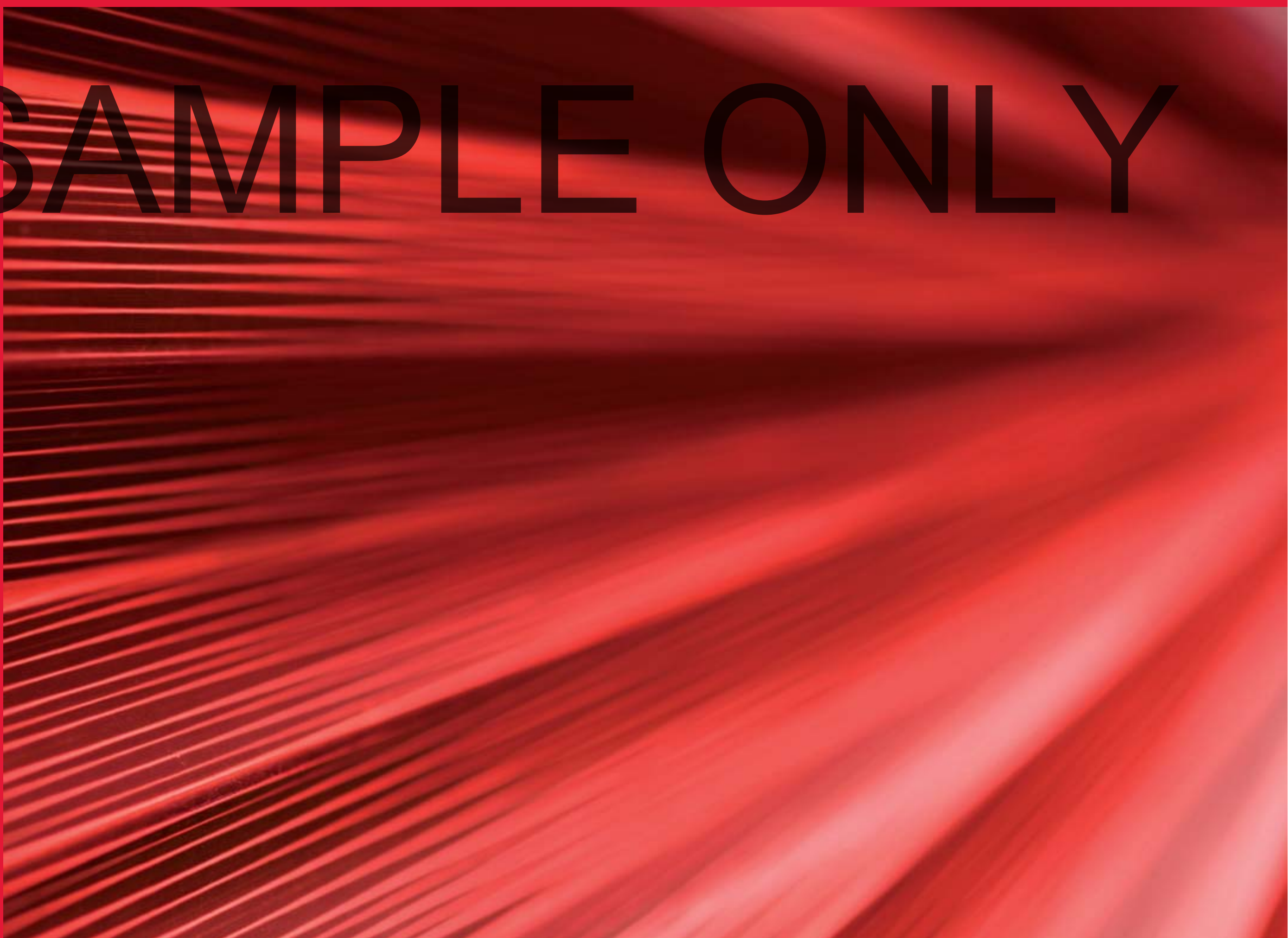
CHINA TECHNICAL TEXTILES

Key producers and market trends to 2015



Chen Nan Yang

tms

Contents

Contents

Overview

This chapter provides an overview of the history, current situation and forecast of the technical textile, fibre, and nonwovens industries. More details for each of these industries will be provided in the following chapters.

Technical textiles

This section provides an overview of the Chinese technical textile industry and market between 2006 and 2010 and forecasts for 2011 to 2015.

China's technical textile products

The China Nonwoven & Industrial Textiles Association (CNITA) divides technical textile products into 16 types:

- agrotech: agrotextiles, which are used for manufacturing agricultural products;
- buildtech: textiles for architectural applications;
- canvas: includes canvas, footwear textiles and advertising textiles (i.e. flexible banners, etc);
- clothtech: technical textiles for making clothing (but only including synthetic leather substrates in this report);
- filtertech: filtration textiles, which are used for gas, liquid, solid and chemical filtration and separation; most oekotech products are included in this category;
- geotech: geotextiles, which are used in civil engineering, railway, highway, water conservation, etc;
- indutech: industrial textiles, which include felt, blankets and tiles used in industrial manufacturing;
- insulation textiles: thermal or electrical insulation textiles;
- medtech: medical and hygiene textiles;
- mobiltech: transportation textiles;
- packtech: packaging textiles;
- protech: protective textiles;
- sportech: sports textiles, which are used for making sports or entertainment products;
- reinforcement textiles: textile reinforcement for tyres or other applications;
- cord: includes cord, cable, ribbon and thread for industrial applications;
- others: all other types of technical textiles that do not belong to any of the above categories; most hometech products are included in this category if they do not belong to others.

The analyses and forecasts in this report are based on this classification methodology.

The Chinese technical textile industry: current situation and history

This section provides data and analysis concerning the output and consumption of the Chinese technical textile industry from 2006 to 2010. It also describes the history of the industry starting from the 1950s.

Start of the Chinese technical textile industry

The Chinese technical textile industry was established in the 1950s when Shanghai Torch Technical Textiles (page 134) began to produce technical textiles using natural fibres. In the 1960s, this company started using man-made fibres to make such products.

China's annual output of technical textiles grew to 530,000 tonnes in 1988. The industry took off in the late 1990s, and annual output rose to 1.74m tonnes in 2000.

The industry has experienced similar rapid growth over the past decade. Output increased to 3.65m tonnes in 2005, accounting for 18.6% of the global output of 19.6m tonnes, according to CNITA.

China's output of technical textiles by volume, 2005-2010

(m tonnes)	2005	2006	2007	2008	2009	2010	2010/09 (%)
Technical textiles	3.65	4.54	5.44	6.07	7.23	8.22	+13.7

Source: CNITA

Output in volume terms increased 125.1% from 2005 to 2010 and reached 8.2m tonnes, accounting for 34.8% of the global output of 23.6m tonnes – the newly added global output from 2005 to 2010 was almost all from China. The country has now become the world's largest technical textile producer in volume terms.

China's output of technical textiles by value, 2006-2010

(US$bn)	2006	2007	2008	2009	2010	2010/09 (%)
Technical textiles	20.5	25.3	28.9	35.0	40.3	+15.1

Source: author

The data in the above table are calculated from the output in volume terms and the average price of technical textiles in the Chinese market from 2006 to 2010. China's output of technical textiles in value terms increased 96.6% from 2006 to 2010. Technical textile output in value terms grew faster than output in volume terms, as average prices grew year by year.

Fibre producers

Both man-made and natural fibres are the raw materials for the production of technical textiles. As most technical textiles are made with industrial fibres, this chapter focuses on man-made fibres.

China's man-made fibre output and forecast

China's output of man-made fibres reached 30.9m tonnes by 2010, accounting for 64% of global output. Polyester fibre is the largest segment by far, accounting for 81.3% of the total man-made fibre output.

The historical data from 2008 to 2010 and the forecast for total man-made fibre output in 2015 are provided by the China Chemical Fiber Association (CCFA). The forecast for each fibre type is based on historical data, total output, capacity expansion plans and market trends.

China's output of man-made fibres, 2008-2015

(m tonnes)	**2008**	**2009**	**2010**	**2015**[f]	**CAGR 2015/10 (%)**
Synthetic fibres	*21.75*	*24.58*	*28.52*	*37.53*	*+5.6*
polyester fibre	19.25	21.54	25.13	32.97	+5.6
polyester filament	12.32	13.98	16.70	22.01	+5.7
polyester staple fibre	6.93	7.56	8.43	10.96	+5.4
polyamide fibre	1.12	1.44	1.62	2.18	+6.1
acrylic fibre	0.55	0.69	0.66	0.70	+1.2
vinylon fibre	0.05	0.05	0.06	0.06	0.0
polypropylene fibre	0.26	0.28	0.34	0.52	+8.9
elastane/spandex	0.17	0.22	0.27	0.42	+9.2
Cellulosic fibres	*1.82*	*2.01*	*2.17*	*2.67*	*+4.2*
viscose fibre	1.52	1.70	1.84	2.30	+4.6
acetate fibre	0.27	0.28	0.29	0.34	+3.2
Total man-made fibres	**23.85**	**26.74**	**30.90**	**41.00**	**+5.8**

[f] forecast

Source: CCFA; author

China's polyester industrial fibre output and forecast

As the largest man-made fibre sector, polyester fibre is not only the main raw material for making apparel textiles, but also an important one for manufacturing technical textiles. To illustrate the raw material supplies of the Chinese technical textile industry, the following table forecasts the production of polyester industrial fibres from 2010 to 2015.

The data from 2008 to 2010 are provided by CCFA and Hailide. The forecasts are based

Clothtech companies

In this report, the clothtech segment only covers synthetic leather substrates. The output of this sector reached 711,000 tonnes in 2010, according to the China Nonwoven & Industrial Textiles Association (CNITA). It is forecast that the clothtech segment will grow at a compound annual growth rate (CAGR) of 6.7% from 2010 to 2015 reaching 982,000 tonnes.

China's output of clothtech products by volume, 2008-2015

('000 tonnes)	2008	2009	2010	2011f	2015[f]	CAGR 2010-15 (%)
Clothtech products	568	638	711	758	982	6.7

[f] forecast

Source: CNITA; author

A synthetic leather substrate is a piece of textile fabric attached to the back of a piece of synthetic leather, providing it with strength. Therefore the growth of synthetic leather substrates depends on the growth of synthetic leather itself.

In 2010, Chinese manufacturing industries consumed about 2.1bn linear metres of synthetic leather for making footwear, apparel, furniture, boxes and bags, automotive interiors and sports products, accounting for 58% of the global consumption of 3.6bn linear metres.

According to the China Plastics Processing Industry Association (CPPIA), Chinese industries will consume 3.0bn linear metres of synthetic leather by 2013, a compound annual growth rate (CAGR) of 13% from 2010 to 2013. This will be the main driving forces of the synthetic leather substrates sector. Global consumption will grow at a CAGR of around 9% from 2010 to 2013, according to CPPIA. Both Chinese and global consumption will boost China's production of synthetic leather and synthetic leather substrates.

According to CPPIA, the Chinese footwear industry accounted for 41.1% of China's synthetic leather consumption in 2009 and the furniture industry accounted for 32.8%.

Leading manufacturers in the clothtech segment include Hangmin Nonwoven, Hengsheng, Honggao Nonwoven, Nanfang and Shandong Tongda, which are described in the following company profiles.

Hangmin Nonwoven

Hangzhou Xiaoshan Hangmin Nonwoven Fabric Co Ltd, Hangmin Industrial Park, Guali Town, Xiaoshan District, Hangzhou, Zhejiang province 311241, China. Tel: +86 571 8257 2358. Fax: +86 571 8256 3368. E-mail: webmaster@zj-hangmin.com; www.zj-hangmin.com

Main products: nonwovens, synthetic leather substrates, medtech, filtertech, mobiltech, hometech, packtech products

Hangzhou Xiaoshan Hangmin Nonwoven Fabric was set up by the privately-held Zhejiang Hangmin Group (ZHG) in 2000. In June 2010, ZHG's subsidiary Zhejiang Hangmin Stock (ZHS) bought 100% of the shares of Hangmin Nonwoven from ZHG at a price of CNY83.2m (US$12.5m). ZHS is listed on the Shanghai Stock Exchange (stock code: 600987).

Currently, Hangmin Nonwoven has a registered capital of CNY30m (US$4.5m) and capital assets of CNY230m (US$34.5m). At the end of 2010, it had more than 200 employees.

The company has one production line for manufacturing needlepunched fabric and two production lines for spunlace fabric; these lines have a total annual capacity of 11,000 tonnes of nonwoven fabric.

Hangmin Nonwoven produces technical textiles with its needlepunched fabric, including:

- hometech: polyvinyl alcohol (PVA) and polyamide fibre synthetic leather substrates, high-shrinkage fibre synthetic leather substrates and island fibre synthetic leather substrates;
- medtech: super-fine fibre textiles, bamboo fibre textiles, island super-fine fibre wipes and absorbent cotton textiles;
- filtertech: with basis weights of 150-500 g/m^2;
- mobiltech: car covers.

Hangmin Nonwoven also produces technical textiles with its spunlace fabric, including:

- hometech: super-fine fibre synthetic leather substrates and composite synthetic leather substrates with basis weights of 30-250 g/m^2;
- medtech: mask fabric, surgical gowns, surgical caps, medical gauze, bandages, protective clothing, disposable medical bed sheets, wet napkins, wet tissue, disposable tablecloths and diapers;
- filtertech, with basis weights of 30-250 g/m^2;
- packtech;
- mobiltech, fabric for making automotive interiors.

In 2010, Hangmin Nonwoven recorded sales of CNY177.8m (US$26.7m) with gross profits of CNY17.2m (US$2.6m) and net profits of CNY14.4m (US$2.2m).

Competitive analysis

- *market position:* Hangmin Nonwoven supplies nonwovens and technical textiles to eastern provinces and other markets;
- *bargaining power with suppliers:* located in Zhejiang province, where one third of the world's man-made fibre are manufactured, the company has strong bargaining power with local fibre suppliers, which reduces the impact of price fluctuations of raw materials;
- *bargaining power with customers:* the fast-growing Chinese technical textile market allows Hangmin Nonwoven to maintain strong bargaining power with customers;
- *competition and outlook:* the company competes in the market with the advantage of low labour costs. But rising labour costs in Zhejiang province and the appreciation of the Chinese currency reduced its profits in 2010, which may continue to weaken its competitiveness and challenge its expansion plans over the next few years. Hangmin Nonwoven plans to set up a spunlace production line with an annual capacity of 10,000 tonnes. This line may be completed in 2012 for the production of nonwoven fabric for medical and hygiene textiles.

Zhejiang Hangmin Stock: turnover and profits, 2008-2010

(CNYm)	2008	2009	2010	2010/09 (%)
Turnover	1,868	1,819	2,247	+23.5
Gross profits	174	232	336	+44.8
Net profits	126	161	235	+46.0

Source: Zhejiang Hangmin Stock

List of tables

Company index

REPORTS ORDER FORM

Fax to: +44 8700 940868

or scan and e-mail to info@textilemedia.com

www.textilemedia.com

tms

I would like to order the following report(s):

- ☐ China Technical Textiles: Key producers and market trends to 2015 (1st edition) .... GBP £445
- ☐ Automotive Composites: From steel to carbon and from glass to grass (1st edition) .... GBP £445
- ☐ Automotive Textiles: The changing landscape for Tier 1 and Tier 2 suppliers (2nd edition) .... GBP £445
- ☐ Asian Automotive Textiles: Opportunities and challenges for leading producers (1st edition) .... GBP £445
- ☐ Aircraft Textiles: Interior fabrics and air cabin fashion (1st edition) .... GBP £345
- ☐ Textiles in Architecture: Materials suppliers for building and construction (1st edition) .... GBP £345
- ☐ Personal Protection Textiles: 40 suppliers of heavy duty fabrics (1st edition) .... GBP £395
- ☐ China's Chemical Fiber Producers: 50 company profiles (1st edition)* .... GBP £455
- ☐ Central and Eastern Europe Textile Business Review (3rd edition) .... WAS GBP £395 NOW GBP £75
- ☐ South East Asia Textile Business Review (1st edition) .... WAS GBP £345 NOW GBP £170
- ☐ South Asia Textile Business Review (1st edition) .... GBP £395

* published by International Media Group

Complete your contact details:

Name ______________________________

Job title ______________________________

Company ______________________________

____

Address ______________________________

____

____

Town/city ______________________________

Post/Zip code ______________________________

Country ______________________________

Telephone ______________________________

E-mail ______________________________

ALL FORMS MUST HAVE A SIGNATURE TO CONFIRM YOUR ORDER

Signature ______________________________

How to contact us:

Textile Media Services Ltd, Homerton House
74 Cawston Road, Reepham, Norfolk NR10 4LT, UK

Tel: +44 1603 308158

Fax: +44 8700 940868

E-mail: info@textilemedia.com

Web: www.textilemedia.com

Complete your payment details:

Total value of order GBP £ ______________________________

☐ I will send a cheque payable to Textile Media Services Ltd

☐ Please invoice my company

☐ I would like to pay by bank transfer in US dollars, euros or pounds sterling
(Textile Media Services will send you details of our bank accounts in these currencies)

☐ Please charge my ☐ MasterCard ☐ Visa

Card number ______________________________

Expiry date ______________________________

Three-digit security number ______________________________
(last three digits on signature strip on back of card)

Cardholder name ______________________________

Cardholder/invoice address (if different from left) ____________

____

____

Signature ______________________________

Date ______________________________

Purchase order number (if required) ______________________________

EU companies must supply VAT/BTW/MOMS/IVA/FPA no.

____

Report(s) will be dispatched by airmail on receipt of payment

Textile Media Services Ltd Registered in England No. 4531684 VAT No. GB 797 3242 91