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China Nonwoven Fabric Imports by Origin in Jan.-Dec. 2009 (Monthly Report)

DATE: 2010-03-12

Industrial textiles industry is one of the very few sectors of the textile industry, that is growing at a very fast pace, especially in the Asian region. This monthly update provides official CNTAC (China National Textile & Apparel Council) data on China Import of nonwoven fabric.

Country of origin	Accumulated value (\$ 10,000)	Accumulated unit value (\$ 10,000/ton)	Y-on-Y change (value, %)	Y-on-Y change (unit value %)
U.S.	17670	0.41	- 27.23	- 4.62
Japan	16960	1.35	9.56	13.82
Taiwan	8111	0.33	- 8.78	- 0.60
Korea	6510	0.50	- 15.77	11.96
Germany	3301	0.85	- 9.52	- 5.37

Source: CNTAC Statistics Center

China's consumer price index rises 2.7% in Feb.

DATE: 2010-03-11

China's consumer price index (CPI), a main gauge of inflation, rose 2.7 percent year on year in February, the National Bureau of Statistics announced Thursday. Food prices rose 6.2 percent last month year on year, with non-food prices rising 1 percent from a year earlier. The figure was 1.2 percentage points higher than January's figure, partly due to the Lunar New Year holiday falling in February this year, a time when Chinese spend a lot of money on food, alcohol, cigarettes and gifts.

China's CPI ended nine months of decline in November last year, when it rose 0.6 percent. In December it rose 1.9 percent, as freezing weather helped push up food prices. The producer price

Source: China Textile Network Company

index (PPI), a major measure of inflation at the wholesale level, rose 5.4 percent in February from a year earlier, up from January's 4.3 percent. It ended 12 months of decline in December last year, up 1.7 percent.

Source: Xinhua via CNTEX

China's PPI up 5.4% in Feb.

DATE: 2010-03-11

The producer price index (PPI), a major measure of inflation at the wholesale level, rose 5.4 percent in February from a year earlier, the National Bureau of Statistics (NBS) announced Thursday. It quickened from 4.3 percent in January this year, and 1.7 percent in December 2009, when the figure posted the first monthly rise since December 2008.

Source: Xinhua via CNTEX

EU begins negotiations with Asian countries

DATE: 2010-03-11

It's hardly surprising the EU is pushing for greater access to South-east Asia's rapidly recovering economies. If the ASEAN grouping of nations, comprising Singapore, Malaysia, Indonesia, the Philippines, Vietnam, Thailand, Cambodia, Laos, Myanmar and Brunei, were grouped as a single economic entity it would rank as the world's 10th largest economy and the third biggest market in terms of population. Already the EU has a trade deal with South Korea, it announced last week it was starting negotiations with Singapore and Vietnam. Drawn-out discussions with India are expected to be finalised by October.

ADAMS: I think the EU regards the Korea agreement as being successful the Indian agreement as a long drawn out process that will conclude and the Singapore agreement as sort of the test case to get a substantive agreement as a template that then could be applied to other members of ASEAN.

ALLE: Professor Charles Adams is from the Lee Kuan Yew School of Public Policy at the National University of Singapore. He's also a former Assistant Regional Director of the IMF based in Tokyo. He says the EU's push for closer trade ties with South-east Asia has in part been prompted by the failure of the Doha round of world trade negotiations which have ground to halt over differences between the Europeans and the Americans over agricultural subsidies.

ADAMS: Singapore as you know in terms of traditional trade measures is largely free. Obviously agriculture is not an issue for Singapore. So if you like, Singapore is going to give the EU the opportunity to go some of these deeper behind the border measures.

ALLE: But are there bigger stumbling blocks in relation to India where child labour and environmental issues still have to be agreed upon. Meanwhile New Delhi is forging ahead with its own free trade agreement with ASEAN which will result in the elimination of tariffs on more than 4,000 goods over the next few years, as well as freeing-up the provision of services and encouraging investment flows. China's FTA with ASEAN, which came into force at the beginning of this year, isn't universally regarded as positive. Some manufacturers are worried they cheap Chinese imports will flood their markets.

ADAMS: In the short run any effort any attempt to lower trade barriers is going to lead to adjustment costs for some groups for some sectors. In the case of Indonesia we're clearly seeing in areas like textiles and some food items that there are some pressures. Typically for that reason, most of these agreements include safeguards. And I think what we're seeing in the context of the ASEAN-China agreement is that some of these pressure perhaps has been a little stronger in some sectors

ALLE: Indonesia's textile and steel industries are reported to be so worried about the prospect of dismantling tariffs, they've asked the government for a delay on some provisions. On the other hand access to China's one-point-three billion consumers could bring significant benefits. The US too is moving to secure access to Asia's markets with talks starting in Melbourne next week on a proposed Trans-pacific partnership linking the American market with Singapore, Vietnam, Brunei, Chile, Peru and Australia. But the Obama administration will have to resist protectionist lobbying if unemployment remains stubbornly high.

If there are scenarios if US unemployment stays up at a high level for an extended period protectionist pressure will strengthen. If at the same time the Chinese don't move on their currency policy that will add fuel to the fire for protectionists so there are a number of risks out there so personally i htink it would be critical for Obama's team to come early behind numder one the Doha round and to send signals to its trading partners to the approaches its going to take.

Presenter: Scott Alle

Speaker: Professor Charles Adams,

Lee Kuan Yew School of Public Policy, National University of Singapore

Source: CTEI News

China Sourcing Fair: Garments & Textiles to Launch in 3 Cities in 3 Months

DATE: 2010-03-10

Global Sources (GSOL 6.52, +0.10, +1.56%) is expanding its China Sourcing Fairs in 2010 with the launch of Garments & Textiles. The show is scheduled to be held in Hong Kong, Singapore, and Johannesburg, South Africa in October, November, and December, respectively. As perhaps one of the most dynamic launches ever for a new show, suppliers from Greater China will be meeting face-to-face with leading buyers in 3 major trading and sourcing hubs. The Hong Kong event will attract a global audience of importers. Singapore is the key trading center for the Association of Southeast Asian Nations (ASEAN), China's fourth-largest export market, while Johannesburg is the primary gateway for China's fast-growing trade with Africa.

The Fairs aim to showcase finished products ranging from ready-to-wear garments such as casual, bridal, active, beach, lounge, and underwear, to fabrics, fibers, yarns, trimming materials and accessories. "These new shows build upon and complement our existing Garments & Textiles online marketplace, print and digital magazines, and Private Sourcing Events," said Tommy Wong, President of Global Sources Exhibitions. "China's textile and garment exports reached \$15.5 billion in January 2010 alone, and as the global economic recovery takes hold, overseas demand for garments and textiles is expected to increase."

China Sourcing Fair: Garments & Textiles is scheduled for:

- Hong Kong: Oct. 27-30, and thereafter every April and October at the AsiaWorld-Expo. (The event is to be co-located with China Sourcing Fairs: Fashion Accessories and Underwear & Swimwear.)
- Singapore: Nov. 22-24, Suntec Singapore International Convention & Exhibition Centre.
- South Africa: Dec. 1-3, Gallagher Convention Centre, Johannesburg.

Chairman and CEO Merle A. Hinrichs said: "The aggressive expansion of our China Sourcing Fairs into new categories and new locations is a three-pronged strategy. First and foremost, because import buyers do not place large volume orders through online marketplaces, virtually all suppliers want the face-to-face opportunities at our shows - where they can negotiate with buyers and win orders. Second, the shows heavily leverage the buyer community and the promotional support of our other media. Lastly, with various initiatives underway to further integrate all of our media, the expanded show schedule will provide tremendous additional exposure and sales leads for the advertisers using our online and print media."

About Global Sources

Global Sources is a leading business-to-business media company and a primary facilitator of trade with Greater China. The core business uses English-language media to facilitate trade from Greater China to the world. The other business segment utilizes Chinese-language media to enable companies to sell to, and within Greater China. The company provides sourcing information to volume buyers and integrated marketing services to suppliers. It helps a community of over 888,000 active buyers source more profitably from complex overseas supply markets. With the goal of providing the most effective ways possible to advertise, market and sell, Global Sources enables suppliers to sell to hard-to-reach buyers in more than 240 countries.

Global Sources offers the most extensive range of media and export marketing services in the industries it serves. The company delivers information on nearly 4.5 million products and more than 253,000 suppliers annually through 14 online marketplaces, 13 monthly magazines, over 80 sourcing research reports, and 17 specialized trade shows that run 55 times a year across 10 cities. Suppliers receive more than 136 million sales leads annually from buyers through Global Sources Online alone. Global Sources has been facilitating global trade for 39 years. The company's network covers more than 60 cities worldwide. In mainland China, Global Sources has about 2,500 team members in more than 40 locations, and a community of over 1 million registered online users and magazine readers for its Chinese-language media.

Source: Global Sources via CNTEX

Textiles suffer turbulent year

DATE: 2010-03-10

Usually high-flying foreign trade in the textile and garment industry had a bumpy year in 2009 as exports fell 10.1 percent to \$167 billion, according to the statistics from China Customs. Sun Huaibin, spokesman of the China National Textile and Apparel Council, blamed the decline on worldwide economic weakness as well as rising protectionism amid the global crisis. He said protectionism is mainly reflected in more stringent technical standards and "abuse of anti-dumping and subsidy measures", as well as use of safeguard provisions on imports. Last year more than 30 foreign investigations and preliminary rulings ranging from raw materials to finished products were made on China's textile exports. "We have little control over the economic slump, yet we can do something in intellectual property to better protect our export-related textile businesses against protectionism," Sun noted.

Source: China Textile Network Company

Intellectual property is playing an increasingly important role in economic exchanges, especially with developed countries, he emphasized. European Union countries, the United States and Japan are destinations of more than half the country's total textile and garment exports. Domestic companies should increase awareness of respecting intellectual property and at the same time protect their own legitimate interest, Sun noted. While some have begun to build brands, a great number of domestic clothes producers are still working as outsourced makers of other labels, known in the industry as original equipment manufacturing (OEM). That is not necessarily a problem, he said, noting that the OEM business model offers opportunities to import advanced facilities and management experience while creating jobs. Some Chinese proprietary clothes brands even have foreign subcontractors as their OEMs, marking significant progress in their brand building-up, Sun said. A wild fluctuation from the beginning to end of 2009 saw textile exports increase 4.4 percent year-on-year to nearly \$16.8 billion in December after a sharp fall in February.

Sun cited the central government's stimulus measures to increase domestic demand as a major reason for the rebound. With mounting orders from abroad slashed amid the global business slowdown last year, more export-oriented companies turned to the domestic market and joined in the already fierce competition. Such heated competition triggered some substandard market behaviors like counterfeited products and patent infringements. The council will step up campaigns for intellectual property protection, provide training on regulations and laws and publicize the names of infringing companies, Sun said. "Now it is a common consensus among the industry that enhancing management and protection of intellectual property is of great significance to maintain the interests of rights holders and companies involved to upgrade businesses and ensure the healthy growth of the entire industry."

Source: *China Daily* via CNTEX

China to keep yuan basically stable

DATE: 2010-03-09

China will keep the exchange rate of the renminbi, or the country's currency yuan, basically stable at a reasonable and balanced level, a central bank vice governor reaffirmed Tuesday. Yi Gang, vice governor of the People's Bank of China, also director of the State Administration of Foreign Exchange, said China achieved "relatively good" yields from its management over foreign exchange reserves in the past two years. China has fully considered risk control in the allocation of the currencies and assets, and high-risk products such as subprime mortgages and collateralized debt obligations are not among China's investment list, he said at a press conference on the sidelines of the annual session of the National People's Congress, the country's top legislature. China's foreign exchange reserves stood at \$2.3992 trillion at the end of 2009, an increase of 453.1 billion dollars year on year.

Source: *China Daily* via CNTEX

Textile Export to ASEAN Heading towards Full Recovery in 2010

DATE: 2010-03-08

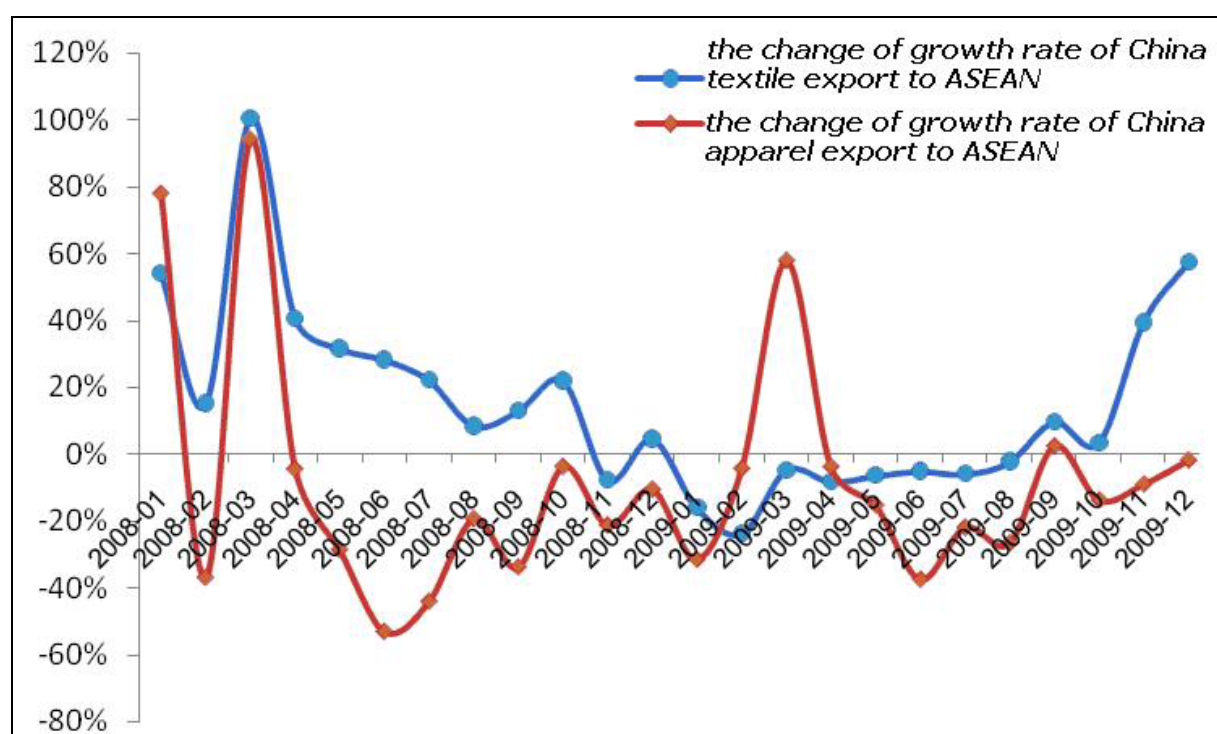
On Jan. 1, China's Free Trade Agreement with ASEAN (CAFTA) came into effect, an important step for China's strategy that could spur multi-destination textile export. Under the FTA, the average tariff on goods from ASEAN countries to China is reduced from 9.8 percent to 0.1 percent. The six original ASEAN members - Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand - slashed the average tariff on Chinese goods from 12.8 percent to 0.6 percent. The FTA is mutually

Source: China Textile Network Company

beneficial. With full consideration of economic development levels and market capacities of both sides, the FTA will advance the regional economic integrity by eliminating barriers of trade and investment. There are a lot of advantages for every country: China and the ASEAN states complement one another in many ways: On the one hand, China has easy access to the other countries. On the other hand, the existing ASEAN countries can import raw products from China at lower costs to be more competitive with other countries.

Market shares in ASEAN up 0.49%

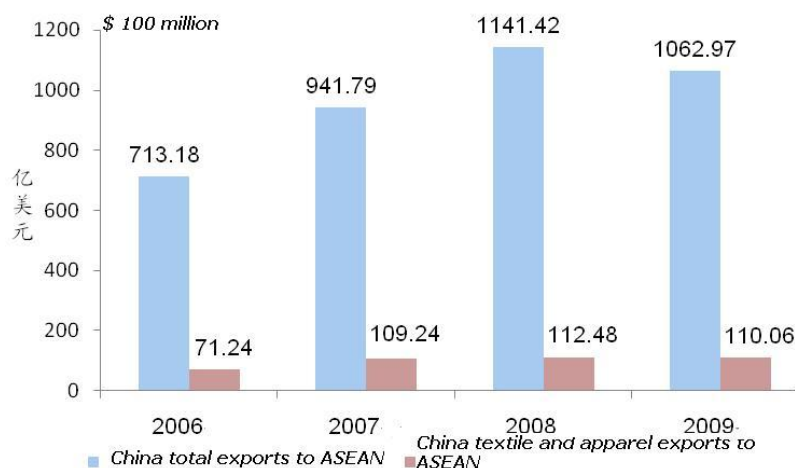
After global economic crisis, China was increasingly focusing more on ASEAN markets for growth. From Jan. to Dec. 2009, China's accumulated textile and garment export value to ASEAN amounted to \$11.006 billion, which accounted for 6.42 percent of China's total textile and apparel export value, up 0.49% y/y. It is noted that the export growth rate of China's textile to ASEAN were 3.35%, 39.30% and 57.20% in Oct., Nov. and Dec. 2009 respectively. Vietnam, China's biggest textile market, imported \$2.234 billion worth of Chinese textile in 2009, up 11.02 percent y/y.



Good times ahead

Thanks to swift government response - including reduction of interest rates, decreasing bank reserve requirements and stimulus spending - Asian economies led the global recovery from the worst recession in decades. The Asian Development Bank (ADB) said the region's GDP would grow by 4.5 percent last year, a rate higher than many other parts of the world. Indonesia's economy, Southeast Asia's biggest, grew 4.5 percent last year and is on track to lead the region's recovery from the global economic crisis. Resilient domestic demand, stimulus spending and political stability helped the mainly Muslim nation of 234 million people weather the economic turbulence of 2009 and emerge poised to resume its pre-crisis growth trajectory; Vietnam's economic grew 5.32 percent last year. The rate of growth in 2009 - which took the gross domestic product to 1,645 trillion dong (\$88.92 billion) - is in line with the government's target of between 5.2% and 5.5%; Thailand's gross domestic product for 2009 contracted 2.3 percent year on year, better than the government's earlier forecast of a 2.8% contraction; Singapore's economy fell 2.0% in 2009, better than the government's earlier forecast of a 2.1% contraction.

ASEAN is one of the most dynamic regions in the world. If ASEAN were a single economic entity, it would rank as the world's tenth largest economy, the third biggest market in the world in terms of population, the fifth largest trading bloc and the tenth in terms of FDI inflows. The China-ASEAN Free Trade Area, the world's largest free trade area of developing countries, covers a population of 1.9 billion and accounts for about 4.5 trillion U.S. dollars in trade volume. China-ASEAN free trade agreement could result in huge growth in bilateral trade between China and ASEAN, especially since the demand from the United States and Europe has plummeted during the global financial crisis. The global financial crisis has prompted Beijing to hedge the weakening U.S. dollar by encouraging the regionalization of the RMB as a settlement currency for trade and other current account transactions in Asia, and bypassing the use of the U.S. dollar. According to some estimates, the total trade between China and ASEAN members could reach \$4.5 trillion once the FTA is launched. The launch of CAFTA will provide momentum for broader regional growth and may facilitate a decoupling from the West, as the RMB plays a more prominent role in the regional economy. If the Chinese government could push RMB regionalization successfully, there would be a huge potential gain for the Chinese exporters.



Vulnerabilities and risk

It is not contradictory for China to enjoy the convenience of regional economic integrity by eliminating barriers of trade and investment, while still suffering from vulnerabilities inside the ASEAN countries. For example, Vietnam devalued its currency 3.4% against the U.S. dollar effective on Feb. 11 2010, the second time in less than three months it has downwardly adjusted the value of the dong, which affect the competitiveness of Chinese textile products and further

exacerbate competition on market. Moreover, although the Thai economy is expected to continue growing with the support of global economic recovery, Bank of Thailand (BoT) predicted that the political uncertainties in the country remain a key risk factor. The political uncertainty gripping the country could damage investor confidence.

Source: CTEI Exclusive

CPPCC Textile Members Voice Their Concerns

DATE: 2010-03-05



The Third Session of the 11th National Committee of the Chinese People's Political Consultative Conference (CPPCC), the country's top political advisory body, opened in the Great Hall of the People in Beijing Wednesday. Most of the proposals of textile industry to the CPPCC are related to the following seven topics :

Source: China Textile Network Company

1. The labor shortage.

China's coastal industrial heartland is facing a severe labor shortage as many migrant workers have not returned.

2. Soaring Cotton Prices

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.

3. Boosting the development of the middle and western land

As long noted, China's robust manufacturing output was largely being achieved through strong productivity of developed eastern provinces. However, over the past couple of years, China has been fastening its grand western development program, to boost the development of the middle and western land.

4. Industrial upgrading

Chinese enterprises are eager to venture into high-grade textiles areas, but they have been put off due to high capital expenditure required to bring in the necessary technology. It may be true that foreign investment can play a role in industrial upgrading. However, the industry cannot depend on foreign investment alone for this. It will have to work with our own hands.

5. Textile export recovery and vulnerabilities

Although the textile industry has seen a recovery, international trade environment does not clear up and risks still exist. China is under growing pressure from its international trading partners, led by the US, Europe and Japan, to let the renminbi rise.

6. Low-carbon

"Low-carbon" is one of the most popular buzz-words at this year's NPC session, as calls for a greener economy grow.

7. Policies adjustment.

If an immediate yuan appreciation takes effect, some textile suppliers trust the government to announce additional export tax rebates as a support measure for exporters. This move, however, might not bring relief to many companies. Some experts said the current 16-percent tax rebate is already close to the 17-percent ceiling.

Source: CTEI News