

China Business Guide

中国商务指南 2009

(The Light Industry)

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Foreword

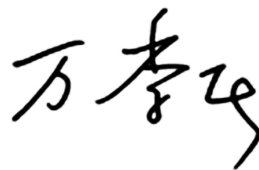
China is the largest developing country with a great popularity and a vast territory. During 30 years' reform and opening-up, China's economy has seen rapid and steady growth. In this process, the thriving of foreign trade, the tidal wave of foreign investment and introduction of advanced foreign technology played important roles.

As the largest promotion authority for foreign trade and investment, China Council for the Promotion of International Trade (CCPIT)/China Chamber of International Commerce (CCOIC) has always been dedicated to the development of Sino-foreign economy and trade. China Business Guide is one part of our promotion series. It is regularly edited and published to introduce China's foreign economy and trade as well as business environment to commercial and industrial circles at home and abroad. China Business Guide has won wide popularity since its first edition in 1996.

From 2008 on, we released five sub-volumes for China Business Guide including Machinery, Automobile, Textile, Electronics Information and Mining, which mainly presented their latest developments in China. In 2009, we added another five sub-volumes including Light Industry, Building Materials, Logistics, Energy and Aerospace about the latest situation of these five industries. We have so far introduced the developments of ten major industries in China's traditional industrial economy to the world in English version so that the global business circles can have a better understanding about the development of China and the great changes of its major industries and sectors.

China will gain more vitality in the transform. China means new opportunities to everybody who pays close attention to China's economy. I hope China Business Guide sub-volume series will further help business circles at home and abroad.

Wan Jifei

A handwritten signature in black ink, consisting of stylized Chinese characters '万孝飞' (Wan Jifei).

Chairman

China Council for the Promotion of International Trade
China Chamber of International Commerce

Preface

Bu Zhengfa

Chairman of China National Light Industry Council

Sept. 3rd, 2009

Published by China Council for the Promotion of International Trade and China Chamber of International Commerce, Light Industry Volume of China Business Guide is an important approach to providing a systematic and all-round introduction of the development of China's light industry at present, and it also helps business partners at home and abroad gain a wider knowledge of business environment and prospect of the industry.

As one of the volumes of China Business Guide, Light Industry Volume provides an overall introduction of China's light industry in terms of achievement, development, international position and influence, and policies and regulations concerning investment and operation in the industry.

As one of the key industries in national economy, China's light industry takes the responsibilities of flourishing market, promoting export, expanding employment and providing services for "Agriculture, Farmer and Rural Area" and plays a decisive role in economic and social development. Light industry is primarily an industry of consumer goods, which are closely interrelated to people's daily life. Traditionally, China's light industry is classified into 19 categories, 45 industries and more than 500,000 items of articles, which covers food, paper-making, daily chemicals, leather, home appliances, plastics, ceramics, furniture, stationery and sports articles concerning all aspects of daily life, namely clothes, food, house and transportation.

The rapid development of China's light industry since the beginning of the new century has led to a notable improvement of scale and capacity of enterprises, the constant promotion of competitiveness of the industry, and the remarkable contribution of the industry to expand employment and to benefit agriculture. To cope with the great impact brought about by the global financial crisis initiated in 2008 and to comply with general requirements issued by the State Council in ensuring growth, enlarging domestic demand and implementing industrial restructuring, Restructuring and Promotion Program for Light Industry was promulgated on May, 18th, 2009 as the action program for the comprehensive counter-measures to ensure the stable development of light industry, accelerate restructuring and promote industry upgrading. The term for the Program is from 2009 to 2011.

Based on a complete analysis of objective and elaborate data, Light Industry Volume of China Business Guide offers an introduction to the development of China's light industry as well as its role and position in national economy and makes an analysis of the development and trend of light industry in some countries over the world as well as the global position of China's light industry. For the sake of providing the readers with a deeper and more complete knowledge of the latest development of China's light industry, the Volume also makes an introduction of the features of operation of China's light industries and other related industries in 2008 via a large amount of data and a whole bunch of diagrams. Meanwhile, the recall of the development route of China's light industry during the recent five years also helps provide an analysis of the situation of China's light industry in making foreign trade and attracting foreign investment. In compliance with the strategy of "Going Global" advocated by the country, the Volume also introduces the efforts of the industry in this field. Furthermore, there is also an introduction of the leading enterprises in various fields of the industry, which provides readers with richer knowledge about China's light industry.

The Volume also gives space to the related policies and regulations of the state concerning the development of light industry, including policies on industry development, market supervision, trade and investment, and taxation. Finally, prediction and prospect are also made on the trend, goals and tasks of the development of China's light industry. Policies and prospects are the two factors of the greatest concerns among foreign investors, so the content of the Volume will play an active and effective role in the communication between players in the industry from all over the world.

The publication of English Version for the Volume makes it more convenient for foreign investors and partners to gain a better understanding of the development situation as well as the prospect of China's light industry. Under the guidance of



policies of industrial restructuring, new developing trend and features are to appear in China's light industry, which are sure to provide greater impact on the optimization and upgrading of industry structure. The impact of financial crisis on China's light industry and the corresponding measures taken by the Chinese government and enterprises are also introduced in the Volume.

As the most comprehensive national industry association in the field of light industry in China, China National Light Industry Council (CNLIC) provides services and holds the management of more than sixty associations, societies and public institutions under the commission of State Property Administration Committee. The major functions of CNLIC include: implementation of investigation and research in the industry, providing comments and recommendations on economic policies and legislation to governments; organizing and implementing statistics of the industry, e.g. collecting, analyzing, research and publishing information of the industry; carrying out statistic investigation in accordance with laws and establishing information network for E-business; participating and making industry plans, making pre-verification and initial screening on projects concerning investment and development, key technological reform and innovation and technical import; reinforcing self-discipline, standardizing activities, cultivating specialized market and maintaining fair competition of the industry; providing consulting service for the protection of knowledge property rights, anti-dumping, anti-subsidy, anti-illegitimate competition and cracking down smuggling; organizing the recommendation of key scientific and technological projects, certification of scientific achievements and the promotion as well as application of the achievements; participating in, making and revising national standards and industry standards, and organizing implementation and supervision of the standards; issuing the information about the industry and the requirements by enterprises, and maintaining the legal right and interest of the industry as well as enterprises; organizing training on talents, techniques and vocational skills. As the most representative institution in the industry, CNLIC, aimed at providing services for the whole industry, plays a significant role of bridging governments and enterprises and makes intensive efforts for the development of China's light industry by strengthening international communication and cooperation in this field.

Handwritten signature in Chinese characters, likely reading '李正发' (Li Zhengfa).



Comments on the Development of Light Industry in China

Guo Yongxin

Department of Information Statistics of China Light Industry Council/Assistant of the Director
of China Light Industry Information Center

Features of Light Industry and Its Position in National EconomyI

Major achievements in the development of light industry 错误！未定义书签。

Internationalization of light industry and its global impact 错误！未定义书签。

Prospect and development strategies for light industry 错误！未定义书签。

Light industry is a key consumer goods industry that meets the requirements of people in clothes, foods, house and transportation. The gradual development of the industry enables it to fully meet the demands in domestic market and to develop into an important international production base for consumer products. Further efforts in strengthening international communication and cooperation in light industry is of great significance to the promotion of the general level of light industry and the leap of China from a big country to a powerful country in terms of light industry.

Features of Light Industry and Its Position in National Economy

I. Definition of Light Industry

The concept of light industry is put forward in contrast to heavy industry, the former of which refers to the industry for the manufacturing of means of livelihood, while the latter of which refers to the industry for the manufacturing of means of production. This kind of classification derived from the practice in the former Soviet Union.

Such a classification of light industry and heavy industry is not applied in the international market, so the light industry in China is called consumer goods industry abroad. Consumer goods are classified into fast-moving consumer goods and durable consumer goods according to the length of their lifecycle.

Generally, fast-moving consumer goods include foods, personal sanitary articles, tobaccos, inebriant and beverage. The classification is mainly due to the fact that they are daily articles, and the realization of profit and values comes from high-frequency and repeated use and consumption as well as scale market volume. Typical fast-moving consumer goods include daily chemicals, food & beverage, and tobaccos. Among the classifications in China's light industry, food, beverage, inebriant, diary products, daily chemicals and batteries can also be classified into fast-moving consumer goods industry.

Durable consumer products include consumer goods that are of long lifecycles and low purchase frequency, e.g. furniture, home appliances, etc. Among the classifications in China's light industry, furniture, home appliances, bicycles, clocks and watches and hard ware can also be classified into durable consumer goods industry.

II. Classification of light industry according to State statistical criteria

As an important factor in China's national economy, light industry was classified into 22 major industries and 44 minor industries according to the industry administration of the former Ministry of Light Industry.

The state statistical criteria classify light industry into 19 major categories, 72 intermediate categories and 137 small categories, which include a whole bunch of industries in salt mining; agricultural and sideline food processing; food manufacturing; beverage manufacturing; leather, fur, feather, woolen and their products, wood, bamboo, rattan, palm, grass and their products; furniture; papermaking; articles for education, culture and sports; daily chemicals and printing ink; plastics; glass ceramics; metal products; sewing machines; bicycles; home appliances and lighting; clock, watch and glasses; arts, crafts and daily use accessories; building decoration, etc. Under the unified leadership of China National Light Industry Council, 43 industry associations with "China" at the beginning of their titles undertake the management of respective industry.



III. Main Features of Light Industry

The four main features of light industry are “Domestic demand oriented, export-oriented, pillar for employment and service for ‘agriculture, farmer and rural areas’”. It meets the domestic demand because light industry covers various daily life elements of clothes, food, house, transportation, entertainment and recreation, contributing 18.9% of the total industrial output; it is export-oriented because the total export of light industry in 2008 amounted to 309,200 million RMB Yuan, contributing 21.7% of the total amount of export of the country; it is the pillar for employment because the enterprises above designated size offer job opportunities for 20,420,000 industrial workers, and the total number of employees of the industry exceeds 30 million, amounting to one quarters of the total industrial workers of the country; it provides services for “Agriculture, Farmers and Rural Areas” because 70% of industries in light industry and 50% of the output come from intensive processing of agriculture and sideline products, and greater efforts in developing light industry provides an important means of solving problems concerning “Agriculture, Farmers and Rural Areas”.

IV. A significant role of light industry in national economy

In history, the proportion of light industry in the entire national economy is “One third” in three aspects: output, profit and taxes, and foreign exchanges contributed by exports, which indicates the significant role of the industry in the total amount of national economy. Although the heated wave of the construction of heavy chemical industry in recent years has caused a relatively decrease of the proportion of light industry in national economy, it still keeps its important position.

According to the statistics issued by State Administration of Statistics, the total industrial output contributed by enterprises above the designated size in light industry in 2008 amounted to RMB9,389,800 million, achieving a year-on-year growth of 24.54%; and the total output of light industry occupied 18.92% of the total industrial output of the country, which is 1.44% higher than the average growth rate of the country.

The total amount of profit and taxes contributed by enterprises above the designated size in light industry in the first eleven months achieved RMB627,800 million Yuan, indicating a year-on-year growth rate of 19.88%; and the amount of profits achieved RMB388,200 million Yuan, indicating a year-on-year growth rate of 18.53%; the total profits contributed by all enterprises above the designated size in China’s industry during the same period achieved RMB240,660 million Yuan, indicating a year-on-year growth rate of 4.89%; the profits of light industry amounted to 16.13% of that of entire industry of the country, and the growth rate is 13.64% than the average growth rate of the entire industry of the country.

The number of enterprises above the designated size in light industry in 2008 was 105,652, amounting to 29.33% of the total number of the enterprises above the designated size of the entire industry in China; the total assets of enterprises above the designated size amounted to 569,040 million RMB Yuan, amounting to 14.09% of the total assets of enterprises above the designated size in the entire industry in China; the number of employees in the enterprises above the designated size in light industry is 20,420,000, amounting to 25.21% of the total practitioners in the enterprises above the designated size in the entire industry in China. All these indicate the significant role of light industry in the nation’s industry.