



**INTERNATIONAL
COTTON
ADVISORY
COMMITTEE**

SEPTEMBER 2024

WORLD COTTON TRADE

2023/24:

Global cotton lint
exports increased by 18.2%
to reach 9.9 million tonnes

VARIABLES

Stabilized global
markets, reduced inflation
and continued growth in
global cotton demand

TRADE BY COUNTRY

In the 2023/24 season, for the
very first time ever, world
exports were led by Brazil
China remained the leading
importer.



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Trade story of the 2023/24 season

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PREFACE

This year's cotton lint trade report provides a recap of the 2023/24 season and country-level analysis of leading exporters and importers, along with a discussion of major trade agreements and future trade projections.

In August 2020, the ICAC launched its Data Dashboard, a single stop for all cotton data needs. Since the Dashboard provides up-to-date information on cotton trade for all cotton-trading countries, ICAC moved away from publishing Excel sheets in the trade reports. However, this report includes an analysis of variables that affected the cotton trade last season and those that have the potential to impact future trade. We hope you enjoy reading this report. We welcome comments and suggestions from you at Parkhi@icac

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SEASON RECAP

The 2023/24 season started with global production outpacing global consumption and some news of negative weather impacts experienced in leading cotton producing countries. For the rest of the 2023 calendar year, global production continued to outpace global consumption. However, there was growth in cotton demand from almost all the leading consuming countries.

In early 2024, the industry faced another supply chain issue with the Red Sea attacks that disrupted global trade and along with it cotton trade. The cotton trade between Egypt and India was severely impacted. The industry witnessed an increase in shipping costs, diversion of shipping consignments, and increased delivery times.

For the rest of the 2023/24 season, global markets stabilized with the successful reduction of inflation in many large countries. This stimulated continued growth in the global cotton demand and cotton exports. As a result, by the end of the season, global consumption continued to outpace production, reversing a situation where the production was greater than consumption. Global consumption increased by 5.67% to reach 24.98 million tonnes; global trade increased by 18.2% to reach 9.9 million tonnes.





Recap of 2023/24 season

By January 2024
Growth in cotton demand
The industry faced another
supply chain issue with the Red
Sea Attacks in early 2024

February-July 2024
Global markets stabilized,
reduction in inflation and
continued growth in the
global cotton demand



August 2023
Global production > consumption
Negative weather impacts in almost
all the major cotton producing
countries

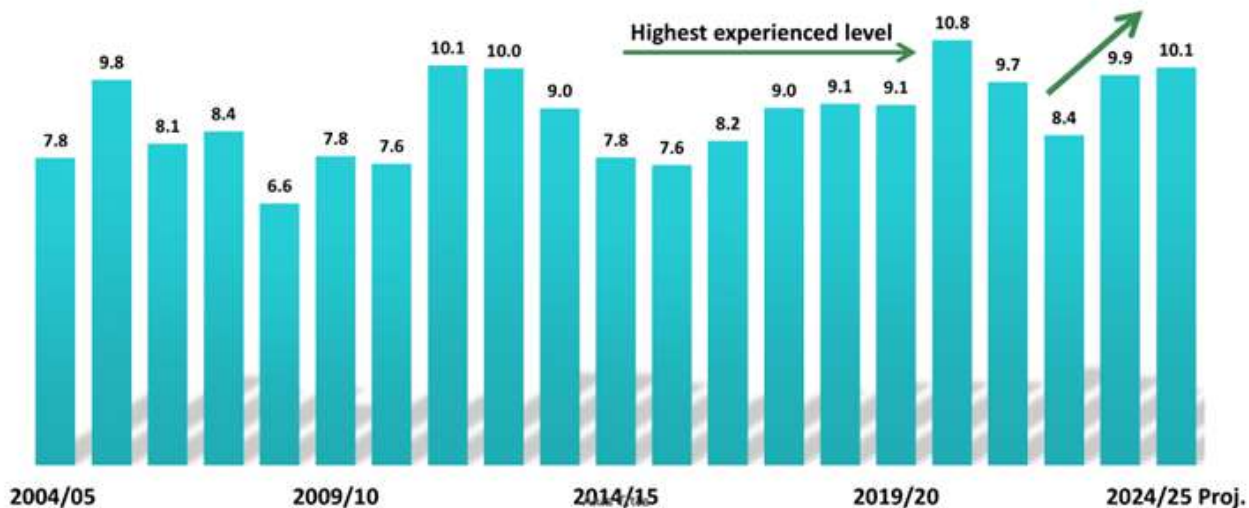
2023/24 estimates
Global consumption > production
World Consumption at 24.9 MT
World Trade at 9.9 MT



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Cotton lint export trend

MILLION MT



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WORLD LEVELS

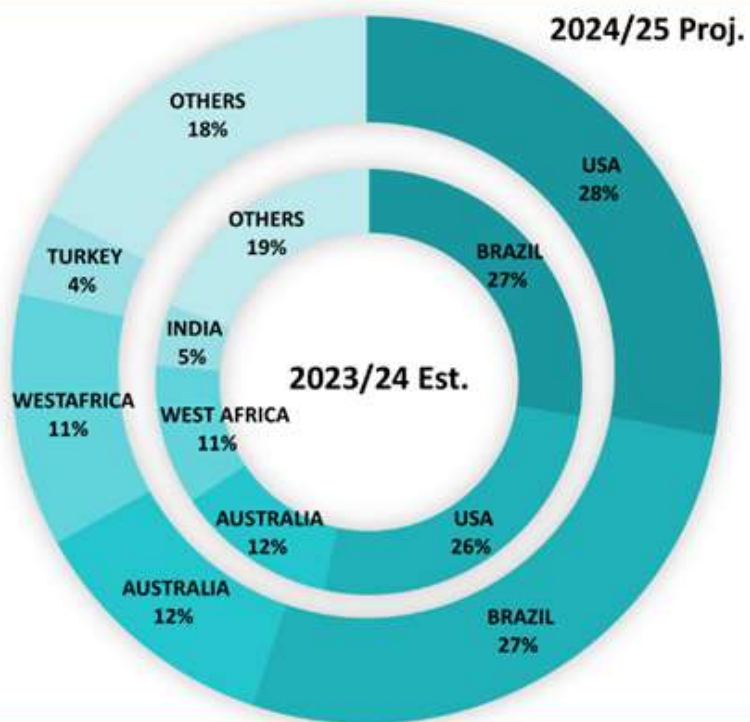
After declining in the previous two seasons, world cotton lint exports revived and increased by 18.2 % in 2023/24 to reach 9.9 million tonnes, highest in the last three seasons and the fourth highest world exports on record.

While global cotton lint production in the same season decreased by 1.2%, the rise in exports was supplied by the higher ending stocks from the previous season. The major reason for increased exports was growing demand for cotton, primarily from China, world's largest importer of cotton. In 2023/24, China increased its imports by 118% to restock its reserves and meet its mill use demand. China remains the largest trading partner for Brazil and USA and was the second largest trading partner of Australia in the same season — those are the three largest cotton exporters in the world. Apart from China, there was also increased demand from Bangladesh and Vietnam, the next two largest cotton lint importers. After the declining demand for cotton in the previous two seasons from China, Bangladesh, and Vietnam, 2023/24 was a welcome recovery for international cotton lint trade.

Trade is also a function of seasonality, which impacts the level of exports over the course of a year. Two of the three largest producers of cotton in the world, Brazil and Australia, harvest their cotton crop in early April — for Australia it's March to June; for Brazil, it's June to August — therefore their production in one season is often reflected in their exports during the next season.

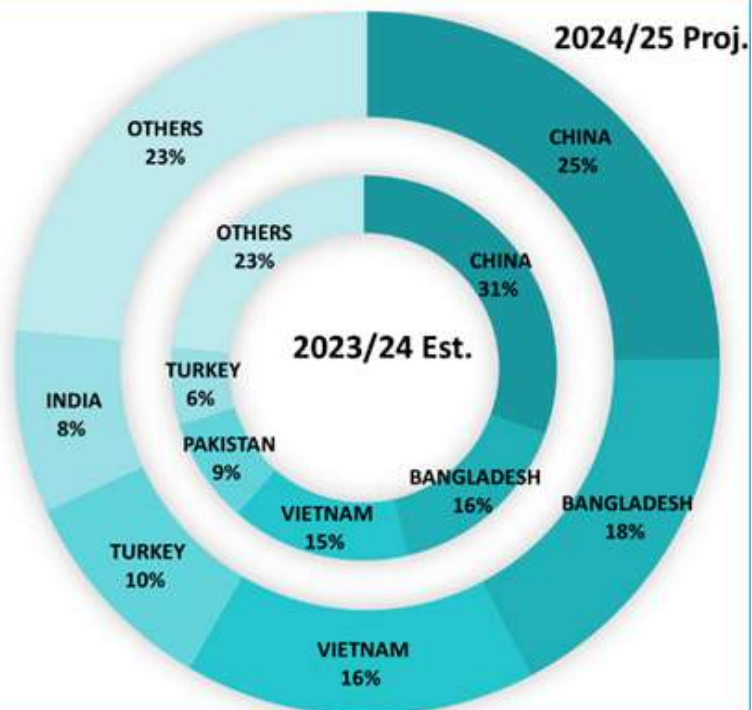


Leading cotton lint exporters



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Leading cotton lint importers



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In the 2023/24 season, for the very first time ever, world exports were led by Brazil (comprising around 27% of total global cotton exports), followed by the USA (comprising 26%) and (Australia comprising 12%), followed by the West Africa region, India, and Turkey. These six together comprise around 85% of total global exports. For 2024/25, we currently project a continuation of these exports, with the world's leading exporters remaining the same.

The USA may become the world's leading exporter again, provided it experiences a good production season and healthy cotton demand continues. However, US production is vulnerable to unfavorable weather, especially in the cotton belt in Texas where the absence of moisture can inhibit production.

In the same season, imports were led by China comprising 31% of total global imports, followed by Bangladesh with 16%, Vietnam with 15%, Pakistan, Türkiye, and Indonesia. Together they comprise 82% of total global imports. Currently, it is projected that the global leading importers will remain the same in 2024/25 and China will remain as the largest importer.

Demand will continue to play a very important role in defining the cotton trade in the next season. If there is high production without an equivalent and proportionate increase in demand, this could pressure international cotton prices downward and increase the world ending stocks to record levels.

EXPORT BY COUNTRY





BRAZIL

In the 2023/24 season, for the first time ever, Brazil replaced the US to become the world's largest cotton lint exporter, exporting 2.7 million tonnes of cotton, 86% higher than the previous season. Brazil harvested its biggest crop so far in the 2023/24 season, amounting to around 3.2 million tonnes. Since it produces primarily for export purposes, this was reflected accurately in its level of exports.

Major reasons for the extraordinary increase in Brazil's exports include the rapid expansion in its production to record levels in the 2023/24 season, increased market access in consuming countries by hosting multiple workshops and entering into MOUs and trade agreements with trading partners. These developments unfolded as a smaller US crop size in the same season reduced US cotton supply to consuming countries. Another factor that worked in Brazil's favor was its comparative advantage in terms of price; a weaker domestic currency made its exports cheaper in the international market. While Brazil faces significant bottlenecks in logistics at its main exporting port of Santo, there is major investment ongoing in improving its port infrastructure and logistics capabilities, which will likely support increasingly efficient export operations in the future.

These supply factors from Brazil were matched perfectly by an increase in demand for cotton from China. In terms of exports by country, China was the largest export destination for Brazilian cotton. Currently, it is projected that Brazil will continue to increase its cotton lint exports next season, approximately by 4%, to reach 2.8 million tonnes. The only scenarios that may affect Brazil's exports next season are a reduction in global cotton demand, primarily from China, as it remains Brazil's largest importing partner. There is also the possibility of increased competition from the United States if its crop is large.



BRAZIL-CHINA

The 2023/24 season saw a 203% increase in Brazil's exports to China, comprising almost 50% of its total export basket. Initially, Brazil became a major beneficiary of the tariff escalation between the USA and China and was able to increase exports to China sharply in the 2018/19 and 2019/20 seasons. In the following season, the US-China trade deal came into force that slowed this increase. As a result, in the 2020/21 season, Brazil maintained its share of about 30%. To deepen their ties, the China National Cotton Exchange (CNCE) and the Brazilian Association of Cotton Producers (ABRAPA) signed a formal MOU in June 2021. Brazil and China also signed 15 bilateral agreements in April 2023, including trade in agriculture, that are expected to have a positive impact on the cotton trade between the two countries. In March 2023, China and Brazil reportedly reached a deal to trade in their own currencies, ditching the US dollar as an intermediary. The long-term effects of this change remain unclear.

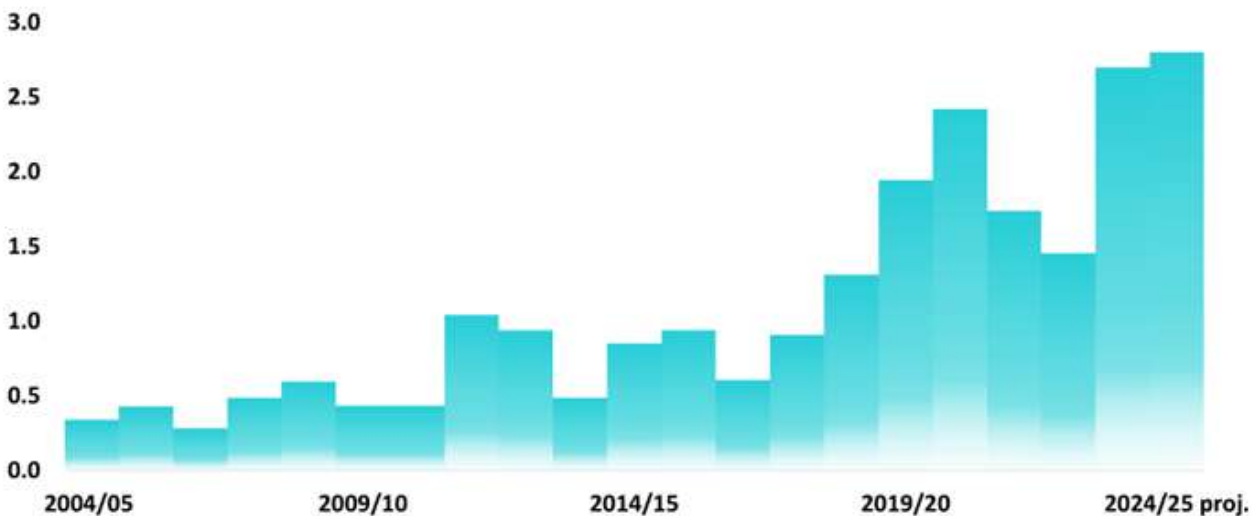
OTHERS

Brazil's exports to Vietnam increased by 89% compared to the previous season, making it Brazil's second-largest importing destination, comprising 15% of the total export basket of Brazil. Vietnam was followed by Bangladesh as the third-largest exporting destination for Brazil, comprising 11% of Brazil's total cotton exports. Exports to Bangladesh increased in the season by 17%, and in February 2024, ABRAPA supported Cotton Brazil's 2024 trade mission agenda in Bangladesh, in partnership with the National Cotton Shippers Association (ANEA) and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil), to further increase Brazil's market share in Bangladesh.



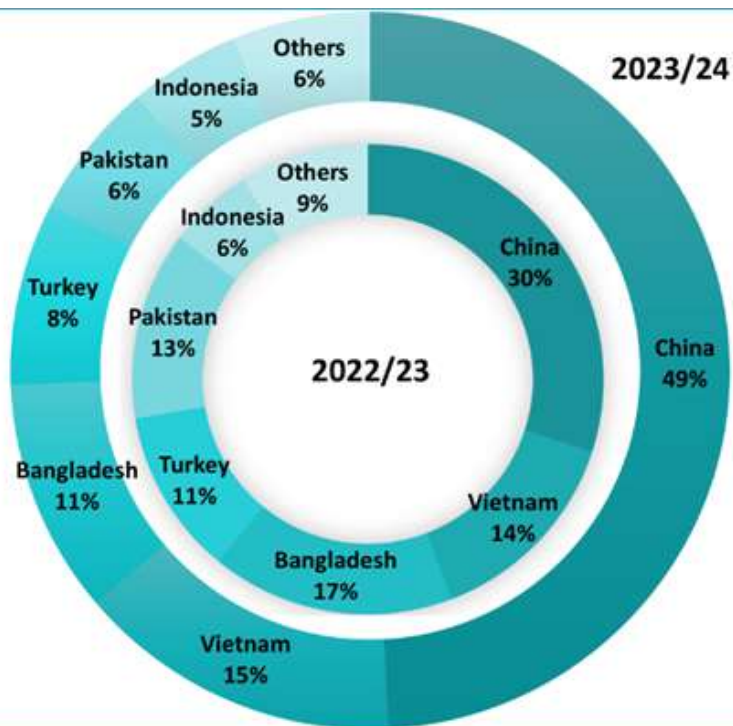
Brazil cotton lint export trend

MILLION MT



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Brazil Cotton lint exports by country



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USA

U.S. exports for the 2023/24 season were 8% lower than the previous season at 2.5 million tonnes. The United States has been experiencing fluctuating production in the last few seasons. Due to extreme weather conditions, production fell in the 2020/21 season, increased in 2021/22, and has fallen again in the last two seasons.

The U.S. primarily produces cotton for the purpose of exports, and in 2023/24 extreme weather conditions reduced production by 17%, directly impacting its trade. As a result of low production, this season, for the first time, the U.S. was replaced by Brazil as the world's largest cotton lint exporter. This was the first time any country displaced the US since 1992/93 when Uzbekistan briefly took the lead. As it faces a weather-related shortfall, the U.S. is also facing intensifying competition from other leading exporters like Brazil and Australia. The comparatively high value of the U.S. dollar also makes U.S. exports more expensive in the international market.

US-CHINA

China remains the USA's largest trading partner in cotton, comprising around 40% of the USA's total export basket. Exports to China increased by 46% compared to the previous season, mainly due to the increase in demand from China. In terms of trade agreements and tariffs, there are no applied tariffs for exports to China until the TRQ quantity limit is reached; beyond that, a 40% tariff is applied. The U.S.-China Phase One Economic and Trade Agreement, including trade in cotton, ended in December 2021. Further, the USA imposed the Uyghur Forced Labor Prevention Act (UFLPA) in June 2022. The UFLPA gives U.S. authorities increased powers to block imports of goods linked to forced labor in China. The costs of due diligence to comply with the UFLPA have made it more challenging for China to sell cotton clothing to the USA.



US-PAKISTAN

Pakistan remained the USA's second-largest trading partner in cotton, comprising around 11% of its total export basket. The U.S. trades with Pakistan under the MFN clause and enjoys duty-free and quota-free access. Falling production and increasing consumption demand from Pakistan in the last few seasons have made Pakistan the leading cotton lint importer in the world.

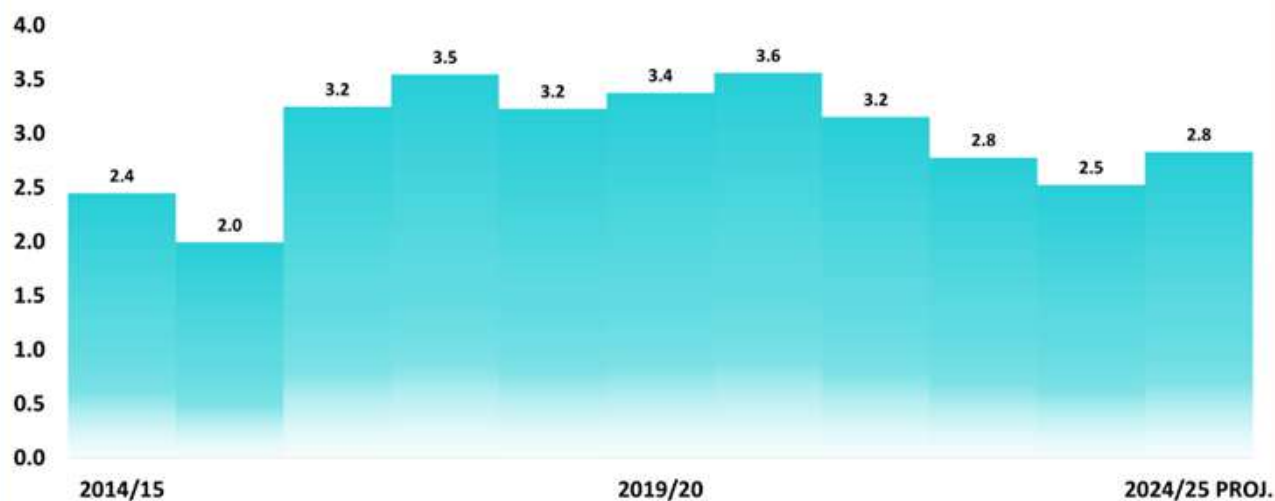
OTHERS

In terms of U.S. cotton exports by partner, China and Pakistan were followed by Vietnam, Turkey, Bangladesh, and Mexico, respectively. The U.S. and Vietnam have a bilateral trade agreement, and cotton is the second-largest exported product from the U.S. to Vietnam. U.S. cotton exports to Turkey were lower than in the previous season; however, it comprised around 8% of the USA's cotton export basket. The government of Turkey had also removed the 3% anti-dumping duty imposed on U.S. cotton in April 2021. Cotton is also the second-largest exported product from the U.S. to Bangladesh. In May 2023, Bangladesh lifted its 50-year-old fumigation requirement for U.S. cotton lint imports at the port of entry. The requirement was set in place to protect locally grown cotton from possible boll weevil infestation. Eventually, this practice was deemed unnecessary because of mitigation measures taken by the U.S. prior to export to eliminate any presence of the pest in larval or adult form. This gives U.S. cotton exporters an opportunity to expand market share into Bangladesh.



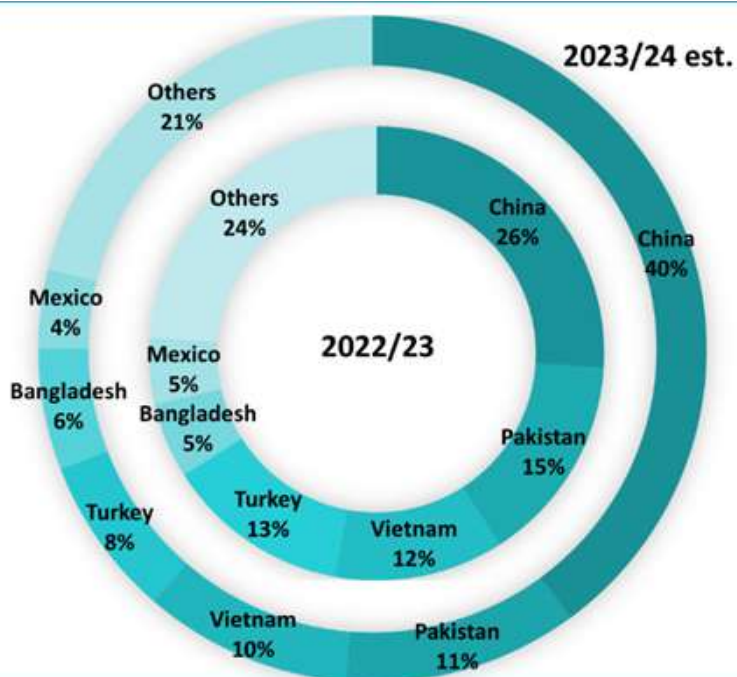
US cotton lint export trend

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US Cotton lint exports by country



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AUSTRALIA

Australia's cotton production primarily oriented to exports. In the 2023/24 season, Australia's cotton production was 18% lower because of weather, negatively impacting exports, which were 12% lower at 1.19 million tonnes. Although lower than the previous season, it is the third-highest level of exports from Australia. Australia was also the third-largest cotton lint exporting country in the world. Its comparative advantage in price and close geographical proximity to the consuming countries provides easy market access for its exports. It is projected that in the 2024/25 season, Australia's production will be 8% higher, which will likely increase its exports.

AUSTRALIA-VIETNAM

Vietnam remained Australia's biggest exporting destination, although the exports to Vietnam were slightly lower than the previous season, and the export basket was slightly diverted away from Vietnam and towards China. This could also be because of an extraordinary increase in demand from China in the same season. Australia and Vietnam's trade is governed by three Free Trade Agreements: ASEAN Australia and New Zealand Free Trade Agreement, signed in 2010; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, signed in 2019; and the Regional Comprehensive Economic Partnership, signed in 2022.





AUSTRALIA-CHINA

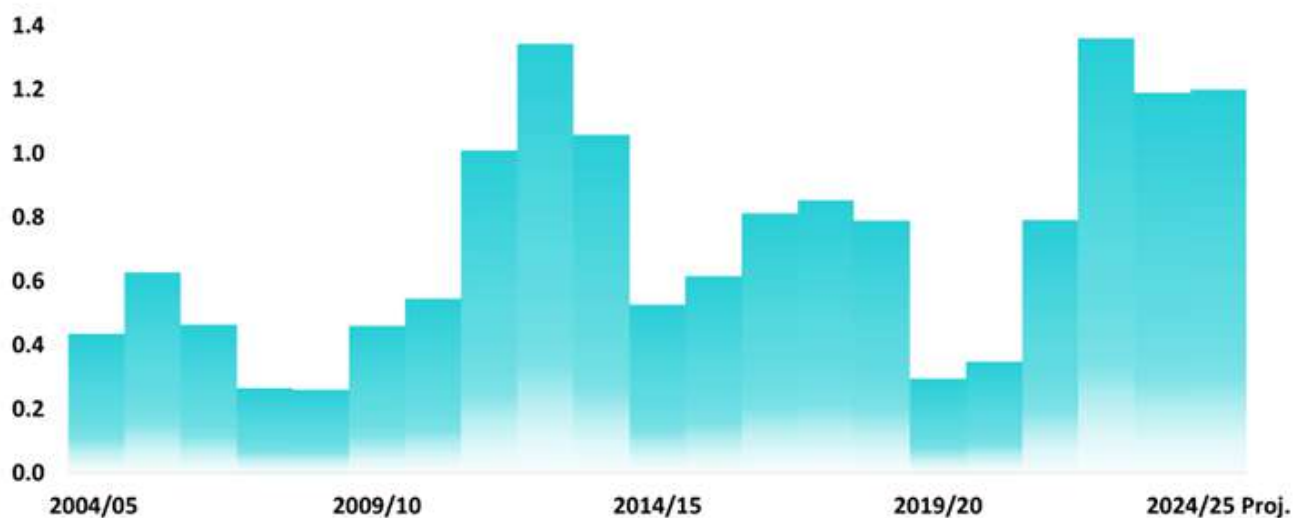
The second-largest export destination for Australia was China, showing an astonishing 248% increase in exports to China compared to the previous season and comprising 28% of Australia's total export basket in the 2023/24 season. Australia and China trade relations have seen some tumultuous periods. In 2019/20, more than 60% of Australia's total exports went to China; however, this changed in the following two seasons, amounting to only 2% of Australia's total share in the 2021/22 season. Although no legal restrictions were imposed on the cotton trade between these countries, this may have been influenced by Australia's call for an international inquiry into China's handling of the coronavirus outbreak. Another reason, stated by China, was the availability of quality cotton domestically. However, after three seasons of negligible trade with China, in the 2022/23 season, Australia again started trading with China. In the 2022/23 season, Australian exports to China increased by 531%, comprising 8% of Australia's total cotton lint exports in the 2022/23 season.





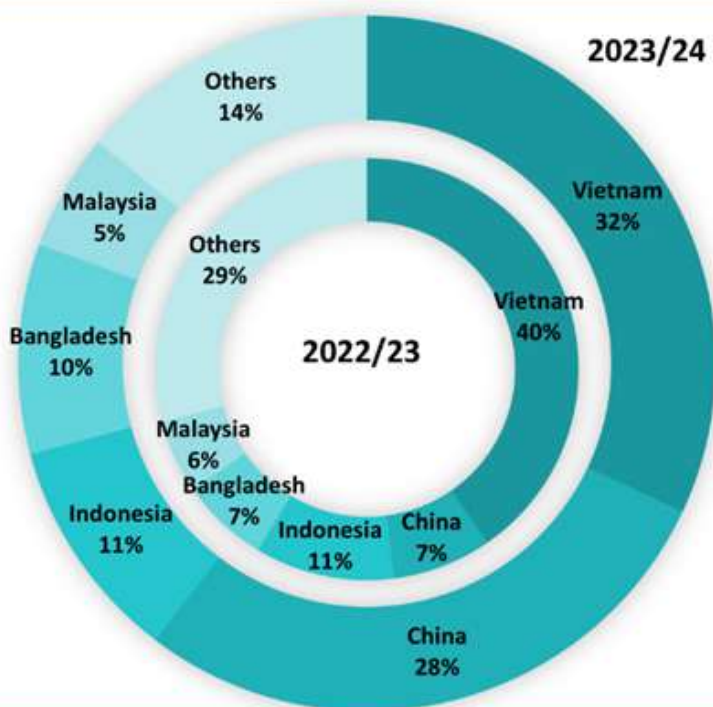
Australia cotton lint export trend

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Australia cotton lint export by partner



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WEST AFRICA

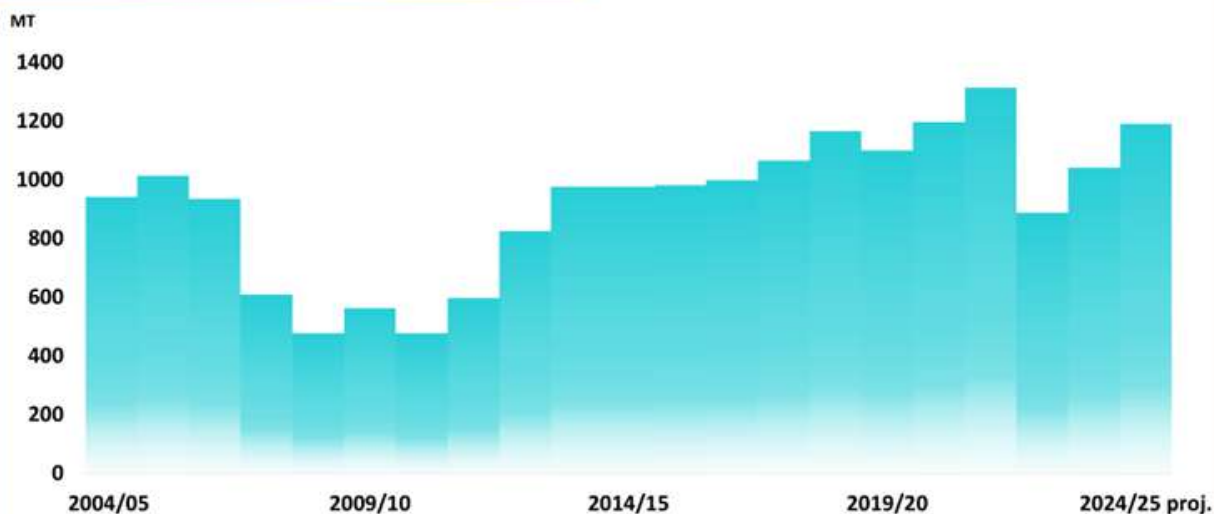
West Africa's cotton lint exports have shown healthy growth in the last decade, averaging about a million tonnes and reaching their highest levels ever in the 2021/22 season at 1.3 million tonnes. West Africa has very little consumption capacity and therefore mainly produces cotton lint for export. This means that production and exports are highly correlated. The region is also working on expanding its consumption capacities through downstream investments in the textile sector.

The West Africa region's exports in the 2023/24 season were 17% higher than the previous season. Amongst this region, the exports were led by Mali followed by Benin, Burkina Faso, Cameroon, etc. Both production and consumption in this region were also higher than the previous season. It is projected that the region will experience a further 14% increase in exports in the next season, led by Benin.



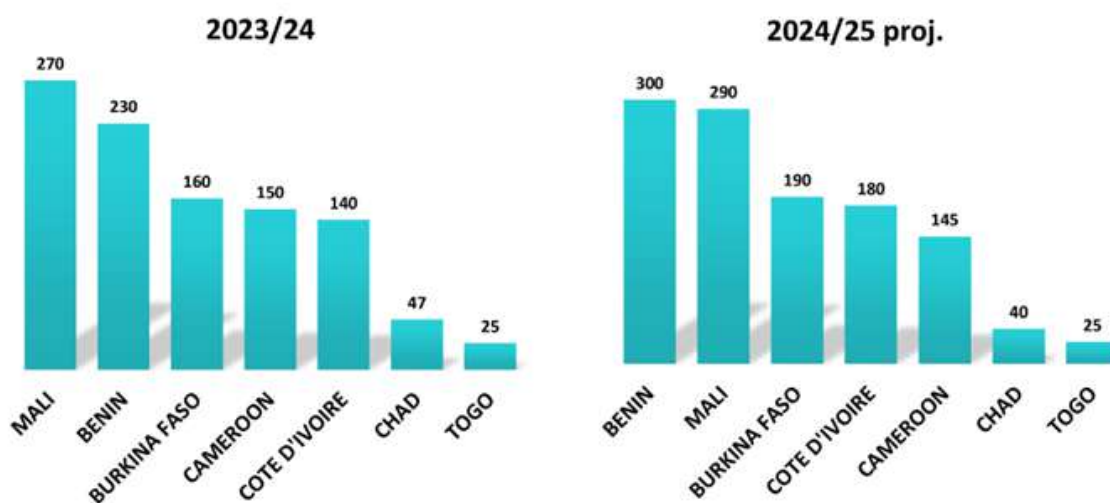


West Africa cotton lint export trend



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Leading West Africa cotton lint exporters



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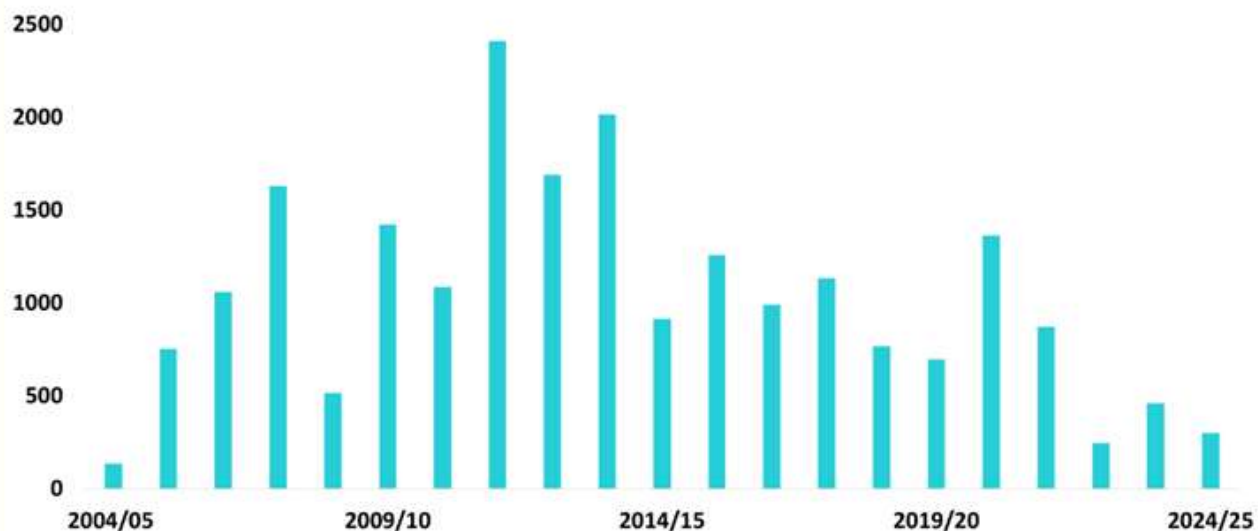
INDIA

Indian exports in 2023/24 were 72% lower than the previous year. India, in recent years, has pivoted its role from being a net exporter to becoming a net importer of cotton lint. In the 2022/23 season, India's imports were 378,000 tonnes, and its exports were 246,000 tonnes. For the very first time, India's cotton imports were larger than its level of exports, showing a major market turn in the Indian market. The increase in imports is attributed to a special status and increased investments by the Indian government into the extra-long staple (ELS) and long staple (LS) cotton market production and domestic consumption to produce ELS and LS cotton-based textile products. ELS cotton also received a special mention in the 2023 financial budget, and five new HS lines were created to cover the LS and ELS trade. Although lower than the previous season, India was still the 5th largest exporter of cotton lint. By partners, it exports the most amount of cotton to its neighboring country, Bangladesh.



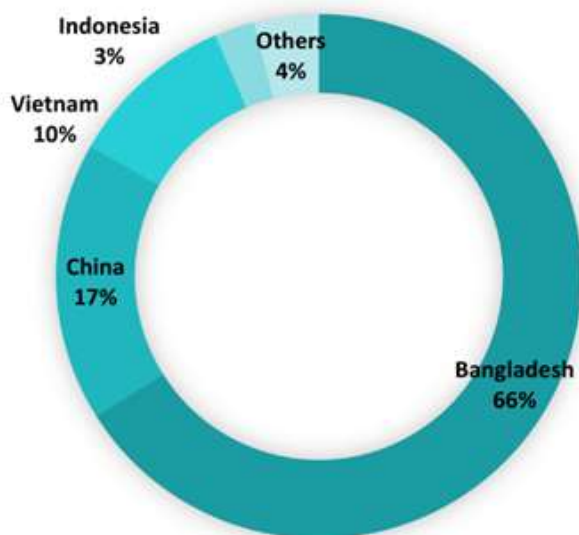


India cotton lint export trend



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India cotton lint export by partner



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IMPORT BY COUNTRY





CHINA

China remained the largest cotton lint importer in the world. After falling in the last two seasons, China's imports in the 2023/24 season increased by 118% to reach 3 million tonnes, recording its 4th highest level of imports. China's consumption in the last two seasons was impacted by the strict zero-Covid policy, which affected its consumption capacity, logistical delays at its ports, and the overall downward trend in global demand, which affected both domestic and overseas demand.

However, this situation resolved in the 2023/24 season as the global market situation revived and textile demand rebounded. China's consumption also rebounded by 10.67% to reach 8.3 million tonnes. Several factors contributed to this rebound in consumption and imports, including the rebound in textile demand, 6% lower domestic production in China, which made it more dependent on imports, and several restrictions on cotton grown in the largest area of China, also making it more dependent on foreign cotton to meet its consumption requirements. This resulted in increased levels of purchases to replenish government reserves.





CHINA-BRAZIL

In terms of imports by country, Brazil replaced the USA to become China's largest trading partner. China's imports from Brazil were 208% higher than the previous season and comprised around 40% of China's total trade basket. More details on their trade are covered under the Brazil section.

CHINA-USA

The share of the US in China's total imports fell from 53% to 35%. The major reason for this fall was a smaller crop in the US and comparatively lower levels of exports. Although imports from the US were 58% higher than the previous season, the US slid down to become China's second largest trading partner. More details are also covered under the US section.

OTHERS

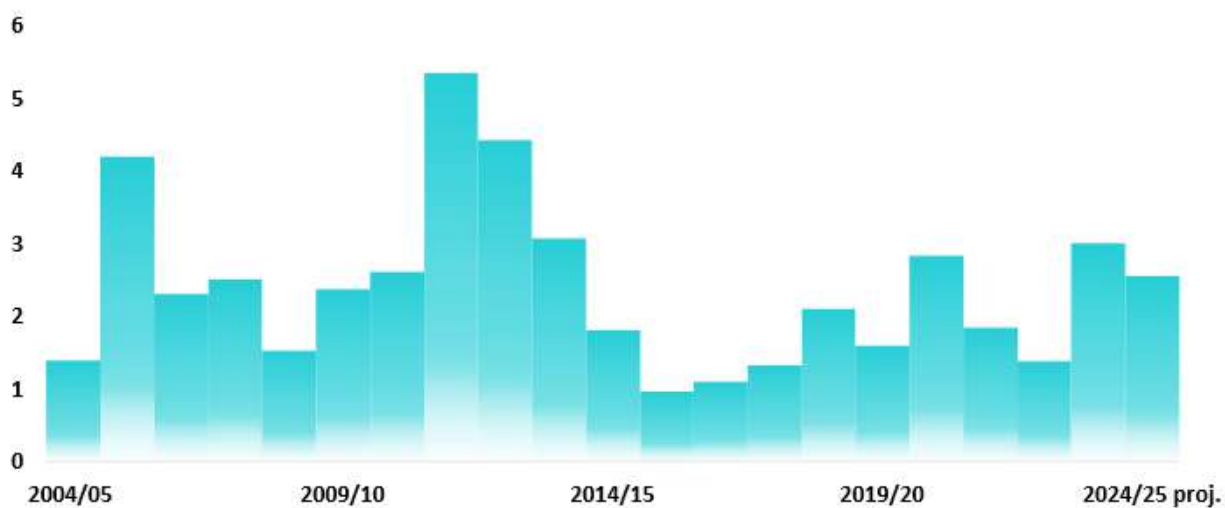
Other importing partners for China were Australia, Turkey, and India, among others. Imports from Australia have also been improving and were 451% higher than the previous season, making it China's third-largest importing destination. Close geographical proximity to China can also further aid their trade in cotton. More on their cotton trade has been covered under the Australia section.





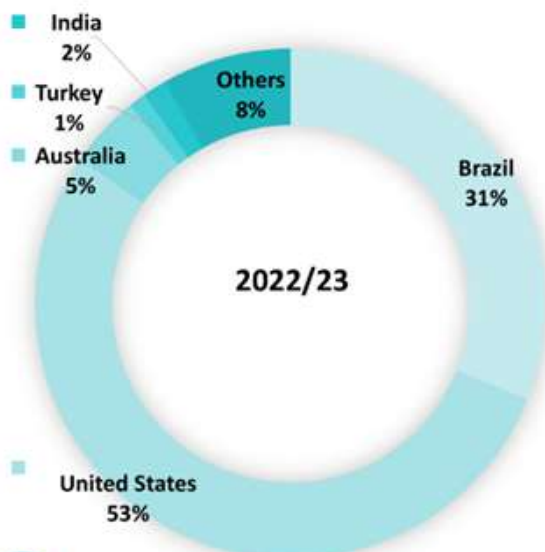
China cotton lint import trend

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China imports by country



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BANGLADESH

Bangladesh is one of the largest cotton lint consumers in the world. In 2023/24, Bangladesh was the second-largest cotton lint importer in the world. Bangladesh has very limited production capacity and therefore largely depends on imports to meet its domestic mill use. In the 2023/24 season, Bangladesh produced 33,000 tonnes of cotton lint against its demand of 1.6 million tonnes, making it necessary to import 1.55 million tonnes. In addition to this, cotton is also the second-largest imported commodity for Bangladesh and is an important cash crop. Cotton is also the primary raw material used in its textile industry.

In the 2023/24 season, Bangladesh imported 11% more cotton compared to the previous season to reach around 1.5 million tonnes. Although higher than the previous season, Bangladesh has experienced much higher cotton import levels in the past. Bangladesh, unfortunately, is also facing multiple economic challenges. Decline in its foreign exchange reserves and poor supply of US dollars have made it difficult to open letters of credit, which are crucial for imports. The widening of their current account deficit and depreciation of its domestic currency have contributed to its economic turmoil. In addition to this, Bangladesh is also facing political turmoil with protests all over the country and the abrupt departure of Bangladesh's prime minister in August 2024.





BANGLADESH-INDIA

In terms of trade partners, Bangladesh's biggest trade partner is India, comprising approximately 32% of Bangladesh's total import basket. India and Bangladesh have been trading partners for a very long time, gaining from their geographical proximity, shorter delivery times, and easily available Indian cotton, all making sourcing cotton easier from India.

BANGLADESH-BRAZIL

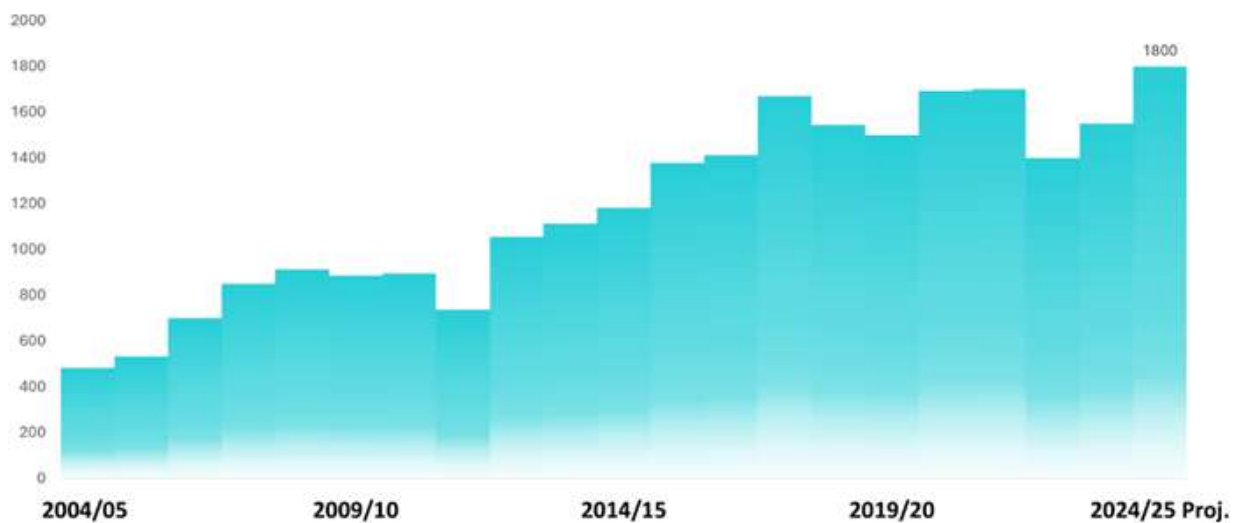
In recent years, Brazil has emerged as one of the leading trade partners for Bangladesh, ensuring a regular supply of quality cotton and rapidly expanding market access into Bangladesh. To cement their partnership, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil) signed a memorandum of understanding in February 2023.

BANGLADESH-USA

The third-largest trading partner for Bangladesh in the 2023/24 season was the USA, accounting for 15% of Bangladesh's total cotton imports. Bangladesh and the USA have an ongoing discussion under the United States-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA) Council, which last met in September 2023 and is scheduled to meet again in 2024. This includes trade in agriculture and may positively impact their trade in cotton in the future.

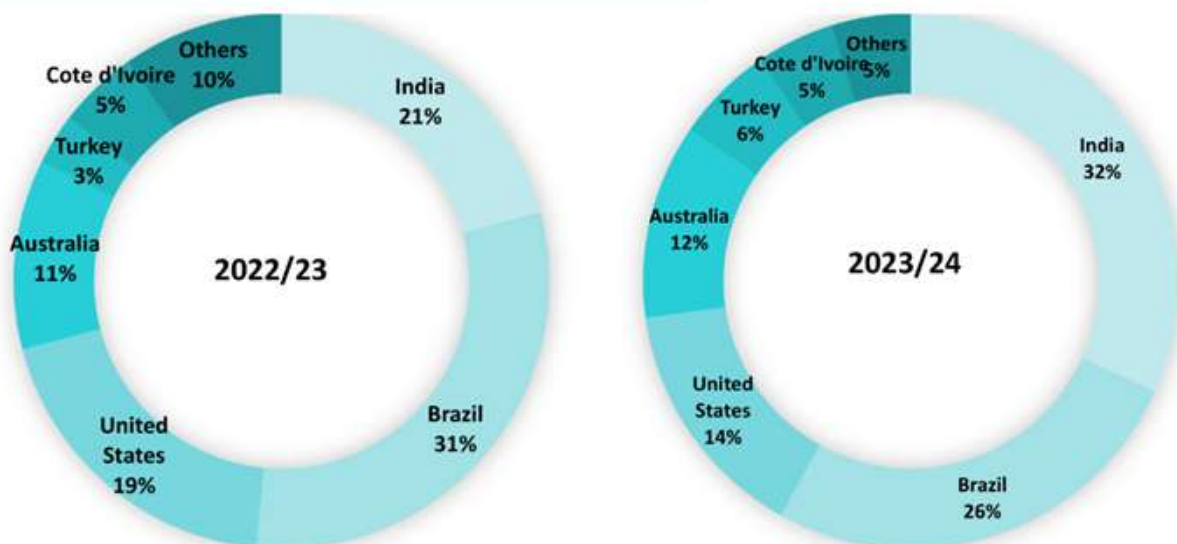


Bangladesh cotton lint import trend



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Bangladesh cotton lint imports by country



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VIETNAM

Vietnam recorded a 9% increase in the 2023/24 season, primarily to meet the increase in its domestic demand for cotton. Vietnam entirely depends on foreign cotton to meet its mill use. Vietnam has been consistently increasing its imports and cotton consumption capacity, establishing itself as one of the leading cotton importers in the world, accounting for about 16% of total world imports.

VIETNAM-AUSTRALIA

Australia replaced the US to become Vietnam's largest cotton trading partner in the 2022/23 season and remained the same in the 2023/24 season, gaining from Australia's geographical proximity and comparatively cheap prices of Australian cotton. The Australian dollar remained weaker than the US dollar in the previous season, giving Australia export competitiveness over other competitors. Australia comprises 31% of Vietnam's total import basket. The trade between Australia and Vietnam gained momentum after the cotton trade between China and Australia slowed down in 2020. Vietnam has three FTAs with Australia. More on this is also covered under the Australia section.

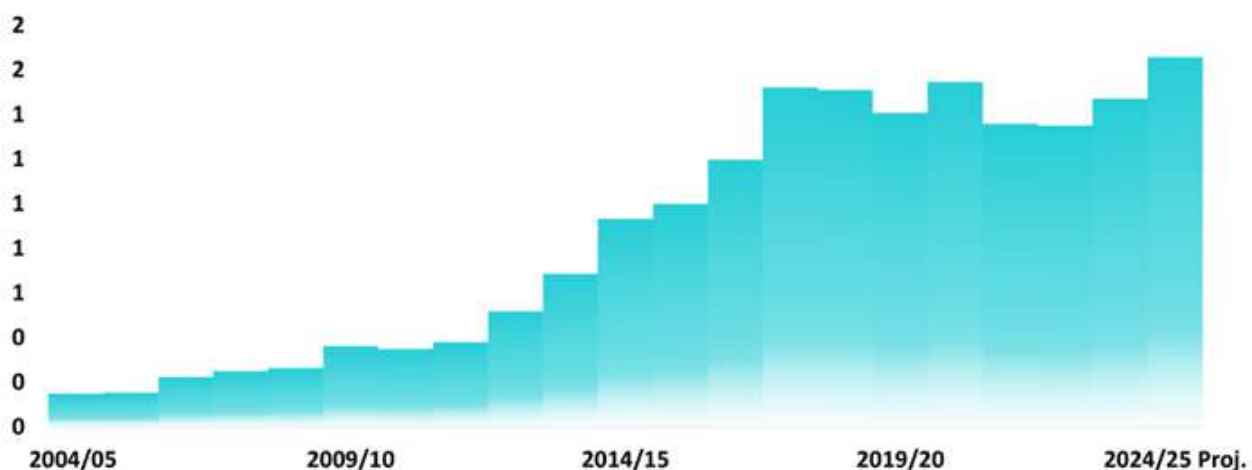
VIETNAM-BRAZIL

In the last few years, Brazil has rapidly expanded its market access into Vietnam, becoming the second-largest trade partner of Vietnam in the 2023/24 season. According to reports, Vietnam and Brazil are also working on a bilateral trade deal that may positively impact the cotton trade between them.



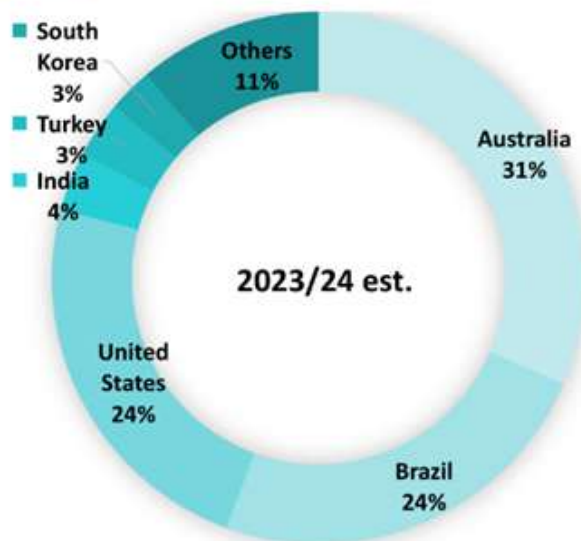
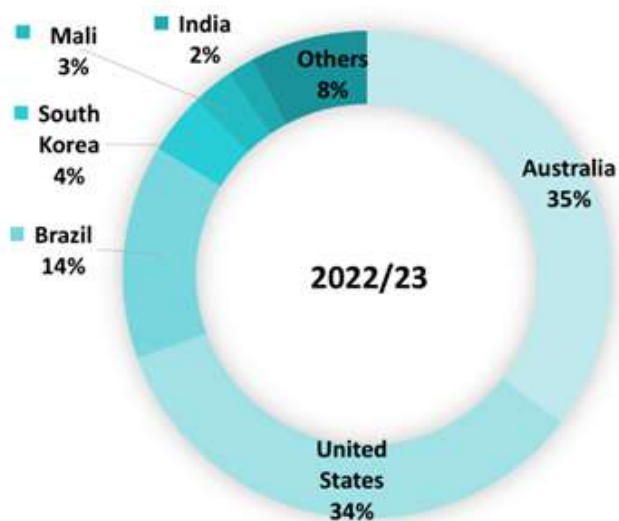
Vietnam cotton lint import trend

MILLION MT



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Vietnam cotton lint import trend by country

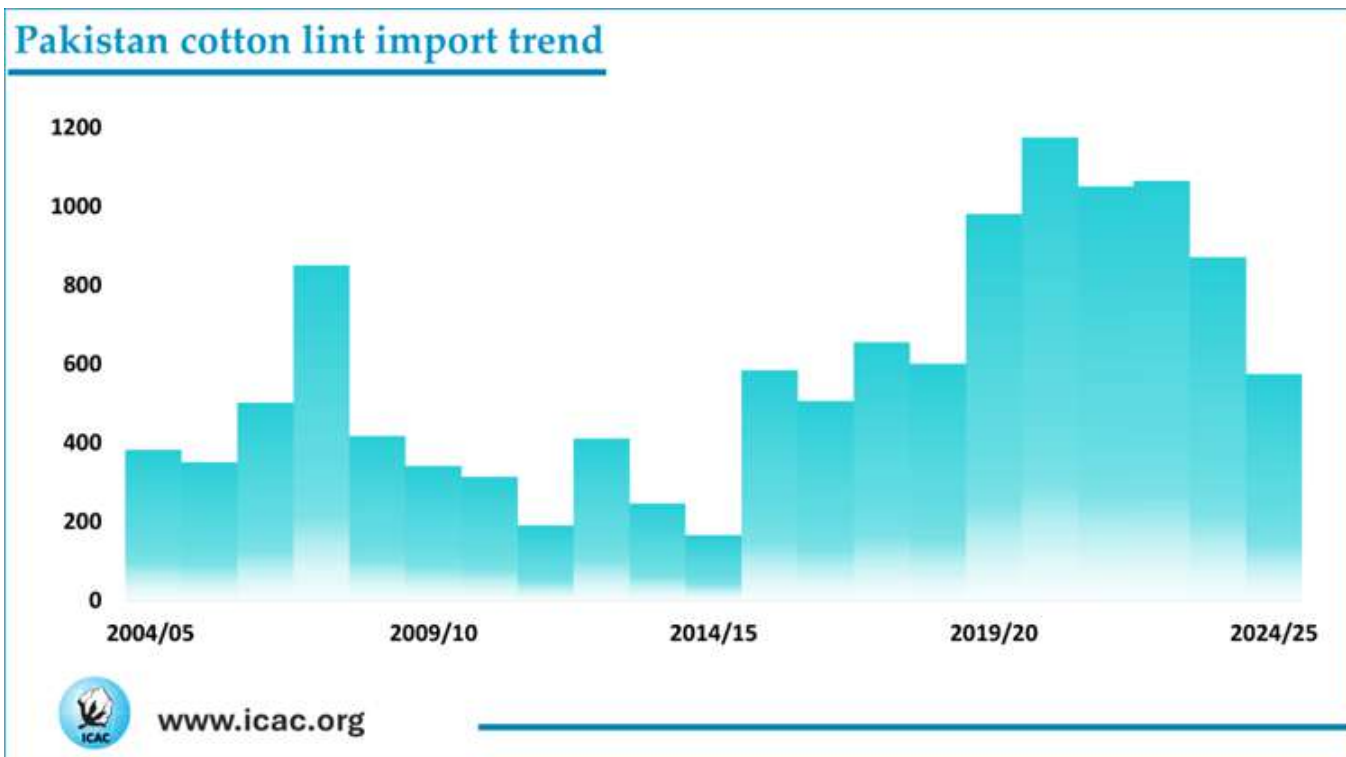


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PAKISTAN

Pakistan's levels of imports in the 2023/24 season were also 18% lower than in the previous season. Although consumption was 21% higher, it was mostly met by domestic production, which was 70% higher in the 2023/24 season. The slowdown in imports was also caused by a slowdown in cotton shipments to Pakistan due to issues with their ability to secure letters of credit to pay for them. Pakistan's dollar reserves were critically low, which also hindered payments for cotton shipments.

The high consumption in Pakistan is mainly due to significant demand for cotton yarn, especially from China. Increasing demand for textiles because of the European Union's granting of duty-free status for Pakistan's textile exports under the Generalized System of Preferences (GSP) continues to support cotton mill use in Pakistan.





TURKEY

Turkey's levels of imports were 32% lower than the previous season, reaching 640,000 tonnes, and Turkey was the 5th largest cotton lint importer in the world. Turkey was heavily impacted by devastating earthquakes in 2023, seriously affecting its consumption and thus its imports. It was also impacted by the Russia-Ukraine conflict, as both Russia and Ukraine are Turkey's trade partners for textile exports.

TURKEY-USA

Although lower than the previous season, Turkey imported more cotton from the USA than anywhere else, comprising 29% of its total cotton imports. Cotton is one of the largest commodities imported by Turkey from the USA. In 2021, Turkey removed the 3% anti-dumping duty it had imposed on US cotton. Even when the import duty was in effect, Turkey still imported more cotton from the USA than any other country.

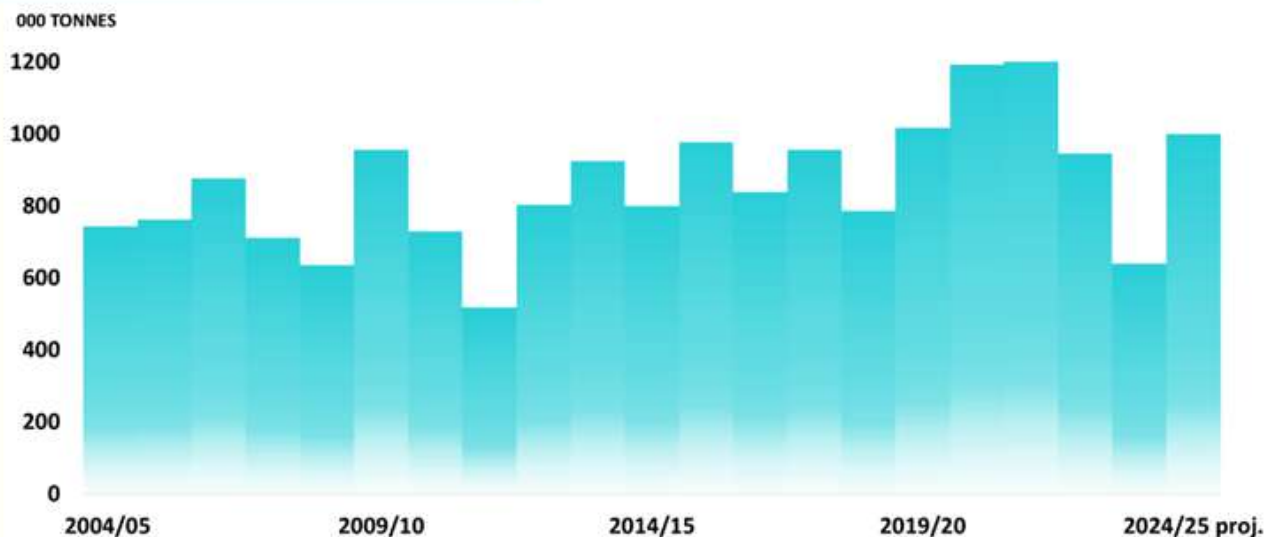
TURKEY-BRAZIL

Brazil has been rapidly expanding market access in Turkey, becoming Turkey's second-largest trade partner in the 2023/24 season, comprising 6% of its total export basket. The cotton trade between Turkey and Brazil has grown in recent years, and now cotton is the second-largest commodity imported by Turkey from Brazil.



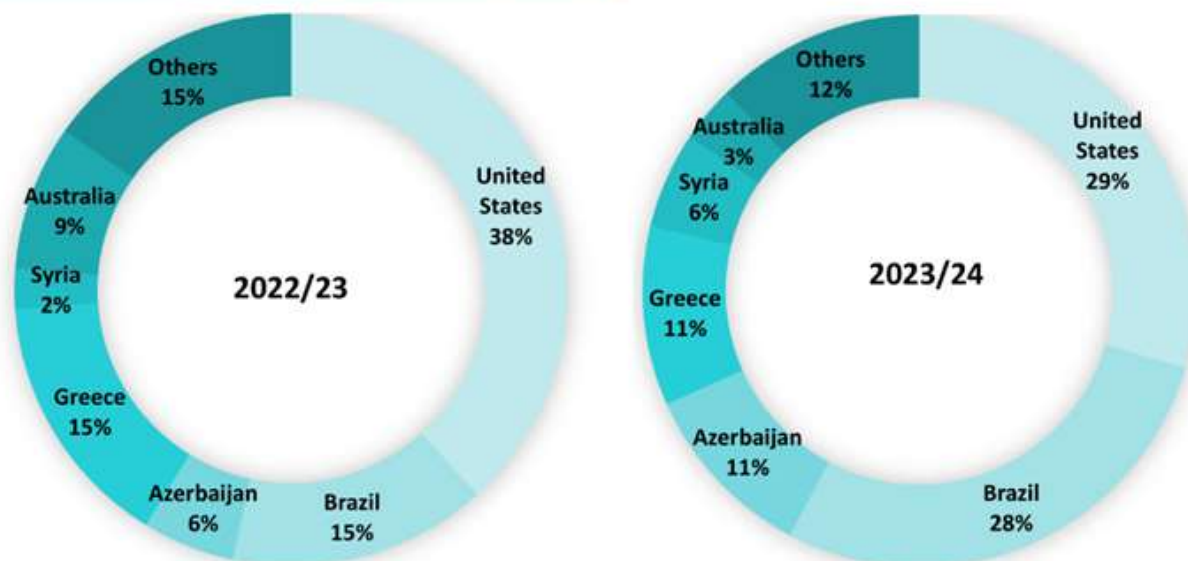


Turkey cotton lint import trend



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Turkey cotton lint imports by partner



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