



China & the Global Cotton Supply Chain

PURPOSE

US implemented a ban on goods containing cotton from Xinjiang in January 2021.

Reports that Customs and Border Protection has seized goods assembled outside of China.

China is the world's largest exporter of fabric.

Examine the distribution of Chinese yarn and fabric exports and explore high-level representations of risk of exposure to Xinjiang cotton.

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Xinjiang is China's top cotton producing province, expected to represent **90% of China's 2020/21 total cotton grown**.

Through direct shipments, China accounts for about **30% of the cotton contained in US imports of textile goods**.

China plays a central role in the global supply chain. **Shipments to the US from other countries may contain Chinese fiber processed into yarn or fabric.**





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Largest destination for Chinese yarn exports in recent years has been Hong Kong. Yarn traders in Hong Kong re-export, mostly back to China.

Other top destinations for Chinese yarn exports include Pakistan, Bangladesh, and Vietnam. **Volumes are small, representing less than 2% of domestic spinning in each case.**



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China dominates global fabric production. Cotton consumed by Chinese fabric mills represents about 40% of global mill-use.

Bangladesh and Vietnam are major destinations for cotton represented by Chinese woven fabric exports. The Philippines, Cambodia, and several African countries are the next largest markets.

Vietnam is the largest destination for Chinese knit fabric exports, followed by Cambodia, Hong Kong, and Bangladesh.



INDIAN FLOW

24.3 mil. bales of domestic spinning
+ 0.0 mil. bales of yarn imports
- 4.7 mil. bales of yarn exports
19.6 mil. bales of yarn for fabric mfg

+ 0.4 mil. bales of fabric imports
- 1.6 mil. bales of fabric exports
18.4 mil. bales of fabric for cut & sew

0.3 mil. bales of yarn & fabric imported from China

About 2% of fiber in fabric available for cut and sew from China

Assuming blending with foreign fiber with China, about 1% of fiber in fabric available for cut and sew from Xinjiang



VIETNAMESE FLOW

- 7.0 mil. bales of domestic spinning
- + 0.5 mil. bales of yarn imports
- 4.9 mil. bales of yarn exports
- 2.6 mil. bales of yarn for fabric mfg**

- + 1.7 mil. bales of fabric imports
- 0.1 mil. bales of fabric exports
- 4.1 mil. bales of fabric for cut & sew**

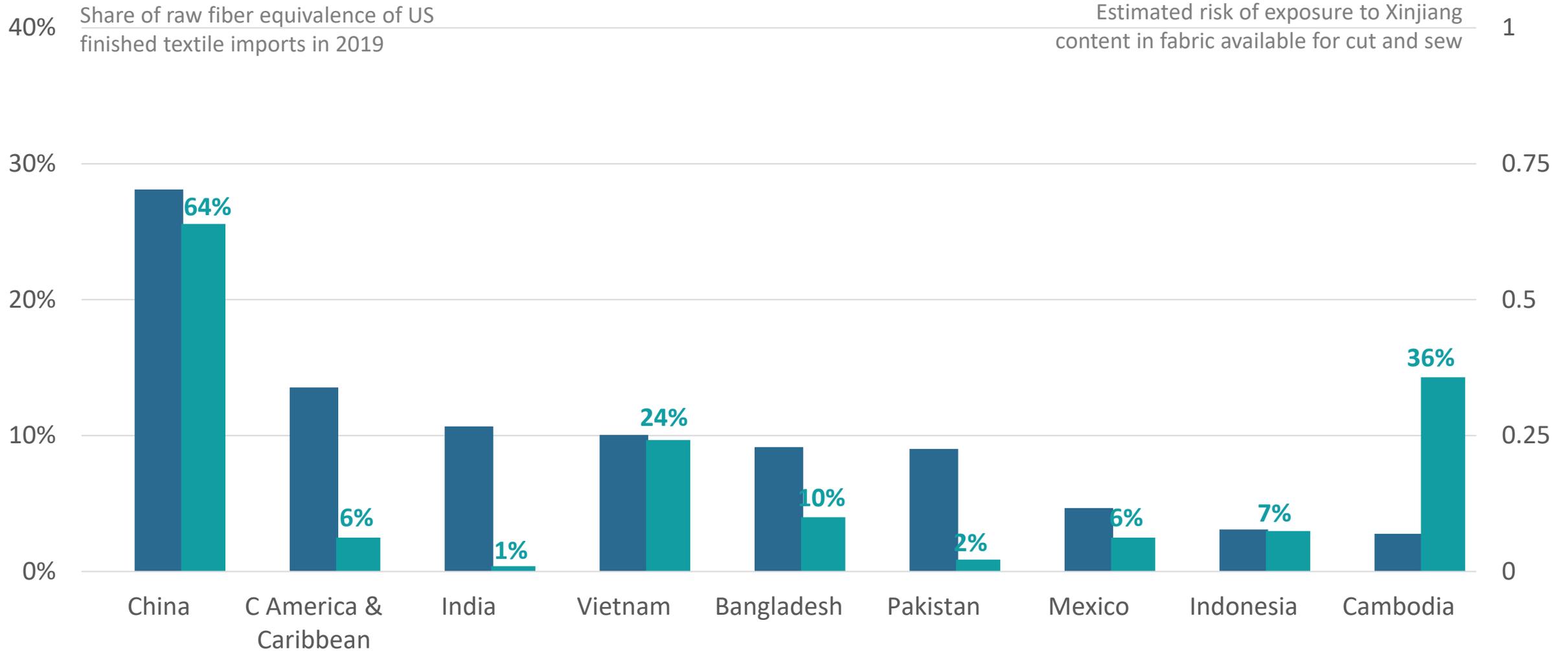
1.6 mil. bales of yarn & fabric imported from China

About 38% of fiber in fabric available for cut and sew from China

Assuming blending with foreign fiber with China, about 24% of fiber in fabric available for cut and sew from Xinjiang



Share of US Cotton Imported in Finished Goods & Estimated Risk of Xinjiang Content





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