



MERCED FARMING PTY. LTD.

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24/09/2015

ATTN: John Rouw
Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Mr Rouw,

Re: A91505 Cotton Shippers - Submission

For your information, Merced Farming is located at Wee Waa, NSW where we grow several crops and raise sheep and cattle. Weather providing we are capable of producing around 20,000 bales of cotton per annum.

We are aware of and have read the application by the Australian Cotton Shippers Association to the Australian Competition and Consumer Commission to move to HVI (objective) classing of cotton for colour and leaf contamination. We can only find cause to support the application.

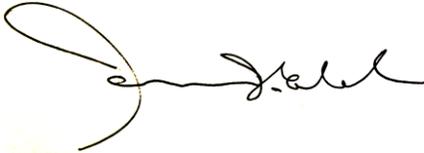
Given an orderly transition, including the application of altered Merchant offered Premiums & Discounts Sheets for quality, the progression to objective (HVI) measurement will not diminish competition in the market place. During a trip in September this year throughout the cotton regions of the United States, where they have already progressed to totally objective (HVI) measurement of all fibre characteristics, there was no evidence of dissatisfaction amongst either growers or merchants as to its reliability or competitive nature.

Until this year the Australian Cotton industry has been forced to utilise the US based cotton futures contract for hedging our production. This contract for many years has not reflected the quality of Australian cotton. The new World cotton futures contract which will commence trading later this year will be a significant advancement in marketing Australian cotton. It has been made known that a prerequisite of trading this contract will be that cotton traded against it will be classed by totally objective measurements. Effectively it is only a matter of time before total HVI classing is introduced to the Australian Cotton industry for its own benefit.

So, we will be intending to head to HVI classing to support our hedging activities in any case. There is no better time than the present to introduce this to the industry to deliver a competitive transition, with a small crop forecast and approx 16 merchants to compete for those bales.

Thank you for considering our submission.

Regards,

A handwritten signature in black ink, appearing to read 'James Kahl', with a large, sweeping initial 'J'.

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A handwritten signature in black ink, appearing to read 'Daniel Kahl', with a large, stylized initial 'D'.

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