

EXTRACT
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China's exports of cotton fabrics resumed from January to April

DATE: 2010-06-18

China's exports of cotton fabrics resumed from January to April 2010, compared to reduced exports of cotton fabrics in the same period 2009, according to data of the Statistics Center under the China Textile Industry Association. Growth in export volume reached 21.37 percent year on year, growth in export value fetched 26.19 percent year on year.

Among them, the biggest increase was in cotton fabrics. From January-April 2010, China's exports of cotton cloth reached 491 million meters, export value totaled US \$434.91 million. Exports of cotton fabrics mainly concentrated in South Korea, Vietnam, Thailand, Hong Kong, China and Japan.

In the first 4 months, China's cotton fabric exports to these five countries and regions accounted for more than 55 percent of total export volume and 54 percent of total export value.

Source: ccfgroup

High cotton prices pinch denim producers margins

DATE: 2010-06-18



The flare-up in raw cotton prices in recent months by nearly 25-30 percent has put pressure on margins of the cotton value-added chain, and the denim fabric manufacturing sector in particular, since it is not possible for them to pass on the increase in costs at one time.

The denim fabric is normally produced from short staple cotton fibre, which has an average length between 12-24 mm and the prices of the V-797 short staple cotton variety which is grown in Gujarat has shot up by 25 percent since last October.

Raw cotton accounts for around 50 percent of the input costs in denim fabric manufacturing and the surge in prices has resulted in production costs ascending by around 12-15 percent. Though the

denim producers have hiked prices, it is completely not possible to pass on the complete burden to their buyers.

According to Dr PR Roy, who is known as Father of Denim in India and is a reputed Textile Management Consultant and also Director of Fibre2Fashion, Globally there would be a trend of higher cotton prices for the days to come, excepting perhaps at the beginning of the upcoming new season.

He added by saying, Cotton prices may not come down appreciably in long run and accordingly textile players particularly the denim producers would have to look at somehow more economic cotton mixing for a given product and or increasing sales prices.

He concluded with an advice to denim producers by saying, Denim manufacturers should invest in product development and product innovation, which might help them to realize higher denim fabric prices and also try to increase sales volumes to reduce the impact.

Source: Fibre2fashion News Desk - India

U.S. prices could rise with Chinese workers' salaries

DATE: 2010-06-17

Rising wages in China are stoking concerns that U.S. consumers will ultimately pay more for Chinese-made products from iPads to Levi's.

For years, foreign companies have contracted with Chinese suppliers to make products, drawn by the low-cost labor. But as local Chinese governments raise minimum-wage requirements and workers clamor for higher salaries it's becoming more expensive to do business in the country.

Honda recently agreed to a wage increase after striking workers shut down plants that make its auto parts. Foxconn, which makes electronic components for Apple, Dell and Hewlett-Packard, doubled assembly-line workers' pay amid criticism of factory conditions and a spate of employee suicides. KFC, owned by the USA's Yum Brands, reportedly agreed to increase worker salaries this month in Shenyang, China, as part of a collective bargaining agreement, China's news agency, Xinhua, reported.

If wages continue to go up, "inevitably, companies like Apple will have to pass along some increased costs to customers," says Victor Shih, associate professor of political science at Northwestern University. U.S. consumers are probably already seeing higher prices, though it's difficult to pinpoint exactly how much is due to China's rising wages, says Gareth Leather, China analyst for the Economist Intelligence Unit.

Apple, Dell and Levi Strauss, among other U.S. companies that make products in China, declined to comment. Andrea Resnick, a spokeswoman for leather goods maker Coach, says the company has no plans to raise prices because it can offset higher labor costs by shifting production outside of China.

Other U.S. companies have also considered moving production to emerging markets such as Vietnam and Bangladesh, or from coastal areas of China to inland regions, where labor costs are typically lower. China's rising wages "will accelerate the process of companies reassessing what is the best place for production," says Bart van Ark, chief economist for the Conference Board, which has more than 1,200 corporate members around the world.

Generally, when costs go up, "Someone has to pay the bill," says Andreas Lauffs, head of the employment law group at Baker & McKenzie law firm. Chinese manufacturers can absorb them or pass them along to U.S. companies, which then have to decide whether to raise prices .

In the textile industry, labor can make up as much as a third of overall production expenses, according to the Economist Intelligence Unit. But labor costs in other industries may represent only a small percentage 3% to 5% by some estimates which could make it easier for U.S. companies to bear one-time increases. Worker productivity is also rising, a development that will help offset higher wages.

Source: usatoday via CNTEX

U.S. textile and apparel imports from China increase by 21.54 percent

DATE: 2010-06-17

China's overall textile and garment exports show a steady rise in 2010, due to stabilized demand in American and European markets. U.S. Customs data revealed that U.S. textile and apparel imports from China realized a large increase of 21.54 percent in quantity from January to April.

It is reported that U.S. unemployment rate unexpectedly rose in April, accompanied by the spread of sovereign debt crisis in the European Union, which has aroused public concern about the second bottom of international economy. But looking at the U.S. situation, things are not as serious as expected. Private consumption index in the United States rebounded; domestic consumption increased for two consecutive months, specific figures grew about 0.2 to 0.4 percent. Textile and apparel products are necessities of life; as European and American consumers have just gone through financial turmoil, they should become more mature, so consumption should avoid a situation of ups and downs.

Among categories of textile and apparel exports to the United States, fabrics realized fastest growth, indicating that apparel, home textiles manufacturing sectors in the United States are recovering, their demand on fabrics are increasing.

Source: CCfgroup via CNTEX

Geithner Sees Chinese Market Opportunities, But Calls For Playing By The Rules

DATE: 2010-06-17

Testifying before the Senate Finance Committee, Treasury Secretary Timothy Geithner said China potentially could become the largest foreign market for U.S. goods, but he emphasized that China must do a better job of playing by the rules of international trade.

"China is an important market not only for large U.S. firms, but also for small and medium-size enterprises, Geithner said. "The latest data show that small businesses directly account for roughly a third of the value of U.S. exports to China and they contribute a substantial part of the value of exports by our large companies as well."

At the same time, the Treasury secretary noted that U.S. imports from China have increased rapidly, "but much of this is the result of China replacing other foreign producers." He added that a "substantial share" of the value added in products the United States imports from China come from

Source: China Textile Network Company

components manufactured in other countries in Asia. In addition to that, U.S. textile manufacturers say China is undercutting trade in the Western Hemisphere and Africa with textile components in apparel that are illegally subsidized.

Pointing out that he believes broader engagement with China can present job opportunities for American workers, Geithner said, "We have urged China to take action to provide a more level playing field for American export firms that export to China and that compete with Chinese producers in our markets and around the world."

Geithner brought up the touchy subject of China's alleged currency manipulation, which U.S. companies, including textile manufacturers, contend amounts to an illegal trade subsidy.

"Reform of China's exchange rate is critically important to the United States and to the global economy, and it is in China's best interest to allow the exchange rate to reflect market forces. President Hu stated in public this month that China is committed to the reform of the exchange rate, and stated that reform is a key part of China's strategy to produce more balanced growth, growth that relies more on domestic demand," Geithner said.

Sen. Charles E. Schumer, D-N.Y., who is sponsoring tough Chinese currency reform legislation, expressed his concern over the lack of action on currency reform and warned that the Senate may act soon on his bill that would place a surcharge on Chinese exports because of its undervalued currency. His legislation and similar bills have strong support in Congress, but they would be unlikely to be enacted in view of the Obama administration's opposition to taking that route. The legislation, however, does tend put pressure on the administration and China to act more swiftly.

In his congressional testimony, Geithner also assured senators that the administration will "apply forcefully" the full remedies available under U.S. law to address unfair trade practices such as injurious dumping and subsidies. He pointed out that the Commerce Department has been investigating antidumping and countervailing duty complaints against Chinese goods.

Source: Textile World via CNTEX

Textile and garment exports rise 16.4% in April

DATE: 2010-06-17

The value of China's textile and garment exports has continued to rise this year, with trade figures pointing to a 16.4% rise in shipments in April compared with the same month last year. Exports rose to US\$14.5bn in the month, with textile exports up 24.8% to \$6.4bn and garment exports rising 10.6% to \$8.2bn, the General Administration of Customs said.

This is a rise of 31.8% on the \$11bn of exports booked in March.

For the first four months of this year, China's textile and garment shipments grew 15.6% year-on-year to \$53.8bn.

Textile exports from January to April rose 26.1% to \$21.6bn, while garment exports climbed 9.5% to \$32.2bn.

Chinese export figures are helped by the ongoing global economic recovery, as well as comparisons with last year's weak figures when US and EU retailers reined in their inventories.

Companies are, however, keeping a wary eye on the debt crisis that has embroiled countries in Europe such as Greece, Ireland, Spain and Portugal.

Rising costs of labour and raw materials are another concern, with the China National Textile and Apparel Council noting that average salaries had risen by 10-30% since last year, while the price of cotton rose by 14% per ton from January to May.

Source: just-style via CNTEX

High Raw Material Prices Risk to Textile Production (Part A)

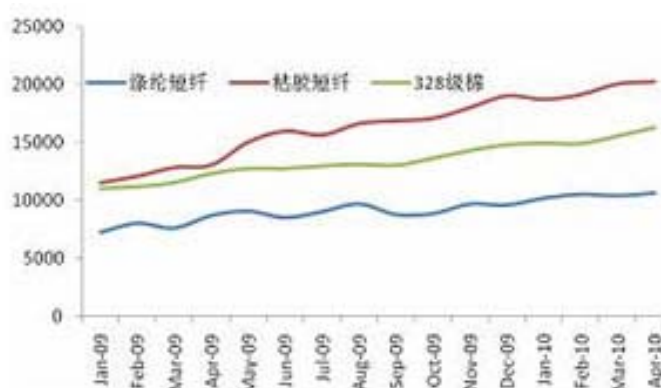
DATE: 2010-06-12

Raw material prices jump

An unrelenting rise in the cost of raw materials is cutting textile corporate profits, in some cases, pushing up consumer prices. One glaring example is the sky-rocketing cost of cotton.

Chart 1. Raw materials prices in 2009

--- polyester staple fiber --- rayon staple fiber --- 328-grade cotton



On Jun. 2, China Cotton Index for 328-grade cotton reached CNY 17,591 a ton, adding 37.1% over the average index for 2009. Prices of polyester staple fiber and rayon staple fiber in Apr. were CNY10,593 and CNY20,233.5 per ton, up 21.31 and 31.54 points from last year.

The PMI for May stood at 53.9, 1.8 points down from 55.7 in April, but still higher than the economic expansion boundary of 50 for 15 consecutive months, the National Bureau of Statistics and the Federation of Logistics and Purchasing said. Some analysts said the PMI was probably declining from April due to policy tightening, but the magnitude of the fall was overstated due to seasonal distortion.

Mainland salary increases started this year when Guangdong, Shandong and Jilin cities raised pay by an average of 17 percent because of a labor shortage. Foxconn workers in China will get another pay raise in coming months, on top of an increase that just took effect in response to recent worker suicides, the company said Sunday. Salaries of Foxconn would be raised in October to 2,000 yuan (US\$293) for workers at its plant in the southern Chinese city of Shenzhen. Workers elsewhere in China will get raises in July adjusted for local conditions. Analysts said the moves could trigger a new wave of salary hikes in the "factory of the world" and raise production costs. Those sectors that are labor-intensive will be hit most as their previous pay levels were actually low.

Uncertain Markets

Besides, the performance of domestic and export markets for Chinese textile products is complicated. The recovery of external demand is fragile and domestic sales growth has experienced a fall, which forced the enterprises to adjust the production pace.

European debt crisis and the consequent sovereign credit risk of developed economies and a new round of global financial market turmoil have limited direct impact on China, but indirect effects can not be ignored. Affected by the debt crisis. The unemployment rate across the 16 countries that share the euro hit a record 10.1 per cent in April, with almost 16 million people out of work. The unemployment rate for the common currency area, up from March, is now running at the highest since the euro came into being in 1999 -- with almost 1.3 million more people out of work than 12 months earlier, according to Eurostat figures. 'All countries saw a deterioration in growth of output and new orders,' the researchers said, with the rate of contraction in output in recession-hit Greece 'accelerating to its fastest since April last year and to a pace similar to that seen at the height of the global financial crisis.'

On domestic markets, in the first four months of this year, the total retail sales of consumer goods were 4,788.4 billion yuan, a year-on-year growth of 18.1 percent, or up by 3.1 percentage points over that in the same period of last year. It was 0.2 percentage point higher over that in the first quarter of this year. According to the data of 1000 monitoring business surveyed by the Ministry of Commerce, apparel retail sales in April was up 14.6%, but the growth rate was down 0.8 percentage from the previous month.

Production growth weak

In the first four months of 2010, the total industrial production value of statistics-worthy Chinese textile enterprises grew 26.69 percent year-on-year to CNY1296.542 billion, 22.43 percentage points higher than the same period last year, but 0.36% and 0.29% lower than the period of Jan.-Feb. and Jan.-Mar respectively, according to the National Statistics Bureau.

Looking further, from Jan. to Apr., cotton textile production value of statistics-worthy enterprises was CNY352.133, up 27.35%, 0.53 percentage points lower than the period of Jan.-Mar.; chemical fibre CNY143.566, up 41.47%, 3.47 percentage points lower than the period of Jan.-Mar.; and garment CNY 350.413 billion, up 22.41%, 0.27 percentage points lower than the period of Jan.-Mar.

Table 1. Contribution to the change in the growth of total production value by sector

	Contribution rate to the growth of production value, Jan.-Apr.	Contribution rate to the growth of production value, Jan.-Feb.	Change, %
Total	100%	100%	----
Cotton textile	27.69%	29.46%	-1.77%
Dyeing & printing	5.28%	5.69%	-0.41%
Wool textile	2.84%	3.25%	-0.41%
Linen textile	0.79%	0.74%	0.05%
Silk	3.42%	3.31%	0.11%
Manufactured products	9.97%	9.17%	0.80%
Knitting	7.82%	6.81%	1.01%
Garment	23.49%	20.03%	3.46%
Chemical fibre	15.41%	17.65%	-2.24%
Textile machinery	3.29%	3.89%	-0.60%

Source: CNTAC Statistics Center

Both the growth of production value of sub-sectors and the contribution to the change in the growth of total production value of sub-sectors show that, the contribution of the downstream continued to improve while the contribution of the upstream slowed down. An unrelenting rise in the cost of raw materials is cutting textile corporate profits. In this regard, we propose that the relevant state departments to strengthen the macro-control for cotton and other raw materials markets, such as

expanding cotton imports, timely selling the state reserved cotton so as to stabilize the market price of raw materials and ease the pressure on manufactures.

Source: CTEI Exclusive:

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Textile Export Turned Better from Jan. to Apr.

DATE: 2010-06-12

According to the Customs data, the export of textile and clothes reached 53.79 billion USD from Jan. to Apr., up 15.5% from same period last year. The growth rate was 0.3 point higher than that of first three months (15.2%). Of which, the textile export were 21.6 billion USD, up 26.1%; clothes export 32.19 billion USD, up 9.5%.

Although the export market turned to be better, there were still many problems, said the Ministry of Industry and Information Technology. First, the international economic situation was still complicated. The financial crisis of some European countries dragged down the recovery of EU, even the whole world. Second, the unemployment kept high in developed countries. The unemployment rates in the US and Japan were 9.9% and 5% respectively. For the EU, it stayed at 10%. Third, the appreciation of RMB seemed to be real. This brought the uncertainty to future orders. Forth, the cost of labor and raw material kept growing. The average salaries had added 10-30% comparing to last year, while the price of cotton 328 grew 14% to RMB 17,000 per ton from Jan. to May.

Source: CTEI News