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Report Highlights:

Post forecasts MY 2025/26 cotton production at 6.91 MMT, an increase of 8 percent from the previous report and marginally higher than the official USDA estimate. Post lowers its MY 2024/25 cotton import estimate to 1.1 MMT, down 66 percent from MY 2023/24. Cotton consumption growth remains weak as fierce price competition in the anemic domestic market has led companies to increasingly incorporate cheaper synthetic fibers at the expense of cotton, while export oriented textile firms face an uncertain trade environment.

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Production

Post forecasts marketing year (MY) 2025/26 cotton production at 6.91 million metric tons (MMT), an increase of 8 percent from the previous report and marginally higher than the official USDA estimate. A slight increase in planted area in Xinjiang province and an upward adjustment to Post's yield estimate to 2,334 kg/Ha contributed to the larger production forecast. Beijing's target price-based subsidy for Xinjiang cotton at 18,600 yuan/metric ton (MT) (\$2,620/MT) remains in place for 2025 and stimulated farmers in Xinjiang to plant more cotton than expected. Post's estimate for MY 2024/25 cotton production remains unchanged from the previous report at 6.8 MMT, roughly 150,000 MT lower than the official USDA estimate. The lower production for other provinces offset the higher Xinjiang production estimate of 6.4 MMT.

China's National Bureau of Statistics ([NBS](#)) reported that MY 2024/25 cotton production was 6.16 MMT, a year-on-year (YoY) increase of 546,000 MT or 9.7 percent. Xinjiang contributed approximately 92.3 percent (5.69 MMT) of the total output and saw an 11.4 year-on-year percent increase. Total planted area of cotton was 2.84 Mha, with a national average unit yield of 2,171.6 kg/ha, which is 156.7 kg/ha or 7.8 percentage points higher than MY 2023/24.

The China Fiber Inspection Center (CFIC), another official source, classifies cotton by grade and plays a key role in standardizing packaging and labeling of baled cotton. As of June 26, [CFIC data](#) show total MY 2024/25 classified cotton at approximately 6.80 MMT, of which 6.68 MMT was Xinjiang cotton and production for all other provinces was only 123,700 MT, almost unchanged from mid-April. As noted in Table 1, the gap between NBS Xinjiang production and CFIC classified Xinjiang production continued to expand in MY 2024/25. Also notable is a substantial gap between NBS and CFIC data on non-Xinjiang production, which is understandable since inland regions (other than Xinjiang) do not have the same production subsidies and, therefore, do not have the incentive for classification. In addition, smaller scale productions may not enter classification channels due to various reasons.

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

	MY 21/22		MY 22/23		MY 23/24		MY 24/25	
CFIC Classified Volume	5,341		6,349*		5,726**		6,801***	
	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others
	5,307	125	6,232	117	5,626	100	6,678	123
NBS Final Production	5,731		5,997		5,618		6,164	
	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others	Xinjiang	Others
	5,129	602	5,391	606	5,112	506	5,686	478

Source: NBS and CFIC.

*CFIC classified volume as of Jul 2, 2023.

**CFIC classified volume as of Mar 23, 2024.

***CFIC classified volume as of June 26, 2025.

China's industry sources vary in their forecasts for MY 2025/26 cotton production, with estimates ranging from 6.25 MMT to 7.27 MMT. On June 30, the National Cotton Market Monitoring Network (NCMMN) published its [first investigative report](#) on nationwide cotton growth conditions, forecasting MY 2025/26 cotton production at 6.86 MMT, a year-on-year increase of 8.9 percent. Based on its June survey, MY 2025/26 Xinjiang production is about 6.5 MMT, accounting for 94.8 percent of China's total production. NCMMN forecasts for MY 2025/26 cotton production for the Yellow River region, the Yangtze River region, and Gansu Province are 216,087 MT, 115,940 MT, and 23,186 MT, respectively, down 7.3 percent, 8.7 percent, and 8.0 percent, respectively, from its forecast for the MY 2024/25.

Planted Area

Post forecasts MY 2025/26 planted area at 2.96 million hectares (MHa), a slight increase of 30,000 Ha from the previous report and an increase of 1 percent from the previous year. Specifically, the forecast area for Xinjiang is 2.61 MHa, a moderate increase of 2.3 percent from the previous year. Planted area for all other cotton producing regions is forecast at 0.35 Mha, unchanged from the previous report, and down 8 percent year-on-year, mainly attributed to the lower profits in MY 24/25 in all cotton producing regions outside of Xinjiang.

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

	CCA		NCMMN		BCO		MARA/NBS	
	Area	Production	Area	Production	Area	Production	Area	Production
MY 2021/22	2.90	5.77	3.03	5.80	2.80	5.83	3.03	5.73
MY 2022/23	2.90	6.62	2.95	6.72	2.83	6.79	3.00	5.98
MY 2023/24	2.77	5.86	2.85	5.83	2.74	6.01	2.79	5.62
MY 2024/25	2.73	6.66	2.72	6.30	2.67	6.85	2.84	6.16
MY 2025/26	2.99	6.89	3.05	6.86	2.97	6.90	2.88	6.25*

Sources: China Cotton Association (CCA), National Cotton Market Monitoring Network (NCMMN), Ministry of Agriculture and Rural Affairs (MARA), China's National Bureau of Statistics (NBS), BCO is Beijing Cotlook Co.

** Estimates by [August CASDE Report of MARA](#)*

Leading Chinese sources agree on a moderate year-on-year increase of cotton planted area for MY 2025/26, as indicated in Table 2. CCA's [July survey](#) shows the planted area for MY 2025/26 at 44.82 million Mu (equivalent to 2.99 MHa), a 1.8 percent increase from the previous year. China's Ministry of Agriculture and Rural Affairs' (MARA) China Agriculture Supply and Demand Estimate (CASDE) report maintained its projection of MY 2025/26 planted area at 2.88 MHa, a smaller increase from the 2.84 MHa in MY 2024/25. NCMMN's June nationwide survey reflects the highest planted area, at 3.05 MHa with a YoY increase of 6.3 percent. The established target-price policy has incentivized Xinjiang farmers to continue increasing the planted area. In 2024, economic returns to planting alternatives to cotton, such as grains like wheat and corn, or specialty crops like peppers and tomatoes were not as high as farmers had expected. Additionally, in 2025, certain regions in Xinjiang resumed cultivation of newly reclaimed land, previously uncultivated land, and fallow land. Typically when new land becomes available, a

portion of the more fertile land is allocated to grain crops to meet local food security objectives. Cotton, which is more profitable and can grow in more saline soils, is planted on the remainder.

Yield

Post forecasts MY 2025/26 yield at 2,334 kg/Ha, a 7 percent increase from the previous estimate in the annual report. Generally favorable weather since sowing has facilitated cotton growth in major cotton-planting regions.

According to [CCA](#), as of the end of July, cotton across the country is mostly in the flowering stages. In Xinjiang's cotton-growing regions, with adequate light and heat conditions, most crops are in the flowering and boll development stage, with bolls in some areas already beginning to crack open and release fibers at the end of July. Although Xinjiang experienced periodic high temperatures in July, timely and effective field management contributed to controlling damage from heat stress. The current cotton growth conditions are better than last year, and industry sources expect both per-unit yield and total production to increase. In inland cotton regions, drought in the north and flooding in the south have somewhat eased during the month, with overall cotton growth comparable to last year's levels. Among farmers surveyed, 78.3 percent considered cotton growth to be good, up 14.2 percentage points year-on-year. Nationally, cotton disease occurrence has been relatively mild overall, while pest occurrence has been more severe than last year. CCA states that aphids, thrips, and cotton mirid bugs are the major pests of concern this year. Cotton fields with mild disease occurrence accounted for 92.2 percent, up 15.4 percentage points year-on-year. Cotton fields with mild pest occurrence accounted for 43.3 percent, down 24.8 percentage points year-on-year, while those with severe pest occurrence accounted for 41.6 percent, up 33.4 percentage points year-on-year. On August 13, CCA also published its first forecast on nationwide average cotton yield at 153.8 kg per mu (2,307.8 kg/Ha), with Xinjiang cotton yield at 161.2 kg per mu (2,418 kg/Ha).

BCO published its [latest survey](#) on the growth condition of cotton on August 11, 2025. The overall cotton growth stages in Xinjiang are currently 3 to 5 days ahead of the same time in 2024. Despite previously mentioned pest and disease issues, as well as sustained high temperature and occasional rainfall and hail, cotton farmers generally reported that growth conditions are good, with a strong possibility of increased yields, though expectations for yield increase remain relatively conservative at 10-30 kg per mu for seed cotton. BCO also predicted with its forecasting model that the seed cotton yield in Xinjiang will be 430 to 440 kg per mu.¹ Most cotton in inland regions is in the budding to flowering stages. Based on field conditions, cotton growth in Shandong, Hebei, and Gansu regions has been favorable, with some cotton fields already forming 2-3 bolls. Most inland regions continue to experience high temperatures with little rainfall, and some cotton fields are experiencing drought conditions. Cotton yields in Hubei and Hunan provinces are expected to decrease somewhat, while cotton-growing regions such as Gansu, Anhui, Hebei, and Shandong are expected to see modest increases in yields.

The National Cotton Market Monitoring Network (NCMMN) also conducted [a survey](#) on growth condition of cotton nationwide in late June. Survey results show that weather conditions in major cotton-producing regions have generally been favorable for cotton budding and maturation, and

¹ Calculated with a ginning outturn percentage of 38 percent, this yield is equivalent to 2,451 to 2,508 kg/MT.

weather-related crop damage (drought, flood, frost, hail, etc.) has been relatively minor so far in the growing season. It is preliminarily estimated that average cotton yield in 2025 will be 158.7 kg per mu (equivalent to 2,380.5 kg/Ha), representing a year-on-year increase of 2.5 percent.

Table 3 illustrates weather conditions for cotton in the three major cotton-producing regions during July. Based on meteorological data, [CCA indicates](#) that temperatures in Xinjiang and Yangtze River cotton-growing regions will be 1-2 degrees Celsius above normal, with more high-temperature days than in a typical year. Combined with below normal precipitation, there is a high risk of hot and dry weather, which could easily cause increased bud and boll drop rates and premature aging of cotton bolls. In the Yellow River cotton-growing region, both temperatures and precipitation are expected to be slightly above normal, with meteorological conditions generally favorable for cotton flowering and boll development. At the 2025 "China Cotton Early Warning System—Xinjiang Cotton Production Monitoring Project" training held in Urumqi on July 29, [information/data officers shared that](#) generally positive weather conditions this year have resulted in the cotton growth and development period advancing 7-10 days faster than normal years, with harvest expected to begin at the end of September. Other industry sources report that, as of mid-August, there have been no serious weather events.

Table 3. China: Weather Conditions for Cotton in July 2025

	Nation	Yellow River Region	Yangtze River Region	Xinjiang
Average Temperature (°C)	29.94	30.4	31.12	28.09
--YoY change	1.05	2.04	0.66	0.56
--Compare with average	2.56	2.95	2.88	1.75
Precipitation (mm)	63.91	109.01	71.55	7.45
--YoY change	-119.8	-199.03	-145.15	-8.23
--Compare with average	-63.78	-49.22	-121.24	-6.75
Sunshine (hours)	261.88	265.4	265.07	252.6
--YoY change	48.91	106.65	71.69	-39.33
--Compare with average	36.77	74.29	71.17	-46.26
Yield trend estimate	Up	Stable	Stable	Up

Sources: [CCA](#) and [China's National Meteorological Center](#)

Xinjiang Subsidy

The Chinese Government established the target-price based subsidy for Xinjiang cotton in MY 2017/18 (see [GAIN report CH18014](#)). On April 14, 2023, Beijing announced an extension of the program for three years, from MY 2023/34 through MY 2025/26, with a fixed target price of 18,600 yuan/MT (\$2,650/MT) and reduced the production cap entitled to subsidy to 5.1 MMT from the previous 5.4 MMT. The stability of planting intentions in Xinjiang in recent years is tightly linked to the China's target-price subsidy policy for the region (see [GAIN report Cotton Subsidy Policy Updated](#)).

Local government offices distribute the cotton subsidy payments directly to farmers. Starting in June 2025, local government offices of Xinjiang region launched the distribution of 2024 cotton

target-price subsidies, with subsidy funds gradually being credited to accounts in some townships. The target-price subsidy standard was set as 910 yuan/MT based on sales volume of seed cotton, and the quality subsidy standard was 350 yuan/MT for seed cotton that meets the corresponding quality standard. During the first six months of MY 2024/25, the average sales price of seed cotton was 6,005 yuan/MT (\$839/MT), meaning that the Xinjiang government converted the fixed target price of ginned cotton at 18,600 yuan/MT into the price of seed cotton at around 6,915 yuan/MT (\$967/MT). One cotton farmer in Shawan County in the Tacheng Region shared that in 2024, his seed cotton was purchased at a price of 6,300 yuan/MT. Without the subsidy, the farm was losing 202 yuan per mu on average (approximately \$432 per hectare). The disbursed subsidy helped turn losses into profits of 216.6 yuan per mu (approximately \$454 per hectare), which provides sufficient incentive to continue cotton planting at the expense of other crops.

Consumption

For MY 2024/25 and MY 2025/26, Post's outlook for consumption remains unchanged from the previous report at 8.05 MMT and 8.15 MMT, respectively. Cotton prices in MY 2024/25 remain low and relatively stable, and growth in cotton usage remained weak due to stagnant demand from downstream industries, a result of excessive domestic competition. In order to survive, companies must offer increasingly lower prices for yarn, textiles, and garments and are choosing to substitute more expensive cotton fiber for cheaper synthetic fibers, lowering aggregate cotton demand. In contrast, higher yarn exports have partly helped improve prospect for cotton spinning in MY 2024/25. Forecasted consumption is based on the continued, moderate domestic economic growth, potentially diversified overseas demand for textile and apparel products, as well as the moderate growth in the textile industry of Xinjiang. Table 4 shows various estimates/forecasts for cotton consumption by Chinese industrial sources, which generally show stable consumption prospects in MY 2024/25.

Table 4. China: Cotton Use and Imports

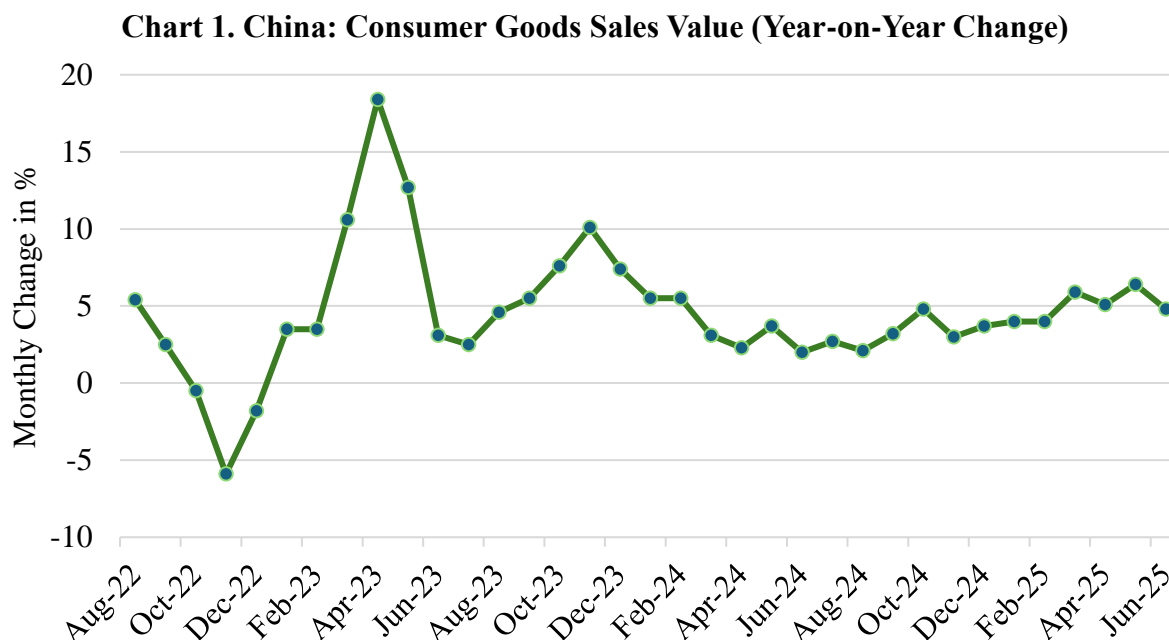
	CCA		MARA		BCO		cncotton.com	
	MY 24/25	MY 25/26	MY 24/25	MY 25/26	MY 24/25	MY 25/26	MY 24/25	MY 25/26
Consumption	7.8	N/A	7.6	7.4	8.45	8.3	8.1	8.0
Imports	1.05	N/A	1.2	1.4	1.03	1.4	1.3	1.35
Ending Stocks	9.84	N/A	8.01	8.23	6.24	6.24	6.79	6.99

Sources: CCA, MARA CASDE Report, [BCO-Beijing Cotlook Co.](#) and NCMMN

NBS released [data on the national economic performance](#) for the first half of 2025 on July 15, indicating a 5.3 percent year-on-year growth rate of GDP and with final consumption expenditure [contributing 52 percent to the economic growth](#). The [per capita disposable income](#) increased 5.3 percent from the previous year, and the total retail sales of consumer goods reached 24.6 trillion yuan (\$3.4 trillion), up 5.0 percent year-on-year. In its [July 2025 World Economic Outlook Update](#), the International Monetary Fund (IMF) increased its forecast for China's GDP growth rate to 4.8 percent in 2025, up 0.2 percentage points from its estimate in January. In late June, the World Bank raised their [projections](#) for China's 2025 GDP growth to 4.5 percent. At the same time, both institutes lowered their projection for China's 2026 GDP, to 4.2 percent and 4.0

percent respectively, mainly due to uncertainty about changes in global trade patterns weighing on exports.

[NBS reported](#) that the total retail sales of consumer goods in the first half of 2025 increased 5 percent year-on-year, of which retail sales of clothing, shoes, hats, and knitted textiles rose by only 3.1 percent. Domestic consumption of textile and apparel products shows a stable but cautious trend, with the caveat that consumers increasingly prefer online shopping to take advantage of sales promotions on established brands or downgrade their consumption to cheaper, lower-quality products.



Source: NBS

According to NBS data, during the first half of 2025, total output value of “above-scale enterprises”² in the textile industry decreased by 3 percent, and profits within the textile sector witnessed a decline of 9.3 percent from the previous year. NBS estimates yarn production of “above-scale enterprises” is 11.4 MMT, up 5 percent year-on-year; fabrics production reached 15.37 billion meters, stable from same period the previous year. The growth in yarn production has been partially driven by the build-up in capacity in Xinjiang, where yarn production experienced 28 percent growth in the first quarter and around 30 percent³ in the second quarter of 2025.

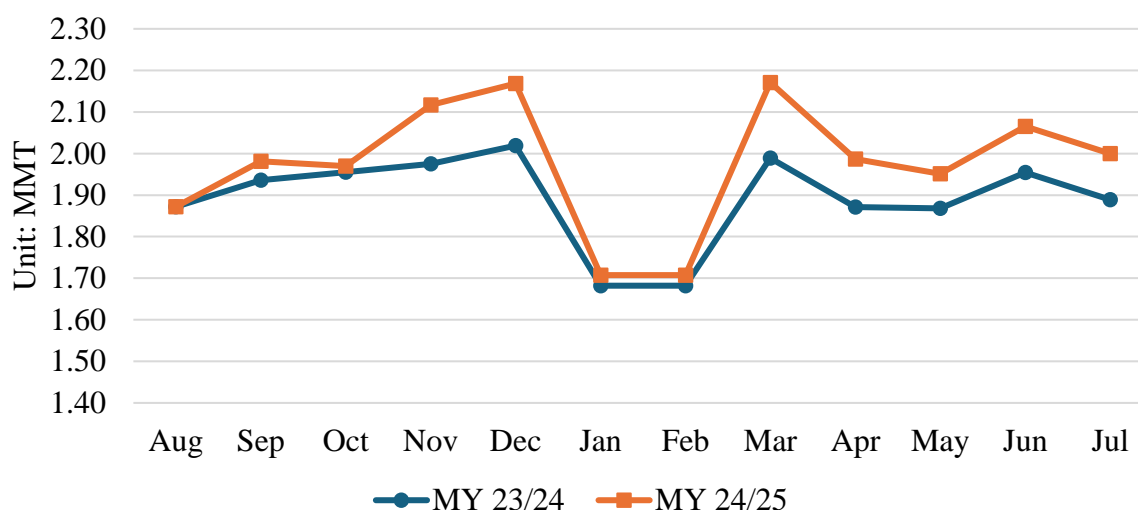
Growth in yarn exports also contributed to boosting domestic yarn production. In MY 2024/25, China’s yarn exports reached 327,400 MT, representing a 27.9 percent increase from the previous marketing year. Pakistan is the top destination for China’s yarn exports, accounting for

² “Above-scale enterprise” is one the statistical categories/scopes used by [China’s National Bureau of Statistics](#) (NBS). Since 2011, the scope defined by the NBS refers to “industrial legal entities with annual main business revenue of 20 million yuan (\$2.9 million) or more.”

³ Growth rates are from the monthly cotton report of CCA.

35.5 percent of total exports, followed by Bangladesh (12.9 percent), Vietnam (9.5 percent), and Russia (8.6 percent). The low and stable level of China’s domestic cotton price attributed to this growth, and industry sources expect the impact to continue through the 2025 cotton harvesting season.

Chart 2. China: Yarn Production Boosted in MY 23/24



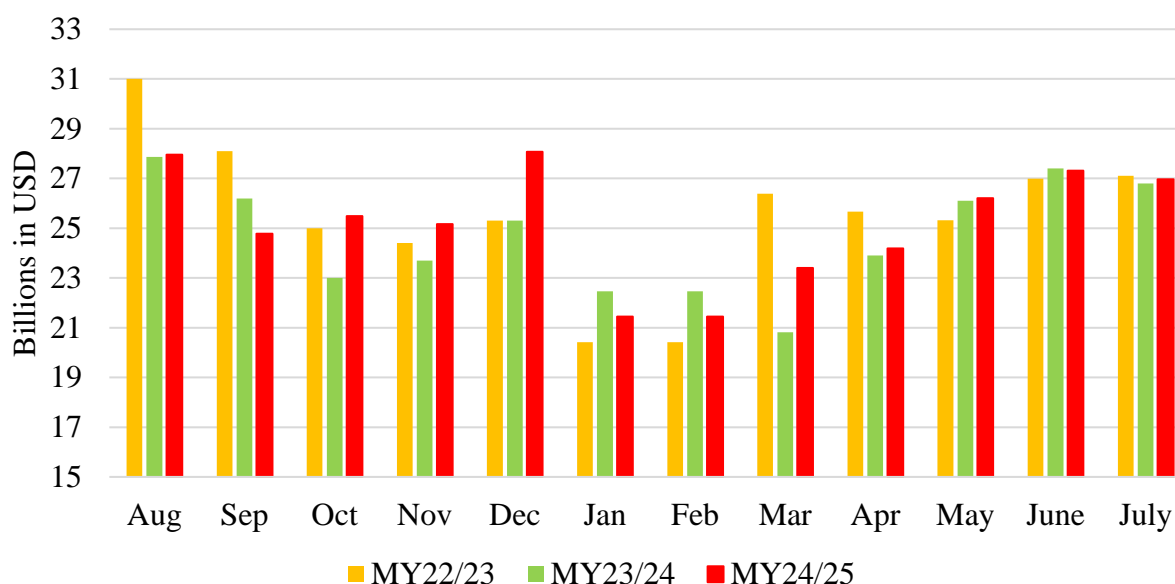
Source: NBS

Industry sources anticipate China’s domestic demand for textiles and apparel to continue to see weak growth. Despite a declining population, China’s urbanization rate continues to rise, a key factor for predicting higher consumption. [NBS statistics](#) indicate the per capita expenditure on clothing rose 2.1 percent in the first half of 2025 compared to the same period in the previous year. Meanwhile, China’s governments at various levels continue making efforts to stimulate domestic textile and apparel consumption. The [Special Action Plan to Boost Consumption](#) remains in place, [and additional provinces and cities](#), including Beijing, Anhui, Yunnan, have announced the incorporation of textiles for home use (towels, sheets, etc.) into their consumer subsidy program for 2025. On July 27, 2025, ten government departments including MARA and MOFCOM jointly issued the [Implementation Plan for Promoting Agricultural Product Consumption](#), with one of its key actions being to “encourage textile and apparel enterprises that primarily use cotton, wool, hemp, and silk to work more closely with e-commerce platforms and develop products that appeal to younger consumers by embracing traditional Chinese style trends.”

The economic dynamics are also reflected in recent trade data, which shows that total import and export value in U.S. dollars increased by 2.7 percent year-on-year in the initial six months of 2025, according to [China’s Customs Statistics](#). Imports remained weak with a year-on-year decrease of 2.7 percent, while exports surged by 7.2 percent year-on-year. Textile and apparel exports increased moderately by 0.8 percent by dollars terms and 1.9 percent in RMB terms compared to the previous year. Textile and apparel exports have remained stable since April, even with the slow recovery of the global economy as well as the turbulence and uncertainties presented by the complicated tariff situation. Based on the [customs monthly report](#), China’s [cumulative export](#) of textiles and apparel in MY 2024/25 were \$302.4 billion, a year-on-year

increase of 2.2 percent. Specifically, textile exports increased by 4.5 percent, while apparel exports increased by 1.7 percent from MY 23/24.

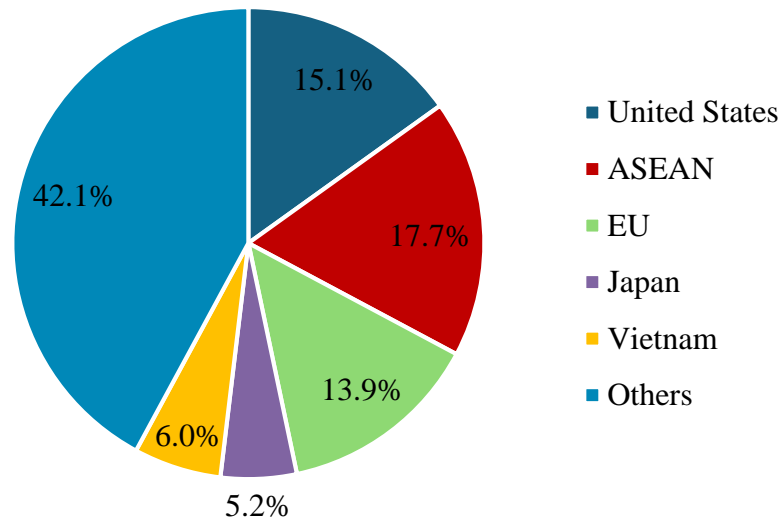
Chart 3. China: Textile and Apparel Exports



Source: NBS and China Customs Statistics

The United States has been as a key destination for China's textile and apparel exports. According to [the analysis](#) by the China Chamber of Commerce for Import and Export of Textiles (CCCT), in the first half year of 2025, the United States remained a key destination for China's textile and apparel exports, despite experiencing some decrease in export value, especially in April and May. Specifically, China's textile and apparel export to the United States and Vietnam decreased by 5.1 percent and 5.8 percent year-over-year, respectively. This decline was offset by increases to other major destination markets, including South Korea (+3.3 percent YoY), Cambodia (+16.7 percent YoY), Germany (+11.5 percent YoY) and UK (+12.7 percent YoY). The five major markets—the United States, ASEAN, the European Union, Vietnam, and Japan—accounted for 15.1 percent, 17.7 percent, 13.9 percent, 6 percent, and 5.2 percent of China's exports, respectively. Exports to the 152 "Belt and Road" countries totaled \$83.1 billion, representing a year-over-year increase of 0.8 percent and accounting for 57.7 percent of total exports. Driven by market diversification, non-U.S. developed economy markets such as the EU, South Korea, and Japan, as well as emerging markets in Africa and Latin America, are taking turns to "support" China's textile and apparel product exports, potentially becoming positive drivers for export growth in the second half of the year.

Chart 4. China: Share of Textile and Apparel Export Value by Major Markets



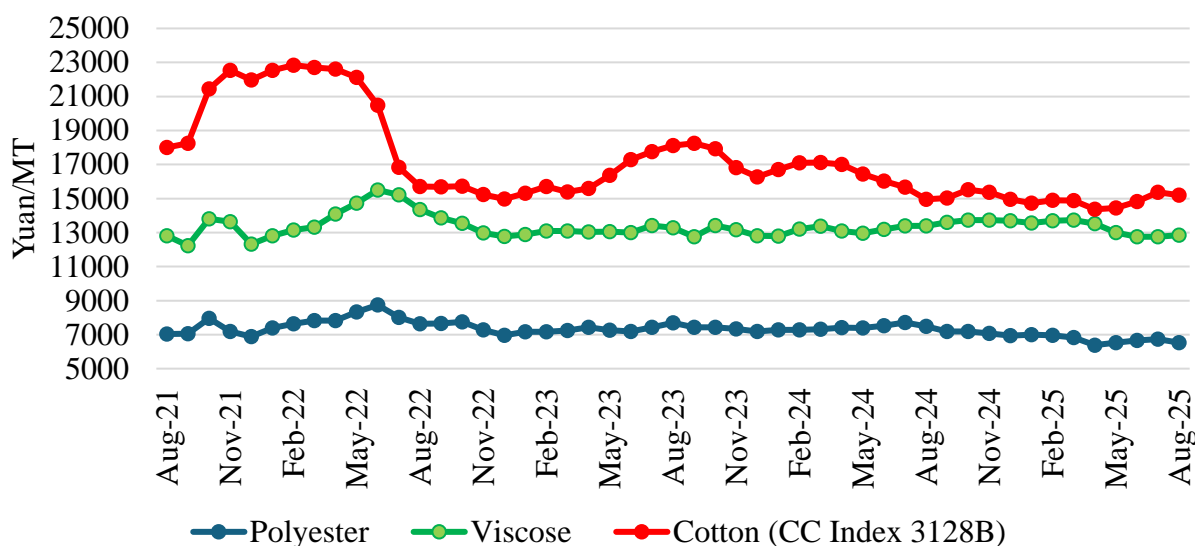
Source: China Chamber of Commerce for Import and Export of Textiles (CCCT) report based on Customs Data in the 1st Half of 2025

Chinese industry contacts are maintaining a cautious outlook for textile and apparel exports for the latter half of 2025. Numerous factors are contributing to this uncertainty, including a complex external environment that continues to disrupt the industry's export performance, escalating global trade tensions, rising uncertainty in trade policy, and potentially higher tariff levels weakening the momentum for global consumer demand recovery. June to August is usually the peak season for orders of winter apparel, especially for holidays, such as Christmas and New Year. According to [CCCT's industry survey](#), U.S. buyers have been cautious with their orders this year. As a result, Chinese enterprises are holding fewer orders on hand compared to the same period last year, while orders from Europe have remained relatively stable overall. With the "export rush" effect waning and re-export trade being hindered, China's textile and apparel exports still face downward pressure in the second half of the year, with an increased probability of declining exports to the United States and ASEAN for the full year. Domestically, overall effective demand remains relatively weak, which continuously increases operational pressure on enterprises throughout the sector.

Consumption Challenges

The increasing use of non-cotton fibers has continued to suppress cotton's share in yarn production in recent years. ICAC World Textile Demand data show that cotton's share in fiber use declined from 37.2 percent in MY 2007/08 to 16.7 percent in MY 2024/25. Another industry source from the home textile sector estimated that among China's exported bedding textile products, the proportion of cotton products decreased from 35.45 percent in 2019 to 26.47 percent in 2024, while the proportion of synthetic fiber products increased from 54.63 percent in 2019 to 57.22 percent in 2024. As shown in Chart 5, the moderate rebound in cotton prices since April 2025 has further reduced cotton's competitiveness over other fibers in MY 2024/25. Industry contacts report cotton has continued to struggle to gain market share from man-made fibers, although cotton prices have remained relatively low since mid-2024.

Chart 5. China: Price Trend of Cotton, Polyester, and Viscose
(Aug 2021 to Aug 2025)



Source: cottonchina.org

China's spinning industry continues to grapple with overcapacity. According to the China Cotton Textile Association (CCTA) and China National Textile and Apparel Council (CNTAC), China's cotton textile industry still ranks first in the world in terms of scale and production capacity, with spinning and fabric manufacturing capacity accounting for more than 50 percent (110 million spindles as of the end of 2022) and 45 percent (0.9 million sets of fabric manufacturing machines) of the world, respectively. China's [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. China's textile sector is undergoing structural changes, with spinning capacity being relocated from inland regions to Xinjiang. In the first half of 2025, news reports announced the construction of three large spinning projects in [Kashi](#), [Wensu](#), and [Urumqi](#) potentially adding 3 million spindles to the local spinning capacity.

Trade

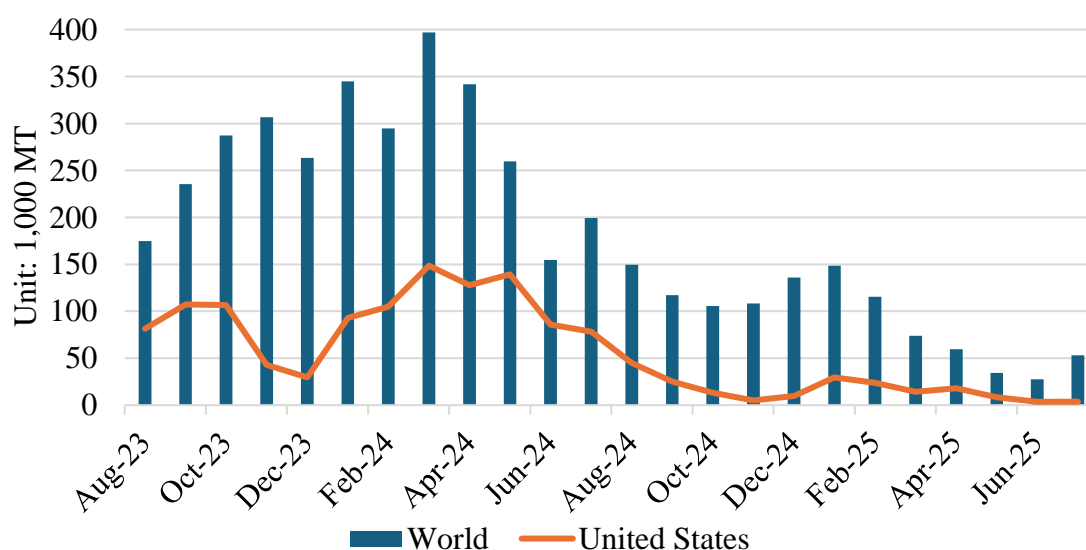
Post lowers its MY 2024/25 cotton imports estimate to 1.1 MMT from the previous estimate of 1.4 MMT, while also lowering its imports forecast for MY 2025/26 to 1.25 MMT from the previous estimate of 1.55 MMT. High stock levels from the previous year are driving the significant decline in imports for MY 2024/25, compounded by exceptionally high domestic cotton production during this marketing year, and hindered by on-going China-U.S. trade frictions.

According to Trade Data Monitor, LLC, China's total cotton imports in MY 2024/25 were 1.13 MMT, a decrease of 2.1 MMT or 65 percent from MY 2023/24. Cotton imports from the United States have fallen sharply, by 83 percent, dropping to 199,000 MT and reducing the U.S. market share to 17.6 percent, down from the 35.1 percent in MY 2023/24. Brazil has expanded its lead in cotton exports to China, capturing 43.0 percent market share, slightly higher than the 39.8

percent in MY 2023/24. Industry contacts familiar with Brazil's cotton industry and its efforts to establish a foothold in the Chinese market have highlighted Brazil's expanding outreach and efforts to address quality concerns voiced by Chinese end-users—factors that could lead to higher market share in years ahead. Australia is the second-largest cotton exporter to China, accounting for 24.9 percent of China's total imports in MY 2024/25. According to Trade Data Monitor, LLC, Australian cotton import prices were generally comparable to U.S. cotton prices from August to November 2024 and remained lower from November 2024 to July 2025. Brazilian cotton prices were approximately 10 percent lower than U.S. cotton prices during this period.

In July 2025, around 62.5 percent of China's imported cotton was from Australia. [Industry sources](#) suggest that Australian cotton sales and shipments will experience increased momentum from August to December 2025, with export volumes potentially exceeding those of recent years. The implementation of new tariff policies between the United States and various trading partners appears to be influencing global cotton trade patterns, as textile exporters face adjusted market conditions when selling to the U.S. market. This shift in trade dynamics may be prompting yarn manufacturers and cotton traders to diversify their sourcing strategies, with some showing increased interest in Australian and Brazilian cotton alternatives. Chinese companies are reportedly showing renewed interest in high-quality Australian cotton for the upcoming MY 2025/26 season as market conditions evolve. Several concurrent factors may be influencing these purchasing decisions, including the extension of certain tariff arrangements between China and the United States (which benefits Christmas orders for both the United States and other western markets), changes in U.S. Pima cotton cultivation areas, and evolving demand patterns from Southeast Asian markets for various cotton grades. These market developments appear to be contributing to Chinese cotton enterprises' consideration of high-specification Australian cotton as a viable sourcing option for the current season.

**Chart 6. China: Cotton Imports
(Monthly: August 2023 to July 2025)**



Source: Trade Data Monitor, LLC.

Beyond market demand, 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 users typically receive at the beginning of each calendar year. China distributes an additional quota, subject to a sliding scale duty, based on domestic supply and demand conditions. On September 26, 2024, The National Development and Reform Commission (NDRC) [announced](#) the 2025 cotton TRQ application and allocation details. The application and allocation regulations remain unchanged from previous years. The TRQ reached applicants in early 2025, with 33 percent reserved for state-owned companies.

On August 12, 2025, NDRC published the [Announcement on the Redistribution of Agricultural Product Import Tariff Quotas for 2025](#) (Announcement No. 2 of 2025).⁴ This *Announcement* requires enterprises holding unused 2025 import tariff quotas (TRQs) to return the uncompleted portions by September 15 and allows enterprises who have fully utilized their quotas by end of August as well as new eligible enterprises who didn't initially receive allocations this year, to apply for quota redistribution between September 1 and 15, 2025. The NDRC and the Ministry of Commerce will redistribute the un-used quotas returned by enterprises to applicants on a first-come, first-served basis, and will allocate the redistributed tariff quota amounts by September 30, 2025.

On August 25, 2025, NDRC published the [Announcement Regarding Application for Sliding-Scale Duty Cotton Import Quotas](#) (Announcement No. 3 of 2025). The *Announcement* specifies that China's 2025 sliding-scale duty cotton import quota is restricted exclusively to processing trade operations. Applicants must include purchase contracts as a key supporting document in their submissions and the distributed quota is only valid for two months after it reaches the applicant. The application deadline has been set for December 31, 2025.

Table 5. China: Distribution of Sliding-Scale Duty Cotton Import Quotas

Year	2020	2021	2022	2023	2024	2025
Announcement Date	Sep 1	Apr 30	Mar 11	July 21	July 31	Aug 25
Volume (MMT)	0.4	0.7	0.4	0.75	0.2	0.2

Source: NDRC Announcements

Traditionally, cotton imports are partly impacted by yarn imports. Unlike cotton imports, yarn imports are not subject to quota restrictions. Therefore, they serve to address supply shortfalls in

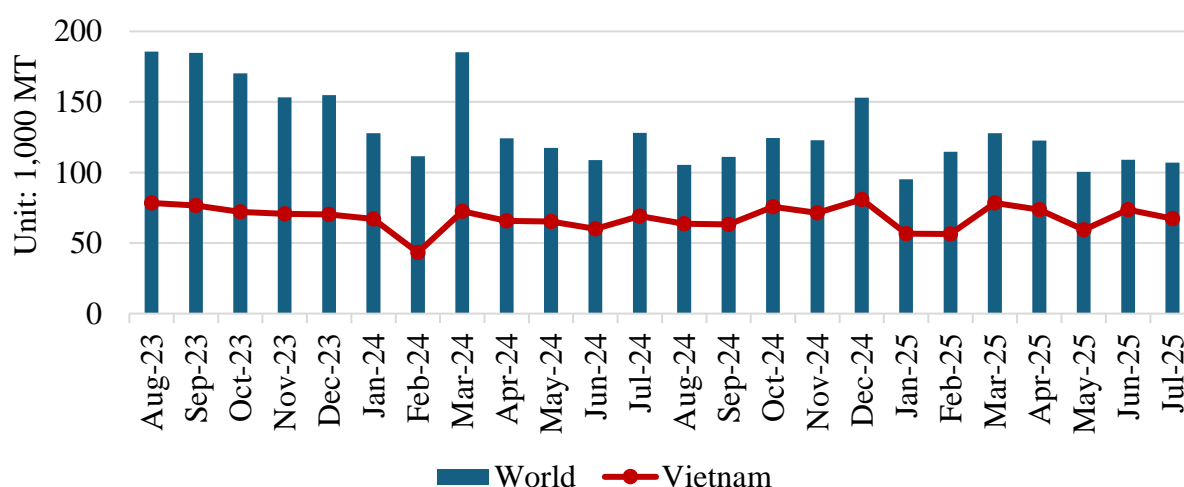
⁴ Unofficial Translation of selected terms in the *Announcement* as below:

- Enterprises holding 2025 cotton import tariff quotas (TRQs) who have not signed import contracts for their entire quota allocation during the year, or who have signed import contracts but are not expected to ship from the port of origin before year-end, must return the uncompleted or non-completable portion of their tariff quota holdings to the local Development and Reform Commission and Commerce authorities by September 15, 2025.
- Enterprises who have already obtained 2025 cotton import tariff quotas (TRQs) and have fully utilized them by the end of August, as well as new enterprises who meet the application conditions listed in the relevant allocation rules but did not receive import tariff quotas during the initial allocation at the beginning of the year, may submit applications for agricultural product import tariff quota redistribution between September 1-15, 2025.
- The National Development and Reform Commission and the Ministry of Commerce will redistribute the un-used quotas returned by enterprises to applicants on a “first-come, first-served” basis, and allocate the redistributed tariff quota amounts by September 30, 2025.

years when additional cotton TRQ quotas are either insufficient or not allocated, especially when the domestic cotton price remains notably higher than the global market price. However, in MY 2024/25, yarn imports stayed low due to China's high stock of cotton at competitive prices. Total yarn imports were 1.39 MMT in MY 2024/25, a decrease of 20.9 percent from the previous market year. Vietnam remains the leading yarn supplier to China, taking 58.9 percent of China's import market share in MY 2024/25.

Cotton exports remain insignificant at 14,000 MT in MY 2024/25, almost unchanged from that of MY 2023/24. Eighty percent of exports were shipped to Bangladesh and Vietnam.

Chart 7. China: Yarn Imports
(Monthly: August 2023 to July 2025)

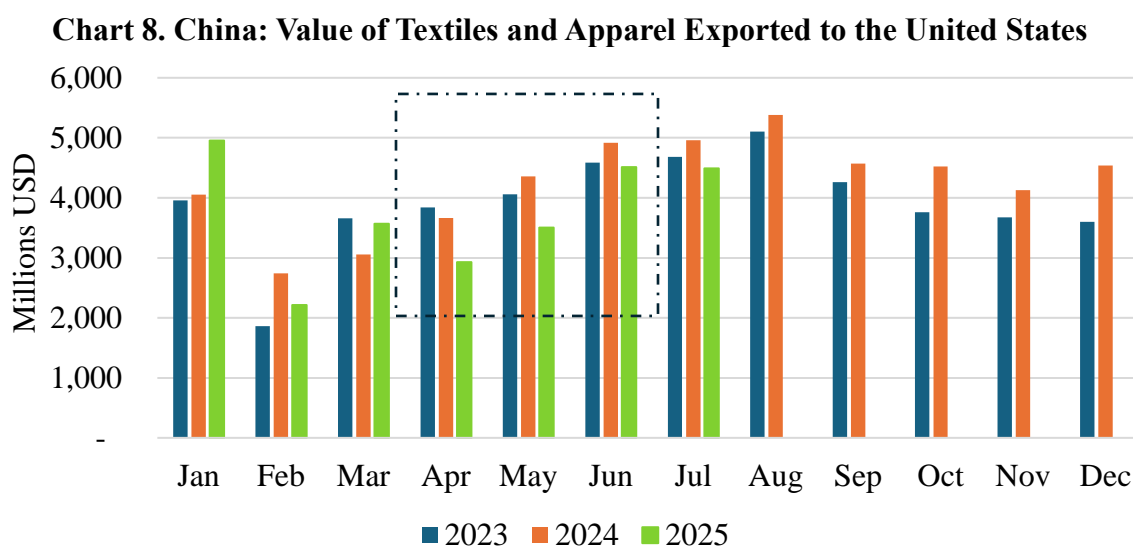


Source: Trade Data Monitor, LLC.

The on-going China-U.S. trade negotiation remains challenging for China's cotton and textile industry players. High tariff levels in April from both sides hindered the import of U.S. cotton as well as China's textile and apparel product exports to the United States. Industry analysis indicated that, due to significantly lower tariffs on exports to the U.S. from Southeast Asian countries compared to China, order transfers have caused China's textile and apparel products exported to the United States to hit a new low in April and May.

On May 12, the United States and China published a Joint Statement on the China-U.S. Economic and Trade Meeting in Geneva, announcing a reduction of Chinese tariffs related to the series of original tariff announcements dated April 4, April 9, and April 11 that had increased rates by 125 percent on top of existing tariffs and retaliatory tariffs. The rates associated with these State Council Tariff Commission Announcements 4, 5, and 6 will now be 10 percent. The retaliatory tariffs of 10-15 percent on U.S. agricultural products (15 percent for cotton) that China imposed on March 10 in retaliation for U.S. fentanyl tariffs remain in place. (For details, please refer to [GAIN CH2025-0111](#).) Following this announcement, China's export share to the United States recovered somewhat in June.

On August 12, the United States and China published a Joint Statement on the China-U.S. Economic and Trade Meeting in Stockholm, announcing an extension of another 90 days for the tariff levels agreed in Geneva. (For details, please refer to [GAIN CH2025-0164](#).) At around the same time, on August 7, the U.S. reciprocal tariffs on multiple countries officially took effect, with tariffs of 19 percent, 20 percent, and 19 percent imposed on Vietnam, Bangladesh, and Pakistan, respectively. Although these countries' tariffs are still lower than that of China, the gap has narrowed. Moreover, U.S. wholesale inventories are currently low, indicating certain restocking demand. Industry sources shared that, on the same day the extension was announced, numerous textile and apparel export enterprises in Zhejiang, Guangdong, and other regions received urgent additional orders from U.S. clients. Based on this, China's share and volume of textile and apparel exports to the United States are expected to improve in August and September. This buffer period also provides a critical window for textile enterprises to reassess their positioning, strengthen supply chain management, and explore possibilities for expansion to diversified markets.



Source: Industrial Database from China Customs

Section 301 tariff exclusions are still available for applications. The Ministry of Finance (MoF) has extended the application period for requesting exclusions from Section 301 retaliatory tariffs to October 30, 2025, with approved applications set to expire after December 31, 2025. (For details please refer to [GAIN CH2025-0153](#)).

Table 6. China: Chinese Tariffs on U.S. Cotton

Table 3. China: Chinese Tariffs on U.S. Cotton			
Category	Tariff Rates		Remarks
MFN (with 301 Section exclusions)	In-Quota	1%	52010000 Cotton, Not Carded or Combed 52030000 Cotton, Carded or Combed
	Out-of-Quota	40%	
Reciprocal Tariffs	10%		
Retaliatory Additional Tariffs	15%		

Source: General Administration of Customs of the People's Republic of China (GACC), SCTC Announcements.

Table 7. China: U.S. Tariffs on China's Textile and Apparel Products

Category	Tariff Rates	Remarks
MFN	9%-32%	Different rates based on HS codes.
Reciprocal Tariffs	10%	All commodities.
Fentanyl Tariffs	20%	All commodities.
Section 301 tariffs	7.5%-25%	Can be excluded until December 31, 2025

Source: U.S. International Trade Commission

With ongoing market turbulence, China's textile industry players continue to seek opportunities to relocate their production. From June 22 to July 1, 2025, a Chinese textile entrepreneur delegation, organized jointly by the Textile Industry Branch of China Council for the Promotion of International Trade, China Chemical Fibers Association, and China Cotton Textile Industry Association, visited Mexico and Honduras in search of potential collaborators in the textile and apparel industry. One of the leading buyers of U.S. cotton in China, [Texhong](#), has established textile factories in both Mexico and Honduras, and shared its localization experiences with other delegation members during the visit. News report following this visit indicated that countries like Mexico and Honduras have well-established textile industries and, given their strategic location and favorable policies, represent important markets that Chinese textile enterprises could prioritize when promoting global market presence and restructuring value chains.

Stocks

Ending stocks for MY 2024/25 are 8.24 MMT, a decrease of 1.9 percent from Post's previous estimate. Forecasts for MY 2025/26 ending stocks remain the same as MY 24/25 mainly on lower imports and slower consumption growth. The current stocks to use ratio remains at 102 percent at the end of MY 24/25. Beijing maintains an unknown volume of state cotton reserves and may rotate the reserve through auctions when it is considered necessary to meet market demand. The reserve can be replenished by the purchase of Xinjiang cotton or imports. However, these ultimate fate of such imports are difficult to follow in terms of the timing and volume, a challenge for making forecasts of total cotton stocks.

Strategic Shift Toward Cotton Self-Sufficiency

Beijing is accelerating industrial transfer of textile enterprises from middle and eastern China to Xinjiang, with the vision of building a textile and apparel industry processing hub primarily targeting markets in Central Asia in alignment with China's Belt and Road Initiative. A governmental official shared at the 2025 China International Cotton Conference that, in 2024, exports of yarn, fabrics, clothing, and garments through Xinjiang ports reached 109.48 billion yuan (approximately \$15.25 billion), a year-on-year increase of 0.8 percent. Local processing rates increased from 11 percent in 2014 to 42 percent in 2024, and industry sources expect them to reach 60 percent in 2027, with the number of spindles in Xinjiang reaching 45 million by that time. Cotton yarn production grew to 2.76 MMT in 2024, with continued high-speed growth in the first half of 2025, at 1.05 MMT from January to April 2025. Xinjiang's energy cost advantages of approximately 1,600 yuan (\$221) per ton compared to inland regions, combined with integration plans with petrochemical industries, support this capacity expansion.

On July 9, 2025, the General Office of the People's Government of Xinjiang Uygur Autonomous Region issued the *Notice on Nine Policy Measures to Further Improve Xinjiang's Textile and Apparel Industry Policy and Accelerate Chain Extension, Gap-Filling, and Chain Strengthening* ([2025] Document No. 26, [link](#) in Chinese), aimed at promoting the transformation of the textile and apparel industry toward high-end, intelligent, and green development. The *Notice* outlines Xinjiang's strategy to diversify and upgrade its textile industry beyond traditional cotton processing, with financial incentives to encourage technological advancement and vertical integration along the value chain.⁵ Industry sources shared that this *Notice* will further compress operating margins for inland spinning mills, increase the conversion rate of Xinjiang cotton, and intensify competition between Xinjiang and inland enterprises in overseas markets. The industry expects structural changes where inland textile and apparel enterprises may focus primarily on export orders with traceability requirements, while Xinjiang enterprises will focus mainly on the domestic market and export orders without traceability requirements. As a result, cotton import TRQs will likely need adjustment in terms of quantity, application procedures, and allocation principles to meet the needs of cotton-using enterprises.

Xinjiang is also making efforts to improve the transport efficiency of Xinjiang cotton to inland processing areas, ensuring stable supply of Xinjiang cotton to spinners. On July 30, [the first Xinjiang cotton railway express train departed](#) from Kuitun City, Xinjiang to Xiaoying Station in Binzhou, Shandong Province. The freight train, loaded with 1,935 MT of Xinjiang cotton, arrived within 73 hours, representing a delivery time 7-10 days faster than previous railway arrangements. The success of the test run will reportedly lead to future shipments as cotton end users learn how to take advantage of shipping domestic cotton at scale.

These developments indicate a systematic shift toward greater cotton self-sufficiency that will likely reduce China's cotton import requirements in the next marketing year and create sustained pressure on import volumes in subsequent years. Medium-grade cotton that can be substituted with re-structured domestic processing capacity and better transportation efficiency will be the most impacted.

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 have signed onto the program (See more in [GAIN Report CH2023-0115](#)). In an effort to further promote the program, on June 22, 2024, the CCA held a [training](#) on CCSD sustainable in Bazhou City, Xinjiang. The meeting featured nearly 70 participants from government, cotton spinning enterprises, and media and included a field visit to a CCSD demonstration farm. In the 2025 China International Cotton Conference, [CCA announced](#) that, as of June 2025, over 1.2 million mu (80,000 ha) cotton fields have been verified as CCSD demonstration farms, producing

⁵ The *Notice* encourages upgrading from cotton spinning to blended spinning, reducing enterprise transformation costs through equipment upgrade subsidies to address the industry's long-term dependence on a single cotton spinning structure. It also provides graded subsidies for combed pure cotton yarn or cotton-blended yarn based on yarn count, with subsidies of 50-200 yuan per metric ton, to encourage development of high value-added products. Additionally, the *Notice* prioritizes government support for apparel and home textiles enterprises to address shortcomings in downstream industries.

430,000 MT of sustainable cotton. Textile and apparel enterprises such as [Mercury Holding Group](#), [Guoxin Home Textile](#), [Esquel Group](#), and [SUNVIM](#) started to use the “Sustainable Cotton” logo and labeling in their products in mid-2025.



Note: Exchange rates: \$1= 6.9 Yuan in 2019 and 2020; \$1= 6.45 Yuan in 2021; \$1= 6.73 Yuan in 2022; \$1= 7.1 Yuan in 2023; \$1=7.2 Yuan in 2024; \$1=7.15 Yuan in the first half of 2025

Production, Supply, and Distribution (PSD) Tables

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

Cotton China	2023/24		2024/25		2025/26	
	Market Year Begin: Aug 2023		Market Year Begin: Aug 2024		Market Year Begin: Aug 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,850	2,950	2,900	2,930	2,950	2,960
Area Harvested	2,850	2,950	2,900	2,930	2,950	2,960
Beginning Stocks	33,355	33,355	36,719	38,625	35,794	37,854
Production	27,350	27,100	32,000	31,270	31,500	31,733
Imports	14,976	14,976	5,150	5,025	5,300	5,741
Total Supply	75,681	75,431	73,869	74,920	72,594	75,328
Exports	62	62	75	92	75	69
Use	38,900	36,744	38,000	36,974	37,500	37,433
Loss	0	0	0	0	0	0
Total Domestic Consumption	38,900	36,744	38,000	36,974	37,500	37,433
Ending Stocks	36,719	38,625	35,794	37,854	35,019	37,826
Total Distribution	75,681	75,431	73,869	74,920	72,594	75,328
Stock to Use %	94%	105%	94%	102%	93%	101%
Yield	2,089	2,000	2,402	2,324	2,325	2,334

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

Cotton China	2023/24		2024/25		2025/26	
	Market Year Begin: Aug 2023		Market Year Begin: Aug 2024		Market Year Begin: Aug 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,850	2,950	2,900	2,930	2,950	2,960
Area Harvested	2,850	2,950	2,900	2,930	2,950	2,960
Beginning Stocks	7,262	7,262	7,994	8,409	7,793	8,242
Production	5,955	5,900	6,967	6,808	6,858	6,909
Imports	3,261	3,261	1,121	1,094	1,154	1,250
Total Supply	16,477	16,423	16,083	16,312	15,805	16,400
Exports	13	13	16	20	16	15
Use	8,469	8,000	8,273	8,050	8,165	8,150
Loss	0	0	0	0	0	0
Total Domestic Consumption	8,469	8,000	8,273	8,050	8,165	8,150
Ending Stocks	7,994	8,409	7,793	8,242	7,624	8,235
Total Distribution	16,477	16,423	16,083	16,312	15,805	16,400
Stock to Use %	94%	105%	94%	102%	93%	101%
Yield	2,089	2,000	2,402	2,324	2,325	2,334

Trade Tables

Table 10. China: Monthly Cotton Imports

Unit: MT

Month	2022	2023	2024	2025
January	227,685	139,645	344,742	148,623
February	184,926	85,040	294,726	115,478
March	204,172	72,343	396,991	73,755
April	173,177	83,836	341,913	59,707
May	182,137	109,202	259,627	34,497
June	162,861	83,077	154,805	27,445
July	118,098	109,660	199,175	53,101
August	107,438	174,637	149,677	
September	88,574	235,556	117,256	
October	129,499	287,206	105,720	
November	177,969	306,619	108,171	
December	170,662	263,424	135,753	
Total	1,927,198	1,950,245	2,609,465	

Unit: Bales

Month	2022	2023	2024	2025
January	1,045,734	641,377	1,583,367	682,609
February	849,345	390,582	1,353,646	530,380
March	937,740	332,266	1,823,341	338,750
April	795,383	385,050	1,570,370	274,230
May	836,535	501,552	1,192,442	158,442
June	748,006	381,564	711,005	126,051
July	542,412	503,656	914,791	243,887
August	493,450	802,091	687,452	
September	406,813	1,081,885	538,546	
October	594,775	1,319,108	485,562	
November	817,396	1,408,270	496,819	
December	783,833	1,209,881	623,502	
Total	8,851,727	8,957,583	11,985,417	

Source: Trade Data Monitor, LLC.

Table 11. China: Cotton Imports by Country of Origin

Unit: MT

Country	MY21/22	MY22/23	MY23/24	MY24/25
Brazil	453,177	421,936	1,297,737	485,650
Australia	18,274	62,548	344,450	280,670
United States	943,911	725,814	1,145,607	199,018
Kazakhstan	9,286	3,193	50,227	34,384
Turkey	8,832	14,902	98,403	51,636
Burkina Faso	28,635	7,080	16,510	11,137
Sudan	28,939	28,006	42,805	11,906
Argentina	4,853	2,508	36,164	7,997
Mexico	8,643	14,080	16,261	8,514
Israel	3,172	2,379	4,379	8,590
Myanmar	10,665	19,402	6,572	4,774
Benin	43,528	13,820	3,499	2,956
Tajikistan	7,565	404	29,213	3,302
Cameroon	12,336	974	3,214	3,038
South Africa	1,943	774	3,535	1,960
India	66,518	20,493	89,150	2,411
Egypt	16,492	14,790	7,666	4,060
Others	27,495	3,842	64,607	7,179
World	1,694,264	1,356,945	3,259,999	1,129,182
Average \$/MT	2,433	2,537	2,073	1,908

Source: Trade Data Monitor, LLC.

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

Month	2022	2023	2024	2025
January	153,497	60,117	127,774	95,153
February	97,613	93,942	111,590	114,806
March	123,990	137,075	185,320	127,863
April	119,161	120,281	124,346	122,655
May	130,828	128,979	117,392	100,345
June	102,851	138,285	108,843	108,997
July	65,133	159,299	127,997	107,026
August	72,640	185,771	105,493	
September	89,226	184,700	111,062	
October	64,848	170,324	124,394	
November	80,096	153,368	122,808	
December	76,166	154,834	153,054	
Total	1,176,049	1,686,975	1,520,073	776,845
Marketing Year	MY22/23	MY23/24	MY24/25	
MY Total	1,220,954	1,752,259	1,393,656	
Unit Value \$/MT	2,629	2,492	2,273	

Source: Trade Data Monitor, LLC.

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

Month	2022	2023	2024	2025
January	30,755	24,329	23,441	34,575
February	17,290	17,871	16,367	18,328
March	23,132	23,907	21,691	30,928
April	19,970	20,135	26,601	28,901
May	22,352	17,365	25,544	27,400
June	21,992	15,790	25,972	25,511
July	25,171	17,359	22,251	26,673
August	20,299	19,023	25,978	
September	25,877	20,385	22,777	
October	23,367	17,496	27,835	
November	25,167	18,196	26,837	
December	24,559	18,976	31,690	
Total	279,931	230,832	296,984	192,316
Marketing Year	MY22/23	MY23/24	MY24/25	
MY Total	256,025	255,943	327,433	

Source: Trade Data Monitor, LLC.

Other Tables

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

Year	MY23/24	MY24/25	MY25/26
Total	2,950	2,930	2,960
—Xinjiang	2,550	2,550	2,610
—Others	400	380	350

Production (1,000 MT)

Year	MY23/24	MY24/25	MY25/26
Total	5,900	6,800	6,909
—Xinjiang	5,550	6,400	6,519
—Others	350	400	390
Average Yield (kg/Ha)	2,000	2,324	2,334

Note: FAS/China estimate and forecast

Attachments:

No Attachments