

THE CURRAN REPORT

John Curran Associates
Glasgow, Scotland

The Project - A Review of Australian Cotton Classing Standards and perhaps for some, may be even many, of the Australian cotton growers prompting the question - why?

The comment "if it isn't broken why fix it" was heard on a number of occasions during meetings both formal and informal during August and September last year.

My report and the recommendations contained within the report I am sure will not be construed as suggesting that the 'system' is broken, but hopefully rather as opportunities to improve confidence and transparency in a total marketing system that has proved to-date to be a remarkable success story. Australia now the fourth largest exporter of raw cotton in the world - something must be working well.

The review was initiated by the Australian Cotton Industry Council in response to grower concerns and in part dissatisfaction with aspects of the present classing system. Whilst the original review remit referred to classing standards this was subsequently changed to evaluation standards as with the increasing reliance on mechanical (HVI) testing for the overall evaluation of a given piece of cotton, physical class could not be reviewed in isolation. Other 'specs' fibre length and uniformity, fibre strength, fibre fineness and maturity are equally if not more important fibre properties than 'grade' to your customers - the spinners.

The project was managed by a project sub-committee, which included representatives of growers, researchers, classers and shippers.

- The principal Associations or their representatives involved in the review are:-

Australian Cotton Council
Cotton Australia
Australian Cotton Shippers Association
Australian Cotton Research Institute
Cotton Research and Development Corporation
Australian Cotton Growers Research Association
Australian Wool Testing Authority
Cotton Seed Distributors Ltd.
Deltapine Australia

- Combined Growers meetings were held at the following locations:-

Emerald
Goondiwindi
Dalby
Moree
Narrabri
Warren

Comments concerning the involvement or attendance at the various meetings I have made in the report. The one concern I would identify as author of the report is that of how representative of the total growers population here in Australia were the opinions and comments expressed at these meetings - did they represent a consensus of opinion as to the need for change and the format for such change?.

You the Australian cotton growers must decide.

- **The Review**

Three factors, three questions to be answered were the thrust behind the review:-

1. The need and/or justification for the centralised classing (evaluation) facility.
2. Should Australian Grade Standards (for leaf, colour and preparation) be established to replace the present US standards currently in use?
3. Improving consistency and transparency within the classing system and the standard of classing-room practice.

- **Addressing point one - centralised classing**

From the growers perspective foreseeable advantages from a centralised classing entity would be:-

1. Improved consistency in the evaluation of their cotton,
2. Elimination of any potential conflict of interest with merchant classing of growers cotton,
3. The prospect of prompt settlement of quality disputes between grower and merchant,
4. Greater transparency in the classing/evaluation system.

Disadvantages - none in the context of the suggested advantages, However there are arguments against a centralised classing system. The cost of establishing such would be considerable - management, personnel, HVI test lines, building and running costs and the not inconsiderable problem of finding the right experienced personnel to operate the facility. Keeping in mind that the present expertise is with the marketers who would continue to use this expertise. A centralised system, to satisfy all parties, to establish credence would almost certainly have to be mandatory. How do you establish a mandatory system without authoritarian control which would suggest Governmental intervention?. This, if my judgement of the consensus of opinions expressed during the review is accurate, no-one wants. The cotton industry proudly stands on its own feet. As you are aware, the system in USA is mandatory for loan eligibility but not mandatory for trading. Would a centralised evaluation system lead to duplication of classing/evaluation? - not if established and accepted as a credible system in assessing the total quality value of a given piece of cotton for trading purposes. The marketers however would almost certainly continue to re-evaluate that cotton using their own internal expertise in classing and mechanical test facilities. The merchants have to fulfil the contracted needs of their customers - the spinners according to the latter's 'spec' requirements based on their experience.

- One could perhaps pose the question - why should there be a difference in quality value between results from a centralised facility and a local facility?

Two basis reasons:-

1. The natural variability of quality in the bloc, the module and the bale and,
2. Reproducibility of test results on the same example between HVI lines whilst no doubt improving is still not totally accurate. The grading of cotton will for the foreseeable future, continue to be manually classed - a subjective assessment - subject to individual interpretation.

Increasing participation by both local and international merchants creates sufficient competition to spread the options for the grower if or where differences in interpretation of quality value arise. That there will be at times differences or apparent discrepancies in valuation is unavoidable.

N.B. As the report suggests - a centralised classing/evaluation facility is not necessary.

A grower initiated and operated cotton evaluation facility is a recommendation included in the report. If considered, this should be on the basis of a central facility for use by the total growing industry with expertise in manual classing and mechanical (HVI) testing. Instrumentation for testing fibre maturity should also be considered. Whether such a facility would help to facilitate and quicken settlement of quality disputes would depend on the confidence level attained and its acceptance by the industry at large.

- **Moving** on to Australian grade standards for leaf, colour and preparation. It would appear that where quality differences have arisen between grower and merchant, generally speaking it has been with reference to grade.

Currently USDA Grade Standards are in use for determining the grade of Australian cottons. The two cottons differ - Australian cotton being generally whiter and brighter and leaf somewhat smaller and more peppery. Almost inevitably such differences in comparison against USDA grade standards in use will produce differences in interpretation by classers. Strict application of manual classing guidelines as applied to colour, can mean down grading against a USDA standard ie: penalised for whiteness. The colour of Australian cotton is not a problem for the great majority of spinners.

- To resolve these problems two recommendations have been made.

Firstly, colour is classed as a separate parameter of grade. Secondly, that Australian grade standards for leaf colour and preparation be prepared and established.

Patience and co-operation will be needed if the pitfalls that surrounded the previous attempt to establish Australian standards, namely the AA, BB and CC boxes, are to be avoided.

Introduction of these recommendations will go a long way to improving consistency in classing and transparency in its application.

As growers, who are your customers?

The immediate response is quite rightly the initial purchaser of your cotton, normally the merchant or shipper. To ensure Australian cotton's premium quality status however, should not more thought be given to the quality needs of your final customer - the spinner?. Ensuring continuing or

improved quality parameters to meet the specific needs of the spinners at the end of the day can only mean • added value to the product you produce.

- Are we producing for yield or quality? - A question I will make reference too later in this address. Communication with spinners should and could be a learning process beneficial to all.

Are we satisfying these requirements - with potential exports approaching three million bales - generally speaking yes. Responses to the circulated questionnaire to local and international spinners indicate however that some aspects of quality require addressing. I refer in particular to the degree of nep and short fibre content, preparation and lower average micronaire than is ideal.

A number of recommendations have been made to address these problems, of which the more important are, tightening the G5 micronaire range and the need for far more research into nep and short fibre content - the factors that contribute to their production, means of quickly measuring same and the eventual bench marking of these negative quality factors. Research into nep and short fibre content must obviously include input from ginners, plant breeders and agronomists. If content reductions can be made, one would hope that such improvements would be recognised by spinners as quality added value. The question of nep and short fibre content cannot be addressed without reference to fibre maturity and the negative effects of maturity in processing - both ginning and yarn production.

Maturity is a parameter that requires testing.

As growers you would be justified in asking why. Maturity is not a measured parameter included in the description 'base cotton' - it is not a 'spec' in P and D sheets. Agreed, but maturity is part of quality and maintaining, improving quality is the name of the game.

All 'D's' and no 'P's'. Almost. There are anomalies and inconsistencies in the present range of P & D sheets. Introduction of Australian grade standards will remove some of the inconsistencies and pave the way for the introduction of a single industry wide P & D sheet. Consistency in the values attaching to the three factors describing grade namely leaf, colour and preparation would need to be agreed.

As a group you will be aware of the research currently in progress into ginning. Ginning impacts on quality, but there is more to quality than grade. Nep, short fibre content and preparation are part of quality to your ultimate consumer, the spinner. Ginning for yield or ginning for quality. A question of priorities. With the current specs for base quality, yield from the growers' perspective is a priority. The ginning research projector is however worthy of your interest and support in the long term. Nep and short fibre content are an increasing problem world-wide, exacerbated by the changing demands of speed of mechanical picking and increased ginning throughput speeds. Australian cottons are at the higher quality end of spinners requirements, in many cases perhaps niche markets. And the cotton market here in Australia is very much export orientated, looking at perhaps ninety-five percent of production availability for export - let the industry here then take the initiative to address the problem, and let spinners know the fact.

What do spinners both local and international expect of Australian cotton? Many growers expressed the opinion that they do not know because there is at present little feedback of performance information, little or no communication directly between the spinners and growers.

This is certainly the general status world-wide. How many growers are interested in discussing technical data with spinners? The adage might well be - 'by the time I have listened to the moans of the marketers, who wants to listen to spinners'. Much the minority reaction I am sure.

- Communication and open discussion must surely be beneficial.
- The ITMF annual meeting will be held in Melbourne in October this year. As part of this annual gathering the ITMF Spinners Committee will hold separate meetings with interested parties including growers, to discuss points of mutual interest. The members of this Committee represent the Textile Associations of their individual countries, currently - Australia, Austria, Brazil, India, Italy, Korea Rep., Malaysia, Pakistan, Taiwan ROC, Turkey and USA. The Committee was formed as a vehicle of communication between spinners and all other parties involved in cotton and I had the pleasure of serving as Vice-Chairman for a number of years.

This would be an opportunity and a start to direct communication with spinners. As an individual grower you will be aware of the quality you produce based on the current range of tested parameters. Equally your neighbour will have the same information her or his production, but as a total countrywide production these statistics are not available. The report suggests that an annual statistical view of the whole crop would be beneficial.

- What happens now?

This season crops as has been previously stated has been a success in quantity and generally in quality terms. It would be tempting fate to suggest that all future crops will be equally successful. Let us hope so!!

However my report is not about complacency but rather looking to an improving future. The recommendations put forward in my report I strongly believe are, suggestions to help maintain, and hopefully, improve the status of Australian cotton as a premium quality cotton, sought by spinners - who are your customers - around the world. To introduce an improved transparency within the total marketing chain and encourage dialogue between all involved parties. From cotton plant breeder to spinner we are all part of the world of textiles.

Recommendations have been made, it is now up to you the industry, here in Australia, to make decisions one way or the other.

Are changes needed?

What is the consensus among the cotton grower community as to the need for changes?

What changes?

What are the priorities of any such changes?

What changes do the marketers and the spinners foresee are needed?

Who decides and actions change?

How are suggested changes implemented?

No doubt there are other questions to be raised and answered. Not an easy task Ladies and Gentlemen, but one I am sure that will be faced with interest and enthusiasm.

Let us look forward to an increasing crop, an expanding market and a bright and prosperous future for premium quality Australian cotton, and all those concerned with producing it.