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Crisis pushes up urban jobless rate

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China's urban registered unemployment rate hit 4.3 percent, a 0.1 percentage-point increase in the first quarter, the Ministry of Human Resources and Social Security said on Thursday.

It's the second straight quarter of increases. The rate jumped to 4.2 from 4 percent in the fourth quarter last year, the first increase in five years.

The global financial crisis has taken its toll on China's job market as thousands of labor-intensive factories in the export sector have closed down or cut jobs.

Despite the dark news, however, there remains a glimmer of hope.

"The job scenario has shown positive signs in the first quarter," ministry spokesman Yin Chengji told a press conference.

The country has provided 2.68 million new jobs in cities so far this year, with the average monthly increase in employment up 51 percent over the previous quarter, he said.

The ministry wants to keep the unemployment rate below 4.6 percent this year, which would still make it the highest level of unemployment since 1980.

This year the ministry aims to create jobs for 9 million new urban workers, 5 million laid-off workers, and 1 million people who are facing difficulties finding work.

Even with the positive changes in China's economy and job market in the first quarter, the employment situation remains "grim", he said.

The number of jobs in the country has declined 7 percent in the past six months, according to the ministry's job watch system.

The jobless rate does not include the 230 million migrant workers in China, the major labor force in labor-intensive industries in coastal regions.

But Yin said the situation of migrant workers is "better than expected".

"Most of the jobless migrant workers have found employment in cities."

Chen Xiwen, director of the office of the Central Leading Group on Rural Work, told China Daily in early March that the number of jobless migrant workers was between 20 million and 30 million.

According to its latest survey, the National Bureau of Statistics said only about 11 million are now looking for jobs in cities.

Of the 70 million migrant workers who returned home during Spring Festival, 56 million left for jobs in cities after the traditional family reunion, while 14 million stayed home and were either working around their townships, tilling their land or looking for lower-paid jobs, the report said.

Labor expert Cai Fang said that Chinese migrant workers can cope well with the changing economic situation thanks to their job flexibility.

"They are willing to work anywhere, at home or in cities, and they can accept lower-paid jobs if the economy is not good," Cai said.

In Binzhou, Shandong province, 86 percent of local migrant workers are back in cities, 7 percent jobless and 7 percent working at home, he said.

He added that the labor market in cities has become more and more flexible in its adjustment to the changing economic situation so that it can create more jobs.

Source: China Daily

Textile firms eye mainland mart

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It was a display booth that looked different from all the others at a recent textile fair in Fujian province. For, Wang Yanzhu had earmarked about half of the space in his booth to a Taiwanese fabric producer with whom he hoped to forge a close partnership very soon.

"If it were not for the financial crisis, Tex-Ray Industrial Co (the Taiwanese firm which has over 30 years of experience in producing high-end fabric) would not have been so determined to set up strategic partnerships with garment producers on the mainland. We are now one of their largest clients," said Wang, whose company, Gaiqi Group, is one of the largest producers of T-shirts on the mainland.

Tex-Ray had just sent several of its staff members to join Gaiqi's management team and the two companies also planned to hold stakes in each other in the near future, Wang, who is Gaiqi's president, said.

"This year, our focus will be on the mainland-market oriented clothing producers," said Mason Ma, director at Tex-Ray's Shanghai office.

"As mainlanders' pockets get deeper, the market here promises huge demand for more sophisticated clothing. There are lots of opportunities for Taiwan companies, which have an advantage in producing mid- to high-end fabrics. You cannot just dump cheap products here," Ma said.

Tex-Ray's stable relationship with the mainland's leading clothing brands had caught Gaiqi's eye since around 70 percent of the latter's sales came from producing T-shirts for domestic brands such as Septwolves, Lilanz and Anta.

Which is why, despite the global economic downturn, Gaiqi is expecting 25-30 percent growth in sales this year. It has also signed a contract with the Shanghai 2010 World Exposition National Organizing Committee to produce 3 million T-shirts for next year's expo.

Tex-Ray is not the only one to think of deepening its relationship with mainland textile companies.

Faced with a grim economic situation, textile and clothing companies in Taiwan and the mainland have decided to realign their export-oriented strategy and focus on the mainland to stay afloat.

And, that was the one of the reasons why the 12th Straits Textile & Clothing Fair in Shishi (held from April 18-21) attracted as many as 60 Taiwanese companies, the largest turnout in the past decade.

The fair's organizing committee also shifted its focus this year to the domestic market. It invited more than 100 domestic buyers who represent 23 large shopping malls and clothing wholesale markets in major Chinese cities, to participate in the fair.

"We had never before made such an effort to ask domestic buyers to participate in the fair," said Qiu Yuzhen, deputy director of Shishi Economic Bureau. Shishi, a three-hour drive from Fuzhou in Fujian province, produces about one-quarter of the mainland's casual wear. The city is also a major export base for sportswear, lingerie and kids wear.

The four-day fair generated about 6.7 billion yuan in order intent, up 11.37 percent over last year. "Although we can still maintain the same amount of orders this year, the profit margin will be 10 percentage points lower than before," said Chen Jiaxing, general manager of Guanqi Co, a button producer in Shishi.

Source: China Daily

Chinese textile machinery industry faces growing pressure

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China Chamber of Commerce for Import & Export of Textile (CCCT) is on behalf of China textile industry to declare their opposition of any monitor or restriction meatures for Chinese textile and garment from the US government.

China's textile machinery industry saw a continued decline in output and sales and a hefty slump in imports and exports in the first two months this year, according to data collected from 1009 textile machinery manufacturers surveyed by China Textile Machinery Association (CTMA).

From January to February, gross industrial output value of the industry reached 6.613 billion yuan ($968US.28 million), down 16.62 per cent from the previous year's period. Sales revenue dropped 10.65 per cent to 6.937 billion yuan.

Total profits of the industry plunged 77.38 per cent to 71.1 million yuan. 296 enterprises suffered losses, accounting for 29.34 per cent of the total. Losses amounted to 247 million yuan, 94.25 per cent higher than a year earlier. Profit ratio of production lost 2.89 percentage points to 1.07 per cent. Profit ratio of sales was only 4.15 per cent, with profit per capita of 514 yuan.

Total accounts receivable edged up 0.64 per cent to 7.146 billion yuan, taking up 22.56 per cent of the industry's average balance of current assets, which was 0.33 percentage points higher than that in the same period a year earlier.

Finished products of the industry rose 8.94 per cent to 4.525 billion yuan, taking up 14.28 per cent of the average balance of current assets, 1.28 percentage points higher from the year-earlier period.

Goods delivered for export slumped 53.38 per cent to 399 million yuan. Among the 22 textile machinery manufacturing provinces and municipalities, 15 exported their products to the overseas market. East China's Jiangsu province ranked first in term of value of export goods, followed by Guangdong, Zhejiang, Shandong and Shanghai. The five jointly took up 94.01 per cent of the country's total value of exported textile machineries of the country.

Sales revenues of the textile machinery industry in major provinces and municipalities including Heilongjiang, Shanxi, Tianjin, Shanghai and Beijing went down. In contrast, those in Anhui, Shaanxi, Sichuan, Jiangxi and Xinjiang Uygur Autonomous Region managed to grow.

Jiangsu province led textile machinery manufacturers with a main operating revenue of 2.057 billion yuan, holding 29.65 per cent of the total. But its sales revenue fell 14.08 per cent from a year earlier.

In February, sales ratio of the industry hit 100.22 per cent, up 7.26 percentage points from the same month last year.

- Imports and exports slump China's imports and exports of textile machineries fell sharply by 58.61 per cent in the first two month from a year earlier, totaling 404 million U.S. dollars. Included were 271 million dollars from imports, down 62.42 per cent; and 133 million dollars from exports, down 47.78 per cent.

Import
All types of textile machineries saw a decline in imports from January to February. Non-woven machinery led the slump, down 92.38 per cent from the previous year's period. Knitting machinery ranked the first with imports valued at 90.24 million dollars, claiming 33.25 per cent of the total.

German was the largest textile machinery exporter to China in February, followed by Japan, Italy, the U.K. and U.S. Foreign-invested enterprises were major importers in February. The imports mainly took the form of general trade.

East China's Zhejiang province led all Chinese provinces and municipalities in textile machinery imports.

Export
Textile machinery exports plummeted 47.78 per cent in the first two months from the year-earlier period, marking a new low since 2001.

Except for the 7.28 per cent growth in loom exports, exports of the other types of textile machineries all suffered a decline. Knitting machinery led the fall, down 32.9 per cent to $51US million. India turned to out be the largest importer of China's textile machinery, followed by Bengal, Hong Kong (China), Japan, Indonesia, Vietnam, Iran, Burma, Pakistan and Germany.

Private enterprises ranked first in exports, which were conducted mainly in the form of general trade. Zhejiang province led the country in export of textile machinery exports.

Source: www.mbtmag.com

Rational Understanding of Trade Frictions

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With the expiration of Sino-American Trade Agreement of Textiles by 2008 year-end, the safeguard measures taken by WTO against China's textiles also came to a close. Developed countries tend to resort to new trade protectionism measures, such as anti-subsidies measure, product quality standards and corporate social compliance, to create frictions. On the other hand, due to the similar structures of exported products and technical levels, competition among developing countries becomes quite fierce. The global economic slowdown and contraction of the world trading have further intensified such fierce competition. As a result, developing countries, while scrabbling for the markets of developed countries, need to make more efforts on protecting their domestic markets. The trade protectionism measures adopted by developed countries against China have a major guiding influence on developing countries. In 2009, adverse factors, for example, the economic recessions of developed countries, the contraction of global trade and credit crisis impose unprecedented challenges on China's textile and apparel industry, but also bring an opportunity for the strategic adjustment of the industry.

Source: CNGA

Latest signs on road to China's economic recovery

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Owing to the effective implementation of a series of macroeconomic policies and stimulus packages aimed at tackling the global financial crisis, positive changes have emerged in China's economic landscape. Composite indices in the first quarter indicate the national economy has witnessed positive changes after experiencing a downturn in the previous months.

To reduce the impact of the global financial crisis to the minimum and curb a possible drastic decline, the Chinese central government embraced a moderately loose monetary policy last November, producing positive results for the national economy.

As a result of the macroeconomic policy, money supply jumped in the first quarter, with supply in the first quarter and supply in the second quarter increasing by 17 percent and 25.5 percent respectively from the same period a year earlier. The lending volumes in the same period hit a historic high, with newly increased loans reaching 4.58 trillion yuan ($586 billion), 91.6 percent of the government's full-year target. The relatively relaxed monetary policy has resulted in huge liquidity for investment and financing for enterprises.

Statistics show that investment into urban and township fixed assets in the previous three months increased by 28.8 percent year on year. The flow of enormous funds into the real economy has expedited national economic recovery.

Of the newly increased investment into urban fixed assets, the lion's share has gone to the first and tertiary industries, in an effort to change the country's previous excessive dependence on the second industry to bolster its economic growth. Also, priority has been given to underdeveloped rural areas and central and western regions in the latest investment campaign.

The huge jump in fixed assets investment should be attributed to some extent to the country's adoption of a proactive fiscal policy. For example, the added 100 billion yuan investment by the central government last year has been implemented, and 110 billion yuan of the added 130 billion yuan for this year has also been initially allotted. Speedy government investment has substantially boosted non-governmental investment in a variety of fields and sectors. Rapid investment growth has benefited a lot from the country's adoption of a relaxed monetary policy. In addition, the country's programs to rejuvenate 10 major industries have also fueled an investment boost in new and infrastructure projects nationwide.

As a result of the concentrated adoption of various kinds of stimulus measures, the country's industrial output in the first quarter achieved a 5.1 percent growth year-on-year. Despite hitting a record low in recent years, the rate still signals that the country's industrial production has hit its bottom and initially shown an upward growth tendency. Industrial output in the first two months only achieved a 3.8 percent growth rate but it reached as high as 8.3 percent in the third month. Positive changes have also emerged in other indexes relevant to industrial production.

Statistics indicate the declining momentum of the country's power generation in the first quarter has been initially curbed, with the growth rate being a negative 2 percent, lower than those of November and December last year.

The slowed power-generation steps, closely related with industrial demand, can serve as a manifestation of the country's industrial recovery. Also, the purchasing managers' index (PMI), an indicator of the economic health of the manufacturing sector, has shown steady growth in the past four months. The PMI index, which was 52.4 in March, is mainly based on such major indicators as new orders, inventory levels, production, supplier delivery and the employment environment. Also, the country's entrepreneur confidence index, or the macro-economic climate index, also reached 101.1, about 6.5 percentage points up from last year's final quarter.

With the continuous growth of a series of macroeconomic indices in recent months, China's consumer demand has also been boosted. In the first quarter, the value of the country's retail sales of consumer goods hit 2.94 trillion yuan, with the actual growth rate being 15.9 percent, a record high since 1986. Such a large boost in consumption indicates that consumers have benefited a lot from the current low prices and the low growth of the national economy. It will play a positive role in helping digest long-stockpiled products and curb a further economic slide.

It is known that consumption contributes more than investment and export to national economic growth. According to the National Bureau of Statistics, the country's gross domestic product in the first quarter was 6.1 percent, of which 4.3 percentage points have been contributed by consumption, testifying to how excessive dependence on investment and export to sustain economic growth has changed.

China's economy has survived the worst period and is now on its way to recovery. With a stockpile of macroeconomic policies and measures further paying off, it is expected to witness an expedited recovery in the latter half of this year despite facing growing pressures ahead.

Source: China Daily

China says to improve economic statistics after foreign media comment

DATE: 2009/04/21

China's top statistics official vowed Friday to improve the quality and credibility of government statistics after foreign media voiced concerns about the authenticity of Chinese economic data.

"To keep (official statistics) true and credible is not only our duty but also our need to accept public supervision," said Ma Jiantang, head of the National Bureau of Statistics (NBS), in a statement on the NBS Website.

"Let's work together with all sides to continuously improve the quality and credibility of China's official data," said Ma, who was commenting on a foreign media article questioning the country's data gathering system.

The article, which was put on the NBS Website and told to be forwarded within the bureau, was originally written by the Shanghai-based freelancer Tom Orlik and posted on the Wall Street Journal's Website on April 10.

China is making progress in releasing expeditious, accurate and comprehensive economic figures but political motives could lead to problems such as overstating or understating the real economic situation, Orlik, who is also a former advisor to the British Treasury, said in the article.

While local officials could report lower-than-actual growth data to the NBS to seek state support funds amid the global financial crisis, there are also risks that the ways of calculation are changed to make the economy look better in the present downturn to meet government goals, Orlik wrote.

As the world's fastest expanding economy, China has been in the spotlight for the accuracy of its national economic data. The most recent figure drawing global attention was the decade-low 6.1 percent year-on-year growth in the first-quarter gross domestic product published Thursday.

China's economy grew by a seven-year low of 9 percent in 2008 as the global financial crisis bit into its exports. The government targets an 8 percent annual growth rate for this year.

China plans to revise its law on statistics this year, which is expected to impose severe penalties on officials who "intervene in government statistical work and manipulate or fabricate data", according to a draft law revision submitted to the National People's Congress (NPC), the top legislature, last December.

The NPC has found serious fabrication when inspecting the implementation of the statistics law in recent years. Some local officials fabricated data to gain honors, material rewards or promotions.

Acts such as faking and making willful changes on statistics accounted for about 60 percent of all violations, Ma said at an NPC Standing Committee session last December.

Source: CNTEX