



# Asian demand sweet for cane

**ANDREW FRASER**  
 AGRIBUSINESS

THE nation's 4500 sugarcane farmers will receive the highest price on record for this year's crop.

Queensland Sugar Ltd, which sells 93 per cent of Australia's export sugar crop, announced yesterday that cane farmers would receive \$518.16 a tonne for their crop in the year just finished, more than double the world price in 2004, when the last sugar industry assistance package was introduced.

There has been a quantum change in the world sugar market since then.

On the supply side, Brazil, still the world's biggest sugar exporter, is coming back to the field as its labour costs mount, and on the demand side there has been a massive build-up in Australia's closest markets in Asia.

QSL chief executive Greg Beashel said although some Australian sugar went to premium markets in Europe and the US, more than 95 per cent went to Asian countries, with demand from Indonesia and China being particularly strong this year.

"There's two changes in Asia: the population is growing and the consumption of sugar per head is growing," Mr Beashel said. "They're eating more sugar and there's more of them."

There has been a big increase in demand in recent weeks, particularly in Muslim countries where Ramadan is to begin today and finish on August 18.

During this period, many Muslims break their daily fasts with sugary treats.

But while the economic laws of supply and demand are working in favour of the Australian sugar industry, it is also a sector at the mercy of the weather, and heavy winter rains along the Queensland coast are soaking canefields and putting this year's crop at risk.

The weather also played the major role in the industry's fortunes last year, when Cyclone Yasi wiped out whole regions of north Queensland, where most of the nation's canefields are.

"Things are looking OK at the moment, but there are blokes up here who didn't get any income at all last year, and if you take a whole year out of someone's income it takes a while to get it back," said cane farmer Angelo Crema, who farms near Tully in north Queensland.

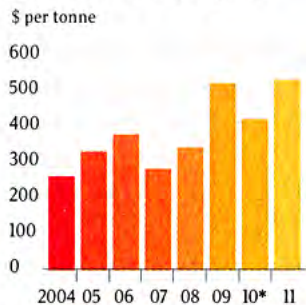
"Even this year we're still below the volumes that we were getting five years ago round Tully, but those prices are good."

The impact of Cyclone Yasi showed up in QSL's figures, where the total export crop for the year just ended was about 2.3 million tonnes, a million tonnes below the normal-sized crop.

But Mr Crema said a good sign for the industry was that more land in north Queensland was being planted with sugar cane and that managed investment schemes, whereby cane land was turned into tree plantations a decade ago, were now being reversed.

*Continued on Page 24*

## Queensland sugar pool



\* includes delivery shortfall costs

Source: QSL





BRIAN CASSEY

Angelo Crema says things are looking up, but are not as good as they were five years ago around Tully in north Queensland

# Asian demand sweet for cane farmers

The Australian 20 July 2012, p24

Continued from Page 19

“There are people who see a future in the industry now, and that wasn’t always the case in the past,” he said.

One of the reforms of the \$444 million sugar package was that the industry was deregulated, and although some individual companies and sugar mills took up this option most have stayed with marketer QSL.

Canegrowers chief Steve Greenwood said the good pricing result “demonstrates the value of QSL to the industry”, and although the industry itself had fewer farmers (6000 in 2004 down to 4500 now) they were in a better position.

“These are great prices now but

I don’t think they’re going to last as countries like Thailand and India can gear up very quickly to meet some of that extra demand,” he said.

“But for a while there everyone was very worried about the rise of Brazil, but it’s gone off the boil a bit now.

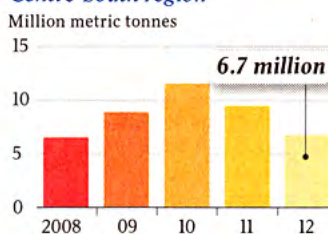
“A lot of their sugar expansion was funded by debt, and when the GFC came they got caught badly.

“At the same time, they’re becoming a more affluent country and labour costs are up, so they don’t have those costs of production advantages that they did have.”

But Mr Greenwood said that while prices might come off a bit they would still remain high by historical standards.

Sugar prices have rallied because buying ahead of Ramadan this year coincided with a disappointing start to Brazil’s harvest

Sugar production in Brazil’s Centre-South region



Sugar futures



Source: Unica, FactSet