



# The Economic Outlook For U.S. Cotton 2026

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# SUMMARY

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Overall, 2025 was another challenging year for the U.S. cotton industry due to low prices, high production costs, and weak demand. As the 2026 season approaches, growers are facing difficult planting decisions as current prices continue to fall short of production costs. While a slight improvement in world cotton demand is anticipated for 2026, the current economic and trade environment continues to impact the world cotton market.

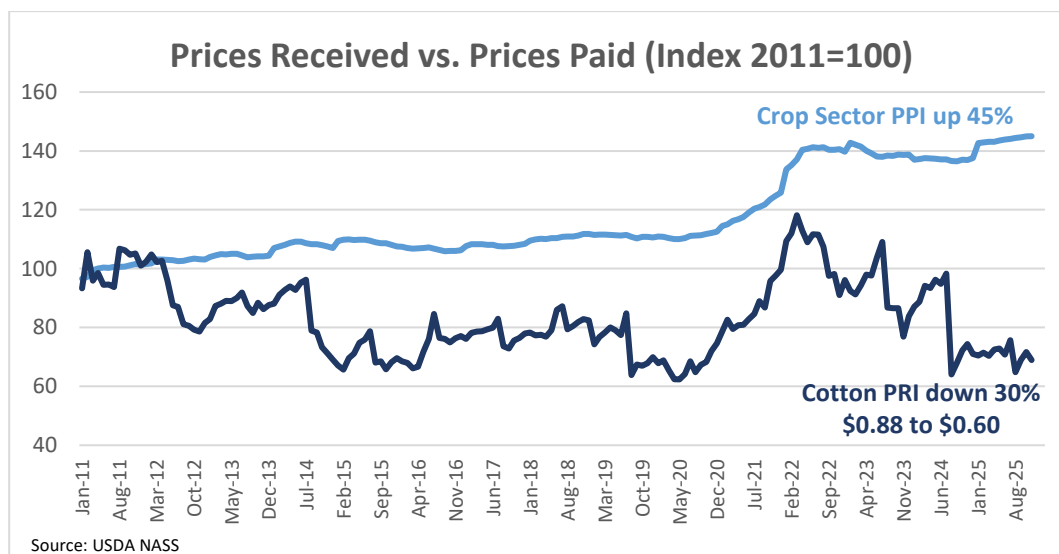
The outlook for the world cotton market will, in part, be determined by continued expansion in economic activity. Stable to slowing economic growth is projected for the next two years with the International Monetary Fund (IMF) calling for a global growth rate of 3.3% in 2026 and 3.2% in 2027. For the U.S., IMF has projected a global growth rate of 2.4% in 2026 and 2.0% in 2027 as compared to 2.1% in 2025. As with any projections, there are uncertainties and unknowns that can alter the eventual outcome. Current economic projections for the U.S. and global economies should be viewed with caution given the potential impacts of trade policy uncertainty, high interest rates, and geopolitical tensions.

With this report, National Cotton Council (NCC) staff hopes to present a thorough review of the current economic landscape and the prospects for the coming year.

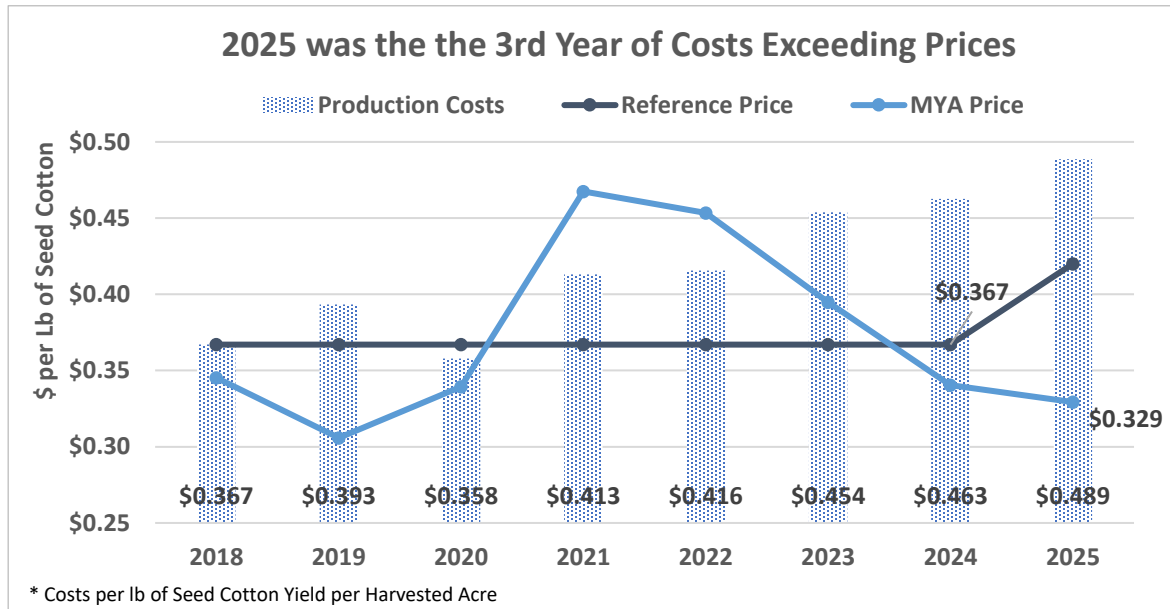
## U.S. Supply & Demand

For the 2025/26 marketing year, U.S. growers planted 9.3 million acres of cotton, a decrease of 17.0% from the previous year. Overall U.S. abandonment was 15.9%, as compared to 30.2% in 2024/25. U.S. production of 13.9 million bales was 495 thousand bales lower than 2024/25. As of February 6, 2026, 13.6 million bales have been classed.

Looking ahead to the 2026/27 marketing year, prices paid by farmers remain high while the price received remains low.



According to USDA’s Economic Research Service, projected U.S. cotton production costs for 2025/26 were 33.1% (or \$234 per acre) higher than in 2018/19.

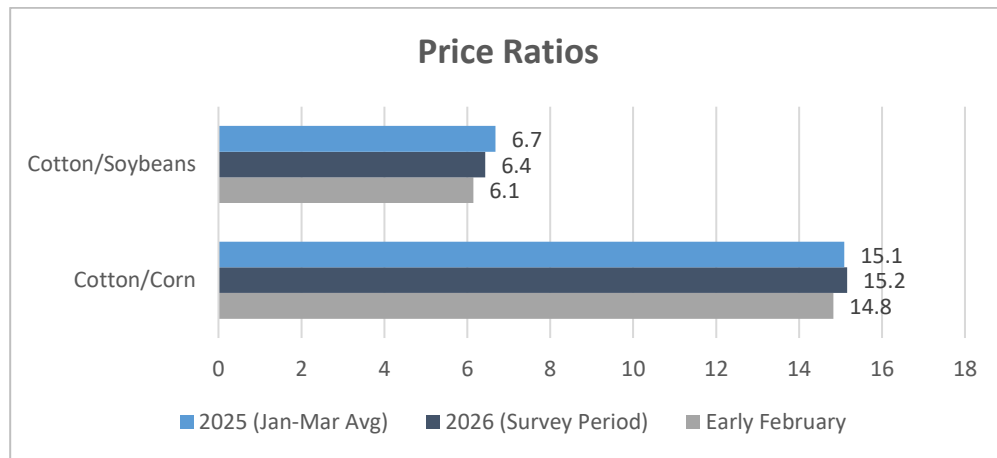


During the 2026 survey period, the average cotton harvest-time futures price was \$0.690 per pound as compared to the 2025 Jan-March average of \$0.691. The average corn futures price was \$4.55 per bushel as compared to the 2025 Jan-March average of \$4.58. The average futures price for soybeans was \$10.72 per bushel as compared to the Jan-March average of \$10.34 in 2025. In early February, the cotton price was slightly lower and the corn and soybean prices were slightly higher as compared to the 2026 survey period.

Dec (Nov) Futures	2025 Jan-Mar Avg	2026 Survey Period	Early February
Cotton	\$0.691	\$0.690	\$0.682
Corn	\$4.58	\$4.55	\$4.60
Soybeans	\$10.34	\$10.72	\$11.10

During the survey period, the cotton-to-corn price ratio (cents/lb divided by \$/bu) was 15.2 as compared to 15.1 last year while the cotton-to-soybean price ratio was 6.4 as compared to 6.7 last year.

In early February, the cotton-to-corn price ratio (cents/lb divided by \$/bu) had dropped to 14.8 while the cotton-to-soybean price ratio decreased slightly to 6.1.



Given the unfavorable outlook for cotton net returns in 2026, U.S. growers intend to plant 9.0 million acres, which is 3.2% lower than in 2025/26.

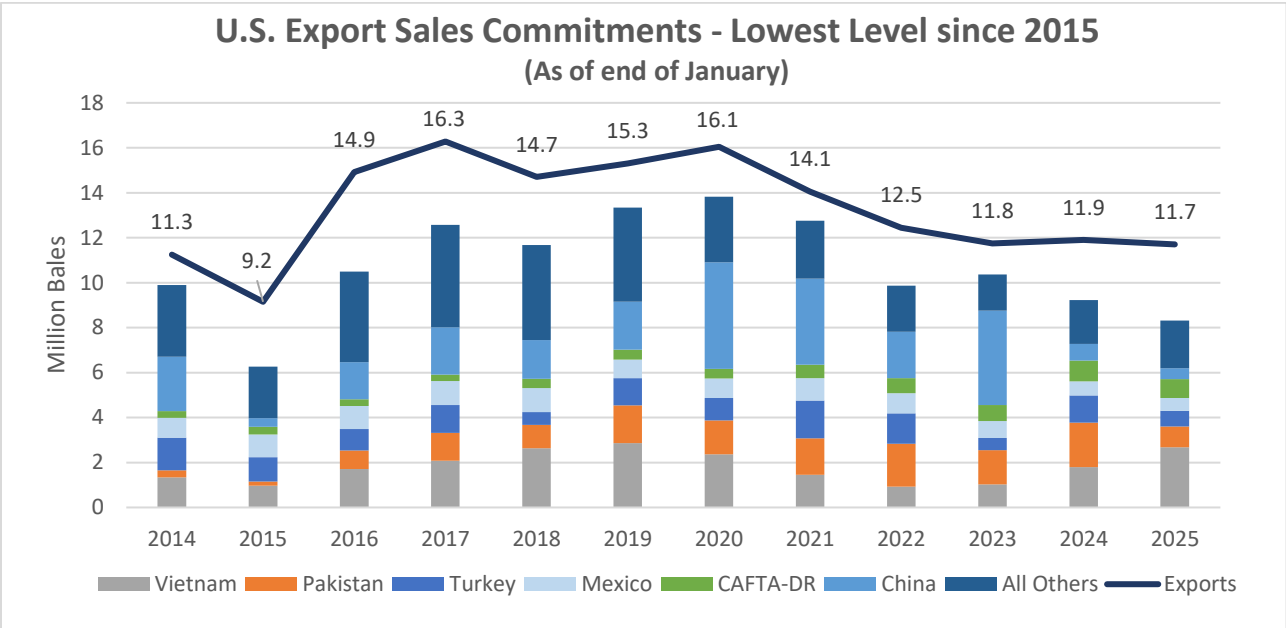
To estimate U.S. production for 2026/27, average abandonment rates and yields were used for each state.

For 2026/27, U.S. harvested area is estimated to be 7.1 million acres with an overall abandonment rate of 21.3%. U.S. production is estimated to be 12.7 million bales with an average yield of 864 pounds per acre, which is comprised of 12.3 million upland bales and 393,000 ELS bales.

For the 2025/26 marketing year, U.S. cottonseed production was estimated to be 4.20 million tons, down 0.06 million tons from the previous year. U.S. cottonseed production is projected to decline to 3.85 million tons for the 2026/27 marketing year.

USDA's current export estimate for the 2025 crop year is 12.0 million bales as compared to 11.9 million bales during the previous crop year. However, based on current sales commitments, this seems quite optimistic. The U.S. continues to face strong export competition from Brazil and China's purchases of U.S. cotton have remained low during the 2025 crop year. Current U.S. export sales commitments are at the lowest level since 2015. As a result, a U.S. export level of 11.7 million bales was included in the 2025 NCC balance sheet. However, to reach 11.7 million bales, late season sales activity will have to increase to levels similar to the 2009, 2015 and 2016 crop years.

For the 2026/27 marketing year, a projected increase in world consumption along with lower exportable supplies results in a larger U.S. export projection as compared to 2025/26.



U.S. mills are expected to consume 1.60 million bales in 2025/26 and 1.55 million bales in 2026/27 as compared to 1.70 million bales in 2024/25. U.S. textile manufacturing remains under pressure.

U.S. ending stocks are currently projected to be 3.47 million bales at the end of 2026/27, which is 1.23 million bales lower than 2025/26.

### U.S. SUPPLY & DEMAND

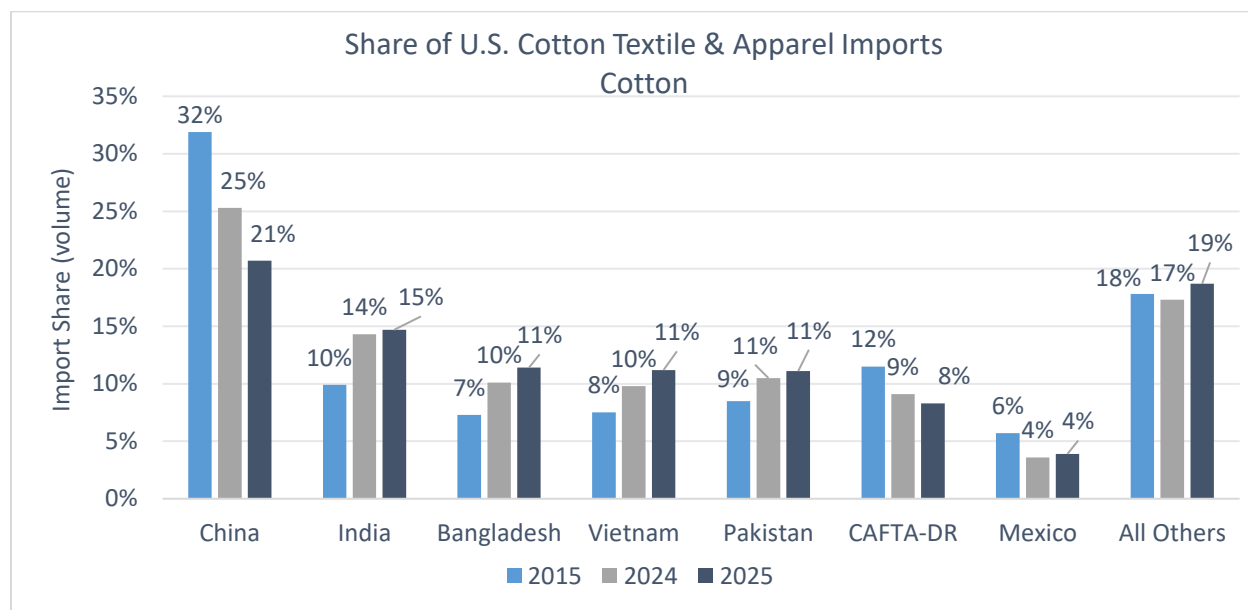
	2025/26e	2026/27f
Planted (million acres)	9.28	8.99
Abandonment	15.92%	21.25%
Harvested (million acres)	7.80	7.08
Lint Yield (lbs/harv acre)	856	864
Lint Production (million bales)	13.92	12.74
Cottonseed Production (million tons)	4.20	3.85
U.S. Mill Use (million bales)	1.60	1.55
U.S Exports (million bales)	11.70	12.45
U.S. Ending Stocks (million bales)	4.70	3.47

### U.S. Textile/Apparel Trade

The U.S. cotton industry is an export-oriented industry, both for raw fiber, as well as cotton yarns and fabrics. More than 95% of U.S. cotton moves into international markets at some stage of processing. Approximately 85% of U.S. cotton production is exported as raw fiber, with an additional 10-12% exported as yarns and fabrics manufactured by the U.S. textile industry. The largest export markets for U.S. yarn and fabric include CAFTA-DR countries (68%) and USMCA countries (20%).

Net domestic consumption is a measure of the size of the U.S. retail market. It measures both cotton spun in the U.S. (mill use) and cotton consumed through net textile trade (imports – exports). Net domestic consumption of cotton in 2025 was 17.5 million bale equivalents, which is 0.6% below 2024. For 2026, net domestic consumption is estimated to reach 17.7 million bale equivalents.

Imported goods make up the largest portion of U.S. net domestic consumption. Imported cotton textiles decreased from 18.02 million bale equivalents in 2024 to 17.95 million in 2025.



## World Supply & Demand

For the 2025/26 marketing year, world area declined slightly to 72.9 million acres, which was the lowest level since 1986. World production was estimated to increase by 1.3 million bales to 119.9 million for the 2025/26 marketing year. Large increases in China and Brazil more than offset declines in the U.S., Australia, Turkey, Uzbekistan, Mexico, and West Africa.

China’s 2025/26 production increased by 3.0 million bales due to a 5.2% increase in acreage as well as record high yields.

Brazil’s 2025/26 production increased by 1.8 million bales to reach a record level of 18.8 million bales. Brazil’s acreage increased by 8.0% in 2025/26 to 5.2 million acres, which is the highest level on record.

For the 2026/27 marketing year, world harvested area is projected to decline by 2.5% to 71.1 million acres, which is the lowest level since at least 1960 based on available data. World production is projected to decline to 114.1 million bales, with the largest decline of 2.1 million bales in China due to lower acreage and yields as compared to 2025/26. Lower production is also projected for the U.S., India, Australia, and Brazil in 2025/26 due to lower acreage.

## WORLD PRODUCTION (MILLION BALES)

	2024/25	2025/26e	2026/27f
China	32.00	35.00	32.91
India	23.20	23.50	22.39
Brazil	17.00	18.75	18.19
U.S.	14.41	13.92	12.74
Pakistan	5.00	5.00	4.92
West Africa	4.44	4.03	4.09
Australia	5.60	4.50	3.75
Turkey	3.95	3.00	2.98
Uzbekistan	3.00	2.55	2.62
World	118.54	119.86	114.12

For the 2025/26 marketing year, world consumption is projected to decline by 0.2 million bales to 118.7 million based on the February 2026 USDA estimate. Several factors have contributed to weak cotton demand including weak global economic conditions, competition from lower-priced man-made fiber, trade policy uncertainty, and lower profit margins for spinning mills.

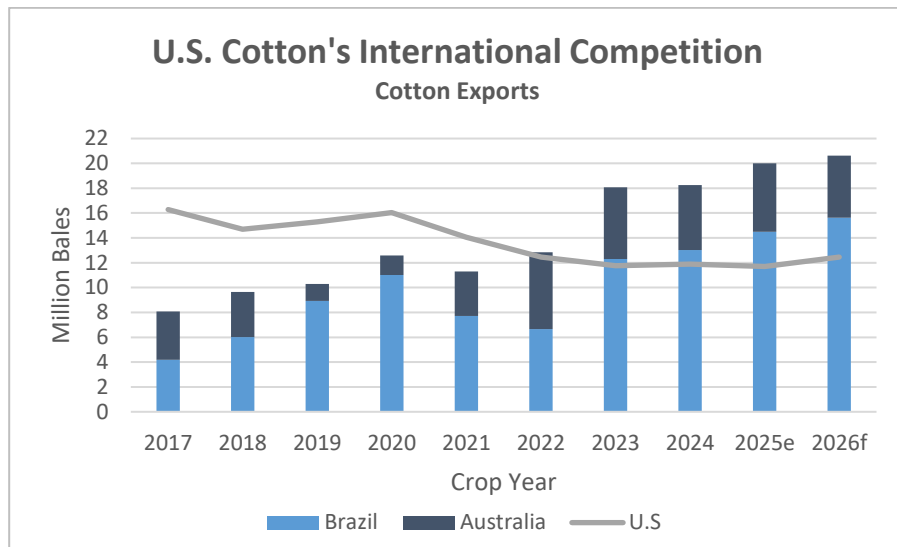
## WORLD CONSUMPTION (MILLION BALES)

	2024/25	2025/26e	2026/27f
China	39.00	39.00	39.25
India	25.00	25.00	25.35
Pakistan	10.80	10.80	10.93
Bangladesh	8.20	8.10	8.30
Turkey	7.10	6.80	6.80
Vietnam	8.00	8.10	8.25
CAFTA-DR	0.92	0.96	1.00
World	118.94	118.72	119.96

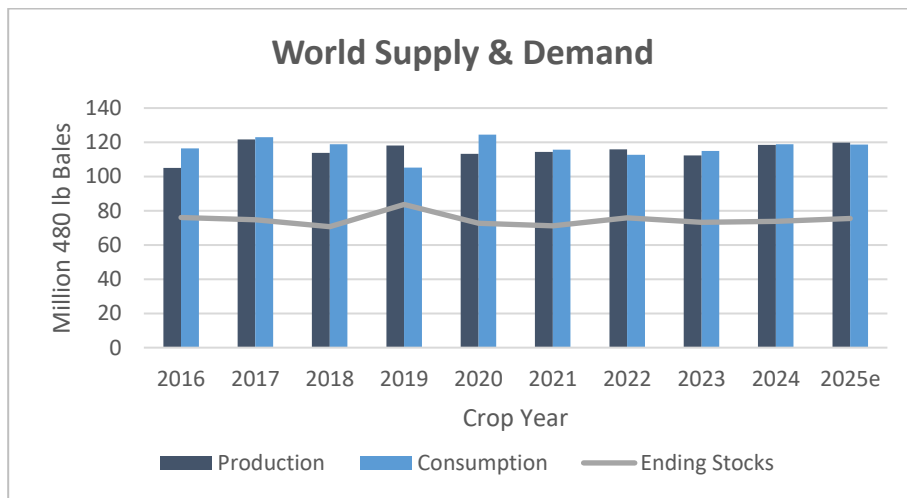
For the 2026/27 marketing year, world consumption is projected to increase by 1.0% to 120.0 million bales. However, a large degree of uncertainty surrounds the outlook for U.S. and world cotton demand due to the ever-changing trade policy landscape.

For the 2025/26 marketing year, world cotton trade increased slightly to 43.4 million bales. The share of 2025/26 world exports for the top three exporting countries would be 34.2% for Brazil, 27.6% for the U.S., and 13.0% for Australia.

For the 2026/27 marketing year, world trade is projected to increase to 44.6 million bales. The share of 2026/27 world exports for the top three exporting countries would be 35.0% for Brazil, 27.9% for the U.S., and 11.2% for Australia.



With world production exceeding consumption in the 2025/26 marketing year, ending stocks are projected to increase by 1.7 million bales to 75.4 million, resulting in a stocks-to-use ratio of 63.5%. For the 2026/27 marketing year, higher world consumption and lower production result in a 5.6 million bale decline in ending stocks to 69.8 million bales. If realized, this would be the lowest level of ending stocks outside of China since 2016.



PROSPECTIVE 2026 U.S. COTTON AREA

	2025 Actual (Thou.) 1/	2026 Intended (Thou.) 2/	Percent Change
<b>SOUTHEAST</b>	<b>1,714</b>	<b>1,630</b>	<b>-4.9%</b>
Alabama	290	290	0.1%
Florida	61	54	-11.1%
Georgia	835	805	-3.6%
North Carolina	285	268	-6.0%
South Carolina	170	152	-10.5%
Virginia	73	60	-17.9%
<b>MID-SOUTH</b>	<b>1,500</b>	<b>1,191</b>	<b>-20.6%</b>
Arkansas	520	362	-30.3%
Louisiana	90	105	17.1%
Mississippi	330	278	-15.8%
Missouri	355	266	-25.0%
Tennessee	205	179	-12.5%
<b>SOUTHWEST</b>	<b>5,792</b>	<b>5,882</b>	<b>1.6%</b>
Kansas	102	112	9.6%
Oklahoma	390	451	15.7%
Texas	5,300	5,320	0.4%
<b>WEST</b>	<b>135</b>	<b>125</b>	<b>-7.2%</b>
Arizona	87	83	-4.2%
California	18	17	-4.4%
New Mexico	30	25	-17.6%
<b>TOTAL UPLAND</b>	<b>9,141</b>	<b>8,829</b>	<b>-3.4%</b>
<b>TOTAL ELS</b>	<b>142</b>	<b>161</b>	<b>14.0%</b>
Arizona	16	16	3.2%
California	92	99	8.0%
New Mexico	13	10	-20.6%
Texas	21	36	69.8%
<b>ALL COTTON</b>	<b>9,283</b>	<b>8,990</b>	<b>-3.2%</b>

1/ USDA-NASS, 2/ National Cotton Council

TABLE 1 - BALANCE SHEET FOR SELECTED COUNTRIES & REGIONS

	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
<b>World</b>					
Harvested Area (Thou Acres)	77,916	76,349	74,229	72,850	71,057
Yield (Pounds/Acre)	714	706	767	790	771
Production (Thou Bales)	115,919	112,234	118,544	119,858	114,123
Trade (Thou Bales)	37,738	44,047	43,034	43,707	44,600
Mill Use (Thou Bales)	112,701	114,985	118,936	118,715	119,955
Ending Stocks (Thou Bales)	75,859	73,300	73,755	75,410	69,761
<b>United States</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	7,289	6,439	7,806	7,806	7,080
Yield (Pounds/Acre)	953	899	886	856	864
Production (Thou Bales)	14,468	12,066	14,413	13,918	12,739
Net Exports (Thou Bales)	12,448	11,748	11,897	11,695	12,450
Mill Use (Thou Bales)	2,050	1,850	1,700	1,600	1,550
Ending Stocks (Thou Bales)	4,650	3,150	4,000	4,700	3,474
<b>Australia</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	1,606	1,248	1,483	1,161	987
Yield (Pounds/Acre)	1,733	1,923	1,813	1,860	1,824
Production (Thou Bales)	5,800	5,000	5,600	4,500	3,751
Net Exports (Thou Bales)	6,186	5,764	5,225	5,500	5,000
Mill Use (Thou Bales)	0	0	0	0	10
Ending Stocks (Thou Bales)	4,810	4,221	4,786	3,946	2,837
<b>Bangladesh</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	111	114	111	111	111
Yield (Pounds/Acre)	660	655	660	660	659
Production (Thou Bales)	153	155	153	153	152
Net Imports (Thou Bales)	7,000	7,575	8,050	8,000	8,231
Mill Use (Thou Bales)	7,700	7,750	8,200	8,100	8,300
Ending Stocks (Thou Bales)	1,731	1,711	1,714	1,767	1,850
<b>Brazil</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	3,954	4,102	4,806	5,189	5,137
Yield (Pounds/Acre)	1,423	1,705	1,698	1,734	1,700
Production (Thou Bales)	11,720	14,570	17,000	18,750	18,194
Net Exports (Thou Bales)	6,648	12,304	13,017	14,495	15,617
Mill Use (Thou Bales)	3,194	3,368	3,391	3,400	3,400
Ending Stocks (Thou Bales)	3,928	2,826	3,418	4,273	3,450
<b>China</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	7,660	7,042	7,166	7,537	7,348
Yield (Pounds/Acre)	1,927	1,864	2,143	2,229	2,150
Production (Thou Bales)	30,750	27,350	32,000	35,000	32,914
Net Imports (Thou Bales)	6,138	14,908	5,124	5,525	5,330
Mill Use (Thou Bales)	37,700	38,900	39,000	39,000	39,250
Ending Stocks (Thou Bales)	33,355	36,713	34,837	36,362	35,356
<b>India</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Harvested Area (Thou Acres)	31,943	31,352	28,377	27,675	27,122
Yield (Pounds/Acre)	395	389	392	408	396
Production (Thou Bales)	26,300	25,400	23,200	23,500	22,392
Net Exports (Thou Bales)	-628	1,425	-1,716	-1,800	-1,843
Mill Use (Thou Bales)	24,500	25,500	25,000	25,000	25,350
Ending Stocks (Thou Bales)	10,824	9,299	9,215	9,515	8,400

TABLE 1 – BALANCE SHEET FOR SELECTED COUNTRIES & REGIONS (CONTINUED)

	22/23	23/24	24/25	25/26	26/27
<b>Indonesia</b>					
Harvested Area (Thou Acres)	2	2	2	2	2
Yield (Pounds/Acre)	389	389	389	389	389
Production (Thou Bales)	2	2	2	2	2
Net Imports (Thou Bales)	1,647	1,834	1,959	1,935	2,048
Mill Use (Thou Bales)	1,750	1,800	1,950	1,950	2,050
Ending Stocks (Thou Bales)	361	397	408	395	395
<b>Mexico</b>					
Harvested Area (Thou Acres)	494	326	311	178	180
Yield (Pounds/Acre)	1,535	1,280	1,534	1,524	1,531
Production (Thou Bales)	1,580	870	995	565	574
Net Imports (Thou Bales)	282	495	425	600	694
Mill Use (Thou Bales)	1,800	1,500	1,350	1,300	1,275
Ending Stocks (Thou Bales)	109	242	312	157	150
<b>Pakistan</b>					
Harvested Area (Thou Acres)	4,448	5,930	4,942	4,818	4,800
Yield (Pounds/Acre)	421	567	486	498	492
Production (Thou Bales)	3,900	7,000	5,000	5,000	4,919
Net Imports (Thou Bales)	4,400	3,025	6,050	5,650	6,056
Mill Use (Thou Bales)	8,700	9,700	10,800	10,800	10,925
Ending Stocks (Thou Bales)	1,525	1,850	2,100	1,950	2,000
<b>Turkey</b>					
Harvested Area (Thou Acres)	1,371	1,087	1,149	976	908
Yield (Pounds/Acre)	1,715	1,409	1,650	1,475	1,578
Production (Thou Bales)	4,900	3,192	3,950	3,000	2,984
Net Imports (Thou Bales)	3,329	2,181	3,026	3,600	3,938
Mill Use (Thou Bales)	7,500	6,600	7,100	6,800	6,800
Ending Stocks (Thou Bales)	2,629	1,402	1,278	1,078	1,200
<b>Uzbekistan</b>					
Harvested Area (Thou Acres)	2,595	2,545	2,471	2,298	2,250
Yield (Pounds/Acre)	591	547	583	533	559
Production (Thou Bales)	3,195	2,900	3,000	2,550	2,619
Net Exports (Thou Bales)	-70	-35	-90	-190	-190
Mill Use (Thou Bales)	2,625	2,950	3,000	3,000	3,040
Ending Stocks (Thou Bales)	1,965	1,950	2,040	1,780	1,549
<b>Vietnam</b>					
Harvested Area (Thou Acres)	2	2	2	2	2
Yield (Pounds/Acre)	583	583	583	583	583
Production (Thou Bales)	3	3	3	3	3
Net Imports (Thou Bales)	6,471	6,585	7,979	8,100	8,278
Mill Use (Thou Bales)	6,450	6,600	8,000	8,100	8,250
Ending Stocks (Thou Bales)	1,046	1,034	1,016	1,019	1,050
<b>West Africa</b>					
Harvested Area (Thou Acres)	6,855	6,538	5,819	5,456	5,450
Yield (Pounds/Acre)	281	369	366	354	360
Production (Thou Bales)	4,015	5,022	4,443	4,029	4,088
Net Exports (Thou Bales)	3,975	4,589	4,267	4,065	4,059
Mill Use (Thou Bales)	95	95	100	107	105
Ending Stocks (Thou Bales)	955	1,293	1,369	1,226	1,150

## Top Ten U.S. Import Sources Cotton Textiles & Apparel

(Ranked by Most Recent Year)

480 Lb. Bale Equivalents of Cotton

Calendar Year						
Country	2021	2022	2023	2024	2025e	% Change
China	5,781,795	4,779,573	4,048,872	4,552,304	3,707,044	(18.6)
India	2,930,383	2,674,069	2,313,141	2,577,213	2,639,757	2.4
Bangladesh	1,989,588	2,250,160	1,717,718	1,819,843	2,046,274	12.4
Vietnam	1,898,853	1,972,282	1,588,992	1,770,797	2,011,050	13.6
Pakistan	2,189,098	2,083,294	1,723,801	1,885,750	1,996,133	5.9
Cambodia	644,650	737,472	571,038	691,580	851,822	23.2
Mexico	828,055	779,681	685,185	650,759	704,189	8.2
Indonesia	569,671	643,884	473,148	483,595	534,005	10.4
Nicaragua	573,428	597,218	463,818	503,064	471,257	(6.3)
Honduras	618,391	659,466	492,943	488,782	418,842	(14.3)
All Others	3,167,033	3,155,622	2,487,852	2,591,819	2,567,647	(0.9)
<b>Total</b>	<b>21,190,944</b>	<b>20,332,721</b>	<b>16,566,508</b>	<b>18,015,505</b>	<b>17,948,019</b>	<b>(0.4)</b>

## Top Ten U.S. Export Customers Cotton Textiles & Apparel

(Ranked by Most Recent Year)

480 Lb. Bale Equivalents of Cotton

Calendar Year						
Country	2021	2022	2023	2024	2025e	% Change
Honduras	1,275,667	1,325,745	1,005,863	963,403	926,876	(3.8)
Dominican Republic	461,617	465,458	432,305	378,954	356,703	(5.9)
Mexico	343,810	323,165	290,215	264,602	243,846	(7.8)
Canada	234,850	211,272	204,689	185,928	204,160	9.8
El Salvador	168,990	143,134	130,424	132,888	78,825	(40.7)
Guatemala	104,171	112,845	57,286	66,367	53,802	(18.9)
Bangladesh	267	282	1,089	735	41,023	5,478.5
Colombia	46,005	31,991	30,830	29,896	36,331	21.5
Nicaragua	60,450	115,734	20,392	15,668	32,108	104.9
Morocco	59,207	26,027	23,633	17,378	14,054	(19.1)
All Others	218,890	216,208	211,987	187,106	197,311	5.5
<b>Total</b>	<b>2,973,923</b>	<b>2,971,862</b>	<b>2,408,711</b>	<b>2,242,927</b>	<b>2,185,039</b>	<b>(2.6)</b>

# U.S. Cotton Textile & Apparel Imports

480 Lb. Bale Equivalents of Cotton

	Calendar Year					
	2021	2022	2023	2024	2025e	% Change
<b>Total Textile &amp; Apparel</b>	<b>21,190,944</b>	<b>20,332,721</b>	<b>16,566,508</b>	<b>18,015,505</b>	<b>17,948,019</b>	<b>(0.4)</b>
<b>Yarn, Thread and Fabric</b>	<b>1,652,160</b>	<b>1,518,922</b>	<b>1,214,782</b>	<b>1,279,446</b>	<b>1,168,273</b>	<b>(8.7)</b>
India	381,837	377,315	218,985	266,131	228,580	(14.1)
China	380,801	332,196	249,014	272,166	200,043	(26.5)
Mexico	146,426	133,125	131,390	147,450	137,498	(6.7)
Pakistan	162,931	146,522	136,920	129,918	114,601	(11.8)
South Korea	120,785	118,375	88,390	85,479	92,203	7.9
<b>Apparel</b>	<b>14,128,294</b>	<b>14,468,966</b>	<b>11,292,982</b>	<b>12,254,489</b>	<b>12,363,349</b>	<b>0.9</b>
<b>M&amp;B Apparel</b>	<b>6,797,554</b>	<b>7,296,731</b>	<b>5,829,462</b>	<b>6,124,270</b>	<b>6,255,785</b>	<b>2.1</b>
Bangladesh	1,122,195	1,337,691	1,071,246	1,139,970	1,274,302	11.8
Vietnam	697,712	778,264	619,250	648,272	726,931	12.1
China	993,835	935,393	754,040	806,286	592,980	(26.5)
Pakistan	546,935	573,961	420,299	459,318	517,073	12.6
India	415,050	481,628	409,959	467,576	511,190	9.3
<b>W&amp;G Apparel</b>	<b>6,345,306</b>	<b>6,189,972</b>	<b>4,695,675</b>	<b>5,245,402</b>	<b>5,241,930</b>	<b>(0.1)</b>
China	2,187,639	1,770,133	1,431,611	1,624,155	1,238,630	(23.7)
Vietnam	1,032,388	1,040,124	829,402	954,660	1,078,143	12.9
Bangladesh	672,660	721,970	507,034	536,260	627,166	17.0
Cambodia	321,688	371,313	279,556	360,138	445,075	23.6
India	277,730	331,950	259,754	296,177	331,561	11.9
<b>Home Textiles</b>	<b>4,568,712</b>	<b>3,758,464</b>	<b>3,495,721</b>	<b>3,814,689</b>	<b>3,716,488</b>	<b>(2.6)</b>
India	1,780,193	1,399,903	1,364,889	1,466,857	1,472,715	0.4
China	1,840,310	1,383,484	1,339,674	1,542,461	1,417,877	(8.1)
Pakistan	1,089,394	947,595	857,922	948,183	956,499	0.9
Turkey	296,894	222,579	190,127	198,270	192,980	(2.7)
Bangladesh	80,973	70,519	53,351	52,520	46,826	(10.8)

## Top Ten U.S. Export Customers Cotton Raw Fiber

(Ranked by Most Recent Year)

480 Lb. Bales

Country	Crop Year					% Change
	21/22	22/23	23/24	24/25	25/26e	
Vietnam	1,916,453	1,952,594	1,335,053	3,046,935	3,102,300	1.8
Pakistan	1,645,138	1,749,063	1,255,310	2,256,178	2,094,500	(7.2)
Turkey	1,719,307	1,688,853	780,116	1,562,854	1,472,000	(5.8)
Bangladesh	546,390	648,464	647,271	704,557	720,000	2.2
Mexico	931,272	688,699	693,468	600,874	658,000	9.5
China	4,451,047	3,288,091	5,000,116	756,272	648,000	(14.3)
India	618,084	376,484	196,845	642,047	633,391	(1.3)
Honduras	86,921	115,674	232,599	316,607	350,000	10.5
Indonesia	412,658	399,503	320,645	312,324	315,798	1.1
Malaysia	121,303	124,876	102,448	199,564	208,000	4.2
All Others	1,601,426	1,417,700	1,186,128	1,501,788	1,498,011	(0.3)
<b>Total</b>	<b>14,050,000</b>	<b>12,450,000</b>	<b>11,750,000</b>	<b>11,900,000</b>	<b>11,700,000</b>	<b>(1.7)</b>

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# 2026 U.S. FARM POLICY

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Agricultural policy provisions applying to the 2026 crop were authorized by the One Big Beautiful Bill Act (OBBBA) which extended 2018 Farm Bill programs through 2031. The summary below includes farm policy provisions effective for the 2026 crop.

## Seed Cotton PLC/ARC Program

- Continued the seed cotton Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs. Seed Cotton refers to unginning upland cotton that includes both lint and cottonseed.
- Seed Cotton reference price increased by 14.0% to \$0.42 per lb.
- Agriculture Risk Coverage (ARC) program guarantee increased to 90% of the benchmark revenue.
- ARC benchmark revenue cap increased to 12%.
- For the 2026 crop year, producers have the option to elect ARC or PLC for seed cotton. Sign-up for the 2026 crop will be delayed as USDA works to implement the new farm program provisions.

## Base Acreage

- 1-time allocation of new base acres in 2026 for producers who do not have base on their farm or whose average planted or prevented plant acres from 2019-2023 exceed the current base acres as of September 30, 2024, on the farm.
- New base acres will be assigned based on the proportion of planted acres to each covered commodity for the years 2019-2023.
- No re-allocation of current base acres.

## Base Loan Rates, Marketing Assistance Loans and LDP's

- The marketing loan rate for upland cotton increases to \$0.55 a pound and ELS cotton to \$1.00 per pound.
- The maximum storage credit rate for upland and ELS cotton increases to \$4.90 for California and Arizona and \$3.00 in all other states.
- Sets the marketing loan repayment rate for upland cotton to be the lowest 30-day prevailing market price beginning on the date the loan is repaid.
- Amends the adjusted world price calculation for cotton by using the three lowest Far East quotes.
- Adds marketing loan repayment provisions for ELS cotton.

## Payment Limitations and Eligibility Requirements

- Payment limitation for Title I price and revenue programs increased to \$155,000 per person or entity with an adjustment for inflation for the 2026 crop year. This limit will be adjusted annually for inflation in subsequent years. The payment limit does not apply to marketing loan benefits, including both marketing loan gains (MLGs) and loan deficiency payments (LDPs).

- Certain entities such as S-Corps and LLCs will be treated the same as General Partnerships with regard to the structure of payment limits.
- Waives the current \$900,000 AGI limits for certain conservation and disaster programs for producers and entities who draw 75% or more of their average adjusted gross income from farming and ranching.
- The income means test is based on total adjusted gross income (AGI) of \$900,000 for commodity and conservation benefits.

## Commodity Marketing Certificates

- Commodity certificates allow producers with outstanding marketing assistance loans to purchase certificates and then exchange the certificate for their outstanding loan collateral rather than forfeit that loan collateral to CCC at loan maturity.
- By redeeming a loan with commodity certificates, the MLG, if available, is not subject to the AGI means test or payment limits.

## Actively Engaged

- The actively engaged provisions from the 2014 Farm Bill are maintained in the OBBBA legislation.
- To be considered “actively engaged in farming”, certain requirements must be met for farming operations conducted by general partnerships and joint ventures that encompass non-family members. Additional details are available on the USDA-FSA website at [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Insurance Programs

- Premium subsidies are increased for most insurance products.

Coverage Level	2025 Crop Premium Subsidy	2026 & Subsequent Crops Premium Subsidy
<b>Area-Wide Policies</b>		
STAX	80%	80%
SCO, ECO, HIP-WI, MCO	65%	<b>80%</b>
<b>Individual RP/YP (Basic/Optional Units)</b>		
CAT	100%	100%
50%	67%	67%
55% - 60%	64%	<b>69%</b>
65% - 70%	59%	<b>64%</b>
75%	55%	<b>60%</b>
80%	48%	<b>51%</b>
85%	38%	<b>41%</b>
<b>Individual RP/YP (Enterprise Units)</b>		
50% - 70%	80%	80%
75%	77%	<b>80%</b>
80%	68%	<b>71%</b>
85%	53%	<b>56%</b>

- Stacked Income Protection Plan (STAX) - Farms enrolled in ARC or PLC are not eligible for STAX coverage. Producers enroll annually in ARC or PLC, so they can choose to not enroll a farm in ARC or PLC for a particular year and purchase STAX.

- Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) - Farms enrolled in ARC or PLC are eligible for SCO and ECO coverage. SCO and ECO can be combined to obtain coverage at the 90% or 95% level. With the increased premium subsidy of 80%, SCO and ECO provide area-wide coverage similar to STAX with comparable producer premiums.

## Cotton Import Provisions

- A Special Import Quota will be opened when the average U.S. quote in the international market exceeds the prevailing world market price for 4 consecutive weeks.
- Global Import Quotas are triggered when the base quality spot price for a month exceeds 130.0% of the average for the previous 36 months.

## ELS Cotton Competitiveness Provisions

- ELS competitiveness payments are available for eligible domestic users and exporters of American Pima cotton.
- The payment rate reflects the difference between the American Pima quote in the Far Eastern market (APFE) and the lowest foreign quote in the Far East (LFQ), adjusted for quality.
- The maximum price trigger for the ELS competitiveness payment is adjusted from 134.0% of the loan rate to 113.0% of the loan rate in order to reflect the higher ELS loan rate in the new legislation.

## Economic Adjustment Assistance for Textile Mills (EAATM)

- The EAATM program payment increased to 5 cents per pound for all upland cotton consumed. Payments must be used for specific purposes such as acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant buildings, equipment, facilities, or machinery.

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# TRADE POLICY

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## President Trump's American First Trade Policy

On January 20, 2025, President Trump directed federal agencies to conduct a review and report back to him by April 1 on a number of potential measures designed to help implement “a robust and reinvigorated trade policy that promotes investment and productivity, enhances our nation’s industrial and technological advantages, defends our national security, and - above all – benefits American workers, manufacturers, farmers, ranchers, entrepreneurs and businesses.” Some of the issues under review included:

- The causes of the U.S.’s annual trade deficits
- Unlawful migration and fentanyl flows
- Potential modifications to the Section 301 tariffs on China
- The Phase One trade agreement with China
- The U.S.-Mexico-Canada Agreement (USMCA)
- Existing U.S. trade agreements and sectoral trade agreements
- Countries with which the U.S. can negotiate bilateral or sector-specific agreements to obtain export market access
- Policies and regulations regarding the application of antidumping and countervailing duty laws.

On March 3, 2025, United States Trade Representative Jamieson Greer delivered President Trump’s 2025 Trade Policy Agenda to Congress. The agenda stated “Going forward, the United States will take action to create the leverage needed to rebalance our trading relations and to re-shore production, including, but not limited to, through the use of tariffs. This will raise wages and promote a strong national defense.”

On April 3, 2025, the White House announced the release of the comprehensive report on the America First Trade Policy. [Highlights](#) from the report included:

- The need for an American First Trade Policy to boost investment, jobs and growth domestically while reinforcing industrial and technological advantages.
- The persistent trade deficit, which reached \$1.2 trillion in 2024, as a critical economic and national security threat.
- Recommended measures such as imposing tariffs on certain imports to achieve balanced trade and creating an External Revenue Service to optimize tariff collection.

## Presidential Tariff Actions – 2025: “The Year of the Tariff”

Throughout 2025, the President cited authorities in the International Emergency Economic Powers Act (IEEPA), Section 232 of the Trade Expansion Act of 1962, as amended, and Section 301 of the Trade Act of 1974 to implement tariffs on U.S. imports from all global partners and initiate investigations which may result in additional sectoral tariffs.

The U.S. Supreme Court is currently reviewing cases related to the tariffs imposed by President Trump, specifically examining the legality of tariffs implemented under IEEPA. If the Supreme Court rules against the Trump Administration, it could invalidate the tariffs and lead to potential refunds for those who have paid these tariffs. As of the writing of this report, the Supreme Court has not ruled on these tariffs. The next potential decision day for the Supreme Court is February 20.

### **International Emergency Economic Powers Act (IEEPA)**

IEEPA provides the President broad authority to regulate a variety of economic transactions, including the implementation of tariffs, following a declaration of national emergency. Approximately twenty Executive Orders were issued in 2025 citing the President's authority under IEEPA:

- February 1 – “[Imposing Duties To Address the Flow of Illicit Drugs Across Our Northern Border](#)”, amended by:
  - February 3 - “[Progress on the Situation at Our Northern Border](#)”; and
  - March 6 - “[Amendment to Duties To Address the Flow of Illicit Drugs Across Our Northern Border](#)”
- February 1 – “[Imposing Duties To Address the Situation at Our Southern Border](#)”, amended by:
  - February 3 – “[Progress on the Situation at Our Southern Border](#)”: and
  - March 2 - “[Amendment to Duties To Address the Situation at Our Southern Border](#)”
- February 1 – “[Imposing Duties to Address the Synthetic Opioid Supply Chain in the People’s Republic of China](#)”, amended by:
  - April 2 – “[Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People’s Republic of China as Applied to Low-Value Imports](#)”: and
  - April 8 – “[Amendment to Reciprocal Tariffs and Updated Duties as Applied to Low-Value Imports from the People’s Republic of China](#)”
- April 2 “[Presidential Liberation Day Tariffs](#)”: “[Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits](#)”
  - [Annex I](#)
  - [Annex II](#)
  - [Annex III](#)
- April 9 - “[Modifying Reciprocal Tariff Rates to Reflect Trading Partner Retaliation and Alignment](#)”
- May 12 – “[Modifying Reciprocal Tariff Rates to Reflect Discussions with the People’s Republic of China](#)”
- July 7 – “[Extending the Modification of the Reciprocal Tariff Rates](#)”
- July 31 – “[Further Modifying the Reciprocal Tariff Rates](#)”
- August 11 – “[Further Modifying Reciprocal Tariff Rates to Reflect Ongoing Discussions with the People’s Republic of China](#)”
- September 5: “[Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements](#)”
  - [Annex II, “Potential Tariff Adjustments for Aligned Partners” Annex](#)
- November 4 – “[Modifying Reciprocal Tariff Rates Consistent with the Economic and Trade Arrangement Between the United States and the People’s Republic of China](#)”
- November 4 – “[Modifying Duties Addressing the Synthetic Opioid Supply Chain in the People’s Republic of China](#)”

- November 14 – “[Modifying the Scope of the Reciprocal Tariff With Respect to Certain Agricultural Products](#)”
  - [Annex I](#)
  - [Annex II](#)
- November 20 – “[Modifying the Scope of Tariffs on the Government of Brazil](#)”
  - [Annex I](#)
  - [Annex II](#)

### **Liberation Day Tariffs**

President Trump declared April 2, 2025, as “Liberation Day” due to his announcement of a series of tariffs aimed at reshaping U.S. trade policy. Citing his authority under IEEPA, President Trump announced that imports from nearly all foreign nations would be subject to at least a 10% tariff, while reciprocal tariffs would be imposed on countries with which the U.S. has the largest trade deficits. The 10% tariff was scheduled to go into effect on April 5, 2025, and the reciprocal tariffs would take effect on April 9, 2025. In the case of Canada and Mexico, USMCA-compliant goods will be tariff-free, while non-USMCA-compliant goods will be subject to a 25% tariff and potash and energy imports will be subject to a 10% tariff. These policies are unchanged from executive action the Trump administration took earlier this year.

On April 9, 2025, the Trump administration announced a 90-day pause (until July 9) on the implementation of reciprocal tariffs that applied to nearly 60 nations. This pause was enacted for trading partners that took “significant steps to remedy non-reciprocal trade arrangements and align sufficiently with the United States on economic and national security matters.” This pause did not apply to China, which engaged in escalating retaliatory acts with the U.S. for much of early April. Despite the pause on the reciprocal tariffs, nearly all foreign nations continue to be subject to a 10% baseline tariff that went into effect on April 2. On July 7, 2025, President Trump signed an Executive Order extending the pause on reciprocal tariffs until August 1, 2025.

On July 31, following months of active negotiations between the U.S. and other countries (including Vietnam, Indonesia, Japan, the Philippines, South Korea and the United Kingdom), the Trump administration announced a sweeping global tariff system set to begin on August 7. As of that date, nearly all foreign nations will face tariffs of at least 10 percent, while even higher rates will be imposed on dozens of other countries. For many, but not all countries in the latter category, the new tariffs broadly reflect rate increases the Trump administration proposed on April 2 before subsequently announcing a 90-day pause on implementation. Some of the tariff increases were steep. However, the White House suggested that tariffs might still be negotiable in the coming days on a country-by-country basis.

As of the writing of the report, Joint Statements between the U.S. and the following countries have been released announcing the framework for Agreements on Reciprocal Trade:

- [United Kingdom](#)
- [Indonesia](#)
- [European Union](#)
- [Japan](#)
- [Malaysia](#)

- Cambodia
- Thailand
- Vietnam
- El Salvador - CAFTA-DR originating goods exempt
- Argentina
- Ecuador
- Guatemala - CAFTA-DR originating goods exempt
- Switzerland and Liechtenstein
- South Korea
- China - On November 10, 2025, the U.S. agreed to maintain the suspension of heightened reciprocal tariffs on imports from China until November 10, 2026. As of the writing of this report, the reciprocal tariff rate for China is 10%.
- India
- Bangladesh

In addition to releasing Joint Statements, the following countries have signed [Agreements on Reciprocal Trade](#) with the U.S.:

- Malaysia – Signed October 26, 2025
- Cambodia – Signed October 26, 2025
- El Salvador – Signed January 29, 2026; CAFTA-DR originating goods exempt
- Guatemala – Signed January 30, 2026; CAFTA-DR originating goods exempt
- Argentina – Signed February 5, 2026
- Bangladesh – Signed February 9, 2026
  - Includes agricultural purchase commitments of an estimated total value of \$3.5 billion, which includes cotton. Also, specifies the following for the \$3.5 billion purchase commitments:
    - Wheat - at least 700,000 metric tons per year for five years.
    - Soy and soy products – at least \$1.25 billion or 206 million metric tons, whichever is less, over one year
  - Establishes a mechanism to allow certain textile and apparel goods from Bangladesh to receive a zero reciprocal tariff rate.
    - This mechanism will provide a to-be-specified volume of textile and apparel imports from Bangladesh to enter the U.S. at the zero reciprocal tariff rate.
    - The volume eligible for the zero rate will be determined in relation to the quantity of exports of textiles, e.g. U.S. produced cotton and man-made fiber textile inputs, from the U.S.
  - Bangladesh will not require an import permit or letter of credit prior to shipment of food products or agricultural goods from the U.S.

### **Reciprocal Tariffs**

- **20% or More U.S-Originating Content** - Under IEEPA, if a product contains 20% or more U.S.-originating content measured by value, it may qualify for an exemption for reciprocal duties. Only the portion of the value of the inputs of U.S. origin is exempt for the additional duties. The non-U.S. content remains subject to the reciprocal tariff. U.S. content refers to the portion of an article's

customs value, determined under 19 U.S.C. 1401a, attributable to components that are wholly obtained, entirely produced, or substantially transformed in the United States. At least 20% of the total customs value must be of U.S. origin for the content to qualify.

- Transshipment – If CBP determines that an article has been transshipped to evade applicable reciprocal tariffs, that article is subject to an additional duty of 40%, with no option for mitigation or remission.

## **Section 232**

A Section 232 investigation is conducted under the authority of the Trade Expansion Act of 1962, as amended. The purpose of the investigation is to determine the effect of imports on national security. A section 232 investigation can be initiated based on an application from an interested party, a request from the head of any department or agency or may be self-initiated by the Secretary of Commerce. In 2025, the U.S. Department of Commerce announced the initiations of the following Section 232 investigations:

- March 10 – [Copper and Timber and Lumber](#)
- April 1 – [Semiconductors](#) and [Pharmaceuticals](#)
- April 22 – [Processed Critical Minerals, Trucks and Truck Parts](#)
- May 1 – [Aircraft Engines](#)
- July 1 – [Unmanned Aircraft Systems](#) and [Polysilicon Derived Products](#)
- August 13 – [Wind Turbines](#)
- September 2 – [Personal Protective Equipment and Medical Equipment](#) and [Robotics and Industrial Machinery](#)

## **Section 301**

Congress grants the Office of the United States Trade Representative (USTR) the authority, under the Trade Act of 1974, to investigate and take action to enforce U.S. rights under trade agreements and respond to certain foreign trade practices. A section 301 investigation can be initiated based on a petition filed with USTR by any interested party or may be self-initiated by USTR. Several 301 investigations were ongoing or initiated during 2025:

- Initiated April 17, 2024 – [China’s Targeting the Maritime, Logistics and Shipbuilding Sectors for Dominance](#)
  - November 13, 2025 – Suspended actions for one year due to the deal reached between the U.S. and China on November 1, 2025
- Initiated December 10, 2024 – [Nicaragua Labor Rights, Human Rights, and Rule of Law](#)
  - October 23, 2025 – USTR determined “Nicaragua’s acts, policies, and practices related to abuses of labor rights, human rights and fundamental freedoms, and dismantling the rule of law are unreasonable within the meaning of the Section 301 statute” and burden or restrict U.S. commerce.
  - December 12, 2025 – USTR announced plans to phase in higher tariffs on imports from Nicaragua following the section 301 determination. The U.S. will impose an additional tariff on all imported Nicaraguan goods that are not originating under CAFTA-DR. The tariff was set at zero on January 1, 2026, and will increase to 10% on January 1, 2027, and 15% on January 1, 2028. This timeline and these rates may be modified if Nicaragua shows a lack of

progress in addressing applicable issues. This tariff will stack on top of other applicable tariffs, such as most-favored-nation (MFN) duties and the 18% “reciprocal” IEEPA tariff.

- Initiated December 23, 2024 – [China’s Targeting of the Semiconductor Industry for Dominance](#)
  - December 23, 2025 – USTR determined China’s acts, policies and practices are actionable and an initial tariff level of 0% would be imposed on semiconductors from China. This tariff level will increase in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior.
- Initiated July 15, 2025 – [Brazil’s Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation](#)
- Initiated October 24, 2025 – [China’s Implementation of Commitments Under the Phase One Agreement](#)

### **Unstacking Certain Tariffs**

While IEEPA tariffs “stack” onto MFN tariff rates, certain other tariffs do not “stack” onto IEEPA tariffs. On April 29, 2025, the White House issued an Executive Order addressing the non-stacking of certain tariffs on imported goods. The intent of the order is to prevent the cumulative effect of overlapping tariffs that exceed necessary duty rates that are deemed to be necessary to achieve the intended policy goals. The order applies to tariffs imposed under specific proclamations and Executive Orders, including those related to imports of automobiles, automobile parts, aluminum, steel and duties addressing border security issues. Customs and Border Protection (CBP) has developed a [chart](#), for informational purposes only, demonstrating tariff unstacking.

## **U.S.-Mexico-Canada Agreement (USMCA)**

- Entered into force on July 1, 2020.
- Preserves the benefits of NAFTA and encourages continued regional integration of the cotton and textile supply chain.
- Enhances regulatory coordination on sanitary and phytosanitary (SPS) disciplines and encourages greater cooperation in biotechnology, including gene editing.
- Improves the terms of trade for U.S. textile manufacturers.
- Preserves NAFTA’s market access benefits for U.S. cotton and cotton products.
- Includes a separate textile chapter reflecting the scale and significance of regional textile and apparel trade and incorporates NAFTA’s yarn-forward rule of origin.
  - “Yarn forward” means yarn must be made in USMCA region and subsequent processing must occur in USMCA region for the product to qualify for duty-free benefits.
- Includes benefits corresponding to the use of USMCA-origin sewing thread, pocketing, narrow elastics, and coated fabrics for certain end items.
- Closed the NAFTA loophole that exempts purchases by the U.S. Department of Homeland Security’s Transportation Security Administration (TSA) from the Buy American requirements known as the Kissell Amendment.
  - No longer permits manufacturers from Canada and Mexico to qualify as “American” sources.
- USMCA terminates after 16 years (July 2036) unless it is extended by the parties.

- Requires the U.S., Canada and Mexico to review the operation of the agreement and the need for its extension. The parties of the agreement committed to begin the first joint review on the sixth anniversary of the agreement’s entry into force – July 1, 2026. The parties of the agreement can:
  - If all parties agree to an extension of the agreement as-is, USMCA would be extended for another 16 years, and another joint review would be held no later than the end of the next six-year period to discuss further extension of USMCA.
  - If one of the parties does not agree to extend USMCA, parties are required to conduct additional annual reviews until all parties agree to extend the agreement for another 16-year period or until the USMCA terminates. After the agreement is made, the parties will return to six-year joint review cycle.
  - The joint review process is separate from the USMCA’s withdrawal provisions. The withdrawal provisions allow a party to withdraw from the agreement with a six months’ written notice to the other parties.
  - In the fall of 2025, the U.S. began to fulfill the requirements set forth in the USMCA Implementation Act for the USMCA review process. The law instructs USTR to issue a notice in the Federal Register at least 270 days before a joint review to solicit public comments (issued September 17, 2025) and to hold a public hearing (held on December 3 to December 5, 2025) for a presentation of views. The law also requires the President to consult with the House Ways and Means Committee and the Senate Finance Committee and other stakeholders before each joint review with respect to "any recommendation for action to be proposed" at the joint review, and "whether or not to confirm that the United States wishes to extend" USMCA. USTR reported to these committees on December 16 and 17, 2025. USTR Greer stated that "the shortcomings [of USMCA] are such that a rubberstamp of the Agreement is not in the national interest" and indicated that the nature of the joint review will depend on the "successful resolution" of various bilateral and trilateral issues.

## China

### Phase I Agreement

- The U.S. and China signed the Phase 1 agreement on January 15, 2020. The agreement entered into force on February 14, 2020, 30 days after signing. In light of the entry into force of the agreement, the U.S. Trade Representative determined to reduce the level of additional duties on goods included on [List 4A](#) from 15.0% to 7.5%. The 7.5% tariff was effective February 14, 2020. On February 6, 2020, China announced it would cut in half some of the retaliatory tariffs on \$75 billion worth of U.S. goods it imposed in September 2019. The 10.0% tariffs on roughly 900 items dropped to 5.0% and the 5.0% tariffs on approximately 800 items dropped to 2.5%. The tariff cuts took effect on February 14, 2020.
- The Phase 1 agreement included a chapter on agriculture with commitments for Chinese purchases of total U.S. agricultural products, including cotton, intended to average at least \$40 billion per year for 2020 and 2021.
- On October 28, 2025, USTR published a notice in the Federal Register announcing the initiation of a section 301 investigation concerning China’s implementation of commitments under the Phase 1 agreement and requesting public comments. According to the notice, the investigations will initially focus on whether China has fully implemented its commitments under the agreement. Furthermore, the investigation will examine “the burden or restriction on U.S. commerce resulting from any non-

implementation by China of its commitments under the Phase 1 Agreement, and what action, if any, should be taken in response”. A public hearing was held on December 16, 2025.

## *De Minimis*

- Since 2016 and subject to certain limitations, shipments not exceeding \$800 per day can enter the U.S. duty and tax free under *de minimis* trade rule.
  - Allows foreign companies to ship goods under \$800 in value directly to the U.S. customer and avoid tariffs.
  - The use of *de minimis* has skyrocketed in recent years with increased online purchases.
    - According to CBP, in FY2016 150 million *de minimis* packages entered the U.S. By 2023 the number rose to over one billion. During FY2024, *de minimis* shipments rose once again to over 1.36 billion.
    - It is estimated that about half of those packages are textile and apparel products.
- On July 30, 2025, President Trump signed an Executive Order [ending the \*de minimis\* exemption](#) for all commercial shipments entering the U.S., effective August 29. This decisive move addressed a critical issue that has undermined fair trade and the competitiveness of American industries, including the cotton and textile sectors. Low-value shipments from China and Hong Kong were no longer eligible for *de minimis* treatment as of May 2, 2025.
  - As of December 17, 2025, CBP reported the collection of over \$1 billion in duties on over 246 million low-cost shipments since the beginning of the *de minimis* phase-out in May 2025.

## Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR)

- Includes the participating countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.
- Textiles and apparel are duty-free and quota-free if they meet the agreement’s yarn-forward rule of origin.
  - Only apparel using yarn and fabric from the U.S., Central America and the Dominican Republic qualifies for duty-free benefits.
- The CAFTA-DR textile provisions also include a number of avenues for 3<sup>rd</sup>-country participation, including ‘cumulation’, Tariff Preference Levels (TPLs) which authorize the use of a specified quantity of 3<sup>rd</sup>-country components, a fabric-forward rule of origin for certain products and allowances for ‘single transformation’ for a number of others.
- The agreement contains a revised short supply process that includes tighter timelines than in earlier short supply processes, allows items to be deemed in partial short supply, and provides for items to be added to and removed from the short supply list.
- According to the frameworks for the Agreements on Reciprocal Trade that have been announced for El Salvador and Guatemala, CAFTA-DR originating goods will be exempt from reciprocal tariffs.

## Trade Preference Programs

- The African Growth and Opportunity Act (AGOA)
  - Provides preferential access of textile and apparel products to the U.S. market for qualifying countries in sub-Saharan Africa.
  - Expired on September 30, 2025.
  - Retroactively extended from the expiration date as part of the [Consolidated Appropriations Act, 2026](#).
  - Extended until December 31, 2026.
  
- HOPE and HELP Acts
  - Imports of certain Haitian manufactured textile and apparel goods are eligible for duty-free treatment under the Caribbean Basin Trade Partnership Act (CBTPA). The following acts expand and enhance trade benefits for certain apparel produced in Haiti and give more flexibility in sourcing yarns and fabrics used in Haitian apparel production.
    - Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I)
    - Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II)
    - Haiti Economic Lift Program Act of 2010 (HELP Act).
  - HOPE/HELP Acts expired on September 30, 2025.
  - Retroactively extended from the expiration date as part of the [Consolidated Appropriations Act, 2026](#).
  - Extended until December 31, 2026.

## TARIFF RATES

Country	MFN Rate	+ Section 301	+ "Fentanyl"	+ IEEPA
China	MFN Rate	7.5%	10.0%	10% (Nov. 4: President extends a temporary tariff reduction [from 125% to 10%] for goods from China for a one-year period.)
Canada	USMCA - qualifying goods duty-free		USMCA- originating goods exempt	35% (10% on energy and potash); USMCA-originating goods exempt
Mexico				25% (10% on potash); USMCA-originating goods exempt
Costa Rica	CAFTA-DR qualifying goods duty-free			15.0%
Dominican Republic				10.0%
El Salvador				10%; CAFTA-DR originating goods exempt
Guatemala				10%; CAFTA-DR originating goods exempt
Honduras				10.0%
Nicaragua				Jan. 1, 2026 - 0%, Jan. 1, 2027 - 10%, Jan. 1, 2028 - 15%; CAFTA-DR qualifying goods exempt
Bangladesh	MFN Rate			19%; 0%*
Cambodia	MFN Rate			19.0%
India	MFN Rate			18.0%
Indonesia	MFN Rate			19.0%
Pakistan	MFN Rate			19.0%
Turkey	MFN Rate			15.0%
Vietnam	MFN Rate			20.0%

IEEPA - International Emergency Economic Powers Act

\* US-Bangladesh Agreement on Reciprocal Trade establishes a mechanism to allow certain textile and apparel goods from Bangladesh to receive a 0% reciprocal tariff.