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**China sees growing investment in textile industry**

DATE: 2009-12-11

Investment in China's textile industry grew 8.71% year on year to reach RMB 219.8 billion in the first nine months of this year, said Xu Wenying, vice chairman of China Textile Industry Association. In the period from January to September, 5,815 new projects kicked off construction, 21.5% more than the same period of last year. 3,418 projects completed construction during the period, up 74% from a year ago.

The exports value of textile products and garments fell 11% year on year to RMB 124.7 billion during the nine-month period. However, the exports value to Japan grew 1.6% from a year earlier. In the first ten months of this year, the exports value in the textile industry fell 12.08% to US\$ 131.2 billion, due to the decreasing demand during the economic downturn. Jiangsu Province, the second largest exporter among Chinese provinces, saw the exports value of textile products and garments in the Jan.-Oct period fell 15.5% and 6.3% year on year to US\$8.58 billion and US\$13.66 billion, respectively.

Source: China Knowledge via CNTEX

**Pakistan hopes to develop new textile capacity with China**

DATE: 2009-12-11

Commercial Counselor of the Embassy of Pakistan in Beijing Naeem Khan says recently that Pakistan hopes to develop new textile capacity with China. Pakistan's exports to China soared in 2005 and 2006, mainly due to two categories imported by Chinese - cotton yarn and coarse cloth. Exports of the two products fell down by 18 percent and 20 percent in 2008, but still accounted for 60 percent of Pakistan's total exports.

In the era of globalization, textile production in high-cost countries such as countries in the European Union, Japan and the United States continues to decline and close down, which provides a good opportunity to the development of textile industries between China and Pakistan under Pakistan-China Free Trade Agreement. Pakistan is the world's fourth largest cotton-producing country, 64 percent of national export value comes from textile industry. According to Pakistan's new textile policy, the Government plans to build more industrial parks and develop industrial clusters zone; at the same time, Pakistan will provide incentives to encourage and promote local enterprises in

Source: China Textile Network Company

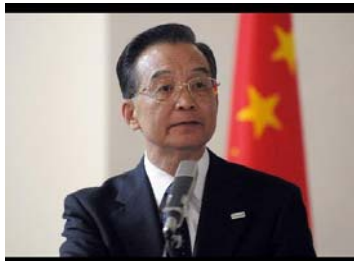
establishing joint ventures with international brands, develop production of textile machinery and supporting industries, such as dyes and auxiliary equipment industries, etc. These measures should become a driving force to promote textile cooperation and collaboration between Pakistan and China.

Therefore, textile industries in Pakistan and China can strengthen cooperation in product development and more effective application of technology, in order to improve efficiency and productivity, provide consistent production standards, shorten development cycle, thus comprehensively boosting production capacity in supply chain, strengthening operations, constructing logistics capacity, IT infrastructure and standardization.

Source: ccfgroup via CNTEX

## Chinese exports may rebound, spurring Deutsche Bank bet on yuan

DATE: 2009-12-11



China is likely to report its first gain in overseas shipments in 13 months, beginning a rebound that may encourage the world's second-biggest exporting nation to let the yuan strengthen next year. Exports rose 1.4 percent in November from a year earlier, according to the median estimate of 26 economists surveyed by Bloomberg News. The trade surplus swelled to \$24.3 billion, the largest this year excluding seasonal distortions, tomorrow's report in Beijing may show. China's exports may jump 20 percent in the first quarter of 2010 because of the global recovery and comparisons with this year's low base, according to Macquarie Securities Ltd. and Royal Bank of Scotland Group Plc. Yuan forwards suggest that the currency will appreciate about 2.6 percent against the dollar in the next 12 months even after Premier Wen Jiabao last month rebuffed Europe's calls for gains.

"Global political pressure for currency gains will continue to intensify," said Ma Jun, chief China economist at Deutsche Bank AG in Hong Kong. "China may begin to increase the flexibility of its currency in March or April." Ma forecasts a gain of as much as 5 percent against the dollar in the next year. China had "good reason" to depreciate its currency during the global financial crisis as exports fell and chose instead to keep the yuan stable, central bank Deputy Governor Zhu Min said at a forum in Beijing yesterday. He echoed Wen's comments to European leaders, saying a stable yuan aids a world recovery.

### **Return to Inflation**

"We took the same policy as we did in the Asian financial crisis; we decided to stabilize the renminbi exchange rate," the central banker said, using another word for the yuan. November's data may show a return to inflation as China's economy rebounds from the slowest growth in almost a decade and food prices climb. Consumer prices rose 0.4 percent from a year earlier, the survey of economists showed. Industrial output gained 18.2 percent, the most in more than two years, and retail sales climbed 16.5 percent, economists estimated. Banks may have extended 250 billion yuan (\$36.6 billion) of local-currency loans, compared with 253 billion yuan in October. Urban fixed-asset investment may have increased 33 percent in the first 11 months of 2009 from a year earlier as stimulus spending and unprecedented bank lending drove a recovery. Citic Securities Co. said Dec. 8 that China's textile and apparel companies may "outperform" as domestic sales are sustained and exports recover, recommending companies including Fujian Septwolves Industry Co., Luthai Textile Co. and Youngor Group Co.

### ***“Toughest Time”***

“The toughest time is behind us and we expect overseas demand to continue to recover next year,” Kelly Wen, the overseas sales manager of shoe company Yaqite Industrial Co. said at the Canton Fair, China’s biggest trade show, last month. China’s trade surplus, export gains and a currency effectively pegged to the dollar may exacerbate trade tensions. China faces U.S. tariffs on tires and European Union duties on screws and bolts and is investigating imports of U.S. autos and poultry. China was the second-biggest exporter of goods in 2008 and is poised to overtake Germany. The Asian nation’s trade surplus was \$24 billion in October. The nation already sees itself as being at the center of world trade friction, facing 101 trade-remedy investigations in 19 countries and regions involving more than \$11 billion of goods, the state-run Xinhua News Agency reported Dec. 3, citing the commerce ministry.

### ***Trade “Tranquility”***

Morgan Stanley’s Asia chairman Stephen Roach said that high unemployment in the U.S. and the need to win votes in congressional elections in November next year may push President Barack Obama to take tougher trade action against China. “This is not a recipe for tranquility on trade,” Roach said in an interview in Beijing on Dec. 3. Wen told European leaders Nov. 30 that calls for the yuan to appreciate are “unfair” as the country faces rising protectionism and a stable yuan aids the world’s recovery. Authorities in Beijing have held the currency steady at about 6.83 against the U.S. dollar since July 2008. The yuan rose 21 percent in the three years after a fixed exchange rate was scrapped in 2005. The International Monetary Fund says the yuan is “substantially” undervalued and Pacific Investment Management Co., which runs the world’s biggest bond fund, describes bets that China will ease controls on its currency as among the best in emerging markets.

### ***“Gradual” Gains***

Societe Generale SA said Dec. 8 that investors should use call options to benefit from China allowing “gradual” gains in the yuan next year as the economy recovers. Policy makers are more likely to allow yuan appreciation for domestic economic reasons than in response to pressure from foreign governments, said Kevin Lai, an economist with Daiwa Institute of Research in Hong Kong. Inflation pressures are building as import prices rise and “if you don’t allow the yuan to appreciate you are shooting yourself in the foot,” Lai said.

*Source: CNTEX news*

## **CNTAC produce the Documentary-Silk Road**

[DATE: 2009-12-11](#)

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To reflect the great achievement and hard work of textile industry made since the found of People’s Republic of China, and carrying forward the spirit of exploration and devotion, to show the Chinese textile industry situation to the people in this country and their effort for this country, as well as heighten the confidence of textile people, CNTAC will publish a documentary-Silk road. This documentary is going to kick-off soon and publish at the CHIC trade fair and China Fashion Week in next March. It will also broadcast in CCTV and other 50 local TV stations on April next year.

“Silk Road” will follow the timetable of 60 years since 1949, focus on performance “from the development of textile industry to see the great rejuvenation of the Chinese nation,” this profound theme. The film will firmly focus on the remarkable changes making form the textile industry to the state and society, to the people’s material and cultural lives. It will use large cultural and literary perspective of the language and vivid images, from the perspective of the textile industry to display the five thousand years of history of civilization of the Chinese nation and show the profound changes in the past sixty years, through a true record of the camera lens, focusing and concentration out of a “wearing” histroy in Chinese people, invloving in political and economic

Source: China Textile Network Company

science and technology, culture. Meanwhile, the "Silk Road" will comb the textile industry as the traditional pillar industry of national economy, the importance of people's livelihood, to conduct a comprehensive sort. It will display the political, economic, science and technology, culture, art, color, fashion shows and other functions of textile industry, with a view to motivate the vast numbers of viewers on national industry, national culture, national brand understanding, love and feelings of pride, thus greatly encourage the industry, morale, and boost industrial development.

"Silk Road" insists on the documentary style, but unlike other documentary programs. Her story is like a history book, a Heroes character biography, a history of industrial development materials, a vertical and horizontal 60 years history TV magazine. The entire film has 25 episodes, each of them for 30 minutes, from the command of the whole chapter of "Textile China" to the founding of the PRC, "the Beginning", to mark the reform and opening up a "modern Silk Road," and enter the new century, the "beautiful tomorrow "and other chapters constitute the 60 years of new China textile industry's development context.

In the context of time, including the penetration of China's textile industry, institutional innovations (such as" knock spindles Melody "" grassroots Giant "), scientific and technological innovation (" tool for industry upgrading "), market innovation ( "brand going overseas", "Wuzhou fashion", "market strategy") and cultural innovation ( "knife-foot State Wind", "Weaving civilization") and other sections. It vividly demonstrated continuous improvement of the technological change, profound knowledge of the industry clusters, from small to large professional market, as well as a variety of exhibition industry who rival the process of internationalization. "Silk Road," is leading from the China National Textile and Apparel Council. Du Yuzhou, the President of CNTAC, some senior experts in various fields, the industry veterans, scholars and entrepreneurs, a consultant team composed of a strong team to compose this program.

Source: CTEI NEWS

## **China's apparel export growth "looks close to unstoppable"**

DATE: 2009-12-10

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China's share of world garment and textile exports hit new records during the last months of 2009 and its continuing growth looks close to unstoppable, says a new Clothesource report. In The World of Apparel Sourcing: 2010-2012, Clothesource calculates the effect of China's growth on the garment export industry of over 60 exporting countries, and calculates how each will be hit. Oxford, UK, December 9, 2009. China's share of world garment and textile exports hit new records during the last months of 2009. Its continuing growth looks close to unstoppable, says the new Clothesource report The World of Apparel Sourcing: 2010-2012 Western retailers, brands sourcing garments, and textile manufacturers supplying garment makers, need to work on the assumption most other countries share of exports will fall between now and 2012.

Many of China's competitors think Chinese success is the result of dubious practices. Such things may be part of the reason, said Clothesource CEO Mike Flanagan, "but China's brought about a lot of legitimate advantages through its own hard work", He cited:

- Years of heavy investment by Chinese businesses in high-quality facilities, and recent improvements in delivery times and minimum orders
- Years of government investment in roads, railways and efficient port facilities
- The recent mass offering of credit facilities by Chinese banks, on Government instructions, to smaller exporters, to keep them going while their peers elsewhere were collapsing
- The abolition of EU and US quotas on Chinese garment imports, which till 2008 were more held back by Western restrictions than imports from anywhere else.

And other factors are helping China, too:

- Online shopping eroded European and Central American producer competitiveness
- The limited impact of widely claimed growing interest in “ethical” sourcing
- Garment industries viability is threatened in many developing countries by likely duty-free access loss and by China’s growing competitiveness
- The low likelihood of rich countries introducing any new protectionist barriers. The result, Clothesource argues, is that the widely-held theory that China is becoming a less competitive place to buy clothes from is just a myth. “Prudent apparel buyers will always have an alternative source to China, and there’s strong competition in many other countries”, said Flanagan. “But China’s going to provide the bulk of most buyers clothing purchases for a good few years still”

Source: [www.wireservice.ca](http://www.wireservice.ca) via CNTEX

## **Textile production continues to show growth trend in November**

DATE: 2009-12-09

Recently, data from National Bureau of Statistics show that National Manufacturing Purchasing Managers Index (PMI) was 55.2 percent in November 2009, unchanged from the previous month. The index has been at the critical point - more than 50 percent for nine consecutive months, indicating that manufacturing economy, as a whole remains stable and an upward trend. Production index was 59.4 percent, edged up by 0.1 percentage points from the previous month, continuing at or above the critical point, being the highest point since May 2008, indicating that chain comparison of manufacturing production continued to show a growing trend being driven by expansion in market demand.

From the view of industrial situation, chain growth in production of most manufacturing industries increased, among them, tobacco products, garment, shoes and hats manufacturing, fur feather products and textiles industries showed rapid growth in production. New order index was 58.4 percent, down 0.1 percentage points from the previous month, being above the critical point for 11 consecutive months, indicating that number of new orders for manufacturing firms continues to rise. From the situation of sub-sectors, textile industry, garment industry, shoes and hats manufacturing, fur feather products industries saw significantly increase of new orders.

Source: CCF Group via CNTEX

## **China Linen Textile Industry, Ltd. signs agreement to ship fabric to Italian company**

DATE: 2009-11-30

China Linen Textile Industry, Ltd. (OTC Bulletin Board: CTXIF), a China-based company engaged in the production and sale of linen yarn and various types of linen fabric, announced today that its wholly-owned subsidiary, Heilongjiang Lanxi Sunrise Linen Textile Industry Co. Ltd., has signed a contract with an Italian company to deliver approximately 1.4 million meters of semi-bleached linen fabric. The contract is valued at approximately \$3.05 million. The first shipment will occur in December 2009 and continue through five total shipments to be completed in May 2010.

Mr. Gao Ren, chairman and chief executive officer of China Linen Textile Industry, stated: "We have enjoyed a productive and growing relationship with Tanny Tex for five years, and this year's order

showed an increase of 10% over the same period last year. Tanny Tex is continuing to expand its business, which will result in higher production and sales for China Linen Textile in 2009 and 2010.

Source: CNTEX Exclusive

## **CTEI: Soaring cotton prices to make manufacturing difficult**

DATE: 2009-12-08

With manufacturing slowly recovering amid improving economic conditions, cotton demand has increased prompting more orders among mills. However, with a deficient supply of cotton in the market, prices extend gains since the beginning of 2009.

### **Prices hit a 11-month high**

In November, China Cotton Index for 328-grade cotton reached CNY 14,177 a ton, adding 2.9% over Jan. 2009. International cotton prices remained extremely firm last week. The Cotlook A index in the middle of November was 70.80 cents per pound (or CNY 10,669 a ton), up 445 points from last week. The price in China for 328-grade cotton in Jan. was CNY 3508 a ton higher than the Cotlook A index.

China National Cotton Reserve Corporation (CNCRC) released 2.1667 million tons of cotton reserves during May 22 to Nov. 23. The 328-grade cotton price for the delivery reached CNY 13,255 a ton. On Nov. 23, CNCRC sell 16,084 tons of cotton harvested in 2006 and 2007. The 328-grade cotton price for that single day reached CNY 15,523 a ton, adding CNY 314/day over Jan. 20. Though the move was aimed to meet the demands of textile markets and to stabilize the cotton market price, the auction was lukewarm as many textile makers considered the price too high to sustain profitability.

### **Multi-factors pushing up cotton price**

Cotton prices extend gains over the past few months, as incremental domestic demand is outpacing incremental supply. Cotton traders made a further tightening as the cotton harvest in all key-growing areas of country in 2009 was significantly below. Compared with a year earlier, Xinjiang's cotton output was down 19.4 percent in 2009; Hebei down 10.14%. ICAC reported that Chinese cotton output totaled 6.75 million tons in 2009/10, down 16% from a year earlier. The harvest was approaching its end, but some growers and traders were still reluctant to sell due to expectations that prices will rise further, the association said. During Oct.16 2008 and Apr. 10 2009, Chinese government purchased 2.72 million tons of cotton, roughly accounting for 36% of the output in 2008. Of which, the reserve from Xinjiang was 1.52 million tons; inland 1.20 million tons. Government reserves might be a factor in keeping the market prices high.

The supply is not only from domestic cotton mills but also from outside, and this is pushing up domestic prices of cotton. High import costs may affect manufacturers also. In Oct., China has increased its cotton imports to 118,600 tons, up 16.1% from previous month, the China Cotton Association said on its Web site, citing preliminary data provided by the General Administration of Customs. As we known, imports of cotton under quotas are subject to 1% customs duty rate. Imports without quotas are subject to 5~40% sliding duties. On September 27, the National Development and Reform Commission Zhang Xiaoqiang, deputy director pointed out that the next step would be a good control of cotton imports, in accordance with domestic cotton production and demand gap to determine the number of import quotas.

### **Facing the heat from soaring prices**

Right now cotton textiles demand is growing in the international market. But we are losing out on the opportunity because raw cotton prices are rising at a high level. This would eventually hamper cotton textile enterprises. Though the global economic recovery since the first quarter of the current

financial year has raised hopes, the Chinese textile industry is now facing the heat from soaring cotton prices. Rising cotton prices have begun to hit domestic prices of manufactured cotton yarns. On an average per pound yarn price in local market is now higher than its cost in Indian and Pakistani markets. That is why presently the local yarn consumers are fulfilling their demands through importing from India and Pakistan. Goods delivered for cotton yarn exports slumped in the past few months from the year-earlier period. Looking further, from January to September, cotton yarn exports volume plummeted 11.18 per cent to 400,000 million tons while cotton yarn imports volume increased by 20.18 per cent to 745,500 million tons.

Cotton prices have been increasing at an unprecedented level in China, prices have been going up internationally as well. In order to give a boost to the domestic manufacturers, the Government needs to release more cotton back into the marketplace and take a market survey of the prices. Manufacturers are calling for timely quota on cotton imports. They want the Government to encourage the domestic cotton textile industry and create a more conducive atmosphere for the domestic cotton industry.

*Source: CTEI via CNTEX*