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**Power Shortages Worsen - Will Impact Textile Output**

DATE: 2008/01/25

China's power shortage is getting worse, surpassing the crisis in the summer of 2004 when nationwide shortages of electricity reached over 40 gigawatts, causing many industrial plants, including textile operations, to install their own generators and power plants. The current deficiency in electricity is now reaching record levels and appears to be a much larger crisis that will likely impact more plants and operations. Thirteen provinces are now being affected by a severe electricity shortage. By January 23, 2008, the demand for electricity had outstripped supply by 70 gigawatts; and currently, the shortage is at the equivalent of the United Kingdom's total generating capacity.

The problem is not electricity-producing capacity as it was in 2004; instead, it appears to be linked to two elements. The first is a severe shortage of coal. Over 70 percent of all power in China comes from coal plants; and due to surging demand, the country has now become a net importer of coal. In 2007, coal imports jumped 33 percent with net imports of 2 million tons; and in 2008, imports are expected to reach 15 to 18 million tons. The price of coal has surged as a result. In addition, there are reports of problems with transportation logistics. The government is now reporting a shortage of coal. The State Grid, which produces 70 percent of all electricity, reports a coal supply of 17.7 tons, which is down 40 percent from a year ago and equates to only 8 days of use. As of January 23, 2008, the Central Power Grid had coal stocks of only 5.57 million tons, which are half its normal stock levels. China's recent snowstorms have impacted coal stocks, as road transport has been disrupted.

The second factor impacting the power shortage is the lack of a coordinated free market. The domestic price of coal is freely set by supply/demand of the market; however, the government sets electricity prices. Many of the new power plants are privately-owned; thus, the rise in coal prices and the government's refusal to raise electricity costs has led to power plants shutting down capacity in order to control losses. Many power plants have been running at a loss with current coal prices. The government has been reluctant to allow electricity costs to increase because of its desire to control inflation.

The impacted provinces include the textile-producing provinces of Hunan, Hubei and Guangdong, along with ten other provinces. These conditions will likely impact overall industrial output if the situation persists.

Source: Globecot

## **Indian Cotton Dominates December 2007 Imports**

DATE: 2008/01/25

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China imported 322,575 tons of cotton in December 2007. Indian cotton dominated this volume at 186,558 tons, up 89.9 percent from the previous year, while total 2007 cotton imports reached 632,907 tons. U.S. December cotton imports came in second at 62,110 tons, while total 2007 imports reached 1,123,915 tons. Uzbekistan, Australia and West Africa were the other major import origins.

Source: Globecot

## **Shanghai to trigger off 20th China Silk Trade Fair, soon!**

DATE: 2008/01/21

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The 20th China Silk Trade Fair sponsored by China Textile Commercial Association (Beijing) Fair Service Co, will be held from February 23 to 25 at the Shanghai New International Expo Center in Shanghai city. This fair receives strong support from Chinese Government. The other organizers of the event, Silk Specialized Committee of the China Textile Commerce Association, are putting all their efforts to make this event very different from other silk expositions.

Running successfully for past 19 years, the event aims at impelling the long-term development of Chinese silk industry. It will serve as a comprehensive platform for the Chinese silk industry to issue the related silk policies, exchange the information, negotiate trade, as well as help to cultivate and publicize the brands. The 20th China Silk Trade Fair will further serve the Chinese Government's purpose of "Moving East Mulberry to West". It will also strengthen the establishment of local silk industrial chain by fortifying product brands, expand markets and lead the healthy development of silk industry in the international arena.

Products to be displayed here include white steam filature yarns, semi-finished silk, silk fabrics and accessories, apparel, home textiles and furnishing, arts and crafts. Besides this, China Knitwear Cotton Trade Fair will be held independently for the first time at the same time in the same place, aiming to attract more attention from overseas textile manufacturers.

Source: Fibre2fashion News Desk - China

## **Lotte eyes Beijing retailer**

DATE: 2008/01/22

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Lotte Shopping Co, South Korea's largest retailer, said it plans to acquire a stake in a discount store operator in China in order to expand in the country's rapidly growing retail sector. The Seoul-based firm agreed to pay 57.6 million euros for a 49 percent stake in CTA Makro, according to a Bloomberg report.

CTA Makro, a joint venture between China Trade Association Property Corp Ltd and Dutch-based SHV Holdings NV, now operates five discount stores in Beijing and two in Tianjin. It plans to open another outlet in the capital next year. The purchase must still receive approval from the authorities, Lotte said in a filing yesterday. Lotte hopes to buy the remaining stake of the discount-store chain, should it be chosen as the favored bidder.

An anonymous official from Lotte Yintai (Shanghai) Investment Co Ltd's marketing department confirmed the report, but he declined to reveal further details. Earlier reports from NetEase.com indicated Lotte's ambitious plan was to open at least 20 outlets in China in the coming decade. Starting its China expansion from Beijing, the South Korean firm will then seek opportunities in Shanghai, Jilin, Liaoning and Heilongjiang provinces.

Its Beijing store, located in Wangfujing, the capital's prime commercial area, is scheduled to open next May. The store, positioned as a high-end shopping center, covering an area of 83,600 sq m, already held a supplier meeting in September. Lotte is preparing to open new outlets through land purchases in China. It remains open to buying another existing operator, the company told Bloomberg. Lotte, the retail arm of South Korea's fifth-biggest family-run industrial group and a Fortune 500 firm, is focused on expanding its presence in China, where the economy is growing twice as fast as South Korea's. Lotte formed a 50-50 joint venture with China Yintai Group, a local conglomerate of property, retail and resources.

Source: *China Daily*

## **China textile giant acquires U.S. garment firm for \$120 mln**

DATE: 2008/01/21

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Youngor Group Co., Ltd., China's leading textile manufacturer, has acquired XinMa Apparel International Limited for 120 million U.S. dollars, the company announced on Wednesday. Under the acquisition, Youngor receives XinMa's 14 manufacturing bases in Sri Lanka, the Philippines and the Chinese mainland. The deal is expected to raise Youngor's sales revenue by 360 million U.S. dollars, bringing the group a net profit of 12 million U.S. dollars.

XinMa, affiliated to Kellwood Company of the United States, is one of the three biggest apparel companies in Hong Kong. It has big network of distributors, clients, logistics and distribution worldwide. The acquisition marked that more Chinese mainland companies in traditional business were seeking markets and resources throughout the world, experts said.

Source: *MINISTRY OF COMMERCE*

## **Freudenberg Politex Establishes Chinese Subsidiary**

DATE: 2008/01/24

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Italy-based Freudenberg Politex - a business unit of the Germany-based Freudenberg Group and a manufacturer of high-tenacity staple and spunbonded polyester nonwovens, high-loft nonwovens, specialty products and polyester panels - has established Freudenberg Politex Ltd. in Shanghai.

The new subsidiary, which since 2006 has had a presence in China through a representative office, will help Freudenberg Politex grow its sales of polyester reinforcement products in local markets and establish partnerships with local manufacturers.

Entry into the Chinese market enables the company to further grow its international polyester nonwovens operations. Freudenberg Politex established its OOO Freudenberg Politex subsidiary in Russia in 2004. That facility today produces 10,000 tons of polyester staple nonwovens each year for the Russian market.

Source: CNTEX

## **European Union: 2007 China Import Quotas Not All Utilized**

DATE: 2008/01/23

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The European Union's 2007 import quotas for Chinese textiles and apparel were not fully utilized. No category was 100-percent utilized, and four categories were 85.25 percent or less utilized as of January 7, 2008. As of January 1, 2008, a double-checking surveillance system has been put in place for eight product categories and will remain through December 31, 2008. The export categories are t-shirts (4), pullovers (5), trousers (6), blouses (7), bed linen (20), dresses (26), brassieres (31) and flax/ramie yarn (115).

Source: globecotnews