



**Australian Government**  
**Cotton Research and  
Development Corporation**

# TRAVEL & CONFERENCE REPORT

## ***Part 1 - Summary Details***

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*Please use your TAB key to complete Parts 1 & 2.*

**CRDC Project Number:** CRDC313

**Project Title:** Travel: Support for growers to attend ACSA Conference, Sept 07

**Project Commencement Date:** 6/08/07      **Project Completion Date:** 7/08/07

**Research Program:** 6 Value Chain

## **Part 2 – Contact Details**

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**Signature of Research Provider Representative:** \_\_\_\_\_

## ***Part 3 – Travel Report***

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*(Maximum two pages)*

### **1. A brief description of the purpose of the travel.**

Purpose of travel was to attend the bi-annual Australian Cotton Shippers Association Conference to increase my understanding of the current marketing and supply chain issues facing the Australian cotton industry so I can better fulfil my role as a grower representative on ACGRA involved in the assessment, prioritisation and review of CRDC Value Chain research projects.

### **2. What were the:**

#### **a) major findings and outcomes**

##### Session 1

During the first session we heard about the cotton market and Australia's future in the world cotton market and this tied in with a presentation of the world and Australian economic up date.

The overview of these topics was that the world economic market has had a hiccup due mainly to the sub-prime mortgage market in the USA. Aggressive lending has left a lot of borrowings unpaid so the hedges taken against these mortgage's have vanished, leaving the lending market very nervous. This has led to a restriction of capital, causing the stock market to contract as expansion need capital.

While this event has caused the market to retreat, most markets have bounced back as companies continue to return record profits mainly buoyed by strong growth in Asia developing economies. So Tony was predicting that Australia's should continue to return good growth figures on the back of our recourses. However, with businesses cost of production increasing and reserves bank increasing interest rates to stifle inflation, growth won't necessary lead to wealth.

China's growth is expected to be checked buy government intervention however growth of 9% is still possible in the foreseeable future.

The world cotton price will continue to improve at a slow rate with consumption still expected to out strip production. However with developing countries increasing production through the advent of BT cotton, the future for Australia seems to be at the top end of quality. The \$A is expected to stay above 80 cents over the next 6 months.

##### Session 2

Ken Matthews (chairman and CEO, National Water Commission) talked importance and goals to the National water commission. Everything sounds good;

1. Firming up water rights and ability to trade water,
2. improving the data that is used to model our catchments,
3. And clear measurable goals for environmental water.

So we look forward to continued consultation as irrigators. However one comment about the use of water for low value grazing left me unsure whether they supported the use of water for this or not?

We then heard from Steve Ainsworth (CSD), Harvey Gaynor (Auscott) and Richard Haire (Chairman, Australian Cotton Council) and about how they see the role of improving quality in the Australian Cotton Crop to 40-40-40

1. Breeding – CSD strategic goal is to continue to improve quality through breeding but also improve farming practises to through extension to ensure their varieties are reaching their potential. They see the Australian crop as 70 to 80 % high yielding good quality cotton (71BR and the varieties that follow) 15 to 20% long staple to extra long staple cotton for the premium market and 5% to 10% of the crop being weather damaged from lack of water (dry land) or wet harvest.

2. Harvey talked from grower perspective. He thought that growing ELS cotton would work only if premium outstripped the potential yield loss. Growers will grow what returns most \$/megalitre
3. Richard Haire, thought that the industry has the potential to take this 40-40-40 goal to the market and along with BMP extract some more value for Australian cotton. However he saw competition between ginning, and marketing businesses stifling our progress and therefore we will need to rely on good industry leadership to achieve this goal.

### Session 3

We heard from the processing spinning end

1. Eduard Hegetschweiler (Paul Reinhart) a trader in ELS cotton explained the how the market of ELS cotton fluctuates more than upland cotton as it is a smaller market with less stocks and no futures market. He also talked about the quality requires for ELS cotton and that 40-40-40 type cotton doesn't achieve this.
2. I J Duria (Spinning from India) talked about how the spinning industry in India is set to double to 40 million bales then he showed figures on how quality can effect spinning performance.
3. Rene van der Sluijs (CSIRO TFT) showed us results of blending premium and upland growths and how the same yarn can be produced by blending these products without effecting spinning performance. This would be great knowledge to show spinners.

#### **b) other highlights**

Thanks for the opportunity to travel to the ACSA conference as it has defiantly improved my knowledge of the value chain.

### **3. Detail the persons and institutions visited, giving full title, position details, location, duration of visit and purpose of visit to these people/places. (NB:- Please provide full names of institutions, not just acronyms.)**

As per conference programme.

4. a) **Are there any potential areas worth following up as a result of the travel?**
- b) **Any relevance or possible impact on the Australian Cotton Industry?**

If I had to summarise into a few points;

- Australia cotton needs to continue to improve quality and yield faster than the rest of the world to stay in front of the pack.
- Marketing Aussie BMP cotton can add value but will be a difficult process to do industry wide.
- Cotton price will continue to improve slowly but more importantly sustainably unlike grain crops
- A bigger percentage of Australia's cotton crop will be ELS (and roller ginned) into the future.
- Water or the lack of it is really the only thing stopping us selling our cotton with a premium in the market today (everyone wants aussie cotton)

### **5. How do you intend to share the knowledge you have gained with other people in the cotton industry?**

I intended on sharing this knowledge with other people in the cotton industry by

- Presented my findings to my work colleagues at Auscott
- Present my finding at the next local Gwydir CGA meeting
- Present my findings at our next ACGRA meeting
- Use my knowledge to make better decision when reviewing Value Chain research proposals for the CRDC