

## KEY CONTACTS

This report was prepared by the Crops section within the Department of Agriculture, Fisheries and Forestry (department). The Crops section can be contacted via email at [crops@aff.gov.au](mailto:crops@aff.gov.au).

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is the science and research division of the department. ABARES publishes quarterly reports on Australia's agricultural commodities, including cotton. These are available at: [agriculture.gov.au/abares/research-topics/agricultural-outlook/data](http://agriculture.gov.au/abares/research-topics/agricultural-outlook/data).

## INTRODUCTION

The number of farms where cotton is planted ranges seasonally, from approximately 1,200 to 1,500, based on prevailing weather conditions. Around two thirds of Australia's cotton is grown in the state of New South Wales, and one third in the state of Queensland, with a small amount grown in the Northern Territory and Western Australia.

Australia's cotton industry has benefitted from innovation in plant varieties and genetic modification over many years, opening up opportunities to expand cotton production into new locations such as far north Queensland, the Northern Territory and Western Australia. Cotton production is particularly expanding in the Northern Territory, where most production is rain-fed (dryland) and Western Australia, where most production is irrigated.

Australia has around 40 cotton gins. Recently opened cotton gins in the Northern Territory and Western Australia may support expanded production in these regions.

Although a relatively minor producer on a global scale, Australia is one of the world's largest exporters of raw cotton, with more than 99% of production exported annually.

No commercial cotton spinning industry exists in Australia.

## Workforce

The Australian Bureau of Statistics Census of Population and Housing reported there were 1,121 persons (24.4% female; 75.5% male) working in cotton growing and 466 persons (36.9% female; 63.1% male) in cotton ginning in 2021. The Census is a snapshot in time, that occurs once every 5 years and only includes people who reported their primary occupation as cotton growing cotton ginning.

## COTTON PRODUCTION IN AUSTRALIA

### Forecast production in 2025-26

ABARES forecasts the value of cotton production to fall by 18% to A\$2.5 billion (US\$1.7 billion<sup>1</sup>) in 2025–26, from an estimated A\$3.1 billion (US\$2.0 billion<sup>2</sup>) in 2024–25, driven by lower Australian prices and lower Australian production. Lower prices reflect global supply rising faster than demand. Australian cotton prices are expected to fall in line with global cotton prices. Lower Australian production is expected to be driven by reduced water availability in key production regions.

In 2025–26, Australian cotton lint production is forecast to fall by 16% to 1 million tonnes, largely reflecting lower irrigated cotton planting. Lower irrigated cotton production is driven by reduced water availability and higher water prices in southern parts of New South Wales. High water availability in other parts of New South Wales and most Queensland production regions is

---

<sup>1</sup> Based on currency conversion of A\$1 being equivalent to US\$0.66 in 2025-26.

<sup>2</sup> Based on currency conversion of A\$1 being equivalent to US\$0.65 in 2024-25.

expected to support above-average irrigated cotton production. A favourable rainfall outlook is expected to keep dryland cotton production relatively stable in 2025–26.

## **TRADE AND MARKETING**

### **Forecast exports in 2025-26**

In 2025–26 ABARES forecast cotton lint export volumes to rise by 1% to 1.2 million tonnes, reflecting high carry-over stocks from 2024–25. The value of cotton lint exports is forecast to fall by 1% to A\$3.4 billion (US\$2.2 billion<sup>1</sup>), as lower export prices are expected to more than offset higher export volumes. Lower prices reflect subdued world cotton demand.

### **Returns to growers**

ABARES estimates 2024-25 returns to cotton growers for cotton lint averaged A\$2.51 (US\$1.63<sup>2</sup>) per kilogram and forecast returns will fall in 2025-26 to an average of A\$2.45 (US\$1.62<sup>1</sup>) per kilogram.

### **Export destinations**

In the 5 years from 2020-21 to 2024-25 the top 5 cotton export markets by volume were Vietnam, China, Indonesia, Bangladesh, and India.

In 2025–26, world cotton demand is expected to rise slightly but remain somewhat subdued, as low import demand from China is partially offset by higher demand in emerging markets, including Vietnam and Bangladesh.

China's imports of cotton are expected to remain low in 2025–26, driven by lower demand for finished cotton products, both domestically and globally, and higher domestic cotton production.

Falling domestic demand reflects a weaker economic outlook, falling household income and slowing population growth. In addition, falling global demand reflects continuous shifts in cotton milling away from China to emerging markets. Adding to this challenge, China currently faces a 34% tariff on garment exports to the US (Executive Order 14298), and has imposed tariffs on imports of US cotton.

For Australian exporters, China's high tariff on US cotton imports is likely to improve competitiveness, however demand for Australian cotton may fall if Chinese garment exporters are unable to find new markets.

Vietnam's cotton consumption is expected to rise by 3% to 1.7 billion tonnes in 2025–26, driven by rising mill use. Vietnam recently signed a trade deal with the US that removed import tariffs on US cotton and reduced tariffs on Vietnam's exports to the US. The start of 2025 has seen a rising US cotton import into Vietnam in the first half of 2025 and could see a shift in Vietnam's demand for cotton towards the US and away from Australia in 2025–26.

India's cotton consumption is expected to remain stable and domestic production is expected to fall in 2025–26. Elevated domestic prices are expected to incentivise cotton mills to source raw cotton from international markets such as Australia, rather than domestically. However, substantial increases in mill consumption in India are currently limited by a 50% tariff on garment exports to the US, which may lower growth in demand for finished cotton products in the short term.

## Australian Government 2025 Report to the International Cotton Advisory Committee

---

Bangladesh's cotton consumption is expected to rise slightly in 2025–26, reflecting rising mill use for textile exports. Domestic demand is expected to remain modest, as economic growth is expected to slow in 2025 before recovering in 2026.

### World cotton supply

World cotton supply is expected to remain stable in 2025–26, reflecting higher carryover stocks and lower world production. Higher carryover stocks reflect production growth outpacing that of consumption in 2024–25. Lower cotton production is expected overall in 2025–26, with declines in Australia, India and the United States more than offsetting higher production in Brazil:

- United States' cotton production is expected to fall in 2025–26, reflecting reductions in planting area and lower yields due to dryness in the Southwest.
- Brazil's cotton production is expected to rise in 2025–26, as low exchange rates continue to support export prices and expansion of planting areas.
- India's cotton production is expected to fall in 2025–26, driven by a reduction in area planted, mainly because of competition from other crops with higher returns.

## GOVERNMENT SUPPORT AND POLICY

### Role of the Australian Government in the cotton industry

The Australian Government and cotton producers co-invest in cotton research, development, and extension (RD&E) through the Cotton Research and Development Corporation (CRDC) to deliver outcomes to benefit Australia's dynamic cotton industry and the wider community.

CRDC is funded through a research and development levy, which all growers pay. The levy equates to A\$2.21 (US\$1.46<sup>1</sup>) for each 227 kilogram bale of cotton; or A\$3.99 (US\$2.63<sup>1</sup>) per tonne of exported seed cotton, with the Australian Government matching expenditure on eligible research and development up to 0.5% of the cotton industry's determined gross value of production.

### Expanding destinations key to export growth

The Australian Government is actively working with trading partners to open new export opportunities for our agricultural industries, including the cotton sector.

Australia and the United Arab Emirates (UAE) signed a Comprehensive Economic Partnership Agreement (CEPA) on 6 November 2024. On entry into force, the agreement will eliminate the 5% tariff on Australia's cotton exports to the UAE.

On 29 December 2022 the [Australia-India Economic Cooperation and Trade Agreement \(ECTA\)](#) entered into force. This has created new export opportunities for Australian crops in India, providing immediate access to a duty-free cotton Australian quota of 51,000 tonnes per calendar year, which has been fully utilised each year since its introduction.

India's rising middle class with higher disposable incomes and a growing textile industry means its demand for cotton is expected to grow in the coming years. While India does have a domestic cotton industry, India's demand for premium varieties such as extra-long staple (ELS) cotton is met through imports. ELS cotton is only produced in a handful of countries including Australia, meaning Australian exporters are well positioned to support an expanding Indian textile industry.

Ongoing negotiations for a broader Comprehensive Economic Cooperation Agreement (CECA) may provide further opportunities for the Australian cotton industry.

**Cotton programs and sustainability**

The world's leading brands and retailers are increasingly demanding traceable fibres produced using more responsible and sustainable methods.

Cotton Australia is the peak representative body for Australia's cotton growers. Cotton Australia is involved in several cotton programs that promote and encourage responsible and sustainable cotton production and give Australian cotton a strong position in the world fibre market. These include *myBMP*, the Better Cotton Initiative (BCI), the Cotton LEADS™ program, the PLANET. PEOPLE. PADDOCK sustainability framework and Cotton Australia's supply chain marketing strategy.

*myBMP* is the Australian industry's voluntary farm and environmental management system and certification program that allows growers to identify and compare their practices with regulations, and industry best practice and standards. The system has 10 key modules including Human Resources and Work Health and Safety, Water Management, and Soil Health.

Cotton Australia manages the industry's relationship with Better Cotton, a global sustainability program focused on farm level improvements; *myBMP* certification standards more than exceed the requirements of Better Cotton. By opting into Better Cotton, Australian growers have access to premium markets for cotton grown on *myBMP* certified farms. BCI presents an opportunity to leverage the Australian industry's significant investment in sustainability.

PLANET. PEOPLE. PADDOCK. recognises sustainability is integral to the cotton industry's future and provides a path for the entire industry to stay in business. It sets sustainability targets, coordinates a whole-of-industry strategy to achieve these targets, and engages with growers, the wider cotton industry, cotton communities, and important community groups on actions and progress.

The Cotton LEADS program, a partnership between the Australian and United States of America cotton industries, promotes the supply and use of responsibly produced cotton through national and international efforts.

Through the Cotton to Market strategy, Cotton Australia is also directly partnering with brands and retailers that are making Australian cotton part of their sustainable raw materials portfolios.

Cotton Australia will continue to provide feedback and create alignment between customers and industry on issues including sustainable cotton production, transparency and traceability, supply chain disruptions and human rights in order to position the industry well for the future.