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Report Highlights:

Marketing year (MY) 24/25 cotton imports are forecast at 2.4 million metric tons (MMT) on higher domestic and international demand for textile and apparel products. After a sharp decline in early 2023, exports of textile and apparel products have rebounded, along with demand for imported cotton. Imports for MY 23/24 are raised to 2.3 MMT on strong demand and quota availability. Production for MY 24/25 is forecast at 5.9 MMT on stable planted area in Xinjiang and declining planted area in other regions.

Executive Summary:

The People's Republic of China's (PRC) target price-based subsidy for Xinjiang cotton will continue to support regional planted area and production. Production outside Xinjiang is expected to continue to decline due to less advantageous subsidies, lower prices and quality, higher input costs, and competing crops. Xinjiang's share of China's cotton production reached 90.9 percent in MY 23/24, up from the 90.2 percent the previous year, according to the National Bureau of Statistics (NBS).

China's 2023 textile and apparel exports declined 8.2 percent year-on-year, weighed down by weak overseas and domestic demand. However, exports gained momentum beginning in August 2023 and by December had reached \$25.3 billion, up 2.6 percent from the same period in 2022. This trend continued in the first two months of 2024 with combined export value of \$45.1 billion, a year-on-year increase of 14.3 percent.

Growth in exports in the latter half of 2023 and early 2024 can be seen in higher demand for imported cotton, which reached 1.9 MMT in the first seven months of MY 23/24, a 112 percent increase over the prior year. Market share for U.S. cotton in the first seven months of MY 23/24 declined to 29.7 percent from 48.8 percent the prior year due to surging imports from Australia. Brazil's market share also declined during the period, down slightly from 42.5 percent to 40 percent.

Production

Cotton production is forecast at 5.9 MMT in MY 24/25, unchanged from the estimate for MY 23/24. Planted area is forecast to decline slightly to 2.93 million hectares (MHa) on lower cotton profits in regions outside Xinjiang in MY 23/24, but the slight decline is offset by a marginally higher yield of 2,014 Kg/Ha. The PRC's target price-based subsidy for Xinjiang cotton at 18,600 yuan/MT (\$2,620/MT) remains in place and is expected to prevent a steeper decline in area in MY 24/25. The estimate of 5.9 MMT production for MY 23/24 remains unchanged on forecast higher Xinjiang production of 5.55 MMT offset by lower production for other provinces.

Official data sources on cotton production include NBS, which publishes annual data on cotton area, yield, and production, and the Ministry of Agriculture and Rural Affairs (MARA), through its China Agricultural Supply and Demand Estimate (CASDE), which publishes monthly data on cotton area, yield, and production.¹ According to NBS, based on planted area of 2.79 MHa and a yield of 2,015 Kg/Ha, total cotton production for MY 23/24 is 5.62 MMT, down 6 percent from the previous year. Of this, Xinjiang production reached 5.11 MMT, about 90.9 percent of total production.

The China National Cotton Exchange (CNCE), an official organization that operates a trading platform and whose members include ginners, publishes regular data on ginned cotton volumes. According to CNCE, as of March 7, MY 23/24 Xinjiang cotton ginned volume reached 5.55 MMT and is expected to reach 5.59 MMT, well-above NBS production but lower than the 6 MMT volume reached as of March 14 the previous year. Based on the daily ginned volume of about 2,000 MT since the beginning of March and its forecast for total Xinjiang cotton production, CNCE estimates MY 23/24 ginning in Xinjiang was 99.2 percent complete as of March 8.

¹ On an annualized basis MARA / CASDE data will align with NBS data.

Another official source for production data is the China Fiber Inspection Center (CFIC). The CFIC classifies Chinese cotton by grade and plays a key role in standardizing packaging and labeling of baled cotton. As of March 10, CFIC data show total classified MY 23/24 Xinjiang cotton at 5.53 MMT and production for all other provinces at 137,000 MT. Classified volumes are a lagging indicator and, as such, Xinjiang volumes are expected to increase from current levels. As noted in Table 1, the gap between NBS Xinjiang production and CFIC classified Xinjiang production has expanded in recent years. Also notable is a substantial gap between NBS and CFIC data on non-Xinjiang production, though this gap can be understood given the lack of subsidies outside of Xinjiang and the occurrence of smaller scale production that may not enter classification channels.

Table 1. China: Comparison of CFIC Classified and NBS Production
(1,000 MT)

	MY 20/21		MY 21/22		MY22/23		MY23/24	
CFIC	5,920		5,431		6,223*		5,666**	
Classified volume	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others
	5,768	153	5,307	125	6,118	105	5,529	137
NBS Final Production	5,910		5,731		5,997		5,618	
	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others
	5,161	749	5,129	602	5,391	606	5,112	506

Source: NBS and CFIC; * CFIC classified volume as of April 11, 2023; **Data as of March 10, 2024 from CFIC.

In assessing Xinjiang cotton production, CNCE data better reflect cotton produced in all areas of the region, including underreported marginal lands that may not get counted in NBS area figures. Similarly, CFIC data on classified cotton offers a better data point on the region's total production since nearly all Xinjiang cotton is classified, a necessary step for transport outside the region and for receiving a transport subsidy (see Subsidy section below).

Conversely, relatively small volumes of cotton produced in regions outside Xinjiang is classified, making CFIC a poor indicator of production outside of Xinjiang. Additionally, some farmers in these regions may sell cotton to cooperatives or mills that aren't reporting their ginned volumes to CNCE. For this reason, NBS data may offer a better data point for production outside of Xinjiang. However, numerous industry sources believe NBS production data outside of Xinjing is inflated, with some suggesting total non-Xinjing production as low as 200,000 MT.

In addition to varying official estimates for area and production, key industry sources also offer differing perspectives. As shown in Table 2, official and industry estimates for MY 23/24 production range from 5.62 MMT from NBS to 6.01 MMT from Beijing Cotton Outlook Co. (BCO). The sources forecasting area align on declining planted area for MY 24/25, though BCO is the only source forecasting MY 24/25 production at 5.86 MMT, a 2.5 percent decline from its estimate for the previous year.

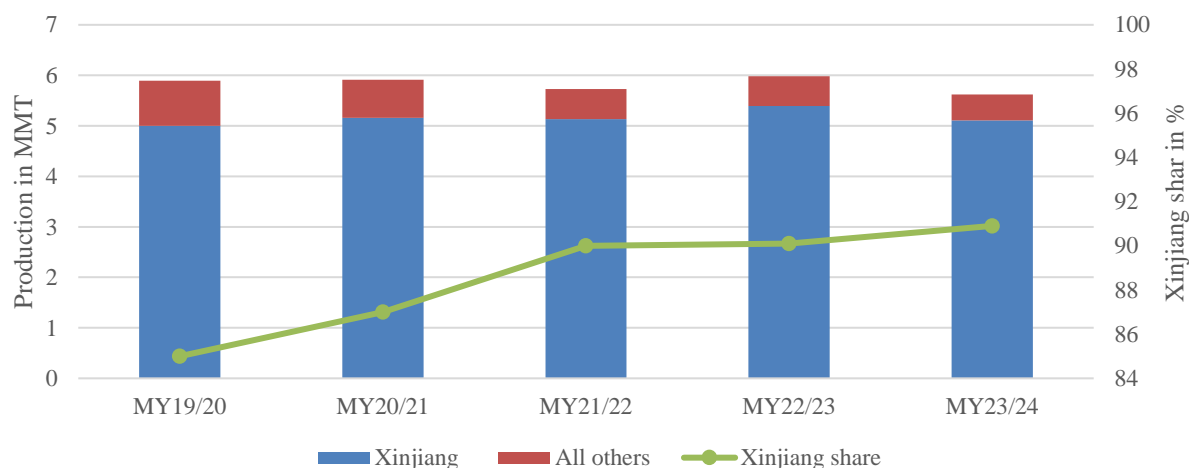
Table 2. China: Cotton Production (MMT) and Area (MHa) Estimates/Forecasts

	CCA		NCMMN		BCO		MARA/NBS	
	Area	Production	Area	Production	Area	Production	Area	Production
MY21/22	2.9	5.77	3.03	5.8	2.8	5.83	3.03	5.73
MY22/23	2.9	6.62	2.95	6.72	2.83	6.79	3.0	5.98
MY23/24	2.77	5.86	2.85	5.83	2.74	6.01	2.79	5.62
MY24/25	2.73		2.69		2.67	5.86		

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), BCO is Beijing Cotton Outlook Co.

Xinjiang's share of cotton production continues to grow, reaching 90.9 percent in MY 23/24, up from the 90.2 percent the previous year, according to NBS data. Some industry sources put Xinjiang's share even higher. BCO, for example, estimates Xinjiang's share of production at 93.1 percent in MY 23/24. Xinjiang has benefitted from a target-price subsidy since 2020, transportation subsidies, and scale farming that results in considerably higher yields compared to other growing regions. Cotton farmers outside of Xinjiang receive a lower subsidy and cotton planting is mainly confined to small plots with little mechanization, resulting in higher production costs and lower yields. Based on a [MARA report](#) (link in Chinese) and a [CCA report](#) (link in Chinese), MY 23/24 Xinjiang cotton quality improved in a number key indicators, including staple fiber length, micronaire, and strength.

Chart 1. China: Cotton Production by Region



Source: NBS

Industry reports indicate that preparation for the sowing of MY 24/25 cotton has progressed smoothly. According to CCA, seeds, fertilizers, drip irrigation tapes, plastic film, and other agricultural materials are reaching farmers in Xinjiang, and professional and technical services for agricultural machinery maintenance is provided in advance to farmers. Cotton planting in 2024 is expected to begin in April in most regions and conclude in early May.

Planted Area for MY 24/25

Planted area for MY 24/25 is forecast at 2.93 MHa, down less than one percent from the previous year on lower profits in MY 23/24 in all cotton producing regions outside Xinjiang. Specifically, forecast area for Xinjiang is 2.55 MHa, unchanged from the previous year. Area for all other cotton producing regions is forecast at 0.38 MHa, down 5 percent year-on-year.

A slight decline in cotton production costs and stable profits in MY 23/24 are expected to maintain cotton acreage in Xinjiang in MY 24/25. Despite a moderate decline in yield and weakening seed cotton prices from September 2023, profits for Xinjiang farmers were higher than the previous year when low prices significantly reduced profits for cotton farmers, resulting in lower cotton acreage in MY 23/24. Higher prices realized in September to October and lower production costs, particularly land rental costs (see Table 4), contributed to better margins.

Table 3. China: National Average Price for Seed Cotton

	Sep-23	Oct-23	1 st Half of Nov-23	2 nd Half of Nov-23	Dec-23	Jan-24	Feb-24
Yuan/MT	9,100	8,000	7,700	7,600	7,800	7,700	7,700
Change year-on-year %	+29.7	+34.6	+32	+29	+2.5	+2.8	+3.1

Source: CCA reports

Table 4. China: MY 23/24 Xinjiang Cotton Production Costs

MY23/24 Change vs MY22/23 in Yuan/Ha and %	Production Costs (self-owned land)	Production Costs (rented land)	-- Fertilizer	-- Pesticide	Land rental	-- Field operation	--Machine operation
PCC	-450 (-1.7%)	-1095 (-2.4%)	-15	-45	-645	+105	-435
Non-PCC	-150 (-0.6%)	-510 (-1.2%)	-30	-90	-360	+120	-420
Non-PCC (Hand pick)	-540	-900	-30	-90	-360	+120	-15
All other provinces (Hand pick)	+645	+1,680	+405	+165	+1,035	-15	-30

Source: cncotton.com

Forecast stable planting intention in Xinjiang reflects the role of the PRC's subsidy policy in the region (see GAIN report [Cotton Subsidy Policy Updated](#)). Additionally, in February 2024, the PRC released its [No.1 Document](#), an annual policy document focused on agriculture and rural development. Although the document does not specifically mention cotton, with regard to the document's implementation, MARA stated it would "coordinate cotton production, implement a policy linking cotton target price-based subsidies with cotton quality, and stabilize cotton areas in the Yellow River Basin and Yangtze River regions."

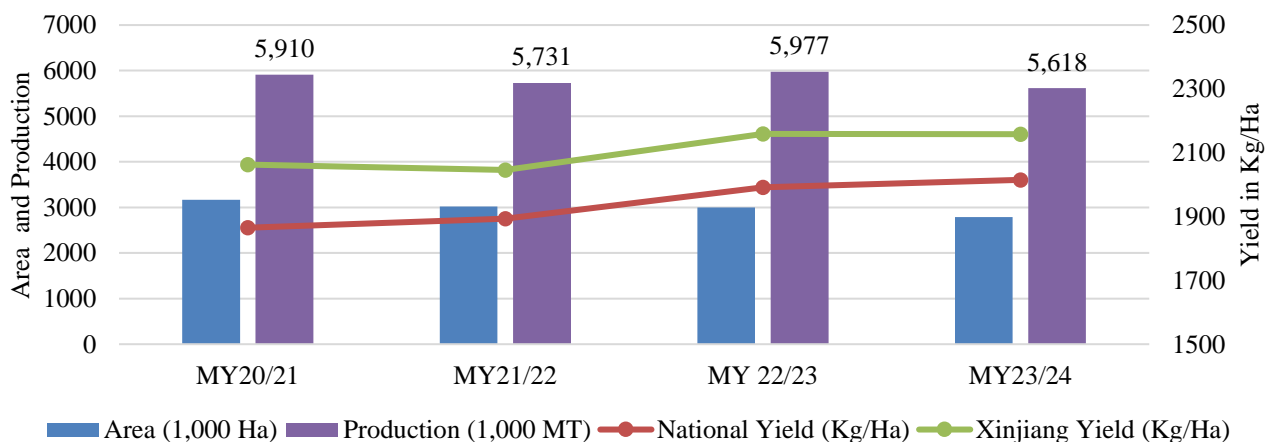
The combined planted area of the Yellow River, the Yangtze River regions and Gansu Province accounts for only about 14 percent of total area in MY 23/24 and is forecast to decline to 13 percent in MY 24/25. In addition to declining profits, higher labor costs due to a lack of scale farming and mechanization continue to force farmers to switch to other crops including corn and cash crops.

As indicated in Table 2, surveys on MY 24/25 cotton planting intention by major sources point to a moderate decline in total planted area. Based on a December 2023 survey, CCA said MY 24/25 cotton planting intention is 40.88 million Mu (2.73 Mha), down 1.5 percent from the previous year. Specifically, Xinjiang is 36.63 million Mu (2.44 Mha), down 1.7 percent, the Yangtze River region is down 2.2 percent, and the Yellow River Region is down 3.3 percent. Based on a March 2024 survey, BCO forecast MY 24/25 cotton planting intention down 2.9 percent from the previous year with Xinjiang and all other producing regions down 1.5 percent and 13.8 percent, respectively. An earlier survey conducted in December 2023 by Cottonchina.org.cn reported MY 24/25 cotton planting intention at 2.69 MHa, down by 2.4 percent, with Xinjiang intention at 2.36 MHa, down 2.1 percent from the previous year.

Yield

Post forecasts MY 24/25 cotton yield at 2,014 Kg/Ha based on a three-year average. According to NBS, cotton yields reached 2,015 Kg/Ha in MY 23/24 with higher yielding Xinjiang cotton reaching 2,158 Kg/Ha. Cotton yield estimates continue to vary by source. In recent years, most sources indicate yields have increased along with Xinjiang’s rising share of planted area.

Chart 2. China: Cotton Area, Production, and Yield



Source: NBS

Xinjiang’s higher yields compared to the national average demonstrate the region’s advantageous environment, scale farming, and high rates of mechanization. Although Xinjiang farms under the umbrella of the Xinjiang Production and Construction Corp. (XPCC) have a higher rate of mechanization than non-XPCC farms, contacts report mechanization is widely utilized across the region. Official media reports indicate the overall machine harvest rate for Xinjiang exceeded 85 percent in MY 23/24, of which the XPCC areas are reported to have achieved almost 100 percent (Post is not able to independently verify mechanization rates in Xinjiang).

Post assesses NBS may overestimate Xinjiang’s yield due to PRC subsidy policy. Periods of high cotton prices incentivize expansion onto marginal and lower yielding lands. Official ginned and classified volumes in the region suggest farmers are likely underreporting planted area (see Subsidy section below). Cotton yield in all other production areas outside of Xinjiang remains low.

Cotton Subsidies

On April 14, 2023, the National Development Reform Commission (NDRC) announced continuation of the target price-based subsidy policy for Xinjiang cotton at 18,600 yuan/MT (\$2,620/MT) for the period 2023 to 2025. The NDRC also specified the volume of Xinjiang cotton entitled to subsidy, lowering the maximum eligible volume from 5.4 MMT to 5.1 MMT, based on factors including Xinjiang’s land and water resources (See [Cotton Subsidy Policy Updated](#)).

PRC subsidies for cotton production are a critical component of the government’s strategy to ensure a significant share of the cotton utilized by the world’s largest spinning and downstream textile and fabric manufacturing sector originates in China. The subsidies also serve the purpose of ensuring stable income to cotton farmers, especially in Xinjiang. PRC cotton subsidies can generally be divided into two categories: Xinjiang and other provinces. The broad outlines of the subsidies provided to Xinjiang cotton are generally understood in terms of scope and purpose. Subsidies provided to other provinces are less clear, as these appear to be applied at provincial and sub-provincial levels and involve much lower amounts.

Xinjiang Subsidy

A target price-based subsidy for Xinjiang cotton was established in MY 17/18 (see GAIN report [CH18014](#)). On April 14, 2023, the PRC announced an extension of the program for three years, from MY 23/34 through MY 25/26, with a fixed target price of 18,600 yuan/MT (\$2,650/MT) and reduced the cap production entitled to subsidy at 5.1 MMT from the previous 5.4 MMT.

Cotton subsidy payments are distributed directly to farmers by the local government, usually between November and March. In MY 23/24, based on the cap of 5.1 MMT of Xinjiang cotton entitled for subsidy and the price difference between the CC Index 3128 from September to December and the target price, total MY 23/24 subsidy payout for the region is expected to be approximately 6.5 billion yuan (\$920 million). Industry sources indicate that as of early March, farmers had not yet fully received subsidy payments for MY 23/24.

Table 3. China: Target Price-based Subsidy Payouts

Province	MY19/20	MY20/21	MY21/22	MY22/23	MY23/24*
Xinjiang, (yuan and USD in billion)	13.7 (\$1.99)	19.6 (\$2.8)	0	16.7 (\$2.4)	6.5 (\$0.92)

Source: NBS production data and FAS/Beijing estimates; *Estimate based on the difference between the CC Index 3128 from September to December with the target price and cap of 5.1 MMT of Xinjiang cotton entitled to subsidy.

The PRC also provides subsidies to transport Xinjiang cotton to mills outside the region. In recent years, the subsidy provided approximately 500 yuan/MT (\$70/MT) for cotton and cotton yarn shipped from Xinjiang to other parts of China. Effective September 1, 2022, the subsidy reduced to 300 yuan/MT (\$42/MT) to support the development of the spinning industry in Xinjiang. A separate transport subsidy established in 2022 covers yarn products shipped from the region, ranging from 600 yuan/MT (\$84/MT)

to 900 yuan/MT (\$126/MT). The amount is based on yarn varieties and production location. The subsidy is claimed on transport records or bills of lading certified by government agencies. Payments are typically provided to the enterprises the following year.

Subsidy for Other Provinces

An [article](#) published by [cncotton.com](#) on February 14, 2023, describes PRC cotton subsidies for provinces other than Xinjiang as follows:

"From MY 2014/15, the subsidy rate is 2,000 yuan/MT (\$280/MT), and the subsidy amount per MT in the following years will be calculated based on 60 percent of Xinjiang's target price subsidy standard, with an upper limit of 2,000 yuan/MT. The central government subsidizes these cotton-producing provinces based on NBS production data. The subsidy method is determined by each province independently, and it can choose to subsidize by area or by production."

Thus, the central government provides the funds to provincial authorities, who develop their own plans to distribute payments in their respective provinces, which may include additional local-level subsidies. Official reports regarding the distribution of the subsidy payments are not readily available. However, total payments to farmers in other regions are understood to be significantly lower than their Xinjiang counterparts.

Consumption

Cotton consumption for MY 24/25 is forecast at 8.2 MMT on forecast higher domestic and overseas demand for textile and apparel products. Post raises estimated MY 23/24 consumption to 8 MMT on competitive domestic cotton prices bolstering domestic spinning and forecast higher domestic demand for textile and apparel products in the latter half of the marketing year.

Estimates of MY 23/24 cotton use by industry sources vary from 7.6 MMT to 8.1 MMT. Estimates by BCO and cncotton.com are down from MY 22/23. BCO is the only source forecasting MY 24/25 cotton use, estimating 8.03 MMT, a decline from its estimate for MY 23/24.

Table 5. China: Cotton Use and Imports

	CCA		MARA		BCO		cncotton.com	
	MY22/ 23	MY23/ 24	MY22/ 23	MY23/ 24	MY22 /23	MY23 /24	MY22/ 23	MY23/ 24
Consumption	7.6	7.9	7.4	7.69	8.15	8.13	7.7	7.6
Imports	1.43	1.7	1.43	2.0	1.43	2.3	1.42	1.7
Ending stocks	8.75	8.37	7.12	7.02	5.69	5.85	5.71	5.62

Note: Of the referenced sources, only the Beijing Cotton Outlook (BCO) provides a forecast for MY 24/25 cotton consumption at 8.03 MMT, imports at 1.9 MMT and ending stocks at 5.6 MMT.

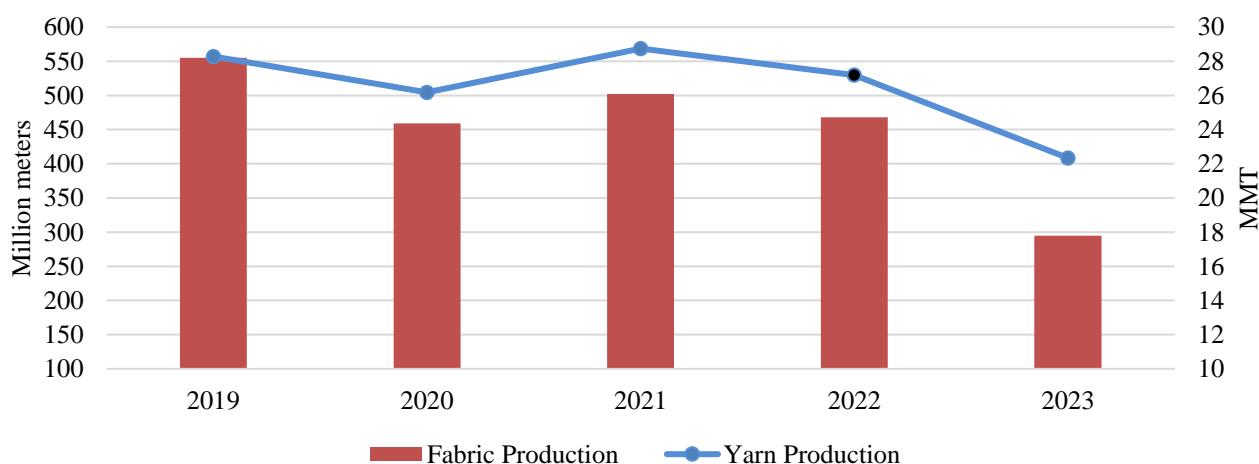
According to NBS, China's GDP growth reached 5.2 percent in 2023, slightly higher than the 5 percent target. Although various China watchers discount this growth rate to 3.7 percent to adjust for inflation, many still have cast doubt on the 5.2 percent growth rate given China's increasingly troubled housing sector, high youth unemployment, and overall decline in consumer sentiment, the PRC appears

confident that the economic outlook for 2024 will improve. On March 5, 2024, at the annual “Report on the Work of the Government” opening of the National People’s Congress (NPC), Premier Li Qiang announced an annual GDP growth target of “around 5 percent.” Previously, at the Economic Working Conference held in December 2023, the PRC emphasized that to raise the domestic demand and consumption is the top priority for economic growth in 2024. Although the new target growth rate of 5 percent is lower than what was reportedly achieved in 2023, it is also more ambitious since the economy had more room to expand following headwinds in 2022 related to zero-COVID.

NBS estimates yarn and fabric production of “above scale enterprises” reached 22.34 MMT and 29.49 billion meters in 2023, down 2.2 percent and 4.8 percent, respectively, from 2022. Total synthetic fiber production, however, increased 10.3 percent to 71.27 MMT, year-on-year. Based on these growth rates, 2022 production for yarn, fabrics, and synthetic fiber for “above scale enterprises” were 22.85 MMT, 30.98 billion meters, and 64.6 MMT, respectively. These amounts are lower than previously announced NBS total production number as shown in Chart 3, although the use of data from only “above scale enterprises” in 2023 may not provide a precise year-on-year comparison. Regardless, the general trend indicates lower yarn and fabrics production and higher synthetic fiber production in 2023.

Yarn production began to rebound in late 2023 according to a December BCO [survey](#) published on the CCA website. In December 2023, yarn production rose 2.6 percent up year-on-year and 5.5 percent month-to-month, while fabric production rose 3.1 percent year-on-year and 7.8 percent month-to-month. In January 2024, the textile market continued to improve, showing higher export orders, significantly lower finished product inventories, and orders for some yarn mills fixed through April or May. Yarn output increased by 6.5 percent month-on-month and 9.4 percent year-on-year, while fabric production increased by 7.2 percent month-on-month and 10.3 percent year-on-year. Based on NBS’ report on March 21, in the first two months of 2024, total yarn and synthetic fiber production reached 3.36 MMT (up 0.7 percent) and 11.68 MMT (up 27.7 percent), respectively, over the same period in the previous year.

Chart 3. China: Yarn and Fabric Production



Source: NBS; Note: the 2023 NBS production number is defined as “production of above scale industry” while the previous year’s data is defined as “total production of the industry.”

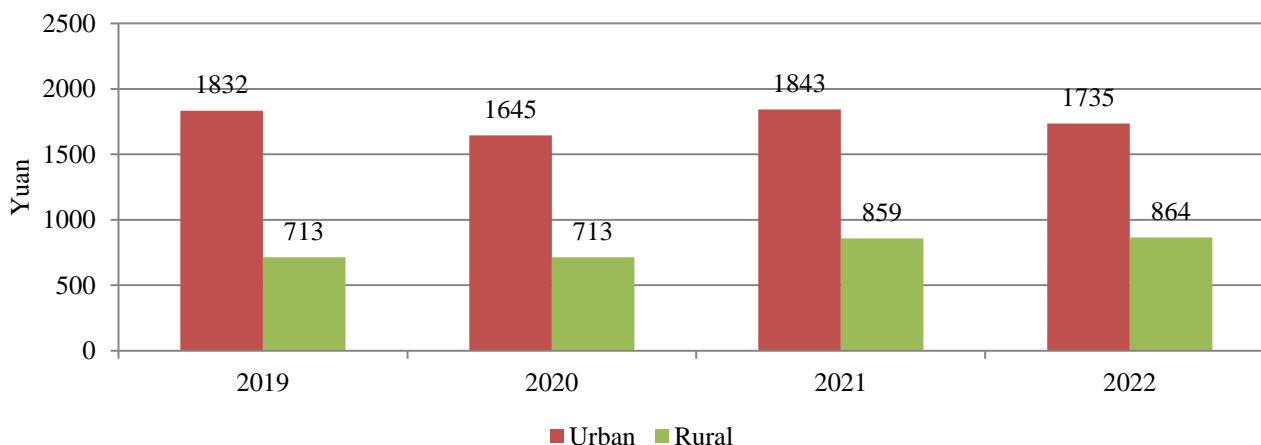
According to the Ministry of Industry and Information Technology (MIIT), in 2023, total textile industry profits reached 180.2 billion yuan (\$25.4 billion), a year-on-year increase of 7.2 percent, though still 33 percent below profits reported by MIIT for 2021. NBS shows fixed asset investment in the textile sector shrunk slightly in 2023, down 0.4 percent year-on-year. China’s spinning industry continues to grapple with overcapacity. Industry contacts report spinning capacity stands at about 110 million spindles, accounting for over half of global capacity. Only about 77 percent of capacity is utilized on a regular basis with many facilities idled. The PRC’s [The 14th Five-Year Development Guidance for Cotton Textile Industry \(2021-2025\)](#) (link in Chinese) references plans to reduce the number of spindles to 100 million by 2025.

Meanwhile, Xinjiang’s textile production capacity continues to expand. Based on a Xinjiang industry leader, in the first nine months of 2023, Xinjiang’s production of yarn, fabrics and synthetic fiber reached 1.73 MMT, 926 million meters and 0.62 MMT, up 14.8 percent, 41.2 percent and 18.8 percent, respectively, from the previous year. Total spindles in Xinjiang are estimated at 22 million at the end of 2023, consuming about 30 percent of Xinjiang cotton production. An industry source said the spinning capacity is expected to rise further as the Xinjiang government plans to spin 45 to 50 percent of the Xinjiang cotton by 2028.

Domestic Textile and Apparel Demand

Despite slowing GDP growth, China’s demand for textiles and apparel is expected to continue to grow, along with increasing levels of urbanization, a key factor for higher consumption. Even with a now shrinking population, China’s urbanization expanded in 2023, with net increase of about 12 million residents relocating to cities and/or rural areas being reclassified as an urban area, up from the 6.5 million in 2022. Per capita spending on clothing by rural citizens was only 46.7 percent that of the urban populations in 2022. In 2023, the retail sales value of clothing, shoes, hats, and knitted textiles increased by 12.9 percent year-on-year, and the online retail sales value of wearable goods increased by 10.8 percent year-on-year. NBS statistics indicate 2023 per capita expenditures on clothing rose 8.4 percent from the previous year. Domestic demand for textile and apparel products is expected to further rebound in the second half of MY 23/24 and MY 24/25, increasing cotton use.

Chart 4. China: Per Capita Consumption Expenditures for Clothing



Source: NBS. Data for 2023 has not yet been released.

[China's 14th Five-Year Textile Industry Development Plan](#) (link in Chinese) divides China's fiber consumption into three product groups: garments, home textile, and industry. Consumption in each category is expected to be 38 percent, 27 percent, and 35 percent, respectively, in 2025.

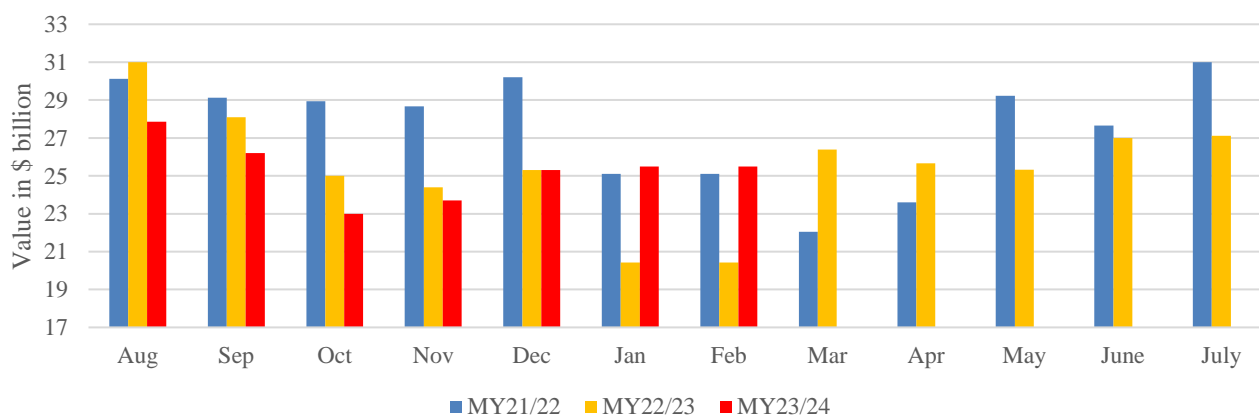
Textile and Apparel Exports

A recovery of textile and apparel exports is expected to support moderate growth of cotton use in 2024 and beyond even though 2023 exports by value were down. Based on NBS, in 2023, textile and apparel exports totaled \$293.6 billion, down 8.2 percent year-on-year. Specifically, textile exports were \$134.5 billion, a year-on-year decrease of 8.3 percent, and apparel exports were \$159.1 billion, a year-on-year decrease of 7.8 percent. Cotton apparel exports fell more than synthetic fiber apparel.

In 2023, the first full year since the implementation of the Uyghur Forced Labor Prevention Act (UFLPA), China's exports of cotton products to major developed markets declined significantly and disproportionately to exports of synthetic fiber apparel. Exports of cotton apparel reached \$45.5 billion, down 11.7 percent year-on-year, of which exports to the United States, the European Union, and Japan fell by 18.6 percent, 23.7 percent, and 23.4 percent, respectively. By contrast, exports of synthetic fiber clothing were \$76.9 billion, down 5.5 percent year-on-year, of which exports to the United States, the European Union, and Japan fell by 8.7 percent, 19.5 percent, and 9.5 percent, respectively.

Exports, however, started recovering in August, and resumed growth in December 2023 with export value at \$25.3 billion, up 2.6 percent year-on-year. This trend continued in the first two months of 2024 with combined export value at \$45.1 billion, a year-on-year increase of 14.3 percent, of which textile exports were \$21.7 billion, an increase of 15.5 percent, and apparel exports were \$23.4 billion, an increase of 13.1 percent from the previous year. Higher export demand is expected to partially fuel increased cotton consumption in the latter half of MY 23/24 and MY 24/25.

Chart 5. China: Textile and Apparel Export Value



Source: China's Customs Statistics; Note: The data for Jan and Feb is the average based on the combined data for Jan and Feb by the Customs

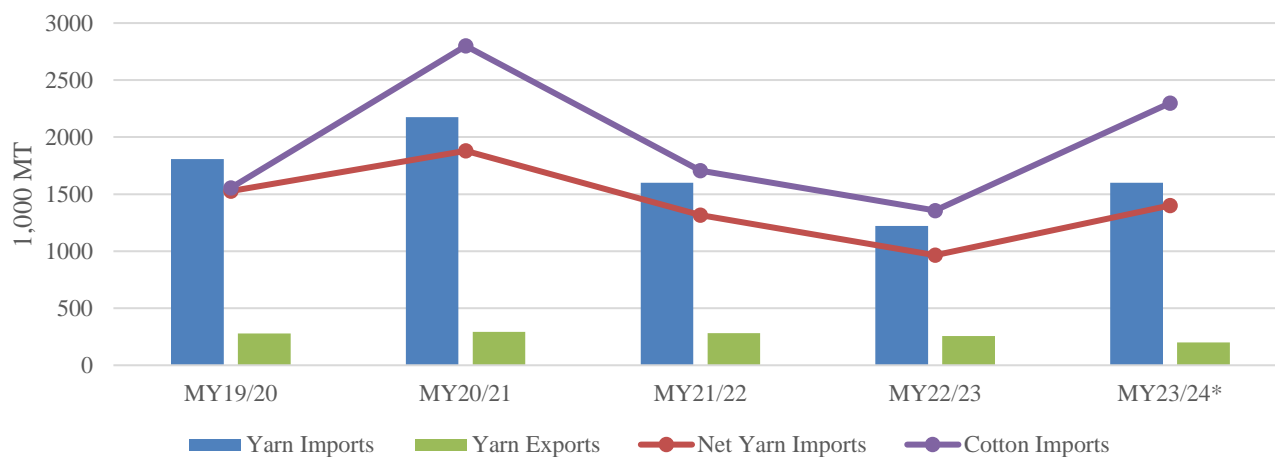
Yarn Imports

Higher yarn imports are expected to stem domestic cotton use growth in MY 23/24. Unlike cotton, yarn imports do not face quota restrictions and serve to fill supply gaps in years when additional cotton quota is not sufficient. Additionally, yarn imports typically increase when the price gap between domestic and international cotton expands. Total yarn imports in the first seven months of MY 23/24 were 1.1 MMT, up 103 percent year-on-year. Higher international cotton prices surpassing the price for domestic cotton since late January 2024 is expected to lower demand for imported yarn. Post estimates MY 23/24 yarn imports will be 1.6 MMT, lower than the yearly average of 2 MMT from 2016 to 2021. The estimated net gain of yarn imports (see Chart 7) will restrict growth of domestic cotton use in MY 23/24. The competitiveness of domestic cotton price and availability of cotton import quotas will continue to impact MY 24/25 yarn imports.

Vietnam is the largest yarn supplier to China, followed by Pakistan and India. In the first seven months of MY 23/24, Vietnam continued to be the largest supplier with exports up 49 percent year-on-year. However, its market share dropped to 44 percent from 60 percent in the previous year on stronger competition from Pakistan and India, which accounted for 17 percent and 15 percent of yarn imports, respectively. A relatively higher price for yarn from Vietnam may partly reduce Vietnam's market share in MY 23/24.

Yarn exports remain stable with yearly volumes of less than 0.3 MMT since MY 19/20. Yarn exports in the first seven months of MY 23/24 were 134,000 MT, down 17 percent year-on-year.

Chart 6. China: Yarn Imports and Exports vs. Cotton Imports



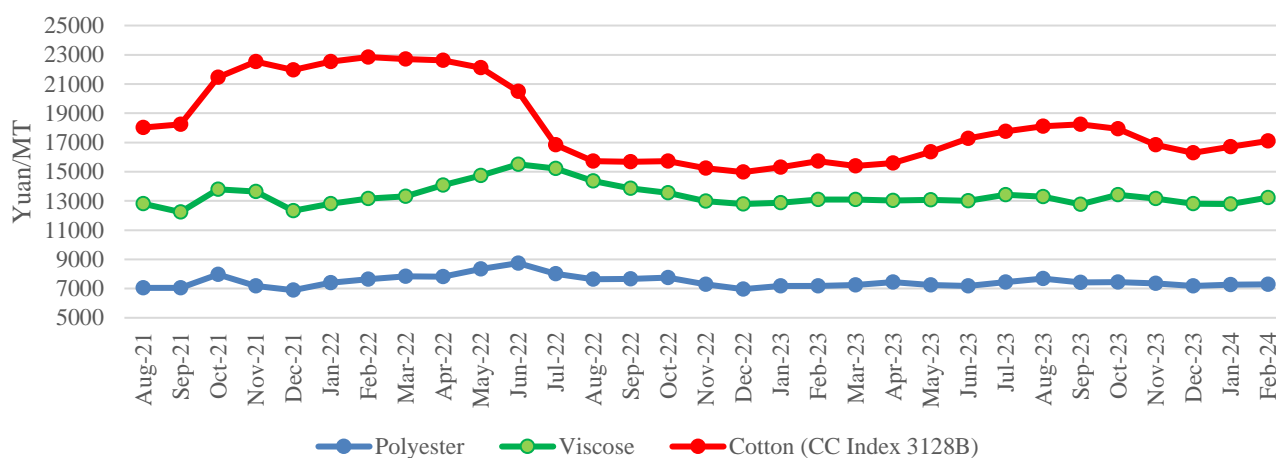
Source: Trade Data Monitor, LLC; *MY23/24 data is FAS China Estimate

Cotton Share in Yarn Production

Cotton share in yarn production faces increased challenges in MY 23/24 on improved competitiveness of other fibers in terms of price and quality. The share of cotton in China's yarn production has been declining in recent years due to high domestic cotton prices and improvements in blending man-made fibers. In the first 7 months of MY 23/24, the price gap between cotton and man-made polyester and viscose fibers expanded to an average 57 percent and 25 percent, respectively, from the 52 percent and

14 percent, respectively, in the same period the previous year. The price gap continues to incentivize synthetic fiber inclusion in yarn production. NBS data show total synthetic fiber production reached 71.27 MMT in 2023, up 10.3 percent year-on-year, providing an adequate supply of non-cotton fiber for yarn production.

Chart 7. China: Cotton, Polyester, Viscose Price Gap
(China Cotton Price Index 3128 B)



Source: cottonchina.org; Note: Data from August 2021 to February 2024

Trade

Cotton imports for MY 24/25 are forecast at 2.4 MMT, up from an estimated 2.3 MMT for MY 23/24 on increased spinning and stronger textile and apparel demand and lower domestic cotton production. Imports during the first seven months of MY 23/24 jumped to 1.9 MMT, up 112 percent year-on-year, driven by expected lower domestic production, competitive cotton prices in international markets, and availability of import quotas. Cotton imports in the remainder of MY 23/24 are forecast to level off due to higher international cotton prices compared to domestic cotton and limited available quota.

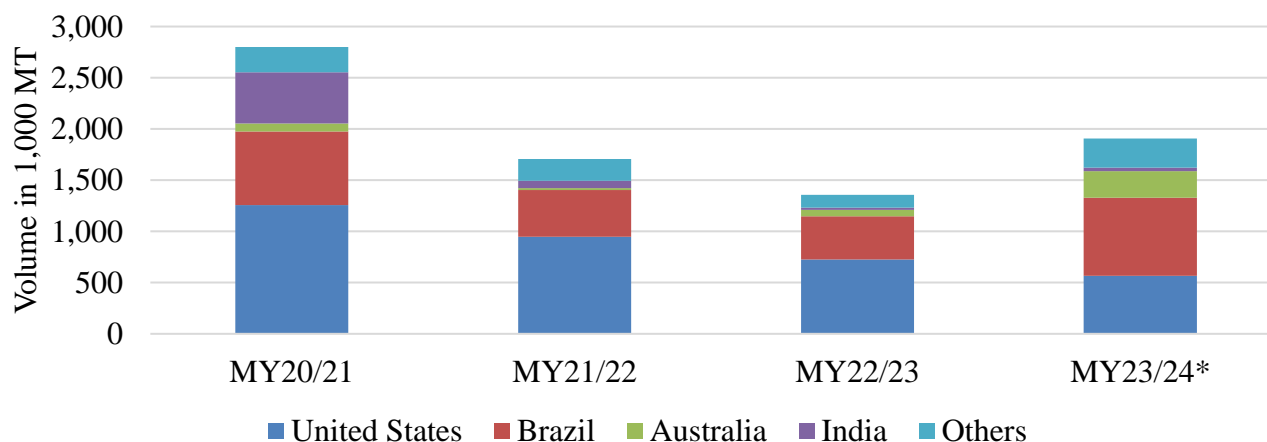
China’s cotton imports are subject to a tariff rate quota (TRQ). In accordance with its World Trade Organization (WTO) commitments, China issues an annual cotton TRQ of 894,000 MT which typically reaches users in the beginning of each calendar year. Additional quota, subject to sliding scale duty, is distributed based on domestic supply and demand conditions. In July 2023, 0.75 MMT of sliding-scale quota were distributed. This facilitated high imports in the first months of MY 23/24. On September 21, 2023, NDRC announced the [2024 Cotton TRQ application and allocation details](#). The application and allocation regulations remain unchanged from previous years. On November 17, 2023, [NDRC published information on applicants](#). The TRQ reached applicants in early 2024. Based on current cotton availability and prices, Post believes additional sliding-scale quota may not be forthcoming for the remainder of MY 23/24, which may limit imports to about 2.3 MMT for MY 23/24. Forecast 2.4 MMT cotton imports for MY 24/25 reflect the overall supply and demand trend, stable stocks level, and greater likelihood of additional sliding-scale quota being issued.

Table 6. China: Distribution of Cotton Import Quotas

Year	2019	2020	2021	2022	2023	2024
WTO Committed Quota (MMT)	0.894	0.894	0.894	0.894	0.894	0.894
Sliding-Scale Duty Quota (MMT)*	0.8	0.4	0.7	0.4	0.75	N/A
Sliding-Scale Duty Quota Announcement Date	Apr 12	Sep 1	Apr 30	Mar 11	July 22	N/A

Source: Media reports; * Quota subject to variable tariff import duty.

Despite strong imports in the first seven months of MY 23/24, U.S. cotton exports to China were 565,400 MT, accounting for just 29.7 percent of total imports, a significant drop from the 48.8 percent market share held during the same period of MY 22/23. Brazil cotton exports during the same period reached 764,000 MT, representing a 40 percent market share, down slightly from the 42.5 percent in the previous year. The drop in U.S. cotton exports is almost exclusively a result of surging Australian exports, which increased to 259,000 MT or 14 percent of total imports, up from just 3 percent the previous year. Unlike Brazilian cotton, Australian cotton is considered of comparable quality to U.S. cotton. Based on Trade Data Monitor, LLC (TDM), the import price of Australian cotton in the first seven months of MY 23/24 was generally comparable with prices for U.S. cotton, whereas prices for Brazilian cotton were about 6 percent lower.

Chart 8. China: Imports of Cotton by Origin

Source: Source: Trade Data Monitor, LLC; * Imports in the first seven months of MY 23/24

China exports insignificant volumes of cotton. Cotton exports in the first five months of MY 23/24 hit 3,000 MT. Exports are forecast to remain insignificant in MY 24/25.

Stocks

Stocks are forecast to rise to 8.8 MMT in MY 24/25 from an estimated 8.7 MMT in MY 23/24. The PRC maintains an unknown volume of state cotton reserves. This poses a challenge in assessing China's

overall cotton supply and demand. The PRC does not publish a public benchmark level for state reserves, nor a clear mechanism for determining when state purchases or sales may occur. Aside from a few published purchasing programs, it is generally unclear when purchases of domestic or imported cotton enter the state reserve as opposed to other channels. From July through November 2023, the PRC sold about 0.9 MMT of cotton reserve out of the 1.19 MMT offered to meet domestic spinning demand.

Table 7. China: State Cotton Reserve Sales and Purchases

Year	Date	Target Volume (MT)	Actual Volume (MT)
2020	Jul 1 to Sep 30 (sale)	500,000	500,000
2021	Jul 5 to Sep 29 (sale)	600,000	630,400
	Oct 8 to Nov 30 (sale)	912,000	572,365
2022	Jul 13 to Nov 11 (purchase)	500,000	85,500
2023	July 13 to Nov 14 (sale)	1,190,000	880,000

Source: China's Industry Statistics

According to an industry source, as of the end of February 2024, commercial cotton stocks were 5.2 MMT, down 5.2 percent from the previous year. Another industry survey indicates cotton stocks at surveyed spinning mills were 0.89 MMT at the end of February, down 1 percent from January but 20.2 percent above the same month in 2023.

Policy

Administrative Measures of State Cotton Reserve

On January 30, 2024, the PRC published [The Administrative Measures of State Cotton Reserve](#) (link in Chinese). The measures will take effect April 1, 2024. The measures specify management practices for state cotton reserves in terms of purchase, rotation/sales, and use. The National Food and Strategic Reserves Administration is responsible for the overall management of state cotton reserves. The Ministry of Finance is responsible for formulating financial subsidy policy for the state cotton reserves and disbursing subsidy funds. Taken as a whole, the measures provide a general framework for the operations and management of state cotton reserves.

The measures, for the first time, establish a period of 5 years, in principle, for the rotation of state cotton reserves. Additionally, the measures specify conditions for purchases of domestic cotton for state reserves, including:

- 1) cotton supply significantly exceeds demand or cotton price falls rapidly and significantly in domestic market;
- 2) the central cotton reserve volume is lower than the “reserve scale;” and
- 3) the State Council considers it necessary to purchase cotton for reserves under other conditions.

The measures also specify conditions for utilization of state cotton reserves, including:

- 1) cotton supply falls short of demand or cotton price increase rapidly and significantly in domestic market;
- 2) use of state cotton reserve is needed in case of natural disasters or other emergency and national defense mobilization; and
- 3) the State Council considers it necessary to use the state cotton reserve under other conditions.

Notably, the measures do not provide a definition for “reserve scale.”

U.S. Restrictions on Xinjiang Cotton

On December 23, 2021, the United States signed The Uyghur Forced Labor Prevention Act (UFLPA) into law. The UFLPA creates a rebuttable presumption that goods entering the United States from the PRC, produced wholly or in part, in Xinjiang are made with forced labor, as well as certain goods made by entities elsewhere in the PRC that use forced labor by members of persecuted groups from Xinjiang. Starting on June 21, 2022, U.S. Customs and Border Protection (CBP) began to implement the UFLPA’s provisions. For additional information please see the CBP UFLPA [Fact Sheet](#) and [Operational Guidance for Importers](#). Statistics on enforcement of the UFLPA can be found [here](#).

In response to the law, at the 2024 Chinese People’s Political Consultative Committee (CPPCC), an advisory body supervised by the Chinese Communist Party and not the PRC government, a senior Xinjiang cotton industry leader [proposed](#) the establishment of a common cotton market under the Shanghai Cooperation Organization (SCO) framework to expand the market for Xinjiang cotton and cotton products. The proposal aims to reduce the world's reliance on U.S. and Australian cotton, offset the effects of the UFLPA, and allow China to share its cotton production and processing technologies with member states.

The Xinjiang Cotton Subsidy Policy

In April 2023, the PRC announced a target price for Xinjiang cotton at 18,600 yuan/MT (\$2,650/MT) for the period 2023 to 2025 and capped the volume of Xinjiang cotton entitled to subsidy at 5.1 MMT annually, down from 5.4 MMT in previous years (see GAIN Report [Cotton Subsidy Policy Updated](#) for additional information). Implementation details were announced by the Xinjiang Autonomous Region government in July 2023 (see GAIN Report [Cotton and Products Update](#) for additional information).

On February 28, 2024, in a document to all provincial governments on [“Implementation Opinions on Promoting the Deployment of Comprehensive Rural Revitalization”](#) (link in Chinese), MARA highlighted plans to “implement a policy linking cotton target price subsidies with cotton quality.” MARA has yet to provide information on the precise linkage between cotton quality and target price subsidies. Industry contacts believe the linkage is intended to add quality as one factor for determining how subsidies are distributed and to provide a check on expansion of cotton planting in less suitable areas.

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. Media reports indicated ADBC provided 43.7 billion yuan (\$6.16 billion) in loans as of the end of 2023, up 22.5 percent year-on-year, to help purchase Xinjiang cotton. The increase in loan values is partly attributable to higher prices for seed cotton. ADBC claims the loans facilitate cotton marketing and stable cotton production in Xinjiang.

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>. Registrations are valid for five years and may

be renewed. GACC publishes a list of recent registration approvals and renewals on its [website](#). The lists were most recently updated November 20, 2023.

Section 301 Retaliatory Tariffs Exclusion Process

Beginning March 2, 2020, the PRC implemented a tariff exclusion process for Section 301 retaliatory tariffs on U.S. cotton (see [GAIN report CH2020-0024](#)). Currently, tariff exclusions continue to be processed for both state-owned and non-state-owned enterprises.

Entry Inspection of Cotton Imports

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

Cotton Standard to be Enforced on September 1, 2024

In September 2023, China's State Administration for Market Regulation (National Standards Committee) issued the mandatory national standard "Cotton Part 1: Sawtooth Processed Fine Staple Cotton" (GB 1103.1-2023). The standard was drafted by the National Fiber Standardization Technical Committee and will be enforced on September 1, 2024. Please see [WTO Notification of Saw Ginned Cotton Standard](#) for more information.

Cotton China Sustainable Development Program

CCA initiated the "Cotton China Sustainable Development Program" (CCSD) on April 30, 2021. As of October 2023, 30 domestic enterprises engaged in cotton production and related industries had signed onto the program (See more in GAIN Report [Cotton and Products Update](#)). In an effort to further promote the program, on October 8, 2023, the CCA held the second [CCSD sustainable cotton on-site exchange meeting](#) in Korla City, Xinjiang. The meeting featured nearly 200 participants from government, cotton spinning enterprises, and media and included a visit to a CCSD demonstration farm.

Marketing

The China International Cotton Conference, a biannual event sponsored by CCA and MARA, attracts a worldwide audience from the cotton and textile industries. The most recent conference was held in Guilin, Guangxi Province in June 2023. CCA, in collaboration with the China National Cotton Exchange, also holds an annual event known as the China Cotton Industry Development Forum. The [2024 Forum](#) will be held May 30-31, 2024 in Xi An, Shaanxi Province.

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 an annual China Cotton Day promotional event. For more information about CCI's programs contact cci-hongkong@cotton.org or cci-shanghai@cotton.org.

Cotton Incorporated operates an [office based in Shanghai](#) that provides fiber and textile technical service and solutions to Chinese end-users of cotton.

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

China Cotton and Textile Industry Associations

[China Cotton Association](#) (CCA) is a voluntary association composed of cotton farmers and cotton farmer cooperative organizations, enterprises engaged in cotton processing, trade and warehousing, cotton machine manufacturing, cotton textile enterprises, local cotton associations and cotton research institutions, and other cotton-related enterprises and organizations.

[China Cotton Textile Association](#) (CCTA) represents cotton yarn and fabric, yarn-dyed fabric (including denim) enterprises, public institutions and social groups.

[China Chamber of Commerce for Import and Export of Textiles](#) (CCCT) represents China's international trade of textile and apparel with about 12,000 member enterprises whose export and import trading value accounts for 70 percent of the nation's total.

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Note: Exchange rates: U.S. \$1=Yuan 6.9 in 2019 and 2020; U.S. \$1=Yuan 6.45 in 2021; U.S. \$1=Yuan 6.73 in 2022; U.S. \$1=Yuan 7.1 in 2023

Production, Supply, and Distribution (PSD) Tables

Table 8. China: Cotton PSD (in 1,000 Bales and 1,000 Ha)

Cotton China	2022/23		2023/24		2024/25	
	Market Year Begin: Aug 2022		Market Year Begin: Aug 2023		Market Year Begin: Aug 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,150	3,200	2,900	2,950		2,930
Area Harvested	3,150	3,200	2,900	2,950		2,930
Beginning Stocks	38,064	38,064	37,402	39,077		39,951
Production	30,700	30,700	27,500	27,100		27,100
Imports	6,232	6,232	12,900	10,564		11,023
Total Supply	74,996	74,996	77,802	76,741		78,074
Exports	94	94	50	46		46
Use	37,500	35,825	37,500	36,744		37,662
Loss	0	0	0	0		0
Total Dom. Cons.	37,500	35,825	37,500	36,744		37,662
Ending Stocks	37,402	39,077	40,252	39,951		40,366
Total Distribution	74,996	74,996	77,802	76,741		78,074
Stock to Use %	99	109	107	109		107
Yield	2,122	2,089	2,065	2,000		2,014

Table 9. China: Cotton PSD (in 1,000 MT and 1,000 Ha)

Cotton China	2022/23		2023/24		2024/25	
	Market Year Begin: Aug 2022		Market Year Begin: Aug 2023		Market Year Begin: Aug 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,150	3,200	2,900	2,950		2,930
Area Harvested	3,150	3,200	2,900	2,950		2,930
Beginning Stocks	8,287	8,287	8,143	8,508		8,698
Production	6,684	6,684	5,987	5,900		5,900
Imports	1,357	1,357	2,809	2,300		2,400
Total Supply	16,328	16,328	16,939	16,708		16,998
Exports	20	20	11	10		10
Use	8,165	7,800	8,165	8,000		8,200
Loss	0	0	0	0		0
Total Domestic Consumption	8,165	7,800	8,165	8,000		8,200
Ending Stocks	8,143	8,508	8,764	8,698		8,789
Total Distribution	16,328	16,328	16,939	16,708		16,998
Stock to Use %	99	109	107	109		107
Yield	2,122	2,089	2,065	2,000		2,014

Trade Tables

Table 10. China: Monthly Cotton Imports

Unit: MT

Month	2021	2022	2023	2024
January	227,934	227,874	139,645	344,742
February	184,924	184,926	85,040	294,821
March	204,176	204,172	72,343	
April	230,283	173,177	83,837	
May	172,717	182,137	109,207	
June	172,048	162,861	83,073	
July	142,566	118,098	109,660	
August	86,255	107,438	174,971	
September	73,426	88,574	235,556	
October	62,618	129,499	287,178	
November	94,984	177,969	306,639	
December	136,304	170,662	263,346	
TOTAL	1,788,235	1,927,387	1,950,495	

Unit: Bales

Month	2021	2022	2023	2024
January	1,046,901	1,046,625	641,389	1,583,400
February	849,356	849,365	390,589	1,354,112
March	937,780	937,762	332,271	
April	1,057,690	795,402	385,063	
May	793,289	836,555	501,588	
June	790,216	748,021	381,554	
July	654,806	542,424	503,668	
August	396,169	493,463	803,641	
September	337,246	406,820	1,081,908	
October	287,604	594,789	1,319,008	
November	436,262	817,412	1,408,393	
December	626,044	783,851	1,209,548	
TOTAL	8,213,363	8,852,488	8,958,620	

Source: Trade Data Monitor, LLC.

Table 11. China: Cotton Imports by Country of Origin (Unit: MT)

Country	MY20/21	MY21/22	MY22/23	MY23/24*
Brazil	716,746	455,928	421,936	763,998
United States	1,258,306	946,632	725,814	565,436
Australia	77,263	21,128	62,547	258,877
Turkey	10,528	8,833	14,902	55,856
Kazakhstan	10,146	9,285	3,193	40,577
Sudan	31,814	28,938	28,006	33,186
India	501,527	70,258	20,492	33,355
Tajikistan	10,815	7,567	404	27,151
Mexico	16,555	8,643	14,080	12,719
Mali	23,793	10,745	888	11,351
Burkina Faso	43,873	28,635	7,081	9,385
Myanmar	15,536	10,663	19,402	4,012
Egypt	2,655	16,492	14,791	4,369
Benin	32,356	43,527	13,821	3,500
Cameroon	4,575	12,336	973	2,517
Others	43,555	27,221	8,618	80,658
MY Total	2,800,043	1,706,831	1,356,948	1,906,947
U.S.\$/MT	1,741	2,487	2,592	2,070

* First seven months data of MY23/24; Source: Trade Data Monitor, LLC.; 2,788/MT vs 2,070/MT

Table 12. China: Monthly Cotton Yarn and Thread Imports (Unit: MT)

Month	2021	2022	2023	2024
January	206,070	153,497	60,117	127,774
February	144,049	97,613	93,964	111,590
March	224,689	123,990	137,035	
April	233,355	119,161	120,325	
May	168,558	130,870	128,939	
June	156,529	102,851	138,317	
July	177,649	65,133	159,299	
August	179,008	72,640	185,814	
September	187,994	89,226	184,700	
October	147,537	64,857	170,325	
November	152,250	80,096	153,368	
December	140,047	76,166	154,876	
TOTAL	2,117,735	1,176,100	1,687,017	
Marketing Year	Aug/21-Jul/22	Aug/22-Jul/23	Aug/23-Jul/24	
TOTAL	1,599,840	1,220,981		

Source: Trade Data Monitor, LLC.

Table 13. China: Monthly Cotton Yarn and Thread Exports (Unit: MT)

Month	2021	2022	2023	2024
January	26,200	30,759	24,363	23,468
February	15,867	17,296	17,893	16,368
March	23,203	23,146	24,013	
April	26,850	19,980	20,183	
May	24,273	22,363	17,412	
June	27,979	22,021	15,854	
July	25,017	25,212	17,380	
August	24,728	20,308	19,040	
September	23,116	25,884	20,445	
October	23,189	23,385	24,363	
November	23,455	25,188	18,207	
December	26,739	24,615	18,985	
TOTAL	290,616	280,157	238,138	
Marketing Year	Aug/21-Jul/22	Aug/22-Jul/23	Aug/23-Jul/24	
TOTAL	282,004	256,478		

Source: Trade Data Monitor, LLC.

Other Tables

Table 14. China: Cotton Planted Area and Production by Region Area (1,000 Ha)

Year	MY 22/23	MY 23/24	MY 24/25
Total	3,200	2,950	2,930
--Xinjiang	2,650	2,550	2,550
--Others	550	400	380

Production (1,000 MT)

Year	MY 22/23	MY 23/24	MY 24/25
Total	6,684	5,900	5,900
--Xinjiang	6,204	5,550	5,570
--Others	480	350	330
Average Yield (Kg/Ha)	2,089	2,000	2,014

Note: FAS/China estimate and forecast

Table 15. China: Cotton Tariffs Effective on January 1, 2024

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	5	50	13	13	Kg
	5207.9000	5	50	13	13	Kg

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

Source: PRC Customs Import & Export Tariff, 2022

Table 15. China: Cotton Tariffs as of January 1, 2023 (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; M/KG – Meter/Kilogram

Source: PRC Customs Import & Export Tariff, 2022

Table 16. China: 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 MT (China added 2.4 MMT of TRQ subject to variable import duty)				
2013 -- 894,000 MT (China added an estimated 2.3 MMT additional TRQ subject to variable duty or for processing trade)				
2014 -- 894,000 MT (China added about 1.3 MMT additional TRQ subject to variable duty were distributed but not officially announced)				
2015 -- 894,000 MT distributed (Industry sources estimated about 300,000 MT of cotton were imported by China's bonded zones* and destined for processing-trade for re-export in 2015)				
2016 -- 894,000 MT distributed				
2017 -- 894,000 MT distributed				
2018 -- 894,000 MT distributed (Added 0.8 MMT of TRQ subject to variable tariff import duty)				
2019 -- 894,000 MT distributed (Added 0.8 MMT of TRQ subject to variable tariff import duty)				
2020 -- 894,000 MT distributed (Added 0.4 MMT TRQ subject to variable tariff import duty)				
2021 -- 894,000 MT distributed (Added 0.7 MMT of TRQ subject to variable tariff import duty)				
2022 -- 894,000 MT distributed (Added 0.4 MMT of TRQ subject to variable tariff import duty in March 2022)				
2023 -- 894,000 MT distributed (Added 0.75 MMT of TRQ subject to variable tariff import duty in July 2023)				
2024 -- 894,000 MT distributed				

*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 additional TRQ for CY05 and after, but China maintained an identical quantity of TRQ as CY04. In addition to those volumes, China adds quota based on market demand. The added quotas are subject to a variable import duty.

Source: NDRC and industry estimates.

Attachments:

No Attachments