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China Maintains Its Role as World's Largest Cotton Fabric Exporter

DATE: 2007/06/01

Despite record apparel production, China is continuing its role as the world's largest exporter of cotton fabric. April exports reached 557 million meters, which followed exports of 431 million in March. April exports actually represented a new all-time monthly export record, with the previous record being set in December 2006 when exports reached 522.728 million meters. The top export markets were Hong Kong, Benin, Bangladesh, South Korea, Japan, U.S., Vietnam, Thailand and Indonesia. Cumulative September 2006 through April 2007 cotton fabric exports reached 4.241 billion meters, reflecting 10.77 percent year-on-year growth.

In contrast, cotton fabric imports continued rather weak. April imports only totaled 134 million meters, which reflected a .07 percent year-on-year decline, while September 2006 through April 2007 cumulative cotton fabric exports totaled 1.002 billion meters, which reflected a 1.55 percent year-on-year reduction. The top import origins were Hong Kong, Pakistan, Japan, Taiwan and South Korea.

Source: globecotnews

Sharp Rise of Yuan May Cost Millions of Jobs

DATE: 2007/05/24

Labor experts have warned of huge job losses if the Chinese currency continues to appreciate sharply. A study by the Institute of Labor Science affiliated to the Ministry of Labor and Social Security said if the yuan rises by 5-10 percent, about 3.5 million workers in non-agriculture sectors might lose their jobs and some 10 million farmers could be affected. The yuan has risen by more than 7.5 percent against the US dollar since China scrapped the peg to the greenback in July 2005. The central bank set the yuan's central parity rate at 7.6538 to the dollar yesterday, compared with 7.6512 on Monday when it hit a new high. A stronger currency makes Chinese exports more expensive in overseas markets, damping demand; but at the same time, imports would be cheaper.

The study said five non-agriculture sectors - textile, apparel, footwear, toy and motorcycle industries - would bear the heaviest brunt; as would agriculture. "The five non-agriculture industries are all labor-intensive, relying heavily on exports. Any appreciation will curb exports and wipe out enterprises' profits, which are already thin - between 3 and 5 percent," said You Jun, head of the institute, who compiled the study report with Guo Yue. "The apparel and motorcycle industries will suffer most, because both have little or no processing trade," he said.

For enterprises involved in processing trade, the negative impact of the currency appreciation can be offset by lower prices of imported raw material and spare parts. The footwear and toy industries, which rely on exports, will also suffer greatly. In the best-case scenario, the appreciation might only slow the growth of employment. But in the worst, all five industries - which provided 24 million jobs in 2004 - could shrink; and 3.5 million people could be sacked, the study predicted.

Beijing, Shanghai, Tianjin and Dalian cities; and Guangdong, Jiangsu, Zhejiang, Fujian and Shandong provinces will suffer more than other regions. The rise of the yuan's value will also hinder the export of agricultural products, and allow more imported agricultural products at a cheaper price. "If the yuan rises 5 to 10 percent, the price of imports of soybean, cotton, winter wheat and corn will drop by 5 to 10 percent, and as a result, the cultivated area will shrink," the study said. About 100 million farmers make a living on the four crops, and it is estimated at least one in 10 will be affected.

Source: China Daily

Textile Production Statistic from Jan. through Apr. 2007

According to Statistics Center of CNTAC, from Jan. to Apr. 2007, the overall index of industrial production went up steadily. The indices are given separately for the five sectors, namely chemical fiber, yarn, cloth, nonwoven textiles and garment. It is to be noted that, due to incomplete data, indices for the period from Jan. through Apr. 2007 are provisional and published at sector level only. They are therefore subject to revision in future issues of the indicator.

From Jan. through Apr. 2007, chemical fiber production reached 7.349 million tons, up 17.24 percent from the corresponding period of 2006; Yarn production reached 5.781995 million tons, up 20.42 percent; Cloth production reached 14.48226 billion metres, up 11.54 percent; Nonwoven textiles production reached 0.182029 million tons, up 0.01 percent; And garment production reached 5.53727 billion pieces, up 14.46 percent.

Textile production statistic from Jan. through Apr. 2007 by province is as follow:

Source: China Textile Network Company

Chemical fiber

Province	Production from Jan. through Apr. 2007 (tons)	Change from the corresponding period of 2006 (%)
Zhejiang	3,034,704	+25.62
Jiangsu	2,360,595	+13.54
Fujian	381,204	+17.90
Shandong	288,780	+1.31
Guangdong	178,844	+9.34

Yarn

Province	Production from Jan. through Apr. 2007 (tons)	Change from the corresponding period of 2006 (%)
Shandong	1,596,091	+21.24
Jiangsu	1,201,539	+21.98
Henan	635,070	+34.01
Zhejiang	405,067	+17.9
Hubei	369,488	+15.47

Cloth

Province	Production from Jan. through Apr. 2007 (million meters)	Change from the corresponding period of 2006 (%)
Shandong	3466.48	+3.00
Zhejiang	3281.45	+12.86
Jiangsu	2313.82	+16.50
Guangdong	850.95	+7.39
Hubei	845.28	+13.97

Nonwoven textiles

Province	Production from Jan. through Apr. 2007 (tons)	Change from the corresponding period of 2006 (%)
Zhejiang	41,578	+20.87
Guangdong	25,927	-63.01
Henan	20,121	+1392.10
Jiangsu	18,629	+40.25
Fujian	16,725	+39.49

Source: China Textile Network Company

Garment

Province	Production from Jan. through Apr. 2007 (million pieces)	Change the corresponding period of 2006 (%)
Zhejiang	1385.35	+5.82
Guangdong	1127.16	+20.89
Henan	1002.90	+19.78
Jiangsu	683.75	+7.62
Fujian	366.70	+50.69

Jan-Apr 2007 Textile/Apparel Fixed Asset Investment at 51.03 Billion Yuan

DATE: 2007/06/01

China's fixed asset investment in the textile and apparel industry is continuing to expand. January through April 2007 cumulative investment has reached 51.03 billion yuan (over 6.65 billion U.S. dollars), which represented 28.0 percent year-on-year growth. What makes this investment level even more impressive is that the growth came on top of last year's record levels of 39.86 billion yuan during the same period. 34.09 billion yuan of the 2007 investment occurred in textiles and 16.94 billion yuan in the apparel, footwear and headwear industries. The investment in the apparel groups is showing 37.7 percent year-on-year growth. The rate of growth has major ramifications for the future development in cotton consumption, which is now likely to make strong gains through 2008.

Source: globecotnews

China's Government Plans Cotton Textile Production Unit in Wigan

DATE: 2007/05/31

Government is planning to set up a new cotton textile production center in Wigan, Greater Manchester, England. Wigan, once known to have strong cotton textile industry, closed its last cotton textile mill in 1980. This deterioration of the industry was mainly due to enterprises' decision to shift to low-cost markets like China. This proposed facility is expected to cover about two million square feet, and it will be the biggest textile development project in England.

Government-owned Chinamex Company, has signed an agreement with a real estate development firm and Wigan Region Committee for this project. Wigan Region Committee said, at present, they were discussing the project in detail with Chinese investors and the real estate firms. They believe that it was a very beneficial venture for Wigan. Meanwhile, Chinamex has also stressed that the endeavor will prove to be fruitful for them and bring China in close interaction with European consumers and potential partners.

Source: Fibre2fashion

Source: China Textile Network Company

EU, Chinese trade chiefs to meet in June

DATE: 2007/05/31

The top trade officials of the European Union and China will meet next month to discuss how China is progressing towards gaining the bloc's coveted market economy status (MES), an EU official said on Tuesday. Chinese Commerce Minister Bo Xilai and European Trade Commissioner Peter Mandelson are also likely to touch on China's exports of textiles and clothing to the EU which are covered by a voluntary quotas agreement that expires at the end of 2007. "Minister Bo Xilai and Peter Mandelson will discuss a range of bilateral trade issues," the official said. The meeting is due to take place on June 12 in Brussels.

Mandelson caused alarm among some EU countries last week when he told diplomats that new laws in China, if implemented properly, would take the country closer to gaining MES. The world's new manufacturing superpower wants to gain the status because it would make it easier for Chinese exporters to fight off European anti-dumping cases. The EU has so far said China has met only one of five criteria needed for MES. Mandelson's latest assessment spells out where the Asian country still falls short. But some European countries such as France and Italy are worried the EU is not being tough enough with China on trade and that Brussels has taken a softer line than Washington recently. They also want Mandelson to seek an extension of the Chinese textile and clothing quotas. Other areas of concern for the EU include intellectual property protection in China, restrictions on foreign investment and its currency.

Source: Reuters

Analysis of China nylon filaments production, sales and storage Jan.- Mar. 2007

DATE: 2007/05/29

According to statistics from China Textile Circulation Association on chemical fiber's production, marketing and storage, the national gross product of nylon filaments amounted to 9,541 tons (among statistical sample enterprises) in March, 2007, 781 tons lower than the same period of last year, with a decrease rate 7.56%. Affected by the decreased productive cost of nylon filaments and the restoration of production after Spring Festival in March, the output showed an increase. The PCL price of raw material for nylon filaments showed a large-scale decrease by 850 Yuan per ton in March.

The sales in March amounted to 9,817 tons, showing an increase at some extent compared with Jan and Feb in the same period last year, with an increase of 339 tons over the same period of last year, an increase rate of 3.57%. By the end of March, 2007, the sales of nylon filaments that month for the first time exceeded output. The reasons were increasing demand for nylon filaments after Spring Festival and decrease of market price of nylon filaments in March. Market price continually decreased during the first ten days of March, without rebound during the last 20 days.

The stock volume in March decreased because the sales for the first time exceeded output in the month of the year. The stock volume of nylon filaments in March remained 10,489 tons, with a

Source: China Textile Network Company

decrease of 1, 614 tons over the same period of last year, a decrease rate of 13.37%. The ratio of output to sales of nylon filaments was 102.89%, 11.07% over the same period of last year. The stock dependent selling rate of nylon filaments was 109.92% in March, 7.32% lower than the same period of last year. According to statistics from China Textile Circulation Association on chemical fiber's production, marketing and storage, main sales of nylon filaments were centralized in areas such as Guangdong, Zhejiang and exporting countries.

Tax Announcement Void of Apparel/Textile Rebate Cuts

DATE: 2007/05/29

On May 22, China announced a major reorganization of its export and import tax structure on a host of products. Export taxes were increased on 142 products, 80 of which were related to steel. Taxes were also raised on nickel, lead, zinc and other base metals, while import tariffs were cut to zero - 3 percent on 209 product categories. It appears the cuts were focused on home appliances, kitchenware, lumber, coal and fuel oil.

A cut in export tax rebates for textiles and apparel was expected to be included in the announcement. Exporters increased their first quarter exports to both the U.S. and European Union in anticipation that the government would announce a cut in export rebates effective April 1, but that did not happen. Then a cut was expected to be included in the May 22 announcement, and again it did not occur, so now the industry is wondering if the cut will be included in a future announcement or if the idea has been scrapped for now.

Source: globecotnews

Wu Yi: China to actively respond to trade cases filed by U.S.

DATE: 2007/05/29

Chinese Vice Premier Wu Yi said here Thursday China will actively respond according to relevant World Trade Organization(WTO) rules to the cases filed by the United States against China. It is regretful that the U.S. Trade Representative Office, regardless of China's enormous progress and still expedite and effective channels for bilateral communication and consultation, filed the cases of IPR (intellectual property right) and market access for publications in China with the WTO Dispute Settlement Mechanism, Wu said.

She was giving a speech at the welcome banquet hosted by six American organizations. The United States filed the cases in April this year. "Such a move not only runs counter to the consensus between our state leaders to address differences through dialogue, but also is rarely seen as it is the first time for one WTO member to concurrently lodge two complaints against another, which will surely have serious impact on bilateral IPR cooperation under the JCCT (China-U.S. Joint Commission on Commerce and Trade) framework and damage the already established bilateral cooperative ties on market access for publications," Wu pointed out.

"China will actively respond to the cases according to relevant WTO rules," the vice premier said. In as short as 20 odd years, Wu said, China has strictly observed international rules on IPR,

Source: China Textile Network Company

formulated many IPR protecting laws, regulations, judicial interpretations and departmental rules and formed a full-fledged IPR legal system compliant with international rules. China has also acceded to almost all international conventions and treaties on IPR, scrupulously abided by its international obligations and played a constructive role in the activities and negotiations of international IPR organizations, she said.

So far, China has completed all domestic procedures for joining the two international internet treaties and will become a full member in June this year, she added. She said that it is fair to say that the human and material resources China devoted to IPR protection, its working intensity and the realized effects have all been unprecedented. "The Chinese government has strongly realized the necessity of building and constantly perfecting the IPR system for our own development, and that's why our attitude has been hard-set, our work, concrete and substantial and our achievements obvious," Wu said. The six organizations are U.S.-China Business Council, U.S. Chamber of Commerce, China General Chamber of Commerce-USA, American Bankers Association, American Council of Life Insurers and Financial Services Forum.

Source: Xinhua

Analysis of China acrylic fiber production, sales and storage from Jan. to Mar. 2007

DATE: 2007/05/29

According to statistics from China Textile Circulation Association on chemical fiber's production, marketing and storage, the national gross product of Acrylic fiber amounted to 56, 622 tons (among statistical sample enterprises) in March, 2007, showing a slight decline over the same period of last year. The output in March was 52, 803 tons, increased by 2, 045 tons over the same period of last year, with an increase rate of .02%.

Both the output and sales of Acrylic fiber in March showed an increase. The storage this month showed an increase, owing to more output than sales. The storage of Acrylic fiber remained 26, 675 tons, decreased slightly down the same period of last year. The ratio of output to sales of Acrylic fiber was 93.2%, 5.51% over the same period of last year.

According to statistics from China Textile Circulation Association on chemical fiber's production, marketing and storage, the main sales areas in March were centralized in Jiangsu, Shandong and Zhejiang etc. The sales in Jiangsu accounted for almost 40% of the national gross sales in the whole country, and the sales of Shandong and Zhejiang accounted to almost 15%. However, the sales of other areas were comparative lower, with half of them nil.

Taiwan Cotton Import Volume Strong in March

DATE: 2007/05/29

Taiwan's cotton import volume in March was strong at 111,796 480-pound bales, which was up from 81,778 bales in February and reflected 20.2 percent year-on-year growth. Taiwan's spinners have done an excellent job of accumulating cotton inventories before international prices rallied. Total August 2006 through March 2007 cotton imports have expanded 15.4 percent to 783,475 480-pound

Source: China Textile Network Company

bales.

The top import origins in March were the U.S. (47,564 bales), India (31,077 bales), Mali (8,836 bales) and Burkina Faso (8,248 bales). The second largest import origin this season is the African Franc Zone, with imports increasing to 165,772 480-pound bales, while India has emerged as the fourth largest supplier at 94,970 bales.

Source: globecotnews

China's cotton imports plunge 55 percent in Jan-April

DATE: 2007/05/28

China's total import of cotton was 723,000 tons in the first four months of this year, tumbling 55 per cent from the same period of last year, according to the China Cotton Association (CCA). The import in April was 215,000 tons, 45,000 tons or 17 per cent less from the previous month, and 275,500 tons or 56 per cent from the same period of last year. The total import of cotton in the cotton year of 2006 (from September 2006 to April 2007) was 1.3378 million tons, down 50 per cent from the previous year. China's cotton planting area is estimated to be 81 million mu (15 mu equal to one hectare) this year, about the same of last year, according to the CCA. The figure on the planting area under cotton from the National Bureau is 82.21 million mu, and that by the Ministry of Agriculture is 82 million mu.

According to CCA statistics, China's cotton output reached 6.73 million tons in 2006. China's output of yarn was 1.61 million tons in April this year, up 1.3 per cent month on month and 21.2 per cent year on year. In the first four months output reached 5.78 million tons, up 20.4 per cent year on year. Yarn output in the cotton year of 2006 (from September 2006 to April 2007) totaled 12.17 million tons, up 21.1 per cent year on year. The country's total export of textiles and garments topped US\$12.83 billion in April, up 60.9 per cent month on month, and up 15.2 per cent year on year.

Source: Asia Pulse Pte Ltd.

Jiangsu's textile machinery imports jump 40.5 percent in Jan-April

DATE: 2007/05/28

The import of textile machinery and parts through the ports of east China's Jiangsu province was valued at US\$210 million during the January-April period, up 40.5 per cent year on year. That imported by the province's private enterprises accounted for 19 per cent of the total import value, reaching US\$38.41 million and up 4.5 times over a year ago. Experts point out that main reasons for the drastic rise of the import of textile machinery by private enterprises include:

- 1) Since March 2007, the state has abolished the automotive import license system set for 23 kinds of textile machinery; and 2) With China reaching agreement on textile trade with the EU and US, domestic textile enterprises, especially private ones, are optimistic on the future of the textile industry and are rushing to introduce textile machinery with high technology content from overseas for their technical upgrading.

Source: China Textile Network Company

Meanwhile, experts are worried that EU and the US will employ measures such as anti-dumping and anti-subsidiary to protect their own textile industry when the EU-China and US-China textile agreements expire from the end of this year. They suggest that home textile enterprises should not be blindly optimistic and excessively expand their production scale. In the eyes of experts, a new round of reshuffle for the domestic textile industry is likely to come when production capacity is in surplus, the price of raw materials is rising, the yuan is appreciating and the export rebate rate declining.

Source: Asia Pulse Pte Ltd.

China's textile industry forecast to have double-digit growth in 2007

DATE: 2007/05/28

China's textile industry will grow by more than 15 percent in terms of output value, profits and exports year-on-year in 2007, forecast experts with the National Development and Reform Commission (NDRC). With technological innovation and optimization of industrial structure, Chinese textile enterprises have improved their ability to compete on the world market, according to a study by the NDRC experts. Chinese textile enterprises recorded a total output value of 2.46 trillion yuan (307.7 billion U.S. dollars) in 2006, a rise of 21.3 percent from a year earlier. Their profits hit 88.3 billion yuan, up 28 percent.

The sector's exports amounted to 147.1 billion yuan worth last year, a year-on-year rise of 25.1 percent. The export volume included 52.3 billion U.S. dollars of textiles, up 18.8 percent, and 94.8 billion U.S. dollars of clothing, up 28.9 percent. Influenced by the export quotas imposed by the European Union and the United States, Chinese textiles and clothing exports to these regions dropped markedly last year. Exports to the European Union totaled 23 billion U.S. dollars in 2006, up 21.7 percent year-on-year, but the growth rate was 33.6 percentage points lower than the previous year. Exports to the United States hit 23.1 billion U.S. dollars last year, up 18.1 percent year-on-year, but the increase rate was 48 percentage points lower than the previous year.

Increases were recorded in exports to other countries and regions which did not impose quotas on Chinese textiles and clothing, according to experts. The study says Chinese textile enterprises will face more pressures in export trade in 2007. The pressures would result from revalued Renminbi, cuts in the export tax rebate and export quotas imposed by the European Union and the United States. Shortage of cotton supply, imports of raw materials, lack of labor force and higher requirements for environmental protection will also pose challenges to the development of China's textile industry, according to the study.

Wu Yi calls for U.S. efforts to improve China-U.S. trade imbalance

DATE: 2007/05/25

Chinese Vice Premier Wu Yi on Thursday called for efforts from the United States to improve the trade imbalance between the two countries, saying China's efforts alone are not enough to achieve the goal. "The U.S. side should also earnestly demonstrate its sincerity and adopt effective

Source: China Textile Network Company

measures to curb the increasingly serious trend of trade protectionism, defer the promulgation of new regulations on export control against China, relax export control over civil-purpose high technology products to China and truly address the difficulty facing Chinese entrepreneurs in getting business visas," Wu said in a speech at the welcome banquet hosted by six American organizations. "I believe that through our concerted efforts, the issue of the China-US trade imbalance will be eased gradually and have a proper solution eventually," she said.

Wu said that Washington runs a relatively big trade deficit with Beijing in its trade in goods, which is an objective fact that China has never evaded. The U.S. trade deficit is the result of multifaceted and complicated factors, but "we believe it is mainly of a shifted and structural nature and is related to U.S. export control against China," she added. She said that export control applied by the United States against China has constrained the export of internationally competitive U.S. high-technology products to China.

For the period between 2001 and 2006, the proportion of U.S. high-tech export to China's aggregate high-tech imports decreased from 18.3 percent to 9.1 percent. If that ratio was kept at 18.3 percent today, U.S. exports to China would have increased by at least 70 billion dollars, according to the vice premier. "I am convinced that so long as the United States adjusts its export control approach, U.S. exports to China will see considerable growth," Wu said. Wu pointed out that the Chinese government attaches great importance to addressing the issue of the China-U.S. trade imbalance and has been actively enlarging imports from the U.S. with the utmost sincerity.

Thanks to the Chinese government's endeavor, China has been the fastest-growing export market of the United States for six consecutive years since 2001. According to Wu, U.S. exports to China in 2006 increased by 190 percent over the level of 2001, 4.5 times the growing margin of U.S. exports to the rest of the world for the corresponding period. China leapt to become the U.S.'s fourth-largest export market in 2006 from the ninth largest in 2001 and is hopeful of overtaking Japan as the third this year, Wu said, adding that China is already an important element driving the increase of U.S. exports. "Facts have proven that China-U.S. economic and trade cooperation has brought huge benefits to the two nations and two peoples," Wu noted.

She stressed that the balance of China-U.S. economic and trade interests is an overall balance of trade and investment, and of trade in goods and services. "The complementary nature of the Chinese and U.S. economies and the reciprocity of bilateral economic and trade cooperation are the basis and impetus for the lasting and ever developing China-U.S. economic and trade relations," she said. The six organizations hosting the banquet are the U.S.-China Business Council, the U.S. Chamber of Commerce, the China General Chamber of Commerce-USA, the American Bankers Association, the American Council of Life Insurers and the Financial Services Forum.

Textiles Maintain High Growth Rate in 2006

DATE: 2007/05/25

Though under internal and external pressures, China's textile industry still maintained a comparatively high growth rate in 2006. Above-scale industrial enterprises realized a total output value of 2.4618 trillion yuan, an increase of 21.3 percent over the previous year. Sales income reached to 2.4109 trillion yuan, a rise of 21.6 percent. Above scale enterprises made a profit of 88.3 billion yuan, a boost of 28 percent. In 2006, the industry exported US \$147.1 billion, an augment of

Source: China Textile Network Company

25.1 percent over 2005. Of which, textile product exports marked \$52.3 billion, a surge of 18.8 percent. Apparel exports presented \$94.8 billion, expanding 28.9 percent.

Reviewing the first quarter of 2007, the industry continued the steady escalation from 2006, having achieved a synchronous development in both production and efficiency. The progress of fixed assets investment has slowed down, as has the escalation of exports. It is expected that the economic performance of textile industry in the first half of 2007 will maintain a steady improvement, with growth-rate to be somewhat lower than that in the first quarter.

Source: Fibre2fashion