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GAIN Report

Global Agricultural Information Network

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SOUTHERN CROSS AG OUTLOOK - AUSTRALIA AND NEW ZEALAND - APRIL 2013

Report Categories:

Agriculture in the News
Agriculture in the Economy
Climate Change/Global Warming/Food Security
Cotton and Products
Country/Regional FTA's
Fresh Fruit
Grain and Feed
Livestock and Products
Sanitary/Phytosanitary/Food Safety
Trade Policy Monitoring

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Report Highlights:

Australian cotton, sugar and rice; Japanese FTA; Aust food future; CA table grapes to Western Aust; New health claims standard; Aust beef exports to China. New Zealand Beef; Drought update NZ; NZ Export Agreement; NZ Pork Appeal.

Greetings from the FAS staff in Canberra Australia and Wellington, New Zealand:

We hope that you will enjoy this very first edition of the Southern Cross Ag Outlook. The entire FAS team in Australia and New Zealand have been working hard to create a vehicle that will provide a brief, practical and easy-to-read synopsis of current news and events affecting the agricultural sectors in Australia and New Zealand. Our goal is to provide you with an overview that gives you quick insight and news that you can use in a summary format. We also provide links to more detailed articles and GAIN reporting if you want to learn more about a particular story.

I would like to thank all of the FAS staff here in Canberra and Wellington for their work to develop the Southern Cross Ag Outlook and to bring it to you. A special thanks to Joy Dauth for her efforts to coordinate and to pull together the final product. The FAS staff on the ground include:

FAS Canberra:

Lindy Crothers, Agricultural Marketing Specialist
Joy Dauth, Office Manager and Newsletter Coordinator
Rebecca Gowen, Agricultural Specialist

FAS Wellington:

David Lee-Jones, Agricultural Specialist
Vinita Sharma, Agricultural Marketing Assistant

This first edition of the Southern Cross Ag Outlook represents only the beginning of our efforts. Our plan is to continually improve the content and the format of this newsletter with every new edition. Your feedback will help us tremendously in those efforts, and so I encourage you to send us any suggestions or comments you may have. With your help, our goal is to make this publication an even more informative and interesting read.

Happy Reading!

Hugh Maginnis

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Welcome to Southern Cross Agricultural Outlook from Australia and New Zealand with a summary of issues of interest to the agricultural communities around the globe. The report includes information collected during travel within these two countries, reports in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

If you wish to have this publication sent directly to your inbox, or if you are subscribed and would like to unsubscribe, please send an email to AgCanberra@fas.usda.gov

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AUSTRALIAN NEWS



TRADE STATISTICS

U.S. EXPORTS OF AGRICULTURE, FISH & FORESTRY PRODUCTS TO AUSTRALIA		
	Calendar Year Jan-Dec 2012	% Comparison Jan-Feb 2013 versus Jan-Feb 2012
Agriculture Fish & Forest Products	\$1,412,814*	Up 29.87%
U.S. IMPORTS OF AGRICULTURE, FISH & FORESTRY PRODUCTS FROM AUSTRALIA - US\$		
	Calendar Year Jan-Dec 2012	% Comparison Jan-Feb 2013 versus Jan-Feb 2012
Agriculture Fish & Forest Products	\$2,705,600	Up 9.60%

Source: BICO Reports – Bulk, Intermediate and Consumer
 * Denotes Highest Import Levels Since at Least CY1970

JAPANESE FTA NOT A DONE DEAL

Japanese media had recently suggested that the Australia-Japan Free Trade Agreement had been finalized. However the Australian Government’s Department of Foreign Affairs and Trade (DFAT) denied that this was the case. DFAT said that discussions were continuing but there was no timeline for a possible conclusion. It is possible that the message had become confused with discussions regarding the possibility of Japan joining the Trans-Pacific Partnership trade talks.

BUMPER HARVEST FOR RICE EMERGING

Australian rice growers are in the middle of harvesting their best-yielding rice crop in years, with farmers expecting a 1.1-1.2 million ton crop.

2006 was the last time the rice harvest reached the million ton mark.

COTTON AND PRODUCTS ANNUAL 2013

Favorable seasonal conditions have led to an increase in forecast Australian cotton production

for 2012/13 to 4.3 million bales and increased expected exports to 4.7 million bales. Harvesting has commenced with early reports indicating good yields and high quality. Irrigated cotton once again accounts for the majority of cotton produced in Australia while the area of dry-land cotton decreased by over 80 percent due to competitive prices for grain. Production for 2013/14 is forward projected at 4.2 million bales

PROGRESS ON OPENING THE MARKET IN WESTERN AUSTRALIA TO TABLE GRAPES FROM CALIFORNIA

The process to further expand the Australian market to table grapes from California took another step forward with the release of a Biosecurity Advice on March 29, 2013 by the Australian Department of Agriculture, Fisheries & Forestry (DAFF). This Advice announced the release of a draft non-regulated analysis of existing policy, which recommends that the importation of fresh table grapes into Western Australia be permitted, subject to the same quarantine conditions that apply for California table grapes exported to the rest of Australia.

Stakeholders have until May 9, 2013 to provide written comment on the draft report. The full draft report and information about the risk analysis process are available at: http://www.daff.gov.au/ba/reviews/current-plant/table_grapes_cal-wa/ba2013-06-draft-non-reg-californian-tablegrapes.

AUSTRALIA'S FOOD FUTURE LOOKS BRIGHT

The Australian Department of Agriculture, Fisheries and Forestry released the Australian Food Statistics report for 2011-12 on April 5. According to the report Australia exported \$30.5 billion worth of food in 2011-12, an increase of

30 percent since the severe drought years of 2006-07, and the highest export value for Australia in a decade. The report also lists Asia as the destination for over 50 percent of Australian exports. Finally, the report estimates that Australian food exports feed 40 million people overseas.

The first National Food Plan for Australia is to be released in the coming months and will detail the long-term vision for the Australian food system. The full Food Statistics report can be found [here](#).

AUSTRALIAN SUGAR ANNUAL 2013

Total sugar production in Australia from the 2012/13 Australian sugar cane crop is estimated at 4.25 million MT. In 2013/14 total production is expected to increase by 5 percent to 4.54 million MT of sugar. Total exports for 2012/13 are expected to be 3.1 million MT, increasing to 3.4 million MT in 2013/14. High sugar prices in Asia mean that Australia is unlikely to fill its tariff-free sugar quota to the United States for the first time ever. New data estimates that per capita sugar consumption in Australia is falling steadily and is now estimated at 42 kilograms per person per year.

AUSTRALIA – NEW STANDARD FOR HEALTH CLAIMS EMERGES AFTER A NEARLY 10 YEAR PROCESS

After almost 10 years, in January 2013, a new standard governing nutrition content and health claims on food labels and in advertising became law in Australia and New Zealand. Standard 1.2.7 – Nutrition, Health and Related Claims aims to give consumers confidence that nutrition content claims and health claims on food labels and in

advertising are supported by scientific evidence. The standard, which became part of the Australia New Zealand Food Standards Code, is also intended to support industry innovation and to help consumers make informed food choices.

Food businesses have three years to meet the requirements of the new standard, which will address both nutrition content and health claims. Food Standards Australia New Zealand (FSANZ) and state and territory government agencies will continue to work with the food industry during the implementation period to ensure that the system is operating effectively and that food labels are compliant. (For Further information see [GAIN Report](#)).

AUSTRALIAN BEEF EXPORTS TO CHINA AND MARKET ACCESS ISSUES

Australian beef exports to China so far this fiscal year are 58,400 MT, ranking it the fourth largest beef market for Australia by volume behind Japan, the US and South Korea and twice the size of the Taiwanese market, the fifth largest for Australian beef. However, despite the recent growth in export sales, Australia still faces significant market access problems in China.

During a recent visit to China, Australia's current Prime Minister, Julia Gillard, accompanied by trade minister Craig Emerson and foreign affairs Minister Bob Carr met Chinese Government officials. Part of the official discussions centered on market access issues affecting the Australian export beef industry. As a result of this visit Australia and China have formally committed to annual leadership talks. Source: <http://beefcentral.com.au/trade/article/2991>

NEW ZEALAND NEWS



TRADE STATISTICS

U.S EXPORTS OF AGRICULTURE, FISH & FORESTRY PRODUCTS TO NEW ZEALAND - US\$		
	Calendar Year Jan-Dec 2012	% Comparison Jan-Feb 2013 versus Jan-Feb 2012
Agriculture, Fish & Forest Products	\$383,297*	Up 38.71%
U.S. IMPORTS OF AGRICULTURE, FISH & FORESTRY PRODUCTS FROM NEW ZEALAND - US\$		
	Calendar Year Jan-Dec 2012	% Comparison Jan-Feb 2013 versus Jan-Feb 2012
Agriculture, Fish & Forest Products	\$2,483,158*	Up 12.01%

NEW ZEALAND BEEF PRODUCTION FOR CALENDAR YEAR 2013

A surge in the cull cow kill, forecast to be up 15% over last year's level, along with an increased calf kill should pull total cattle slaughter numbers up to 4.07 million head, representing a 3% increase in slaughter numbers compared to last year's level. Despite this total, beef production is likely to be down by 16,000 metric tons CWE, to 609,000 metric tons CWE because of lower average carcass weights due to drought conditions in the North Island. Exports to the US are likely to be up for the second year in a row to 245,000 metric tons CWE, representing a 3% increase over last year.

STOP THE PRESS – DROUGHT UPDATE NEW ZEALAND

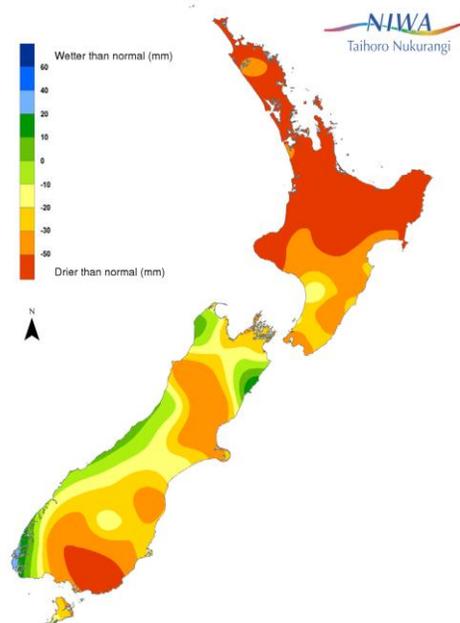
While the soil moisture anomaly map shows clearly that the recent rains have not been drought-breaking, there is much more rain on the way. In over half of the North Island soil moisture levels are still more than 50mm below-average for this time of year.

The South Island is, however, faring much better, with heavy rain in places and rain in the headwaters of the Canterbury irrigation rivers.

Rainfall for this month has been below normal for most of the country, with less than 40% of normal rain through the Waikato. Though in parts such as Manawatu and South Canterbury, there has been above normal rainfall.

Metservice is forecasting an unsettled week (April 15-21) with wet weather expected over much of the Country

SOIL MOISTURE ANOMALY



Source: NZAgrifax & NIWA

NEW ZEALAND Export Agreement

On December 10, FDA and New Zealand's Ministry for Primary Industries signed an arrangement recognizing each other's food safety systems as comparable to each other. This leads

the way to a new level of regulatory cooperation to enhance food safety while facilitating trade between the two countries. This is the first time that FDA has recognized a foreign food safety system as comparable.

Systems recognition, previously referred to as comparability, involves reviewing a foreign country's food safety regulatory system to determine if it provides a similar set of protections to that of FDA. Outcomes of these reviews may be used by FDA to make risk-based decisions regarding foreign inspections, admitting product into the U.S. and follow-up actions when food safety incidents occur. FDA, working with New Zealand, pilot tested a systems recognition process using the draft International Comparability Assessment Tool (ICAT). The process includes a comprehensive review of the country's relevant laws and regulations, inspection programs, response to food-related illness and outbreaks, compliance and enforcement and laboratory support.

Systems recognition is voluntary and not required in order for a country to export foods to the U.S. Any country can request a systems recognition determination. FDA is currently conducting a pilot systems recognition process with Canada.

Benefit for New Zealand exporters is that they don't have to meet a different set of standards before they can be accepted for imports into the U.S.

On April 12, 2013 Post learned that the New Zealand pork industry will appeal rulings by a NZ appellate court that would have allowed imports of consumer-ready cuts of unprocessed pork from the United States. The appeal, which will be taken up by the NZ Supreme Court, will eventually result in a final decision as to whether import health standards will be implemented that will allow the pork imports to take place. However, until that final decision is made by New Zealand's highest court, interim measures will continue to prohibit imports of consumer-ready unprocessed pork products from the United States and other countries, where porcine reproductive and respiratory syndrome (PRRS) is present.

These developments mean that there is still no possibility for access of uncooked pork from the United States in New Zealand. Trade sources estimate the potential market value for U.S. pork exporters from this market opening at \$US 4-12 million.

N Z PORK PRODUCERS APPEAL RECENT RULING ON IMPORT HEALTH STANDARDS