

Increased investment in the textile industry to extend the scale of production is majorly boosting the textile raw material market in China

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“China Textiles Market Data Review”

Rapid Urbanization, Increase in Disposable Income and the Rapid Developments in the Textile Sector in China Have Further Contributed to Market Growth.

Textile Raw material is the primary substance that is used as an input in the textile production process and these materials are altered to be used in different processes before being used in the final manufacturing process. In the textile industry, raw materials consist of fabrics, dyes, yarns, and fibers which are derived naturally like cotton, wool, or manually made like nylon, polyester. China develops a competitive advantage in textile production as the country has high availability of cheap labor, better information flows, a sustainable supply channel, and modern infrastructure.

Hence for such advantages, China has become a hub of production and has attracted investments which have resulted in an increase in production scale in its manufacturing sectors like textiles. For instance, The China Apparel Association stated, that in the first seven months of 2016, China's investments textile and apparel industry increased by 7.29%. Moreover, Chinese textile companies to focus more on advanced manufacturing are also investing in their fixed assets like machinery. For, instance China National Textile and Apparel Council, China's textile industry's investment in its fixed assets increased by 5% in 2018. Such an increase in investments in the textile sector will increase the scale of production in China thereby leading to an increase in usage of raw materials like fibres and fabrics in the manufacturing of textile products.

Hence, such an increase in raw material usage will have a positive impact on the growth of the **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.

In China, textile and clothing have been an important sector for investment purposes because the large scale and large demand of the textile industry in China provide very stable returns to investors. The upgrading of the clothing industry led by evolving demand of the new generation and increased efficiency of suppliers is one of the fundamental reasons for the entrance of new capital into the textile sector in China.

Apart from garment brands, the supply chain of the clothing industry has ushered in intensive financing as part of an industry-wide upgrade. Hence the apparel e-

commerce platforms are also attracting attention from the capital market. The increasing number of funds secured by Chinese textile companies will increase their scale of production, which will increase the degree of usage of textile raw material in the manufacturing of textile items like clothing and apparel. Hence such an increase in raw material usage will provide more growth to the textile raw material market in China.

China's textile industry shows apparent scale economy and cost effects in material supply, labor cost, product qualities, compatibility between up and downstream, which contribute to its vigorous export competitive advantage. Hence, being a developed country and persistently investing in technologies in textile industries, China compared to its overseas counterparts has a solid textile industrial foundation with cheap cost.

This has resulted in China attracting investments from foreign countries. For instance, as per the Ministry of Commerce, from 2015-2018, foreign direct investment in China's textile industry totalled US\$6.2 billion accounting for 7.12% of total foreign direct investments in the manufacturing sector of China. Such foreign direct investments play a vital role in extending the domestic textile market of China and also increasing the export sale of the textiles and apparel manufactured by the textile companies in China.

The increase in the domestic and export market sale of these companies leads to an increase in production capacity to meet the overseas demand for textile items, which result in more usage of textile raw materials. Hence, this gives a major boost in the growth of the textile raw material market in China.

Growing Online Textile Shopping Extends Demand for Textile Products

E-commerce in China has become an important driving force in the economy and an important starting point for economic restructuring and development. Growing technological advancements and increased digitalization processes have helped manufacturing sectors of China such as the textile industry to evolve into a new business model, adopt new business practices and achieve a new consumption phase.

The improvement in the living standard of people especially the middle-class segment and the introduction of online shopping festivals such as Alibaba Single day has increased online consumption of textile and apparel items. For instance, as per the China Commercial Circulation Association of Textiles and Apparel, the online sales of textiles and apparel grew by 12.6% while brick-and-mortar textiles and apparel-specific wholesale market through e-commerce platforms grew by 8.89% representing 21.97% of the total online sales of textile and apparels. Hence the growing online textile shopping has increased the demand for clothing items, especially in the younger generation as it provides different varieties of clothing items, and also it has extended the market reach of textile companies resulting in an increased production scale of textile and apparel items in China. This will result in more usage of raw materials for textile and apparel manufacturing which will have a positive impact on the growth of the textile raw material market in China.

The Major Players in this Market include

The major companies in the textile raw material market in China include Jiangsu ZhongHeng Dyeing & Finishing Co. Ltd, Weiqiao Textile Company Ltd, Consinee

Group Co. Ltd, Zhejiang Xinao Textile Inc., Tmall Xiyou, Hangzhou Baiken Sign Material Co. Ltd, Xinxiang Weis Textiles & Garment Co. Ltd, Bros eastern Co. Ltd, Kam Hing International Holdings Ltd, Texhong Textile Group Ltd. The key focus of the companies has shifted to acquisition and product launch.