



Wheat-Mix Bags Could Revolutionize Australia Farms

SYDNEY - If Australia replaces even a small percentage of its plastic bags with biodegradable carriers made from grains, it would boost demand for wheat and other grains by 500 percent over 15 years.

"Alternative uses for starches are just going through the roof. (It) is absolutely massive," Kim Hatton, analyst with Pocknee and Associates Consulting, who prepared a report for the Australian grains industry, told Reuters.

Old fashioned starch is an emerging star as a replacement for petrochemicals in biodegradable plastics, tennis shoes, disposable knives, forks and plates, edible crayons, wheat-based kitty litter, and much more.

Grains are also seen as a major new raw material in Australia for automobile fuel, pharmaceuticals, livestock feed and meat substitutes.

A report by Pocknee for Australia's annual Grains Week conference last week forecast that demand for the country's grains would jump massively, to 179 million tons in 2020 from around 40 million at present.

Demand for cereals for starch production alone was seen rising to 56.6 million tons in 2020 from nil in 2005. Demand for cereals for ethanol production by 2020 was forecast to rise to 17.6 million tons from 165,000 tons in 2005, while total demand for cereals for emergent uses was seen jumping to 120.7 million tons from only 501,000 tones in 2005.

The forecasts stunned major players in Australia's normally divisive grains industry into pledges of co-operation to produce efficiencies and increased yields to boost supply.

CAUTION

Australia's Minister for Agriculture Warren Truss and the country's national wheat exporter AWB Ltd cautioned that the "unconstrained" demand projections may be too high.

But the forecasts were heading in the right direction and foreshadowed a revolution in the grains trade, they also said.

Pocknee's projections are not hypothetical models but the result of an extensive survey of intentions by big players in grains, retail, transport and related industries on use of biodegradable plastics and other emergent products.

The survey was backed by projections by the government-backed Commonwealth Scientific and Industrial Research Organization. The total demand forecasts were based on biodegradable plastic taking only 10 percent of the market, Hatton said.

First signs can already be seen in Australia's moves toward biodegradable plastic bags.

Chinese factories are conducting tests to export enough biodegradable "masterbatch" raw material to Australia to produce 60 million plastic bags a year, Pocknee's analysts told Reuters.

This compares with Australia's current consumption of 6.9 billion plastic shopping bags every year, and is seen as the start of bigger production from homegrown Australian grains.

Australian investors were planning investments in new plant, while at least one producer was already able to turn Chinese masterbatch into biodegradable plastic, they said, declining to reveal names because of confidentiality agreements.

This leaves the new plastics pioneers fine-tuning bag strength and economics of production.

"We can make them (bags) so they biodegrade as soon as they touch water, but that's a bit of a problem for mum who's got to get them home," Pocknee analyst Colin Benjamin said.

"The addition of a polymer and resin mix holds the bag together long enough for it to be delivered into the fridge."

Benjamin sees the bags coming in three grades, one strong enough to carry a frozen chicken, another to carry avocados, and one lightweight version for short-term use.

Biodegradable plastic bags cost just 15 percent more to produce than conventional plastic bags, Hatton said.

"Australia is at the leading edge worldwide...its grain may well be able to grab a leadership position," Benjamin said.

Story by Michael Byrnes

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