

EXTRACT

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Beijing's per capita GDP exceeds \$10,000

DATE: 2010-02-26

Beijing's per capita gross domestic product exceeded 10,000 U.S. dollars for the first time last year after a strong economic recovery, a local statistics official said Thursday. The GDP in the Chinese capital grew 10.1 percent to 1.187 trillion yuan (137.8 billion U.S. dollars) in 2009, according to the Beijing Bureau of Statistics. The per capita GDP was 68,788 yuan (10,070 U.S. dollars) as the city had 17.55 million permanent residents at the end of 2009. "The breakthrough is a milestone for Beijing," said Yu Xiuqin, the bureau's deputy director. "According to the standards of the World Bank, Beijing has become a moderately well-off city."

According to the World Bank, a country or region should be recognized as moderately well-off when its per capita GDP exceeds 10,000 U.S. dollars, the official explained. The service industry contributed to 75 percent of Beijing's GDP and its urbanization rate had reached 85 percent, she said. "The Beijing government will take further measures to boost the living standards and social welfare of the rural population to bridge the gap between urban and rural areas," Yu said.

Source: Xinhua via CNTEX

"Labor shortage" reflects employee expectations for more benefits

DATE: 2010-02-26

As the survey conducted by the MHRSS shows, after the Spring Festival, companies plan to recruit more workers than last year, and the percentage of companies that foresee recruitment difficulties are increasing. However, low income, long work hours and dim future prospects prevent migrant workers from returning to cities. According to the report "Labor Demand in Some Cities for Spring 2010 and Analysis of the 2009 Employment Situation of Rural Migrant Workers" issued by the Ministry of Human Resources and Social Security (MHRSS) February 24, the "labor shortage" is only confined to certain areas and time periods, though the shortage will be even more severe in some places.

Strong labor demand

As the survey conducted by the MHRSS shows, after the Spring Festival, companies plan to recruit more workers than last year, and the percentage of companies that foresee recruitment difficulties are increasing. According to survey results, nearly 90 percent of companies plan to recruit new employees compared with the previous year. The proportion of companies that have recruiting plans has exceeded the figure before the financial crisis. The amount of labor demanded takes a net increase of 15 percent, in comparison with the normal amount last year, and the number of new employee's averages 143, up about 5 percentage points compared with the same period in 2008. 70 percent of surveyed companies think that the recruitment work will be "difficult" or "fairly difficult," up 5 percentage points compared with that of last year.

From a geographic perspective, labor demand remains strong in eastern areas, with the number of employees-to-be averaging 156, almost the same as 2008. The labor supply and demand in central and western areas are on the rise, with the number of employees-to-be averaging 61, up 16 percentage points compared with the same period in 2008. Among migrant workers, 72 percent prefer to work in eastern areas, and the other 29 percent choose central and western areas, an increase of 7 percentage points compared with the previous year. Results show that one-third of the positions that companies offer require certain vocational qualifications. Among them, 25 percent require basic-level workers, and 7 percent ask for medium-level workers or above. Companies which require workers of the junior high school education level account for 49 percent, those requiring workers of the senior high school education level or above account for 25 percent, and those which have no requirements at the moment account for 26 percent.

"Low income and dim future"

Labor demand is now expanding in enterprises, but fewer people stated that they will continue to work in cities. A poll of migrant workers showed that 62 percent of the migrant workers who have returned home have clearly expressed their willingness to work in cities again after the Spring Festival, a drop of 6 percentage points from 2008.

Among those who intend to work in cities, 74 percent plan to return to the enterprises at which they worked before the Spring Festival. On the other hand, those who plan to leave their enterprises listed the factors discouraging them from returning: 49, 18, 14 and 12 percent of them attribute their reluctance to return to their enterprises to low monthly pay, long work hours, dim future, and failure to obtain skills respectively. 30 percent of the migrant workers who have returned home said that they will make relevant decisions after carefully thinking about their specific situation, up 6 percent from previous years. It is worth noting that 8 percent of migrant workers who have returned home stated that they would not work in cities again.

Rising labor costs

Enterprises predict that the average salary standard will rise by 9 percent while employees expect it to hike by 14 percent. Due to the active demand for labor, most enterprises predict that labor costs will increase. 72 percent of the surveyed enterprises estimated that the labor costs in 2010 will increase to a certain degree from 2009, an increase of 32 percentage points from the previous year. Most enterprises predicted that the average salary will rise by 9 percent. Migrant workers pin a greater hope on the pay raise, compared with enterprises. The survey indicated that those who plan to work in cities again expect the average salary standard in 2010 to rise by 14 percent from 2009. The gap of 5 percentage points may further intensify the "labor force shortage."

Labor supply still outstrips overall demand

Experts analyzed that time is part of the reason behind the "labor shortage," because most of the migrant workers will not leave their homes to find jobs until after the 15th day of the Chinese New Year, while enterprises in the Pearl River Delta region have started operations early because of increase orders. Therefore, the severity of the "labor shortage" still remains to be seen. An official from the human resource and social security ministry said that although the "labor shortage" is

emerging in some of China's regions, China's overall labor supply still outnumbers the overall demand. The "labor shortage" is just limited to certain areas and periods. Meanwhile, the current "labor shortage" will help direct enterprises pay more attention to employees' wages and benefits, offering better security to migrant workers. The questionnaire-based survey covered China's 26 medium and large cities in 13 provinces as well as 90 counties of 27 provinces, and involved 3,239 enterprises and 9,081 former migrant workers who have returned their hometowns.

Source: By People's Daily Online via CNTEX

China's market restrictions to end in 15 years

DATE: 2010-02-24

China's stock markets are likely to be fully open to foreign investors within 15 years, according to a leading investment expert. Direct foreign dealing in Chinese stocks is currently restricted through the government's Qualified Foreign Institutional Investor (QFII) scheme. The current annual quota for overseas funds is just \$16 billion, a small fraction of the total investment in China's main exchanges in Shanghai and Shenzhen. Stuart Leckie, chairman of Stirling Finance, a leading Hong Kong-based pensions investment adviser, said all restrictions could be off by 2025. "All financial institutions will then be able to invest in the stock markets on the Chinese mainland, just as they do in Hong Kong, Japan or any other market," he said.

"It is 30 years since China's opening up and it will take half as long again for this to happen." He said the Chinese mainland would gradually lift barriers in the same way Taiwan and India have done in recent years. Leckie, author of the book, 'Pensions in China', and who was speaking at the Trade Tech 2010 Investment Conference, was bullish about the outlook for the Chinese market. He said the Shanghai Composite Index could double within the next three years and that it was a matter of if, not when, it returned to its all-time high of 6,124 in October 2007. "I am sure the index will double over the next five years but there is a chance it will double in the next three years," he said. Other speakers at the conference were also optimistic about the outlook for investors in Chinese stocks. Michael Wang, head of dealing at the China International Fund Management said the Chinese market was full of opportunities. "It is a golden opportunity to invest in China. Blue chip companies are still very cheap," he said. "In the medium term there might be some correction but we won't go back to 2006 levels (when the market was just over the 1,000 level)."

Kent Rossiter, head of trading, Asia Pacific, for fund manager RCM, based in Hong Kong and which is part of the Allianz Group, was also confident. "I am really bullish about opportunities. I am worried about volatility, however," he said. Rossiter said some of the volatility was down to the inexperience and lack of competence of some professional investors in the Chinese market. "The market needs to develop," he said. "Professional investors need to improve their performances. They have too much of the same mentality as the man on the street in that they just like to buy and sell without taking any view." Leckie added that the Chinese market was not about to repeat the experience of the Nikkei Dow in Japan. "China is not about to become another Japan with the level of the index standing at a quarter of what it was 20 years ago."

He was not concerned about the poor start to the Chinese markets in 2010 with the major index losing 8 per cent of its value in January and falling through the 3,000 barrier. It increased by 80 per cent in 2009. "Obviously China has got off to a weak start. It was the second worst performing market internationally in January after being the best performing in 2009. It is just living up to its reputation as a volatile index." He said he expected the market, however, to rise by up to 15 per cent in 2010 to a value somewhere between 3,600 and 3,800 from its January 1 level of 3,277. "I think this January decline is overdone."

Source: China Daily via CNTEX

China's textile industry reports big profit rise

DATE: 2010-02-24

China's large textile businesses took in 133.15 billion yuan (19.57 billion U.S. dollars) in profits in the first 11 months of last year, according to figures released by the China Textile Industry Association. The profits were up by 25.39 percent year on year, 36.40 percentage points more than that in the Jan.-Feb. period.

The industry posted a total production value of 3.43 trillion yuan and 3.35 trillion yuan in sales value, each up by 9.71 percent and 9.82 percent as all major products saw production rise. The industry also witnessed a slow recovery in export. In the 11 months, garment export fell by 11.02 percent to 154.1 billion U.S. dollars, but the drop narrowed by 0.19 percentage points compared to the first 10 months. By contrast, domestic sale accounted for 79.89 percent in the total sales, up by 3.15 percent.

Source: Xinhua via CNTEX

Textile, garment exports expected to see single-digit growth this year

DATE: 2010-02-22

China's textile and garment export industry is likely to see growth in both revenue and profits this year, but the gains likely won't surpass 10 percent, an analyst with Shanghai-based Sinolink Securities told the Global Times. Zhang Bin, the analyst, said though that China's textile and garment makers won't see their profits return to the levels they enjoyed before the global financial crisis. "Rising costs of energy and raw materials will erode order profits of export-oriented enterprises," he said. Wang Yujian, a supervisor with the International Business Department of Shandong-based Luthai Textile, said the company is expecting an export value of \$400 million this year, compared with \$350 million in 2009.

But the rosy export predictions of major industry players like the Shenzhen-listed Luthai are offset by less favorable numbers at small enterprises, with single digit growth rate anticipated by industry analysts. According to Xu Kunyuan, deputy director of the China Textile Industry Association, for textile enterprises above a designated size, the export delivery value fell 3.23 percent in 2009, while that of enterprises fell by 22.28 percent. Affected by weak international demand, the growth rate of China's textile exports has been negative for 10 months in a row. Garment exports have been even worse, with negative monthly exports throughout the year. The whole exports of the nation's textile and apparel exports last year were down 9.8 percent year-on-year, sinking to \$167 billion. Textile and apparel exports in January this year showed a positive growth rate compared with the same period last year, though lower from a month earlier.

Zhang said as demand for textiles and apparel in the European and US markets continues to pick up, textile and garment exports will gradually restore the growth trend this year. Since the second quarter of last year, there has already been a letup in the fast decline of Chinese textile and garment exports to the EU, the US and Japan, with the whole-year figures standing at \$36.06 billion, \$26.4 billion and \$21.33 billion respectively. However, he said that the future development of the nation's textile and apparel industry will rely more on the domestic market. The opening of the China-ASEAN Free Trade Area is expected to boost China's textile and garment exports.

More than 90 percent of the products traded between China and the six members of ASEAN will be tariff-free. However, uncertainties remain. Wang of Luthai Textile said the company's projected export prices haven't climbed back to pre-crisis levels, and it's hard to see when they will. Zhang said the high-speed export growth period the industry saw from 2002 to 2007 would be hard to recapture. "Our market share in Europe and the US is too high to expand on a large scale, and exports will

Source: China Textile Network Company

continue to be curbed by strict requirements on environmental friendliness and trade disputes," Zhang said. Shenyin Wanguo Securities also projected 5-10 percent growth in export values this year, adding that more orders would be transferred to big enterprises and industry concentration would be higher.

Source: alibaba via CNTEX

China textiles, garments export value rises in Jan

DATE: 2010-02-22

China's textiles and garments export value hit \$15.57 billion in the first month of this year. In a statement issued here, China's General Administration of Customs said, this was an increase by 2.2 percent from the same month last year. The export value of textile products surged 18.2% year on year to \$5.58 billion, while that of garments and accessories fell 5% from a year ago to \$9.99 billion. The value of shoe exports rose to \$2.93 billion, increasing 1.4% year on year. In December 2009, the export value of Chinese textile and garment products grew 4.48%, with exports to the U.S. increasing 27% from the same period of the previous year.

Source: Commodity Online via CNTEX

Three Spotlights for China Textile Industry in 2010

DATE: 2010-02-22

Firstly, continuity in the demand for the Chinese textile covering in the U.S. market is keeping the hopes of Chinese exporters alive that after the recession. U.S. retail sales should rise 2.5 percent this year, signaling that store chains have made it through the worst of the downturn as improvements in the housing and job markets bolster shoppers' confidence, a trade group forecast on Jan. 26. The 2010 forecast from the U.S. National Retail Federation marks an expected improvement from a 2.5 percent drop in 2009 and a 1.3 percent increase in 2008. Major retail shares tracked by the Standard & Poor's Retail Index .RLX rose 1.1 percent in early trading. Data released by the Conference Board on Jan. 26. also showed U.S. consumer confidence rose for the third straight month in January to the highest since September 2008.

Next, the financial crisis won't have too much impact on Chinese consuming market. The upper class may have been affected by the economic downturn, but most people from middle class are not badly hit. Chinese consumers are still willing to spend. During next year's economic work, the government would improve policies to spur consumption and ensure investment grow at a reasonable pace. Industry analysts generally agree that, 2010 growth rate of textile and garment industry in domestic market is likely to reach 20-25 percent compared with 2009.

Moreover, good times are ahead for chemical fiber industry, which ranked first in the growth of profit per capita in the January-November 2009 period. Things that we need to mention here is that rayon and spandex, which will most certainly attract the attention of buyers in 2010.

Source: CTEI News

Textile City Launches Three-dimensional IP System

DATE: 2010-02-22

The importance of intellectual property (IP) in promoting innovation and boosting economic development topped discussions in the officials of the China “Keqiao” Textile City. They told reporters that the sustained development of three dimensional IP system- the pattern copyright protection system and international design patent application in line with the Design Patent Center- are priority for them. Textile City has focused on investigating patterns of copyright infringement against unfair competitive practices, to effectively protect the legitimate rights and interests of original creators. Since August, 2008 to December 28 2009, the Center received total of 2710 registered the first instance pattern.

They make investigation for nine copyright infringement cases of textile pattern, deal with three arbitration cases of copyright disputes, and make mediation 112 textile patterns copyright disputes. Textile City received a complaint about the infringement in Sep. 2009. The staff found the relevant infringing products in from the North market and carried out the administrative penalties. Shaoxing enterprises representatives reiterated that, Shaoxing will be known as an innovation center of the world in the future. Further strengthening IP system would help facilitate Shaoxing's on-going textile economic transformation.

Source: CTEi News

China Will Promote Garment Subsidy Program in Rural Areas

DATE: 2010-02-22

Ministry of Industry and Information Technology (MIIT) in 2010 will initiate the rural subsidy program for building materials, network and textile & apparel. Huge foreign investment and fast-growing exports have long been major contributors to China's economic development. With the effects of the global financial crisis spreading throughout the world, the government was looking to tap domestic consumption, especially in unexploited rural markets. China has a huge geographic diversity and some rural consumers actually have a very strong purchasing power. In response to these developments, the Chinese government has initiated a rural home appliance subsidy program over the past years, in order to shift the emphasis of economic growth from exports to domestic demand, and to encourage manufacturers to design products which are suitable for rural use.

Under the plan, the government provided a 13-percent subsidy to farmers who buy designated brands of color TV sets, refrigerators and mobile phones in the three agricultural provinces of Shandong, Henan and Sichuan, as well as Qingdao City. Chinese rural residents bought 27.8 million sets of home appliances under the program in the first 10 months of 2009. The Chinese government hopes to improve the quality of farmers' lives and balance the country's urban and rural development. The subsidies give rural residents great incentives to buy. They also provide appliance makers excellent opportunities to make breakthroughs in rural areas.

Source: CTEi News