INTERNATIONAL COTTON ADVISORY COMMITTEE

DECEMBER 2023

# WORLD COTTON TRADE

## 2022/23:

Global cotton lint exports ended 17% lower than the 2021/22 season at 8 million tonnes

## VARIABLES

Inflationary pressures, multiple, detrimental impacts on consumption in key markets, increased market volatility

## TRADE BY COUNTRY

United States remained the leading exporter and China remained the leading importer, but the volume of their trade fell

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# AUTHOR'S NOTE

## A QUICK LOOK AT WHAT THE WORLD COTTON TRADE DID IN THE LAST SEASON AND WHAT CAN WE EXPECT IN FUTURE

This year's cotton lint trade report provides a recap of the 2022/23 season, quarterly analysis, seasonality analysis, unit price analysis, 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.org.

**PARKHI VATS**

Commodity Trade Analyst
ICAC

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# RECAP: TRADE STORY OF THE 2022/23 SEASON

The entire 2022/23 season for the cotton market remained bearish. This was driven by uncertainty associated with climate affected cotton production along with high inflation that increased the cost of living and lowered consumer purchasing power. In some markets, economic weakness further impacted consumer demand for discretionary goods like clothing as conflict and natural disasters caused other disruptions in both consumption and trade. This low consumer demand ultimately negatively affected cotton consumption, which resulted in production outpacing consumption. This increased world cotton stocks as cotton trade declined. This is likely to keep prices weak in the coming year.

At the same time, the cotton industry and trade face a pressing need to adaption to an ever-changing regulatory framework that could include traceability regulations by the USA, EU, Canada, Mexico, and others — or the upcoming EU directives on sustainability that could disadvantage cotton and natural fibres. The ICAC will be reporting more on depth on this issue in the 2024.

## Recap of 2022/23 season


## World cotton lint trade trend

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The graphic above summarises the overall market dynamic in 2022/23. The season started in August 2022 affected by inflationary pressures, an expected decline in both production and consumption, and increased market volatility. The cotton market also experienced lower production than the previous season due to unpredictable weather in some major cotton producing countries, such as the United States. The inflation pressure across the globe intensified. This resulted in the subsequent fall in clothing and textiles sales in many countries.

Although the new year started with the positive news of China's post-pandemic economic recovery, it was followed by multiple, detrimental impacts on consumption in these key markets:-

· Since the USA is the largest cotton exporter and China is the largest cotton importer, any changes in the trade policies of these countries could impact the entire world cotton market. Trade was significantly affected by the implementation of the Uyghur Forced Labor Prevention Act (UFLPA), which increased the risk of exporting to the United States and weakened Chinese exports. As a result of a domestic economic slowdown and falling clothing exports, China recorded a fall of 25.5% in its cotton lint imports.

· Turkey faced devasting earthquakes in the first half of the year, impacting its consumption and driving imports down by about 24% in 2022/23 compared to the previous season.

· Apart from the slowdown in demand, cotton shipments to Pakistan and Bangladesh also faced issues with opening letters of credit to pay for imports. In 2022/23, Bangladesh imports fell by 18% and Pakistan's imports fell by 8%.

The downward pressure on consumption was so strong that, although the production was 2% lower than the previous season, by the end of 2022/23, production outpaced consumption by 1.17 million tonnes. This impacted the levels of cotton trade and by the end of the 2022/23 season, exports fell by 17.2% to 8.1 million tonnes.

This decrease in trade ended a prolonged period of fundamental growth over the last decade or so, crossing the mark of 10 million tonnes on three occasions: the seasons of 2011/12, 2012/13 and 2020/21. In the former two instances, the increase in exports was mostly due to a major rebound in demand following the global financial crisis.

In 2020/21, the pattern of a strong recovery after crisis was repeated as demand rebound after the great lockdown, but specific issues mentioned earlier disrupted this pattern. However, for the 2023/24 season, it is projected that the production will revive, with the higher ending stocks in the world, it is expected that the trade will also revive to reach 9.2 million tonnes.

# QUARTERLY REPORT

Quarter-wise, Y-O-Y analysis of the calendar year for cotton exports reveals a significant slowdown in cotton trade. The cotton trade posted a negative growth rate in the entire 2021/22 season, with negative Y-O-Y growth rate in Q3 and Q4 of 2021, as well as Q1 and Q2 of 2022. This caused exports in the 2021/22 season to fall by 10% to 9.7 million tonnes. With respect to the 2022/23 season, the cotton trade trend was negative in three out of four quarters. Cotton lint exports in Q1 and Q2 of 2023 year were low compared to the prior year; the cotton trade in Q1 2023 was 24% lower than 2022, and the cotton trade in Q2 2023 was 14% lower than 2022. We are still waiting for final cotton trade figures for Q3 2023, but based on estimates this quarter, it is expected that it will reveal lower recorded trade than the previous year.

## Slowing world cotton lint trade


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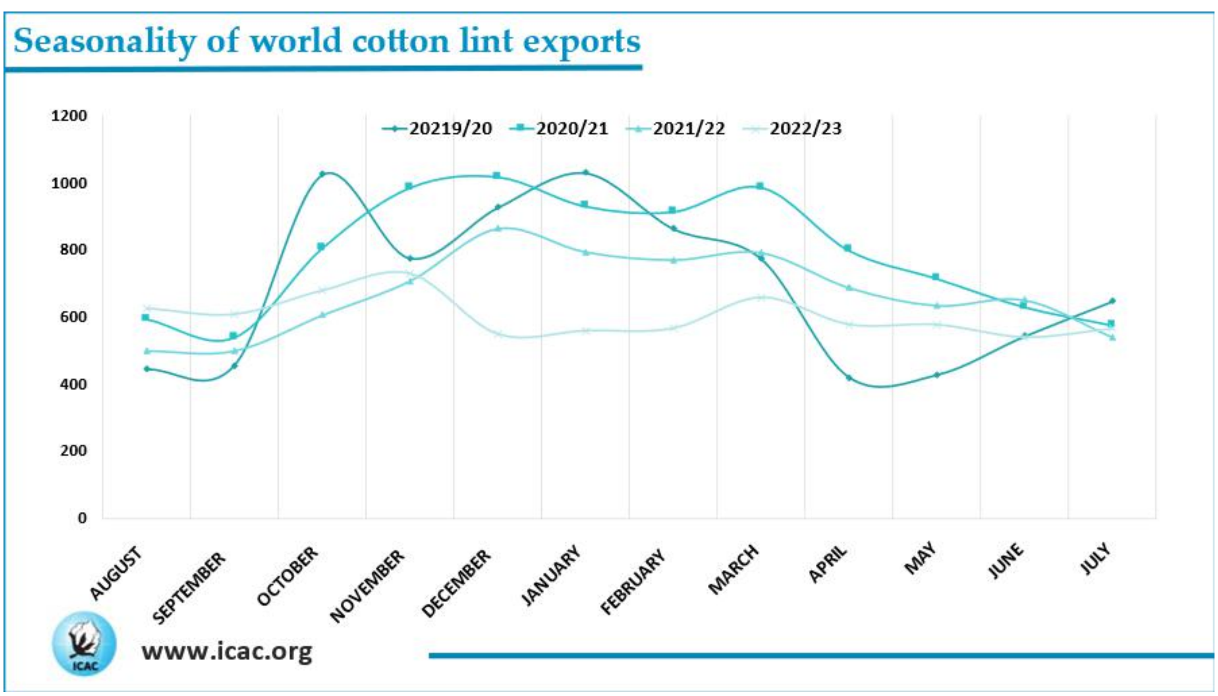
# SEASONALITY

The shaded area in the graph below plots world exports by month for each of the last four seasons. World exports usually peak from October to March, especially December and March. The cotton trade is slower from April to September, with September being the slowest month. This coincides with the end-of-harvesting season for some major cotton lint exporting countries including: the USA (world's largest exporter), which harvests its crop around October ; Northern India, which finishes harvesting in November; and West African countries like Burkina Faso, Cameroon, Chad, Mali, and Togo, which harvest in November and December.

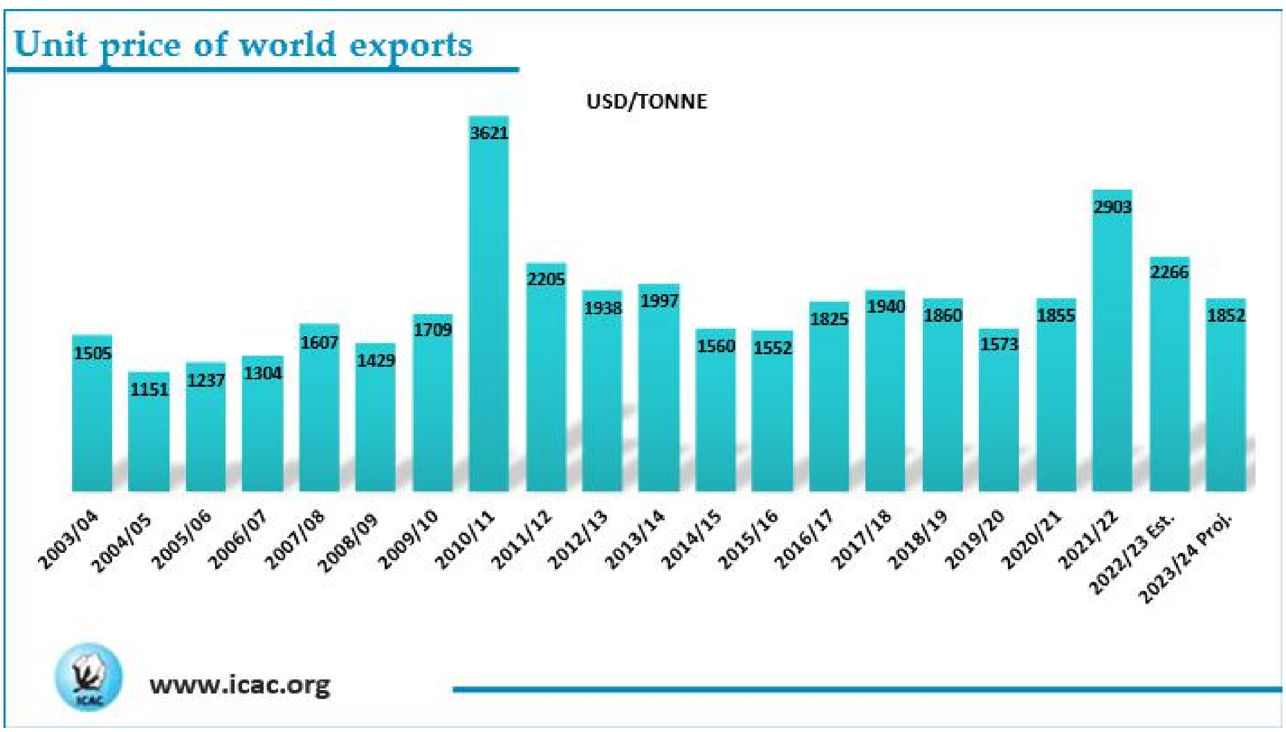
While the seasonality of the cotton lint trade in 2022/23 season remained the same as in past years, the volume of the trade was much lower. The season started with good levels of cotton exports from August to November but since December 2022, exports started slowing down and remained lower than the prior two seasons for the rest of the year.



# UNIT PRICE OF WORLD EXPORTS

The graph on unit price of world exports plots the per-unit export price for cotton lint for the last two decades. The unit price calculates the cost of cotton lint per tonne. The value approximations were drawn after taking into consideration the Cotlook A index average for each respective season.

While total world exports fell in 2021/22, cotton prices were riding high, shooting up the per-unit price of exports. Consequently, the per-unit price of cotton lint rose to $2,903 per tonne, the second highest ever amount ever recorded. A similar trend was seen in 2010/11, when the per-unit price reached $3,621, which was the highest price ever.



Toward the end of the 2021/22 season and into 2022/23, the price of cotton again started falling dramatically. Much of this decrease can be attributed to worries about the state of the global economy. It did seem like the fall in price was a direct signal from the markets that a decrease in global consumption would occur. And in fact, this is exactly what was experienced. Consumption was outpaced by production in the 2022/23 season. Currently, based on inflation, consumer sentiments and the world economic environment forecast, we project the same for the current season.

The high volatility in prices is likely to remain intact for the entire 23/24 season. How exactly price responds is an unknowable, but if global macroeconomic variables remain weak and production outpaces consumption then price may remain low. Having said that, Cotton is an agricultural crop and the uncertainties in production, consumption, weather, and pest pressures all contribute to the price volatility, not to mention the effects of a global economic environment which can dramatically change the cotton price outlook.

These factors lowered the value of exports by 35% compared to the previous season, reducing the unit price of these exports to $2,266 per tonne. For the 2023/24 season, it is projected that the export quantity will revive, but the prices are currently projected to remain low, at around $1850 per tonne.

# EXPORT BY COUNTRY

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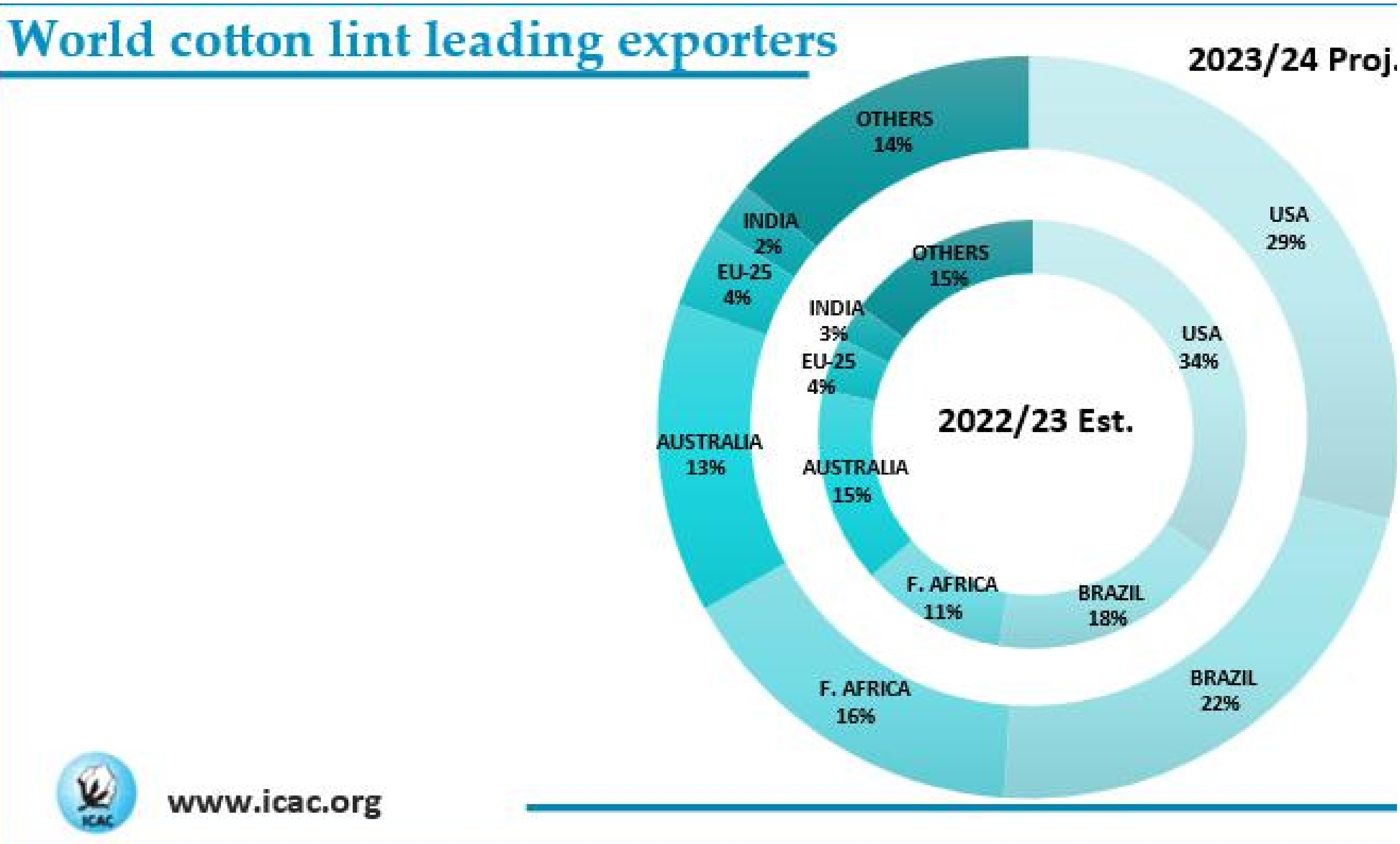


The leading cotton lint exporters in the 2023/24 season are projected to be the same as in the previous season. The exports may be led by the USA at 2.67 million tonnes, comprising 29% of total world exports.

The USA may be followed by Brazil at 2 million tonnes, comprising 22% of total world exports, followed by French-speaking Africa with an expected share of 16%, Australia, EU, and India. All these countries together account for about 86% of total world exports.

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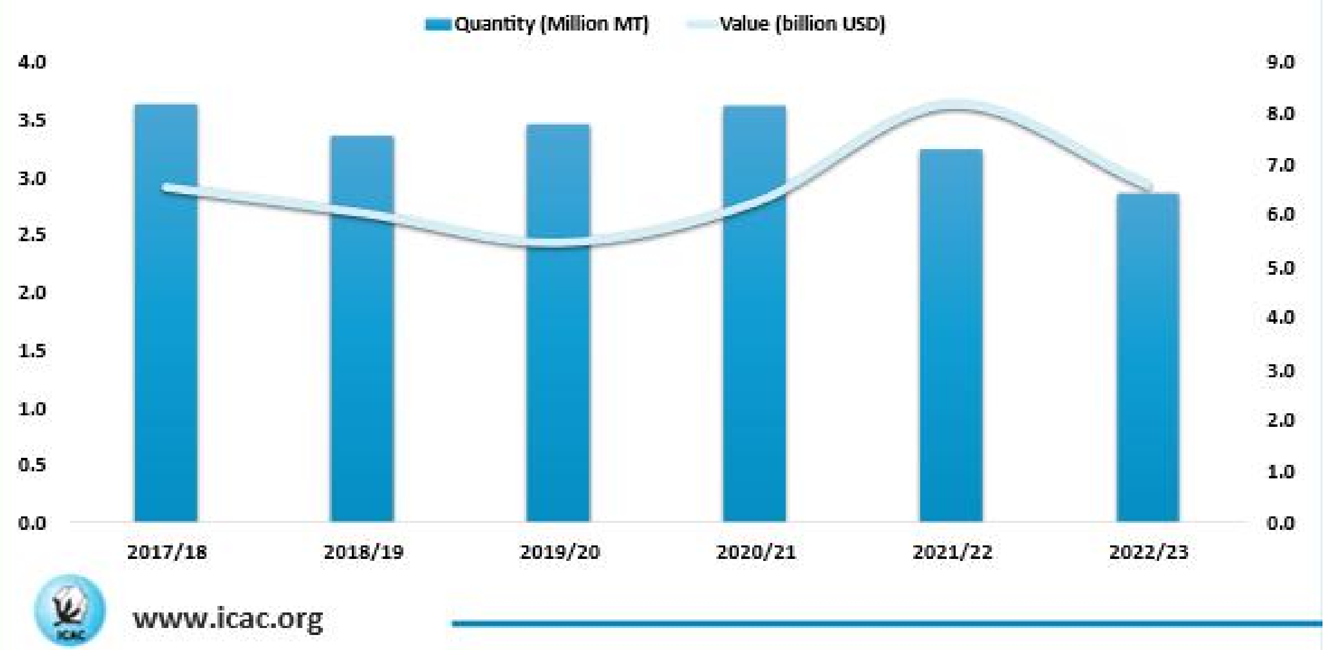
# USA

The United States maintained its position as the world's leading exporter of cotton lint in the 2022/23 season at about 2.9 million tonnes, comprising 34% of total world exports. However, US exports have been falling over the last two seasons and are about 12% lower than the previous season. The main reason for this fall in export is lower production, which decreased by 17% in 2022/23. Production in the last season was affected by extreme weather events such as high temperatures and drought which reduced the harvested area by 29% compared to 2021/22 season. The value of these exports was $6.6 billion, 19% lower than the previous season. The unit price of these exports fell by 8% to reach $2,310 per tonne.

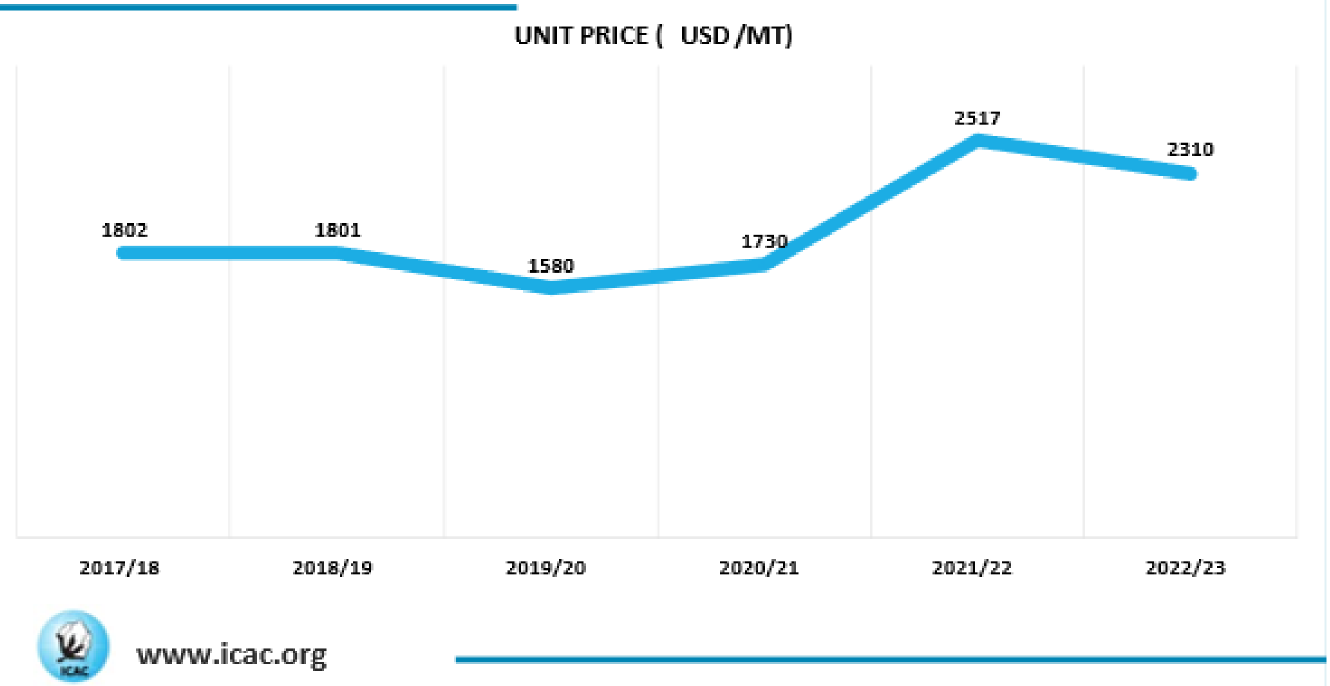
## USA-China

The USA exported the largest amount of cotton to China, comprising of 26% of total US exports in 2022/23. However, US exports to China have fallen in the last two seasons. In the 2022/23 season alone, US exports to China fell by 30%. While the overall decline in US cotton lint exports was a factor, policy played an important role. The main policy reasons for lower US exports to China were the end of the US-China Phase One Economic and Trade Agreement in December 2021, and the imposition of the Uyghur Forced Labor Prevention Act (UFLPA) in the June of 2022. The UFLPA gave US authorities increased powers to block imports of goods linked to forced labour in China.

## US cotton lint export trend




## US cotton lint unit price



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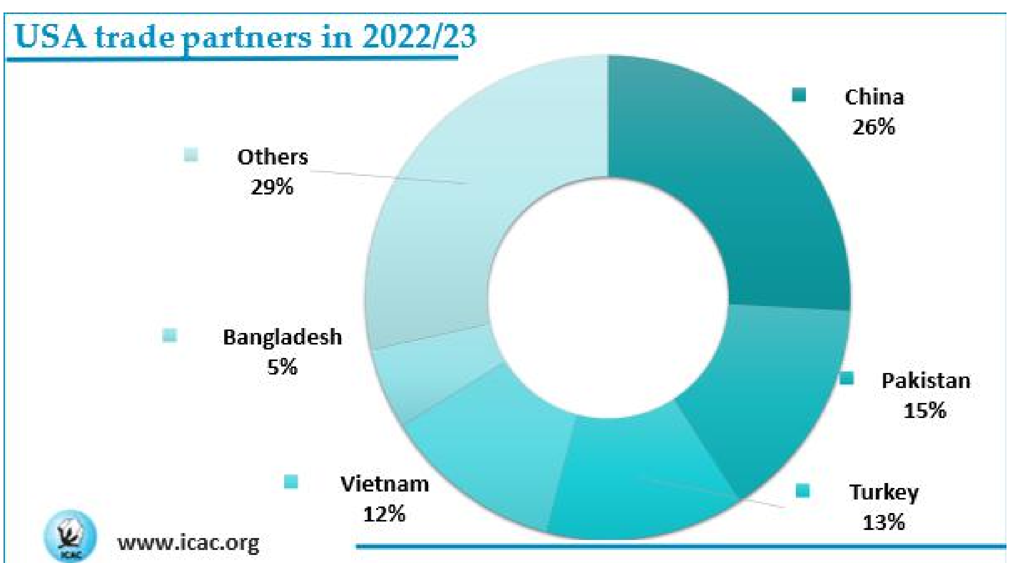
## USA-Pakistan

Another major trading partner for the USA in the 2022/23 season was Pakistan where total cotton lint exports from the USA to Pakistan was 17% higher than the previous season, comprising 15% of total US cotton lint exports. As a result, cotton is the single largest US total agriculture exports to Pakistan. The main reason for this increase was the inadequate local production in Pakistan compared to its consumption needs — especially in the 2022/23 season, when Pakistan lost a major portion of its cotton crop to floods.

## Others

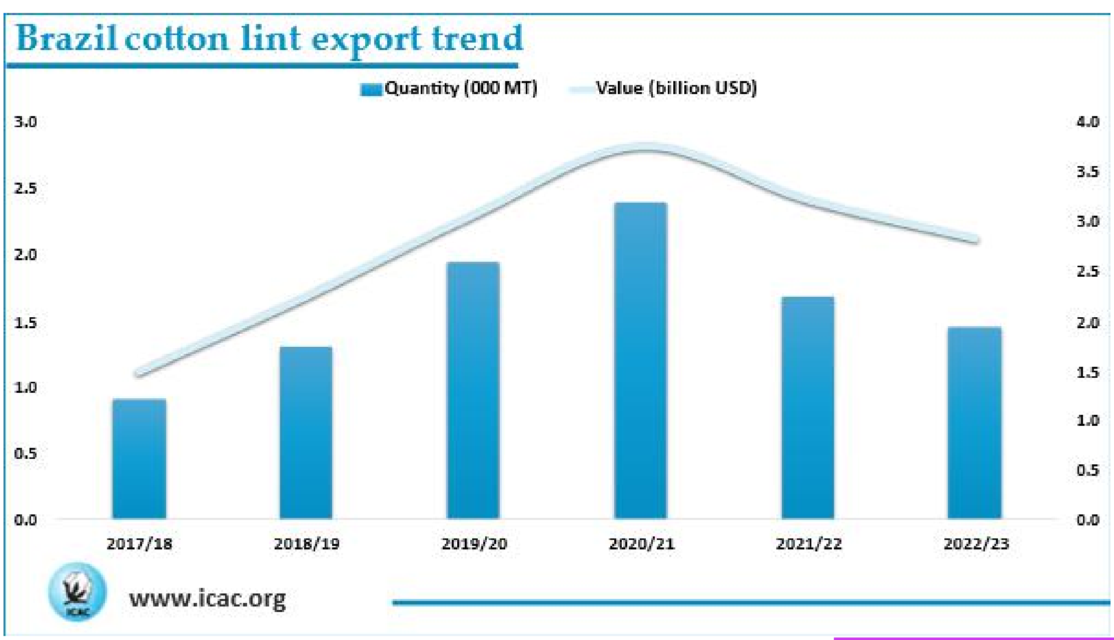
After China and Pakistan, the USA exported the most to Turkey and Vietnam, comprising of 13% and 12% of US total cotton-lint exports. Exports to Turkey declined slightly in 2022/23 even though the government of Turkey removed the 3% anti-dumping duty imposed on US cotton in April 2021. There are two major reasons for this decline: 1) The overall decline in US cotton lint exports, and 2) The overall decline in Turkey's cotton lint imports in the 2022/23 season, as it faced devastating earthquakes that diminished its consumption power. US exports to Vietnam are subject to zero (or very low) import duties, and the USA is also Vietnam's largest bilateral agricultural trading partner without a free trade agreement.



# BRAZIL

Brazil has come a long way, from being a net importer of cotton lint in the 1990s to becoming the world's second largest exporter of cotton lint the 2022/23 season. Brazil exported about 1.45 million tonnes of cotton lint, comprising of about 18% of the world's cotton exports. However, Brazil's exports have been falling consistently for the last two seasons, and in 2022/23, the exports were about 14% lower.

Even though Brazil's production was 18% higher than the previous season, the lower exports can be a consequence of the poor world consumption in the 2022/23 season, especially from its major consumer: China, whose total cotton consumption in the same season was lower than expected. This led to higher ending stocks with Brazil, which were about 3 million tonnes — 40% higher than the previous season. The value of these exports has also been falling from the last two seasons, and in 2022/23 was 12% lower at $2.83 billion. The unit price of these exports was $1,956 per tonne.



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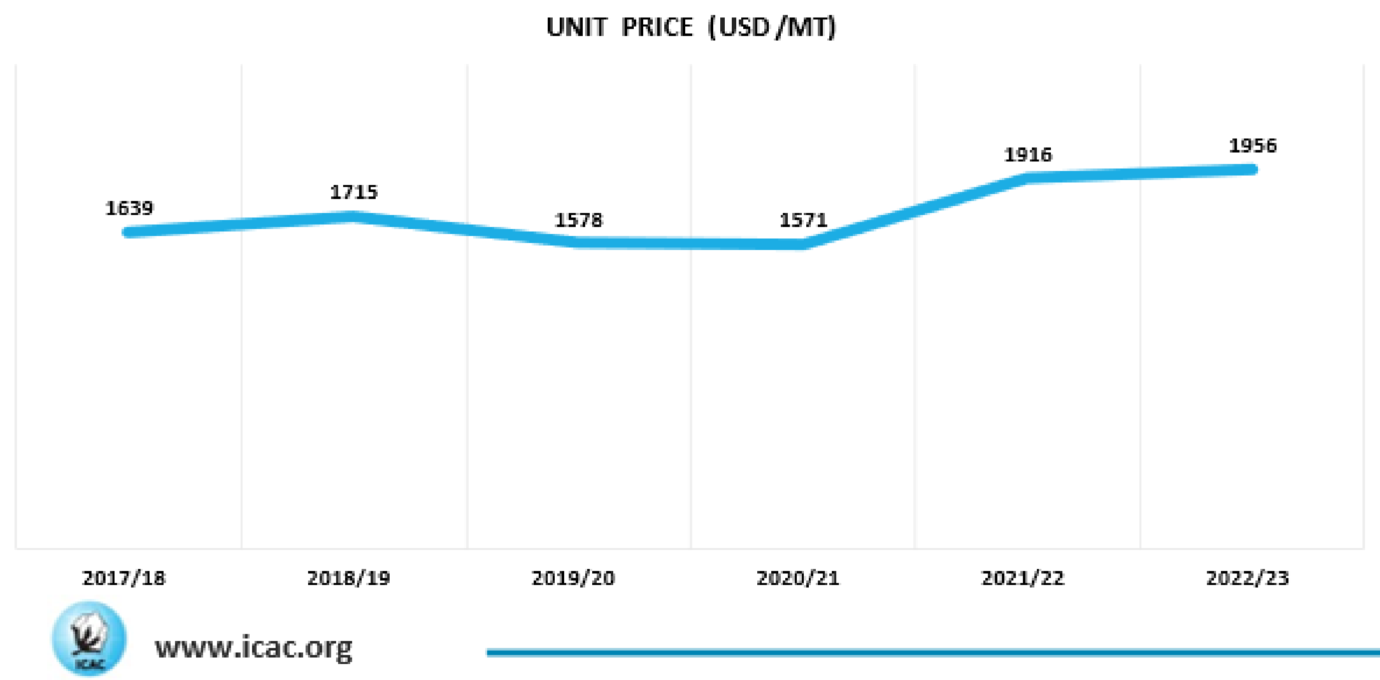
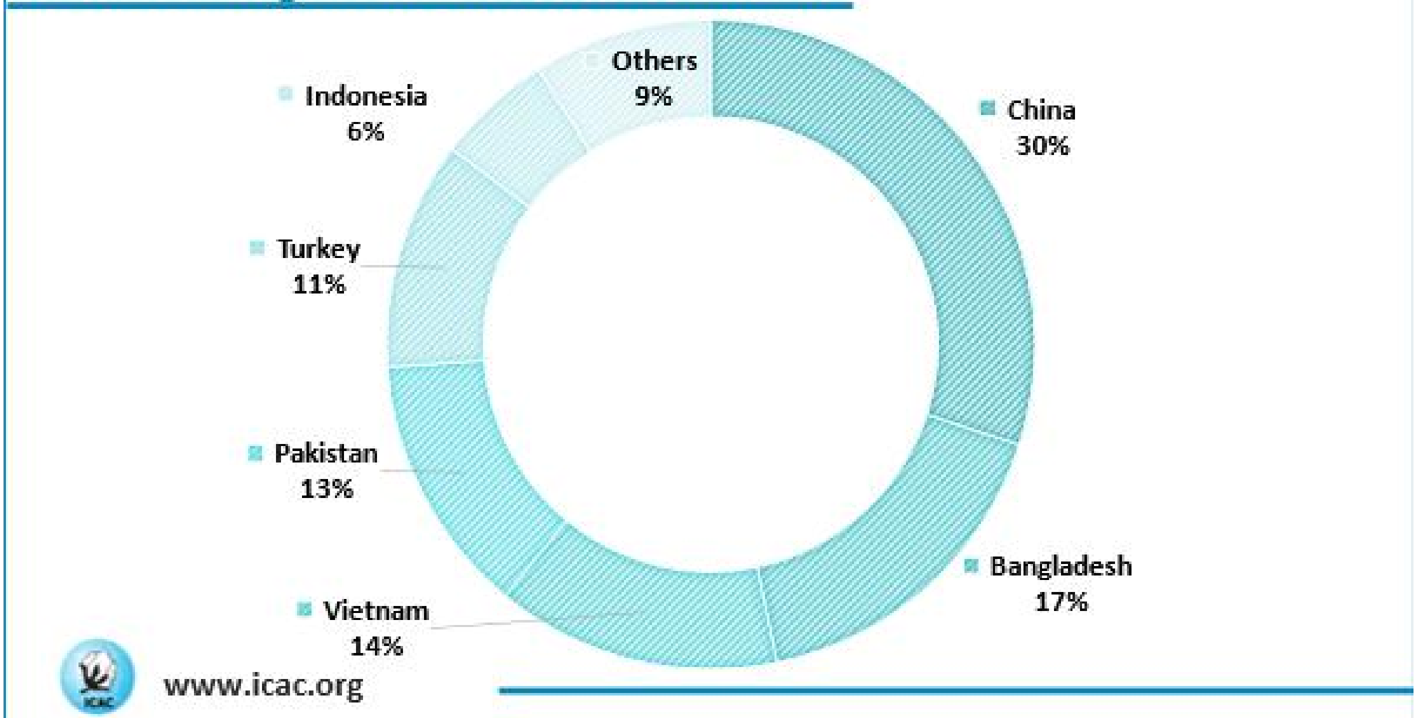
## Brazil cotton lint unit price




## Brazil trade partners in 2022/23 season



### Brazil-China

Brazil's leading export destination in 2022/23 season was China, accounting for 30% of total Brazil's exports. However, in absolute figures, this export level was 5% lower than the previous season. Brazil became the major beneficiary of the tariff escalation between the USA and China and was able to increase exports to China sharply in 2018/19 and 2019/20. In the following season, the US-China trade deal came into force. It likely influenced China's imports from Brazil. However, 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 positive impact on the cotton trade between the two countries.

### Brazil-Bangladesh

In 2022/23, Bangladesh comprised about 17% of Brazil's total cotton lint exports. Cotton trade between them is very significant since Brazil is the fourth largest cotton lint producer and second largest exporter in the world and Bangladesh is one of the largest importers of cotton lint. Cotton is also the second-largest exported commodity from Brazil to Bangladesh. There have been developments in the trade partnership between Brazil and Bangladesh, with both aiming to deepen their trade relations. They held a high-level Brazil-Bangladesh Trade Conference in Bangladesh in May 2023, and as an outcome of these meetings, there could be a future preferential trade agreement or free trade agreement that covers trade in agriculture that includes cotton.

### Others

Brazil and Vietnam are good trade partners with respect to cotton, with Vietnam comprising about 14% of Brazil's total cotton lint exports in 2022/23 season. Cotton was also the fourth largest exported commodity from Brazil to Vietnam in 2022. In terms of Brazil's cotton exports, Vietnam was followed by Pakistan, Turkey, and Indonesia in the 2022/23 season.

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# FRANCOPHONE AFRICA

After falling in the previous season, it is expected that the area under cotton in French-speaking Africa will be 18% higher in 2023/24 at about 3.3 million hectares. In French-speaking Africa, cotton area will likely be led by Mali, followed by Burkina Faso, Benin, Cote d' Ivoire, Chad, and Cameroon, respectively. Therefore, it is projected that the cotton production in Francophone Africa will increase in 2023/24. Production will be led by Benin and Mali, followed by Burkina Faso, Cote d'Ivoire, and Cameroon. It is currently protected that almost all the French speaking African countries will have higher production. However, data challenges make it highly likely these figures will be significantly revised as the season progresses.

Francophone African cotton lint exports have shown healthy growth in the last decade, averaging about a million tonnes and reaching their highest levels in the 2020/21 season at 1.19 million tonnes. West Africa has very little onsumption capacity and therefore, it mainly produces cotton lint to export. This means that their production and exports are highly correlated, and any data deficiencies the production numbers can be revealed in the export data.

The data reflect the dominance of producing cotton lint primarily for export. In 2022/23, Chad exported almost 98% of its total production; Burkina Faso exported 97% of its total production, followed by Benin and Cote d'Ivoire at 94%. Francophone African countries together contributed to about 11% of total world exports in 2022/23, when Benin contributed to about 3% of total world exports, followed by Burkina Faso, Mali, and Cameroon.

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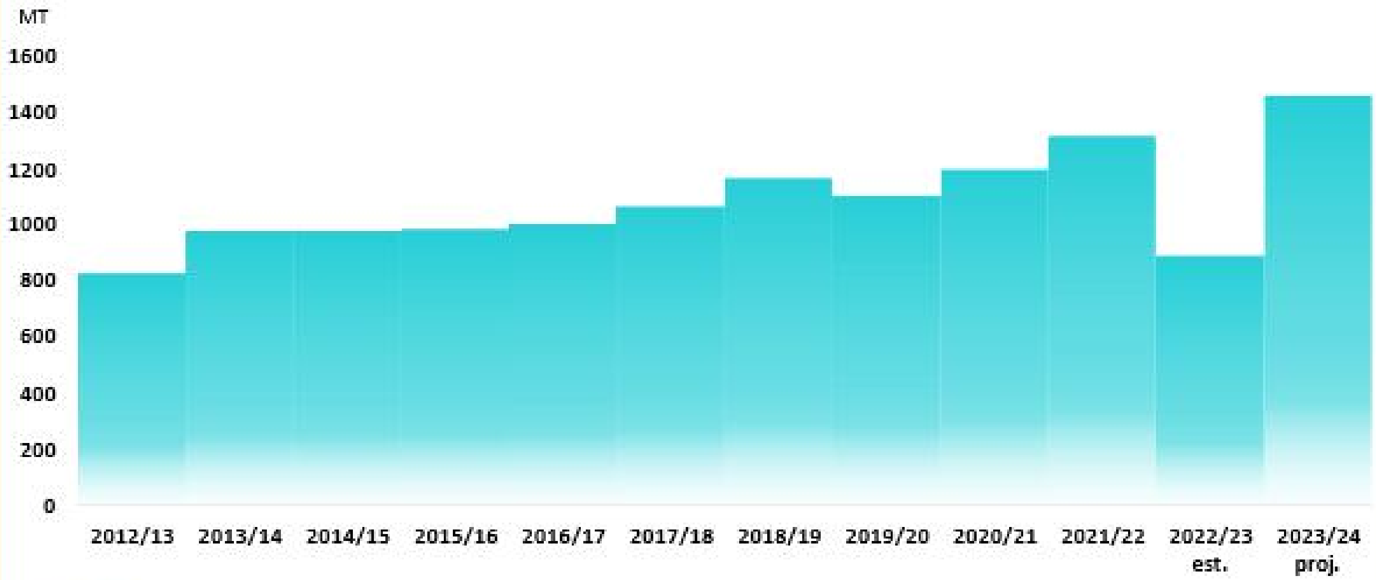
## F. Africa cotton lint export trend

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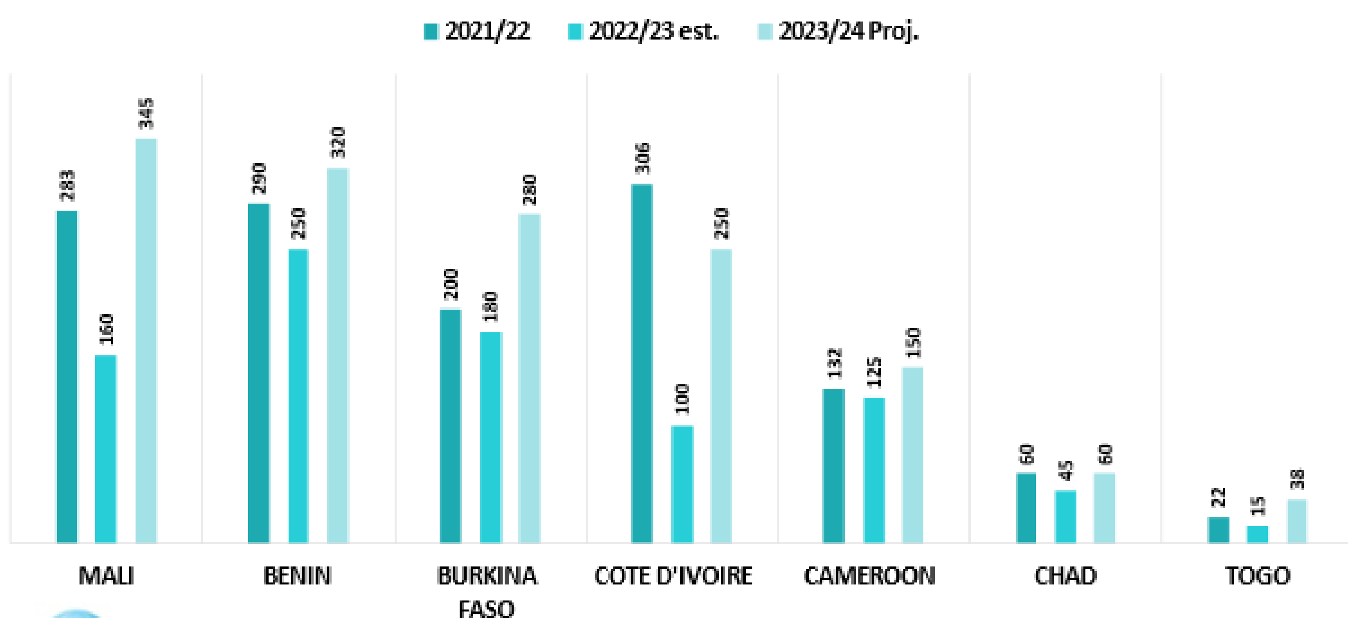
## F. Africa leading exporters

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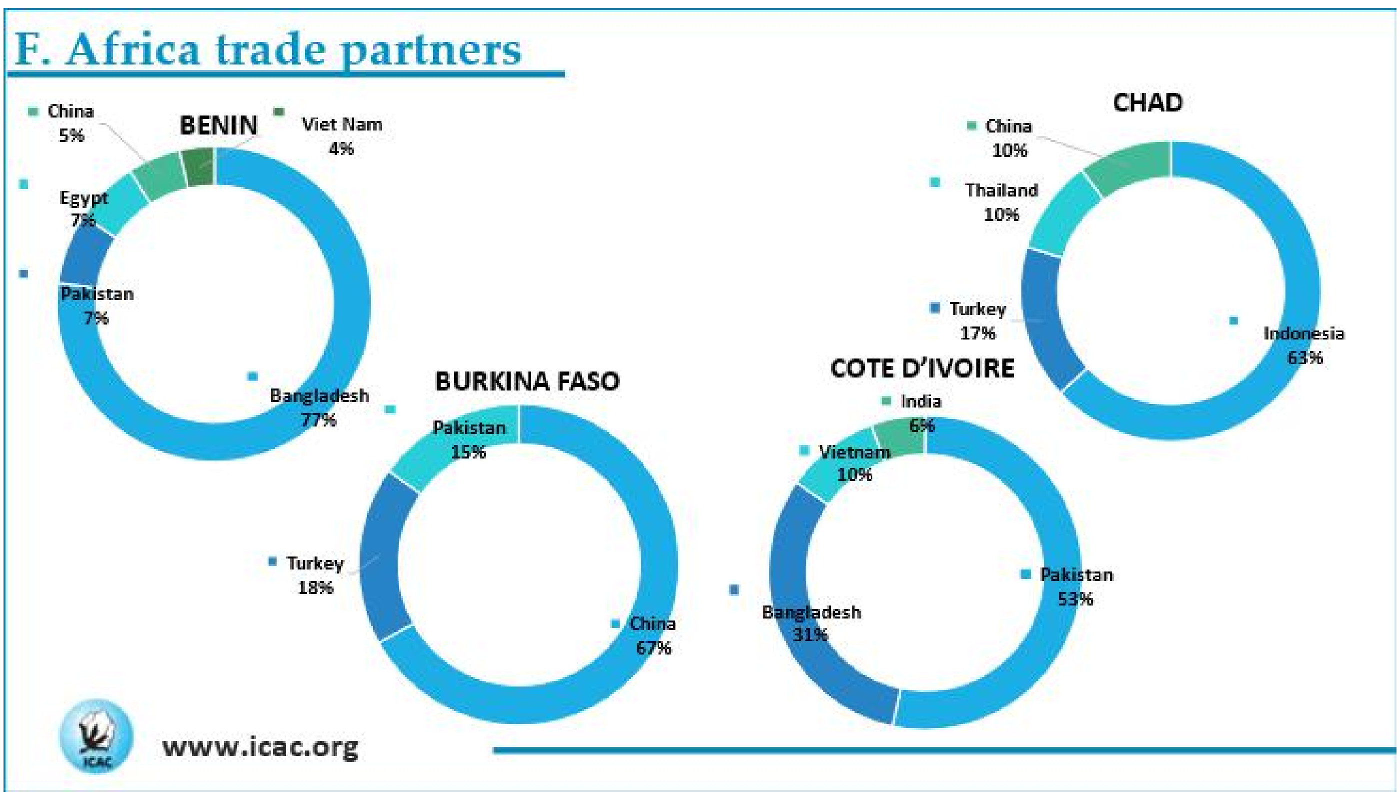
In 2022/23, the exports from this region were led by Benin with 250,000 tonnes of cotton, followed by Burkina Faso, Mali, Cameroon, and Cote d'Ivoire. It is projected that in the 2023/24 season, the exports from this region may be about 60% higher and will be led by Mali, followed by Benin, Burkina Faso, and Cote d'Ivoire.

In terms of trade partners, Francophone Africa exports primarily to Asia, its most important exporting destination. For example: Benin exported about 77% of its cotton to Bangladesh in 2022, followed by Pakistan, Egypt, China, and Vietnam. Similarly, Burkina Faso exported about 67% of its cotton to China, followed by Turkey and Pakistan. Cote d'Ivoire exported more than 50% of its cotton to Pakistan, followed by Bangladesh, Vietnam, and India. All other major Francophone African countries showed similar trends with respect to trade partners.



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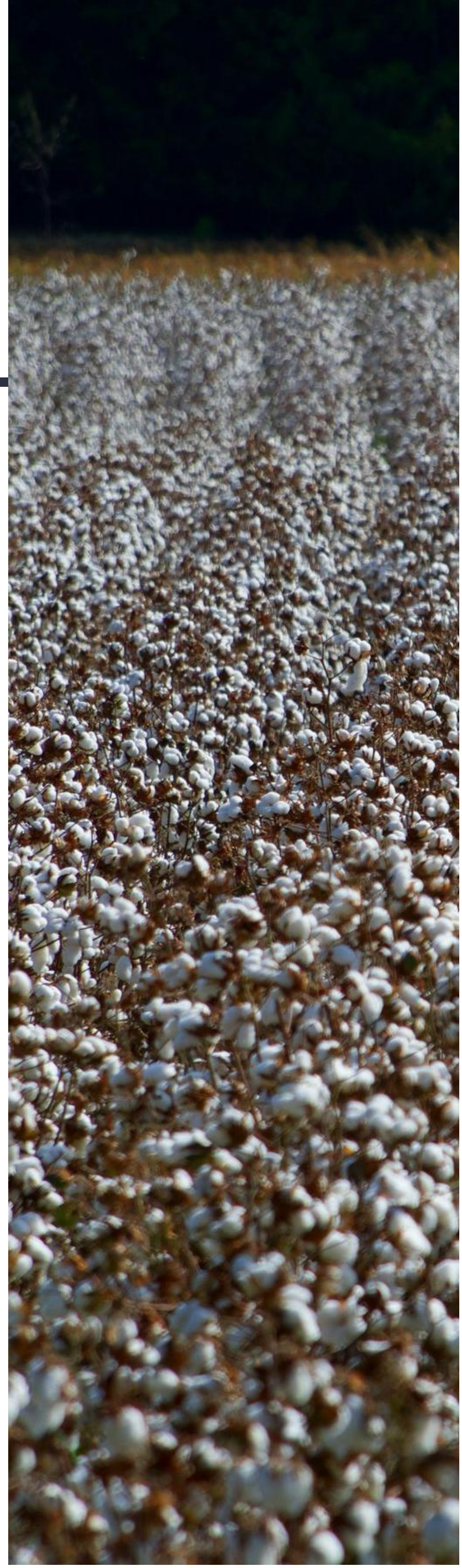
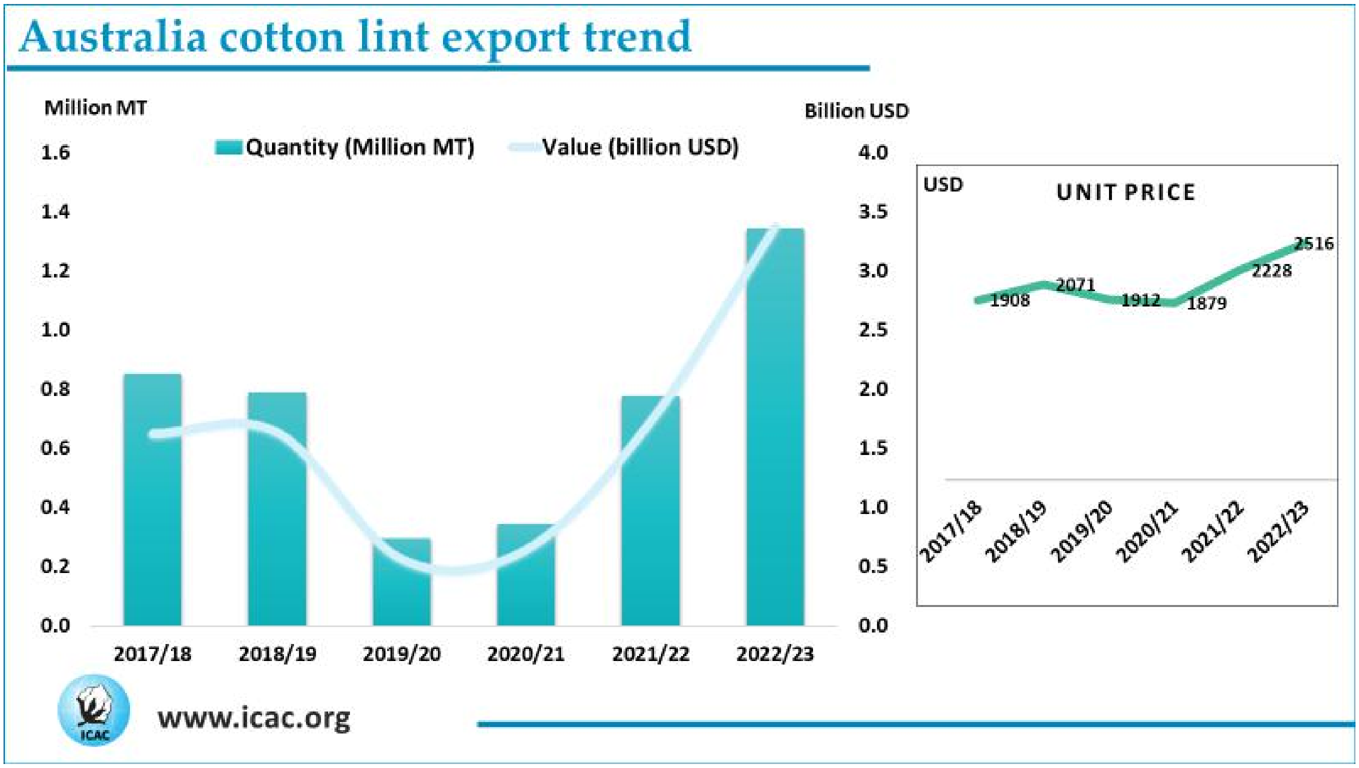
# AUSTRALIA

Australia's cotton lint exports have been increasing consistently over the last three seasons. In the 2021/22 season, Australian exports recorded an increase of about 127%, and in 2022/23, these exports further increased by 73% to reach 1.3 million tonnes, one of its highest-ever levels. The value of these exports almost doubled to reach $3.4 billion. The unit price of these exports also increased to reach $2,516 per tonne.



## Australia-Vietnam

Cotton is the second-largest exported commodity from Australia to Vietnam. In the 2022/23 season, Vietnam was the biggest destination for Australia's cotton lint exports, comprising 40% of its total cotton lint exports. 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 Reginal Comprehensive Economic Partnership, signed in 2022.


Australia cotton lint export trend
Million MT
Billion USD
Quantity (Million MT)
Value (billion USD)
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
USD
UNIT PRICE
1908
2071
1912
1879
2228
2516
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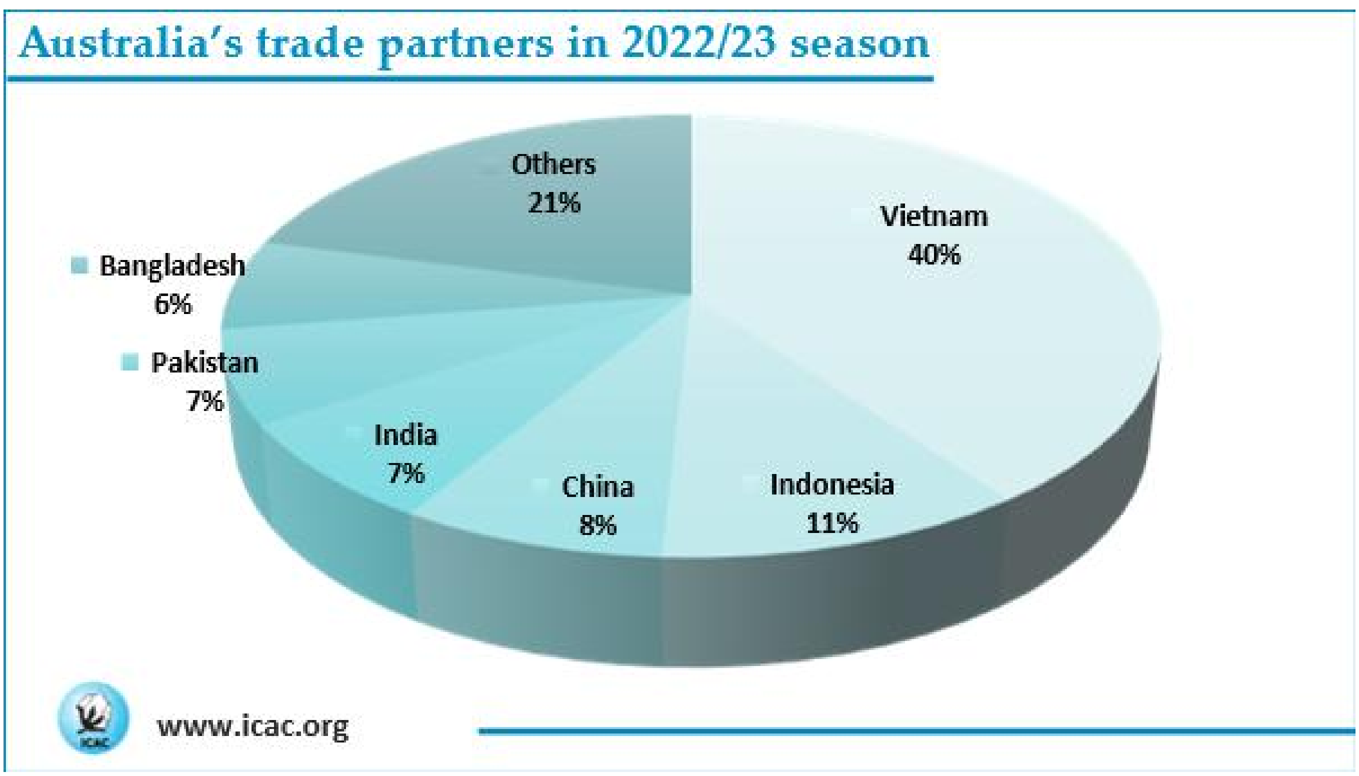
Australia's trade partners in 2022/23 season
Others
21%
Vietnam
40%
Bangladesh
6%
Pakistan
7%
India
7%
China
8%
Indonesia
11%
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## Australia-Indonesia

Indonesia comprised 11% of Australia's total cotton exports in 2022/23 season. Their trade is governed by the Indonesia-Australia Comprehensive Economic Partnership Agreement signed in 2019, and the ASEAN-Australia and New Zealand Free Trade Agreement signed in 2010.

## Australia-China

Australia has seen a shift in its trade over the last three seasons away from China and toward other countries in Asia. 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 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 had again started trading with China. In this season, Australian exports to China increased by 531% to reach about 104,000 tonnes, comprising 8% of Australia's total cotton lint exports in the 2022/223 season.

## Others

Amongst other partners, Australia also exports significant quantities of cotton lint to India, Pakistan, and Bangladesh, with each comprising about 7% of Australia's total cotton exports in 2022/23.

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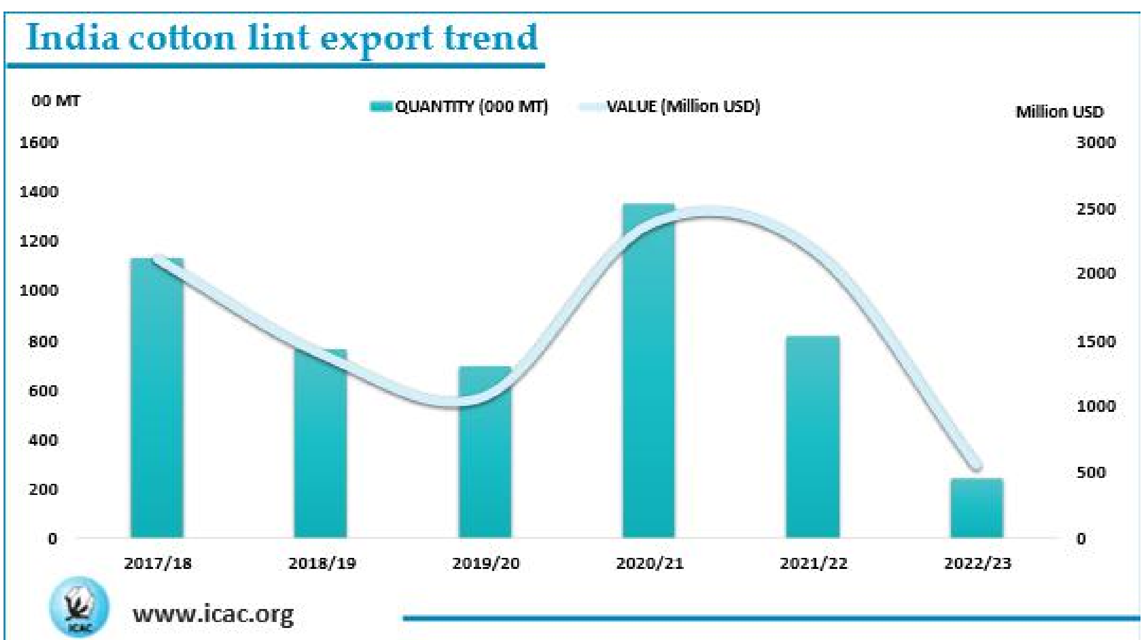
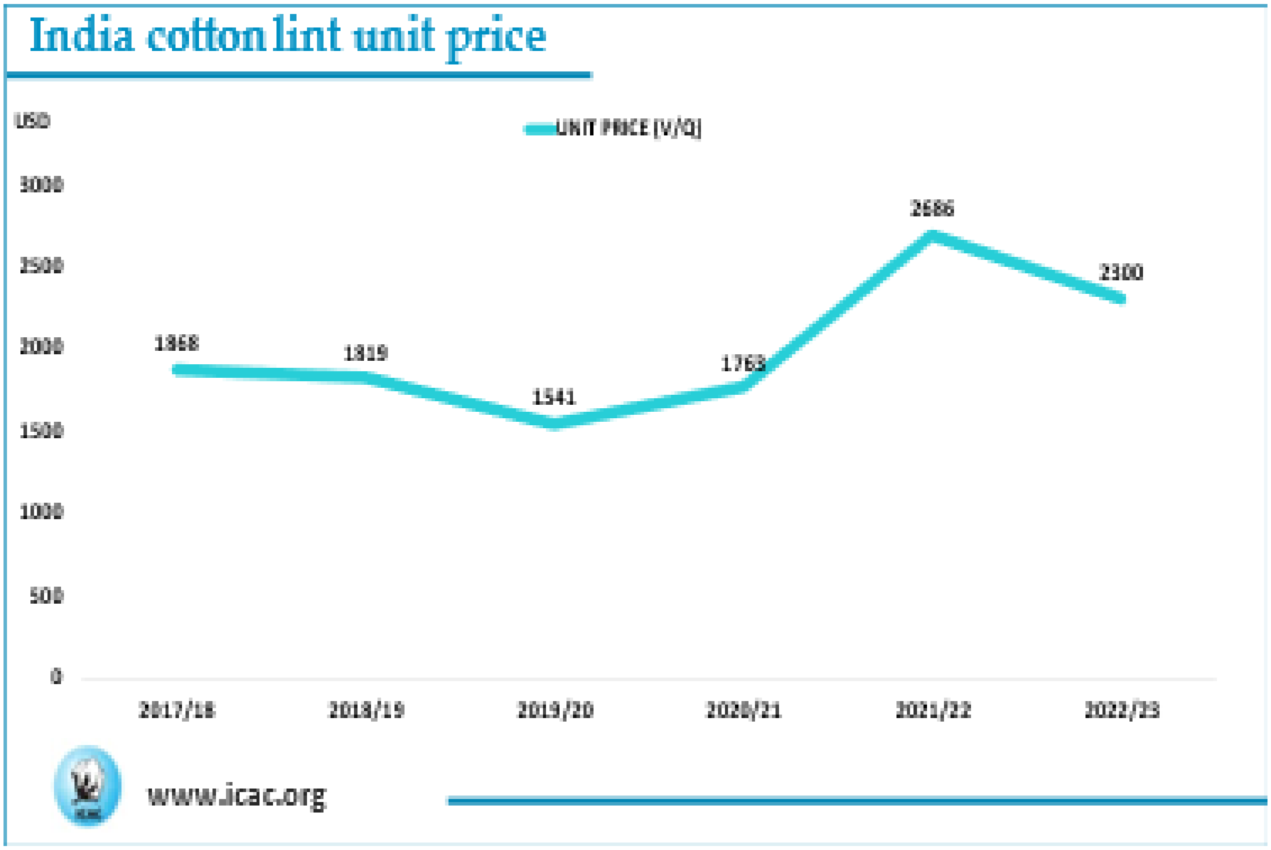
# INDIA

India's cotton lint exports in the 2022/23 season are currently estimated to be about 74% lower than the previous season at 240,000 tonnes. India's exports have been falling in the last two seasons. In the 2021/22 season, the main reason for the fall in exports was the decline in production. However, in the 2022/23 season, production was higher than the previous season but was not reflected by an increase in exports because of increased domestic demand, especially of long staple cotton. In 2022/23, the value of these exports is also 75% lower than the previous season and the unit price of these exports also fell by 14% to $2,300 per tonne.

## India-China

India's exports to China dropped significantly in 2021/22 primarily due to weakening in Chinese import demand and a shift in China's imports toward partners like the USA and Brazil. Consequently, India's export to China as a percentage of its total cotton lint exports fell from 38% in 2020/21 to 10% in 2022/23.




India cotton lint unit price
USD
UNIT PRICE (V/Q)
3000
2500
2000
1500
1000
500
0
1868
1819
1541
1763
2686
2300
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
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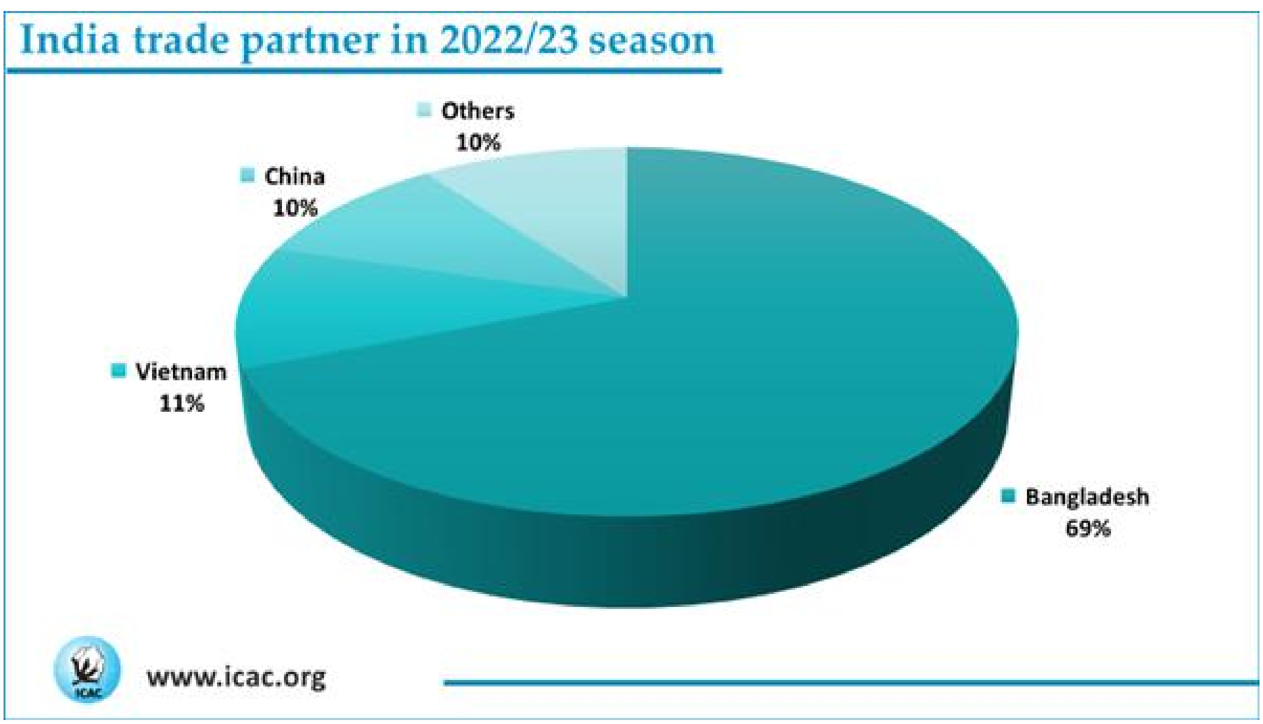
India trade partner in 2022/23 season
Others 10%
China 10%
Vietnam 11%
Bangladesh 69%
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## India-Bangladesh

In the 2022/23 season, Bangladesh was the top destination for India's cotton lint exports, comprising about 70% of India's total cotton export basket. However, in absolute terms, this figure was 70% lower than the previous season; an explanation for this reduction is India's reduced cotton exports to the world. Cotton is the largest exported commodity from India to Bangladesh. India and Bangladesh are close trade partners when it comes to cotton lint, taking advantage of their geographical proximity and shorter, cheaper shipment costs and transportation times. India and Bangladesh have also indicated that they are aiming to work toward a Free Trade Agreement between them.

## India-Vietnam

India's total exports to Vietnam in the 2022/23 season was about 25,600 tonnes, 74% lower than the previous season and comprising of 11% of India's total cotton exports. Cotton is the 9th largest commodity exported by India to Vietnam. Their trade is governed by the ASEAN-India Comprehensive Economic Cooperation Agreement signed in 2010.

## India-Pakistan

Once a relevant trading partner, Pakistan again didn't record any imports from India, considering Pakistan's decision to suspend bilateral trade with India in August 2019 (which was a repercussion of India's decision to apply a 200% tariff on Pakistani imports after India revoked Pakistan's Most Favoured Nation (MFN) status earlier the same year).

## Others

The above countries together cover almost 90% of India's total cotton lint exports; the rest of the cotton is primarily exported to Indonesia, UAE, and Japan.

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# EUROPEAN UNION

In the 1980s, the European Union was a major importer of cotton, but over the decades, mill use fell sharply, mostly due to cheaper and readily available textiles outside the EU. European exports have been falling from the last two seasons; in the 2022/23 season, they fell by 16% to about 324,000 tonnes. About 87% of the EU's total cotton lint exports come from Greece followed by Spain; together they account for about 96% of total EU exports.

Greece's exports in the 2022/23 season were 9% lower than the previous season. Greece exported about 50% of its total exports to Turkey in the 2022/23 season — 22% lower than the previous season. Turkey was followed by Egypt, which accounted for about 20% of Greece's total cotton lint exports, followed by Pakistan, Indonesia, and Bangladesh.

Spain's exports in 2022/23 were about 57% lower than the previous season. Spain exported about 26% of its total exports to Bangladesh, followed by Pakistan (24%), Portugal, and Morocco (10% each).

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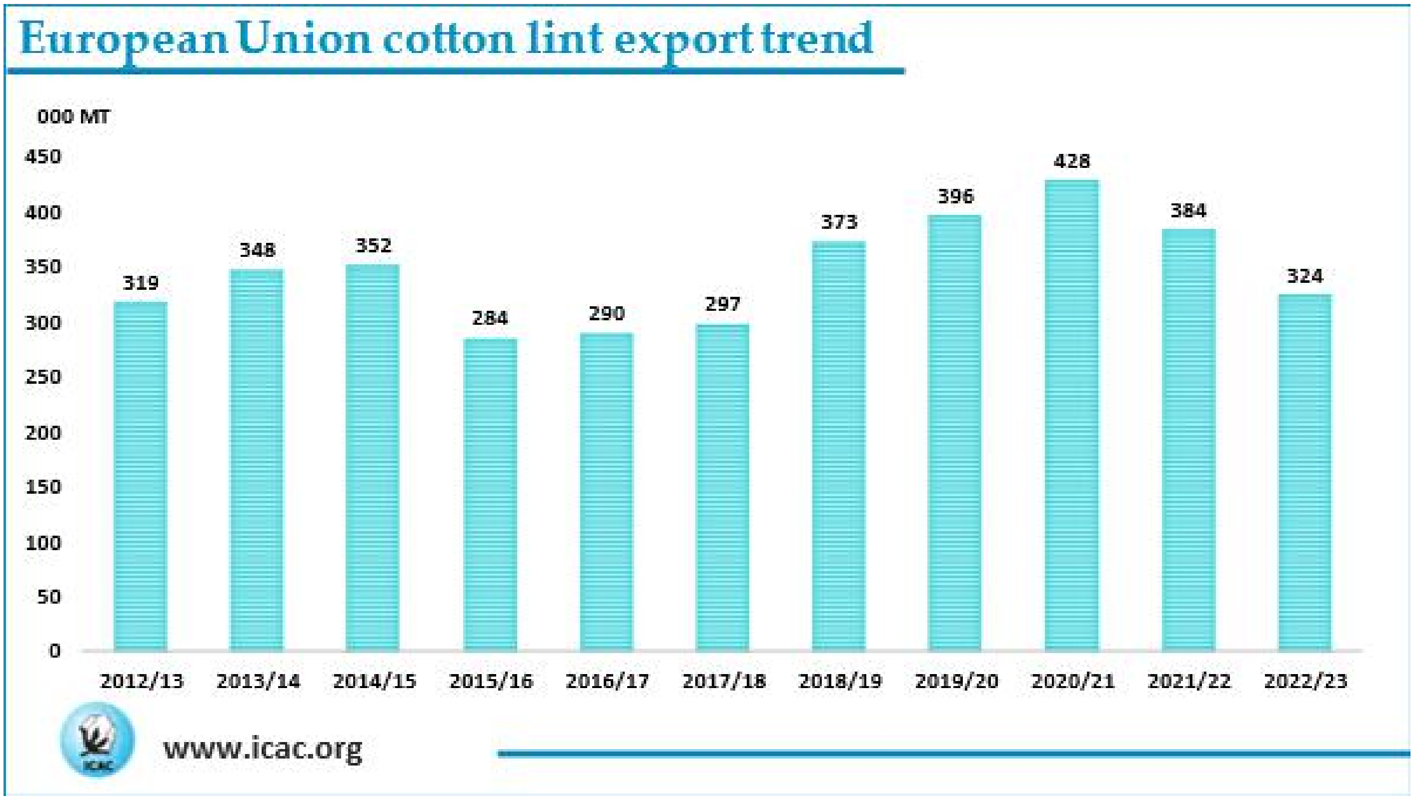
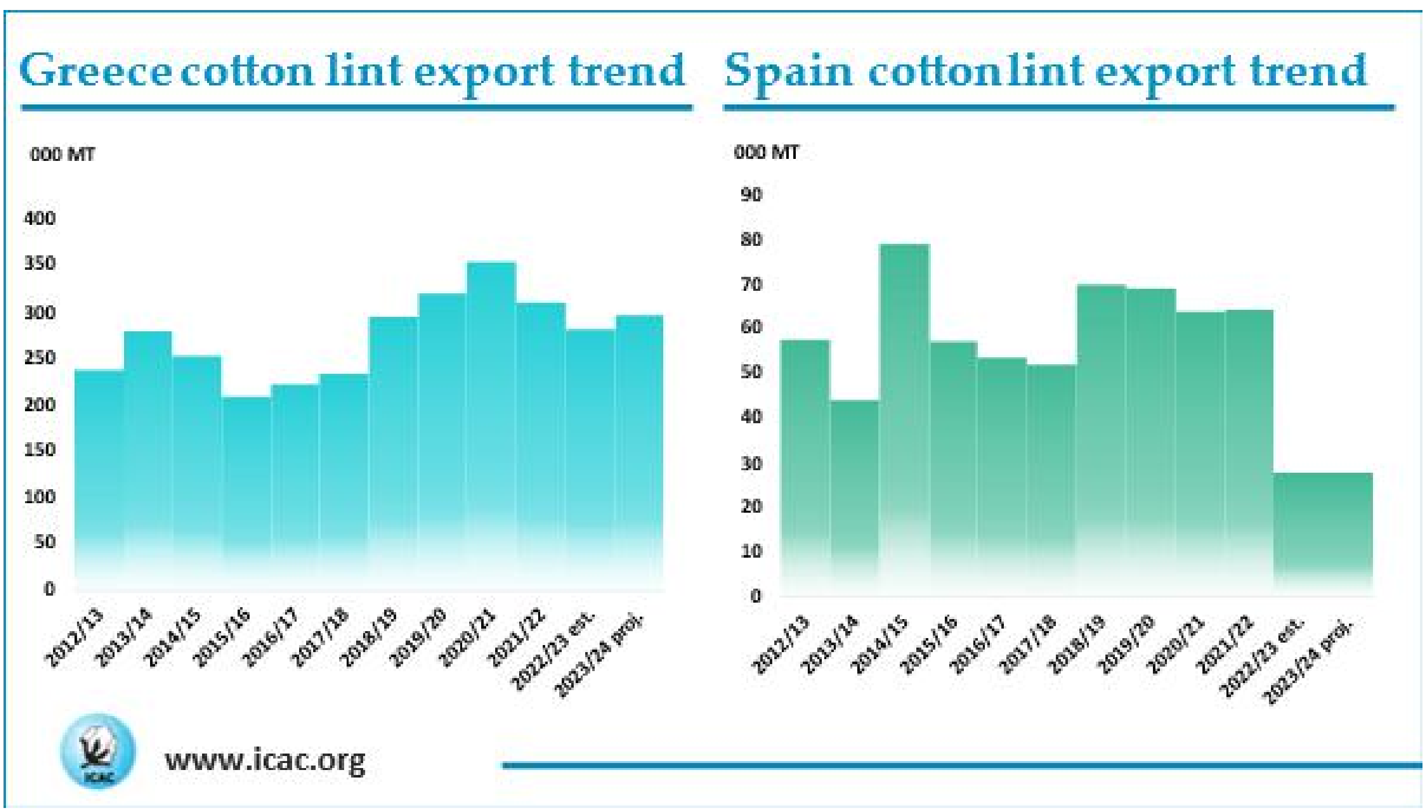
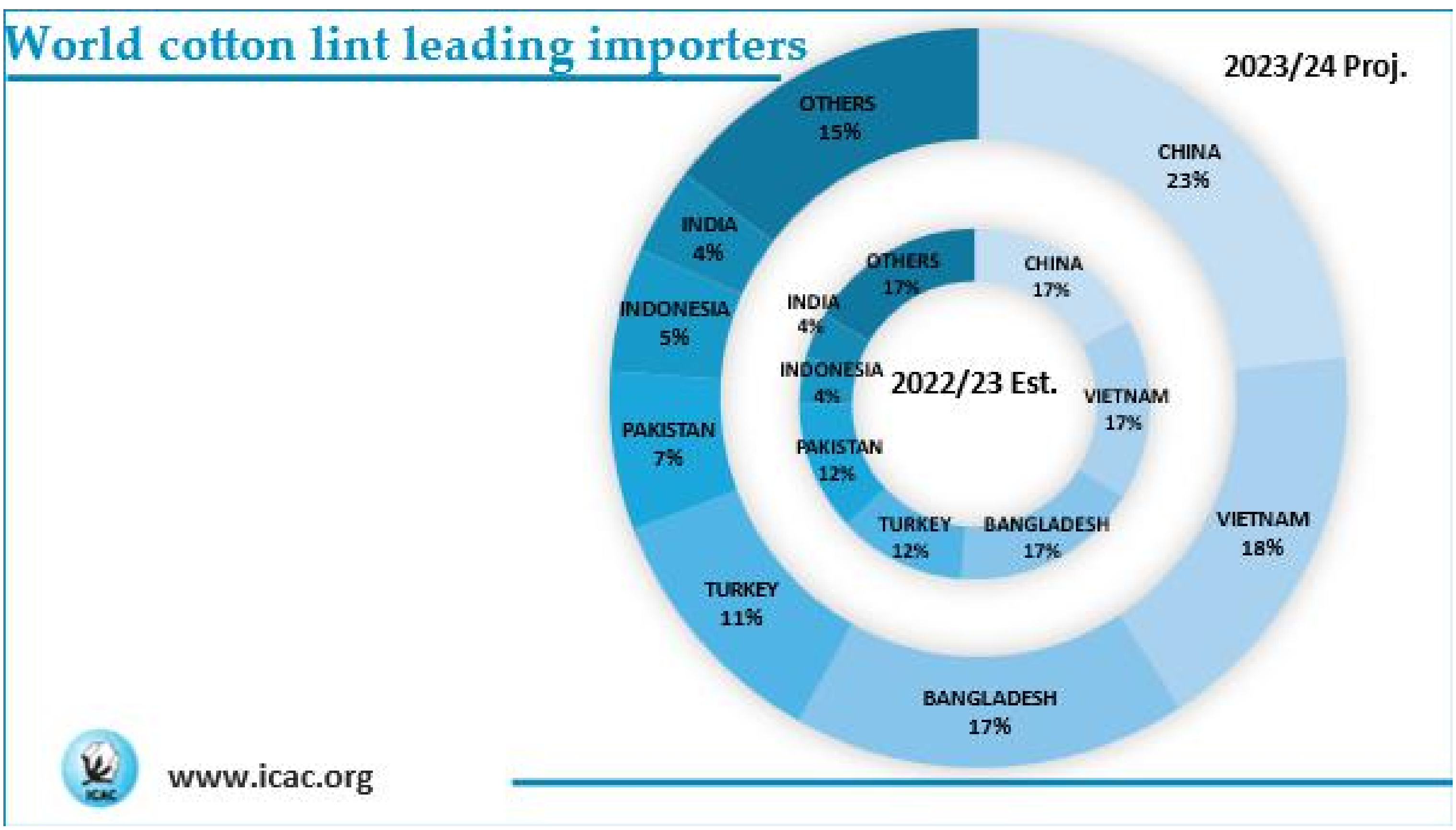


# IMPORT BY COUNTRY

## IMPORTS BY COUNTRY

In terms of imports by country, in 2022/23, seven countries accounted for more than 84% of total imports — China, Vietnam, Bangladesh, Turkey, Pakistan, Indonesia, and India. These imports were led by China, Vietnam, and Bangladesh, individually accounting for approximately 17% of total world imports. In the 2023/24 season, it is projected that the leading importers will remain the same, with slight changes in their world market share. Imports will be again led by China at 2.15 million tonnes, higher than the previous season and comprising 23% of total world imports. China will be followed by Vietnam at 18%, Bangladesh at 17%, Turkey, Pakistan, Indonesia, and India. Combined, they will account for 85% of total world imports.



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# CHINA

In the 2022/23 season, China was one of the leading importers of cotton at about 1.35 million tonnes. However, China has been experiencing a fall in its imports in the last two seasons — in 2022/23, its imports were 23% lower than the previous season. The value of these imports was also about 17% lower than the previous season at $3.5 billion. However, the unit price of these imports was slightly higher at $2,592 per tonne. The main reason for this fall could be China's reduced consumption (down 9.8%) and increased production (+4.36%) in the 2022/23 season, which was used to meet its domestic consumption needs. China's consumption in the last two seasons has been impacted by:-

- The strict zero-Covid policy, which impacted its consumption capacity,
- Logistical delays at its ports, which impacted cotton transportation,
- The overall downward trend in global demand, and
- Inflation, which affected domestic and overseas demand.
- Losses of market access because of the UFLPA and other issues.

However, some of these situations may resolve in the 2023/24 season, and China is projected to increase its imports by 56% to 2.15 million tonnes by the end of 2023/24.

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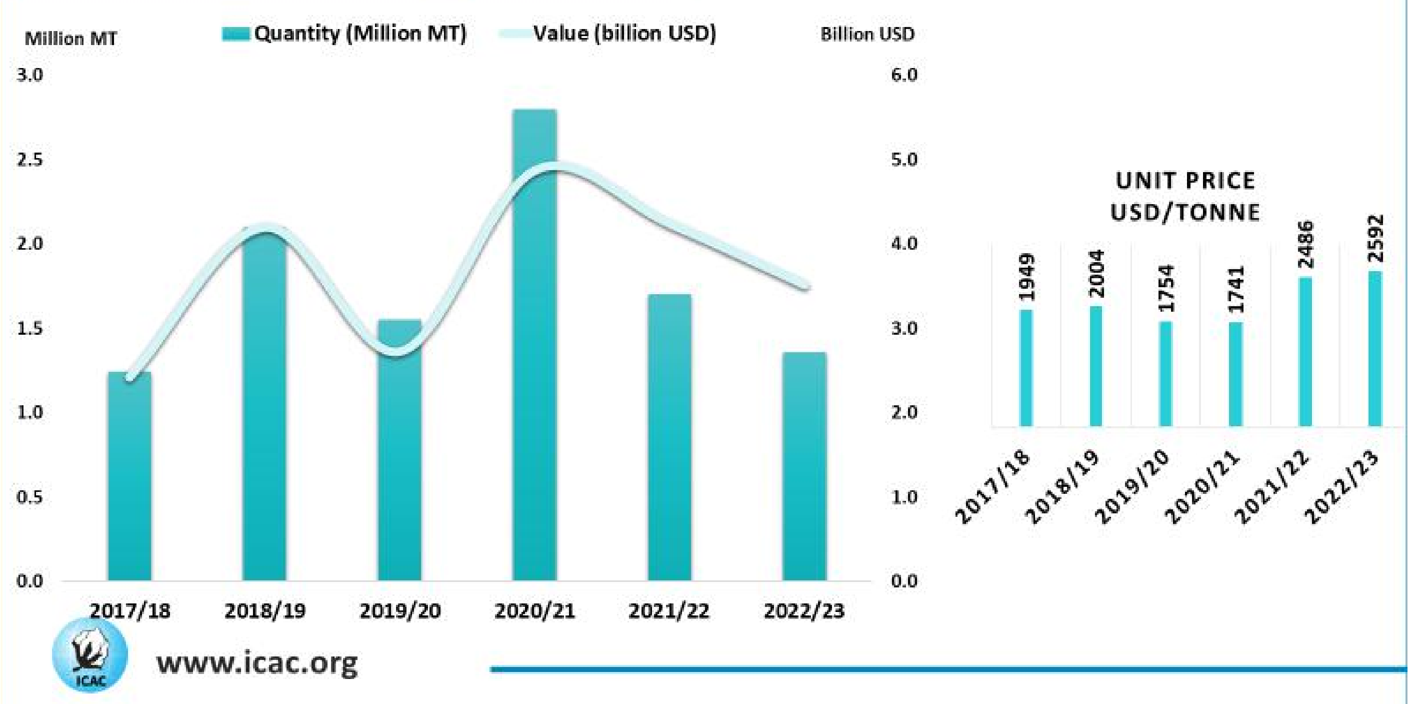
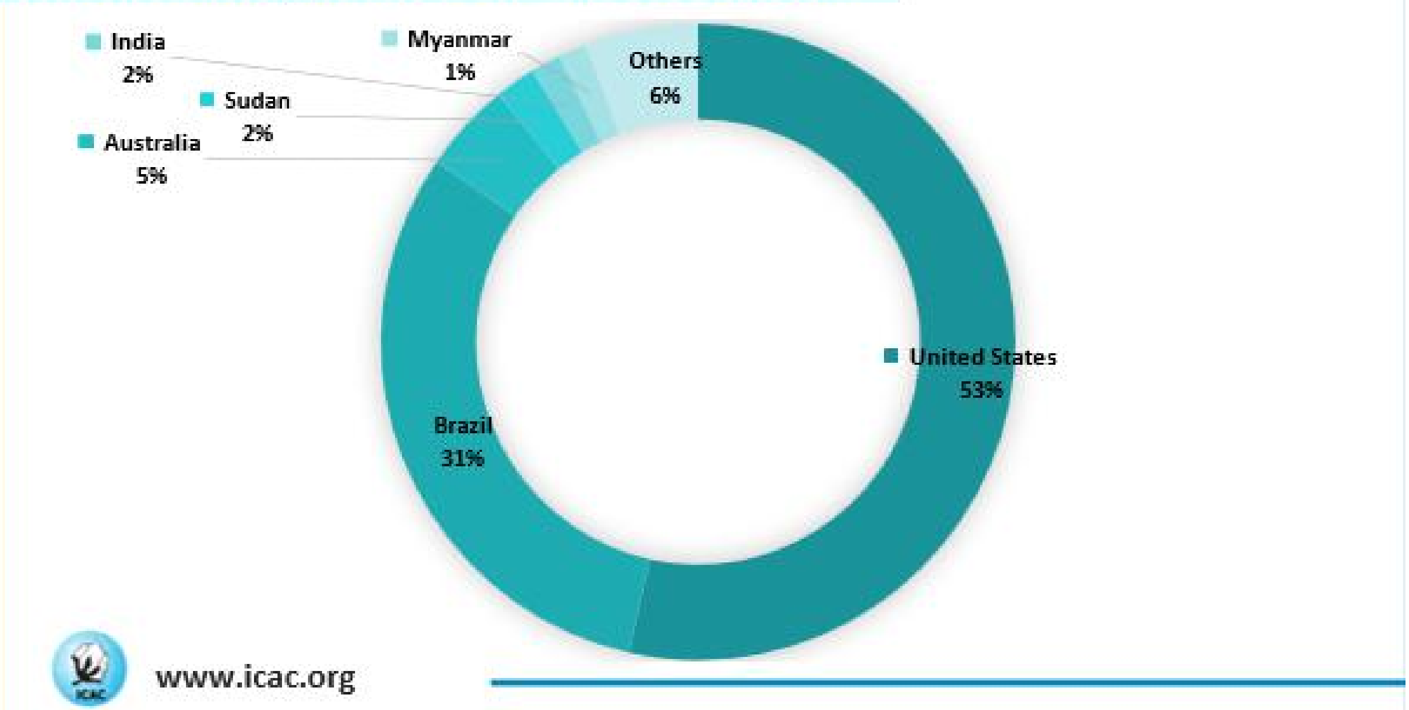
## China cotton lint import trend




## China trade partners in 2022/23 season



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### China-USA

In terms of trade partners, China imports the largest amount of cotton lint from USA, comprising about 53% of China's total imports. However, in 2022/23, imports were 23% lower than the season before, having been impacted by the overall reduction in China's imports and by the USA's UFLPA law. More on US-China trade was covered under the USA section.

### China-Brazil

After the USA, China imports large quantities of cotton lint from Brazil, comprising 31% of China's total imports in 2022/23; however, even imports from Brazil were 7% lower than the previous season. More on their trade was covered under the Brazil section.

### China-Australia

After falling for the last two seasons, China increased its imports from Australia by 196% to reach about 62,500 tonnes, comprising about 5% of China's total imports.

### Others

China imports comparatively small amounts of cotton mostly from Sudan, India, Turkey, Egypt, and Benin.

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# VIETNAM

Since 2015, 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 17% of total world imports. While the quantity of these imports was 2% lower than the previous season, the value of these imports remained almost the same.

## Vietnam-Australia

In terms of trade partners, Vietnam imported its largest quantity of cotton from Australia, comprising about 46% of total Vietnam's imports. 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 that govern their trade in cotton. More about their trade partnership was covered under the Australia section.

## Others

The United States is the second largest supplier of cotton to Vietnam, accounting for about 29% of its total imports in 2022/23, followed by Brazil and India. These countries together comprise 95% of Vietnams' total import basket.

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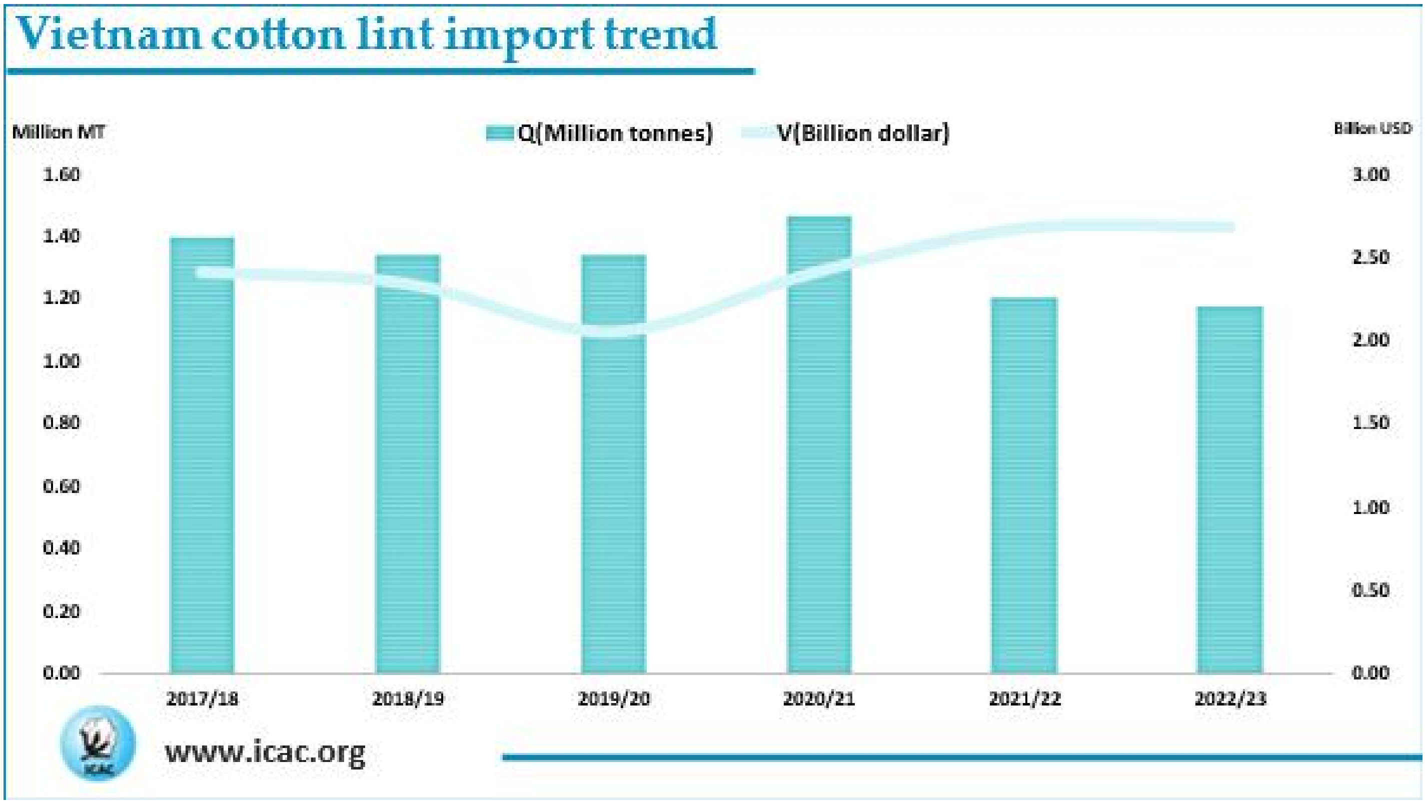
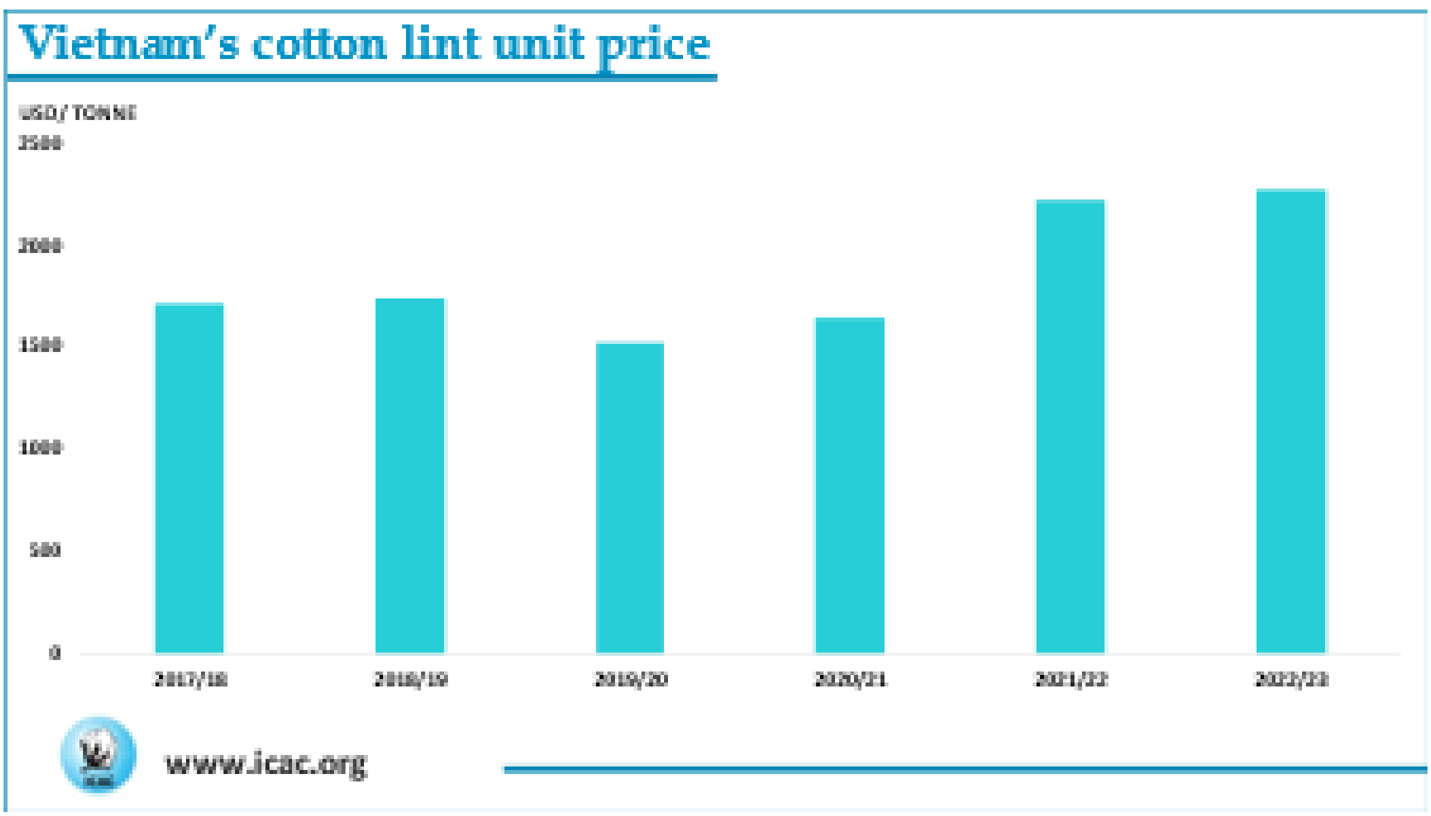
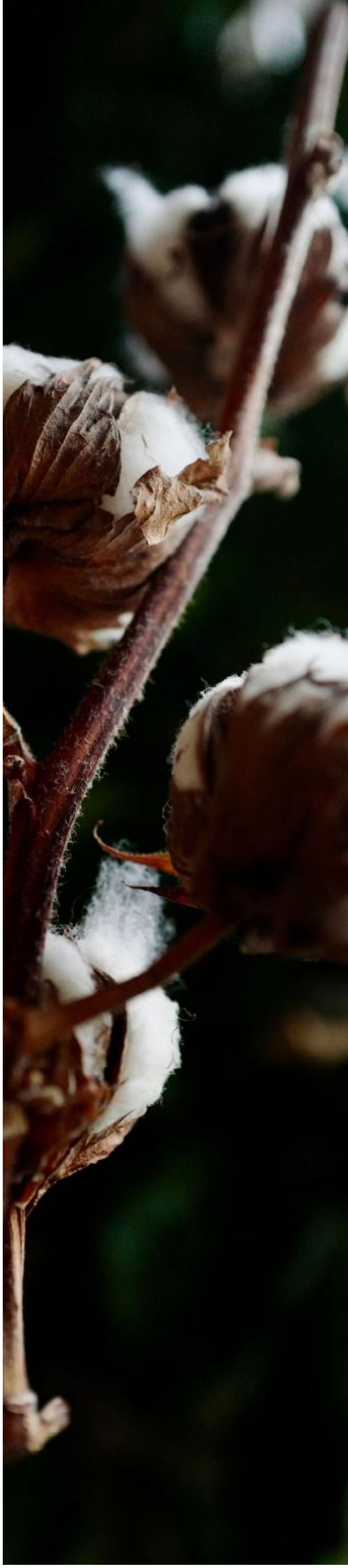


# BANGLADESH

Cotton is the second-largest imported commodity for Bangladesh and is an important cash crop, in addition to being the primary raw material for the textile industry. However, Bangladesh produces only 2% of the cotton lint needed to meet demand and thus must rely on imports. In the 2022/23 season, Bangladesh produced about 36,000 tonnes of cotton lint — far smaller than the domestic cotton lint demand of about 1.6 million tonnes.

In 2022/23, Bangladesh imports declined by 18% compared to the previous season, mainly because of the overall reduction in world consumption and because of the difficulties buyers faced domestically while trying to open letters of credit to pay for them. It is projected that in the 2023/24 season, Bangladesh imports will increase by 14%.



## Bangladesh-Brazil

Until recently, Bangladesh imported most of its cotton lint from India, taking advantage of their close geographical proximity. However, in 2022/23, there was a major shift in its biggest trade partner, from India to Brazil.

Bangladesh imported the highest levels of cotton lint from Brazil, accounting for about 31% of the country's total imports. One of the reasons could be that India produces cotton lint not just for exporting but also to meet its domestic consumption. In the 2022/23 season, India's total exports were about 70% lower than the previous season. Meanwhile, Bangladesh's domestic demand for cotton lint has been increasing in recent years, prompting Bangladesh to find new partners.

To cement their partnership, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil) signed a memorandum of understanding in February 2023. More about their partnership was also covered under Brazil section.

## Bangladesh-India

Bangladesh and India have remained close cotton trade partners for the longest time, and even though Bangladesh's imports from India fell in 2022/23, India still comprised 21% of Bangladesh's total world imports.

### Bangladesh-USA

Bangladesh imported its third-largest amount of cotton in 2022/23 from the USA, accounting for 20% of Bangladesh's total cotton imports. The US market share in Bangladesh's trade basket also increased in the 2022/23 season compared to the previous season. Bangladesh and 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 future.

### Others

The other major trading partner for Bangladesh is Australia, comprising 11% of its cotton import basket, followed by Cote d'Ivoire. Combined, the above-mentioned countries together account for of about 88% of Bangladesh's total imports.

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# TURKEY

Turkey’s spinning mills require more cotton than domestic producers can supply; therefore, it relies on imports to feed them. Turkey’s mill use has been increasing since the 1950s and has remained above 1 million tonnes since the 1960s. In 2023, Turkey faced devasting earthquakes in the first half of the year, seriously impacting its consumption and thus its imports. It was also impacted by the Russia-Ukraine conflict, as both Russia and Ukraine are Turkey’ trade partners for textile exports. Subsequently, in the 2022/23 season, Turkey’s consumption fell by 10% and its imports fell by 24% compared to the 2021/22 season. In terms of value, imports fell by 27% and reduced the unit price to $2,518 per tonne.

## Turkey-USA

Although lower than the previous season, Turkey imported more cotton from the USA than anywhere else, comprising 38% of its total cotton imports. Cotton is the 4th largest commodity imported by Turkey from 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. Cotton lint in Turkey can be imported without any import duty while cotton yarn is subject to import duties by Turkey for non-FTA countries.

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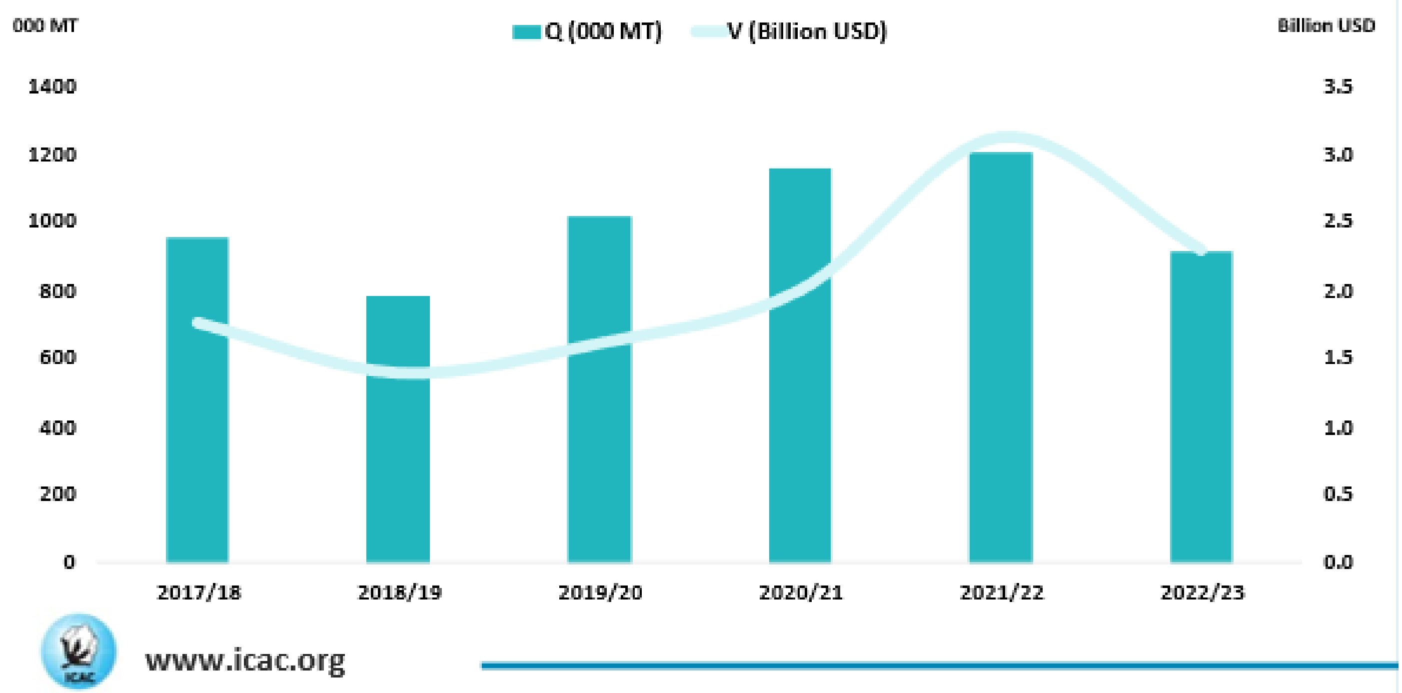
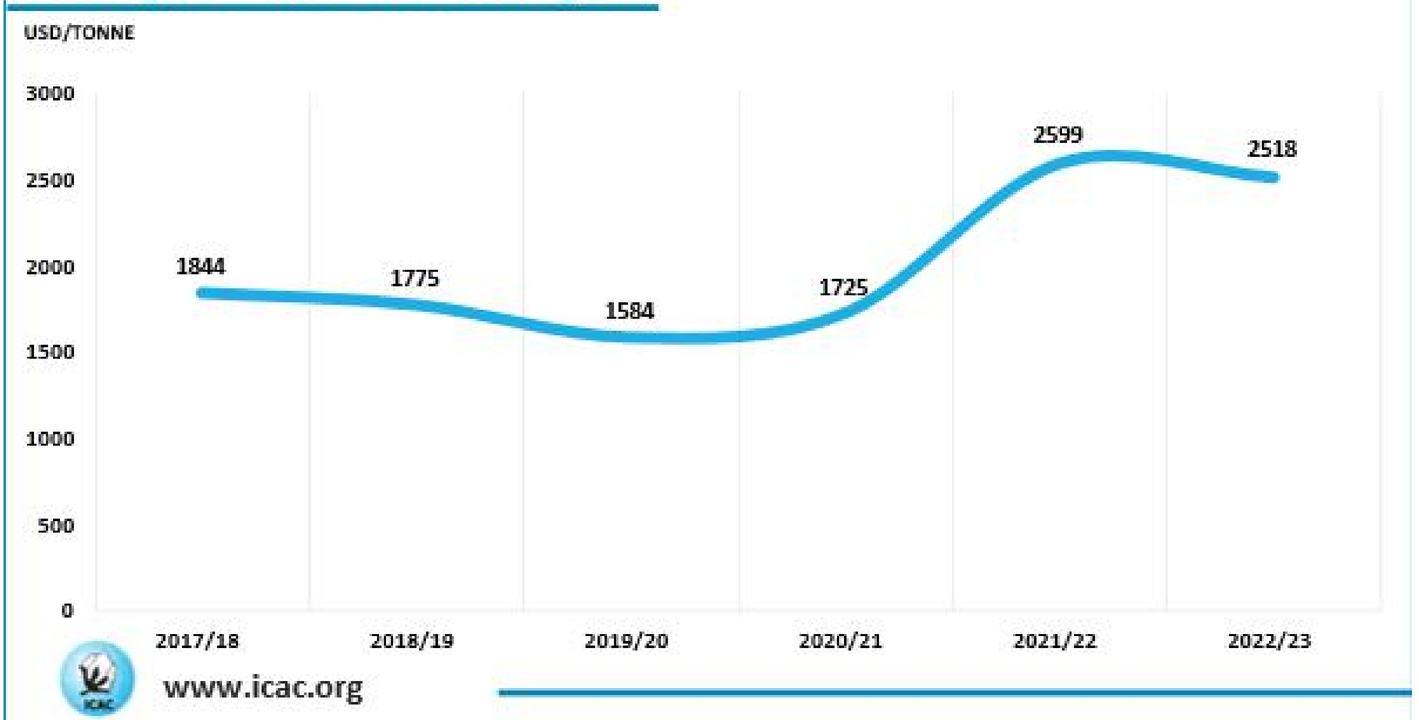
## Turkey cotton lint import trend




## Turkey's cotton lint unit price



## Turkey-Brazil

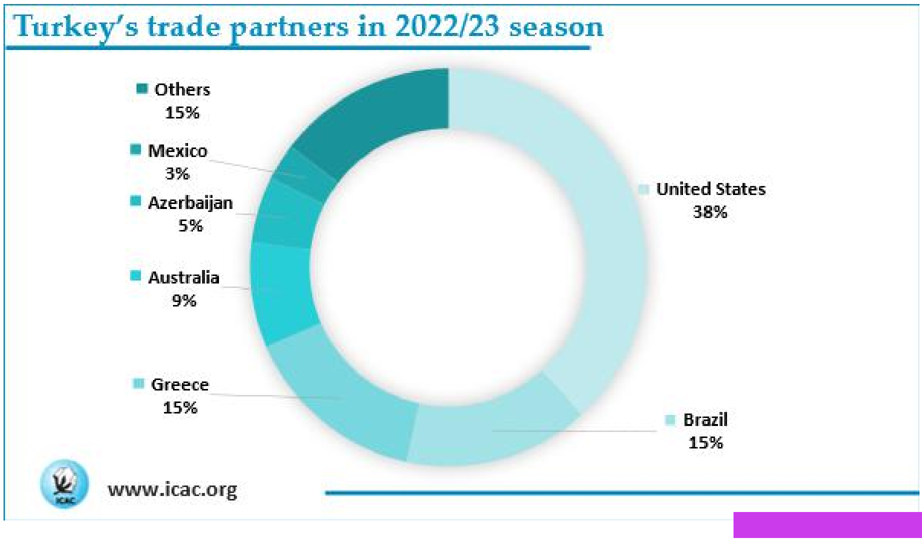
The cotton trade between Turkey and Brazil has grown in the recent years and now, cotton is the second largest commodity imported by Turkey from Brazil. In 2020/21, Turkey imported almost equal levels of cotton lint from Brazil and the USA. Although Turkey's imports from Brazil were 40% lower in the 2022/23 season, it still accounted for 15% in Turkey's total cotton imports, second only to the USA.

## Turkey-Greece

Turkey imported the third largest levels of cotton lint in 2022/23 from Greece, comprising 15% of its total cotton imports — 25% lower than the previous season. Turkey and Greece are established, long-term trade partners taking advantage of their close geographical proximity, and cheaper and faster transportation times.

## Others

Turkey also imported cotton from Australia in 2022/23, comprising 9% of total cotton imports. Imports from Australia increased from the previous season to one of the highest levels recorded for the two countries. Australia was followed by Azerbaijan and Mexico. Those three countries comprised 85% of Turkey's total cotton lint imports in the 2022/23 season.



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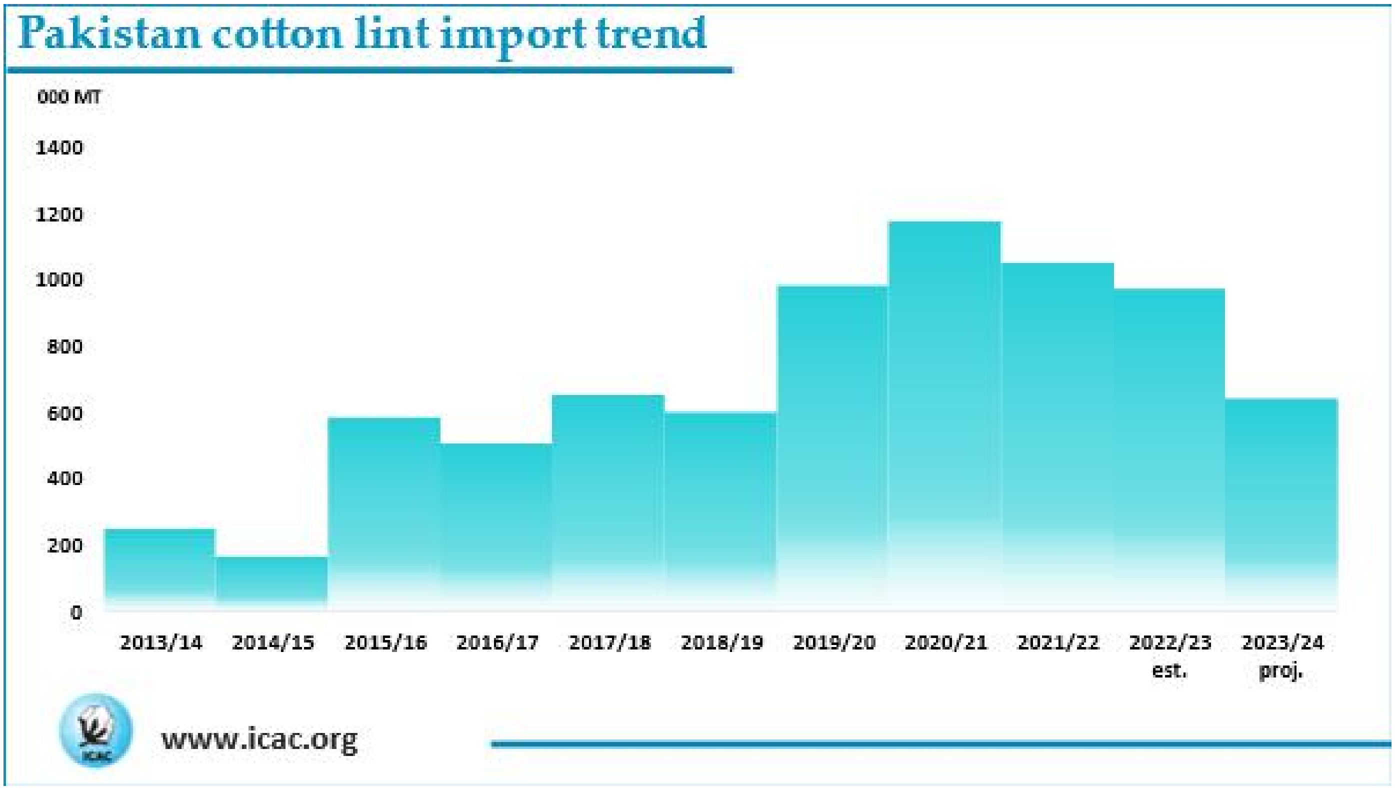
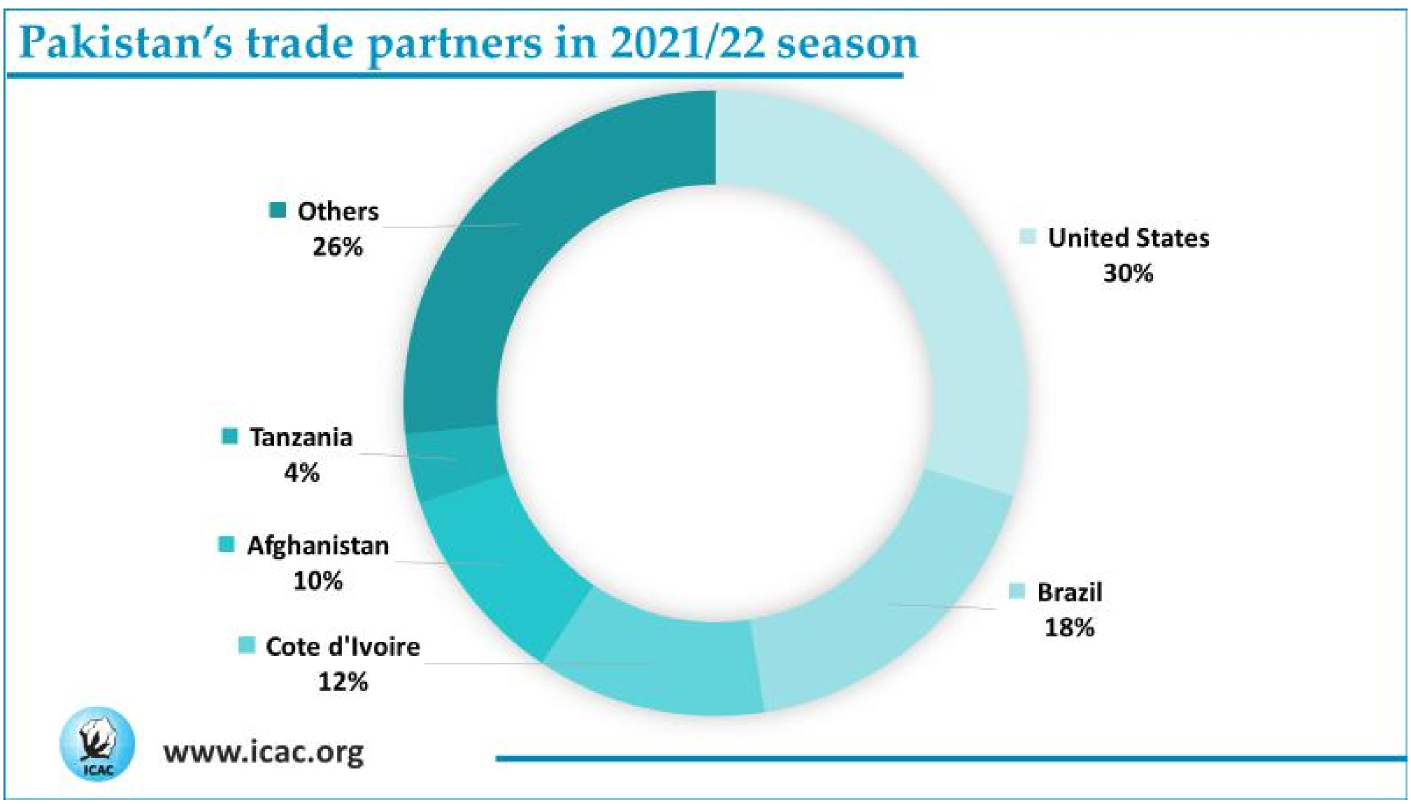
# PAKISTAN

Pakistan was the world's third largest cotton lint importer in the 2022/23 season, comprising about 8% of total world cotton lint consumption. In the 2022/23 season, Pakistan imported about 971,000 tonnes of cotton lint — 8% lower than the previous season. This decline 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 during the 2022/23 season, which also hindered payments for cotton shipments.

The trade by partners for Pakistan have not been updated for the 2022/23 season, therefore, the figure shows the trade partners for the 2021/22 season. In the 2021/22 season, Pakistan imported the largest amount of cotton from the USA, comprising 30% of Pakistan’s total imports. The USA was followed by Brazil, Cote d’Ivoire, Afghanistan, and Tanzania.


Pakistan cotton lint import trend
000 MT
1400
1200
1000
800
600
400
200
0
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23 est.
2023/24 proj.
www.icac.org


Pakistan's trade partners in 2021/22 season
Others 26%
United States 30%
Tanzania 4%
Afghanistan 10%
Brazil 18%
Cote d'Ivoire 12%
www.icac.org

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# INDONESIA

Indonesia's imports in the 2022/23 season were 40% lower than the previous season at about 344,000 tonnes. The reduction was due to lower domestic demand (down 30%). The value of these imports was also 30% lower than in the 2021/22 season.

## Indonesia-Australia

In 2022/23, Indonesia imported its largest quantity of cotton lint from Australia,

comprising 38% of its total imports. After a decline in cotton exports to China in 2020, Australia diversified its export options to other consuming countries in Asia, with one of them being Indonesia. In the 2021/22 season, Indonesia's imports from Australia increase by 356% compared over the season before. In absolute levels, 2022/23 imports from Australia decreased by 5%, but Australia's share of Indonesia's total imports increased. Their trade is governed by the Indonesia-Australia Comprehensive Economic Partnership Agreement. More on their cotton trade was also covered under Australia's section.

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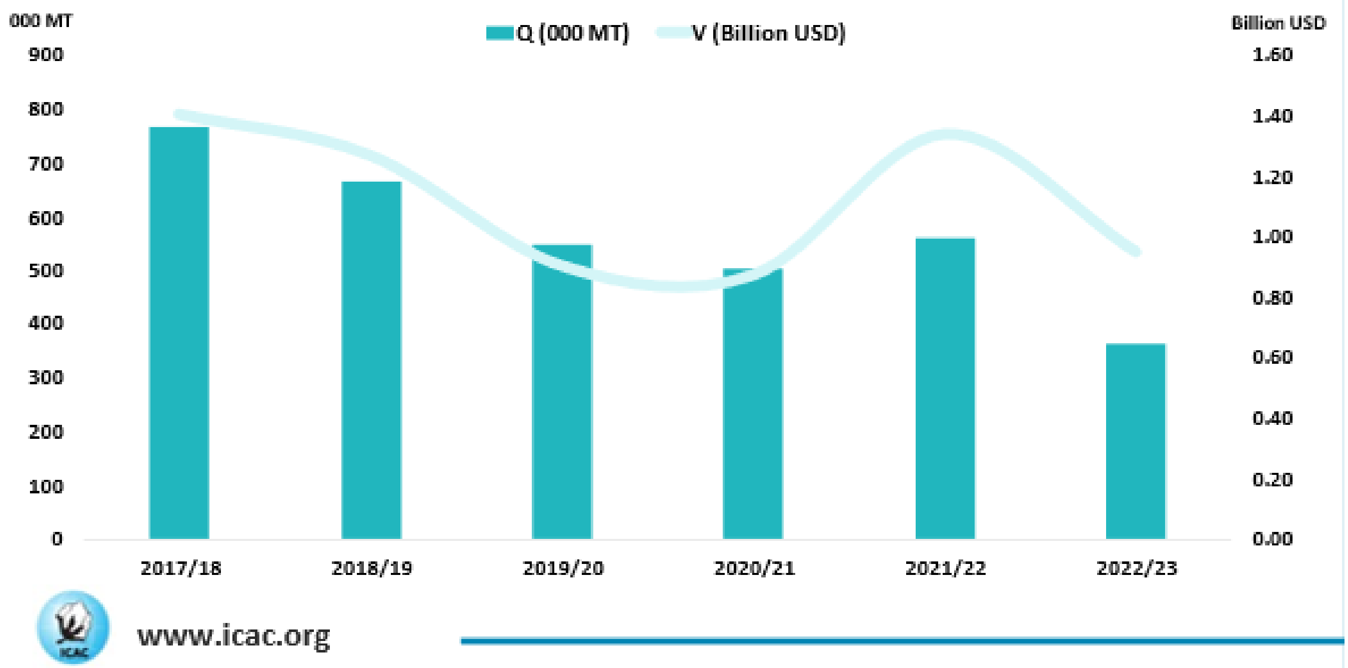
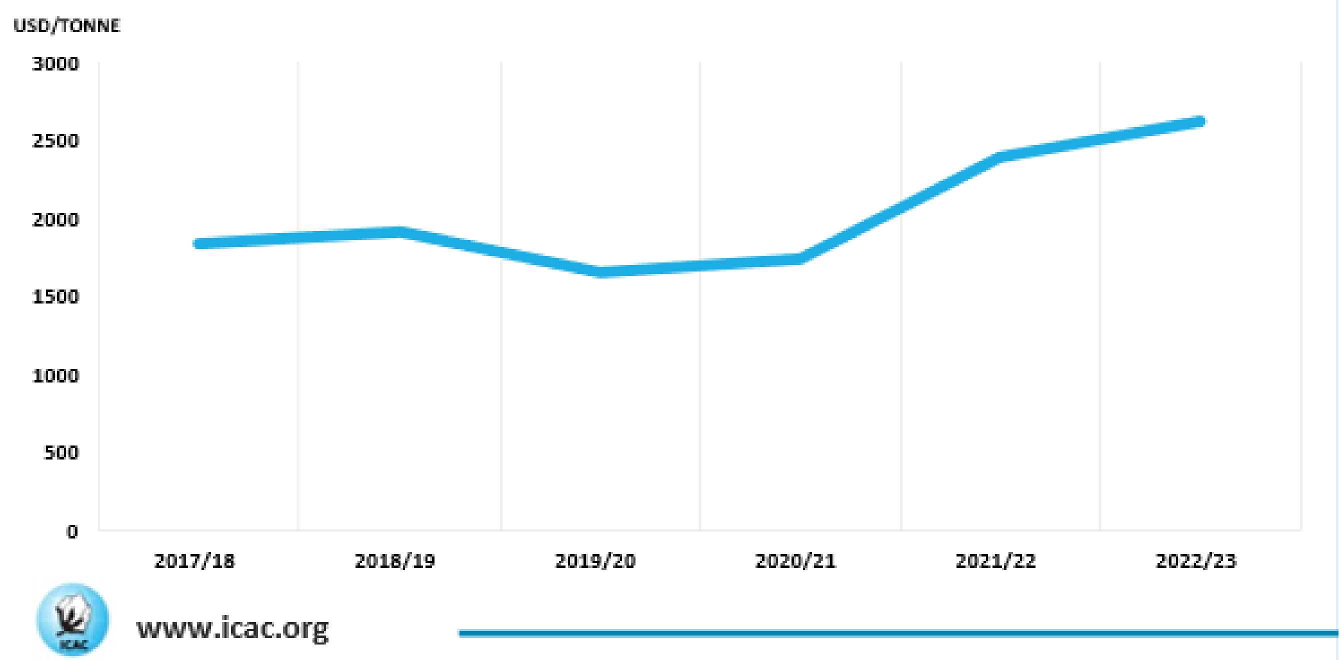
## Indonesia cotton lint import trend




## Indonesia's cotton lint unit price



## Indonesia-USA

In 2022/23, Indonesia imported its second largest levels of cotton lint from the USA, which accounted for 27% of Indonesia's total import basket (11% higher than the season before).

## Indonesia-Brazil

Brazil was the third-largest supplier of cotton to Indonesia. In 2020/21, Brazil comprised about 40% of Indonesia's total imports. In 2022/23, its market declined to about 22%, down about 50% from the previous season.

## Others

In 2022/23, Indonesia also imported cotton lint from Greece and India. Combined, the above-mentioned countries accounted for 93% of Indonesia's total cotton lint imports.