

by Roger Tomkins, Australian Cotton Shippers Association

Some fifteen months ago the Australian cotton industry announced the success of a joint application made by the Australian Cotton Shippers Association (ACSA) and Cotton Australia to the Federal government to secure funding under the Commonwealth's Agricultural Trade and Market Access Cooperation program (ATMAC). Led by the then Minister for Agriculture the Hon David Littleproud, and now supported by the Labour government, the initiative provided funding for projects aimed at expanding and diversifying agricultural export markets.

These much needed funds are currently being utilised to support new initiatives aimed at ensuring longevity of global demand for Australian cotton while expanding our reach into new and emerging markets. Our aim is to position the Australian cotton brand so that it aligns with current, and importantly, future demands of the global consumer.

Now in the second phase of the program the cotton industry leads the way in demonstrating its professionalism, its industry-wide cohesion, and its integrity. That said, the industry can never afford to stand still. We must maintain momentum and we must prepare the industry for whatever is around the corner. So how exactly are we doing this? Both Cotton Australia and ACSA have a number of ATMAC funded projects underway, two of these are:

In-market visits

With travel restrictions now easing and international travel opening up the Australian Cotton Shippers Association has re-engaged with supply chain partners via in-market visits. The first of these was to Indonesia last week with ACSA appointed Export Marketing Consultant Rob Cairns who was joined by ACSA Directors Matthew Bradd and Michael O'Rielley.

A mix of one-on-one meetings, mill visits and an industry seminar allowed ACSA to engage with Indonesian agents and the big buyers of Australian cotton.

Whilst Indonesia is Australia's thirteenth largest export trading partner, from a cotton perspective it ranks second with around 20% of this year's crop destined for the local textile industry. Indonesia is a highly-valued, increasingly important market for Australian cotton.

Australian cotton is well appreciated for its superior quality and sustainable growing practices. We are considered a reliable supplier of high quality, contamination free cotton. In recent years however, with much of our crop ending up in China, the Indonesian market has relied more heavily on USA and Brazilian growths and we are seeing a greater percentage of both in Indonesian mill laydowns.

Indonesian consumption is around 2.4 million bales with potential upside to 3 million in the near future. A volatile world cotton market will potentially see consumption down in quarter four, heightened by a reduction in yarn demand from China and Bangladesh. That said, two of the largest spinning mills have expanded their capacity with both being important clients for Australian cotton exports.

Further in-market intelligence gathered on the trip confirms that local mills continue to consume Brazilian cotton that was forward purchased. However, once this is used it is expected that Australian cotton will get greater uptake and market share particularly as price points are now more competitive. The market shows Australian cotton to be the obvious choice for local mills for May –

September 2023 purchases however we will need to keep reminding mills of this and our superior quality when making their purchase decisions.

The local industry was appreciative of the return to in-person engagement and the trip certainly productive from an Australian Cotton viewpoint. Via the ATMAC program, we will continue to build deeper relationships with the local textile and apparel industry in Indonesia and other markets as demand and growth is anticipated to increase in the coming years. In the next six months ACSA will work to create increased demand for Australian cotton through in-market visits to Vietnam, Thailand, India, Bangladesh and Turkey as well as developing and expanding a range of communication activities with brands and supply chain partners.

Roadmapping Australian cotton

A major cross-industry focus made possible via the ATMAC funding is the development of an Export Market Strategic Roadmap for Australian cotton. The primary aim of this work is to ensure Australian cotton remains competitive in the global marketplace. With the EU taking firm action to ensure products entering their market are environmentally sound, sustainably resourced, and ethically produced (and with the USA likely to follow), Australian cotton is at risk of losing access to export markets if the industry fails to prepare for the future. A future that will require rigorous validation of its production systems, and ownership of its downstream processes. In recent years Australia's two main competitors in export markets, the United States and Brazil, have invested significantly in the areas of sustainability certification and traceability. The Roadmap project will provide the framework upon which the Australian cotton industry will deliver and promote our own sustainability and quality credentials to the global marketplace.

The Australian cotton industry has for decades improved its on-farm sustainability performance and successfully marketed the crop to export destinations even as significant global challenges have presented themselves. However it is becoming increasingly clear that we as an industry need to do more if we are to stay competitive. We know we have the capability, the farming practices and the ingenuity to succeed in whatever environment the future holds for us. What we do need however is a means to collate, measure and disseminate the work that we are doing, our environmental credentials and our superior efficiencies. The Roadmap initiative is the mechanism upon which the industry will do this.

The Roadmap initiative is steered by members of Cotton Australia, ACSA and CRDC. The process will engage all sectors of the industry to identify, retool and action issues that will ensure the business that is cotton will have the platforms and functions in place to successfully operate in a more demanding and environmentally aware future. The key items identified to tackle under the Roadmap are:

- Traceability
- Industry data
- Sustainably certified Australian cotton
- MyBMP program
- Australian Cotton brand marketing
- Supply chain labour risks

Most importantly the Roadmap initiative is a catalyst for action, not simply another talkfest. To establish, run and implement this work the committee will soon be appointing a consultant who specialises in establishing industry sustainability credentials and subsequent brand promotion.

Australian farmers operate in a fragile environment. The land and water they have access to are precious resources that they deftly manipulate to ensure viable economic return now and well into the future. It is the role of the cotton industry to ensure it has structure, means and viability to induce the Australian farmer to choose to plant cotton. The market based initiatives that are currently being employed under the ATMAC funding play an important part in this mechanism.

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