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Beijing, June 22, 2020

William Barksdale
Chairman
American Cotton Shippers Association (ACSA)

William H. Allen
President and CEO
American Cotton Shippers Association (ACSA)

Dear Mr. Barksdale and Mr. Allen,

Thank you for your letter after our video conference on June 8th. We appreciate very much your efforts on the delivery of China/U.S. Phase One Trade Agreement commitments and the friendly partnership between China's textile industry and the U.S. cotton industry. We hope to continue the partnership and maintain close communication with you on issues of common concern.

In your letter, you have proposed some specific actions for CNTAC's consideration. I would like to share our views on them.

First, CNTAC and CCTA have worked for a long time to promote part of the imported cotton into state reserves. We talked and suggested to the government after carrying out surveys on the cotton demand of Chinese companies. The government has taken some actions accordingly. In the new global economy, we think the price of cotton into state reserves should be the market price. In other words, profits and losses are determined by the market. If there is any loss, it should not be the country who pay the bill.

CCTA has also actively promoted the increase and let-go of cotton quota, which is good for the sales of imported cotton, esp. the U.S. cotton, in the Chinese market. For years, the U.S. cotton has won the favor of Chinese companies with its competitive quality and price. Before the China/U.S. trade frictions in 2018, the U.S. cotton ranked steadily the first among China's imported cotton. In the past two years, the sales of the U.S. cotton in China has run into some setbacks. The uncertainty of China/U.S. trade frictions affects the confidence of China's cotton textile industry in the use of the U.S. cotton. We hope that we two industries could work together to foster a sound and stable bilateral trade.

Second, in your list of the 8 Chinese companies, 4 companies are corporate members of CCTA. We would like to talk with them. The others are trading companies with no connection with CCTA. But we could help to do some work. For communication with the 4 corporate members of CCTA, we need ACSA to offer more details such as the amount of default, deposit ratio, default period, their purchase of the U.S. cotton and contract performance in previous years, contact persons and contact information.

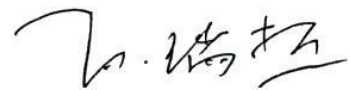
Third, in order to better promote the performance of contracts, we hope that ACSA could authorize CCTA the right to advise on dealing with Chinese companies on the list. CCTA has for long maintained a friendly relationship with U.S. cotton related associations, e.g. CCI, to exchange information and jointly organize conferences, training programs and promotion activities. We would like to continue these joint efforts.

Forth, for a long-term friendly and cooperative relationship, we hope that ACSA could understand the attitude of CNTAC on the issue of Xinjiang cotton, and maintain an objective, neutral attitude on related issues. Xinjiang cotton and the U.S. cotton are important raw material for China's cotton textile industry. The American experience on cotton planting, management, picking and quality control are well worth learning. We should learn and make progress together. Xinjiang cotton and the U.S. cotton in some way rise and fall together. If China's cotton textile industry

was hit due to Xinjiang cotton, the industry's use of the U.S. cotton would certainly be affected.

The industries we represent are actually a community of shared interests. We need to work together not only for sustained partnership, but also for the sustained development of the international cotton and cotton textile industries. For this, we CNTAC wish to keep close dialogue and cooperation with ACSA.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Sun Ruizhe' in Chinese characters.

Sun Ruizhe
President of CNTAC