

EXTRACT**Content:**

- **EU Imports of Cotton Denim Fabrics in First Half 2007 - Markets**
- **China Takes First Step for Limiting Textile Exports to the European Union**
- **China imports more textile machinery in first eight months**
- **Help at hand for small firms in China market**
- **China Cotton Consumption Is Widely Underestimated, U.S. Report Asserts**
- **Apparel Output Increases at Less Than Half the Sales Rate**
- **Taiwan's Polyester Staple Fiber Exports in First Half 2007**
- **A Future For The Future**

EU Imports of Cotton Denim Fabrics in First Half 2007 - Markets

DATE: 2007/11/29

Shipments to the European Union of cotton denim fabrics did not decline in the first half this year, thanks to a rebound in the Italian market. French and Belgian imports from outside the European Union sharply increased at the same time, probably reflecting a loss of shares by European suppliers on their market. Shipments to Portugal and Poland declined in the same period.

Italy remained the largest importer of cotton denim fabrics from outside the EU in the first half this year. Italian imports even surged 24% in value terms, at 54.3 million euros, allowing total EU's imports rising 2.5% over the first six months of 2007. This is mostly due to a strong increase in shipments from Egypt at 12.57 million euros.

France and Belgium were two others growing markets, with imports from outside the European Union respectively rising 35% and 66% in value terms. Both markets are much smaller than the Italian one, however, only accounting for 7% and 6% of total imports in value terms, compared with 46% for Italy.

Italy's denim apparel production

Such data are reflecting the relatively high level in denim apparel production in Italy compared with other European countries after plants were closed and production progressively relocated to Tunisia and Morocco in the past 20 years.

Shipments to Poland of cotton denim fabrics originated outside the European Union fell 15% over the first half of 2007, while Portuguese imports even fell 37% in value terms.

Although declining over the last two years, the European market did not sharply fall with a 22% decrease in imports from the first half of 2005. Italian imports were only down 11% in value terms while shipments to France and Germany even rose 19% and 46%, respectively.

Lower share of European producers

These figures are probably reflecting a gain in market shares by suppliers outside the European Union while EU denim producers faced more difficulties on the European market. Highest import prices were reported by France at 3.15 euro per square meter while Spain received very low-valued products at only 1.71 euro per square meter. Italian import prices were 25% above EU average in the first half at 2.76 euros.

Source: *EmergingTextiles*

China Takes First Step for Limiting Textile Exports to the European Union

DATE: 2007/11/29

In order to implement the double-checking system negotiated with Brussels, Beijing just released a series of conditions for exporting to the European Union in the next year. The new rules are prefiguring some additional control of shipments in case textile exports would dramatically surge after European quotas are eliminated on 1 January 2008.

China Wednesday released requirements for exporting to the European Union in 2008. Textile trade companies will have to comply with a series of condition for getting export licences.

Although quotas will be removed by the European Union, effective from 1 January next year, Brussels negotiated with Beijing a so-called "double-checking system" in order to strictly monitor the level in imports from China in 2008 and rapidly reimpose quantitative limits, if necessary.

Conditions for Getting Licences

Export licences will therefore be issued on China's side, but without limits and under an automated process. A series of conditions for being granted export licences were however revealed on 17 October, leading to a possible restriction in exports to the European Union. The system will be managed by the China Chamber of Commerce for Import and Export of Textiles, in association with the China National Textile and Apparel Council and the China Association of Enterprises with Foreign Investment. In order to apply for export licences, Chinese companies will need complying with following requirements:

1. Have a registered capital of more than 500,000 yuan in mainland China.
2. Having exported textiles and/or apparel in the past two years. A draft document discussed in the previous days required three years of experience, finally lowered to two years.
3. Having exported textiles or clothing to the European Union worth a minimum of US\$10,000 in the previous year.
4. Not having violated China's rules related to intellectual property rights or environmental protection in the past three years.
5. Being a member of the China Chamber of Commerce for Import and Export of Textiles.

What Impact?

The impact of such requirement is not easy to evaluate. New rules are a first sign that Beijing will not let exports dramatically surge in 2008 and could take other measures for limiting shipments to Europe, if necessary. A first removal of European quotas in 2005 had led to a sharp increase in exports with Brussels finally reimposing limits and setting related embargoes

Source: China Textile Network Company

at European ports. Chinese trade associations are expected this week discussing the new system with domestic exporters and European importers at Guangdong's Commodity Fair which is currently taking place. Under the agreement concluded with Brussels on 28 September, the double-checking system will cover eight categories of products: 4 (T-shirts), 5 (pullovers), 6 (men's trousers), 7 (women's shirts, blouses), 26 (dresses), 20 (bed linen), 31 (bras) and 115 (flax yarn). Categories 2 (cotton fabrics) and 39 (woven table linen) are excluded, being no more considered "sensitive".

The system is set to expire at the end of 2008, in line with the end of textile safeguards granted to the European Union and the United States under China's WTO accession protocol.

Source:EmergingTextiles

China imports more textile machinery in first eight months

DATE: 2007/11/26

China bought from abroad 3.14 billion U.S. dollars worth of textile machinery in the first eight months of this year, a growth of 25.5 percent on the same period of last year, sources with the General Administration of Customs said Saturday. The growth rate was 14.5 percentage points higher than the year-earlier level, the sources added.

Between January and August, foreign-funded companies imported 1.43 billion U.S. dollars worth of textile machinery, up 10.8 percent year-on-year, private businesses imported 870 million dollars worth, up 73.35 percent, and state-owned enterprises, 680 million dollars, up 20.9 percent.

Japan and the European Union were the major sources of the imports, accounting for 79 percent of the total. In the eight-month period, China bought 1.5 billion U.S. dollars worth of textile machinery from the EU, up 29.7 percent, and 980 million dollars worth from Japan, up 27.4 percent.

The fast growth in imports was ascribed largely to mounting demand at home, needs for the high-end, advanced equipment in particular, which were shored up by efforts to expand production and improve productivity. The textile industry performed well in the past months, with domestic demand remain strong, according to industry observers.

In the first seven months, retail sales of clothing went up 24.9 percent, 9.4 percentage points higher than that for the nation's total. Major textile enterprises sold 75.25 percent of their products on home markets, up 1.54 percentage points over the year-earlier level. All these translated to confidence about development prospects of the textile industry.

In the first five months, the industry invested 78.5 billion yuan (10.6 billion U.S. dollars) in fixed assets, up 29.3 percent.

Source: Xinhua

Help at hand for small firms in China market

DATE: 2007/11/26

One industry's difficulties could be a gold mine for another - and the International Center for Small and Medium Enterprises plans to help identify those opportunities. The foreign-invested firm started operations in Shanghai this week, helping smaller overseas companies to launch their businesses in China.

ICSME is among the growing number of foreign-founded incubators in China to challenge domestic peers, usually dominated by government departments and banks.

"SMEs have a lot of specific and deep knowledge, but may not have made the leap into China," said Alp Altun, managing director of ICSME. "They can bring broad distribution of high value and high-tech to grow China's economy to a higher level, in addition to bigger companies." ICSME Shanghai was the first foreign enterprise incubator in Shibe Industrial Park in downtown Shanghai, opening paths for European and American SMEs to pioneer business in China. Altun said that compared with government-founded incubators, ICSME is more independent and has more value-added services, including marketing, taxation consulting as well as human resources training.

"Shanghai is the first step, and the market reaction is very positive," said Altun. His company won six international clients within its first month. Heinz Fraunhoffer, director of ICSME, expects it will have 25 to 30 clients by February next year, and the customer base is forecast to grow to 50 or 80 by the end of next year. ICSME is also negotiating with local governments in another five cities, including Shenyang, Dalian, Chengdu, Shenzhen and Nanjing for support structures. Altun said around US\$350 to US\$400 million is needed to build a nationwide presence for ICSME. It is also under discussion with private funds in the United States, Sweden and Germany for capital assistance to fund the firm's further development.

China's gross domestic product, which has grown by an average of 10 percent annually over the past five years, is luring foreign SMEs. The nation is also encouraging SMEs to play a bigger role in its economy, particularly by introducing advanced technology. Shanghai Technology Innovation Center established International Business Incubators with local partners last year. It now has six bases and cooperates with overseas firms in the US, France and Japan. ICSME said it also aims to help Chinese companies invest in overseas markets as well as enhance cooperation with foreign companies.

Source: Shanghai Daily

China Cotton Consumption Is Widely Underestimated, U.S. Report Asserts

DATE: 2007/11/29

Cotton prices are partly based on data which are not reliable, a new report by the U.S. Department of Agriculture (USDA) indicates. China's cotton use could be much larger this season than expected until now, therefore resulting in significantly higher prices if production and stocks are not sufficient. A new methodology used by the report is based on cotton-content of China's textile exports and domestic textile consumption. The result may be discussed but demonstrates that current estimates are far from reliable.

The level in China's cotton use could be much larger in the current season (August 2007-July 2008) than until now estimated, according to a just-released study by the U.S. Department of Agriculture (USDA). Author of study Stephen MacDonald made a courageous attempt to find a new way for assessing Chinese cotton consumption. If correct, the result is extremely embarrassing for predictions which were until now released on this decisive chapter of textile trade.

Decisive Data for Textile Trade

The level in cotton prices is linked to China's cotton imports. After surging in 2005-2006 and therefore boosting prices, Chinese cotton imports were much lower than expected in the last season, therefore depressing New York's market and also physical prices. Cotton import level is depending on production, consumption and stocks. The level in stocks is highly confidential in China, since partly including state's official reserves. Assessing consumption is therefore a possible way to determine China's demand for foreign cotton. Until now, China's cotton use was estimated from the level in yarn production, as released by China's National Bureau of Statistics (NBS). Chinese data are far from reliable, however discovered cotton analysts in the past years.

Based on exports and household consumption

Another solution is now proposed by Stephen MacDonald, suggesting to evaluate China's cotton use by adding fiber consumption by households in China and cotton content of textile and apparel exports. Although based on a long series of assumptions, the result is impressive, at least suggesting that usual predictions are not fully reliable. Total mill use in China in 2007-2008 could finally reach 19.3 to 29.5 million metric tons, or much higher than 12.4 million tons announced by the USDA in its latest reports.

Given the gap between forecasting quantities, we may assume that cotton fundamentals are increasingly difficult to assess and that prices may be much more volatile in the future, as a consequence.

Source: *EmergingTextiles*

Apparel Output Increases at Less Than Half the Sales Rate

DATE: 2007/11/26

In October, China's apparel retail sales soared 33 percent from year-ago levels, which contrasts to only 13.6 percent growth in total Chinese apparel production. January through October cumulative apparel production grew 14 percent to 16.2 billion pieces. This expansion combined with export growth suggests that China's current overcapacity in the apparel industry is rapidly

Source: China Textile Network Company

moving toward elimination. Production growth of certain products have taken a downward spiral, with January through October growth in shirt output dropping to 9 percent and children's apparel production declining to 4.5 percent.

Source: globecotnews

Taiwan's Polyester Staple Fiber Exports in First Half 2007

DATE: 2007/11/29

Taiwan's exports of polyester staple fibers sharply declined in the first half this year in volume terms, while prices were significantly rising over the same period. Relocation to China and heavy anti-dumping duties imposed by the European Union contributed to the fall in shipments. Sales to the U.S. market, Russia and Turkey however soared, as reflected by our series of statistical tables.

Taiwan's exports of polyester staple fibers continued sharply declining in the first part this year, reflecting a fall in demand from China. Shipments to foreign countries fell more than 30% in volume terms, following a 7% decrease in the corresponding period of last year. The decline was more limited in value terms thanks to a rise in prices.

Prices up 15.6%

Exports fell 19.2% in the first six months of 2007 to US\$251 million while unit prices gained 15.6% at US\$1.38 per kilo. Prices progressively rose from US\$1.36 in January this year up to US\$1.43 in June. Taiwan's PSF exports had reached a peak in value terms in 2004, at US\$714 million before decreasing to US\$686 million in 2005 and to US\$623 million in 2006. Such a decline is partly due to relocation of the polyester industry to the mainland.

As a consequence, shipments to China lost 46% in volume terms in the first half this year, down 63% in two years, from the first part of 2005. A dramatic decline in sales to Hong Kong also reflects the same trend with shipments down 58% in the first half this year. Sales to Vietnam are also falling more than 51% in volume terms with a 55% decrease in two years.

Surge to U.S., Turkey and Russia

Shipments to the United States are however rocketing, by contrast. Exports to U.S. market doubled in the first part this year, as shipments are diverted from the European market. EU's country members imposed heavy anti-dumping duties on PSF from Taiwan, effective from the end of last year with a fall in Taiwanese shipments as a consequence. Exports to Italy decreased by 70% from the first part of 2005, in volume terms. Shipments to the U.K. even declined 84% in the meantime.

In addition to a surge in sales to the U.S.A., Taiwanese exporters also benefited from a sharp increase in shipments to Turkey and Russia, respectively up 857% and 334% in the first part of the year. Sales to both destinations surged more than 5 times in only two years. Prices were up 10% on average from the first half of 2005, however declining 3% to Turkey. Prices of PSF shipped to the United States are 4% above global averaged unit value while prices of polyester sold to Turkish market are 5% below global average.

Source: emergingtextiles

A Future For The Future

DATE: 2007/11/30

By Jörg Rupp, Executive Editor

The International Textile Manufacturers Federation's (ITMF's) annual conference took place in Cairo, Egypt, November 18-20. Over the years, this summit of the global textile and textile machinery industry has impressed with its high-class seminars where top representatives from all divisions of the textile industry speak about problems of time, but also about the future. The theme of this year's conference was "In an integrated world", and some lectures referred to this topic.

Speaking Green

Over the last few years, whoever dealt with or spoke of the limited size of resources, ecology and the environment was often dismissed as a "green fool". These topics were something for environmental activists and other eco freaks, but hardly worthy of the agenda at an ITMF conference. This opinion recently has changed drastically because concern is growing about the future of the planet. Different speakers engaged the topic at the meeting and appealed for a mind change.

Increasing Energy Consumption

Western nations started the war for oil a long time ago, and Africa was recently "discovered" as an oil resource. With the increasing rise in energy consumption by emerging industrial nations such as China and India, energy is in short supply, and water will follow. Only the countries with sufficient energy and water supplies will be able to hold or improve their living standards. One really sees now that climate change is not a fairy tale, but a brutal reality. The textile industry also is stipulated to go new ways, not only for ecological, but also for economical reasons, as energy gets more and more expensive.

Source: Textileworld