Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Scheduled Report - public distribution

Date: 10/1/1998

GAIN Report #AS8046

Australia

Sugar

Sugar Semi Annual

1998

Prepared by:
Randy Zeitner
U.S. Embassy
Drafted by:
Scott Turner

Report Highlights:

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

PSD Table							
Country:	Australia						
Commodity:	Sugar						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1996		07/1997		07/1998	(MONTH/YEAR)
Beginning Stocks	4	4	131	131	400	140	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	5659	5659	5944	5567	5969	5417	(1000 MT)
TOTAL Sugar Production	5659	5659	5944	5567	5969	5417	(1000 MT)
Raw Imports	1	1	1	1	1	1	(1000 MT)
Refined Imp.(Raw Val)	1	1	1	1	1	1	(1000 MT)
TOTAL Imports	2	2	2	2	2	2	(1000 MT)
TOTAL SUPPLY	5665	5665	6077	5700	6371	5559	(1000 MT)
Raw Exports	4374	4374	4487	4390	4714	4240	(1000 MT)
Refined Exp.(Raw Val)	190	190	200	180	200	180	(1000 MT)
TOTAL EXPORTS	4564	4564	4687	4570	4914	4420	(1000 MT)
Human Dom. Consumption	970	970	990	990	995	995	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	970	970	990	990	995	995	(1000 MT)
Ending Stocks	131	131	400	140	462	144	(1000 MT)
TOTAL DISTRIBUTION	5665	5665	6077	5700	6371	5559	(1000 MT)

Production

General

Despite a two percent increase in the area planted to cane for the 1998-99 season, poor growing conditions have reduced the forecast size of the Australian sugar crop by around three percent. The fall in production is related to a lower commercial cane sugar (CCS) level. The reduced sugar content reflects a cooler winter and excess rain.

Recent rain in north Queensland halted cane harvesting and lodged cane in some areas. This will reduce the CCS further and will result in some cane being left unharvested. The rain damage will reduce the potential for next seasons crop due to the delayed planting, and replanting, of the crop, and a general reduction in quality of the cane that is planted. Replanting will result in some cane that would have been used for sugar production being cut instead for plant cane.

It should be noted that ABARE has revised their sugar statistics. Thus the production figures for the 1998 and

1999 years reported in the PS&D have changed.

The Australian Bureau of Statistics (ABS) report that confidentiality restrictions have been placed on releasing Australian bulk sugar export statistics. Thus export statistics from January 1998 onwards will only be available on a quarterly basis six month in arrears i.e. the March 1998 quarter will be available in October 1998.

Post has estimated that Australian sugar exports during the 1997-98 marketing year will remain at a level close to the previous year, and will fall by around three percent during the 1998-99 marketing year due to the smaller Australian crop.

While ABARE reports that sugar exports will be reduced, it appears that this is due mainly to reduced availability and not the result of softness in Asian markets. Notional reports indicate that the Australian industry is still making strong sales into traditional Asian markets and that quantities sold to individual countries have not altered dramatically. The depreciation in the Australian dollar has somewhat insulated the Australian industry from falling world prices.

Policy

General

The Australian sugar cane industry has been partially deregulated in recent years which has resulted in the first significant entry of new growers on new sugar growing land since 1965. Land assigned for sugar production has increased from 317,000 ha in 1988-89 to a forecast 412,000 ha in 1998-99. The majority of this increase is in the Burdekin and other northern growing regions.

The Australian Bureau of Statistics (ABS) reports that the average price for a two kilogram bag of white sugar on the Sydney market (June Quarter, 1998) was A$2.37 (9/23/97 US$1 = A$ 1.69)which compares to A$2.22 in the June Quarter, 1997.

The Australian sugar industry receives no export subsidies.

Tariff Changes

The sugar import tariff was removed on July 1, 1997. With the Australian industry continuing to become more competitive, refining capacity being well in excess of Australian domestic consumption, and production rising it seems unlikely that sugar imports will become significant in the future.

PSD Table							
Country: Australia							
Commodity: Sugar Cane Centrifugal							
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1996		07/1997		07/1998	(MONTH/YEAR)
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	401	401	403	402	409	412	(1000 HA)
Production	39938	39938	40932	40953	41044	40491	(1000 MT)
TOTAL SUPPLY	39938	39938	40932	40953	41044	40491	(1000 MT)
Utilization for Sugar	39878	39878	40872	40893	40984	40431	(1000 MT)
Utilization for Alcohol	60	60	60	60	60	60	(1000 MT)
TOTAL UTILIZATION	39938	39938	40932	40953	41044	40491	(1000 MT)