

China textile exports fall in February on weaker demand, harsh weather

Updated: 2008-04-04

China's textile and garment exports in February dropped 32.9 percent from the previous month, largely due to weakening US and European demand and the severe winter storms, customs authorities said.

Exports reached \$10.3 billion last month, down 8.5 percent from a year earlier, according the General Administration of Customs.

Exports in January and February were \$25.6 billion, up only 9.6 percent from a year earlier, compared with an increase of about 20 percent for that period in previous years.

China exported \$171.2 billion worth of textile and garment products in 2007, up 18.9 percent from the previous year.

The slowdown in February resulted from slack demand in the United States and Europe and the unusually harsh winter weather in China, said Zhang Bin, analyst with Sinolink Securities.

But he said that it was too soon to decide if predicted full-year growth of 15 percent was excessively optimistic. The prediction came from the National Development and Reform Commission.

The February trade surplus shrank to a third of the year-earlier level. Exports to the United States fell five percent, while sales to Europe rose only one percent.

The rising Chinese currency and labor costs played a role in dragging down textile and garment exports, said Zhang. Producers were reluctant to take orders for fear of exchange losses and many low-end orders went to other countries such as India, he said.

China moved its currency, the yuan, away from a pegged exchange rate to the US dollar in July 2005 and has allowed it to appreciate by about 14 percent since then.