

EXTRACT

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German exports jump on Chinese demand

DATE: 2010-07-09

German exports surged and industrial production showed big gains in May, with many of the country's manufacturers singling out China as the driver of what seems to be an ever-faster recovery of Europe's largest economy. We're seeing a pick-up in Chinese domestic demand, said Hans-Jochen Beilke, head of Ebm-Papst, which makes ventilators and electric motors. The Chinese are buying more and more fridges, dryers and cars. Mr Beilke said some sectors seemed to be overheating and that German exports might not continue to grow at their current pace. But, with demand increasing in other markets, recovery could keep going for a year or two, he said.

Industrial production rose 2.6 per cent in May, extending a 1.2 per cent gain a month earlier, with the economics ministry in Berlin reporting above average growth rates in the metal-working and carmaking sectors. Seasonally adjusted exports rose 9.2 per cent against the previous month almost as fast as the 10.8 per cent gain in March, the fastest month-on-month rise seen by the statistical office since the early 1990s. In April, exports fell 6.3 per cent but that figure now appears to have been an anomaly. Although the figures are very volatile, the trend in foreign trade is still clearly upwards, said Simon Junker at Commerzbank. Economists also took comfort from a surge in imports, which rose 14.8 per cent in May compared with April. Andreas Rees at Unicredit said this suggested underlying momentum in the industrial sector is still strong. Since May last year, when continental Europe was in the midst of its worst recession since the second world war, German exports have risen 28.8 per cent and those to markets outside the European Union by 39.5 per cent. Such trends do not make everyone happy, however. Europe and the US remain Germany's largest export markets, but some worry that German manufacturing might be becoming too dependent for growth on China at a time when the euro is again gaining strength.

Without China we would hardly have seen this recovery it's a frightening trend, said Hannes Hesse, managing director of the VDMA engineering association. Demand for textile machines was almost exclusively Chinese. Demand? said Diether Klingelberg, chairman of Klingelberg, a maker of machine tools based near Cologne. It's China, China, China by a long way, then India, Brazil, then Russia and the US remains weak, as do many of our European markets. He cautioned that the upswing German industry was seeing was not supported by broad shoulders across the globe.

Some economists have warned that a slowdown in global economic growth could curb German growth in coming months. Many already expect gross domestic product growth to slow from 2 per cent or more this year to 1.5 per cent in 2011.

Source: *The Financial Times* via CNTEX

Himfr Report: China's Cotton Market

DATE: 2010-07-09

Himfr.com, one of China's leading B2B search platforms with more than 30 B2B industry websites to its name, reports on the recent rise in China's cotton prices. Textile enterprises have ample stock of cotton -- enough supply to support the fabrication of new cotton products for a long period of time. Many textile enterprises purchase cotton when the price is low, and currently, for large- and medium-sized enterprises, inventory is sufficient. There are some large-scale textile enterprises that have 6-months worth of cotton stocked, which can support enterprises until the end of September. This is sufficient to prove the full resource capacity of China's domestic cotton industry.

Adverse weather effects can delay the sowing of cotton in many areas, but this does not mean that there has been a poor cotton harvest. As the cotton growth cycle is longer, it has a stronger capacity to resist natural disasters. Due to climate in China experienced over the past two years, some cotton growing areas have switched to early-maturing cotton. There has also been a strengthening in cotton farm management, and China's cotton harvest is expected to benefit with a substantial harvest. At present there is a pre-arranged state cotton quota of 0.6 million tons. At the same time, the state is adopting regulatory policies to ensure cotton market supply. RMB appreciation's negative impact of the textile industry cannot be ignored. According to studies, with every 1% appreciation of RMB, the textile industry's sales fall 2% - 6%, damaging exports considerably.

Currently, domestic cotton supply is balanced. The international economic situation and China's macroeconomic regulations and controls are the main factors limiting a continued rise in cotton prices. Although current cotton prices have risen to a near peak state, most businesses are simply waiting to see the trend in cotton pricing for the future. If RMB appreciation is significant, it will not be favorable for cotton and downstream textile industry development.

Source: *prnewswire* via CNTEX

China's yuan stronger against USD Friday, with central parity rate slightly down

DATE: 2010-07-09

The central parity rate of the yuan, China's currency Renminbi (RMB), to U.S. dollar stood at 6.7753 Friday, compared with 6.7768 for Thursday, according to the data released by the China Foreign Exchange Trading System. The central parity rate of the yuan to the U.S. dollar started from 6.7733 on Monday, which is the strongest performance of yuan in this week. Then the rate climbed to 6.7790 on Tuesday, making yuan the weakest against USD in this week. The climbing trend of snapped on Wednesday with the central parity rate stood at 6.7781. From Wednesday to Friday, the yuan became stronger against USD bit by bit with central parity rate declines three days in a row.

The yuan-dollar central parity rate was 6.7720 last Friday, the strongest since China announced to unpeg the yuan from the U.S. dollar in July 2005. China's State Administration of Foreign Exchange (SAFE), the foreign exchange regulator, said Thursday it will keep the exchange rate of the yuan basically stable at a reasonable and balanced level. China's central bank announced on June 19

that it would further the reform of the formation mechanism of the yuan exchange rate to improve its flexibility.

Source: Xinhua via CNTEX

China's western region development plan a dual strategy

DATE: 2010-07-09

Ten years after it unveiled a strategy to promote growth in its western area, China announced a plan to continue the initiative, even as the world's third largest economy strives to shift to a more domestic-driven growth. "The plan will not only benefit the western region, but is also crucial to the sound and fast development of the whole nation," Du Ying, deputy director of the National Development and Reform Commission (NDRC), the country's top economic planner, said at a Thursday press conference. "Under the new plan, the central government will focus on boosting economic growth, raising people's living standards and enhancing environmental conservation in the western region during the next ten years," Du said. The central government will also enhance support for development in the region by lowering tax rates and prices for industrial lands, he added.

The NDRC, along with other departments, will compile a catalogue of industries in the western region covered by the government's favorable policies. Companies in these industries will enjoy a favorable corporate income tax rate of 15 percent, compared to the regular rate of 25 percent. The move to further develop the west came as the government took steps such as subsidizing auto and home appliance buyers, to boost domestic demand and lessen reliance on exports. Challenges for China's future development lay in "whether we can continue to boost domestic demand and make it a foundation for overall sustainable growth and whether we can remove constraints on resources and environment," Du said. Turning to this vast region and market was a strategic move, which would help China bolster domestic demand and accelerate transformation of the economic growth pattern, Vice Premier Li Keqiang had said. The vast, resource-rich western region has great potential to help enhance domestic demand as the regional population accounts for 27.5 percent of the country's total, while consumption only takes 18.4 percent of national retail sales, Du said.

Early this week, NDRC said it will unveil 23 new infrastructure projects in the western region this year, with a total investment of 682.2 billion yuan (100.62 billion U.S. dollars). The money will be utilized in building railways, roads, airports, coal mines and hydro-power stations. More investments in these new projects than in those started in 2009 reflected the government's intention to push the growth further into the poorer inland region, UBS Securities economist Wang Tao said in an emailed note to clients. China initiated a western region development strategy in 2000 in an effort to help this less-developed area catch up with the relatively well-off coastal area. The strategy covers infrastructure construction, attracting foreign investment and increased efforts in ecological protection. The western region involves six provinces, five autonomous regions and Chongqing municipality, accounting for more than 70 percent of the Chinese mainland's area and habitat of 75 percent of the country's ethnic minority population. Due to this strategy, the combined gross domestic product of the western region reached 6.69 trillion yuan in 2009, four times more than the 1.67 trillion yuan in 2000.

Source: Xinhua via CNTEX

\$100 billion to go to poorer West China

DATE: 2010-07-07

The central government has said it will invest more than \$100 billion in 23 new infrastructure projects in the underdeveloped western regions this year to boost domestic demand. The plan was announced on Monday after Premier Wen Jiabao said the Chinese economy is facing an "extremely complicated" situation and two purchasing manager surveys showed manufacturing activity had slowed in June. The 682.2 billion yuan will be used to build railways, roads, airports, coal mines, nuclear power stations and power grids, the National Development and Reform Commission said on its website. Construction will start this year to "actively expand domestic demand and promote the fast and healthy development of the western areas", the top economic planning agency said. The areas include Northwest China's Xinjiang Uygur autonomous region, North China's Inner Mongolia autonomous region, Southwest China's Tibet autonomous region, and Sichuan and Yunnan provinces.

The country has long sought to boost development in the poor western areas. It spent 2.2 trillion yuan on 120 major projects between 2000 and 2009, the statement said. At a conference running from Monday to Tuesday in Beijing, President Hu Jintao said the following decade is the key period for further developing the country's vast western regions. He said despite tremendous progress, the western regions still lag behind the eastern areas. In 10 years, the western regions should be built into the country's bases for energy resources, resource processing, equipment manufacturing and for the country's emerging industries of strategic importance, Hu said. Vice Premier Li Keqiang said at the meeting that turning to the vast region and market is a strategic move. It would increase domestic growth and transform the national growth mode. Hu said that over the coming 10 years, the living standard for people in the western regions should be greatly improved and the environment better protected.

To achieve these goals, Premier Wen said favorable taxation policies would be adopted for certain enterprises in the western regions. He said the resource tax on coal, crude oil and natural gas will be levied according to price, instead of quantity, in the western regions - a change expected to significantly increase local governments' tax revenues. The central government will also invest more to help the western regions improve public services, such as education, healthcare, social security and poverty alleviation, Wen said.

Source: CNTEX

Marketing strategies for growth in China

DATE: 2010-07-05

As China's economy recovers from the global downturn, the most recent retail sales figures show strong and steady growth over the last year. It's clear that higher incomes continue to fuel consumer thirst in China for a wide range of goods and services - from basics to luxury products. Indeed, China's continued role as a valued member of the international community and a driver of global economic growth means the Chinese consumer is an increasingly important target for domestic and international brands looking to tap into a vast and - in many parts of the country - untapped, market. Marketing has an important role to play in the success of these brands and in the development of the Chinese market. It will be an economic accelerant, informing consumers about new products, facilitating the market penetration of many brands and sparking innovation as consumers look for next-generation goods. Marketing will also play a role as a social accelerant, embedding values of trust and reliability into the market with every successful transaction between seller and buyer. With each brand promise met, the social contract between brands and consumers

is strengthened. In an increasingly crowded market, however, brands seeking to reach Chinese consumers will need sophisticated approaches to get results.

Source: Xinhua via CNTEX

Textile exporters face tough competition in US market

DATE: 2010-07-05

The Indian textile industry is facing tough competition in the US, as exporters from smaller countries like Bangladesh are cornering the lucrative market at a faster pace, a FICCI study said. "In addition to China, countries like Indonesia, Vietnam and Bangladesh have managed to perform better than India in the US market in 2009," the study said. Bangladesh, Indonesia and Vietnam managed to increase their share in the US textiles and apparel import in 2009 year on year at a faster rate than India. India's share increased by 0.17 percentage points in 2009 over the previous year but share of Bangladesh, Indonesia, Vietnam and China increased by 0.5, 0.4, 0.67 and 4.3 points, respectively, the study said.

China accounts for about 37 per cent of the US's textiles and apparel import while India's share is less than six per cent. Vietnam has already surpassed India in the US market. In the EU market too, India's textile export witnessed higher fall than that from countries like China, Turkey and Pakistan. India's textiles exports to EU fell by 15.7 per cent. The US and EU accounts for India's 60 per cent textile exports. India's textile export in 2009-10 were valued at \$20 billion.

Source: business-standard via CNTEX

China is growing bright fashion designers, head of Italian luxury brand says

DATE: 2010-07-05

A new generation of young Chinese designers are entering European catwalks, making an impact on the future of fashion, president of the financial holding of Trussardi fashion group, Maria Luisa Trussardi, told Xinhua in a recent exclusive interview. "I attended two young designers awards in Hong Kong and I was positively surprised to find so many young Chinese talents in the world of fashion," said Trussardi. Widow of Italian fashion designer Nicola Trussardi, who turned his family's glove-making business into a world's top fashion company, she is also deputy president of the Italy-Hong Kong Association, a club for the purpose of networking and exchanging of business information and ideas. "China is the home of the future, so I am very interested in following the development of its young fashion talents, that I find extremely creative and smart. Some time ago I held a course of Economics of Fashion at Roma's La Sapienza university and I clearly remember that my best student was Chinese," she recalled. Trussardi told Xinhua that she can perceive a sense of style boldly emanating from Chinese designers' creations, due to their special ability to feel the intimate essence of beauty.

"They possess a tremendous and very sophisticated aesthetic sense, so that their clothing cherish the body rather than dressing it, enhancing its natural elegance," she highlighted. "Creations by Chinese designers fit very well Westerners' body features too, for example Chinese silk is so extraordinarily beautiful and comfortable," Trussardi pointed out adding that herself has two silk night-gowns by leading Chinese luxury brand ' Shanghai Tang'. Speaking of the fusion of different fashion styles as a result of the globalization, Trussardi strongly wished that young Chinese designers keep their own identity alive. "Of course innovation comes from the melting of different cultures, but it's important to keep in mind that present is the result of a glorious past," she stressed.

Source: China Textile Network Company

"Each culture has to maintain its characterizing elements, yet adapting them to modernity, so that a Westerner looking at Chinese fashion creations can perceive something be it a small or undetectable element - that refers to a millenary and rich tradition." "Actually some of these elements already mark China-inspired fashion collections, as many Western designers named 'China blue' and 'Red lacquer' the garish colors typical of Chinese art," she said.

Source: Xinhua via CNTEX

China exploring new approaches to protect environment

DATE: 2010-07-05



China's government is exploring new approaches to protect the environment and to deal with the heightening conflict between environmental protection and economic growth, said Zhou Shengxian, Environmental Protection Minister, Saturday. China took only 30 years to have the environmental problems that had gradually emerged in developed countries over 200 to 300 years, said Zhou at a theme forum of the Shanghai World Expo in Nanjing, capital of east China's Jiangsu Province. "As a big developing country with a population of 1.3 billion people, China is under unprecedented pressure for both economic development and environmental protection," he said. "Therefore, we have to learn lessons from other countries, continue to reform and explore new approaches to protect the environment." The "new approaches" should feature "low cost, good returns, low emissions and sustainability," he said. However, he did not elaborate on what the new approaches were. "While achieving targets for economic development, we have to make sure that 1.3 billion people drink clean water, breathe fresh air and eat safe food," he said.

Source: Xinhua via CNTEX