INTERNATIONAL COTTON ADVISORY COMMITTEE

ICAC

JULY 2026

WORLD COTTON TRADE
JULY 2026

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AUTHOR'S NOTE

The World Trade Report provides insights into global cotton trade patterns and partnerships, highlighting how geopolitical developments and trade agreements influence trade flows, trade baskets, and key trading relationships. This report examines the variables that influenced cotton trade during the previous season and identifies factors that may affect future trade trends.

ICAC serves as the primary source for the statistical data presented in this report. As a result, ICAC figures are unique and may not always align perfectly with data from other sources. The statistics are compiled and analyzed using information provided by individual countries, and different sources may be referenced for different variables. We hope you find this report informative and valuable. We welcome your comments and suggestions at Parkhi@icac.org.

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WORLD TRADE REPORT
JULY 2026
By Parkhi Vats

Global cotton trade is expected to remain on a positive trajectory over the medium term despite increasing supply-side pressures on prices. Trade in the 2025/26 season is estimated at 9.4 million tonnes, representing a 2% increase over the previous season. It is projected to rise further to 9.6 million tonnes, before reaching approximately 10.3 million tonnes by the end of the 2028/29 season.

The primary driver of future trade growth appears to be the increasingly tight balance between global production and consumption. In the 2026/27 season, global cotton production is projected to decline by 2% to 25.8 million tonnes, while consumption is expected to remain relatively robust at 25.5 million tonnes.

As the gap between production and consumption narrows, global markets will become increasingly dependent on inventories held by major exporting countries. Any additional increase in demand would require exporters to draw down their ending stocks, thereby increasing the volume of cotton moving through international trade channels.

Demand developments in China, the world's largest cotton-consuming country, will be particularly important in determining future trade patterns. Sustained growth in textile manufacturing and consumer demand by China could push global consumption beyond current projections. In such a scenario, imports would likely increase, providing additional support for international cotton trade despite limited growth in global supply.

Supply-side risks further strengthen the case for higher trade dependence. If the ongoing energy crisis continues to elevate production costs, global cotton production could decline by an additional 2%, while if the consumption remains at similar levels, this would create a production deficit, forcing greater reliance on existing stocks and international trade to satisfy demand. The situation could be further exacerbated by reductions in cotton cultivation areas, as producers shift to alternative crops offering higher returns or lower production risks. Under such conditions, relatively stable demand combined with constrained supply would increase pressure on global cotton prices.

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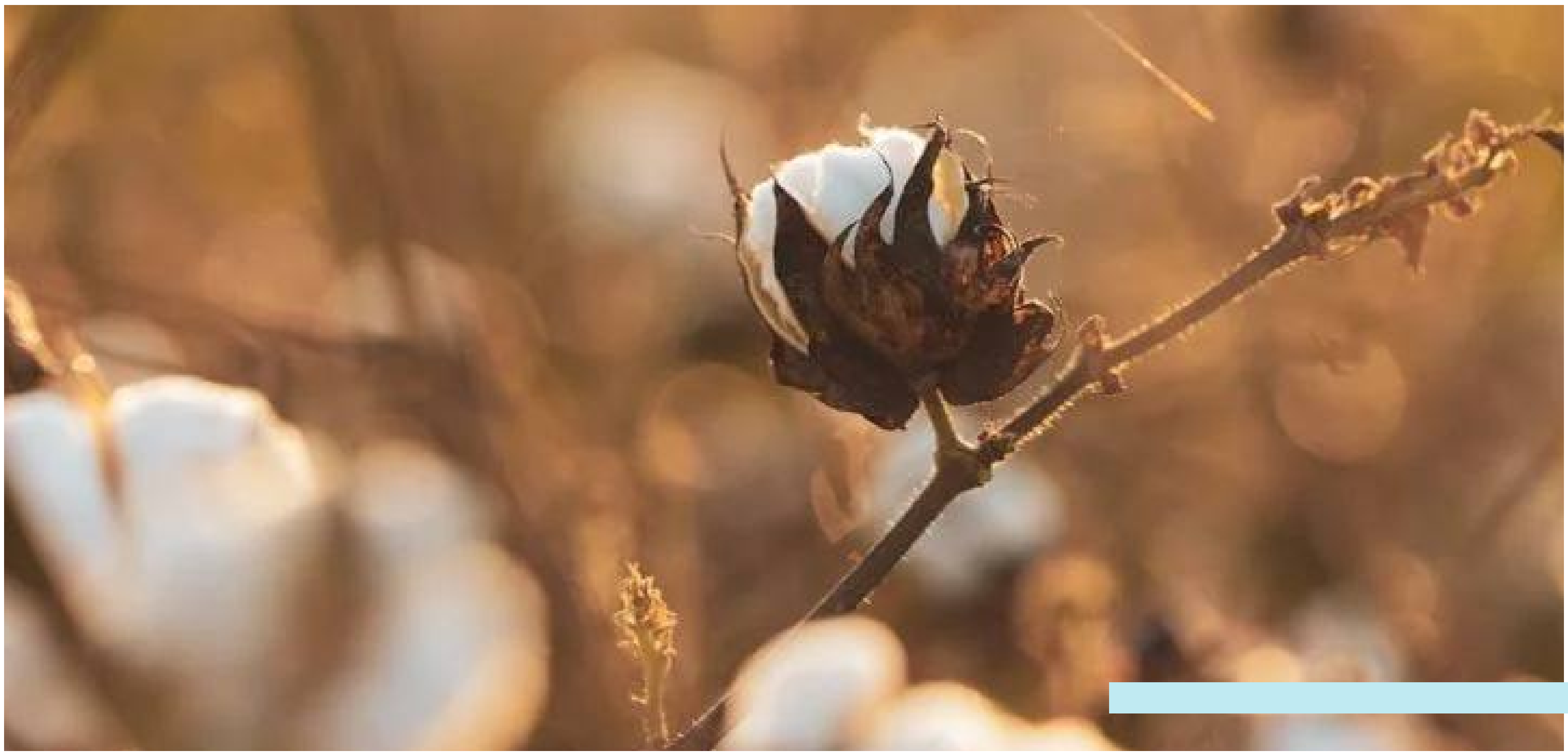
Historical trade patterns provide evidence that cotton trade has the capacity to recover strongly following periods of disruption or stagnation.

Over the past two decades, global cotton trade has exhibited a cyclical pattern, with rebounds occurring after downturns driven by economic shocks or market adjustments. A notable example occurred during the 2011/12 season, when trade recovered sharply following weakness in preceding years. This rebound was driven by the recovery of global economic activity after the recession, aggressive stockpiling by China, and a surge in Chinese demand for imported cotton. During that season, China's cotton imports increased by 105%, while its ending stocks rose by 209%, demonstrating the significant influence of Chinese purchasing behavior on global trade flows.

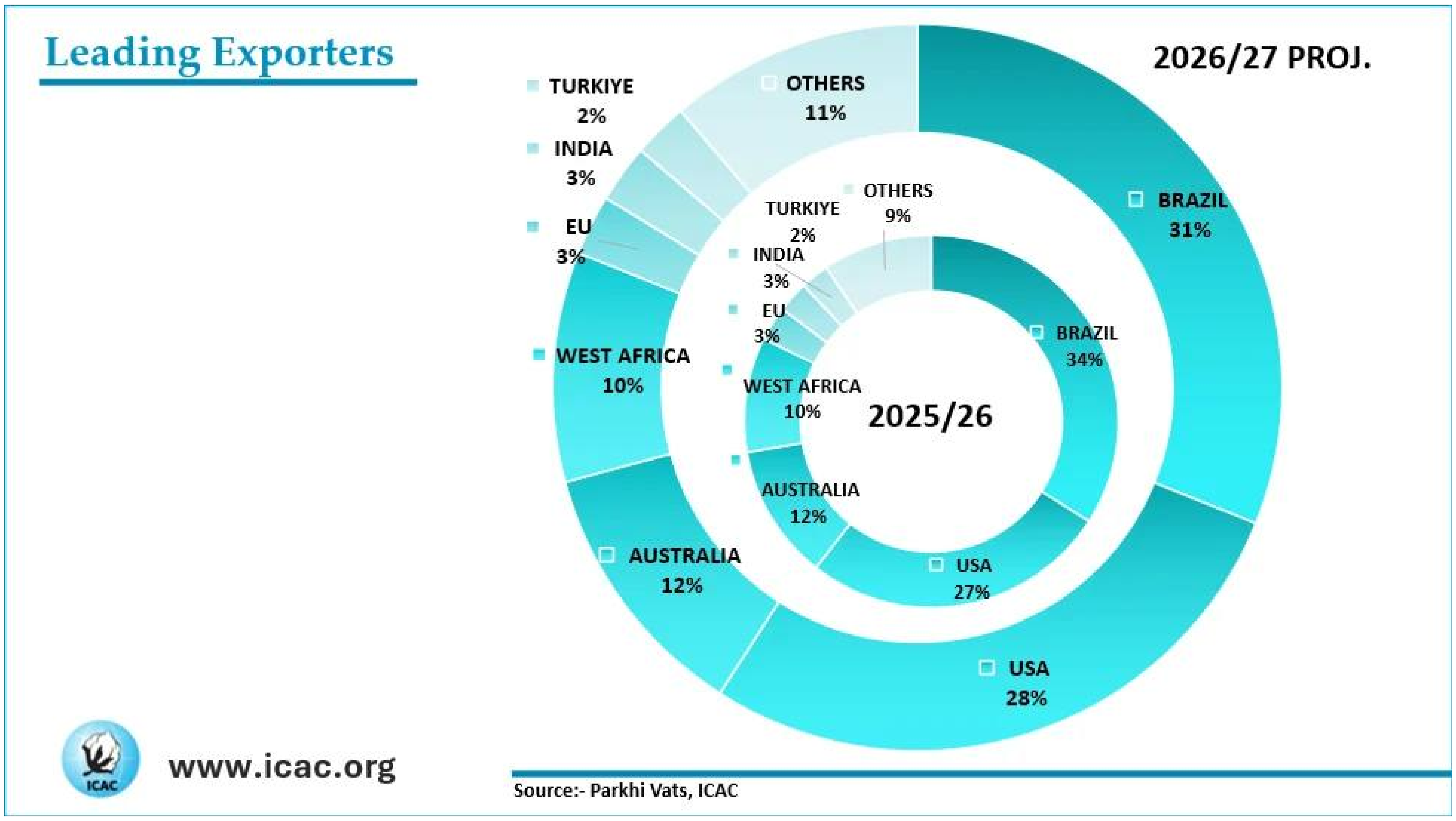
A similar pattern emerged following the COVID-19 pandemic. After trade slowed during the height of the pandemic, global cotton trade rebounded strongly in 2020/21, reaching a record 10.7 million tonnes, the highest level ever recorded. The recovery reflected the resurgence of global textile demand, normalization of supply chains, and renewed import demand from major consumer countries.



These historical episodes suggest that cotton trade tends to recover when demand conditions strengthen, even in the presence of supply constraints. Given the projected production challenges, stable consumption outlook, and the potential for stronger demand from key markets such as China and India, the medium-term outlook points to continued growth in global cotton trade. Indeed, should consumption exceed current expectations while production remains constrained, trade volumes could expand beyond current projections as exporting countries draw down stocks to meet growing global demand.

Trade is always a function of production and end stocks; therefore, if there is an increase in production, trade is likely to go up. Tariffs, trade deals, and the geopolitical environment could also dramatically change trade and add uncertainty into value chains and related purchasing decisions. One particularly salient issue is the logistical bottleneck caused by disruptions to shipments through the Strait of Hormuz.

LEADING EXPORTERS



BRAZIL

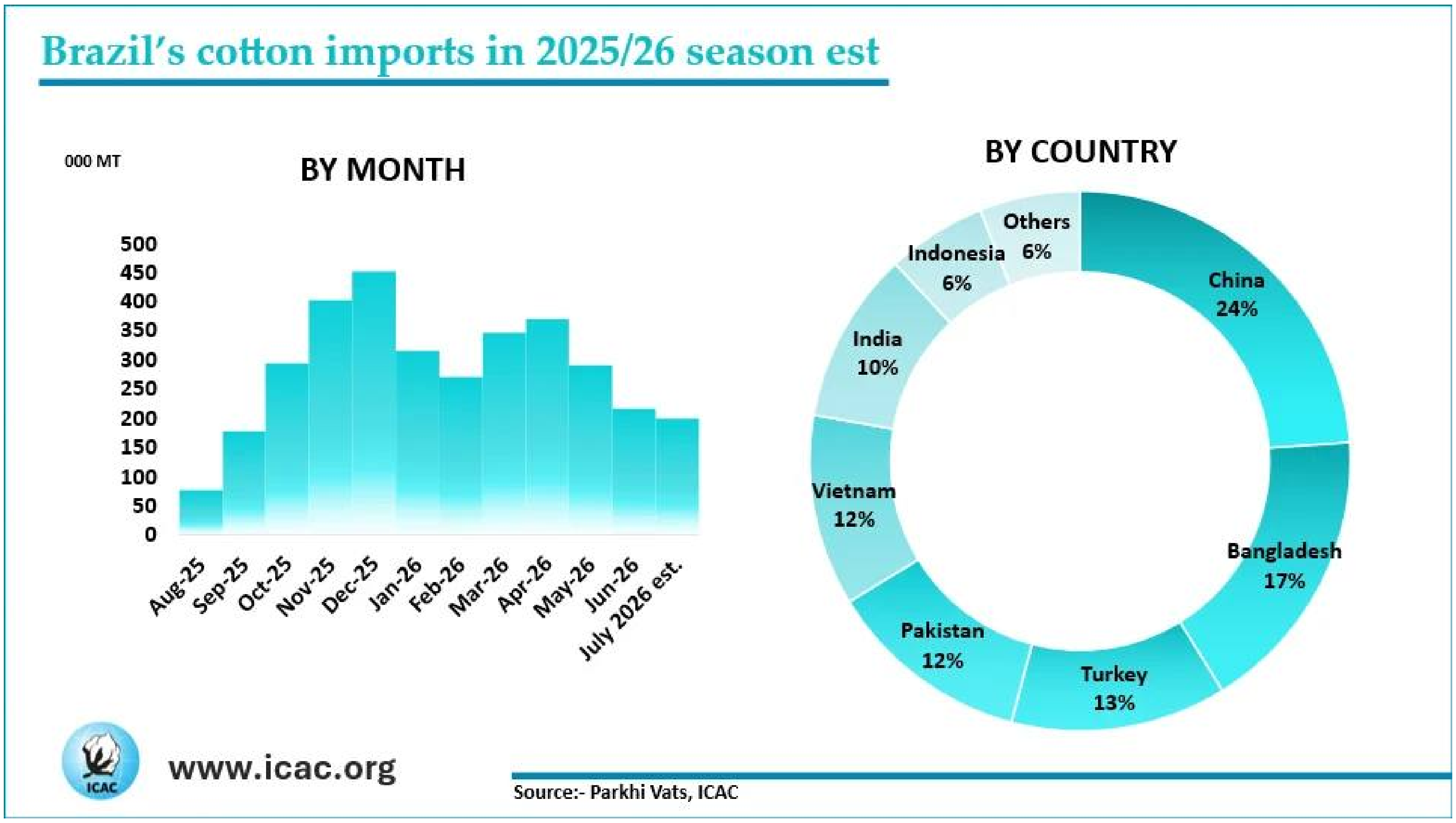
Brazil remained the world's largest cotton lint exporter in the 2025/26 season, with exports increasing by 14% compared to the previous year. This strong growth was driven primarily by record production, which reached 4.2 million tonnes—the highest in the country's history. In addition to higher output, Brazil expanded its access to key consuming markets through trade agreements, memoranda of understanding (MOUs), and industry outreach activities, including workshops with major trading partners.

These developments coincided with a smaller U.S. crop and escalating trade tensions, both of which reduced the availability of U.S. cotton in international markets and created additional opportunities for Brazilian exports. Brazil also benefited from a competitive pricing advantage, as a weaker domestic currency made its cotton more attractive to international buyers.

China was the largest destination for Brazilian cotton exports during the season. Brazil maintained its leading position in the Chinese market despite an overall slowdown in China's cotton import demand at the beginning of the 2025/26 season. After four consecutive seasons of expansion, Brazil's cotton area is projected to decline by 6% in 2026/27 to approximately 2 million hectares, while production is expected to fall by 10% to 3.8 million tonnes. The reduction in planted area is concentrated primarily in Mato Grosso, the country's largest cotton-producing state. As a result, exports are projected to decrease by 6% to around 3.0 million tonnes.

The expected decline is largely attributed to weak global demand, rising production costs, and further increases in fertilizer prices linked to ongoing geopolitical tensions in the Middle East. The World Bank's fertilizer price index rose by more than 12% in the first quarter of 2026 compared with the previous quarter, marking its sixth increase in seven quarters. Much of this rise has been associated with export disruptions resulting from the closure of the Strait of Hormuz.

Brazil's cotton sector is also facing increasing competition for acreage from corn, which currently offers stronger price prospects and more favorable demand conditions. At the same time, cotton demand continues to face pressure from the growing use of man-made fibers and uncertainty surrounding global trade relations. Despite the projected reduction in planted area, Brazil is still expected to harvest a strong crop. Average yields are forecast at approximately 1,868 kg per hectare, supporting production of around 3.8 million tonnes and maintaining Brazil's position as the world's third-largest cotton producer.



USA

U.S. cotton production declined by 4% in the 2025/26 season to 3.0 million tonnes. As the U.S. cotton sector is highly export-oriented, the reduction in production contributed to a 7.4% decline in exports, which fell to 2.5 million tonnes. U.S. cotton production has been volatile in recent years. Production recovered in 2024/25 after declining for two consecutive seasons (2022/23 and 2023/24) due to adverse weather conditions. In 2023/24, extreme weather reduced production by 17%, directly affecting export availability.

As a result, Brazil surpassed the United States as the world's largest cotton lint exporter for the first time in decades and retained that position in 2025/26. The last time a country exported more cotton than the United States was in 1992/93, when Uzbekistan was the leading exporter.

In addition to weather-related production challenges, the United States faces increasing competition from major exporters such as Brazil and Australia. The relatively strong U.S. dollar has also reduced the competitiveness of U.S. cotton in international markets by increasing its effective price for overseas buyers.

For 2026/27, U.S. cotton area is projected to decline by 6% to 2.9 million hectares, while production is forecast to fall by 4% to 2.8 million tonnes, the lowest level in the past three seasons. Despite the reduction in output, yields are expected to increase by 2%, supported by the anticipated influence of El Niño, which is expected to bring beneficial rainfall to key cotton-producing regions.

Additional moisture will be particularly important given the current drought conditions affecting much of the U.S. cotton belt. Approximately 98% of the U.S. crop is located in areas experiencing drought-like conditions, which could result in higher abandonment rates and a smaller harvested crop.

Nevertheless, U.S. exports are projected to increase by 3% in 2026/27, supported by higher ending stocks carried over from the current season, helping to narrow the export gap with Brazil.

Further support for U.S. agricultural exports may come from a recent agreement under which China committed to purchase at least US$17 billion annually in U.S. agricultural products during 2026–2028. Although cotton was not specifically included in the announcement, the sector could benefit indirectly from increased agricultural trade between the two countries.

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U.S. and Vietnam

Vietnam became the largest destination for U.S. cotton lint exports in 2025/26, accounting for approximately 33% of total U.S. exports and surpassing China as the leading market.

The strengthening trade relationship has been supported by recent policy developments. On 2 July 2025, the United States and Vietnam announced a trade agreement granting duty-free access for U.S. goods entering Vietnam, including cotton lint, while the United States imposed a 20% tariff on imports from Vietnam.

Although the legal status and implementation of certain U.S. tariffs remain subject to policy and judicial review, the agreement provides preferential access for U.S. cotton in the Vietnamese market. This is expected to improve the competitiveness of U.S. cotton relative to other suppliers and support demand from Vietnam's growing textile industry. Commercial engagement between the two countries has also intensified.

In August 2025, fourteen Vietnamese textile mill executives participated in a week-long COTTON USA™ Special Trade Mission across the U.S. Cotton Belt, highlighting strong industry interest in deepening sourcing relationships with U.S. suppliers.

Given Vietnam's complete reliance on imported cotton and the continued expansion of its textile and apparel sector, the country is expected to remain a key growth market for U.S. cotton exports. However, future trade prospects could be influenced by the U.S. blanket tariff announced in February 2026 and the proposed U.S.–Vietnam agreement expected in September 2026, both of which may alter existing trade incentives.

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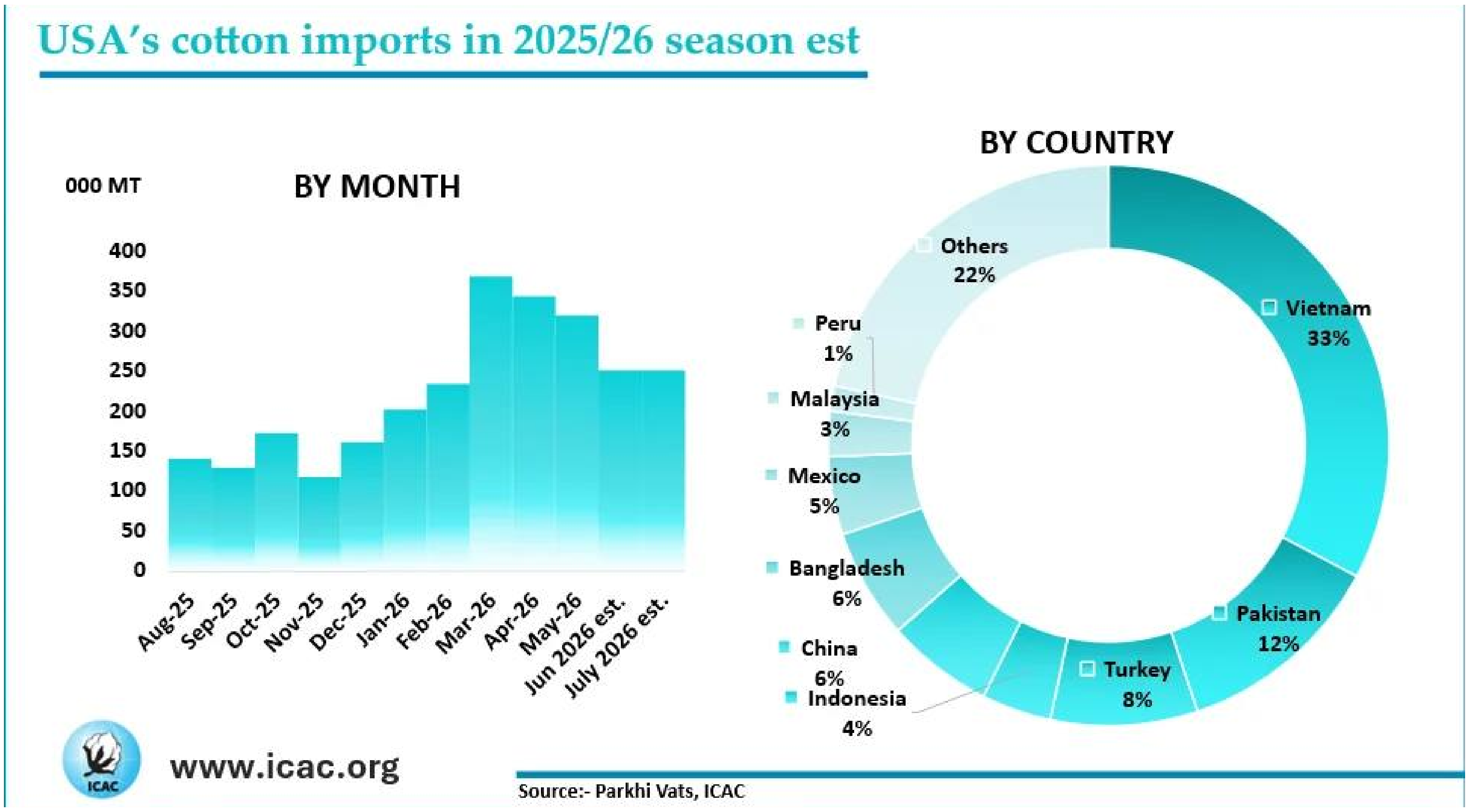
U.S. and China

China's share of U.S. cotton lint exports declined to approximately 6% in the 2025/26 season, with much of the reduction occurring during the first half of the marketing year amid elevated trade barriers and weaker Chinese demand for U.S. cotton.

In late 2026, China suspended the tariffs introduced since March 2025, including those applied to U.S. cotton. The removal of these tariffs could improve the competitiveness of U.S. cotton in the Chinese market and support a recovery in bilateral trade flows. However, the ultimate impact remains uncertain, as broader U.S. tariff policies introduced in February 2026 may affect trade outcomes. The suspension of Chinese tariffs has the potential to reshape cotton trade between the two countries.

As one of the world's largest cotton importers, China represents an important market for U.S. exporters. Improved market access could lead to a partial recovery in U.S. exports to China, depending on relative prices, policy implementation, and purchasing decisions by Chinese mills and state-owned buyers.



AUSTRALIA

Australia's cotton exports are closely linked to production levels, given the country's strong export orientation. Exports for the 2025/26 season are estimated at approximately 1.1 million tonnes by the end of the season. Australia exports the vast majority of its cotton production. In 2024/25, cotton exports totaled around 1.1 million tonnes.

The country benefits from competitive pricing and close geographical proximity to major consuming markets, providing efficient access to key export destinations. China, Vietnam, India, Bangladesh, and Indonesia were Australia's principal cotton export markets.

For 2026/27, Australia's cotton area is projected to decline by 10%, resulting in a 7% reduction in production to approximately 937,000 tonnes. This would make Australia the world's third-largest cotton producer, with the West African region collectively ranking fourth. The anticipated decline reflects reduced planting in areas affected by extreme dryness, lower irrigation water availability, rising production costs—particularly for fertilizers—weak demand sentiment, and increased competition from alternative crops such as sorghum, wheat, mung beans, and chickpeas.

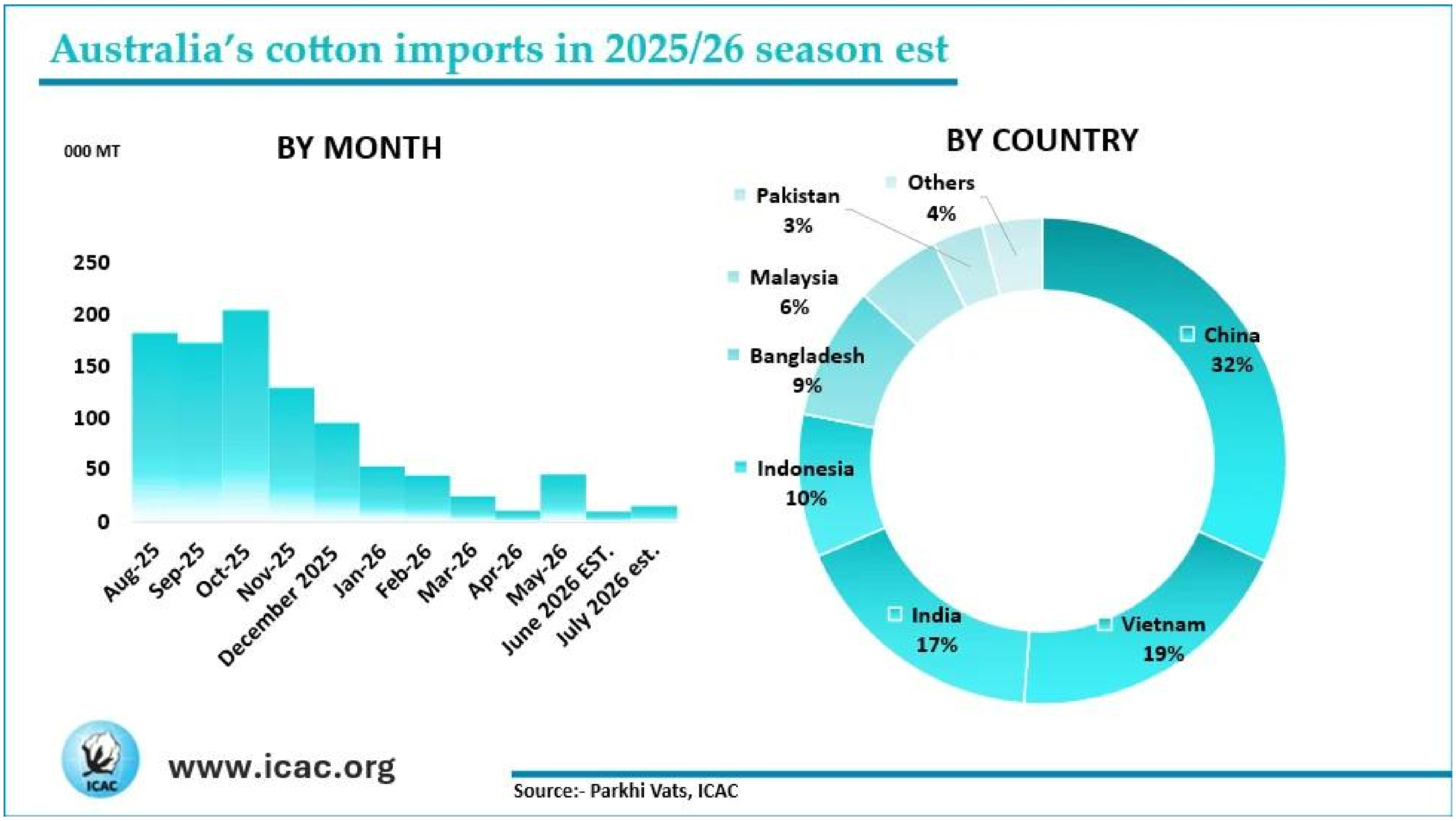
Despite the expected decline in production, exports are projected to remain broadly stable at approximately 1.13 million tonnes in 2026/27. Australia is expected to draw on existing stocks to support export availability, allowing shipments to remain close to current-season levels despite lower output.

Australia and China

China was Australia's largest cotton export destination in the 2025/26 season, accounting for approximately 32% of Australia's total cotton exports. Australia–China cotton trade has experienced significant fluctuations over recent years. In 2019/20, more than 60% of Australia's cotton exports were shipped to China. However, China's share fell sharply over the following two seasons, reaching only 2% of Australia's exports in 2021/22. Although no formal restrictions were imposed on cotton trade between the two countries, the decline may have been influenced by broader diplomatic tensions following Australia's call for an international inquiry into the handling of the COVID-19 outbreak. China also cited the availability of sufficient high-quality domestic cotton as a contributing factor. After three seasons of minimal trade, Australia resumed significant cotton exports to China in 2022/23. During that season, exports to China increased by 531%, accounting for approximately 8% of Australia's total cotton lint exports and marking the beginning of a recovery in bilateral cotton trade.

Australia and Vietnam

Vietnam was the second-largest destination for Australian cotton in the 2025/26 season, accounting for approximately 20% of Australia's total exports. Although exports to Vietnam were lower than in the previous season, some trade flows were diverted toward China as Chinese demand recovered. Australia and Vietnam maintain a strong trading relationship supported by three major free trade agreements: the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), which entered into force in 2010; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which took effect in 2019; and the Regional Comprehensive Economic Partnership (RCEP), which entered into force in 2022. These agreements continue to facilitate cotton trade between the two countries and support market access for Australian cotton exports.



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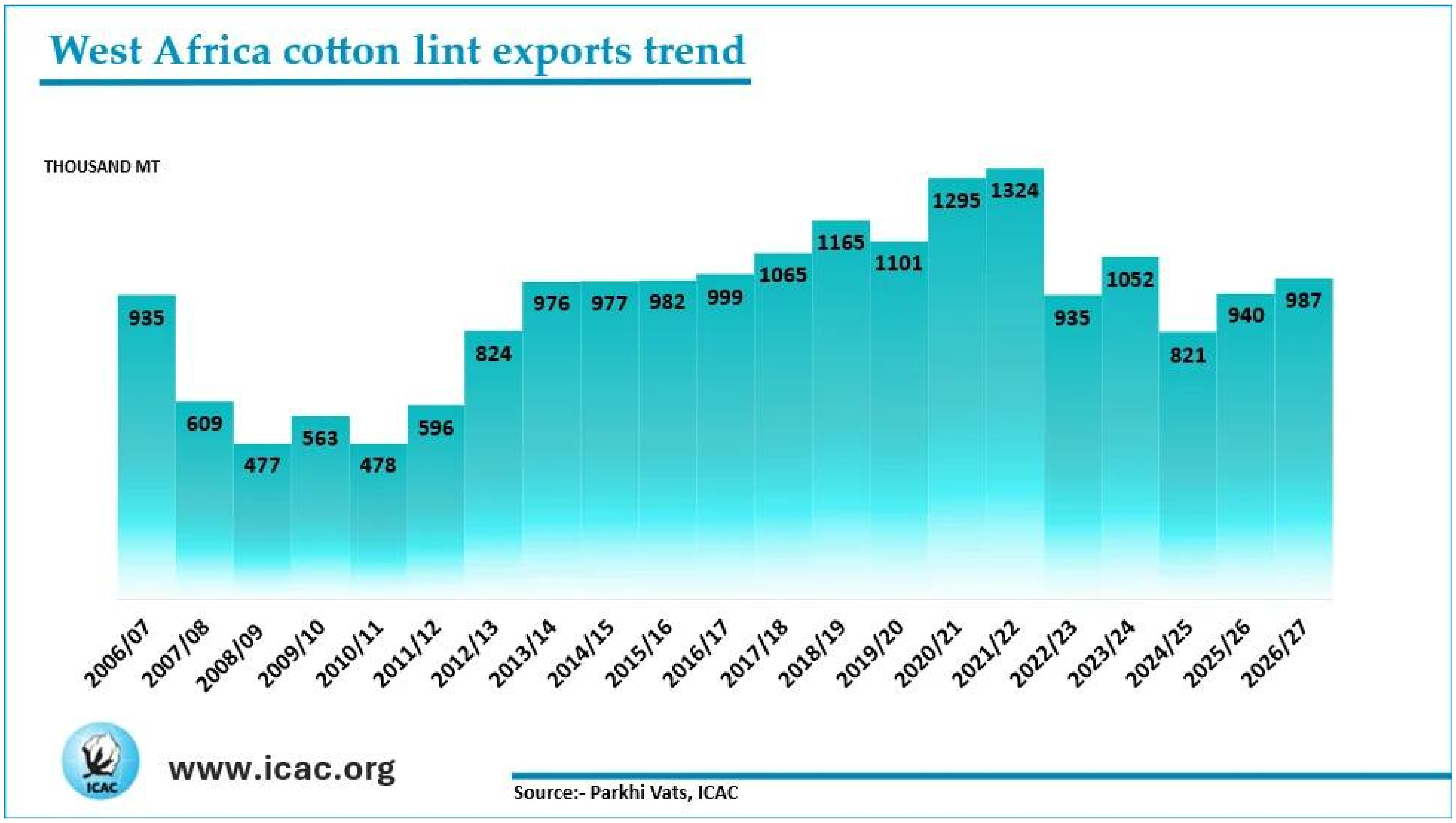
WEST AFRICA

West Africa's cotton exports have shown strong performance over the past decade, averaging around 1 million tonnes and peaking at 1.3 million tonnes in 2021/22. Production and export volumes remain closely linked. The region is also investing in downstream textile industries to expand domestic consumption capacity.

Early projections for 2026/27 place production and exports slightly below 1 million tonnes, consistent with healthy long-term performance. Production in West Africa fell by 4% last season due to widespread jassid pest infestations, which also reduced export volumes. For 2026/27, production is expected to remain close to last season's levels, with recovery progressing more slowly than anticipated. Major contributors to regional production and exports include Benin, Mali, Côte d'Ivoire, Burkina Faso, Cameroon, and Chad.



EU

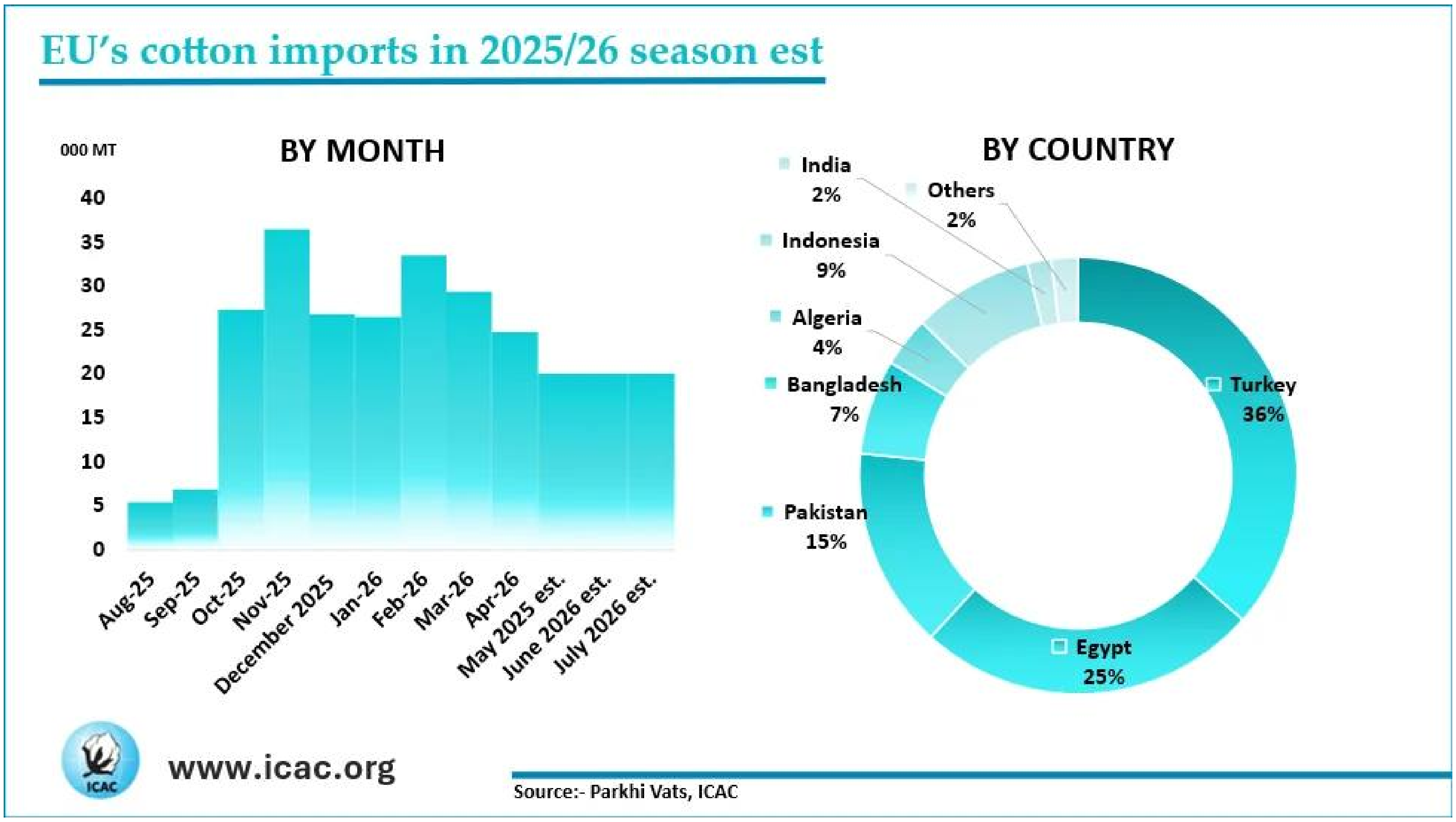
Although it is the world’s largest textile market, the European Union remains a relatively small but stable participant in global cotton trade, characterized by modest import requirements and consistent export volumes. For the 2025/26 season, EU cotton exports are estimated at approximately 280,000 tonnes, broadly unchanged from the previous season, reflecting stable production and continued demand from traditional export markets. Imports, meanwhile, are estimated at around 100,000 tonnes. Looking ahead, imports are projected to recover slightly to 113,000 tonnes in 2026/27, although they are expected to remain below historical averages.

The EU's import demand is concentrated in countries with significant textile and manufacturing industries, particularly Portugal, Italy, and Germany. These countries source cotton from a diverse range of suppliers, including Türkiye, Brazil, the United States, African cotton-producing countries, Pakistan, and India, enabling the region to maintain flexibility in procurement and mitigate supply risks associated with any single origin.

On the export side, the EU's position is underpinned by its domestic production base, which is heavily concentrated in southern Europe. Greece and Spain are the principal exporters, with Greece accounting for the overwhelming majority of shipments. This dominance reflects Greece's status as the EU's largest cotton producer, contributing more than 80% of total European cotton production and approximately 90% of EU cotton exports. As a result, EU export performance is closely linked to production outcomes in Greece.

EU cotton exports are directed primarily toward countries with large and expanding textile industries, including Türkiye, Egypt, Pakistan, Bangladesh, and Indonesia. These markets rely on imported cotton to support spinning and textile manufacturing and have remained consistent destinations for European cotton. The stability of these trade relationships has helped maintain EU export volumes despite broader fluctuations in global cotton markets and shifting trade patterns among the world's major exporters and importers.

Overall, the EU is expected to retain its role as a stable regional supplier in the global cotton market. While production remains concentrated in a limited number of member states, particularly Greece, established trade links with major textile-producing countries continue to support export demand and underpin the EU's position in international cotton trade.



INDIA

India's cotton export outlook continues to weaken as rising domestic consumption absorbs a growing share of national production. Export volumes have declined in recent seasons and are expected to fall further in both 2025/26 and 2026/27. This trend reflects a structural shift in the Indian cotton sector, where expanding demand from the domestic spinning, textile, and apparel industries is limiting the availability of exportable surplus.

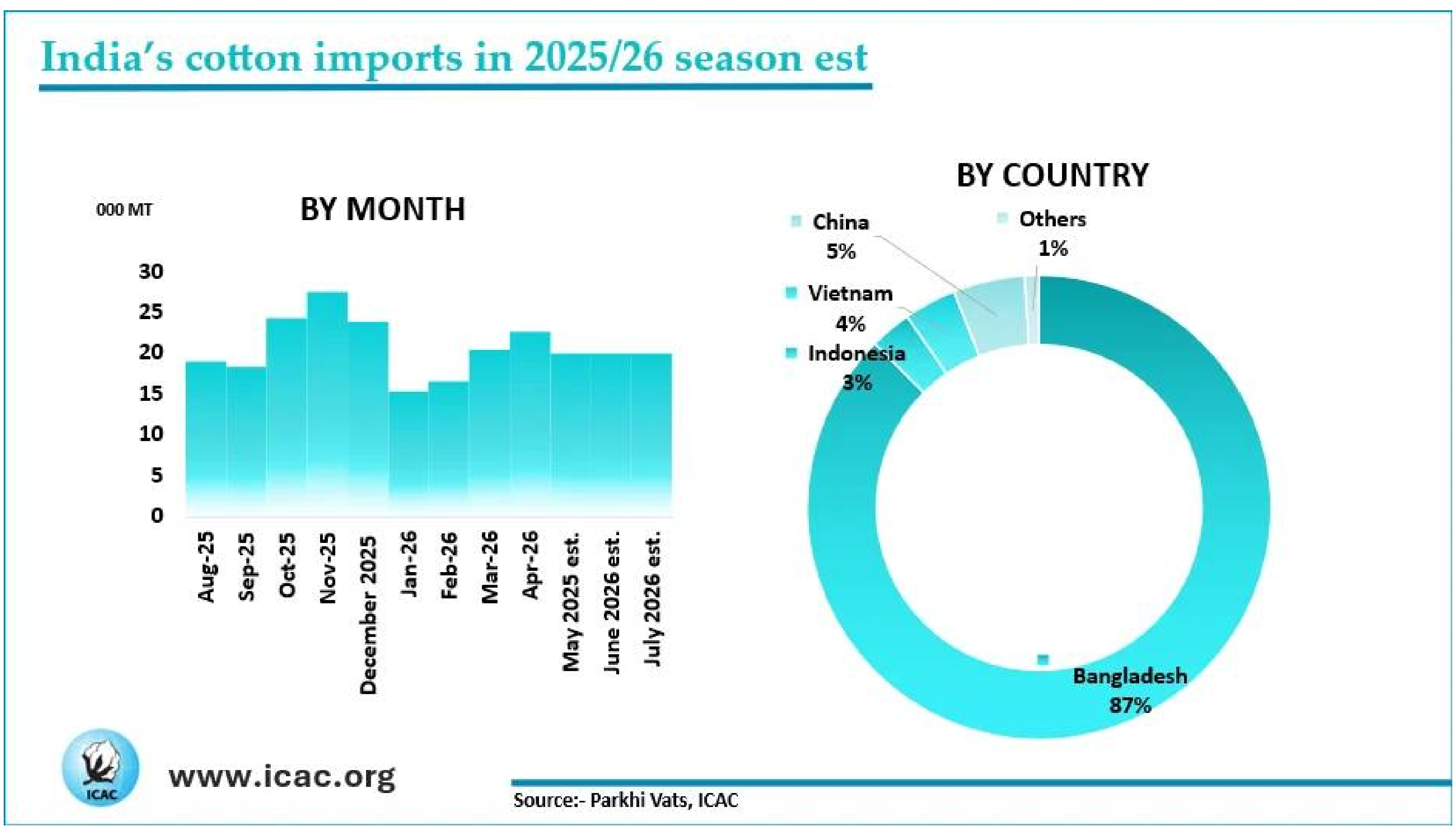
For 2026/27, India's cotton area is projected to remain stable at approximately 11.8 million hectares, maintaining its position as the largest cotton-growing area in the world. Production is forecast to increase by 8%, driven primarily by an expected recovery in yields. Yield performance in the current season was adversely affected by untimely and excessive rainfall in several cotton-producing regions. However, expectations of a normal monsoon during 2026/27 are expected to support improved growing conditions and a rebound in productivity.

Despite higher production, the additional cotton is unlikely to translate into larger export volumes. Instead, much of the increase is expected to be absorbed by domestic mills, reflecting the continued expansion of India's textile value chain. Strong domestic demand has become a key driver of the cotton market, reducing the quantity of raw cotton available for export and contributing to the ongoing decline in shipments.

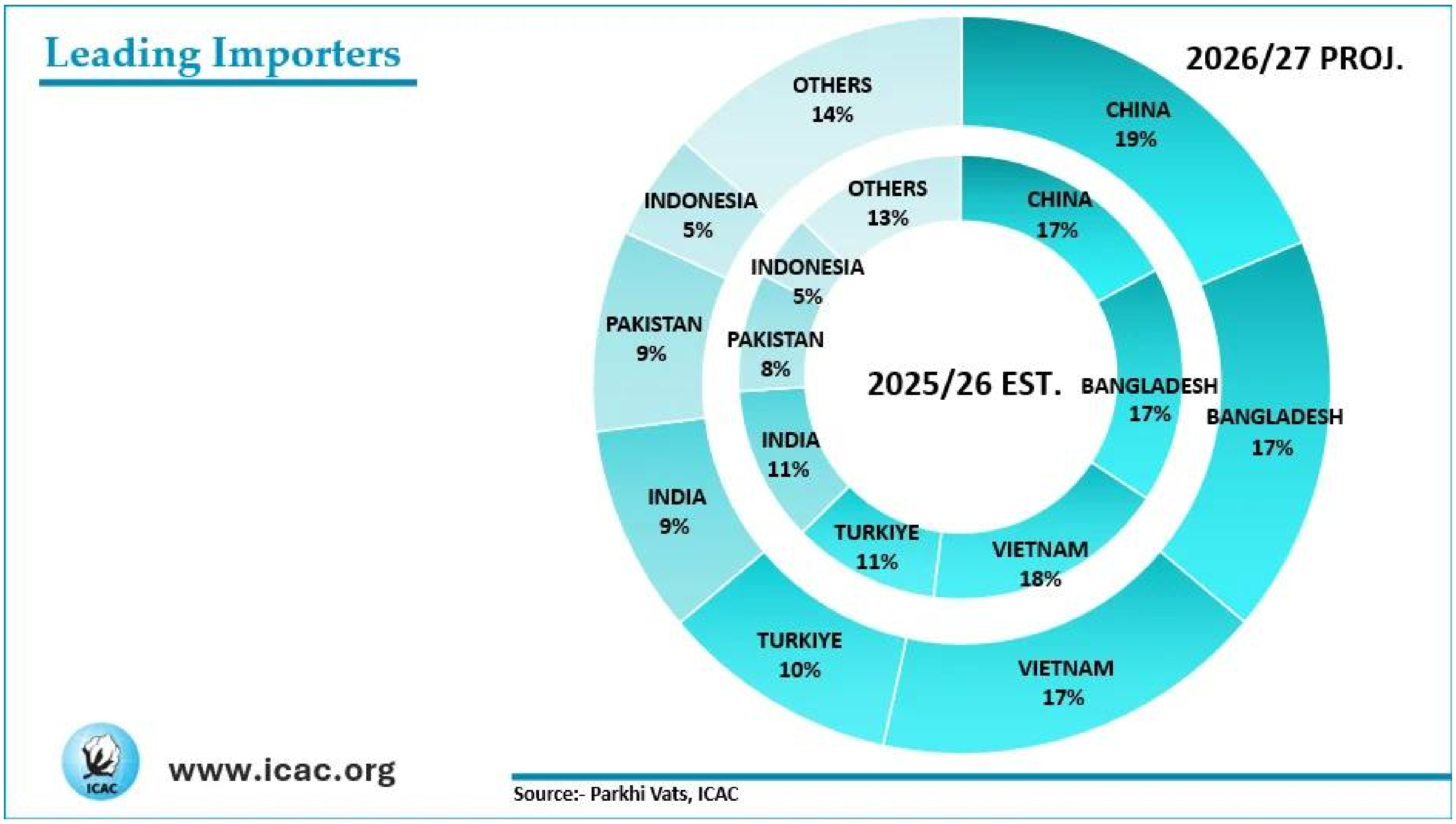
The growing importance of value-added textile exports further reinforces this trend. During calendar year 2026, India significantly increased exports of cotton yarn to China, highlighting robust demand from Chinese textile manufacturers.

At the same time, India recently concluded a trade agreement with the European Union that provides zero-duty access for labor-intensive exports, including cotton textiles and apparel. Improved market access for textile products is expected to support downstream manufacturing activity and stimulate additional domestic cotton consumption. As a result, a larger share of India's cotton production is likely to be utilized domestically rather than exported in raw form.

Overall, although production is expected to recover in 2026/27, expanding domestic consumption and stronger opportunities for value-added textile exports are likely to keep India’s raw cotton exports on a downward trajectory, reinforcing the country’s increasing role as a major consumer rather than a major supplier in global cotton trade.



LEADING IMPORTERS



CHINA

China remains a key player in the global cotton market. In the previous season, its imports declined sharply by 65%, reaching 1.1 million tonnes, the lowest level in eight years. This contraction was driven by substantial domestic reserves, strong domestic production, and increased use of alternative fibers.

For the 2025/26 season, China is expected to stage a strong recovery, with imports projected to increase by approximately 42%. Monthly data indicates that between August and May 2026, China has already imported around 1.37 million tonnes and is on track to reach approximately 1.6 million tonnes by the end of the season in August 2026. This recovery is further supported by policy measures. China has released additional sliding-scale quotas of approximately 300,000 tonnes, valid until February 2027, in addition to the existing tariff rate quota (TRQ) of 894,000 tonnes.

The primary drivers behind these measures include higher domestic cotton prices, which make imports relatively more competitive, and the need to sustain current consumption levels. In terms of sourcing, Brazil has been the dominant supplier during the 2025/26 season, accounting for approximately 52% of China's total imports. Other notable suppliers include Australia, the United States, Kazakhstan, Türkiye, Afghanistan, and India. While imports from the United States have shown some recovery since March 2026, they remain below earlier levels.

United States–China Trade Dynamics

The United States and China continue to play critical roles in global cotton trade, historically representing the largest exporter and importer, respectively. In the current season, both countries rank second in their respective categories, though bilateral trade policies continue to influence global market dynamics.

On March 3, 2025, the United States increased tariffs on Chinese goods from 10% to 20%, prompting a 15% retaliatory tariff by China on U.S. cotton lint exports. Under China's TRQ system, 894,000 tonnes of imports are permitted at a 1% tariff, while additional imports fall under a 40% non-TRQ rate. As a result, U.S. cotton exports outside the quota face tariffs of up to 55%, significantly affecting trade competitiveness.

Subsequently, China suspended tariffs introduced since March 2025, including those on U.S. cotton. In parallel, broader trade developments—such as a commitment by China to purchase at least $17 billion annually in U.S. agricultural products between 2026 and 2028—may indirectly support cotton trade flows, although cotton was not explicitly included in the agreement.

China–Brazil Trade Relationship

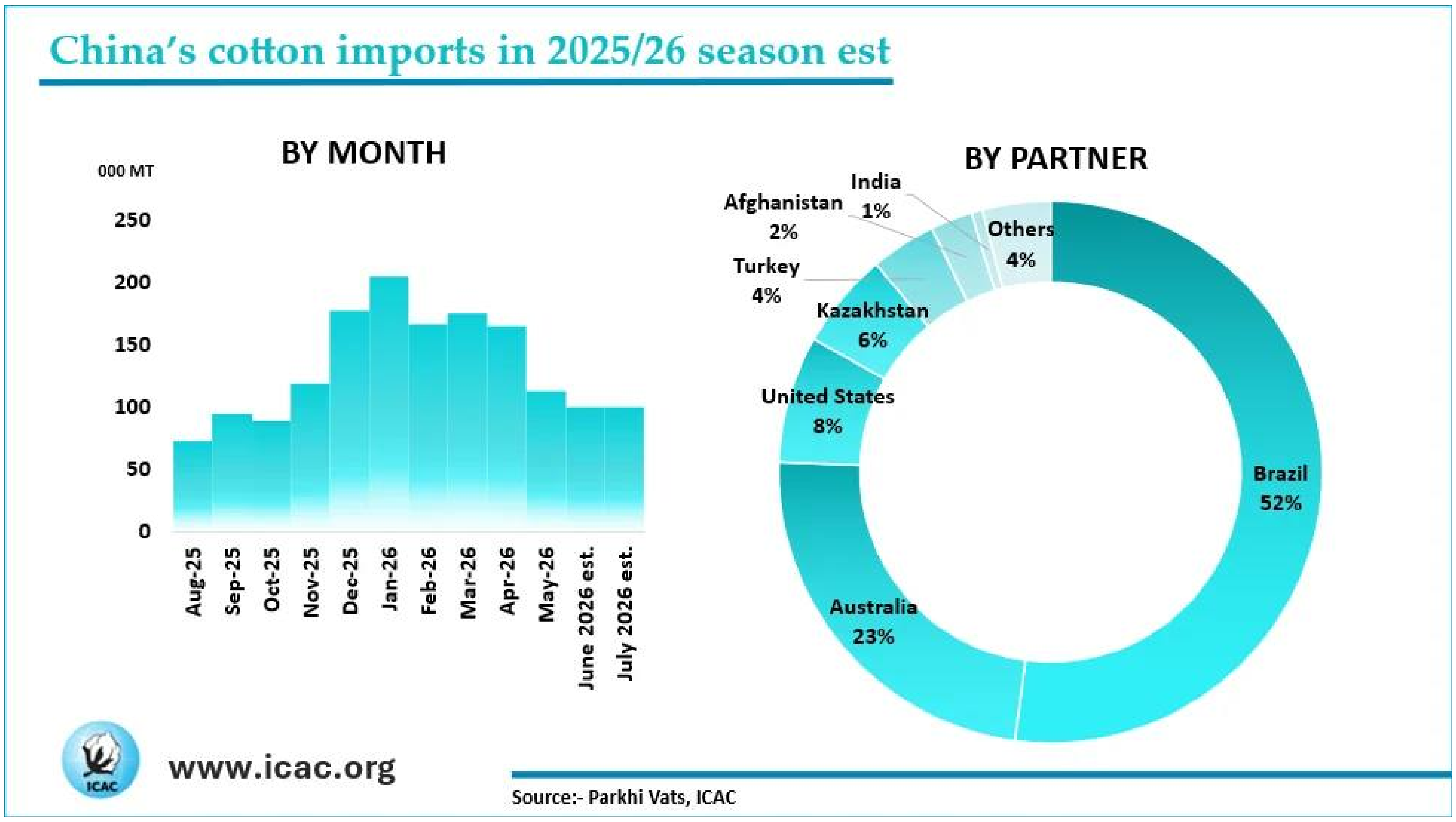
Brazil has consolidated its position as China's largest cotton supplier, replacing the United States in recent seasons and maintaining this lead in the current year.

Brazil's rise has been closely linked to U.S.–China trade tensions, which enabled it to expand exports significantly during earlier periods of tariff escalation. While the U.S.–China trade agreement may moderate Brazil's growth, it has maintained a strong and stable market share.

Bilateral engagement between China and Brazil has deepened through institutional cooperation, including a Memorandum of Understanding (MOU) between the China National Cotton Exchange (CNCE) and the Brazilian Association of Cotton Producers (ABRAPA) in June 2021, as well as 15 broader bilateral agreements signed in April 2023. These developments are expected to further strengthen cotton trade between the two countries.

China–Australia Trade Relationship

Australia has emerged as China's second-largest supplier, with import volumes showing steady improvement. Geographical proximity and established trade channels continue to support this relationship, positioning Australia as an important and reliable partner in China's cotton import basket.



BANGLADESH

For the 2025/26 season, Bangladesh's consumption is estimated to decline by approximately 5%, while imports are projected to fall by around 11% compared to the previous season. This contraction is largely attributable to the economic challenges faced by the country following the political transition in 2024. The transition period was marked by widespread youth protests, factory shutdowns, and reduced industrial activity, with some factories reportedly operating at less than 50% capacity due to electricity shortages.

The situation was further exacerbated by disruptions in energy supply. The blockage of the Strait of Hormuz constrained access to gas and fuel imports, intensifying the country's energy crisis and contributing to rising inflation. Additionally, this blockage created significant logistical bottlenecks for Bangladesh's textile exports. As a result, many export orders were postponed or canceled altogether. Shipments were forced to take longer detours via South Africa, increasing both transit times and transportation costs.

Looking ahead to the 2026/27 season, projections suggest that Bangladesh's imports will remain largely unchanged from current levels, while consumption is expected to decline by a further 4%, reaching approximately 1.7 million tonnes. This outlook reflects a gradual recovery from the aforementioned challenges, although conditions are expected to remain somewhat constrained.

Bangladesh is also likely to encounter additional structural challenges as it prepares to graduate from its Least Developed Country (LDC) status under the World Trade Organization (WTO) framework in November 2026. This transition may lead to reduced trade privileges and increased competitive pressures, adding further complexity to the country's economic and trade environment.

Bangladesh is currently the world's second-largest cotton importer in the 2025/26 season, with imports estimated at 1.6 million tonnes. The country has very limited domestic production and relies heavily on imports to meet its mill consumption demand.

In terms of sourcing, Bangladesh has diversified its supplier base. As of the 2025/26 season, its primary cotton suppliers are Brazil, India, the United States, and Australia, in that order.

Bangladesh and Brazil

In recent years, Brazil has emerged as a key trade partner for Bangladesh, ensuring a consistent supply of high-quality cotton while steadily expanding its market presence. To strengthen bilateral trade relations, 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.

Bangladeshi spinners are increasingly favoring Brazilian cotton, largely due to shorter delivery times, which are approximately 7 days, facilitated by shipments routed through Singapore. These logistical advantages, combined with competitive seasonal pricing, have made Brazilian cotton particularly attractive to local mills.

Bangladesh and India

Historically, India has been Bangladesh's largest cotton trade partner. As recently as two seasons ago, India accounted for approximately 32% of Bangladesh's total cotton import basket.

The strong trade relationship between the two countries is underpinned by several structural advantages, including geographical proximity, shorter transit times, and the easy availability of Indian cotton. These factors have traditionally made India a convenient and reliable sourcing destination for Bangladeshi mills.

However, in recent seasons, this dominance has gradually declined as Bangladesh has diversified its sourcing base, particularly with increased imports from Brazil.

Bangladesh and the United States

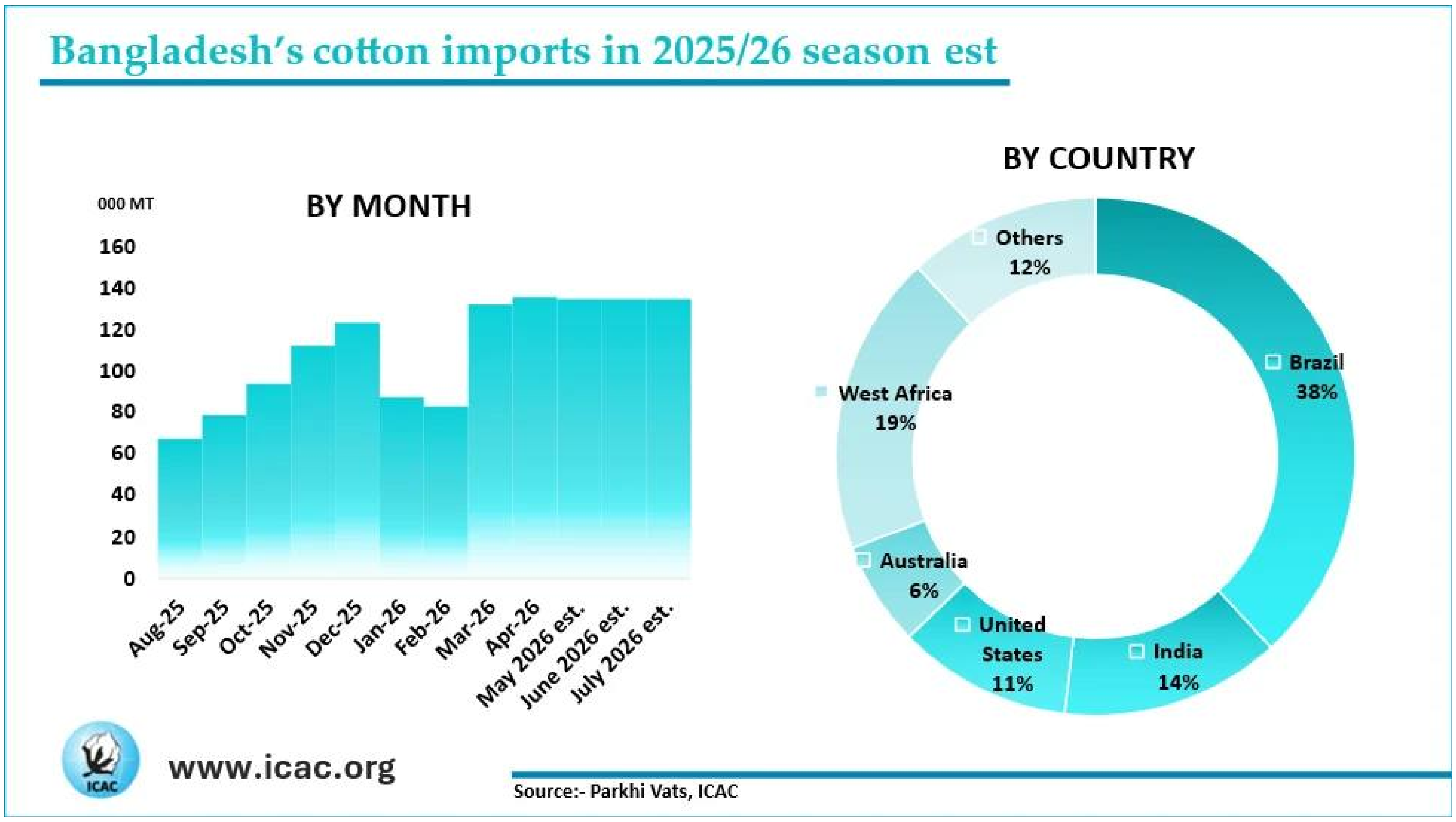
Bangladesh is actively working to strengthen its cotton trade relationship with the United States. Ongoing negotiations are aimed at securing duty-free access for U.S. cotton, as Bangladesh seeks to mitigate the impact of tariffs imposed on its exports. In parallel, the country is in the process of establishing a dedicated bonded warehouse facility specifically for handling U.S. cotton imports, which is expected to streamline logistics and encourage higher import volumes.

Bangladesh is also projected to increase its consumption of U.S. cotton lint, following announcements made by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). According to BGMEA, textile products manufactured using U.S. cotton lint will be eligible for an additional 20% tariff exemption when exported to the United States. This policy incentive is expected to drive greater adoption of U.S. cotton among domestic spinners, particularly given that approximately 75% of Bangladesh's exports to the U.S. consist of cotton-based apparel.

In response to evolving trade dynamics, Bangladesh has already initiated efforts to incorporate more U.S.-origin raw materials into its production processes to qualify for tariff concessions.

On the policy front, the U.S. had initially imposed tariffs of 37% on Bangladeshi exports, which were subsequently reduced to 35% and later to 20%, providing some relief to exporters. The tariffs were later ruled incorrect and since then US has announced a blanket tariff which also impacts Bangladesh's cotton imports from USA.

A significant development supporting future trade expansion was the removal, in May 2023, of Bangladesh's long-standing fumigation requirement for U.S. cotton imports. This requirement, which had been in place for nearly 50 years to prevent boll weevil infestation, was deemed unnecessary due to effective pre-export pest mitigation measures implemented by the United States. The removal of this regulatory barrier presents a meaningful opportunity for U.S. exporters to increase their market share in Bangladesh, further strengthening bilateral trade ties.



VIETNAM

Vietnam's cotton consumption and imports in the 2025/26 season are estimated to remain broadly in line with 2024/25 levels, at approximately 1.5 million tonnes and 1.6 million tonnes, respectively. Looking ahead to the 2026/27 season, cotton consumption is projected to increase by around 20%. This growth outlook is supported by expectations of higher cotton imports, the strengthening of trade relations with the United States, and an anticipated 10% increase in Vietnam's textile and apparel exports, as projected by the Vietnam Textile and Apparel Association (VITAS) for the 2025 calendar year.

In addition, Vietnam continues to pursue new free trade agreements and develop industrial zones designed to attract foreign investment and expand its textile and apparel manufacturing sector. These initiatives are expected to further enhance the country's competitiveness and support long-term growth in cotton consumption.

Vietnam is entirely dependent on imported cotton to meet its mill consumption requirements. Over the past decade, the country has steadily expanded both its cotton imports and spinning capacity, establishing itself as one of the world's leading cotton importers and accounting for approximately 17% of global cotton imports.

Vietnam and the United States

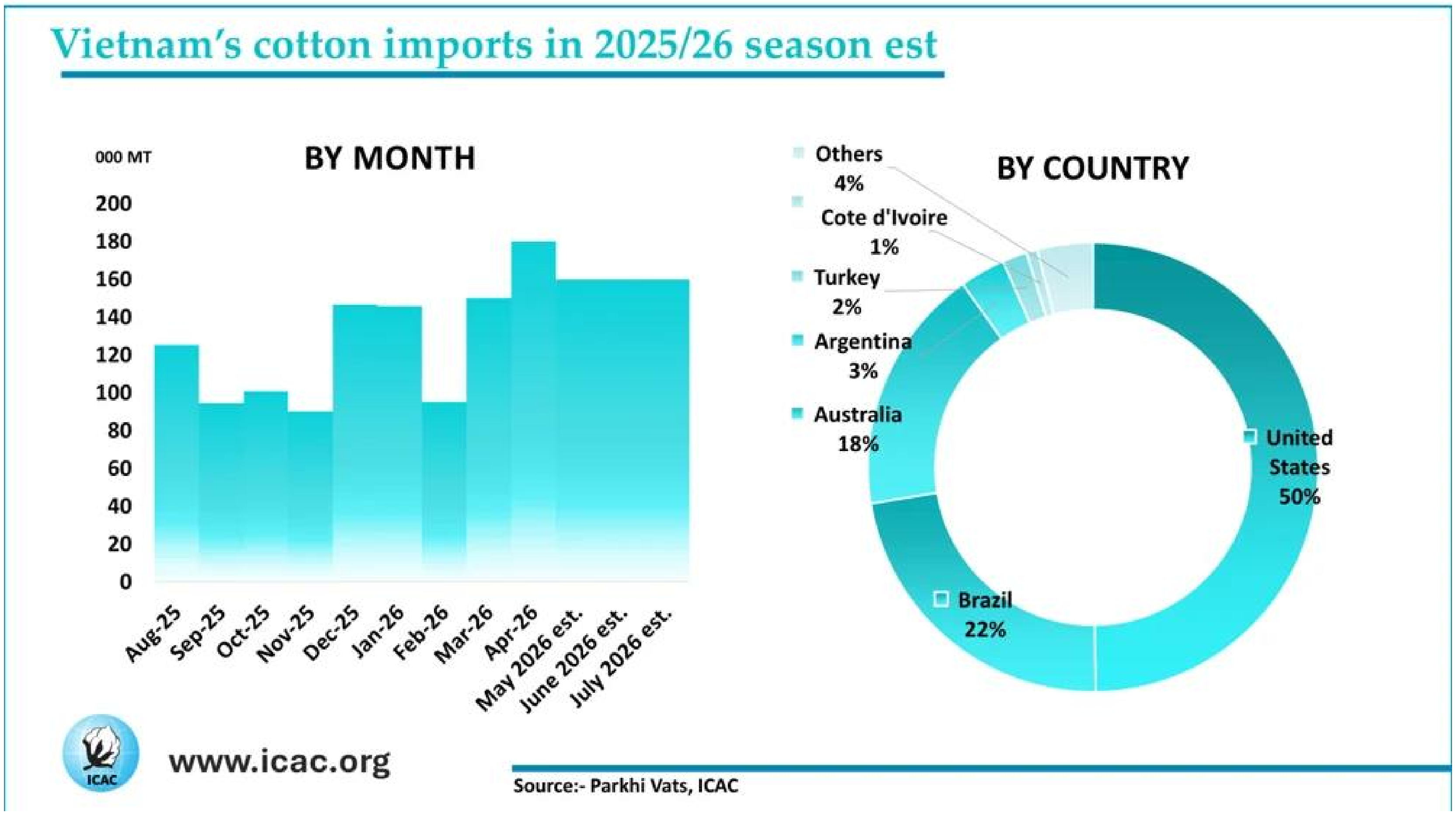
The United States remains Vietnam's largest cotton supplier, accounting for approximately 50% of Vietnam's total cotton imports during the 2025/26 season. details of their trade relations are already covered under the US section.

Vietnam and Brazil

Brazil has rapidly expanded its presence in the Vietnamese cotton market in recent years and became Vietnam's second-largest cotton supplier during the 2024/25 season and is estimated to remain the same in the current season. Discussions regarding a potential bilateral trade agreement between the two countries could further enhance cotton trade flows and strengthen Brazil's position in the Vietnamese market. During the first six months of the 2025/26 season, Brazil overtook the United States to become Vietnam's largest cotton supplier. However, the United States regained its leading position in the subsequent months and is expected to remain Vietnam's largest cotton trading partner for the full 2025/26 season.

Vietnam and Australia

Australia has also emerged as an important cotton supplier to Vietnam, benefiting from geographical proximity and the competitive pricing of Australian cotton. Trade between the two countries accelerated after cotton trade between China and Australia slowed in 2020, creating additional export opportunities for Australian suppliers. Vietnam's three free trade agreements with Australia further support this growing trade relationship.



INDIA

India Expands Cotton Imports and Consumption Amid Policy Changes

India has emerged as a significant driver of global cotton demand, supported by notable policy interventions that have influenced its import patterns. India's cotton lint imports increased sharply by 136% in the 2024/25 season compared to 2023/24, marking a substantial expansion in both imports and domestic consumption demand. This surge was largely supported by government measures aimed at improving market access. The Central Board of Indirect Taxes and Customs (CBIC) announced a temporary exemption of import duties (previously 11%) on raw cotton under HS code 5201 for the period August 19 to December 2025. This policy significantly enhanced the availability of imported cotton and contributed to the increase in import volumes.

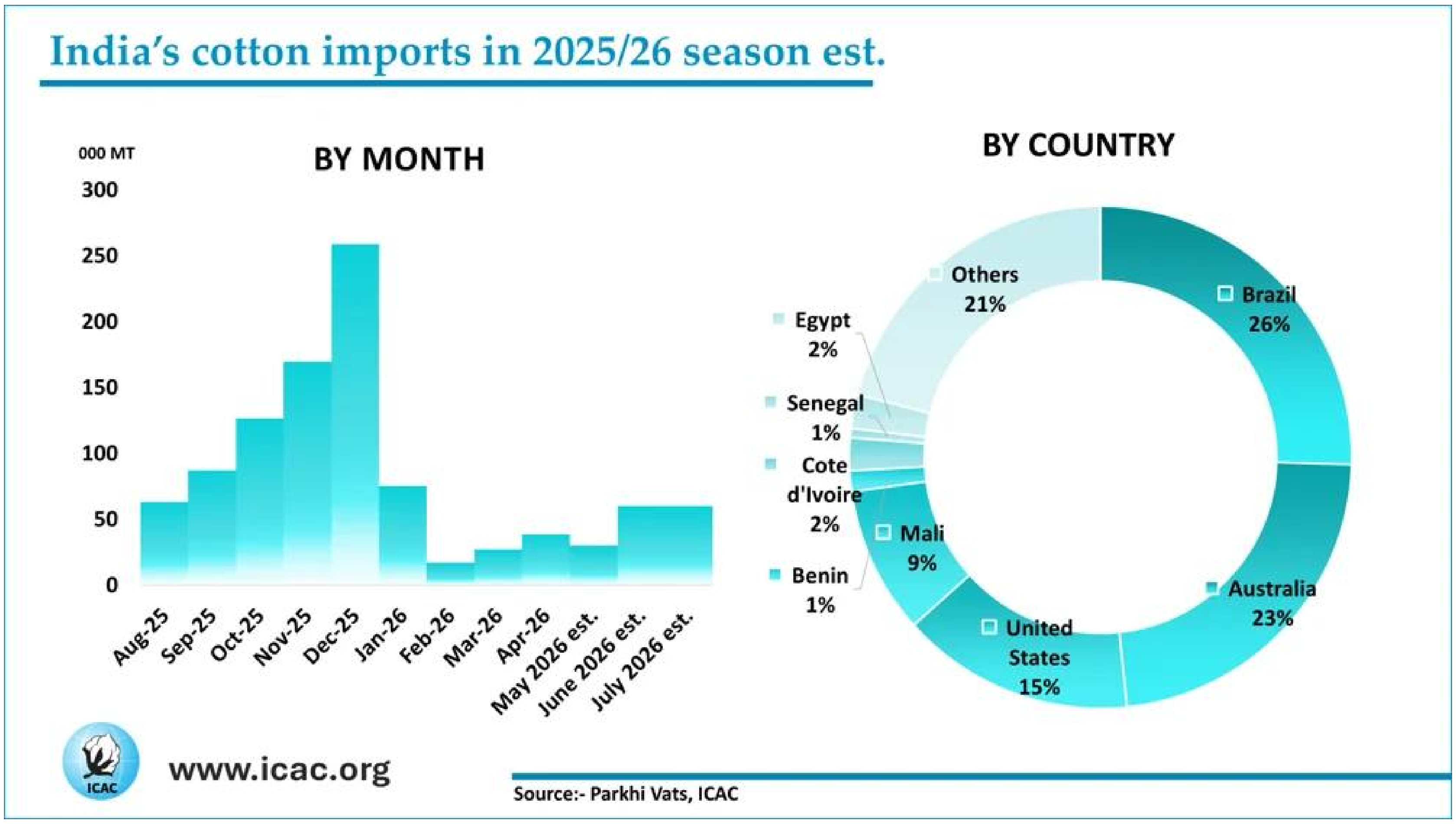
In addition, in February 2024, the Government of India removed import duties on cotton exceeding 32 mm in staple length, further encouraging imports of higher-quality cotton.

However, based on month-on-month analysis, the reintroduction of import duties subsequently led to a sharp correction in trade flows. In January 2026, India’s cotton lint imports declined by approximately 70% (compared to December 2025) with imports from several trading partners falling by more than 50%, and in some cases reducing to negligible levels.

Following the announcement of a five-month suspension on cotton lint imports from June to October 2026, imports are projected to rebound thereafter, reaching an estimated 1 million tonnes for the 2025/26 season. This would represent a 42% increase over the previous season and the highest level recorded by India, indicating continued strength in underlying demand.

In terms of sourcing, Brazil has accounted for the largest share of India’s imports during the 2025/26 season to date (August–April). Other key suppliers that have benefited from reduced import tariffs include Australia, the United States, Egypt, and several West African countries such as Mali, Benin, Côte d’Ivoire, and Senegal. These countries are expected to remain important contributors to India’s cotton import basket.

INTERNATIONAL COTTON ADVISORY COMMITTEE



PAKISTAN

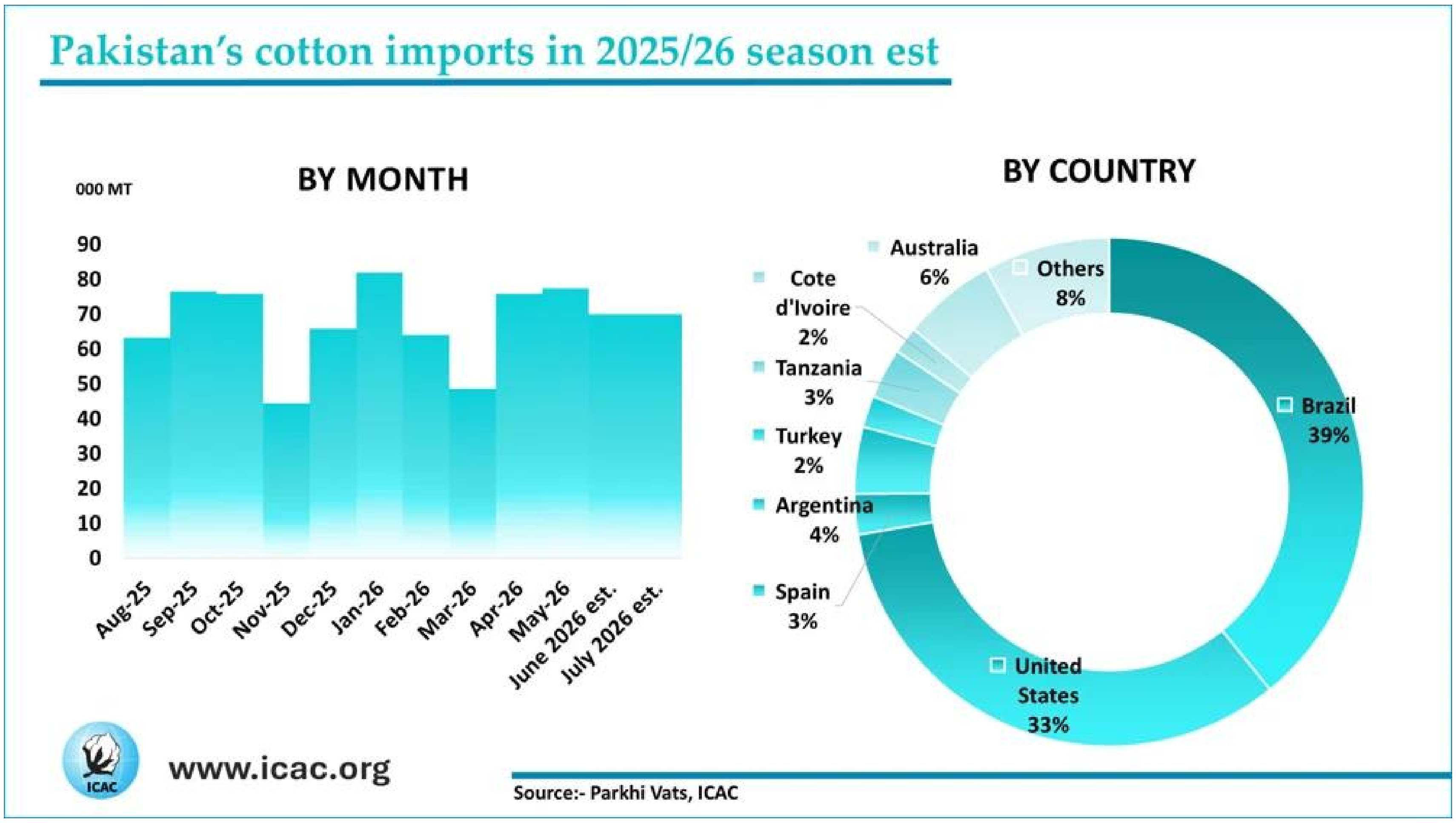
Pakistan's cotton import demand remains closely linked to domestic production performance and the structural deficit between local supply and mill consumption. After imports surged by 173% in the 2024/25 season, imports are estimated to remain broadly stable at approximately 810,000 tonnes in 2025/26. For 2026/27, imports are projected to increase by around 5% to 849,000 tonnes, reflecting continued reliance on foreign cotton to supplement domestic availability. Pakistan's textile industry consumes substantially more cotton than the country produces, making imports essential for meeting mill requirements. In 2024/25, domestic cotton production declined by approximately 15% from the previous season. This decline was largely attributed to a reduction in planted area as farmers shifted to more profitable crops, particularly rice and corn. Adverse weather conditions, including frequent heatwaves during the early stages of crop development and untimely rainfall later in the season, further constrained production by affecting crop growth and delaying harvesting activities.

Production prospects remain challenging. For the 2026/27 season, Pakistan's cotton output is projected to decline by a further 18% to around 900,000 tonnes, despite no significant change in the cultivated area. The projected decline is primarily yield-driven, reflecting persistent constraints such as poor seed quality and high pest pressure. Additionally, increasingly volatile weather conditions—including excessive heat during sowing, uneven rainfall distribution, and periods of heavy precipitation—continue to adversely affect crop establishment and productivity.

The resulting volatility in domestic cotton production complicates sourcing for Pakistan's spinning industry and reinforces the need for imports. At the same time, cotton consumption has been supported by strong demand for cotton yarn, particularly from China, and by the European Union's preferential market access under the Generalized System of Preferences (GSP), which continues to support Pakistan's textile exports and mill use.

Despite these supportive factors, Pakistan's cotton consumption is projected to decline by approximately 3% in 2026/27. This outlook reflects weaker demand sentiment and intensifying competition from India in yarn exports to the Chinese market.

In terms of sourcing, Brazil has emerged as Pakistan's largest cotton supplier in the 2025/26 season, accounting for approximately 39% of total imports and surpassing the United States. Other significant suppliers include the United States, Spain, Argentina, and Türkiye, highlighting Pakistan's increasingly diversified import portfolio.



Türkiye

Türkiye's cotton imports increased by approximately 53% in the most recent season, reaching around 1 million tonnes. This is a recovery since 2023's slowdown.

This recovery followed a period of disruption caused by the February 2023 earthquakes, which affected industrial activity and textile production in key manufacturing regions. In addition, Türkiye's textile sector has faced challenges associated with the Russia–Ukraine conflict, as both countries are important markets for Turkish textile exports. These factors contributed to fluctuations in cotton consumption and import demand. Despite these headwinds, Türkiye remains one of the world's largest cotton-consuming and cotton-importing countries due to the scale of its spinning and textile industry. The sharp increase in imports suggests a recovery in mill activity and continued demand for imported cotton to supplement domestic production.

Türkiye and Brazil

Brazil has strengthened its position in the Turkish market and became Türkiye's largest cotton supplier in the previous season. The growth in bilateral cotton trade reflects Brazil's expanding export availability and increasing market access in Türkiye.

Türkiye and the United States

The United States remains Türkiye's second-largest cotton supplier and continues to be a key origin for Turkish cotton imports. Cotton is among the largest commodities imported by Türkiye from the United States, underlining the longstanding trade relationship between the two countries.

Trade between the two countries has been supported by Türkiye's removal of the 3% anti-dumping duty on U.S. cotton in 2021. Importantly, even before the duty was removed, the United States maintained a strong presence in the Turkish market, indicating sustained demand from Turkish mills for U.S. cotton.

Moreover, Türkiye has been relatively unaffected by recent U.S.-China tariff-related trade disputes, meaning that its cotton import patterns continue to be driven primarily by domestic textile demand rather than changes in global trade policy. As a result, both Brazil and the United States are expected to remain Türkiye's principal cotton suppliers in the near term.

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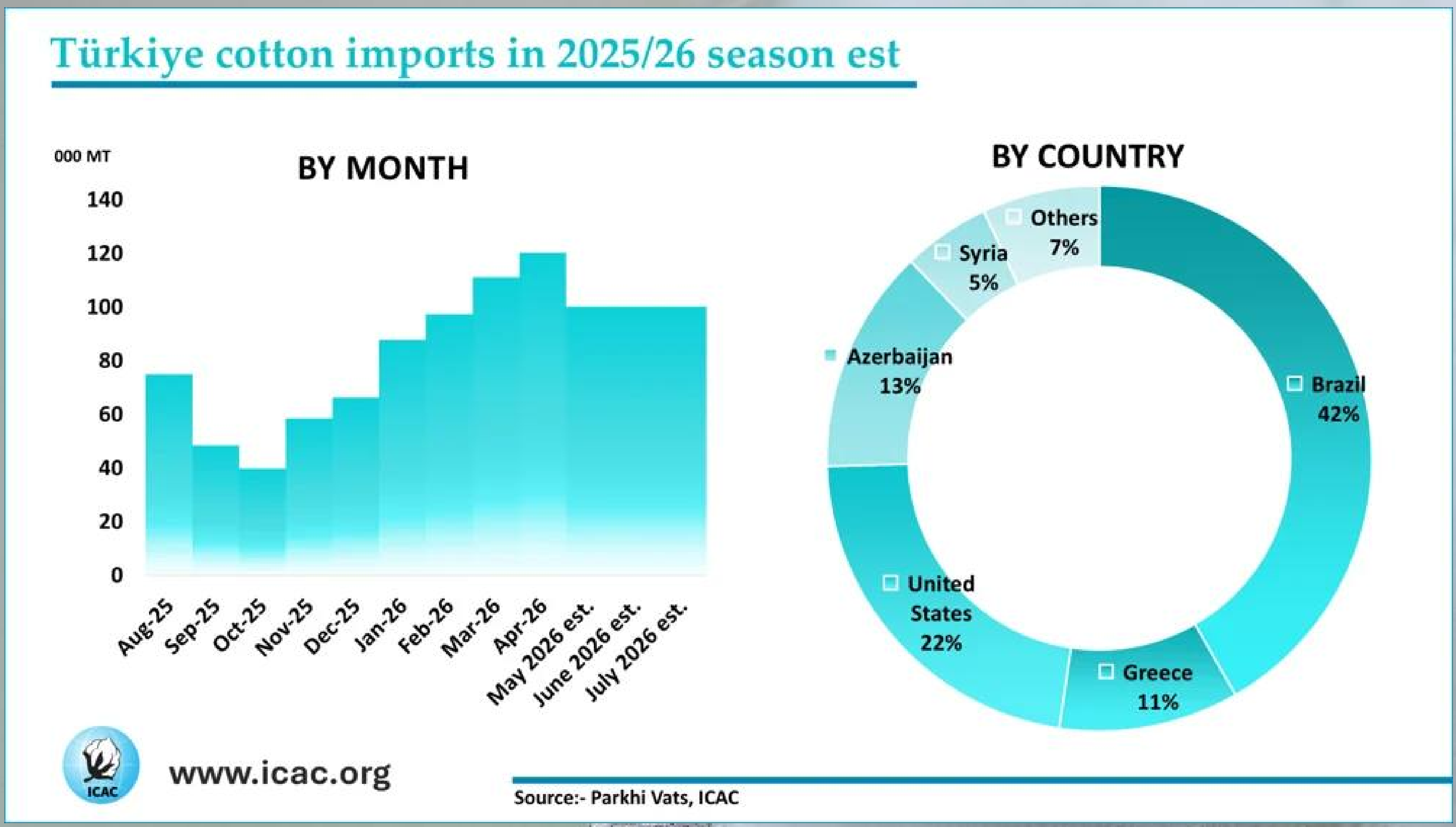

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