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Australia

Grain and Feed

Annual

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Report Highlights:
The 2001/2002 Australian wheat crop is forecast at 23.3 MMT, around 10 percent larger than the revised estimate of 21.2 MMT for 2000/2001. The 2001/2002 barley crop is forecast at 5.9 MMT up five percent on the 2000/2001 crop. Sorghum production for the 2001/2002 crop is forecast to be 34 percent down on 2000/2001 levels while rice production is forecast to increase by around 60 percent in 2001/2002.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

ABARE now estimates the 2000/01 wheat crop at 21.2 MMT, a fall of 15 percent from the previous year. This crop suffered mixed conditions throughout the growing season. Both Western Australia (WA) and Queensland experienced drier than average conditions with WA posting its smallest harvest in six years. However, both Victoria and South Australia (SA) produced bumper crops with SA posting a record harvest and Victoria producing its biggest crop since 1983/84.

Significant areas in NSW were affected by rains prior to or during harvest. ABARE reports that a greater than normal proportion of the wheat crop has been downgraded to feed and general purpose grades. Post anticipates significant amounts of weather damaged wheat has been retained for on-farm use or for sale later in the season.

ABARE forecasts the 2001/02 wheat crop at 23.306 MMT, an increase of 10 percent on the previous year. This is due to a slight increase in planted area, stimulated by improved prices, and a return to normal weather conditions. Yields are forecast at 1.91 MT/ha in 2001/02, up from the 1.75 MT/ha estimated for 2000/01.

ABARE's long term projection has wheat production increasing at around 2 percent per annum until 2003/04 with production to plateau from 2003/04 to 2005/06.

Australian barley production has declined in recent years reaching a five-year low in 1999/2000. The 2000/01 barley crop is estimated to be around 11 percent larger than the 1999/2000 crop. This increase reflects a 19 percent increase in planted area.

ABARE forecasts barley production for 2001/02 at 5,893 TMT, representing an increase of around five percent on the previous year.

Current ABARE estimates indicate that the composite feed and malting barley price will average A$182/MT for the 2000/01 season, A$3/MT higher than the previous year. ABARE expects lower prices for both feed and malting barley in 2001/02. Feed barley is forecast at A$164/MT and malting barley at A$203/MT

Current canola prices are at low levels and industry sources anticipate that canola plantings for 2001/02 could be as low as 1.0 million ha, a fall of over 25 percent on the 1.35 million ha planted for the previous year. This indicates that there could be as much as 350,000 ha planted into other crops. Post anticipates that the majority of this area will be transferred to barley and wheat production for 2001/02.

Sorghum production for the 2001/02 crop is forecast by ABARE at 1,423 TMT, 34 percent down on 1999/2000 levels. This decrease reflects poor prices and dry conditions at time of planting. While ABARE has forecast a fall of this order, industry sources believe that the fall could be much greater if further rain is not received before harvest.

Post has forecast sorghum production for 2002/03 at around 1.5 MMT from 541,000 hectares. This is in line with ABARE estimates and assumes normal seasonal conditions. The most recent price estimate by ABARE for sorghum puts prices at their lowest since 1986/87, and lower than that received in 1990/91.

Rice production (rough) for 2001/02 is forecast at 1,752 TMT in line with ABARE forecasts, representing an

increase of nearly 60 percent on the previous year and making this crop an all time record for Australian rice production. According to ABARE, the previous record of 1,382 TMT was achieved in 1998/99. This dramatic increase has been driven by record plantings which are sensitive to irrigation water allocations at time of planting.

Rice production for 2002/03 is forecast at 1,239 TMT in line with ABARE projections and slightly under the five-year average of 1,262 TMT. Post has assumed normal weather conditions and average water allocations at time of planting. Government sources indicate that the low returns will discourage large plantings in the future.

Wheat

PSD Table						
Country	Australia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	12338	12338	12000	12079	0	12202
Beginning Stocks	1868	1868	4068	4382	2978	3518
Production	25012	25012	19500	21168	0	23306
TOTAL Mkt. Yr. Imports	50	0	50	0	0	0
Jul-Jun Imports	50	0	50	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	26930	26880	23618	25550	2978	26824
TOTAL Mkt. Yr. Exports	17844	17274	15000	16885	0	17599
Jul-Jun Exports	17124	16703	16000	16700	0	17500
Feed Dom. Consumption	2278	2830	2760	3200	0	3000
TOTAL Dom. Consumption	5018	5224	5640	5147	0	5500
Ending Stocks	4068	4382	2978	3518	0	3725
TOTAL DISTRIBUTION	26930	26880	23618	25550	0	26824

Production

General

ABARE recently revised the 1999/2000 Australian wheat crop upwards to 25.0 MMT, around four percent higher than the previous estimate, making it the largest wheat crop on record. This upward revision was driven by a larger planted area, combined with a slight increase in yield. With these revisions, ABS and ABARE now have identical estimates for 1999/2000.

ABARE has put the 2000/01 crop at 21.2 MMT, representing a fall of 15 percent from the previous year. This crop suffered mixed conditions throughout the growing season. Both Western Australia (WA) and Queensland experienced drier than average conditions with WA posting its smallest harvest in six years. However, both Victoria and South Australia (SA) produced bumper crops with SA posting a record harvest and Victoria producing its biggest crop since 1983/84. New South Wales (NSW) experienced mixed conditions with the northern regions suffering drought conditions early in the season and floods toward the end. The southern regions of NSW however experienced a bumper season in line with Victoria.

Significant areas in NSW were affected by rains prior to or during harvest. 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 for on-farm use or for sale later in the season.

Industry sources believe the main determining factor for wheat is the price outlook at time of planting and gross margins relative to other winter crops. The indications at this stage are that both wheat and barley plantings will increase while canola plantings are likely to be down.

Another factor determining plantings of a particular winter crop is its relative success the previous year, according to industry sources. Due to the drier conditions experienced in WA and Queensland and the subsequent low yields received particularly from canola in these states, industry sources believe that some growers may not grow this crop in 2001/02.

ABARE puts the 2001/02 crop at 23.306 MMT, an increase of 10 percent on the previous year. This is due to a slight increase in planted area, stimulated by improved prices, and a return to normal weather conditions. Yields are forecast at 1.91 MT/ha in 2001/02, up from the 1.75 MT/ha estimated for 2000/01.

ABARE's long term projection suggests production increasing at around at around 2 percent per annum until 2003/04 with production to plateau from 2003/04 to 2005/06.

Weather

The 2000/01 crop began well in NSW, Queensland and Victoria with widespread planting rains followed by further falls in the early growth stage of the crop. Heavy falls of rain toward the end of the season damaged some crops in northern NSW but did much to boost crops in southern NSW, Victoria and South Australia. Although this caused quality problems in some areas, the heavy rain provided a near ideal finish.

Queensland received drier than average weather for 2000/01, with southern Queensland experiencing drought conditions for much of the year and central Queensland experiencing relatively good falls early in the season. However, this combined to decrease overall plantings and the continued dry toward the end of the season substantially decreased yields.

Western Australia generally received late planting rains followed by patchy follow up rains. A dry spring further reduced yields particularly in crops which had been sown later than normal.

Crop Area

The area planted to wheat during 2000/01 decreased by two percent due to unfavorable weather conditions early in the season in WA and Southern Queensland. Firmer returns from wool production may also have influenced planting decisions.

While Post forecasts wheat production in 2001/02 to increase by around two percent (due to the anticipated decreased canola production), improved wool prices will constrain larger increases in planted area.

Yields

ABARE estimates that the national wheat yield decreased from 2.03 MT/ha in 1999/2000 to 1.75 MT/ha in 2000/01. The decrease in yield reflects the unfavorable seasonal conditions experienced in WA, northern NSW and Queensland partially constrained by above average conditions in the other states.

Post anticipates average yields in 2001/02 of around 1.91 MT/ha.

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 (eastern indicator) 700 Aust. cents/kg in 2000/01, representing an increase of 11.6 percent on the previous year. Demand for raw wool is improving in line with world economic growth. The sheep flock has fallen from around 170 million head in 1990 to around 116 million head at present. This has resulted in a sharp fall in wool production. ABARE estimates that sheep numbers are no longer in decline and due to seasonal conditions, small increases in wool production can be expected in 2000/01. Industry sources do not believe the recent gains made in wool returns will have a significant impact on wheat or barley plantings in 2001/02.

While ABARE has forecast the sale yard price of cattle to increase again in 2000/01, it is unlikely that land will be transferred from grain to cattle production due to a shortage of available cattle.

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 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 in recent times due to strong consumer demand.

The capacity of the Australian feedlot industry is reported by the Australian Lot Feeders Association (ALFA) to have decreased slightly in recent months and was estimated at 853,127 head in the September 2000 quarter. Numbers on feed were estimated at 644,039 head at September 30, 2000, 12 percent higher for the same period in the previous year. Industry reports state that export demand in some markets is beginning to soften and that numbers of cattle on feed have actually fallen four percent from the June 2000 quarter. The historically high numbers of cattle on feed will do much to consume the significant amounts of downgraded wheat that have resulted from a wet harvest in some regions. It should be noted that a shortage of replacement feeder steers will continue to constrain large increases in numbers on feed during 2000/01.

Prices

ABARE reports the AWB Ltd. pool returns, delivered to the 2000/01 pool, for Australian Standard White (ASW) wheat, is estimated by ABARE to average A$210 tonne, 12 percent higher than 1999/2000. ABARE forecasts a slight increase in 2001/02 to A$215/MT.

Trade

Recent Sales

The 2000/01 crop is estimated to be around 15 percent smaller than the previous years crop. The amount of wheat available for export is expected to fall by around 10 percent.

During 1999/2000, the Middle East was an important region for exports taking around 40 percent of Australia's exports with Asia receiving around 30 percent. During this time, Iraq proved the largest export market receiving 2.5 MMT, followed by Indonesia receiving 2.0 MMT and Iran receiving 1.9 MMT. These three markets accounted for more than one third of all exports during this period.

Policy

General

The Australian Wheat Board (AWB) has traditionally been the statutory authority responsible for marketing both export and domestically traded wheat. Changes were made with the introduction of the "Wheat Marketing Act" in 1989 and the subsequent deregulation of the domestic market. This legislation effectively gives the AWB a "single desk" for the export of bulk wheats. Bagged and containerized wheat however can be exported by organizations other than the AWB, with the express permission of the Wheat Export Authority (WEA).

The AWB 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 $A4 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 AWB's $A600 million capital base through compulsory levies, i.e., the Wheat Industry Fund (WIF).

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.

Under the National Competition Policy (NCP), Australian Governments are reviewing legislation that restricts competition. The review of the Wheat Marketing Act announced by the Federal Minister for Agriculture, Fisheries, and Forestry, Warren Truss, on April 4, 2000 has been conducted within the context of NCP which aims to make Australian industries more competitive. Minister Truss directed the Review Committee to focus on those parts of the legislation which restrict competition, and/or impose costs and/or benefits on businesses involved in the wheat industry and/or the community generally.

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 are not in the long term interest of the grain industry.

The draft report presented "preliminary views rather than recommendations." Among the preliminary views were: maintaining single desk selling of Australian wheat until 2004; deregulate for a trial period until the end of 2004 the export of all wheat in "containers and bags"; deregulate (for a trial period of three years) the export of durum wheat in bulk.

The Review Committee also invited comments on the following suggestions:

> The single desk be retained for all markets except designated export markets that satisfy a number of special conditions, including: there is no demonstrated capacity to capture a single desk price premium and imports of wheat are not controlled by a State Trading Enterprise or other monopsony; the freight cost of exporting wheat from Australia is greater than that for at least one other major exporting country; and the primary mechanism for purchasing wheat is competitive (e.g. open tenders). The export of wheat in bulk to designated markets that satisfy the above conditions should be deregulated for a trial period of three years.

The Review Committee released its final report on December 22, 2000, and as expected the committee recommended retaining single desk trading of wheat until at least 2004. The Committee found that "on balance the costs of the Wheat Marketing Act (WMA) exceed the benefits from single desk price premiums to wheat growers and to the Australian community." The Committee concluded that "Regarding the public benefits test, the Committee was not presented with, nor could it find, clear, credible, and unambiguous evidence that the current arrangements for the marketing of export wheat are of net benefit to the Australian Community." However, the report also recommends the introduction of additional competition into wheat trading by partially deregulating exports of durum wheat and wheat in bags and containers for a three year trial period.

The review of the performance of AWB International's use of the single desk scheduled for 2004 will be conducted by the Wheat Export Authority. If the GOA decides to continue with the "Wheat Marketing Act," under NCP, it will have to be reviewed again in 10 years time.

The report has been presented to the Federal Minister for Agriculture, Fisheries, and Forestry. The GOA will now consider the report, including the recommendations, before announcing its response. Most expect this process to take several months. To enact proposed changes would require legislative approval by Parliament. With the government set to go to the polls in 2001, the AWB Ltd. and growers supporting the single desk are expected to mount vigorous campaigns to block changes.

The full report and the public submissions by stakeholders can be found on the following website: www.affa.gov.au/wma.

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, 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 toward a solution. This is very difficult given the sensitive political nature of this issue.

The current decision regarding maize importation will be important in regard to future grain importation issues. AQIS is now finishing the final draft of the Independent Risk Assessment (IRA) having already consulted with stakeholders, however Post does not anticipate improved access as the new protocol is most likely to continue to require steam treatment.

Barley

PSD Table						
Country	Australia					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Harvested	2545	2545	3000	3023	0	3142
Beginning Stocks	465	465	423	504	388	505
Production	5043	5043	5400	5596	0	5893
TOTAL Mkt. Yr. Imports	15	0	15	0	0	0
Oct-Sep Imports	15	0	15	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	5523	5508	5838	6100	388	6398
TOTAL Mkt. Yr. Exports	3000	3500	3600	4000	0	4157
Oct-Sep Exports	2870	3391	3600	4000	0	4100
Feed Dom. Consumption	1200	1100	1100	1200	0	1200
TOTAL Dom. Consumption	2100	1504	1850	1595	0	1750
Ending Stocks	423	504	388	505	0	491
TOTAL DISTRIBUTION	5523	5508	5838	6100	0	6398

Production

General

Australian barley production has declined in recent years reaching a five year low in 1999/2000. The 2000/01 barley crop is estimated to be around 11 percent larger than the 1999/2000 crop. This increase reflects a 19 percent increase in planted area. The barley crop experienced similar problems to the wheat crop which included rain at harvest in NSW and Victoria, and dry conditions in Queensland, Northern NSW and Western Australia. Production of quality malting barley in NSW and Victoria was affected by rain at harvest but was not seriously damaged.

Current canola prices are at low levels and industry sources anticipate that canola plantings for 2001/02 could be as low as 1.0 million ha, a fall of over 25 percent on the 1.35 million ha planted for previous year. This indicates that there could be as much as 350,000 ha planted into other crops. Post anticipates that the majority of this area will be transferred to barley and wheat production for 2001/02.

ABARE forecasts production for 2001/02 at 5,893 TMT, representing an increase of around five percent on the previous year. It is anticipated that this increase will be driven by a four percent increase in planted area and a slight increase in yield.

South Australia is the largest barley producing state, accounting for an estimated 38 percent of 2000/01 production, Victoria was second with 22 percent, Western Australia was third producing 21 percent, NSW was fourth producing 16 percent, while Queensland and Tasmania produced 3 percent.

Yields

Post estimates the average yield for the 2000/01 Australian barley crop at 1.85 MT/ha, seven percent lower than the previous year. While SA, Victoria and NSW experienced above average yields in 2000/01, WA and Queensland produced yields well below average. The average yield for WA (which over the past five years has produced over one quarter of the total crop) was just 1.27 MT /ha well below its five year average of 1.8 MT/ha.

Consumption

General

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

Year (a)	**1994/95**	**1995/96**	**1996/97**	**1997/98**	**1998/99**	**1999/2000(f,p)**
Area	2,470	3,112	3,367	3,521	3,167	2,545
Production	2,913	5,823	6,696	6,482	5987	5,043
Exports(b)	1,498	4,042	4,331	3,463	4,765	3,391
	(411)	(467)	(447)	(457)	(525)	(515)
Estimated Domestic Disposal						
- Feed & Food	2,040	1,818	2,044	1,948	1851	1254
- Seed (c)	140	152	158	135	103	135
Seed Stocks (d)	152	158	135	103	135	115

(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$182/MT for the 2000/01 season, A$3/MT higher than the previous year. ABARE expects lower prices for both feed and malting barley in 2001/02. Feed barley is forecast at A$164/MT and malting barley at A$203/MT.

Trade

General

The 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).

Larger crops and a generally low Australia dollar should combine to increase barley exports in line with increased production. Post forecasts barley exports for 2000/01 will increase 8 percent to nearly 4.0 MMT.

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. While various farm and peak industry bodies dispute the findings, assumptions, etc., behind the study, it was recommended that domestic and export powers be phased out and that both markets be deregulated.

The Government of Victoria decided to open export sales of barley to competition beginning July 1, 2001. This action would complete the deregulation of barley in Victoria. All other states still maintain single desk trading of export barley. ABB Grain Ltd., which will maintain monopoly export authority until July 1 for Victorian barley, will still have monopoly control of export barley in South Australia.

The N.S.W. Grains Board underwent a National Competition Policy (NCP) review in 1998 and reported its findings to the Minister of Agriculture in 1999. NCP is an agreement between the Federal and State Governments that requires any government monopoly to substantiate a net public benefit in order to continue.

Under the *"N.S.W. Grain Marketing Act 1991"*, the N.S.W. Grains Board was granted vesting powers over malting barley, feed barley, canola, sorghum, oats, sunflower, safflower, soybeans and linseed produced in N.S.W. The NCP report found that the trade of all grains in N.S.W. (with the exception of malting barley) should be deregulated over a period of time. However, under pressure from farming interests, the Minister decided to continue the powers of the N.S.W. Grains Board until 2005 but restricted its vesting powers to canola, sorghum and malting barley.

In August 2000, the N.S.W. Grains Board announced that it had lost A$26 million in trading activities and had to provide for A$9 million in bad debts. Media reports valued the Grains Board capital at $25.5 million, effectively giving it a negative net equity of A$9.5 million (although some reports at the time put it as high as A$11 million). With the 2000 harvest approaching and farmers concerned about delivering grain to the heavily indebted board, action was necessary. The N.S.W. Grains Board called for "expressions of interest" in its marketing rights and other assets. Grainco Australia Ltd. was awarded the vesting rights for canola, sorghum and malt barley for 5 years reportedly for a total of A$25.2 million. Grainco assumed operations on November 6, 2000.

Sorghum

PSD Table						
Country	Australia					
Commodity	Sorghum				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		03/2000		03/2001		03/2002
Area Harvested	648	648	675	596	0	541
Beginning Stocks	160	160	100	116	100	50
Production	2163	2163	2100	1423	0	1503
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	2323	2323	2200	1539	100	1553
TOTAL Mkt. Yr. Exports	750	482	700	545	0	368
Oct-Sep Exports	650	482	700	545	0	368
Feed Dom. Consumption	1423	1575	1350	900	0	1039
TOTAL Dom. Consumption	1473	1725	1400	944	0	1084
Ending Stocks	100	116	100	50	0	101
TOTAL DISTRIBUTION	2323	2323	2200	1539	0	1553

Production

General

Sorghum production for the 2001/02 crop is forecast by ABARE at 1,423 TMT, 34 percent down on 1999/2000 levels. This decrease reflects poor prices and dry conditions at time of planting. While ABARE has forecast a fall of this order, industry sources believe that the fall could be much greater if further rain is not received before harvest.

Post has forecast production for 2002/03 at around 1.5 MMT from 541,000 hectares in line with ABARE estimates and assuming normal seasonal conditions. The most recent price estimate by ABARE for sorghum puts prices at their lowest since 1986/87, and lower than that received in 1990/91. While the price outlook remains low, Post does not expect significant increases in planted area within the medium term.

ABARE projects that sorghum plantings will remain flat for the remainder on the outlook period (2005/06).

Yields

Australian sorghum yields are expected to be slightly above average for the 2001/02 crop, assuming normal weather conditions for the remainder of the season. Post has assumed average yields for the 2002/03 crop.

Consumption

General

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

Year (a)	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000(f,p)
Area	686	769	544	507	587	648
Production	1,272	1,591	1,425	1,081	1,891	2,163
Exports	18	599	231	184	492	541
Estimated Domestic Disposal						
- Feed & Food	1,251	990	1,192	894	1,396	1,619
- Seed (b)	4	3	3	3	3	3
Seed Stocks (c)	3	3	3	3	3	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

Post forecasts grain sorghum prices to average A$180/MT for the 2001/02 marketing year. ABARE projects prices to remain close to this level out to 2005/06. ABARE forecast grain sorghum prices to decrease A$5 in 2001/02 to A$175/MT and A$173/MT in 2002/03.

Trade

General

Post forecasts exports of sorghum of around 545,000 MT in 2001/02. Given normal weather conditions this level is expected to decrease to 368,000 MT in 2002/03.

Rice, Milled

PSD Table						
Country	Australia					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		03/2000		03/2001		03/2002
Area Harvested	134	133	175	186	0	150
Beginning Stocks	99	99	24	34	178	237
Milled Production	775	787	1144	1253	0	886
Rough Production	1084	1101	1600	1752	0	1239
MILLING RATE (.9999)	7150	7150	7150	7150	0	7150
TOTAL Imports	50	50	50	50	0	50
Jan-Dec Imports	52	52	50	50	0	50
Jan-Dec Import U.S.	0	1	0	1	0	1
TOTAL SUPPLY	924	936	1218	1337	178	1173
TOTAL Exports	585	649	690	750	0	643
Jan-Dec Exports	617	650	675	725	0	640
TOTAL Dom. Consumption	315	253	350	350	0	330
Ending Stocks	24	34	178	237	0	200
TOTAL DISTRIBUTION	924	936	1218	1337	0	1173

Production

General

Rice production (rough) for 2001/02 is estimated at 1,752 TMT in line with ABARE forecasts, representing an increase of nearly 60 percent on the previous year and making this crop an all time record for Australian rice production. According to ABARE, the previous record of 1,382 TMT was achieved in 1998/99. This dramatic increase has been driven by record plantings which are sensitive to irrigation water allocations at time of planting. Furthermore, according to industry sources, resources have been transferred to rice from other enterprises. This record also follows a year of below average plantings and low water allocation at time of planting.

Production for 2002/03 is forecast at 1,239 TMT in line with ABARE projections and slightly under the five year average of 1,262 TMT. Post has assumed normal weather conditions and average water allocations at time of planting. Government sources indicate that the low returns will discourage large plantings in the future.

Recent media reports put the total number of rice growers in Australia at 2,200. Historically, NSW has grown nearly all of the rice produced in Australia. Until 1992/92, small amounts of rice were grown in Queensland in the Home Hill and Mareeba areas of Northern Queensland. In recent times a small concentration of plantings has been established in the Echuca district of Victoria. Government sources believe that up to 15,000 hectares were planted in this area in 2001/02

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 its 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 estimated to yield 9.4 MT/ha, well above the five year average of 8.7 MT/ha, and equaling the record yield of 1997/98.

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 nine kg/hd. The Australian rice industry has conducted an advertising campaign for a number of years which centers 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.

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)	215

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

Trade

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. 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 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. Analysts claim that Australia has an advantageous market window due to its April/May peak production period. 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 20,000 to 30,000 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.