BETTER COTTON INITIATIVE 2015 AUSTRALIA HARVEST REPORT

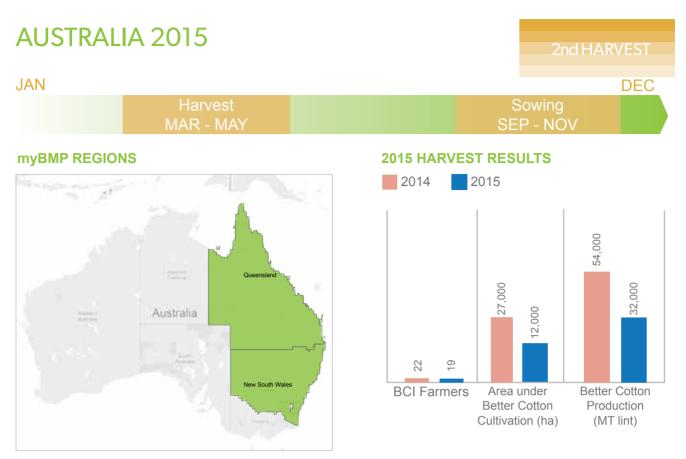


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During the 2015 harvest season, Australia's cotton farmers faced severe drought conditions in many areas, which impacted the amount of water available for irrigation. As a result, farmers planted on only 48% of the originally planned area (196,698 Ha. vs. 414,000 Ha.).

However, a combination of ideal growing conditions, good farm management practices and use of improved cotton seed varieties contributed to record yields up to 2950 kg (15 bales) per hectare and a total production of 499,400 MT (56% of the 2014 crop). Average yields set a record at 11.5 bales per hectare, up from the previous best of 10.1 bales.

RESULTS

The impact of seeing the national cotton crop halved from year-to-year was directly reflected in the reduced volume of Better Cotton produced.

Fewer farms produced Better Cotton (19 vs. 22) reflecting the challenging start to the season. Better Cotton grown in 2015 represented 6.4% of Australian production, a similar proportion to 2014 (6.3%).

SUSTAINABILITY CHALLENGES

Conditions leading up to the 2016 season remain challenging with continued water shortages, however, a weakening El Niño and warm sea surface temperatures surrounding much of Australia may bring higher rainfall and an improved outlook for cotton in 2017.

During the last year, Cotton Australia placed a strong focus on addressing Health and Safety issues in the industry and workshops were conducted in all cotton regions. The industry is working towards safer farms and zero harm.



Cotton planted directly in stubble to improve soil health

LOOKING AHEAD

The 2016 cotton area is expected to be up 37% from 2015 to 270,000 ha.

A significant expansion of the myBMP program during 2015 has resulted in 70% of Australian cotton farms now being involved. The number of certified myBMP farms, all of whom are eligible to opt-in to Better Cotton, increased by over 30% to represent 8% of the industry. More than 10% of the industry will be myBMP certified by December 2016, and most of these farms are expected to produce Better Cotton in 2017. Cotton Australia and BCI share a common vision of driving a significant increase in the number of certified myBMP/Better Cotton farms during the coming years.

"Through the myBMP program, we've reduced our reliance on pesticides by 95% in the last 15 years and just this last season I only sprayed for insects once, with a very soft control option."

> Mike Carberry, grower Narrabri, NSW





