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Enterprises confronted with double trouble

DATE: 2008/02/05

China's implementation of new policies and deterioration of the international economic environment have combined to deliver a one-two punch to the Pearl River Delta. China reduced export tax rebates on a wide range of industries in the second half of 2007, including for clothing, textiles, iron and steel, while a new labor law that took effect at the beginning of this year could raise the cost of wages. With continuing renminbi appreciation and a slowdown of the US economy, enterprises in the delta are at the vortex of both internal and external pressures. For many years foreign trade in the delta generated one-third of the nation's total, but its growth has now lagged the country's average for five consecutive years. A large number of local enterprises have closed down in the last two months.

Yuan appreciation

Among all China's exports, about 80 percent are paid in US dollars. As the Chinese yuan continues to hit new highs against the dollar, exporting enterprises concentrated in the Pearl River Delta have suffered considerable losses. "For every 1 percent in yuan appreciation, the profit of clothing industries decreases 4 percent, but the average profit margin in the industry is only 3.3 to 3.4 percent," a clothing company manager was quoted by Shanghai Securities News (SSN) as saying. In order to maintain profits "we may consider raising prices, but the risk is decreasing orders", says another manager. "Many have already gone to India, Vietnam, Bangladesh, Pakistan and Indonesia."

In 2007 the government faced an unprecedented \$262.2 billion foreign trade surplus. In July the country adjusted export tax rebates on 2,831 commodities, some 37 percent of all Chinese exports, helping ease the trade imbalance, but worrying exporters. Seagull, a listed company in Guangdong province that makes bathroom fixtures, suffered a year-on-year 48.79 percent decrease in net profit after the tax rebate rate was cut from 13 to 9 percent, the company said in its third-quarter financial report. A local textile manufacturer complains that its profits were also seriously effected as "the abrupt adjustment left us no time to take responding measures" when it was interviewed by SSN.

Implementing the new labor law

China's new labor law that took effect in January aims to protect employee interests and regulate the labor market, but the benevolence was not welcomed by many entrepreneurs in the

Pearl River Delta, as most of their companies are labor-intensive. "If we provide each of our employees with endowment insurance, medical insurance, unemployment insurance and compensation insurance as the law requires, the cost is sure to increase," the manager of an electronic equipment company in Fujian province says during the interview with Securities Market Weekly. "If we raise product prices to cover higher costs, our competitive strength will definitely be weakened." The law also adds challenges to human resource management. "Our employees hate overtime work for sure. But if I receive a pile of orders, the law will probably delay my delivery of goods," says another local manager. "I think the law is ahead of time."

US subprime mortgage crisis

US economic vitality has been seriously sapped, starting with the subprime mortgage crisis that began last year. Chinese exports, especially from Guangdong will inevitably be affected, since the US is its biggest market. In the first quarter of 2007, Chinese exports to the US increased 20.4 percent compared with the same period last year. Growth then dropped to 15.6 percent in the second quarter and to 12.4 percent in the third, according to the Ministry of Commerce. Many Guangdong enterprises say they believe more serious impacts are yet to come. One is household appliance manufacturer Midea in Dongguan, which has lowered its export projections for air conditioners by 10 percent to 7.8 million units. But government officials in the Pearl River Delta think the situation is not so bad. "The enterprises in danger are actually those with low added value, poor profits and backward technology," they say. "To some extent, these overlapping impacts spur enterprises to improve management and promote efficiency. In addition, they will accelerate improvements in the industrial structure," an official says interviewed by SSN.

Measures are being taken by enterprises to tough it out. Many have moved their production facilities to Southwest China's Yunnan and Guizhou provinces, and even to foreign countries in South Asia, where labor and land costs are much cheaper.

Source: China Daily

Gulf a potential market for Indian textiles

DATE: 2008/02/05

The Indian Business and Professional Council (IBPC) had organized a gathering on February 2 in Dubai, where Union Textiles Minister Shanker Sinh Vaghela was the guest of honour. While addressing at the meeting he said that the Gulf region can emerge as an important destination for country's products.

The Indian Government is taking a series of initiatives to boost its textile exports. As a result shipments from India are growing and this trend seems to continue in future also. Vaghela, heading a delegation of textile ministry and industry, is on a four-nation tour to Turkey, Greece, Egypt, and the UAE to promote Indian textiles abroad. The Minister asked the Indian business community in Gulf region to take advantage of liberal and business-friendly economic policies of the Government. Even though exports have been impacted, because of the appreciation of the Indian currency.

Speaking on the occasion, Quaiser Shamim, Joint Secretary of the Textiles Ministry, Dubai, said there is a lot of scope for the export of Indian textile and related goods in the Gulf countries. India has been exporting its two-third textile products to the US and European countries.

IBPC, Dubai was formed in the year 2003 after the unification of the three Indian business or-

Source: China Textile Network Company

ganizations in Dubai namely the Indian Business Council (IBC), Overseas Indians Economic Forum (OIEF) and Business & Professional Club (BPC). It is the only recognized representative organization of Indian Business and Professionals in Dubai.

Source: *fibre2fashion*

Singapore Apparel/Home Sales Increase

DATE: 2008/02/03

Singapore's retail environment remained strong in November 2007, with retail sales of apparel and footwear up 12 percent from the previous year. This improvement marked the third consecutive month of double-digit gains and 23 straight months of growth. November retail sales of furniture and household equipment increased 6 percent, a major improvement from 1.6 percent gains in October.

Source: *globecotnews*

200 people attend Commendation Conference of Feiyue

DATE: 2008/02/04

On Feb. 1, flowers and staff fulfilled the multifunction hall of Feiyue group where 2007 Summing-up and Commendation Conference of Feiyue Group was held ceremoniously.

Advanced groups and models in the past year were commended, work of last year was reviewed, and aims and main tasks of this year were clarified on the conference. There were more than 200 people attending the conference, including leaders of the enterprise, commended advanced groups and models and representatives of separate departments.

President Qiu made an important speech. The conference was presided over by General Manager Qiu Jihai. Shi Fushou, Vice General Manager of the group, chairman of the labor union, read out The Commendation of 2007 Advanced Groups and Models.

Source: *fibre2fashion*

CRI Consumption Estimates

DATE: 2008/02/04

China's Cotton Research Institute (CRI), which is part of China's Academy of Science, has released a report on the cotton situation for 2007 and 2008. The CRI forecasts 2007 cotton consumption at 13.0 million tons, an increase of 2.0 million tons from 2006. This assessment is higher than the 2007/08 consumption estimate of the National Development and Reform Commission (NDRC), which is at 12.0 million tons. The CRI also forecasts that China now has a capacity of 100 million spindles, which would increase 2008/09 cotton use to 14 to 15.0 million tons. The CRI does predict that the growth rate in yarn output has peaked and will now drop to 10 percent or less, providing a correlation that each one percent of growth is equal to a 200,000-ton increase in consumption.

2008/09 cotton acreage is forecast to slightly increase due to the higher price achieved in 2007.

Source: China Textile Network Company

It is estimated that cotton imports will increase to 3.5 - 4.0 million tons -- 2007 cotton imports totaled 2.462 million tons.

Source: *globecotnews*

IDS08 immerses world of trends, ideas & new products

DATE: 2008/02/05

The 10th anniversary edition of The Interior Design Show (IDS08) offers more things to do and see than ever before! IDS08 takes visitors beyond the aisles and immerses them in a world of trends, ideas and new products. IDS08 will be start from Thursday, February 21 through Sunday, February 24 at Direct Energy Centre, Exhibition Place, Toronto, Canada.

Design Decadence Thursday, February 21, 7pm - 11pm:

Decadence is a not-to-be-missed whirlwind soirée. The aptly-named opening night gala celebrates the 10th anniversary of IDS in singular style. Presented by House & Home Media, it is a veritable fête for the senses, complete with lavish foods, sumptuous wines and spirits, soulful musical performances and over the top décor.

See and be seen with world famous designers, including IDS08 Guests of Honour: Tom Dixon, Arne Quinze, Winka Dubbeldam, and Larry Laslo. The gala event includes a sneak peek of DesignLIVE featuring Brian Gluckstein, Lynda Reeves, Sarah Richardson, and Allen, Matt & Anwar (The Designer Guys) and a chance to preview the outcome of Collaborations, a feature exhibit that pairs architects and designers with innovative materials.

Something for Everyone Saturday, February 23, 10am - 7pm & Sunday, February 24, 10am - 6pm:

Develop your design I.Q. and take part in one of many programming options tailored to address the latest and hottest topics. Both General Public Days offer a varied palette of activities to choose from. Hear what top-designers have to say in Design Talks, meet Canadian design innovators at on-site hot spot Bar Azure and get the inside scoop from insiders and experts in workshops and seminars.

Visitors can choose from Trendwatching with House & Home's Cobi Ladner and Mark Challen, to a Colour Design seminar with PARA Paints specialists, or Treehugger's workshop on Living with a Commitment to Green-and more!

Shop Talk Friday, February 22, 9am - 7pm:

Professional Trade Day includes a schedule of in-depth Trade Seminars lead by industry insiders and seasoned professionals. Choose from seven inspiring talks covering a range of topics: whether you're interested in Residential Green Building Practices, Color & Design direction for 2009 or a new student looking to Get Ahead, there's something for everyone.

Alternatively Trade Talks, presented by Azure, are scheduled throughout the day and feature IDS08 Keynotes sharing their visions for the future. Hear what's to come from Arne Quinze (Quinze & Milan), Winka Dubbeldam (Archi-tectonics) and Tom Dixon (Tom Dixon Studio).

Source: *Interior Design Show*