

EXTRACT
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Chinese textile machinery sector seeks opportunitiest

DATE: 2010-04-09



General Manager of China Textile Machinery and Technology Import and Export Co., Zhu Bao-Lin, who led the delegation, visiting Bangladesh, met with Abdul Hai Sarkar, Chairman, Bangladesh Textiles Mills Association (BTMA). He told Bangladeshi counterparts that the Chinese Government would soon provide duty-free treatment on about more than 4,700 products from the LDC countries. This is expected to narrow the trade balance between China and Bangladesh.

China Textile Machinery Company hopes they would have opportunities to provide inexpensive and high-quality textile machinery to Bangladesh textile companies, in order to help low-labor and low-cost industries achieve advantages. This he said, will also help the textile and garment, realize their target, of accounting for 10 percent share in global textile market. He predicts that Bangladesh exports of clothing and other textile products to China will increase significantly after July 1.

Source: Fibre2fashion News Desk via CNTEX

New global yarn & fabric production highs - ITMF

DATE: 2010-04-09



Global recovery in yarn and fabric production continued in the 4th quarter of 2009 from their lows in the 4th quarter of 2008. Yarn and fabric production rose in Asia and Europe, whereas South and North America recorded reduced output levels compared to the previous quarter. Production in North America reached lowest levels ever. Global yarn stocks fell slightly mainly due to lower inventories in Asia while those in the other regions remained almost unchanged. Global fabric stocks increased as a consequence of a considerable jump of inventories in South America and a modest increase in Asia and despite lower inventories in North America and Europe. Orders of yarn and fabrics increased in Europe while they dropped significantly in Brazil.

Source: China Textile Network Company

World yarn production rose by +6.1% in the 4th quarter of 2009 in comparison to the previous one. This is underlining the upward trend which could be observed since the 1st quarter of 2009. While Europe and Asia recorded increases of +12.8% and +5.5%, respectively, yarn production in North and South America fell by -2.6% and -10.2%, respectively. This was the lowest level ever recorded in North America. In comparison to last year's quarter Asia and Europe saw significant higher output levels with +13.7% and +8.8%, respectively, whereas South America remained unchanged and North America recorded a fall of -9.5%.

Fabric production grew worldwide by +4.0% in the 4th quarter of 2009. Again Europe and Asia recorded higher output levels of +18.8% and +5.0%, respectively, whereas South and North America reported significant lower output levels of -17.2% and -7.3%, respectively. Like in yarn production this was the lowest output level ever recorded in North America. Year-on-year global fabric production increased by +9.3% as a result of higher output in Asia (+11.9%). Europe and South America on the other hand recorded production levels which were slightly below the ones of the previous year (-1.9% and -2.8%, respectively), while North America output level dropped markedly by -16.8%.

World yarn inventories fell slightly by -0.9%. In Asia they were reduced by -1.4% and in Europe by only -0.1% and rose slightly in South America by +0.4%. On an annual basis world yarn stocks were down by -5.4% as levels fell in South America by -21.6%, in Asia by -5.5% and in Europe by -3.8%. Fabric stocks were up globally by +5.6% with South America recording a jump of +35.9% and Asia a small increase of +1.5%. In Europe inventories fell slightly by -0.2% and in North America by -2.6%, the lowest levels ever recorded in both regions. As compared to the 4th quarter of 2008, global fabric inventories increased by +7.4%. In South America stocks soared by +30.8% and rose in Asia by +9.3%. On the other hand inventories in North America dropped by -16.9% and decreased by -2.85 in Europe.

In Europe yarn and fabric orders continued to recover somewhat by +2.6% and +1.7%, respectively, whereas Brazil recorded significant lower orders (-12.4% and -27.0%, respectively). On an annual basis yarn orders in Europe and Brazil were up by +4.3% and +16.8%, respectively, whereas fabric orders were down by -7.8% and -20.3%, respectively. In the 3rd quarter of 2009 both yarn and fabric orders experienced a strong increase. Yarn and fabric orders in Europe grew by +5.5% and +5.1%, respectively and those in Brazil even jumped by +19.1% and +10.0%, respectively. On an annual basis yarn and fabric orders in Europe were still down by -2.4% and -12.1%, respectively, whereas in Brazil they rose by +6.6% and +4.0%, respectively.

Source: International Textile Manufacturers Federation via CNTEX

International luxury brands may face product quality enforcement in China

DATE: 2010-04-08

China celebrated its Customer Right Protection Day on March 15, 2010. The Administration for Industry and Commerce of Zhejiang province (the Zhejiang AIC) issued penalty decisions to several well-known international luxury brands such as Hermes, Hugo Boss, Dolce & Gabbana, Paul & Shark, Trussardi, Tommy Hilfiger and Versace based upon routine quality examinations which found goods sold in China to be substandard.

According to findings by the Zhejiang AIC, the geographical places of manufacture of the substandard luxury goods are located in eleven countries and regions, including Italy, Turkey and France. The major problems with the imported luxury goods were quality and safety issues and counterfeit materials. The Zhejiang AIC detailed such problems as: (i) disqualified color adhesion; (ii) failure of PH value testing; (iii) excessive content of formaldehyde; and (iv) misdescribed fiber

Source: China Textile Network Company

content. The Zhejiang AIC has seized the substandard luxury goods and filed cases against entities who sold such luxury goods.

With its continuing growth as a major contributor to the global economy, China has been recognized by international luxury brands as an emerging multi-billion dollar consumer market with a legal system that is less advanced as other nations regarding consumer protection. Since joining in the WTO, Chinese authorities have observed the significant market for international luxury brands and the huge numbers of local consumers who are actual and potential market consumers. In recent years, more and more consumer complaints have been voiced regarding product quality. Chinese central and local government authorities have given attention to strengthening consumer protection and enforcement against substandard products produced by foreign luxury brands.

Consumer protection laws in the People's Republic of China are based upon two major laws: Chinese Product Liability Law (the PLL) and Law of Protection of Consumer Rights and Interests (the LPCRI). The PLL requires that all goods must be safe to consumers and their property, and adhere to State Standards or trade criteria enacted to ensure the health and safety of people and their property. The LPCRI gives customers the following rights: (i) inviolability of their personal and property safety; (ii) accurate and true information regarding the goods they have purchased and the services they have paid for and received; (iii) free choice of goods or services; and (iv) fairness in consumer transactions. Although, currently, no large-scale recalls of foreign luxury goods have occurred in China, consumers who have suffered from personal injury or property damage resulting from their purchase or use of goods or services have the right to demand compensation pursuant to the LPCRI. Under the PLL, the retailers of foreign luxury goods may also be fined.

Source: CTEI News

Early stimulus exit may hamper recovery

DATE: 2010-04-08



It is still premature at this stage for China to withdraw its fiscal stimulus despite the country's sustained economic growth, the World Bank said on Wednesday. Although the country registered an 8.7 percent GDP growth year-on-year in 2009, its private investment is yet to become the engine of growth, which would disrupt the recovery process, the bank said in its latest East Asia and Pacific Economic Update. China needs to carefully manage the withdrawal of fiscal stimulus measures in the short term while returning to the structural reform agenda to promote growth in the long

term "as it faces a very different global economy, which is characterized by slower growth in developed countries, tighter global financial conditions, and a more difficult environment for free trade", said Vikram Nehru, World Bank chief economist in a video conference from Tokyo.

The focus on structural reform for China means rebalancing the economy, including enabling a larger role for the services sector and private consumption and moving away from investment-heavy, export-led growth as well as encouraging environmental sustainability, the World Bank said in the report. In addition, with rising inflation and asset prices, and continued strong economic growth, the exchange rate of the yuan "is likely to appreciate" as it would help domestic economic restructuring, the World Bank said, without providing any forecast on the timetable for the yuan revaluation. "Strengthening the exchange rate can help reduce inflationary pressure and rebalance the economy," said Ardo Hansson, World Bank's lead economist for China.

Meanwhile, China's central bank is set to resume selling of three-year bills from Thursday, according to a Bloomberg report. The bills may yield between 2.7 percent and 2.8 percent at the sale, compared with 1.9264 percent for one-year bills, traders at three of the nation's largest banks were cited as saying. It could be a precursor to the first increase in benchmark lending rates in more than two years or allowing yuan to be more flexible, Jiang Chao, analyst at Guotai Junan Securities Co told Bloomberg. "This is meant to pave the way for the central bank to raise interest rates or resume yuan appreciation," said Jiang. "The central bank can drain liquidity by issuing bills if the interest-rate hike or appreciation attracts more hot money."

"The People's Bank of China needs to use higher-yielding bills to attract banks so that they won't make too many loans," Xu Xiaoqing, a bond analyst at China International Capital Corp told Bloomberg. "Three-year bills can lock up banks' cash for longer periods, which will push up money-market rates and bond yields." The World Bank expects China's GDP to expand by 9.5 percent year-on-year in 2010, with inflation reaching 3.5 percent to 4 percent on average, higher than the pre-set government goal of 3 percent.

It also raised its forecast for economic growth in East Asia to 8.7 percent in 2010, compared with 7.8 percent in its November 2009 forecast.

Source: Bloomberg contributed to the story via CNTEX

Huzhou: Cotton Import Soared

DATE: 2010-04-07

According to Huzhou Bureau of Inspection and Quarantine, it had inspected imported cotton five batched, or about 800,000 kg, with value of 1.36 million USD since early this year. Both the import quantity and value have gone beyond the total figure in last year.

Source: CTEI News

China to step up efforts to eliminate outdated industrial capacity

DATE: 2010-04-07

China will continue to shut down outdated capacity in major industrial sectors to reduce pollution, save energy, and upgrade industry, the State Council, or Cabinet, said in a statement released Tuesday. The sectors include power, coal, steel, cement, non-ferrous metals, coke, paper making, tannery and printing and dyeing, according to the statement. The country will eliminate by the end of 2010 more than 50 million kilowatts of small coal-fired power generators and 8,000 small coal mines which are lacking in work safety standards, overly energy-intensive or not environmentally friendly.

Small coking coal makers with a coking chamber height of less than 4.3 meters will be closed by the end of 2010, the statement said. It said the country will phase out mill furnaces below 6,300 kilovolts in the ferro-alloy sector and calcium carbide by the end of 2010. In the steel industry, furnaces smaller than 400 cubic meters will be shut down by the end of 2011. The country also plans to close outdated capacity in the construction materials sector, light industry and textile industry sectors, the statement added. The government has been stepping up the shutdown of outdated production capacity, which has been blamed for pollution and the holding back of industrial upgrading.

In 2009, China closed small thermal power stations generating 26.17 million kilowatts of electricity and shut down backward steel-making facilities with production capacity of 16.91 million tonnes, according to the government report delivered to the parliament in March. The report also said the

country phased out outdated capacity of 21.13 million tonnes in the iron-smelting industry, 74.16 million tonnes in the cement industry and 18.09 million tonnes in the coke industry.

Source: *China Daily via CNTEX*

Rising rupee dents textile exporters' margins

DATE: 2010-04-07

At a time when knitwear exporters are looking at a turnaround of sorts, constant appreciation of rupee has come has another blow for them. The US dollar is going below the Rs 45 mark. The rupee on Wednesday gained 20 paise against the US dollar on late selling of the American currency by exporters amid signs of sustained capital inflows. For an industry that's almost entirely dependent on exports a rise in rupee would have a severe impact on profits.

This would mean foreign consumers turning away from India to other markets like China, Sri Lanka and Thailand. Knitwear exporters of Tirupur are predominantly dollar dependent. Even though some of them have taken a 'forward cover' or hedge against currency volatility, the covers for the quantum of orders is less and only large export units manage to hedge. Knitwear industry is highly margin intensive. The recent hike in yarn prices coupled with the sudden rise in the rupee against the dollar has severely dented Tirupur's chances of getting back to the high growth path.

Source: *beta.profit.ndtv.com via CNTEX*

U.S.-China Trade War Would Be A Disaster

DATE: 2010-04-07

In light of the number of manufacturing and goods-producing jobs lost in America over the past decade, it's no wonder why many in Washington and on Main Street are clamoring for a trade and currency war with China. The raucous debate has grown so loud that Congress, the Treasury and the Commerce Department may soon be forced to declare China a currency manipulator. Sens. Lindsey Graham, R-S.C., and Charles Schumer, D-N.Y., have introduced legislation that would compel the Treasury to cite the Chinese as currency manipulators and allow the Commerce Department to impose duties and tariffs on imports. A showdown was imminent until April 3. That's when Treasury Secretary Timothy Geithner delayed the deadline, which was originally scheduled for April 15, and gave his department more time to deliver its semiannual report on foreign exchange.

Make no mistake: The reduction in the manufacturing and goods-producing sector (manufacturing, mining and agriculture) of the economy continues to be a serious problem. Manufacturing's contribution has fallen from 14.5% of U.S. gross domestic product in 2000 to 11.5% now. More troubling is the jobs picture. The U.S. has lost 5.7 million manufacturing jobs over the past decade. Measured in terms of all goods-producing sectors, the losses come to a stunning 6.8 million jobs. Employment woes aside, the answer for the U.S. can't be found in simply forcing the Chinese to appreciate their currency, or by devaluing the U.S. dollar. History shows such currency manipulation to be a complete failure, as it was between 2005 and 2008. China announced in 2005 that it would increase the value of its currency and abandon its decade-old fixed rate of exchange with the U.S. dollar in favor of a link to a basket of currencies--the same sort of policy some politicians are now seeking. Three years later China returned to a dollar peg.

During the time the yuan was un-pegged to the dollar, it rallied from 0.1208 to 0.1467 dollars to the yuan. That's a rally of over 20%. Yet the rising yuan had a negligible effect on America's trade balance with China. In fact the U.S. deficit with China was \$201 billion in 2005. Three years later it

Source: China Textile Network Company

had soared by one-third to \$266 billion. The truth is that currency values are important but not as important as the wages, taxes and regulations within a given country. To be clear, I believe China manipulates its currency. But the question is what the U.S. should be doing about it? Trade and currency battles are not the answer. After all, the U.S. must finally accept that it's up to the Chinese how they want to handle their trade surplus. If they want to continue to recycle it into our bond market--thus providing us with much lower rates of interest--then so be it. If the Chinese don't want to sell dollars and drive up the value of the yuan, then perhaps we need to consume less and/or produce more as a country. Because of the vast quantities of Treasury holdings the Chinese possess, we aren't in the position to force them to do much of anything.

This raises another policy question: Do the Commerce and Treasury departments believe that a stronger yuan would cause U.S. factories to sprout up like spring dandelions? Contrary to what many think, the U.S. should lower taxes and reduce regulations if it wants to compete more effectively with China. We should also concentrate on boosting high-tech manufacturing and not necessarily seek to merely supplant China's textile industry. A bilateral trade and currency war would hurt both countries, but China less than the U.S. For China, such a dispute would hurt the value of exports and Treasury holdings. However, a rising yuan would also boost Chinese living standards. Consider the benefits China would enjoy from paying less for metals and energy imports.

Eventually, China's middle class will grow large enough to consume the country's own production. For the U.S., that will force the Treasury to scramble to find a replacement for China's support of our bond market and much higher interest expenses to service our debt. It could also send interest rates sufficiently higher so as to cripple our still overleveraged private sector and now massively indebted public sector. For U.S. consumers, unlike their Chinese counterparts, it would mean the return of inflation in earnest--especially given our heavy reliance on imports. For all these reasons, we should think twice about declaring China a currency manipulator. Even if we do choose to use the label, we should be aware that alone it will not resuscitate the goods-producing sector of our economy. If we really want to compete with the Chinese and boost U.S. exports, we should pass laws that significantly reduce the impediments for businesses to compete right here at home. Two good places to start are by reducing corporate taxes and by defeating the Card Check Bill that is aimed at giving unions a stronger hold on our economy.

Source: greenfaucet.com.via CNTEX