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Grain and Feed

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Approved by:
Randolph H. Zeitner
U.S. Embassy
Prepared by:
Mike Darby

Report Highlights:
The 2002/03 Australian wheat crop is forecast at 24.2 MMT, around two percent higher than the previous year. The 2002/03 Australian barley crop is forecast at 6.5 MMT, around 13 percent lower than the previous year. Sorghum production for 2002/03 is forecast to fall 13 percent, while rice production is forecast to fall 32 percent.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The Australian Bureau of Agricultural & Resource Economics (ABARE) estimates the 2001/02 wheat crop at 23.760 MMT and forecasts production for 2002/03 at 23.97 MMT. Post considers this a conservative forecast that could easily be exceeded with average to above average growing conditions. With strong prices expected to continue into 2002/03, post projects production at 24.2 MMT.

ABARE's long term projection suggests production increasing at around 3 percent per annum until 2004/05 with production to plateau at around 25.7 MMT from 2004/05 to 2006/07. Post forecasts exports to increase nearly 5 percent in 2002/03 as lower domestic consumption and increased production will increase the availability of grain for export.

ABARE puts barley production for 2001/02 at a record 7.459 MMT and forecasts 2002/03 barley production at 6.477 MMT. This level of production is based on a planted area of 3.308 MHa, two percent lower than the previous year but nearly five percent above the five-year average of 3.153 MHa.

ABARE projects barley production to remain relatively flat at around 6.5 MMT out to 2006/07 with a slight decrease in planted area over this period compensated by a slight increase in yield.

Larger crops and a generally low Australian dollar should combine to increase barley exports in line with increased production. Post forecasts that barley exports for 2001/02 will increase around eight percent to just under 4.0 MMT.

Post forecasts 2002/03 sorghum production at 1.8 MMT and planted area at 773,000 Ha. ABARE projects that sorghum plantings will fall from the 2003/04 figure of 828,000 Ha at a rate of between two and three percent for the remainder on the outlook period.

Post forecasts sorghum exports at around 514,000 MT in 2002/03. Some analysts have far higher forecasts than this, but most industry and government sources have exportable surplus in 2002/03 around 500,000 MT. Post forecasts sorghum exports to increase to 598,000 MT in 2003/04, mostly driven by a larger crop increasing the available surplus for export.

Rice production for 2002/03 is forecast at 1,200 TMT in line with ABARE projections and slightly under the five-year average of 1,262 TMT. Post projects planted area for 2003/04 at 150,000 Ha, slightly above the five year average of 149,000 Ha and production at 1,248 TMT.

Wheat

PSD Table						
Country	Australia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	13002	13002	12000	12526	0	12770
Beginning Stocks	3613	3613	4629	4479	3979	4104
Production	23766	23765	23500	23760	0	24200
TOTAL Mkt. Yr. Imports	50	1	50	0	0	0
Jul-Jun Imports	50	1	50	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	27429	27379	28179	28239	3979	28304
TOTAL Mkt. Yr. Exports	15930	16030	18500	17635	0	18500
Jul-Jun Exports	16682	16486	18500	17233	0	18500
Feed Dom. Consumption	4000	4000	2800	3700	0	3500
TOTAL Dom. Consumption	6870	6870	5700	6500	0	6430
Ending Stocks	4629	4479	3979	4104	0	3374
TOTAL DISTRIBUTION	27429	27379	28179	28239	0	28304

Production

General

Preliminary Australian Bureau of Statistics (ABS) figures put the 2000/01 Australian wheat crop at 23.765 MMT and area harvested at a record of just over 13.0 MHa. According to ABS historical figures, this surpasses the 12.8 MHA harvested in 1983/84. ABS preliminary estimates are due to be revised in May 2002.

The Australian Bureau of Agricultural & Resource Economics (ABARE) estimates the 2001/02 crop at 23.760 MMT. Western Australia (W.A.) experienced an extremely difficult start to the season with dry conditions and a lack of subsoil moisture creating a disastrous outlook until mid season. However, widespread soaking rains in September and October produced what industry sources have termed as one of the greatest "turnarounds" ever seen in this state. Heavy falls of rain continued into harvest time and this, combined with extended periods of cooler conditions allowed for excellent crop fill. While some crops were extensively damaged by late rains, high feedgrain prices kept crop abandonment to a minimum.

South Australia has produced a record wheat crop with ABARE putting this crop at 5.25 MMT, 17 percent higher than last year's record harvest. This increase was driven by record plantings and record yields. Good seasonal conditions combined with an extended cooler period leading up to and during harvest maximized water use efficiency

and provided excellent conditions for crop fill.

Both Victoria and N.S.W. experienced average to above average crops. A late start to the season and low levels of soil moisture until mid season constrained production. However, heavy falls of rain later in the season combined with cooler conditions leading up to and during harvest greatly improved crop performance in these states.

Queensland (QLD.) suffered another extremely difficult season and posted another poor wheat harvest result of 840,000 MT. This harvest is almost half the 5-year average (including last years poor harvest) as reported by ABARE.

ABARE forecasts production for 2002/03 at 23.97 MMT, an increase of around one percent. This is driven by a two percent increase in area and a slightly lower yield. Post considers this a conservative forecast that could easily be exceeded with average to above average growing conditions. With strong prices expected to continue into 2002/03, post projects production at 24.2 MMT and given good growing conditions could exceed record production of 1999/2000.

ABARE's long term projection suggests production increasing at around at around 3 percent per annum until 2004/05 with production to plateau at around 25.7 MMT from 2004/05 to 2006/07. These figures are reflective of steadily increasing planted areas out to 2004/05 combined with an incremental increase in yield over the length of the projection period.

Weather

The eastern states (N.S.W., Victoria and QLD.) all suffered from a late start to the season with planting delayed in many areas well past optimum sowing time. Both N.S.W. and Victoria had received significant falls of rain by mid season, but Queensland did not and dry conditions continued in this state until the end of the season. N.S.W. and Victoria received heavy follow-up falls of rain toward the end of the season which continued until harvest. Cooler conditions in N.S.W. and QLD. leading up to and during harvest allowed the crop to fill extremely well given the poorer conditions at the beginning of the season. This increased yields substantially and surprised many analysts.

Western Australia (W.A.) suffered a late start to the season with drier conditions persisting into mid season before heavy falls of rain were received.

South Australia (S.A.) benefitted from excellent seasonal conditions and like the eastern states received cooler than average temperatures toward the end of the season and leading up to harvest. These conditions maximized water use efficiency and allowed for a longer crop fill period increasing yields significantly.

Crop Area

The area planted to wheat in Australia has been the focus of much debate. Official ABS preliminary estimates put the crop area at 13.0 MHA for 2000/01 while ABARE has put the crop area at 12.44 MHa. ABS is scheduled to revise these figures in May 2002, while ABARE figures are not due for revision until June 2002.

ABARE puts planted area for 2001/02 at 12.562 MHa, and forecasts an increase of 2 percent for 2002/03 to 12,793 MHa. ABARE's long term projections show an increase in planted area of around two percent per annum out to 2004/05 and then remaining relatively flat out to 2006/07.

Yields

ABARE estimates put the national wheat yield at 1.9 MT/Ha in 2001/02, despite drought conditions in QLD, a late start in N.S.W. and Victoria, and a difficult season in W.A. This yield would be just under the five-year average of 1.92 MT/Ha according to ABARE statistics.

ABARE's long term projections suggest that yields will increase at a rate of between one and two percent reaching 1.98 MT/Ha in 2006/07.

Cross Commodity Developments

The Australian wool industry has a significant influence on the Australian wheat industry. In many areas of Australia these industries compete for farm resources in the farm enterprise mix, i.e., when wheat prices are low farmers are likely to transfer some of their resources (land, labor, etc.) into wool production and vice versa when wool prices are low.

Over the past decade wool prices have remained low and sheep numbers have fallen steadily as a result. However, ABARE estimates put the price of wool (Eastern Market Indicator) for 2000/01 at A$7.64/kg, the highest price for over a decade. While ABARE forecasts this price to fall 3.1 percent to A$7.40/kg in 2001/02, recent media reports have stated that prices have rallied to over A$10.00/kg.

Sheepmeat has also benefitted from large price increases with ABARE putting the saleyard price for lamb in 2000/01 at A$2.02/kg, the second highest price on record. ABARE figures for the 2001 partial year (Jan to June) show an average price of A$2.43/kg. Media reports have quoted saleyard prices increasing steadily over the remainder of CY 2001. Post anticipates 2001/02 to be a record year for sheep saleyard prices.

With the sheepmeat and wool sector sharing a positive outlook, expectations have risen among industry sources that Australia will see a return to flock rebuilding in 2002/03. However, drier conditions experienced throughout 2001/02 combined with high prices and high export demand (both live and slaughtered) have actually seen sheep numbers declining. ABARE has forecast sheep numbers to decline by six percent in 2001/02, but long term projections have sheep numbers increasing at around two percent per annum from 2003/04 out to 2006/07.

Despite the bright outlook for wool and sheepmeat, post anticipates the area planted to crops will remain historically high for the foreseeable future, assuming average weather conditions.

Consumption

General

Expansion of Australia's intensive livestock industries has resulted in increased consumption of wheat and coarse grains domestically. The dairy industry continues to use more feed grain as cow numbers and production per cow increase. Furthermore, industry sources expect that with the deregulation of the dairy industry, higher grain consumption should result as farmers improve productivity through feeding higher grain rations. The chicken meat industry has continued to increase production in recent times due to strong consumer demand.

According to ABARE, the number of cattle on feed in the September quarter of 2001 reached record levels at 742,000 head, 15 percent higher than for the same period in the previous year. Of the total number on feed, 56 percent were destined for the Japanese and Korean markets. The reporting of BSE in Japan and the subsequent fall of beef consumption in that country has caused industry concern. Many of these cattle will have to be redirected into other markets causing a general devaluation of the Australian beef cattle herd. Meat and Livestock Australia (MLA) reports that the number of cattle on feed for the final quarter of CY 2001 fell by 14 percent.

Post anticipates that while grain consumption will remain high in the poultry and pork sectors, consumption of grain in the cattle feedlot sector is likely to fall in 2002/03. This should have the effect of lowering overall consumption over the medium term before regaining the long term trend of incremental increase.

ABARE figures put domestic consumption of wheat for 2001/02 at 5.998 MMT. However, ABARE does not publish ending stock figures and post suspects that ABARE consumption figures fall well below actual consumption figures. Post puts wheat consumption for 2001/02 at 6.5MMT.

Prices

ABARE reports the AWB Ltd. pool returns for Australian Standard White (ASW) wheat, delivered to the 2000/01 pool, is estimated to average A$247/MT. ABARE forecasts this price to decrease slightly to A$245/MT in 2002/03.

Trade

Recent Sales

Post forecasts exports to increase nearly 5 percent in 2002/03 as lower domestic consumption will increase the availability of grain for export.

During 1999/2000, the Middle East was an important region for exports taking over 40 percent of Australia’s exports with Asia receiving around 35 percent. During this time, Iraq was the largest export market receiving 2.5 MMT.

Policy

General

The Australian Wheat Board (AWB) has traditionally been the statutory authority responsible for marketing both export and domestically traded wheat. Changes were made with the introduction of the "Wheat Marketing Act" in 1989 and the subsequent deregulation of the domestic market. This legislation effectively gave the AWB a "single desk" for the export of bulk wheats.

The AWB became known as AWB Limited on June 1, 1998 and assumed the operations of the statutory AWB. AWB Limited was created under Australian corporations law. Full transfer of ownership and control of the company to grain growers took effect on July 1, 1999. Under AWB Limited, controlling A Class shares are non-tradeable and can be held only by active grain growers based on their wheat production. Class B shares are tradeable and were allocated according to the amount that farmers had contributed to AWB's $A600 million capital base through compulsory levies, i.e., the Wheat Industry Fund (WIF).

Although AWB Limited holds the "single desk" export rights for all bulk wheat, bagged and containerized wheat can be exported by organizations other than the AWB, with the expressed permission of the Wheat Export Authority (WEA). In recent times industry sources have shown concern toward the dramatic reduction in the tonnage of wheat approved for export in containers. Some exporters have complained that approved volumes for containerized wheat have been as low as 10 percent of the requested tonnage.

The new structure has five key grower objectives: the retention of the single desk; grower control; a capital base to provide an acceptable level of harvest payments to growers to ensure a strong commercial entity which is acceptable to financial markets; a commercial structure which maximizes pool returns and reflects market signals; and industry self determination.

Non-Tariff Barriers

The Australian Quarantine and Inspection Service (AQIS) has established strict quarantine standards and procedures which apply to the importation, transportation, storage and final processing of grain.

The three import protocols are:

- Protocol 1 requires steam, heat or other processing of imported grains in metropolitan areas to devitalize all grain and weed seeds and kill pathogens, similar to arrangements which have existed for some years;

- Protocol 2 also requires metropolitan processing, such as cracking, steam heat or other processing to devitalize remaining weed seeds and kill pathogens. This protocol is of specific interest to a range of industry groups, including pet and poultry food manufacturers; and

- Protocol 3 which involves the transportation of whole grains to rural areas for processing, to devitalize grain and weed seeds and kill pathogens, has not been ruled out, but the stringent quarantine security conditions are likely to

be met by only a small number of importers.

Barley

PSD Table						
Country	Australia					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		11/2000		11/2001		11/2002
Area Harvested	3675	3675	3700	3389	0	3308
Beginning Stocks	412	412	844	775	844	900
Production	7196	7196	7300	7459	0	6477
TOTAL Mkt. Yr. Imports	15	0	0	0	0	0
Oct-Sep Imports	15	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7623	7608	8144	8234	844	7377
TOTAL Mkt. Yr. Exports	4200	3654	4300	3953	0	3903
Oct-Sep Exports	3600	3600	4500	3900	0	4000
Feed Dom. Consumption	1729	2000	2100	2200	0	2200
TOTAL Dom. Consumption	2579	3179	3000	3381	0	3097
Ending Stocks	844	775	844	900	0	377
TOTAL DISTRIBUTION	7623	7608	8144	8234	0	7377

Production

General

Official ABS preliminary estimates for 2000/01 put barley production at 7.196 MMT and barley area at 3.675 MHa.

ABARE puts barley production for 2001/02 at a record 7.459 MMT. Despite significant falls in production for N.S.W., Victoria, and QLD due to reduced acreages and in some cases poorer yields, a 57 percent production increase in W.A. combined with a 6 percent increase in S.A. to increase overall production. These two states produced 62 percent of Australia's total crop. Although the wheat crop in W.A. experienced a difficult season, the late break and the near ideal conditions at season's end combined to provide record yields for W.A.

ABARE forecasts 2002/03 barley production at 6.477 MMT, a decrease of 13 percent on the estimate for the previous year. This level of production is based on a planted area of 3.308 MHa, two percent lower than the previous year but nearly five percent above the five-year average of 3.153 MHa. The forecast has an average yield of 1.96 MT/Ha, well below the previous years record yield of 2.2 MT/Ha and slightly above the five-year average of 1.91 MT/Ha.

ABARE projects barley production to remain relatively flat at around 6.5 MMT out to 2006/07 with a slight decrease in planted area over this period compensated by a slight increase in yield.

Yields

Post estimates the average yield for the 2001/02 Australian barley crop at 2.2 MT/Ha, 12 percent higher than the previous year. ABARE forecasts yields to fall to 1.96 MT/Ha in 2002/03.

Consumption

General

The following table outlines the breakdown of total barley receivals and disposals. Figures are in '000 MT except area which is in '000 Ha.

Year(a)	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01 (f,p)
Area	3,112	3,367	3,521	3,167	2,596	3,675
Production	5,823	6,696	6,482	5,987	5,032	7,196
Exports(b)	4,042	4,331	3,463	4,765	3,325	4,254
	(467)	(447)	(457)	(525)	(569)	(597)
Estimated Domestic Disposal						
- Feed & Food	1,818	2,044	1,948	1851	1524	2050
- Seed (c)	152	158	135	103	135	153

(a) November-October. (b) Figures in parentheses are exports of malt in barley equivalents. Exports may include carryover from earlier harvests. (c) Estimated using the seeding rate of 50kg/ha (f) Does not include imports. (p) Preliminary.
NOTE: Malt use is expressed as barley equivalent = malt x 1.2. Approximately 1,000 MT of pearled cooking barley is also included annually.
SOURCE: ABARE Commodity Statistics Bulletin.

Prices

ABARE estimates that the composite feed and malting barley price for 2001/02 will average A$202/MT, A$6/MT or three percent higher than the previous year. ABARE forecasts have feed and malting barley prices falling by around five percent and three percent respectively.

Trade

General

Larger crops and a generally low Australian dollar should combine to increase barley exports in line with increased production. Post estimates that barley exports for 2001/02 will increase around eight percent to just under 4.0 MMT. This figure is in line with ABARE export figures excluding exports of barley malt. Post forecasts exports of barley to fall slightly in 2002/03.

Policy

General

The barley marketing system is currently going through a period of rapid change. The Government of Victoria opened export sales of barley to competition on July 1, 2001 completing deregulation of barley in Victoria. All other states still maintain single desk trading of export barley. ABB Grain Ltd. still has monopoly control of export barley in South Australia.

The N.S.W. Grains Board underwent a National Competition Policy (NCP) review in 1998 with findings reported to the Minister of Agriculture in 1999. NCP is an agreement between the Federal and State Governments that requires any government monopoly to substantiate a net public benefit in order to continue.

Under the *"N.S.W. Grain Marketing Act 1991"* , the N.S.W. Grains Board was granted vesting powers over malting barley, feed barley, canola, sorghum, oats, sunflower, safflower, soybeans and linseed produced in N.S.W. The 1999 NCP report recommended that the trade of all grains in N.S.W. (with the exception of malting barley) should be deregulated over a period of time. However, under pressure from farming interests, the Minister decided to continue the powers of the N.S.W. Grains Board until 2005 but restricted its vesting powers to canola, sorghum and malting barley.

After revealing substantial losses in 2000, the N.S.W. Grains Board called for "expressions of interest" in its marketing rights and other assets. Grainco Australia Ltd. was awarded the vesting rights for canola, sorghum and malt barley for five years reportedly for a total of A$25.2 million. Grainco assumed operations on November 6, 2000.

Recently, Grainco entered into a joint venture agreement with ConAgra. This agreement created a company known as "MarketLink" in which Grainco has a majority interest. This company has been set up to purchase grain on behalf of both ConAgra and Grainco. However, concern has been raised in local media relating to the joint venture agreement which purportedly gives ConAgra access to grain procured under state vesting rights. This possibility has caused concern among some growers. These growers are now calling for the immediate dismantling of vesting rights for NSW coarse grains. Recent media reports have indicated that the NSW State Government is considering dismantling these rights when the agreement with Grainco ends in 2005.

Sorghum

PSD Table						
Country	Australia					
Commodity	Sorghum				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		03/2001		03/2002		03/2003
Area Harvested	818	818	800	773	0	828
Beginning Stocks	100	100	109	100	109	100
Production	2109	2107	2200	1825	0	2154
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2209	2207	2309	1925	109	2254
TOTAL Mkt. Yr. Exports	750	571	850	514	0	598
Oct-Sep Exports	892	597	750	505	0	590
Feed Dom. Consumption	1300	1532	1300	1307	0	1550
TOTAL Dom. Consumption	1350	1536	1350	1311	0	1554
Ending Stocks	109	100	109	100	0	102
TOTAL DISTRIBUTION	2209	2207	2309	1925	0	2254

Production

General

Sorghum production for 2001/2002 is estimated by ABARE at 2,107 TMT and harvested area at 818,000 Ha.

Post has forecast production for 2002/03 at around 1.8 MMT, representing a fall of around 13 percent on production for the previous year. Post forecasts planted area at 773,000 Ha. Despite historically high plantings and an excellent start to the season, hot and dry conditions in January and February greatly reduced the yield potential of most crops, some of which have been abandoned.

With cotton prices currently at low levels and feedgrain prices relatively high, some cotton producers have switched from dryland cotton to sorghum. However, anecdotal evidence suggests that only minimal irrigation land has been switched from cotton to sorghum which provides the vast majority of cotton production. Post expects this trend to continue as long as cotton prices remain low and feedgrain prices remain relatively high.

ABARE projects that sorghum plantings will fall at a rate of between two and three percent for the remainder on the outlook period to 782,000 Ha in 2006/07.

Yields

Assuming normal weather conditions for the remainder of the season, Australian sorghum yields are expected to be below average at 2.36 MT/Ha for the 2002/03 crop. Post projects an average yield of just under the five year average of 2.69 Mt/Ha for the 2003/04 crop.

Consumption

General

The following table outlines the breakdown of total sorghum supply and disposal in '000 MT.

Year(a)	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01 (f,p)
Area	769	544	507	587	648	818
Production	1,591	1,425	1,081	1,891	2,116	2107
Exports	599	231	184	492	665	571
Estimated Domestic Disposal						
- Feed & Food	990	1,192	894	1,396	1444	1528
- Seed (b)	3	3	3	3	4	4

(a) Crop year is March to February. (b) Estimated using the seeding rate of 5 kg/ha and higher rates for fodder. (f) Does not include imports. (p) Preliminary.
SOURCE: ABARE Australian Crop Report.

Prices

ABARE estimates put grain sorghum prices at A$155/MT for 2001/02. ABARE projects prices to remain fall about three percent per annum out to 2006/07.

Trade

General

Post forecasts sorghum exports at around 514,000 MT in 2002/03. Some analysts have higher forecasts than this, but most industry and government sources have exportable surplus in 2002/03 around 500,000 MT. Post forecasts sorghum exports to increase to 598,000 MT in 2003/04, mostly driven by a larger crop increasing the available surplus

for export.

Rice, Milled

PSD Table						
Country	Australia					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		03/2001		03/2002		03/2003
Area Harvested	186	186	154	150	0	150
Beginning Stocks	85	85	428	429	455	421
Milled Production	1259	1258	1000	858	0	892
Rough Production	1761	1759	1399	1200	0	1248
MILLING RATE (.9999)	7150	7150	7150	7150	0	7150
TOTAL Imports	50	52	50	52	0	52
Jan-Dec Imports	50	59	50	52	0	52
Jan-Dec Import U.S.	0	1	0	1	0	0
TOTAL SUPPLY	1394	1395	1478	1339	455	1365
TOTAL Exports	610	610	650	558	0	617
Jan-Dec Exports	613	613	700	558	0	617
TOTAL Dom. Consumption	356	356	373	360	0	370
Ending Stocks	428	429	455	421	0	378
TOTAL DISTRIBUTION	1394	1395	1478	1339	0	1365

Production

General

Rice production (rough) for 2001/02 is estimated at 1,759 TMT in line with ABARE statistics, representing an increase of nearly 60 percent on the previous year and making this a record crop. According to ABARE, the previous record of 1,382 TMT was achieved in 1998/99. This dramatic increase was driven by record plantings which are sensitive to irrigation water allocations at time of planting. Furthermore, according to industry sources, resources have been transferred to rice from other enterprises. This record also follows a year of below average plantings and low water allocation at time of planting.

Production for 2002/03 is forecast at 1,200 TMT in line with ABARE projections and slightly under the five-year average of 1,262 TMT. Planted area fell by nearly 20 percent as a lack of irrigation water constrained plantings to average levels. Government sources suggest that continued water shortages later in the season caused the abandonment of around of between 4,000 and 5,000 Ha. Post has revised down the area harvested in line with this information.

Post puts planted area for 2003/04 at 150,000 Ha, slightly above the five year average of 149,000 Ha. Post puts production for 2003/04 at 1,248 TMT. This assumes average weather conditions and irrigation water availability.

Yields

The 2002/03 crop is estimated to yield 8.0 MT/Ha, well below the five-year average of 8.31 MT/Ha, and well below the previous years record yield of 9.45 MT/Ha. Post forecasts yield for 2003/04 at 8.32 MT/Ha, slightly higher than the five year average of 8.32 MT/Ha.

Consumption

General

Domestic rice consumption increased from 4.2 kg/hd. during 1988/89 to 7.3 kg/hd. during 1996/97 according to official ABS estimates. The industry reports that consumption has been increasing in recent years and is closer to nine kg/hd. The Australian rice industry has conducted an advertising campaign for a number of years which is centered on rice as a healthy food and good value for money. Advertising emphasizes high fiber and energy, low fat and no cholesterol.

The RCL operates two feed mills producing the Coprice range of stockfeeds.

Prices

The following table lists the farm-gate price for paddy rice. Prices are quoted in A$/MT.

Year	New South Wales
1990/91	172
1991/92	156
1992/93	182
1993/94	265
1994/95	233
1995/96	207
1996/97	195
1997/98	226
1998/99(p)	213
1999/00(f)	215

(p) Preliminary, (f) ABARE forecast.
SOURCE: ABARE Commodity Statistics Bulletin.

Trade

General

The rice industry does not supply export by destination statistics, even on an historical basis. The ABS publishes a total figure (however broken rice exports are not included in this figure). ABARE has been unable to provide export figures for this report. This office has endeavored to obtain more detail from the industry for a number of years without success.

In the past the Australian rice industry was reported to be supplying around a quarter of Japan's rice import quota commitments. While the penetration of the Japanese market has been difficult, the Australian industry remains confident that this will be worthwhile in the long-term.

The Australian industry is currently producing a variety specifically developed for the Japanese market. Some analysts claim that Australia has an advantageous market window due to its April/May peak production period. With the

Japanese market demanding "fresh" rice Australia will continue to push this perceived advantage.

The Australian rice market is open to imports with a zero tariff applying.

The local industry is concerned that imports are taking an increasing share of the domestic market. Thailand exports approximately 20,000 to 30,000 MT to Australia annually with the balance of imports sourced from India, Pakistan, Italy, Brazil and the U.S.

Stocks

General

No official stock numbers are available, but the industry indicates that stocks are minimal.