



# **Industry & Market**

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**Assistant to Chairman**

**China National Textile and Apparel Council**

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June 2012

**Domestic Demand**

**Capital Availability**

**2012 Situation**

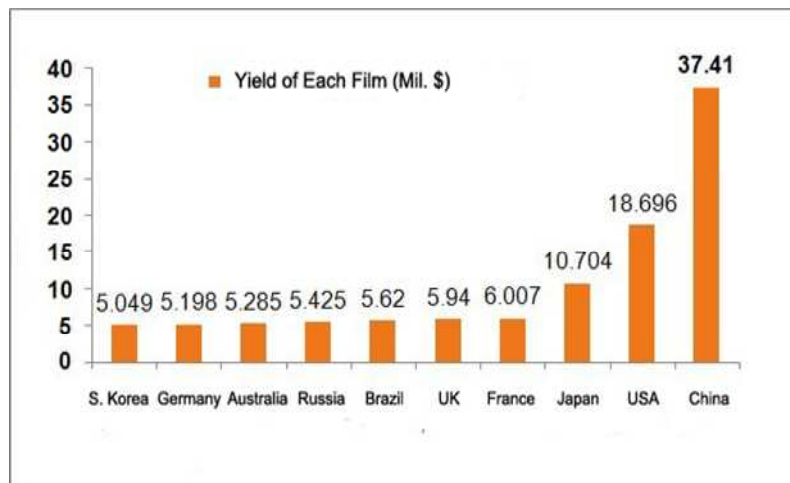
**Opportunity**

## Most Relaxed Consumption

- ◆ *Titanic*, 1998 360 million yuan in China, **2.4%** of the total worldwide
- ◆ *Avatar*, 2010 \$250 million in China, **8%** of the total worldwide
- ◆ 2011:
  - Transformers 3* \$1.1 billion in China, **15%** of the total worldwide
  - Kong Fu Panda 2* \$250 million in China, **14%** of the total worldwide
  - Battle: Los Angeles* \$228 million in China, **17%** of the total worldwide

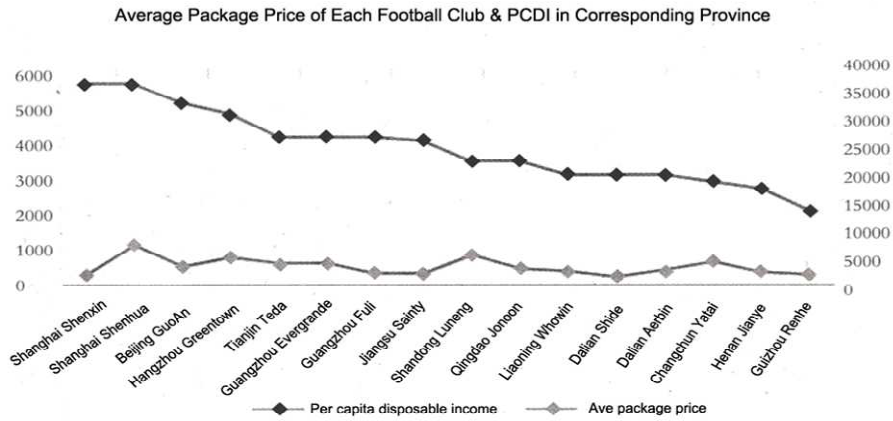
Source: CAAC Journal

Average Yield of Each Hollywood Film Worldwide in 2011



Source: CAAC Journal

### Consumption Most Difficult to Give up



Source: CAAC Journal

### Prices for Football Game Package in China versus Europe

	Average in China	Top in Europe
Ave. price for package	83.54	840.15
GDP per capita (\$)	5184	39770
Proportion	1/62	1/47

Source: CAAC Journal

## Most Basic Consumption

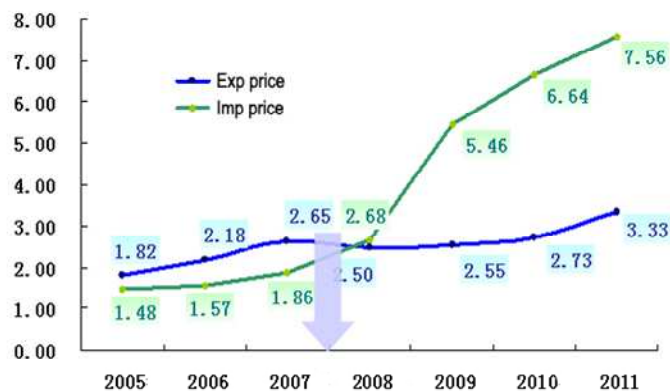
### CCTV-1's Column for Field Interview

March 8, 2012 Jiangsu Sunshine:

- Given monthly salary of 1,100 yuan in the previous years, around 10,000 yuan could be sent home every year.
- However, even the annual salary exceeds 40,000 yuan now, the same number can hardly be realized.

## Most Official Consumption

2005-2011 Imp & Exp Prices of Knitwear in China



Source: China Customs

**All the data indicate:**

**Domestic demand is increasing!**

**Domestic Demand**

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In 2012, China will hold on to prudent monetary policies, coupled with timely and appropriate anticipatory adjustments and fine-tuning. The GDP growth is projected at 7.5%, with price rise for consumer goods capped at 4%.

Required reserve ratios (RRR) may be further cut for three times in the balance 2012, by 0.5 percentage points for each. Coupled with the cut in February, the final ratios are projected at around 19% after the adjustments.

At the end of 2011, China money supply was at **85.7 trillion yuan**.

PBOC fixed the growth rate for money supply in 2012 at **14%**, meaning additional money supply of **close to 12 trillion yuan**.

Each **0.5-percentage-point** reduction in RRR will release the liquidity by **around 400 billion yuan**.

And **81%** (or **9.72 trillion yuan**) of newly-added 12 trillion yuan will also turn into new liquidity.



That is to say, in 2012, around 11 trillion yuan will enter the market circulation, a number less than in 2009 and 2010 but more than in 2011.

## Common People's Money

In 2011, the Engel coefficient of China's urban residents was at **36.3%**, up **0.6 percentage points** year on year.

During the 11th Five-Year Plan period, the Engel coefficient only **decreased** by **1 percentage point**. Hereinto, in 2011, food CPI of urban residents rose by **11.6%** year on year.

Note: Engel coefficient equals to food spending divided by overall spending

**According to the statistics from the Central Bank of China, outstanding of deposits from residents in financial institutions reached **35.2 trillion yuan**.**

**In 2011, rural per capita net income was at **6,977 yuan**, up 17.9% from a year earlier, and up 11.4% after deducting price factor;**

**And meantime, urban per capita disposable income reached **21,810 yuan**, up 14.1% year on year, and up 8.4% after adjusting for inflation.**

Source: NBS



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**Production**

During Jan-Apr 2012, the total output value of 36,700 textile enterprises above designated size in China is 1,677 billion yuan, up by 13.11% y-o-y.

Source: NBS of China

## Domestic Sales

During Jan-Apr 2012, total output value for domestic sales of textile enterprises above designated size in China is 1,375.5 billion yuan, up by 14.82% y-o-y.

And meantime, the output value for domestic sales accounted for 84.25% of total sales value, up by 1.55 percentage points y-o-y. Domestic consumption remains as the main support to China textile industry.

Source: NBS of China

## Export

During Jan-May 2012, the total export value of China textiles & clothing industry is \$90.6 billion, up by merely 2.06% y-o-y, among which the growth rate of clothing is 2.50% y-o-y. During Jan-Apr 2012, average export price for textiles and clothing is up by 3.38% y-o-y, while export volume is 2.23% lower on a y-o-y basis.

Source: NBS of China

## Investment

During January-April 2012, completed investments for projects above 5 million yuan in fixed assets of China textile industry totaled 184.6 billion yuan, up by 17.95% y-o-y.

Source: NBS of China

## Profit

During Jan-Mar 2012, gross profit of textile enterprises above designated size in China totaled 53.7 billion yuan, down by 1.77% y-o-y, among which gross profit of chemical fiber industry down by 46.62% y-o-y.

Source: NBS of China

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**Measures to boost domestic demand**

**Financial strategies to explore overseas market**

## Measures to boost domestic demand

- 23 city clusters
- Accelerate building of social security system
- Efficient supply & boosting domestic demand

According to CAS report:

### 23 City Clusters are Forming in China

#### Standards for City Clusters:

- ◆ No less than 3 metropolises, surrounding at least one super-large city.
- ◆ Population size  $\geq$  20 million
- ◆ Urbanization > 50%  
non-agricultural output value > 70%
- ◆ GDP per capita > \$3,000  
Economic density > 5 million yuan/square km

## City Clusters:15+8

### ◆15 standard city clusters:

Yangtze River delta, Pearl River Delta, Beijing-Tianjin-Hebei cluster, Shandong Peninsula, Liaodong Peninsula, Western Taiwan Straits, Changzhutan, Wuhan, Chengdu, Poyang Lake surrounding area, Central Plains, Harbin-Dalian-Changchun cluster, Yangtze and Huai basin, central Shaanxi plain, Northern Slope Economic Zone of Tianshan Mountains

### ◆8 under-standard city clusters:

N-B-Q-F, Jinzhong, Yinchuan Plain, Hohhot-Baotou-Ordos, Jiuquan-Jiayuguan-Yumen, Lanzhou-Baiyun-Xinin, Qianzhong and Central Yunnan

### ◆Yangtze River Delta Ranks the World 6th Large City Cluster

◆1<sup>st</sup>-5<sup>th</sup>: the northeastern Atlantic coast urban and Great Lakes of the US, London of UK, Northwest Europe and Pacific coast urban of Japan

**A city cluster indicates higher competitiveness and stronger supports from state government**

**Efficient supply with clear target  
will help to drive demand.**

**Financial strategies to explore overseas market**

- Two resources for two markets
- To provide more liberties for bilateral  
and multilateral trades
- RMB settlement in international trade

**Be confident in 2012!**

**Thanks!**