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EXTRACT

Content:

US textile industry to take aim at China in 2008

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What is likely to happen when restrictions on imports of Chinese textile and apparel products into the US expire on 31 December 2008? Action to seek new restraints is a near certainty - as the National Council of Textile Organizations hints in its year-end review. At the end of 2008, US safeguard quotas on some Chinese textile and apparel imports are due to come to an end. And it is a near certainty that the US textile industry will be seeking new restraints to prevent what it describes as "a devastating flood" of subsidised textile and apparel products from China in 2009. While the form of these restraints is, at present, unclear, the National Council of Textile Organizations (NCTO) offers some clues in its annual "Year-End Economic and Trade Review for the Textile Industry." NCTO says it believes threat from China to the US textile and apparel industries continues to grow, "and as we look down the road into 2008, the threats and the challenges are greater still."

Strategic planning

With the expiration of the safeguards at the end of 2008, the trade group says it has already begun work on a strategy to ensure that restraints remain on China "until the Chinese government lives up to its WTO commitments and stops subsidising its textile and apparel sectors." "Thanks to the efforts of our industry leaders as well as textile-state members on Capitol Hill, we are beginning to see a new focus on textile enforcement initiatives already in 2008. It argues that these efforts "must be continued if free trade agreements with Peru and Colombia are to have any meaning for the industry." And warns that if the industry is not confident textile enforcement will remain a priority within the Department of Homeland Security, "then our support for the pending free trade agreement with Colombia could be jeopardised." NCTO also claims that the threat from China "impacts textile and apparel workers around the globe." While China's textile and apparel exports were rising by $4.5bn last year, exports from the rest of the world fell by $2bn it said." And the elimination of quotas at the end of 2008 means the prospect for unrestrained textile and apparel imports from China could threaten $40bn in trade in products that are currently under quota. "Every major exporter of textile and apparel products is threatened, from Lesotho to El Salvador, form Pakistan to Mexico."

Significant events in 2007
2007 also saw the emergence of several new tools, in addition to existing trade remedies, which are likely to be used to address the China issue. These include a decision by the US government's Commerce Department to overturn a 20-year precedent and allow companies to file subsidy cases against China. NCTO calculates that there are at least 63 subsidies made available by the Chinese government to China's textile industry - which can now potentially be attacked following the change in policy. In addition, the imposition of dumping monitoring on Vietnam set another precedent that could possibly be extended to China. Members of Congress are also demanding that an effective China bill is passed this year that could set punitive tariffs on Chinese imports if the country doesn't revalue its currency. NCTO chairman Harding Stowe comments: "2007 was a transitional year for the US textile industry. "As imports from China continued to surge and DR-CAFTA entered into force for all the major textile and apparel producing countries, the industry worked to secure trade opportunities in this hemisphere as one part of a strategy for remaining competitive against China. "We also began looking ahead to 2008 and preparing for the expiration of the U.S.-China textile agreement." As far as the trade relationship between the US and China is concerned, in 2007 the US trade deficit with China was $256.2bn, up 10% compared to 2006.

With respect to textiles and apparel, the US trade deficit with China grew by nearly 20% from $26.6bn in 2006 to almost $31.8bn billion in 2007 - despite the fact that China is under quota in a large number of products. And in those products where China is not under quota, China has already taken an average 60% of the US market, NCTO claims.

Textile statistics
In 2007, US textile exports fell by 5% during the first nine months of the year, dropping from $12.7bn to $12.1bn. However, exports to trade preference areas showed sharper drops, with textile exports to Mexico down 13% and the CBI region by 9%. Imports that are made under the "yarn-forward" rule of origin (ie, from NAFTA, CAFTA and others) continued to fall sharply and are now down 11.3% for the first nine months of the year. Imports from the CAFTA region, which had appeared to stabilise during the first half of the year, took a downward slide in the third quarter and are now off 4.6%. The losses in the western hemisphere came from China, which gained nearly 1.5bn sme (square metre equivalents) in 2007. Imports from Cambodia, India, Pakistan and Indonesia, all of which had been growing, stopped or fell back during the last quarter. In 2007, Vietnam gained 269m sme and Bangladesh gained 47m sme. The growth in imports from Vietnam and Bangladesh can partly be attributed to the fact that each of these countries relies heavily on subsidised inputs of yarns and fabrics from China for the bulk of their apparel export.

Source:just-style.com

US, China said to reach textile deal

DATE: 2008/02/25

The United States and China have reached a tentative agreement to limit imports of Chinese clothing and textile products into the United States, U.S. industry officials said Saturday. These officials, who spoke on condition of anonymity because the deal has not yet been announced, said it could be signed as early as Tuesday when U.S. Trade Representative Rob Portman and Chinese officials will be in Geneva. They said that the tentative deal was reached during the fifth round of discussions, which took place over the past week in Washington. Both sides agreed on the major issues, they said, and discussions were continuing on details.

The deal would be similar to an agreement China reached with the 25-nation European Union earlier this year. However, in a victory for U.S. manufacturers, the deal would last through 2008, one year longer than the EU agreement. U.S. textile and apparel companies and their labor unions have been pushing for a comprehensive deal to stem a flood of Chinese imports that began last January when global quotas, in place for more than three decades, were lifted.

The Bush administration has been reimposing quotas, known as "safeguards," for individual categories of clothing and textiles. The industry wanted a comprehensive deal covering all threatened categories of U.S. production and lasting for three years. The safeguard quotas were only good for a year at a time. The tentative agreement would allow for imports of most clothing and textile categories covered by the deal to increase by 8 to 10 percent in 2006, by around 13 percent in 2007 and by around 17 percent for 2008. All of these percentages would be above the 7.5 percent growth allowed under the safeguard procedures. U.S. retailers had said they would reluctantly go along with a comprehensive deal as long as the growth in imports was sufficient to allow them to obtain reliable supplies.

Laura E. Jones, executive director of the United States Association of Importers of Textiles and Apparel, which represents American retailers, said that many of the quotas imposed under the safeguard process filled up so quickly this year that retailers were left scrambling to find alternate sources of supply. "When you place your orders, you need to know that it will not be a race to the dock with no certainty you will get your shipments," Jones said. Portman and Chinese officials will be in Geneva on Tuesday and Wednesday for talks at the World Trade Organization on a global trade deal. He is scheduled to meet Nov. 14 in Beijing with Chinese Commerce Minister Bo Xilai. That is one of a number of stops Portman is making to try to build momentum for the Doha Round of global trade negotiations and critical upcoming meetings of trade ministers in Hong Kong in December. Portman's stop in Beijing will come just a few days before President Bush is scheduled to visit China.

Source: China Daily

Inflation Works into U.S. Textile Supply Chain Adding to Consumer Fears

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Faced with rising prices at the gas pump and at the supermarket, U.S. consumers may have to contend with sharply higher prices for clothing thanks to a recent spike in prices, which, in turn, may compel consumers to sharply lower consumption of textiles and apparel over the coming months.

According to new data released by the Bureau of Labor Statistics (BLS), wholesale prices for textiles and apparel rose sharply in January from December 2007 and comparable year-ago levels. As measured in the BLS Producer Price Index (PPI) prices for yarns and threads rose by 1.3 percent from December, while prices for greige fabrics, finished fabrics and industrial textile products each rose by 0.7 percent, 0.9 percent and 1.0 percent, respectively. Perhaps more importantly, year-over year results show an even more dramatic jump in prices. When compared to January 2007 prices, January 2008 results show yarns and threads rose by 4.9 percent, while prices for greige fabrics, finished fabrics and industrial textile products rose by 2.8 percent, 2.3 percent and 2.2 percent, respectively.

For textiles, much of the increase in wholesale prices is a direct result of rising raw material and energy costs. Although it can take some months for textile prices to rise as a result of higher fiber prices, it is interesting to note that there is a strong correlation between rising prices for textiles and cotton. With cotton prices rising more than 25 cents a pound since early 2005, textile producers have little latitude to absorb those higher costs, as margins for textile producers remain razor thin in recent years.

At the same time, these increases follow nearly five years of declining wholesale prices for apparel and mark a significant about-face in prices. From 2002-2006, consumer prices for apparel actually declined, but beginning in 2007 prices began to rise at a gradual, but steady rate. Consumer prices as measured by the BLS Consumer Price Index (CPI) indicates that some price increases were passed on to consumers though the increases were certainly less dramatic than those exhibited by cotton and textiles.

There is little doubt that consumers have already felt the effects of higher wholesale prices as stated in the most recent CPI report. The January 2008 consumer price index for apparel rose by 0.2 percent in January. However, more importantly, over the past three months the compound annual rate for of growth in consumer prices for apparel rose at a steep 4.6 percent.

Needless to say, consumer sentiment is already in the doldrums. The Conference Board, a leading U.S. business and consumer research organization, said early this week that consumer confidence has fallen to its lowest level in nearly fifteen years. The Conference Board Consumer Confidence Index, which had declined in January, fell sharply in February. The Index now stands at 75.0 (1985=100), down from 87.3 in January. In November 1993, the Index stood at 71.9 at the height of a significant recession.

The net result is the potential for weaker demand for clothing and, consequently, textiles over the coming months. As described above, the price increases posted for apparel are far less severe than those posted in cotton and textiles suggesting the retailers remain reluctant to raise prices too fast on depressed consumers out of fear of making a bad situation even worse. Nevertheless, if apparel demand proves anemic in coming months while raw material costs continue to rise the entire textile-retail complex may be in for a serious bout of ¡°stagflation¡± resulting in declining profits and potential shake-out of weaker companies in the supply chain.

Source: globecotnews

ASIAN TEXTILE CONFERENCE-2008

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With the Asia centric evolution of the Textile and Clothing (T&C) industry in the recent past, there is a growing relevance for exchange of information and ideas and coordinating business activities among major Asian players. Recognizing the need for a platform for this purpose, Confederation of Indian Textile Industry (CITI) (www.citiindia.com), the apex chamber of T&C industry in India, has launched Asian Textile Conference (ATEXCON) as an annual two-day event to be held in India.

This annual conclave provides Asian countries a platform to discuss and evolve a coordinated strategy for the region's textile industry to enhance its global market share. This is seen necessary since the emerging opportunities in the global market pose significant gains to the developing countries from the Asian region. The conclave deliberates on issues such as inputs and intermediary products required by the industry to gear up for the future and the need for investments and improvement of productivity.

The first ATEXCON was held in New Delhi, in December 2005. Apart from a large contingent of delegates from India, leading suppliers from Bangladesh, China and other Asian countries took part in this maiden initiative for Asian suppliers and leading buyers to gather information about the trends, prospects and future of Asian textile and clothing industry. Over 225 delegates participated in the conference.

The second Atexcon was held in New Delhi, in January, 2007. The two day conference was attended by leading Industrialists and trade experts from India and abroad. The deliberations helped to evolve a co- coordinated strategy to meet the growing challenges in the global textile market by the Asian countries. Leading Textile and Clothing manufacturers, Yarn and Fiber producers and Textile Machinery Manufactures from India and abroad made presentations at the Conference. Trade experts from USA, and Europe made presentations on the future scenario on international trade in textile and clothing at the Conference, which was attended by over 250 delegates.

CITI is celebrating its 50th year of existence in 2008 as the Golden Jubilee year. Coinciding with its Golden Jubilee celebrations; CITI is organizing the third Asian Textile Conference in March, 2008. The Golden Jubilee celebrations of CITI are expected to be inaugurated by Hon'ble Prime Minister of India and will be attended by senior officials, international experts and who's who of Indian Textile and Clothing Industry. Industry delegations from major Asian textile and apparel nations, including China, Pakistan, Bangladesh, Korea, Taiwan, Indonesia and Sri Lanka, are expected to congregate in India for the Asian Textile Conference-2008 to work out a collaborative strategy to take on the world markets.

The previous Atexcon conferences have helped to understand the markets and to identify the areas of co-operation among Asian countries in an effective manner. There is ample scope for complementary relationship among the industries across Asia. Such collaborations could enhance the cost competitiveness of Asian T&C products as a whole.

CITI invite participants from the Chinese Textile and Clothing Industry to participate in the Atexcon-2008, which will be held in March 2008 in New Delhi and explore the areas of co operation.

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Source:MINISTRY OF COMMERCE

Seed Cotton Prices Rally Following Surge in Soybean Oil

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The local shortage in oil seeds is again affecting China's domestic cotton prices, with oil plants in many of the cotton areas reporting an oil seed shortage. Producers are still holding only a small amount of cotton; however, these producers may end up receiving the highest prices paid this season for seed cotton. The rally in price is being driven by a sharp rise in cottonseed oil and meal prices. Last week in Henan Province, ginners paid 6.60 to 6.66 yuan per kilogram per seed cotton. It appears that most of the cotton still held in growers' hands is in the provinces of Shandong and Henan.

Source: globecotnews

Spinners Still Focused On Cost

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The last part of the fourth quarter of 2007 and the first quarter of 2008 have created some pleasant surprises for a number of spinners, particularly those in specialty markets. “We’ve been real pleased with the activity in our business,” said one North Carolina spinner. “The fourth quarter was unexpectedly good, being as busy as we were, and it’s carried over to the first quarter. From a volume perspective, we are very pleased.”

”We really didn’t see as much ramping up as we expected early in the fourth quarter,” said another Southeastern spinner, “but it began to pick up in December, and we've been looking better than projected for the first part of the new quarter.”

Cost, however, continues to be a concern for spinners as fiber prices have fluctuated substantially over the past few months, decreasing slightly for the first time in a while toward the end of the year, but then beginning to increase again at the start of 2008.

”It’s a constant struggle right now, “ said one spinner. “We keep trying to balance our increasing costs with what we think the market will bear in terms of increasing our prices to customers.”

Added another: “We been able to pass through some of our costs, but we just haven’t been able to do it quickly enough, quite frankly. It’s easier when you’re pricing a new product for a customer. But, when you try to raise prices on existing products, you tend to get a lot of resistance. We were able to pass along in the fall some of our anticipated increases in fiber costs. But in reality, the real costs continued to rise, so in January, we had to bump prices again.”

Another spinner noted his company was having issues in trying to pass costs along to customers. “We’re trying to pass these increases on, but it hasn’t been easy. We feel like we should have more room to pass some of these increases along, since the increase in cotton prices should be affecting spinners in all parts of the world. But some of our foreign competitors, because of lower labor costs, seem to be in a better position to absorb the increase in raw material costs. That makes it awfully tough for us have any kind of margin at all.”

Much of a spinner’s success in recouping some of its increased fibers costs is associated with the types of customers it is working with. “We’ve been able bump prices for some of our customers, generally those that don’t buy in too big a volume. But, with some of our bigger customers, it’s like trying to move a mountain with a shovel. You’ll get there eventually, but in a lot of baby steps. We've moved prices up for these customers, but by a much smaller percentage than we need."

Growth Focused On Partnerships

Despite the current cost crisis, many spinners are finding opportunities to grow their businesses. But, the method of growth differs substantially than in years past. "Historically, we would buy new machinery or build a new facility if we were looking to expand," said one ring spinner. "But now, we focus on where we can add resources without adding debt."

Said another: "A lot of our growth comes from joint ventures with other retailers, apparel manufacturers, textile companies or yarn spinners, as opposed to doing it internally. As we look at ways to grow our business, we're always keeping in mind how to develop partnerships that can be advantageous to both parties. Just recently, as a matter of fact, we began working with a customer in this hemisphere who is importing product from China. Just the fact that we're talking about shipping our product to China and then having it come back here for finishing is pretty unique. It's not something I would have dreamed could happen a year ago."

Another ring spinner added: "We have increased production of a specific product by 10 percent through a strategic partnership with another yarn spinner. We utilize our expertise, which happens to be blended fiber, with their expertise, which happens to be fine count, ring-spun yarns. Through this relationship, we have expanded the availability of a fine-count, ring-spun heather yarn down to the Central American market, which is supporting a market demand we had previously chosen not to pursue because of the cost we anticipated would be involved. It has increased business for both of us."

So, as spinners get well into the first quarter, there is some optimism. Despite the increase in prices for raw materials, orders are up for many, production capacity is being used, and there continues to be opportunity for those willing develop new products and enter new markets.

Source: textileworld