

# China textile and apparel industry (5 forces analysis)

[Business](#)



**ASSIGN  
BUSTER**

China's textile and apparel industry, the world's largest exporter in 2009, is a formidable competitor.

Nevertheless, as production costs rise in China, some low-cost developing countries are making inroads in this export market. By analyzing this sector using Porter's five factors framework- threat of entrants and the determinants of rivalry, buyer power, supplier power, and substitution threats-the article assesses its outlook. The industry's " partnership" with the Chinese Government is key to maintaining this industry sector's competitive position. \*\*\*\*\* The anticipated boost from the progressive elimination of U. S. and European Union (E.

U. ) trade quotas over the past years has not materialized for the Chinese textile and apparel industry. Although, China's textile and apparel industry gained market share in the U. S. and E.

U. , it did not make significant gains in the rest of the world in 2009. China's share of the global market jumped from 38. 8% in 2001 to 47. 1% in 2005, but has not risen since that period. In fact, in markets other than the U.

S. and E. U. , its share actually declined from 71. 3% in 2006 to 66. 8% in 2008.

China's share of the U. S. apparel import market rose from 19. % in 2003 up to an expected 35. 9% share in 2009, and its share of the E. U.

import market rose from 21. 8% in 2001 to 42. 8% in 2008. Competition for global market share from emerging countries is increasing, as a reduction in prices in 2009 benefited low-cost countries like Bangladesh and Vietnam at <https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

the expense of the Chinese textile and apparel industry (China's textile comparative advantage, 2009; Report of Chinese apparel, 2009). Clearly, it is important to understand the environment of the Chinese textile and apparel industry to establish strategy that will achieve further success in the global economy.

This research analyzes the Chinese textile and apparel industry through Porter's industrial competitive framework because it not only offers insights into the environment, but also influences the industry's strategy and competitive position in the global economy. After discussing the theoretical framework, the framework is applied to the Chinese textile and apparel industry in terms of the global economy. Finally, the competitive positions of the world's major textile and apparel exporting countries are compared.

**Theoretical Framework** The competitive advantage of a company or country reflects offensive or defensive actions to create a sustainable position in an industry or the global economy. According to Porter (1990), this requires the ability to maintain above-average performance within an industry.

Strategy is the creation of a unique and valuable position, involving various activities (Porter, 1998). The success of a competitive strategy is a function of the attractiveness of the industries in which the firm competes and of the firm's relative position in those industries (Porter, 1980). According to Porter, competition in an industry depends on five forces, which ultimately determine profit potential: 1. Threat of potential entrants 2. Rivalry determinants (contending forces) 3.

Determinants of buyer power 4. Determinants of supplier power 5.

Determinants of substitution threats There are two basic ways to create competitive advantage: cost leadership and differentiation. Either can be utilized in a broad or narrow approach, resulting in a focused competitive strategy. Cost leadership is when a firm or country decides to become the low-cost producer in its industry or market. The cost leader usually achieves this competitive advantage by economies of scale.

Differentiation is the decision by the firm or country to be unique in some factors valued by its customers. Differentiation factors include product, distribution, sales, marketing, service, or image and cost position. In a focused competitive strategy the firm or country sets out to be the best in market segment or group of segments. Two variables in this strategy are cost and differentiation focus. The strategy of the Chinese government has been to create a textile and apparel sector that no other nation can compete in.

This research will analyze the environment of the Chinese textile and apparel industry through Porter's five forces framework for industry analysis and business strategy development. Strategy and Country Rivalry The context for strategy and rivalry relates to the Chinese government's policy regarding the textile and apparel industry. According to Qiu (2005), this industry has been a driving force in the nation's exports since the open door policy and economic reforms began in 1979. The textile and apparel industry is the most market-oriented in China, experiences the most competition, and is closest to the market and end-users. As a pillar of the national economy, it is

labor-intensive with comparative advantages in the world market (The eleventh five-year plan, 2006). According to Sebastian (2009), two features of China's trade patterns suggest that elements beyond factor abundance explain its export performance.

Its high penetration in the global markets of labor-intensive products has been accompanied by a large share in exports of highly productive foreign-invested enterprises (FIEs), and the high penetration of FIEs in labor-intensive sectors. China's natural comparative advantage in labor-intensive products is enhanced by capital accumulation, productivity growth, rural-urban migration, incentives for foreign investment, and distortions in financial markets. Since China adopted a reform policy and opened up to the outside world, its textile industry has been growing rapidly. It has transitioned from a primary industry into a mature one and has established a vertically integrated industrial system comprised of cotton, wool, silk, chemical fiber, apparel, and textile machinery sectors with constantly improved competitiveness and a more and more important position in the global textile supply chain (The eleventh five-year plan, 2006; Report of Chinese apparel, 2009). The Eleventh Five-Year Plan for National Economy and Social Development, the State Development and Reform Commission (SDRC), together with the China National Textile and Apparel Council (CNTAC), mapped out the five-year plan for the textile and apparel industry.

The initiatives focused on scientific and technological progress, indigenous innovation for a new growth model, an upgraded and optimized industrial structure, and complete, coordinated, and sustained development (The

eleventh five-year plan, 2006). China joined the World Trade Organization (WTO) in late 2001. It is the largest clothing producer in the world and has the largest capacity for products made of cotton, man-made fibers, and silk. The textile and clothing industry is the largest manufacturing industry in China. According, to Lu (2009), the Chinese government is not likely to compromise on any major trade restrictions now or in the future as it did in 2005 with the “transitional safe-guard,” that restricted Chinese product imports in the United States.

In addition, the Chinese Ministry of Commerce declared that it would not place licensing requirements on textile and apparel exports anymore beginning in 2009, despite E. U. pressure to self-manage exports. The elimination of U. S.

limits on imports from China is a threat for competitors. It should result in lower prices for Chinese imports, as was experienced with European imports in 2008. After the E. U. 's quotas were removed in January, 2008, Chinese prices fell in line with the elimination of the costs associated with quotas.

In an attempt to augment economic recovery, the Chinese government has raised the export tax rebate for textiles and apparels from 11% at the beginning of 2008 to 14% in December 2009, the highest in many years. These measures were taken as a result of rising production costs and slowing overseas demand that resulted in many apparel manufacturers in China shutting down in 2008, ausing hundreds of thousands of workers to lose their jobs (Lu, 2009; China facing, 2008). According to the “Report of Chinese apparel,” (2009), industry adjustments, government action, and product

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

innovation kept the Chinese textile and apparel industry solvent in the first half of 2009. The Chinese government increased the ratio of tax refunds on exported textiles and apparel by three times and introduced a series of structural adjustments and revitalization plans for the textile industries. “China to take advantage,” (2009), recommended alternative strategies for the recovery of the industry.

One strategy was to upgrade machinery, which could allow the industry to offer more innovative products, improve quality, and even position itself as a leader in fashion and brand apparel. As the global market for exports of textiles and apparels weakened, a booming domestic market could be exploited. In fact, domestic clothing sales at retail stores in China are increasing. An additional strategy was to focus on markets outside the Big Three (E. U.

, U. S. , Japan). In neighboring markets like Russia, Kazakhstan, Kyrgyzstan, Saudi Arabia, and UAE sales have been successful. Finally, to address the problem of labor, some Chinese companies have imported cheaper labor (China facing, 2009). The competition for China in the global textile and apparel markets comes from a variety of countries that compete for business globally and in each of three primary markets.

These primary markets—the United States, European Union, and Japan—account for 60% of import volumes of textiles and apparel in the world (Report of Chinese Apparel, 2009). United States Apparel and Textile Market According to “U. S. Apparel imports” (2009), apparel imports continued to fall in October 2009. However, imports from China and Vietnam gained

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

market share thanks to a significant decline in their prices. Imports overall declined nearly 15% in value from the same month last year, losing 13% over the January-October period.

Chinese shipments fell only 1.9% in October, rising 1.4% over the first 10 months of the year. China's share of the total U. S. apparel and textile imports reached more than 40% in volume in January-October, rising from 31.

9% to 37.2% in value terms. The elimination of U. S. limits is obviously boosting Chinese sales, partly due to falling prices. The average unit price of U.

S. apparel imports from China was down 10% in October. Other countries were unable to match such a cut in their average unit values, except Vietnam (10.2% in October). Vietnamese shipments were stable in October from a year earlier, only declining 3.

4% over the 10-month period. Imports from Indonesia lost only 7.1%, but shipments from Bangladesh fell heavily (-19%), and from India (-16%) (U. S. Apparel Imports, 2009). Figure 1 and Table 1 present the imports in percentages of market share and in millions of dollars from the various exporting countries and trading pacts into the United States.

European Union Apparel and Textile Market European Union clothing imports increased by 42% from 2005-2008 in U. S. \$ terms with shipments from China gaining 75%. All major supplying countries recorded a rise in US\$ sales to the E. U. over the period.

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>



In terms of import volume, the Euro-Mediterranean rim lost ground against Asia during what may soon appear as the golden age of the E. U. clothing import market. E. U.

clothing imports began seriously slowing down in 2008, with shipments from outside the 27-country zone rising only 9% (in U. S. \$ terms) from a jump of 14% in 2007. Tables 2 and 3 present E. U. import data by country of origin (E.

U. lothing imports in 2005-2008, 2009). E. U. clothing imports fell over the second quarter of the 2009, reflecting the European economic slowdown and a weaker euro against the U.

S. \$. The level in exchange rates made the difference for India, which took additional market share due in part to lower prices. China had to raise its unit values because of higher costs. Chinese imports declined during the second quarter of 2009, with a 5. 45% loss in volume terms.

All suppliers experienced decreases in volume due to the weaker E. U. market, with India suffering less (-0. 61%) than Bangladesh (-4. 23%) and Pakistan (-6. 22%).

However, Vietnamese unit values were strongly up, mainly due to a change in the selection of products by E. U. buyers. Turkish prices were dramatically lowered (in U. S.

\$ terms), falling 1.91% in euro terms (E. U. clothing imports in 2005-2008, 2009). Japanese Apparel and Textile Market Japan's clothing imports declined over the third quarter of 2009 in yen terms but rose in U. S.

\$ terms thanks to a jump in the yen. Japanese buyers favored imports from the cheapest origins, predominantly Vietnam, while China remained the largest supplier, by far. Japanese apparel imports declined in yen terms over the first half of 2009, but rose in U. S. terms, with larger imports from low-cost countries.

Japanese apparel imports were down 5.55% over the January-June 2009 period, and were far from recovering in September. They showed increases in same period (January to September) levels rising from 2007 through 2009 in terms of U. S. \$ (Japan clothing imports, 2009).

Table 4 presents Japan's imports in clothing and accessories by country of origin. China maintained its overwhelming share of the Japanese market in 2009 at 82%, thanks to a decline of 8% in the first three quarters, in yuan terms, while overall clothing imports were down 8.7%. Vietnam showed impressive results with an 8. % increase over the same period, in yen terms, but slowed over the third quarter with a rise of only 3.

35% (Japan clothing imports, 2009). Threat of Potential Entrants New country entrants into the world textile and apparel industry will have to pry market share from a mature industry. The challenges of entry will be supplying low-cost labor to a labor-intensive market, utilizing new technology, achieving economies of scale, establishing brand identity, and raising capital. These

challenges will affect profitability. In addition, new entrants will need a strategic plan to support their textile and apparel industry. Textile and apparel manufacturing is a labor-intensive industry.

Labor-abundant China has specialized in exporting labor-intensive goods and has exploited this comparative advantage for many years (Harrigan and Deng, 2007). Recently, China's export advantages has been reduced due to rising labor costs and higher raw material prices, leaving it vulnerable to lower labor-cost countries. In addition, the international financial crisis further weakened the export competitiveness of the Chinese textile and apparel industry (Report of Chinese apparel, 2009; China facing, 2009). Emerging low-cost garment manufacturing countries, e. g. , Bangladesh, Vietnam, and Sri Lanka, will challenge China for world market share.

The cost of entry is relatively low for countries with large supplies of cheap labor. U. S. retailers and brands focus on purchasing from certain countries for specific products, selecting the best sources for each type of product based on price, quality, etc. China must examine all purchasing trends in the U.

S. market to determine its potential threats (U. S. Apparel imports in major categories, 2009). In an increasingly global economy, nations succeed in specific industries because their environment is the most forward looking, dynamic, and challenging. When a nation pressures or encourages companies to innovate and invest, these companies tend to gain a competitive advantage that may increase over time.

In addition, companies gain competitive advantage through the rapid accumulation of specialized assets and skills, possibly reflecting greater effort and commitment. Companies also gain competitive advantage when their business environment affords better information about product and process needs (Porter, 1990). The contributing factors to competitive success are differences in national values, culture, economic structures, institutions, and historical considerations. Not every nation is competitive in every industry, but those that nurture highly localized processes create competitive advantage the more successful they become (Porter, 1990). Countries that reduce taxes, manage export subsidies, reduce lending rates, create a trading block with other countries, and focus on the success of their apparel and textile industries are potential threats.

The Vietnam Textile and Apparel Association (VITAS), Vietnam-Japan Economic Partnership Agreement (VJEPA), and Trans-Pacific Strategic Partnership Agreement (TPP) may potentially be threats or alliances for China. Powerful existing textile and apparel countries attempting to gain market share are also threats, such as India, Pakistan, and Turkey, to name a few. In summary, the barriers to entry in the world textile and clothing market are not high. However, potential competitors should consider that the industry is mature and profitability is a major concern. In addition, the Chinese textile and apparel industry is supported by government policy and a centralized economy.

The industry is a pillar and the government is very protective of its market share. China also enjoys economies of scale, a country brand identity, easy

access to distribution, access to inputs from cotton to labor, and an enormous capital base that supports the industry with investments in new technology. Rivalry Among Existing Competitors According to “ Trends in world,” (2009), the global textile and clothing market grew by 10. 6% to US\$583 billion in 2007. This represented the fourth double-digit increase in five years and followed growth of 13. 5% in 2003, 12.

0% in 2004, 5. % in 2005, and 10. 0% in 2006. In 2007, the world’s largest textile exporter was the E. U.

27 (E. U. plus Bulgaria (BG) and Romania (RO) that were added since January 2007), followed by China, Hong Kong, the U. S. , South Korea, Taiwan, India, Turkey, Pakistan, and Japan.

The E. U. 27 was also the largest textile importer, followed by the U. S. China ranked third, followed by Hong Kong, Japan, Turkey, Mexico, Vietnam, Canada, and Russia. In clothing only, China was the world’s leading exporter, followed by the E.

U. 27, Hong Kong, Turkey, Bangladesh, India, Vietnam, Indonesia, Mexico, and the U. S. In clothing imports, 46% of the world total went to E. U. 27 countries in 2007, while the U.

S. took 24% and Japan 7%. Although product or service differentiation can be difficult in this mature industry, price competition and product introduction will be essential elements of competitor strategy. Healthy competition will ultimately depend on the continued growth of the global apparel and textile market and the stability of global economy. In a global market that now

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

offers freer trade, textile and apparel production is expected to shift to countries with a comparative advantage.

Developing countries, mostly in Asia, are expected to capture a higher proportion of production. This should lead to a production decline in countries that lack a comparative advantage (New era opens, 2005). A new world for Chinese exports opened on January 1, 2009, with the expiration of the certain trade agreements between China and the U. S. and the E.

U. These agreements had governed textile and clothing quotas. Under governmental guidance, a new model for exports that combined government administration with industrial self-discipline was formed. This model gave companies safeguarded trade orders and helped secure the interests of textile exporters. Previously, Chinese apparel and textile exporters featured poor operations and management, high-price buybacks, and cut-throat competition. It is now a sound industry with reformed enterprise ownership, regulated operation, operating in a market economy.

The product offerings have been upgraded from low-end to medium- and high-level goods that are attractive in price and quality and have become bestsellers in the global market (20 years of textile success, 2008). Ladha (2009) recommended that competitors develop and sustain a comparative advantage to earn market share. They must focus on such strategies as innovation, customer satisfaction and working closely with customers to understand their needs. Reducing inventories as a way to lower costs is also important. Cost competitiveness can be enhanced by lower duties and taxes,

reducing labor, power, financing, and infrastructure costs, and trade agreements with the global markets.

Information technology must be enhanced in all areas of the industry. Additionally, certifications, such as ISO 9000/14000, may help competitors overcome market barriers. Finally, a country branding campaign may increase customer awareness through differentiation in quality, prices, and practices.

#### Bargaining Power of Suppliers and Buyers

The bargaining power of China as a supplier is its ability to control a large share of the global market. However, its ability to influence prices may be limited as many other countries are vying for market share. Its goods are not necessarily unique or differentiated, and other suppliers can provide substitutes.

Costs associated with buyers that may switch from one supplier to another would not necessarily be affected. The size and growth of the Chinese textile market in the global economy has increased its purchasing and supplier power. Government policies have also directly influenced these conditions. As a result of the global economic slump, China has realized that this industry still plays an important role in the economy and social stability of the nation. As a result, the Chinese government has raised export rebates and is transforming this industry from labor-intensive to one that concentrates on capital and technology-intensive sub-sectors (Lu, 2009). U.

S. nd European markets continue to dominate the global textile trade, accounting for 64% of clothing and 39% of the global market in 2009. As quotas are dismantled, global textile trade is expected to grow. Due to an oversupply in unorganized markets such as denim, suppliers have little

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

bargaining power. However, premium products and branded players continue to earn higher profit margins.

India and China are currently competing in the same categories (premium segment) of apparels and home textiles. Given India's established presence in the high-end segment, it could gain significant market share in U. S. apparel imports. However, the ongoing economic slowdown in the U.

S. could result in lower orders from U. S. retailers that, in turn, may result in lower capacity utilization and reduce profitability for textile companies in India. Customers' bargaining power is low for premium and branded product segments when supplier options are limited.

In terms of lower-end products, global customers have more bargaining power due to many alternative low-cost sources (Textiles, 2009). As the world's largest exporter of textiles and apparel, China can exercise some bargaining power. However, buyers from the U. S. and the E. U.

, who dominate the purchasing worldwide, have choices and can switch to other suppliers. According to the Hollein (2010), China has set the value of its currency artificially low to make sure that its exports are priced more competitively on the global market. This contributes to the enormous trade deficit of the U. S. versus China.

Several calls have been made for the Congress to pressure Beijing to rework its currency policy. However, China is also in a unique position as the world's largest producer of cotton and the twenty-first-largest exporter of cotton (Chinese agriculture statistics, 2009). These comparative advantages have

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>



allowed the Chinese textile and apparel industry to vertically integrate from the cotton fields to the store and may yield more market advantages in terms of supplier and buyer bargaining power in the future. Determinants of Substitution Threats Textile and apparel products are necessities and there are no close substitutes for them. However, the global market has many opportunities to purchase substitute products made in different exporting countries.

Products from China are similar to those made in India, as products in the U. S. are similar to those in the E. U. Differentiation is low in terms of the products, but lower costs, quality, and service differentiations may affect substitution selections.

According to Weisz and Singh (2009), the U. S. and the E. U. apparel markets are concerned about the knockoffs of fashion apparel designs that China makes and exports at significantly reduced prices. Consumers substitute them for the genuine articles, especially in the fashion segment.

Fashion design, which includes fabric pattern and accessories, is estimated at \$350 billion annually and has developed a solid body of intellectual property law that protects it in the U. S. and E. U. The federal Copyright Act, Trademark Act, and Patent Act are significant in the U.

S. , but may not affect those making knockoffs in China until they arrive on foreign soil. Enforcement is difficult without adequate resources. Moreover, consumers who buy counterfeit designer goods keep this Chinese export flourishing and affect competitor strategies regarding substitution threats.

According to the “ Clothing, garment, apparel industry overview,” 2009, China will represent around 45% of global trade by 2010 in textiles and apparel.

Despite this growth, rising costs and perceived risks in China are creating more opportunities for other low-cost countries. India is expected to represent around 20% of global trade by 2010. India is expanding its role with new capacity and control of textile trades through vertical integration. Vertically integrated companies are organized in a supply-chain hierarchy and share a common owner. Each member of the hierarchy produces a different product or service that are combined.

They work together to achieve a common goal. The advantage of vertical integration is that it avoids the problem of waiting on components to complete products for shipping. The emerging markets of Pakistan, Vietnam, Cambodia, and Bangladesh are counting on their low manufacturing costs to build up their capacity in textile and apparel. Tentative Conclusions China’s textile and apparel industry has grown rapidly over the last two decades, due primarily to its comparative advantage in low-cost labor resources. It has also enjoyed economies of scale in producing basic commodity products, but this is changing.

Lower-cost labor in other countries has eroded this advantage, along with others. Additional handicaps include the strong appreciation of the renminbi against the Euro, and rising labor costs. In addition, rising costs of energy, heavy costs of environmental laws and regulations, and other rising costs are making Chinese textile and apparel industry exports less competitive. Other

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

weaknesses are the low value-added status of textiles and apparel in international trade and a lack of trade agreements with the major textile and clothing markets (China facing severe apparel crisis, 2009). However, China has considerable strength in terms of its global market share and enjoys an abundance of raw materials, both cotton and manmade, compared with its competition.

In terms of raw material, labor costs, energy, and environmental protection costs, China is still among the world's lowest-cost producers. China also has large-scale production facilities that create economies of scale and a strong domestic presence across its entire value chain. China's exports to the larger importing countries (U. S. , E.

U. , and Japan) in terms of percentages are lower than their competition. China has opportunities in the global market as U. S. and E. U.

quotas were discontinued in 2008 and markets focus on low-priced products (Lu, 2009). An improved global economy will also provide opportunities for the Chinese textile and apparel industry. According to " Markets on the edge" (2010), the outlook for GDP growth for the U. S. and Europe in 2011 is 1. 8% and 7.

5%, respectively. However, this article predicts that the Chinese economy will overheat, and notes that Western consumer demand will be negatively affected by reduced government spending and higher taxes. Emerging markets will be considered the main contributor to global growth for 2010-2011 and the global apparel industry. The growth of the Chinese textile and

apparel industry has and will benefit from the Chinese government's support of central planning. Support for this pillar industry is under way through export tax rebates and other efforts.

With the guidance of the government and a new management model for exports that includes a partnership with government and industry, a model for the future is emerging. This strategy of partnering with government to support the Chinese textile and apparel industry, both internally and externally will develop a sustainable competitive advantage for this industry in the world market (20 years of textile success, 2008). According to the "The eleventh five-year plan," (2006), the China National Textile and Apparel Council (CNTAC) has indentified key efforts needed for success by this industry: scientific and technological progress focusing on indigenous innovation, a shift to a new growth model, upgrading industrial structure, and striving for complete, coordinated and sustained development. The Chinese textile and apparel industry will remain the global leader by continuously analyzing and reacting to crucial issues both domestically and internationally. Forecasts for the industry are made with respect to production capacity and taking into account structural targets along with specific goals that have to be fulfilled for energy-saving and environmental protection.

CNTAC's goal for the industry is to build a powerful textile and apparel sector by taking a new route to industrialization that is aware of market situations and reacts accordingly to boost industry in a well-balanced and sustainable manner. According to Long, Zadek, and Wickerham (2009), the key for China

to become a force in shaping the next generation of sustainability standards in global markets is to support its industry by enabling public policies, as a competitive strategy consistent with China's broader interests. REFERENCES

20 years of textile success in China. (2008, November, 3). CHINAdaily.

com (pp. 1-3). Retrieved December 27, 2009 from: <http://www.chinadaily.com>.

[cn/bw/2008-11/03/content\\_7166096.htm](http://www.chinadaily.com.cn/bw/2008-11/03/content_7166096.htm). China facing severe apparel crisis. (2009, November 19). Emerging Textiles.

com: Textile and Clothing Trade Information, (pp. -6). Retrieved December 24, 2009 from: <http://www.emergingtextiles.com> China's textile comparative advantage is declining, report says. (2009, July 30).

Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-2). Retrieved December 24, 2009 from <http://www.emergingtextiles.com>.

China to take effective measures to actively cope with the transfer of the international textile industry. (2009, November 6). Sourcejuice. com.

Retrieved December 30, 2009 from: <http://www.sourcejuice.com>.

[com/1272968/2009/11/06/China-take-effective-measures-actively-cope-transfer-international-textile/Chinese](http://www.sourcejuice.com/1272968/2009/11/06/China-take-effective-measures-actively-cope-transfer-international-textile/Chinese) agriculture statistics. NationMaster.

com. Retrieved December 28, 2009 from: <http://www.nationmaster.com>.

[com/ country/ch-china/agr-agriculture](http://www.nationmaster.com/country/ch-china/agr-agriculture). Clothing, garment, apparel industry overview. (2009). TEonline. com (pp. 2-8).

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

Retrieved December 28, 2009 from: <http://teonline.com/industry-overview.html> E. U. clothing imports in 2005-2008: Origins.

(2009). Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-14). Retrieved December 26, 2009 From: [http:// www.emergingtextiles.com](http://www.emergingtextiles.com)

Hollein, M. (2010, September). Is China becoming the new Japan? Financial Executive 26(7), p. 6.

Japan clothing imports in January-September. (2009). Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-5).

Retrieved December 4, 2009 from: [http:// www.emergingtextiles.com](http://www.emergingtextiles.com)  
Ladha, K. R. (2009, July 24).

Recommending possible solutions to revive the Indian Textile Industry.  
Thakur Institute of Management Studies & Research, Mumbai (pp. 1-57).  
Retrieved December 22, 2009 from: [http:// www.scrib.com/doc/21767940/Solutions-to-reviveindian-textile-industry](http://www.scrib.com/doc/21767940/Solutions-to-reviveindian-textile-industry)

Long, G. ,  
Zadek, S. , and Wickerham, J. (2009). Advancing sustainable competitiveness of China's transnational corporations.  
London: AccountAbility (pp. 1-76). ISBN= 9781-901693-60-7. Retrieved  
December 30, 2009 from: [www.accountability21.net](http://www.accountability21.net)

Lu, S. (2009). The outlook for U. S. -China textile and apparel trade in 2009.

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

Fibre2Fashion, (pp. 1-2). Retrieved December 26, 2009 from: <http://www.fibre2fashion.com/industry-article/18/1786/the-outlook-for-us-china-textile-and-apparel-trade-in-20091>.

asp New era opens in global textile & apparel trade. (2005, May 30).

Globalization101.org, (pp. 1-3). Retrieved from: <http://www>.

[globalization101.org/news1/global\\_textile\\_trade?PHPSESSID=](http://www.globalization101.org/news1/global_textile_trade?PHPSESSID=)

[94e9384c2363c5349b4e53elc483e9b5](http://www.globalization101.org/news1/global_textile_trade?PHPSESSID=94e9384c2363c5349b4e53elc483e9b5)New world for textile exports as quota system ends. CHINAdaily.com (pp. 1-2). Retrieved 12/27/2009 from: <http://www>.

[chinadaily.com.cn/bizchina/2009-01/01/content\\_7359650.htm](http://www.chinadaily.com.cn/bizchina/2009-01/01/content_7359650.htm) Porter, M. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*.

New York, NY: The Free Press. Porter, M. (1990). *The competitive advantage of nations*. HarvardBusiness Review, 68(2), pp.

73-93. Porter, M. (1998). *Competitive strategy*. New York, NY: The Free Press. Report of Chinese apparel industry.

(2009). Chinese Research Intelligence, (pp. 1-2). Retrieved December 23, 2009 from: <http://www.prlog>.

[org/10214086-report-of-chineseapparel-industry-2009.html](http://www.org/10214086-report-of-chineseapparel-industry-2009.html) 2009 from <http://www.emergingtextiles.com> Sebastian, C. (2009, November).

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

FDI liberalization as a source of comparative advantage in China. *Review of Development Economics* 13(4), pp. 740-753. Textiles. (2009, September 15).

Equitymaster. com (pp. 1-2). Retrieved December 28, 2009 from <http://equitymaster.com/research-itsector-info/textiles/> The eleventh five-year plan on Chinese textile industry.

(2006, November 20). Textile Industry Chamber of Commerce, CCOIC, (pp. 1-5). Retrieved December 25, 2009 from: <http://www.ccpittex.com/eng/texInfo/7624.html>

Trends in world textile and clothing trade. (2009). Report Linker. com, (pp. 1-3). Retrieved December 27, 2009 from: <http://www.reportlinker.com/p0109773/Trends-in-Trade.html>

U. S. apparel imports: China vs. the rest of the world in third quarter. (2009, November 26). Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-8). Retrieved December 24, 2009 from <http://www.emergingtextiles.com> U. S. apparel imports in major categories: 2006-2008. (2009, January 20).

Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-9). Retrieved December 24, 2009 from: <http://www.emergingtextiles.com> U. S. apparel import prices: China vs. India in 2005-2008. (2009, March 4).

Emerging Textiles. com: Textile and Clothing Trade Information, (pp. 1-10). Retrieved December 24, 2009 from: <http://www.emergingtextiles.com>

Weisz, E. M. , and Singh, A. R. (2009, July 29). Know your knock-offs: The challenge in protecting apparel designs in the U. S. *Apparel*, p. 1-2. Retrieved November 24, 2010 from [www.apparelmag.com](http://www.apparelmag.com). Qiu, L. D. (2005). China

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>



textile and clothing industry, (pp. -32). Retrieved December 23, 2009 from:  
<http://www.bm.ust.hk/~larryqiu/China-Textile.pdf> Dr. McCann, Dean of the School of Business at Lincoln Memorial University, also teaches management and strategy. His research interests are leadership, strategy, and ethics, and he has published in several international journals.

Table 1. United States Textile and Apparel Imports by Country of Origin (millions of U. S. dollars)

	January-October 2007	2008	2008	2009	All Textile and Apparel
U. S.	107,323	103,987	89,131	75,739	
Canada	2,881	2,286	2,003	1,512	
Mexico	6,594	5,830	4,988	4,200	
India	5,580	5,559	4,770	4,223	
Pakistan	3,230	3,139	2,640	2,343	
China	37,510	37,938	32,458	30,530	
Korea, South	1,688	1,441	1,253	847	
Hong Kong	2,159	1,649	1,506	304	
Taiwan	1,617	1,404	1,225	827	
Japan	743	718	614	417	
EU15 (European Union)	5,773	5,262	4,507	952	
ASEAN (Countries)	16,361	16,699	14,298	12,448	
CBI (Caribbean)	8,662	9,317	7,080	5,743	
LDDC exc. Haiti	6,452	6,704	5,740	5,167	
(Least Developed Countries)					
Percent change YTD					
Percent 10/08- of U. S. YTD					
Market 10/09					
10/09					
All Textile and Apparel	100.00				
U. S.	-24.50				
Canada	2.00%				
Mexico	-15.80				
5.55%					
India	-11.47				
5.58%					
Pakistan	-11.22				
3.09%					
China	-5.94				
40.31%					
Korea, South	-32.39				
1.12%					
Hong Kong	-79.83				
0.40%					
Taiwan	-32.46				
1.09%					
Japan	-32.03				
0.55%					
EU15 (European Union)	-34.51				
3.90%					
ASEAN (Countries)	-12.94				
16.44%					
CBI (Caribbean)	-18.89				
7.58%					
LDDC exc. Haiti	-9.97				
6.82%					
(Least Developed Countries)					

Source: Textile & Apparel Trade Balance Report 12/10/09 OTEXCA; EmergingTextiles.com

Table 2. European Union of 25 Countries (EU25) Clothing Imports by Origin

Country (millions of U. S. dollars) First Half of 2008 versus First Half of 2009

First Half of 2008 2009 2009 2009 Value

<https://assignbuster.com/china-textile-and-apparel-industry-5-forces-analysis/>

Value US\$ Volume US\$ US\$ % Change Share EU25 44, 669 39, 450 -11. 68  
 100% CHINA 15, 530 15, 665 0. 87 44. 09 TURKEY 6, 272 4, 690 -25. 23 9. 03  
 BANGLADESH 3, 395 3, 553 4. 65 14. 06 INDIA 3, 366 3, 132 -6. 95 6. 81  
 TUNISIA 2, 135 1, 578 -26. 08 2. 15 MOROCCO 1, 906 1, 400 -26. 58 2. 35  
 VIETNAM 826 742 -10. 20 2. 01 SRI LANKA 817 801 -2. 03 4. 15 INDONESIA  
 802 728 -9. 27 1. 54 HONG KONG 778 292 -62. 48 0. 42 PAKISTAN 658 607 -  
 7. 80 2. 77 THAILAND 554 489 -11. 70 0. 9 SWITZERLAND 458 360 -21. 25 0.  
 11 EGYPT 372 304 -18. 11 0. 77 CAMBODIA 350 305 -12. 79 0. 85 Source:  
 Eurostat; EmergingTextiles. om (1998-2009) Table 3. European Union EU27  
 Clothing Imports by Origin Country (millions of U. S. dollars) 2005-2008 2005  
 2006 2007 2008 2007 2008 2008 Value Value Value Value US\$ % US\$  
 Market US\$ US\$ US\$ US\$ Change Change Share EU27 Total 61, 283 69, 622  
 79, 427 86, 790 14. 08% 9. 27% 100% Imports CHINA 21, 081 23, 692 29,  
 924 36, 908 26. 31 23. 34 43 TURKEY 10, 065 10, 335 12, 200 11, 528 18. 05  
 -5. 51 13 BANGLADESH 4, 397 5, 790 6, 027 6, 919 4. 9 14. 79 8 INDIA 4,  
 025 4, 781 5, 246 5, 695 9. 71 8. 57 7 TUNISIA 3, 061 3, 097 3, 520 3, 778  
 13. 67 7. 32 4 MOROCCO 2, 813 2, 971 3, 476 3, 498 16. 99 0. 65 4 HONG  
 KONG 2, 119 3, 151 2, 300 1, 249 -26. 98 -45. 69 1 INDONESIA 1, 491 1, 773  
 1, 635 1, 642 -7. 76 0. 38 2 SRI LANKA 991 1, 215 1, 426 1, 644 17. 36 15.  
 30 2 THAILAND 975 1, 103 1, 092 1, 152 -0. 99 5. 46 1 PAKISTAN 968 1, 138  
 1, 243 1, 287 9. 28 3. 0 1 VIETNAM 857 1, 285 1, 543 1, 821 20. 10 17. 99 2  
 SWITZERLAND 645 667 832 906 24. 66 8. 90 1 CAMBODIA 591 693 722 808  
 4. 24 11. 89 1 MAURITIUS 548 606 657 616 8. 36 -6. 22 1 Source: Eurostat;  
 EmergingTextiles. com (1998-2009) Table 4. Japan's Imports of Clothing and  
 Clothing Accessories (Thousand of U. S. dollars) Jan-Sep 07 Jan-Sep 07 Jan-

Sep 08 Jan-Sep 09 Value % US \$ US \$ US \$ ShareTotal Imports 17, 519, 078  
 18, 522, 782 18, 866, 542 100% Japan CHINA 14, 305, 619 15, 133, 144 15,  
 527, 182 81. 46 VIETNAM 528, 856 632, 920 766, 980 3. 12 ITALY 872, 262  
 861, 999 646, 851 4. 68 THAILAND 207, 874 236, 474 252, 804 1. 30 INDIA  
 136, 872 161, 328 173, 832 0. 97 S. KOREA 194, 650 164, 925 170, 198 1.  
 29 MALAYSIA 119, 912 139, 133 138, 724 0. 75 USA 152, 968 139, 331 31,  
 608 0. 93 INDONESIA 107, 652 115, 997 131, 166 0. 66 MYANMAR 65, 756  
 84, 793 109, 302 0. 35 FRANCE 152, 614 139, 816 106, 128 0. 86 BANGLA  
 23, 458 32, 551 80, 840 0. 12 PHILAPINES 64, 393 65, 329 58, 010 0. 41  
 ROMANIA 48, 516 57, 187 49, 956 0. 25 TURKEY 41, 950 49, 376 49, 389 0.  
 23 Jan-Sep 08 Jan-Sep 09 Value % Value % Share Share Total Imports 100%  
 100%Japan CHINA 81. 33 81. 98 VIETNAM 3. 52 4. 17 ITALY 4. 67 3. 30  
 THAILAND 1. 40 1. 48 INDIA 1. 06 1. 12 S. KOREA 0. 98 0. 96 MALAYSIA 0. 78  
 0. 77 USA 0. 80 0. 75 INDONESIA 0. 67 0. 72 MYANMAR 0. 44 0. 60 FRANCE  
 0. 76 0. 58 BANGLA 0. 15 0. 38 PHILAPINES 0. 34 0. 33 ROMANIA 0. 6 0. 23  
 TURKEY 0. 28 10. 27 Source: Japan's Customs EmergingTextiles. com (1998-  
 2009) Figure 1. United States Market Share of Imports January-October 2009  
 U. S. Market 10. 2009 12 CBI (Caribbean) 89% 11 ASEAN (Countries) 17%  
 EU15 (European Union) 4% Japan 1% Taiwan 1% Hongkong 1% Korea South  
 1% China 43% Pakistan 3% India 6% Mexico 6% Canada 2% LDDC 7% Note:  
 Table made from pie chart. Gale Copyright: Copyright 2011 Gale, Cengage  
 Learning. All rights reserved.