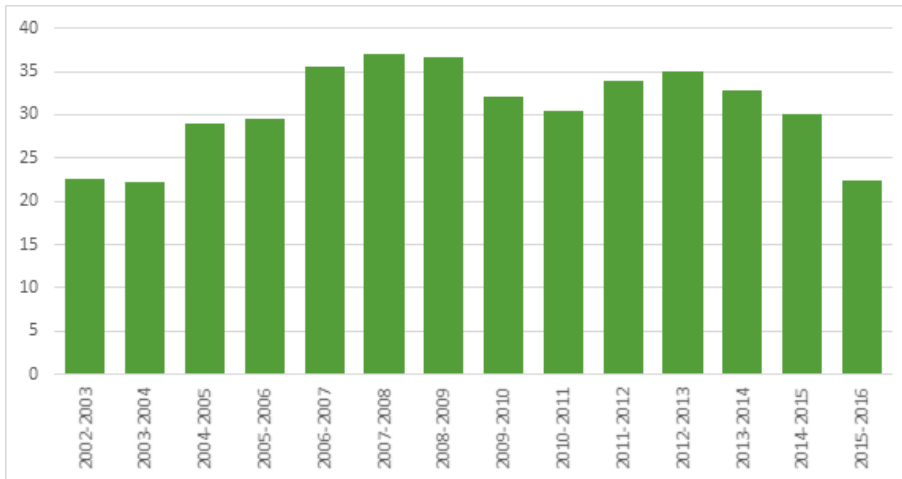


## Production

As with soybeans, the theoretical prediction that elevated prices would lead to increased production has not come to pass. Why?. Between the establishment of the price support regime in 2011 and 2015-2016, the domestic supply of cotton fell from 30.5 million metric tonnes annually to 22.5 million metric tonnes (See Figure 41). This is a 26.2 per cent decline in Chinese cotton output.

Figure 41 – Chinese domestic cotton supply, million metric tonnes

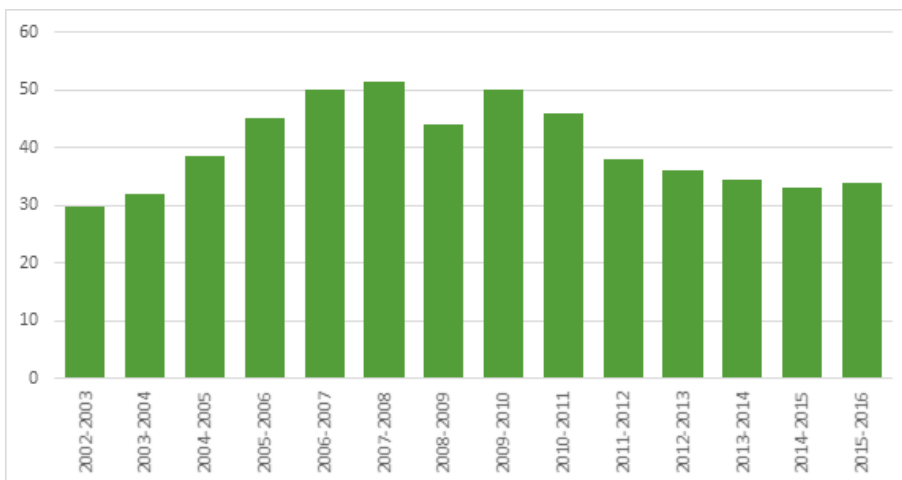


Source: United States Department of Agriculture

## Consumption

China's cotton consumption, like that of soybeans, has also bucked the trend of other commodities and decreased. As incomes have grown add data on Chinese disposable incomes here, consumption has fallen by 26.1 per cent, from 46.0 million metric tonnes annually to 34.0 million metric tonnes (See Figure 42).

Figure 42 – Chinese domestic rapeseed consumption, million metric tonnes



Source: United States Department of Agriculture

## Imports

Imports are another area where cotton has backed the trend of other commodities, even soybeans. As domestic prices have risen, imports have fallen. Why? Since price supports were introduced in 2011, imports have slumped by 81.6 per cent, from 24.5 million metric tonnes to 4.5 million metric tonnes in 2015-2016. (See Figure 43).