

# Cotton export snapshot

## December 2021

In 2021, Australian cotton exporters successfully diversified their export markets. Favourable seasonal conditions and the global economic recovery from COVID-19 are expected to boost Australian cotton exports in 2022.

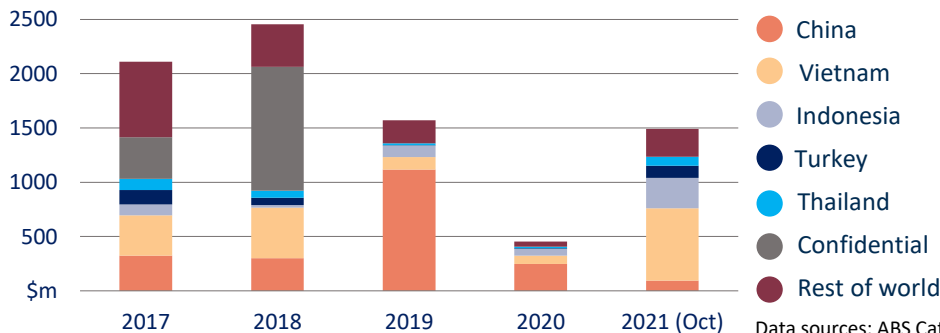
### Australian cotton overview

- > Australia is one of the world's largest cotton exporters. Between 2017 and 2020 Australia exported an average of \$1.65 billion of cotton each year.
- > Australia's high-quality cotton receives a price premium in international markets.
- > Drought caused Australian cotton production to decline by 87% from 4.7 million bales in 2018 to 590,000 bales in 2020. Reduced production, competition from synthetic fibres, and the COVID-19 pandemic, led to Australian cotton exports declining by 71% from \$1.57 billion in 2019 to \$454 million in 2020.
- > Production and exports have recovered in 2021. Exports in 2021 are likely to be higher than 2019 but below the 2018 high.
- > In 2019-20, China, Vietnam, Bangladesh, Turkey and Pakistan collectively accounted for 73% of world cotton imports (by value).

### Diversifying cotton exports

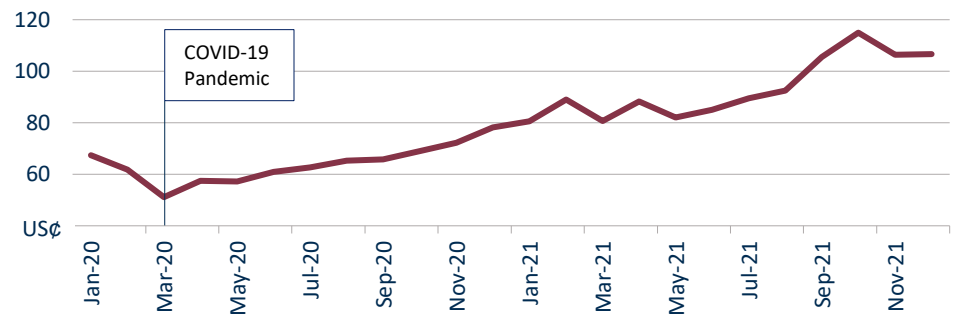
- > Australian cotton exports to China declined substantially from October 2020 following the introduction of measures that discouraged Australian cotton imports.
- > Since Chinese trade disruptions, Australian cotton exports have diversified, with exports increasing to Vietnam, Indonesia, Turkey, Thailand and India.

### Australian cotton exports Jan 2017 to Oct 2021



Data sources: ABS Catalogue 9920.0; ABARES Agricultural commodities; ICE Futures U.S Cotton Futures No. 2; ITC Trade Map; Cotton Australia; USDA

### Cotton prices Jan 2020 to Dec 2021



### Positive outlooks

- > High rainfall across Australia is expected to lead to a large cotton crop of 4.6 million bales in 2022.
- > The global economic recovery from COVID-19 and high oil prices increasing the production cost of synthetic fibres are driving demand for cotton.
- > Spinning mill use is expected to outstrip cotton production in 2022, leading to upward pressure on cotton prices. In December 2021, cotton prices are at their highest price since June 2011.

### Share of the value of global cotton imports by market, 2020

