

# **Young Leaders on New Beginnings for the Cotton Industry**

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The Australian cotton industry has faced countless threats over the years and capitalised on many opportunities. We have a strong, resilient supply chain which is constantly evolving and adapting to change. The businesses that make up our industry are some of the most professional and knowledge hungry enterprises in Australian Agriculture. I believe three key areas will determine our ultimate success; farming system development, product improvement and infrastructure investment.

## **Farming system development**

The Australian Cotton farming system has been constantly evolving over the last four decades. Farming practices that create functional advantage have prospered and spread while those that are disadvantageous have disappeared. The use of transgenic technologies is one example of adoption, while intentional moisture stressing to improve yield is no longer practiced. We must ensure that farming system experimentation is encouraged and that knowledge gained is communicated to all growers.

One way to encourage farming system improvement would be to develop new and innovative communication tools. Improved communication would strengthen relationships between growers and researchers. This is especially important if the industry expands again and we have a fresh influx of new people and growers. Effective communication would help overcome geographic separation making it possible to; test ideas, generate debate and effectively implement research findings.

One opportunity is the Web. The next wave of Web applications called Web 2.0 are revolutionising the internet and how it's used. Web 2.0 applications facilitate hands on experiences where users can interact with each other, share content, contribute to discussions and express their views. We have a fantastic opportunity to exploit this technology to enhance collaboration, increase productivity and improve accesses to information.

## **Product improvement**

Australia is a specialist primary producing nation. We have a competitive advantage in the efficient production of raw materials such as Iron ore, Wheat and Cotton. Our customers are raw material processors such as steel makers, flour mills and cotton spinning mills. The Australian cotton industry must focus on our customer's needs and exceed their expectations to maintain our market position.

Australian cotton is characterised by desirable fibre characteristics and low contamination. These attributes are beneficial to spinners and they are prepared to pay a premium for our product. Nations such as Brazil and India are catching up and our customers will not continue to pay a premium unless our cotton delivers tangible benefits to their business. We must diligently apply ourselves to producing the world's most spinnable bales. If our product is not differentiated in the market we will have to compete on price and this is a battle we cannot win.

## **Investment in infrastructure**

The rapid economic growth of the developing world has created exponential growth in demand for commodities such as coal and iron ore. The speed of the growth caught most mining companies off guard and the sector did not have the capacity to increase output. The lag in production growth has led to a rapid increase in industrial commodity prices and this trend has continued for a number of years. It is highly likely that the same pattern of increased demand growth and limited supply growth will lead to a fundamental shift in soft commodity prices too.

As agricultural exporters we are well positioned to take advantage of the global food and fibre demand growth situation. We have the skills, the land, the varieties and the knowledge necessary to capitalise on this opportunity. What we need now is significant infrastructure investment to make production growth possible.

The Australian Cotton industry needs to develop a strategy to attract managed funds and private equity to Agricultural infrastructure investment. This is because there is an abundance of capital held by these businesses and agricultural infrastructure presents a good long term return on investment. Potential projects include; new dams, water pipelines, rail and port facilities. By engaging the investment community Australian agriculture could have infrastructure in place at the beginning of the soft commodity boom and take full advantage.

We are constantly bombarded with pessimism at the moment and it is easy to feel that the end is nigh. We must never waiver from the belief that we will prevail against adversity and maintain a realistic sense of optimism. If we can improve our operational efficiency, exceed our customer's expectations and invest in our future our industry will prosper and regional communities will continue to be supported by Agriculture many years.