Prospects for the Australian sugar industry

Dr Rohan Nelson
Senior Economist and Adviser on Industry Policy

Charley Xia and Ben Agbenyegah

Australian Bureau of Agricultural and Resource Economics and Sciences

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Outline

• Australian sugar industry
  • Overview

• Outlook for world markets
  • Abundant production capacity

• Australia’s global competitiveness
  • Sugarcane growing
  • Milling and marketing

• Conclusions
  • Opportunities to stay competitive
Australian sugar industry

- 100% sugarcane
- 3200 farms\(^a\)
- 9500 employed
- 386,000 ha harvested\(^b\)

- 24 mills
- 35 million tonnes of cane\(^b\)

- 4.7 million tonnes\(^b\)

- 3.9 million tonnes\(^b\)
- 82% of production
- $A 2.2 billion\(^b\)

82% of production is shipped to Korea, Indonesia, and Japan.

\(^a\) EVAO > $40,000, \(^b\) Average 3 years to 2017-18

Source: ABARES. ABS
Value of agricultural production
Average 2016-17 to 2018-19

Source: ABARES
Value of agricultural exports
Average 2016-17 to 2018-19

Source: ABARES
Regional employment
State of Queensland, 2016

State stats
12 of 80 local government areas
8565 employed
0.4% of total employment

Source: ABS Census
Volume of world raw sugar exports
Average over 3 years 2015-16 to 2017-18

Source: ABARES
Level of government subsidy
Single commodity transfers (%), refined sugar

Source: OECD
Outlook for sugar
Global crush capacity per person
Index 2000=100

Source: FO Licht, ABARES
World sugar price
Forecast bounds

Source: ABARES
Incomes and consumption
Australia’s export markets 2010-11 to 2018-19

Source: UN, ABARES, IMF
Australia’s global competitiveness
Sugarcane production
Farm cash income – sugarcane farms
1993-94 to 2013-14

Source: ABARES
Sugar yields – Australia vs US

Sugar

Australia

United States

Source: ABARES, USDA
Fertiliser use and the Great Barrier Reef

Total N use, including sugarcane, Burdekin

Source: Kroon et al 2016
Adoption of best management practices
Area accredited to ‘Smartcane BMP’

Source: Australian Canegrower December 2018
Value of farm production, Australia

Global policy-induced stagnation

Microeconomic reform

Source: ABARES, ABS
Farm size

Index

Number of farms
Index 1998=100

Sugar

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Dairy

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Source: ABS
Farm size – Australian vs US cane farms

Index

Australia
SCT 2.6% 2017

United States
SCT 56.1% 2017

Peak farm numbers 1997/98

Source: USDA and ABS agricultural census

Average
125 ha (2016)

Average
498 ha (2012)
Farm business profit
Sugarcane farms 2013-14

Source: ABARES
Australia’s global competitiveness
Milling and marketing
Sugar recovery rates

Source: ABARES, UNICA, USDA, Corbion, ISMA, Ministry of Agriculture and Farmers Welfare
Farm share of export price, sugar
1988-89 to 2014-15

Source: Sandley et al 2017
Marketing regulation
Australian agriculture 1982 vs 2019

See Productivity Commission (2017)

Source: Vinning 1982
Investment in sugar milling, Australia

Source: FO Licht, ASMC
Diversification of mill revenue
Percentage of revenue, 2017-18 marketing year

Sources: ASMC, UNICA and Thai Sugar Millers
Vertical integration
NTMs affecting sugar RCEP countries

Source: Fell et al. 2017
India – subsidies for sugar production

Source: Department of Food & Public Distribution, Government of India; FO Licht
Conclusion
Is Australia staying competitive?
Competition in key markets

Republic of Korea

Indonesia

Japan

Source: Fell et al. 2017