Required Report: Required - Public Distribution

Date: September 30,2019

Report Number: AS2019-0013

Report Name: Sugar Semi-annual

Country: Australia

Post: Canberra

Report Category: Sugar

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Report Highlights:

Australia's sugar cane crush is down this year as a result of dry weather throughout parts of the key sugar production region. Total sugar cane crush in MY 2019/20 is estimated to be down 5 percent from the previous year. As a result, Australian sugar exports are also forecast to fall to 3.5 MMT in MY 2019/20, from 3.8 MMT in MY 2018/19.

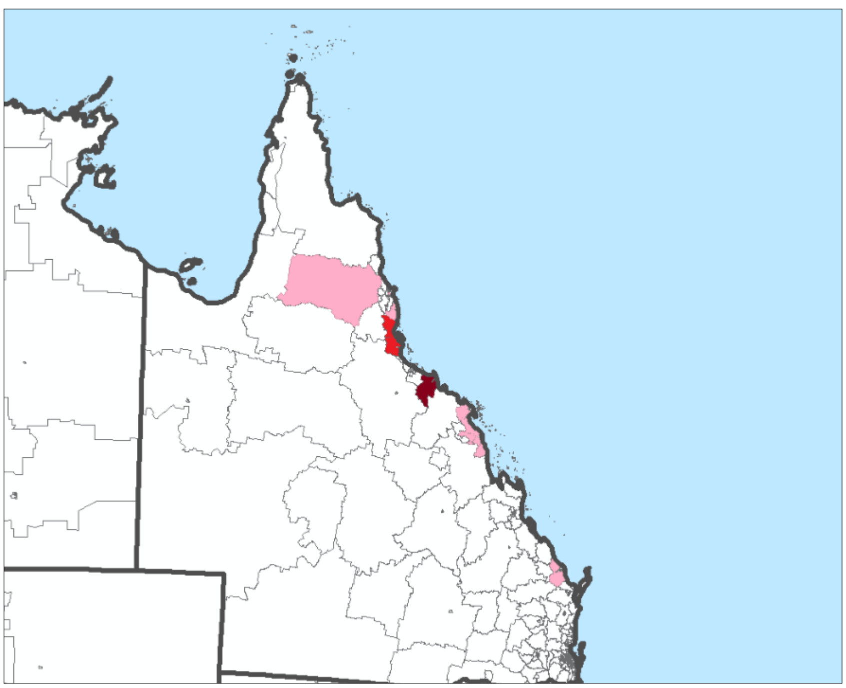
Executive Summary

Australia's sugar cane crush is down this year as a result of dry weather throughout parts of the key sugar production region. Total sugar cane crush in MY 2019/20 is estimated to be down 5 percent from the previous year. As a result, Australian sugar exports are also forecast to fall to 3.5 MMT in MY 2019/20, from 3.8 MMT in MY 2018/19.

Production

FAS/Canberra estimates sugar cane production to fall to 31 million metric tons (MMT) in marketing year (MY) 2019/20, from 32.5 MMT in MY 2018/19. This downward revision is a result of dry weather throughout parts of the key sugar production region and especially in southern parts of Queensland and northern New South Wales (NSW). Also, localized flooding in some northern growing areas also impacted the crop. The vast majority (95 percent) of sugar cane is produced in Queensland, with a small amount in northern NSW.

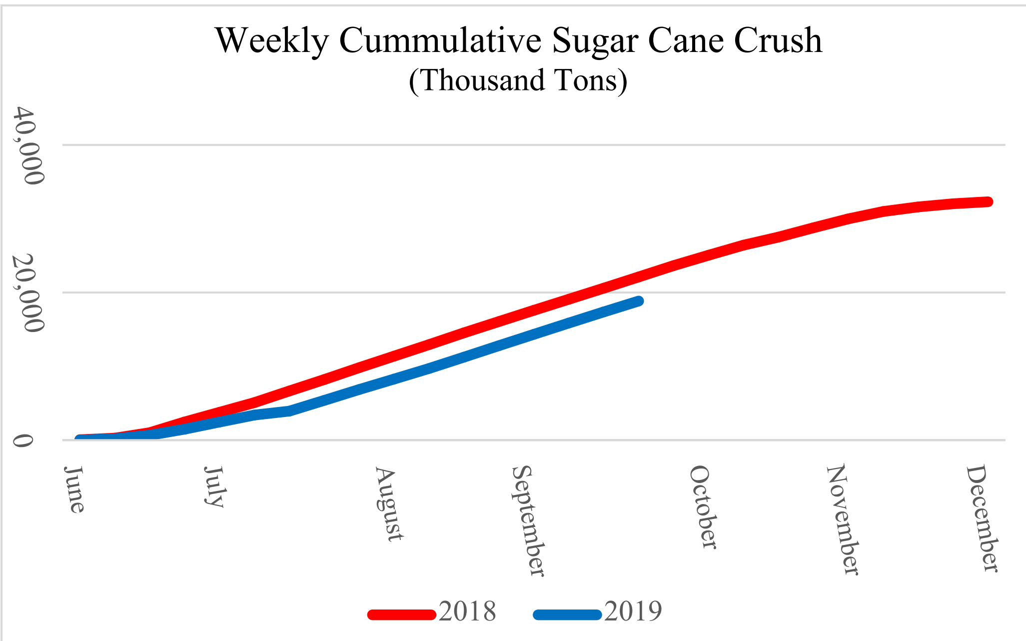
Map of Key Sugar Cane Growing Regions in Australia



Dark Red – 30%
Red – 5-10%
Pink – 1-5%
Source: ABS 2015/16 census

Although accounting for a relatively small amount, sugar production in NSW is especially expected to be sharply down because of the continued drought in the region. As a result, it is reported that mills in New South Wales will likely need to bring in sugar supplies from Queensland to meet their needs.

The Australian Sugar Milling Council has revised their original forecast for sugar cane crush made in June of 31.66 MMT, to an estimate as of late-September of 30.64 MMT. Sugar cane crush has been running behind last year, and as of September 22, 2019 had reached 18.8 MMT, compared to 22.1 MMT at the same period the previous year. The Australian Sugar Milling Council estimates that as of September 22nd, 62 percent of this year's crush has already been completed. Because of the smaller crop some industry experts expect the crushing season to end earlier this year.



Source: Australian Sugar Milling Council

Because of reduced cane production, FAS/Canberra estimates sugar production in MY 2019/20 to fall by 5 percent to 4.5 MMT, down from the revised 4.725 MMT in MY 2018/19. If realized this would be the smallest production since MY 2013/14. The combination of a smaller crop this year and continued low global sugar prices are expected to hit processors margins.

Consumption

Domestic sugar consumption for MY 2019/20 if estimated at 1 MMT, unchanged from the revised MY 2018/19 estimate. The MY 2017/18 and MY 2018/19 domestic consumption estimates are revised down as final sugar production numbers and estimated exports indicate lower consumption numbers than previously estimated. Consumption is expected to gradually decline over the longer term as a result of changing dietary habits. Australia is considering increased sugar labelling on products. In mid-August, The Australia and New Zealand Ministerial Forum on Food Regulation released a communique where they "agreed to request that Food Standards Australia New Zealand review nutrition labelling for added sugars, noting that the option to quantify added sugars in the nutrition information panel best met the desired outcome."

Trade

Sugar is Australia's second largest crop export, after wheat. Australia is consistently the world's third largest exporter of sugar after Brazil and Thailand. About 80 percent of Australian sugar is exported. With lower production and strong global competition, FAS/Canberra estimates Australian sugar exports to fall to 3.5 MMT in MY 2019/20, from 3.8 MMT in MY 2018/19. The vast majority of Australian sugar is exported as raw sugar, with South Korea, Indonesia and Japan the largest markets. For refined exports, Singapore is the primary market.

The Australian sugar industry and Australian Government are concerned about Indian sugar subsidies and assert that they have had a negative impact on Australian producers. As a result, a formal WTO complaint was made and on August 15, 2019 the WTO Dispute Settlement Body established a panel to hear the dispute. In March, Guatemala, Brazil, Costa Rica, the European Union and Thailand have also requested to join the complaint consultations with Australia.

Sugar Cane for Centrifugal	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	400	390	400	380	400	375
Production	34000	33300	34000	32500	34000	31000
Total Supply	34000	33300	34000	32500	34000	31000
Utilization for Sugar	34000	33300	34000	32500	34000	31000
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	34000	33300	34000	32500	34000	31000
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	220	220	110	130	100	80
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	4800	4480	4900	4725	4900	4500
Total Sugar Production	4800	4480	4900	4725	4900	4500
Raw Imports	30	5	30	5	30	5
Refined Imp.(Raw Val)	60	25	60	20	60	20
Total Imports	90	30	90	25	90	25
Total Supply	5110	4730	5100	4880	5090	4605
Raw Exports	3600	3400	3600	3600	3600	3300
Refined Exp.(Raw Val)	200	200	200	200	200	200
Total Exports	3800	3600	3800	3800	3800	3500
Human Dom. Consumption	1200	1000	1200	1000	1200	1000
Other Disappearance	0	0	0	0	0	0
Total Use	1200	1000	1200	1000	1200	1000
Ending Stocks	110	130	100	80	90	105
Total Distribution	5110	4730	5100	4880	5090	4605
(1000 MT)						

Attachments: No Attachments