payments to growers to ensure a strong commercial entity which is acceptable to financial markets; a commercial structure which maximizes pool returns and reflects market signals; and industry self determination.

The domestic Australian grain market was deregulated in 1989.

The AWB has for many years been involved in market servicing activities designed to increase grain sales in selected markets. These activities include: the establishment of a hot bread shop in Moscow; the establishment of bunker and silo storage in upper Egypt as part of a long-term supply agreement; the establishment of the China Australia Training Bakery in Tianjin, China; the joint venture construction of a flour and feed mill and storage facility in Shenzen Special

Economic Zone; the supply of grain handling equipment for bunker storage in Iran; a 30 percent or $A6 million share in a new flour mill in Egypt; the establishment of a flour mill in Ho Chi Minh City, Vietnam, and a joint venture between the AWB and the Zennoh company in Japan to import, export, buy and market feed grains, oilseeds and pulses.

The AWB's marketing powers were extended in 1989 so that it could market grains other than wheat i.e. field peas, chick peas, oats, rye, sorghum, lupins and faba beans. Extensive field trips have since been undertaken to understand end user requirements in countries such as the Middle East, India, USSR and the Pacific region. Opportunities to trade grains from origins other than Australia have been taken to complement the AWB's Australian grain trading activities. These sales include US wheat, sorghum, corn and soybean meal to Australia's customers.

Forward price contracts were introduced by the AWB in April 1992 to provide growers with a new risk management tool which enables growers to lock in to a fixed minimum price for part of their crop. The AWB offers multi-grade contracts to growers to lock in prices. These contracts enable growers to lock into a price for a portion of their crop without the necessity of nominating a particular grade. In recent years amounts have been in order of 200-250,000 MT.

The AWB has also introduced a large number of segregations including a noodle wheat segregation which attracts the varieties of wheat that will best satisfy the needs of high quality Asian noodle markets. These segregations offer a varietal bonus, plus any additional bonus from the sale into this market will be passed on to growers.

While support for the single desk remains strong among growers, a group of large growers and grain exporting companies have attempted to have AWB Limited's power as the single exporter of Australian wheat deregulated. This campaign has been vigorously opposed by AWB Limited and the Grains Council of Australia (GCA) which have stated that any breakdown of the single desk exporting responsibilities of the AWB are not in the long term interest of the grain industry. The National Competition Policy requires that a review of export controls on wheat take place this year. In this review the single desk will have to pass the threshold test of delivering benefits to the community which outweighed its costs. At this stage there is no clear picture of what the review will entail, or how benefits and costs will be defined and measured.

The poor performance of winter grain crops during 1994-95 resulted in Australia importing a relatively large amount of grain. This caused considerable debate between opposing groups i.e. some sectors remain opposed to importation, due to perceived quarantine and economic risk, while other groups, such as intensive animal industries, welcome imports as a shortage of domestic grain sharply increases input costs. Australia imported around 460,000 MT of grain during 1994-95 with the majority of the imports being sorghum, with maize and barley also being significant.

The Australian Quarantine Inspection Service (AQIS) released a draft Import Risk Analysis (IRA) for the importation of maize from the U.S. on March 19, 1999. With substantial responses from the U.S. and other stakeholders, that draft is now being rewritten and should be available in late 2000.

The Australian grain handling system has been transferred from Government owned to five private, and/or grower, owned companies. The new operators are in the process of closing non-performing intake and storage sites and expanding other sites. The deregulation of the grain handling and marketing system is continuing and will result in more competition and eventually less players in the market. This should further improve efficiency, reduce costs and result in a more competitive grain industry.(See AS9031)

The GOA provides National Interest short-term export credit insurance (which is managed by the Australian Export Insurance & Finance Corp (EFIC) to facilitate exports and to assist in retaining Australian market share. Under this facility up to A$500 million in credit insurance for wheat sales to Indonesia was announced in March 1998. Very little public information is available on the operation of the National Interest account .

In November 1998 the GOA announced that it had agreed to provide export credit insurance cover on the National Interest Account for exports of around four million metric tons of Australian wheat to an unspecified number of markets. This cover is available for the 1998-99 wheat marketing year. Details of the terms and conditions of EFIC are not publicly available. AWB Limited negotiates credit lines with international banks to compliment the insurance assistance being provided through EFIC.

Non-Tariff Barriers

The Australian Quarantine and Inspection Service (AQIS) has established strict quarantine standards and procedures which apply to the importation, transportation, storage and final processing of grain.

The three import protocols are:

- Protocol 1 requires steam, heat or other processing of imported grains in metropolitan areas to devitalize all grain and weed seeds and kill pathogens, similar to arrangements which have existed for some years;

- Protocol 2 also requires metropolitan processing, such as cracking , to devitalize grains before being transported for steam heat or other processing to devitalize remaining weed seeds and kill pathogens. This protocol is of specific interest to a range of industry groups, including pet and poultry food manufacturers; and

- Protocol 3 which involves the transportation of whole grains to rural areas for processing, to devitalize grain and weed seeds and kill pathogens, has not been ruled out, but the stringent quarantine security conditions are likely to be met by only a small number of importers.

Trials were commenced in 1995-96 with the aim of clearing the way for imports under Protocol 3. These trials met with stiff resistance from the grain industry and were eventually abandoned in April 1996. The Minister at the time urged all parties to continue to work towards a solution. This is very difficult given the sensitive political nature of this issue.

The current decision regarding maize importation (see wheat, policy) will be important in regard to future grain importation issues.

Barley

PSD Table						
Country	Australia					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Area Harvested	3090	2964	2500	2292	0	2735
Beginning Stocks	835	737	315	520	315	87
Production	5680	5280	4700	4280	0	4527
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6515	6017	5015	4800	315	4614
TOTAL Mkt. Yr. Exports	4100	3163	2700	3337	0	3300
Oct-Sep Exports	4267	3200	2800	3300	0	3300
Feed Dom. Consumption	1800	2054	1600	1100	0	1100
TOTAL Dom. Consumption	2100	2334	2000	1376	0	1323
Ending Stocks	315	520	315	87	0	70
TOTAL DISTRIBUTION	6515	6017	5015	4800	0	4693

Production

General

Australian barley production has declined in recent years. The 1999/2000 barley crop is estimated to be around 19 percent smaller than the 1998/99 crop. This decrease reflects a 22 percent reduction in planted area. The barley crop experienced similar problems to the wheat crop which included rain at harvest in nearly all states, dry conditions in Queensland, and frosts in southern Victoria. Production of quality malting barley in NSW and Victoria was reported to be lower than achieved during the previous year due to the wet harvest.

South Australia is the largest barley producing state, accounting for an estimated 29 percent of 1999/2000 production, Western Australia was second with 23 percent, Victoria was third producing 22 percent, NSW was fourth producing 21 percent, while Queensland and Tasmania produced 5 percent.

Currently world wheat and coarse grain prices are low due to high world production levels combined with decreased demand in some markets. Large stocks of feed grain on both the domestic and export markets made feed barley production unattractive in 1999/2000. However, in the past five months barley supplies tightened in the major producing countries allowing prices to firm slightly. Thus, Post estimates that the area sown to barley will increase by up to 20 percent during 2000/01.

Yields

While conditions were less than optimal during the 1999/2000 season, the national yield is estimated at 1.87 MT/ha, which compares to 1.84 MT/ha in 1998/99.

Consumption

General

The following table outlines the breakdown of total barley receivals and disposals. Figures are in '000 MT except area which is in '000 ha.

Year(a)	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99 (f,p)
Area	3,423	2,470	3,111	3,366	3,262	2964
Production	6,956	2,913	5,823	6,694	6,065	5280
Exports(b)	4,095	1,498	4,042	4,331	3,257	3163
	(391)	(411)	(466)	(447)	(447)	(499)
Estimated Domestic Disposal						
- Feed & Food	2,466	2,040	1,818	2,044	2068	1851
- Seed (c)	111	140	152	147	133	103
Seed Stocks (d)	140	153	147	133	131	125

(a) November-October. (b) Figures in parentheses are exports of malt in barley equivalents. Exports may include carryover from earlier harvests. (c) Estimated using the seeding rate of 50kg/ha. (d) Seed carryover for the following year's crop. (f) Does not include imports. (p) Preliminary.
NOTE: Malt use is expressed as barley equivalent = malt x 1.2. Approximately 1,000 MT of pearled cooking barley is also included annually.
SOURCE: ABARE Commodity Statistics Bulletin.

Prices

Current ABARE estimates indicate that the composite feed and malting barley price will average A$161/MT for the 1999/2000 season, A$21/MT higher than during the previous year.

Trade

General

As a result of a business confidentiality request, Australian Bureau of Statistics (ABS) export figures from July 1993 only include a total malting and feed barley figure (i.e. no exports by destination are available).

In previous years Asia has been the most important market for Australian malting barley, taking over 70 percent of exports during 1992/93. ABARE states that exports have performed strongly in less complex and developing Asian markets such as China as Australia can supply malt and malting barley at relatively low cost. Market share has been lost to competitors in complex developed markets such as Japan. This was partly due to barley being produced for higher yield rather than to satisfy specific variety or quality attributes. Current breeding programs are addressing this problem. While China remains the most important market other important markets for Australian malting barley are Japan, Taiwan, and South Korea.

Future success in China and other important markets depends on the success of plant breeders, growers and exporters in upgrading the malting quality of the Australian crop to meet the requirements of end users. The Chinese market is rapidly becoming more sophisticated and complex thus malt and malting industries must meet this challenge.

Policy

General

The barley marketing system is currently going through a period of rapid change. A report prepared by an independent consultant found that the existence of the Australian Barley Board (ABB), and its regulation on the domestic and export markets (i.e. single desk exporting powers), provided no particular benefit to the community as a whole. Thus it is recommended that domestic and export powers be phased out and that both markets be deregulated.

While various farm and peak industry bodies dispute the findings, assumptions, etc, behind the study, the Victorian Government has passed legislation to deregulate the domestic and export marketing arrangements. Complimentary legislation is currently before the South Australian Government. Thus it is expected that the ABB will lose it's single desk export monopoly on July 1, 2001. The single desk authority is based on state statutory regulations, not Federal regulation. However, a finding under the National Competition Act that the single desk fails to provide net public benefits could result in the Federal Government withholding Federal money to the State.

Sorghum

PSD Table						
Country	Australia					
Commodity	Sorghum				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Area Harvested	680	675	600	556	0	560
Beginning Stocks	100	0	160	0	135	0
Production	1664	1375	1400	1336	0	1350
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1764	1375	1560	1336	135	1350
TOTAL Mkt. Yr. Exports	450	362	250	284	0	294
Oct-Sep Exports	310	330	250	289	0	300
Feed Dom. Consumption	1129	1010	1150	1049	0	1053
TOTAL Dom. Consumption	1154	1013	1175	1052	0	1056
Ending Stocks	160	0	135	0	0	0
TOTAL DISTRIBUTION	1764	1375	1560	1336	0	1350

Production

General

Sorghum production for the 2000/01 crop is estimated to be 3 percent down on 1999/2000 levels. This decrease reflects relatively lower feed grain prices together with large supplies of feed wheat. While cool weather has slowed the growth of the crop, good rains have allowed it to finish in good condition.

ABARE has forecast sorghum production to fall to 1.329 MMT in 2000/01. However, since that forecast, good finishing rains have improved the harvest potential. Thus, Post estimates that the 2000/01 will be slightly higher at 1.336 MMT. Larger areas of forage sorghum are expected to have been planted reflecting the improved outlook for beef production.

The 2001/02 crop is forecast to produce around 1.35 MMT from 560,000 hectares, given normal seasonal conditions. Sustained low prices are expected to constrain any major increases in planting.

Yields

Australian sorghum yields are expected to be above average due to good finishing rains in western Queensland and western NSW.

Consumption

General

The following table outlines the breakdown of total sorghum supply and disposal in '000 MT.

Year (a)	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99 (f,p)
Area	498	686	769	566	569	675
Production	1,082	1,272	1,591	1,425	1,081	1664
Exports	21	61	599	231	184	396
Estimated Domestic Disposal						
- Feed & Food	1,058	1,255	993	1,192	894	1,265
- Seed (b)	3	4	3	3	3	3
Seed Stocks (c)	3	3	3	3	2	3

(a) Crop year is March to February. (b) Estimated using the seeding rate of 5 kg/ha and higher rates for fodder. (c) Seed carryover for the following year's crop. (f) Does not include imports. (p) Preliminary.
SOURCE: ABARE Australian Crop Report.

Prices

Industry sources expect that export prices for sorghum delivered to Newcastle will average around A$140/MT in 1999/2000. This reflects an increase in feed grain availability and depressed feedgrain prices.

Trade

Import Trade Matrix			
Country	Australia		
Commodity	Sorghum		
Time period	Oct - Sept	Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

Export Trade Matrix			
Country	Australia		
Commodity	Sorghum		
Time period	Oct - Sept	Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Japan	265	Japan	79
Taiwan	18	South Africa	25
Papua New Guinea	15	Taiwan	4
The Philippines	5	Papua New Guinea	3
Fiji	1	The Philippines	1
Argentina	1		
UAE	1		
Kuwait	1		
Total for Others	307		112
Others not Listed	3		1
Grand Total	310		113

NB: 1999 figures for Oct - Dec 1999 only

General

Post forecasts exports of sorghum of around 284,000 MT in 2000/01. Given normal weather condition this level is expected to continue into 2001/02.

Rice, Milled

PSD Table						
Country	Australia					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Area Harvested	152	152	120	133	0	142
Beginning Stocks	70	95	99	85	57	0
Milled Production	994	965	758	764	0	955
Rough Production	1390	1350	1060	1069	ERR	1336
MILLING RATE (.9999)	7150	7150	7150	7150	0	7150
TOTAL Imports	40	40	40	49	0	50
Jan-Dec Imports	45	40	45	42	0	50
Jan-Dec Import U.S.	0	1	0	1	0	1
TOTAL SUPPLY	1104	1100	897	898	57	1005
TOTAL Exports	675	680	500	661	0	675
Jan-Dec Exports	661	690	500	660	0	660
TOTAL Dom. Consumption	330	335	340	239	0	330
Ending Stocks	99	85	57	0	0	0
TOTAL DISTRIBUTION	1104	1100	897	900	0	1005

Production

General

Rice growing in Australia is concentrated in the Murray and Murrumbidgee Valleys in Southern NSW. Southern NSW has approximately 1,800 irrigated growers. Rice ceased production in the Home Hill and Mareeba areas of Northern Queensland in the 1992/93 season. The vast majority of this land is now used for sugar cane production.

A small planting of around 2,000 hectares has been established in the Echuca region of Victoria in recent years. Proponents behind the Victorian industry are actively promoting an increase in the area via field days, etc. Trials are also being conducted in South Australia.

The 2000/01 area is estimated to be 133,000 hectares, 13 percent lower than the previous year, reflecting decreased availability of irrigation water at the time of planting.

After planting, the 2000/01 rice crop suffered from low solar radiation levels associated with the cooler season. This provided less than ideal conditions during the vegetative stage of the crop's production cycle. As a result, yields are expected to be lower, further detracting from production levels.

The 2000/01 crop area is forecast to increase marginally assuming water availability returns to near normal levels.

The Australian rice industry has for a number of years been concerned by the increase in imports into the Australian market. This increase has been partly accelerated by the increase in Asian immigrants to Australia and their consumption of fragrant rice varieties that were previously not available in Australia. The NSW Ricegrowers Cooperative (RCL) has worked hard on increasing the production of this variety of rice for local consumption. This rice is more expensive to grow and thus the RCL pays a premium price for it's production. As production increases further the Australian industry will seek to find niche export markets in South East Asia.

Yields

The 2000/01 crop is forecast to yield 8.0 MT/ha, three percent above the five year average and over 10 percent lower than the previous year.

NOTE: The milling rate used by ABARE for Australian rice is 62 percent. Post has used 71.5 percent and adjusted up the domestic consumption figure.

Consumption

General

Domestic rice consumption increased from 4.2 kg/hd during 1988/89 to 7.3 kg/hd during 1996/97 according to official ABS estimates. The industry reports that consumption has been increasing in recent years and is closer to 9 kg/hd. The Australian rice industry has conducted an advertising campaign for a number of years which is centered on rice being a healthy alternative to many other foods, and being good value for money. The attributes of rice that are stated to be important are high fiber and energy content, low fat and no cholesterol content.

The RCL operates two feed mills producing the Coprice range of stockfeeds.

The PS&D consumption figure has been increased to mesh with ABARE's production and export estimates. Post assumes that the lower milling rate used by the Australian industry means that a substantial amount of lower quality rice is being used for stock feed, pet food, etc, and is being excluded from official figures.

Prices

The following table lists the farm-gate price for paddy rice. Prices are quoted in A$/MT.

Year	New South Wales
1990/91	172
1991/92	156
1992/93	182
1993/94	265
1994/95	233
1995/96	207
1996/97	195
1997/98	226
1998/99(p)	213
1999/00(f)	221

(p) Preliminary, (f) ABARE forecast.
SOURCE: ABARE Commodity Statistics Bulletin.

Trade

Import Trade Matrix			
Country	Australia		
Commodity	Rice, Milled		
Time period	Jan - Dec	Units:	MT
Imports for:	1998		1999
U.S.	775	U.S.	890
Others		Others	
Thailand	30811	Thailand	38168
Pakistan	5310	Pakistan	5567
India	1831	India	2279
Italy	972	Italy	1055
Brazil	961	Brazil	844
United Kingdom	299	United Kingdom	366
Sri Lanka	263	Sri Lanka	178
Vietnam	255	Vietnam	129
Indonesia	112	Hong Kong	106
Singapore	45	Japan	102
Total for Others	40859		48794
Others not Listed	116		233
Grand Total	41750		49917

General

The rice industry does not supply export by destination statistics, even on an historical basis. The ABS publishes a total figure (however broken rice exports are not included in this figure). ABARE has been unable to provide export figures for this report as a result of confidentiality concessions granted to the single desk exporter. This office has endeavored to obtain more detail from the industry for a number of years without success.

In the past the Australian rice industry was reported to be supplying around a quarter of Japan's rice import quota commitments.

While the satisfactory penetration of the Japanese market has been difficult the Australian industry remains confident that this will be worthwhile in the long-term.

The Australian industry is currently producing a variety specifically developed for the Japanese market. This will however replace the Japonica varieties that have been shipped in the past. With the Japanese market demanding "fresh" rice Australia will continue to push this perceived advantage.

The Australian rice market is open to imports with a zero tariff applying.

The local industry is concerned that imports are taking an increasing share of the domestic market. The largest exporter to the Australian market is Thailand which exports approximately 30,000 to 40,000 MT to Australia annually. The balance of imports are mainly sourced from India, Pakistan, Italy, Brazil and the U.S.

Stocks

General

The local industry states that it does not keep large stocks as it is commercially important that it only retains enough carry over stocks to support sales until the new season.