



JULY 2019

# SUGAR POLICY INSIGHTS

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## HOW DO THE PUBLIC PERCEIVE THE SUGAR SECTOR?



An online search quickly reveals the level of public interest in sugar, particularly its uses in food and how it fits into a healthy lifestyle. Wellness is at the forefront of many consumers' minds and obesity has emerged as a national public health challenge.

Sugar manufacturers recognise that the public's trust and confidence in our practices and our products cannot be taken for granted.

The loss of support can be swift, as experienced by the greyhound racing and live sheep export industries when they failed to address the gap between their activities and public expectations.

To recover from the dramatic drop in public confidence, both sectors have had to accept tighter, more costly regulation and closer scrutiny.

To quantify concerns about sugar and ascertain what Australians think of the sugar industry, ASMC recently funded a public sentiment survey in partnership with the grower representative group, CANEGROWERS.

The feature article on page 2 highlights the key findings from the research and the timely lessons they delivered to all involved in the sugar supply chain.

## TOUGH TIMES FUEL RESEARCH

David Pietsch, CEO



As Billy Ocean observed, “When the going gets tough, the tough get going” and right now times are certainly tough in the sugar industry. Some of the problems are well known, but immediate solutions are more elusive.

Conservative estimates have calculated our revenue losses – the amount directly linked to subsidised sugar production in India – at over \$469 million (2017/18 to 2019/20). That highlights why India’s sugar support measures are the subject of trade action from Australia, Brazil and Guatemala through the World Trade Organisation.

The subdued global sugar outlook is magnified by Australia’s heavy reliance on raw sugar and demonstrates the need for further focus on revitalisation and diversification opportunities. Low rates of productivity growth and challenges to the industry’s social licence on health and environmental issues also loom large.

All involved in sugar need to focus on delivering for the greater good of the industry and for the regional communities the sector supports – from new commercial or policy initiatives to removal of existing regulations that deter investment.

Research is a task entrusted to the miller, grower and government-funded service delivery organisation, Sugar Research Australia (SRA).

ASMC’s members support socialised investment in industry-good research. SRA is uniquely placed to take a medium-to-long

**“A relevant & ambitious research agenda is critical”**

term view while others are immersed in the short-term, cut-and-thrust of market forces and policy debates.

While taking a longer-term view, SRA must also be cognisant of the emerging needs of the funders, and demonstrate its flexibility and responsiveness to changes in priorities.

In this vein, ASMC and grower organisations have identified trade and market access, and social-licence-to-operate priorities as omissions from SRA’s current strategic plan.

These are key areas where greater focus and investment is needed and we are confident SRA will move to invest in projects that help the industry address emerging challenges and opportunities.



## PUBLIC SENTIMENT AND SUGAR

Julie Iommi, Director, Communications



The public conversation about sugar has changed dramatically over recent years. Sugar has been labelled the new ‘fat’ and is seen by some as a leading cause of rising obesity levels within the community.

Misunderstandings about the natural origins of sugar – from the sugarcane plant – and questions about the production and refining process have raised concerns about ‘naturalness’ and accusations of sugar being ‘toxic.’

ASMC and CANEGROWERS set out to understand the impact of anti-sugar ‘noise’ on the community using an online survey.

Drawing on theory from the field of risk communications, the goal of the survey was to determine whether there was a

gap between the technical assessment of risk e.g. sugar as a carbohydrate and the public’s perception of and feelings about the risk e.g. ‘is sugar bad for me?’

Working on the basis that sugar is a low risk product, especially when consumed by healthy individuals as part of an active lifestyle, the survey quantified the degree to which consumer confusion has reduced belief in this ‘fact.’



CHART 1: PUBLIC SENTIMENT SURVEY 2018



**KEY FINDINGS AND DISCUSSION**

- Health was the dominant concern when people were asked what they ‘felt about sugar’ (ref. Chart 1)
  - 49% were negative or very negative about sugar and health
  - professional women (over 35 and earning over \$100,000) were more likely to be critical of sugar and be ‘very negative’ about sugar and health
- Groups considered to be ‘at risk’ from sugar as it relates to health were identified as:
  - the overweight
  - people who eat high amounts of sugar and/or
  - people with diabetes
- Respondents from regional Queensland showed the highest levels of support for the industry (69%), but all Australians

were broadly supportive (>54%) particularly in terms of:

- jobs provided in local communities (61%) and
- use of sugar in non-food products such as bioplastics or biofuel (44% supported growth in this area)

- Older audiences were much more likely to think of sugarcane growers when thinking of ‘the industry’, while younger audiences were more likely to think of food and drink manufacturers.

Interestingly, a high percentage of respondents were fence-sitters opting for ‘neutral,’ ‘not sure’ or the ‘don’t know’ category for many questions (ref: Charts 1 and 2).

This represents a risk and an opportunity for the sugar industry.

People who are confused, have yet to make up their minds, or perhaps feel overwhelmed by all the information on sugar are open to tip to the positive or the negative.

**NEXT STEPS**

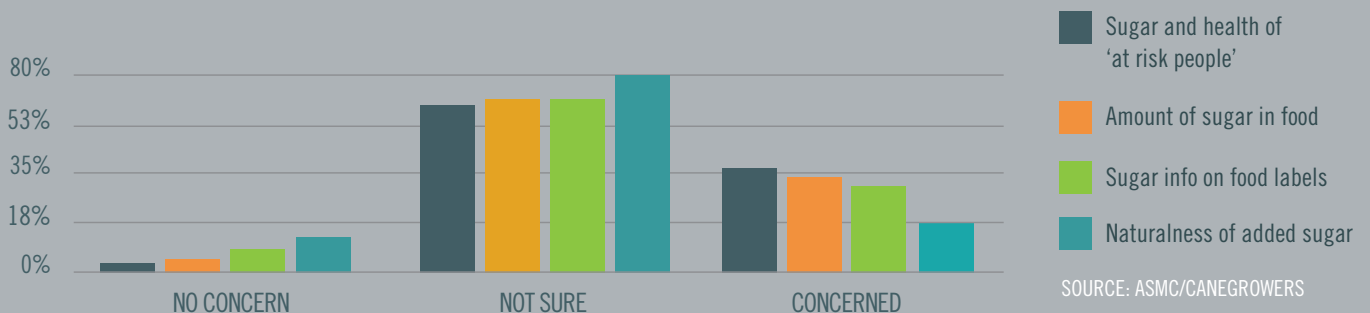
ASMC and CANEGROWERS want to work with public health advocates and community influencers to identify ways to address negative perceptions surrounding sugar and health.

The industry is developing a strategy with a focus on building trust by being transparent and responsive.

By engaging and acknowledging people’s genuine concerns about sugar, the goal is to rebuild trust.

A successful measure will be that the risk of fence-sitters becoming critics will reduce.

CHART 2: PUBLIC RESPONSE TO HEALTH STATEMENTS



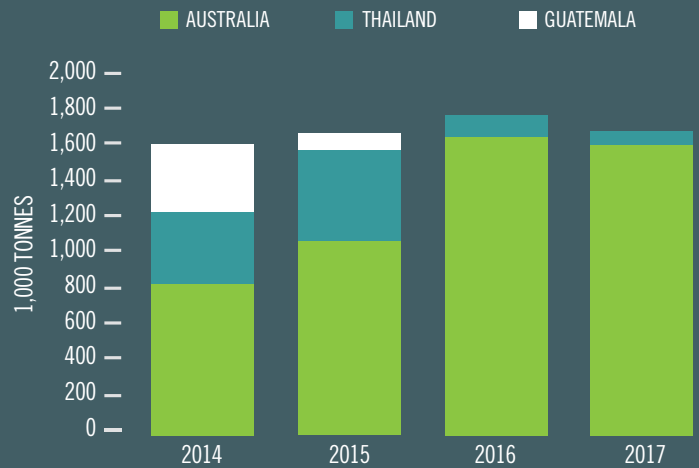
# South Korea in Focus

Australia has a long-standing sugar trading relationship with the Republic of Korea (**South Korea**).

The Korea-Australia Free Trade Agreement (KAFTA) came into force on 12 December 2014. This comprehensive agreement established new commercial opportunities and made South Korea an even more attractive market for Australian sugar. Under the improved terms of trade, South Korea is now Australian sugar's largest and most valuable export market destination.

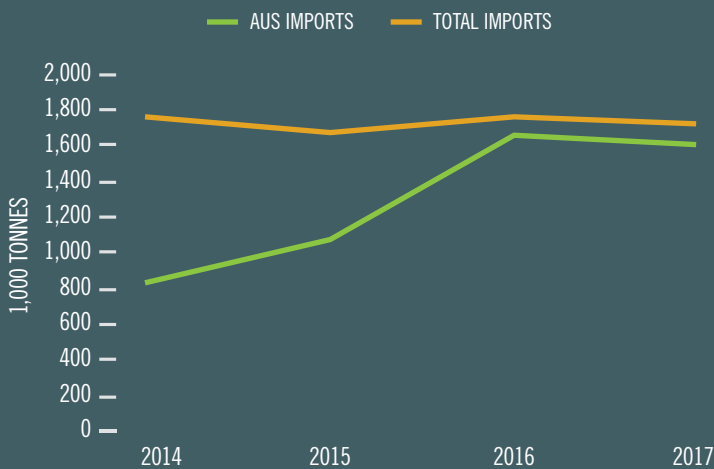
The KAFTA immediately eliminated the 3 percent tariff on imports of Australian raw sugar. Australia primarily exports raw sugar, but the previous 35 percent tariff on white sugar is reducing year on year and will be eliminated by 2031. A three percent tariff on molasses was removed on 1 January 2018.

## ORIGIN OF SOUTH KOREAN RAW SUGAR IMPORTS



SOURCE: ISO

## SOUTH KOREAN SUGAR MARKET



SOURCE: ISO YEAR BOOK

## At a Glance

- Population over **51 million**
- Sugar consumption around 30kg per capita
- Australia's **largest export market** for raw sugar – Export volumes exceeded 1.5 million tonnes in 2016 and 2017
- Australia is well positioned to fulfil ongoing demand due to the zero tariff and advantageous freight differential
- Market worth an estimated A\$911 million (2017)  
(Source: Department of Foreign Affairs & Trade)



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## About ASMC

Established in 1987, the Australian Sugar Milling Council represents Australia's raw sugar manufacturers and exporters. Our aim is to be a leading voice for change to create opportunities for a more profitable and sustainable sugar industry.

### KEY FOCUS AREAS

