

## AUSTRALIA - COUNTRY STATEMENT

### **THE COTTON GROWING AND GINNING SECTOR**

#### **2000-01 COTTON CROP**

The Raw Cotton Marketing Advisory Committee has estimated Australian cotton production for the crop harvested in 2001 at 774 900 tonnes (3.414 million [227kg] bales). This is a new record for the Australian industry and an increase of over 4 per cent on 1999-00 production of 741 000 tonnes. A total of 505 860 hectares was estimated to have been planted to cotton in 2000-01, down from 550 000 last year.

Based on the above figures, average Australian lint yield for 1999-00 was a little over 1 532 kg per hectare.

The increase in production occurred despite flooding in some areas, with excessive moisture affecting crops in the early growth phase. A combination of dry weather and low pest and disease incidence in both NSW and Queensland later in the season, however, boosted yields, reducing the magnitude of the losses. A high proportion of the crop reached average to premium grades.

#### **2002 HARVEST FORECAST**

The Australian Bureau of Agricultural and Resource Economics (ABARE) forecasts production at around 735 000 tonnes in 2001-02, from plantings of around 491 000 hectares.

#### **EXPORTS**

The Australian cotton growing industry is heavily reliant on exports, with up to 95 per cent of annual production sold on the world market. In 2000-01, a total of 833 770 tonnes of raw cotton, valued at \$A1 954 million, was exported. In volume terms this represents an increase of around 19 per cent over the previous years exports.

Principal export markets in 2000-01 were Indonesia, Japan and Thailand.

#### **MARKETING ARRANGEMENTS**

Marketing is undertaken by a range of organisations including grower's cooperatives, private companies and the subsidiaries of international companies. There is no Government involvement in either export or domestic marketing. A non statutory body, the Raw Cotton Marketing Advisory Committee, acting as a sub-committee to the Australian Cotton Industry Council (ACIC), facilitates the exchange of information between the Commonwealth Government and the various sectors of the industry on cotton marketing.

There is no Government price support nor any other form of assistance specific to cotton growing, ginning or marketing, other than in the form of a contribution to research and development (see below). There is active competition amongst ginners for seed cotton and amongst merchants for raw cotton, providing growers with a choice of ginning and/or selling arrangements.

## PROMOTION

Domestic promotion in Australia is the responsibility of Cotton Australia. Cotton Australia hosted an information display at the Royal Easter Show that saw 700 000 people receive a message about cotton in Sydney during 2001. Cotton Australia also sponsored the student collections at the Mercedes Australian Fashion Week.

A new Cotton Australia website has brought cotton information to a much wider audience, with weekly 'hits' increasing from 5 000 to 25 000.

During the year Cotton Australia was represented on Australian Cotton Shippers Association sponsored trips to India, Pakistan and Bangladesh and, later in the season, to China.

The Cotton Store, located at Sydney's Darling Harbour, opened in February 1999 as a retail and education concept store supported by the cotton growers of Australia. The Cotton Store not only retails a wide range of cotton products - Cotton Australia has also developed, in conjunction with the Cotton Store, the Cotton Discovery Centre to help the public understand more about cotton farming, the benefits of cotton, cotton science and design. Over 7 500 students passed through the Discovery Centre last year.

The Cotton Discovery Centre is a unique learning experience for all ages. Professionally trained teachers can take groups of students or adults through a multi-media learning environment around a range of subject areas including geography, agriculture, design and technology, business, science and textiles.

## BEST MANAGEMENT PRACTICES

Best Management Practice (BMP) is the Australian cotton industry's commitment to reducing the impact of cotton farming on the natural environment, neighbours, workers and the community.

Combining sound science and practical farm management, BMP is a guide for growing cotton in the best way possible. To date, over 95 per cent of the industry has been introduced to BMP and while there is a further work to do, cotton farmers are adopting BMP principles in their farming activities. A Practical "how-to" BMP Manual has been distributed to growers and training seminars conducted on how to use it. A BMP Co-ordinator oversees the adoption of BMP at the grass-roots level.

The BMP program comprises a code of sustainability and implementation of on-farm management programs which aim to use all available technology, resources and

management systems to achieve an economically and environmentally sustainable industry.

## RESEARCH AND DEVELOPMENT

The Commonwealth Government assists the cotton industry through its contribution to research and development, matching, on a dollar for dollar basis, research expenditure up to a maximum of 0.5 per cent of the gross value of production.

The Cotton Research and Development Corporation (CRDC) was established under Commonwealth legislation in 1990 to manage this investment and is a partnership between the Australian cotton industry and the Commonwealth Government.

The CRDC has a nine-member board with directors drawn from the industry, community and government. It is accountable to the industry through the Australian Cotton Growers' Research Association and to the Federal Parliament. The Corporation is a member of the cotton industry's peak body, the Australian Cotton Industry Council. The Corporation is based in Narrabri NSW, in the heart of one of Australia's major cotton production areas and close to the industry's key research facility, the Australian Cotton Research Institute. The Cotton Research Institute is the headquarters for the Australian Cotton Cooperative Research Centre (Cotton CRC) and the CRDC is a core partner in the Cotton CRC.

CRDC-funded research is conducted in every mainland State and Territory in Australia. Field trials are undertaken in all major cotton producing valleys as well as in North Queensland, the Ord River Irrigation Area in Western Australia and at Katherine in the Northern Territory.

In the financial year 2000-01 the Corporation invested about \$A13.4 million directly into funded research projects. In 2001-02 that figure is expected to rise to more than \$A14.5 million. The Corporation's intended outcome is for a more sustainable, competitive and profitable cotton industry providing increased economic, environmental and social benefits to rural and regional communities and the nation. Approximately 48 per cent of the Corporation's budget in 2001-02 will be directed towards improving the sustainability of the cotton industry. A further 39 per cent will be aimed at lifting the profitability and international competitiveness of Australian cotton while an anticipated 13 per cent will contribute to improving and assisting the people and communities involved in the cotton industry.

## **TEXTILE AND CLOTHING INDUSTRIES**

### **UTILISATION**

The domestic spinning industry consumed around 35 600 tonnes of raw cotton in the 2000-01 marketing year, a decrease of around 12 per cent on the previous years consumption.

### **GOVERNMENT ASSISTANCE**

Following an extensive review of the Australian Textiles, Clothing and Footwear (TCF) industries in 1997, the Federal Government announced in July 1998 the following initiatives to support Australia's TCF industries post 2000:

- a continued reduction in tariffs until 2000 with a pause in the phase down of tariffs from 1 July 2000 to 1 January 2005;
- a legislated TCF Strategic Investment Program (SIP) that came into effect on 1 July 2000. The TCF (SIP) Scheme supports further investment in capital expenditure, research and development and innovation in Australia's TCF industries;
- the Expanded Overseas Assembly Provisions Scheme (EOAP) which is designed to facilitate the ongoing development of Australian textile, clothing and footwear firms by encouraging the retention of high value added and skilled activities in Australia, while at the same time supporting an expansion in overseas assembly activities. The EOAP Scheme came into effect on 9 June 1999;
- a TCF Market Development Program which will assist Australia's TCF industry to develop and implement strategies to increase their involvement in the global market;
- a TCF Technology Development Fund which will encourage the development of new technologies designed to enhance business competitiveness in Australia's TCF industries;
- the National Framework for Excellence in TCF Education and Training which will support the development of a collaborative network of existing education and training institutions, with the objective of creating a world class education and training infrastructure;
- the provision for duty free importation will continue, however, anomalies in the existing TCF system and tariff concessions will be examined; and
- in July 2000 "Towards 2010" the Action Agenda for Australia's TCF industry was launched. The Government has agreed to provide start-up funding to assist the industry to implement projects under the Action Agenda to advance Australia's TCF industry's international competitiveness.