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**Trends in global textile trade stay unchanged**

DATE: 2007/04/30

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Major trends in textile trade stayed unchanged to the benefit of poorest Asian countries such as Bangladesh, Cambodia and Vietnam. Share of processing trade is on the decline to the detriment of US and EU textile producers. Quotas that were reimposed on China's products had no radical effect on global textile and clothing trade, said the WTO (World Trade Organisation). The Geneva's body said that "structural changes in world trade of textiles and clothing continued unabatedly."

China's exports were not affected by US and EU limits that were set in 2005. China's shipments of textiles and clothing even rose 25% in US\$ terms in 2006, compared with a 21% increase in the prior year due to a strong development of sales to other destinations than the United States and the European Union. EU and US quotas apparently limited the growth in textiles and apparel imports from China that were only up 15% and 10% in US\$ terms, respectively. Imports of Chinese products by Canada only rose 22% at the same time, although Ottawa did not reimpose quotas.

Source: bharattextile

**China May Allow Multinationals to Conduct Internal Forex Trade**

DATE: 2007/04/29

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China is considering allowing the subsidiaries of multinationals to complete inter company transactions using foreign exchange, Deng Xianhong, vice director of the country's forex watchdog

Source: China Textile Network Company

has said. The State Administration of Foreign Exchange (SAFE) said this would allow multinationals to by-pass SAFE which now requires foreign companies to purchase foreign exchange from SAFE, Deng said without elaborating.

China will also strengthen monitoring irregular cross-border cash flow and illegal forex dealings, he said. SAFE will ease restrictions on individual and company use forexas well as broadening the scale and types institutions that can conduct overseas financial investment, Deng said. China has announced a series of plans aimed at trimming the country's huge international payments surplus earlier this month. The country's forex reserve had reached 1.2 trillion U.S. dollars by the end of this March, up 37.36 percent year on year while its trade surplus reached 46.44 billion U.S. dollars in the first quarter of 2007, nearly doubling the 23.3 billion U.S. dollar surplus in the same period last year.

Source: XINHUA

## **Report: The Impact of Export Rebate on Chinese Companies**

DATE: 2007/04/28

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Since it has become the development trend that the country decreases the rate of export rebate in industries with high energy consumption, severe pollution, high use of resources as well as industries with comparatively low added value. Li Yushi, the vice director of Chinese Academy of International Trade and Economic Cooperation of Ministry of Commerce expressed that though export rebate just belonged to the structural adjustment and the effect was not seen instantly, however, as the nation has enhanced the adjustment, the companies with low added value and low competitiveness will be kept out of the market.

### **1. Decline in profit**

Previously, Zhou Xiaonan the vice manager of Ningbo Dunhuang Import & Export Co., Ltd. came from Ningbo to Guangdong for the China Import and Export Fair hold twice a year by airplane, however this year, he together with other staff members came to attend the 101st China Import and Export Fair by train. Affected by the elements like the appreciation of RMB, the adjustment of tax export rebate and etc. last year, the profit of Ningbo Dunhuang Import & Export Co., Ltd., which is with annual yarn exports of 50 million to 60 million US dollars has been reduced by 5 million yuan and this makes the low-profit company feel more tough for development. "Though it looks some ungraceful to take train to the Fair, however, we have no choice, company has to save cost like this" introduced by Zhou Xiaonan.

Recently, there is a rumor that there will be a further adjustment of export rebate of textile and apparel, the export rebate rate of apparel is said to be decreased from 13% to 11% or 9%, and also the export rebate rate of textile is said to be decreased from 11% to 9%, which makes Zhou Xiaonan feel anxious and cannot help worrying about the living of the company in the future.

Zhou Xiaonan admitted that they were trying their best to comply with the present trend by keeping investing funds for the improvement of production techniques and etc. "I have to emphasize that the textile and apparel industry has helped much of the employment; the hasty adjustment of macropolicy control is easy to lead the unordered competition and mass unemployment in the industry." Zhou Xiaonan expected that government would show some patience and take a stable action while adjusting the export rebate.

Source: China Textile Network Company

## **2. Giving up export rebate**

Xinhuimeida with the annual output value of over 3 billion yuan is the first manufacturer introducing nylon 6 equipments and techniques in China and at present it is the biggest company exporting nylon 6 series in China. While recalling the last reduction of export rebate, the rate of some textile products is decreased from 13% to 11%, Liang Zhanchao introduced that, "It means the increase of over 400 RMB to the cost per ton for us." Liang Zhanchao also heard that the rate of export rebate was predicted to be reduced further to 9%. "That means the increase of over 800 yuan to the cost and it will be so much affected in this way." said Liang Zhanchao.

The industry Liang ZhanChao is engaged in is with another specialty, which is called "invert customs". Based on the specialty of customs, the rate of customs will be higher if the products are deeper processed. However, the rate of customs of caprolactam, the main raw material Xinhuimeida, has to import is as high as 9% and the average customs is about 4% in other countries. The rate of customs of nylon 6 is lower than that of raw material. In recent years, the factors such as price soaring of raw material, high customs rate, reduction of export rebate and etc. make Liang Zhanchao suffer much.

"Do you know the current profit margin of us? Less than 2.5%!" said Liang Zhanchao. Under the pressure from the multitudinous policies, though Xinhuimeida kept exports of over 60 million US dollars last year, it is mainly engaged in raw materials processing exportation on behalf of the three kinds of foreign-invested enterprises under it for avoiding the high customs and invert customs and gives up export rebate.

## **3. Striving for survival during the adjustment**

"I heard that there will be a further adjustment of r export rebate of textile a few days ago and I feel very anxious about it." expressed by Kong Chunmei, the financial manager of Beijing Topnew Import & Export Co., Ltd. As a member of textile industry with intense competition, she thought it would be better if there were no adjustment of export rebate.

Topnew Import & Export Co., Ltd. is a foreign trade and distribution company formally approved by the nation as well as the subsidiary company of Topnew Group the biggest company being engaged in the manufacture and sales of textiles and apparels in northern regions. Last year, the export of the company is about 68 million US dollars.

Kong Chunmei admitted that the export rebate has much impact to the price of products and for example, the export rebate rate was predicted to be reduced by 2 percent while making quotation in the beginning of the year, however, if it would be reduced further by 9% instead, "it will be much affected by this than by exchange rate, because exchange rate is decreased gradually, but now, two to four percent will be lost all at once, which is definitely a big loss." said Kong Chunmei.

For survival, Topnew Group established a factory with 2000 staff members in Miyun for making the supply chain shorter to reduce the cost. This year, they brought up another idea of establishing company integrating technology, industry and trade. "I think the adjustment of production structure should be a long term aim and it should be adjusted continuously to comply with the external turn of market." said Kong Chunmei very frankly, and only in this way can the company survive in the intense competition and complex trade environment.

#### **4. Getting 'immunity' for export rebate**

"Every time while adjusting export rebate, actually, the upper stream and the lower stream of industry will act accordingly to keep the profit roughly the same as before, generally someone gives and someone takes." said a financial director of a company in Shanxi Province.

She thought if the foreign customers were really in need of your products, they would also accept it even there was some price increase; if there was very intense competition in the domestic market, the suppliers would also accept it if you wanted them to reduce the price. The initiative is still with the company.

However, the company also has to have the synoptic and strategic consciousness so it can be less affected by the adjustment of policies and get more 'immunity'. Regarding to the adjustment of t export rebate in industries with high energy consumption, severe pollution, high use of resources by the nation, the above mentioned persons said that "We have already seen the trend since a few years ago and began to withdraw or transform the mode gradually, open new products and new channels and increase the technical added value." All these make up one of the reasons of company's getting 'immunity' to the policies of export rebate today.

### **Statistics of Import and Export of Cotton and Cotton products 1st Quarter 2007**

DATE: 2007/04/28

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Under the continuous restriction for many kinds of our textile products exported to USA and Europe as well as the restriction of domestic trade environment, the strong momentum of growth of cotton and cotton products exportation was still maintained from January to March 2007. Based on the latest data from Statistics Center of CNTAC, the total exports of cotton and cotton products from January to March 2007 reached 1.973 billion US dollars, increased by 4.81% than in the same period of last year. Based on different modes of trade, the general trade exports reached 1.238 billion US dollars, increased by 2.13% than in the same period of last year; processing imported materials exports was 0.671 billion US dollars, increased by 8.42% than in the same period of last year and processing supplied materials exports was 0.045 billion US dollars, increased by 17.13% than in the same period of last year.

According to the figures, the main mode of trade of cotton and cotton products in our country is still the general trade mode accounting for 63% of the total exportation. In recent years, the quick acceleration of the output capacity in cotton manufacturing industry has forced the company to expand the exportation. With the adjustment of the structure of cotton manufacturing industry, the development and use of the advanced technologies, the competitiveness of the products for exportation has been enhanced and the general trade exportation has been further accelerated.

On the other hand, the cotton and cotton products imports in our country this year kept decreasing. According to the data, the total cotton and cotton products imports from January to March 2007 was 1.675 billion US dollars, decreased by 32.78% than in the same period of last year. Based on the different modes of trade, the general trade exports was 0.243 billion US dollars, which was decreased much by 72.62% than in the same period of last year; processing imported materials was 0.725 billion US dollars, decreased by 24.29% than in the same period of last year and processing supplied materials is 0.303 billion US dollars, decreased by 0.96% than in the same period of last year.

Source: China Textile Network Company

## **Yunnan Made A Sudden Check to the Clothing Market, 200 Counterfeit found**

DATE: 2007/04/28

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The law enforcement officials of Yunnan Administration For Industry & Commerce have made a sudden check to the shops dealing with clothing, shoes and hats at Qingnian Road in Kunming and found out almost 200 clothes and shoes suspected infringing the trademark.

At about 10 am, the law enforcement officials came to a clothes shop named SOSOLULU at Qingnian Road and they found that the patterns of the well-known trademarks such as 'Mickey' were printed on some of the clothes. The law enforcement officials promptly ordered the businesses to stop selling these clothings suspected infringing the trademark. Later, the law enforcement officials came to the Garden Market at Qingnian Road and while checking the market, they found some of the businesses boosted their clothes as imported products, however, they couldn't show the import and export commodity inspection certificate. The law enforcement officials found while checking a clothes shop named "Xinlin" all the clothes in the shop were labelled with 'Taipei' as manufacturer and the marked price was also in Taiwan dollar, "if the clothes are really from Taipei, the agent name should be also on the label and the marked price should also be in RMB". The law enforcement officials had these over 50 clothes from 'Taipei' removed from the counter on the spot and sent them to Yunnan Entry-Exit Inspection & Quarantine for further inspection.

## **China propylene capacity to double by 2011**

DATE: 2007/04/30

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China may almost double its propylene production capacity by 2011 to around 14.7 million mt-up sharply from 7.4 million mt in 2005, according to a forecast by Japan's Ministry of Economy, Trade and Industry. Beating the global average of 4.1%.It expected to grow yearly on an average of 12.3% between 2005 and 2011. The ministry told that the only region surpassing China's growth rate will be the Middle East, which is expected to see its propylene capacity exploding by 239%, from 2.6 million mt in 2005 to 8.8 million mt in 2011. METI estimates that between 2005 and 2011 the Middle East will see an average yearly propylene capacity growth rate of 22.2%.

Source: bharattextile

## **ITG to launch offshore plants in China**

DATE: 2007/04/30

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International Textile Group Inc., makes automotive safety textiles, denim and other apparel fabrics, is going to open four manufacturing plants offshore by early 2008. More than \$300 million combined capital will be invested in two plant in China and one plant in Nicaragua and Vietnam. Textile Group plans to spend \$35 million on an expansion of its woven-airbag plant in Cordova, N.C. After Completion of expansion ITG will have 12 of its 19 manufacturing operations outside the United States. The report said that a loss of \$50 million in fiscal year 2006, primarily caused by

Source: China Textile Network Company

restructuring costs related to the closing of domestic plants and the start-up expenses of its Greenfield projects.

International Textile Group (ITG) has cross-stitched its way into the denim and fabrics world. ITG also operates Carlisle Finishing, which makes jacquard fabrics and offers commission finishing, including custom printing and dyeing services, to the home decorative, specialty apparel, and craft fabrics markets. In addition, ITG is one of the largest commission printers of home furnishings fabrics in North America.

Source: bharattextile

### **Xinjiang sets new fineness record for micron superfine wool**

DATE: 2007/04/29

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It is learned from the related department recently, Xinjiang ultra-fine wool set another new record. Now the fine wool flock of 18 micron fine wool has emerged in Xinjiang, among the flock, the fineness of a large amount of fine wool is of 17 micron. Meanwhile, Xinjiang Uygur Autonomous Region has successfully cultivated the breeding material of 4-15 micron fine wool.

According to statistics, currently the total number of Xinjiang fine-wool sheep reaches eight million. The average wool fineness is about 21 micron, wool output amounts to 35,000 tons, accounting for one-third of the country's total output. China's fine wool processing capacity of the wool textile industry is over 400,000 tons. Xinjiang, Inner Mongolia, Jilin Province and other wool producing areas can only provide more than 100,000 tons of wool per year, most of the rest will have to import from Australia and other countries.

Source: Fibre2fashion

### **China's IPR policy gains good report**

DATE: 2007/04/27

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AmCham China Thursday released a survey, which suggests the Chinese government is both capable of and willing to take action against those who violate intellectual property rights (IPR). The 2007 AmCham China Business Climate Survey said that 44.2 percent of the US companies operating in China that responded to the poll said the situation regarding IPR infringements had improved. A majority 48.1 percent said it had stayed the same and 7.7 percent said it had deteriorated. For those companies with experience of public security enforcement on IPR cases, 51 percent said it had improved, 47 percent said it had stayed the same and 2 percent said it had deteriorated. For those with experience of Chinese customs enforcement on IPR, 43 percent indicated it had improved and 57 percent said it had stayed the same.

The survey was carried out by the American Chamber of Commerce in China, which represents more than 1,000 US companies here. It said: "Over the past year, evidence has continued to mount that the Chinese Government is serious in its intention to bring IPR protection order to the Chinese market." Various legal initiatives were advanced over the past year, such as a string of new

Source: China Textile Network Company

legislation and revisions of existing laws on online copyright protection, royalty levies, patents and trademarks. A 100-day nationwide campaign launched on July 15, which targeted pirated audio and video products and computer software resulted in an average haul of 19.46 million illegal publications every month through September.

In the whole of 2006, authorities seized 150 million illegal, pirated and pornographic publications. "Many of these positive developments reflect China's ambitious plans to promote homegrown innovation," the report continued. Early this month, the National Working Group for IPR Protection released China's Action Plan on IPR Protection 2007, detailing 276 concrete measures in 10 areas. A National IPR Strategy Formulation will be completed by the end of June. "Moreover, a continued surge in application filings in China demonstrates that both Chinese and foreign companies are embracing these developments," the survey said.

In 2006, there were more than 700,000 trademark applications filed in China, and the number of invention patent filings rose to 210,490, up 21 percent on the previous year. Despite the favourable report and China's progress on IPR protection, Canada is likely to join the United States in complaining to the World Trade Organization about the IPR protection situation here. Canadian Trade Minister David Emerson was quoted by local media as saying yesterday: "We are seeking clarification from China on its IPR enforcement regime, given concerns expressed by Canadian industry. "Our goal is to resolve this issue through dialogue with the Chinese government and through cooperation with our trading partners."

Source: China Daily

### **Household textile industry captures 30% of domestic market**

DATE: 2007/04/27

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Currently, Chinese household textile industry is developing at a quick pace because of increase in consumption. This industry accounts for 30 percent of domestic textile markets. This surge is the direct result of increased level of aesthetic sense and standard of living in people of China. The textile products, which are now used in hotels, restaurants, cars and other fields are of high quality.

Source: Fibre2fashion News Desk

### **Sewing Machinery Org meets Indian Clothing Association**

DATE: 2007/04/27

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On March 22, Tian Min Yu, Chairman of China Sewing Machinery Association, and Executive Vice President He Ye met with the four-member delegation led by India Garment Association Chairman Rahul N Mehta. The two sides exchanged their views about the present situation of their associations, and further explored the different possibilities for cooperation. Both parties especially tried to reach a consensus on China sewing machinery industry venturing professional market in India.

China is the world's largest sewing machinery producing country, accounting for over 70 percent of

Source: China Textile Network Company

world output. India is an emerging textile and garment production power, having more than 30,000 large and small garment enterprises across the country. With the booming textile industry, India has become an important target market for Chinese sewing machinery manufacturing enterprises.

This summit was the first formal meeting between the leaders from Chinese and Indian association. The aim is to examine, under the current market situation, the possibilities of marketing, education, training and after-sales service in India and South Asia, so as to promote the exchange and interaction between bilateral trades and achieve common development. It has set a good example for friendly cooperation between the two associations, which will result in a far-reaching positive impact in the development of the two industries.

Source: Fibre2fashion, News Desk

### **Japan : China emerges as biggest trade associate**

DATE: 2007/04/28

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Reports from the Japanese Finance Ministry reveal that China for the first time has replaced US, to be its biggest trading partner in fiscal 2006. This shows the growing and deepening economic relationship between China and Japan. Recently, Japanese companies have been establishing strong hold on Chinese economy by shifting production here, to take advantage of cheap labor.

Country's export to China rose 21.2 percent to JPY11.315 trillion in 2006, while imports increased 13.0 percent to JPY14.113 trillion. The customs-cleared trade surplus widened 16.4 percent in 2006 from previous year to JPY9.054 trillion, following a 31.4 percent fall in fiscal 2005. According to Finance Ministry reports, exports grew 13.4 percent to JPY77.461 trillion and imports increased 13 percent to JPY68.407 trillion. Japan's trade surplus with US rose 13.5 percent to JPY9.096 trillion during 2006. In 2005 this has touched to JPY9.666 trillion. Exports in the March climbed 10.2 percent to JPY7.511 trillion, while imports were flat at JPY5.878 trillion.

Source: www.fibre2fashion.com

### **Bangladesh/China Expand Apparel Exports to Italy**

DATE: 2007/04/28

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In January 2007, Italy's apparel imports expanded 7.4 percent in volume terms to 53,647 tons. Hidden behind this modest growth was a change in sourcing patterns that will have major ramifications if it continues throughout 2007. The largest supplier was China, with January imports from China surging 41.3 percent to 25,189 tons. This gave China a 46.95 percent market share, which was sharply up from the 40.26 market share that prevailed last season. The second largest supplier was Bangladesh, with imports from this origin increasing 20.4 percent to 4,309 tons.

Imports from Tunisia (+17.6 percent), India (+22.5 percent) and Turkey (+10.3 percent) expanded as well. The big losers were the European suppliers of Romania and Bulgaria. Imports from Romania declined 34.3 percent to only 2,200 tons. Romania was the second largest supplier to Italy in 2006, but dropped to sixth in January 2007. If this trend continues, it will mean big problems for Romania's

Source: China Textile Network Company

apparel exporters. Nearby Bulgaria is another major supplier to Italy, but January imports from this origin fell 15.5 percent to only 710 tons.

Italy's exports also expanded in January 2007, increasing 2.1 percent to 19,222 tons. France replaced Germany as the top market destination. Exports to Spain grew 2 percent to 2,153 tons, while exports to Germany fell 12.3 percent to 2,079 tons. Strong shipments were noted to Spain, Albania and Switzerland.

Source: Globecot

## **Vietnam: Investment into textile apparel, from where?**

DATE: 2007/04/27

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**From April 17-19, 220 companies arriving from 24 nations and territories have focused at "International exhibition Vietnamese textile apparel industry, fabrics and accessories 2007", showing machinery and equipments for manufacturing fabrics, accessories for textile apparel industry.**

This is also a chance for Vietnamese textile apparel industry to review themselves in order to set a right investment direction, aimed at raising profit rate against annual export earnings. Among hundreds of stands showing machinery and equipments for producing finished products and accessories for textile apparel industry, most of them come from China, Italy, Japan and FDI-based enterprises. The stands of local enterprises account for a very limited percentage.

### **To have to import even from the dress button**

Mme. Susan Hsu, Vice General Director of Paiho Company Limited, a 100% FDI-based enterprise, specialises to produce and provide accessories for garment and footwear industry said; "Paiho's products have been supplying to such well known shoes companies as Nike, Adidas and some of the local enterprises, but the input material source of Paiho is being from 100% imports".

Mme. Susan Hsu added, the reason for the input materials to her factory, such as PES yarn, Polyester, rubber yarn, luminous agent, nylon which cannot be purchased from local factories because their material supplies are not stable, with low quality and bad looking appearance, that caused bad influence on the Paiho's brand, therefore, despite we do wish, but have to withdraw our wish to take them locally.

Mr. Jonh Tan, Director of Huanye Company, with office located in Shanghai (China) specialises in manufacturing machinery and equipments for printing letters, images onto fabrics, plastic and cloth cutting machine, said: "This exhibition is an opportunity for us to promote to sell various kind of our machinery, because in the Vietnam market, such investment into these factories' production fields haven't been found yet".

At the stand of SWF's Group, specialises to supply embroidery machines from South Korea, Ms. Phùng Ng?c Th?o, SWF's representative told, the embroidery thread rolls for the machine's operation at the exhibition stand have to be brought here from South Korea, because in Vietnam it is also very difficult to find out even for one thread roll matching for this kind of machine's operation. Moving to other stands, from design and style of button, roughness band, luminous string, shoes' strings, woven string, etc. all mainly come from foreign enterprises without presence of Vietnamese enterprises.

Mr. Hoàng Qu?c Ngh? representative for Tam Liên Company Limited, specialises to provide cotton carding machines for finishing products from cotton bale - cotton top - coarse yarn - fine yarn and other kind of machinery for textile apparel industry from 21 companies in the world, disclosed: for

Source: China Textile Network Company

some recent years, his company's business flourishes and presently Tam Liên is accounting for 90 - 95% of market shares of the supplies for various kind of the above machinery.

### **To resolve capital and investment list**

Within the framework of this current exhibition, Vietnam National Textile Garment Group (Vinatex) already held a dialogue "Development strategy for textile garment industry", Vietnam Textile and Apparel Association has promulgated 22 main projects for weaving cloth for the whole industry, in this there are 11 projects of Vinatex with total capital to rise up to 1.73 billion USD. Only taking into account Vinatex's projects in particular, the figures have reached up to 11 projects. According to an expert of textile apparel industry, in order to make these projects to become feasible, two core problems should be resolved: capital and investment list.

**First**, in order to solve the capital source problem, in Mr. Lê Quốc Ân- Chairman of Vinatex 's management board's opinion: "Investment capital source should be diversified and multi-owned. We have set a solution to resolve capital according to a formula as follow: if 100 dong capital is needed for the project, then 30% is owner's capital and 70% is commercial borrowing capital". Mr. Ân also added, as for the capital mobilization of Vinatex Group, in 30% of owner's capital, the Group's ownership accounts for 20 - 30%. The remaining calls for shareholders along with investors through the issuance of stocks and bonds from the channel of securities market. But to this phase, one question to raise: what is the profit rate per one investment dong of textile apparel industry in order to be able to expect on the securities capital channel? Mr. Ân told: "Vinatex's joint stock companies have shared dividends at 12% per year, many companies have shared dividends at 15 - 27% a year".

**Second**, to take it for granted that the point of view to resolve the capital problem as above is feasible, the investment projects should still have to resolve another issue: investment list. In reality, investment to textile apparel industry cannot be spreading over the entire projects of the zoomed-out world's textile apparel industry. Because, development of any industrial sector, in any nation, should also be impacted by labour assignment with the regional and world's ranges. In the same viewpoint, Mme. Đặng Phương Dung judged that Vinatex would pay attention to 11 main projects , in this there are such projects as investment of compact spinning machine, spinning of high quality yarn, polyester manufacturing factory, dyeing and finishing of Denim fabrics, geotechnical cloth. For the recent years, Vietnamese textile apparel industry has made considerable development steps with the speed of more less 20% a year, export turnover accounts for 15% of the whole country's export turnover, becomes the sector that has the second largest export turnover just behind crude oil and ranks the 10th position among 153 textile apparel exporting countries in the whole world. In 2006, the whole industry's export turnover was estimated to reach 5.93 billion USD and in Mme. Dung's opinion, this figure by 2010 would be 10 billion USD, by 2020 would reach the level of 20 – 22 billion USD, ranks among TOP 10 of the biggest textile apparel exporting countries. However, there is another figure worthy of thinking about, it is the real revenues that Vietnamese enterprises actually have gained just at the level of around 20 - 30% of the entire export turnover. The reason for this situation is due to a fact that local enterprises have only gained benefits from a small processing part per each of the orders they are performing. Therefore, investment into this industry is not only for material accessories manufacturing factories, but an integrity investment strategy should be set out from material accessories to design, finishing products, distribution and sales marketing, as well as brandname establishment.

*Source: The Vietnam Economic Times*