

Submission
Australian Cotton Shippers Association
Agricultural Export Regulation Review
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The Australian cotton industry is totally reliant on the export market with more than 99% of production being exported. Cotton spinning is almost non-existent in Australia with only one active Australian spinning mill. Global customers of Australian cotton include traders, spinning mills, textile and apparel manufacturers and manufacturers of yarn and paper product.

World economics; individual country economics; country development; supply and production; and many other variables greatly influence market dynamics and ultimately, markets for Australian cotton.

Any significant change in markets, as is being witnessed for the China market at this time, will require merchants to find alternative markets for the cotton traditionally sold into that market.

It is imperative that Australian cotton merchants continually work to maintain, reclaim and develop new markets for Australian cotton.

One such example is the potential for markets such as Bangladesh and Vietnam. They are both rapidly expanding markets with a potential to be significant users of Australian cotton but there is a reluctance amongst the Australian merchandising community to significantly increase sales to those markets with sellers only conducting small scale business with long term customers. Both markets have a widely held reputation for defaulting on contracts.

In addition to market dynamics, Australian cotton production levels have varied greatly over the past 12 years, due largely to water availability. In years where there is a production decline Australia's export market share falls significantly in key markets. When seasonal conditions improve and cotton production is high, Australian cotton merchants need to find markets and buyers for the increased supply.

Trade barriers that currently exist for Australian cotton include:

- Australian cotton growers and exporters compete against highly subsidised US cotton exports. Production and export subsidies distort the market from time to time with a resulting negative impact on Australian grower and exporter profitability
- Failure of WTO and FTA efforts to reduce cotton production subsidies and eliminate barriers to trade

The Australian cotton industry has no issue with current export regulations – most requirements are imposed by importing countries.

Exporters of Australian cotton do consider that the costs for obtaining the services of AQIS as being significant.

What is important for the Australian cotton industry, and any exporter, is the ability to quickly respond to export opportunities and be ably supported by policies and processes that allow for efficient market access and also the ability to call on Australian posts in foreign countries for advice should a trade issue develop.