



Final Report

Capacity & Community | Cotton Research & Development Corporation

Part 1 - Summary Details

CRDC Project Number: CSP172C

Project Title: Travel Report: Greg Constable to attend ACSA Meeting in Jakarta

Project Commencement Date: 14.6.2005 **Project Completion Date:** 19 Jun 2005

Research Program: Capacity & Community

Part 2 – Contact Details

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Part 3.3 – Final Reports (due 3 months after completion of project)

Background

ACSA (Hilton Lobb) requested that I attend a meeting between ACSA and Indonesian spinners to explain the history of FiberMax cotton and how Australian cotton fibre is at least as good as FiberMax. In particular, ACSA has requested I explain new initiatives in CSIRO's breeding program to gradually increase fibre quality.

The agenda at the meeting held on June 17 was as follows:

- i) industry developments including crop and supply issues – Bob Dall'alba.
- ii) an overview of the Australian breeding and its impact on fibre quality – Greg Constable.
- iii) best management practices along the supply chain – Arthur Spellson.
- iv) a report on outcomes from CSIRO mill survey – Stuart Gordon.
- v) environmental management systems & clean & “green” Australian cotton – Pete Johnson.
- vi) short DVD.

Objectives

The promotion of FiberMax by Bayer in the US has been successful and coincided with a reduction in supply of cotton from Australia in 2004 because of drought. Many Asian mills have successfully replaced Australian cotton with FiberMax and at a lower price. However the marketing mischief has FiberMax as equal in fibre properties is incorrect and is easy to demonstrate. In addition, CSIRO initiatives to release varieties with improved fibre will also add to marketing in addressing future needs.

In summary, the outcome will be a better understanding (appreciation) of Australian commitment to gradually improved fibre properties.

This meeting is direct marketing and nominally outside of my focus on breeding new cotton varieties for Australia. However the impact of breeding on marketing needs some accurate message from breeders.

Results

CRDC provided some funding for Greg Constable to participate in an Australian Cotton Shippers Association (ACSA) meeting with Indonesian spinners on June 17, 2005.

In attendance were: Hilton Lobb (Comtrade), Don Campbell and Bryan Haddad (Dunavant), Bob Dall'alba (Queensland Cotton), Tony Geitz (Reinhart), Peter Johnson (Weil Bros), John Lupton (Colly), Eimear McDonagh (Namoi), Phil Sloan (Cargill), Arthur Spellson (Auscott) and Dorcen Walters (Plexus). Stuart Gordon (Textiles) and Greg Constable (Plant Industry) attended from CSIRO.



More than 60 spinners attended. The program, starting at 10am was as follows:

Welcome by Ambassador/STC

Introduction by Chairman(Hilton Lobb)

Presentations:

Industry developments including crop and supply issues – Bob Dall'alba.

The Australian research program and its impact on fibre quality – Greg Constable.

Best management practices along the supply chain – Arthur Spellson.

A report on outcomes from CSIRO mill survey – Stuart Gordon.

Environmental management systems & clean & “green” Australian cotton – Pete Johnson.

Short video (DVD)

Indonesia to talk about the textile situation

Q & A discussion

Mr Husodo - President of SEKBERTAL.

Close and break for lunch/reception.

Comments from the floor by Indonesian spinners were seeking clarification on a range of concerns. These were for contamination, uniformity, neps and bale packing.

Contamination levels have increased even though Australia still has lower levels than most other suppliers. Jute, poly, feathers, etc were all mentioned. Cotton bale wrapping would be preferred.

Uniformity, short fibre and neps are all more associated with fast ginning. I assume ginners-shippers have assessed the balance between speed, price, quality and reputation.

High density bales are disliked by a few spinners, especially when sourcing bales from a range of countries in a lay down with different bale sizes and densities.

Indonesia consumes more than 2 million bales of cotton each year but the Asian economy has been struggling since 1997. Indonesian spinners complain of competition from (cheaper) Chinese spinners in the spun market. The reaction of some spinners is to use cheaper cotton from India, Africa, Brazil and US (eg FiberMax) in blends. Some spinners (eg Sinar Central Sandang) use 100% Australian cotton.

For the future or main crop may not be a high price (basis change?); we therefore need an efficient production system with higher yields and a fibre which represents good spinning value. The challenge is to deliver a slightly better fibre and ensure demand at a stable price, while not sacrificing yield. Blending requires the majority component to be cheap, so there seems little point in positioning our cotton as the preferred solid base for blends.

SJV Acala and Pima are still used by Indonesian spinners either in speciality products or the minor component of blends. We therefore have an opportunity for ‘specialty’ products:



premium equivalent to SJV Acala; other specialty fibres (eg long upland such as Sicala 350B); and Pima. Each may only represent about 5% of our production.

We should expect bigger discounts for anything short, weak, coarse, immature, neps, contamination, colour, grade, trash, etc.

The FiberMax situation was well understood by Indonesian spinners: FiberMax is cheaper (2c/lb) to reflect the poorer quality and while Australia had a drought, Indonesia needed something to take up the void. FiberMax was very well promoted. Bayer are holding a meeting in Singapore soon and flying in many Asian spinners as continuation of that FiberMax promotion.

Cotton shipping is now a global business and loyalty to any one country will be rare. Australian shippers were actually selling Brazilian and Indian cotton to Indonesian spinners while on an ACSA meet. Australia needs to aggressively sell in China too.

Conclusion

In summary, the trip was worthwhile to understand the dynamics of spinner's requirements and the global shipping trade. Although it appears Australia's main fibre type in future should be average and reliable quality, as breeders we need to continue to have a range of options as fibre property types for spinner's demands in the medium term. This range of material is present in the CSIRO program and will be progressed.

Part 4 – Final Report Executive Summary

ACSA requested that a breeder attend a meeting between ACSA and Indonesian spinners to explain the history of FiberMax cotton and how Australian cotton fibre is at least as good as FiberMax. In addition, ACSA requested a presentation to explain new initiatives in CSIRO's breeding program to gradually increase fibre quality.

In summary, the trip was worthwhile to understand the dynamics of spinner's requirements and the global shipping trade. Although it appears Australia's main fibre type in future should be average and reliable quality, breeders need to continue to have a range of options as fibre property types for spinner's demands in the medium term. This range of material is present in the CSIRO program and will be progressed.