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China's Textile & Apparel Industry Profits to Rise 35%

DATE: 2007/08/03

Profits of China textile and apparel industry will grow 35 percent year-on-year to 112.5 billion yuan (14.8 billion US dollars) in 2007, China National Textile and Apparel Council (CNTAC) announced on Tuesday.

The CNTAC predicted the total output of the industry would rise 20 percent on last year to 3.02 trillion yuan (397.4 billion US dollars) this year. The council predicted that yarn production would rise 20 percent; fabric production would increase 12 percent, chemical fiber up 13 percent and clothing up 14 percent in the second half. It also forecast foreign sales of textiles and apparel would amount to 170.5 billion yuan (22.4 billion US dollars) this year, up 16 percent on last year.

Source: CNTAC

China, EU to Closely Monitor Textile Trade on Lifting of Curbs Next Year

DATE: 2007/08/03

Textile exports from China to the European Union will be closely monitored after the removal of trade curbs at the end of the year as both sides look to avoid major disputes and liberalize their trading relationship, officials and analysts said.

The expiration of growth caps on 10 categories of textiles and clothing was agreed in June 2005 by China and the EU - the world's largest and second largest textile exporters, respectively - and confirmed by ministers Peter Mandelson and Bo Xilai after they met in June this year. The June 2005 memorandum of understanding, signed in Shanghai, was aimed at cooling a surge in cheap Chinese exports following the lifting of quotas in international textile trade when the Multi-Fiber Arrangement came to an end on January 1, 2005. Growth caps of 8-12.5 pct were placed on annual exports of products ranging from T-shirts and pullovers to bed, table and kitchen linen. The agreement covered 10 of the 35 categories of Chinese exports liberalized on January 1. The lifting

Source: China Textile Network Company

of caps at the end of this year marks the next step in liberalizing the trade relationship, and both sides said they will continue dialogue and cooperation on textiles in order to steadily develop bilateral trade. "Both parties are seeking measures to guarantee steady growth in the textile trade, without generating trade friction," said Wang Shouwen, director of the Ministry of Commerce's foreign trade department. But it remains unclear how both sides will control the textile trade once the quotas are lifted. "Nobody said categorically there won't be a flood of imports -- at this point it is actually very difficult to know for sure what will happen after Jan 1," an industry source said. "(China) is obligated by the memorandum of understanding signed in 2005 to cooperate with the EU in ensuring a smooth transition next year to liberalized trade in textiles after the current import growth restrictions expire," the source said.

Wang Qianjin, an analyst with consultants Webtextile.com, added that China will continue to control its exports after restrictions are lifted. "China's industry associations and the Commerce Ministry are likely to issue more new rules before Jan 1, including specific quota limits and requirements for the Chinese side on exports to the EU," Wang told XFN-Asia.

Cao Xinyu, vice chairman of the China Chamber of Commerce for Import and Export of Textiles, agreed that Beijing will take measures to maintain stable export growth. "Chinese textile producers are eager to expand exports after the quota is removed. However, the government will definitely take measures to control and maintain stable growth of exports," Cao said. But he also noted that it is difficult to predict what steps might be taken. "It needs repeated discussion between China and the EU. Everything is still up in the air at the moment," he said.

Other sources said "a dual licensing system" could be put in place, whereby both sides monitor any major shift in trade volumes. Vivian Cheung, an analyst with Tai Fook Securities in Hong Kong, said the lifting of quotas is a welcome development, adding that textile exports from China to the EU have steadied over the past two years, with current quotas not even filled yet. An exhaustion of the 2007 quotas would perhaps give EU industry grounds to call for new quotas in 2008, whereas the contrary could justify the system being put to rest. "The removal of quotas is a good sign... it will benefit both sides," Cheung said. "The quota for 2007 has not been used up yet, growth in textile exports is under control and it will be more stabilized now. It was previously high because it was gaining from a much lower base," she said.

According to the Ministry of Commerce's Wang, China's textile exports to the EU rose only 5.5 pct year-on-year from January to May. Webtextile.com's Wang said he expects a pick up in exports in the first half of 2008, but he added growth is likely to slow later in the year. "For 2008, export growth will not be too high," he told XFN-Asia. Cheung added that liberalization of the textile trade will benefit the stronger Chinese players and could lead to some restructuring in the industry. "More technology is being used in producing garments and textiles, so as to eliminate unqualified goods. There will probably be some restructuring in the industry as smaller players with lower technology are edged out," Cheung said. She added that Weiqiao Textile will benefit because of its size - it is the largest cotton fabric maker in Asia - and Pacific Textiles will also gain because it makes higher margin products. According to the quasi-official China National Textile and Apparel Council, China's worldwide exports of textile and apparel products are expected to increase 16 pct to 170.5 bln usd this year.

Source: AFX News Ltd

Apparel Output Grows At Slower Pace than Retail Sales

DATE: 2007/08/02

During the first six months of 2007, China's apparel retail sales grew at an annual rate of 28 percent, while textile and apparel exports grew at a an annual rate of 17.47 percent. Both of these growth levels exceeded the expansion in apparel output. Total January through June 2007 apparel output was estimated at 9.0487 billion pieces, reflecting only year-on-year gains of 14.3 percent. The knit apparel sector actually enjoyed the fastest growth, while children's apparel production only grew 2.4 percent.

This slower progress suggests that China's ability to maintain its export growth will soon fade, given the expansion in retail offtake. China could also soon become an importer of certain lower-cost mass products. The domestic apparel industry is attempting to build brands, improve quality and end its dependence on price.

Source: *Globecotnews*

China`s Textile, Apparel Industry Expects Profits Surge In

DATE: 2007/08/02

Profits of China's textile and apparel industry will grow 35 percent year-on-year to 112.5 billion yuan (14.8 billion US dollars) in 2007, China National Textile and Apparel Council (CNTAC) announced on Tuesday. The CNTAC predicted the total output of the industry would rise 20 percent on last year to 3.02 trillion yuan (397.4 billion US dollars) this year. The council predicted that yarn production would rise 20 percent, fabric production would increase 12 percent, chemical fiber up 13 percent and clothing up 14 percent in the second half. It also forecast foreign sales of textiles and apparel would amount to 170.5 billion yuan (22.4 billion US dollars) this year, up 16 percent on last year.

Source: *Chinadaily*

China Tightens Credit and Environmental Laws

DATE: 2007/08/01

China is attempting to rein in excess economic growth and to curtail pollution. The Chinese Central Bank has raised the reserve requirement .50 to 12 percent of deposits, which will take effect August 15 and follows an increase in the base interest rate to 6.84 percent.

A stronger set of controls is being implemented to slow the growth of high-energy consuming, high-polluting companies, with a release of the country's first "black list" of high-polluting businesses. To address this issue, the State Environmental Protection Administration has issued a new set of rules for the banking sector that could deny the 30 "black listed" companies new bank loans due to their pollution records. Banks are also being told to restrict credit to companies that did not follow government guidelines for pollution emission standards.

In an attempt to enforce these measures, the central government has said it would restrict the available credit to a region if the local government failed to enforce the guidelines. So far, paper, steel and chemical manufacturers appear to be the enterprises most affected, but the man-made

Source: China Textile Network Company

fiber sector will ultimately be impacted by the Chinese government's expansive effort to reduce pollution.

Source: Globecot

US Committee Approves Anti-Currency Manipulation Bill

DATE: 2007/08/01

The Senate Finance Committee, by a vote of 20-1, has approved legislation designed to provide a counter-attack against those countries that undervalue their currencies in order to gain an advantage in international trade. Acting against currency manipulation has been high on the agenda of US textile manufacturers who contend that China's currency policies amount to as much as a 40-percent trade subsidy. While the bill does not specifically mention China, that country clearly is the target, but the act could be applied to other countries as well. Retailers and other importers of textiles and apparel are opposed to this type of legislation, as are companies that want to do business with the Chinese.

The bill would target the Treasury Secretary to identify "fundamentally misaligned" currencies and enter into negotiations with the offending countries. If that does not produce acceptable results, the secretary would be required to take the issue to a World Trade Organization dispute panel. The legislation also would permit the United States to levy anti-dumping penalties on imports based on currency manipulation. As the bill was reported out of committee, the Treasury Department issued a statement saying it could not support the legislation and it believes that "direct, robust discussions with the senior Chinese leaders, not legislation, is the best means of achieving progress." The statement further said: "Treasury recognizes that members of Congress wish to send a strong message through this bill and others. Secretary Paulson will be delivering a strong message to President Hu and others next week in China. It is vital to the health of the global economy, including the US economy, that China reforms its currency and takes other steps to reduce imbalances."

Enactment of the bill could be delayed by a jurisdictional dispute in the Senate. The Senate Banking committee feels it has jurisdiction over the matter and has a bill of its own. The two committees likely will eventually enter into negotiations that would result in a merger of the two bills. The overwhelming vote in the Finance Committee is an indication of the strong sentiment to do something about the currency issue, but it may not be all that easy. President George W. Bush is strongly opposed to the legislation. His supporters in the Senate could block it with procedural tactics, and it would require a two-thirds majority to pass it over their objections.

By James A. Morrissey, Washington Correspondent

Source: Textileworld

ACIMIT: First half of 2007 marked by growth in orders of textile machinery

DATE: 2007/07/31

For the first semester of 2007, the index for orders of textile machinery, drawn up by the Economics Office of ACIMIT, the Association of Italian Textile Machinery Manufacturers, registered a 22%

Source: China Textile Network Company

increase compared to the same period from January to June 2006. This result derives largely from a good performance on the internal market, together with a positive boost in orders on foreign markets. Regarding Italy, the rate of new orders from the sector's Italian manufacturers rose 45.5% with respect to the same period for 2006. A positive performance was also registered on foreign markets, where orders gathered for the first half of the current year increased 17.8% compared to January - June 2006.

Both for the national and foreign markets, the index shows a growth in production for the second consecutive semester. Paolo Banfi, president of ACIMIT, comments, "Following a positive close for 2006, we were all anxiously awaiting to see whether the growth trend would continue on into 2007. The figures from the survey processed by ACIMIT's Research Bureau effectively confirm that a recovery is under way for the sector." Italy's textile industry in fact registered an overall positive trend last year: revenues grew by 5% compared to 2005, amounting to 2.7 billion Euros, while exports, which represent all of 78% of total production, rose by 4%. "For the first part of 2007," notes Banfi, "we've also registered a boost in sales in several key markets. In China, which remains our main foreign market, orders for Italian machinery rose 22% over the first three months of the year with respect to the same period for 2006. We've also noted satisfying export trends to Germany (+12%). Overall, compared to the same period for 2006, there are also signs of a recovery for the primary markets in the European Union, as well as for Egypt (+158%), Brazil (+21%), and Iran (+77%). India, on the other hand, following a period of growth for 2006, at +43%, slipped back somewhat (-22% for the first quarter of 2007)."

Source: [ACIMIT](#)

HK, US Customs to Start Joint Factory Observation Visits

DATE: 2007/07/31

Hong Kong and United States Customs officers will conduct a series of joint factory observation visits in Hong Kong from August 10, Hong Kong Customs announced here Wednesday. The joint visits were part of the ongoing cooperation between the Customs authorities of Hong Kong and the United States to facilitate legitimate textiles and clothing trade between the two places, as well as to combat illegal transshipment of textiles and clothing products, said Cheung Sai-yan, head of Trade Controls of Hong Kong Customs and Excise Department.

The joint visit teams, comprising both Hong Kong and US Customs officers, will visit only those textile factories which have given prior consent. "Joint visit team members will not undertake any enforcement activities during the visits. Enforcement activities, if necessary, will be undertaken by Hong Kong Customs officers independently and separately from the visits," Cheung said. As in previous rounds of joint visits, the visits, which will last for about two weeks, will not disrupt the normal production and operation of the factories, said Cheung.

Source: *Xinhua*