

By Matthew Bradd, Australian Cotton Shippers Association

2022 was one of our largest crops on record and even with the perfect storm of seasonal and logistical issues shippers managed to export 4.8 million bales during the year. With peak shipping of 2022 season cotton past, we take the opportunity to provide a deep dive into our export markets. So who is buying Australian cotton?

Vietnam

Australia and Vietnam are celebrating 50 years of trade and the numbers back the claim they are currently Australia's biggest trading partner for Australian cotton fibre. Boasting an impressive import market share of 39% (1.8 million bales), this is a significant amount of cotton when one thinks about the fact that Australian cotton production average is around 2.1 million bales.

ATMAC funded Export Marketing Consultant Rob Cairns has been working with our industry, Austrade and the Federal Government to promote and grow Australia's relationship with this extremely important market – part of an overall plan in diversifying markets to reduce the risk of basis price volatility and provide stability to Australian cotton growers. Through this program, the Australian Cotton Shippers Association is exploring opportunities to promote Australian cotton in different ways. One of those areas being considered is involvement in Vietnam International Fashion Week, showcasing garments made of Australian cotton.

Another endeavour ACSA is considering is the provision of technical knowledge and support for Vietnam spinners – essentially providing the know-how to get the most out of spinning and dyeing Australian cotton fibre. The end goal of these initiatives is to become more relevant to spinners in Vietnam – and become more embedded in their supply chain and end-products to help shore up consumption of Australian cotton in years to come.

Vietnam provides us with the in-country market diversification the ATMAC program strives to achieve as well. In Vietnam, Chinese spinners make up around 48% of consumption, Taiwan spinners 7% and Korean 2% with 42% of the market being domestic spinning. This past year the Australian industry engaged with more domestically owned and operated spinning mills who are smaller in nature and individually import 40-100,000 bales annually but represent an important component of that market.

Indonesia

Indonesia is Australian cotton's second largest customer. Indonesia has long been an important trading partner of Australian cotton and held number one ranking until 2005 when China arrived on the scene and overtook Indonesia to become our largest customer. Regardless of the ranking, Indonesia has consistently remained a big buyer of Australian cotton.

This past year Indonesia maintained its position importing 558,000 bales (12%) of the Australian cotton crop. Logistically, Indonesia is our closest trading partner with transit

times being only 10-14 days. Indonesian mills like to purchase forward and in the spot market and naturally was our first-in-market visit as international borders opened up.

One of Indonesia's largest buyers of Australian cotton has been invited to participate in Camp Cotton in May 2023 to meet with industry, visit our farms and gins in Narrabri and engage with brands and retailers. Six spinners from key markets will participate in the upcoming Camp Cotton – joining 50 other supply chain partners in this showcase event.

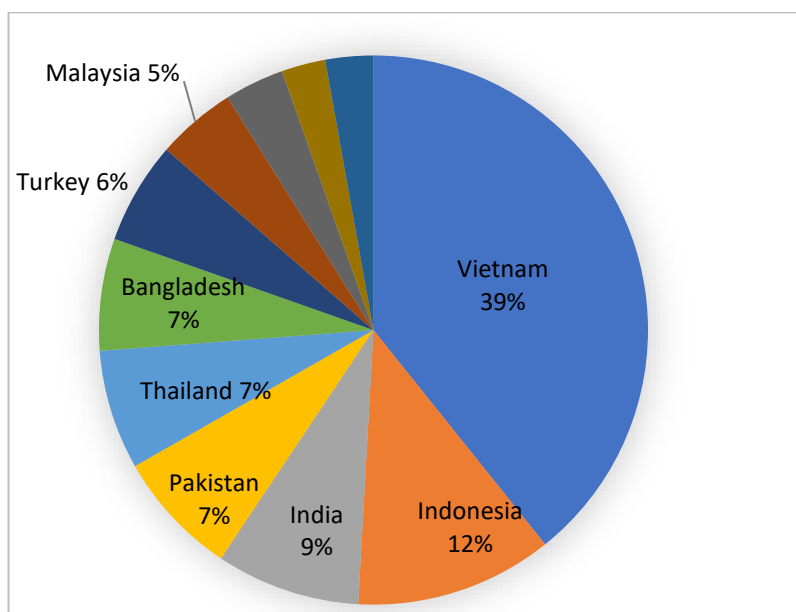
In March ACSA will return to Indonesia to fly the flag and promote and enhance our market share there. We intend to work with Austrade to link up Indonesian fashion brands and tell the great story of Australian cotton beyond the spinning level.

India

India and Australia have exciting news with Australia-India Economic Cooperation & Trade Agreement in place and providing immediate duty free access within a quota of 300,000 bales per year. Australian merchants have been allocated their quota and are already selling and exporting cotton under this agreement. India already boasts an impressive 9% market share importing over 400,000 bales in 2022.

Once considered a more opportunistic market for Australian cotton, we hope with this duty free access quota India will become a more regular destination for Australian cotton. ACSA plans to visit India later this year to celebrate this agreement and promote Australian cotton to spinning clients in the northern city of Ludhiana, central Mumbai and to the south, Coimbatore.

Export destinations of Australian Cotton
(export period YTD March 1, 2022 – December 31, 2022)
Source : ABARE



Ends