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# Cotton exports break records and take third spot on most valuable export commodity

Australian cotton is forecast to become the third most valuable export commodity after wheat and beef, in a year that also witnessed a record export result for one month.

Official figures from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), reveal that in August 2022, nearly \$866 million of cotton was exported alone – almost double the entire amount of cotton exported in 2020 – just two years earlier.

Cotton Australia CEO Adam Kay said the figures reveal the inherent risks in farming. “In calendar year 2020, \$455 million of cotton was exported to various offshore markets. That was reflected in the drought-impacted 2019-20 yield of less than 590,000 bales which was the worst result in recent history.”

Mr Kay said the drought stands in stark contrast to the flooding which made it difficult to get the 21/22 crop off, also meaning considerable losses from downgrades in some areas and making it even more difficult getting the 22/23 crop planted, resulting in lost winter crops. “Our thoughts go out to all those growers facing losses and hardship.”

ABARES figures show \$1.9 billion worth of cotton was exported in 2021 however from January to August 2022, \$2.046 billion was exported, representing 562,270 tonnes.

“Our forecast for the 2022 crop was around 5.2 million bales and we exceeded that with a result of 5.5 million. What we are seeing here is the result of some harvesting delays due to the wet weather, and also some earlier issues with shipping and container availability.

“The good news is those bottlenecks and container shortages are showing signs of easing and that should ensure an easier passage of our cotton to the various overseas markets.”

Efforts towards clearing the backlogs and overcoming challenges, along with the international marketing of our cotton through Australian Cotton Shippers Association members, has seen export forecasts for 2022/23 reach \$7.0 billion however that is expected to be reduced given the flooding across many growing areas, delaying picking and planting.

That third ranking in export commodity value, after wheat and beef, is the highest ranking for cotton since 1988 and coincides with falling livestock exports due to lower prices for red meat and wool.

ABARES has also released export figures per country with some surprising results. In the first three months of the 22/23 season more than \$2.212 billion worth of cotton was exported to 17 countries, whereas in the entire 21/22 season the total exported was \$2.228 billion.

Bangladesh has almost doubled its 2022 imports of Australian cotton to \$171 million in the first three months of this season while India has imported \$110 million more than the previous season. The other countries to record significant increases are Korea, Malaysia, Thailand and Turkey.



While global growth expectations have been lowered due to widespread inflation, a sluggish Chinese economy, and dropping consumer demand, Australian cotton remains in high demand due to its quality and reduced crops from drought in the US and flooding in Pakistan.

Mr Kay said about 30% of the 2023 crop was now forward sold and those solid export totals will continue to gain momentum through the following months.

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