



Speech by

JEFF KNUTH

MEMBER FOR BURDEKIN

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SUGAR INDUSTRY

Mr KNUTH (Burdekin—IND) (11.18 p.m.): Let me paint a picture that is the Queensland sugar industry. According to the Canegrowers organisation, growers' net income before tax and interest will fall 70% over the next two years. Honourable members should think about that. How would we like to lose 70% of our pay this coming year? We have done virtually nothing to help. If we go to countries such as Canada, we see a far different story on the so-called level playing field. I remind honourable members that there are no forms of protection in the Australian sugar industry. We are a pretty lonely bunch standing on the so-called level playing field.

Our sugarcane growers are protected by no import quotas or tariffs, must sell domestically at the world price and are offered no minimum floor price or assistance when prices fall below the cost of production. When we lost the tariff on imported sugar back in 1997, the Federal Government failed to adopt the recommendation of Sugar Industry Review Working Party member and Canegrowers Chairman Harry Bonanno. Mr Bonanno called for—

"... a non operative tariff that could be used as a price support mechanism if prices got below US10 cents per pound ... The final position was supported by other members of the Review and could have been useful, however the Federal Government ruled that a variable tariff was unacceptable according to GATT and could not be considered for implementation."

Why, to this day, do we still fail to have a price support mechanism? Why are our Governments hell-bent on crushing Australian canegrowers? In February this year Mr Bonanno went on to report that our best hope for lasting benefits from trade reform was through the World Trade Organisation negotiations late this year. If this is our best hope, what can we make of the United States' latest move to block Australian lamb imports? Our last hope is a very shaky one indeed. It is up to us to give our farmers some new hope.

We have constantly seen the United States and European Union pay lip-service to free trade while their actions move in the opposite direction. The US decision on lamb is the writing on the wall for the upcoming WTO talks. Countries such as the US will time and time again pledge support for free trade while actually increasing their protective measures. How long will Australia be the laughing-stock of the world market? What are this State's Ministers doing to regain our credibility?

My opponents can banter all they like about free trade and a level playing field. As they banter the European Union sells its sugar domestically at four times the world sugar price. As my opponents twitter on about GATT and the World Trade Organisation, the United States Department of Agriculture is investigating even more levels of protection for its growers to stem imports of raw and refined sugar into the country. Recently, the US was profiled in this year's second edition of the Queensland Sugar Corporation News. In addition to a guaranteed minimum price for domestically produced sugar, the US has an import quota and three tiers of import duties. As if this was not enough—

Mr Lucas: Have you got any idea of the size of the US economy relative to the size of our economy?

Mr KNUTH: The member is condemning the sugar industry in this State. This Labor Government is condemning the sugarcane farmers. If I were the honourable member, I would keep my mouth shut. If he does not care for the canefarmers in this State, he should be quiet.

Mr Lucas: You can't even listen to the point I said. That is how ignorant you are.

Mr KNUTH: I know the point the honourable member made; I am getting to it.

The article stated—

"With world prices now between US 5 to 6 cents a pound, the US is imposing additional safeguard duties on raw and refined sugar to stem the flow of imports."

In March, I called for a minimum floor price for Queensland sugarcane growers, and nothing has been done. With too much sugar on the world market, International Sugar Organisation chief economist Tony Hannah advocates a 10% production cut by the world's major producers to ease the problem. I believe this is a suggestion that should be investigated to its limit. There is a world sugar glut, yet in Queensland we keep increasing cane assignments. When will the madness end? International cooperation may be the only way of giving our growers a guiding light.

On 13 June a Queensland delegation met with Brazilian sugar industry officials to discuss common problems. The next round of World Trade Organisation talks is scheduled for November in Seattle in the United States. I believe such meetings should receive the Government's support and encouragement at all levels. In addition, I believe this Government should allow the Queensland Sugar Corporation to set a fair price for domestic sugar sales through the removal of export parity pricing—essentially the world price.

Despite the plummeting world sugar price, I have not seen a price drop on the supermarket shelves for soft drinks and confectionaries. The end consumer is not benefiting from the so-called trade reform—

Time expired.
