



Australian Export Regulation Review
Biosecurity Policy and Response Branch
GPO Box 858
Canberra ACT 2601

21 September 2015

To whom it may concern,

Cotton Australia is the key representative body for Australia's cotton growing industry. Whilst Cotton Australia is not in a position to provide a detailed submission to the Australian Export Regulation Review, we welcome the opportunity to provide a brief letter of response.

Our organisation acknowledges the submission made by the Australian Cotton Shippers Association, and endorses the key points that it makes on behalf of its members, who work within Australia's Export Regulations.

The cotton industry is a small but integral part of the Australian economy, worth over \$1.25 billion in export earnings in the 2014–15 season, and employing on average 10,000 people. More than 99% of Australian cotton production is exported. It is therefore crucial to our industry, and the businesses and communities that rely on it, that that current export markets remain open and new market access opportunities are pursued. China is a major export destination and other significant markets to the industry include Indonesia, Thailand, Korea, Bangladesh and Vietnam.

The industry's vision is: *Australian cotton, carefully grown, naturally world's best*. We are proud of our efforts to ensure an efficient and sustainable cotton industry. Our 'myBMP' farm and environmental management system helps to ensure that Australian cotton is produced using best practice. These standards are acknowledged in global sustainable cotton supply chain initiatives (e.g. the Better Cotton Initiative) which help promote the industry's value to overseas brands and retailers, and ongoing work to facilitate and improve access and demand within our markets.

Our industry is exposed to volatile markets and exporters have to be nimble to maintain access and look for new opportunities. The Australian industry competes against other countries which highly subsidise their agricultural industries. Given the negative impact this has on grower profitability, we strongly support the ongoing work of the Australian government to eliminate barriers to trade and reduce cotton production subsidies through the WTO and FTAs. The China-Australia Free Trade Agreement (ChAFTA) is highly important to the industry with around 65% of the annual Australian cotton crop exported to China. Cotton Australia is currently calling for the Australian Parliament to approve the Agreement, and is seeking that the Government prioritise achieving further gains for the industry - importantly to reduce quotas on export of Australian cotton lint - at the next review opportunity. To date, the ChAFTA has only provided the relatively small concession of removing the 15% tariff on cotton seed over a four year period. China maintains cotton import quotas which will continue to restrict cotton imports to the 894 kT specified in their WTO commitments.

We reiterate the point made by ACSA that what is most important for the Australian industry is the ability to quickly respond to export opportunities and be supported by effective policies that enable efficient market access as well as the support of Australian posts, to resolve any trade

issues. The industry very much values the Australian Government presence overseas, through organisations such as AusTrade and DFAT, providing support on an as needs basis.

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Relationships established through these posts are vital to not only our industry but many across the agricultural sector – particularly within the emerging markets.

In relation to the current export regulations themselves, we note the comment from ACSA that there are not any major issues with the current export regulations from their perspective, but that exporters do consider the costs of obtaining quarantine services (from AQIS) to be significant. Cotton Australia acknowledges this feedback, though would not want to see the integrity of the nation's biosecurity system and status compromised in any way through cost adjustments. We trust that the government continues to uphold this in its efforts to strike the right balance between efficiency and risk management.

Please do not hesitate to contact us should you wish to discuss our submission.

Yours faithfully

Angela Bradburn
Policy Officer, Cotton Australia

