

# Cotton Australia Report

With Phillip Russell

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In many respects, 2001 was a year we would all like to forget, despite the record crop of 3.5 million bales achieved.

Much of Cotton Australia's time last year was taken up with involvement in the ongoing water and vegetation management reform process at all levels of government and community. While there has been little joy for most involved in the process, the cotton industry has hung in and endeavoured to participate and put forward practical solutions. We must try to ensure that due process is followed, consistent with the 1994 COAG principles.

On the bright side was the Federal government's recognition and election promise (for which Cotton Australia can take considerable credit) of the need for a better property right for water. Where change is made to that right, for community benefit then compensation should be paid to those affected.

The Federal government's plan to call an early meeting of COAG to address this issue is welcomed. Cotton Australia is looking forward to participating in this process and is determined to ensure a more acceptable and equitable outcome for irrigators.

While prices turned up towards the end of the year, current levels do not engender confidence, especially given currency positions most growers are holding.

## PRICE DIRECTION

Two key factors will determine where price levels go.

The first is economic growth in major consuming markets, which appears brighter, with a number of key countries reporting economic indicators that confirm that consumer demand is picking up.

The second is northern hemisphere plantings —



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in particular the size of US plantings.

The delay in the new US Farm Bill should have some bearing on this. With further debate in the Senate not scheduled to commence again until late January, any further delay can only be seen at this time as positive, as the impact of the US budget deficit starts to constrain government programs.

Year 2002 will be a year of new focus and consolidation by many. Cotton Australia appreciates prevailing conditions and constraints under which growers are conducting their operations. Cotton Australia is no different and will need to refocus and consolidate its activities in line with the industry.

Planning for this is well advanced. Cotton Australia will continue to represent and advance the interests of the cotton growing industry to the best of its ability. To be effective in this respect, Cotton Australia needs the full support of all growers and for their ongoing voluntary funding.