

HOW AUSTRALIAN SEED VARIETIES FIT INTO THE MARKETS

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The subject on which I have been asked to speak is of great importance to our industry, especially at this time of the year with preparations being made for planting.

The actual decision regarding which seed variety to plant had to be made some months ago by growers through CSD, this decision is mostly based upon a number of factors, viz:

- 1: Yield
- 2: Resistance to insects and disease, such
as bacterial blight
- 3: Quality of fibre

The above are listed in order of importance to the grower. As a marketer I would like to move the order to place fibre quality into first place; however, I recognise that economics and the ability to make higher yield, consistent with quality, has to be of first importance.

Before moving to the market aspect we must observe that the cotton fibre, being a natural fibre subject to the elements of nature, can be variable in its quality. That is why cotton is classed. It is estimated that there can be up to three hundred or more different classifications when you take into account grade, staple, micronaire variations, not to mention strength variation.

Cotton is classed mainly so that the user or spinner can be assured of a uniform quality of fibre for the type or quality of yarn that is being spun. It is also classed to put a value on the cotton with higher grades commanding better prices

than lower grades.

Currently we are seeing price for long staple Egyptian style cottons bringing double the price for medium staple, such as our own, primarily because of demand for these fine yarns is increasing beyond the means of supply at present.

The production of Australian cotton was encouraged by the Federal Government when it passed the Raw cotton Bounty Act of 1964 at a time when cotton production in Australia was very low and the bulk of the domestic market requirements were imported. This scheme was very successful as by 1969 cotton was being produced surplus to domestic needs. This was the beginning of Australian cotton entering world markets. At that time the surplus cotton was generally second picked low grade low micronaire cotton, giving Australian cotton a poor reputation during the next few years.

In the late seventies, as production increased, higher qualities became available for export and we began to achieve a better reputation as a supplier of good quality medium staple cotton. This was in the DP-16, DP-61 years.

THE DOMESTIC MARKET

As mentioned earlier, this was our first and only market in the early years and is still of primary importance to us today although consuming less than ten percent of our annual production. Cotton yarns produced here are mainly in the lower count yarns, to medium. Some fine count yarns are still produced blending imported cotton with Australian better quality cotton.

As the local market uses almost one hundred percent Australian cotton it can be very useful to us in determining the quality effect of different seed varieties. Over the past twenty years the main seed variety has been Delta Pine, starting with the DPL Smooth Leaf and progressing through DP-16 and DP-61 to our current DP-90. These Delta Pine varieties have been well received especially the DP-90 with its higher strength; unfortunately this latter variety is subject to bacterial blight in some areas with consequent reduction in yield. It is worth remembering, however, that the Delta Pine varieties have always produced high grade clean cottons due to the smooth leaf properties of this variety.

The expansion in the installation of open-end spinning machines in the local market has created a need for stronger cottons as this new process produces weaker yarns than under the ring-spinning process which utilises the natural twist of the cotton fibre to give a stronger yarn.

Our research organisations have responded to this need in developing the SIOKRA and SICALA varieties. Excluding DP-90, SIOKRA is about ten percent to fifteen percent stronger than the Delta Pine varieties, but one of its main quality factors is its ability to keep within the lower micronaire range of 3.5 to 4.0 in the bulk of its production. This finer micronaire range enables the spinner to produce stronger yarn on the new open-end system.

SICALA - the newest variety to be developed in Australia is slightly stronger than SIOKRA and also longer staple. This

is suitable for open-end spinning but I believe it has great potential in the production of finer yarns thus commanding a premium over other varieties. If we can increase the strength of this variety by 5/10 thousand pounds per square inch it will compete directly with the popular California SJV variety which normally enjoys a premium over Delta Pine type cottons of five to ten cents per pound.

OVERSEAS MARKETS

Since we passed the million bale production level three years ago, Australia exports cotton to over twenty foreign markets. Our main market continues to be **JAPAN** which takes about half our exports. Japan is a big market consuming over three million bales annually, all imported. Our cotton enjoys a good reputation supplying a uniform quality for grade and staple which is excellent for blending with other cottons and polyester. In a normal picking season SIOKRA is well received for use in medium to high count yarns. As noted earlier, I believe SICALA has a great potential for the high medium count yarns.

KOREA/TAIWAN - Both of these markets have enjoyed fairly rapid expansion in their textile industries. This expansion has naturally been with the installation of the newest machinery and equipment, especially into open-end spinning, which produces yarn at far less cost than the traditional ring-spinning.

These markets are demanding in their requirements for medium to high count yarns. Many mills confine their grade purchase to Strict Middling or better with a minimum micronaire

of 3.8, and strength minimum 90.000 PSI. Again our SIOKRA, DP-90 and SICALA produce suitable quality for these markets in a normal picking season.

The other markets which buy our cotton in the S.E. Asia region are **INDONESIA**, 50,000 bales of Australian imported in 1987 and an expanding market. **THAILAND**, which is also expanding rapidly with the installation of the new textile machinery such as open-end. **SINGAPORE - MALAYSIA** which has remained fairly static. These latter two markets are rather small, consuming less than 200,000 bales annually.

EUROPEAN MARKETS

Despite the obvious price disadvantages due to the extra cost of freight to this market we have managed to keep a small flow of Australian cotton to Europe, both West and East, over the last ten years. Until the DP-90 and SIOKRA varieties were produced, the main quality problem was low strength. With the production of our new varieties we have been able to increase our sales to this area of the world but here again requirements are in the high grades coupled with breaking strengths of minimum 90.000 pounds per square inch. High grade SICALA should have great potential in these markets.

The European market has access to many growths of cotton much closer in distance to their markets with correspondingly cheaper freight rates. To compete we have to supply a much better and uniform quality.

In summing up it is obvious that we need to maintain

our objectives of greater strength to keep abreast of the latest spinning equipment. At the present time the bulk of the new open-end equipment has been installed for the production of low to medium count yarns. In these lower count yarns staple length is not important above one inch. It is my understanding that over the next ten years open-end equipment will be installed for producing higher count yarns where our medium staples will be required and will command their rightful price; we look forward to that.

Australian cotton today leads the world in producing the least contaminated bales and growers can take pride in that achievement, it is of great help in marketing the crop. If we keep abreast of the new spinning technology and continue to produce suitable fibre quality we will have no problem in maintaining our growing reputation for dependable suppliers of good quality cotton.