

**Comments of the National Cotton Council
December 1, 2025**

Re: *Docket Nos. USTR-2025-0007, USTR-2025-0020, Comments Concerning Section 301 Investigation: China's Implementation of Commitments under the Phase One Agreement; Notice of Hearing; and Request for Public Comments.*

On behalf of the National Cotton Council (NCC), thank you for the opportunity to submit comments on China's implementation of the Phase One Agreement Commitments. The NCC is the central organization of the United States cotton industry. Members include producers, ginner, cottonseed processors and merchandizers, merchants, cooperatives, warehouse, and textile manufacturers. Much of the industry is concentrated in 17 cotton-producing states stretching from California to Virginia. U.S. cotton producers cultivate between 10-14 million acres of cotton with production averaging 12-20 million 480-lb bales annually. The downstream manufacturers of cotton apparel and home furnishings are in virtually every state.

The Phase One Agreement was welcomed by the U.S cotton industry following a period of retaliatory tariffs imposed by China on imports of U.S. cotton in late 2018 and 2019. While the agreement did not designate commodity-specific commitments, the cotton industry saw potential to expand cotton exports based on the overarching goal for agricultural products. However, the failure of China to meet the target for agricultural purchases translated into a missed opportunity for cotton that we estimated to total approximately 1.0 million bales, which would have been worth an additional \$393 million to U.S. exporters over the Agreement's two-year commitment span.

It is well documented that China did not meet the purchase commitments outlined in the Phase One Agreement. For agricultural products, the baseline level of China's purchases of U.S. agricultural goods for 2017 was \$19.6 billion, according to USDA's Foreign Agricultural Service (FAS) database. Under the agreement, China committed to increase agricultural purchases above the baseline level by \$12.5 billion and \$19.5 billion in 2020 and 2021, respectively.

As shown in **Table 1**, the 2-year commitment for agricultural purchases totaled \$71.1 billion, which is \$11.9 billion more than China's actual purchases of \$59.2 billion. As previously noted, the agreement did not specify commitments for individual commodities. However, the degree of success of the agreement

for cotton can be evaluated based on a comparison of commitments relative to actual purchases assuming cotton maintained its baseline share of China's imports of all agricultural products.

In 2017, China's purchases of U.S. cotton were valued at \$972.6 million, or 5.0% of total agricultural purchases. If China had met its commitment of \$71.1 billion over the two years, then maintaining cotton's share of 5.0% translates into total purchases of \$3.5 billion. This total is \$393 million more than actual cotton purchases of \$3.1 billion. Based on average import values for the 2020-21 period, the unrealized cotton purchases of \$393 million translate into 1.0 million bales over the two years.

It should be noted that under the Phase One Agreement, China's purchases of U.S. cotton in 2020 and 2021 reached 8.6 million bales, which still represents a significant increase over the 2017 baseline. However, if China had fulfilled its commitments under the agreement, purchases of U.S. cotton should have reached 9.6 million bales.

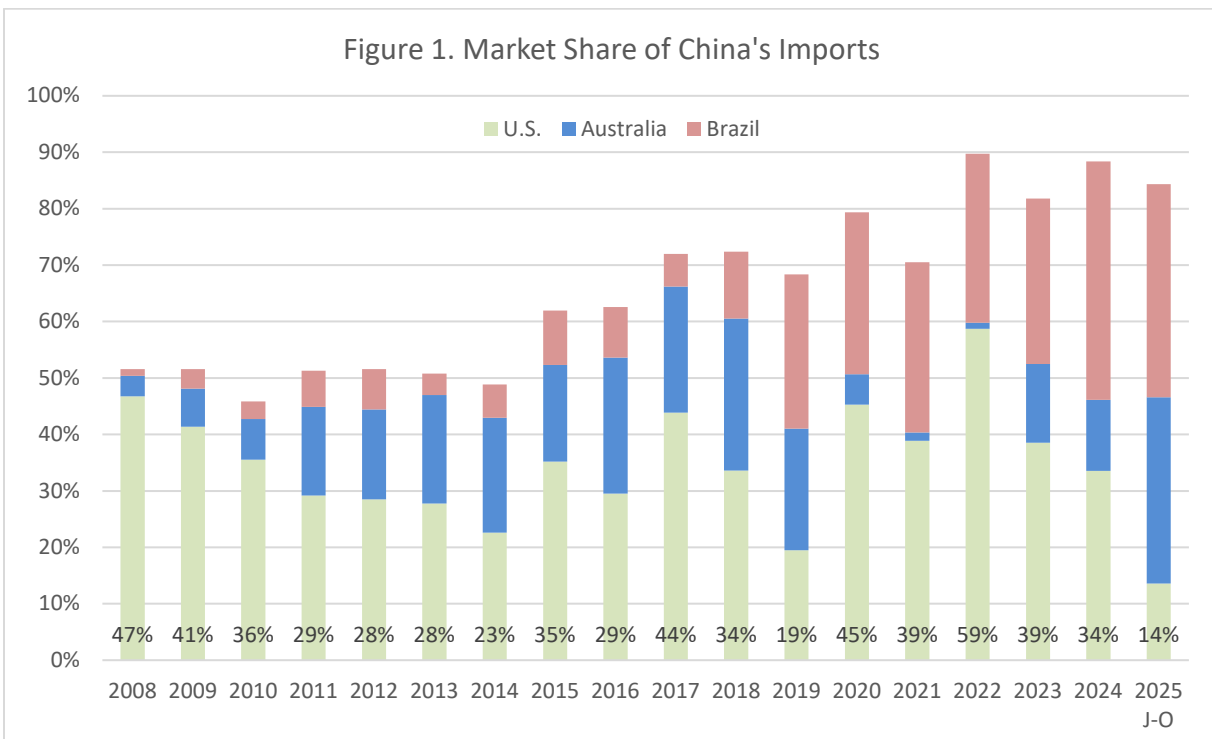
Table 1. Assessing China's Phase One Commitments¹				
2017 Agricultural Exports to China	Thou \$	\$19,557,760		
2017 Cotton Exports to China	Thou \$	\$972,554		
Cotton's Share of Total		5.0%		
		2020	2021	2-Yr Total
Phase One Commitments Above 2017 Baseline	Thou \$	\$12,500,000	\$19,500,000	\$32,000,000
Phase One Purchase Commitments	Thou \$	\$32,057,760	\$39,057,760	\$71,115,520
Actual Agricultural Purchases by China	Thou \$	\$26,405,003	\$32,768,820	\$59,173,823
Actual Relative to Commitments	Thou \$	-\$5,652,757	-\$6,288,940	-\$11,941,697
Actual Cotton Purchases by China	Thou \$	\$1,820,690	\$1,322,642	\$3,143,332
Expected Cotton Purchases with 5% Share	Thou \$	\$1,594,145	\$1,942,236	\$3,536,381
Actual Relative to Expectations	Thou \$	\$226,545	-\$619,594	-\$393,049
Shortfall in Cotton Exports to China²	Bales			1,043,812
1/ Source: USDA/FAS Global Agricultural Trade System (https://apps.fas.usda.gov/gats/default.aspx)				
2/ Bales calculated using 2020-21 average export value of \$0.78 per pound.				

It is also important to evaluate the U.S.-China trade relationship based on the share of China's import market. As shown in **Figure 1**, the three machine-picked growths offered by the United States, Australia, and Brazil constitute most of China's cotton imports. Prior to 2015, the three countries accounted for

approximately 50% of China's imports. That share began to steadily increase after 2015, and since 2022, China buys 80-90% of its imported cotton from the three countries.

The impacts of retaliatory tariffs imposed by China on imports of U.S. cotton immediately prior to the Phase One Agreement are evident as U.S. market share in 2019 fell to 19%, down by more than half compared to 2017 when U.S. market share was 44%. Under the agreement, U.S. market share rebounded to average 42% for 2020-21. While the rebound in market share was critical, NCC's analysis finds that U.S. market share should have averaged 47% for the two-year period if China fully met its commitments.

The resumption of access to the Chinese market achieved under the Phase One Agreement carried over into the years 2022 through 2024. Unfortunately, U.S. cotton exports again suffered a drastic decline in 2025 as market share dropped to 14% over the January-October period, due in all likelihood to the retaliatory tariffs. Since June of this year, U.S. cotton's market share has fallen below 5%, and no recovery is expected with China continuing to impose an additional 10% tariff on U.S. cotton, making it more expensive relative to Brazil and Australia.



NCC appreciates the Trump Administration's recent negotiations with China, but the outcomes to date have yielded no tangible benefits for U.S. cotton. USTR is urged to continue to engage with China and

seek commodity-specific purchase commitments that would match or exceed the ambition of the Phase One Agreement. In addition, the agreement should include clear remedies for accountability and enforcement.

Thank you again for the opportunity to submit these comments.