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China's textile, apparel exports up 17% in first half of 2007

DATE: 2007/07/20

China's textile and apparel exports jumped to 73.5 billion U.S. dollars in the first half of 2007, up 17.47 percent from the same period last year, the nation's top economic planning agency said on Wednesday. Exports reached 16.2 billion U.S. dollars in June, an increase of 24.49 percent, according to the National Development and Reform Commission (NDRC). The NDRC noted the export value totaled 96.8 billion U.S. dollars between September last year and June this year. The NDRC has predicted the nation's exports of textiles and apparel would grow at a slower rate of 16 percent to top 165 billion U.S. dollars this year. The projected increase is 6.6 percentage points lower than the growth rate of last year, which the NDRC attributed to the surging prices of raw materials, lower export tax rebate rates, the rising yuan and trade frictions.

International cotton prices have risen rapidly due to the expectation of large increases in cotton exports by China and boosted by the price hikes in other agricultural products, said the NDRC. China imported 1.18 million tons of cotton between January and June, 52.01 percent less than the same period last year, according to customs statistics. The NDRC said local textile and clothing exporters would continue to lose their price advantages as the yuan was expected to continue to appreciate and squeeze profit margins for low-added-value textile exporters. Meanwhile, export rebate rates for footwear and headgear dropped from 13 to 11 percent, and those for fabrics from seven to five percent from July 1. Estimates from the China National Textile and Apparel Council said a two-percentage-point decline in export rebates normally cost the industry 4.8 billion yuan in profits (634.4 million U.S. dollars) and drove down profit margins by 0.26 percentage points.

Source: Xinhua

World cotton supply and use estimate (Last update: July, 2007)				
		2007/08		
Item	2006/07	May	June	July
Million 480-lb. bales				
Supply:				
Beginning stocks --				
World	57.67	55.41	56.39	57.32
Foreign	51.61	45.91	46.59	47.52
Production--				
World	118.36	116.00	115.89	115.79
Foreign	96.78	97.20	97.09	98.29
Imports --				
World	37.32	42.50	42.11	41.30
Foreign	37.30	42.49	42.09	41.28
Use:				
Mill use--				
World	122.33	127.00	127.41	127.16
Foreign	117.43	122.60	123.01	122.76
Exports--				
World	36.99	42.00	41.58	40.81
Foreign	23.99	24.50	24.08	23.81
Ending stocks --				
World	57.32	50.71	51.23	50.78
Foreign	47.52	44.31	44.53	44.88
Percent				
Stocks-to-use ratio:				
World	46.9	39.9	40.2	39.9
Foreign	40.5	36.1	36.2	36.6

Source: USDA, World Agricultural Outlook Board

East China Experiences More Rain, Causing Concern

DATE: 2007/07/20

Additional rain has been reported across the East China cotton belt this week. On the North China Plain, Hebei, Henan and Shandong have reported rain. In Henan, over 100 millimeters of rain has fallen in the Linying area over the past ten days, with additional rain expected over the next few days. The precipitation has caused some flooding and has also led to boll shed and wilting. Boll loss has also occurred in the Fugou area, along with some flooding. In Shandong, heavy rain has occurred over the past few days in Taian, Heze and Jining but has been reported as beneficial. To the south, Hubei Province is continuing to report heavy rain and is bracing for more showers. A rather wet forecast is now prevailing for all of southern China, with rain possible throughout next week.

Source: Globecot

China/India/Bangladesh Play a New Role in U.S. Cotton T-Shirt Trade

DATE: 2007/07/19

U.S. retailers have long focused much of their sourcing for cotton t-shirts on suppliers from Honduras, Mexico and El Salvador. In 2004, nearly 60 percent of all U.S. cotton t-shirts came from these suppliers, but that began to change in 2006 and has continued in 2007. January through May U.S. cotton t-shirt imports increased 6.3 percent in volume to 421,913,000 square meter equivalents. Imports from Honduras and El Salvador have also grown, but imports from Mexico have declined 11.5 percent. Collectively, only 43 percent of all U.S. cotton t-shirt imports came from this group, with the next largest sourcing origins being China, India and Bangladesh.

Imports from all three countries have sharply increased and have accounted for 13.68 percent of all imports in January through May. Imports from China have nearly tripled year-ago volumes, making it the fourth largest supplier. India and Bangladesh are continuing to expand shipments, with year-to-date volume near that of China. Imports from these origins are also replacing products from such traditional suppliers as the Philippines, Macau, Canada, South Korea, Hong Kong and Turkey.

Source: Globecot

US/China Trade Deficit Triggers Calls For Legislation

DATE: 2007/07/18

As the US trade deficit with China continued at a record-setting pace, lobbyists for textiles and other import-impacted industries renewed their call for legislation that will address the problem. While the overall US trade deficit rose only slightly in May, the trade deficit with China in the first five months of this year reached \$96 billion up from \$82 billion for the same period last year. This was an increase of 17 percent, and it could be on a pace to exceed last year's record of \$232 billion. The textile and apparel deficit in the first five months was \$13 billion, an increase of 31 percent over the comparable period last year. As the data were released, lobbyists for textiles and others in Washington called for passage of the border tax equity and the fair currency acts, which are pending in Congress.

"With the US dollar hitting rock bottom against the Euro and other currencies, the US trade deficit should be falling much faster" said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition. "The reason why the US trade deficit is sky high is because the US government shirks from confronting the predatory trade practices of other countries. The playing field has been tilted against US producers for too long, and the predictable disastrous result has been the loss of 3 million middle-class manufacturing jobs."

Alan Tonelson, a research fellow at the US Business and Industrial Council, said the one-month moderation in the trade deficit demonstrates how far the United States remains from a "sustainable balance in international trade", adding that "the disastrous fundamentals of our trade situation have not changed."

The VAT/Border Tax Equity Act is designed to offset a trade advantage countries with value-added taxes (VATs) have over the United States because they provide rebates of the tax to their manufacturers. The fair currency legislation would declare currency manipulation an unfair trade practice that could be addressed by US countervailing duty and other trade equity laws.

By James A. Morrissey, Washington Correspondent

Upward Pressure on Polyester Continues from Upstream

DATE: 2007/07/18

Polyester staple fiber is likely to be supported by crude oil prices over the next five years. The International Energy Agency (IEA) has forecast that the world will be facing an oil supply crunch within the next five years, based on expanding demand and reduced supplies. The agency reported that crude oil output was declining much faster than expected in the mature oil-producing areas of the North Sea and Mexico, and that supply is being constrained by long delays in establishing new fields such as in the Russian Far East.

The IEA also predicted non-OPEC crude oil production to only grow 1 percent annually over the next five years. Amid this oil supply situation, demand is forecast to continue expanding, growing at an annual rate of 2.2 percent over the next five years; and as a result, there will be new upward pressure on crude oil prices. This condition will continue to provide support to world polyester prices, with prices in U.S. and Europe already reflecting this.

The overcapacity of Taiwan and South Korea are still keeping Asian prices (outside of China) at the weakest levels in the world. A continued increase in raw materials will make it much tougher for these producers to continue to operate at the current price levels.

Source CENTEX

United States Challenges Chinese Trade Subsidies

DATE: 2007/07/18

The US Trade Representative (USTR) has asked the World Trade Organization (WTO) to establish a dispute settlement panel to address what it says are illegal trade subsidies prohibited by WTO rules. The controversy surrounds certain financial assistance given Chinese manufacturers, which the United States believes are “trade-distorting subsidies.” In an effort to resolve the dispute through negotiation, the United States and China have held two rounds of consultations that resulted in only minor concessions, which the United States says do not go far enough. In announcing the action, Sean Spicer, a spokesman for the office of the USTR, said: “China has taken a positive step by repealing one of the subsidy programs we challenged, but much more needs to be done. We continue to prefer a negotiated settlement to this dispute, but without assurance of complete corrective action by China, we must continue to pursue the WTO process.” The United States says subsidies conditioned either on a firm’s use of domestic over imported content or on exports are prohibited by the WTO. Special tax breaks under a newly enacted Chinese law also are in dispute. US textile manufacturers have listed financial incentives along with other forms of subsidies, such as currency manipulation, as illegal actions by the Chinese government. Mexico, which was involved in the earlier consultations, is expected to join the United States in the request for dispute settlement action.

By James A. Morrissey, Washington Correspondent

SIGL Direct Import Goods Report

DATE: 2007/07/17

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	25.628.310	0	36.28	36.28	30.742.467	43.52
China (720)	4	07	595.624.000	595.624.000	255.038.532	0	42.82	42.82	316.253.155	53.10
China (720)	4C	07	49.635.333	49.635.333	23.283.404	0	46.91	46.91	29.691.526	59.82
China (720)	5	07	220.054.000	220.054.000	89.129.524	0	40.50	40.50	135.818.289	61.72
China (720)	6	07	388.528.000	388.528.000	193.381.389	0	49.77	49.77	241.225.644	62.09
China (720)	7	07	90.829.000	90.829.000	49.958.186	0	55.00	55.00	60.250.703	66.33
China (720)	20	07	18.518.000	18.518.000	6.998.911	0	37.80	37.80	8.986.148	48.53
China (720)	26	07	29.736.000	29.736.000	18.464.100	0	62.09	62.09	22.084.807	74.27
China (720)	31	07	250.209.000	250.209.000	115.653.227	0	46.22	46.22	142.758.885	57.06
China (720)	39	07	14.862.000	14.862.000	3.660.233	0	24.63	24.63	5.213.316	35.08
China (720)	Silk/Rami 115	07	5.347.000	5.347.000	2.796.426	0	52.30	52.30	3.306.911	61.85

Source: CNTEX

China's new accounting standards to be adopted

DATE: 2007/07/16

China's central-level State-Owned Enterprises (SOEs) and large to mid-scale companies will all adopt China's new accounting standards that comply with the International Financial Reporting Standards (IFRS) by the end of 2009. The country's small and medium-sized enterprises, which make up 99 percent of the total companies in China, will not comply with the IFRS.

Speaking at an international accounting conference in Beijing this week, Liu Yuting, director of the Accounting Department of the Ministry of Finance (MOF), said central-level state-owned enterprises would comply with the new regulations by 2008 and the scope would be expanded to include all

Source: China Textile Network Company

large and mid-scale enterprises a year later. "The MOF will also speed up the construction of an internal control system on accounting to ensure the credibility of accounting information released by the enterprises," said Liu. China's listed companies adopted the new Chinese accounting standards at the beginning of the year. The standards, including 39 specific principles for corporate accounting, are much closer to international practices. "There is a clear momentum toward accepting the IFRS as the common financial reporting language throughout the world, and companies from more and more countries including China are benefiting from the trend," said David Tweedie, chairman of the International Accounting Standards Board (IASB). "The benefits of these accounting reforms for China are clear," said Tweedie. "The new Chinese standards that incorporate accounting principles familiar to investors worldwide will encourage investor confidence in China's capital market and financial reporting, and will be an additional spur for investment from both domestic and foreign sources of capital." He added that for Chinese companies that are playing an increasingly global role, the acceptance of the new standards should also reduce the cost of complying with the accounting regimes of different jurisdictions in which they operate. The Republic of Korea announced its intention to adopt the IFRS in 2009, India will make a decision on the issue some time this month and Japan is also feeling the pressure to reform. Iraj Talai, regional manager of the financial management of the World Bank, said that China's experiences in accounting reforms would be of great help to other emerging and transitional economies.

Source: Xinhua

Int'l textile machinery exhibition to open in Shanghai

DATE: 2007/07/16

China will hold an international textile machinery exhibition in Shanghai next July, which is a combination of the ITMA (International Exhibition of Textile Machinery) ASIA + CITME (China International Textile Machinery Exhibition). The exhibition, first of its kind, is scheduled to be held from July 27 to 31, 2008, according to the China International Exhibition Center (CIEC). ITMA is the world's largest international textile machinery exhibition, which is owned by the CEMATEX (Comit European des Constructeurs de Machines Textiles), an organisation comprising nine national European textile machinery associations from Belgium, Spain, France, Sweden, Germany, Switzerland, Italy, UK and Netherlands. As China makes up one third of the world's total textile production capacity and is a major textile machinery importer, the CEMATEX chose China to hold next year's ITMA ASIA, said Edward Roberts, CEMATEX president. The last ITMA ASIA was held in Singapore in October 2005. From January to March, China's import of textile machinery surged 30 percent to reach 1.1 billion U.S. dollars and import rose 33 percent to 360 million U.S. dollars, according to figures from the General Administration of Customs. To date, the organizer has received bookings from more than 800 manufacturers from 20 countries and regions, including CEMATEX member countries, Egypt, Hong Kong and the United States. Total exhibition area are expected to cover 120,000 square meters. The exhibition is sponsored by the China Council for the Promotion of International Trade, the China Textile Machinery Association, the CIEC and the CEMATEX.

Source: Xinhua