

EXTRACT**Content:**

- **Report on Statistics of Cotton Cloth Output from January to April in 2007**
- **Cotton Yarn Prices Hold Steady**
- **Cooperative Agreement Signed on CSR between CNTAC and FTA**
- **U.S./China Trade Relations: Domestic Textile Industry Continues to Add Anxiety**
- **Domestic Silk Exports Declined in the First Quarter 2007**
- **China, U.S. conclude key economic dialogue, with specific agreements**
- **Domestic Cotton Sales Reached almost 80% in April**
- **April Saw Output of China's Cotton Yarns/Cotton Fabrics Maintains Fast Growth**
- **Import of Private Companies Soared Sharply**
- **Textile Industry is hard to Bear Heavy Burden**
- **2007 Production and Sales are Closely Integrated in China International Silk Fair**
- **MMF Expansion Shows No Signs of Waning**
- **Specialty market, an investment hot spot**

Report on Statistics of Cotton Cloth Output from January to April in 2007

DATE: 2007/05/24

According to the CNTAC, the latest statistics show that domestic cotton cloth output was 2.254 billion meters in April 2007, slightly down compared with the same period last year. Accumulative total domestic cotton output was 7.941 billion meters from January to April in 2007, 14.09% higher compared with the same period last year. Based on the fact that domestic cotton cloth output remained double-digit growth from January to April, domestic textile industry kept rapid growth in the first four months this year.

From the fact of situations in each province, we can find that cotton cloth output of Shandong province in April reached 686 million meters, ranked the first of in the nation, however, still slightly lower compared with last month. From January to April in 2007, accumulative total output reached 2.569 billion meters, 9.22% higher compared with the same period last year. At the same time, cotton cloth output in provinces such as Jiangsu, Hubei, Hebei also showed rapid growth. In April, output of cotton cloth of the three provinces reached respectively 402, 213 and 192 million meters. Taken from accumulative total output from January to April in 2007, we can find that Shandong province still got the largest cotton cloth output, and Jiangsu ranked the second; and output of the two provinces both reached over one billion meters, among which Shandong province over 2.5 billion meters, much higher than all the other provinces.

Cotton cloth output of top 10 provinces in terms of accumulative total output from January to April in 2007:

| Province | Cotton cloth (ten thousand meters) | | |
|-----------|------------------------------------|-------------------------------------|------------|
| | Amount in Apr. | Accumulative total amount till Apr. | Y-on-Y(%) |
| Shandong | 68683 | 256867 | 9.22 |
| Jiangsu | 40181 | 141507 | 16.12 |
| Hubei | 21343 | 69697 | 16.20 |
| Hebei | 19179 | 61347 | 11.03 |
| Guangdong | 16284 | 57286 | 6.73 |
| Zhejiang | 14872 | 47759 | 14.74 |
| Henan | 14576 | 55401 | 53.69 |
| Shanxi | 5049 | 19543 | -1.86 |
| Hunan | 4130 | 9636 | 53.75 |
| Sichuan | 3885 | 13330 | 20.13 |

Cotton Yarn Prices Hold Steady

DATE: 2007/05/24

China's cotton yarn prices have held steady in recent months. The slow appreciation of the yuan has led to prices rallying slightly in U.S. cents per pound terms. The average price of the standard 32s-count, 100 percent cotton yarn was at the equivalent of 107.42 U.S. cents per pound at the end of 2006; but by mid-May 2007, it had rallied to the equivalent of 109.32. The price of domestic cotton has also rallied during the same period. Overall, spinners' profit margins have been maintained.

Source:globecotnews

Cooperative Agreement Signed on CSR between CNTAC and FTA

DATE: 2007/05/23



On May 18th, 2007, China National Textile and Apparel Council (CNTAC) and European Foreign Trade Association (FTA) signed cooperative agreement on construction of social responsibilities (CSR) in Beijing. Participants in the signature ceremony are: Chen Shujin, Vice-chairman of CNTAC as well as Director of Social Responsibility Construction Promotion Committee; Sun Ruizhe, Vice-chairman of CNTAC as well as concurrently Director of Office of Social Responsibility Construction, H.D.Koeppel, high commissioner of European Foreign

Source: China Textile Network Company

Trade Association and heads of related departments of China National Textile And Apparel Council, representatives of related international organizations as well as media from both domestically and internationally. Sun Ruizhe and Vice-chairman and Mr. Koeppe signed the cooperative agreement on behalf of the two parties. The Sino-European cooperation is a strategic cooperation between European retailers and Chinese suppliers; and the cooperation is not only to further the mutual development of the construction of social responsibilities of both Chinese and European enterprises, but is also to play a strategic role and set the example for establishment of the responsible global supply chain.

U.S./China Trade Relations: Domestic Textile Industry Continues to Add Anxiety

DATE: 2007/05/24

The U.S. cotton sector is now at the mercy of the Chinese buyer as China's role in global cotton trade continues to expand. If the U.S. is to export 16 to 17 million bales, China will be required to purchase 8 to 9 million bales of that volume. Against this backdrop, the continued trade friction between China and the U.S. is a major issue. Among the various points in trade disputes between the U.S. and China, none is as sensitive to the cotton industry as the one dealing with China's textile and apparel exports to the U.S.

New trouble lurks around the corner for China's booming textile and apparel exports to the U.S., with the potential filing of the first countervailing duty case against imports of Chinese apparel. There are reports in the industry that the National Council of Textile Organizations (NCTO) is working on a CVD case. Such a case could force China to negotiate new textile and apparel import quotas to the U.S. after 2008; however, one obstacle to the case is that few, if any, U.S. manufacturers produce a direct product that is competitive with Chinese imports. This is the reason that the prevailing negotiated textile and apparel import quotas have not benefited the remaining U.S. industry, which has continued to shrink since they were implemented.

Source: globecotnews

Domestic Silk Exports Declined in the First Quarter 2007

DATE: 2007/05/24

The unstable fluctuating of national silk price in 2006 restrained the needs of international market, and also led to enormous loss to domestic silk manufactories. Silk price this year began to see a gradual stability after experiencing a substantial decline. If silk price remains stable, silk merchandise export of this year will see a hopeful trend. However, disadvantageous factors such as continued appreciation of RMB and reduced export rebates this year will continue to bring pressure on domestic silk export. From the aspect of textile development trend, the development of pure silk goods are getting more and more harsh challenges of artificial silk and silk fiber. Therefore, silk export enterprises should improve the quality of their silk products and increase product innovation so as to create a new profit growth; they should also open up new markets while still continue consolidating their traditional markets so as to allow favorable silk product export.

According to statistics of national customs office, export of Chinese silk are USD 1.776 billion from

Source: China Textile Network Company

January to March, 5.05% lower compared with the same period last year. Among of the export commodities, silk export reached USD 803 million, 10.17% lower compared with the same period last year; chemical-fiber silk export reached USD 972 million, 0.35% lower compared with the same period last year.

Export price of cocoon silk declined drastically. Silk export was 4,793 tons with USD118 million, respectively lower 25.31% and 30.04% compared with the same period last year; average price was USD 24.61 / kg, 6.34% lower compared with the same period last year. Major export silk goods were steam filature yarns, yarn spun from silk waste, twist silk, and duppion silk yarns. Accumulative total export volume of the four merchandises occupied 79.01% of the total export of cocoon silk products. Among the exports commodities, steam filature yarns and duppion silk yarns saw significant growth, however, twist silk and yarn spun from silk waste declined under different degrees, as a result, export of silk commodities saw significant decline from January to March.

Silk fabrics exports totally declined. Silk fabrics export was 1.298 billion meters with value of USD 1.127 billion, respectively lower 8.22% and 1.68% compared with the same period last year; average unit price was USD 0.87 /m, 7.12% higher compared with the same period last year.

Export of finished silk products declined. Export of finished silk products was USD 531 million, 4.41% lower compared with the same period last year. Among the export commodities, export of silk clothing was 37.71 million sets, 15.56% lower compared with the same period last year; average unit price was USD10.98 /set, 9.28% higher compared with the same period last year; and the value was USD 414 million, 7.72% lower compared with the same period of last year. Export of silk clothing occupied 77.97% among all the other finished clothing.

China, U.S. conclude key economic dialogue, with specific agreements

DATE: 2007/05/24



China and the United States on Wednesday concluded a key economic dialogue with a wide variety of specific agreements. In remarks prepared for the concluding of U.S.-China Strategic Economic Dialogue, Chinese Vice Premier Wu Yi said the two countries reached much consensus and realized positive results. "With the great attention and joint efforts from both sides, the second meeting of the strategic dialogue achieved great success," said Wu, also as the special envoy of Chinese President Hu Jintao.

"China-U.S. economic and trade relationship is one of the most complicated in today's world," she said. "The SED provided an excellent ground and opportunity for both sides to enhance the mutual understanding and increased the mutual trust in the strategic issues."

Source: China Textile Network Company

Meanwhile, the Chinese leader warned against the rising protectionism and threat in the United States. "It calls for direct consultation and dialogue between us, instead of easy resort to threat or sanctions," she said. U.S. Treasury Secretary Henry Paulson said in his concluding statement that the U.S. and China both understand that "getting the economic relationship right is vital not only to our people, but to the world economy."

Paulson, who co-chaired the Strategic Economic Dialogue with Wu as special envoy of President George W. Bush, also noted two countries reached a wide variety of agreements during the dialogue. "We agree that it is vital to the prosperity of both our nations, that China rebalance its economic growth, encourage consumption and spread development more broadly among its people," he said. Both countries also agreed that "strengthening and deepening our two-way trading relationship will create jobs and give our citizens a wider variety of choices and lower prices on goods," he added. "We have built strong relationships since our inaugural meeting in Beijing," said the Treasury chief, referring to the first meeting of the Strategic Economic Dialogue in December, 2006. He emphasized that the relationships between the two countries will "continue to grow stronger and produce on-going returns."

In an aviation agreement reached on Wednesday, daily passenger flights from the U.S. to China will double by 2012, and air cargo companies will have virtually unlimited access to Chinese market by 2011. The two countries also agreed to work together as part of the WTO Doha negotiations to discuss reducing or eliminating tariff and non-tariff barriers to environmental goods and services. Moreover, the two countries will provide policy incentives to promote the full commercialization of advanced coal technologies and will advance commercial use of carbon capture and storage technologies. On the front of the tourism industry, the two countries agreed to launch negotiations to facilitate Chinese group leisure travel to the U.S. "Allowing tourism companies to arrange trips for Chinese travelers to the United States is a significant step, given that one in seven jobs in the United States is related to the tourism industry," said the U.S. delegation in a statement.

Domestic Cotton Sales Reached almost 80% in April

DATE: 2007/05/24

Cotton Market Monthly Report issued by China National Development and Reform Commission today says that price of domestic cotton was moderately down in April, thus domestic cotton sales have finished almost 80%. According to statistics of sample survey of national cotton market monitor system, average sales progress of national cotton processing enterprises had kept 76.7% by the end of this April, increased 18.3% compared with the same period last year. Of the total sales, sales progress of Xingjiang cotton reached 88.8%, 27.3% higher compared with the same period last year.

Cotton futures in Zhengzhou and electronic trading price continued go down in April due to significant fall of the price in international market, however, national spot price came down moderately with a stable trend, hence, procurement of textile enterprises took a cautiously attitude, most of them took their purchase when they really needed to. Average factory price of domestic standard cotton in due month was CNY 13,017 /ton, 0.2% lower compared with last month. According to statistics of customs office, China imported 215,000 tons of cotton in April, 56.1% lower compared with last month.

April Saw Output of China's Cotton Yarns/Cotton Fabrics Maintains Fast Growth

DATE: 2007/05/23

According to the latest data from Statistics Center of China National Textile and Apparel Council, in April 2007, national production of yarns reached 1.61 million tons (companies above scale); during January~April 2007, national-cumulative production of yarns reached 5.78 million tons, increased 20.42% compared with the same period last year. In April, production of cotton yarns reached 1.27 million tons and cumulative production from January to April in 2007 reached 4.56 million tons, increased 21.47% compared with the same period last year. National production of cotton fabrics in April was 4.1 billion meters (companies above scale), and national cumulative production of cotton fabrics from January to April was 14.5 billion meters, increased 11.54% compared with the same period last year. Production of cotton fabrics was 2.3 billion meters and the cumulative production of cotton fabrics from January to April in 2007 was 7.9 billion meters, increased 14.09% compared with the same period last year; and production of cotton blended fabric was 0.71 billion meters and cumulative production from January to April was 2.5 billion meters, increased 6.54% compared with the same period last year.

Import of Private Companies Soared Sharply

DATE: 2007/05/23

According to the statistic data from Nanjing Customs Office, cumulative import value of textile manufacturing machines as well as their parts and accessories through Jiangsu port from January to April this year was USD0.21 billion, increased 40.5% compared with the same period last year, accounting for 19% of the total value of privately-owned textile machinery in Jiangsu Port. In it, the import value of textile manufacturing machines as well as their parts and accessories imported by private companies covers 38.41 million USD, increased by 450% compared with the corresponding period last year and accounting for 19%% of total import value of textile manufacturing machines as well as their parts and accessories from Jiangsu port.

According to analysis, there are two key reasons resulted in sharp increase of import of textile manufacturing machines by private companies in Jiangsu port since the beginning of this year. One reason is that our country has cancelled automatic import licensing system for import of 23 kinds of textile manufacturing machines since March this year; the second reason is that on the premise of realization of textile trade agreement between China and Europe as well as USA, domestic textile companies especially the private textile companies are very confident of the prospect of the development of textile industry and intensify the introduction of textile manufacturing machines with high percentage of foreign technologies for technical reconstruction.

Textile Industry is hard to Bear Heavy Burden

DATE: 2007/05/22

Yesterday, WuYixiong, CEO of China Nandadi Garment Co., Ltd. said, "As whilst, the Central Bank declared to raise interest rate, textile and garment business is becoming increasingly more and

Source: China Textile Network Company

more difficult for profit margin, because capital cost for the enterprises will be increased, and the enterprises will be affected.” WuYixiong also said that as privately-owned enterprises, they are actually in lack of money, and part of their money come from bank loans. Consequently, the more of rising interest will aggravate the operation cost for enterprises. However, for the issue of enterprise loans from banks, Wu Yixiong refused to disclose.

Compared to the policy of interest rising, more textile enterprises are worrying the following issue: from 21st this month, the floating range on exchange rate of RMB and US dollars for spot transaction in the inter-bank foreign exchange market scaled up from 0.3% to 0.5%; this phenomenon will greatly exacerbate risks of textile and garment exports. In the first quarter of 2007, total value of textile and garment export amounted to USD30.965 billion. WuYixiong also pointed out that the biggest pressure suffered by enterprises was RMB appreciation. And what’s even worse is the rising interest rate and cutting down of the would-be executed policy’s tax rebates for the garment export will further intensify burdens for enterprises.

According to statistics, during the first two months of 2007, total assets liabilities rate of the whole textile industry reached 59.77%, among which textile industry 60.64%, garments, shoes and hats industry 56.07%, chemical fiber industry 60.41%, and textile machinery industry 63.24%. Relevant experts believe that impact of interest rising to the textile and garments industries depend on liability ratio. The influences will be strong to those enterprises with high liabilities and large scale of planned investments. For example, high-liability enterprises are greatly impacted, and enterprises with high planned investment scale will also be greatly impacted; and these phenomena will in some degree effectively suppress possible trend of hot investments to textile and garment industries.

In 2006, increased scope of investment to fixed assets in textile and garments industries dropped almost 17% compared to that of last year. In 2007, however, increase-speed of investment of textile and garments industries obviously rebound, striking the alarm for enterprises to prevent the over-heated investment. During the first quarter of this year, the planned investment to fixed assets was CNY285.355 billion. However, the completed investment was only CNY39.063 billion, an increase of 31.61% compared to the same period last year. Based on the investment completed in the first quarter of 2007, completion rate of fixed assets was comparatively high, for example, the completion of investment in textile and garments industries increased 40.3% compared to the same period last year, significantly higher than average level of 23.7%, the national investment completion rate of fixed assets compared to the same period last year.

2007 Production and Sales are Closely Integrated in China International Silk Fair

DATE: 2007/05/22

In order to promote Chinese top high-grade silk symbol, to boost silk-brand development, to build silk-sales platforms, to grab business opportunities in Beijing Olympic Games, under the support of China Cocoon Silk Regulation Office, under the auspice of China Fair Association, and undertaken by China National Silk Industry Head Office, and co-sponsored by key-province and city (companies), China International Silk Fair will be held in Beijing Nationality Culture Place Exhibition Center. It is publicized that the event of 2007 China International Silk Fair will follow the method of combining exhibition with sales which was adopted in 2006 China International Silk Fair.

It is reported that 2006 China International Silk Fair organized special demonstration of silk sales,

Source: China Textile Network Company

which realized 20 CNYmillion. It is disclosed by relevant personnel that China National Cocoon Silk head office has also planned to hold the China Silk Festival during the same period. It can be predicted that silk affair will become the focusing point in August this year.

MMF Expansion Shows No Signs of Waning

DATE: 2007/05/21

China's man-made fiber sector is already the largest in the world by a wide margin; but despite this achievement, it continues to expand. April MMF output reached 1.964 million tons, which represented a 3.17 percent increase from March and 18.86 percent year-on-year growth. The capacity growth in polyester has continued to pressure profit margins for the sector; however the increase in output is being led by viscose fiber, which increased 29 percent in first quarter 2007.

Source: globecotnews

Specialty market, an investment hot spot

DATE: 2007/05/21

Under the influences of the continuously prosperous commercial estate investments over the past 3 years, the textile clothing specialty markets are still preferable in present days, and they have attracted the close attentions of the foreign funds. On May 10, Mr. QianJin, the secretary-general of the China Textile Clothing Specialty Market League, gave Mr. ZhouXiwen, CEO of American Fund Investment Consultant Company a welcome. Mr. Zhou came in china with the only purpose of consulting about the investments of American funds to the Chinese textile clothing specialty markets. He expressed that the oversea capitals used to focus on the high-tech, biological and Internet industries of China; and they only invested on the exploitations of commercial buildings and commercial districts when they want to enter the estate industries. But this time they took a fancy to the traditional clothing specialty markets. Through the investigations and analysis they considered that the investments to the textile clothing specialty markets in China deserve attentions and will have better outputs in after 10 years.

Besides, it was known that the Kasen International Holding Limited which had successful businesses in Zhejiang province would co-operate with China Haining Leather City to build many urban construction specialty markets in the inner china. Wuxi Oriental International Light Textile City and Wuxi New World International Textile Clothing City opened in March of this year successively, and there will be many new markets to open in the last half of this year such as Shanghai Clothing city, Chongqing Shengshijinyuan Trade City, Sijiqing Anhui Woman Clothing Market, Jiangsu Gaoyou Textile Clothing city, Zhengzhou Shimao Trade City M District, Tongxiang Puyuan Knitted Sweater Market Trade City and Chongdu Shangdu Finery Square etc.

As for specialty markets, it is necessary to focus on the constructions of the professional business teams. The hot investments to the specialty markets made the professional talent-teams lacking, and out of the completions of the single estate exploitations and among the long-term market administrations are more needed the professional business teams.