

SECTION 8  
PROCESSING &  
MARKETING

This section brought to you in association with



# Positioning BMP cotton in Japan and Hong Kong

By Phil Sloan, Cotton Australia and ACSA Director

I recently had the opportunity, as a Director of Cotton Australia and ACSA, to join a small delegation of Australian Cotton Shippers Association (ACSA) representatives on an 'Export Market Development' trip to Japan and Hong Kong. The purpose of the visit was to meet with end users of cotton in Hong Kong before travelling to Japan to launch the BMP trademark and promote BMP branded cotton to vertically integrated companies and end users such as retailers.

It is Cotton Australia and ACSA's intention to position BMP Cotton as the first choice for spinners and retailers as they continue to seek out cotton that is grown with minimal environmental impact. The visit was the culmination of Cotton Australia and ACSA's work in a number of activities including:

- Developing market opportunities;
- Working with a number of leading Japanese business houses to test market BMP cotton;
- Establishing a brand for BMP Cotton; and,
- Fine-tuning licensing agreements and regulations for use of the mark in our markets.

Following are the key messages we conveyed at each of the seminars and meetings:

- Cotton produced on BMP-certified farms is available right now on the world market;
- Traceability and transparency of BMP Cotton can be guaranteed;
- Best Management Practices originated as an on-farm, environmentally-focussed program;
- Cotton Australia and ACSA are able to facilitate the purchase and shipment of BMP cotton;
- Certification can be provided that shows particular bales in a shipment were grown on a BMP-certified farm; and,
- Spinners, weavers and retailers can purchase a license to use the BMP Cotton logo to highlight



**Phil Sloan.**

the sustainability credentials of the raw materials being used in the garments, and assist in product sales and marketing.

Right throughout our visit there was genuine interest shown for cotton that has 'enviro-friendly' credentials, a market niche currently being met to some extent by 'organic' cotton, albeit in blends.

## Hong Kong

### Meetings

Our delegation held a number of positive and useful meetings in Hong Kong where we focused on BMP Cotton with key customers including Esquel, Fountain Set (Hi-scene and Prosperlink) and Giordano. Esquel and Giordano were well known to our delegation but the extent of their vertical integration of the textile industry probably was not. Both have farming operations in Xinjiang and control the whole supply chain through to retailing and manufacturing of garments.

### Esquel

Esquel is concerned almost exclusively with shirt production and this year will produce around 70 million garments with sales revenue of approximately US\$600 million. They use almost 100 per cent cotton and are vertically integrated throughout China.

Their exposure to the US market for finished products account for 65 per cent of total production in supplying the likes of Tommy Hilfiger, Ralph Lauren and Brooks Brother to name a few. Currently, Esquel produces their own organic cotton blend (five per cent organic to 95 per cent non-organic) and buy Certified Organic from Turkey. Esquel showed interest in what we were saying about BMP cotton and also what we had to say about problems with organic cotton.



Phil Sloan with Steve Mita (Kuwato and Co) and Mr Nakayama (Y Suenaga and Co).

SECTION 8  
PROCESSING &  
MARKETING

This section brought to you in association with



JOHN DEERE

<110...POSITIONING BMP COTTON

**Fountain Set Limited**

Our delegation then met with Fountain Set representatives. Fountain Set own spinning mills in China that provide approximately 25 per cent of their yarn requirements. Most of their sales are knitted fabric and they produce UKE30 million pounds of fabric per month. Fountain Set use 80 per cent cotton with 30 per cent of their lint cotton bought from Australia. They also currently use an organic/non-organic blend. Fountain Set were interested as to whether BMP has better environmentally sustainability credentials than organic.

**Giordano Group**

The ACSA delegation then met with Giordano Group representatives. Giordano has 18 stores in Hong Kong and China and expressed a belief that Australia and Canada have a good environmental image that consumers are aware of. Giordano believed the Australian cotton industry has good credibility and expressed a desire to work together in the future on promoting BMP Cotton to their customers.

**Key points and take home messages**

Both Esquel and Giordano were very interested in BMP Cotton. In fact, Giordano suggested a trial line in the Giordano concepts lines. This invitation will of course be rigorously pursued.

**Japan**

**Meetings and seminars**

Our delegation hosted 43 people in the Osaka ‘Retailer BMP Cotton’ seminar, made up of local and national media, the Japan Cotton Traders Association, spinners, traders, apparel traders, and retailers. The same seminar attracted 30 guests in Tokyo, mostly made up of brand owners and retailers. The audience in both seminars had a genuine interest in what we are trying to achieve. All attendees were interested in sourcing BMP cotton for its sustainability credentials.

We also took the opportunity to have dinner with agents. The agents announced that they would much prefer to be trading BMP style as opposed to organic due to the very low volume of organic that is traded.

**Key points and take home messages**

Like Hong Kong, there is genuine interest in Japan for a cotton that has ‘enviro-friendly credentials’. Traceability of BMP is a big hit in Japan and is now even being promoted at the food level. We talked a lot about traceability of BMP Cotton although no formal domestic frame work is currently in place.

In terms of the thrust of what we were trying to achieve with these ‘Retailer BMP Cotton Seminars’ I think most participating members would agree that the result was better than expected. Individuals were genuinely interested but the need for follow up and further education was a common theme.

**Cotton BMP recognised by Queensland Government**

In a landmark agreement, the Queensland government has recognised the cotton industry’s BMP program as an alternative to developing a statutory land and water management plan.

The agreement allows cotton farmers certified to all seven modules of the BMP Program to provide a copy of their BMP certificate to the Queensland government, in lieu of developing and submitting the statutory plan.

“This is an enormous vote of confidence in the cotton industry’s voluntary approach to environmental management and clearly demonstrates cotton growers’ ability to manage their land and water resources in an efficient and sustainable manner,” Cotton Australia Chairman, Joanne Grainger said.

“Not only will this agreement save cotton farmers time and money, it will demonstrate real value in participating in the BMP program and encourage more growers to become BMP certified,” she said

Cotton Australia is aware of a significant number of cotton growers who have been watching the progress of these negotiations with keen interest, preferring to meet their legal obligations via the industry pathway. Now that the agreement has been signed, work will commence in certifying these growers.

The agreement applies to cotton growers who have been identified by the State Government as having triggered the need for a statutory Land and Water Management Plan.



Cotton Australia Chair Joanne Grainger with Queensland Minister for Natural Resources and Water, Craig Wallace.