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US' Textile Economic Aid Program Authorized

DATE: 2008/12/25

The US Department of Agriculture (USDA) has issued regulations and guidelines for a textile economic aid program that provides subsidies to mills designed to encourage modernization and competitiveness. Under the program, mills may receive 4 cents per pound for eligible cotton, and the funds must be used for capital improvements to their property by acquiring, constructing, installing, modernizing, developing, converting or expanding land, plant, buildings, equipment, facilities or machinery.

Since the law providing for the payments was enacted August 1, 2008, and it took this long to get the regulations written, payments will be made for cotton consumed as of that date. The program will run until July 31, 2012.

Anderson Warlick, Parkdale Mills, chairman of the National Council of Textile Organizations (NCTO), said "the timely release of funds under the Economic Adjustment Assistance Program is critically important given the financial challenges faced by US textile manufacturers dealing with uncertain markets, a sluggish economy and continued erosion of US markets by subsidized textile and apparel imports. These funds can be an important component of our continued efforts to modernize our facilities and maintain competitiveness."

The program was endorsed by the National Cotton Council, which worked closely with NCTO to get the program included in the 2008 farm law. Costs of the program were offset by adjustments in the cotton program in order to make the subsidy program budget-deficit neutral.

Source: James A. Morrissey, Washington Correspondent

China to support 9 crisis-stricken industries

DATE: 2008/12/24

China plans to initiate a policy package to revive nine industries hurt by the global financial crisis, according to the Ministry of Industry and Information Technology (MIIT) Friday.

The nine industries to receive national support include light industry, textile, steel, non-ferrous metal, automobile, petrochemical, ship-making, electronics and telecommunications.

Source: China Textile Network Company

"China will resort to tariff and trade policies to facilitate export of labor-intensive and core technology-supported industries, and encourage domestic companies to conduct overseas merger and acquisition," MIIT minister Li Yizhong said.

Li stressed the importance of adhering to the country's opening up policy amid international market contraction and emerging trade protectionism.

Other major favorable policies to prop up the nine industries include carrying out sound value-added tax reform, setting up special funds to support technological innovation, expanding bank loans to small and medium-sized enterprises and increasing government procurement and reserves of major raw materials.

Policies to boost auto development and consumption are also being mapped out, according to Li.

Li urged local industry and information technology officials to work out specific regulations to ensure the effectiveness of these policies.

Source: China Daily

Value-Added of the Industrial Enterprises above Designated Size Expanded in November

DATE: 2008/12/24

Value-added of the industrial enterprises above designated size (the enterprises with an annual income over 5 million yuan) was up by 5.4 percent year-on-year, or 11.9 percentage points lower than that in the same period of 2007.

In terms of main sectors, the growth rate of textile industry, non-metal mineral products industry, general equipment manufacturing industry, transportation equipment manufacturing industry, electric machinery and equipment manufacturing industry was up by 6.2, 11.6, 8.0, 3.6 and 12.5 percent, respectively; while that of manufacture of chemical raw material and chemical products, telecommunication, computer and other electric facilities equipment manufacturing industry, production and supply of electric power and heat power, and smelting and pressing of ferrous metals industry was correspondingly dropped by 3.3, 0.2, 1.1 and 6.3 percent.

In terms of main products, the crude coal and crude oil mounted to 230 and 15.86 million tons, with a rise of 5.2 and 4.9 percent respectively; that of power generation reached 254.02 billion kilowatt-hours, declined 9.6 percent, year-on-year; that of pig iron, crude steel and rolled steel achieved 33.516, 35.189 and 42.301 million tons, with a decline of 16.2, 12.4 and 11.0 percent respectively; that of cement stood at 130 million tons, rose by 2.8 percent; that of vehicles hit 7.14 million sets, decreased 15.9 percent, of which, automobiles was 4.33 million sets, dropped 10.1 percent.

The sales ratio of industrial products was 97.00 percent, down by 0.95 percentage points with the same period of last year. The export delivery value of industrial enterprises reached 644.85 billion yuan, a year-on-year decrease of 5.2 percent.

Value-added of the industrial enterprises above designated size increased 13.7 percent from January to November, year-on-year.

Source: National Bureau of Statistics of China

China retail sales surpasses 10 trln yuan mark for 1st time

DATE: 2008/12/23

China's retail sales had broken the 10-trillion-yuan (1.5 trillion U.S. dollars) mark for the first time by the middle of this month, the Ministry of Commerce said on Monday.

In a statement posted on its website, the ministry said the country's retail sales for the entire 2008 is expected to reach 10.8 trillion yuan, jumping around 21 percent from the year-earlier level.

"Despite the negative impact of the global financial crisis on the domestic market, retail sales will continue to grow as Christmas and the New Year approach," it said.

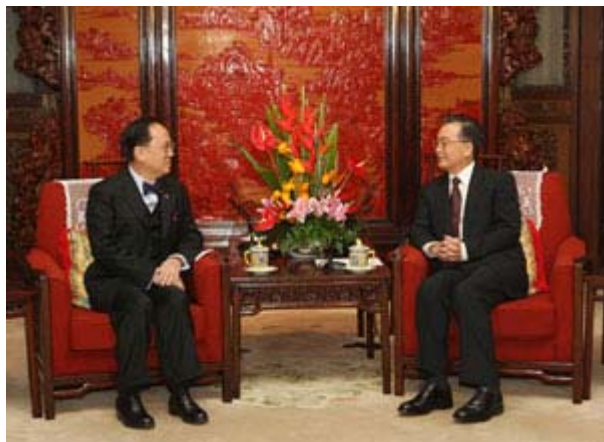
According to earlier figures released by the National Bureau of Statistics, China's retail sales in the year to November rose 21.9 percent annually to 9.78 trillion yuan.

The Ministry of Commerce said China's retail sales had risen quickly over the past three decades. The retail sales was merely 155.9 billion yuan in 1978. It jumped to 1.1 trillion yuan in 1992, 5 trillion yuan in 2003 and 8.9 trillion yuan in 2007.

Source: Xinhua CNTEX

Chinese Premier promises support to Hong Kong, Macao amid global financial crisis

DATE: 2008/12/22



Chinese Premier Wen Jiabao (R) meets with Donald Tsang, Chief Executive of Hong Kong Special Administrative Region (HKSAR), in Beijing Dec. 19, 2008. Donald Tsang was in Beijing for a briefing on regional work to the central government. (Xinhua/Liu Weibing)

Chinese Premier Wen Jiabao announced Friday the mainland's plan to help Hong Kong and Macao tackle economic challenges amid the global financial crisis.

"The motherland will always provide a reliable backing for HongKong", Wen said during a meeting with Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region(HKSAR).

The move is reminiscent of China's pledge to back Hong Kong, a leading world financial center, during the Asian Financial Crisis in 1997.

According to Wen, the central government would help Hong Kong overcome challenges brought by the world financial crisis by promoting financial co-operation between the mainland and HKSAR.

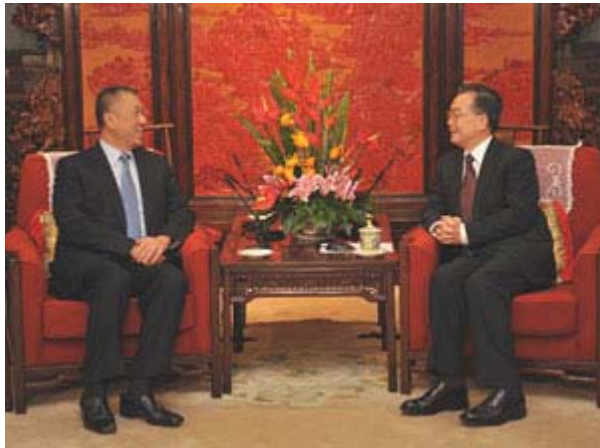
The central government would help Hong Kong upgrade infrastructure construction and grant favorable policies for small and medium-sized HK enterprises, he said.

"The mainland would also ensure stable food, water, electricity and natural gas supply for the region and further open of its service industry market to HKSAR."

Measures will also be taken to encourage more mainland tourists to visit Hong Kong, said the Premier.

Wen said "the central government would firmly support the work of HKSAR and with joint efforts, Hong Kong people could turn present difficulties into opportunities... and achieve sustainable devel-

opment."



Chinese Premier Wen Jiabao (R) meets with Macao Special Administrative Region Chief Executive Edmund Ho Hau-wah in Beijing Dec. 19, 2008. Edmund Ho Hau-wah was in Beijing for a briefing on regional work to the central government. (Xinhua/Liu Jiansheng)

In a separate meeting with the Macao Special Administrative Region Chief Executive Edmund Ho Hau-wah, Wen said the central government would take similar support measures for the region.

"The central government will unswervingly support Macao to overcome difficulties and maintain a stable economic development in the region," the Premier said.

Both Donald Tsang and Edmund Ho Hau-wah were in Beijing for a briefing on regional work to the central government.

Hong Kong and Macao, previously colonies separately owned by the British and Portuguese, respectively returned to China in 1997 and 1999.

The two regions enjoy a high degree of autonomy, maintaining a capitalist economy under the policy of "one country, two systems".

Source: Xinhua

U.S. Files WTO Case Against China on Aid to Companies

DATE: 2008/12/22

The U.S. filed a complaint with the World Trade Organization that accuses China of providing government aid to promote global demand for Chinese-branded merchandise.

The U.S. Trade Representative's office announced the complaint today, arguing that China is providing cash grants, cheap loans and research funding to makers of products including apparel and high-tech electronics.

"We are determined to use all resources available to fight industrial policies that aim to unfairly promote Chinese-branded products at the expense of American workers," U.S. Trade Representative Susan Schwab said in a statement.

The Bush administration said it uncovered 70 different subsidies that are prohibited by global trade rules because they are aimed at boosting exports. Aid to textile and apparel firms alone could total hundreds of millions of dollars, according to the National Council of Textile Organizations.

"Eliminating this program isn't going to make China a fair place to do business, but it's indicative of the mindset there where they try to subsidize their way to success," Cass Johnson, the council's president, said in an interview.

The case comes in the waning days of the Bush administration and of U.S. quotas on Chinese apparel imports, which expire at the end of this year. Various textile companies are gearing up to petition the incoming Obama administration for new tariffs or quotas on Chinese imports.

Largest Exporter

Last year, China surpassed Canada to become the largest exporter to the U.S., selling \$322 billion

in goods. Even as its overall exports fall, China is on track to run up a record trade surplus with the U.S. again this year.

One-third of the U.S.'s almost \$100 billion in textile and apparel imports were from China last year.

Wang Baodong, a spokesman for the Chinese embassy in Washington, said he wasn't aware of the case.

In general, "China has been honoring the commitments it made upon joining the WTO" in 2001, Wang said.

The petition by the U.S. today begins a period of 60 days in which the U.S. and China must try to negotiate a settlement. If that doesn't happen, the Obama administration would then have to decide if it will ask WTO judges in Geneva to decide the complaint.

If the U.S. prevails, China would have to drop or amend its programs. If China failed to do that, the U.S. could raise import duties on Chinese products in retaliation.

Source: Bloomberg