

The Development and Coping Strategies of China's Textile and Garment Export in the Post-epidemic Era

Xue Jiang

Faculty of Business Foreign Languages, Shanxi University of Finance and Economics, Taiyuan, Shanxi Province, China

Abstract: On January 15, 2020, China and the United States signed the first stage of the Economic and Trade Agreement. The United States pledged to abolish part of tariffs on China, and would reinforce the exemption from customs duty on Chinese products which import to US. In this excellent situation, the outbreak of COVID-19 created a new dilemma to the whole nation. China's textile and garment production and trade suffered serious losses. In response to the COVID-19, China has issued relevant supporting and reduced policies. Based on the background of the post-epidemic, this paper analyzes the development of China's textile and garment export, and puts forward the coping strategies.

Keywords: Textile and garment; Import and export; COVID-19

Publication date: December, 2020

Publication online: 30 December, 2020

***Corresponding author:** Xue Jiang,

1 Chapter One Introduction

1.1 Research Background and Significance

In 2019-2020, under the influence of COVID-19, the global economic growth slowed down and the trade environment deteriorated. According to the World Trade Statistical Review 2020 (World Trade Organization, 2020, pp.1-50) released by the World Trade Organization at the end of July, the scale of world merchandise trade in 2019 decreased. As we all know, merchandise trade is measured as the average of exports and imports. Thus, in comparison to the situation in 2018, rising by 2.9%, the world merchandise trade in volume terms had a

slight decline of 0.1% in 2019. And in value terms, merchandise trade reached \$19 trillion in 2019, which declined by 3.0% compared with an 10.2% increase in 2018. The value of exports of manufactured goods in 2019, including textiles and garment, reduced by 2% compared with 2018. Under the background of the COVID-19, China's textile and garment export will enter a new pattern. This paper will conduct in-depth research on this issue, hoping to provide theoretical basis for the Chinese government to formulate corresponding strategies and to provide practical guidance for the majority of enterprises which are involved in the textile and garment export.

1.2 Literature Review

1.2.1 Domestic Research

Zhou Yaochang was probably the first to study the problem of China's textile and garment. He thought the textile industry should be in line with the international standards as soon as possible, develop famous brand strategy and solve the problem of poor clothing accessories and less variety (Zhou, 1996, pp.41-43).

Over the next five years, the research was focused on the period before China joined the World Trade Organization. Zhao Chunming especially mentioned several countermeasures and suggestions to make necessary adjustments to the scale and organizational structure of textile enterprises. (Zhao, 2000, pp.13-19).

Without exception, in the next two or three years, researchers turned to the problems and solutions faced by China's textile and garment industry after China's entry into the WTO. "China needed to adjust its industrial structure to build its brands", Mr. Song

wrote in his article (Song, 2004, pp.220-225).

Since the Copenhagen Conference in December 2010, low carbon has become a top priority for our economy. To cope with the impact of trade barriers, China's textile and garment industry needed to change export-driven policies and resolutely eliminate backward production capacity, so as to promote the benign development of China's textile and garment industry (Teng, 2011, pp.128-130).

In 2018, trade frictions between China and the United States were constantly escalating. Against this background, Cao Wenna put forward countermeasures such as promoting supply-side structural reform in the textile industry, expanding the pattern of opening-up to the outside world, and stimulating domestic demand market (Cao, 2019, pp.31-34).

1.2.2 Foreign Research

There are few foreign researches on this issue. Some researchers used the model to study how and whether foreign direct investment (FDI) would have an impact on China's textile and garment industry,

and suggested that the government should encourage domestic and foreign-invested enterprises to locate in close geographical proximity (Sajid Anwar & Sizhong Sun, 2016).

2 Chapter Two The Development of Global Textile and Garment Import and Export

Affected by the epidemic, the economies and production activities of various countries have weakened significantly. According to the World Trade Statistical Review 2020 (World Trade Organization, 2020, pp.1-50), global textile and garment exports in 2019 were \$799.63 billion, while imports were \$839.54 billion, which declined by 0.9% and 3.1% respectively compared with the value of exports in 2018. From the perspective of product structure, the value of exports of global textiles in 2019 was \$306.12 billion, which reduced by 2.1% compared with the previous year. While the value of exports of global garment was \$493.51 billion, which decreased by only 0.1% on a year-on-year basis.

Table 1. Global Textile and Garment Import and Export (US \$ billion)

Year	Global Textile and Garment Export	Global Textile and Garment Import
2015	741.13	785.89
2016	725.12	770.39
2017	759.61	810.61
2018	806.83	865.57
2019	799.63	839.54

3 Chapter Three The Development of China's Textile and Garment Export

3.1 General Situation

China's textile industry has maintained a steady scale in the international export market, with its share of the total global exports declining slightly. According to the World Trade Statistical Review 2020 (World Trade Organization, 2020, pp.1-50), China's textile and garment exports totaled \$272 billion in 2019, accounting for 34% of the global textile and garment exports in the same period, which slightly

decreased by 0.2% compared with 34.2% in 2018. The competitive power of China's textile exports has improved. In 2019, China's textile exports reached \$120 billion, accounting for 39.2% of the global textile exports, which raised by 1.3% compared with the previous year. This reflects the increasing role of China's textile fabrics, chemical fiber and other products in the international supply chains. In 2019, China's garment exports reached \$152 billion, accounting for 30.8% of the global garment exports, which decreased 1.1% on a year-on-year basis.

Table 2. China's Textile and Garment Export (US \$ billion)

Year	China's Textile Export	China's Garment Export
2015	109.5	174.3
2016	105.0	157.5
2017	109.7	157.2
2018	119.1	157.6
2019	120.0	152.0

(Source: General Administration of Customs)

Affected by the COVID-19, there's a surging demand for protective materials. China's industrial textile industry has witnessed a significant increase in production, sales, profits and exports. According to the statistics of CHINA NONWOVENS & INDUSTRIAL TEXTILES ASSOCIATION, from January to May in 2020, China's industrial textile exports amounted to \$34.294 billion, including \$22.558 billion for masks and \$2.190 billion for protective clothing.

(Source: National Bureau of Statistics, General Administration of Customs)

3.2 Main Problems

China's textile and garment exports mainly have the following problems:

(1) Technology lacks innovation. Although the overall technology of China's textile and garment industry does not lag behind that of other countries, it lacks cutting-edge technology. At the same time, backward technology will lead to the failure of industrial structure in the textile and garment industry, which will greatly reduce the production quality and efficiency.

(2) Weak brand competitiveness. There are many middle-end and low-end products on the market, while there are few high-end products. Compared with international brands, our brands lack of competitiveness.

(3) China's textile and garment industry has always been an energy-consuming and water-consuming industry. It has caused a lot of pollution to the environment - sewage, waste gas, noise and so on. In terms of intelligent equipment, compared with foreign countries, China's research and development is still relatively late and backward.

(4) The situation is different at home and abroad. Due to the epidemic, foreign trade companies are unable to visit overseas customers and negotiate business. So they turn to the domestic market, only to find that domestic demand, consumer tastes and so on are very different from those of foreign countries.

4 Chapter Four The Coping Strategies of China's Textile and Garment Export in the Post-epidemic Era

4.1 The Relevant Policies of Textile Industry

In the context of a sharp drop in international market demand, China's foreign trade has been severely impacted. At the beginning of this year, orders of foreign trade enterprises drastically reduced, and the resumption of work and production faced severe challenges. Therefore, in order to help some foreign trade enterprises to get through the crisis, the provinces have introduced targeted policies and measures on the transfer of exports to internal sales, which means develop a circular economy. From the policy level, these can help foreign trade enterprises to survive. During the crisis, these policies and measures have achieved good results, driving the economic acceleration of foreign trade enterprises in the first half of 2020 and making the sales of foreign trade enterprises recover. Here is a review of some of the key policies and measures.

In 2016, Ministry of Industry and Information Technology published the Development Program of Textile Industry (2016-2020) (Ministry of Industry and Information Technology, 2016, para.3-5). This program pointed out that China's textile industry faced with great pressure of international competition, and the task of structural adjustment and industrial upgrading became urgent. At the same time, We can use of the Internet and information technology making the textile production more intelligent. Besides, we should focus on the regional industrial restructuring and promote the development of the textile industry in the central and western regions.

On June 22, 2020, the General Office of the State Council issued the Implementation Opinions on Supporting the Transfer of Export Products for Domestic Sale (General Office of the State Council, 2020, para.4). The opinions put forward three measures. First, support export products into the

domestic market. Second, support domestic sales through multiple channels. We would build a platform for domestic sales and encourage foreign trade enterprises to connect with e-commerce platforms. We would precisely align consumer demand, guide foreign trade enterprises to develop marketable domestic products, create their own brands, make full use of new business models, and promote integrated development of online and offline businesses. Third, strengthen credit insurance and financial support.

4.2 The Coping Strategies for China's Textile and Garment Industry

Since the 1980s, China's textile and garment industry has enjoyed relatively low labor cost, environmental cost and energy cost, which gradually give it a place in the international competition. After more than 20 years of development, China has become the world's largest producer and exporter of textile and garment products. However, in recent years, with the increase of domestic labor wages, the rise of land prices, the tightening of environmental protection policies, frequent foreign trade frictions, and coupled with the impact of the epidemic, COVID-19, a variety of adverse factors have gradually eliminated the low-cost advantages. The pressure of China's textile and garment industry continues to increase. According to the relevant measures issued by the State Council, the Ministry of Industry and Information Technology and other government departments, I think China's textile and garment industry can take the following coping strategies.

4.2.1 Enhancing industrial innovation capability

Innovation is fundamental to the development of an enterprise. In the increasingly fierce international competition, Chinese enterprises can only develop for a long time by improving their innovation ability, owning their own core technologies and optimizing their industrial structure. Textile and garment enterprises should constantly develop new styles through innovation and constantly improve the quality of products. Textile and garment enterprises should not only increase investment in research and development projects, but also strengthen the construction of innovative talent teams. Besides, cultivate innovative talents and stimulate the innovation potential of employees so that form a culture of innovation within the enterprise.

4.2.2 Building own brand

The brand embodies the core competitiveness of textile and garment enterprises. Creating its own clothing brand is conducive to the expansion of market awareness, the acquisition of a stable consumer group, and the formation of support for product sales. The textile and garment industry should base itself on the extensive and profound traditional culture of China and apply these traditional elements into its products. On the one hand, it should spread the excellent traditional culture of China to overseas. On the other hand, it should rebuild its brand image and create a new image which is suitable for China and the times.

4.2.3 Being intelligent and green development

With the progress of science and technology, our textile and garment enterprises should also take the road of intelligence, for example building high-tech factories. Use the Internet to integrate and analyze data, so that we can come up with strategies which are suitable for current production and sales. Make use of artificial intelligence. On the one hand, it will liberate workers from repetitive manual labor and improve production efficiency. On the other hand, the combination of artificial intelligence and designer's human brain can make us design clothes with more elegant and more practical style.

We should follow the path of green and energy conservation, changing the pattern of economic growth from one based on scale and speed to one based on quality and efficiency. Our textile and garment enterprises can adopt low-carbon and environment-friendly materials, which are derived from natural raw materials and will not cause any burden to the environment. And the production process also does not involve chemical materials, which is pollution-free.

4.2.4 About the transfer of export goods for domestic sale

Currently, the impact of COVID-19 on China's foreign trade has shifted from supply side to demand side. However, circular economy does not simply mean the shift of target market from foreign countries to domestic provinces and cities. At present, there are still many problems, such as poor sales channels, different market demand at home and abroad, lack of brand advantage, and so on. To be specific, before

the epidemic, foreign trade companies may focus on offline sales. And after the epidemic, they may try to sell on online platforms. With the help of Internet technology, the companies can try to sell goods by live broadcast, so that they can meet the needs of domestic consumers. Then they can try to enter into large e-commerce platforms, develop online customers, gradually explore the marketing path suitable for China, carry out precision marketing, and achieve the growth for sales.

5 Conclusion and Outlook

Under the impact of COVID-19, the global economic growth has slowed down and the trade environment has deteriorated. China's foreign trade enterprises have also been deeply affected. In the early stage, due to the severe epidemic situation in China, foreign trade enterprises stopped production. Although the epidemic situation in China was brought under control in the later period, the outbreak of the epidemic in foreign countries reduced the demand in overseas markets. Against such a background, this paper hopes to make use of various data, so that we can more intuitively feel the new pattern of China's textile and garment export, and provide theoretical basis for the Chinese government to formulate corresponding strategies, and provide practical guidance for the majority of enterprises to participate in the textile and garment export trade. Based on qualitative analysis and the latest data, the following conclusions are drawn: although the volume of exports in terms of garment has decreased compared with the same period due to the impact of the epidemic, the volume of exports in terms of textile products has increased compared with the same period due to the substantial increase in the export of masks and other epidemic prevention textiles. In general, China's textile and garment industry in the export market maintains a stable situation. The countermeasures for foreign trade enterprises are as follows: enhancing industrial innovation capacity; building own brand; being intelligent and green development; accurately

understanding the export goods for domestic sale.

Although the epidemic situation at home is relatively stable, there are still many uncertainties abroad. Whether these countermeasures are time-effective or not, and whether they can be used for reference for the future development of China's textile and garment industry are still not completely decided. Enterprises and countries should adjust their strategies as the environment changes.

References

- [1] World Trade Organization. (2020). World Trade Statistical Review 2020. Retrieved from: <https://tech.sina.com.cn/roll/2020-09-16/doc-iivhvpwy6946720.shtml>
- [2] Zhou YC. Accelerating the Adjustment of Industrial Structure -- Strategic Choice of China's Textile and Garment Import and Export [J]. *International Trade*, 1996(09):41-43.
- [3] Zhao CM. Dialectical View on the Development of China's Textile and Clothing Industry after China's Entry into WTO [J]. *Journal of Beijing Normal University (Humanities and Social Sciences Edition)*, 2000(04):13-19.
- [4] *Journal of Southwest University for Nationalities (Humanities and Social Sciences Edition)*, 2004(02):220-225. [4] Song C F. WTO Rules and China's Textile and Clothing Industry Brand Protection [J]. *Journal of Southwest University for Nationalities (Humanities and Social Sciences Edition)*, 2004(02):220-225.
- [5] Teng XM. Countermeasure Research on China's Textile and Clothing Industry to Trade Barriers [J]. *Hunan Social Sciences*, 2011(02):128-130.
- [6] Cao WN. Analysis of the Influence of Sino-US Trade Relations on the Export of Bilateral Textile and Garment Trade and Countermeasures [J]. *Textile Review*, 2019(10):31-34.
- [7] Sajid Anwar, Sizhong Sun. Foreign Direct Investment, Domestic Sales and Foreign Firms: A Regional Perspective from China [J]. *Journal of Asia Pacific Economy*, 2016, 21(3).
- [8] Ministry of Industry and Information Technology. (2016). Textile industry development plan (2016-2020). Retrieved from: <http://info.texnet.com.cn/detail-596837-1.html>
- [9] General Office of the State Council. (2020). About support the implementation of the export products to divert opinion. Retrieved from: http://www.gov.cn/xinwen/2020-06/22/content_5521101.htm