

China Cotton Market Review & Outlook 2003/2004

Research Background

China is the world's largest cotton producer and consumer and its domestic cotton demand and supply has a great influence on the world market. At present, China has become a wholly cotton importer from a cotton exporter in 1999/2000, the cotton imports on up greatly trend. Therefore, each of world influential cotton producing regions, cotton producers, international traders, futures companies, textile enterprises and so on is concerned about the changes in China's cotton market.

Even though lots of specialists and research institutions had expected on the trend of China cotton market in 2003, but to our surprises, great changes have taken place in the nation's cotton market. For example, in October the beginning of the new cotton harvest and appear on the market, the cotton market price rose up 22% from September, up by 57% than the corresponding period of 2002.

In fact, in the recent years the government has issued a series of policies. China cotton market became more and more open, the cotton price was decided by the balance of the supply and demand. The government lowered the power gradually on intervening in the price. During the process of opening, the imperfect of China cotton market made the market price uncontrollable. Therefore, the changes in China's cotton market influenced the price in the international cotton market at the same time.

China cotton manufacture increased with great margin in 2003, but the rainy days and lower temperature in the Yellow River Valley and the flood disaster in the Yangtze River impacted seriously on China cotton production. This year, the good exports of China textile stimulated the spinning abilities increasing rapidly, the cotton used in spinning accounting for over 95% of cotton consumption increased greatly. Cotton consumption increased promptly, the contradictions of China cotton supply and demand was obvious gradually. People concerned are anxious to know how much cotton China will produce in next year, how big the stock is, what quantity the nation intended to import, etc. China cotton industry has become the world focus again.

China government began to carry out the policy of "controlled spindle and restricted production" from 1998 to 1999. In the September of 1999, the government began to reform the cotton circulating system until 2003. In the light of cotton and textile industry, China government will take what kind of

policy? How about Chinese cotton farmers? The impact on the textile industry will be? The cotton price trend in the future will go? What's the impact on the international market?

By employing substantial figures from various channels such as official or not and BOABC databank, as a special consultant corporation monitored China Agriculture Market for a long time, we will analyze the changes of China cotton market, government policies, the imports and exports and the manufacture and consumption in 2003. The study reveals the trend of changes in the nation's cotton market, the changes in policies on imports and exports and the production and disappearance in 2004. Readers may find answers to the questions that they are most interested in.

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