



CHINA COTTON MARKET REPORT

March 2016

SUBJECT	KEY FINDINGS
Cotton Market	<p>a) Imports</p> <p>In February, China imported 56,231 MT of cotton, a decrease of 41.17 percent month-on-month (m/m), and a decrease of 64.66 percent year-on-year (y/y).</p> <p>The total value of cotton imports in February was USD 99.25 million, a decrease of 37.39 percent m/m and a decrease of 63.26 percent y/y.</p> <p>The U.S. was ranked as the second largest cotton supplier to China in February. Uzbekistan was ranked as the first:</p> <ul style="list-style-type: none">• U.S. Imports: 11,918 MT, representing an increase of 17.36 percent m/m, and a decrease of 72.06 percent y/y. U.S. cotton imports accounted for 21.19 percent of the total quantity imported to China in February.• Uzbekistan Imports: 21,105 MT, representing a decrease of 33.55 percent m/m and a decrease of 35.53 percent y/y. Uzbekistan cotton imports accounted for 37.53 percent of the total quantity imported to China in February.• Indian Imports: 5,500 MT, representing a decrease of 70.20 percent m/m and a decrease of 88.06 percent y/y. Indian cotton imports accounted for 9.78 percent of the total quantity of imported cotton to China in February. <p>By the end of February, Chinese cotton imports totaled 151,812 MT, a decline of 52.61 percent y/y. U.S. cotton was ranked as the fourth with a total quantity of 22,073 MT, accounting for 14.54 percent of total imports. Uzbekistan was ranked as the largest supplier with a total quantity of 52,869 MT, accounting for 34.83 percent of total imports. India was ranked as the second with a total quantity of 23,952 MT, accounting for 15.78 percent of total imports.</p> <p><i>(See the tables and charts below for a breakdown of cotton imports by country.)</i></p> <p>b) 2016 China Cotton Situation</p> <p>According to the China Cotton Association (CCA)'s latest survey, the intended plantation acreage for 2016 increased slightly compared to the previous survey done by CCA of this type due to the second group of subsidies. In mid-March, the National Development and Reform Commission (NDRC) published the 2016 target price for Xinjiang cotton which is RMB 18,600 per MT, RMB 500 lower than in 2015.</p> <p>Cotton enterprises strengthened sales efforts while current prices for cotton declined by a considerable margin. Due to the influence of the Chinese New Year, domestic cotton textile market remains depressed. Exports of textile and apparel witnessed a sharp decline in February, as did cotton imports to China.</p>



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	<p>During the CCA Cotton Situation Analysis Meeting in March, relevant government agencies expressed that the auction of reserved cotton will be conducted on a regular basis. The volume to be auctioned will be based on the market situation. The first auction this year will be scheduled in late April. Considering that enterprises need high quality cotton, the imported cotton in the reserve will be auctioned on the market in the first place.</p> <p>c) Cotton Prices</p> <p><u>Imported Cotton:</u></p> <p>In February, the average price of imported cotton was 1,765 USD /MT, an increase of 6.43 percent from the previous month. Average prices for cotton from the United States of America and India were:</p> <ul style="list-style-type: none"> • U.S. cotton: USD 2,378 /MT, an increase of 5.04 percent m/m; • Indian cotton: USD 1485 /MT, an increase of 1.72 percent m/m. <p><u>Domestic Cotton:</u></p> <p>The February <i>CC index 2129B</i> average price was RMB 12,846/MT (USD 1,967/MT), a decrease of 2.99 percent m/m.</p> <p><i>(*In February 2016, USD 1 = RMB 6.5311; from the State Administration of Foreign Exchange)</i></p> <p>The March <i>CC Index 2129B</i> price decreased from RMB 12,633/MT (USD 1,932/MT) on March 1st to RMB 12,228/MT (USD 1,877/MT) on March 24th.</p> <p><i>(*On March 24th, 2016, USD 1 = RMB 6.5150; from the State Administration of Foreign Exchange)</i></p>
<p>Textile Industry</p>	<p>a) Synthetic Fiber Production</p> <p>According to the National Bureau of Statistics (NBS), synthetic fiber production for January and February reached 701.8 MMT, an increase of 3.7 percent y/y.</p> <p>b) Textile and Apparel Exports</p> <p>According to the General Administration of Customs (GAC), China's textile and apparel exports for February totaled USD 15.66 billion, a decrease of 35.11 percent m/m, and a decrease of 27.76 percent y/y. By the end of February, China's textile and apparel exports totaled USD 39.79 billion in 2016, a decrease of 15.73percent y/y.</p> <p>Textiles accounted for USD 6.08 billion of total exports, representing a decrease of 35.63 percent m/m and a decrease of 27.56 percent y/y; apparel accounted for USD 9.58 billion, a decrease of 34.78 percent m/m, and a decrease of 27.89 percent y/y.</p>
<p>Policy Monitoring</p>	<p>1. Communiqué— Agricultural Entrepreneurs Forum (AE20) will be held on June at Xi'an, China</p> <p>The Chinese government will initiate the Agricultural Entrepreneurs Forum (hereafter known as AE20) on June 2nd before the G20 Ministerial Agricultural Meeting on June 3rd, 2016 in</p>



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	<p>Xi'an, China. The theme of AE20 is Innovation, Cooperation and Sustainable Agricultural Investment (provisionally identified). AE20 aims to create an enabling political and commercial environment for G20 agricultural investment, build a platform for business dialogue and let enterprises play their role in improving agricultural trade, and economic development and promoting common prosperity in agriculture. Around 200 participants from influential agricultural enterprises in G20 Member States, international organizations and relevant international financial, investment and consulting agencies such as FAO, UNCTAD, World Bank, and OECD will be invited.</p> <p>We hold that this is a high level and multilateral platform for the discussion and communication of relevant agricultural development and investment policies with government officials and peers of G20 countries. If the US cotton industry is interested in attending the forum, please nominate a list of proposed participants by March 5th. YA will transfer it to the Secretariat of the forum.</p> <p><i>(For more details, please refer to the memo sent on March 1st.)</i></p> <p>2. Memo - Trip Report for Dr. Gary Adams and Mr. Sledge Taylor's March Beijing Visit</p> <p><u>Executive Summary</u></p> <p>From March 8th to 11th, 2016, Dr. Gary Adams, President and CEO of the National Cotton Council (NCC), and Mr. Sledge Taylor, former Chairman of NCC met with Mr. Wang Tiankai, President of the China National Textile and Apparel Council (CNTAC), Mr. Phil Shull, Minister Counselor of Agriculture at the U.S. Embassy and delivered presentations on US Farm Bill and cotton farming technologies at the Policy Forum jointly held by NCC and the China Cotton Association (CCA) in Beijing.</p> <p>.....</p> <p><i>(For more details, please refer to the memo sent on March 16th.)</i></p>

Appendix:

Table 1: March 2016 China's Cotton Imports by Country of Export

Country	Quantity (MT)	Value (Million \$ U.S.)	Value Per Unit (\$/MT)	Share of Total Quantity (%)	Share of Total Value (%)
Uzbekistan	21,105	35.32	1,673.34	37.53%	35.58%
United States	11,918	28.34	2,377.79	21.19%	28.55%
Brazil	10,463	15.82	1,512.38	18.61%	15.94%
India	5,500	8.17	1,484.95	9.78%	8.23%
Australia	3,620	6.18	1,707.60	6.44%	6.23%
Sudan	2,055	2.73	1,328.97	3.65%	2.75%
Mexico	714	0.99	1,393.39	1.27%	1.00%
Zimbabwe	518	0.69	1,323.91	0.92%	0.69%
Cameroon	314	0.97	3,086.47	0.56%	0.98%
Israel	25	0.04	1,576.25	0.04%	0.04%
Others	0	0.00	0.00	0.00%	0.00%
Total	56,231	99.25	1,764.98	100.0%	100.0%

Chart 1: March 2016 China Cotton Imports by Country of Export (Quantity)

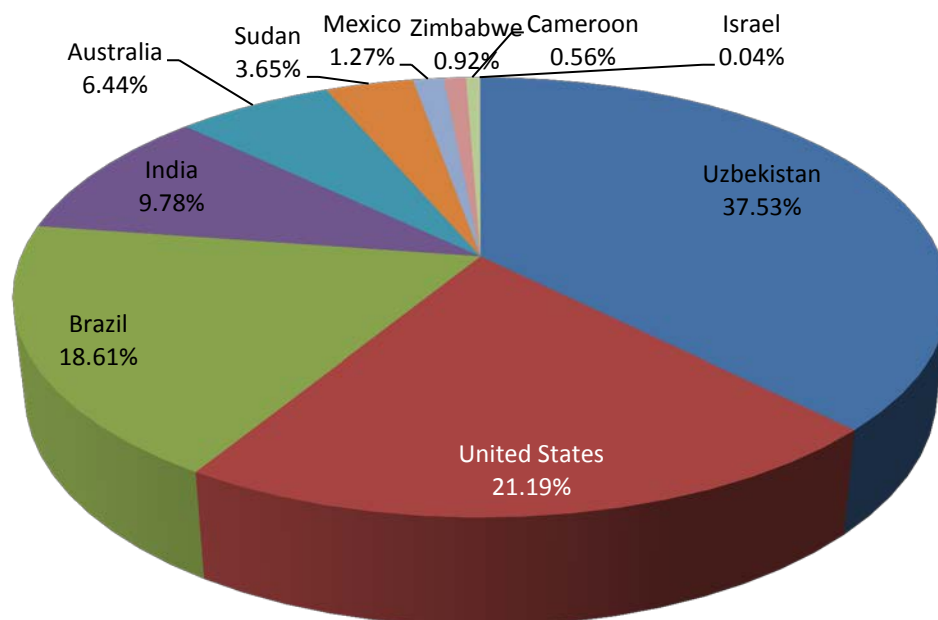


Table 2: China's Cotton Imports by Country of Export in 2016

	January	February	Total Quantity by Country (MT)	Share of Total Quantity (%)
Uzbekistan	31,763	21,105	52,869	34.83%
India	18,452	5,500	23,952	15.78%
Brazil	12,302	10,463	22,764	15.00%
United States	10,155	11,918	22,073	14.54%
Australia	16,552	3,620	20,172	13.29%
Others	6,356	3,626	9,981	6.57%
Total	95,581	56,231	151,812	100.00%

Chart 2: China Cotton Imports by Country (Quantity) in 2016

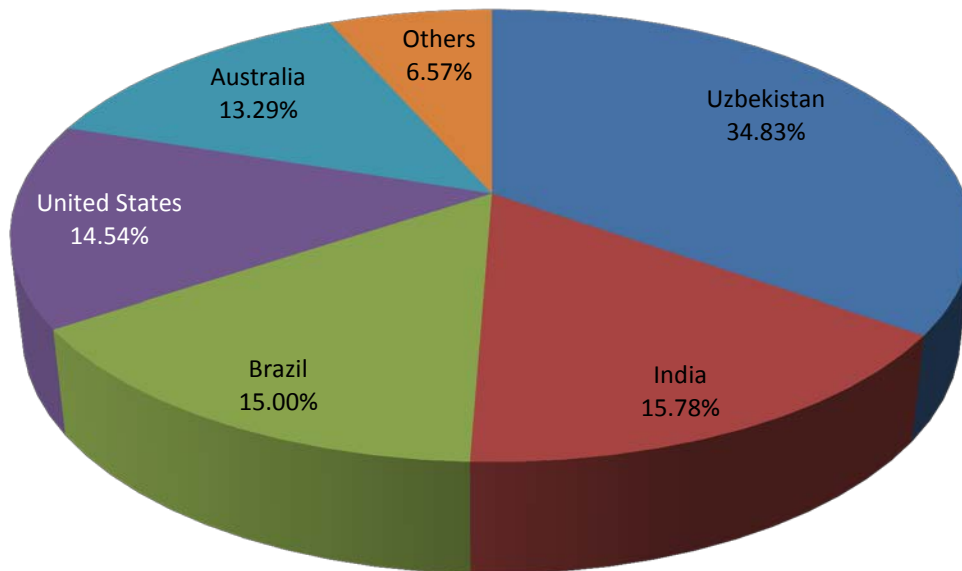


Chart 3: China Imports of U.S. Cotton vs. Indian Cotton February 2015–February 2016

