

NAMOI COTTON GROWS EXPORT SALES IN BANGLADESH

EXPORT CASE STUDY | NOVEMBER 2018

Namoi Cotton's exports to Bangladesh are worth up to US\$60 million annually, thanks to strong relationships with the country's top-tier spinning mills.

Namoi Cotton, Australia's leading cotton processing and marketing organisation, has an extensive network of ginning, marketing and logistics operations throughout the cotton-growing regions of Australia. The company has been exporting cotton to Bangladesh since 2011.

The global financial crisis in 2008 affected Namoi Cotton's traditional export markets. As its Australian crop increased, the company decided to explore export opportunities in Bangladesh as part of its market discovery strategy.

In the early 2010s, Bangladesh was starting to emerge as one of the world's significant garment manufacturing hubs. When Namoi Cotton commenced exports to Bangladesh, the country was sourcing cotton from Commonwealth of Independent States, the US, Brazil, Africa and India.

In 2011, the environment was tough in all markets with buyer defaults and rising cotton prices. Namoi Cotton conducted an in-depth study of the cotton market in Bangladesh and developed a business model where it engaged directly with particular spinning mills in the country. The company made a point of understanding the requirements and the integration of spinning mills in Bangladesh.

Strong relationships key to success

Based on its interactions with the top-tier spinning mills in Bangladesh, Namoi Cotton shortlisted several companies and commenced selling Australian cotton to them. The company's exports to Bangladesh have grown from around US\$3 million in 2011 to about US\$60 million in 2018. Namoi Cotton



Namoi Cotton bales in a spinning mill in Bangladesh

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Eimear McDonagh, General Manager, Export Sales and Logistics, Namoi Cotton

currently has between 20 to 30 per cent of Australia's total cotton exports to Bangladesh and expect its business to expand further.

Bangladesh is among the world's leading garment manufacturing hubs. The country is also the largest cotton importer globally. Australia has a 3 to 5 per cent share of Bangladesh's total cotton imports.

Add value for customers

Eimear McDonagh, Namoi Cotton's General Manager, Export Sales and Logistics, acknowledged there are challenges to exporting to Bangladesh.

'There are risks in Bangladesh where Letter of Credits and contracts have not previously been honoured. Contracts are cancelled based on market price movements. It is therefore very important to know the customers and buyers, develop deep insights into their business and build strong personal



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relationships to understand their ability to honour contracts,' she said.

'Bangladesh is also a very price-sensitive market; we ship raw cotton based on precise customer requirements and specifications only. Find your own niche, add value and customers will see value in your premium,' said McDonagh.

Saydul Alam Ruman, Director, [Agri Direct Australia](#), represents Namoi Cotton in Bangladesh. Saydul manages the relationships with the spinning mills and buyers in Bangladesh, from sales to delivery of cotton to the spinning mills.

'Australian exporters should visit the market often, meet customers face to face, and learn their business,' he advised. 'It is also important for Australian exporters to constantly add value to their customer's business and their supply chains.'

Leonie Muldoon, Austrade's Senior Trade & Investment Commissioner for South Asia, said: 'The Austrade office in Dhaka, Bangladesh has for a long time been playing an active role in facilitating Australian cotton exports to Bangladesh. Austrade has been organising seminars in Bangladesh connecting Australian cotton exporters and spinning mill representatives since 2013. Austrade has also been facilitating visits by buyers and spinning mill representatives from Bangladesh – encouraging their participation in cotton industry events in Australia, with a view to growing their understanding of Australia's cotton export capability and supporting identification of new Australian suppliers.'

'Bangladesh is in the process of transitioning from a predominantly agrarian economy to an industrial and service economy,' added Muldoon. 'Growing GDP, a rising middle class, and an overwhelmingly young demographic are triggers of Bangladesh's growth. Besides cotton, Bangladesh is also a prospective market for Australian exporters of goods and services such as education, food and beverage, grains, dairy, resources and energy, oil and gas, and mining equipment, technology and services.'

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- › develop international markets
- › win productive foreign direct investment
- › promote international education
- › strengthen Australia's tourism industry
- › seek consular and passport services.

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