Tasks and Feedstock Demand Changes of China Textile Industry during the 12th Five-Year Plan Period

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China Textile Industry Enters a New Stage during the 11th Five-year Plan Period

- During the 11th Five-year Plan period, while global market was hit by financial crisis, the abolishment of textile and apparel quotas and expanding globalization had provided China textile industry a sound market environment.

- China textile industry have found primary support from fast expanding domestic demand boosted by stable economic growth.

- China textile industry have greeted a new stage by enhancing innovation capability and optimizing industry structure to strengthen its competitiveness in the world.
China Textile Industry Enters a New Stage during the 11th Five-year Plan Period

During the 11th Five-year Plan period, China textile industry continued to expand in scale with growing production, economics and export competitiveness.

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2005</th>
<th>2005-2010</th>
<th>AAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company number</td>
<td>55500</td>
<td>36500</td>
<td>52.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Companies above designated size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total industrial output value</td>
<td>4761.2</td>
<td>2063.2</td>
<td>130.8%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>255.0</td>
<td>70.9</td>
<td>259.7%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Total export value</td>
<td>US$ 212</td>
<td>117.5</td>
<td>80.4%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

China Textile Industry Enters a New Stage during the 11th Five-year Plan Period

Production | 2010 | 2005 | 2005-2010 | AAGR |
-----------|------|------|-----------|------|
Chemical Fiber | kt  | 30900 | 16660 | 85.6% | 13.2% |
Spun Yarn     | kt   | 27170 | 14510 | 87.3% | 13.4% |
Fabric       | Billion meters | 80.0 | 48.4 | 65.3% | 10.6% |
Major Tasks for China Textile Industry during the 12th Five-year Plan Period

- To optimize industry structure and develop advanced, clean, safe, high-value-added modern industry system with high employment absorbing capacity
- Textile industry will remain a main support to China economy which is key for people’s well-being and China’s competitiveness in the world.
- To enhance the industry’s export competitiveness based on the current one-third share in world market, while continue to develop apparel, home textiles and industrial fabric sectors in order to meet the growing domestic demand.

Major Tasks for China Textile Industry during the 12th Five-year Plan Period

- Four key targets:
  1. Stable, sound and relatively fast growth
     - Industrial added value of enterprises above designated size achieves an AAGR of 8% based on comparable prices
     - Total export value of the industry reaches US$300 billion, with an AAGR of 7.5%
     - Domestic sales value of enterprises above designated size accounts for 86% of total sales value in 2015 compared with 82% in 2010
     - Volume of processed fibers reaches 51.5-55.0 million tons, with an AAGR of 4.5%-5.9%
Major Tasks for China Textile Industry during the 12th Five-year Plan Period

2. To accelerate the progress of structural optimization

   (1) Industry Structure

   - Proportion of technical textiles rises to 25% by 2015 from the 20% in 2010, while non-woven fabrics should see a higher proportion than 34% in 2010.
   - Proportion of chemical fibers in total processed fibers rises above 76% by 2015 from the 70% in 2010, and that of chemical filament yarn in total processed fibers should be higher than 54% by 2015 compared with 48% in 2010.
   - Proportion of knitted fabrics will see a fast increase.

(2) Regional Structure

   - Progressively move textile industry to mid and west China where proportion of industry output value of textile enterprises above designated size will rise to 28% by 2015 from the 20% in 2010.
   - To import advanced technologies and experienced, highly qualified human resources from developed countries, while move part of producing and processing capacities to other developing countries.
   - To develop specialized, brand name textile industrial bases based on the existing 175 developed bases.
Major Tasks for China Textile Industry during the 12th Five-year Plan Period

2 To accelerate the progress of structural optimization

3 Enterprise Structure

- To support leading enterprises to actively expand overseas market by relying on their advantages in technology and brand. To give one third of textile enterprises above designated size the priority to develop world competitive capability.

- To bring up mid- and small-sized textile companies characterized with new technologies and specialization.

4 Product structure

- To increase the competitiveness of Chinese textiles and apparels in world market by developing products of high added value, such as high-tech, specialized, functional, environmental friendly and intelligent products.
Major Tasks for China Textile Industry during the 12th Five-year Plan Period

3 To accelerate R&D progress

- To achieve industry upgrade through technology progress
- The “50+110” project
  - To achieve breakthroughs in 50 key technologies for high-tech new fibers, spinning and weaving, printing and dyeing, high-performance technical fabrics, energy-saving, modern apparels, new textile machineries, IT for textile industry and research on relevant standards, etc.
  - To promote the applications of 110 advanced technologies of high performance, high efficiency and energy saving

3 To encourage innovation and strengthen the tie between R&D and application, as well as cooperation between enterprises up and down stream, and between government departments.

- To set a sound basis for future development of the industry by reinforcing basic researches and cutting-edge technology breakthrough.

- By the end of 12th Five-year Plan period, key processes, technologies and machinery of China textile industry will join the leading rank of the world, with AAGR of production rate of producers above designed size above 10%. 
Major Tasks for China Textile Industry during the 12th Five-year Plan Period

4. To ensure sustainable development
   〈1〉 To develop low-carbon, clean and recycling economy
   ☐ To promote energy-saving, cost-efficient and low-emission technologies and meet the targets set by state: EC/GDP down by 16%, CO2 per unit of GDP down by 17%, unit water consumption of industrial added value down by 30%, and COD emission down by 8%.
   ☐ Proportion of recycled fibers in total fibers processed up to 15% by 2015 compared with 2010’s slightly below 10%.
   ☐ To utilize the market mechanism to progressively wash out outdated processes, technologies and machineries

4. To ensure sustainable development
   〈2〉 To develop proprietary brands
   ☐ To concentrate in improving product quality and R&D, marketing development and innovation. We target at 5-10 proprietary brands with worldwide reputation, 100 leading enterprises with owned brands, and 25% proportion of the products exported from proprietary brands.
   〈3〉 To intensifying efforts in human resources
   ☐ To improve HR training and managing system, and make it a priority to train high-level, innovational and specialized personals.
During the 11th Five-year Plan period, China textile industry achieved fast development with significant growth in feedstock demand. In 2010 totally 41.3 million tons of chemical fibers were processed.

<table>
<thead>
<tr>
<th>Kt</th>
<th>Output</th>
<th>Exp.</th>
<th>Imp.</th>
<th>Others</th>
<th>Processed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Fiber</td>
<td>30,900</td>
<td>-</td>
<td>1,930</td>
<td>900 + 1,000 (stuffing)</td>
<td>28,870</td>
</tr>
<tr>
<td>Cotton</td>
<td>7,000</td>
<td>+ 2840</td>
<td>+ 1000</td>
<td>800 (State + Recovered = 600)</td>
<td>11,440</td>
</tr>
<tr>
<td>Wool</td>
<td></td>
<td></td>
<td></td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Hemp</td>
<td></td>
<td></td>
<td></td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Silk</td>
<td></td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Total: 41,320 kt

During the 12th Five-year Plan period, with structure optimization going forward and industry competitiveness strengthening, China textile industry will continue to see stable and relatively fast development, with the volume of processed fibers totaling 51,500–55,000 kt by 2015.

<table>
<thead>
<tr>
<th>Kt</th>
<th>Processed Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical fiber</td>
<td>39,000</td>
</tr>
<tr>
<td>Cotton</td>
<td>11,500</td>
</tr>
<tr>
<td>Wool/hemp/silk</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Total: 51,500–55,000 kt
Textile Feedstock Demand Changes during the 12th Five-year Plan Period

- As a basic task, we must ensure supply of textile feedstock by establishing more production bases of cotton and other natural fiber feedstock, sourcing feedstock through various approaches and optimizing feedstock structure
  - To accelerate R&D and application of virgin-like, functional, differentiated and bio fibers
  - To increase added value of natural fiber products
  - To establish fiber recycling system
  - To breed and promote improved varieties of cotton, hemp and other natural fiber feedstock
  - To establish feedstock bases at overseas

THANK YOU