

EXTRACT**Content:**

- **Trade blasts EU inaction on China**
- **More Cotton Crop Problems Surface in Henan**
- **Domestic Apparel Sector Declines in First Half 2007 in Hong Kong**
- **China is the leading importer of clothing to Europe**
- **China's industrial output up 18% in July**
- **Apparel Retail Sales Continue to Expand at 25 Percent Annual Rate**
- **Silk industry gets technological boost**
- **U.S./China Trade Relations Enter Danger Phase Due to Congressional Action**

Trade blasts EU inaction on China

DATE: 2007/08/17

Europe's main employer and employee organisations have accused the European Union of doing too little and too late to safeguard the industry against surging Chinese imports.

Filiep Libeert, president of employers organization Euratex, and Valeria Fedeli, president of trades union group ETUF:TCL, have jointly called for the European Commission (EC) to take immediate safeguard action. Mr. Libeert was particularly critical of EU member-states to monitor imports in real-time and the EC's failure to issue guidelines on safeguards until April 6. After describing the EC's guidelines as "more of an invitation to the Chinese to increase their exports to us than anything else", Mr. Libeert said: "The Commission has hardly emerged with credit from this long drawn out exercise. It is de facto surrendering EU companies and jobs without a fight."

Based on Chinese data Euratex has requested immediate safeguard action in twelve product categories. Official Chinese figures point to a further rapid acceleration of exports to the EU. Data for the first two months of 2005 show an overall increase of 73% compared to the same period a year ago. In the product categories, for which Euratex called for safeguard action a month ago, the surge in volumes has been even more dramatic: pullovers and jerseys (+893%), trousers (+201%), tights and pantyhose (+1400%) and linen fabric (+530%). Euratex says that prices in the first three categories fell by 37%, 8% and 38% respectively. It adds that the imports of women's dresses from China are up by 542% and prices down by 57%. The surge in Chinese exports to the EU and the way prices have dropped testified to "abnormal" trade practices that could only be explained by (social) dumping, said Ms. Fedeli. ETUF shared Euratex's sense of betrayal, she said. Whilst ETUF supported fair, sustainable and transparent trade liberalisation, Ms Fedeli added that it could not be achieved at the expense of labour conditions or the environment.

Source: Xinhua

Source: China Textile Network Company

More Cotton Crop Problems Surface in Henan

DATE: 2007/08/17

Henan's cotton belt covers the entire province, but the largest blocks of acreage are located in the northeast in the Anyang/Shangqiu area. The eastern areas also contain large cotton acreage, with a smaller percentage of the acreage falling in the central and southern areas. In the eastern central growing area near Fugou, growers are now indicating that total output in the region could decrease 50 percent from 2006 due to the excessive rain. 20 percent of the acreage is a total loss. This week has brought a drier weather pattern to the central areas. Picking is expected to begin September 10, with procurement not to start until October 20, which is 30 days later than last year.

The northern cotton areas are enjoying dry, hot weather, with no rain in the seven-day forecast. The northeastern growing areas will have an additional chance of rain on Saturday and Sunday, August 18 - 19. Tropical Storm Sepat is now forecast to hit East China on Saturday, with its remnants likely to impact Henan Province next week.

Source: Globecot

Domestic Apparel Sector Declines in First Half 2007 in Hong Kong

DATE: 2007/08/17

Hong Kong's domestic production of apparel has sharply declined during the first six months of 2007. January through June domestically produced apparel exports only totaled 15.367 billion Hong Kong dollars, which reflected a 43.4 percent year-on-year decline and a new record low. The boost the industry received from companies wishing to use Hong Kong in order to avoid quotas on Chinese imports has ended. January through June 2007 imports were weaker than January through June 2005 export volume. Exports increased during July 2005 and July 2006, but both exports and imports have declined since that time. This weakness has been evident across all product categories.

The U.S. has remained the top export market, taking 6.049 billion Hong Kong dollars worth of shipments, which is down 41.2 percent from the previous year. China is the second largest market, taking 4.501 million Hong Kong dollars worth of shipments. The other top markets are the United Kingdom, Germany, Taiwan, Mexico, Spain and the Netherlands.

Source: Globecot

China is the leading importer of clothing to Europe

DATE: 2007/08/17

China is the leading importer of clothing to Europe (31.4%) followed by Turkey (14.9%) and Romania (6.7%). Leading EU-produced clothing destinations were Switzerland (17.1%), the USA (13.7%) and Russia (11.3%).

Leading importers of textiles to the EU25 were China (21.9%), Turkey (15.1%) and India (10.4%), while the leading export destinations for EU textiles were the US (12.3%), Romania (10%) and Turkey (7.3%). The EU25's clothing, textiles and manmade fibre industries had a combined turnover

Source: China Textile Network Company

of EUR 201.9 billion in 2006, according to Euratex - the European Apparel and Textile Organisation. Of this figure, textiles accounted for around EUR 114 billion, clothing for EUR 77.8 billion and manmade fibres for a further 10.1 billion.

Investment by the industries amounted to just over EUR 5 billion last year and the number of people employed was over 2.1 million.

Source: CCPIT TEX

China's industrial output up 18% in July

DATE: 2007/08/17

China's industrial output expanded by 18 percent in July, the National Bureau of Statistics said Wednesday. The bureau said more than 98 percent of the industrial products were sold in July, 0.03 percentage points lower than the same period of last year. The export volume of industrial products stood at 608.5 billion yuan (80 billion U.S. dollars), up 22.2 percent.

Among major industries, the transport facility manufacturing industry saw the biggest growth of 26.6 percent, followed by the general equipment manufacturing sector which rose by 23.5 percent. The textile industry grew by 15.8 percent and chemical industry 20.2 percent.

The output of coal jumped by 12.7 percent to 196 million tons and power generation capacity increased by 15.5 percent to 291.6 billion kilowatt hour. Oil production dropped by 1.7 percent to 15.47 million tons.

"The industrial output in the second half of this year would remain stable as the July figure dropped slightly," said Zhang Liqun, an economist with the State Council Development and Research Center. China's industrial output expanded by 18.5 percent in the first half of 2007. In June alone, industrial output jumped 19.4 percent year-on-year. Chinese retail sales in July rose 16.4 percent year-on-year to reach 699.8 billion yuan (92 billion U.S. dollars), according to the bureau.

Another major economic barometer - consumer price index (CPI)- rose by a 33-month-high 5.6 percent in July on food price hikes compared with the same period of last year, said the bureau. Zhang predicted China's GDP will not grow drastically in the second half and the CPI will drop in the fourth quarter when the existing tightening policies take effect. The country's economy will enjoy fast growth with low inflation, he said.

Source: Xinhua

Apparel Retail Sales Continue to Expand at 25 Percent Annual Rate

DATE: 2007/08/16

China's apparel retail sales environment is continuing to expand faster than either domestic apparel production or exports. July apparel retail sales grew 24.9 percent from year-ago levels, which followed a 25 percent expansion during the first half of the year. Furniture sales are gaining ground at an even faster pace, increasing 31.9 percent in July and 43.4 percent in January through June.

Source: China Textile Network Company

Total retail sales expanded 16.4 percent in July, which was the fastest rate of growth since 2004. Among apparel products, men's apparel sales were reported to be exceptionally strong during the January through July period.

Source: Globecot

Silk industry gets technological boost

DATE: 2007/08/15

The Silkworm Research Department of China Agriculture Science Academy recently received a Government-aided fund of 1.10 million yuan after the approval of Chinese Cocoon & Silk Development Venture Funds. The amount has been allotted to fund three projects namely raw silk technology, including one that can produce high-grade raw silk in west subtropical area of China, technological measures to control silkworm disease in western China and research factors that affect production and quality of silkworm and mulberry industry.

Implementation of this fund has directly augmented the technological level of Chinese cocoon & silk industry and has resulted in economic and social benefits such as extension and research of good silkworm breeds. This has had a deep impact on Chinese cocoon & silk industry.

Chinese Cocoon & Silk Development Venture Funds, which was founded in 1998, has supported over 400 projects with the approval of the Chinese State Department. Of these numerous projects, China Agriculture Science Academy have taken up 23 projects and received a total of 6.4 million yuan as development funds.

Source: Fibre2fashion

U.S./China Trade Relations Enter Danger Phase Due to Congressional Action

DATE: 2007/08/13

History has shown that no one wins when irrational action is taken by politicians. The U.S. Senate has steadily moved in that direction over the past year, as momentum has built behind a series of bills seeking to force Beijing to adjust the yuan /U.S. dollar exchange rate to a level desired by the senators or face charges of manipulation and new import duties on Chinese goods. U.S. Treasury Secretary Henry Paulson, a steady voice of reason in the debate, recently went to China to warn officials that the current series of senate bills have broad support and are likely to pass and could survive a presidential veto.

The U.S. senators' ignorance in attempting to pose their will on the sovereign rights of China is having the expected and undesired consequences of causing China to openly speak about what retaliatory measures it might take if such bills become law. This week, several Chinese officials told the press what action China might assert. One policy the Chinese government seems to regularly use is the of release rather broad and ambiguous details of a possible new policy to key groups and then gauge reaction and comments. It appears this strategy has already begun in regard to the retaliatory measures Beijing might take against the U.S. if it faces new import duties on Chinese imports.

Source: China Textile Network Company

China has 1.33 trillion U.S. dollars in foreign reserves, with a large portion held in U.S. dollars and U.S. government debt. This gives China substantial leverage over the U.S. dollar. Xia Bin, the Director of the Development Research Center, a Cabinet rank position, told the press that China foreign exchange reserves should be used as a "bargaining chip" with the U.S. Another official, He Fan of the Chinese Academy of Social Sciences, in essence, told the China Daily that China held a large amount of U.S. dollars and U.S. Treasury bonds and contributes to maintaining the U.S. dollar as a reserve currency. He stated that China would be forced to sell this portion if the yuan dramatically appreciated, which would lead to a much weaker dollar.

By Wednesday, August 8, the U.S. dollar began to significantly weaken as the market began to fear such selling. U.S. senators, however, appeared to be oblivious to the financial havoc on an international scale they were toying with. Instead of weighing the economic impact of both China's action and that of their own pending China trade bills, they continue their China bashing. This situation appears to be pushing U.S./China trade relations to a point where there will be no winners, only turmoil if these conditions further accelerate.

Source: Globecot