

Belt and Road Textile Conference 2021 Concluded with Success

The Belt and Road Textile Conference 2021 was held in Huzhou, Zhejiang province on October 15, which saw the participation of government officials from ministerial and local levels, and representatives from the China National Textile and Apparel Council (CNTAC), foreign government agencies and business associations, and industry-leading companies. Themed on “**Sustainable Dual Circulation of Trade and Investment**”, the conference aimed to accelerate the integration of domestic and international trade with a focus on increasing domestic demands, assess policy trends for industry growth, and launch insightful guidelines.

The Belt and Road Textile Conference 2021 was guided by CNTAC and the Huzhou Municipal People’s Government, and hosted by the Sub-Council of Textile Industry of China Council for the Promotion of International Trade (CCPIT TEX), China Textile Go Global Union (hereinafter referred to as the Union), and CCPIT Huzhou Committee.

Foresights

Evolving challenges and opportunities in a new era

Xu Yingxin, Vice Chairman of CNTAC and Chairman of CCPIT TEX, stated in his welcome speech that this year marked the 8th anniversary of the Belt and Road Initiative (BRI). Since its launch in 2013, the initiative has become one of the largest platforms for international cooperation with the most countries involved, bringing huge opportunities and dividends to all countries in the world. As the world is undergoing profound changes unseen in a century, the outbreak of COVID-19 has accelerated changes to the global landscape. In such a complex and volatile era, all countries are bound to share weal and woe. One of the options that can benefit all countries is making committed efforts to pursue high-quality progress in the BRI and strengthen amicable relations and cooperation between China and its neighbors to deliver more opportunities and benefits.

China's textile and apparel industry, a steadfast supporter and participant of the BRI, has upheld principles of mutual benefits and win-win cooperation, yielding great achievements. China's textile and apparel sector has played a leading role in the Belt and Road Initiative with fruitful cooperation along the route. Since 2000, the total foreign direct investments (FDIs) of the sector have exceeded 11 billion USD, of which more than 70% have flowed to countries along the Belt and Road route. Making joint contributions to the BRI has become the consensus of the industry.

Xiang Lemin, Deputy Mayor of Huzhou Municipal People's Government, noted that during the 13th Five-Year Plan period (2016-2020), Huzhou's GDP grew at an average annual rate of 7.1%, 0.6 percentage points higher than that of the province. The total fiscal revenue and general public budget revenue saw an average annual growth rate of 12.2% and 12% respectively, making the city rank number one in the province. Huzhou has been rated twice as one of the cities with stable industrial growth and remarkable achievements in transformation and upgrading by the General Office of the State Council.

Under the guidance of the China National Textile and Apparel Council, the modern textile industry in Huzhou has taken steps towards high-quality growth. For one thing, as the city speeds up in achieving green and quality growth, it has established a whole supply chain that encompasses all processes from raw materials, weaving to end products. The annual output of the industry exceeds 70 billion RMB, and four textile companies in the city have gone public. For another, the Huzhou government encourages local companies to "go global" by participating in the BRI. From January to July, exports of textile and apparel products to countries along the Belt and Road reached 6.12 billion RMB in Huzhou, a year-on-year increase of 24.7%, accounting for 25.8% of the total exports to the BRI, which demonstrated huge potentials of the emerging city.

Cao Xuejun, a senior official from the Department of Consumer Goods of the Ministry of Industry and Information Technology (MIIT), pointed out that as China has achieved moderate prosperity, the 14th Five-Year Plan period (2021-2025) is crucial for China to embark on a new journey of modernization. During this new journey, the textile industry should pursue high-quality growth for the good of the public, further the supply-side structural reforms, and build a more reliable and innovative supply chain with greater flexibility and value added, thus boosting China's

competitiveness in textile. High-quality industry growth requires further international cooperation. The textile industry in China should focus on enhancing the competitiveness of domestic companies, strengthen the awareness of risk prevention and control, and build a supply chain that features mutual benefits and win-win cooperation, so as to explore diversified markets. This is in line with the requirements of the BRI in pursuing high-quality growth, and remains a necessity for building China into a textile giant. The Department of Consumer Goods of MIIT will promote policy coordination, support independent innovation and technological transformation, enhance industry upgrading, and create a sound business environment for textile companies to achieve quality growth.

Insights

Enhancing industry sustainability

Gao Yong, Secretary General of China National Textile and Apparel Council, gave a keynote speech on “A New Era Leading to a Sustainable Dual Circulation of Trade and Investment in Textile Industry”. Mr. Gao observed that the textile industry has witnessed extraordinary outbound investments and cooperation in the past two years despite the heavy blow dealt by the COVID-19, and that the industry has managed to resume work and production despite challenging circumstances. He also analyzed challenges lying ahead that were brought by the pandemic and the new development pattern. He appealed to all the industry actors to work towards a safe, stable and sustainable future for the sector.

According to Mr. Gao, outbound direct investments (ODIs) in China’s textile industry reached 950m USD, a year-on-year increase of 101.3%, accounting for 11.5% of the outbound investments in the country’s manufacturing sector. Sector performance varied though. Outbound direct investments in the textile & apparel sector and clothing accessories sector totaled 80m USD, which remained the same as last year, accounting for 8.4% of the total of the textile industry. ODIs in the textile sector reached 250m USD, a year-on-year decrease of 26.5%, accounting for 26.3% of the total. While the chemical fiber manufacturing sector saw a total of 620m USD outbound direct investments, a year-on-year increase of 1027%, accounting for 65.3% of the total. Hong Kong, China, Vietnam and Singapore were main investment destinations. Mr. Gao believed that it is

essential that companies evaluate the industry layout when doing business abroad, ensure the safety of the supply chain, and establish a safety early warning system.

He highlighted the need to upgrade the industrial base, modernize the supply chain, and enhance high-end manufacturing capabilities. He also noted that peaking CO₂ emissions before 2030 and achieving carbon neutrality by 2060, major strategic decisions made by the Party Central Committee, are inherent requirements for high-quality growth and harmonious co-existence between mankind and the nature. All industry stakeholders need build a consensus that industry growth should go in line with national ecological strategies and do no harm to climate security for humankind, and practicing sustainable development is the responsibility of a textile giant, and an important way to increase industry value.

Experience Exchanges

Sustainable cross-border investments in textile under the Belt and Road Initiative

In the first session of the Conference, representatives from governments, institutions and enterprises from home and abroad gave speeches on “**Sustainable Cross-Border Investments in Textile Under the Belt and Road Initiative**”, which presented opportunities for experience exchanges and cross-border cooperation.

Dr. Moses Ikiara, Managing Director at Kenya Investment Authority (KenInvest) attended the conference via video link and talked about investment opportunities in Kenya’s fiber, textile and garment sectors. He pointed out that Kenya, a gateway to eastern and central Africa, is endowed with competitive advantages in terms of location that facilitate its engagement with neighboring and global markets.

He mentioned several advantages of investing in Kenya. For instance, the country has a hard-working, innovative, and highly skilled labor force, a diversified economy, a free market, and no foreign exchange control. The middle-class keeps growing, driving up demands for high-value products and services and securing a steady economic growth. The business environment is sound, as evidenced by a large number of multinational companies placing their African

headquarters in Kenya. Also, the country is a regional transportation and logistics hub owing to its strategic location.

He also mentioned that the textile and apparel industry is the core of the national economic agenda and has made significant contributions to exports and job creation in Kenya. As a beneficiary of the *African Growth and Opportunity Act (AGOA)*, Kenya has played a leading role in exporting clothing to the United States. Dr. Ikiara also talked about Kenya's investments, capital security and investment opportunities in the industry value chain.

Mr. A. Sukumaran, Chairman of the Joint Apparel Association Forum (JAAF) in Sri Lanka, shared his insights into trade and investment opportunities of the country's textile and apparel industry via video link. He began with an introduction to JAAF. According to him, exports of the local textile and apparel industry totaled 5.6b USD in 2019, making it the largest export industry in Sri Lanka.

42% of the imported fabric comes from China, the biggest supplier for Sri Lanka, with the trade volume totaled 968m USD. The United States, the European Union, and the United Kingdom are major trading partners for Sri Lanka's exports.

As to investment advantages in Sri Lanka, Mr. Sukumaran mentioned the high ease of doing business, world-class manufacturing facilities/services, a capable and flexible labor force, as well as the preferential market access in the EU and the UK.

He observed that looking ahead, the textile and apparel industry in Sri Lanka will strengthen backward integration, and work with more foreign governments to maintain and improve export market access, so as to expand into more markets and bring itself to a new level.

Qian Anhua, Chairman and General Manager of Antex (Deqing) Fashion Co., Ltd. shared his experience in overseas operations in his speech "Antex Group's Overseas Investment Path", and noted that the implementation of the BRI has great influence worldwide, with the textile and apparel industry as a pioneer of the initiative. Antex Group has brought its production and

operations to Spain, New York, Vietnam, and Ethiopia, where there is strong growth potential, especially African economies. Mr. Qian elaborated on the global business environment, demographic structures, resource allocation and government support in African markets, and introduced his company's management team and technologies which help the company to break into new markets.

Chen Yan (Karen Chen), CEO of Challenge Fashion (Pakistan) Limited, attended the conference via video link. In her speech, "Challenge's Experience in Textile Industry Investments in Pakistan", Ms. Chen introduced the company's operations in Pakistan and advantages of local export policies, investments in Pakistan made by companies with Chinese investment, and the Pakistani government's emphasis on Chinese investments. Ms. Chen said that Pakistan has investment advantages in terms of bilateral relations with China, people-to-people exchanges, labor costs, production technologies, business management, tariff treatments and export policies.

Expert Perceptions

A mutually reinforcing dual circulation of domestic and foreign markets

Zhao Mingxia, Vice President of Industrial Economy Research Institute at CNTAC, shared her views on challenges and opportunities facing China's textile and apparel industry in foreign trade and investment patterns in her speech "Demand Trends in the International Textile and Apparel Market". From the perspective of market demands, she observed that China has witnessed the fastest growth in total consumption in the past years, contributing to 48% of the global economy. This shows that emerging economies and developing countries have driven up demands, while developed economies still play a significant role in fiber consumption.

She believed that every endeavor made and experience shared by companies remains the cornerstone and a driving force during the journey of advancing the Belt and Road Initiative.

Special Event

Deepening international capacity cooperation

The third session of the conference witnessed the issuance of the report, *African Countries' Textile Industry Development Capabilities and the Cooperation Potential between China and*

***Africa in Textile Industry*, and an establishment ceremony of the first batch of overseas liaison offices of the China Textile Go Global Union.**

The report was commissioned to a research team from CCPIT TEX by the Department of African Affairs of the Ministry of Foreign Affairs. The report analyzes 54 countries in Africa from a multi-dimensional perspective, establishes a model evaluation system to further study the industry conditions and trade and investment environment in eight key countries with investment and trade potentials (Egypt, Ethiopia, Kenya, Morocco, South Africa, Nigeria, Nigeria, Tanzania and Tunisia), and to discuss cooperation opportunities between China and Africa.

To give better play of the Union as a platform for further cooperation, **the Union decided to set up overseas liaison offices in Egypt, Cambodia, Myanmar, Vietnam, and Zambia**, which were announced at the Conference. Representatives from the liaison offices extended their congratulations via video.

The Belt and Road Textile Conference 2021 offered excellent speeches on and insights into the sustainable dual circulation of trade and investment, and served as a platform for industry stakeholders to discuss new paths towards more diverse and higher-quality growth. All players in the textile industry are well-prepared and determined to embark on a new journey towards high-quality growth.