

To market, to market

By Eimear McDonagh, Australian Cotton Shippers Association

Merchants are gearing up for another big season - one bigger than many had anticipated six months ago. In addition to the day to day buying, selling and the management of handling another big crop, ACSA Members are also preparing for international visits to promote Australian cotton in key markets.

In the midst of these export market development visits, is the whirlwind trip to the newer growing regions in the Northern Territory and Western Australia organised by Pete Johnson. These new regions are exciting and propose some interesting challenges for merchants and the industry at large. Whether it be around the timing of the crop, quality, the management of physical cotton flow and associated data, to export logistics, all concerns to be identified and solutions to problems found that fit these unique new growing regions.

With a gin operational in the north in 2024, attention is now turned on how to best take advantage of what the Port of Darwin offers. In support of finding solutions, ACSA has established a committee of experienced members to interact with supply chain providers and bring much needed knowledge to the area. We will be working with pre and post farm gate sectors to inform all participants of what will be required to achieve successful physical movement and timely and cost-effective exports from the north. ACSA is uniquely positioned to provide this support and we look forward to bringing supply chain players together to work towards success.

At the time of writing, ACSA has literally landed in Beijing ahead of a five-day visit encompassing the cities of Beijing, Qingdao and Shanghai. This is a market we have not visited since 2019 - pre-Covid and a market that has had a soft ban on the import of Australian cotton since the end of 2020. A recent relaxing of this soft ban has seen ACSA Members tentatively selling to China in recent months. We view this as an extremely positive move and one that gives confidence to renew long held relationships with Chinese buyers.

China has been a very important buyer of Australian cotton for almost 20 years and having the ability to visit face to face as merchants, allows us the opportunity to update spinners and continue to tell the positive story of Australian cotton.

Further travel is planned with a visit to Bangladesh planned for May. This has been an increasingly important market for Australian cotton and along with Vietnam, has evolved to a market that continues to have potential for further growth. It is not a country without its challenges. The readymade garment sector (RMG) is a major source of revenue for the nation and with recent elections now over and a government grappling with managing international relations, it is critical for ACSA Members to understand what is happening in-country and to identify risks and opportunities for our cotton going into that market.

No doubt there will be discussions on sustainability and traceability from the spinners there, many of whom are vertically integrated to garment production. The latest EU Green Deal legislation came into effect in January this year and will directly impact this market. Retailers and brands are requiring extensive amounts of data to defend sustainability claims made in order to adhere to this new legislation. The financial impact of not adhering is substantial.

As an industry we are working on the implications of data collection, management and dissemination. It has been on our radar for a while, but as this EU legislation comes into force we

will be directly impacted by the requirements of retailers. To this end, ACSA, CRDC and Cotton Australia are working to develop the necessary infrastructure and protocols around this pressing issue of data. There are very positive long-term outcomes to this project and we are excited at the work already undertaken and look forward to working with these industry bodies to future proof our industry.

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