



ACSA

AUSTRALIAN COTTON SHIPPERS ASSOCIATION

MARKET REPORT - MARCH 2025

WELCOME

Unpredictable. As I sit down to write the introduction to this month's newsletter, that word certainly seems the most apt to describe the current situation. No matter where we look there is so much unpredictability, none more than in the USA which has kicked off a global tariff war that no-one knows how it is going to play out. Indeed, this dynamic is influencing everything and is the overriding factor for all traders, be they in financial, equity or commodity markets. It is impossible to predict what the next announcement will be. In our cotton market the unpredictability is the weather and having just experienced a cyclone, who knows what is going to happen in the next few crucial weeks.

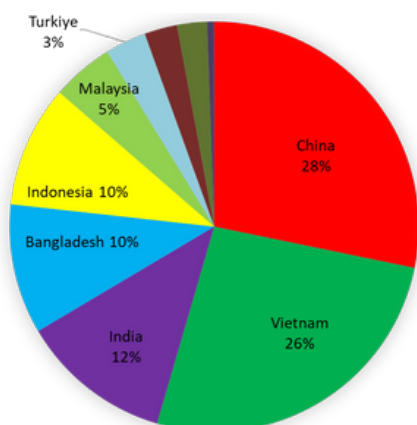
Recently ICE cotton futures hit new lows at the bottom end of the sixty cent range and the question now is if we have seen the lows for this season and that will depend on whether the record speculative short position holds or decides to take profits. As the old saying goes "nothing cures low prices like low prices" and you sense that this may be happening.

Demand picked up considerably on the big break in prices as spinners viewed levels as attractive, buying not just nearby but also forward shipments. We have not seen this volume of forward purchases for quite some time.

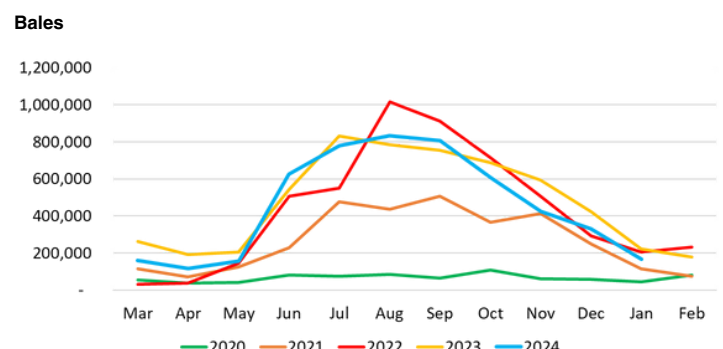
Business for Australia has been active with our main markets China, Vietnam, Indonesia and Bangladesh all buying. It would appear that the early shipments of May/June have for the most part been filled and offers now are typically for July forward. As we enter the crucial period for our 2025 crop, everyone is watching the weather as we are going to need the quality plus the early movement of this crop.

Cliff White
Chair

AUSTRALIAN COTTON EXPORTS 2024 SEASON YTD SHIPMENTS - to Jan 2025



HISTORICAL SHIPPING PACE



IS BETTER COTTON GETTING BETTER?

By Arthur Spellson

Better Cotton is undergoing significant changes to its program and this will impact how Better Cotton will be traded moving forward.

As the world's largest cotton sustainability program, Better Cotton accounted for 5.47 million metric tons (25 million bales) of cotton in 2024, representing 22% of global production. This cotton was grown by 2.13 million licensed farmers across 22 countries, including Australia, which produced 381,000 MT (1.4 million bales) of Better Cotton - nearly 32% of Australia's total production.

What's Changing?

The most significant shift is Better Cotton's transition to a full certification scheme. Going forward, all claims about Better Cotton will require third-party verification and must meet stricter sustainability labelling standards. Until now, Better Cotton has been largely self-governed but increasing concerns about greenwashing have driven the need for independent oversight.

Impact on Australian Farmers & Merchants

For Australian growers, this change will have minimal direct impact, aside from Cotton Australia needing to implement third-party audits to oversee certification.

For merchants, however, certification will be required for them to trade physical Better Cotton and they will need to segregate Better Cotton certified bales.

While this shift introduces operational changes and added costs, it also strengthens Better Cotton's credibility by ensuring a more transparent and verifiable cotton supply chain.

Stricter Labelling Rules for Better Cotton

Along with the changes to traceability, Better Cotton is introducing changes to the way brands can promote their support of Better Cotton. Many brands and retailers have traditionally used swing tags stating they "support" or "partner with" Better Cotton. However, due to the current points based system, these tags have never been permitted to claim that a product contains Better Cotton - because brands couldn't guarantee their products actually included Better Cotton.

With increasing scrutiny around greenwashing, Better Cotton is introducing stricter labelling rules. From May 2026, only brands using physical traceability will be allowed to apply a Better Cotton label to their products. This is a significant shift that will facilitate full traceability, ensuring that any Better Cotton claim is backed by verifiable sourcing.

Is Better Cotton Getting Better?

The short answer is yes. Better Cotton had to make these changes to stay relevant and maintain demand. By transitioning to a certification model and offering physical traceability, Better Cotton is rebuilding confidence and better aligning with the needs of brands and retailers.

Why These Changes Could Benefit Australian Growers

1. Australia is already set up for this transition. Our existing processes ensures that cotton from farm to export can be identified, meaning we can adopt physical traceability without significant changes.
2. Australia has competitive advantages over the US and Brazil. US growers are more focused on their own sustainability program, the US Cotton Trust Protocol, with little support for Better Cotton.

Brazil won't roll out physical traceability until later this year, so we have the jump on Brazil being able to offer physical Better Cotton from our 2025 crop.
3. We know there is increasing demand for Australian cotton due to our environmental credentials. Physical traceability means users of Better Cotton can demand 100% Australian Better Cotton with a traceability system to back it up.

It is hoped this combination of changes will reinvigorate demand for Better Cotton. Brandowner demands have been met and hopefully this will translate into support.

Whether physical Better Cotton commands a price premium will ultimately be determined by the market. Regardless of premiums, market access is invaluable and in fact critical. These changes ensure that Australian cotton remains competitive and well-positioned to meet the growing demand for sustainably produced and traceable cotton.



MEET YOUR SUPPLY CHAIN PARTNER

ADM Trading Australia Pty Ltd is a wholly owned subsidiary of Archer Daniels Midland Company. ADM was established in 1902 and was listed on the New York Stock Exchange in 1924. Over the past 122 years ADM has transformed from a regional linseed oil business to a global leader in human and animal nutrition and the world's premier agricultural origination and processing company.



ADM commenced Australian operations in 1991 and now employs over 100 staff, originating and marketing: cotton, wheat, barley, canola, pulses, sorghum and stockfeed from all over Australia and services both domestic and international customers. ADM's Human and Animal Nutrition business has an extensive footprint in both Australia and New Zealand, with sales offices in Sydney, Melbourne, and Auckland.

Additional expansion saw ADM enter the global cotton business in Brazil in 2009 before expanding operations to the USA and China. In a relatively short time, ADM has established itself as a significant participant in the global cotton trade and is committed to further expanding its global cotton business. ADM looks forward to working with sellers and buyers of Australian cotton in the same way it has worked with farmers and buyers all over the world for more than a century, establishing long term relationships built on trust and mutual benefit.

ADM facts:

- Operates in more than 200 countries
- More than 700 commodity handling facilities
- 345 food and feed processing locations
- 67 Innovation Centres
- 440 crop procurement locations
- Employs more than 40,000 people world-wide.

[Click here to update your details](#)



CONTACT

www.austcottonshippers.com.au

Jules Willis | ceo@austcottonshippers.com.au | +61 404 392 311

