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**China Raises Diesel Prices 17 to 18 Percent**

DATE: 2008/06/23

China's largest refinery, China Petrochemical Corporation, has announced it will increase diesel supplies by 37.5 percent in June, providing 2.5 million metric tons of diesel to China's consumers. To meet this goal, the company doubled the volume of gasoline and diesel imports. Another large refinery, China National Petroleum Corporation, had announced it would increase May output by 6 percent to meet demand. China's gasoline imports hit a record 338,572 tons in May, while diesel imports reached 700,000 tons, triple year-ago levels. The government is boldly taking action in order to avoid the severe shortage of diesel that occurred in the summer of 2007. Much of the demand will go to the agricultural sector, with shipments sharply increasing to the provinces of Hebei, Shandong and Shanxi, the larger agriculture producers in the North China Plain.

To help offset the surge in international prices, China has announced it will allow its oil companies to increase domestic gasoline and diesel prices by 17 to 18 percent this month.

Source: *GlobecoNews*

**2008 Manmade Fiber Output Expands, Slows, and Grows More Concentrated**

DATE: 2008/06/20

Long the driver of rapid growth in Chinese textile production, mills' output of synthetic fiber is not immune to the contagion afflicting the rest of the industry. In step with the gradual slowdown in the broader Chinese textile complex, China's output of manmade fibers also continues to decelerate in 2008. May volume climbed only 2.5% from a year earlier, its weakest performance in over three years. This tepid growth brings marketing year-to-date (Aug-May) growth down to just 12.4% from the same period last year, well below the 20%+ growth seen over recent marketing years.

During this period of slower growth, several larger-producing provinces grew faster than the rest of China, implying they now account for a larger share of total Chinese synthetic fiber production. With the largest share of total Chinese output, Zhejiang province continues to be the engine behind the expansion of Chinese synthetic fiber production. Over the first five months, Zhejiang output climbed in line with the rest of the country, up 12.4% from the same period last year. Production in Jiangsu and Fujian provinces outpaced growth in the rest of the country, climbing 19.5% and 22.1% respec-

Source: China Textile Network Company

tively in 2007/08 from a year earlier, implying these regions now account for a larger share of provincial synthetic fiber output. These three largest provinces now capture a record share of manmade fiber production in China, higher each of the last five years. While in 2003/04 less than 70% of total volume came from these three provinces, now over 81% of total Chinese synthetic fiber production originates in these three regions.

Source: Globecotheews

## China to raise prices of refined oil, electricity

DATE: 2008/06/20



China's top economic planner announced Thursday night the country will raise the prices of gasoline, diesel oil, aviation kerosene and electricity, revealing an unprecedented broad plan to raise energy prices.

Beginning Friday, the benchmark gasoline and diesel oil retail prices will be marked up by 1,000 yuan (144.9 U.S. dollars) per tonne, with the price of aviation kerosene up by 1,500 yuan per tonne.

The prices of natural gas and liquefied petroleum gas, however, would be left unchanged, according to the National Development and Reform Commission (NDRC).

The benchmark retail prices of gasoline and diesel oil would be lifted to 6,980 yuan and 6,520 yuan per tonne, up more than 16 percent and 18 percent respectively.

The price rises also translate into mark-ups of 0.8 yuan and 0.92 yuan per liter, the measurement used at service stations in China, for gasoline and diesel oil respectively.

The commission said the oil price adjustment was made to ensure supplies in the country by diminishing the gap between continuously rising international crude prices, especially since February, and state-set domestic oil prices.

Crude oil price on the international market reached above 136 U.S. dollars per barrel on Wednesday, up more than 45 percent from the price when the country raised oil prices in November last year.

The government-controlled oil prices on domestic market should be blamed for a shortfall of supplies, as some refineries stopped or cut back on processing to avoid losses, said an unidentified NDRC official.

The commission said more subsidies would be offered to farmers, public transport, low-income families and taxi drivers to cushion the crunch of price rises.

For instance, farmers would get five yuan per mu (1/15 hectare) of farmland in extra subsidy; low-income families in cities would get an extra 15 yuan for each person every month starting from July, 10 yuan for such rural families.

The commission said fares for passenger travel by rail, urban and rural public transport and taxis would remain unchanged after the rise.

The official did not comment on the impact of oil price rises on the inflation rate, which eased to 7.7 percent in May. In April, it rose 8.5 percent after a 12-year high of 8.7 percent in February.

The commission also said the average electricity tariff will be raised by 2.5 cents per kwh starting from July 1, up 4.7 percent on average.

It said the price rise was made in response to rising costs of the country's power plants, including rising power-coal prices, increased costs on desulphuration facilities and investment in grid upgrading.

More than 80 percent of all the power generation companies suffered losses in the January-May period due to power-coal price rises.

Official statistics showed that power coal prices went up by more than 80 yuan per tonne in the past two years. The prices had gone up by 60 yuan since the beginning of the year.

The commission also announced the country would exercise temporary price intervention on power coal as of Dec. 31, and power coal prices are capped below the price on June 19.

The policy was adopted as the commission expected the power-coal price to rise further because of the gap between domestic and international prices and tight supplies.

The commission also said urban and rural residents and sectors of farming and fertilizer production, as well as the quake-hit provinces of Sichuan, Shaanxi and Gansu, will be exempt from the price rise.

Industrial and commercial undertakings, however, would only see limited impact, as power expenses usually account for a small portion of their total costs, it said.

"The price rise in electricity would not have a fundamental impact on the country's inflation rate," said the NDRC official.

*Source: Xinhua*

## **China's textile exports grow faster, clothing exports slower in first five months**

DATE: 2008/06/20

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BEIJING, June 14 -- China saw quicker growth in textile exports but slower rise in foreign sales of garments in the first five months of this year, sources with the General Administration of Customs said on Saturday.

Between January and May, China exported 66.16 billion U.S. dollars worth of textiles and garments, a growth of 15.4 percent on the same period of last year.

The total included 26.07 billion U.S. dollars worth of textile products, up 26.3 percent, and 40.09 billion dollars worth of garments and accessories, up 9.3 percent.

Source: China Textile Network Company

The growth rate for textile exports was higher than the level for the whole of last year, whereas that for garments was nine percentage points lower than the year-earlier level.

In May alone, the nation's garment exports increased by a record-low rate of 1.08 percent to 8.59 billion U.S. dollars worth.

Industry insiders accredited the substantial slowdown to weak demand abroad, expediated appreciation of Chinese currency and higher production cost.

They added that the weak demand had affected cotton sector in China. The country imported 240,200 tons of cotton in May, a decrease of 23,200 tons, or 8.81 percent, from the previous months.

*Source: Xinhua*

## **Weakening dollar adds price pressure**

DATE: 2008/06/20

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BEIJING, June 19 -- A weakening dollar has contributed to China's inflationary pressure by pushing up commodity prices around the world, said the country's central bank governor.

Chinese policymakers need to learn from the lessons of U.S. subprime woes, said Zhou Xiaochuan, governor of the People's Bank of China, also a member of the Chinese delegation attending the two-day session of the Sino-US Strategic Economic Dialogue (SED) in Maryland.

The dialogue, headed by the U.S. Treasury Secretary Henry Paulson and Chinese Vice-Premier Wang Qishan, ended yesterday.

"Emerging economies are feeling the pinch (of rising prices)," he said at a news briefing in Annapolis, Maryland. "A weakening dollar may push up prices of commodities such as crude oil," which are major imports of China, he said.

The price of crude oil has on one occasion topped 135 dollars a barrel in recent trading sessions.

Raw-material prices have also been hovering at high levels since last year, putting pressure on China's factory-gate prices, which would in turn pass onto the consumer inflation zone.

In May, China's producer price index, which gauges factory-gate prices, rose 8.2 percent, the highest in more than three years, feeding concerns that although consumer inflation eased to 7.7 percent in May, down from 8.5 percent the previous month, it may rebound in the coming months.

The central bank yesterday set the mid-point of the yuan's exchange rate at 6.8823 against the dollar, marking a new historical high since China revalued the yuan by 2.1 percent to 8.11 per dollar in July, 2005. It has appreciated a further 17.84 percent since then.

The yuan has regained momentum of fast appreciation while it is strengthening in the non-deliverable forwards market.

Analysts said the yuan's strengthening would reduce pressure on China's "imported inflation", or inflation incurred by imports, but the effect has proved to be limited. Worse, it has started to push some domestic export-oriented enterprises to the wall.

The appreciation momentum of the yuan may not slow until the Olympic Games in August, said Liu Dongliang, currency analyst of the Shenzhen-based China Merchants Bank. "The post-Olympic trend is not clear yet."

Zhou also said China will learn from the U.S. financial woes triggered by its subprime problems.

#### Sovereign wealth fund

Finance Minister Xie Xuren, who was also attending the SED session, said the country's overseas investment through its 200 billion dollar sovereign wealth fund does not pose a threat to financial markets.

Xie said that the fund is not aimed at short-term speculation but long-term investments that should help the overall economy.

As the U.S. financial market is bogged down by the subprime crisis, the capital injection from investment by the world's major sovereign wealth funds has helped stabilize the market, but some U.S. politicians fear that such investment will pose a threat to U.S. financial security.

*Source: China Daily*

## **Counterfeit clothing a growing problem**

DATE: 2008/06/18

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Demand for fake fashion continues to grow at an alarming rate according to a new report from just-style, with captured shipments indicating that around 20% of all athletic merchandise is fake. Despite heightened anti-counterfeiting measures, Canadian and US authorities expect counterfeiting to remain high for the next six years.

Between 2005 and 2007, counterfeiting grew at 6.6%, according to a new report from just-style - which is more than double the pace of total apparel market growth.

The "Global market review of counterfeit apparel - forecasts to 2014," says athletic apparel was the most affected, with captured shipments indicating that around 20% of all merchandise in this sector, which is typically sold in North America, is fake.

Despite heightened anti-counterfeiting measures, even Canadian and US authorities expect counterfeiting to remain high for the next six years.

In fact, industry analysts expect the proportion of counterfeiting in certain sectors to roughly double in the 2005-2014 period.

Many buyers are so eager to wear merchandise they have seen on celebrities that they overlook the implications of buying fake goods.

These include inferior design, the cost to legitimate business, health risks from hazardous dyes and chemicals, and supporting organised crime.

#### Illegal production

While it is not illegal to buy counterfeit merchandise in many countries (France and Italy excluded), it is illegal to manufacture such items, as they breach intellectual property rights, patents, trademarks and other copyright laws globally.

Source: China Textile Network Company

According to the International Chamber of Commerce in Geneva (CICG) the total cost of goods counterfeiting worldwide is approximately US\$650bn a year, a figure that is steadily increasing.

Probably the greatest concern attributed to counterfeit apparel is its association with criminal activity.

Often counterfeit products fund criminal organisations and have been linked with gang and organised crime syndicates worldwide. Furthermore, it is believed that terrorism and terrorist groups may also fund their activities from the sale of counterfeit goods.

The economic losses of counterfeiting are well documented.

In 2002, 18% (US\$17.64m) of the US\$98m of counterfeit products seized by US Customs were fashion related items. However, this figure had risen to US\$42m by 2007.

The Department of Homeland Security seized US\$155m worth of counterfeit merchandise in 2006, an 83% rise on previous years.

The goods included: 77 containers of Nike Air Jordan shoes; counterfeit designer products that resembled Prada and Reebok merchandise; a container of Abercrombie & Fitch clothing; and 42,900 articles of sporting goods and apparel.

#### Main source

China remains the main source of counterfeit goods production in terms of overall quantities seized, with approximately 80% of all counterfeit articles coming from this country in 2007.

However, of the number of cases customs seized in 2006 and 2007, India, United Arab Emirates, Turkey, Algeria and Egypt were also prominent.

Of the total value of counterfeit merchandise seized around the world, 63% related to the textile sector, with over 10% of counterfeit items detained.

Both counterfeiters and customs officials are constantly evolving tactics to stem the counterfeit tide.

Customs officials are detecting a higher proportion of counterfeit cargo, while the fakers are sending larger quantities of shipments with lower value in an attempt to overwhelm effective enforcement.

For example, EU Customs seized 26,000 counterfeit apparel shipments in 2006. In 2007, they seized 37,000 - an increase of almost 30%. The total value of apprehended goods, however, increased only 13%.

#### Authentic buyers

One surprising fact is that many buyers of authentic products have also purchased counterfeit, and vice versa.

And alarmingly, counterfeit buyers are actually spending more than the genuine product buyers because they are purchasing more.

The World Intellectual Property Organization (WIPO) estimates that approximately 64% of counterfeit consumers have also purchased an authentic product, compared to 42% of genuine brand purchasers.

Therefore the greatest problem that companies and countries have to overcome, in relation to counterfeiting, is raising public awareness and understanding to a level where they feel that the crime is

no longer ethical, and do not continue to support its growth.

#### Anti-counterfeiting efforts

Technology is making it easier for anti-counterfeiting efforts, with businesses recording their trademarks, products and labels on global databases that are connected directly to other industries and governments.

This provides legitimate manufacturers with a means of registering their brand name globally so that it may possibly reduce counterfeiting efforts. For example, transactions and purchase orders are often recorded even during counterfeit sales.

Law enforcement agencies and legal firms often use such data to track suspected counterfeiting networks and operations.

Other initiatives to make it easier to distinguish genuine items from fakes include the use of holograms and other hard-to-copy trademarks, heat transfer labels, invisible inks, unique thread and merchandise-tracking technology.

However, the just-style report notes that the invention of new anti-counterfeiting devices is ineffective if companies cannot control their labelling supply and monitor application stringently.

And it's doubtful the crime will be completely eradicated since counterfeiters, like manufacturers, are continually learning new and advanced techniques, and the possibility of earning copious amount of money is an extremely strong motivator.

Source: [www.cnga.org.cn](http://www.cnga.org.cn)

## Post-Olympic economic downturn highly unlikely in China

DATE: 2008/06/18

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BEIJING, June 17 (Xinhua) -- The Chinese economy was set to grow healthily and steadily after the summer Olympic Games and a post-Olympic economic downturn was highly unlikely, a noted Chinese economist said here Tuesday.

"Personally I feel very optimistic that the Chinese economy after the Beijing Olympics will continue to grow rapidly and healthily.... I am full of confidence over the economy after the Olympics," said Fan Gang, director of the National Economic Research Institute at the China Reform Foundation.

He told the Beijing Forum on the Olympic Economy that the Chinese economy would probably not be subject to further adjustment and micro-economic control after the Olympics because China had been doing the job since the end of 2007.

Over the past several months, the Chinese government had taken a series of micro-economic control measures to cool down the economy, which was seen by many economists as overheated.

"Our growth rate has dropped, exports decreased and the foreign trade surplus has declined. We cooled down the stock market and real estate market," Fan said, adding that the adjustment period was drawing towards an end since the government had taken many measures.

"Such adjustment and micro-economic control measures certainly reduce possibilities of a post-Olympic downturn," said Fan, who was also a member of the Monetary Policy Committee under the People's Bank of China, the central bank.

Source: China Textile Network Company

He also said Beijing's investment to build sports venues and other infrastructure, though worth billions of dollars, accounted for a mere three percent of the country's total investment in fixed assets.

"China is a big country. Beijing is small.... Even if Beijing's investment in infrastructure drop sharply after the Games, it would not have a significant impact on the whole economy," he said.

Fan also said it was unlikely that Beijing would slash fixed assets investment since the city was still at the early stage of economic development and its appetite for infrastructure would still be huge after the Olympics.

"The fact is, over the past several years, Beijing has been forced to reduce some other infrastructure projects in order to concentrate on the construction of sports venues," he said.

History has shown that some countries were plagued by a post-Olympic economic downturn, or called "Valley Effect" or "V-low Effect".

The phenomenon was mainly caused by a dramatic investment increase at the pre-Olympic stage, accompanied by a boom in consumption and revenues. But the investment and consumption plunged following the Olympics while the host city would have to shoulder the heavy burden of maintaining idle sports venues.

Fan, however, cautioned that the Chinese economy might still face new challenges, domestically and globally, and needed further policy adjustment in September or October or even later this year.

"China is economically a developing country under transition. The economy has its own problems," he said.

On the other side, he said the Chinese economy would face a new international economic situation - the U.S. credit crisis was still far from over and its negative impact was still coming out and prices for oil and grain were continuing to rise on the international market.

"But these have nothing to do with the Olympic Games.... Hosting of the Games will push forward economic development in China by helping restructure industries and integrate the Chinese economy into the global market," he added.

*Source: Xinhua*