

**Required Report:** Required - Public Distribution

**Date:** April 01, 2021

**Report Number:** CH2021-0039

## **Report Name:** Cotton and Products Annual

**Country:** China - People's Republic of

**Post:** Beijing

**Report Category:** Cotton and Products

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### **Report Highlights:**

China's marketing year (MY) 21/22 cotton imports are projected to increase slightly to 2.4 million metric tons (MMT) on higher consumption to meet textile and apparel demand. U.S. cotton exports to China totaled approximately 884,000 metric tons (MT) during the first seven months of MY20/21 (August 2020–February 2021), up from 154,000 MT during the same period in the previous marketing year. Due to recovering domestic and international demand for Chinese textile and apparel products, China's cotton consumption is forecast at 8.5 MMT in MY21/22 compared to an estimated 8.2 MMT in MY20/21. MY21/2 production is forecast basically flat at 5.9 MMT based on lower yields and forecast acreage unchanged from the previous year.

## **Executive Summary:**

China's MY21/22 cotton production is forecast at 5.9 MMT compared to an estimated 5.95 MMT in MY20/21. The basically flat production is based on lower yields and planted area unchanged at 3.12 MHa. A recovering cotton price in MY20/21 together with the stable government subsidy policy should result in steady cotton acreage for the current marketing year.

MY21/22 cotton consumption is forecast at 8.5 MMT on recovering domestic and global textile and apparel demand. The forecast is an increase from an estimated 8.2 MMT in MY20/21 and 7.4 MMT in MY19/20 - when textile demand dropped due to the economic impact of the COVID-19 pandemic. China's growth in domestic demand for textiles and apparel products continues to be a driving force for China's cotton consumption in MY21/22.

China's cotton imports are forecast to increase to 2.4 MMT in MY21/22 from an estimated 2.3 MMT in MY20/21. The expected increase is due to growing consumption. Due to China's implementation of the Section 301 tariff exclusion program on March 2, 2020, U.S. cotton exports to China are projected to increase in MY20/21 and continue rising in MY21/22. While Chinese end-users favor the quality and reliability of U.S. cotton, the United States faces growing competition from Brazil, India, and Australia.

China's total cotton stocks are forecast to fall to 7.6 MMT by the end of MY21/22 from the relatively high level in the previous year when consumption decreased. The state cotton reserve, which is a portion of total stocks, is currently estimated at about 1.8 MMT. Based on China's past practice managing the state reserve, China is likely to source foreign cotton to rebuild stocks in 2021.

## **Production**

China's domestic cotton production is forecast at 5.9 MMT in MY21/22, down about 1 percent from an estimated 5.95 MMT in MY20/21, based on stable planted area of 3.12 MHa and lower yield. Cotton planted area is forecast unchanged in MY21/22 in response to a cotton price recovery in MY20/21 together with a stable government subsidy. The production estimate for MY19/20 is slightly higher than the previous year due to much higher yield offsetting an estimated 3.1 percent area decline.

Both China's National Bureau of Statistics (NBS) and Ministry of Agriculture and Rural Affairs (MARA) forecast total production at 5.91 MMT for MY20/21 based on planted area of 3.17 MHa. NBS/MARA put Xinjiang production at 5.16 MMT, or 87 percent of the total. However, data released by the China Fiber Inspection Bureau (CFIB) indicates higher Xinjiang production than the NBS/MARA numbers. As of March 17, 2021, the total volume of classed cotton for MY20/21 reached 5.62 MMT for Xinjiang and 0.14 MMT for other cotton growing areas. CFIB's current classed volume is 0.46 MMT higher than NBS/MARA production data for Xinjiang.

Historically, Chinese government and industry sources have differed substantially in their forecasts and estimates for cotton production and area. In contrast, the various production and

area figures for recent years are relatively closer, which is likely due to improved data collection in response to subsidy program requirements, along with the increasing concentration of production in Xinjiang.

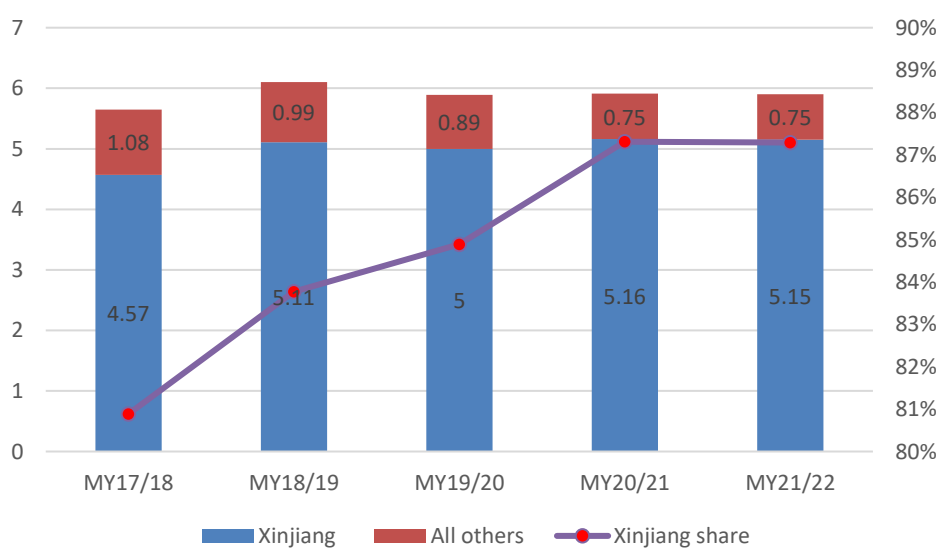
**Table 1. China – Cotton Production (MMT) and Area (MHa) Estimates/Forecasts**

	CCA		NCMMN		MARA		NBS	
	Area	Production	Area	Production	Area	Production	Area	Production
MY18/19	3.27	6.11	3.27	6.07	3.37	6.04	3.35	6.1
MY19/20	3.15	5.9	3.2	5.84	3.3	5.8	3.34	5.89
<b>MY20/21</b>	<b>3.05</b>	<b>5.92</b>	<b>3.05</b>	<b>5.95</b>	<b>3.17</b>	<b>5.91</b>	<b>3.17</b>	<b>5.91</b>
<b>MY21/22</b>	<b>3.04</b>		<b>3.03</b>					

Sources: China Cotton Association (CCA), National Cotton Market Monitoring Network (NCMMN), Ministry of Agriculture and Rural Affairs/March Report (MARA), China’s National Bureau of Statistics (NBS)

The bulk of China’s cotton production takes place in Xinjiang province, which accounted for over 87 percent of total production in MY20/21. Xinjiang has benefitted from a target-price subsidy since 2017—which supports generally stable planted area for the province—and has achieved higher yields than China’s other cotton production areas. Outside of Xinjiang, cotton farmers are disadvantaged in terms of government subsidies and cotton planting is mainly confined to small plots. In addition, the yield is consistently lower and planted area continues to decline in these areas.

**Chart 1. China – Xinjiang’s Cotton Share Up Steadily**  
(MY17/18 to MY21/22; Left axis-MMT; Right Axis-Xinjiang Share%)



Source: NBS; Data for MY21/22 is FAS/Beijing forecast

### ***Planted Area***

MY21/22 total planted area is forecast at 3.12 MHa, unchanged from the previous year on flat profits and a stable government subsidy for Xinjiang produced cotton. Profits are unchanged due to increased production costs offsetting farmers' gains from a higher seed cotton price. The total planted area for MY21/22 is comprised of 2.48 MHa in Xinjiang and 0.64 MHa in the minor production areas outside of Xinjiang. The fixed Chinese government subsidy for Xinjiang—with a target price of RMB18,600 (or \$2,695)/metric ton for three years starting from MY20/21—is expected to keep acreage basically unchanged during the next three years. Based on an industry survey, MY20/21 cotton production costs in Xinjiang were up slightly compared to the previous year, while official statistics indicate that the seed cotton price was also up year on year, implying relatively stable profits for cotton. Meanwhile, government subsidy payments to Xinjiang farmers are estimated to have fallen in MY20/21 given the increased seed cotton price, since payouts are calculated based on the gap between the target and market prices, providing a disincentive for farmers to expand cotton acreage in the current marketing year.

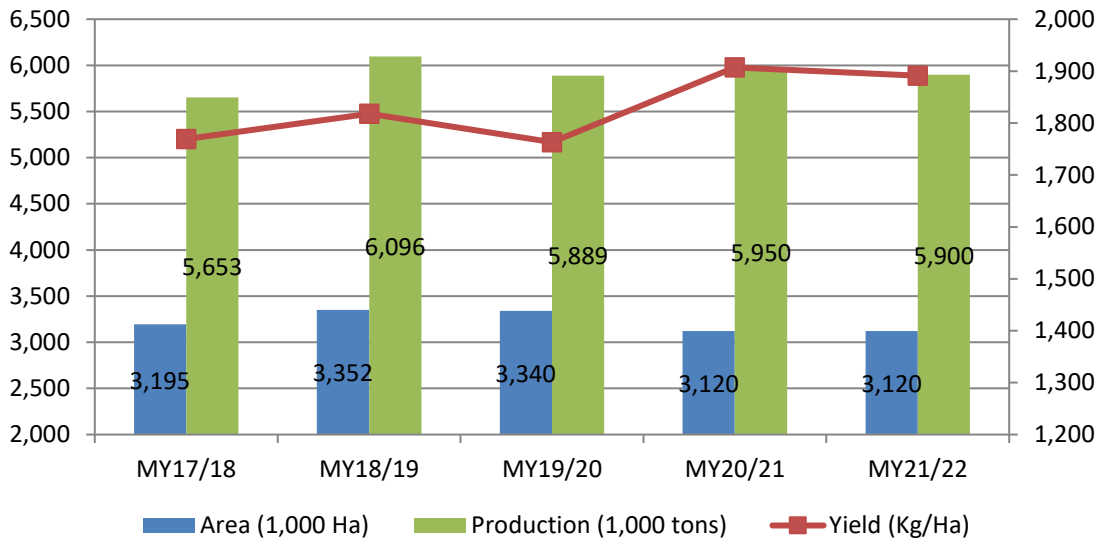
A February 2021 farmer survey conducted by the China Cotton Association (CCA) pointed to a smaller year-on-year reduction in MY21/22 planting intentions compared to CCA's December 2020 survey. According to the February survey, overall planting intentions were down 0.59 percent compared to the previous year, versus a 2.2. decline as per the December survey. However, for Xinjiang the February survey showed a 1.49 percent increase in planting intentions versus a 0.85 decrease for the December survey. The recovery in MY21/22 planting intentions in Xinjiang is attributable to the higher seed cotton price and the fast pace of sales of the MY20/21 crop compared to that of MY19/20, with CCA reporting the completion of sales of Xinjiang cotton by the end of January. In addition, Xinjiang farmers reportedly received their subsidy payments by mid-February, earlier than usual, supporting stable planting intentions.

In contrast, CCA's February survey showed a continuing downward trend in planting intentions for the Yangtze River and Yellow River regions. Nonetheless, farmers in the minor production areas are expected to maintain basically stable—albeit small compared to Xinjiang—acreage in MY21/22, mainly due to a strong cotton planting tradition in those communities along with limited choice and capacity to switch to other crops given small plot sizes.

### ***Yield***

The MY21/22 cotton yield is forecast at 1,891 kg/Ha, lower than the previous year yet consistent with the yield trend seen in recent years and the increasing share of total production accounted for by the higher yield Xinjiang. According to NBS, China's cotton yield reached a record 1,864 kg/Ha in MY20/21 and Xinjiang hit 2,063 kg/Ha, both representing increases from the previous marketing year when poor weather impacted Xinjiang and other cotton regions. Cotton yield estimates continue to vary among Chinese sources based on differing estimates for planted area and production.

**Chart 2. China – Cotton Area, Production, and Yield (right axis)  
(MY17/18 to MY21/22)**



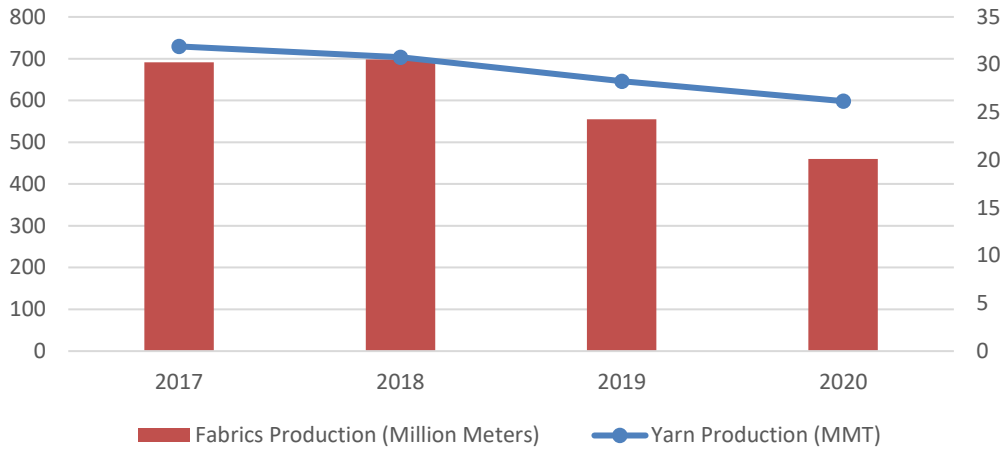
Source: NBS except data for MY20/21 and MY21/22 which are FAS/Beijing Estimate/Forecast

Xinjiang’s higher yields compared to China’s other cotton growing areas are due to more advantageous weather conditions as well as an ongoing expansion of mechanized harvest. Although the Xinjiang farms under the umbrella of the governmental Production and Construction Corporation (PCC) have a higher rate of mechanization than non-PCC (private) Xinjiang farms, the private sector has shown a much higher rate of increase in mechanization in recent years. In MY19/20, an estimated 82 percent of PCC cotton was machine harvested, a rate which has been basically stable since MY17/18. On the other hand, mechanization of the non-PCC cotton harvest was up from 42 percent in MY19/20 to 70 percent in MY20/21, according to the Xinjiang Agricultural and Rural Affairs department.

### Consumption

China’s MY21/22 cotton consumption is forecast at 8.5 MMT, up from an estimated 8.2 MMT in MY20/21 on parallel recoveries in domestic consumption and export demand for textile and apparel products, which both fell in MY19/20 due to the economic impacts from COVID-19. Reduced cotton consumption in MY19/20 is consistent with falling yarn and fabric production in 2019 and 2020 as reported by NBS. Government and industry estimates for China’s MY20/21 cotton use range from 7.78 MMT (National Cotton Market Monitoring Network) to 8.1 MMT (CCA, MARA, and Beijing Cotlook). The average year-on-year growth in cotton use projected by these sources is 0.57 MMT.

**Chart 3. China - Yarn and Fabric Production Decline from 2017 to 2020**  
(L-axis: Fabrics; R-axis: Yarn)



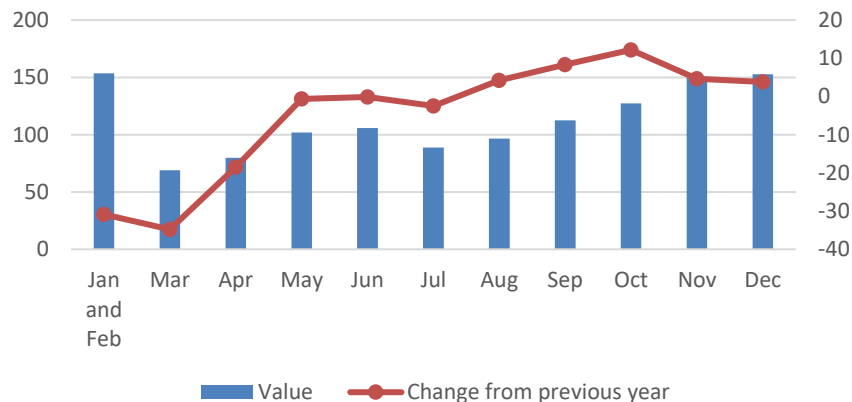
Source: NBS

***Domestic Textile and Apparel Demand***

After a downturn in 2020, the domestic textile and apparel sector is projected to resume an upward trend in 2021 in line with GDP growth, continuing to drive cotton use. NBS data show the total domestic sales value of textiles and apparel products declined by 6.6 percent in 2020 mainly due to the economic impacts of COVID-19. NSB data also show yarn and fabric production declined by 6.1 percent and 17.6 percent, respectively, from the previous year. However, beginning in late 2020, these sectors reversed course and exhibited steady growth through the first two months of 2021, supporting recovering cotton use in 2021.

**Chart 4. China - Sales of Textile and Apparel Recovered from August 2020**

(R-axis-Monthly Change from 2019; L-axis-Value in RMB billion)



Source: Chinese Industry Source Based on NBS

China's overall increase in demand for textile and apparel products is fueled by higher disposable income, rising living standards, population growth, and urbanization. Net population

growth continues to be high at 4.67 million in 2019 compared to 5.3 million in 2018. Additionally, rapid urbanization continues, with annual urban population growth averaging 19.75 million from 2011 to 2018, and 17.1 million new urban residents added in 2019. Urbanization will contribute to higher expenditures for clothing, as NBS data put per capita spending on clothing by the rural population at 39 percent that of the urban population in 2019.

China’s large spinning sector, with an estimated 118 million spindles at the end of 2018 and likely the same through 2020, is one of the key domestic industries. According to a leading Chinese textile industry association, China’s textile production capacity took about 50 percent share of the world total in 2020. According to NBS, the number of state-held textile enterprises was 149 with total output revenue at RMB69.8 billion (\$10 billion), or 2.8 percent of the sector’s total in 2019.

***Textile and Apparel Exports***

MY21/22 textile and apparel exports are expected to continue the recovery that began in MY20/21. In the first two months of 2021, textile and apparel exports increased substantially over 2020 and surpassed pre-COVID-19 levels by 15 percent. CCA reported that the sector resumed operations earlier than usual following the extended February Spring Festival holiday to meet increased demand. Sales of yarn and fabric remain robust as of March 2021.

**Table 2. China - Textile and Apparel Exports Soared in 2021**  
(2019 to 2021 in RBM billion)

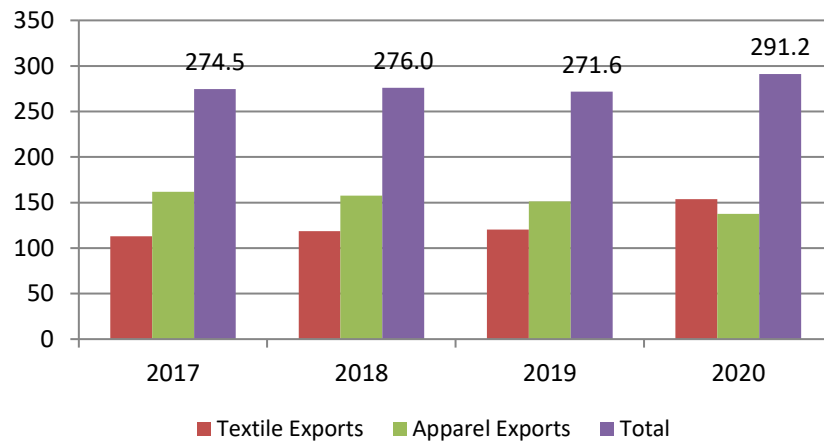
Jan and Feb Export Value	2019	2020	2021	2021 vs 2019
Total Textile and Apparel	262.47	208.49	301.36	15%
--Textile	121.22	96.23	144.44	19%
--Apparel	141.25	112.26	156.92	11%

Source: China Customs Statistics

The NBS reported China’s 2020 textile and apparel exports at \$291.2 billion, up 7.2 percent from the previous year, while a Chinese industry source put the growth higher at 9.6 percent. Although textile and apparel exports have increased overall, the composition of exports has changed, with textiles—mainly personal protective equipment (PPE)—accounting for a greater share. According to the NBS, textile exports skyrocketed by 28 percent in 2020 while apparel exports declined by 9.2 percent compared to 2019, with textile exports boosted by increased demand for medical PPE during the pandemic. In 2020, the textile export value surpassed that of apparel for the first time, accounting for 53 percent of exports for the sector compared to an average of 40 percent in previous years. However, PPE mostly contains synthetic rather than cotton fiber. Given the ongoing pandemic, Chinese industry experts believe that PPE will continue to drive textile exports, while exports of general textile and apparel products will face uncertainty.

## Chart 5. China – Textile and Apparel Exports

(2017-2020; Value in \$100 million)



Source: China Textile Industry Association and NBS; Exchange rate used in 2020 is \$1=RMB6.9

### ***Yarn Imports***

Driven by recovering demand for textile products, the Chinese cotton price has exhibited strong growth in 2021, with the cotton price index at RMB16,558 (\$2,550)/MT at the end of February, up 8.6 percent compared to January. The average price in February was RMB15,826 (\$2,435)/MT, up 18 percent year on year. The gap between the domestic and international cotton prices continued to exceed RMB800 (\$123)/MT and rose to RMB1,200 (\$185)/MT as of mid-March, a development which is likely to stimulate yarn imports in the remaining months of MY20/21. China's yarn imports remained strong in the first five months of MY20/21 with total imports up 12 percent from the previous year.

### ***Cotton Share in Yarn Production***

The cotton share in China's yarn production has been declining in recent years, due to the high domestic cotton price and quality improvements in man-made fibers. According to China's Ministry of Industry and Information Technology, total synthetic fiber production reached 60.25 MMT in 2020, up 3.4 percent from 2019. The current domestic price gap between polyester fiber and cotton does not support an increase in the cotton fiber share in yarn production in 2021. Industry source data indicate that the cotton price has exceeded that of polyester fiber by about RMB8,500 (\$1,230)/MT since October 2020, with the gap at RMB8,800 (\$1,355)/MT as of mid-March 2020, as compared to RMB6,600 (\$955)/MT in early 2020. However, along with increased purchasing power and greater preference for cotton garments among Chinese consumers, cotton fiber share in yarn spinning is expected to grow gradually over the long term.

### ***U.S. Restrictions on Xinjiang Cotton***

On January 13, 2021, the U.S. Department of Homeland Security announced a [Withhold Release Order](#) (WRO) on imports of products containing Xinjiang cotton. China's MY20/21 cotton use is likely to be impacted as Chinese textile and apparel exports to the United States decline as a result of the WRO. According to a preliminary analysis by a Chinese industry source, the ban could cut China's yearly cotton use by more than 0.2 MMT.



## Trade

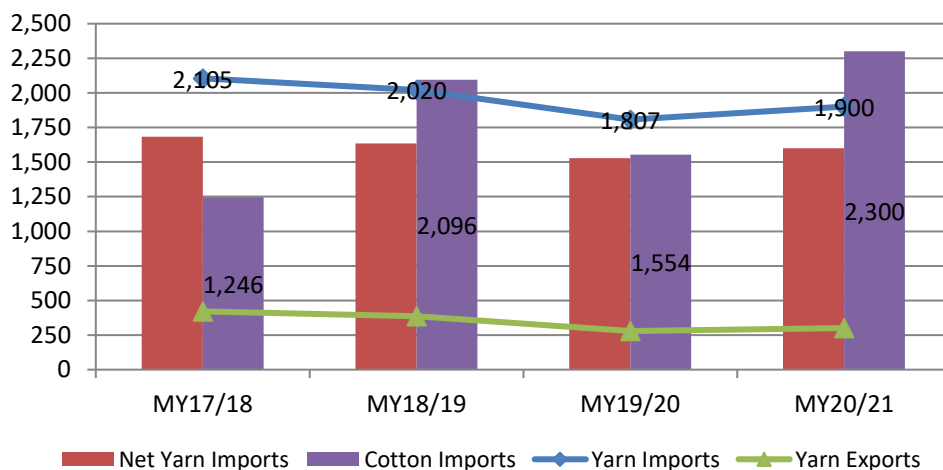
China's cotton imports are forecast to increase to 2.4 MMT in MY21/22 from an estimated 2.3 MMT in MY20/21 on recovered spinning use to meet textile and apparel demand. Cotton imports exceeded 1 MMT during the first five months of MY20/21, more than double than the previous year.

In addition to market demand, China's cotton imports are subject to the administration of the tariff rate quota (TRQ). China's WTO commitments include an obligation to allocate 894,000 tons of cotton TRQ imports annually, subject to a one percent tariff. Depending on domestic supply and demand, the Chinese government periodically allocates additional TRQ subject to a sliding duty. China reportedly allocated the WTO committed 894,000 tons TRQ to end-users in early 2021. Additional TRQ (subject to sliding duty) is likely to be issued later in the year to meet industry demand and rebuild the state cotton reserve in 2021.

Unlike cotton imports, yarn imports do not face quota restrictions, and thus serve to compensate for lower cotton imports in years when no additional cotton TRQ quota is allocated. Given the additional cotton import TRQ allocation in 2019 and 2020, yarn imports declined to 1.8 MMT in MY19/20 from over 2 MMT during the previous two years. Yarn imports are expected to rise moderately in MY20/21 based on the increased price gap between domestic and international cotton prices. However, considering China's large spinning capacity, Chinese spinners are expected to maintain market share which shall support cotton imports in MY21/22.

**Chart 6. China – Yarn Trade and Cotton Imports**

(MY17/18 to MY20/21; in 1,000 tons)



Source: TDM; Data for MY20/21 are FAS/Beijing's estimates

U.S. cotton exports to China recovered greatly following China's implementation of a tariff exclusion process for the Section 301 retaliatory tariff on U.S. products beginning on March 2, 2020 (see [GAIN report CH2020-0024](#)). If the tariff exclusion process continues it will facilitate U.S. cotton exports to China through the remainder of 2021 and beyond. In the first seven months of MY20/21 (August 2020–February 2021), U.S. cotton exports to China reached almost

884,000 tons, up significantly from the 154,000 tons during the same period of the previous marketing year. Brazil and India are the other large suppliers with market shares at 27 and 12 percent, respectively, in this period. While Chinese end-users favor the quality and reliability of U.S. cotton, exports from Brazil, Australia, and India are increasingly competitive. In March 2021, the Brazilian cotton industry and the Embassy of Brazil in China organized a virtual marketing event to boost sales of Brazilian cotton to Chinese buyers.

China's cotton exports are small in comparison to its total cotton use and are forecast to remain low in MY21/22. Along with a more market-driven domestic cotton price, sporadic cotton exports in small volume are expected to continue with total exports estimated at 30,000 MT in MY21/22.

## **Stocks**

China's total cotton stocks are forecast to fall to 7.6 MMT by the end of MY21/22 from an estimated 7.8 MMT in MY20/21. Low consumption resulted in relatively higher carry out stocks in MY19/20.

In response to the spinning sector's demand for various grades of cotton and to raise the sector's competitiveness in the market, 2020 sales from the state cotton reserve began on July 1 and ended September 30, 2020. Out of the 504,000 MT of cotton auctioned, 503,000 MT were sold. The high purchase rate has mainly been driven by low, generally stable offer prices. China's state cotton reserve level is likely to be about 1.8 MMT after the above-mentioned sales.

In late 2020, the Chinese government announced plans to purchase 0.5 MMT of Xinjiang cotton for the state reserve, indicating a relatively low reserve volume. Purchases were scheduled from December 1, 2020 through March 31, 2021, with a daily purchase volume of 7,000 tons based on a price slightly above the domestic spot market price. Purchases were to be suspended if the domestic price exceeded the international price by RMB800 (\$123)/ton for 3 consecutive days and would resume should the price gap fall below RMB800/ton. However, the domestic price maintained a growing trend throughout the scheduled purchases period, with the price gap remaining above RMB800/ton, reaching about RMB1,500 (\$230)/ton in March 2021. Therefore, there have been no purchases as of March 24, 2021.

## **Policy**

### ***Xinjiang Subsidy***

A target price-based subsidy for Xinjiang cotton was established in MY17/18 (see GAIN report [CH18014](#)). In late March 2020, the Chinese government announced the extension of the program for three years, from MY20/21 through MY22/23, with a fixed target price of RMB18,600 (\$2,860)/ton. Table 3 provides estimates of total central government expenditures for the subsidy, based on NBS production data and FAS/Beijing calculations of the gap between the target price and the average domestic market price. [Note: the exchange rates used are listed at the end of the narrative portion of this report.] The MY20/21 total subsidy number is not available. However, it is likely to be similar to the previous year based on a smaller price gap (between target price and marketing price) offset by a moderate production gain. Cotton subsidy

payments are distributed directly to farmers by local government offices, usually between November and March.

The target price-based subsidy program for Xinjiang stipulates a maximum annual volume of 5.47 MMT<sup>1</sup> eligible for the subsidy. The NBS estimate for MY20/21 cotton production of 5.16 MMT is below the annual maximum eligible for the subsidy, indicating a continuing incentive for Xinjiang to increase production. The program has reportedly spurred farmers to expand production onto marginal land to increase total output.

**Table 3. China – Target Price-based Subsidy Payouts  
(RMB and USD in billion)**

	MY16/17	MY17/18	MY18/19	MY19/20	MY20/21
<b>Xinjiang</b>	RMB9.7 (\$1.46)	RMB12.6 (\$1.89)	RMB7.65 (\$1.15)	RMB13.7 (\$1.99)	NA
<b>Other Cotton Producing Provinces</b>	Subsidy not available	Subsidy not available	Subsidy not available	NA*	NA
<b>Total</b>	RMB9.7 (\$1.46)	RMB12.6 (\$1.89)	RMB7.65 (\$1.15)	NA	NA

Source: NBS and FAS/Beijing estimates; \*NA-not available

### *Subsidy for Other Provinces*

The Chinese government’s fixed subsidy rate of RMB2,000 (\$308)/ton for cotton production in the other nine producing provinces is expected to continue in MY21/22 (see GAIN report [CH18014](#)). Typically, the central government calculates the total subsidy amount based on province-level production data. The central government then provides the funds to provincial authorities, who develop their own plans to distribute the payments in their respective provinces. Although official reports regarding the distribution of the subsidy are rarely available, cotton farmers most likely continue to receive the limited subsidy in MY20/21.

### *Targeted Loans*

The Agriculture Development Bank of China (ADBC) continues to provide loans at favorable terms to traders and gin operators for seed cotton purchases. Chinese media reported ADBC provided RMB41.3 billion (or \$6 billion) in MY20/21 to help purchase Xinjiang cotton, as compared to the total RMB40.5 billion (or \$5.9 billion) for the whole country in MY19/20. According to ADBC, the loans facilitated an increase in Xinjiang cotton production and pushed up the purchase price for the MY20/21 crop.

### *Registration System for Overseas Cotton Suppliers*

Before exporting cotton to China, overseas cotton suppliers must register with the General Administration for Customs of China (GACC). U.S. cotton exporters should work with their China-based representatives or customers to complete the registration process via the online system at <http://online.customs.gov.cn/static/pages/alllistitems.html>. GACC regularly updates

<sup>1</sup> The cap volume of 5.47 MMT is 85 percent of the average national cotton production from 2012 to 2014.

[the supplier list on its website](#) to include newly registered or renewed overseas cotton suppliers. The latest update was on November 24, 2020.

### ***Entry Inspection of Cotton Imports***

According to industry sources, following GACC's April 2020 modification of the cotton import requirements, quality inspection is no longer a mandatory step in the inspection process for cotton (see GAIN report [CH2020-0052](#)).

### **Marketing Opportunities**

The China International Cotton Conference, a biannual event sponsored by CCA and MARA, attracts a worldwide audience from the cotton and textile industries. Dates for the 2021 conference are not available as of April 1, 2021. CCA, in collaboration with the China National Cotton Exchange, also holds an annual event known as the China Cotton Industry Development Forum. Dates for the 2021 Forum have not been announced.

Cotton Council International (CCI), the National Cotton Council's export promotion arm, represents U.S. cotton in China. CCI maintains an in-country presence and organizes marketing and technical seminars throughout the year, including the annual Cotton Day promotional event. For more information about CCI's programs contact [cci-hongkong@cotton.org](mailto:cci-hongkong@cotton.org) or [cci-shanghai@cotton.org](mailto:cci-shanghai@cotton.org).

U.S. cotton exporters interested in the China market are encouraged to contact the USDA/FAS Agricultural Trade Offices in Beijing, Guangzhou, Shanghai, and Shenyang.

Note: Exchange rate is: \$1=RMB6.75 in 2017; \$1=RMB6.62 in 2018; \$1=RMB6.9 in 2019 and 2020; \$1=RMN6.5 in 2021.

### Production, Supply and Demand (PSD) Tables

**Table 4. PSD (in 1,000 Bales and 1,000 Ha)**

Cotton China	2019/2020		2020/2021		2021/22	
	Market Year Begin: Aug 2019		Market Year Begin: Aug 2020		Market Year Begin: Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	3,220	0	3,120		3,120
Area Harvested	3,450	3,220	3,250	3,120		3,120
Beginning Stocks	35,670	35,670	36,899	35,760		35,860
Production	27,250	27,099	29,000	27,328		27,099
Imports	7,136	7,136	11,000	10,563		11,023
MY Imports from U.S.	0	0	0	0		0
Total Supply	70,056	69,905	76,899	73,651		73,982
Exports	157	157	125	128		125
Use	33,000	33,988	39,500	37,663		39,040
Loss	0	0	0	0		0
Total Dom. Cons.	33,000	33,988	39,500	37,663		39,040
Ending Stocks	36,899	35,760	37,274	35,860		34,817
Total Distribution	70,056	69,905	76,899	73,651		73,982
Stock to Use %	111	105	94	95		89
Yield	1,720	1,832	1,943	1,907		1,891

**Table 5. PSD (in 1,000 Tons and 1,000 Ha)**

Cotton China	2019/2020		2020/2021		2021/22	
	Market Year Begin: Aug 2019		Market Year Begin: Aug 2020		Market Year Begin: Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	3,220	0	3,120		3,120
Area Harvested	3,450	3,220	3,250	3,120		3,120
Beginning Stocks	7,766	7,766	8,034	7,786		7,808
Production	5,933	5,900	6,314	5,950		5,900
Imports	1,554	1,554	2,395	2,300		2,400
MY Imports from U.S.	0	0	0	0		0
Total Supply	15,253	15,220	16,743	16,035		16,108
Exports	34	34	27	28		27
Use	7,185	7,400	8,600	8,200		8,500
Loss	0	0	0	0		0
Total Domestic Consumption	7,185	7,400	8,600	8,200		8,500
Ending Stocks	8,034	7,786	8,115	7,808		7,580
Total Distribution	15,253	15,220	16,743	16,035		16,108
Stock to Use %	111	105	94	95		89
Yield	1,720	1,832	1,943	1,907		1,891

## Trade Tables

**Table 6. China's Monthly Cotton Imports**

Unit: Tons				
Month	2017	2018	2019	2020
January	114,924	133,908	279,865	148,367
February	138,262	102,700	229,061	263,885
March	121,004	107,502	151,901	200,913
April	105,170	104,989	179,695	124,830
May	85,482	131,714	178,323	70,011
June	72,413	98,843	157,395	90,260
July	89,592	137,482	163,492	148,256
August	83,976	162,424	91,838	141,852
September	92,847	135,526	83,266	210,303
October	78,128	108,311	73,388	208,144
November	72,363	132,286	105,096	196,583
December	100,415	218,919	153,588	354,691
TOTAL	1,154,576	1,574,604	1,846,908	2,158,095
Unit: Bales				
Month	2017	2018	2019	2020
January	527,846	615,039	1,285,420	681,450
February	635,037	471,701	1,052,077	1,212,024
March	555,771	493,757	697,681	922,793
April	483,046	482,214	825,339	573,344
May	392,619	604,962	819,038	321,561
June	332,593	453,986	722,915	414,564
July	411,496	631,455	750,919	680,940
August	385,702	746,013	421,812	651,526
September	426,446	622,471	382,441	965,922
October	358,842	497,472	337,071	956,005
November	332,363	607,590	482,706	902,906
December	461,206	1,005,495	705,430	1,629,096
TOTAL	5,302,968	7,232,156	8,482,848	9,912,130

Source: TDM

**Table 7. China's Cotton Imports by Country of Origin**

Unit: Tons

Country	MY17/18	MY18/19	MY19/20	MY20/21*
United States	558,777	370,045	473,292	883,698
Brazil	82,148	476,494	565,352	495,981
India	120,125	271,955	130,162	214,126
Australia	282,467	555,463	203,903	58,828
Uzbekistan	85,020	81,484	13,014	
Benin	9,501	48,779	16,449	
Burkina Faso	10,501	35,567	14,612	
Cameroon	3,291	18,179	11,997	
Mali	502	26,931	15,301	
Mexico	22,010	33,783	14,253	
Cote d Ivoire	9,634	20,200	10,623	
Zimbabwe	3,544	11,369	1,165	
Others	55,602	146,013	83,566	
Total	1,243,122	2,096,262	1,553,689	1,802,220
Price \$/ton	1,950	2,004	1,754	1,618

\* First seven months data of MY20/21; Source: TDM



**Table 8. China's Monthly Cotton Yarn and Thread Imports**

Unit: Tons

Month	2017	2018	2019	2020
January	174,281	195,754	164,777	126,977
February	173,467	92,081	119,921	153,860
March	182,451	172,157	191,394	192,440
April	141,013	157,245	192,237	143,176
May	141,904	209,293	207,638	101,501
June	150,042	195,786	156,829	146,701
July	142,462	204,750	150,333	172,649
August	158,773	202,857	146,888	166,110
September	167,404	175,349	147,175	178,152
October	169,598	141,009	145,327	168,600
November	193,874	161,792	160,038	172,268
December	188,184	155,886	170,427	177,768
<b>TOTAL</b>	<b>1,983,453</b>	<b>2,063,959</b>	<b>1,952,984</b>	<b>1,900,202</b>
<b>Marketing Year</b>	<b>Aug/17- Jul/18</b>	<b>Aug/18-Jul/19</b>	<b>Aug/19-Jul/20</b>	<b>Aug/20-Jul/21</b>
<b>TOTAL</b>	<b>2,104,899</b>	<b>2,020,022</b>	<b>1,807,159</b>	

Source: TDM

**Table 9. China's Monthly Cotton Yarn and Thread Exports**

Unit: Tons

Month	2017	2018	2019	2020
January	28,147	38,165	38,968	30,577
February	21,691	31,406	21,149	13,241
March	35,737	34,592	39,628	31,647
April	32,720	42,789	37,172	15,194
May	36,137	37,960	35,330	14,533
June	34,047	32,563	37,492	16,895
July	31,963	33,902	27,889	23,472
August	34,967	32,262	27,980	24,537
September	35,155	30,577	24,623	26,991
October	32,035	27,960	25,446	26,736
November	33,938	27,398	38,112	23,030
December	35,064	30,648	27,974	23,127
<b>TOTAL</b>	<b>391,601</b>	<b>400,222</b>	<b>381,763</b>	<b>269,980</b>
<b>Marketing Year</b>	<b>Aug/17- Jul/18</b>	<b>Aug/18-Jul/19</b>	<b>Aug/19-Jul/20</b>	<b>Aug/20-Jul/21</b>
<b>TOTAL</b>	<b>422,536</b>	<b>386,473</b>	<b>289,694</b>	

Source: TDM

## Other Tables

**Table 10. Cotton Planted Area and Production by Region**

<b>Area</b>			
<b>Year</b>	MY19/20	MY20/21	MY21/22
Xinjiang	2,490	2,480	2,480
Others	730	640	640
<b>Total</b>	<b>3,220</b>	<b>3,120</b>	<b>3,120</b>
<b>Production</b>			
<b>Year</b>	MY20/21	MY20/21	MY21/22
Xinjiang	5,030	5,200	5,150
Others	870	750	750
<b>Total</b>	<b>5,900</b>	<b>5,950</b>	<b>5,900</b>
Average Yield (Kg/Ha)	1,832	1,907	1,891

Note: FAS/Beijing estimate and forecast

**Table 11. Cotton Tariffs Effective on January 1, 2021 (continued)**

Description	HS Code	M.F.N.(%)	Gen(%)	VAT	ED	Unit
Cotton, not carded or combed	5201.0000					Kg
Cotton, not carded or combed, including degreased cotton -in quota	5201.0000.01	1	125	9	9	
Cotton, not carded or combed, including absorbent cotton – custom, out of quota, interim	5201.0000.80			9	9	
Cotton, not carded or combed, including degreased cotton -out of quota	5201.0000.90	40	125	9	9	
Cotton waste, yarn waste	5202.1000	10	30	13	13	Kg
Cotton waste, garneted stock	5202.9100	10	30	13	13	Kg
Cotton waste, other	5202.9900	10	30	13	9	Kg
Cotton, carded or combed	5203.0000		125	13	9	Kg
Cotton, carded or combed, in quota	5203.0000.01	1	125	13	9	
Cotton, carded or combed, out of quota	5203.0000.90	40	125	13	13	
Cotton sewing thread, containing 85% or more by weight of cotton	5204.1100	5	40	13	13	Kg
Other	5204.1900	5	40	13	13	Kg
Put up for retail sale	5204.2000	5	50	13	13	Kg
Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not for retail sale	5205.1100 to 5205.4800	5	40	13	13	Kg
Cotton yarn (other than sewing thread) containing less than 85% by weight of cotton, not put for retail sale	5206.1100 to 5206.4500	5	40	13	13	Kg
Cotton yarn (other than sewing thread), containing 85% or more	5207.1000 5207.9000	5 5	50 50	13 13	13 13	Kg Kg

Note: VAT--Value Added Tax; ED--Export Drawback Rate; Source: PRC Customs Import & Export Tariff, 2021

**Table 12. Cotton Tariffs as of January 1, 2020 (continued)**

Description	HS Code	M.F.N.(%)	Gen(%)	VAT	ED	Unit
Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/square meter	5208.1100					
	to 5208.5990	8	70	13	13	M/Kg
Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/square meter	5208.2300	8	70	13	13	M/Kg
	5209.1100	8	70	13	13	M/Kg
	5209.1200	8	70	13	13	M/Kg
	5209.1900	8	70	13	13	M/Kg
	5209.2100	8	70	13	13	M/Kg
	5209.2200	8	70	13	13	M/Kg
	5209.2900	8	70	13	13	M/Kg
	5209.3100	8	70	13	13	M/Kg
	5209.3200	8	70	13	13	M/Kg
	5209.3900	8	70	13	13	M/Kg
	5209.4100	8	70	13	13	M/Kg
	5209.4200	8	70	13	13	M/Kg
	5209.4300	8	70	13	13	M/Kg
5209.5900	8	70	13	13	M/Kg	

Note: VAT--Value Added Tax; ED--Export Drawback Rate

Source: PRC Customs Import & Export Tariff, 2021

**Table 13. Tariff Rate Quota**

Description	HS Code	Initial Quota and Tariff Rate	Final Quota and Tariff Rate	Implementation of Final Quota
Cotton		780,750 MT	894,000 MT	2004
	5201 - 0000	1%	1%	
	5203 - 0000	1%	1%	
Other terms and conditions:				
1) STE share = 33% (See Note)				
2) Staging of TRQ for cotton:				
Year TRQ quantity:				
2002 -- 818,500 MT				
2003 -- 856,250 MT				
2004 -- 894,000 MT				
2005 -- 894,000 MT (China added 1.4 MMT TRQ in 2005)				
2006 -- 894,000 MT (China added 2.7 MMT TRQ in 2006, subject to variable import duty)				
2007 -- 894,000 MT (China added 2.6 MMT TRQ in 2007, subject to variable import duty)				
2008 -- 894,000 MT (China added 2.6 MMT TRQ in 2008, subject to variable import duty)				
2009 -- 894,000 MT (China added 400,000 MT TRQ only for processing trade, due to weak demands for cotton)				
2010 -- 894,000 MT (China added 2.67 MMT TRQ subject to variable import duty)				
2011 -- 894,000 MT (China added 2.7 MMT of TRQ subject to variable import duty)				
2012 -- 894,000 tons (China added 2.4 million tons of TRQ subject to variable import duty)				
2013 -- 894,000 tons (China added an estimated 2.3 million tons additional TRQ subject to variable duty or for processing trade)				
2014 -- 894,000 tons (China added about 1.3 million tons additional TRQ subject to variable duty were distributed but not officially announced)				
2015 -- 894,000 tons distributed (Industry sources estimated about 300,000 tons of cotton were imported by China's bonded zones* and destined for processing-trade for re-export in 2015)				
2016 -- 894,000 tons distributed				
2017 -- 894,000 tons distributed				
2018 -- 894,000 tons distributed (Added 0.8 million tons of TRQ subject to variable tariff import duty)				
2019 -- 894,000 tons distributed (Added 0.8 million tons of TRQ subject to variable tariff import duty)				
2020 -- 894,000 tons (Added unknown quantity of TRQ subject to variable tariff import duty)				
2021 -- 894,000 tons (Announced starting application for the 894,000 tons in mid-September 2020 and the quotas likely reached end-users usually in January 2021)				

\*Cotton imports by China's bonded zones are included in China's total cotton import data. However, industry sources explained that these imports are not subject to TRQ control if the processed products are proven to be exported.

Note: China's WTO commitment does NOT mandate a TRQ for CY05 and after, but China maintained an identical quantity of TRQ as CY04. In addition to those volumes, China adds TRQs based on market demand. The added TRQs are subject to a variable import duty.

Source: NDRC and industry estimates.

**Attachments:**

No Attachments