Australian Government
Department of Agriculture and Water Resources
ABARES

Prospects for the Australian sugar industry

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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

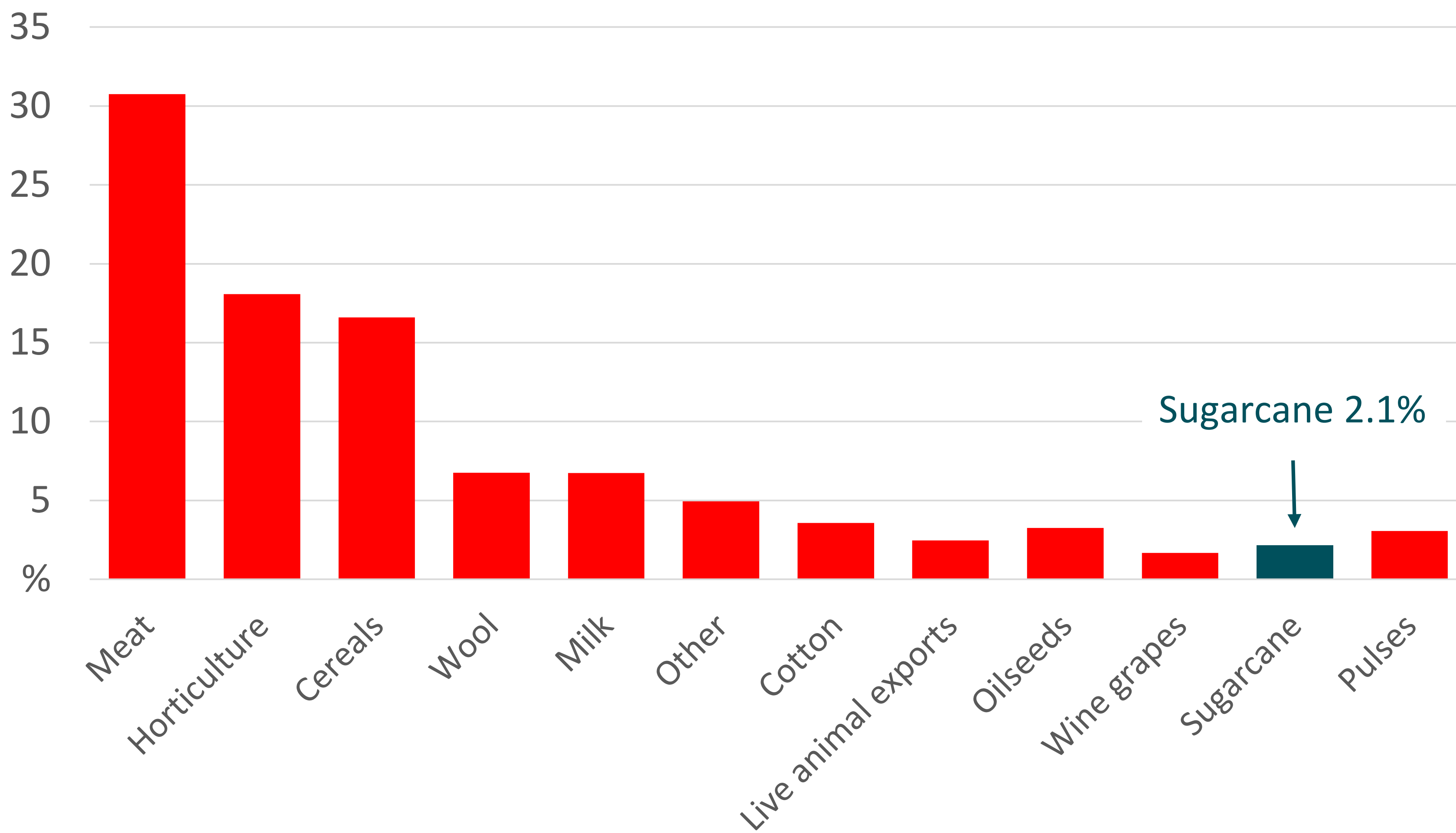
Grown	100%	sugarcane
	3200	farms[a]
	9500	employed
	386,000	ha harvested[b]
Crush	24	mills
	35	million tonnes of cane[b]
SUGAR Production	4.7	million tonnes[b]
Exports	3.9	million tonnes[b]
	82%	of production
	$A 2.2	billion[b]
	82%	Korea, Indonesia and Japan

[a] EVAO > $40 000, [b] Average 3 years to 2017-18

Source: ABARES. ABS

Value of agricultural production

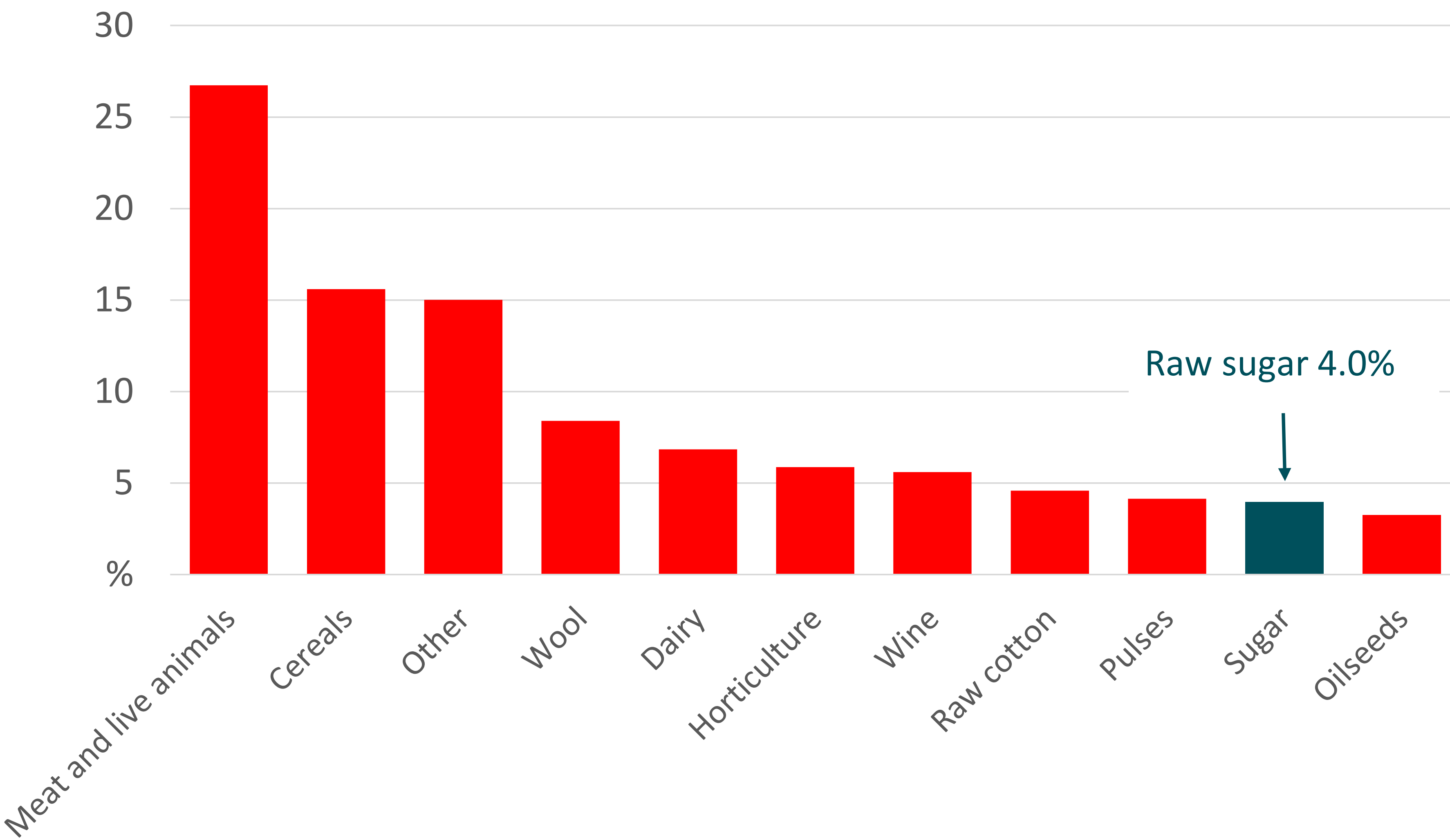
Average 2016-17 to 2018-19



Source: ABARES

Value of agricultural exports

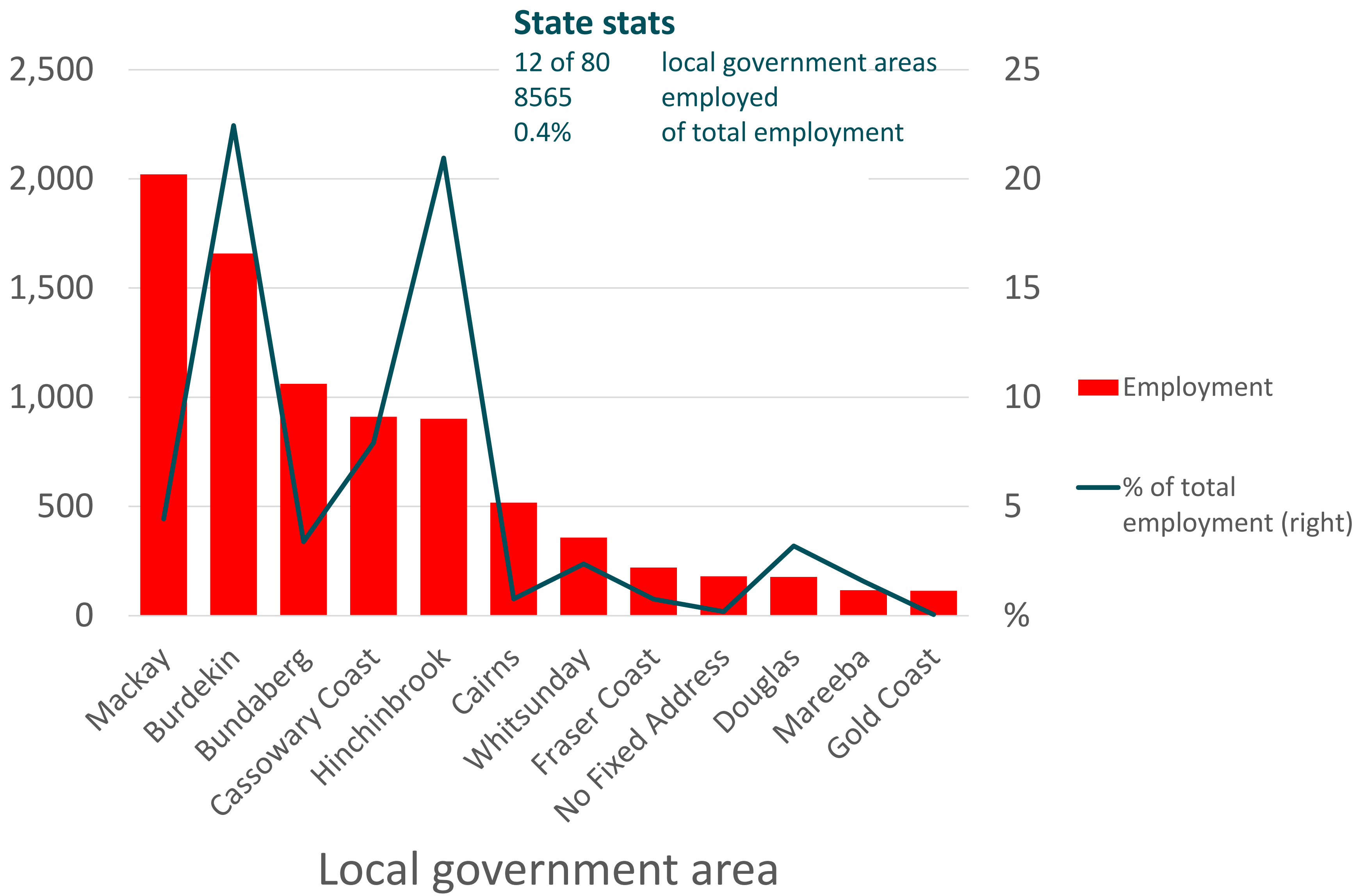
Average 2016-17 to 2018-19



Source: ABARES

Regional employment

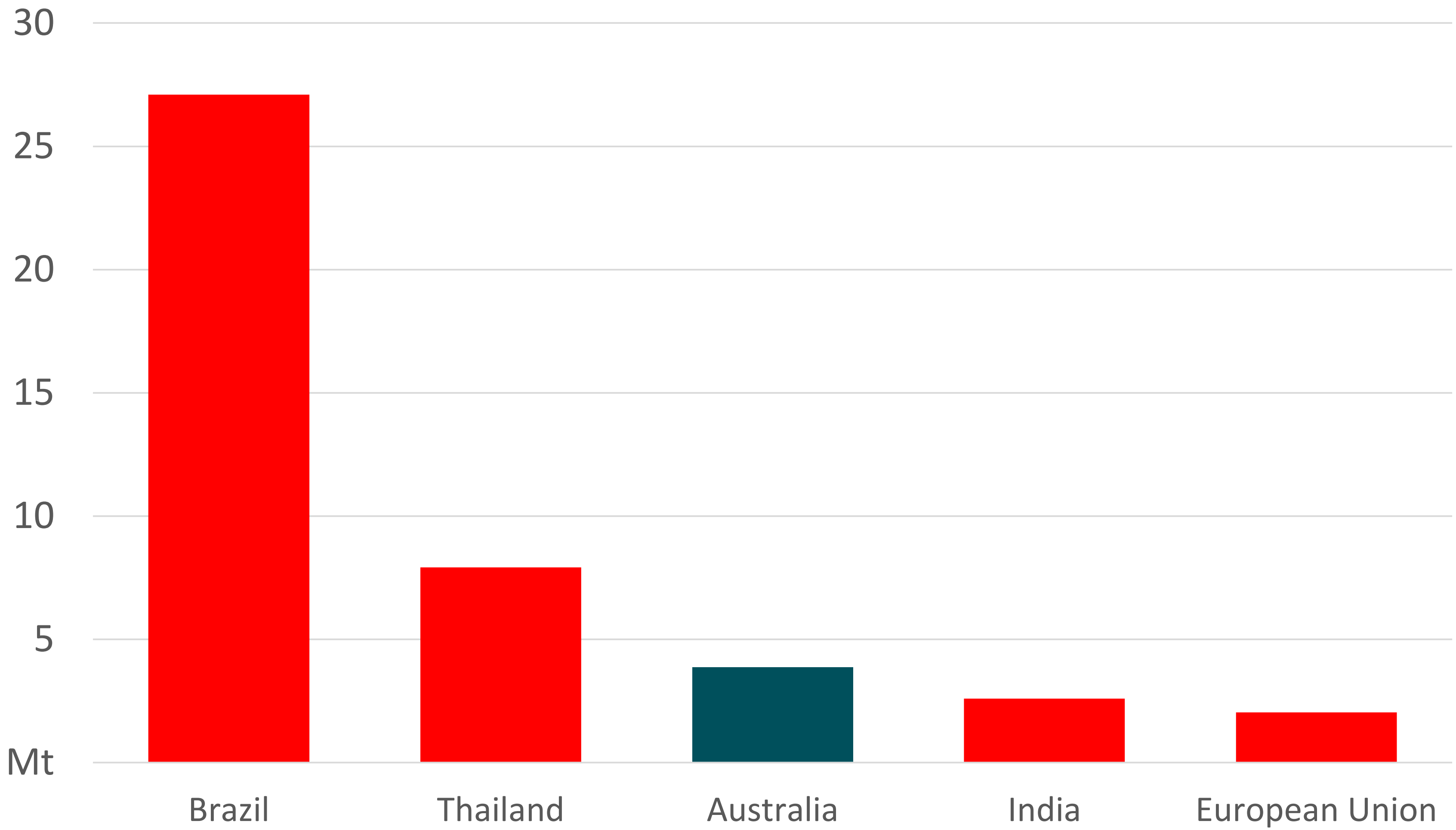
State of Queensland, 2016



Source: ABS Census

Volume of world raw sugar exports

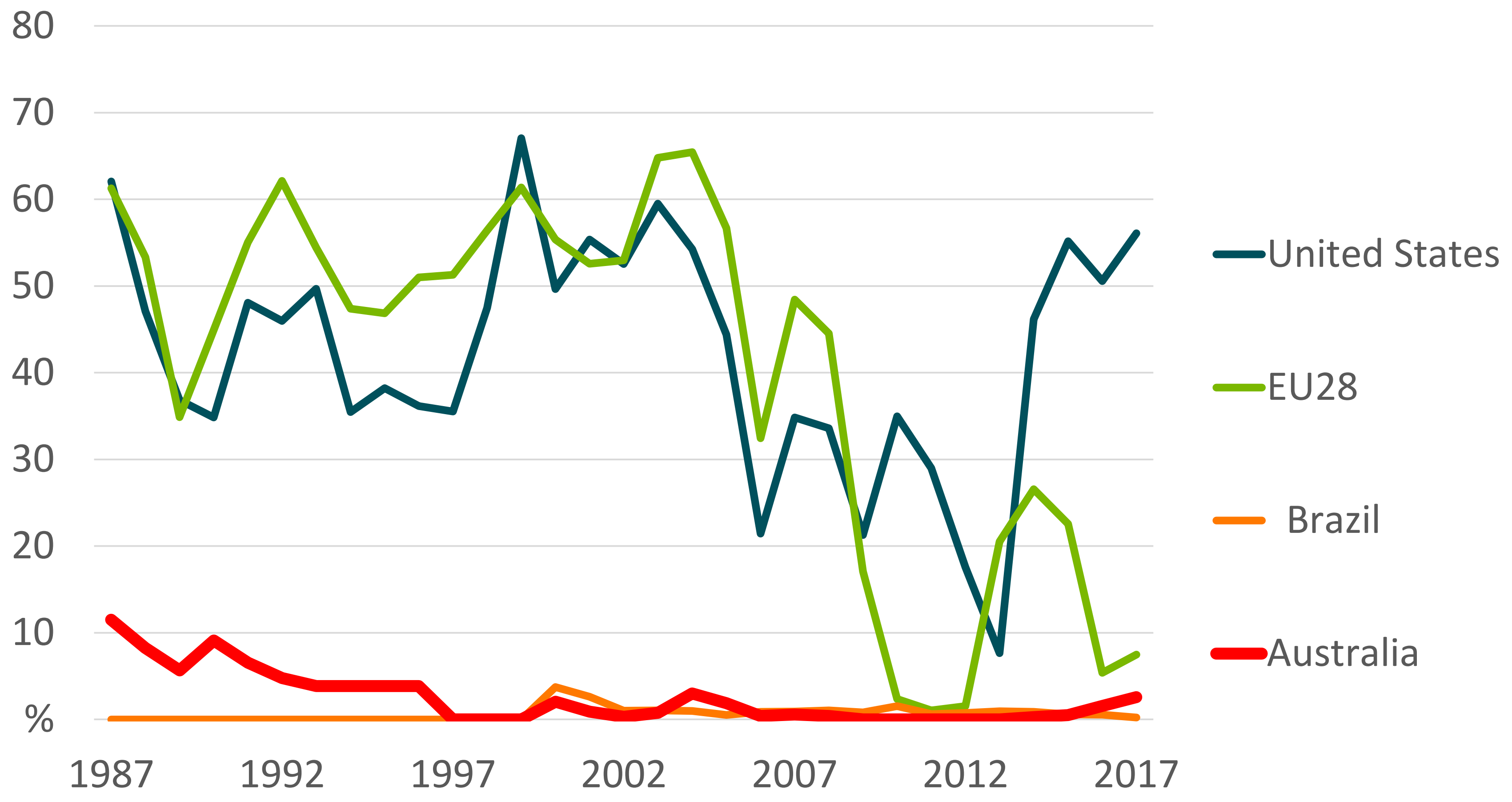
Average over 3 years 2015-16 to 2017-18



Source: ABARES

Level of government subsidy

Single commodity transfers (%), refined sugar

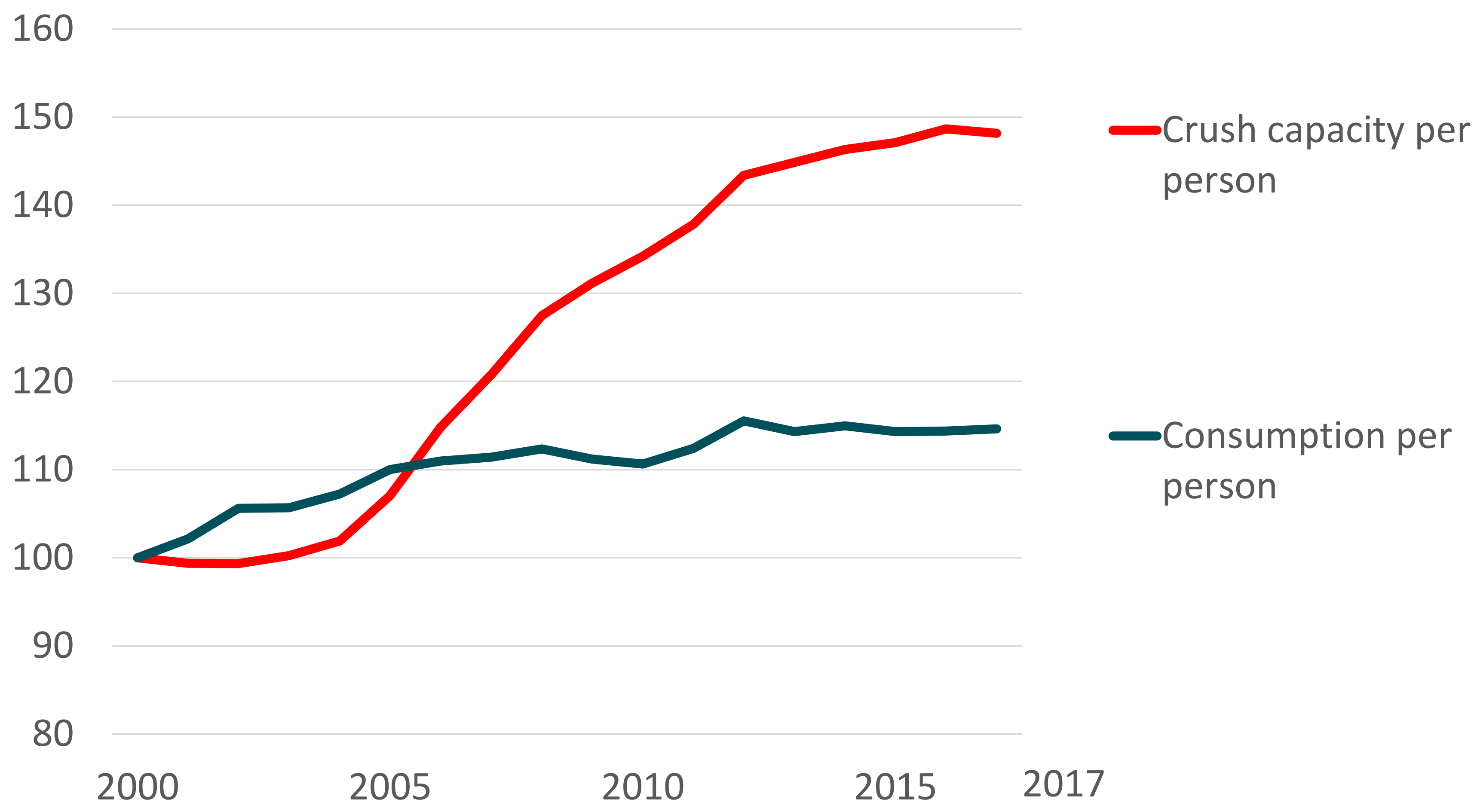


Source: OECD

Outlook for sugar

Global crush capacity per person

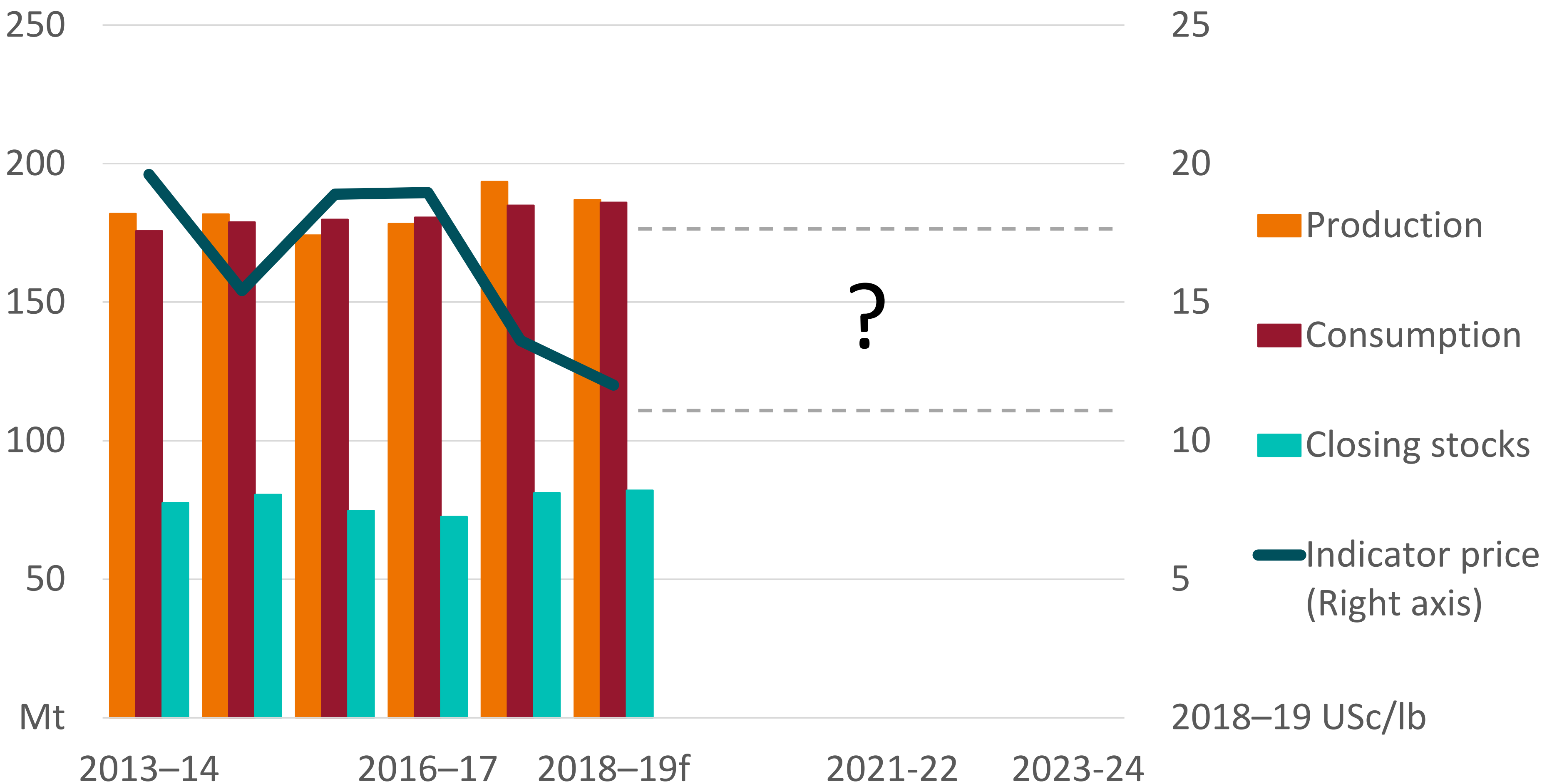
Index 2000=100



Source: FO Licht, ABARES

World sugar price

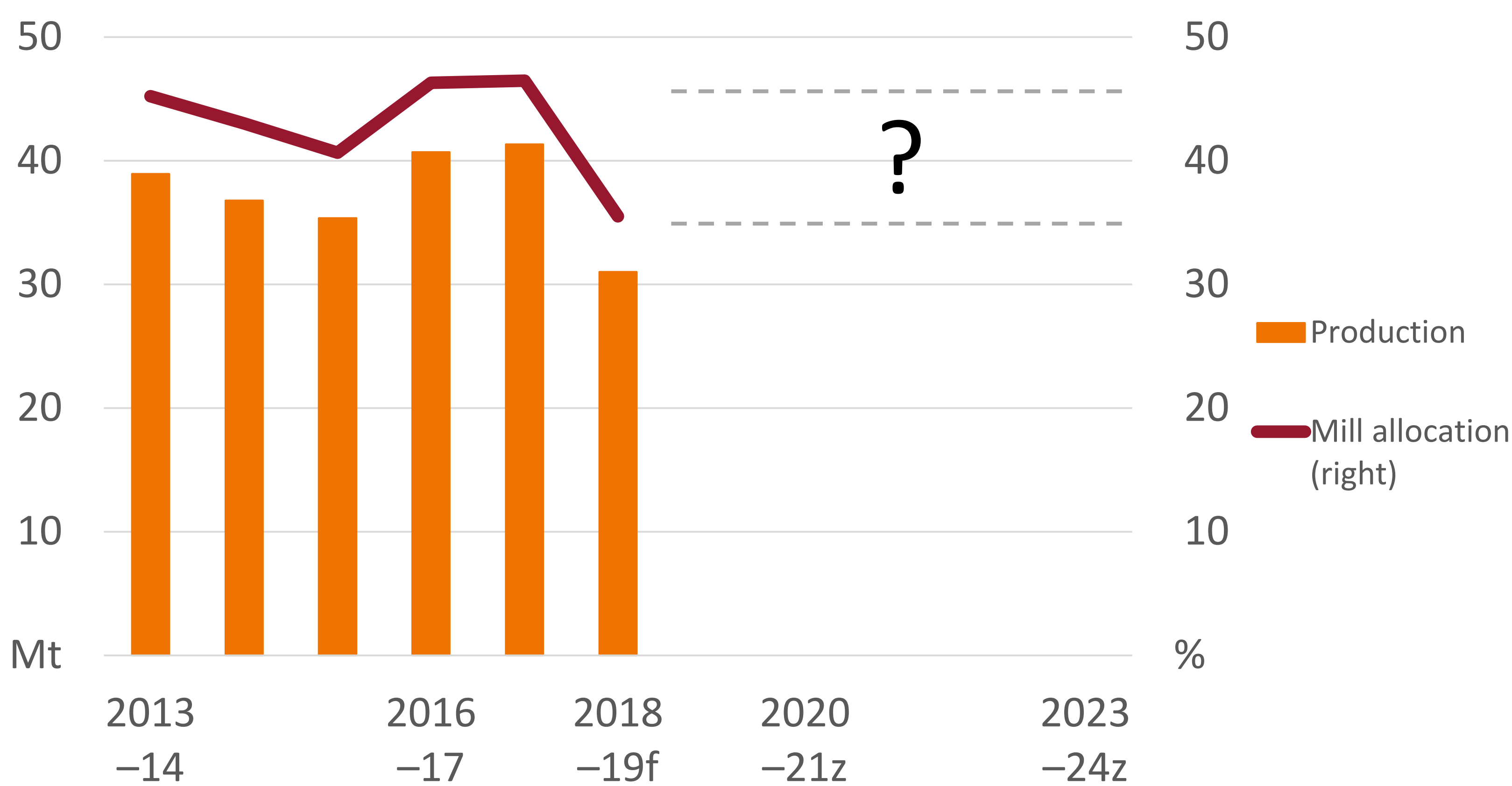
Forecast bounds



Source: ABARES

Brazil sugar production

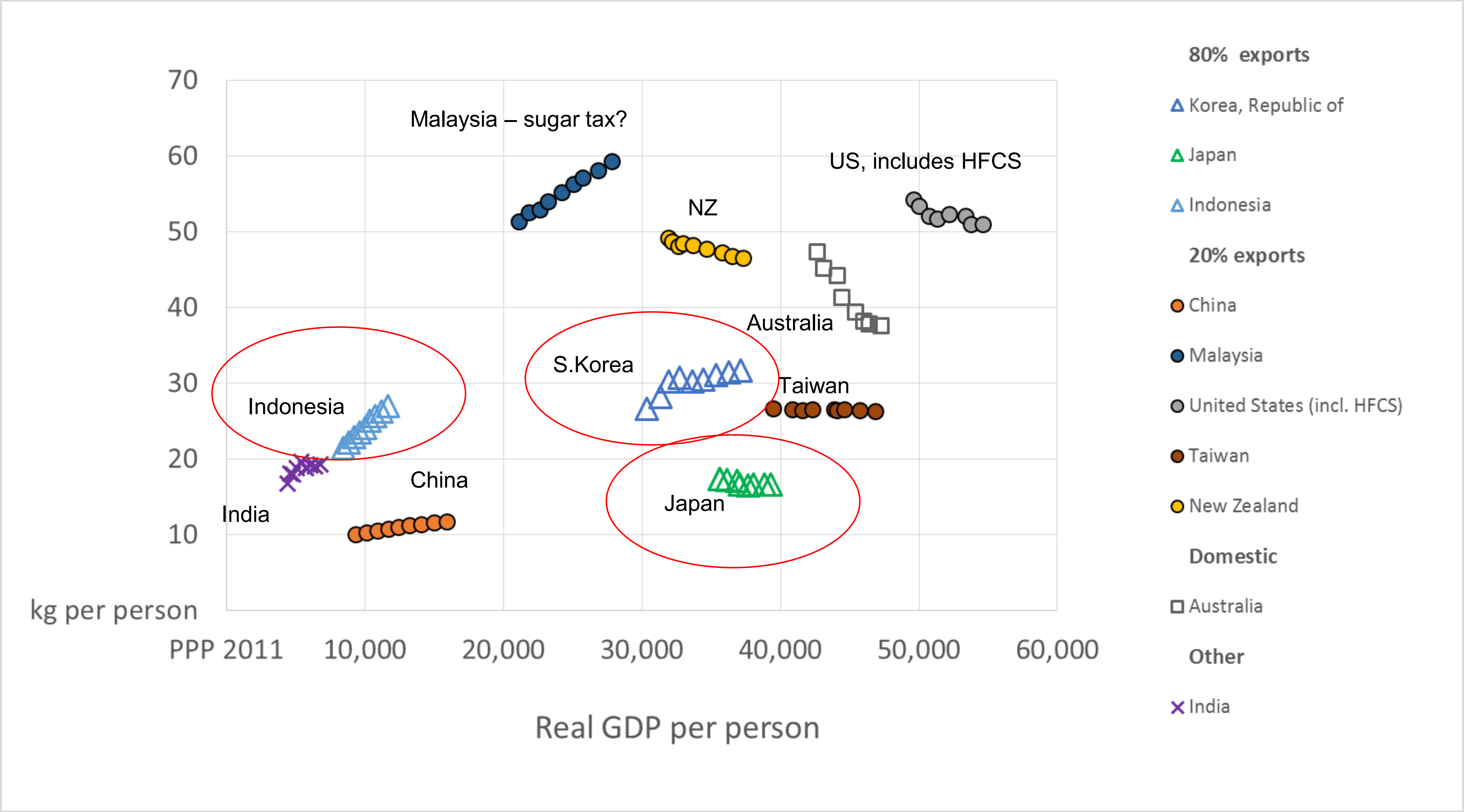
Forecast bounds



Source: ABARES

Incomes and consumption

Australia's export markets 2010-11 to 2018-19

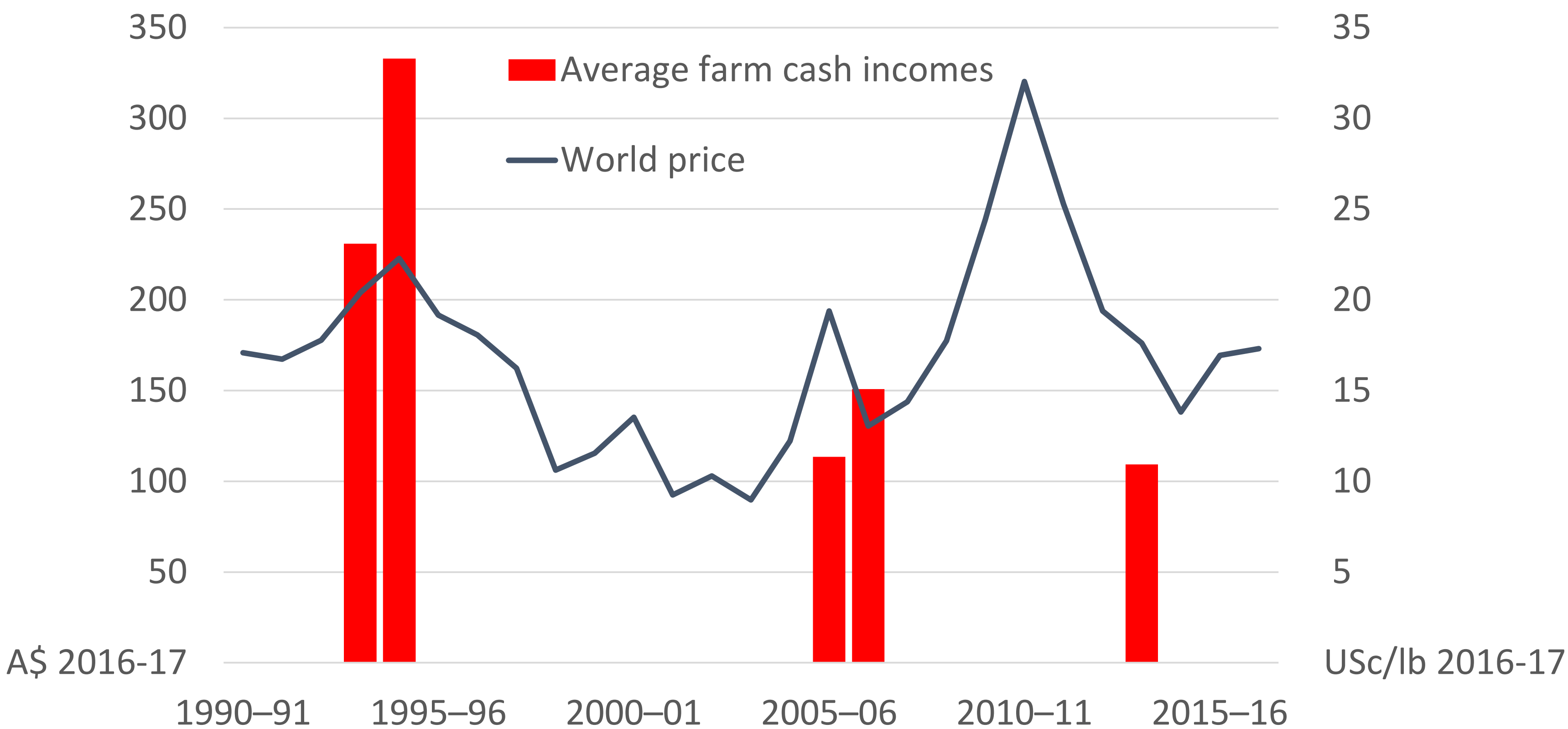


Source: UN, ABARES, IMF

Australia’s global competitiveness
Sugarcane production

Farm cash income – sugarcane farms

1993-94 to 2013-14



Source: ABARES

Yields – intensive agriculture

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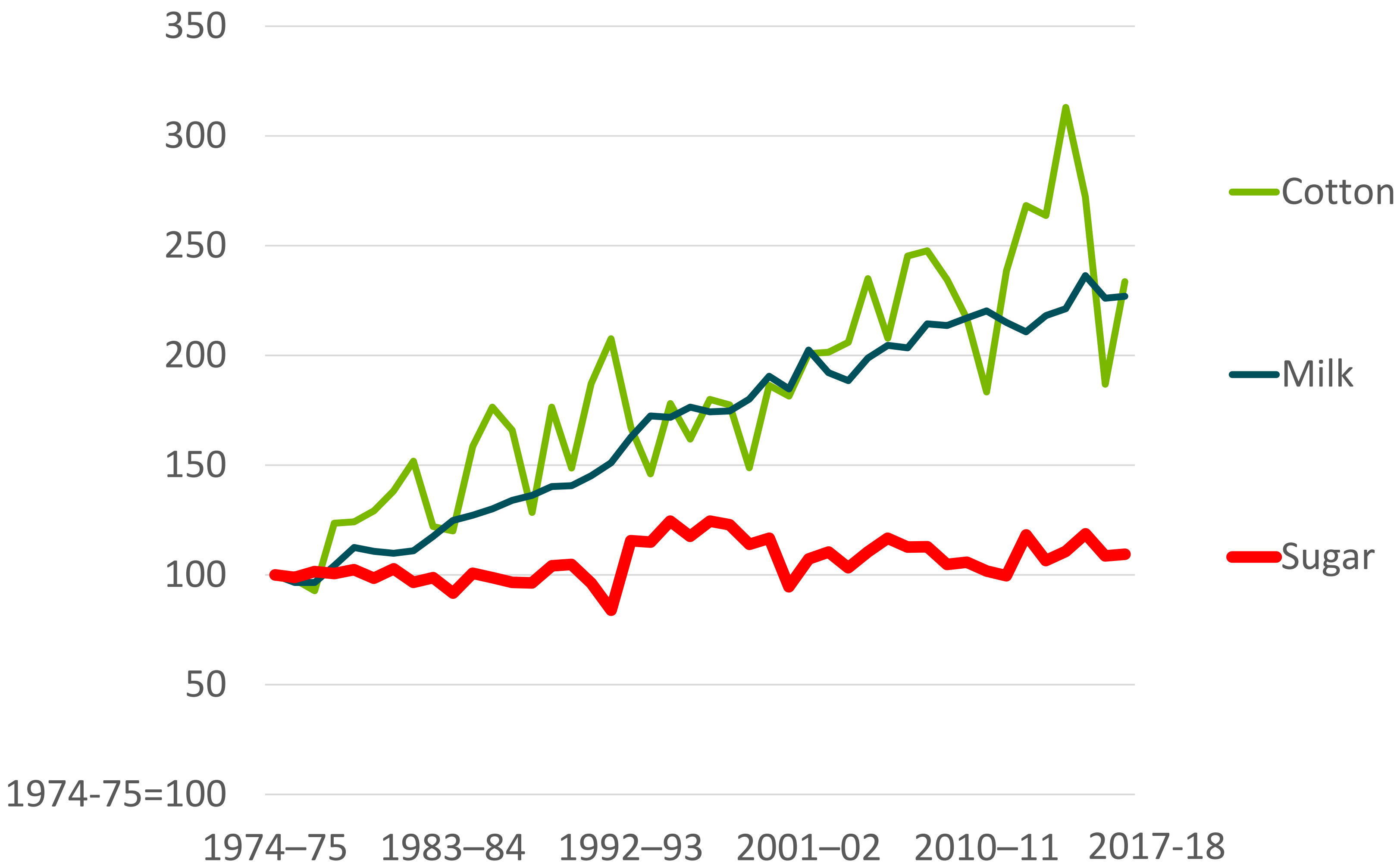
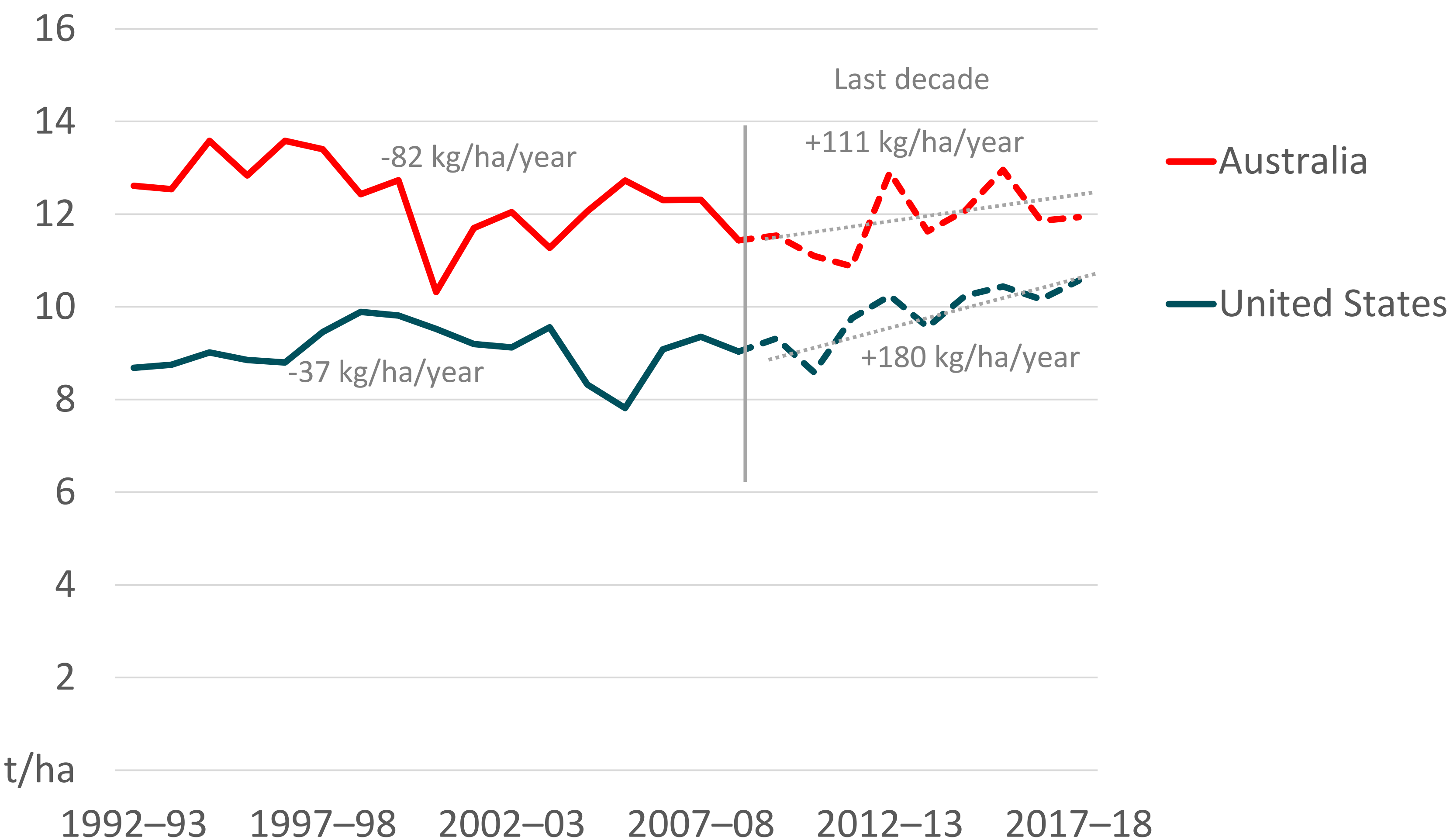


Source: ABARES

Sugar yields – Australia vs US

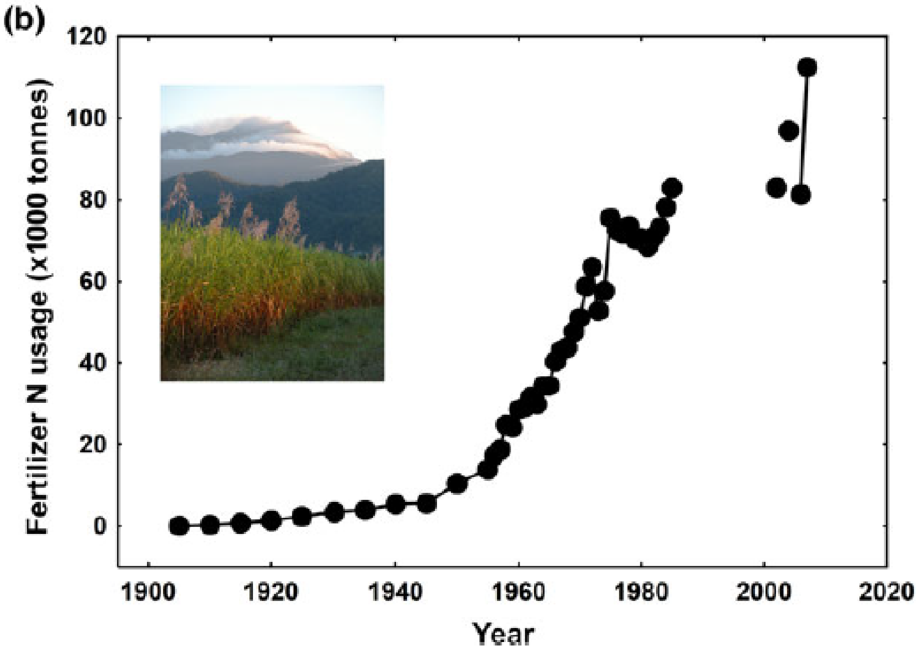
Sugar



Source: ABARES, USDA

Fertiliser use and the Great Barrier Reef

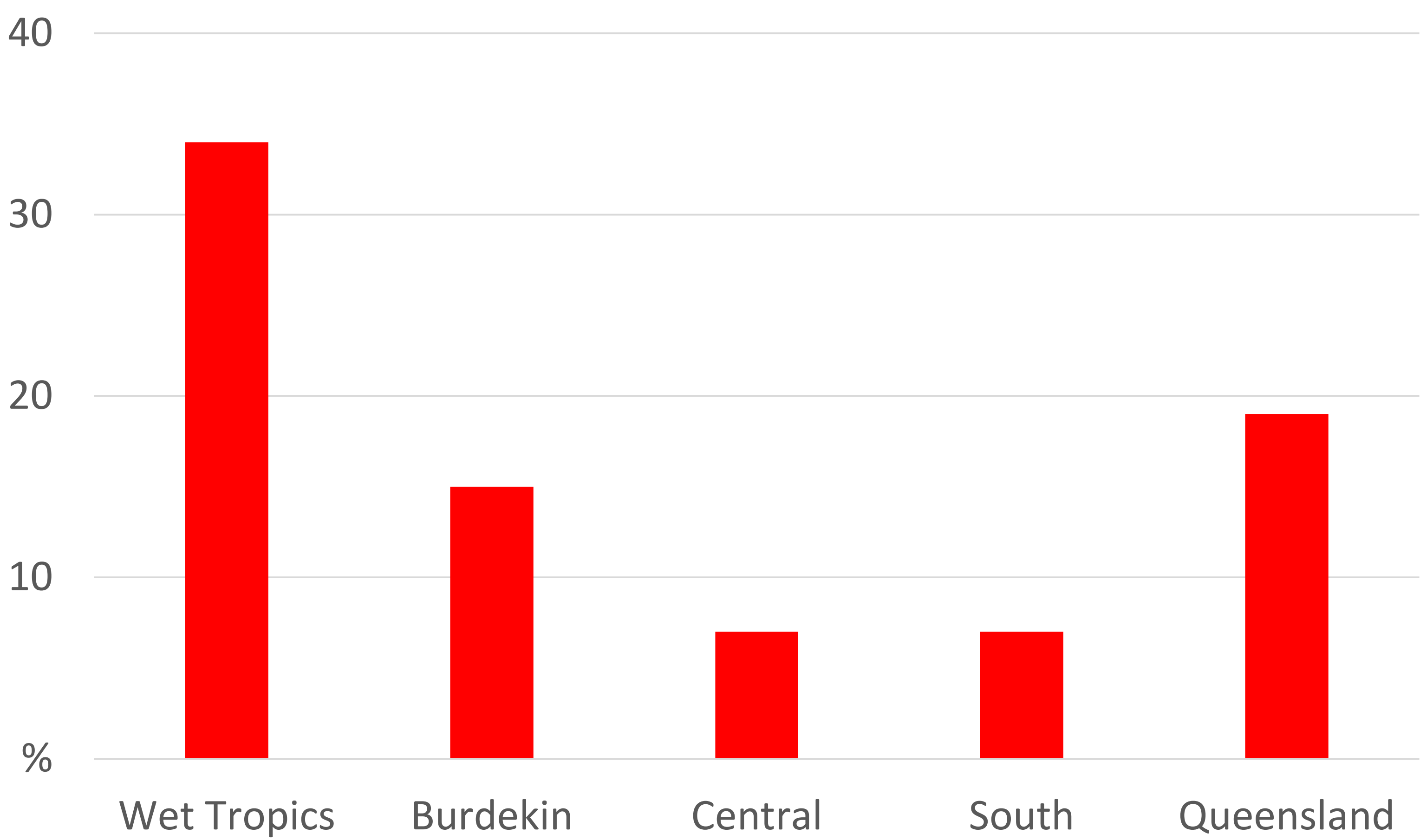
Total N use, including sugarcane, Burdekin



Source: Kroon et al 2016

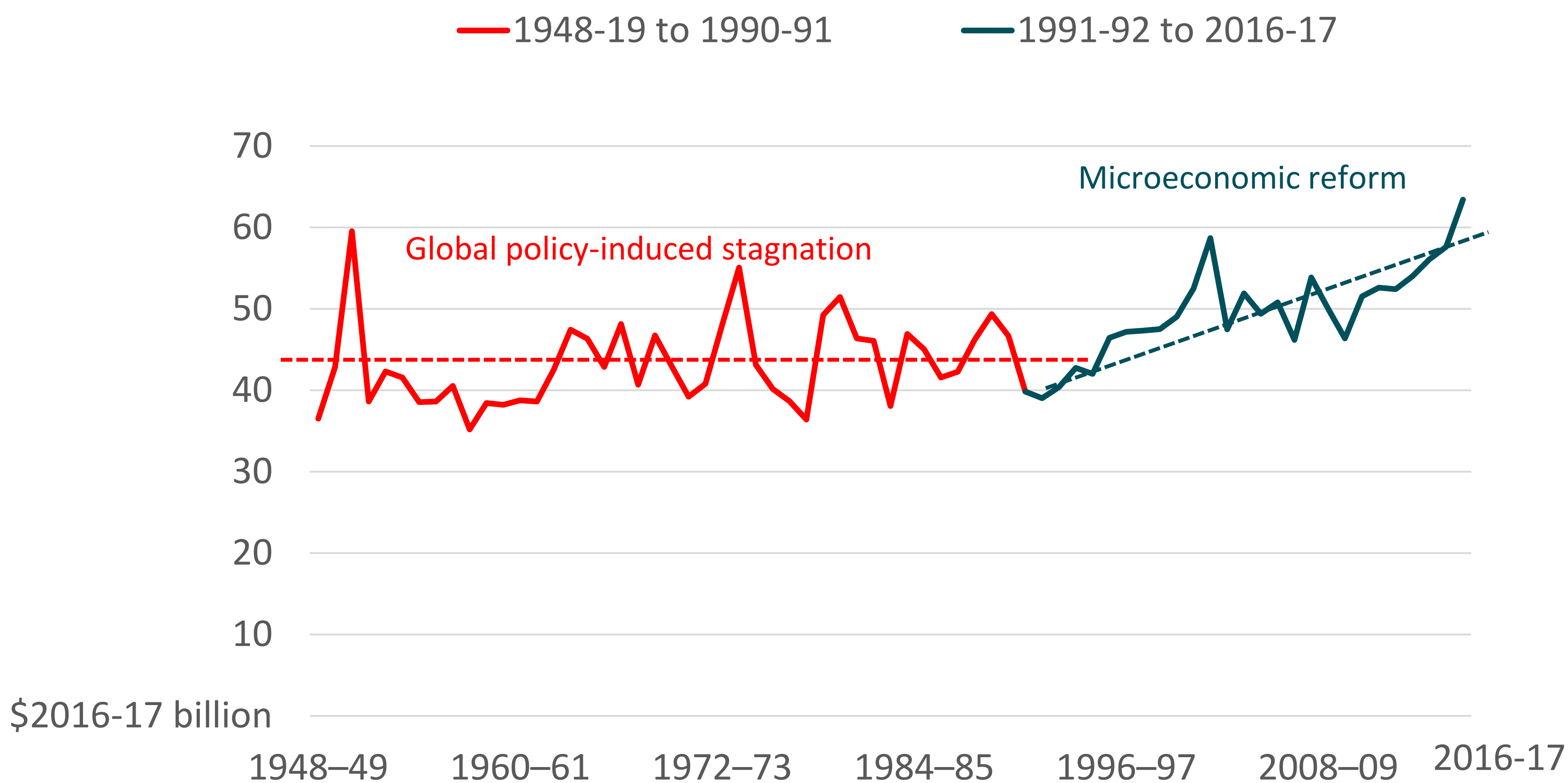
Adoption of best management practices

Area accredited to 'Smartcane BMP'



Source: Australian Canegrower December 2018

Value of farm production, Australia



Source: ABARES, ABS

Farm size

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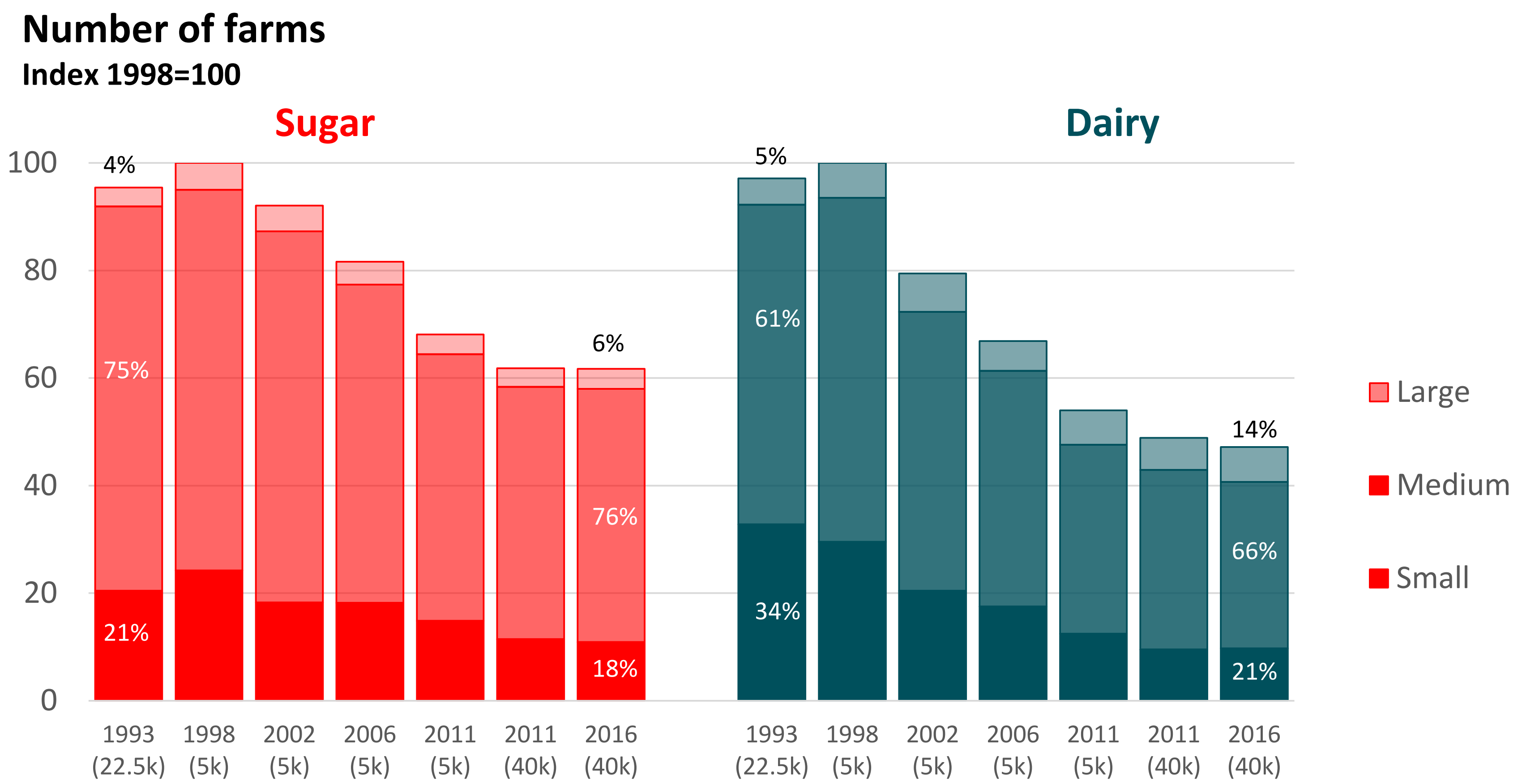

Source: ABS

Farm size – Australian vs US cane farms

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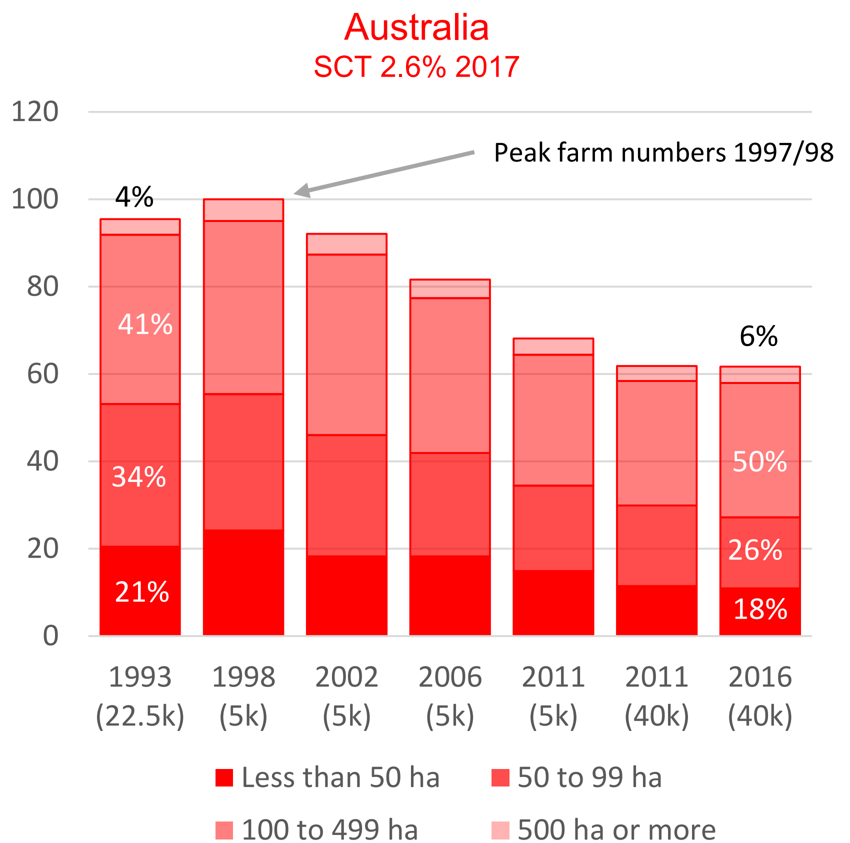
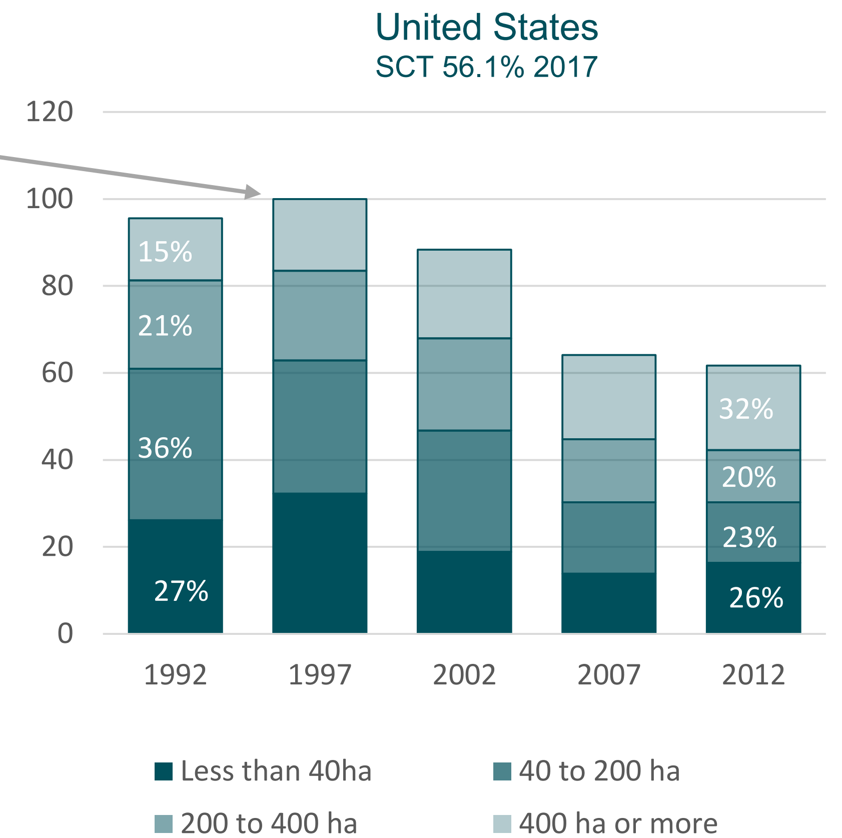




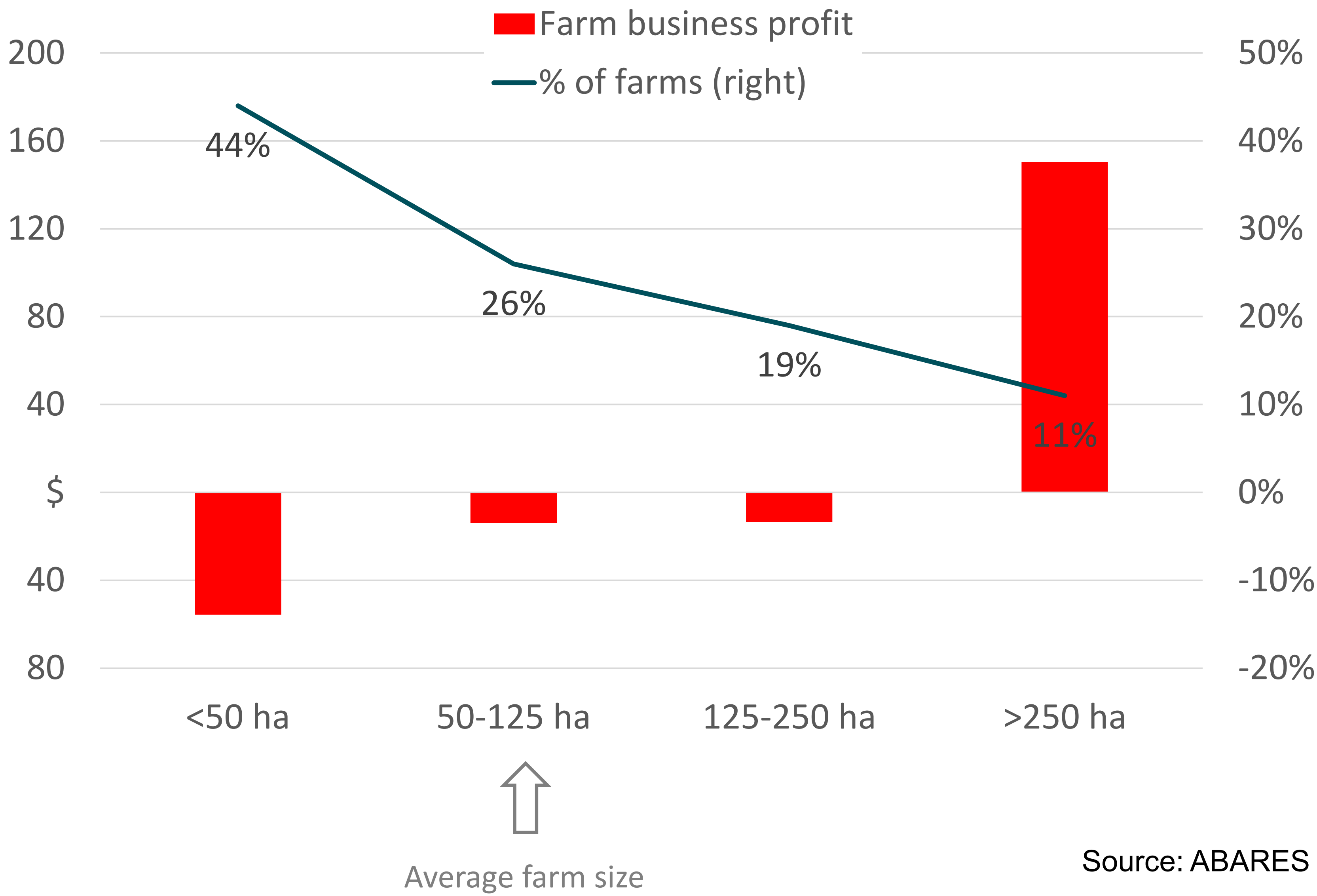
Average
125 ha (2016)

Average
498 ha (2012)

Source: USDA and ABS agricultural census

Farm business profit

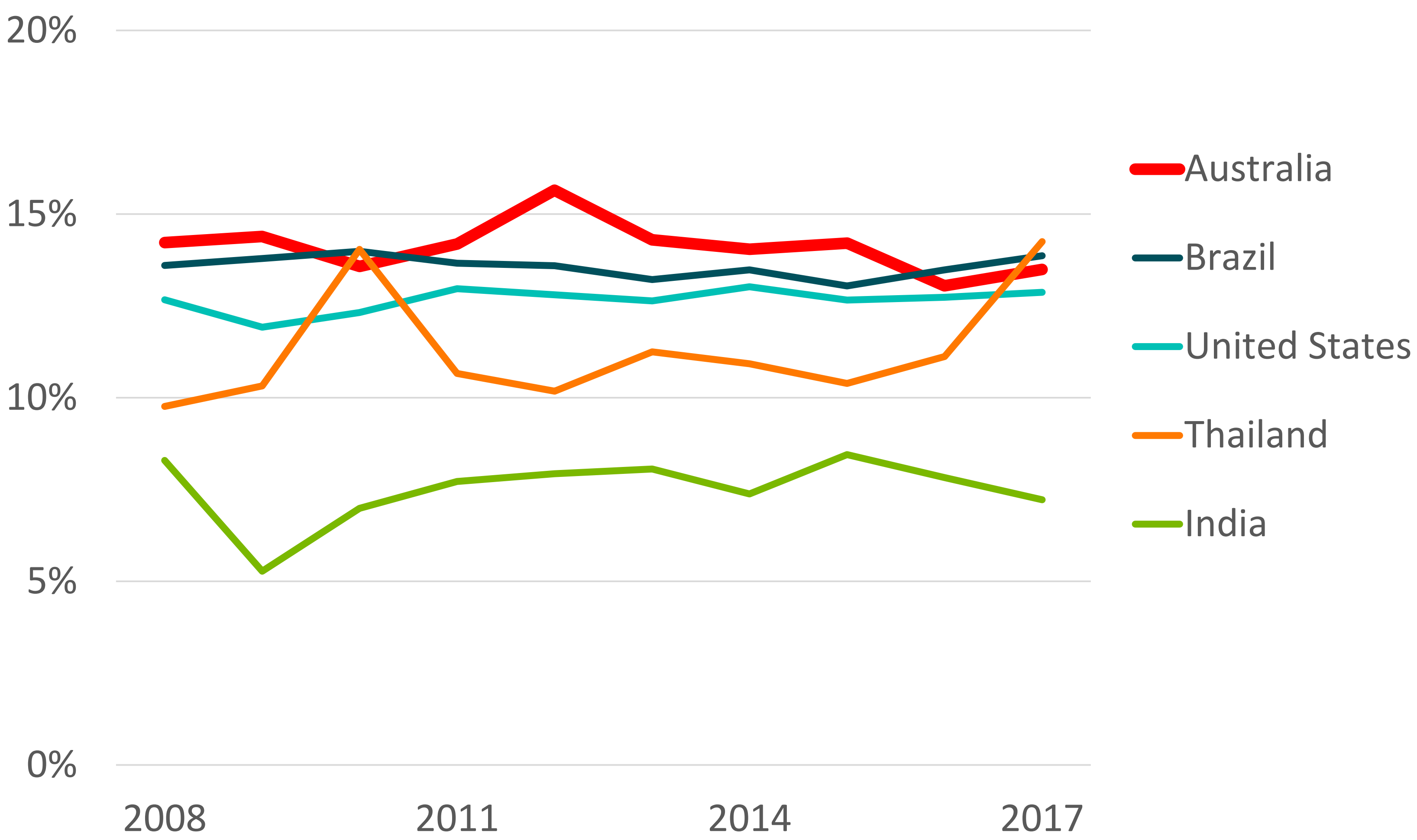
Sugarcane farms 2013-14



Source: ABARES

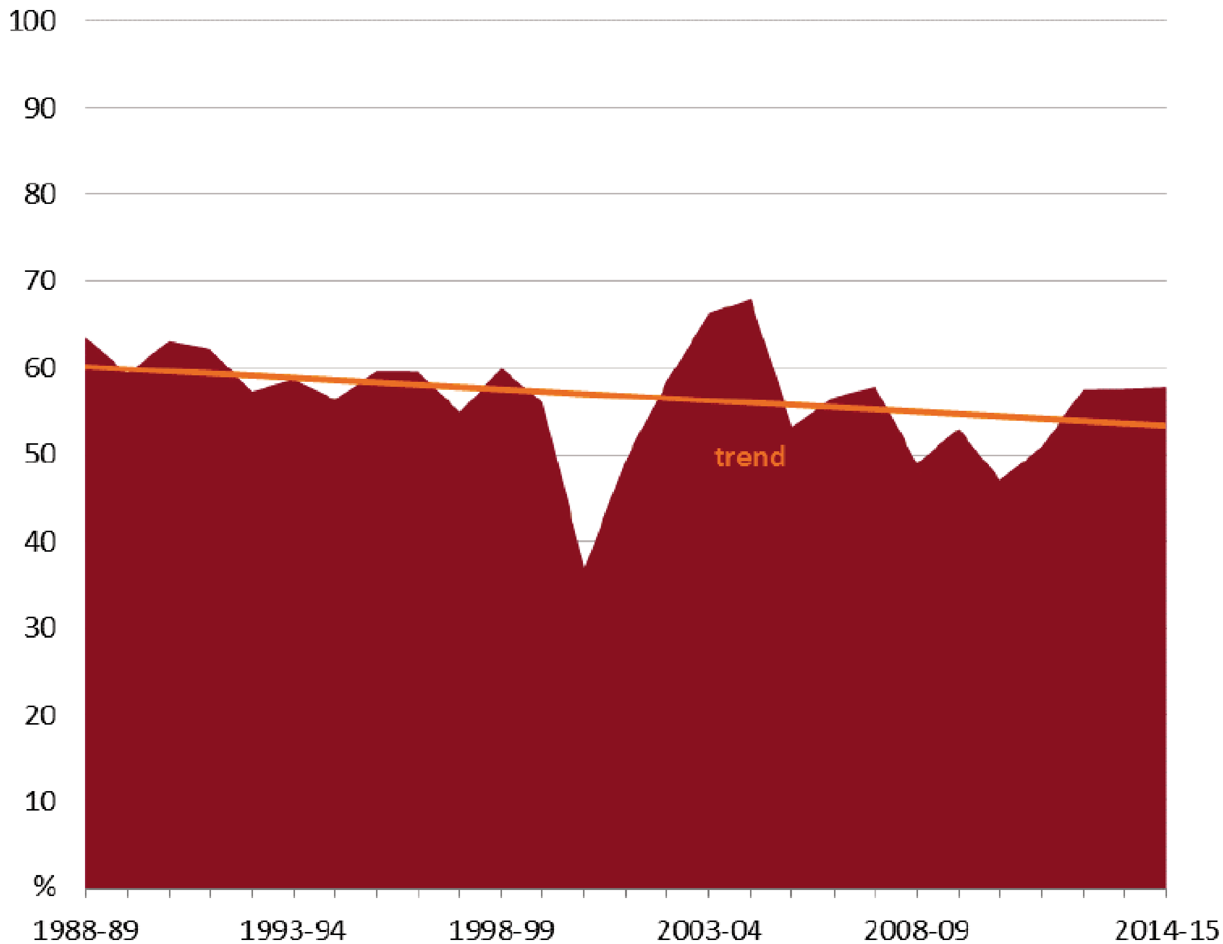
Australia’s global competitiveness
Milling and marketing

Sugar recovery rates



Source: ABARES, UNICA, USDA, Corbion, ISMA, Ministry of Agriculture and Farmers Welfare

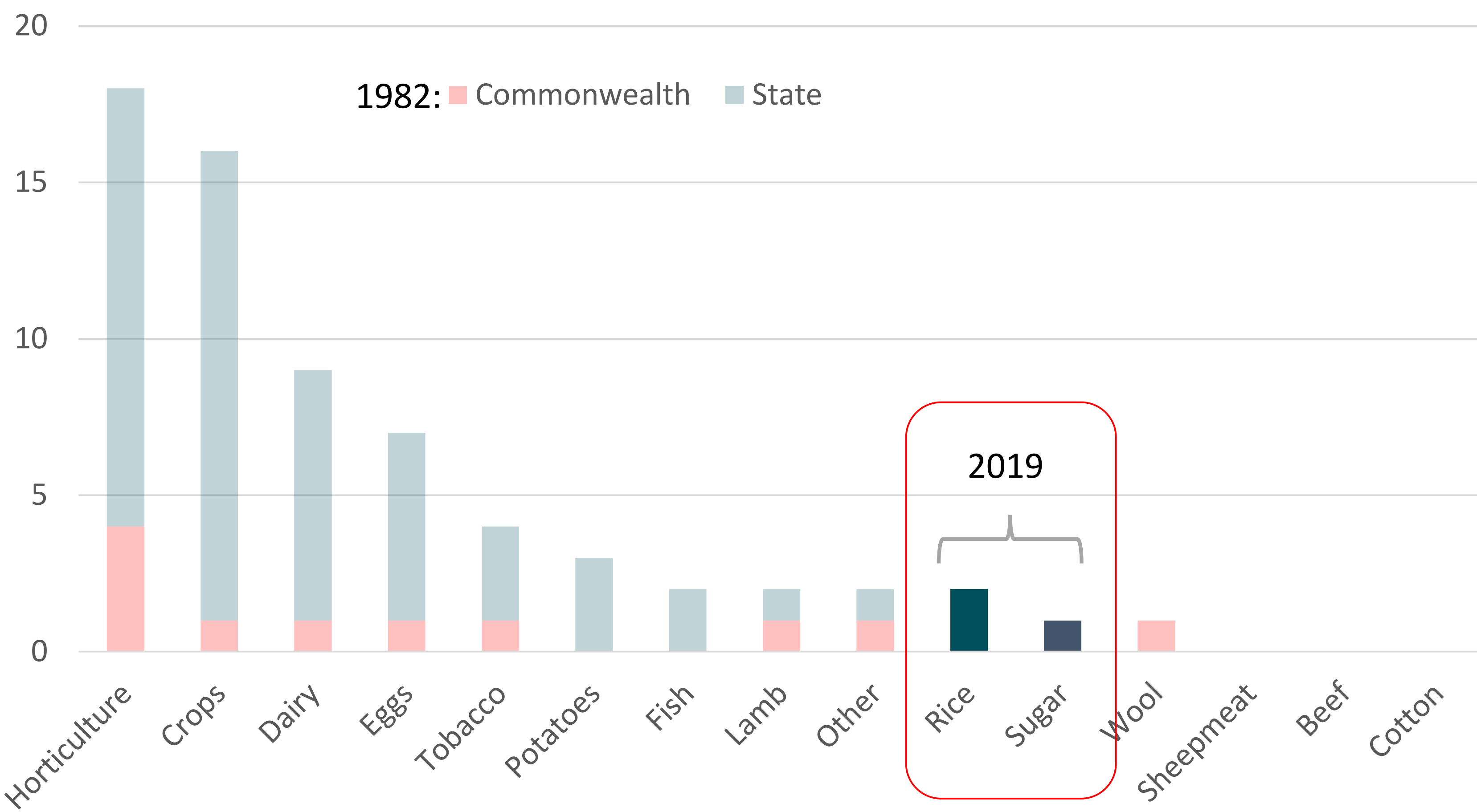
Farm share of export price, sugar
1988-89 to 2014-15



Source: Sandley et al 2017

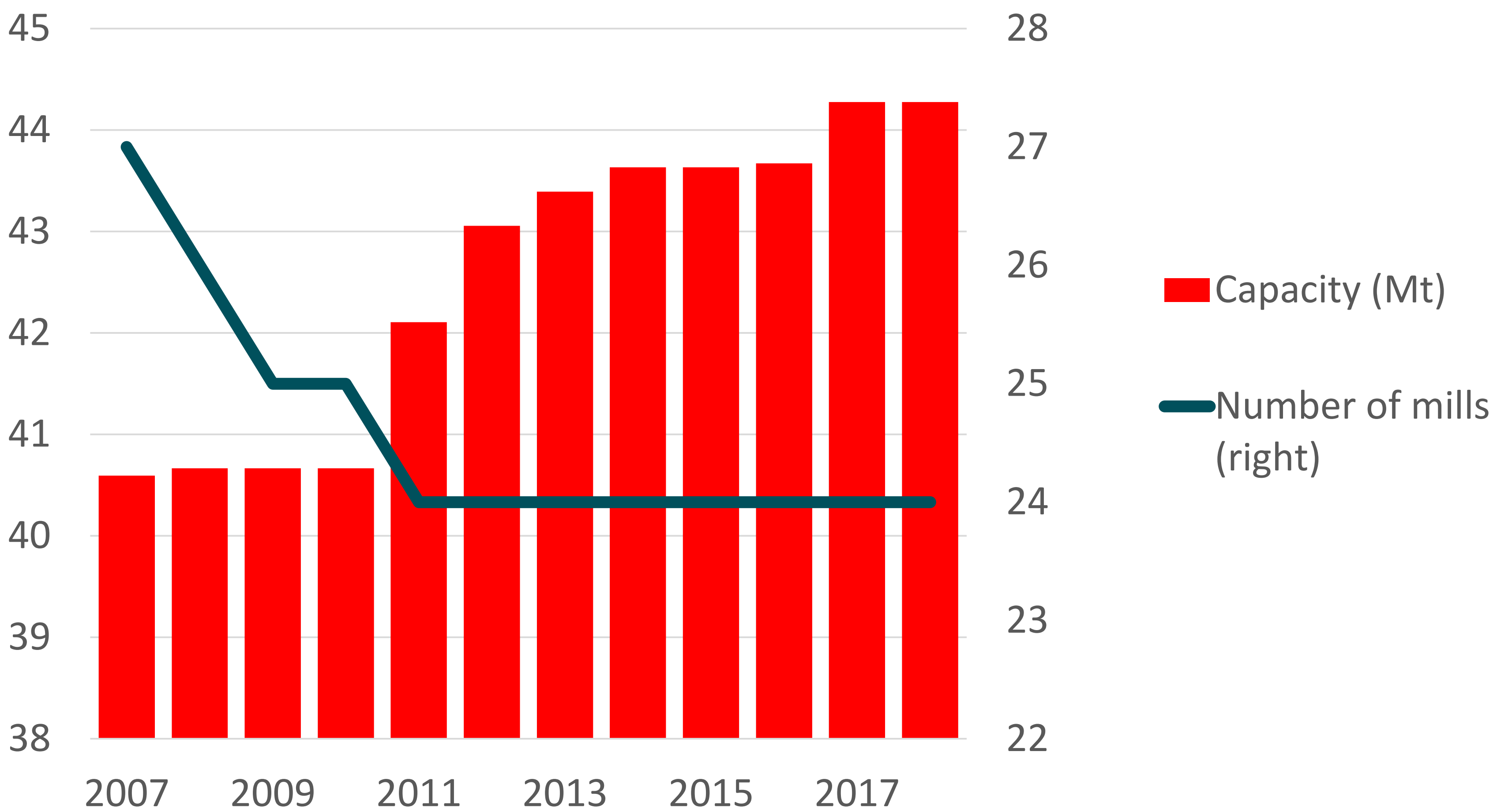
Marketing regulation

Australian agriculture 1982 vs 2019



Source: Vinning 1982

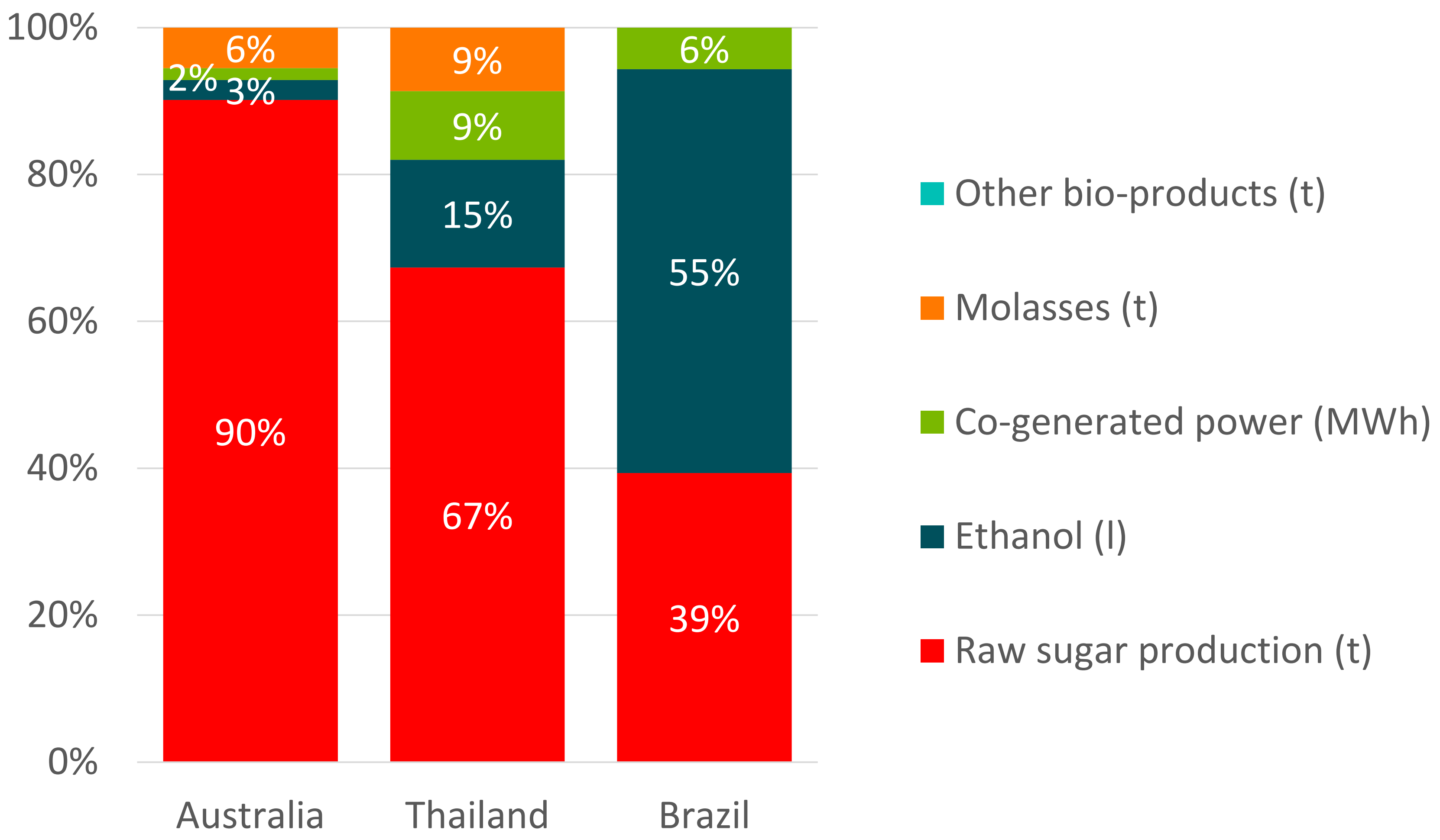
Investment in sugar milling, Australia



Source: FO Licht, ASMC

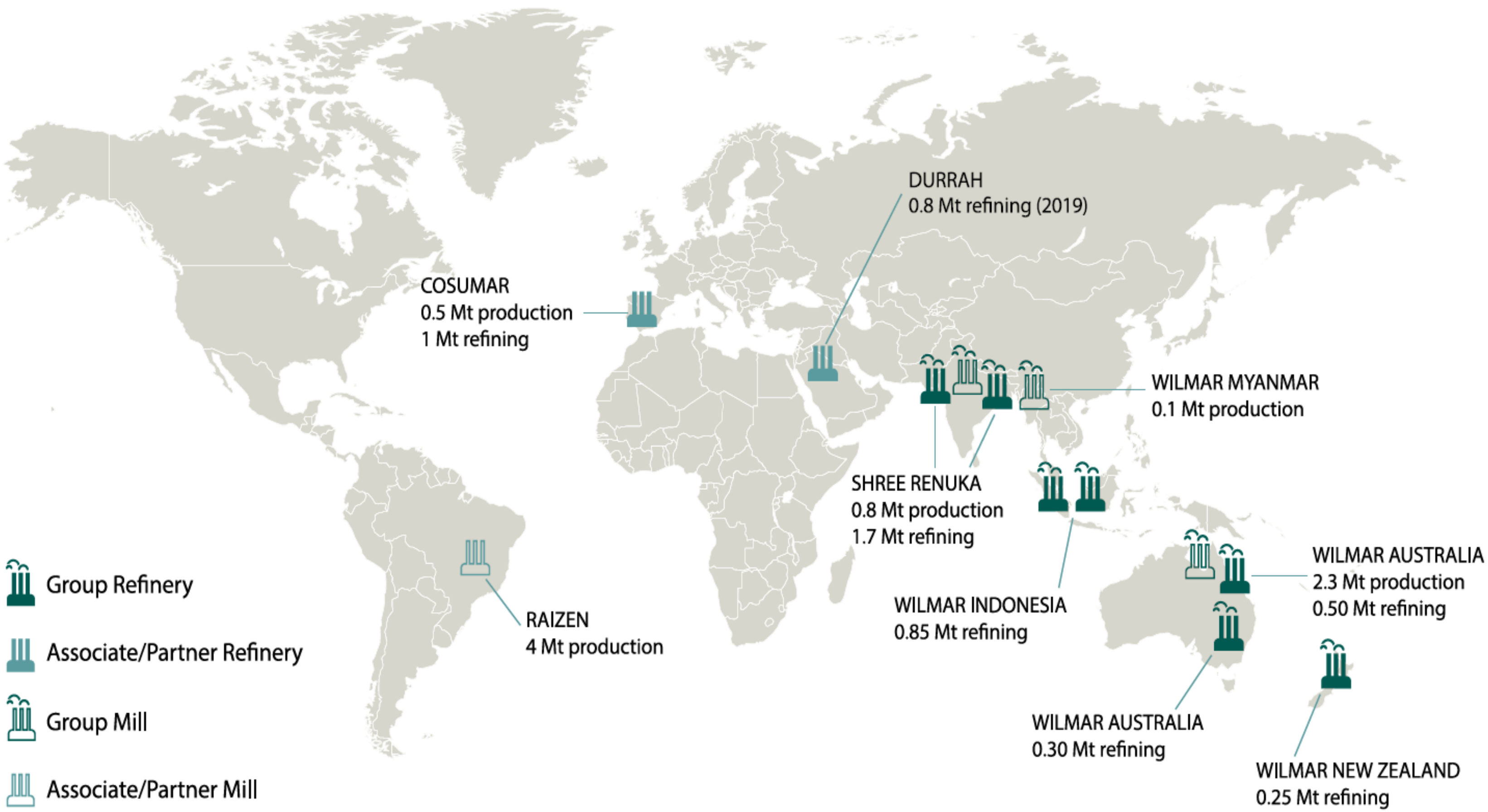
Diversification of mill revenue

Percentage of revenue, 2017-18 marketing year



Sources: ASMC, UNICA and Thai Sugar Millers

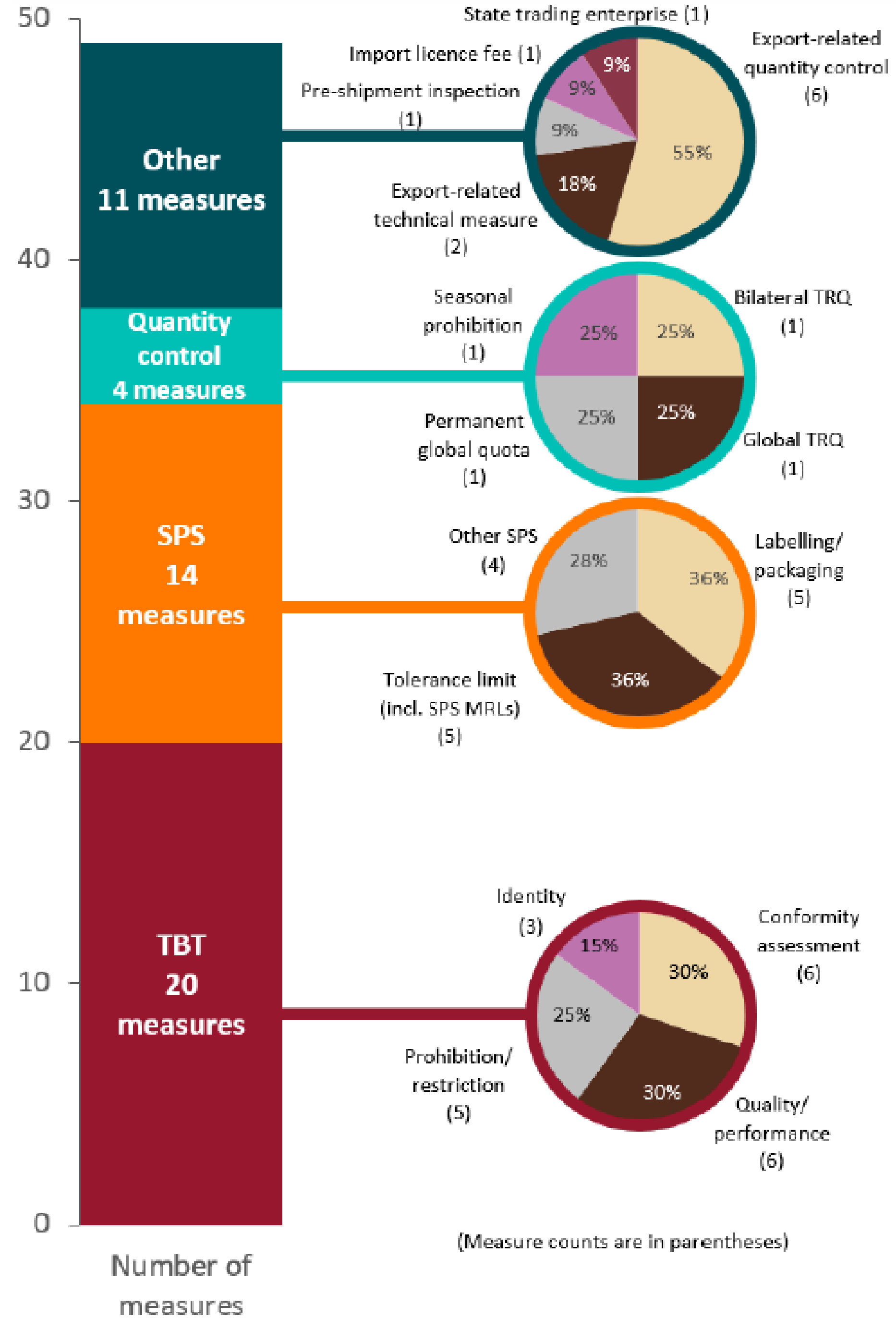
Vertical integration



Source: Wilmar

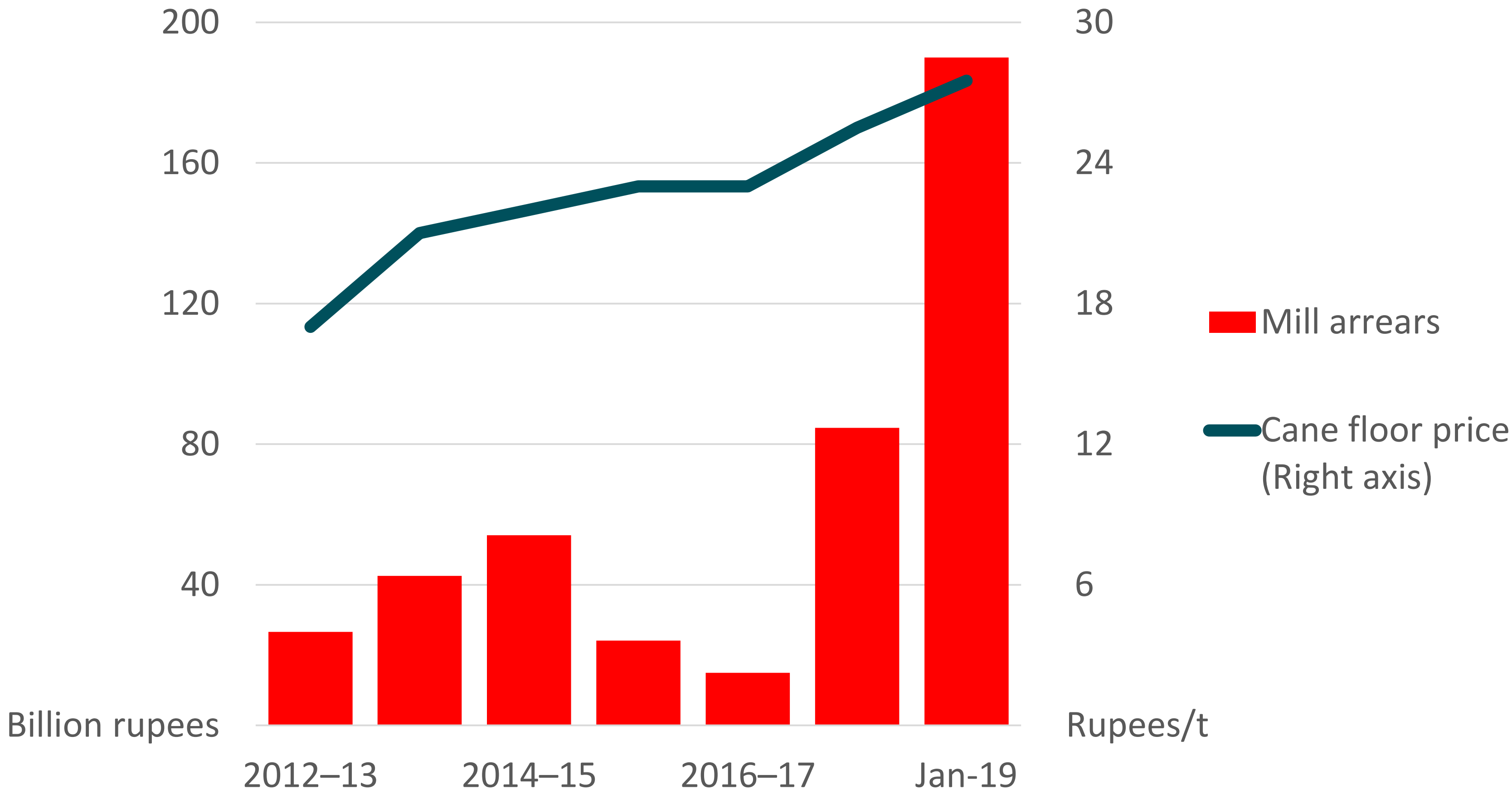
NTMs affecting sugar

RCEP countries



Source: Fell et al. 2017

India – subsidies for sugar production



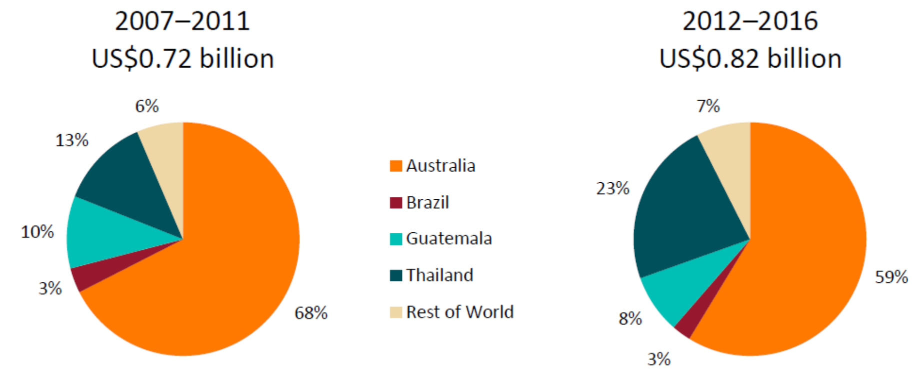
Source: Department of Food & Public Distribution, Government of India; FO Licht

Conclusion

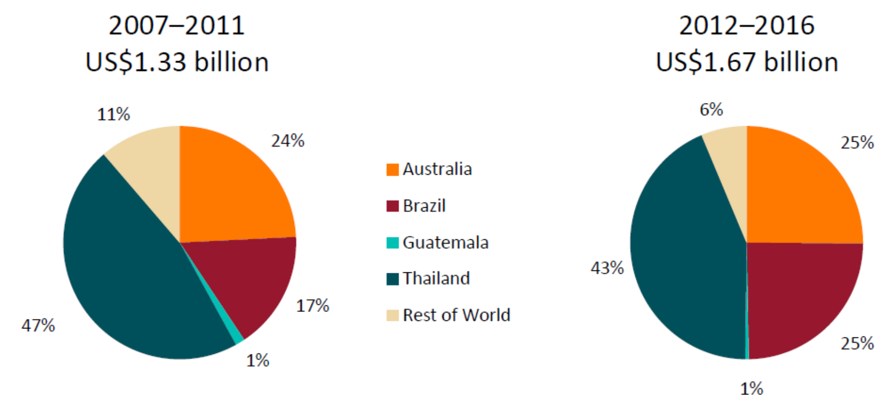
Is Australia staying competitive?

Competition in key markets

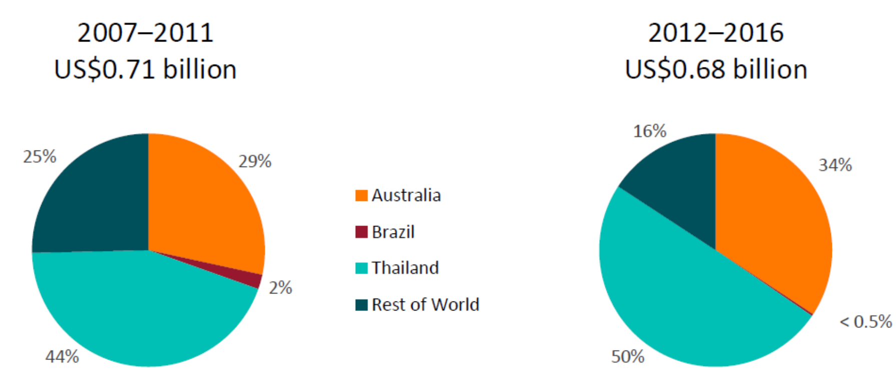
Republic of Korea



Indonesia



Japan



Source: Fell et al. 2017