EXTRACT

Content:

Water safety put ahead of GDP

DATE: 2007/07/11

The top leader of East China's Jiangsu Province has vowed to introduce strict no-compromise measures to curb water pollution at Taihu Lake, even if doing so slows economic growth. Li Yuanchao, secretary of Jiangsu Provincial Committee of the Communist Party of China, said only by introducing the strictest environmental protection measures can the water quality in the lake be significantly improved within five years. The goal requires more resolute measures, stronger action and stricter standards, Li said at a conference on tackling water pollution in Taihu in Wuxi on Saturday.

Since May, a massive blue-green algae outbreak has blanketed the eastern part of the lake, endangering local tap water supplies for a week. Li told the meeting that the measures must be strictly implemented even if they caused a 15 percent downturn in the province's gross domestic product. The cities of Suzhou, Wuxi and Changzhou - the economic engines surrounding Taihu Lake - would be most affected.

"This is the price we have to pay if we want to prevent bigger damage to our future generations," Li said. Emergency measures to be implemented include transferring water from nearby rivers into the lake. The provincial government has made it clear the local environmental protection bureau would be in charge of pollution control and water treatment, and the water resources department would deal with water protection and algae control. The treatment of Taihu Lake will be added into officials' appraisal systems.

In the Taihu area, textile, chemical, metallurgy, paper-making, electroplate and brewing are pillar industries and have emitted large amounts of ammonia and nitrogen into the Yangtze River Delta. Li said polluting factories must be shut down. Under tougher guidelines, the region's industry will have to follow stricter operational protocols with less emissions and be more energy efficient. Projects that do not meet the standards will not be given approval to launch. Taihu Lake is the third-largest freshwater lake in China and located in the highly developed and densely populated Yangtze River Delta. To prevent further problems with water supplies, the use and sale of detergent with phosphor will be banned. The quality of 11 large-scale tap water resources around the lake will be strengthened to ensure the tap water safety.

Source: China Daily/Xinhua

Hong Kong : Pacific Textiles Net Revenue Up 25% in FY2007

DATE: 2007/07/11

Pacific Textiles Holdings Limited, a leading manufacturer of customized knitted fabrics announced its annual results for the year ended 31 March 2007 (FY2007). This is the first set of results since the Group's listing in May 2007. The Group's competitive edge in manufacturing complex, value-added fabrics and its focus on high margin products have delivered superior margin returns and reinforced its leading position in quality knitted fabric manufacturing sector.

In FY2007, the Group recorded revenue of HK$4,203.4 million, up 25% from HK$3,363.0 million last year. The increase in revenue was mainly due to the expansion of its production capacity as well as moderate increase in average selling price. Profit attributable to equity holders also increased by 21% to HK$555.7 million. Net profit margin attributable to equity holders of the Company reached 13.2%.

Sales volume of the Group in the period under review was 154 million pounds (FY2006: 126 million pounds), representing an increase of 22%. During the period under review, the Group closely collaborated with apparel brand owners to design fabrics that meet customized order particulars. It maintained good relationships with owners of leading brands such as Calvin Klein, Liz Claiborne, Maidenform, Marks & Spencer, Triumph, UNIQLO, VF Intimates and Victoria's Secret.

The apparel brand owners who use our fabrics in their garments, although not our direct customers, are the principal drivers of our fabric sales. The Group's top five customers accounted for 31.5% (2006: 30.4%) of its revenue for the FY2007. 49.9% (2006: 53.7%) of our overall sales revenue was derived from our top five brand owners in 2007.

Mr. Wan Wai Loi, Executive Director (Chairman of the Board) said, "We are confident about the global textile market, especially in China. With the impending elimination of export quotas on China, we will proactively take advantage of the continuing migration of the garment industry in Asia, particularly in China, to expand our business as well as capture the growing demand of the domestic apparel market."

Business Review:

During the reporting period, the Group continued to expand its production volume in both production facilities, namely, Panyu, Guangdong province (Panyu) and Avissawella, Sri Lanka.The production volume of its principal manufacturing facility in Panyu was 154 million pounds for FY2007, representing a y-o-y increase of 27%.

In order to meet customer demand and boost capacity, the Group significantly expanded its infrastructure and supporting equipment at Panyu including expansion of its cogeneration power plant and the completion of the Phase III of our water treatment plant in December 2006 that doubled its water treatment capacity from 20,000 to 40,000 cubic meters per day. Following the acquisition of Textured Jersey Lanka (Pvt) Limited in late 2004, the Group has successfully doubled the production volume of the plant in Sri Lanka. The production volume in as at the end of March 2007 increased to 11 million pounds. Moreover, as many of brand owner customers of the Group employ garment manufacturers based in Sri Lanka, the production facility in Sri Lanka strengthens the competitive position of the Group through geographic diversification.

Source: Pacific Textiles Holdings Limited

Domestic Sales of Home Textiles Soar

DATE: 2007/07/11

China has become a land of increasing home ownership, with new residential construction evident throughout the country. This growth has created a boom in the domestic consumption of home textiles, further providing a boost to the upward consumption of cotton and man-made fiber. Cotton is heavily used in towels, blankets and sheets, while man-made fiber dominates curtains, tablecloths and other fabric decorations.
A survey by the FAO in 2005 indicated that 63 percent of all new homebuyers spent over 4,000 yuan on home furnishings or approximately 528 U.S. dollars at today's exchange rate, while 5 percent spent over 20,000 yuan or approximately 2,639 U.S. dollars -- expenditures appear to have increased even more in 2006 and 2007. In 2005, the FAO estimated that the booming market for home textiles accounted for 30 percent of total fiber use in China, which was up from 19 percent in 2000. This surging domestic demand also explains why many of China's home textile manufacturers are concentrating on this market instead of battling for share in the export markets, where growth is much more subdued. The volume of fiber consumed in China by home textiles increased by 263 percent or 52.6 percent annually between 2000 and 2005. This means that consumption by the end of 2007 will likely increase at least another 100 percent. A continuation of this growth pattern will have major ramifications for global trade in home textiles as China withdraws further from exports to concentrate on the domestic market.

Source: globecot

Textile machinery imports enjoy preferential duties

DATE: 2007/07/09

China will carry out its policy of preferential duties on parts and components imports in 16 key technical equipment fields and the policy will be first implemented on textile machinery, according to the Ministry of Finance. The document on policy implementation details was released recently. From January 1, 2007, China implemented rebates on import tariffs and value-added taxes for some key parts and components imported by domestic companies to develop and manufacture high-speed air-jet looms and automatic winders. The rebates were treated as national investment used mainly in product development and technological innovation. As part of the new policy, the country also abolished import tax exemptions on related whole machines. During the transition period, all automatic winders and air-jet looms will enjoy zero import tariffs from July 1, 2007.

The launch of the new policy signals that preferential import duties to revive domestic equipment manufacturing have entered substantial implementation. Policies of preferential duties on other equipment imports will be launched in succession. As a basic industry, China's equipment manufacturing currently has many problems, such as the inability to innovate, high dependency on foreign products, unreasonable industrial structure and weak international competitiveness. China's textile machinery sector has two tasks - the revival of textile equipment manufacturing and the promotion of textile industry upgrading during the 11th Five-Year Program, according to the Ministry of Finance. The import duty adjustment aims at creating fair competition for textile machinery enterprises, it added.

Source: Xinhua

China encourages textile firms to innovate with tax-free component imports

DATE: 2007/07/09

China has removed import tariffs from components of two types of textile machines to encourage domestic textile firms to develop machinery of their own. Tariffs and value-added tax paid by importers of the components will be paid back to the firms and reinvested in research, according to the Ministry of Finance (MOF). As a result of the innovation strategy, imports of these two textile machines as whole products, namely high-speed air-jet looms and automatic winders, will no longer be tax free and tariffs will be imposed after December 31. The two machines are key to the restructuring of the textile sector, business insiders said.

The tax incentives for component imports are aimed at encouraging manufacturers to use the tax returns to boost their innovation capacity and develop advanced machines of their own.

"The long existing tax-free policies for imported textile machinery has undermined the competitiveness of domestically-produced machines," said an MOF official.

China's textile industry has been told to improve its structure by upgrading technologies and developing more self-owned spinning and weaving machines in the eleventh five-year plan which runs until 2010. The textile sector is the first to secure the tax rebates that were earlier promised by the Chinese government as part of its efforts to rejuvenate equipment manufacturing in China. It has pledged to grant tax rebates for component imports of technological equipment under 16 categories including environmentally-friendly power systems, petrochemical equipment and oceanic engineering equipment.

Source:Xinhua

Xinjiang becomes world's largest production base of colored cotton

DATE: 2007/07/09

Xinjiang's output of colored cotton makes up half of the entire global production, making the autonomous region the world's largest production base of colored cotton, according to China Colored Cotton (Group) Co Ltd.

At last week's 2007 China International Cotton Conference, Zhao Xiaolin, chairman of China Colored Cotton Group, said China's growing area of colored cotton and output of the colored fiber both saw a 20-fold increase in the past decade. At present, Xinjiang has grown colored cotton in an area of more than 130 square km. China Color Cotton Group, located in Xinjiang, is China's largest producing enterprise of colored cotton. Its output reached 8,000 tons last year, making up 95 percent of China's total production of colored cotton and half of the world's colored cotton supply. The company has developed over 400 kinds of colored cotton products. Some experts believe the colored cotton products, which are environmentally friendly products, have become a pillar of China's textiles export.

Source: China Daily

SIGL

Direct Import Goods Report

DATE: 2007/07/09

Supplier Country	Category	Year	Quota Lvl	Working Lvl	MS Licensed	MS Pending	MS%QL Used	MS%WL Used	SC Licensed	SC%WL Used
China (720)	2	07	70.636.000	70.636.000	24.384.553	0	34.52	34.52	29.899.750	42.33
China (720)	4	07	595.624.000	595.624.000	242.545.120	0	40.72	40.72	305.989.172	51.37
China (720)	4C	07	49.635.333	49.635.333	21.874.436	0	44.07	44.07	28.821.392	58.07
China (720)	5	07	220.054.000	220.054.000	80.103.963	0	36.40	36.40	128.568.798	58.43
China (720)	6	07	388.528.000	388.528.000	183.343.263	0	47.19	47.19	231.891.572	59.68
China (720)	7	07	90.829.000	90.829.000	47.372.965	0	52.16	52.16	58.293.968	64.18
China (720)	20	07	18.518.000	18.518.000	6.747.595	0	36.44	36.44	8.628.546	46.60
China (720)	26	07	29.736.000	29.736.000	17.671.668	0	59.43	59.43	21.360.741	71.83
China (720)	31	07	250.209.000	250.209.000	110.445.533	0	44.14	44.14	137.048.941	54.77
China (720)	39	07	14.862.000	14.862.000	3.548.132	0	23.87	23.87	4.934.686	33.20
China (720)	Silk/Rami 115	07	5.347.000	5.347.000	2.659.424	0	49.74	49.74	3.126.698	58.48

Source: CNTEX

The Indo Chinese Silk Market Analysis

DATE: 2007/07/05

Chinese raw silk - regaining its glory

The first half of 2007 has gone and things have started looking better for chinese raw silk. The recent low levels of raw silk in the past few months has spurned the demand in india and with the season coming up indian demand should remain steady and robust for raw silk. There are some interesting factors now and we have to see how the market adapts to it. The jiaxing futures has become the base line reference site for all international silk yarn business. some encouraging facts for the coming demand of raw silk is as follows:

1) The chinese crop is more or less equal to last year
2) Good fabric demand from india means good demand in china locally for raw silk
3) Increase in manufacturing base in india means greater consumption for chinese raw silk this season.
4) Shortage of indian yarn due to weather conditions here till september to contribute to the existing demand for chinese raw silk
5) Shortage of export license in china for raw silk
6) Higher domestic demand for silk in india compared to last year.

The above factors have been the reason for raw silk going up slowly and steadily and it is clear that the demand will continue from india. The average consumption for chinese raw silk in india has crossed 6 tonnes per day and this is mainly the domestic demand , the indian export orders are still very few and negligible. Once that demand starts then we have a situation of consumption crossing 9 tonnes per day easily and that means “raw silk will be the king again“

Dupion :
The scene in dupion is very strange now, with chinese dupion factories unable to produce to its full capacity due to shortage of workers, it however matches with the low demand from india due to very few export orders for dupion fabrics. But is it the silence before the thunder? The moment indian export orders starts for dupion fabrics, the chinese dupion producers will be unable to meet the demand resulting in a dramatic price increase, there is a possibility that dupion may sell above raw silk, but it finally depends on the indian demand. We can only wait and watch.

Fabrics :
Silk fabrics has been the surprising packages this season, the sudden uptrend has caught many buyers by surprise and demand seems unending. With very little stock in india fabric buying started from may second week and is continuing full steam. Many importers have still been unable to buy due to the shortage of supplies of good quality brands from china. The decreased output in china has helped the fabric remain strong and will continue particularly for 12101.
There is no doubt that silk fabrics will lead the demand this season and question is whether china can meet this demand. With the silk factories facing the same workers problem as in dupion, I feel fabric prices will still go up further irrespective of the silk yarn price as the indian season has not yet started for fabrics, the coming weeks after the rains in india settles down will unleash this demand totally and we can see some interesting movements in fabrics.

Source: Suresh Mehta , Bangalore India