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China's CPI up 4.1% in first nine months

DATE: 2007/10/26

China's consumer price index, a key inflation indicator, rose by 4.1 percent in the first nine months over the same period last year, the National Bureau of Statistics (NBS) announced on Thursday. The CPI eased slightly to 6.2 percent in September after surging to an 11-year monthly high of 6.5 percent in August. Despite the slight drop in September, the CPI for the first nine months still climbed 0.2 percentage points from 3.9 percent for January to August.

The annual CPI rise could be 4.5 percent, said Yi Gang, assistant governor of the People's Bank of China, or the central bank, at a seminar in Hong Kong on Wednesday. The central bank would wait to see the CPI growth cool to match the deposit rate before considering further rate hikes. China's key one-year deposit rate stands at 3.87 percent. Many people withdrew their bank deposits to speculate on stock markets where prices could soar by nearly 10 percent within a trading day. Food prices jumped by 10.6% in the first nine months, said the NBS. Grain prices were up by 6.3 percent, meat and poultry 29.1 percent, eggs 26.2 percent, aquatic products 4.6 percent, and fresh vegetables three percent, but fresh fruit prices were down 3.3 percent. Retail prices of commodities rose by 3.2 percent in the first nine months, the producer prices for manufactured goods were up 2.7 percent, and the purchaser prices for raw materials, fuel and power rose 3.8 percent.

Zhu Zhixin, deputy director of the National Development and Reform Commission (NDRC), said about 86 percent of the rise, or 3.5 percentage points, was generated by food price hikes. He predicted the prices for farm produce, which triggered a drastic rise in the CPI and sparked inflation concerns, would continue to maintain a high level.

On the sidelines of the just concluded Communist Party of China congress, Zhou Xiaochuan, president of the People's Bank of China, put employment growth as a higher priority than inflation prevention in macro-economic controls and the recalibration of monetary policies. He said the central bank would continue a prudent monetary policy to facilitate more coordinated economic development and support consumption expansion. "The government may raise interest rates once

or twice before the end of the year to curb inflation," said Song Guoqing, a researcher with Peking University. Although the CPI slowed slightly in September, largely due to lower pork prices, it was still unstable and the downward trend could be temporary, he said.

Source: CNTEX

Per Capita Disposable Income of Urban Residents Increased in the First Three Quarters

DATE: 2007/10/26

According to the result of nationwide sampling survey on 59 thousand urban households, it was indicated that per capita disposable income of urban residents reached 10,346 yuan in the first three quarters, up by 17.6 percent over the same period last year after deducting price factors, and a real growth of 13.2 percent.

The per capita expenditure of urban residents was 7,395 yuan in the first three quarters, up by 14.1 percent year-on-year after deducting price factors, and a real increase of 9.8 percent.

Source: National Bureau of Statistics of China

Chinese yuan breaks 7.5 mark against USD

DATE: 2007/10/24

China's Renminbi (RMB) broke the 7.5 mark to reach a new central parity rate of 7.4938 yuan to one U.S. dollar on Wednesday, according to the Chinese Foreign Exchange Trading System. The yuan, climbing 72 basis points to one dollar from Tuesday, rose a total 3,149 basis points from 7.8087 yuan on the last trading day of 2006.

Tan Yaling, an expert with the Bank Of China, said a weakening dollar and calls from the United States and the Europe that China should allow the currency to appreciate more quickly were "short-term reasons" contributing to the recent rise in value. "Speculation ignited by rising expectations of a stronger yuan also led to the continuous appreciation of the Chinese currency," she said.

The accumulative appreciation since July 21, 2005, when China abolished yuan's peg to the dollar, has exceeded eight percent. However, Tan said the move to a more market-valued yuan should be made gradually. "Currency appreciation was not the key solution to China's huge surplus, which should be solved through improvement of China's economic structure over the long term," she said.

Data from the General Administration of Customs shows the trade surplus for the first nine months reached 185.7 billion U.S. dollars, exceeding the total trade surplus of 177.47 billion U.S. dollars for 2006. Zhang Yansheng, director of the International Economic Research Institute under the National Development and Reform Commission, echoed Tan's opinion. More than 55 percent of China's exports were made by foreign-funded enterprises, which were little affected by the appreciation as 70 to 90 percent of their materials and spare parts were purchased abroad, he said. "Yuan appreciation has little impact on them since they use dollars in transaction settlements," he said.

"However, in the long term, we will see significant impacts since Chinese enterprises are still exporting a considerable amount," said Zhuang Jian, senior economist with Asian Development Bank Resident Mission. The problem was that appreciation hurt domestic manufacturers too much,

Source: China Textile Network Company

Zhuang said. Wu Xiaoling, deputy governor of the central bank, said on Oct. 20 during a visit to Washington that a sudden move to float the yuan would harm China, and ultimately the global economy.

The current mission for the Chinese government was not to control the currency value, but to adjust the economic structure. "The world should be more patient," said Wu. Tan Yaling suggested that the central government should dispel expectations for yuan appreciation by expanding the trading band of the currency. The People's Bank of China on May 21 further widened the floating band of yuan against dollar for daily spot trading on the inter-bank market from 0.3 percent to 0.5 percent.

At a conference of the People's Bank of China on Tuesday, the central bank said it would strengthen efforts in financial control and improve the valuation mechanism of the RMB exchange rate. The yuan broke the 7.6 mark against the U.S. dollar on July 3. "After all, the 7.5 mark is just a psychological threshold and the appreciation is still mild and controllable," Zhuang said. "I don't expect any sudden moves." However, China had to be aware of the influx of hot money during the continuous appreciation process, Zhuang warned. The appreciation of yuan would increase asset values and so give a further boost to the stock market, said Cheng Weiqing, an analyst with the CITIC securities. "It's hard to tell how much hot money have contributed to the surge of the stock and property markets," Zhuang said. "The influence might be minor and under well control right now."

"However, China needs to be cautious of the trend considering the excessive liquidity it already faces," he argued.

On Wednesday, the yuan lost 329 basis points from the previous trading day to reach a central parity rate of 10.6779 yuan against one euro. Meanwhile, it climbed 28.5 points from 6.5585 on Tuesday to 6.53 yuan against 100 Japanese yen.

Source: Xinhua

National Day Holiday Retail Sales Soar 16 Percent

DATE: 2007/10/25

China's National Day Holiday that was held on October 1 - 8 has proven to be a major "boom" for the country's retailers, with total retail sales during the event estimated at 350 billion yuan or approximately 46.6 billion U.S. dollars, a year-on-year gain of 16 percent. In its assessment, the Ministry of Commerce cited strong sales of apparel, electronics, jewelry and automobiles. The holiday is also a time when other events are held such as weddings, resulting in even more sales. Retail sales in Shanghai, alone, are estimated to have reached 5.1 billion yuan, reflecting growth of 20.5 percent, while sales in the city suburbs are estimated to have increased over 25 percent in some districts such as Jinshan and Baoshan.

Source: Globecot

Foreign buyers show confidence in China-made products at Canton Fair

DATE: 2007/10/25

Chinese products are favored by global buyers at a major important and export fair in Guangzhou, capital of south China's Guangdong province, despite a few product recalls of Chinese products since this summer. Export transactions at the first phase of the autumn session of the Canton Fair, ending on Saturday, soared to 24.97 billion dollars, up 12.5 percent over the last Autumn fair. The

Source: China Textile Network Company

number of overseas buyers reached more than 123,000, up 1.3 percent.

"Thousands of people are basically here for Chinese goods. They are not looking for foreign goods," said Steve Barek, President and CEO of the Florida-based Microflock Textile Group Corporation. Barek said he plans to increase procurement by about 50 percent at the fair.

To restore confidence in the Chinese-made products, the country has staged a slew of measures, including introducing recall systems, a four-month nationwide product quality campaign and offering intensive training courses to domestic manufacturers.

Cristina Goereescci, representative of the Romania Flyfish Sanitary Ware, said compared to goods in Romania, Chinese goods are usually available with the same quality but lower prices. "These days we visited many Chinese factories. Their production ability is approaching European standards," said Rainer Muller from the German trade company Modena GmbH. "We think that they have good quality. Now we buy more and more goods from China, such as refrigerator, microwave oven, dish-washer.." he said.

Source: Xinhua

European importers welcome textile agreement with China

DATE: 2007/10/22

European importers on Wednesday expressed cautious welcome to the new textile agreement between the European Union (EU) and China, which replaces import quotas with joint monitoring of trade flow in 2008. "We welcome the fact that quotas have ended, but the double checking system will put administrative burden on our members, and on importers and retailers," Stuart Newman, a spokesman for the Foreign Trade Association (FTA) representing EU importers, told Xinhua.

The European Commission announced on Tuesday it had reached an agreement with China to end quota restrictions on Chinese textile imports with a joint surveillance system to monitor the trade flow next year. The so-called "double checking system", which will operate for one year in 2008, is going to track the issuing of licenses for export in China and the importation of goods into the EU.

Following a so-called "textile war", the EU and China reached an agreement in June 2005 on resuming quotas on China's textile exports to the EU, which expires at the end of 2007. Newman said the introduction of the monitoring system was at least a better choice than the retention of quotas as pressed for by EU textile producers and some member states.

Michael Jennings, a commission spokesman for trade, described the new system as basically data collection and double check. "We will be sharing information with the Chinese side. It's a good opportunity for us to monitor together," he said in a telephone interview with Xinhua. Meanwhile, Jennings warned the double checking system will not exclude the possibility of using special trade protection measures again if a surge of imports is monitored, which may replay the scene in the 2005 textile trade friction.

Newman said they will advise their members not to buy all the products from China, but look elsewhere to avoid a surge in imports. "I don't think the monitoring system itself will affect the trade flow, but I think importers will be more cautious about importing from China than it was in 2005," he said.

Source: CNTEX

China sets up first index system for textile industry

DATE: 2007/10/25

HANGZHOU -- China's Ministry of Commerce (MOC) announced on Sunday the establishment of the country's first-ever textile index system, to better reflect the development of the textile industry and its market. The textile index system is based on data collected by the China Textile City located in Shaoxing County of east China's Zhejiang province.

As one of the largest textile distribution center in the world, the China Textile City saw 50 billion yuan (6.7 billion U.S. dollars) of transaction volume registered in 2006. The system includes the price index, the business index, the export index and the order index, which will reflect the price movement of the domestic textile market, ups and downs of the textile export market, and the change of orders accepted by textile producers and operators. The price index will be published every Monday to indicate textile prices during the past week, while the business index and the export index will be available every month.

"The system is expected to provide a more complete, accurate and also the latest market information for the textile producers, purchasers and operators at home and abroad," said Huang Hai, assistant minister with the MOC.

Source: Xinhua

Xinjiang/East China Price Spread Illustrates Concern Level

DATE: 2007/10/26

It appears both the size and quality of the 2007 Xinjiang cotton crop will not meet expectations. Given the vast size of the province, it is always difficult to reach a consensus on the crop; however, this season as cotton picking expands, sentiments of lower yields are being supported by price behavior. Concern over cotton quality is another influencing factor on prices. It seems an early frost and cooler temperatures have impacted the grade of the crop, which has begun to affect seed cotton prices this week.

Last year's record Xinjiang cotton crop that exceeded official estimates by unprecedented amounts was clearly illustrated in the behavior of prices. On October 24, 2006, the average inland warehouse price of T129 in the province was 12,700 yuan per ton or the equivalent of 72.90 U.S. cents per pound, representing an 867-yuan per ton discount to the landed-Eastern-mill price; however, local prices on the same date this season are substantially higher. The T129 inland Xinjiang warehouse price is 14,150 yuan per ton or the equivalent of 85.59 U.S. cents per pound. The discount to the landed-Eastern-mill price is only 375 yuan per ton, which does not even cover freight costs. This year, Xinjiang's T 328 prices at inland points are actually at a premium to Eastern Chinese landed prices, with T328 prices at warehouses averaging 13,675 yuan per ton versus the Eastern mill price of 13,617 yuan.

This dramatic change in prices reflects the seriousness at which the market considers the cotton supply and probably more importantly, the quality situation.

Source: Globecot

ACIMIT: technological check-up for the finishing sector in pakistan and vietnam

DATE: 2007/10/24

A technological check-up of the finishing sector in Pakistan and Vietnam was realized by ACIMIT (Association of Italian Textile Machinery Manufacturers) and ICE (Italian Institute for Foreign Trade) in the first half of 2007. The goal of this initiative is to evaluate the current state of technology in the finishing sector of some interesting market for textile machinery manufacturers. During the check-up an Italian expert in the finishing sector, delegated by ACIMIT and ICE, visited some local companies. Subsequently a general report on the finishing sector in Pakistan and Vietnam and a specific report for each company visited on the state-of-the-art of its production capacities were realized. In 2006 the same project covered Bangladesh and Thailand.

As final step of the project at the end of November two technological workshops on Italian textile machinery industry will hold in Karachi (November 26th) and in Ho Chi Minh City (November 29th). During these workshops the Italian expert will present to the local manufacturers the results of his meetings with local companies, outlining a S.W.O.T. analysis of the sector. Some Italian manufacturers of textile machinery for finishing process will also participate at these events, singled out on the basis of their capacity to provide concrete answers to the needs of Pakistani and Vietnamese firms.

The choice of Pakistan and Vietnam as subject of this check-up was due to the importance of these two markets for Italian textile machinery manufacturers. Pakistan is one of the leading foreign market for Italy, ranking as 7th. In 2006 Italian exports directed to Pakistani market reached a value of Euro 56 million. The most requested Italian machines are finishing (33%) and knitting ones (26%).

Vietnam is a promising market for many textile machinery manufacturers. The increasing exports of Vietnamese textile and clothing items allow to forecast an higher demand of new technologies. Italy is one of the leading partner of Vietnamese textile companies in providing machinery. In 2006 Italian exports to Vietnam increased of 19% on previous year, reaching a value of Euro 10 million. The most requested Italian machines are spinning (54%) and weaving ones (21%).

ACIMIT, the Association of Italian Textile Machinery Manufacturers, brings together the majority of the country's textile machinery companies, whose production amounts to 80% of the nation's total. Roughly 300 manufacturers operate in Italy, producing textile machinery and related accessories, employing 20,000 people. Industrial production in the sector amounts to Euro 2.7 billion, while exports make up Euro 2.1 billion.

Source: CNTEX