

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

COM,TEX/SB/1392*

7 July 1988

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 2:4

CHINA

The Textiles Surveillance Body received a notification from China containing a memorandum on China's textile import administration. This report was made to fulfill China's obligations as a non-contracting party under Article 11 and Article 2:4 of the MFA.¹

After its review, the TSB agreed to transmit the notification to participating countries for their information. It was understood that this transmittal was without prejudice to the ongoing consultations in the Working Party on China's status as a contracting party.²

¹The previous notification by China is contained in COM.TEX/SB/1080.

²The TSB's observations on this notification are contained in COM.TEX/SB/1395.

* English only/Anglais seulement/Inglés solamente

22 September 1987

MEMORANDUM ON CHINA'S TEXTILE

IMPORT ADMINISTRATION*

1. Recent development of the textile and clothing industries

In 1985, the total output value of China's textile industry was RMB 127.32 billion yuan and that of the clothing sector RMB 19.93 billion yuan, accounting for 15.3% and 2.4% respectively of the total industrial output value of the year, while in 1986, the figure for the textile sector was RMB 153.13 billion yuan and for the clothing sector RMB 20.93 billion yuan, representing 17% and 2.3% of the total industrial output value of the year respectively. There were marginal increases in the output of major items for the period 1985-1986 (Table 2). Domestic consumption of cotton and cotton/man-made fibre fabrics declined slightly, whereas demand for man-made fibre and silk piece goods increased (Table 3). Clothing materials such as worsted woollen piece goods, fabrics made of polyester/viscose, polyester filament, polyester/ramie, as well as lining materials remained salable items on the market. Although the production of wool and man-made fibres had kept increasing over the years, it still could not meet the rising demand domestically. A certain amount of import therefore was needed each year (Table 4).

2. Import Administration

China is currently applying an import licensing system on the importation of man-made fibres, man-made fibre fabrics as well as wool (including wool hair, wool tops and wool yarn).

* China submitted in May 1985 a notification to the TSB on "China's Import Control on Textiles and Clothing", covering a period through 1984. The current report, for the period 1985-1986, serves as an addition to the previous one.

The import licensing system on man-made fibre fabrics has been described in the previous notification. The fact that China continues applying the system on the two categories of textiles is based primarily on the following three reasons: 1. There has been a substantial trade deficit for several consecutive years (Table 1); 2. Foreign exchange reserve is extremely limited; and 3. China needs to make the best use of its limited foreign exchange to introduce advanced technologies and purchase those scarce materials and key equipments needed in its construction and production, in order to insure the smooth progress of its modernization programme.

China is a wool producing country. However, either in quantitative or qualitative terms, the production is still hardly able to meet the domestic market demand. In 1985, China imported over 110,000 tons of wool, amounting to US\$350 million, while in 1986, the volume imported was some 150,000 tons, at a value of US\$500 million (Table 4). For the sake of diversifying varieties and preventing blind importation as well as for making the most effective use of the foreign exchange available, China, as from 20 September 1986, began applying the import licensing system on wool imports.

The import licensing system applied in China is indiscriminatory. It is likely that the measures could be gradually relaxed as situations improve.

With respect to other textiles and clothing covered by the MFA, the importation is being conducted, subject to the customs tariff, by the relevant foreign trade corporations within their authorized scope of business. No quantitative restrictions are applied.

Table 1. Status of China's Import & Export Trade

Year	Calculated in RMB (100 million yuan)			Calculated in USD (100 million)		
	Total Value of Export & Import	Export Value	Import Value	Total Value of Export & Import	Export Value	Import Value
1985	2066.7	808.9	1257.8	696.0	273.5	422.5
			-448.9			-149
1986	2580.6	1082.0	1498.6	738.6	309.4	429.2
			-416.6			-119.8

Note: 1. The conversion from USD to RMB is based on the prevailing exchange rate for the corresponding year of Bank of China.

2. The figures are from "China Statistic Abstracts" 1987 based on customs' statistics.

Table 2. Output of Major Textile Products (From "China Statistic Abstracts" 1987)

Year	Chemical Fibres (10,000 T)		Yarn* (10,000 T)	Cloth* (100 million metre)	Woollen Fabric (10,000 M)	Raw Silk (10,000 T) Total Value	Jilk Fabric (100 million metre)	Gunny Bag (100 million bag)
	Total	Synthetic						
1985	94.78	77.06	353.5	146.7	21,816	4.22	14.49	6.27
1986	101.73	83.07	397.8	164.7	25,187	4.72	15.01	7.60

T=ton, M=metre

* Note: Including cotton, man-made fibre and linen yarn.
Including cotton, wool, silk, linen and man-made fibre cloth.

Table 3. Retail Sale of Social Consumer Goods
(From "China Statistic Abstracts" 1987)

Item	Unit	1985	1986
Cloth	100 million metre	121.2	117.8
Cotton Fabric	ditto	71.3	68.6
Cotton/Man-made Fibre Fabric	ditto	36.0	35.0
Man-made Fibre Fabric	ditto	13.9	14.2
Woollen Fabric	10,000 metre	30,640.0	29,556.0
Silk Fabric	ditto	89,758.8	90,278.0

Table 4. Major Imported Textile Commodities
(From "China Statistic Abstracts" 1987)

Item	1985		1986	
	Qty (ton)	Value(100 Million USD)	Qty (ton)	Value(100 million USD)
Synthetic Fibres in Textile use	489,682	7.10	300,559	4.21
Synthetic Filament & Yarn	300,252	7.11	198,543	4.52
Regenerated Fibres in Textile use	46,293	0.51	80,161	1.25
Regenerated Filament & Yarn	20,498	0.59	19,173	0.77
Wool	113,375	3.50	152,181	4.89