EXTRACT

Content:

- **The Rupp Report: It's Heimtextil Time**
- **China to announce revised resource tax system in 2008**
- **First 10 months of 2007 see China's exports of textiles, clothing up rapidly**
- **Xinjiang Province Seeks to Reduce Cotton Acreage**
- **Some Improvement in Hongkong's Textile Exports**
- **Taiwan's Woven Apparel Imports Weaken - Knitted/Crocheted Expand**
- **Shoe makers in Pearl River Delta face crisis**
- **Brands get Olympic lift**
- **Lenzing Expands Production In Austria, Indonesia**

The Rupp Report: It's Heimtextil Time

DATE: 2008/01/10

Every year in January, the world's home textile industry gathers in Germany for an event at the Messe Frankfurt GmbH exhibition center. This year's Heimtextil, the International Trade Fair for Home and Contract Textiles, will open its gates Jan. 9-12, 2008. Most of the global producers, wholesalers and retailers, as well as interior architects, designers and decorators will be in Frankfurt am Main for the fair.

Impressive Figures

Last year, 2,863 exhibitors from 68 countries participated in Heimtextil, the biggest event for the home textiles trade around the globe. Fifty-nine percent of visitors came from Europe, and some 37 percent came from Asia. The visitor side is also characterized by a high degree of internationality, combined with a high level of buying authority. The almost 86,000 visitors came from 127 countries. Sixty-nine percent of visitors hold executive or managerial positions in the trade, sales, export, industry and purchasing fields; and are authorized to make purchasing decisions on behalf of their companies.

Optimized Structure

Heimtextil 2008 is said to be distinguished by an improved structure for the range of premium home and household textiles, as well as by several special shows and events that will reveal the latest trends and give young designers the chance to present their ideas. So that visitors can better find their way around the broad spectrum of products to be seen, the hall structure of Heimtextil 2008 has been optimized and adapted to visitor needs. Additionally, simplified names for the product groups - such as sleep and dream, which is now known as bed; and fresh and splash, which is now known as bath - will make orientation even easier.

"The show will be embedding the subjects and innovations of the home textiles sector in a concept full of highlights," said Olaf Schmidt, vice president, Textile Fairs, Messe Frankfurt. "The concept has generated a positive echo on the exhibitor side. Just before the start of the exhibition, one can say said that the number of exhibitors will be comparable to last year's total."

Revised Product Presentation
A cornerstone of the forthcoming Heimtextil will be - analogously to the premium segment for household textiles - the revised product presentation for home textiles based on the "More" concept. The aim of this concept is to create greater transparency at the fair and offer easier access to the range of products. This year, visitors will find manufacturers of premium textile furnishings under the heading "More." For the first time, Heimtextil 2008 will also provide an exclusive forum for producers and suppliers of high-grade home textiles.

"More Clarity" and "More Style" put the focus on household textiles from the bed, bath and table segments. In Hall 9.1, in which "More Clarity" is to be located, European textile manufacturers of classic designs, some of which work with small, exclusive batches, will present their top products. "More Style", which is to be located in Hall 9.2, will bring together international brands with fashion- and trend-oriented designs.

Merging The Indoor And Outdoor Areas
The "Outside In" special show in Hall 3.1 will showcase extravagant home textiles as part of a modern urban villa and garden at Heimtextil. In this area, the show takes up the current architectural trend towards merging the indoor and outdoor areas of the home. Three cubes will house the sleeping, living and dining sections of the home. A fourth cube will contain a bar and catering facilities. Visitors will be able to stroll on a small boulevard through the area. Small, wooden gangplanks will lead to the themed cubes. Tables with benches will be embedded in the lawns to provide an opportunity to sit and rest for a while.

Have a splendid 2008. See you in Frankfurt am Main.

Source: Textileworld

China to announce revised resource tax system in 2008

DATE: 2008/01/11

Details of a new resource taxation system will be announced this year, an official with the State Administration of Taxation (SAT) said on Thursday. The system is still being finalized, but sources have said that it may include a shift to taxation by price instead of volume and an expansion of the category of taxable resources. The goal is to end a situation where resources are lightly taxed to support economic development, which has in turn led to waste and pollution.

Yang Suizhou, vice director of the SAT's local tax department, told reporters that the agency was refining the plan to meet the requirements of the State Council, China's cabinet. China wants to cut energy intensity by 20 percent, and emissions by 10 percent, between 2006 and 2010. Taxation is an important lever to achieve these goals. Yang said that there is still no timetable for the introduction of a fuel tax. First proposed in 1994, the introduction of a fuel tax has been delayed amid concerns that it may impose too great a burden on those who use more oil, such as bus and taxi drivers.

A tax would help to maximize fuel efficiency and minimize pollution, but its timing needed to be carefully studied, said Han Wenke, director of the energy research institute of the National Development and Reform Commission (NDRC). Surging world oil prices and government concerns about inflation have also stymied introduction of the proposed tax. Yang also told reporters that a "green" tax targeting heavy polluters was under research.

"The specific taxation plan hasn't been fixed yet, but the primary goal is to protect the environment," said Xu Yiding, an analyst at China Minzu Securities. Xu added that companies that discharged pollutants or made products that could hurt the environment could face the "green" tax. China raised taxes on lead-zinc, copper and tungsten ores in 2007, the first raise since 1994, as well as on coking coal.

Source: Xinhua

First 10 months of 2007 see China's exports of textiles, clothing up rapidly

DATE: 2008/01/08

China exported 141.6 billion U.S. dollars worth of textile and apparel products in the first 10 months of 2007, a growth of 20.1 percent over the same period of 2006.

The total included 95.61 billion U.S. dollars worth of clothing and accessories, up 22.9 percent, and 45.95 billion dollars worth of yarns, fabrics and related products, up 14.5 percent, according to customs sources. Of the total exports, private companies accounted for 41.3 percent, or 58.47 billion U.S. dollars, up 44.2 percent, and foreign-funded businesses made up 31.9 percent, or 45.14 billion dollars, up 16.3 percent.

The European Union, the United States, Japan and the region of Hong Kong remained the top four markets of textiles made on the Chinese mainland. Between January and October, the mainland sold 23.27 billion U.S. dollars worth of textile and apparel products to the EU, down 0.4 percent from the same period of the previous year, and 21.12 billion dollars worth to the United States, up 23.3 percent.

Customs sources said China's textile export would continue to be pressurized by a reduction in export rebates, further appreciation of Renminbi and continuous price rises for raw materials. However, preventing the export from running away again is still a major concern of the industry regulators. At the end of last year, the quota system for Chinese textile shipments to the European Union expired.

Just a few days prior to the expiration, a new online textile export license system began operation in China, as one of a series of measures taken by the country to better regulate the textile export market and avoid a surge of Chinese clothing exports to the EU like one in 2005, according to Zhao Qiuyuan, a senior analyst with the China Trade Remedy Information website under the Ministry of Commerce.

China and the EU agreed last September to set up a bilateral system to monitor Chinese exports of T-shirts, pullovers, men's trousers, blouses, dresses, bras, bed linens and flax yarn after the quota system ended. Monitoring will continue until the end of 2008, without quantity restrictions Commenting on the possibility of "Made in China" products flooding the EU, Zhao Qiuyuan said that besides government efforts, domestic exporters should exercise restraint, since the EU might adopt tightening measures if there was a new surge of Chinese goods.

Industry watchers said if the bilateral monitoring system functioned smoothly, it would serve as a good example for dealing with the Sino-U.S. textile quota system, which was set to expire by the end of 2008.

Source: Xinhua

Xinjiang Province Seeks to Reduce Cotton Acreage

DATE: 2008/01/09

China 's Xinjiang Province is often compared to the San Joaquin Valley of the U.S. due to its diverse and rich agricultural production mix. Xinjiang, like California, has mountains with heavy snowfall, but its agricultural production depends on irrigation supplies. The most arid region of the province is the Tarim Pendi Desert; however, a very rich agricultural production zone has developed along the desert rim. As production of all crops in the province has expanded, so has the competition for water resources.

Cotton has been a very important cash crop for the Xinjiang Province; however, as China's food requirements rapidly expand, it now faces increased competition with demand for food and grain crops. Cotton has also negatively impacted the local environment. These conditions have now become a focus of the provincial government. For the first time, the Xinjiang provincial government and the chairman/party secretary of Xinjiang have indicated that the province needs to stop its expansion of cotton acreage and devote more space to grains and food crops.

Over the past several months, there has been an effort to develop reliable statistics on Xinjiang cotton acreage and production. The data used over the past few years has long been questioned, but speculations came to the forefront last season when it became obvious that actual cotton production was far above the National Bureau of Statistics (NBS) and local provincial estimates. A series of conferences have been launched to explore the exact statistics.

The Xinjiang Rural Conference was held this week. One of the key speakers was Wang Lequan, Party Secretary of Xinjiang, which means the situation has received serious attention from the government. In his remarks, it was stated that 2007 cotton production was 2.7 million tons, up sharply from 2006 official estimates (this is below unofficial 2006 production estimates of over 3.0 million tons). Total planted acreage in 2007 was 1.7 billion hectares or 25.7 million mu, which was far above the NBS estimate of just over 20.0 million mu and up from the 1.666-million hectare estimate by the local statistics bureau. The significance of this is that official cotton acreage has far exceeded the government target for the province that was set at 20 million mu or 1.333 million hectares.

The overexpansion of cotton acreage is reported to have disrupted the region's agriculture and damaged the development of local grain production. Secretary Lequan stated that the province would now work to halt the expansion of cotton acreage and promote a reduction to a goal of 20 million mu or 1.133 million hectares with a cotton production target of 2.5 million tons. The acreage should instead be switched to grain and livestock production. This decision would be very significant for cotton production in China. Globecot Research has long thought cotton acreage in East China had peaked and would continue to shrink. Other than yield improvement, the growth in Chinese cotton production has been concentrated in Xinjiang. In 1991, cotton production in the province only totaled 639,000 tons; and by 1998, it more than doubled to 1,400,000 tons and then doubled again to over 3,000,000 tons in 2006/07. This means this expansion has ended and that production should consolidate at 2.5 million tons, which will increase China's annual cotton import requirements by approximately 600,000 tons.

Source: globecotnews

Some Improvement in Hongkong's Textile Exports

DATE: 2008/01/04

In November, Hong Kong's domestically produced textile exports totaled 298 million Hong Kong dollars, the highest export level since June but still an 8.3 percent reduction from the previous year. January through November cumulative exports have fallen 13.1 percent to 3.322 billion Hong Kong dollars. Domestically produced apparel has experienced even sharper gains, with November apparel exports surging 16.6 percent to 3.711 billion Hong Kong dollars, following 4.9 percent growth in October. January through November cumulative domestic apparel exports declined 28.5 percent to 35.388 billion Hong Kong dollars. The top textile markets were China, Bangladesh, Cambodia, U.S. and the Philippines.

Source: globecotnews

Taiwan's Woven Apparel Imports Weaken - Knitted/Crocheted Expand

DATE: 2008/01/08

Apparel import growth into Taiwan has slowed in 2007 despite improvement in consumer spending. January through September knitted/crocheted apparel imports posted gains of only 4 percent in volume, reaching 36.831 million kilograms, which represents a major loss from 2006 when imports grew 32.7 percent. Woven apparel imports have dropped 18.7 percent during the same period to 37.492 million kilograms, a sharp reversal from 2006 growth of 13.8 percent. Made-up imports are flat, falling .1 percent to 28.963 million kilograms, compared to 11.5 percent growth in 2006.

Mainland China is dominating Taiwan's apparel imports. 56.3 percent of all knitted/crocheted apparel imports came from Mainland China, with 2007 imports up 33.3 percent. The other major suppliers were Hong Kong, Vietnam and Indonesia. 64.2 percent of all woven apparel imports came from the Mainland, with Hong Kong and Vietnam the other top suppliers. In made-ups, Mainland China supplied 53 percent of all imports, with Vietnam and Indonesia following.

Source: globecotnews

Shoe makers in Pearl River Delta face crisis

DATE: 2008/01/04

The once dynamic shoe making business at the Pearl River Delta in southern China has become stagnant following the recent close-downs of over 1,000 such companies due to rising costs of labour and raw materials.

According to Li Peng, secretary of the Asia Footwear Association, Guangdong has been home to some five to six thousands shoe makers, however, more than 1,000 large and medium-sized shoe companies have been forced to close down and some even had to move out of the region. A recent report by CCTV, China's Central Television, said that it's not only shoe makers in the region who have suffered a downturn, other industries like garments, toys and electronic products have also hit on hard times. The report adds that it is hard to employ cheap labour since monthly wages have jumped to as high as 1,500 yuan a month from only 450 yuan in 2002. Plus, most product prices have also added to the industry's soaring costs, like water, electricity and rent.

Some 120 labour-intensive companies in the industries of light textile and electronic appliances have had to be transferred from Guangdong to a neighbouring regions where labour costs are still cheaper. Statistics from the Asia Footwear Association indicate that 25 percent of Guangdong's shoe makers have set up their factories in southeast Asian countries, such as Vietnam, India, and Myanmar. Another 50 percent have switched their business to hinterland provinces and regions, like Hunan, Jiangxi, Guangxi and Henan.

However, a leading American shoe maker, Leeway Footwear Company, said the company does not intend to migrate as no place has better industrial links than Guangdong. Moreover, removal to other places would therefore increase the costs of logistics.

At a recent forum on the shoemaking industry, Liang Yaowen, director-general of the Foreign Trade and Economic Cooperation Department of Guangdong province, pointed out that technological solutions will be the only way out for local shoemakers.

Source: China Daily

Brands get Olympic lift

DATE: 2008/01/11

Olympic-themed marketing initiatives, even for non-sponsors, are getting a comparatively better strike rate, according to a recent report from global market researcher Ipsos. The report tracks the performance of Beijing 2008 Olympic Games sponsors in China.

The Ipsos survey, the third since October 2007, used computer-assisted phone interviews. It covered 3,215 Chinese aged between 15 and 60 across 10 cities including Beijing, Qingdao, Qinhuangdao and Tianjin. Of the 29 Beijing Games sponsors and partners included in the study, China Mobile ranked No 1, with its composite index of sponsorship performance at 51.8, followed by Coca-Cola, Air China, Lenovo and Yili. Ipsos' Olympic 2008 Sponsorship Performance Indexes (SPIs) include sponsor identity recognition, sponsor voice, wrong recognition, sponsorship fitness, brand image and enhanced willingness to purchase.

Netizens and ordinary consumers differ in brand recognition of Olympic sponsors, according to the survey. The study found that netizens were more willing to purchase from Olympic sponsors than ordinary consumers. Netizens and other consumers respond differently to Olympic sponsors because of cultural factors and their use of information resources, said Jia Yanli, deputy director of Ipsos' public affairs research department. Netizens are generally more educated and have better access to business information. They get the latest news on Olympic sponsors fast and it tends to have a stronger impact on them, according to the study. "We suggest that businesses take note of these differences in initiating Olympic marketing campaigns and conducting online and offline marketing activities," said Jia.

The Ipsos report found that the majority of Olympic sponsors have improved their brand recognition in China. Of the sponsors included in the latest study, China Mobile, Coca-Cola, Haier, Yili and Lenovo were the top five for brand recognition with 18.3 percent, 13.4 percent, 11.2 percent, 9.4 percent and 9.3 percent recognized on the first reference without prompting - much higher rates than the two previous surveys. Of the non-Olympic sponsors, Mengniu, Pepsi, Li Ning, China Unicom and Nokia ranked the top five with 8 percent, 4.2 percent, 3.5 percent, 3.1 percent and 2.4 percent respectively in terms of incorrect recognition.

But in the sports clothing industry, Olympic sponsor Adidas has lagged behind non-sponsor Li

Ning in terms of brand recognition in all three surveys. Li Ning is often mistakenly thought of as an Olympic sponsor. In the latest survey, 70.9 percent of respondents still believed Li Ning was an Olympic sponsor, while only 65.7 percent thought Adidas was.

In the food and beverage industry, there has been nearly 70 years of rivalry between Pepsi and Coca-Cola. Here, it's Mengniu versus Yili. In terms of brand recognition, sponsorship fitness, social responsibility and brand trustworthiness, Mengniu has beaten Yili in the past two surveys, but the latest data shows the margins have narrowed.

In the financial and insurance industry, PICC has also met Ping An Insurance's ambush marketing using Olympic sponsorship as its platform. In all the survey indexes, Olympic sponsor Ping An Insurance has performed as well as PICC.

"All the Olympic sponsors should pay more attention to the high percentage of incorrect recognition of non-Olympic sponsors and the situation that non-Olympic sponsors are performing equally well or even better," said Jia, adding that this not only damaged sponsors' interests, but could also hurt their brand image.

Source: China Daily

Lenzing Expands Production In Austria, Indonesia

DATE: 2008/01/10

Austria-based viscose fiber producer Lenzing AG plans to invest 151 million euros (US$221.8 million) to expand capacity at its two largest production facilities, located in Austria and Indonesia.

The company will invest $45 million euros (US$66.1 million) to add 15,000 tons of capacity at its largest manufacturing facility in Lenzing, Austria, bringing the total capacity at that location to 250,000 tons. At its Purwakarta, Indonesia-based PT South Pacific Viscose facility, Lenzing will invest 106 million euros (US$155.7 million) to add a fourth production line to increase capacity from 155,000 tons to 220,000 tons, as well as to improve infrastructure and optimize production.

”The demand for Lenzing fibers, particularly in Asia, has recently been very positive,” said Thomas Fahnemann, chairman of Lenzing's Management Board. “In the medium term, we view the continuing economic growth of the region, the rise in prosperity and its growing population as indicators of very good market opportunities.”

Fahnemann said Asia is the company’s primary growth market, noting potential for additional capacity expansion in that region, especially in China, where it opened a production facility last year. Lenzing also plans to build a fiber-production plant in India.

Lenzing produces 560,000 tons of viscose fiber annually at six fiber production facilities worldwide. With the announced expansions, along with a previously announced expansion at its Tencel® facility in Heiligenkreuz, Austria, the company’s annual production capacity will total 660,000 tons.

Source: Textileworld