



INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION
FEDERATION INTERNATIONALE DES INDUSTRIES TEXTILES
INTERNATIONALE VEREINIGUNG DER TEXTILINDUSTRIE

Spinners Committee

Travel Report

China

October 14 - 20, 2007

From October 14 – 20, 2007 the ITMF Spinners Committee travelled to China for a visit to the cotton growing areas in the Xinjiang (North West) and Jiangsu (South East) Provinces as well as the cities of Beijing and Shanghai.

The Spinners Committee would like to express its gratitude to Mr. Zhao Hong, Vice President of the China Knitting Association, who not only assisted in the preparation of the visit but also accompanied the Committee and served as interpreter during the various meetings whenever necessary. The hospitality in the form of excellent receptions received on every occasion, and the lunches and dinners extended to our Committee was outstanding and deeply appreciated.

Contents

Overall comments/impressions	3
Individual visits and relevant data	9
Conclusions	17

Participants

Committee Members & Secretariat

Werner Bieri	USA	Buhler Quality Yarns
Romano Bonadei	Italy	Filartex
Steven S.C. Chen	Taiwan	Tah Tong Textiles Co.
Jung-Soo Kim	South Korea	Ilshin Spinning Co.
Andrew Macdonald	Brazil	Santista Textil (Committee Chairman)
Ayman Nassar	Egypt	Setcore Spinning
Christian Schindler	Switzerland	ITMF

Invited Guest

Peter Vitz	Austria	Linz Textil Gesellschaft
------------	---------	--------------------------



Objective of the visit

- To evaluate the situation of cotton growing and ginning in China as compared to 10 years ago when the ITMF Spinners Committee visited China for the first time.
- To evaluate the quality improvements during this period
- To evaluate the potential for increase production
- To evaluate the comments of the textile industry and their vision on cotton in China.

Areas visited

- Hutubi County and Urumqi in Xinjiang Province,
- Beijing
- Nantong, Yancheng, She Yan, and Nanjing in Jiangsu Province
- Shanghai.

Overall comments/impressions

Transport

The evolution of communication through out the areas visited – roads, highways, and especially the high-speed trains, was very impressive. We travelled from Nanjing to Shanghai on one of these trains which certainly can be rated at, or even above, any international level. Therefore there seems to be little traffic on the highways, however very heavy traffic in the towns despite the wide roads and avenues. One can see cars of all types and classes. Bicycles have disappeared in the large towns such as Beijing and Shanghai, however in the interior cities/towns, bicycles and scooters abound, though the majority of these are powered by battery driven electric motors.

Transport in the agricultural areas is also now completely motorized, we saw no animal drawn carts or trucks, the cotton was being delivered in trucks pulled by small modern tractors, on trucks with front mounted diesel engines, or even the front end of motor bicycles.



Cotton

The structure utilized for receiving the cotton before ginning, has maintained the traditional approach similar to 10 years ago. On arrival at the gin, the moisture content is checked, the cotton weighed on a weigh bridge, samples drawn from each bag on the truck, then each bag is reweighed individually and all this information, together with the evaluation of staple length, micronaire and trash is used to calculate the payment to the farmer. Actually though not confirmed it seemed clear that the “deliverers” of the cotton were middle men who buy from the small farmers. Without exception cotton was being delivered in cotton bags.

Samples are supposed to be drawn from the bales once produced, but we saw no direct evidence of this. We are told that officials from the inspection bureau come to the gins and draw the samples for official classing, either manually or on the newly installed HVI lines when available. However the raw cotton is purchased based on the traditional standards, and sold under the traditional standards 129 229 etc. In fact in many cases they stencil this traditional classing of the bale at time of ginning, based on the seed cotton. Of all the textile factories that we visited, not one purchased on HVI standards or had access to the official classing. They bought on the traditional visual standards which in turn had been based on the seed cotton.



Xinjiang

In Xinjiang, the area around Urumqi seemed much more prosperous, than Shandon and Jiangsu due perhaps to the size and less population, though the city of Urumqi is unrecognizable from 10 years ago. To demonstrate the size today, it took more than 30 minutes to travel from the airport to down town. Outside of the city the areas are extensive, but well connected by highways.

As we know this state is autonomous, under control of the army. Farms under their “care” are generally today larger, though many very small farmers were still in evidence. The middlemen who delivered the cotton to the gins were clearly financially better off, based on the small, but modern tractors used for delivery.

Of the gins visited, government owned, the first was relatively new, with Chinese machines, well run and clean, in fact well above world average.



Later we visited a second one which was much older and visibly in poor shape, very dirty and in our opinion the quality of the ginning was poor. However in both gins, the system of receiving cotton, sampling weighing and storing it in large heaps had not changed over the years, and in fact it was the same system utilized in the other provinces visited.

The cotton fields looked far better than what we saw 10 years ago, the plants much more regular in height and style, indicating a homogeneous planting seed, very few weeds, and with the clear evidence that the seeds are still sown under plastic. Eventually this fine plastic film will erode away under the strong sunlight. This visual inspection alone confirms the improved yields, and, as long as they continue to pick by hand 4-6 times during the season, the yields will be maintained and even improved, as new seeds are introduced. We hope for their sake that large scale machine picking will not be introduced, though some harvesters already do exist, since this might well reduce yields and would certainly increase the leaf content.



Jiangsu Province

In Jiangsu Province, like in Shandon Province, the cotton is grown at almost sea level, which results in a very heavy morning dew. The cotton is therefore generally picked very wet, but the gins have no drying capacity and so the traditional method of drying is utilized. The cotton is laid out in front of the houses to dry, together with other crops, like corn and rice, with the older generation seemly used to shift the cotton or rice around to help the drying process. Even the roads in the interior are covered with rice drying in the sun. This procedure, which has been going on much longer than our visit 10 years ago, undoubtedly leads to contamination, and fibre damage. The combination of hand picking and manual manipulation is that foreign fibre contamination is wide spread. During discussion with many of the quality conscience mills they preferred to use US, Australian, or Brazil cotton for whites and light colours when buyers are critical requiring a "clean fabric surface". In many mills the domestic cotton purchased is rigorously controlled by employing workers at the opening lines to pick out the visible contamination.



One of the gins visited in the area, owned by the Jiangsu Yueda Group, was in very poor condition. This group also owns a large textile complex, which we visited later and were very impressed. If this gin is the pride of Yancheng, then the others which we did not visit cannot be expected to be any better. Strangely it is the same situation we have seen in many places of the world: tremendous investment in spinning and weaving equipment, practically nothing in the ginning area.

In Jiangsu and Shandon, BT seeds cover almost 99% of the area, and there are clearly very many different varieties, since even within one field there was evidence of seed mixture. Since there is no separation between the small or large areas, cross pollination must be or may become a major problem. As a point of interest normally the farmers spray the crop with the equivalent of "Finish" to open the last bolls for the final pick. No defoliation takes place, they let this occur naturally, the winter frosts being sufficient to kill the plants and stop further growth. This year in most of the area the crop is 15 days late, which will result in a decline of production and in quality

Perhaps interesting to note that in Xinjiang no BT seeds are planted, the weather being too severe for the pests to survive.

Social

The absence of children was note worthy when compared to many countries with large populations and small farms. In India and Pakistan for example one can hardly escape the attentions of thousands of curious children with nothing better to do. Likewise we saw no children working in the fields; even in those areas which we drove passed where it would not have been possible to mount a show for the foreigners. Also we saw practically no shanty towns during our visit, just a few along side the rivers.

Pollution

On the negative side the pollution is a problem. To see the sun is a rarity, and the number of coal burning power stations that we passed is witness to this phenomena. With even the traditional bicycle being driven with electrical energy the problem will be a real challenge for the government.

Production

China's cotton production is estimated by the Bureau of Statistics to total 6.7 million tons, while the China Cotton Association and the Beijing authorities, estimates 7.7 million tons. The difference of 1 millions tons is in the production numbers from Xinjiang. Xinjiang claims a production of 2.13 million tons and CCA 3.1 million. The CCA have established this additional production in Xinjiang from the railway statistics bring cotton out of Xinjiang.

However the local ginners and authorities in Xinjiang are sure of their number, and sight four reasons why the CCA numbers are in correct

- 1) They calculate that each wagon carries 60 tons when in fact, due to the bale size the wagons only hold 43 tons
- 2) The wagons also transport seed cotton, extractions and linters
- 3) They also transport Central Asia Cotton
- 4) There is no differentiation between old and new crop.

The CCA claim that they calculate 43 tons per wagon and that the other three reasons are irrelevant, and the reason for the difference is that Xinjiang is not including the new areas, which are being opened in the province.

This difference has the cotton world in a quandary, but in general the statisticians have taken the larger production number today as being correct.

However using the experience of our visit and many discussions, we must question why there is this large difference. Both parties were absolutely emphatic that their number is correct, so we have to surmise as to the explanation.

Firstly, we came to the opinion that the textile industry is not working at 100% capacity. One mill we visited in Xinjiang, Government owned, with 300,000 spindles and 57 open-end stands, all machinery of the very latest generation, was all but stopped. The explanation was that they were stopped for maintenance, but when we entered the factory, almost in darkness, it was clear that these brand new machines had been idle for some time. We were asked not to take photos for fear of spoiling the sensors of the machines! With such an enormous investment it would seem unlikely that the owner stops an entire factory for maintenance or time off for the workers. From what we saw the stock of cotton was also inadequate for such a large factory. Furthermore during the trip in the other states, most of the factories visited, with the exception of Esquel, were working at about 70% of the standard speed. Whilst in Xinjiang another ginner told us that they had put up a large spinning plant in order to obtain permission to open a ginnery, but the spinning plant was hardly working and offered it to us! We understand that even Weiqiao has closed down a 1 million spindles recently.

Perhaps therefore domestic consumption is lower than stated. After all the attempts to reconcile the numbers are based on the yarn production, but the ratio of polyester and cotton that is used is also disputable.

So perhaps the textile industry is not expanding at the rate we are expecting. After all the world is not a bottomless pit for yarn and textile products, and there are other competitors for a piece of the pie. So imports have declined, because of these factors and because domestic fibre consumption, though growing, is moving more towards man made fibres. Polyester is after all a home produced raw material and heavily supported by the government. So perhaps the reduction in imports of cotton reflects this situation rather than an increase in production in Xinjiang.

In this respect many people told us that, "we (the government's policy) need to improve our control of pollution and the environment, therefore, though we shall continue to grow, growth will be slower from now on". So the pressure being placed on China by Europe and United States has drawn to the attention that growth at any price is not the overall solution, and explanations were being presented if in fact the growth rate slows.

Therefore we would hazard a guess that the forecast of substantially increase imports of cotton from overseas markets to meet the potential increase in consumption, may not after all take place as expected by the market, and which is also not necessarily anticipated by the Chinese themselves.

Individual visits and relevant data

October 14, 2007

Dinner with Xinjiang cotton growers/ginners and textile representatives

Ginners: Xinjiang Beizheng Industrial Co. Ltd

Spinners: Xinjiang Esquel Textile Co

October 15, 2007

Visit of the Dafeng Town, Tianshan Ginning Plant and Textiles Group Co., Hutubi County - Mr Fan Yu Bin

Textile

The mill is equipped with machinery from both Europe and Japan, and the company employs around 1,300 persons (incl. management). The Group was founded in 1988 (1 plant) with the 5th plant opened in 2004.

The group has 320,000 installed spindles and 57 units of open end in 5 plants, spinning 16/1 up to 60/1 counts (ring) and 7/1 to 40/1 counts (open-end). They use cotton standard 129 to 229 on the ring frames and 229 and 329 for open end. By 2010 and 2015, the Group intends to operate 500,000 and 1,000,000 spindles, respectively.

The selling price of 1 ton of yarn (40/1, combed) is RMB 27,500 (approx. USD 3.66/kg).

The labour costs of a worker in a spinning mill in Xinjiang Province amount to RMB 1,000 per month.

The energy costs are 40 RMB/KWH (= US Cents 5.3).

Cotton

The Group owns a ginning plant (4 gin stands) with a capacity of 4-5000 tons per year.

The Xinjiang cotton crop is equally distributed between the Northern and the Southern region and they believe the production of Xinjiang cotton reached in 1.95 million tons in 2006 and should reach 2.00 million in 2007

The average staple length in Xinjiang is 29 mm with a micronaire range of 3.9 – 4.4 in the Northern part of the Province, whilst 4.0 – 5.6 in the South.

The yield in Xinjiang reached 1,425 kg per hectare in the North, and 1,950 kg in the South.

October 15, 2007

Visit to the Coloured-Cotton Science and Technology Park of China Coloured Cotton Group in Urumqi, Xinjiang

This an enormous site but seemly not profitable. Though the show room was spectacular the rest of the installations had seen better days. Perhaps the demand is not a great as had been anticipated.

The production of coloured cotton in Xinjiang reached 10,000 and 4,000 tons in 2006 and 2007, respectively. The coloured cottons (mainly brown and some green varieties) are spun

by specialised local spinners. In the past some coloured cotton has been exported to Pakistan. The price of coloured cotton is approx. RMB 25,000 per ton (=USD 1.50 per lb).



October 16, 2007**Xinjiang Cotton & Linen Co., Urumqi, Xinjiang**

We were presented with the following numbers on Cotton production in Xinjiang:

	2006	2007
Official number	2.18 million tons	2.18 million tons
Regional estimates	2.40 million tons	
CCA-number	3.18 million tons	

Despite the unfavourable weather cotton production remained stable due to higher acreage. New seeds are being developed but they emphasised that in current research yield is not important, the emphasis is improving the characteristics.

Yields in the military area are estimated at 145 kg/mu and in the non-military area at 115 kg/mu (average).

The micronaire in the North 80% is 3.7-4.2 whilst in the South 90% is 3.7-4.9. We were informed that in general the spinners prefer a micronaire range of 3.7 – 4.2

The staple length in the South: 90% are 29 mm.

All bales are tested either manually or by HVI by the Fibre Inspection Bureau (FIB).

In 2006, around 700,000 tons or 30% of the crop were tested by HVI in Xinjian. The balance 70% normally smaller bales were classed at the gin by licensed inspectors. By 2010 all bales will be tested by HVI and after 2008 small Chinese bales may not be traded on the future market anymore nor shipped rail wagons.

So with the introduction of new gins with the larger presses, the number of gins will be reduced from approximately 1,000 to 250, this offers a good possibility to further improve the ginning.

The Group itself owns 150 gins. In the old days they exported cotton, but today they do not export anymore but rather import cotton to Xinjiang.

The consumption in Xinjiang with 2.6 million spindles would reach 400,000 tons.

The cotton farmers have guaranteed cotton prices regardless of the prices on the future market.

The group also has 300,000 spindles, which they were forced to construct to obtain permission to open gins, but despite the government granting interest free loans to spinners, it is still a stone round their necks.

October 16, 2007**Visit of the Xinjiang Esquel Textile Co., Urumqi/Xinjiang (Hong Kong based Company)**

The mill was purchased in 1998 with at that time 77,000 spindles.

Today Esquel consumes 12,000 tons of ELS with 160,000 ring spindles in two plants, producing 70 million shirts per year which amounts to a turnover of USD 600 million. Spinning 80/1 and higher all combed (15 -18% comber waste)

Each bale has a Radio Frequency Identification (RFID) card attached, below the bale covering, containing the bale number from which information naturally all data can be

extracted. RFID cards can be scanned at any time, in any position, as it does not requiring line of sight to be identified, a requirement for the traditional bar code reader.

In order to reduce the nep content Esquel has designed a different approach to roller ginning, named "Punching Ginning Process". The basic difference with conventional roller ginning is that the cotton is exposed to fewer mechanical movements, and though much slower than conventional roller ginning, it does reduce the nep content to about 80 neps/gram (as compared to conventional roller ginning with 120-160 neps/gram).

Their production is as follows

Roller gin production per year:	6,000 tons (1.10 ton per 20 hours)
Punching gin production per year:	4,500 tons (0.85 tons per 20 hours)

The factory has "state of the art" imported equipment and still continues to expand with the latest spinning, winding and doubling equipment. The management of this factory could undoubtedly stand up to a textile mill anywhere in the world.



October 17, 2007

China Cotton Association, Beijing - Mdm Gao Fang & Mdm Li Lin

General Comments

The CCA was established in 2003 and today with more than 1,500 members, of which the cotton cooperatives represent the back bone of the Association. As a matter of information 60% of national cotton is traded on the exchange which is linked indirectly with CCA. The future market for cotton was opened in 2004.

CCA members do not pay a fee according to their cotton production but a small membership fee which leads to limited funds.

There are around 40 million cotton farmers, but large scale farmers account for only 10% of total cotton production. There are three main regions for cotton growing with Xinjian representing 30% of the total

In 2001 the Government permitted independent ginning to be introduced and so far there are over 8000 registered, though they believe the total number is 18,000.

Imports

Domestic cotton production in 2006/2007 (according to the Bureau of Statistics) reached 6.73 million tons (or 30.89 million bales) whilst the CCA estimates the production at 7.73 million tons.

Cotton consumption for spinning amounted to 11.2 million tons, 18% up over last year, whilst the import of cotton dropped to 2.28 million tons (-45%).

Cotton was imported from the following regions:

	2006	2007 (Jan-Jul)
USA	47%	44.5%
India	16%	26.2%
Uzbekistan	11%	12.6%
Others	26%	16,7%

Their reasons for the decrease of cotton imports were sited as:

- The boom in cotton production to meet consumption.
- Domestic cotton prices have declined to world levels thus inducing spinners to buy more Chinese cotton.
- The difficult trading conditions in the overseas market due to ecological pressure.
- The stocks of cotton held by the spinners are down due the current insecurity as regards the quota, and the future of the export rebates.
- Appreciation of the RMB.
- Actual Export rebate reduction at present.
- The move towards finer counts.
- Competition from polyester.

The cotton import quota in 2006 was officially set at 4.2 million tons but only 2.28 million tons were imported, i.e. 54% completed. In 2007 the quota was set at 3.5 million tons but only 1.66 has been imported so far (47%)

As the consumption is expected to be about 12 million tons (up 800,000), therefore imports should around 4 million tons, that is without considering stocks of consignments. Since the acreage in China is limited due the availability of arable land, cotton production will continue lower than yarn production hence the need for imports.

Theoretically import quotas are issued only to those companies who export however in practice there are exceptions if a company complies with various criteria as regard to quality, social standards, and previous or potential export performance.

Production

The CCA figures, today followed by most of the international publications places the acreage in 2007 at 82.65 million mu or 5.51 million hectares, and production should therefore reach about 7.7 million tons, based on an average of 93 kg/mu or 1,395 kg per hectare.

However, this shows a large discrepancy with the official Bureau of Statistics, principally arising from the difference in total cotton production Xinjiang. The official number for Xinjiang is 2.18 million tons, whilst the CCA calculates 3.18 million tons.

The CCA explain that the difference is a consequence of newly developed areas in Xinjiang that are not included in the figures, and the fact of the difficulty in collecting precise data from widely scattered farming households in China

Overall cotton continues to be attractive for farmers principally due to the government subsidies, though these subsidies are linked to the proviso that they utilise new seeds.

Yields

The evolution of cotton yields of fibre in kg per hectare

1990	750 kg
1997	1,095 kg
2007	1,260 kg

According to ICAC (kg/ha) in 2006/2007

World Av.	Australia	Brazil	China	USA
747	1,792	1,338	1,246	912

The reasons given for higher yield were:

- 1) 73% of the crop is planted with BT cotton (excluding Xinjiang). In Xinjiang BT is not planted due to the harsh winter conditions which eliminate most of the pests.
- 2) Better farm management
- 3) Greater use of plastic films to keep moisture and warmth

However the first generation BT in China has not been fully successful in terms of resistance against the boll worm is not good yet. Farmers are being trained by the CCA and regional cotton associations on the use of BT cotton, management practices, importance of reducing contamination and preserving the environment. Clearly hybrids and BT are becoming more important to farmers.

For the future the CCA are of the opinion that the cotton policy should focus on higher yields to meet domestic demand.

On the way to the airport to travel to Jiangsu Province the Committee visited a typical integrated knitting/garment factory just outside in Beijing.

October 18, 2007

Field visit in Yancheng/Jiangsu followed by a visit to a cotton gin

The committee were taken to visit a pilot cotton field with a new BT cotton variety, denominated 2019, which is reportedly worm resistant. At this time the characteristics and yield are reportedly extremely satisfactory based on the first pickings.

Micronaire:	3.6-4.2
Length:	30 mm
Strength:	30 g/tex
Yield:	125 kg/mu



At the gin the Committee was disappointed that little had changed since their last visit. The gin itself was relatively old and therefore failed to take advantage of the excellent cotton being received as seed cotton. Even so the staple length was found to be 1 1/8 but extremely neppy. The cotton is inspected by drawing samples by hand from the seed cotton sacks, and after significant testing the cotton is assigned a value.

Though every 10th bale is tested by the authorities, the bales are market with the seed cotton classing, which is generally used for domestic sales and purchases.

General Information on Jiangsu Province

In Jiangsu Province the average yield in 2007 should reach 100 kg per mu.

In the area visited around Yancheng the area planted in 1988 was 691,700 mu with a yield of 73 kg/mu, whilst in 2006 830,000 mu's were planted with a yield of 87 kg/mu.

99% of the cotton is BT cotton, with a gin outturn of 37-39%

The price is currently 6 RMB per kg seed cotton (= 0.60 EUR)

Number of pickings between September and November is generally 6. During the visit only 2-3 had been carried out. This season however has been too rainy earlier in the season so that production is expected to be down by 10%.

No artificial defoliation is under taken, the plant are cut after picking thereby serving as fertilizer for next season.

October 19, 2007

Visit of Yueda Textile Company in Yancheng/Jiangsu

This the most important textile group in Jiangsu has a total spinning capacity of 150,000 Ring-spindles, and 50,000 Open-end rotors and three Vortex machines.

The Group itself is extremely diversified group, but decided to enter the textile business, on the entry of China into the WTO, and capital being made available for such investment. Also the availability of cotton in the region (Jiangsu) was an important factor.

Yueda plan to invest a further 4 billion RMB in its expansion program in the textile industry. This will increase their capacity to 500,000 spindles and 1,200 shuttle-less looms. Utilizing international cooperation with Triumph (Germany), Carrefour (France), Hyundai (South Korea) and Aunde (Germany) and the group intends to be totally integrated from cotton trading until finished products.

Their plan is to produce 25 million meters (dyed and printed), 600,000 sets of bedding articles, 20 million pieces of ladies underwear, and 23 million meters decoration fabrics mainly for the automotive industry. They expect to export at least 1/3 of their production.

October 19, 2007

Visit of Nanjing Light-Industry & Textile Industrial (Group) Co. Ltd. or Synergy Textiles Ltd. in Nanjing/Jiangsu

In 2004 this group acquired a 50 year old textile mill and moved to the new industrial zone where they installed a total of 100,000 ring spindles for the production of knitting yarn. They have constructed a further 2 sheds for future expansion.

They produce NE 28/1 to NE 80/1, claiming to be within the 5% Uster standard, and import about 15% of their cotton requirements from the USA, Australia, India, CIS). However India & CIS do have serious problems of contamination.

The remaining 85%, 50% is from the Xinjiang and 50% from Jiangsu province. The Xinjiang cotton is slightly better but also more expensive (price difference being about RMB 300).

	<u>2006</u>	<u>2007</u>
ELS 1 33	24,000 RMB/ton (1.39 USD/lb)	18,000 RMB/ton (1.09 USD/lb)

Imported cotton tends to be higher grades, though the Xinjiang cotton is also relatively clean. However there is no doubt that hand picked cotton has a better staple than the machine picked cotton.

The quality of cotton short-staple cotton has improved in the past few years and there seems to be no mixture of various BT-cotton varieties evidenced in the cotton itself.

They buy their cotton for cash from the ginner and as well as on occasions taking delivery from the future market.

The company tests all the cotton on their own HVI, as well as receiving the official Inspection and Classing Bureau. It was not at all clear how the Inspection Bureau classing compares with their own. It seems that they ignore the official classing as it is the original gin classing which is relevant for the purchasing price, and their HVI classing for their lay downs.

Conclusions

China has certainly changed during the last ten years since the previous visit. The well reported evidence of construction work in Beijing and Shanghai is also to be found in all the major cities the Committee visited. The infrastructure in communications is impressive, and the clear evidence of rising disposable income in city life.

Cotton yields have improved during the period, principally due to the use of BT cottons, and improved management structure, especially in Xinjiang. However, the traditional system of harvesting and ginning has not changed - and perhaps never will - unless or until machine picking becomes the norm. The system of drying cotton in the coastal regions will need to be addressed one day by the introduction of seed cotton driers in the cotton gins. More attention in ginning would also be an opportunity for the cotton to keep up with the growing quality demands of the textile industry and their clients throughout the world.

The textile industry is undoubtedly impressive compared with 10 years back. The plants visited showed every evidence of being well managed, using excellent machinery and therefore producing a corresponding yarn quality. However most of the factories were not working at maximum efficiency, indicating that perhaps order books were not totally full at this time.

Undoubtedly China will continue to grow and be a major player in the international textile market. However, the rapid growth we have witnessed over the last few years will not be sustained, as they come to terms with tighter credit, increased competition from countries like India, and decreasing support from the government in terms of relief from certain tax structures. The awareness as regards pollution and preserving the environment will also force increases in production costs.

China has taken advantage of its gigantic population to propel itself into a major world textile player; it will need a certain mastery to maintain this trajectory and at the same time satisfy the growing affluent population. The next ten years will bring the answers to these questions.

January 2008