Guangdong Province Textile Industry Adjustment and Revitalization Plan
Yue Fu [2009] No. 164

Textile is a pillar industry in Guangdong Province. Through many years of development, a textile industry system covering extensive fields with a considerable scale at a considerable level has been established in this Province. This Guangdong Province Textile Industry Adjustment and Revitalization Plan is specifically formulated in accordance with the State Council Notice on Printing and Distributing the Textile Industry Adjustment and Revitalization Plan (Guo Fa [2009] No.10), the Reform and Development Plan Outline for Pearl River Delta Region (2008-2020) and the work deployment of the Party Committee and Government of Guangdong Province in order to deal with the effects of the international financial crisis, implement the overall requirements of the Party Central Committee and the State Council for ensuring growth, expanding domestic demand and adjusting structure, accelerate textile industry structure adjustment, increase aftereffect of the textile industry in Guangdong Province, and promote industry updating. This Plan is an action plan based on keeping the steady development of the textile industry in Guangdong Province at present and which is also intended to seize the opportunity to make the textile industry better and stronger, with its importance attached to work arrangement for the period 2009 to 2011.

I. Industry Status

The textile industry is a traditional competitive industry in Guangdong Province. Through more than thirty years of development after start of China’s reform and opening-up, the textile industry has progressed much and has played a very important role for the economic and social development, particularly for promoting employment and accumulating construction capital, in Guangdong Province.

(I) Development Status

——Industry scale increases continuously, with obvious leading product advantages. In 2008, in Guangdong Province there were 5,586 textile and garment manufacturing enterprises above the designated size, with gross industrial output value (current price) RMB 356.05 billion, ranking fourth in China, with industrial added value above designated size RMB 88.6 billion, accounting for 6% of all industries above designated size, and with foreign exchange earned through export 34,514 million US dollars, ranking second among its peers in China. Leading products of the textile industry in Guangdong include garment, adornment, yarn-dyed fabric, knitted fabric, woolens and chemical fiber have been taking leading places in China in terms of output and the output of garment has ranked first in China for many years.

——Industry upgrading is steady and branding has shown preliminary effects. In recent years, the textile industry in Guangdong has through the fast development period entered into a mature development stage with steadily growing industrial competitiveness, which has changed from low cost and high quantity for export processing to excellent technical content, cultural connotation, variety change and fast response to market. Since 2005, the growth speed in downstream industries including textile and garment, shoes and cap and hat has been obviously quicker than that of upstream industries such as chemical fiber manufacturing and midstream industries such as cotton textile, woolen, and printing and dyeing. The textile industry actively carries out and implements the brand drive strategy and enhances the brand awareness. As a result, a batch of brand-name enterprises and brand-name products are emerging.

——Export structure is improving and private economy develops quickly. Since 2005, the textile and garment export structure in Guangdong has been increasingly better, great efforts are exerted in exploiting emerging export markets such as Latin America, Middle East and Africa, and the export trade mode has changed from processing trade to general trade while value of exports has been increasing over 30% annually on average. In 2008, general trade of textile and garment in Guangdong accounted for over
60%. A great deal of private capital has entered into the textile industry, playing a positive role to industry structure adjustment and industry agglomeration. Privately-owned enterprises have emerged and exceeded foreign-funded enterprises in terms of export and have become the main exporters.

Concentrated development has shown obvious effect and industrial clusters are taking shape. Key textile cluster areas are mainly distributed in the Pearl River and East Guangdong, with economic aggregate accounting for over 80% of the textile industry in the province. Since the “Eleventh Five Year [period]” the textile cluster areas have been paying attention to public service platform construction, effectively integrate industrial resources by widely employing advanced management modes and technological achievements, serve textile enterprises with high-tech means, provide technical supports for technical innovations of small- and medium-sized enterprises, while promoting the development of relevant supporting industries, optimizing the local industrial development environment, and improving enterprises’ informatization levels. At present, in Guangdong, 10 industrial cluster upgrading demonstration areas have been formed in the textile industry and there are 28 famous textile cities and towns recognized by China National Textile and Apparel Council, with prominent specialties, strong market viability, appropriate government service, and increasingly perfect supporting tertiary industry.

(II) Existing Problems.

Industry structure not yet optimized and economic benefits not yet improved.

After over thirty years of fast development, products of competitive enterprises have been close to or reached the internationally advanced level and have good economic benefits, but most of the enterprises still do not have independent brands, and instead still do OEM processing. In terms of export structure, the proportion of general trade is still lower than the average national level, with ordinary commodities being more than “famous, special, excellent, and new” products; rough-finished products more than refined ones; low-tech-content products more than high-tech and environmentally-friendly products. “Win by low price and by large quantity” resulted in excessive competition, with product profit increasingly less and total profit maintaining at the original level. The textile industry has low economic benefits, despite its high output, high output value, and large export volume.

Indigenous innovation capability is relatively weak and branding is to be enhanced.

In the entire province, textile enterprises do not invest much in R&D and their indigenous innovation capability is relatively weak. Lacking of independent brands has become the main crux of the textile industry in Guangdong which is “large but not strong”, and also become the main factor preventing the textile industry from turning from bigger to stronger. The number of Chinese famous brands in the textile industry in Guangdong is less than that in Zhejiang, Jiangsu and Shandong, and the gap between Guangdong and those provinces in this regard is widening.

II. Current situation

(I) Weak demand in international market in short and medium term.

Affected by the financial crisis, the demand in the international market has been weak. Since 2008, the growth of apparel sales in the United States has slowed down significantly and the demand for Chinese textiles in Japan and Germany has also been affected. As the United States has strengthened its trade protection measures, trade protection has escalated and the threshold for textile and garment import has increased persistently, which weakened the competitiveness of Chinese textiles in the United States.

(II) Urbanization and industrialization in China increased, providing a development opportunity for the textile industry.

With China speeding up urbanization construction, the total demand for home textiles will grow greatly. Meanwhile, fast development of relevant industries including automobile, building, medicine, water conservancy, agriculture, transport, new energy and environmental protection will also drive textile consumption growth persistently. With people’s living standard improving and with consumption...
upgrading continuously in China, the growth of decorative and industrial consumption demands will obviously be over that of clothing demand, so the market is very promising.

III. Guiding Ideology and Development Goals

(I) Guiding Ideology.

Deeply carry out the Scientific Outlook on Development, promote the transformation and upgrading of the textile industry by depending on technological progress and indigenous innovation, try hard to build independent brands, strengthen industrial and corporate information-based construction, promote textile cluster upgrading, increase resource utilization ratio, and vigorously develop energy-saving, environmentally-friendly and ecological textile technologies. Stick to the mainline of stock structure adjustment and pay attention to industry chain improvement. Develop emerging industries, explore market fields, encourage qualified enterprises to invest and do business abroad, and foster new economic growth points.

(II) Development Ideas and Goals.

——Keep stable operation of the industry. Before the current situation of weak international market demand, increasing scale of losses and slowing growth in the industry, place effort to expand internal demand and expand the rural consumption market; and support qualified enterprises in their efforts to “go global” to expand the international market to ensure relatively stable operations of the textile industry. During 2009-2011, the industrial added value of textile enterprises above designated size grew by 10% annually on average.

——Optimize the industry development layout. Promote reasonable transfer of the industry by making full use of capital, technical, R&D and marketing advantages in the Pearl River Delta regions and the labor and raw material advantages in the east and west wings and northern mountainous areas of Guangdong to create a cascade industry pattern with distinctive characteristics and comparative advantages, and promote good joining of the textile industry in the whole province, to fully improve the overall competitiveness of the textile industry in Guangdong. The Pearl River Delta areas to attach importance to “quality” improvement, east Guangdong areas to become bigger and stronger, and west and north Guangdong areas to be well prepared to accommodate the industry transfer in the Pearl River Delta areas.

——Make brand building reach a higher level. Vigorously foster a batch of textile enterprises that are competitive in terms of brand design, technical R&D and marketing channel construction; encourage the creation of industrial brands and regional brands with public attributes, so that the proportion of independent brands in the textile and garment industry will be significantly increased, turning the textile industry in Guangdong from big to strong.

IV. Main Tasks

(I) Upgrade Textile Products in Pearl River Areas and Enhance Textile Industry in East Guangdong Areas.

In the Pearl River Delta areas, attach importance to the development of high tech-content and high value-added textile products; in Guangzhou, Shenzhen, Dongguan, Foshan and other areas where the textile industry is developed, try hard to make breakthroughs in aspects such as fashion brands, R&D and design and establishing international marketing centers, accelerate indigenous technology R&D, increase technical content of products, continually improve product competitiveness and resilience, and increase the proportion of high-quality and high value-added products. In east Guangdong areas, strive to further improve textile and garment development level, extend the industry to raw material production, and make integrations and improvements with respect to brand and fashion culture to make the textile industry grow vigorously.
(II) Boost West and North Guangdong Areas in Their Efforts to Actively Accommodate Industry Transfer.

In east and north Guangdong areas, make full use of resource advantages in terms of labor and land to develop labor-intensive processing and manufacturing industries supporting the Pearl River Delta areas, and accommodate the textile industry transferred from the Pearl River areas and from abroad. According to local industry development plan and urban and rural development plan, guide textile enterprises and projects to enter into industrial parks for concentrated development, promote the agglomeration of upstream and downstream supporting industries, and form well-supported industrial clusters, thus to make this industry bigger and stronger. Encourage old textile industry bases in east and north Guangdong areas (e.g. cotton textile in Lechang of Shaoguan and chemical fiber in Maoming) to establish new industry mechanisms by introducing new industry factors to form new competitiveness.

(III) Optimize Product Structure of Chemical Fiber Industry and Build Jiangmen Special Fiber Industry Base.

Promote industrial construction for monomer raw materials of chemical fibers and improve production capacity of polymers moderately to change the situation, in which raw materials of chemical fibers largely depend on imports; develop new varieties of fiber products with high-tech content, distinctive characteristics, strong functionality and good economic benefits to meet the demand for new raw materials of chemical fibers intended for high-grade garment fabric and industrial and home textiles.

By depending on Guangdong Charming Co., Ltd. and Guangdong Xinda Chemical Fiber Co., Ltd., build Jiangmen Special Chemical Fiber Industry Base, which will have 100t/a aramid fiber III and 5,000t/a ultra-high molecular weight polyethylene fiber production capacities by 2010, extend the special fiber industry chain, and plan the construction of a composite material industry base for aerospace.


For cotton textiles, woolen textiles, and knitting, accelerate the transformation of outdated equipment, generalize the application of domestic and international advanced textile equipment, and actively adopt new raw materials and new processes; develop individualized, fashion-oriented and artistic products, increase the proportion of high-tech and high value-added products, and avoid disordered competition.

Accelerate garment independent brand construction, attract international design talents, improve product design capability, exert greater efforts in product design and marketing, actively seek for breakthroughs to international market, and increase the proportion of independent brands by making use of international marketing means. Develop high value-added western style clothes, shirts, leisure wear, silk garment and children's wear series, as well as women's wear which combine traditional crafts and cultural resources in places represented by Chaozhou City with fashion, in order to turn the garment industry in Guangdong from processing with supplied materials to operation and production with independent brands, letting the change from “win by quantity” to “win by quality” come true.

(V) Implement Upstream and Downstream Industry-Integrated Development Strategy to Promote Coordinated Development of the Whole Industry Chain.

Improve the textile industry chain in Guangdong, accelerate the development of upstream, downstream and midstream industries, and vigorously expand downstream industries, in order to change the situation of “imbalance between upstream and downstream industries” in the textile industry in Guangdong and promote coordinated development of the whole industry chain. On the one hand, upstream enterprises to strengthen cooperation with downstream weaving, printing and dyeing, garment and home textile enterprises through brand extension and strategic collaboration to accelerate the technical development and popularization of fusing high value-added fibers into high-grade fabrics; on the other hand, integrate upstream and downstream industries to build an integrated R&D and production
system, establish a mechanism of quick response to terminal markets, drive the development of
differential and functional new products, and promote technical progress and product structure adjustment
of the industries.

(VI) Accelerate Technical Transformation to Improve the Energy Conservation and Emission
Reduction Level of this Industry.

Exert vigorous efforts in upgrading leading products such as cotton and cotton-blended fabrics,
polyester imitated printed fabrics, and flax-like and wool-like chemical fiber fabrics, promote the
application of advanced practical techniques including textile dyeing and printing process parameter
online monitoring technique, bio-enzyme desizing, scouring and bleaching technique, and gas phase
bleaching technique; strengthen R&D and production of ecological and functional textiles, and promote
environmentally-friendly and energy-efficient dyeing and printing technique to make pollution control in
the printing and dyeing industry change from “end treatment” to “source prevention.”

(VII) Vigorously Develop Industrial and Home-use Textiles.

Change the traditional growth mode, take the road of quality/benefit-oriented development of non-
woven fabrics with characteristics of Guangdong Province persistently, strengthen development and
application of composite technique, functional finishing technique and integral shaping technology, and
explore product application fields; strengthen the R&D and application of industry chain integration
techniques to build a new style industry chain from fiber materials and fiber processing to application and
development, thus to improve the overall level of the industry. Vigorously promote new technologies
relating to energy conservation, emission reduction and clean production, develop individualized home
textile products with good taste, unique characteristics and healthcare functions to increase added value of
products, and strengthen brand construction.

(VIII) Promote Industrial Cluster Upgrading.

Give a boost to industrial cluster areas in their efforts to build technological innovation platforms,
construct industry-specific public service systems based on these platforms, upgrade industrial clusters
and foster their features, avoid repeated constructions, avoid disordered competition, and facilitate cluster
enterprises in their efforts to integrate production factors to improve their productivity and overall
strengthen.

(IX) Implement Brand-Name Strategy to Foster Independent brands with International Influence.

Boost brand construction of the textile industry in Guangdong step by step and try to make
breakthroughs in high-end markets at a faster speed while stabilizing the existing market; establish and
improve intellectual property and brand protection mechanisms, strengthen propriety brand construction,
and enhance brand awareness of enterprises; exert greater efforts in product design and marketing in the
industry and encourage enterprises to actively go through trademark registration at home and abroad and
manage business according to internationally-accepted quality management system and environmental
management system; support regional brand construction in all key areas of the textile industry; give
focused help to enterprises that are competitive in terms of brand design, technical R&D and marketing
network construction; establish and expand international marketing channels, optimize export product
structure, enhance international competitiveness of Chinese independent brands, and increase the
proportion of export products of independent brands.

(X) Vigorously Boost the “Go Global” Strategy.

Encourage powerful textile enterprises to “go global” by investing and setting up factors in countries
and regions with comparative advantages, setting up logistics centers and distribution centers in main
sales markets, and achieve optimized allocation of all links of sales, R&D and Production in the world, in
order to uplift the position of the textile industry of Guangdong in the global value chain.

V. Policy Measures
(I) Create A Good Market Environment.

Regulate the market order to create a fair competition environment. Give full play to the macro-directing role of the government, strengthen inter-coordination among relevant governmental departments, improve the administration system, improve relevant laws and regulations, and standards and codes, improve the technical innovation mechanism and industry self-discipline mechanism, and consummate the talents training, intermediary service, industry early-warning and other supporting systems; attach importance to the application and protection of indigenous intellectual property rights to create a good environment for intellectual property protection.

(II) Give Greater Credit Support to Textile Enterprises.

Properly implement relevant policies issued by the State and give greater support to textile enterprises regarding working capital for production and operation purpose. Construct a multi-level financing system for small and medium-sized enterprises (SMEs) and expand direct-financing channels for them, encourage financial institutions to develop innovative credit products, improve the SME guarantee system, and give priority support to small and medium-sized textile enterprises that meet industry policies and that have markets, technologies and development prospects.

(III) Give Greater Financial Support to Textile Industry Structure Adjustment.

Make good use of all special funds in an overall view to support energy conservation and emission reduction, public service platform, technical innovation, technical transformation and brand construction of the textile industry, with the importance attached to development and application projects regarding the industry chain of high-performance fibers and functional fibers, industrial projects regarding energy conservation and emission reduction, clean production and environmental protection, technical development projects regarding high value-added natural fiber products and advanced production process, key textile machinery projects, and industrial public service platform construction projects, etc.

(IV) Give Greater Support to Indigenous innovation and Boost Industrial Technical Progress and Industry Upgrading.

Accelerate the pace of indigenous innovation, popularize advanced and applicable technologies, improve the indigenous innovation capability of the textile industry in Guangdong, improve product structure, and accelerate high-tech product development. With terminal products such as garments, home textiles and industrial textiles as leading products, and with dyeing and finishing technical progress and fabric development as the breakthrough, enhance close vertical contact between upstream and downstream enterprises and encourage horizontal production-teaching-research collaboration to build an integrated technical innovation system and product R&D extension system. Make breakthroughs in new type textile machinery technologies with indigenous intellectual property rights by strengthening indigenous innovation and introducing and assimilating international advanced textile technologies to accelerate localization of textile machinery and technical equipment. Give an active boost to textile and garment enterprises in their efforts to make their industrial design more specialized and more industrialized, support textile and garment enterprises and industrial cluster areas to build provincial industrial design demonstration bases (enterprises), and accelerate introducing and training international design talents.

Support large enterprises in their efforts to build technical centers and increase their development investment, so that they will gradually become the main player of technical innovation in the industry, changing technical innovation from introduction and assimilation to independent R&D, and turning the lagged imitation mode to the proactive innovation mode. Build a more open-ended technical cooperation system to promote collective innovation. Encourage textile enterprises in Guangdong and those from abroad, large transnational companies in particular, to introduce advanced core technologies through joint venture or cooperative production to boost the course of localization of key technologies.
(V) Strengthen Textile Cluster Upgrading and Innovation.

Take concrete measures to boost textile industry structure adjustment in the Pearl River Delta areas, with the importance attached to product innovation, technical innovation, brand strategy, and marketing network. Main cities in the Pearl River Delta, Guangzhou, Shenzhen, Dongguan and Foshan in particular, to make full use of their advantages in terms of trade, publicity and guide to fashionable trend of garment to cultivate the fashion trade and develop headquarters economy to turn this region into an international textile marketing center.

Change the current single-factor mode of most textile industry clusters and make it extend to fields such as R&D, marketing and service to build a functionally-sound industry system. Build perfect public service systems, guide leading enterprises in industrial clusters to become bigger and stronger, and drive neighboring SMEs to become specialized supporting enterprises. At the same time, gradually build the overall brand image of industrial clusters through public service system construction to establish the public’s and the market’s trust in SMEs in industrial clusters.

(VI) Boost the Integration of Informatization and Industrialization Faster.

Give a focused boost to the construction of ERP management systems suitable for the characteristics of key industries including chemical fiber, textile, printing and dyeing, and garment, research and develop embedded systems of special equipment, and develop public information service platform for SMEs in industrial cluster areas and for specialized markets. For the cotton textile industry, attach importance to popularizing the application of cotton management informatization and production automatic detection and management system; for the garment industry, attach importance to popularizing the application of three-dimensional measuring, garment design and tailoring/sewing automatic combination technique and equipment; for the chemical fiber industry, attach importance to popularizing the application of production process distributed control system and various automatic control devices; for the printing and dyeing industry, attach importance to popularizing the application of fabric dyeing and printing process parameter online monitoring technique and energy-saving, consumption-reducing and environmentally-friendly automatic control systems.

(VII) Foster Intermediary Organizations and Accelerate Socialized and Specialized Service System Construction.

Establish and improve public service platforms quickly to provide technical, information, design, talents training, product quality detection, financial and legal services for small- and medium-sized textile and garment enterprises. Establish and improve the industry-wide association organization system. Give a boost to industry associations in their efforts to improve their qualities and professional skills and grasp economic and technical dynamics of the industry at home and abroad to provide information and service for garments for decision-making purpose and enterprises for business purpose. Promote exchanges and technical cooperation among enterprises in various forms, organize enterprises to participate in influential textile and garment exhibitions and trade fairs at home and abroad, and support textile enterprises in their effort to vigorously exploit multi-level markets.

Annex: Key Project List of Guangdong Textile Industry Adjustment and Revitalization Plan (omitted)