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Exports of textile and apparel maintain rapid increase

DATE: 2007/04/02

Statistics from the Customs show that the total value of import and export of the first two months amounted to \$297.81 billion, up 31.6% from the same period of last year. Export amounted to \$168.71 billion, up 41.5%; import amounted to \$129.1 billion, up 20.6%.

For the first two months, the export of apparel and accessories reached \$15.56 billion, rising 44.2% from the same period of last year; export of yarn, fabric and relative products reached \$7.82 billion, up 30.1%; export of footwear reached \$4.25 billion, up 36.2%.

Source: China Textile News

China's Action Plan on IPR Protection 2007

DATE: 2007/04/05

To fully, systematically and specifically expound China's specific measures on IPR protection in 2007, and efficiently guide such work, IPR State Office, jointly with all member units, formulated China's Action Plan on IPR Protection 2007 according to the request of IPR workgroup. It contains 10 aspects and 276 specific measures.

According to the Action Plan, relevant departments shall draft out, formulate and amend 14 laws, regulations, rules and managements engaging in trade mark, copyright, patent and custom

Source: China Textile Network Company

protection in legislation, as well as 7 judicial explanations and guidance. 14 special actions such as cracking down pirated teaching material and Operation Blue Sky at Trade Shows and 11 general actions shall be initiated in execution of the law. 8 measures shall ensure social independent innovative capability and IPR creating energy in justice. High-efficient execution and coordination mechanism shall be undertaken, including 8 aspects and 46 specific measures like perfecting and regulating IPR service center. International exchange and cooperation on IPR of trade marks, copyright and patent will be strengthened through 26 measures like dialogue, study tour, cooperation, exchanging and training.

Source: Network Center of MOFCOM

Could New U.S./China Import Duties Trigger a Price Collapse?

DATE: 2007/04/05

In 2005, the cotton market was enjoying a period of optimism in March and well into April. Chinese mills had begun to inquire for U.S. cotton in some volume. Amid this atmosphere, the nearby cotton futures months experienced a rally that moved off lows just above 42 cents, eventually gaining momentum that reached a high of 60.50 -- from this high, prices fell to a low of 46.10 by June 6. This over 14-cent decline trimmed over 650 million U.S. dollars off the value of U.S. cotton stocks.

Many factors contributed to the break; but psychologically, the U.S. government's move to place import quotas on China's textile and apparel imports played a major role in triggering the decline and in accelerating the weakness. The U.S. government's action did not slow U.S. textile and apparel imports nor did it lead to increased U.S. cotton consumption. In 2004/05 the U.S. consumed 6.69 million bales; and in 2006/07, it will consume 5.0 million or less bales.

Despite this evidence, it appears that U.S. protectionist actions could again hurt U.S. cotton exports. The rather seemingly obscure move by the U.S. to apply countervailing duties on paper imports from China could have major ramifications. The action first caught the attention of the Globecot Research team in January when the U.S. government began to consider the case of duties on these imports. The reason this consideration and now the decision to implement the duties are so important is that they represent a reversal of a 23-year-old U.S. government policy of not applying countervailing duty law to non-market economies.

The U.S. textile lobby has been watching, along with a host of other groups, and is now likely to initiate a wide variety of requests for application of the law to U.S. Chinese imports -- textile and apparel producers are likely to launch several requests. This reversal of policy could lead to textile and apparel imports from Vietnam also being targeted.

On top of these circumstances, a host of anti-Chinese trade bills continue to evolve in Congress in both the House and Senate from both sides of the aisle. As these events unfold, it could lead to turbulent times for U.S. cotton exports to China. Of course, China represents half of U.S. exports; and without new Chinese demand, U.S. cotton stocks will accelerate. These events are also occurring at a time when the U.S. is under severe pressure to sell additional quantities of U.S. cotton in volume to China and to quickly ship it. If the deterioration of trade relations slows down as it did in 2005, then the market could compensate for it in price. Thus, the actions in Washington are once again overshadowing the cotton market.

Source: China Textile Network Company

source: globecotnews

China Strongly Dissatisfied on US Trade Sanction

DATE: 2007/04/03

The Chinese government expresses strong dissatisfaction about the U.S. decision to impose penalty tariffs against the imports of Chinese coated free sheet paper, Wang Xinpei, spokesman for China's Ministry of Commerce, said early Saturday. The Department of Commerce of the United States on Friday announced its preliminary decision to apply U.S. anti-subsidy law to the imports of coated free sheet paper from China.

"This action of the U.S. side goes against the consensus reached by the leaders of both countries to resolve differences through dialogue," Wang said. "China strongly requires the U.S. side to reconsider the decision and make prompt changes," the spokesman said, adding China will closely watch the development of the issue and protect its own legitimate rights. In 1984 the United States set the policy of not applying anti-subsidy law to "non-market economies". Such a practice had been taken as a judicial precedent and had not been changed, Wang said.

The preliminary decision of the U.S. Commerce Department made a bad instance and it obviously does not conform with the current judicial precedent of U.S. courts and the consistent practice of the U.S. Commerce Department, the spokesman said. While regarding China as a non-market economy, the U.S. ignored the strong protests from China and decided to apply its anti-subsidy law against China. "The decision brings great harm to the interests and feelings of Chinese business people and is not acceptable," Wang said.

The U.S. Department of Commerce on Friday announced its preliminary decision to apply U.S. anti-subsidy law to imports from China. The decision alters a 23-year old bipartisan policy of not applying the countervailing duty (CVD) law to China, which the U.S. government regarded as a "non-market economy", said the Department of Commerce in a statement, adding the change reflects China's economic development.

"China's economy has developed to the point that we can add another trade remedy tool, such as the countervailing duty law. The China of today is not the China of years ago," said Commerce Secretary Carlos M. Gutierrez. The U.S. government also claimed that Chinese producers and exporters of coated free sheet paper received countervailable subsidies ranging from 10.90 to 20.35 percent. From 2005 to 2006, imports of coated free sheet paper products from China increased approximately by 177 percent in volume, and were valued at an estimated 224 million dollars in 2006.

Source: xinhua

Henan's textile & clothing firms to build brands overseas

DATE: 2007/04/04

News from Work Meeting on Foreign Economy in Henan Province shows that the textile and apparel enterprises of Henan province plan to set up an overseas industrial zone this year. They will also introduce their brands abroad by using national funds.

Henan Provincial Commerce Department Deputy Director Dai Songjun pointed out at the meeting, participation in the foreign investment through acquisition and joint venture should be encouraged. The year 2007 is "the Year of Africa" in terms of foreign economic cooperation for Henan Province. The Provincial government will build a platform for the companies to invest in Africa through the ways such as investment seminars and project symposiums.

Source: China Textile News

Weiqiao Textile Revenue/Profit Soars in 2006

DATE: 2007/04/04

The largest cotton textile producer in China, Weiqiao Textiles, is also the largest textile company in China that is publicly traded in Hong Kong. This allows for a full reporting of its results, which indicated a very successful period. Total revenues soared 45.9 percent to 13.584 billion yuan. Cotton yarn sales increased 52.8 percent to 8.291 billion yuan. The gross profit margin fell to 13.6 percent from 21.7 percent the previous year, which was attributed to changing from high-end yarn sales and, instead, placing the emphasis on using the yarn in Weiqiao's own mills and increase the output of high-end cotton grey fabrics. Sales of grey fabric surged 40.4 percent to 9.811 billion yuan. The gross margins increased from 12 percent to 19.1 percent.

Weiqiao's denim business recovered, with sales expanding 54.5 percent to 1.668 billion yuan -- gross profit margins of 18.7 percent were achieved. Sales of other products declined 38.2 percent to 54.100 million yuan. Operating profits increased 63.1 percent to 3.027 billion yuan. China accounted for 65.6 percent of all sales in 2006, with domestic sales up 77.3 percent from a year ago, while Hong Kong accounted for 15.1 percent of sales, East Asia 9.6 percent and the remainder of the world at 9.8 percent.

Source: globecotnews

Development Guidance Plan for Chemical Fiber Released

DATE: 2007/04/05

The "11th Five-Year Plan development guidance of Chemical Fiber Industry" (hereafter the "guidance") gave a comprehensive summary of the achievements and problems in the development of China's chemical fiber Industry in the "10th Five-Year Plan" period. It made depth analysis on the changes in both external and internal environments and industrial trends.

Under the theme of promoting the strategic change of the industry from "quantity" to "technology", it

Source: China Textile Network Company

further defined the development guiding ideology for Chemical Fiber Industry in the 11th Plan. It put forward the technological direction of development in high-tech fibers, co-fibers and differential fibers. It clearly set the development objectives and priorities for the industry. The “development guidance” pointed out, the output of chemical fibers is expected to reach 23.5 million tons in 2010, with an average annual growth of 7.6 percent.

Chemical fiber processing volume is expected to reach 24 million tons, with an average annual growth of 7 percent. The proportion of differential fibers is expected to reach 40 percent. The “guidance” also highlighted the tasks of saving energy, maintaining friendly-environment, it for the first time enhanced binding indicators for the project targets. It said that in comparison with the end of “10th Five-Year Plan” period, the electricity consumption per 10 thousand yuan should be reduced by 20 percent, wastewater let per ton of fiber should be debased by 10 percent, and exhaust emission should be decreased by 10 percent.

Source: Fibre2fashion, News Desk

UNESCAP Regional Dialogue on Restrictive Policies and Measures in the Textile and Clothing Trade to be held next week in Shanghai

DATE: 2007/04/05

Economic and Social Commission for Asia and the Pacific of United Nations (UNESCAP) and Colombo Plan secretariats in collaboration with China-Europe International Business School, in Shanghai, China, are organizing the “Regional Dialogue on Restrictive Policies and Measures in the Textile and Clothing Trade”. The event is scheduled to be held on 9-10 April 2007 at the China-Europe International Business School, Shanghai, China.

This is the second event organized by UNESCAP and Colombo Plan secretariats, first one took place in June 2005, only several month after the change in the international trading rules for this sector were put into effect. The objective of the 2007 event is to review the status of trade and production patterns of textile and clothing two years after the change in the rules regime, and to identify if and how remaining restrictive policies still in place affect these patterns and opportunities for regional cooperation in investment, trade and production. A dedicated webpage with inventory of restrictive policies will be one outcome of this project. The UNDP Regional Center in Colombo will also participate in the event, in addition to a number of resource persons and experts.

Domestic Cotton Prices Firm as Supplies Tighten

DATE: 2007/04/03

Last week, China's domestic cotton prices ended firm as domestic mills increased purchases. Even in the face of new import quotas, much tighter stocks apparently drove the motivation behind the price strength. China's stock level is an unknown to domestic participants, just as it is to international observers. On Friday, March 30, there was considerable discussion in the marketplace about cotton domestic stocks being much tighter than reported. A great deal of the physical cotton purchased on Thursday and Friday was focused on high-grade lots. The average price of T328 reached 13,055 yuan per ton, which equalled 76.65 U.S. cents per pound.

Source: China Textile Network Company

Source: globecotnews

China Plans Buying Mission to U.S. in May - Will It Happen?

DATE: 2007/04/05

The Vice Premier of China, Wu Yi, is scheduled to visit the United States in May, which is to be part of a strategic dialog between China and the U.S. on economic issues that began in 2006. It has also been stated that accompanying the Vice Premier will be a major "Buy-U.S." delegation of various industries that will sign deals and purchase approximately 12.5 billion U.S. dollars worth of U.S. products as part of the Chinese government's effort to address the trade deficit.

It is believed that the delegation will be composed of a large group of Chinese mill representatives, who are expected to sign deals to purchase approximately 500 million U.S. dollars worth of cotton, with the purchases to be completed before the delegation ever arrives. At today's prices, this would be equal to 1.6 - 1.7 million 480-pound bales of U.S. cotton. The Chinese Premier and delegation's visit has been in the planning stages for months. The question is will the landmark U.S. decision to impose countervailing duties on Chinese products cause the visit and buying mission to be cancelled or postponed? Any such reaction from China would deal a crucial blow to U.S. cotton exporters.

Competition from China Squeezes Developing Countries

DATE: 2007/04/03

Three years ago, the textile plant that Freddy Romero Ramirez runs in Bogotá exported 234,575 meters of fabric for suit linings, enough for about 156,000 suits. This year, facing stronger competition from Chinese companies, he will sell less than 3 percent of that amount abroad. "There is no way local industry can survive the force of Chinese trade unless similar forceful measures are taken by the government," said Romero, who is chief executive of Textiles Romanos.

China's emergence as a world trade powerhouse, blamed in the United States and Western Europe for the loss of thousands of factory jobs, is having an even more severe impact on developing nations. Support for free trade is dwindling as industry groups in countries around the globe lobby for protection against Chinese competition. Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers in Washington, calls fear of Chinese competition "one of the most important impediments" to a world trade agreement in the current Doha round of negotiations.

Much of the impact comes from Chinese textile exports, which accounted for about 70 percent of the country's record \$177.5 billion trade surplus last year, according to the Chinese Textile Industry Association. Turkish textile companies cut about 10 percent of their work forces in 2005 and 2006 in the face of Chinese competition. While a sales-tax cut and a weaker lira have helped them recover, "competition from the Far East still means that it's only the large companies with strong brands that are comfortable," said Yusuf Benli, head of the textile department of the Association of Exporters in Antalya, Turkey.

Source: China Textile Network Company

But perhaps no region has felt the shock more than Central and South America. “The least developed countries in Latin America are scared to death,” said William Reinsch, president of the Washington-based National Foreign Trade Council. In Colombia, Chinese textiles are displacing products in domestic as well as export markets, said Ivan Amaya, president of the Colombian Association of Textile Producers. “You have to constantly be innovative and stay ahead of the Chinese as far as designs and colors are concerned, but they always catch up,” said Romero, who now employs 62 workers after dismissing 12 in the past three years. Amaya said that without government measures, Colombian denim, cotton-shirt and trouser production may vanish in three years, along with 14,000 jobs.

Elsewhere in Latin America, industry executives with similar grievances are demanding relief from their governments. Peruvian producers have asked the government to investigate their complaint that China is dumping textiles and apparel at below-market prices. “The Chinese sell their wares at prices that don’t even cover the cost of the raw material,” said Martin Reano, general manager of the textiles committee of the Lima-based National Industry Society. “No one can compete with that.” Chinese officials reject the notion that their country’s success comes at the expense of others. “China itself is a developing nation,” said Qin Gang, spokesman for the Chinese Foreign Ministry. “We in particular want small developing nations to enjoy sustainable development and growth. We offer them support, loans and subsidies, much more so than developed nations.” After the African country of Lesotho complained last year that Chinese garments were forcing local industries out of business, ZTE, the largest publicly traded manufacturer of telephone equipment in China, announced a \$30 million project to build phone networks in Lesotho and Ghana. In Latin America, Chinese demand has pushed up the prices of copper, iron ore, soybeans and other commodities produced in the region.

Exports to China from Latin American and Caribbean nations increased at an average annual rate of 35 percent, after inflation, between 2000 and 2005, according to the World Bank. Still, competitive pressure from China intensified with the phasing out in 2005 of the Multi-Fiber Agreement. Before that, China and Latin America each accounted for around a quarter of the US clothing market. Now, the Chinese share has climbed to 30 percent while the Latin American share has shrunk to 18 percent, according to the National Council of Textile Organisations in Washington. When the US lifts quotas on Chinese textile imports in 2009, “China is likely to demolish the competition,” said Cass Johnson, president of the textile council.

by: Helen Murphy, Christopher Swann & Mark Drajem
Source: Bloomberg News

Pakistan Textile Export Target is not Easy

DATE: 2007/04/02

Despite Government’s aggressive measures, textile industry is still having a hard time to gain enough profits. Textile export is dull and products are unable to attract as many overseas consumers as need. Even with the Government subsidies and incentives, exports recorded a notable slide in the growth-rate, recently.

Statistic show that though, exports climbed six percent in the first eight months of 2006-2007 fiscal,

Source: China Textile Network Company

they are still way below seven year average growth-rate of 11 percent. Experts believe that even if exports maintain the current rate, it would be difficult to achieve the current fiscal's target of \$11.5 billion. However, of the 13 categories, nine have registered positive growth, with yarn, excluding cotton, surging 154 percent and knitwear exports swelling 16 percent. Meanwhile, bed-wear and cotton cloth registered a disappointing five percent and nine percent drop, respectively.

Source: Fibre2fashion News Desk

South Africa Trade and Industry Minister Rows back on Chinese Imports

DATE: 2007/04/02

Trade and Industry Minister Mandisi Mpahlwa has been forced to ease quota restrictions imposed by government recently to prop up the local clothing and textile sectors and protect them from cheaper Chinese imports. The quotas have in some cases hurt the very manufacturers whom they were intended to benefit because manufacturers have been prevented from importing fabric not available locally. This has had a dire effect on factories and threatened jobs.

A notice published by the International Trade Administration Commission (Itac), an administrative body responsible for creating an enabling environment for fair trade through customs tariffs, said the commission would consider written requests from importers to increase their quotas under special circumstances, notably where specific products were manufactured only in China or not manufactured locally. This included firemen's gear and specialised sporting gear.

According to Itac acting commissioner Itumeleng Masege, the concession was recommended by the monitoring committee that was appointed to track the import restrictions and identify unintended negative consequences. The decision to adjust the quotas was reached after extensive consultations with industry and labour. Independent analyst Justin Barnes welcomed the amendment as a positive step, saying he was very pleased to hear about it.

The allowance to increase quotas comes with a strict quid pro quo, however. Importers will get the allowance only if they commit to measures that help develop the local industry, including a "significant and demonstrable enhancement of, or contribution to, technology development, skills development, new markets, empowerment, local procurement and building of competitiveness of the local industry". If they obtain an additional quota for one product line, they may have to forego it for another. Government last year announced the plan to curb the import of cheap Chinese goods in an effort to cushion clothing manufacturers.

The controversial plan was met with resistance from big business, which said it would hurt consumers, and some retailers even planned to take government to the Constitutional Court over the matter. It is understood that the introduction of the quotas is partially responsible for stalling a government-conceived sector strategy intended to underpin the recovery plan for the beleaguered manufacturing sector. Several private sector development initiatives under the auspices of the Cape and KwaZulu-Natal clothing and textile clusters have been initiated with great success to help the industry.

Government's sector strategy was supposed to be the centrepiece of these development programmes and would have seen retailers contribute billions of rands to help nurse the ailing

Source: China Textile Network Company

industry back to health. Ironically, government's reason for introducing the Chinese quotas over two years was precisely to provide a window in which the clothing manufacturers could recover. The customised sector strategy was intended to provide the blueprint for that recovery.

The ambitious strategic plan is now effectively in limbo, as retailers, alienated by the Chinese quota plan, voted with their feet, unnamed sources said. "Government bungled it with the quotas," said one.

The clothing and textiles customised sector programme (CSP) is part of a series of strategic sector strategies that form part of the trade and industry department's broader industrial policy framework, aimed at boosting downstream manufacturing and growing jobs.

While some sector strategies, notably biofuels and business process outsourcing, were conceived only after the clothing and textiles CSP, these have already been approved by cabinet while the latter is yet to be referred to cabinet. The department's deputy director-general, Lionel October, admitted this month that the strategy was dependent on retailers' participation.

Source: Business Day, South Africa