

**EXTRACT**
**Content:**

- **Climate change, carbon mitigation and textiles**
- **China shows strong resolve to develop clean energy**
- **China to continue exchange rate reform amid rise in production costs**
- **Frbiz Report: China's textile and garment export statistics remain grim**
- **Chinese garment manufacturers closely observe recent emergence of strikes in China**
- **Nonwovens consumption in China will increase by 12%**
- **Consumers, rapid growth help China takes the lead**
- **Clothes CPI kept down, PPI slightly grew**
- **Textile industrial added value up 11.7% in June**
- **China famous brand logo suspended upon expiration**
- **China textile leading recovery amid uncertain future**

### **Climate Change, Carbon Mitigation And Textiles**

DATE: 2010-07-30

Over the past few years, climate change issues have moved from the academic arena to front page headlines in mainstream newspapers worldwide. Promoted by weather events such as the European heat wave in 2003, Hurricane Katrina in the United States in 2005 and melting icebergs, climate change has itself moved up from public debates to the political agenda.

#### ***Climate Change***

Climate change, or global warming, refers to the rise in the planet's overall temperature resulting from the anthropogenic, or human-related, increase of greenhouse gases (GHGs), mainly expressed in carbon dioxide (CO<sub>2</sub>) equivalents, in the atmosphere. The magnitude of the problem has been addressed by the Intergovernmental Panel on Climate Change. Since the onset of the Industrial Revolution, more than 300 gigatonnes of carbon have been released into the atmosphere. Stabilization of the atmospheric concentration of carbon dioxide at around 450 parts per million (ppm) by volume may involve warming exceeding 2°



These numbers have often been cited by the Kyoto Protocol, which has targeted a 5.2-percent reduction of GHG emissions from 1990 levels by 2012. A further call for additional reductions of between 60 and 80 percent from 1990 emissions by 2050 has led to the adoption of 2050 targets by the United Kingdom of 60 percent; France, 75 to 80 percent; and California, 80 percent. According to leading scientists, the planet is in its danger zone with CO<sub>2</sub> concentrations higher than 350 parts per million (ppm). The red line for danger has already been passed, as the atmospheric concentration of CO<sub>2</sub> measured 390 ppm in 2009, with an annual increase of 2.5 ppm. The climate changes to come will likely threaten access for many people to shelter, food, and water. Additionally, with the irreversible damage to the world's ecosystems, including the extinction of a large portion of Earth's vulnerable species, diseases will have the most extensive negative effects civilized humans have ever experienced. The significance of climate change implies urgency that policy instruments soon will have to be deployed worldwide.

So climate change has been identified as one of the greatest challenges facing nations, governments, business and citizens over future decades.

### ***The Energy Challenge***

Today, 80 percent of global energy usage relies on fossil fuel. Conservation and improvements in industrial energy, material efficiency and reductions are the lowest-cost near-term measures to reduce that usage. It also is possible to switch from fossil fuels to alternative energy sources such as nuclear, wind, solar, biomass, and others; but the availability is limited, and not yet all cost-effective. Taxes and subsidies are likely to become more attractive for new investments in carbon mitigation, and new regulations will be established.



### ***Textiles And The Carbon Footprint***

A carbon footprint is the total amount of CO<sub>2</sub> and other GHGs emitted over the full life cycle of a process or product. Carbon footprints are calculated using a life cycle assessment method, also referred to as the cradle-to-grave approach. It takes into account energy inputs and emission outputs throughout the whole production chain from exploration and extraction of raw materials to processing, transport, final use and disposal. The textile industry is one of the biggest GHG emitters on Earth, owing to its huge size and scope. Many processes and products that go into the making of fibers, textiles and apparel products consume significant quantities of fossil fuel. Apparel and textiles account for approximately 10 percent of the total carbon impact. The estimated consumption for an annual global production of 60 billion kilograms of fabrics boggles the mind: 1 trillion kilowatt hours of electricity and up to 9 trillion liters of water. The ethical agenda of retailers has been dominated by environmental issues. Marks & Spencer, United Kingdom, and Walmart, Bentonville, Ark., are two companies that are setting the pace for the whole industry. So, along with investments in corporate social responsibility and projects to improve the general living conditions of workers, the retailers are taking the necessary steps to push suppliers to improve sustainability and offering environmentally responsible products with reduced carbon footprints. And this offers a way for organizations and individuals to assess their contribution to climate change and promote it in the media. They are increasingly concerned with emissions across their entire supply chain.

The U.K. fashion retail market already uses the world's first carbon footprint label for clothing - the Carbon Reduction Label developed by the Carbon Trust. It has been calculated that the carbon footprint of a basic men's large 155-gram white T-shirt produced in a traditional way without using renewable energy would be 6.574 kilograms (kg) of CO<sub>2</sub>; for the same T-shirt made in India in a factory that uses 100-percent renewable energy and organic cotton from India as well, it now stands at 671 grams, which represents a 90-percent reduction in CO<sub>2</sub> emissions. The direct carbon footprint contribution of manufacturing plants from yarn to customer including spinning, knitting, dyeing, finishing, cutting and sewing, plus transportation to the distribution center could reach up to 12.5 kg of CO<sub>2</sub> per kg of fabric. The carbon emissions of T-shirt manufacturing in CO<sub>2</sub> equivalents could be more than 12 times the product weight. Considering that the carbon footprint of steel is about 2 kg of CO<sub>2</sub> equivalents per kg of steel, the pressure coming down from the supply chain to the full industry is understandable: The elephants are among us. The textile and clothing industry's carbon footprint is in the hot spot.

### ***Sustainable Development At Flainox***

For the textile machinery industry, the real challenge is to design carbon mitigation solutions by being more eco-efficient and lowering operating costs for a greener product profile. With regard to climate change figures and facts, Italy-based dyeing and finishing machinery manufacturer Flainox S.r.l. has adopted a sustainable development strategy for meeting the needs of present- and future-generation requirements without jeopardizing the future. Sustainable development requires some shifts in thinking, consumption, design review, production patterns and business approach. The carbon footprint of the company's Universal NRP dyeing machine has been investigated over its

complete life span, from the extraction of raw material and manufacturing to the use of the end-product by consumers and end-of-life processes. The impact analysis was limited to emissions that have an effect on climate change. The study's conclusion put a strong focus on hot spots for eco-design review and eco-efficiency improvements leading to the new energy concept of Flainox's NRG rotary dyeing machine. The carbon footprint mitigation achieved with the new Universal NRG has resulted in a 23-percent CO<sub>2</sub>-equivalent reduction and provided utility and energy cost savings of 19 percent by the textile plant.

Source: *Textile World* via CNTEX

## China shows strong resolve to develop clean energy

DATE: 2010-07-30

---

China had shown its commitment to developing clean energy through its strong support for an international alternative energy program, the head of the program's China office said Wednesday. The program, known as the International Thermonuclear Experimental Reactor or ITER, aims to emulate the power of the sun to provide limitless clean energy, Luo Delong told Xinhua during a telephone interview. "China's active participation in the international nuclear fusion project reflects the country's determination to promote the development of clean energy," Luo said. "It is also in line with China's long-term energy strategy," Luo said. In a bid to solve the energy shortage and maintain sustainable development, China is working to develop fossil energy and fission energy while vigorously seeking alternative energy sources, according to Luo.

Now it seemed ITER might be a reliable answer to the problem of energy in the long run, he said. "I can give you an example: after ITER nuclear fusion, the deuterium extracted from one liter of sea water can produce as much energy as that of 300 liters of gasoline," and fusion energy had huge potential, "because it uses the inexhaustible sea water as material," he said. Moreover, the ITER process won't produce greenhouse gases or cause any pollutants such as high-radiation uranium waste, which made it an ideal energy source for both environmental protection and security, Luo said. China had devoted a lot of effort and funds to the project, he said. Luo said China had made great efforts in helping establish the organization and the country would inject about 10 billion yuan (1.4 billion dollars) to the project, about 10 percent of its total cost. China would also undertake nearly 10 percent of the project, producing various components and transporting them to Cadarache, southern France, where the ITER's reactor units would be constructed, he said. On Wednesday, the ITER Council, the governing body of the ITER Organization, approved the baseline of overall schedule and costs for the project. Representatives of the seven ITER members -- China, the European Union, India, Japan, South Korea, Russia and the United States, attended the meeting in Cadarache.

The council said in a statement the ITER project, with a designed capacity to produce 500 megawatts (MW) of fusion power, had fixed a goal to achieve the first plasma in November 2019. The ITER project was proposed in 1985 and research assessment and design work for an experimental reactor were begun in 1988. A related ITER Agreement was signed in Paris in November 2006 by ministers from the seven ITER members, officially launching the project. According to the ITER Agreement, the ITER project will last 35 years and require a total investment of up to 10 billion euros. It is the second largest international science and engineering project behind the International Space Station, and is also the biggest international science and technology cooperation in which China has taken part so far.

Source: *Xinhua* via CNTEX

## China to continue exchange rate reform amid rise in production costs

DATE: 2010-07-30

---

A senior Chinese central bank official said Wednesday China will continue to reform its exchange rate formation mechanism to consolidate coordinated and sustained economic growth amid a rise in production costs. "The current adjustment in the price of production factors and the reform of the exchange rate formation regime are in accordance with the correct direction of our country's macro control policy," wrote Hu Xiaolian, deputy governor of the People's Bank of China (PBOC), China's central bank, in an article published on the bank's website. The article was Hu's third elaboration on China's exchange rate policies in the past week. The PBOC announced June 19 it would further reform the Renminbi exchange rate formation mechanism and allow greater exchange rate flexibility. The prices of factors of productions - land, natural resources, environmental protection, and in particular labor - have risen rapidly in China. Local governments have raised their minimum wage levels by 10 percent or more this year after workers in manufacturing industries went on strike demanding higher pay. In the article, Hu said the reform of the exchange rate formation regime and rising production costs will accelerate China's technological innovation, reduce energy over-consumption and promote economic restructuring and sustained economic growth.

In the next five to ten years, she said, China's working population will fall and the current labor over-supply situation will reverse, which will put pressure on wages. Irrespective of whether China maintains equilibrium in its international balance of payments or not, hikes in production costs in China will continue as the global price for energy resources rises over the long term, Hu said. She said greater flexibility in the Renminbi exchange rate will create a stable and low-inflation environment for the adjustments of production costs. A stronger yuan will lower the price of imported goods and materials, offsetting in part some of the inflationary pressure following the hikes of production costs. Production factors' price increases will also help ease yuan appreciation expectations, reduce the inflow of short-term capital and relieve international pressures, which will provide a better environment to accelerate the yuan exchange rate reform Hu said. Therefore, the exchange rate reform and the adjustment in production factors' prices can be better coordinated, she said, adding: "This is essential for the stability and development of the macro economy."

Source: Xinhua via CNTEX

## Frbiz Report: China's Textile and Garment Export Statistics Remain Grim

DATE: 2010-07-29

---

Frbiz.com, one of China's leading B2B search platforms, reports China's textile and garment export numbers remain grim. The latest statistics showing China's total exports during the first half of this year reveal significant decreases in apparel, clothing-accessory, textile yarn and fabric product exports. China's textile and garment exports this year should continue to see declining numbers. In the first half of this year, Chinese textile and apparel exports to the EU decreased, while exports to the United States and Japan increased slightly. Meanwhile, private enterprises' export status has further improved, while state-owned enterprise exports dropped significantly. As the international market for textiles and clothing has seen no significant improvement, China's textile exports face the following negative factors:

First, external demand is still weak. Second, trade protectionism is growing. In the first four months of this year, the EU has recalled 74 textile and clothing products, including 52 textile and clothing products made in China. Year on year this is an increase of 643%. Finally, the high cost of exports -- regulation of the cotton market this year has led to higher overheads for China's domestic enterprises. Textile and garment export competitiveness has been weakened. With the international market downturn, the Chinese textile and garment industry be more active in its exploration of the

Source: China Textile Network Company

domestic market. From the clothing consumer's point of view, although recently China's per capita fiber consumption rate has risen from 7.5kg to 15kg, in comparison with 30kg to 40kg per capita in developed countries, there is still a large gap. Enterprise management pressure is likely to increase in China's textile and garment industry in the near future.

*Source: prnewswire via CNTEX*

### **Chinese garment manufacturers closely observe recent emergence of strikes in China**

DATE: 2010-07-28

Chinese garment manufacturers closely observe recent emergence of strikes in China, they believe that adequate compensation should be able to avoid street strikes by workers. Industry analysts explained, as labor consciousness rises in China and labor shortage appears in some provinces, factory workers are more willing to take action demanding better pay and working conditions, so increasing turbulences have affects foreign-funded companies and Chinese factories. Hundreds of employees from the Japanese electronics plant and Toyota auto parts supply factory in Tianjin went out on strike in recent weeks, and according to media reports, Chinese clothing and textile mills have also witnessed several strikes in recent months, for example, Wantai Group in Zaozhuang, Shandong province saw a collective labor strike, while workers from Pingdingshan cotton factory protested for better salaries.

Spokesman of Hong Kong-based labor rights group - China Labor Bulletin Geoffrey Crothall said, China Labor really feels gradual accumulation of pressure in recent time, because their pay has been deliberately suppressed. One strike leads to another strike, strikes show strong momentum in China. Vice chairman of the Hong Kong Federation of Industries and general manager of Milo knitting company Willy Lin said, it is nothing new for the garment industry to hold salary negotiation and talks for other topics, garment factories have to increase wages before the Chinese New Year, if they want workers returned back for work. Factories in Guangdong Province increased wages by 20 percent this year and successfully attracted workers back to factories.

Willy Lin added that many garment workers are more skilled laborers compared to electronic or other technology industries, as employers have to take some time on training a knitting or sewing worker, they can earn about 2,000-4,000 Yuan (US \$295-590) a month, far more than the minimum wage. After 12 jumping suicide incidents taking place in Longhua factory under Foxconn Technology, Shenzhen, Guangdong, Chairman of Hon Hai group Terry Guo double hiked salaries, many garment manufacturers are watching follow-up effects of the events. Andrew Lo said, the garment industry would suffer greatly if the case of Foxconn will become a case, employees from other plants will seek comparable treatment. Crothall believes that industrial unrest may continue to increase in coming months, particularly requirements against working conditions, as many factories have not improved work environment, while temperatures will become increasingly hot in near future, protest activities will also come in one after another.

*Source: ccfgroup via CNTEX*

### **Nonwovens Consumption In China Will Increase By 12%**

DATE: 2010-07-28

Research and Markets has announced the addition of Textiles Intelligence's new report "Global Technical Textiles Business Update, 2nd quarter 2010" to their offering. Derma Sciences has established an international subsidiary called Derma Sciences Europe. Zoltek Companies has set

Source: China Textile Network Company

up a subsidiary, called Zoltek Automotive, to accelerate its development of lightweight carbon fibres for the automotive industry. The Hohenstein Institute has opened an office in the Dominican Republic. Alexium is constructing a new surface treatment facility in Greer, South Carolina, USA, while Tredegar Film Products is building a new plant in India for the production of films for the hygiene market, and SGL Automotive Carbon Fibers is planning to build a carbon fibre manufacturing plant in Moses Lake, Washington, USA. Consumption of nonwovens in China has been forecast to rise by an average of 12% a year in volume terms between 2008 and 2013.

In other developments, SwissTex Winterthur has acquired RITM, one of its former members. Advanced Fabric Technologies has secured the rights to Auxetixs Zetix fabric technologies for blast mitigation and ballistic protection in North America. Shanghai Shenjiu Textile Science and Technology (SSTS) and Fibretronic have entered into a Chinese distribution agreement worth US\$500,000. Polymer Group Inc (PGI) has reported a decline in its sales from continuing operations in 2009/10 but its gross profits were up. SGLs sales were up in the first quarter of 2010 but its earnings were down. Rieter Textile Systems has reported lower sales for the whole of 2009 but the company is staying positive as orders taken in the second half of the year picked up significantly. In other news, Fibertex is expanding its capacity in Asia by investing in a new nonwovens line at its plant in Malaysia. Daimler and Toray Industries are working together to mass produce automotive parts made from carbon fibre reinforced plastics (CFRPs). Roctest and TenCate Geosynthetics will jointly develop a unique monitor for geotextiles. Meanwhile, Fiberweb and Chisso are conducting a feasibility study with a view to setting up a spunbond nonwovens joint venture company in China, while Devan Group has appointed a new management team as part of its plan to develop a specialised portfolio of chemical technologies for the global textile industry.

Source: PRESSWIRE via CNTEX

## **Consumers, rapid growth help China takes the lead**

DATE: 2010-07-28

---

China ranks No. 1 among 27 emerging economies due to its huge consumer market and rapid economic growth, according to the Emerging Markets Opportunity Index released by US accounting firm Grant Thornton. The index takes account of key factors such as the size of the economy, wealth, involvement in world trade, growth potential and levels of human development. China scores 454 points, double the India's score (222 points) in second place and almost triple that of Russia (163 points) in third place. "China leads the way thanks to the country's huge consumer market, an increasingly open economy and extremely rapid trade growth, which offer a myriad of business opportunities for potential investors," said Xia Zhidong, partner and vice-chairman of Grant Thornton China.

According to figures from the United Nations Conference on Trade and Development, China attracts the most foreign investment among the BRIC (Brazil, Russia, India and China) countries. Last year, the inward foreign direct investment (FDI) flow to China was \$95 billion, followed by Russia at \$39 billion and with India and Brazil posting \$35 billion and \$26 billion respectively. "In the future, more opportunities will lie in improved infrastructure, enhanced human capital, investments in R&D and the increasing middle-class base," Xia said. However, a lack of skilled labor, increasing labor costs and the low per capita gross domestic product (GDP) pose major challenges to foreign investment in China. According to Grant Thornton China, 23 percent of Chinese enterprises said they faced a shortage of skilled labor, higher than the global average of 21 percent.

In the top five places of the index, BRIC countries take four positions. India, although a long way behind, boasts a huge consumer market and a booming services industry, which accounts for around 55 percent of GDP, compared to 40 percent in the Chinese mainland. Russia, in third place,

Source: China Textile Network Company

has a much smaller consumer base than either China or India, but it boasts a per capita GDP which is more than double that of China, and more than five times as high as India. In addition, its high-level per capita consumption is close to the levels of the major cities of Europe's advanced economies.

*Source: China Daily via CNTEX*

---

### **Clothes CPI Kept Down, PPI Slightly Grew**

DATE: 2010-07-27

---

In the first half, the customer price index (CPI) of clothes went down 1.1%. For June, the clothes CPI went down 1.0%. That's 0.2 percentage points lower than that of May. While the producer price index (PPI) of clothes went up 1.8% in first half, and up 1.9% in June. The growth rate kept stable for recent months. During this period, the price index of raw material, fuel and power went up 10.8%.

*Source: CTEI News*

---

### **Textile Industrial Added Value Up 11.7% in June**

DATE: 2010-07-27

---

The industrial added value of statistics-worthy industrial enterprises over the country went up 17.6% in first half 2010. That's 10.3 percentage points higher than that of the same period last year. By the category of industries, all the 38 industries witnessed growth. By the category of regions, eastern region grew 16.7%; central region up 20.7%, western region up 17.6%. The textile industrial added value went up 11.7% in the first half. That's 4.4 percentage points higher year over year. While the chemical industrial added value grew 18.5%. That's 11.3 percentage points higher year over year. For June, the textile industrial added value went up 9.9%. That's 1.4 percentage points lower than that in previous month. While the chemical industrial added value grew 13.9% this month, and 3.1 percentage points down.

*Source: CTEI News*

---

### **China Famous Brand Logo Suspended upon Expiration**

DATE: 2010-07-27

---

The General Administration of Quality Supervision, Inspection and Quarantine recently published a notice that the Chinese Famous Brands logo would suspend upon their expiration. China Famous Brand Strategy Promotion Committee announced the list of 493 Chinese Famous Brands in 2005, that were going to expire on Sept. 2010. And in 2006, this committee announced another list of 556 Chinese Famous Brands, that were going to expire on Sept. 2011. In 2007, it announced the third list of 856 Chinese Famous Brands, that were going to expire on Sept. 2012. That's the deadline for the license of using Chinese Famous Brand logo.

*Source: CTEI News*

## China Textile Leading Recovery amid Uncertain Future

DATE: 2010-07-27

Substantial progress has been achieved by Chinese textile industry in all areas of statistics in the beginning of 2010 thanks to strong domestic demand and global economic recovery. However, an unrelenting rise in the cost of raw materials, yuan appreciation as well as Europe's debt crisis could may pull down the performance of Chinese textile industry in the second half of 2010.

### ***Bullish on domestic market***

Demands serve the major factor stimulating the growth of production, sales and exports of the Chinese textile industry. In January and May 2010, China's total retail sales increased by 18.2 percent y/y, 3.2 percentage points higher than the Jan.-May 2009 period. Of which, retail sales for garments, shoes and hats were up 23.1 percent y/y. Meanwhile, statistics-worthy enterprises in China have finished the sales production value CNY1347.636 billion, increasing 29.80% y/y. Textile industry exports showed significant rise in the beginning of 2010, owing to international market recovery, buyers demand increases as well as some domestic enterprises finishing shipment in advance to avoid losses which brought about by the appreciation of the renminbi. In January and May 2010, China's textile and garment exports amounted to \$72.205 billion, up 19.52 per cent y/y, 30.65 percentage points higher than the Jan.-May 2009 period. Of which, China's textile exports amounted to \$30.552 billion, up 29.53 per cent y/y, 44.93 percentage points higher than the Jan.-May 2009 period; China's garment exports amounted to \$41.653 billion, up 13.12 per cent y/y, 21.27 percentage points higher than the Jan.-May 2009 period.

### ***Production continued recovery***

From January to May, the total industrial production value of 53,000 statistics-worthy Chinese textile enterprises increased 26.55 percent y/y to CNY 1686.522 billion, 26.55 percentage points higher than the same period last year. Looking further, from January to May 2010, chemical fibre production value of statistics-worthy enterprises increased by 15.86 percent y/y, 8.03 percentage points higher than the Jan.-May 2009 period, but 2.75% and 4.14% lower than the Jan.-Apr. 2010 period and the Jan.-Mar. 2010 period; yarn increased by 17.41 percent y/y, 8.39 percentage points higher than the Jan.-May 2009 period, but 1.29% and 2.21% lower than the Jan.-Apr. 2010 period and the Jan.-Mar. 2010 period; fabric increased by 17.38 percent y/y, 18.24 percentage points higher than the Jan.-May 2009 period, but 0.33% and 0.26% lower than the Jan.-Apr. 2010 period and the Jan.-Mar. 2010 period; and garment increased by 22.43 percent y/y, 19.02 percentage points higher than the Jan.-May 2009 period, 6% and 6.4% higher than the Jan.-Apr. 2010 period and the Jan.-Mar. 2010 period;

### ***Investment saw steady growth***

In the first five months, the accumulated investment for statistics-worthy textile projects (whose investment beyond five million RMB) reached CNY116.187 billion, up 19.87 percent y/y, 14.17 percentage points higher than the Jan.-May 2009 period.

### ***Profit Surges 61.10%***

The total profits reached CNY71.901 billion from Jan. to May 2010, up 61.10 per cent y/y, 61.24 percentage points higher than the Jan.-May 2009 period. The growth was attributed to an increase in domestic sales and the recovery in exports.

### ***Trouble for the industry***

It is important to note that, although substantial progress has been achieved in all areas of statistics in the beginning of 2010, the textile industry this year will face more pressure from rising raw material, yuan appreciation as well as Europe's debt crisis and the consequent sovereign credit risk of developed economies. 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. On Jul. 14, China Cotton Index for 328-grade cotton reached CNY 18,403 a ton.

Source: China Textile Network Company

People's Bank of China recently said it was abandoning its peg to the US dollar, a move taken to shelter the China economy during the recent global crisis, and was reinstating a managed float it first detailed in July 2005. China's currency surged Jul.12 to its highest level yet, with central bank setting the daily official level at 6.7718 yuan to the dollar, acting on a pledge to allow greater flexibility in the exchange rate. The appreciating yuan in China could spell serious trouble for the Chinese textile industry as it will further slash the marginal profitability of China's textile makers. 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. Now experts are warning companies to brace for a longer term impact.

*Source: CTEI News*