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of the high birthrate in rural areas, and the strong attraction of the independence and security of farm life, Australia in normal times need not fear a prolonged shortage of farmers.

What should be a corner-stone to future agricultural policy in this country is not how to stop the "drift to the city" but how to obtain and maintain an even better equilibrium in the distribution of the working population in the country as a whole. Without a considerable and permanent expansion of market opportunities for Australia's primary products over that existing in the pre-war period, together with greater stability of the economy as a whole, which, in turn, is bound up with world stability, the real danger lies in the possible accumulation of an over-supply of labour in primary industry. But what must be aimed for is not a numerically strong primary industry but an economically healthy one—an industry which of itself can return its labour a real income comparable with that earned in other sections of the community—and, finally, an industry which can keep in the vanguard of technological advances in production methods.

SUGAR.

A Commodity Review.

Sugar is one of the many primary products which has been in short supply since the end of the recent war. Present trends in production indicate a return to the productive level of 1939, but certain increases in demand indicate that the supply of this product is unlikely to reach the planned objectives within at least the next two or three seasons.

The World Position.

(a) Production.

For the five years 1935-39 the yearly average world production of beet and cane sugar was 34,787,000 tons. In 1946-47 average production was 31,894,000 tons and the output for the 1937-38 season was estimated at 34,366,000 short tons. This season great increases are expected in the United States, the U.S.S.R. and the Philippines. It is expected that this increase will more than offset declines in Cuba and Western Europe. In the latter area a late-planting season and a dry summer combined to reduce beet sugar production below last season's output.

World beet sugar production continues to recover in 1947-48 and is expected to reach a figure of over 10,000,000 short tons. This compares favourably with the 1938-39 average of 12,000,000 tons, and especially with the statistics for 1935-36 of 6,882,000 tons. Cane sugar production is expected to increase to 23,000,000 short tons from 22,636,000 tons in 1946, and compares with 22,776,000 tons in pre-war years. The high level of cane sugar production relative to pre-war in Cuba and in Africa more than offsets the decreases in Asia and Oceania.

The U.S. Office of Foreign Agricultural Relations estimates that the present outlook in North and Central America, including the West Indies, is for a total production of cane and beet sugar of 11,423,000 short tons, compared with the 1935-39 average of

7,801,000 tons. Unfavourable growing weather stopped the recovery trend of European beet sugar and the current season's output, excluding the U.S.S.R., is expected to total only 5,275,000 short tons in comparison with a pre-war average of 7,804,000 tons. Most of the Western European countries show declines, while many eastern countries show increases, although the outlook this season in Czechoslovakia is unfavourable. The beet crop in the U.S.S.R. is expected to be above the pre-war figure and tremendous progress has been made since last season. The production of sugar in the U.S.S.R. may total 3,000,000 short tons compared with 1,750,000 tons last season.

Sugar production in Asia is expected to continue the recovery trend started last year. The 1947-48 output is expected to total 7,477,000 short tons, compared with 6,928,000 tons in 1946-47, and the pre-war average of 10,890,000 tons. The Philippines have shown a remarkable recovery this year, but Java and Formosa continue to have a poor outlook. India's production is expected to stay at the relatively high level of 6,250,000 tons. In South America slow progress is indicated and the 1946-47 output is expected to total 3,153,000 short tons, compared with 3,122,000 in 1946-47 and the pre-war average of 2,414,000 tons. Production in Argentina and Brazil has made steady progress in the last two years and large quantities are expected to be made available during the current marketing season. In Africa, increased production in Mauritius, Reunion and the Union of South Africa is expected to raise the total production to 1,224,000 tons. In Oceania production for 1947-48 was indicated at 1,715,000 tons, compared with 1,650,000 tons in 1946-47. Hawaii and the Fiji Islands show better prospects than last year.

The following table summarises production in specified countries from 1930 to the present season, and is reprinted from "Foreign Crops and Markets" issued by the U.S. Department of Agriculture, 1st December, 1947:—

Sugar (Raw Value) : Production in Specified Countries.

Averages 1930-34, 1935-39, and Annual 1944-47.

Country.	Average.		1944.	1945.	1946.	1947.
	1930-34.	1935-39.				
	1,000	1,000	1,000	1,000	1,000	1,000
	s. tons.	s. tons.	s. tons.	s. tons.	s. tons.	s. tons.
North America	6,675	7,801	7,947	8,938	11,434	11,423
Europe (excluding U.S.S.R.) ...	7,175	7,408	5,342	3,852	5,721	5,274
U.S.S.R. (Europe and Asia) ...	1,584	2,887	1,270	1,500	1,750	3,000
Asia (excluding U.S.S.R.) ...	9,402	10,890	7,165	6,753	6,928	7,477
South America	2,197	2,414	2,678	2,689	3,122	3,153
Africa	998	1,295	1,291	1,167	1,289	1,424
Oceania—						
Australia	667	894	750	746	619	620
Fiji	117	143	77	61	131	145
Hawaiian Islands	1,042	986	821	680	900	950
Japanese Mandated Is. ...	52	69	0	0	0	0
Total Oceania	1,878	2,092	1,648	1,487	1,650	1,715
Total (beet)	10,274	12,011	7,920	6,882	9,258	10,453
Total (cane)	19,635	22,776	19,421	19,504	22,636	23,013
Total (beet and cane) ...	29,909	34,787	27,341	26,386	31,894	33,466

(b) *General Pre-War Trends.*

The period between the two wars witnessed a decrease in beet sugar production and an increase in cane output. Beet production recovered and the accumulation of stocks led eventually to the Chadbourne and London agreements. In 1924 a new variety of cane was introduced into Java, Cuba and other sugar-producing tropical islands which greatly increased yields. Furthermore, the post-war trend in Europe was one of self-sufficiency. This led to a chaotic situation in world sugar trading as tariffs, subsidies, quotas and other restrictions increased. The world price of raw sugar declined. By 1929 beet sugar production had regained its pre-war level, while cane sugar production had almost doubled in the same period.

With the arrival of the economic depression, trade restrictions on sugar were intensified and the free market fell from 6,000,000 tons in the middle twenties to about half this quantity in 1939. Free world sugar prices fell from around 2½ cents (U.S.) to about 1 cent per lb. These developments were not serious for the sugar beet producer, but the effect on the largely unsheltered producers in Cuba and Java was disastrous. The large sugar surplus accumulated by these countries was finally liquidated as a result of several international agreements which restricted production, but the world price of sugar never recovered fully from the depression levels. Attempts were made in Cuba to reduce accumulated stocks by the prohibition of planting of new cane from 1926 through 1929, but this did not prevent the expected sugar crisis. As a result of Cuban initiative the Chadbourne agreement was signed in 1931 by Cuba, Java, Peru and five European countries to curtail annual production and for European nations to reduce their exports. However, countries outside the Agreement increased their production, world consumption remained low, and prices did not recover.

The failure of the Chadbourne Agreement to improve world sugar prices led to the more comprehensive International Sugar Agreement of 1937, which was signed by the governments of over twenty countries and covered over 90 per cent. of the world sugar trade. Brazil, Cuba, the Dominican Republic, Haiti, Peru, the Philippines, Russia, Britain, South Africa, France and Australia were the principal signatories. Free market requirements were estimated periodically by the International Sugar Council and export quotas were fixed. The following table summarises typical export quotas for the two successive seasons 1937-38 and 1938-39:—

Export Quotas for the Free Market: Basic, 1937-38, 1938-39.
(Metric tons, raw value.)

Country.	Basic quota.	1937-38.	1938-39.
Belgium (including Belgian Congo)	20,000	.....	.....
Brazil	60,000	9,250	54,000
Cuba	940,000	893,000	1,018,502
Czechoslovakia	250,000	323,000	274,977
Dominican Republic	400,000	380,000	420,746
Germany	120,000	16,500	80,000
Haiti	32,500	30,875	39,070
Hungary	40,000	9,500	32,400
Netherlands (including overseas territories) ...	1,056,000	997,500	1,065,082
Peru	330,000	270,750	303,500
Poland	120,000	90,250	93,000
Portugal (including overseas possessions) ...	30,000	28,500	25,000
U.S.S.R. (excluding exports to Mongolia, Tannu Tuva and Sinkiang)	230,000	160,075	161,000
	3,622,500	3,209,200	3,567,277

The operation of the Agreement was difficult because the quotas fixed in the first place exceeded free-market requirements. Secondly, the Agreement did not effectively stimulate world consumption of sugar. The world price of sugar remained low and the principal effect of the Agreement was to stabilise a narrow free-market at low world prices. The Agreement was extended in 1942 for a period of two years, and four times thereafter for one year, the latest expiration date being August 31, 1948.

(c) *Effects of World War II.*

Put briefly, it can be stated that World War II completely reversed the position described above. In September, 1939, world stocks of sugar were at a high level and production for 1939-40 promised to be equal to the estimated world consumption of 30 million tons. Continental Europe pre-war had produced over 95 per cent. of its sugar requirements. Production deteriorated rapidly during the war and rationing became more and more severe. The Ukraine, normally supplying about 80 per cent. of the U.S.S.R., was a battle area. Continental European production fell from 9.9 million tons in 1939-40 to 5.7 million tons in 1944-45.

The Asiatic countries fared even worse. Production in the three main sugar-producing areas—Formosa, the Philippine Islands and Java—was regulated in accordance with the Japanese plans for Greater Asia. Formosan production was to be kept to about one million tons and this plan was successful until 1944 when production was practically stopped. The Philippine Islands were to produce only enough sugar for their local consumption and the important Philippine Islands sugar industry, exporting over 800,000 tons of sugar during the immediate pre-war years, lost 24 of its 41 operating sugar mills by complete destruction or very heavy damage. In 1945-46 the Philippines produced only slightly over 10,000 tons of raw sugar. The plan for Java had provided for an annual crop of 600,000 tons. At the time of the Japanese invasion there was a stock of over one million tons of raw sugar, and cane already planted for the 1941-42 crop yielded 1.4 million tons. Under Japanese marketing supervision and a policy of limited new plantings, in three years production practically came

to a standstill, and in 1945-46 only about 30,000 tons were produced. For the rest of the world, between 1939 and 1942 the position was influenced by the requirements of the United States and Great Britain. The United States experienced a growing demand for sugar and stocks fell to a low level, formal rationing being introduced in April, 1942. In Great Britain rationing was introduced in January, 1940. The United States bought the entire Cuban export from the 1941-42 harvest and secured most of the supplies from Puerto Rico, the Dominican Republic and Haiti. The British Ministry of Food contracted with the British Dominions and Colonies for their exportable surplus of sugar up to the end of 1949. The United States made incentive payments to growers in Puerto Rico and Hawaii in 1944 and following years. The combined Food Board allocated the available sugar supplies after 1943. It has been estimated that over 7 million metric tons (raw value) of sugar will be available for export in 1948. Details of productive levels are given above.

(d) *Consumption.*

In contrast to most staple foods, sugar has been subject to various taxes in many countries, with the result that considerably different levels of retail prices have prevailed. Furthermore, sugar consumption varies from country to country and, in countries with a high standard of living, sugar and its by-products are an important part of the normal diet. The per head consumption of sugar is generally related to retail prices. For 1945 the consumption of sugar per head in lb. was as follows:—United Kingdom 71.1, U.S.A. 97.1, Canada 79.1, Australia 109.8. The following table shows consumption-price relationship for various countries, consumption being given in this case in kilograms:—

Per Caput Consumption, 1934-38 Average, Retail Prices in 1936 in Specified Countries.

Country.	1934-38 average per caput consumption (kilograms, raw basis.)	Retail price of refined sugar 1936 (cents per kilogram.)
Denmark	55.5	9.48
United Kingdom	50.4	10.21
United States	46.9	12.13
Netherlands	29.3	31.40
Germany	25.6	30.12
Poland	12.3	18.63
Italy	8.6	48.06

World consumption of sugar continues to be restricted by insufficient supplies. It is estimated that the available supplies for 1947 will make available about 29 to 30 million metric tons for consumption. But consumption could be as low as 26.2 million tons, which is less than the 1934-39 annual average.

Summary.

The present period of transition will greatly influence the future pattern of sugar production, trade and consumption. Present financial difficulties and problems of economic re-establishment will prevent any great increase in the world demand for sugar outside the Western Hemisphere. Before long a recovery of production in war-damaged areas in Europe and Asia will create a substantial increase in supply which may prove difficult to absorb, and increased production in other areas may be expected. The questions of trade barriers, revenue, taxes, and variations in efficient production are vital problems which must be solved if any general increase in the consumption of sugar is to be realised. This increase in consumption would, in turn, alleviate the difficulties of the surplus problem.

AUSTRALIA.

It is impossible to secure an accurate assessment of Australia's future trade in sugar, both internally and externally, without considering the world position of supply and demand for the product. Hence the consideration of world trends given in earlier paragraphs. Compared with other nations, Australia is not a large supplier of sugar, but nevertheless sugar production is an important Australian industry. The following paragraphs aim to examine the background and future of the industry.

(a) Trends in Production.

Australian production of sugar has shown no definite forward trend in recent years. The following table gives production and acreage by States, in terms of raw sugar:—

State.	1934-39 Average.		1939-44 Average.	
	Acreage.	Production.	Acreage.	Production.
New South Wales ...	20,000	tons. 39,000	19,000	tons. 40,000
Victoria ... ..	...	...	...	...
Queensland	331,000	701,000	334,000	690,000
South Australia ...	...	...	...	...
Western Australia ...	...	...	...	...
Tasmania ... ..	...	...	...	...
Total: Australia ...	351,000	740,000	353,000	730,000

Although no increased production is indicated in recent years, improvement is noted if comparisons with earlier years are made, *e.g.*, for the five seasons ended 1929, production was 483,000 tons, and for five seasons ended 1934, 575,000 tons.

The value of sugar cane production for 1934-1939 was an average of £8,358,000. By far the greatest portion of sugar is produced in Queensland, only about 10 per cent. of the total cane crop coming from northern New South Wales, and the Victorian beet sugar crop provides less than 1 per cent. of total Australian sugar production. All crushing is done in Queensland and New South Wales mills, but raw sugar is refined in all States except Tasmania. It is difficult to secure reliable figures of the movement of sugar, raw or refined.

The Commonwealth Sugar Agreement Act was assented to in May, 1940, providing for control of sugar imports to protect local production. In New South Wales prices and other conditions are regulated by agreement between the Colonial Sugar Refining Company and the New South Wales Cane Growers' Association. In 1939, New South Wales producers persuaded Queensland producers to agree to New South Wales sugar being placed in a pool on a certain price basis, which became known as the 80-20 formula. This meant that a production of 20,000 tons would be paid for at home consumption values to 80 per cent. of the total quantity, and at export values to 20 per cent. thereof, the home consumption quota to fall by 1 per cent and the export quota to rise by 1 per cent. for every 1,000 tons by which production exceeded 20,000 tons and vice versa. This agreement was later ratified by the C.S.R. Company and the Queensland Sugar Board, and was thus mainly an agreement between producers. Up to 1941 the average price for New South Wales raw sugar was £2 10s. per ton higher than the average Queensland price. Later, large crops in New South Wales altered this position. The agreement brought a high degree of stability to the New South Wales section of the sugar industry.

(b) *Trends in Consumption.*

Sugar consumption in Australia is clearly shown in the following table:—

Raw Sugar.

Average Five seasons ended.	Production.	Local Consumption.	Exports.
	tons.	tons.	tons.
1929	483,000	340,000	143,000
1934	575,000	342,000	233,000
1939	741,000	363,000	378,000
1944	730,000	483,000	247,000

The average annual production (1929-1940) of raw sugar was 1,561,000,000 lb. We exported an average of 719,260,000 lb. having 842,040,000 lb. for consumption per annum. Nutritional experts

estimate that our maximum requirements for ourselves approximates 437,280,000 lb. In other words, we overconsume to the extent of 404,760,000 lb. per annum. Increases in demand since 1940 would not alter this position very greatly.

(c) *Export Trends.*

As shown in the above table, exports for five seasons ended 1929, 1934, 1939 and 1944 were 143,000 tons, 233,000 tons, 378,000 and 247,000 tons respectively. In 1945-46 the figure was 137,446 tons of raw sugar and 13,526 tons of refined sugar disposed as follows and to values indicated:—

Country to which Exported.	Quantity.	Value.
<i>Sugar: Raw—</i>	(tons).	£
Borneo (British)	1,371	25,367
Burma	12,602	258,546
Canada	8,733	161,560
Ceylon	9,084	168,050
Hong Kong	13,889	298,555
Malaya (British)	7,145	132,181
New Zealand	47,933	914,750
Other British Countries	14,832	270,604
Iraq	22,757	420,997
	137,446	2,650,610
<i>Refined.</i>		
United Kingdom	236	7,629
Borneo (British)	298	11,111
Ceylon	1,227	28,227
Hong Kong	301	8,276
Malaya (British)	45	1,641
Pacific Islands—		
Fiji	110	3,066
Nauru	54	1,400
Papua	478	14,623
Samoa (British)	917	24,788
Solomon Islands	117	3,760
Territory of New Guinea	547	19,252
Tonga	55	1,503
Other Islands	61	1,591
Other British Countries	6,371	198,229
Japan	586	21,595
Netherlands East Indies	402	15,009
Pacific Islands—		
New Caledonia	1,295	35,924
New Hebrides	308	8,150
Samoa (American)	85	2,306
Other Islands	33	909
	13,526	408,989

For 1946-47 the total value of sugar exports was £2,819,000 compared with £3,212,000 for 1945-46.

More Recent Trends.*(a) Production.*

In New South Wales raw sugar production for 1946 was 39,768 tons (estimated). This is not a high figure compared with earlier years, as the following table shows:—

Year.	Raw Sugar Production.
	tons.
1940	40,748
1941	47,041
1942	48,336
1943	44,290
1944	37,442
1945	20,500
1946	39,768 (estimate.)

The crop for 1947 is roughly only about 70 per cent. of normal. Shipping has become a further problem for North Coast producers. Prospects for 1948 are better, provided cane cutters and mill hands can be found in the north or induced to go there, but the farmers who are growing the larger crop for 1948 are very apprehensive of securing an adequate supply of labour.

Queensland production seems likely to remain at a high figure, although labour is a great problem there also.

(b) Consumption.

Home consumption seems to have stabilised round about the 500,000 tons mark. This is necessarily an estimate because the figures of the quantities being used by industry are not sufficiently comprehensive. The seasonal accumulation of stocks is just beginning. For this time last year the all-Australian figure was 198,842 tons, falling off to 57,764 in June, 1947.

(c) Exports.

The very latest figures on exports have just become available. For the six months ended 31st December, 1947, a total of 38,627 tons of sugar (cane) was exported from Australia, compared with a figure of 104,438 tons for six months ended 31st December, 1946. The value of these exports was £1,148,000 for the latter half of 1947, compared with £2,452,000 for 1946. It is rather soon to generalise on the reasons for the apparent loss in income from exports, but labour supply and climatic conditions have had a very great deal to do with the change.

Conclusion.

Sugar statistics for recent trends, *i.e.*, for 1947-48, are not readily available; hence, a certain element of incompleteness in making clear the present position in the sugar industry. However, a drop in production and, therefore, in exports is quite discernible. The causes are of a general economic character, chief among which is the matter of labour supply and, therefore, future development

of sugar production is related to the general "tug-of-war" between primary and industrial production for manpower. However, on a wider plane, trends in production must be observed in the general international context. It seems likely that the supply of sugar will not be long reaching the "cash demand" as distinct from nutritional requirements.

J. B. MAYNE.

SALES OF LIVESTOCK AT HOMEBUSH, SYDNEY.

January, 1948.

SHEEP.

Sharp Decline in Numbers.

During the period yardings for the most part were relatively light and showed a decline of 46,000 on the previous month's aggregate. Overall supplies amounted to 132,519 head, the figure for the corresponding month of last year being 136,593. Early in January numbers available were affected by the industrial trouble at the Homebush Abattoirs, the penning on the 8th January of only 1,959 head of sheep and 4,073 lambs being the smallest for some considerable time. The incidence of public holidays over the New Year and on Anniversary Day were also factors contributing to the falling off in supplies.

Heavy Sheep Scarce.

The scarcity of good quality heavy sheep was again manifest and operators desiring to purchase this class of mutton often experienced difficulty in obtaining their full requirements. Shorn sheep were numerous, but more length was noticed on most of the fleeces carried, while odd lots of three-quarters to full woolled descriptions were included. For the most part, however, fair to good useful light trade sorts were well represented, some very nice quality drafts being noticed throughout.

Mutton Prices at High Levels.

The comparatively small supply of 56,171 head of sheep resulted in a keen inquiry and while fluctuations occurred during the month's operations prices reached higher levels than those ruling during December. At the opening sales, rates were well maintained with some prime lots realising higher values. However, at the following auctions all good quality wethers and ewes were dearer, an increase of up to 2s. per head being evident. The market remained fairly steady until mid-January when values declined by from 1s. to 2s. A particularly strong demand was noticeable at the next sale and a sharp rise occurred which ranged from 3s. to 5d. per head for all good quality consignments. Later in the month realisations were not fully maintained and at the final sales most classes submitted were from 1s. to 4s. per head cheaper. Some prime weighty wethers made to 70s. per head, but generally operators paid from 37s. to 61s. for good quality lots, other