

## **BCI – Get on Board & Take Australian Cotton to the Next Level**

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It is probably fair to state that, at no other point in global consumer history, has the demand for transparency, equity, sustainability and traceability been more front and centre than it is today. The modern consumer now wants to know where their food and fibre (in particular) comes from.

The consumer wants to know that the product he or she is buying has been ethically and sustainably produced – with no form of child or forced labour and that the workforce involved in the production supply chain was paid a fair wage and worked under reasonable conditions. Additionally, they want to know that what they are buying was sustainably produced and want to be able to trace the product back to country of origin, the region and sometimes back to farm or producer level. To round out this list of desires, consumers also want to know that the businesses involved in the supply chain have adhered to and promoted corporate social responsibilities.

Technology enables this level of traceability for those producers and/or suppliers who wish to provide this intricate level of detail to be available to these savvy and conscious consumers.

We are comforted by the fact that Australia is a country which enforces legislation to prevent unsavoury and illegal behaviour in regard to working conditions, but there is an opportunity for the Australian cotton grower to go to the next level in regard to meeting and satisfying consumer demand. This is through the Better Cotton Initiative, or BCI.

The global cotton industry supports the livelihoods of 250 million people in the production stages alone. It produces in the order of 26 million tonnes of cotton annually from 85 countries. Of this production, in excess of five million tonnes are produced through the Better Cotton Initiative (BCI), which is by far the largest and most high-profile cotton sustainability program globally. BCI operates across 23 different countries and accounts for almost 25% of global cotton production (2019), however Australia accounts for just 2% of this via myBMP's recognition under the BCI program.

As some background information, in 2005 a group of visionary companies came together to work out a practical solution to secure a sustainable future for the global cotton industry. In 2009, the Better Cotton Initiative was established as an independent organisation. The mission of BCI is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. The aim of BCI is to transform cotton production worldwide by developing better cotton as a sustainable mainstream commodity.

Australian cotton growers produce the highest quality cotton in the world. Our seed breeders and producers have much to be proud of in terms of the attributes of our crop. Our length, strength and micronaire qualities are highly sought after by spinning mills and our yields are the envy of many competing producer countries around the globe. Where we could do better is in regard to satisfying consumer demand, by having more of our growers attain BCI accreditation.

In short, the largest (total) BCI suppliers are as follows;

Brazil	36%
Pakistan	16%
India	12%
Africa (CMIA)	10%
USA	4%

Australia	2%
Mali	1%
Turkey	1%
Other	18%

(Noting these numbers are for 2018/19 but the most recent available.)

In supplying only 2% of the global BCI accredited cotton, Australia can do much more in terms of giving ourselves a competitive edge in a global market. We already produce a highly sought-after piece of cotton, we just need to satisfy consumer demands through participation in the BCI program to take our product to the next level.

As merchants of Australian cotton, we see good demand for BCI cotton from spinners - where we fall short is in being able to satisfy that demand. A poll undertaken during the recent ACSA Australian Cotton Seminars, posed the question: *Is myBMP and BCI important to your business?* 89% of respondents in the first seminar and 93% in the second seminar answered yes.

The question most asked by growers in relation to BCI is “what premium is obtainable”?

The answer is not as straightforward as it might seem. It largely depends upon demand from spinning mills – in response to demand pull from consumers – as well as supply from our competing countries - but is often around the \$2-3 AUD/bale mark but recently has been as high as \$5.

Brazil, in particular, is producing a piece of cotton almost as good as Australian cotton. The advantage they have is that they are producing it in much higher volumes and almost their entire crop (circa 9 million bales) is BCI accredited.

In Australia, only 93 businesses (21% of the total farms) or 24 x% of our total crop is BCI accredited.

If Australian cotton is to continue to compete on the world stage, these figures suggest that Australian growers will need to lift their game.

Perhaps the more pertinent point in having mentioned all of the above, is not in regard to what premium might be obtainable for participation in the BCI program, but more so, what are the ramifications in terms of market access for Australian cotton and in particular, upon the basis paid to the grower, if more of our crop is not BCI accredited.

With Brazilian farmers producing the quality of cotton that they are, coupled with the fact that it is BCI accredited and at a discount to the Australian bale, it becomes glaringly apparent that the Australian farmer needs to strive a little harder in order to continue to produce the bale of choice from a spinner’s perspective. This, to me, suggests that becoming BCI accredited is imperative if Australian growers wish to avoid a slip in basis and therefore, a decrease in the overall AUD cash price they are paid for their cotton.

Food for thought...

If you would like more information on becoming BCI accredited, contact the myBMP office in Toowoomba on 1800 268 868.