

No.45 Fu Xing Men Nei St. Beijing, China,100801  
China Cotton Association

Tel: +86 10 66065469

Fax: +86 10 66095232

E-mail: [hudie@china-cotton.org](mailto:hudie@china-cotton.org)

Website: [www.china-cotton.org](http://www.china-cotton.org)

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Dear Mr. Allen,

Thank you for the attention on the Beijing outbreak as well as your regards to me and my colleagues. Currently, we are still following the epidemic prevention measures in work and home life as required by the government and hope the situation could be brought under control soon.

After carefully reviewing your default list, none of them are our member companies. We feel sorry for their default behavior. The U.S.-China trade tensions from 2018 increased the risk of cotton trade. The Covid-19 pandemic brought further challenges on the global cotton textile industry chain. Once again we suggest that U.S. cotton merchants should do business with Chinese companies with strong economic strength, good risk management capacity, and high reputation to reduce the default risk under the current special trade environment. Meanwhile, when solving potential trade disputes, we suggest that both sides should be practical and realistic, looking for long term partnership and seek solutions that mutually acceptable.

Besides, we appreciate the information you shared for the latest situation of U.S. cotton. Recently, China's cotton textile industry is gradually recovering, though still slow, with raised cotton prices, declined commercial stock and increased industrial stock. The outbreak in Beijing is regional situation and I think in general it will not impact the trend of gradually recovery economy in the whole nation. Please refer to the appendix for more details.

At last, we would like to send the warmest regards to our friends in U.S. cotton industry. Wish everyone good health and hope I can meet with the friends from U.S. cotton industry including yourself in person soon.

Sincerely,

WANG Jianhong,  
Vice President and Secretary General  
China Cotton Association

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