

Textile Raw Material Market in China Overview

Textile raw material in China market was valued **at US\$31,339.4 million** in 2016 and has grown **to US\$41,739.5 million** by 2020 after growing at a CAGR of 7.4% during 2016-2020. Textile raw materials are materials that are derived naturally or synthetically and are used in making textile products such as clothing items, housing blankets, curtains, cushions, and also, they are used in non-conventional sectors like in automotive sector for filters and seatbelts. The raw material used in the textile industry usually consists of fibers like **cotton**, jute, wool, silk, and man-made fibers like nylon, polyester. The availability of cheap labor, the large domestic consumer marketplace, abundance of capital, high-speed e-commerce system, integrated industrial chain, and matured marketing channels are driving the growth of the textile raw material market in China. However, the negative impact on the environment due to the increase in the level of pollution caused by the booming textile manufacturing of China, the rising price of raw materials, deteriorating trade environment has become a challenge for China's textile industry affecting its production. Hence, such challenges are expected to hamper the growth of the textile raw material market in China in the coming years.

COVID-19 Impact

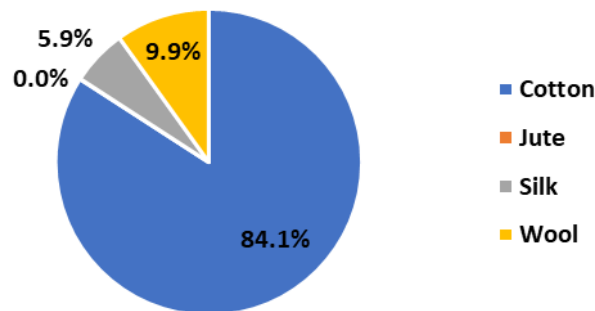
The COVID pandemic has negatively impacted the China textile industry since the pandemic first started spreading from the country, hence the lockdown, quarantining, and other social restrictions imposed by the Chinese government to prevent its spreading caused a shortage of labor in mills and there was a decrease in the supply of raw materials. Hence, due to the lack of availability of labor and raw materials, the manufacturing activities of clothing and apparel items were halted, which decreased the production output and exports of textiles and apparel. For instance, as per the Chinese National Textile and Apparel Council, the export of apparel items from China to India decreased by 12.6%. The 2020 report of the International Labour Organization organization stated that China decreased its upstream garment and textile production due to raw material shortage caused by transport restrictions. Moreover, as per the data displayed by Chinese customs, China's textile export value decreased by 26.78% in July 2020. The reduction in production output and exports of Chinese textile led to a decrease in usage of textile raw materials which resulted in a negative growth rate of their demand from 17.8% in 2019 to -2.5% in 2020. Such reduction negatively impacted the textile raw material market in China.

Key Takeaways

- China enjoys a competitive advantage in apparel manufacturing on account of having cheap labor, modern infrastructure, and high productivity of workers which allows the textile producers to keep production costs low

- The presence of foreign direct investments generates a positive and significant impact on domestic as well as export market sales of local textile and apparel manufacturing companies in China
-
- Specialization, innovation, and improved government policies for the upliftment of textile companies have made China become the largest producer and exporter of textile products globally

Textile Raw Material Market in China, Share by Material Type, 2020 (%)



Textile Raw Material Market in China – By Fabrics

The cotton segment accounted for the highest revenue of US\$35,527.4 million in 2019 in the China textile sector. Cotton is a versatile commodity that is used for a variety of textile items such as jeans, jackets, trousers, suits, tops, etc. Cotton requires a warm and humid climate to grow, hence the moisture and rainfall conditions of China are generally favorable which helps in better sowing of cotton seeds. The rapid urbanization, increase in disposable income and the rapid developments in the textile sector in China have further contributed to market growth. For instance, as per the National Bureau of Statistics, the cotton output stood at 5.91 million tons in 2020 showing an increase of 0.4% and the total yield of cotton per hectare was 1864.5 kg hectare showing an increase of 5.7%. Moreover, as per the United States Department of Agriculture, China's cotton production in 2017 was 5.33 million metric tons showing a 2% increase from 2016. Cotton fiber has major applicability in manufacturing varieties of clothing and apparel items and China being a developed nation and major cotton producer can increase cotton production. Hence the rising demand for cotton on account of high textile demand will increase its usage as raw material for producing textile items like clothing and apparel in China having a positive impact on the textile raw material market in China.

Textile Raw Material Market in China Drivers

The rise in consumer consumption for textile items

China has the largest population in the world, consisting of one of the largest marketplaces, which is famous for its consumption of clothing items. The rapid development of the economy, a significant increase in national economical income, and improvement in living conditions of the middle-class segment in China have increased the scale of consumption of the people. A variety of apparel like trousers, long sleeve shirts, jeans, hoodies, etc. is introduced every year on account of the

surging demand for different qualitative products. For instance, as per the National Bureau of Statistics, the apparel segment in China had a total output of 23 billion pieces showing year-on-year increases from last year. Demand for apparel made in China is also increasing, resulting in a positive impact on sales and exports of these items. A report by China Apparel Association, in 2018 the total apparel sales in China increased by 7.32% compared to 2017, and the export of clothing, fashion, accessories, reached US\$157 billion showing a year-on-year increase of 0.3%. Such increase in demand for textile items both domestically and globally resulted in more usage of textile raw materials in the manufacturing of such items, thereby uplifting the textile raw material market in China.

High-speed e-commerce system

The e-commerce system in China has been evolving and growing to a big scale resulting in the high growth of online textile and apparel sales. Moreover, China conducting online shopping festivals like Double 11 also called single day, which is the largest online shopping festival has made people more accustomed to online shopping. For instance, as per the Ministry of Commerce, in 2019, the online retail share of apparel and home textiles had an impressive 19.6% share across the 14 major e-commerce retail platforms in China. Hence the e-commerce platforms in China have turned into a new evolved model and business practice, which has increased the sales of textile and apparel items made in China. Such an increase in sales will lead to more textile production to cater to the growing demand, resulting in more usage of textile raw materials to increase textile production output, thereby leading to an increase in the growth rate of the textile raw material market in China.

Textile Raw Material Market in China Challenge

Deteriorating Trade Environment with other Countries

China over the past couple of years has been in a trade war with major countries like the US on account of unfair trade practices and technology theft, hence both countries have been imposing tariffs on certain goods of their counterpart. For instance, as per US Trade Representatives, in 2019, the US slashed imports worth US200 billion with 25% tariffs imposed on clothing and textile items. Also, as per US government data, the shipment of cotton-related items from China to the US decreased nearly by 40% resulting in a 15% decrease in the share of China cotton apparel in the US market. The US is one of the major users of Chinese textiles and also is a major supplier of cotton. Such tariff imposition has affected the exports of China's textile and apparel items and decreased its cotton supplies from the US. This negatively affected textile manufacturing in China which resulted in a decrease in usage of textile raw materials in the country.

Competitive Landscape

1. Jiangsu ZhongHeng Dyeing & Finishing Co. Ltd
2. Weiqiao Textile Company Ltd
3. Consinee Group Co. Ltd
4. Zhejiang Xinao Textile Inc.

5. Tmall Xiyou
6. Hangzhou Baiken Sign Material Co. Ltd
7. Xinxiang Weis Textiles & Garment Co. Ltd
8. Bros eastern Co. Ltd
9. Kam Hing International Holdings Ltd
10. Texhong Textile Group Ltd

Acquisitions/ Launch

- In 2018, Texhong Textile Group Ltd acquired Winnitex Group a leading company in the dyed woven fabrics industry. The acquisition will enable Texhong company to establish its global business in dyed woven fabrics
- In 2020, Zhejiang Xinao Textile group launched wool and wool-blend yarn with an anti-bacterial finish containing zinc. The newly developed yarns have advanced protection against bacteria like Staphylococcus Aureus.