



AUSTRALIAN COTTON

AUSCOTT MARKETING, CARGILL COTTON, COLLY COTTON, DUNAVANT ENTERPRISES,
ECOM COMMODITIES, GOENKA-IMPEX, NAMOI COTTON, QUEENSLAND COTTON, PAUL REINHART (AUST),
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Tuesday, April 11, 2006

The Secretary
Senate Foreign Affairs, Defence & Trade Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Madam,

Thank you for the opportunity to contribute to the Committee's inquiry into the Provisions of the Export Market Development Grants Legislation Amendment Bill 2006.

The Australian Cotton Shippers Association (ACSA) has been an Approved Body under the Export Market Development Grants scheme (EMDG) for the period 2002/2003-2004/2005 having also been a participant 1998/1999 – 2000/2001.

Whilst representing exporters who handle nearly all of the exports of the Australian cotton crop, ACSA is supported by the Australian Cotton Industry Council (ACIC), the peak industry body, and hence represents the whole of industry in its generic market promotional activities.

ACIC represents the interests of some 10000 cotton growers under Cotton Australia as well as research and development providers, processors and nearly 400 service suppliers to the industry, most of whom are SMEs. Throughout its export market promotion programme ACSA has sought active participation from Cotton Australia and researchers to provide them with exposure to the issues faced in competing in the international market. In doing so we have a system of regular dialogue to facilitate an on-going exchange of market information between end users and the Australian cotton industry, a most efficient way for the EMDG scheme to deliver industry-wide benefits.

Confirming the comments we made at the time of the Ministerial review, the EMDG scheme is an effective means of supporting the maintenance and growth of market penetration in an increasingly competitive trading environment. It is particularly important that this work be

continued given the loss of markets as a result of recent drought given the resultant reduction in Australian production. This requires concerted effort to hold our position and be prepared to obtain access for increased availability once the seasons improve.

It should be considered that 53% of world cotton production is subsidised with 14 cotton-producing countries subsidising their domestic industry including the USA, China and members of the European Union. Australia's cotton growers receive no direct production or export subsidies. Given over 95% of Australian cotton production is exported, almost all to the premium high-grade sector of the spinning industry, the relatively small amount of assistance afforded by the EMDG scheme is vital to our efforts to take our message to consumers.

With the support available through the EMDG scheme ACSA is working in the longer term to:

- a) present a unified industry front in promoting Australian cotton in major markets;
 - b) reposition Australian cotton as the world's leading premium high grade cotton grown under the highest environmental standards in the world;
 - c) specifically target retail brand owners to create a new level of demand and a brand name for Australian cotton;
 - d) implement an identity preservation or similar product verification system to ensure the full benefits of ACSA's promotional efforts flow directly to the Australian cotton industry;
- and;
- e) promote the specific benefits of Australian cotton and work with leading cotton spinners to improve Australia's cotton specifications for the future.

In its submission to the Ministerial review ACSA referred to a number of issues that should be addressed to provide more positive outcomes and note that, of these, the following have been recommended for adoption in the amended legislation:

- a) the scheme be retained and extended for at least five years thereby giving certainty for ongoing promotional programmes; and
- b) provide for Approved Body organisations to retain their eligibility for participation through on-going generic export market promotion by waiving the onerous and costly requirements of the three yearly re-application procedure;

ACSA is pleased to have the opportunity to provide this response. We note that in the explanatory memorandum there are several options as possible alternatives to an extension of the EMDG Scheme. From our perspective none of these would offer an effective substitute and we are hopeful that the committee will recognise the value of the scheme as identified from the respondents to the 2005 Review and supported by the CIE research.

Should you require further detail please contact the undersigned by email on commtrade@bigpond.com

Yours faithfully,

Hilton J Lobb
Executive Officer

Cc Mr Richard Haire, Chair, ACIC
Mr Bob Dall'alba, Chairman, ACSA