



ACSA

AUSTRALIAN COTTON SHIPPERS ASSOCIATION

MARKET REPORT - FEBRUARY 2025

WELCOME

Welcome to our February newsletter. We hope everyone is looking forward to another exciting season – perhaps an understatement given the volatility we’ve already seen in early 2025. With President Trump firmly in place, it isn’t difficult to imagine there will be plenty of ups and downs. Buckle up!

Macro influences will likely remain the dominant force driving prices, with sentiment shifting on what feels like a daily basis. The spectre of trade tensions continues to loom, fuelling concerns over inflation, interest rates and consumer demand - issues that have shaped market discussions in recent years and will undoubtedly do so again in 2025.

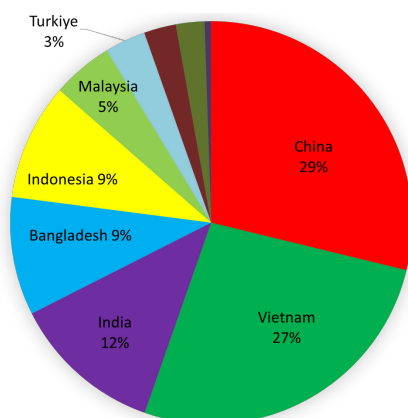
On the production front, current crop prospects suggest a yield exceeding 5 million bales, marking another strong season. This reinforces Australia's standing as a key exporter of high-quality cotton, supported by an efficient and reliable supply chain that remains the envy of our competitors.

This year is an exciting one for ACSA as the changes we made in 2024 are now coming to fruition and the introduction of our Associate Member program, a significant step in expanding our reach. Looking ahead, our Post Farm-Gate Forum will be held in Toowoomba on March 19, followed by our end-season Summit in November, strengthening our engagement with the broader industry.

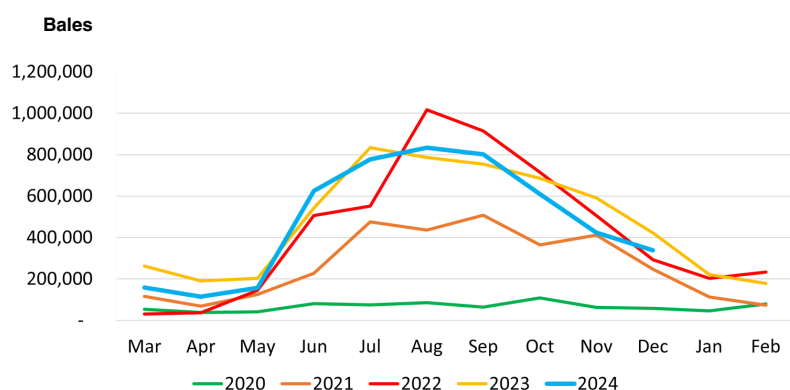
Before we know it, the 2025 harvest and ginning season will be underway, keeping us all busy. Best wishes to all involved in our wonderful industry.

Cliff White
Chair

AUSTRALIAN COTTON EXPORTS 2024 SEASON YTD SHIPMENTS - to Dec 31, 2024



HISTORICAL SHIPPING PACE



IS COTTON LOSING THE TEXTILE RACE?

By Roger Tomkins

Fast Facts

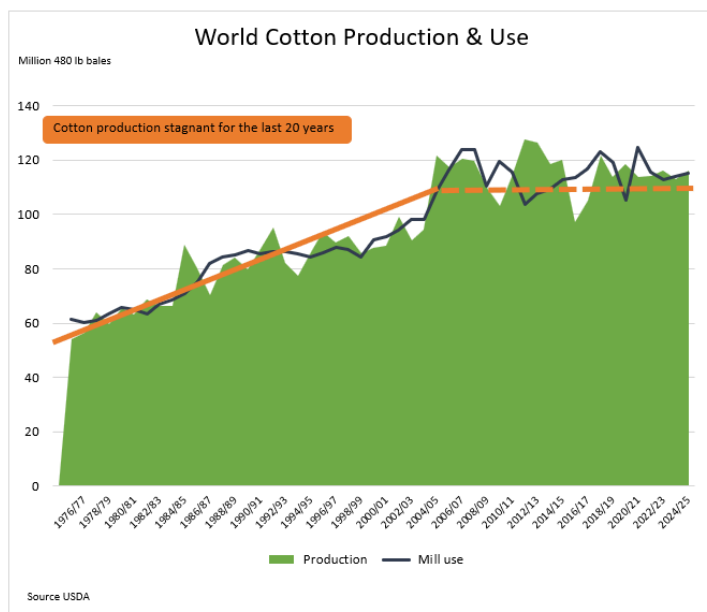
- Cotton's share of the textile market has fallen below 20%, while wool is under 1%
- Per capita textile consumption has doubled since 1975 to 16.5 kg, while cotton's share has remained stagnant at 3.3 kg
- In developed countries, cotton accounts for 37% of textile use; in developing nations, just 18%
- Global population has now surpassed 8 billion - 83% are living in developing countries
- Synthetics account for 67% of the textile market with polyester making up 85% of this
- Textiles made from manmade fibres are a significant contributor to microplastic pollution (35%)
- Global cotton production has stagnated around an average of 115.5 million (480 lb) bales over the past 20 years
- By 2025, global fibre production will reach 135 million tonnes. It is estimated to grow to 160 million tonnes by 2030

The average consumer ingests a credit card's worth of microplastics weekly - equivalent to 50 plastic bags a year. I first heard this from Joe Nicosia at the Australian Cotton Conference in 2024, where he also noted cotton's market share decline. The numbers don't lie—polyester, with all of its environmental evils, dominates the global textile industry and its share of the market is only increasing.

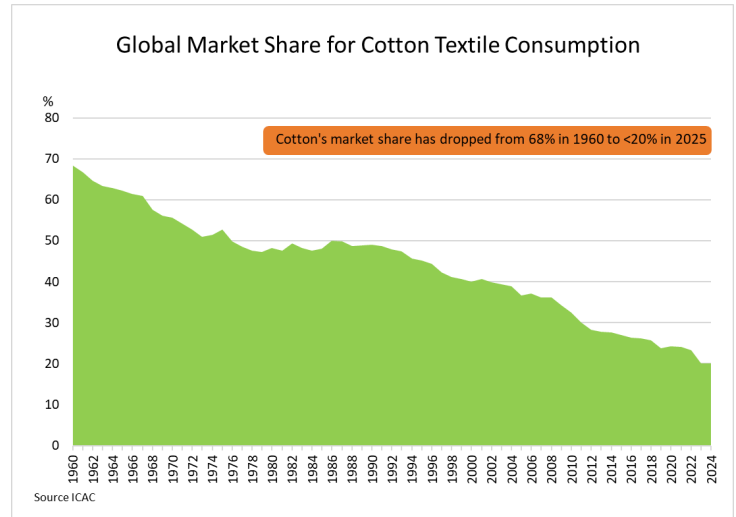
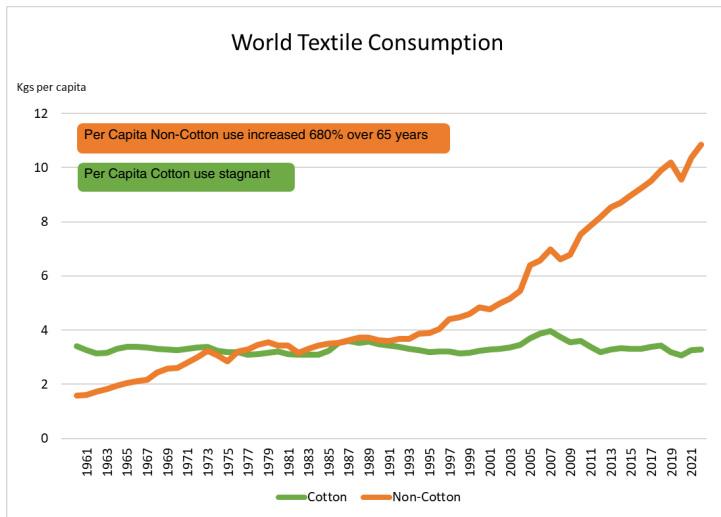
Cotton Production Levels Remain Stagnant

Global cotton production rose steadily until the early 2000s due primarily to yield improvements and access to arable land. It has since stagnated around an average of 115.5 million (480 lb) bales for the last 20 years. This is not due to a lack of textile demand given this has nearly doubled over the same time period. The most obvious restrictor to cotton's growth potential is price. Expanding cotton acreage requires higher relative pricing compared to competing crops. Yet, excessive price hikes will ultimately reduce cotton's competitiveness against other fibres, particularly polyester, decreasing usage.

Over the past 60 years, cotton's per capita consumption has remained steady at 3.3 kg, while total textile consumption has surged from 5 kg to over 16 kg per person. This has resulted in a dramatic decrease of cotton's share in the global textile market, falling from 68% in 1960 to estimated 19.2% this year. While the market share of most other major fibres have remained relatively stable, it is polyester that is filling the void created by increased consumer demand for textiles. It is cheap and easy-care therefore satisfying both the rapidly expanding population in developing markets, and the globe's growing thirst for fast fashion. In 2023 polyester comprised 57% of total global fibre production, and this share continues to grow.



IS COTTON LOSING THE TEXTILE RACE? Cont...



Polyester: A Growing Threat

Polyester is durable, moisture and wrinkle resistant and most importantly can be produced in large volumes, very cheaply. BUT it is non-biodegradable, is fossil fuel dependant, emits toxic pollutants during its processing AND by contributing 35% of the total, is the major source of microplastics contamination in our environment. As synthetic fibres break down, they fragment into microplastics and the smaller nanoplastics. These tiny particles then infiltrate ecosystems and are ingested by humans. Scientists compare the long-term effects of microplastic ingestion to passive smoking or asbestosis—by the time we understand the consequences, it may be too late.

The boxing gloves are off. ACSA join Make the Label Count organisation.

Consumer awareness is crucial to shifting demand toward natural fibres. While governments push for fossil fuel reductions in transport, they overlook the rapid expansion of synthetically based textiles.

The EU's Environmental Footprint Methods policy falsely ranks polyester as more sustainable than cotton and wool, disregarding effects of microplastic pollution and the benefits of biodegradability. This flawed assessment threatens consumer perception and future market share for natural fibres.

ACSA has joined the Make the Label Count (MTLC) coalition, which advocates for accurate sustainability labelling. MTLC is challenging the EU's Product Environmental Footprint (PEF) framework, pushing for a fair comparison between natural and synthetic fibres.

ACSA supports the EU's Green Claims Directive but rejects its misleading methodology which favours fossil-fuel-based fibres over natural alternatives. Cotton is biodegradable, renewable and recyclable – critical factors that must be recognised in sustainability assessments.

Choose cotton, wear it well and protect the planet.

“ The current methodology for evaluating a product's environmental footprint is misleading. It favours synthetic fibres derived from fossil fuels over natural fibres such as cotton. This approach overlooks critical components such as biodegradability, renewability, and recyclability which are properties of Australian cotton, and therefore undermines the EU's sustainability objectives. ”



MEET YOUR SUPPLY CHAIN PARTNER

Reinhart is a global merchant of cotton, cocoa and other agricultural products. The company was founded more than two centuries ago in 1788 and has been family-owned and operated ever since. Today, nearly 300 dedicated employees around the world, including 7th and 8th generation family members, contribute to the future of their business from our headquarters in Winterthur, Switzerland, as well as from our various subsidiaries and branch offices on all five continents of the world.

REINHART¹⁷⁸⁸

Reinhart is the oldest and one of the leading cotton merchants in the world, sourcing cotton from all major exporting countries. Through their Toowoomba-based subsidiary, Reinhart Australia Pty Ltd, they source Australian cotton directly from local farmers and market it to all cotton importing and consuming countries. Reinhart acts as an intermediary throughout the supply chain from farmers to ginners and textile manufacturers, providing logistics, financing and a range of other services and solutions to customers around the world.

Reinhart began sourcing and marketing certified cotton over twenty years ago and are proud to be pioneers in the global sustainable cotton market.

Learn more Reinhart and visit www.reinhart.com

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