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Chinese exporters face emerging problem of defaulted payments

DATE: 2008/07/04

BEIJING, July 2 (Xinhua)-- Chinese exporters, currently plagued by paper-thin profits, are threatened by another emerging problem of defaulted payments from foreign clients, economists said on Wednesday.

To date, the aggregate overdue international accounts of export companies totaled 100 billion yuan (14.6 billion U.S. dollars), Mei Xinyu, a Ministry of Commerce economist, estimated.

The figure, while tiny compared with the country's 545.05 billion U.S. dollars of exports in the first five months, was further squeezed by the profit margins of exporters, which suffered from the yuan's appreciation and rising labor and raw materials costs, analysts said.

The situation would be more devastating this year as many foreign importers had gone bankrupt after the U.S. subprime mortgage crisis and could not pay their bills, Zhao Jinping, an economist with the Development Research Center of the State Council, told Xinhua.

To make things worse, many exporters allowed deferred payments to compete for orders from a weakened global market. This made them vulnerable to defaulted payments, he said.

Export companies should improve their risk management and make credit assessments of the buyers beforehand, instead of blindly tendering for orders, Mei suggested.

Source: Xinhua

Authorities to collect opinions on difficulties of textile companies

DATE: 2008/07/04

The newly established Ministry of Industry and Information Technology has issued a comment letter to collect opinions from the society for the purpose of overcoming the current difficulties faced by the textile industry. The main suggestions include the following items: the export drawback rate in textile adjusted back to 13% from 11%, the drawback rate in apparel export back to 15% from 11%; sliding duties of cotton import lowered to 570-357 (that is, dropped to 3% from 5%); import duties of some textile machinery and automatic winders shall be exempted; measures to be taken to slow down the

Source: China Textile Network Company

step of the RMB appreciation; the problem of the floating capital in textile and apparel industry shall be solved moderately.

Source: *Apparel World*

Industrial Profit Shot up From January to May

DATE: 2008/07/04

From January to May, the industrial enterprises above designated size (all state-owned enterprises and non-state-owned enterprises with an annual sales over 5 million yuan, same as follow) reached 1094.4 billion yuan, rose by 20.9 percent over the same period of the previous year.

Among the industrial enterprises that above designated size, the profits made by state-owned and state-controlled enterprises achieved 424.6 billion yuan, increased 1.5 percent year-on-year; that of collective-owned enterprises was 28.3 billion yuan, up by 35.3 percent; that of Joint-stock cooperative enterprises reached 6.3 billion yuan, jumping 16.6 percent; that of share-holding enterprises gained 601.0 billion yuan, up by 24.1 percent; that of foreign funded enterprises, and enterprises funded from Hong Kong, Macao and Taiwan achieved 311.9 billion yuan, increased 22.4 percent; and that of private enterprises reached 210.5 billion yuan, rose by 51.0 percent.

Within 39 branches of industry, the profits of extraction of petroleum and natural gas up by 54.3 percent, that of coal mining industry, steel industry, chemical industry, smelting and pressing of nonferrous metals industry, architectural materials industry, manufacture of special purpose machinery industry, manufacture of transport equipment, manufacture of electronic communication equipment grew by 97.8, 25.6, 26.0, 3.9, 50.9, 25.9, 46.3 and 36.5 percent respectively, year-on-year. While the profits of electric power industry, manufacture of chemical fibers declined 74.0 and 26.8 percent respectively, processing of petroleum and coking industry turned to get net loss of 44.3 billion yuan from profits gains of 35.2 billion yuan from of last year.

The total volume of tax contributed by industrial enterprises above designated size was 788.9 billion yuan, a year-on-year increase of 26.4 percent.

The main income for industrial enterprises above designated size reached 18,376.8 billion yuan, increased 29.3 percent over the same period of the previous year.

By the end of May, the total volume of net receivable for industrial enterprises above designated size amounted to 4031.2 billion yuan, a year-on-year increase of 17.2 percent. The total value of finished products for industrial enterprises was 2008.3 billion yuan, rose by 26.1 percent

Source: *National Bureau of Statistics of China*

Manufacture of chemical fibers decline

DATE: 2008/07/03

From January to May, the industrial enterprises above designated size (all state-owned enterprises and non-state-owned enterprises with an annual sales over 5 million yuan, same as follow) reached 1094.4 billion yuan, rose by 20.9 percent over the same period of the previous year.

Among the industrial enterprises that above designated size, the profits made by state-owned and state-controlled enterprises achieved 424.6 billion yuan, increased 1.5 percent year-on-year; that of collective-owned enterprises was 28.3 billion yuan, up by 35.3 percent; that of Joint-stock cooperative enterprises reached 6.3 billion yuan, jumping 16.6 percent; that of share-holding enterprises

Source: China Textile Network Company

gained 601.0 billion yuan, up by 24.1 percent; that of foreign funded enterprises, and enterprises funded from Hong Kong, Macao and Taiwan achieved 311.9 billion yuan, increased 22.4 percent; and that of private enterprises reached 210.5 billion yuan, rose by 51.0 percent.

Within 39 branches of industry, the profits of extraction of petroleum up by 54.3 percent, that of chemical industry and manufacture of special purpose machinery industry grew by 26.0 and 25.9 percent respectively, year-on-year. While the profits of manufacture of chemical fibers declined 26.8 percent respectively, processing of petroleum industry turned to get net loss of 44.3 billion yuan from profits gains of 35.2 billion yuan from of last year.

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Source: National Bureau Of Statistics of China (NBS)

Textile Index Slips to Lowest Point in Seven Weeks

DATE: 2008/07/03

China's Keqiao Textile Index dropped the second-greatest amount in the latest week, down to 95.7, the lowest reading since early May. The index was weighed down last week by erosion in both the raw material and apparel fabric components, both dropping to their lowest points in seven weeks. Grey fabric, home textiles, and accessories each partially offset these declines, rising from last week's levels. Grey fabric in particular rose to a record high, rising seven of the last eight weeks and up 10.7% since the index began.

Source: Globecotnews)