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China - Peoples Republic of

Cotton and Products Update

Imports Expected to Recover in Response to Growing Consumption

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Report Highlights:

China's cotton planted area and production are both forecast to decrease in MY18/19 as a moderate acreage expansion in Xinjiang is more than offset by a sharp fall in planting area in other regions. This was due to low profits in MY17/18. Bolstered by growing domestic demand for textiles and apparel, as well as stable exports, cotton use will continue to increase in MY18/19, reaching 9 million metric tons (MMT). The narrowing gap between domestic and global cotton prices contributes to spin consumption growth but also restricts yarn import growth. Balancing ongoing reductions of the state cotton reserve with an additional 0.8 MMT of cotton import quotas, China's cotton imports are expected to recover to 1.52 MMT in MY18/19.

Executive Summary:

China's cotton production is forecast to fall to 5.74 million tons (MMT) in MY18/19 from an estimated 5.95 MMT the previous marketing year. The decrease is the combined effect of a slight increase in cotton acreage in Xinjiang Province and a sharp reduction in planting area in the other cotton regions, along with a slightly lower average yield compared to the previous year. Post's forecast for the MY18/19 cotton planting area is down to 3.25 million hectares (MHa) from 3.35 MHa the previous year. China's cotton support policy for Xinjiang and the high yield achieved in that province contributed to higher cotton profits in MY17/18. The Xinjiang target price policy will continue through MY19/20 with a fixed target price of RMB 18,600/ton (\$2,780/ton), which remains unchanged since MY16/17. Higher cotton earnings encouraged a moderate expansion of cotton area in Xinjiang in MY18/19. However, cotton acreage is forecast to fall in the other cotton-producing provinces in MY18/19, due to increased profits from cultivating corn in 2017, along with the lower cotton prices and fewer subsidies that resulted in reduced cotton earnings in MY17/18.

Steady economic growth, limited growth of yarn imports, and the recovery of the cotton fiber share (vs. polyester) in yarn production are expected to stimulate domestic cotton consumption. Thus, cotton consumption is estimated at 8.71 MMT in MY17/18 and forecast to grow to 9 MMT in MY18/19. Through sales from the state reserve, China's total cotton stocks are expected to fall to 6.58 MMT by the end of MY18/19 from the estimated 10 MMT at the beginning of MY17/18. The government's decision to add 0.8 MMT of cotton import quotas (TRQ) in June 2018 is expected to boost cotton imports, which are forecast up to 1.52 MMT in MY18/19 from the estimated 1.1 MMT the previous year, the second lowest level in 13 years. The domestic textile industry demands higher-grade foreign cotton in order to stay competitive in export markets.

The additional 25 percent tariff on U.S. cotton that China implemented on July 6, 2018 will make it more challenging for importers in China to source U.S. cotton. Industry sources estimate that the tariff will add RMB 4,000 (\$600)/ton to cotton imported from the United States, and importers are reportedly taking a "wait and see" approach.

Cotton Production Forecast to Decrease in MY18/19

MY18/19 domestic cotton production is forecast to fall to 5.74 MMT, down 3.5 percent from an estimated 5.95 MMT in MY17/18. The forecast smaller production is based on a 3.1 percent fall in planted area to 3.25 MHa and a lower-than-normal yield. Although an increase in cotton profitability and the government’s continued subsidies to Xinjiang farmers during MY17/18 contributed to a moderate area increase in Xinjiang in MY18/19, total MY18/19 cotton acreage is down as acreage fell in other cotton-producing areas as a result of low profits and lack of government support.

In early 2017, the Chinese government decided to continue the high target price support policy for Xinjiang in MY17/18 and to carry it through MY19/20 with the same MY16/17 target price of RMB18,600 (\$2,780)/ton. In addition, Xinjiang’s relatively high cotton earnings, mainly due to a good yield in MY17/18, enhanced Xinjiang farmers’ confidence in cotton. However, without the government subsidy, and due to low yields and poor returns in MY17/18, farmers in other cotton-producing regions reduced cotton area in MY18/19. Furthermore, as the domestic corn price increased in 2017, farmers in some provinces opted to plant more corn and cut cotton acreage in MY18/19.

Estimates for China’s cotton area and production continue to differ among sources. Below is a table of the most recent estimates and forecasts from various sources showing area and production data for MY17/18 and MY18/19.

China’s National Bureau of Statistics (NBS) estimates MY17/18 total cotton production at 5.49 MMT based on a planted area of 3.23 MHa and average yield of about 1,699 Kg/Ha. NBS data puts Xinjiang’s MY17/18 cotton production at 4.08 MMT (about 74.3 percent of China’s total production) and acreage of 1.96 MHa (or 60.8 percent of China’s total acreage). This production figure is far below the official classified volume of 5 MMT for Xinjiang published by the China Fiber Inspection Bureau (CFIB) as of August 20, 2018. However, the NBS MY17/18 production estimate of 1.41 MMT for all other provinces is significantly higher than the industry estimated production at less than 1 MMT. According to NBS, it used a combination of remote sensing and sample surveys to estimate the planted area and yield in Xinjiang. For other major cotton-producing provinces, including Hebei, Shandong, Henan, Anhui, Jiangsu, Hubei and Hunan, NBS conducted sample surveys to estimate the planted area and yield. In other small cotton-producing provinces, NBS used “comprehensive statistics” to obtain area and yield information.

Cotton Production Estimate/Forecast by Various Sources (MMT; MHa)

	CCA	NCMMN/Aug	MARA	NBS	FAS/China
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MY16/17 Acreage/Production	2.75/4.94	2.91/5.12	3.1/4.72	3.38/5.34	3.0/5.05
MY17/18 Acreage/Production	2.94/6.05	3.17/6.13	3.35/5.89	3.23/5.49	3.35/5.95
Forecast MY18/19 Planted area / Production	2.81/6.01	3.18/5.76	3.29/5.65	NA	3.25/5.74
MY18/19 Production Change	-0.7%	-6%	-4.1%	NA	-3.5%

CCA- China Cotton Association, NCMMN- National Cotton Market Monitoring Network, MARA-China's Ministry of Agriculture and Rural Affairs

Planted Area

MY18/19 total planted area fell by 3.1 percent to 3.25 MHa from the estimated 3.35 MHa in the previous year. Specifically, the Xinjiang planted area is forecast up by 0.6 percent to 2.36 MHa due to expected high farmer earnings and continued government support. The planted area for all other provinces is forecast to decline by 11.5 percent to 0.88 MHa in MY18/19 in response to stagnant cotton earnings, as well as higher MY17/18 corn prices in certain regions where farmers can fairly easily substitute corn for cotton.

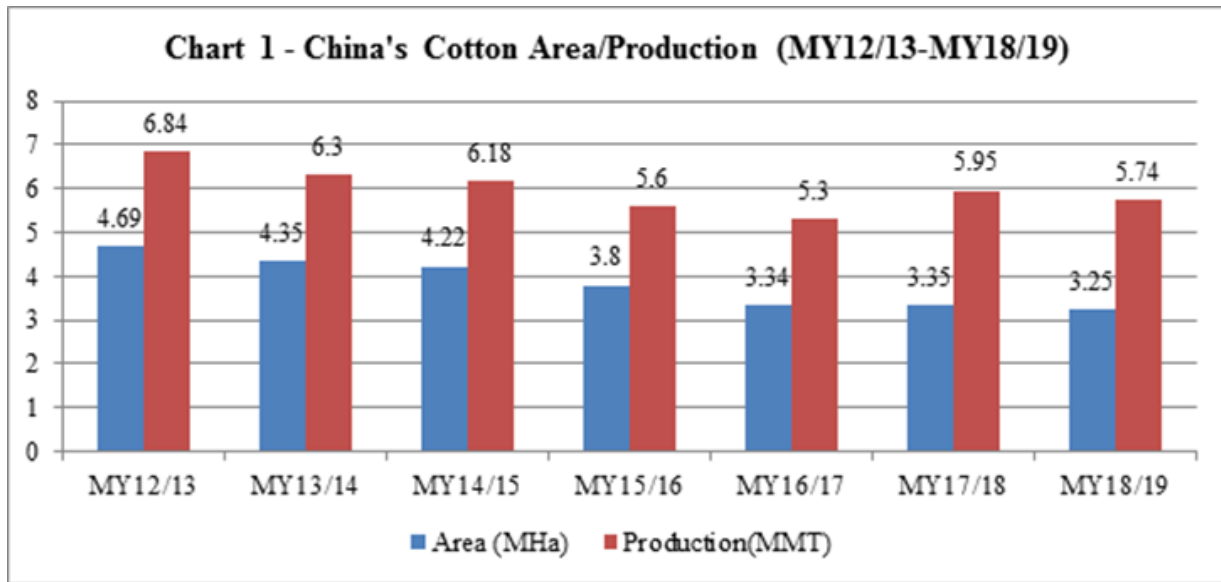
The government's Xinjiang target price subsidy for 2017 to 2019 guarantees basic cotton profits and stimulated continued cotton expansion in the province in MY18/19. As previously reported, the target price is fixed at RMB18,600 (\$2,900)/ton for MY17/18 through MY19/20. The subsidy program stipulates that cotton planted in uncertified areas will remain ineligible to receive support payments in Xinjiang, and the yearly volume of cotton eligible for the subsidy is capped by the central government at 5.47 MMT.¹ Cotton continues to be the most reliable cash crop in Xinjiang. The estimated production of 5 MMT in MY17/18 for Xinjiang remains below the production ceiling eligible for subsidy, implying that all cotton could theoretically receive subsidy support. Hence, farmers planting in uncertified areas in MY17/18 will most likely continue to do so in MY18/19.

For cotton-producing provinces outside of Xinjiang, MY18/19 cotton acreage is forecast to fall due to low earnings from cotton in MY17/18. Additionally, cotton planting in these provinces continues to be challenged by increased labor costs (as almost 100 percent of harvest is hand-picked), stagnant yields, farmers' greater crop choices, and more labor opportunities in cities. Based on industry sources, the corn price recovered sharply in MY17/18, up 25 percent in March 2018 compared to the same time in 16/17. In consideration of all these factors, Post forecasts an 11.5 percent decrease in cotton planting area in these areas, to 0.88 MHa in MY18/19 ([See GAIN CH18014](#)).

Currently, Chinese industry estimates of MY18/19 cotton planting vary from 2.81 MHa on the part of the China Cotton Association (CCA) to 3.29 MHa of the Ministry of Agriculture and Rural Affairs (MARA). In the 2018 China Statistical Abstract published in late May, the NBS raised the 2017 cotton acreage to 4.84 MHa, significantly higher than its earlier data of 3.23 MHa for 2017 and 3.34 MHa for

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

2016. NBS indicated that the high cotton acreage for 2017 is based on the most recent national agricultural census, which was completed in 2017. This dramatic acreage increase will significantly impact China cotton market analysis.



Source: NBS; MY17/18 estimate and MY18/19 forecast by FAS/Beijing

Yield

Post forecasts MY18/19 average yield at 1,766 Kg/Ha, slightly down from the estimated 1,776 Kg/Ha for MY17/18. Forecast MY18/19 yield for Xinjiang is 2,072 Kg/Ha, down from the high yield achieved in MY17/18, while the forecast yield for the other cotton-producing areas is 950 Kg/Ha, virtually unchanged from the previous year.

According to CCA, the sowing of the MY18/19 cotton crop went smoothly overall. The weather conditions after planting were “average,” except for strong winds, rain, hail, and sand storms in parts of Xinjiang. Farmers implemented measures to limit the impact on the crop. Since mid-July, the temperature was higher than average in all three cotton-producing regions, which generally facilitated growth. In the first half of August, most of Xinjiang experienced rainfall and falling temperatures. As of late August 2018, the formation of bolls is almost complete in Xinjiang. The growth of the crop is rated as “average” or “better than the previous year” in most of Xinjiang.

In its August 20 report, CCA adjusted its forecast MY18/19 production up slightly to 6.01 MMT based on its July survey. The survey results showed cotton growth nationwide is “better” in general than the last year due to favorable weather conditions facilitating cotton growth and low disease/pest infections. CCA forecast Xinjiang cotton production to exceed 5 MMT in MY18/19 and production for the Yellow River and the Yangtze River regions to be 0.5 MMT and 0.46 MMT respectively. Firsthand reports also provided evidence of a good yield in the North Xinjiang region and forecast stable production in South Xinjiang given that only a small part of the crop was impacted by bad weather in the early growing

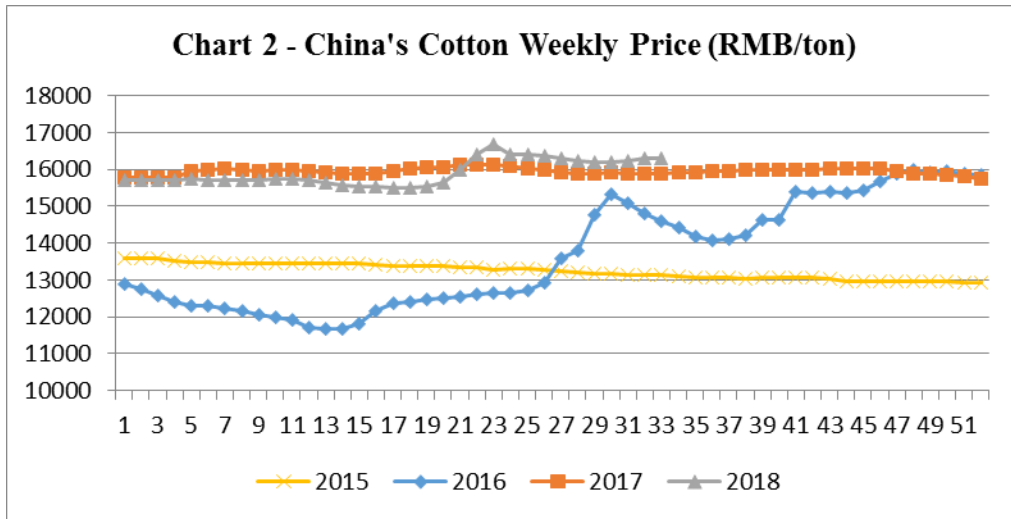
stage. In its August report, MARA forecast average yield at 1,719 Kg/Ha, down 2.2 percent from the previous year. Yield forecast by other sources vary greatly given differences in forecasts for planted area and production.

Stocks

China was estimated to hold 10 MMT of cotton at the beginning of MY17/18. However, Chinese cotton stocks are forecast to fall dramatically to 6.58 MMT by the end of MY18/19 as a result of increased use of state reserves and relatively low domestic cotton production. Additionally, estimated cotton imports in MY17/18 were low due to the lack of additional import TRQ in 2017. Government cotton support policies during MY11/12 through MY14/15 led to the purchase of 16.45 MMT of domestic cotton. This, combined with weaker domestic cotton consumption, contributed to China's current high level of cotton stocks.

Since 2014, the Chinese government has spared no effort to reduce its high state cotton reserves. It is estimated that cumulatively over 11 MMT of state cotton reserves have been sold, thereby reducing state cotton reserves to about 5.4 MMT as of March 2018. The 2018 government's cotton reserve sales began on March 12 and are scheduled to end in late August 2018. Similar to 2017, the basic auction price remains "market-oriented," based on the average of the domestic and international spot market cotton price indexes during the previous week. The daily volume for auction is about 30,000 tons. As of August 20, 1.91 MMT were sold out of the 3.39 MMT offered in daily auctions, or an average purchase rate of 56.4 percent. There was a cotton price spike in May 2018 in response to buyers overestimating the impact of adverse weather conditions in Xinjiang. While the concerns about the Xinjiang crop did not materialize, in early June the government sought to reduce speculation and stabilize the cotton price by restricting traders from purchasing at auctions. Auction buyers were limited to spinning mill operators only. The total volume to be sold is estimated to exceed 2 MMT by the end of August, lower than the previously expected volume of 2.5 to 3 MMT ([See GAIN Report CH15011](#)).

Following the cotton price increase in May, the price declined in the first week of June in response to news of the government's decision to increase imports with additional TRQs. The price is currently stable. The following chart show China's weekly cotton prices from 2015 to the 33rd week of 2018.



Source: China JCI Consulting Co.

According to an industry survey conducted in early April 2018, many mill operators perceive that the state cotton reserve sales over the last two years have ensured adequate cotton supplies at reasonable prices, allowing mills to make relatively good profits. In the survey, mill representatives suggested that the ideal future size of the state cotton reserve should be well above the gap between production and demand. Assuming the gap is above 2 MMT, then the state cotton reserve should be targeted at 3.5 MMT.

Cotton Trade

Cotton imports expected to recover to 1.52 MMT in MY18/19

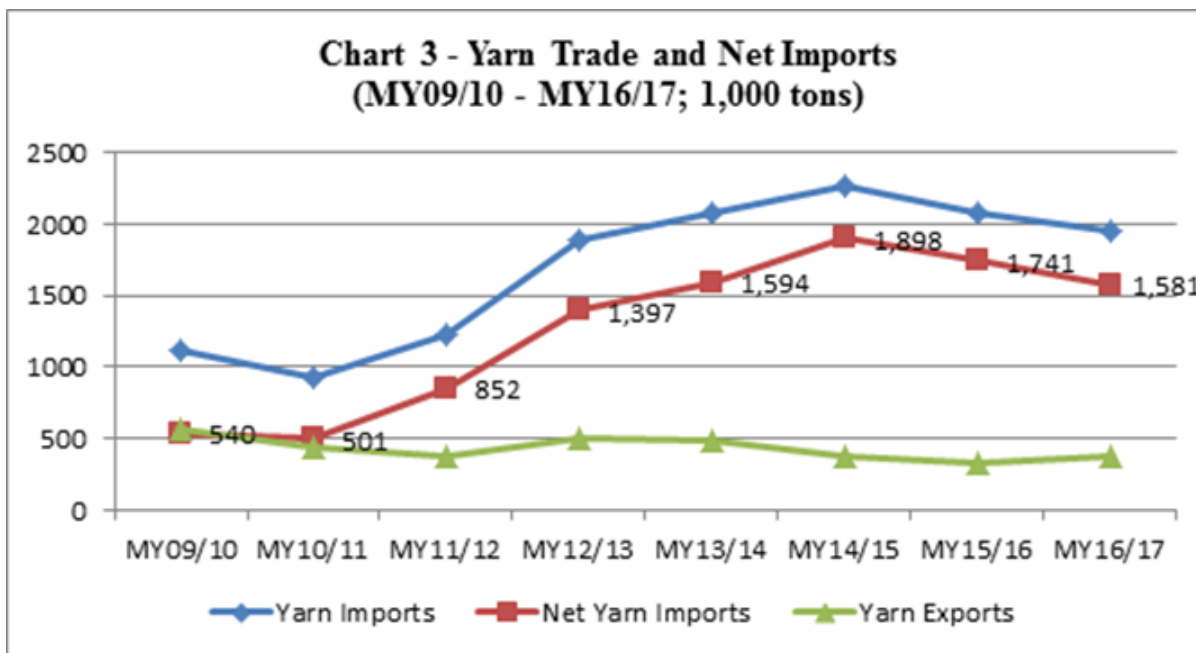
Based on the government’s sales plan for cotton reserves and the allocation of an additional 0.8 MMT in cotton import TRQs in June 2018, China’s cotton imports are forecast to recover to 1.52 MMT in MY18/19 from the estimated 1.11 MMT in MY17/18.

As reported previously, China is obligated under its WTO commitments to allocate 894,000 tons of cotton TRQ imports annually, subject to an in-quota one percent import tariff. That said, the government has the ability to temper any significant increases in cotton imports by limiting the issuance of additional import TRQs in excess of the 0.8 MMT committed under the WTO. In an effort to meet the textile sector demand, China issued additional import quotas outside of the WTO TRQ (see attached Table) until 2014. However, the additional TRQ allocation from 2015 through 2017 remained unknown or zero.

Given the demand by China’s textile industry for higher-grade foreign cotton in order to remain competitive in export markets, the Chinese government added 0.8 MMT of additional import TRQ in June 2018, with the imports occurring during MY18/19. According to industry sources, the 0.8 MMT of additional TRQ will be allocated by the end of September. This is considered a delay in allocation, and is reportedly due to the government’s undertaking a verification of all quota applicants. The additional TRQ will be valid until the end of February 2019.

In recent years, increasing yarn imports have been another factor exerting downward pressure on cotton imports. Unlike cotton imports, yarn imports do not face quota restrictions. From MY13/14 to MY15/16, China’s yarn imports remained robust at an annual average of 2.14 MMT. In MY14/15 and MY15/16, net yarn imports reached 1.8 MMT per year, compared to 0.5 MMT per year in MY09/10 and MY10/11. High yarn imports partly reduced cotton imports from 2015 through 2017.

Trade data for the 2nd quarter of 2018 and beyond has not been publically released by the General Administration of China Customs. An industry source estimated that yarn imports in the first eleven months of MY17/18 stand at 1.89 MMT, up 4.9 percent from MY16/17. The robust yarn imports reflect the Chinese textile sector’s reliance on yarn imports when the cotton TRQ does not meet the needs of the domestic spinning industry. MY17/18 cotton imports remain stagnant at 1.11 MMT, almost unchanged from MY16/17. With the additional 0.8 import TRQ, China’s mills are expected to import and use more imported cotton and less yarn.



Source: Global Trade Atlas

U.S. cotton exports to China are expected to fall due to China’s 25 percent additional tariff

On June 16, 2018, China’s Ministry of Finance (MOF) announced a list of U.S. products subject to an additional 25 percent tariff in response to the U.S. Section 301 action announced on March 22, 2018. The 25 percent tariff entered into force on July 6, 2018. U.S. cotton exporters should be aware that the new tariffs were effective July 6, and should check with local importers to verify changes in tariff treatment. Industry sources confirmed that there were shipments of U.S. cotton that arrived at Chinese ports on July 6 or later that were levied with the 25 percent additional tariff on top of the in-quota one percent MFN tariff.

China’s Tariffs on U.S. Cotton Imports

HS Code	Product Name	MFN Rate	Additional 232 Rate	Applied Rate	Additional 301 Rate	New Applied Rate
	Enters Force on:	July 1	April 2	July 1	July 6	July 6
14042000	Cotton Linters	4	0	4	25	29
52010000	Cotton, Not Carded Or Combed				25	
	In-Quota	1	0	1	0	26
	Out-of-Quota	40	0	40	0	65

Upon China's implementation of the additional 25 percent tariff, it became more challenging to import U.S. cotton into China. Industry insiders estimate that the additional tariff will add RMB 4,000 (\$600)/ton to cotton imported from the United States. China's total cotton imports from the U.S. in MY17/18 are expected to fall from the 501,000 tons in MY16/17. Importers are reportedly taking a "wait and see" approach to the situation. The United States was China's top cotton supplier in MY16/17, originating 46 percent of the country's total cotton imports. With more difficult access to high-quality U.S. cotton, Chinese cotton buyers will be looking to source additional cotton from other suppliers, or to increase yarn imports, the latter of which is not expected (see the Consumption section below). Following the U.S., China's second- to fifth-ranked cotton suppliers in 2017 were Australia, India, Uzbekistan and Brazil respectively.

Chinese cotton exports are forecast to remain low in MY18/19

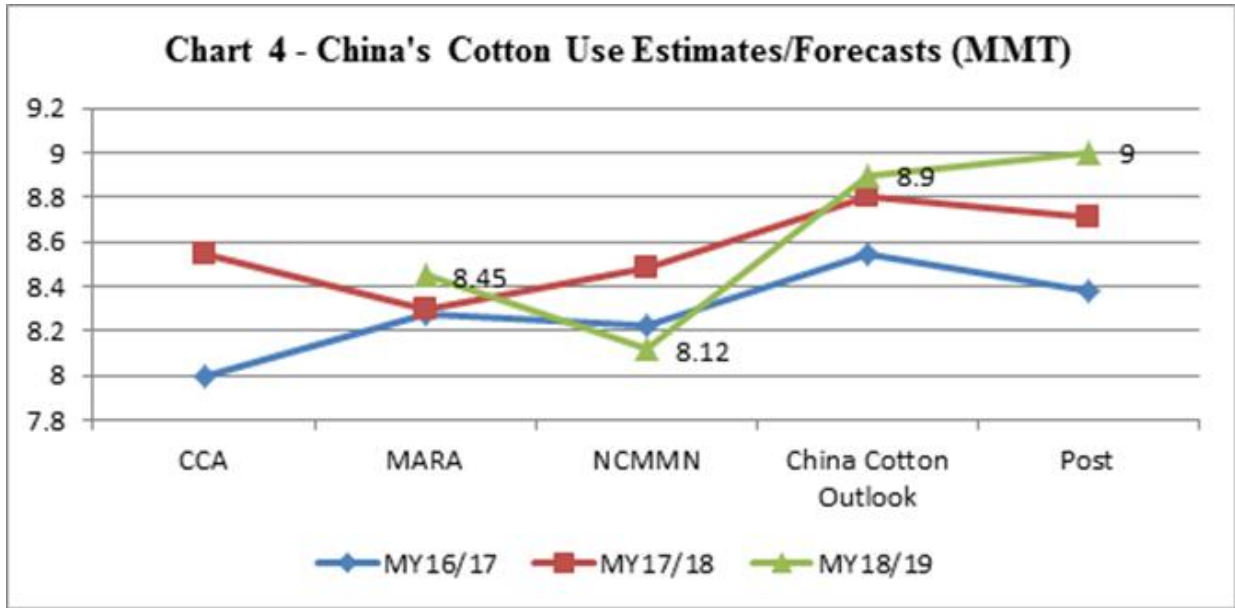
China's cotton exports average about 10,000 tons annually, a nominal amount compared to total domestic cotton use. While cotton exports reached the highest level in nine years in MY15/16 at 28,000 tons, cotton exports normalized in MY16/17 at 13,000 tons. The Chinese government's reserve auction price is increasingly related to cotton prices in international markets. Post estimates cotton exports are 22,000 tons in MY17/18 and will fall to 13,000 tons in MY18/19.

Consumption

MY18/19 cotton consumption is forecast at 9 MMT, up from an estimated 8.71 MMT in MY17/18. The growth in cotton use is mainly driven by a more market-oriented domestic cotton price, which is expected to restrain yarn import growth and stimulate cotton fiber use in yarn production. Anticipated growth in domestic demand for textiles and apparel products is also expected to moderately boost China's cotton use.

As shown in the following chart, the forecast for China's MY18/19 cotton use varies greatly by the Chinese data source, ranging from the 8.12 MMT of NCMMN to the 8.9 MMT of China Cotton Outlook. In its August report, the NCMMN adjusted its cotton use data up for MY16/17 and MY17/18,

while making a low forecast of 8.12 MMT for MY18/19 without specific analysis to back up the forecast.



Growth in domestic demand for textile and apparel drives cotton use

Chinese industry sources estimate that in 2017, domestic demand accounted for 88 percent of textile and apparel sales, while exports represented only 12 percent of sales. China’s overall increase in demand for textile and apparel products is fueled by higher disposable income, rising living standards, population growth, and urbanization. China’s GDP growth hit 6.9 percent in 2017 and remained at 6.8 percent during the first half of 2018. According to the NSB, from 2011 to 2015, China’s average annual net population growth was 6.8 million. The government’s amendment to the “one child policy” in 2016 pushed net population growth to 8.09 million in 2016 and 7.37 million in 2017. This growing trend is expected to continue in 2018 and beyond. Additionally, rapid urbanization continues with annual urban population growth averaging 20.4 million from 2011 to 2016, and 20.5 million new urban residents added in 2017. The gap between urban and rural residents in per capita clothing expenditures continued to be wide in 2017. As rural incomes grow, the market potential for China’s 576.6 million rural residents to increase textile related purchases is expected to rise. This will undoubtedly support continued demand for domestic cotton products.

Chinese textile industry maintains growing momentum

Chinese textile and apparel exports are expected to continue recovering in 2018 based on global economic growth. According to NBS data, China’s textile and apparel industry achieved stable growth in the first seven months of 2018, with sales value up 2.1 percent for the textile sector and up 3.8 percent for the apparel sector over the previous year. Based on preliminary official statistics, total yarn

production reached 19.39 MMT in the first seven months of 2018, up 1.4 percent from the previous year. Spinning capacity in Xinjiang in particular continues to grow, reaching 14.5 million spindles as of March 2018. Total yarn production in Xinjiang reached 1.52 MMT in 2017 and cotton use reached 1.3 MMT, both up significantly from their 2014 figures of 0.4 MMT and 0.34 MMT respectively. Total textile and apparel exports maintained a growing trend, with MY17/18 textile exports up 10.1 percent from the previous year to \$68.5 billion. In MY18/19, however, Chinese textile and apparel exports are expected to continue to face strong competition from other Southeast Asian suppliers with lower labor costs, as well as uncertainty in the U.S.-China trade relationship.

Forecast stagnant yarn imports encourage China's cotton use

Many Chinese yarn companies have invested in Vietnam to take advantage of the quota-free entry of global cotton into Vietnam and the tariff-free import of Vietnamese yarn into China. In 2017, Vietnam's total yarn exports to China grew to 716,000 tons, up 14.5 percent from the previous year. Yet China's yarn imports face decreasing profits and are unlikely to grow further in MY18/19. Due to the depreciation of the Chinese currency and rising international cotton prices, industry sources estimate that since late July, imported yarn prices have been RMB 600 (\$88)/ton higher than the domestic yarn price. This is expected to support more domestic spinning and slow down yarn imports in MY18/19. In addition, the share of cotton fiber in Chinese yarn production is expected to increase in 2018 from its current level of 36 percent, as the domestic cotton price becomes more market-oriented and prices for polyester fiber increase in response to recovering crude oil price.

Tables

Production, Supply and Demand (PSD)

Note: Exchange rate is: \$1=RMB6.64 in 2016; \$1=RMB6.67 in 2017; \$1=RMB6.7 in 2018

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

Cotton China	2016/2017		2017/2018		2018/2019	
	Market Year Begin: Aug 2016		Market Year Begin: Aug 2017		Market Year Begin: Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	2,950	0	3,355	0	3,250
Area Harvested	2,900	2,950	3,400	3,355	3,350	3,250
Beginning Stocks	56,698	56,698	45,919	45,919	37,794	38,249
Production	22,750	22,750	27,500	27,330	26,500	26,364
Imports	5,032	5,032	5,500	5,100	7,000	7,000
Total Supply	84,480	84,480	78,919	78,349	71,294	71,613
Exports	61	61	125	100	150	60
Use	38,500	38,500	41,000	40,000	42,500	41,337
Loss	0	0	0	0	0	0
Total Dom. Cons.	38,500	38,500	41,000	40,000	42,500	41,337
Ending Stocks	45,919	45,919	37,794	38,249	28,644	30,216
Total Distribution	84,480	84,480	78,919	78,349	71,294	71,613
Stock to Use %	119	119	92	95	67	73
Yield	1,708	1,679	1,761	1,774	1,722	1,766
TS=TD	0	0	0	0	0	0

Table 2. PSD (in 1,000 Tons and 1,000 Ha)

Cotton China	2016/2017		2017/2018		2018/2019	
	Market Year Begin: Aug 2016		Market Year Begin: Aug 2017		Market Year Begin: Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	2,950	0	3,355	0	3,250
Area Harvested	2,900	2,950	3,400	3,355	3,350	3,250
Beginning Stocks	12,344	12,344	9,998	9,998	8,229	8,328
Production	4,953	4,953	5,987	5,950	5,770	5,740
Imports	1,096	1,096	1,197	1,110	1,524	1,524
Total Supply	18,393	18,393	17,182	17,058	15,522	15,592
Exports	13	13	27	22	33	13
Use	8,382	8,382	8,927	8,709	9,253	9,000
Loss	0	0	0	0	0	0
Total Domestic Consumption	8,382	8,382	8,927	8,709	9,253	9,000
Ending Stocks	9,998	9,998	8,229	8,328	6,236	6,579
Total Distribution	18,393	18,393	17,182	17,058	15,522	15,592
Stock to Use %	119	119	92	95	67	73
Yield	1,708	1,679	1,761	1,774	1,722	1,766
TS=TD	0		0		0	

Table 3. 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) History of China's 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 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; (China added 0.8 MMT of TRQ subject to variable tariff import duty which was distributed in June 2018)				

*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 issues additional TRQs based on market demand. The additional TRQs are subject to a variable import duty.

Source: NDRC and industry estimates.