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China textile growth will slow down this year

DATE: 2007/05/10

A research report of Analysis and prediction of China's import-and-export situation April-December 2007 was released by Center for Forecasting Science, CAS, recently. The report predicted China's total import-and-export trade volume, Sino-U.S. and Sino-Europe trade volume, and other main commodity trade volume April through December 2007 based on the analysis of the economy trend both domestically and internationally and the statistics data from China Customs Office up to the end of March 2007. Below are seven key outcomes:

1. In 2007, the gap of increase speed between import and export will decrease, trade surplus will continue to increase. It is estimated that in 2007 export volume will reach approximately 1, 199.61 billion \$, with an increase about 23.7% compared to the same period last year; import volume will reach about USD 945.58 billion with an increase about 19.5% compared to the same period last year. Growth of trade surplus will slow down to about USD 254.03 billion, with an increase about 42.8% compared to the same period last year.

2. In 2007, Sino-US trade surplus will continue to be conspicuous. It is estimated that in 2007 the export from China to America will be about USD 263.57 billion with an increase about 29.8% compared to the same period last year; the import from America to China will about USD70.99 billion with an increase about 18.9% compared to the same period last year. The annual trade gap will be about USD178.22 billion with an increase about 23.5% compared to the same period last year.

3. In 2007, the growth of Sino-European trade surplus will increase significantly. It is estimated that in 2007 the export from China to EU will be about USD239.28 billion with an increase about 33.1%

compared to the same period last year; the import from EU to China is about USD110.6 billion with an increase about 22% compared to the same period last year. The annual trade gap will be about USD128.68 billion with an increase about 44.4% compared to the same period last year.

4. In 2007, the growth of China's export in clothing, textile and shoes will reveal a tendency of a gradual decrease. It is estimated that in 2007 the total volume of clothing export will be about USD107.91 billion with an increase about 15.8% compared to the same period last year; the export volume textile is about USD 55.27 billion with an increase about 13.3% compared to the same period last year; the export volume of shoes is about USD24.85 billion with an increase about 13.9% compared to the same period last year.

Report: The status quo of China Bedding stuff exp. from January to March

DATE: 2007/05/10

Although affected by downward adjustment of export rebates, in the first season of 2007, China's bedding stuff has seen a promising trend in export sales with the export value up to USD501 million, and an increase of 13.78% compared the same period last year, and an export-average-price increase of 0.45% compared to the same period last year. Cotton beddings are the most important category of the all, the second is chemical fiber, and however, silk and linen hold a relatively small percentage. All other kinds of beddings have seen various growths except linen.

1. Cotton bedding still holds the largest capacity among all the different export material beddings. The export of cotton beddings have reached USD 319 million with an increase of 8.74% compared to the same period last year, and occupied the total export decrease from 66.68% to 63.72% compared to the same period last year, mostly due to the fast growth of the chemical fiber beddings from January to March this year. Cotton printing bed sheets have seen the best export trend, increased in both export price and volume. Cotton knitted bedding has slightly decreed 5.7%, however, export price soared up to 56.25%, demonstrating a healthy trend toward high-end.

2. The percentage of the export goods such as chemical fiber beddings has occupied a larger share. January March 2007 saw a rapid export growth of chemical fiber bedding up to 26.33%. Among the export value, the percentage of the product increased from 30.82% in the same period last year to 34.22%. And the chemical fiber embroidery has been growing the fastest.

3. Silk beddings held relatively small percentage, but still with fast speed up to 51.99%. Silk beddings held a relatively small percentage in the total bedding export volume. During January ~March 2007 silk bedding experienced relatively fast growth compared to the same period last year, mainly because export price of silk grew significantly not just in volume but also in unit price. The average price of the silk print beddings has experienced fast increase. Although export value is significantly lowered, the whole trend has not been affected.

4. The negative growth of export in linen bedding does not affect the whole export trend. The export value of the linen beddings is almost equal to that of last year. However, the export price has led to the decrease of export value due to price falls. In the bedding stuff export products, linen bedding was the only one which experienced drastic negative growth, especially the large percentage of shuttle knitted bedding stuff, mostly due to the price abrupt fall of linen beddings.

Apparel Output Expansion Accelerates in March

DATE: 2007/05/08

China's total apparel output reached 1.353 billion pieces in March. This pushed total first quarter 2007 Chinese apparel output to 4.08 billion pieces, which reflected 20.5 percent year-on-year growth. It is interesting to note that output has not grown at the same pace as domestic retail sales, which is leading to a larger percentage of domestic output starting to move into the domestic market instead of to export.

Source: globecotnews

H&M enters Asia apparel market in a Big Way

DATE: 2007/05/08

SHANGHAI H&M a \$2 billion firm has entered in Hong Kong and Shanghai apparel market in the month of March looking for a pie in the \$60 billion apparel market. China has huge potential for apparel market. H&M wants to tap this ever increasing market which is expected to 220 million by 2025. H&M chairman Stefan Persson says "H&M sales disposable fashion clothes in Europe and we have a disciplined, conservative approach to expansion which has made us the second largest retailer in Europe.

The long queues seen for H&M's kimono dress and catsuits show that Chinese consumers want to buy what is not available in China. As Chinese manufacturers try to emulate the western fashion brand names are effective in china says Marketing expert Tom Doctoroff. H&M's main rival is Inditex Zara. They select store locations in luxurious shopping centers and has generated \$1.1 billion from 59 stores in 2006. The company is famous for fast fashion where the garment moves from the design table to stores quickly. Inditex has introduced more than 30,000 designs in 2006 alone.

H&M is finding it difficult with has struggled to compete with Zara's short turnaround time. "H&M has been in Asia as a manufacturer for 30 years," says retail analyst Henrik Schultz of Danske Equities in Copenhagen. Three more stores are planned by H&M for Hong Kong this year, and two in Shanghai. H&M will open its first store in Japan by 2008. Singapore in also on the companies future plans. Today H&M has 1,400 stores in 28 countries, including 114 in the U.S. In the US it has achieved \$687 million in sales last year and has made other famous retailers to look into fast fashion market.

Source: bharattextile

FAI in Textiles Show No Sign of Slowing

DATE: 2007/04/30

China's fixed asset investment (FAI) in new textile and apparel equipment and plants is showing no signs of abating. The investment moving into the industry is continuing to expand, despite the

Source: China Textile Network Company

growth that has occurred over the past three years. In 2006, total fixed asset investment in the textile industry reached a record 183.11 billion yuan (22.89 billion U.S. dollars), reflecting 27.6 percent year-on-year growth. This total was preceded by investments of 143.47 billion yuan in 2005 (17.496 billion U.S. dollars) and 102.40 billion yuan (12.37 billion U.S. dollars) in 2004.

Against this backdrop, first quarter 2007 FAI grew an accelerated pace, reaching 33.88 billion yuan (4.395 billion U.S. dollars). This represents 28.2 percent year-on-year growth and has exceeded the annual growth rate experienced in 2006. 23.19 billion yuan of the 2007 investment has gone into new textile plants and equipment, while 10.69 billion yuan has been devoted to apparel, footwear and headwear. The FAI in the sector represents a 36.6 percent year-on-year growth.

New projects in the provinces of Jiangsu, Shandong and Zhejiang, as well as continued modernization of existing plants, are leading this investment growth. Government efforts to slow the rate of new investment have largely proven ineffective. One reason for this is that much of the FAI is being driven by a reinvestment of profits. The continued rate of investment suggests that Chinese yarn, fabric and apparel output growth will not slow in 2007.

Source:globecotnews

Suppose tax rebate is lowered

DATE: 2007/05/10

Although the first season of 2007 has seen an excellent start, more and more evidences show that the development of clothing industry has not been going on smoothly. Besides limitations set by EU and U.S., appreciation of RBM, increase of cost, lack of resources, intense supply of labor, and other pressures, the popular rumors that the lowering export tax rebate rate has given not only clothing industry but other industries significant pressures. Although China has not officially decided lower extent, the industry association has been starting to make their best effort. We can be nearly rest ensured that the clothing industry can not avoid the trend such as tax rebate lowering.

1. Wide influence

China's clothing industry has been heavily relying on export sales, belonging to labor-intensive industry, and even higher labor-intensity than average. According to statistics, during Januray-March 2007, the clothing export trade value reached USD36.681 billion, accounting 41.93% of the total sales value, and 17.09% higher than the total export percentage. If the clothing export rebates have been lowered, some impact will be given to the labor market, industry profits, and so on.

2. Prediction of the profit downward adjustment

At present, there are two kinds of statements about the export rebates of the clothing industry downward adjustment. One holds a moderate deduction from 13% to 11%; the other holds an abrupt reduction from 13% to 9%. Up till, no official conformity has reached yet due to the wide range of involvement. Concerning the lowering breadth.

3. Influence on enterprises

In order to intensify the price competition of the export products, many enterprises in China have included the export rebates to their profits and then start to calculate the price of the products. In terms of U.S. market, in 2006, U.S. imported clothing products with a unit price of USD 2.85, about

Source: China Textile Network Company

10% lower than the unit price of the global imported clothing products, even much lower than that from Mexico and India. If the export rebates are downward adjusted, the company's advantage of the export price will be definitely weakened. In terms of the enterprises who are exporting their clothing products, in order to deal with the downward adjustment, they will have to increase their export price, turning their export sales into domestic sales, adjusting their product structure.

Textile & Clothing Players Forced to Raise Prices

DATE: 2007/05/09

On April 20, the curtain of the first phase of the 101st Canton Fair came down in an atmosphere of "looming thunderstorm". The export transaction of the first phase reached US \$23.98 billion, up 8.1 percent compared with the same time of 100th session, and higher than the growth rate of 6.5 percent of 100th session. But this does not reduce the lingering doubts of many garment manufacturers, as the rumors of reducing textile export tax rebate are flying everywhere.

Predictions say that the export tax rebate rate for the entire textile industry would be adjusted downward by four percentage points. The rebate rate for clothing imports and exports would be lowered from 13 to 9 percent and that for textiles would be cut from 11 to 9 percent. The rate for chemical filament would decrease from 9 percent to 5 percent. The industry widely believes that the main cause in export tax rebate reduction on clothing and textiles is to reduce trade surplus and ease pressure for RMB revaluation. Affected by this, many textiles and clothing enterprises at the fair have been compelled to raise their order prices between 2 to 10 percent.

Source: Fibre2fashion

Canton Fair Notches up Record Volume of Deals

DATE: 2007/05/09

The 101st session of the China Import and Export Fair, or Canton Fair, wrapped up here yesterday, registering trade deals worth a record \$36.39 billion. The figure was 6.8 percent larger than the combined value of the deals signed during the 100th session, which took place last October.

Xu Bing, spokesperson of the fair, said deals for mechanical and electrical products made up the lion's share, representing a combined \$14.68 billion, or 40.3 percent of the total transactions. Light industrial products, garments and textiles were the next most active sectors for deal-making.

He said most deals were clinched with buyers from the European Union, the United States and the Middle East. Exhibitors from Guangdong, Zhejiang, Jiangsu and Shandong provinces, as well as Shanghai, were the most active on the Chinese side.

European Union buyers did deals worth \$12.09 billion; followed by the United States, with \$5.41 billion; and the Middle East, with \$4.25 billion. The Guangdong delegation won deals worth \$9.36 billion during the two phases. Zhejiang won \$4.96 billion; Jiangsu, \$3.8 billion; Shandong, \$3.3 billion; and Shanghai, \$1.84 billion.

Source: China Textile Network Company

The 101st session was the first in the Canton Fair's history to include an international pavilion for import commodities. No transaction figures were available for that portion of the event. Xu said the decision to include import commodities had proved educational, and that the organizers were looking at ways to expand their share in future sessions. However, some foreign exhibitors said their exhibits should have been categorized more as domestic operations.

Source: China Daily

Shandong Cotton Inventories Much Larger than Expected

DATE: 2007/05/11

Over nine months of the 2006/07 season has passed, and countdown to the first arrivals of China's 2007/08 cotton is now on the horizon. Thus, it is quite surprising to find that in the country's largest cotton-consuming and second largest cotton-producing province, Shandong, cotton warehouses are still full of cotton. Shandong mills produce over 28 percent of all Chinese yarn.

Work by Globecot's Chinese partner, CN Cotton, has found that cotton warehouses in Shandong are now full, mostly with inventories of Xinjiang cotton that have been shipped East. These heavy shipments to Shandong of unsold Xinjiang cotton has led to some warehouses having a space problem. In order to ease the space issues, one warehouse had to arrange early shipments to the province's largest spinner, Weiqiao Textile Company, before price and payment terms were settled. The large cotton inventories in local warehouses have boosted spinners confidence in maintaining inventories generally no more than 20 to 25 days. Shandong's large unsold cotton inventories further questions the exact level of 2006/07 cotton stocks.

Source: globecotnews

Hong Kong's Total First Quarter 2007 Apparel Exports Expand 4.4 Percent

DATE: 2007/05/11

Hong Kong's exports of all apparel and accessories totaled 47.313 billion Hong Kong dollars during first quarter 2007, which reflected 4.4 percent year-on-year growth. This compared to a 52.2 percent drop in domestically produced apparel exports during the same period to only 6.402 billion U.S. dollars. Woven apparel dominated the exports.

The top export market was the U.S., increasing shipments 9.5 percent to 17.099 billion Hong Kong dollars, while the United Kingdom was the second largest market, with shipments up 5.3 percent at 5.105 billion Hong Kong dollars - the UK took 10.8 percent of all exports. The other top markets were Germany, Japan, China, Canada, Netherlands, Italy and France.

Source: globecotnews

Xinjiang Corps to Build Textile Export Bases

Source: China Textile Network Company

DATE: 2007/05/11

Xinjiang Corps Corporation plans to build textile export bases in several local cities this year, so as to aggressively enhance export-oriented industry. According to statistics, last year textile exports of the Corporation amounted to US \$1.48 billion, accounting for about half of the total exports. However, there were some problems in exports, such as small scale, few species, lack of brands and narrow market range, and so on.

Corps Business Council expressed, in order to achieve the idea of enhancing cotton textiles, they must vigorously develop international market and accelerate the expansion of textile industry as a whole. Currently, the Corps sets a clear target of developing textile processing trade through finding market position and strengthening trademark as a breakthrough.

Source: Fibre2fashion

Cashmere Manufacturers in League to Rule World Market

DATE: 2007/05/09

44 cashmere enterprises of Lingwu city, Ningxia province formally united to establish 3 cashmere groups, in order to rule international markets. On April 13, the General Secretary of Chinese Communist, Hu Jintao reviewed Linwu Zhongyin Cashmere Co Ltd, one of the leading enterprises in cashmere industry of Lingwu city. The company has occupied 70 percent market share of Italy, and has also topped the list of profit-making enterprises for the last three years in China.

When the Manager of Linwu Zhongyin Cashmere informed that cashmere scarf was sold at RMB10,000 a piece in Japan, the General Secretary was very happy and hoped that cashmere manufacturers should make themselves much stronger and make their brand more well-known in the world. The cashmere industry is one of the most important industries in Lingwu city. At present, there are over 40 cashmere enterprises, exporting total cashmere products worth US \$120 million. It is expected that the new 3 cashmere groups can reach a production value of RMB5.23 billion this year.

Source: Fibre2fashion

Yarn Output Up 40 to 50 Percent in Henan and Fujian

DATE: 2007/05/08

China produced a record 12,143,600 tons of yarn during the August 2006 through March 2007 time period, reflecting year-on-year gains of 23.1 percent. This growth is being led by the opening of new capacity in the provinces of Henan and Fujian. 11.7 percent of all yarn production came from Henan Province, with output of 1,418,300 tons, which represented a 44.6 percent year-on-year increase. 5.7 percent of all output came from Fujian Province, with production of 694,000 tons, which reflected a 50 percent year-on-year increase.

Source: China Textile Network Company

Overall, output is continuing to be led by Shandong Province, with season-to-date output at 3,410,700 tons, a year-on-year increase of 25.7 percent. This volume represented 28.1 percent of all Chinese yarn output. Production in Jiangsu Province reached 2,458,100 tons, reflecting 20.2 percent year-on-year growth and 20.2 percent of all output.

Source: globecotnews