



## **MEDIA RELEASE**

20 May 2019

### **2019 Forecast Cane Price**

The Sugar Industry Tribunal Master Award places an obligation on FSC to inform the Tribunal of its estimates on which the forecast cane price for the coming season is to be based. Once completed and Tribunal confirmation obtained, the forecast price per tonne of cane is required to be published prior to the commencement of each season.

In estimating the forecast price, FSC is required to allow for a margin of error of 15% to take into account possible adverse fluctuations in exchange rates, freight rates, world prices and other pertinent variables on which the forecast price is based. The Master Award further prescribes that a first payment of 60% of the forecast price be made within five weeks of delivery of cane by a grower to FSC for the season.



This delivery payment is normally paid by FSC within three weeks of cane delivered by growers during the season, earlier than required by the Master Award.

The world sugar price has experienced extreme volatility in the last twelve months, and year on year has dropped by nearly 20% due to large production surpluses that have arisen in major sugar producing nations such as India, Thailand and Brazil. The price that Fiji receives for its bulk sugar exports is thus impacted by these global market conditions.

Accordingly, current spot and futures prices are used in the calculation of the forecast cane price for the season ahead, which as directed by the Master Award, includes a 15% contingency for adverse fluctuations in market conditions. The result for the 2019 season is a forecast cane price of **\$53.69** per tonne, compared to \$66.08 forecast for the 2018 season, a reduction largely driven by lower global sugar pricing.

The significance and foresight of the Government's setting of a Guaranteed Cane Price of \$85 per tonne of cane in the current situation cannot be ignored. The very purpose of this guaranteed cane price is to create stability and certainty for cane farmers and shield them from the adverse market conditions prevailing in world commodity markets. Notwithstanding the current forecast cane price, set in terms of the Master Award, cane farmers can look forward to the certainty of a guaranteed cane price of \$85 per tonne for 2019.

The fourth cane payment for the 2018 season, will be announced by FSC shortly. This payment will include the next tranche of the \$85 per tonne guaranteed cane price for the 2018 season, and will greatly assist farmers in their preparations for the 2019 harvest.

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### ***About the Sugar Industry Tribunal Master Award***

*Reference to Sugar Industry Tribunal Master Award Part XIX – Method and Times for Payment:*

*For the benefit of the general public, in trying to assist with an understanding of how the sugar forecasted pricing is determined and paid, FSC is bound by the Sugar Industry Master Award (Section 19.1 and 19.2) which governs how the forecasted pricing is arrived at and when it is paid.*

**ENDS**

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