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Abstract

A Preliminary Analysis of the Effects of China's Cotton Tariff on the Chinese and U.S. Cotton Markets

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This analysis examined the effects of the implementation of the Chinese retaliatory tariff on U.S. cotton exports and the world cotton market using a partial equilibrium model of the world fibre market. A unique characteristic of this model is that China's cotton imports are divided into imports from the United States and imports from the rest of the world (ROW). Compared to a base-level estimate, the imposed tariff on U.S. cotton imports would decrease Chinese cotton imports from the United States and increase imports from ROW. Meanwhile, it would put downward pressure on the world cotton price and the U.S. cotton farm price.

Keywords: cotton, international trade, tariff