



ACSA

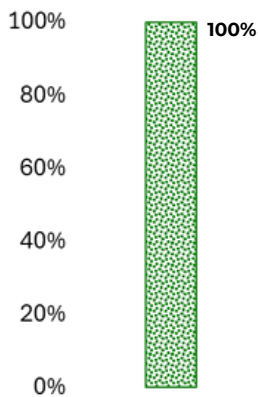
AUSTRALIAN COTTON SHIPPERS ASSOCIATION

MARKET REPORT - SEPTEMBER 2024

CROP UPDATE

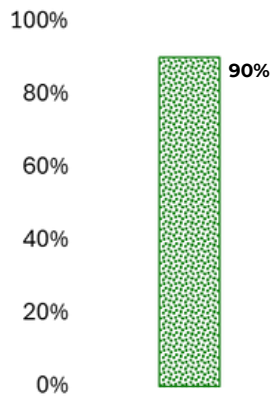
- Most gins have finished for the season with a few continuing into October and November
- Due to the long ginning season the crop will continue to be shipped into early 2025
- Official statistics show strong exports in July, and we expect similar volumes to be reported for August and September
- There has been some improvement in crop planting prospects for 2025 due to rainfall received

HARVEST PROGRESS



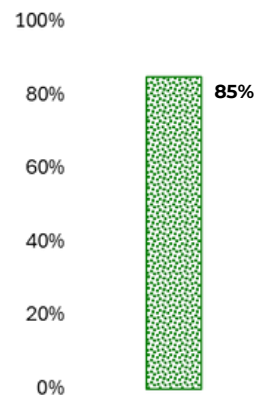
Source : Data from industry estimates

GINNING PROGRESS



Source : Data from industry estimates

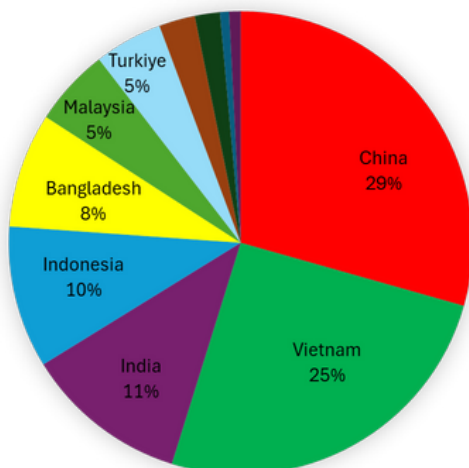
CLASSING PROGRESS



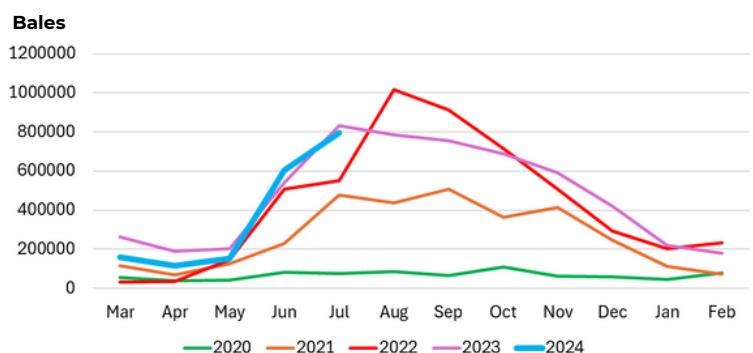
Source : Data from industry estimates

AUSTRALIAN COTTON EXPORTS

2024 SEASON YTD SHIPMENTS - to July 31, 2024



HISTORICAL SHIPPING PACE





EU LEGISLATION COULD IMPACT DEMAND FOR COTTON

Recently, ACSA's attention has turned to environmental credentials and the European Union's (EU) proposed legislation which will assess the environmental impact of products across their entire lifecycle through the Product Environmental Footprint (PEF).

The PEF methodology as it stands has notable gaps. It overlooks critical factors like microplastics and plastic waste, fails to fully account for the environmental cost of

fossil-fuel based fibres, the impacts of fast fashion, and does not adequately reflect the positive environmental qualities of natural fibres like cotton, which are renewable, recyclable and biodegradable.

If left unchanged, the current PEF methodology could result in man-made fibres being rated as more sustainable than natural fibres. This rating system would be displayed on the labels of all fashion and textile products across the EU, the world's largest consumer market for these goods. Such a shift would likely trigger a sharp decline in demand for cotton and other natural fibres, potentially leading to a global preference for synthetic fibres. The impact on the cotton industry could be devastating, with severe economic consequences, including job losses and disruption in rural economies that rely on cotton farming. Cotton cultivation supports millions of subsistence farmers in developing countries, many of whom depend on it for their livelihoods. A significant drop in cotton demand would threaten their economic stability and risk deepening poverty in these regions.

This issue, however, is not new. Australian Wool Innovation and The Woolmark Company have been at the forefront of lobbying the EU to refine the PEF methodology through their "Make the Label Count" (MTLC) campaign, with integral support from Cotton Australia who have been driving this agenda from inception and are MTLC founding Coalition Members.

The goal of the MTLC campaign is to collaborate with the European Commission to improve the PEF methodology before it is implemented in the EU market, ensuring that natural fibres like cotton are not unfairly rated due to incomplete or inaccurate data.

Launched in 2021, the MTLC campaign has already influenced some positive changes, including the removal of the PEF from the Commission's initial proposals. The EU Trialogue (key institutions the European Commission, the European Parliament, and the Council of the European Union that negotiate and finalise legislation) will resume discussions in September, so the work is far from over – and adding to the complexity, the Fast Fashion sector poses a significant challenge, with its deep pockets and strong connections in EU policy circles.

Despite these challenges, there is reason for optimism. As the EU welcomes new members, the advocacy effort will need to adapt to engage these fresh decision-makers. Around 60 per cent of EU members are new, with a new negotiations team for the Trialogue – both offering an opportunity to reshape conversations and drive meaningful change. Previous advocacy efforts have laid the groundwork, and now it's time to ensure these discussions filter through to policymakers.

ACSA is considering how it might contribute to this campaign as this is the last effort to influence the outcome of the Trialogue and ensure the cotton industry is not negatively impacted by this new legislation. If you are interested in finding out more, please go to makethelabelcount.org or reach out to ACSA.



MEET YOUR SUPPLY CHAIN PARTNER

Every month we will highlight one of our Members or supply chain partners and this month we will put the spotlight on ECOM – a world leading soft commodity services group specialising in cotton, coffee and cocoa.



ECOM Cotton has been operating for more than 170 years, and cotton is an integral part of the history of ECOM. With humble beginning in the USA and first offices in New York and Savannah, the company expanded into New Orleans, Brazil, Dallas and Mexico. ECOM currently sources cotton from 13 countries including Australia, and trades more than 2.7 million bales of raw cotton across 36 countries. They employ more than 6,000 people across 40 countries.

ECOM Cotton Australia is part of the global business and is led by Managing Director Matthew Bradd from their head office in Sydney. They trade around 10% of Australia's market share and the role of the Australian team is to secure supply and trade cotton under my Best Management Practices (myBMP) and Better Cotton (BC) certifications.

The team of 15 staff operate across Australia, India, China, Vietnam, and Indonesia. They focus on building solid long-term relationships with Australian farmers, agents, and textile mills around the world by forging mutual reliability and trust – resulting in healthy, repeat business.

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