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**Chesnutt Proposes Program To Address Chinese Trade Practices**

DATE: 2007/09/14

At a hearing conducted last week by the US-China Economic and Security Review Commission in North Carolina, James Chesnutt, former chairman of the National Council of Textile Organizations (NCTO) and CEO of National Spinning Inc., called for a nine-point program to address what, according to the NCTO, is "a threat posed by China to the US textile and apparel industry." Created by Congress, the commission is mandated to monitor, investigate and submit an annual report on the national security implications of trade and other relationships with China. "The central issue is not what policies or practices the central government in Beijing has undertaken, rather the central issue is how our own government has responded, or more accurately, has failed to respond to China's deliberate economic intervention on behalf of its citizens and its industry," said Chesnutt, testifying at the hearing.

As part of his testimony, Chesnutt released a NCTO analysis that shows the Chinese government offers its textile manufacturers 73 subsidies, and he said the US government has failed to develop any such comprehensive list of Chinese subsidies. In order to address what he sees as problems with Chinese trade, Chesnutt proposed a nine-step program that he said would lead to a "revitalization of the US textile industry." The program calls for:

- Congress to pass legislation that would address China's currency manipulation;
- extension or replacement of the current China textile import safeguards, designed to address market disruption;
- creation of a "Comprehensive Subsidy Database" for use by US manufacturers;
- an increase in anti-dumping and countervailing duty assistance to small and medium-sized US manufacturers;
- increased enforcement efforts by the US Trade Representative and the Department of Commerce to deal with illegal trade;
- a review of the Chinese government's support for its state-owned industries, including textiles, and penalization of illegal transactions;

- an increase in Customs enforcement efforts, with particular emphasis on China;
- development of a more effective enforcement system that holds US importers responsible for illegal imports and provides stronger penalties for violations; and
- imposition of penalties on companies that import products made by Chinese companies that pollute the environment.

Chesnutt concluded that US textile companies cannot survive “when they are pitted against the Chinese government.” In a related development, as the US Department of Labor issued its August employment data showing the loss of 4,000 jobs nationally and a total of 215,000 jobs in the past 12 months, the American Manufacturing Trade Action Coalition (AMTAC) renewed its appeal for Congress to enact legislation addressing the currency manipulation issue and problems resulting from the value-added taxes imposed by other countries.

”It is imperative for Congress to level the playing field for US manufacturers expeditiously by passing legislation that would address the massive disadvantage to US producers caused by foreign value-added taxes and manipulated currencies,” said Auggie Tantillo, executive director, AMTAC. He added that foreign border taxes such as value-added taxes placed US manufacturers at a disadvantage estimated at \$294 billion in 2005, and that figure continues to increase.

*By James A. Morrissey, Washington Correspondent*

*Source: TextileWorld*

## **Technical barriers cost China \$36 bln in export**

DATE: 2007/09/13

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China suffered direct economic losses of 35.9 billion U.S. dollars in export last year due to technical measures set by foreign countries, according to a government report. The figure was equivalent to 3.71 percent of China's 2006 export volume, said the report from the General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ).

Technical measures has become the third biggest obstacle to China's export, next to the appreciation of the Chinese currency and tariff measures, said the report. About 31.4 percent of export companies in China were affected by trade barrier in 2006, up 6.3 percentage points as compared with the previous year. The electronic, agricultural, mineral, chemical and textile industries were the most affected.

Technical measures set by the European Union, the United States, Japan, Russia and the Association of Southeast Asian Nations (ASEAN) caused the greatest losses, with the EU accounting for 43.6 percent, the U.S. 23.7 percent and Japan 19.1 percent of the total. Technical measures affecting China's exports of industrial products are mainly related to certificate requirements, technical standards, toxic materials, packaging and environmental requirements, said the report. Those set on agricultural products included limitations of chemical residue, heavy metal and bacteria and other sanitary requirements.

*Source: Xinhua*

## CNTAC supports the agreement between GIC-BCN and Zhuzhou Lusong Market

DATE: 2007/09/13



Led by Ms. Dolors Batallé i Tremoleda, General Director of Commerce of Government of Catalonia, a Spanish delegation visited China National Textile and Apparel Council (CNTAC) on September 5 in Beijing. Mr. Jordi Castellet, Vice President of GIC-BCN, and Ms. Rosario De Vicente, General Secretary of GIC-BCN were also in the team.

Mr. Du Yuzhou, President of CNTAC, Mr. Xia Lingmin, Deputy Secretary General and Director of the Information Department of CNTAC, Mr. Xu Yingxin, Deputy Secretary General and Director of the Marketing Department of CNTAC, Ms. Yuan Hoping, Director of the Foreign Affair Office of CNTAC, Mr. Chen Dapeng, Deputy Chairman and Secretary General of China National Garment Association (CNGA) welcomed the Spanish delegation.

In this spring, GIC-BCN undersigned a cooperation agreement with a specialized garment wholesale market --- Zhuzhou Lusong Market, in Hunan Province. And one of the purposes for GIC-BCN to visit CNTAC is to ask for suggestions on it, explained Mr. Jordi Castellet. In textile and clothing sector, China has enjoyed positive trade relation with Spain for many decades, and China is learning from Spain in the fields of technology and branding. CNTAC definitely supports the specific cooperation agreement and will spare no effort to help with the implement, said Mr. Du Yuzhou.

In China, there are hundreds of textile-and-garment-specified markets like Zhuzhou Lusong Market. CNTAC is committing itself to facilitate the international cooperation in technology, human resources, design, branding and management. So the agreement between Zhuzhou Lusong Market and GIC-BCN might be developed into a role model for other partners to take the advance of China's huge and potential marketplace.

*Source CNTEX*

## Harvest Advances - Average Grade Middling 1-3/32

DATE: 2007/09/12

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China's 2007/08 cotton harvest has accelerated over the past few days, as clear weather has persisted over much of the cotton belt. So far, the largest arrivals of seed cotton have occurred in the provinces of Shanxi, Shaanxi and Anhui, with the NCMMS estimating that 12.77 percent of the expected 2007/08 cotton has now been delivered to gins. So far, the average grade is T328 or the equivalent of middling 1-3/32". The average mill outturn is 37.58 percent, the average fiber length is 28.69 millimeters and seed cotton moisture levels have averaged 10.25 percent.

Source:Globecot

## Pakistani delegation talks with Chinese to enhance export, collaboration in Textile

DATE: 2007/09/12

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A delegation of Pakistan Textile Exporters Association (PTEA) led by its Chairman Zahid Aslam held meetings in Shanghai with their Chinese counterparts for collaboration in the Textile sector.

Zahid Aslam while talking to APP from Shanghai said that he was leading an eight-member delegation composed of manufactures and exporters who had come with the intention to explore avenues to enhance textile export to China. He said that for the last two days he along with the members of his delegation had held series of meetings with Chinese entrepreneurs for collaboration in Textile Sector. Zahid Aslam pointed out that what he transpired from these meetings was that Chinese were willing to do business in partnership with Pakistani businessmen.

He said that he was also holding negotiations with the manufactures of power looms for Textile as Pakistan was interested in purchasing Chinese looms if available on competitive cost. He said that in Pakistan mostly shuttle-less looms were being used for weaving which were costly and if Chinese manufactures offered Chinese made looms on lower prices those would prefer these. Zahid Aslam pointed out that he had already held meetings with the Chinese importers of textile as well as machinery manufactures and expressed the determination for a positive outcome.

The delegation is also scheduled to meet members of Shanghai Textile Industry Association in Shanghai, Textiles importers in Ningbo and Textile Machinery manufacturers in Changzhou.

Meanwhile, the Trade Development Authority of Pakistan (TDAP) with the collaboration of Consulate General of Pakistan in Shanghai participated in the Inter-textile Shanghai Home Textiles 2007, by setting up Pakistan Pavilion, where over 800 stalls had been set up by companies from 21 different countries/regions. The thirteen companies participating from Pakistan in this exhibition are Lucky Textile Mills, Crescent Textile Mills Pvt Ltd, Arzoo Textiles Pvt Ltd, Towellers Ltd, Habib Calico Weaving Industries Pvt Ltd, Niagara Mills Pvt Ltd, Esquire Garments, Orient Coating and Finishing Mills Ltd, Decent Textiles, New Zeenat Textiles Mills, Al Abid Silk Mills Ltd, Roomi Tex, and Rustam Towel Pvt Ltd. Pakistani companies were showing the best of their products that would pave the way for Pakistani products to get access in the International market especially, in the growing Chinese market.

Source: MINISTRY OF COMMERCE

## **Procurement Guideline Price to Be Raised 1,000 Yuan per Ton**

DATE: 2007/09/11

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Indications are that the 2007/08 cotton procurement guideline price for Xinjiang will be 12,000 yuan per ton, which compares to the 2006/07 indicative procurement price of 11,000 yuan per ton and the final procurement guideline price of 11,180 yuan per ton. Growers' production costs are estimated to have risen 926.25 yuan per hectare in 2007/08 or approximately 122.27 U.S. dollars. Officially, Xinjiang's 2007 cotton acreage is estimated to have increased 78,000 hectares to a record 1,365,000 -- PCC acreage is estimated at 512,666 hectares.

Source: Globecot

## **Clear Weather Allows Eastern Cotton Belt Harvest to Accelerate**

DATE: 2007/09/11

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Clear, warm weather has prevailed for the past five days across the North China Plain, allowing harvest activity to accelerate. In Hebei Province, seed cotton movement has intensified, with seed cotton prices continuing in the 6.2 to 6.3 yuan per kilogram price range. Some ginners appear hesitant to accumulate seed cotton inventories at this level, given the softness in demand from mills. Despite their inventory levels, mills are negotiating prices in a tough manner, causing fears that ginners could be left holding high-priced inventories. In the Feixiang area of Hebei, the quality of seed cotton is low, with the cotton clearly impacted by the recent wet weather. Growers have reported mildewed and hard-locked bolls, with recent seed cotton deliveries having had a high moisture content of 18 to 20 percent and a low cotton outturn of 35 to 36 percent -- the lint is grading T428. Such cotton is in poor demand from mills. Gins remain very cautious in Shanxi Province, with seed cotton prices starting to decline, having fallen to 5.96 yuan per kilogram by the end of last week. So far, most of the procurement has occurred in the Linfen area.

Good weather conditions have also allowed seed cotton to gain momentum across the southern cotton belt over the past week. Seed cotton movement has accelerated in Zhejiang, with the quality reported as excellent, while cotton harvest is underway in most areas of Hubei. So far, seed cotton prices have averaged near 6.2 yuan per kilogram, a level considered too high to be maintained. In the Zhongxiang area, harvest is advancing and is now estimated at 20 percent complete, with seed cotton prices averaging 6.2 yuan per kilogram for top grades. In Jiangsu, growers are rapidly picking in the Dafeng area, with most grades being T428 and T328; however, 35 percent of the early crop has fallen into the T527 grade category. Seed cotton prices have ranged from 5.7 yuan per kilogram for low grades to 6.2 yuan for high grades. Unfortunately, insect and disease have taken a toll on cotton yields in the Sheyang area.

Source: Globecot

## **China says trade relations with Costa Rica promising**

DATE: 2007/09/10

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Trade and economic cooperation between China and Costa Rica enjoy a rosy outlook as the two countries are strongly complementary in economic development, a senior Chinese trade official said on Sunday. "China boasts a huge market, cost-effective products and a growing number of

companies that wish to invest overseas," said Jiang Zengwei, vice minister of commerce, during a seminar on investment in Costa Rica on the sideline of the 11th China International Fair for Investment and Trade that opened Saturday in Xiamen. Costa Rica, on the other hand, enjoys political stability, rich human resources, lower tariffs as well as preferential policies towards investors, he said. Jiang said investment and cooperation between China and Costa Rica enjoy massive potential for expansion as the two countries established diplomatic ties only three months ago. China and Costa Rica, a country with 4.2 million people, set up diplomatic ties at ambassadorial level on June 1, after the central American country agreed to break official ties with China's province of Taiwan.

During the seminar, Marco Vinicio Ruiz, Costa Rica's minister of foreign trade, briefed Chinese businesses on his country's investment environment and a series of infrastructure construction projects. He said Costa Rica's economy lies largely on foreign trade and the high-tech industry, and China is its second largest trade partner. By the end of June, China had just one investment project in Costa Rica, a hotel involving 300,000 U.S. dollars of investment from the Chinese side, according to Ministry of Commerce. It said Costa Rica had invested in 30 projects in China by the end of June 2006, involving 111 million dollars of contractual investment and 32.47 million dollars of actual investment. Most of the investment went to the pharmaceutical, telecommunications and tourism sectors. Investment promotion bureaus of the two countries signed a memorandum of understanding on Sunday, agreeing to further cooperation and facilitate more investment projects. China and Costa Rica posted 1.56 billion dollars of bilateral trade in the first seven months of this year, up 61.3 percent year-on-year. The Chinese side predicted trade for the whole of 2007 will reach 3 billion dollars, up from 2.16 billion dollars reported last year. Businesses from the two sides struck 16 million U.S. dollars of deals during a Chinese commodities fair in Costa Rica's capital San Jose on Aug. 22-25.

Source: Xinhua

## The Indo Chinese Silk Market Analysis

DATE: 2007/09/10

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By suresh mehta , bangalore india volume 29 sep 8 2007

### Chinese raw silk - twilight zone

It is amazing to witness the stability in raw silk since last three months in spite of the future market operating. I feel we are entering into a new stage of business. Everyone wanted stability but no one expected it to be stable and steady like now. Raw silk never ceases to amazes. We hope it remains stable for ever but natural products don't have that ability. Indian market has more or less been steady during these period , and the indian importers are not comfortable with indian prices ruling below chinese prices during this period , in spite of the fact that the local indian yarn output is affected . The expected increase in the manufacturing base for silk fabric is not as per expectations and may take more time. Another serious issue regarding chinese raw silk this time has been the quality problems and the weight shortages faced by indian importers during this season, this reason has made them end up in losses. However it is very surprising to notice the quality problems mainly in 20/22 raw silk which never happened before in these volumes. This issue has be to be noticed very seriously by the chinese exporters. Though all these cargo are with ciq, it is beyond understanding.

Source: China Textile Network Company

The consumption level in india is now at a steady 9 tonnes per day for chinese raw silk and expected to reach about 12 tonnes and more shortly if the expected demand comes. The major factors for demand in short term are the chinese crop output and the indian exporters fair this month. This will influence the consumption levels in india. If the fair turns to be good then it will be an added demand and consumption levels will go up , in case not then demand remain steady at present levels .another factor favouring chinese raw silk is the output of india yarn will remain affected till january end and factories have to depend more on chinese yarn during this period . Finally it is the crop output in china which will influence the pricing , though reports so far don't look so good and this may support an uptrend in china ,which will directly raise the demand from india however i feel an correction about 10% is expected very shortly , but right now it is the twilight zone .

#### Dupion:

Dupion has seen spurts of demand in between and the major factor for its demand will vest in the result of the upcoming fair in september. The preliminary reports have been satisfactory and we may see another round of buying going on for dupion yarn .but the indian exporters have suffered hugely due to the sudden appreciation of rupee by 10% against the dollar . This has affected the order book on a major way and also directly the demand for dupion. But i feel it is time to settle down and revive.

#### Fabric:

Fabric after a good round of demand is silent again with only 12101 being the favourable item now. Georgette demand is very low right now and will take another month to pick up but 12101 is steady and the orders are also steady for it, demand for 12101 may go up also in coming weeks.

Source: [www.ccct.org.cn](http://www.ccct.org.cn)