



Australian Government
**Department of Agriculture
and Water Resources**
ABARES



Economic outlook

Casino

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and Resource Economics and Sciences

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Australian Bureau of Agricultural & Resource Economics and Sciences (ABARES)



Statistics



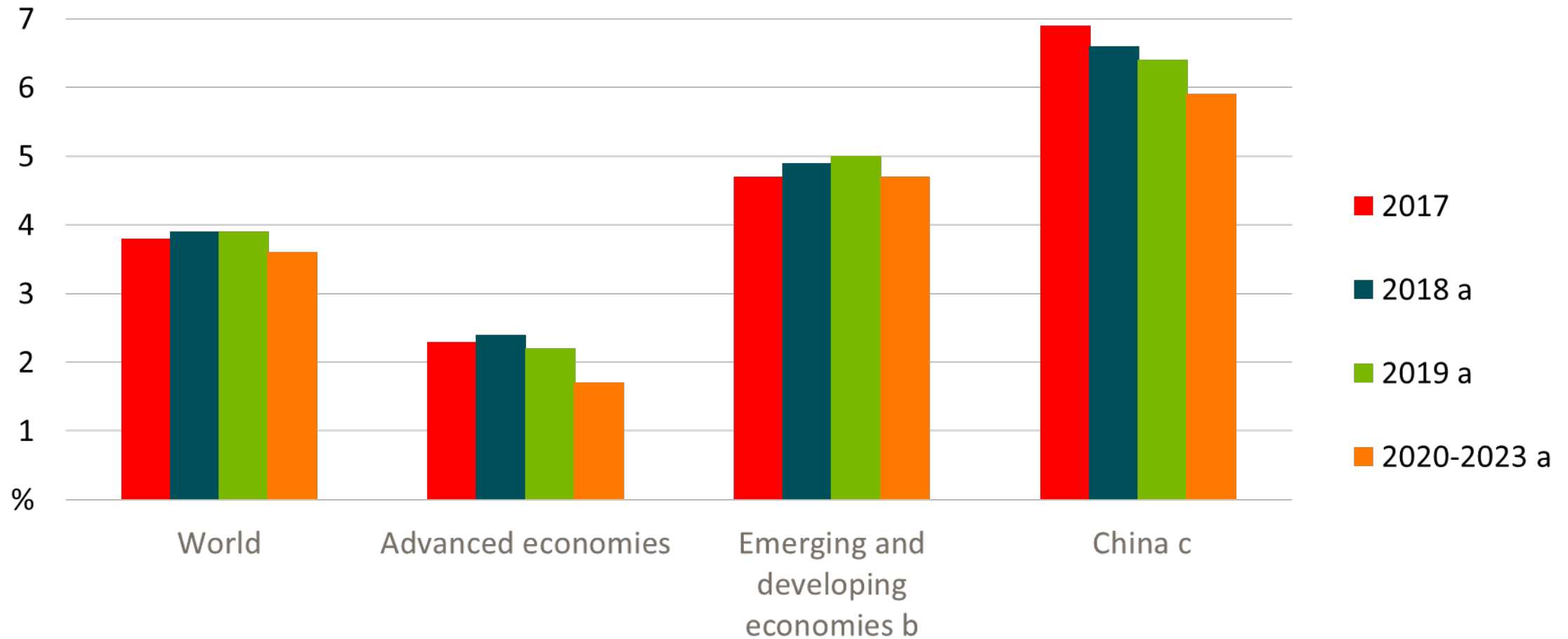
Forecasting



Analysis

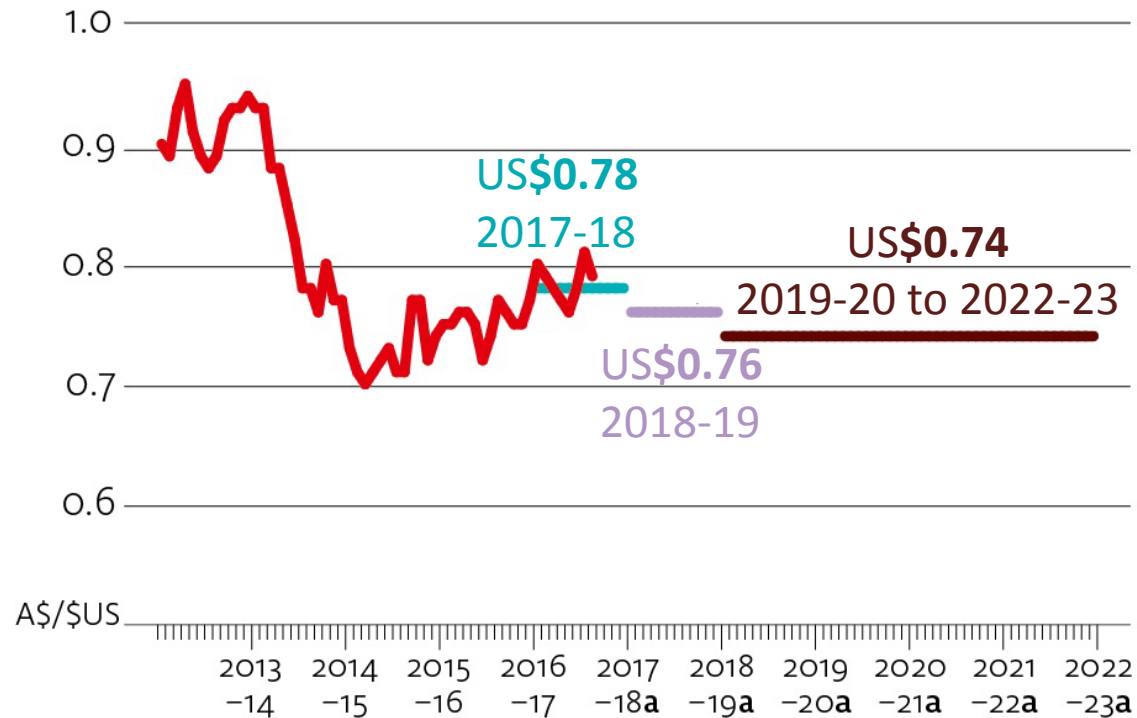


Regional growth prospects



a ABARES assumption. **b** excludes China. **c** excludes Hong Kong.
Source: ABARES; IMF

...and the Australian dollar is assumed to weaken over the outlook period

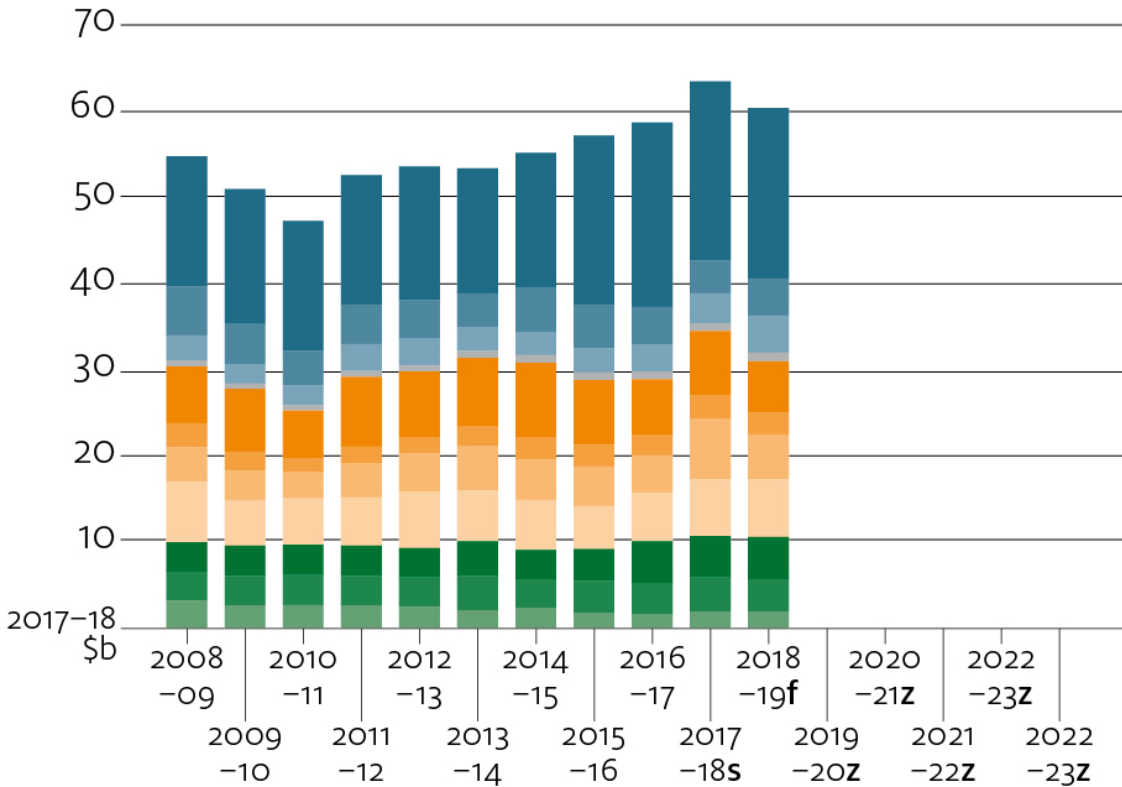


a ABARES assumption.

Note: Historical data based on monthly average.

Source: ABARES; Reserve Bank of Australia

Gross value of agricultural production has increased steadily over recent years



5 years to 2017-18

↑ 33%



↓ -4%



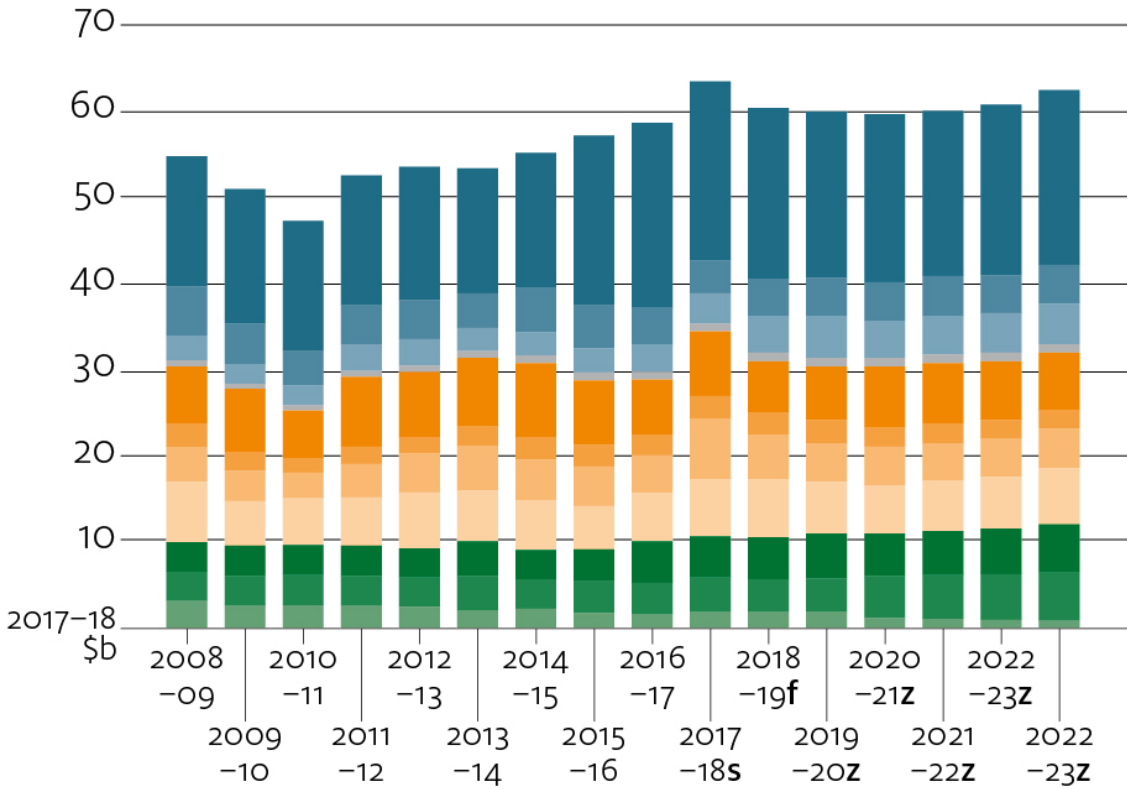
↑ 4%

- Meat and live animals
- Milk
- Wool
- All other livestock products
- Wheat
- Barley
- Other grains and oilseeds
- All other crops
- Fruit
- Vegetables
- All other horticulture

^f ABARES forecast. ^s ABARES estimate. ^z ABARES projection.

^f ABARES forecast. ^z ABARES projection.
Source: ABARES; Australian Bureau of Statistics

... and we're forecasting the gross value of production to be around \$63 billion in 2022-23



5 years to 2017-18

↑ 33%

5 years to 2022-23

↑ 4%



↓ -4%

↓ -3%



↑ 4%

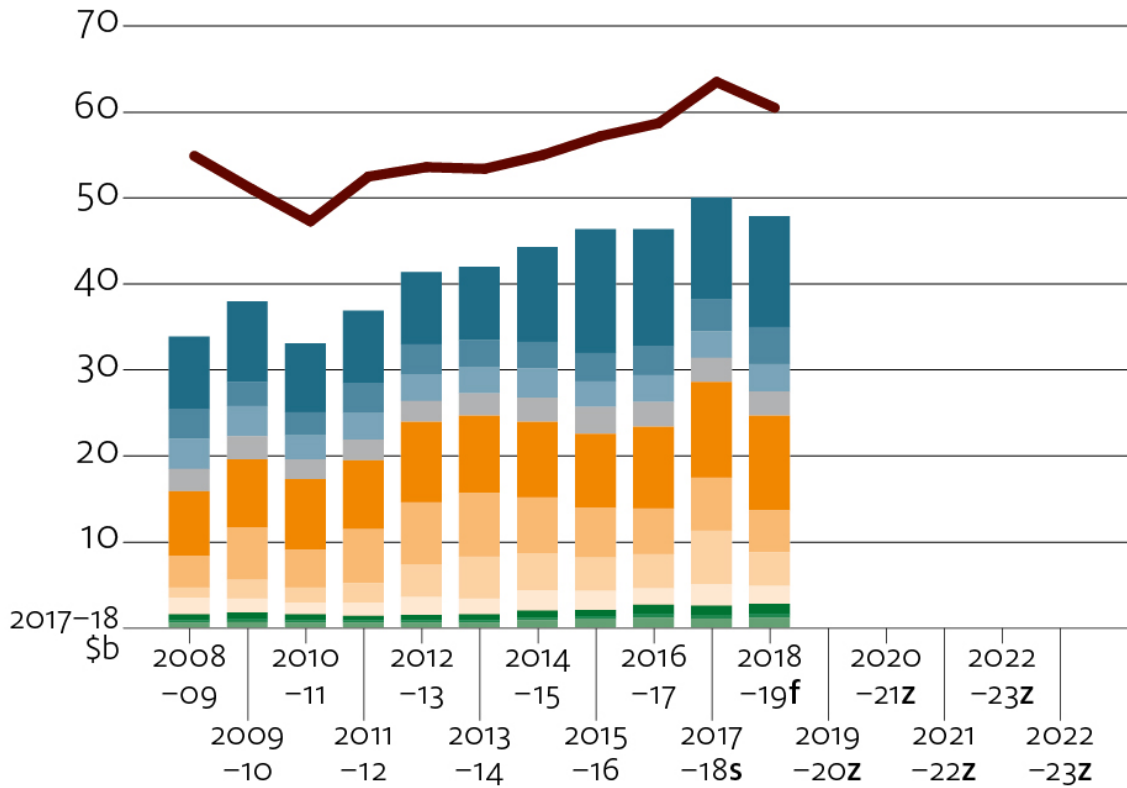
↑ 14%

- Meat and live animals
- Milk
- Wool
- All other livestock products
- Wheat
- Barley
- Other grains and oilseeds
- All other crops
- Fruit
- Vegetables
- All other horticulture







^f ABARES forecast. ^s ABARES estimate. ^z ABARES projection.

^f ABARES forecast. ^z ABARES projection.
Source: ABARES; Australian Bureau of Statistics

The value of agricultural exports has grown by \$13 billion over the last 10 years



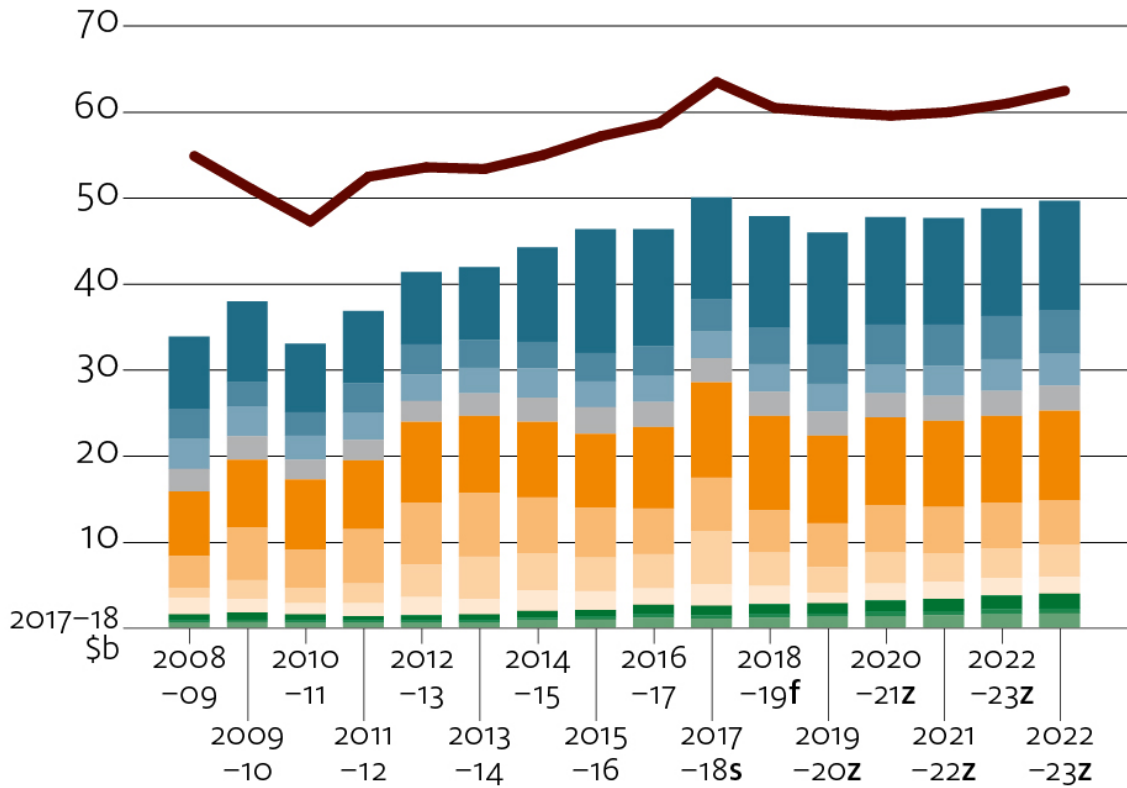
5 years to 2017-18

-   **35%**
-   **-6%**
-   **74%**

-  Meat and live animals
-  Wool
-  Milk
-  All other livestock products
-  All other crops
-  Wheat
-  Other grains and oilseeds
-  Barley
-  Fruit
-  Vegetables
-  All other horticulture
-  Gross value of production

f ABARES forecast. s ABARES estimate. z ABARES projection.

... with the total value of exports forecast to grow to almost \$50 billion over the next 5 years



5 years to 2017-18

↑ 35%

5 years to 2022-23

↑ 5%



↓ -6%

↓ -3%



↑ 74%

↑ 44%

- Meat and live animals
- Wool
- Milk
- All other livestock products
- All other crops
- Wheat
- Other grains and oilseeds
- Barley
- Fruit
- Vegetables
- All other horticulture
- Gross value of production

f ABARES forecast. s ABARES estimate. z ABARES projection.

f ABARES forecast. z ABARES projection.
Source: ABARES; Australian Bureau of Statistics

Long term trends shaping Australian agriculture



- Markets for farm inputs and outputs
- Technology development and uptake
- Structural change
- Climate change
- Society's expectations of farmers

Competitiveness: the race for advantage

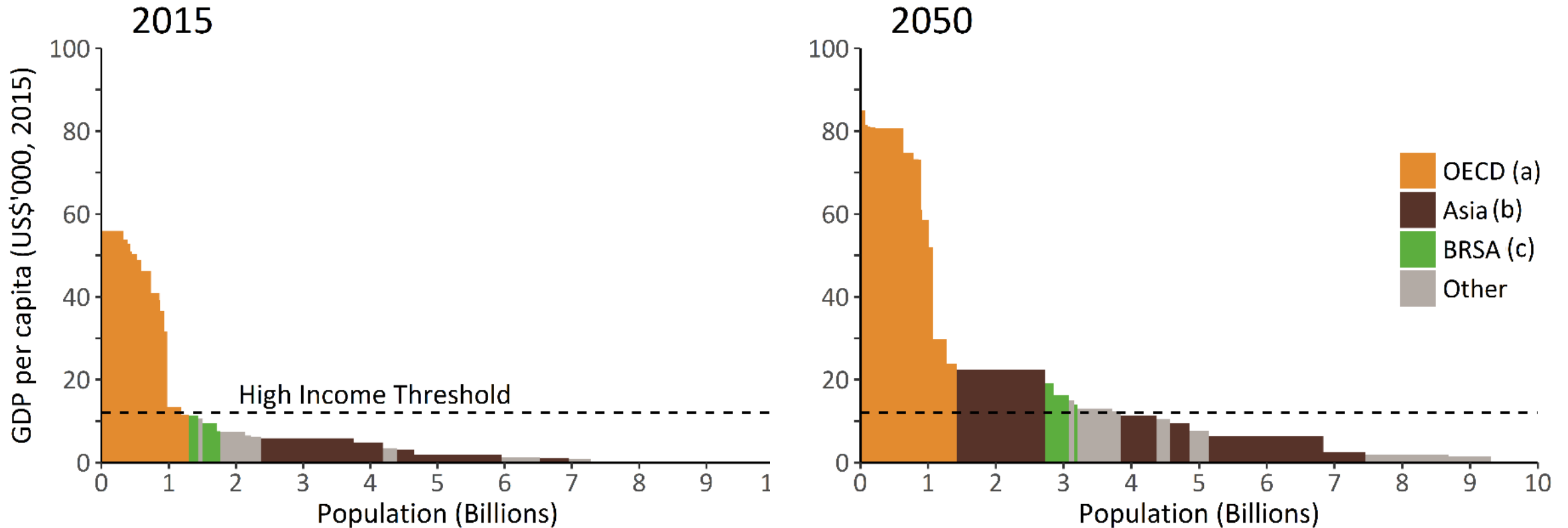


Asian growth

Well over 3 billion people in high income nations by 2050, driven by Asia



Distribution of historical and projected real global GDP per capita by countries and regions



a Includes Asian nations Japan and South Korea, and non OECD countries Bulgaria, Croatia, Lithuania and Romania.

b Emerging and developing Asia. **c** Brazil, Russia and South Africa.

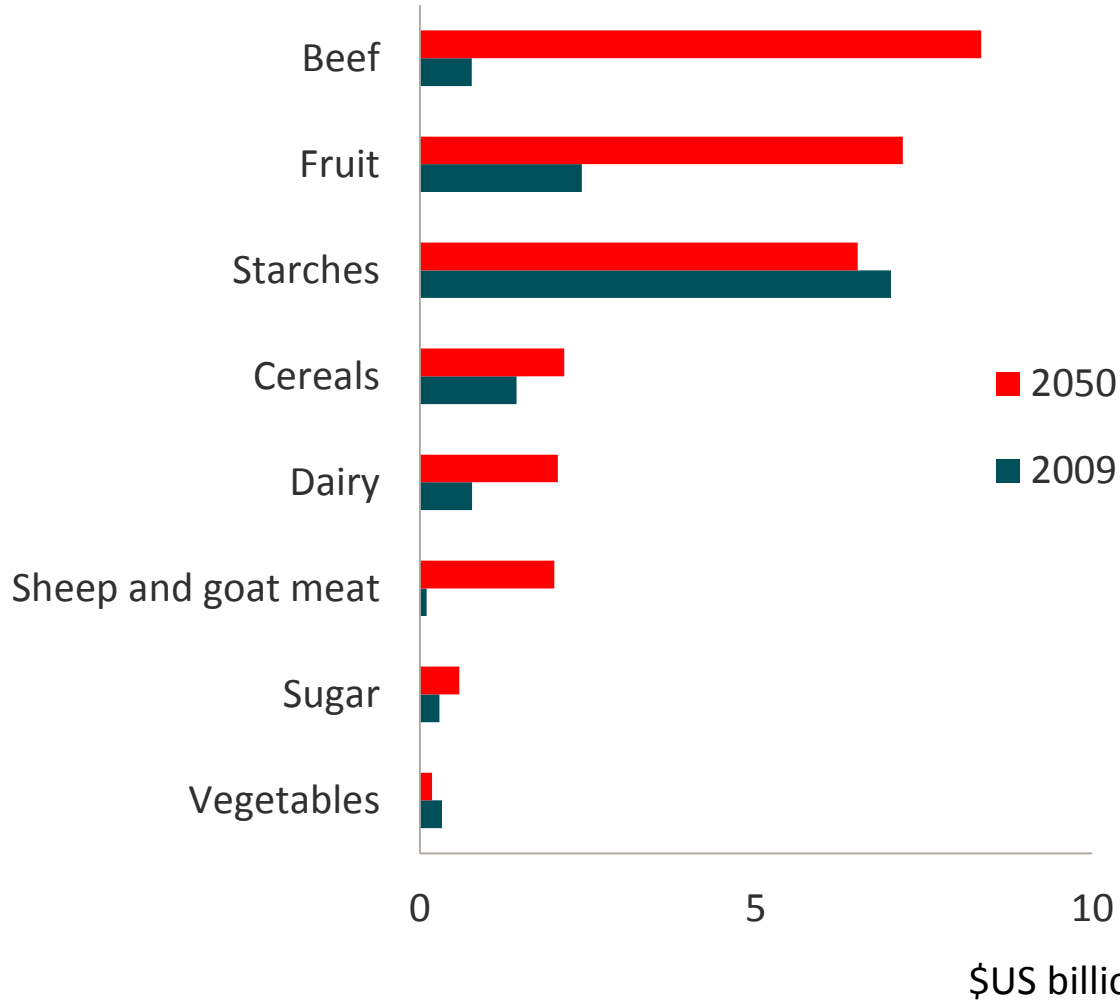
Note: High income threshold US \$12,000 GDP per capita (World Bank (2014))

Source: Data from Hatfield-Dodds, Schandl et al. 2017

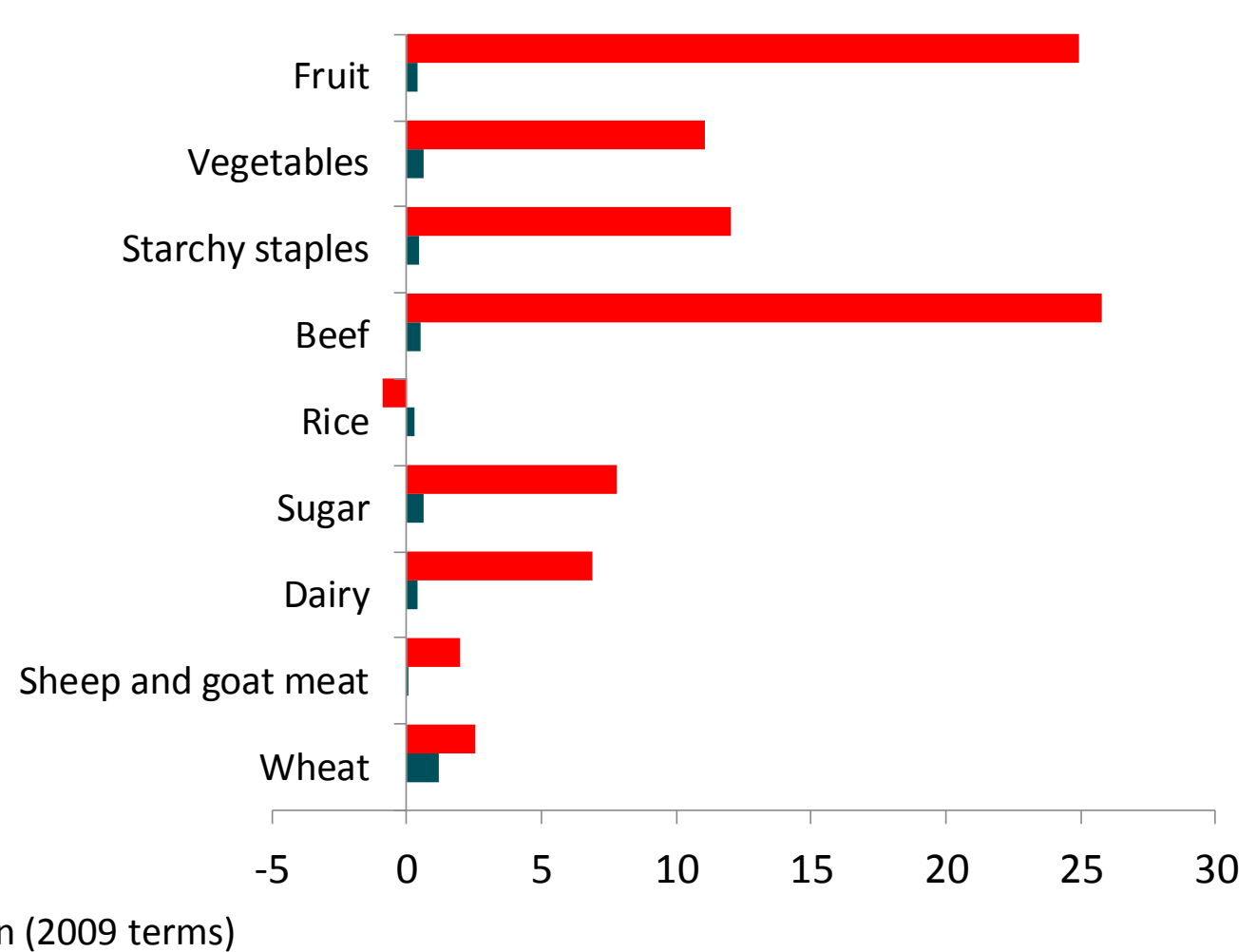
China and Indonesia food imports – 2009 and 2050



China

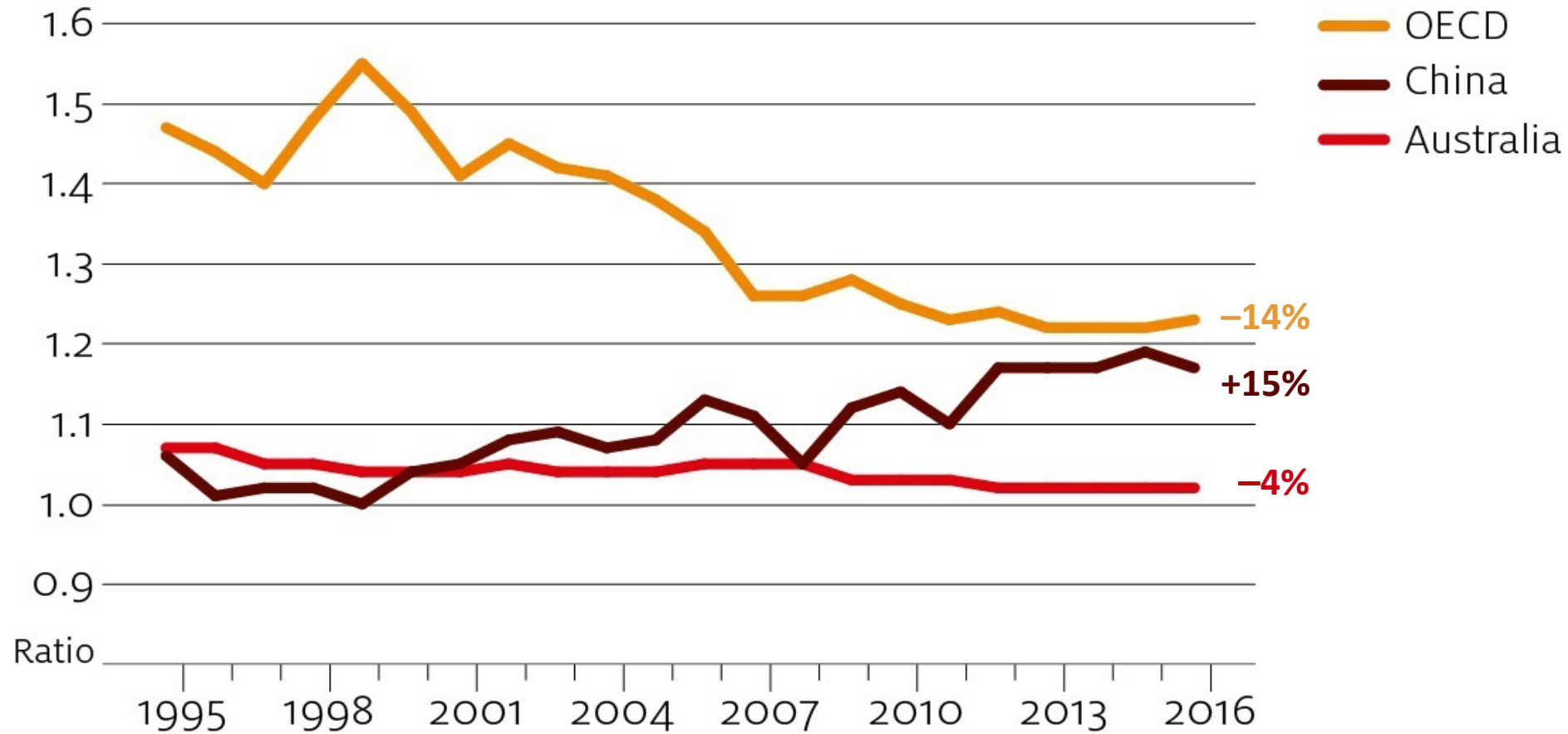


Indonesia



Producer support is trending up in key emerging markets

Nominal producer assistance ratio, selected countries



(The difference between the value of gross farm receipts at the farm gate relative to farm output valued at border prices.)

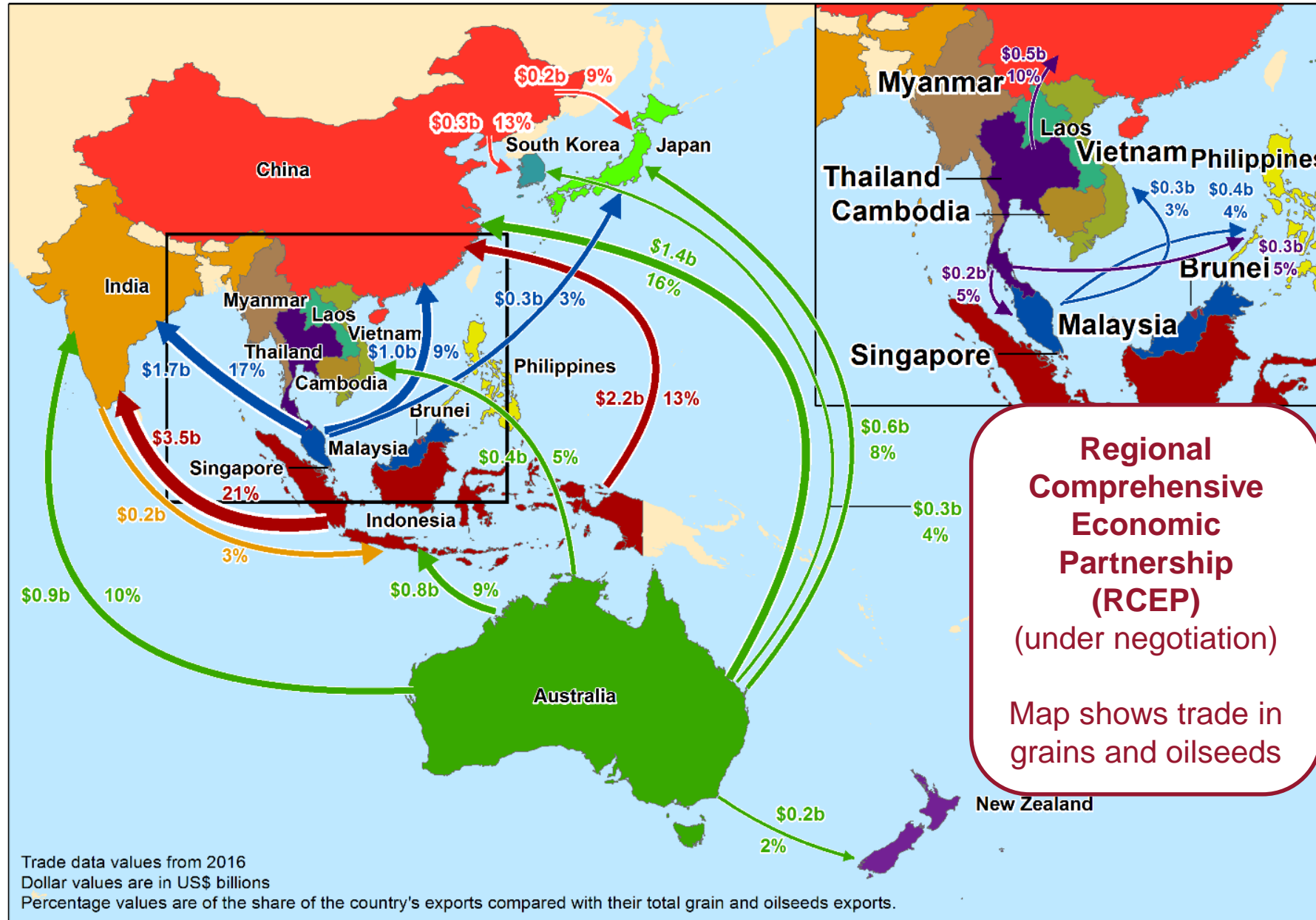
Note: Numbers indicate percentage change from 1996 to 2016.

Source: OECD 2018

FTAs improve access

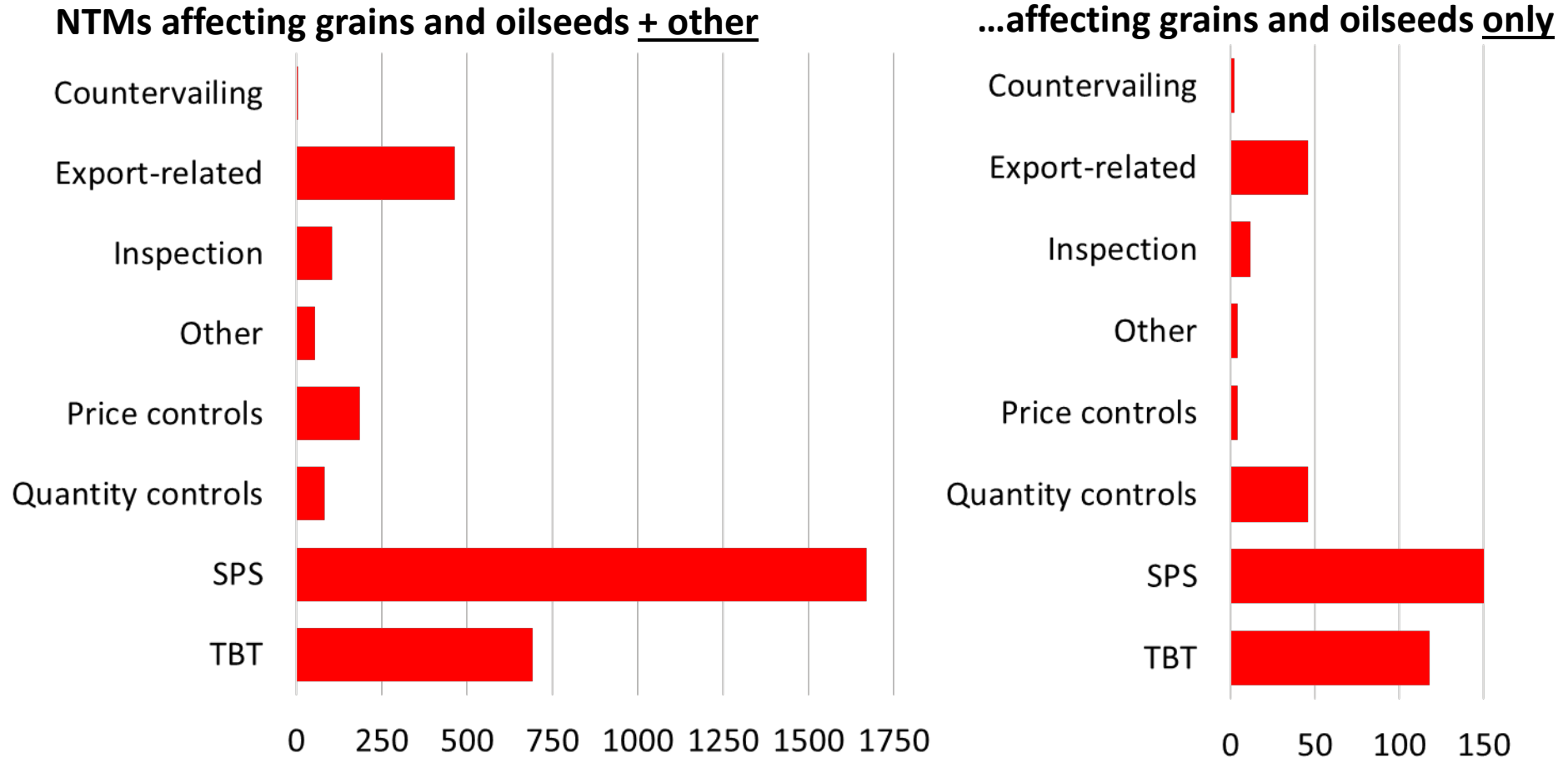
- ASEAN-Australia-New Zealand FTA 2010
- Korea-Australia FTA 2014
- Japan-Australia EPA 2015
- China-Australia FTA 2015

Regional agreements help too



Non-tariff measures

Australia faces low or no tariffs in many markets, but non-tariff measures remain



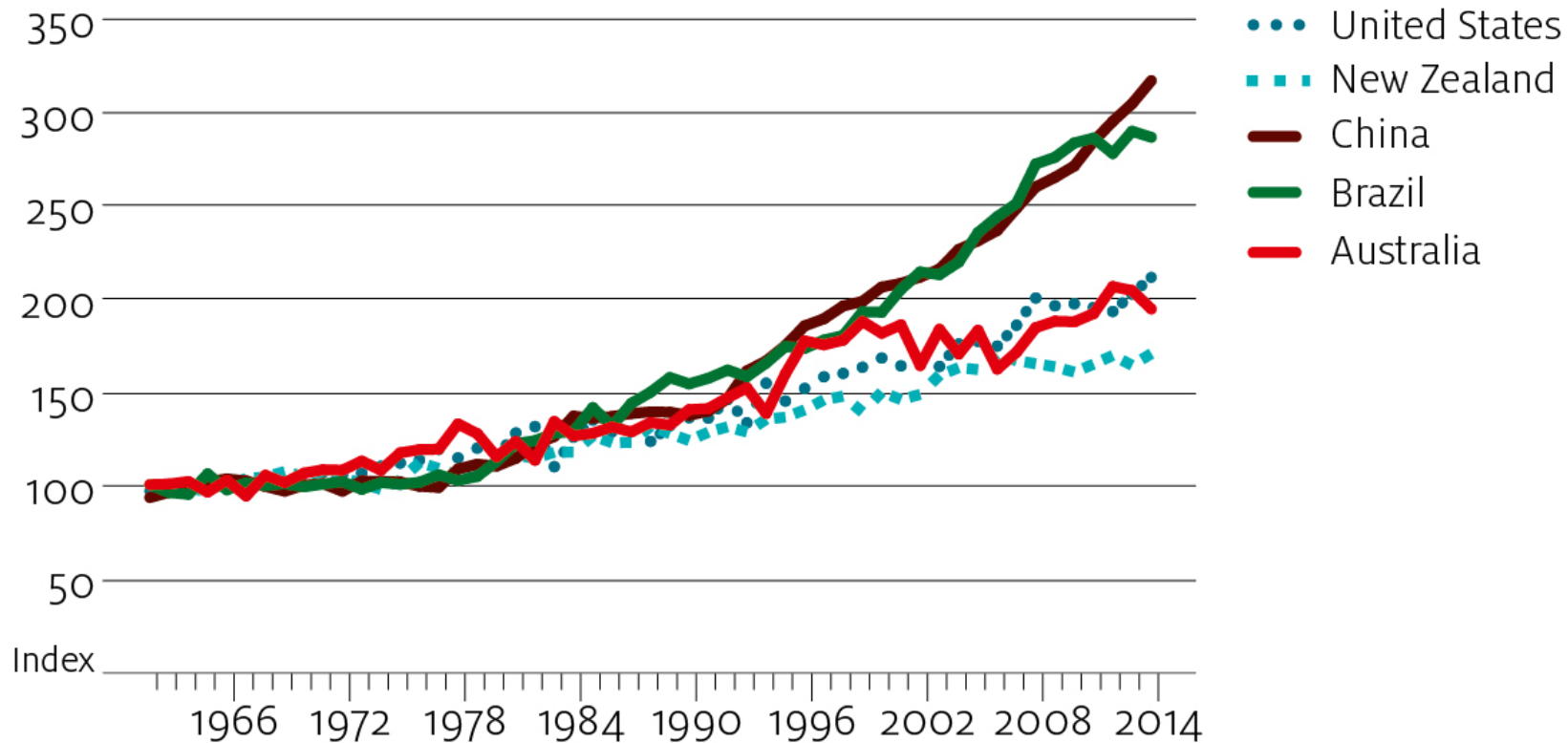
Source: UNCTAD TRAINS database (2018)

Productivity growth

Australian productivity growth is keeping pace with advanced economies, but emerging producers are catching up



Change in productivity from base year, selected countries



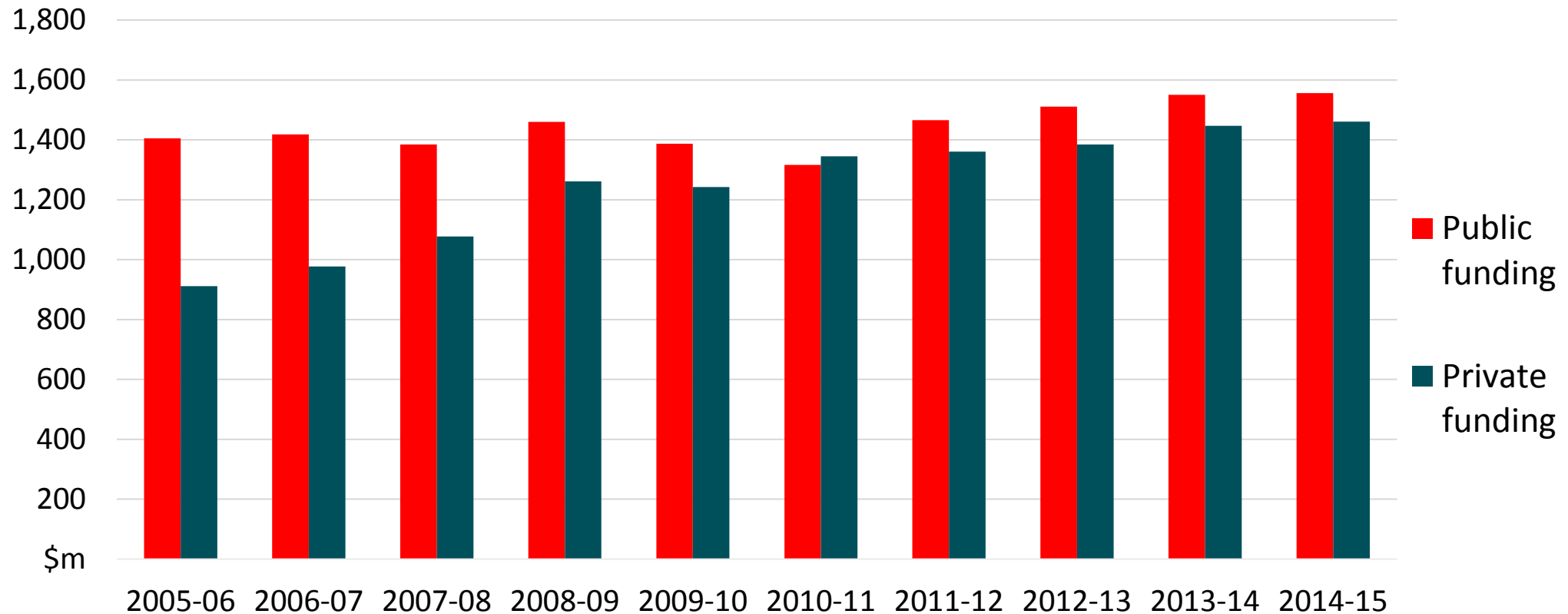
(Index of total factor productivity at constant real prices. Average of 1962 to 1967 = 100)

Source: US Department of Agriculture Economic Research Service 2017

Technology development and uptake



Value of Australian rural R&D funding



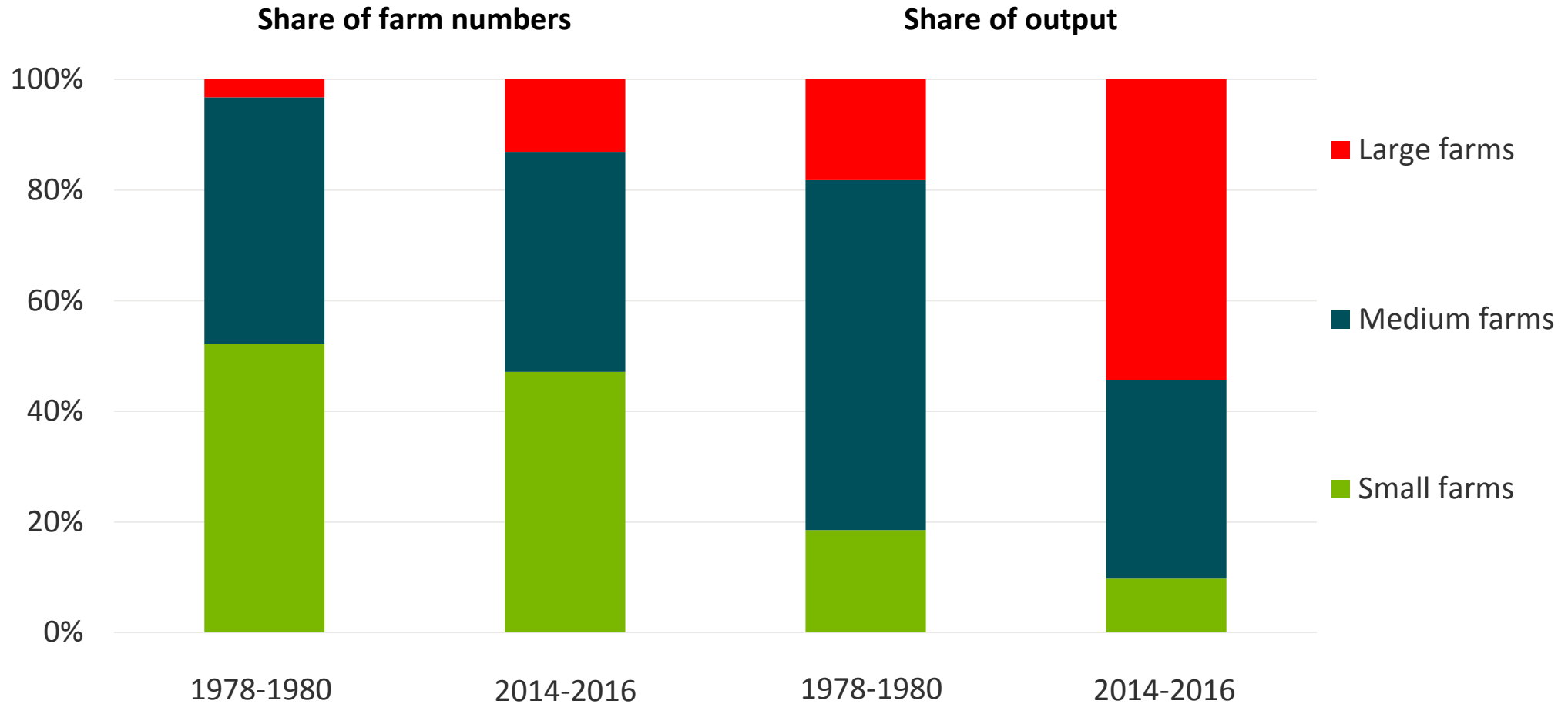
Includes agriculture, forestry and fisheries, related inputs and downstream processing

Source: ABARES 2017

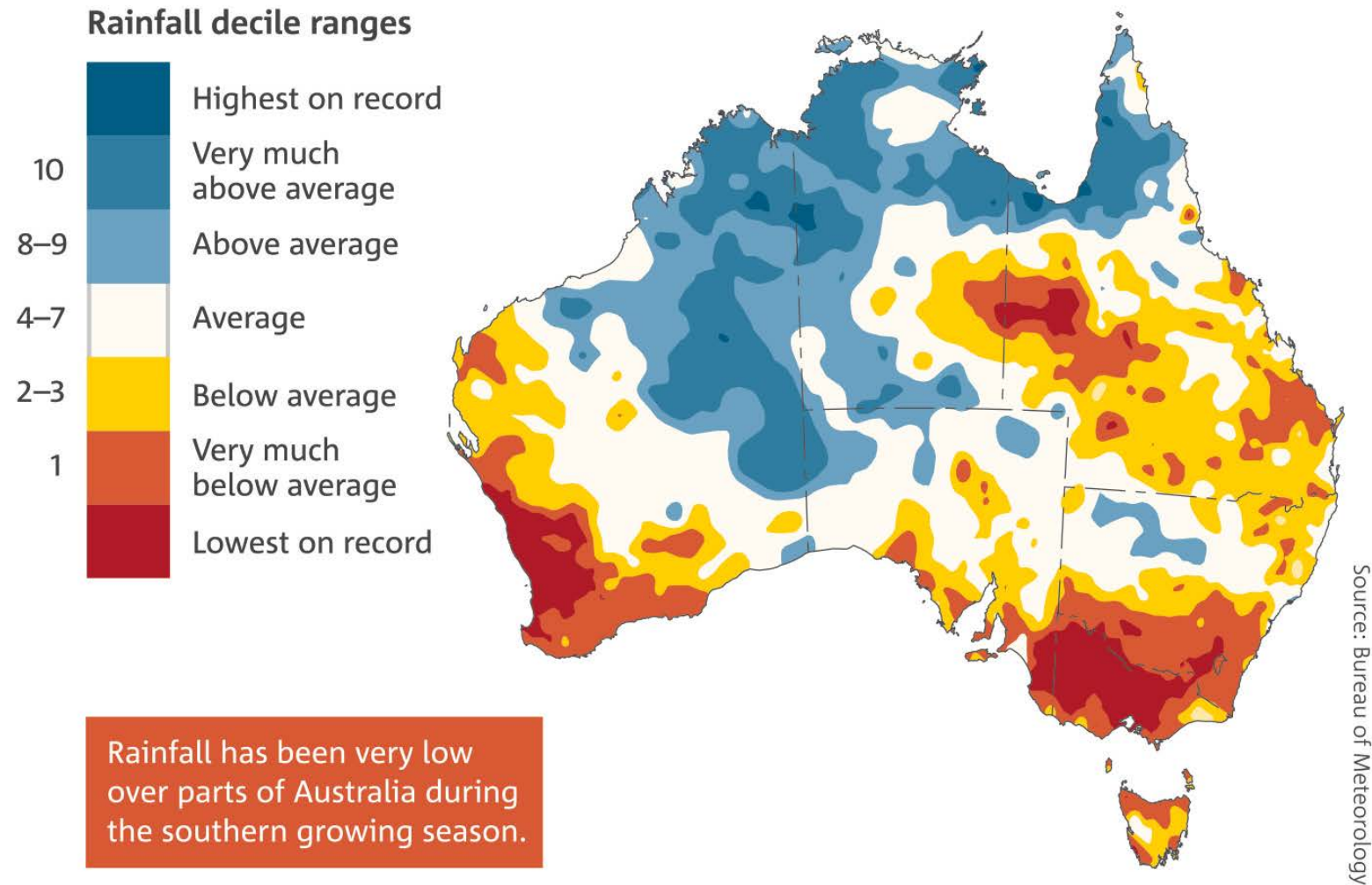
Structural change



Share of farm numbers and output by farm size 1978-1980 and 2014-2016



Adaptation to climate change



Southern growing season (April–October) rainfall deciles for the last 20 years (1996–2015). A decile map shows where rainfall is above average, average or below average for the recent period, in comparison with the entire rainfall record from 1900.

Society's expectations of farmers





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