

Big plans for Raw Cotton Australia

BY now most growers are familiar with Raw Cotton Australia which has become Australia's primary marketplace for ginned cotton bales. Now in its fifth year of operation, Raw Cotton Australia was developed by commodity marketing firm Rain Agribusiness, in response to feedback from cotton growers around concerns such as:

- Arbitrary P & D sheets;
- Pressure to sell at ginning; and,
- Fewer marketing options.

In the more recent past growers have also expressed concern around the following issues:

- Title of the cotton between ginning and payment;
- Counterparty risk; and,
- The ever-decreasing number of competing buyers on any given day.

Director Ian Grellman says that Raw Cotton Australia has directly targeted concerns expressed by growers and is confident that their post ginning market option thoroughly addressed those concerns.

Raw Cotton Australia allows growers to sell cotton on a FIS (Free In Store) basis via their warehouses in Brisbane, Sydney or Melbourne. Growers simply commit their cotton at the gin the same way they would a forward contract. Raw Cotton Australia take care of it from there including the physical movement and sale of the cotton.

"We are very happy with how the product has performed to date. We have so far handled over 200,000 bales through the system and for the most part both the growers and the merchants have been happy with the outcome" said Ian.

The Raw Cotton Australia team has big plans for the future and is targeting 10–20 per cent of Australia's crop to pass through their system each year. "Its just another tool growers have to diversify their selling while broadly addressing some of the obstacles of the past. It also lends itself to more sophisticated marketing tools such as hedging" Ian commented

Ian also pointed out that the Raw Cotton Australia model was extremely efficient. "Cotton already has a very efficient supply chain in Australia so there was no need to change anything there, we are simply allowing the grower to advance a little further along that chain" he proclaimed, adding that the model also broke down some of the barriers to entry for new players to enter the market.

"Australia has a dwindling pool of buyers to choose from and also the market dynamics have changed. Once upon a time there would be six or eight merchants competing each day but now you are lucky if two or three merchants are having a go on the same day."



Ian Grellman.

Australian Cotton Industry Awards back in 2021

AUSTRALIAN cotton growers will celebrate the best achievements of the industry this year with the return of the Australian Cotton Industry Awards for 2021.

The awards, recognising the resilience of the industry and innovation throughout the cotton supply chain, were put on hold in 2020 due to the pandemic, but nominations have now opened for 2021. Cotton Australia CEO Adam Kay said the awards are evidence of the world-leading status of Australian cotton.

"Last year we were all impacted by Covid-19, but the quality of our cotton was not compromised," he said.

"The annual awards program is all about recognising the hard work, commitment, research and innovation that goes into the production of our cotton, and that sentiment is echoed by many Australian manufacturers who increasingly demand Australian cotton for their quality clothing and other items."

Nominations are open in the following categories:

- Bayer Grower of the Year;
- AgriRisk High Achiever of the Year;
- ADAMA Chris Lehmann Trust Young Cotton Achiever of the Year;
- Cotton Seed Distributors Researcher of the Year; and,
- IPF Service to Industry Award.

Adam encouraged all growers to take part in the awards program by nominating those who they believe deserved recognition.

"The awards are certainly an occasion to shine a light on the outstanding contributors to our industry, but they also present an opportunity for others to learn from the best," he said. "Australian cotton production suffered in 2020 due to the drought and the pandemic; while we have seen some welcome rain, for many, the drought continues, as does the need for the ongoing development of our cotton production expertise, which is aided by excellent research."

Cotton Australia Chairman Hamish McIntyre said the awards will be an effective mechanism for the industry to reconnect and reflect on the positive contribution that Australia's cotton industry makes to our economy.

"We have up to 1500 growers producing cotton around Australia and there are prospects of future industry growth in the country's north. The respect that is generated by programs like the awards is significant, and the desire to share the good news is very much part of our culture as primary producers," he said. "We are grateful for the ongoing support and sponsorship of the awards from Bayer, Adama, AgriRisk, Cotton Seed Distributors and Incitec Pivot Fertilisers," Hamish said.

