



QMAC 2003
Maximising Trade – Minimising Risk

***Dealing with Primary
and Secondary
Markets***

Richard Haire
Chief Executive Officer
Queensland Cotton



Background

- In Australia there are approx 1,500 cotton growers.
- Total Australian cotton growing area is approximately 500,000 hectares (70% in NSW, 30% in Qld).
- 30% of production is genetically modified.
- More than 20% of global cotton uses genetically engineered varieties.



Why GMO Cotton?

- Insect resistance the number one driver.
 - To minimise risk.
 - To promote sustainability.
 - To increase efficiency/productivity.
- Herbicide resistance is a secondary driver.
 - Primarily driven by efficiency.






Did the primary market (ie producers) respond?

- Absolutely.
- INGARD cotton has been commercially available since 1996.
- Strict protocol required, observed and policed.
- Since 2001 INGARD cotton has been grown on 30% of the Australian cotton growing area.
- In the 2002/03 season more than 95% of farmers planted INGARD cotton.





Has it achieved its objectives?

- Yes.
- Reduced insecticide sprays.
- Decreased resistance developed to conventional insecticides.
- Improved pest control efficiency.
- Increased survival of beneficial insects.
- Reduced water, soil and air contamination.
- Cost savings associated with reduced spray applications.



What about the markets for production?

Primary Product

- **Raw cotton**
 - 95% exported – primarily to Asia.
 - Total market acceptance.
 - No demand for segregation of genetically modified material.
 - Quality drives preferences.



What about the product?

Secondary Products

- **Cotton seed (10% of total farm gate value)**
 - 1 millions tonnes produced annually in Australia.
 - 40% processed for oil and meal.
 - 60% sold unprocessed.



What about the product?

Secondary Products

- **Cotton seed oil**
 - Refined and packaged locally.
 - Margarine and cooking oil.
- **Cotton seed meal**
 - Fed to local livestock (dairy and beef) industries.



Will it inhibit trade?

- Unlikely in markets for cotton lint.
- Potentially in cotton seed products.
- Markets will choose between science and politics.

*Science of the
environment*



*Politics of consumer
preference*

- Will environmental sustainability rate?



Minimising the risk of trade

- Production risk management benefits exceed market costs.
- Not what we use, it should be about how we use it.
- Australian industries Best Management Practice codifies our community responsibilities.

