

# 1 Introduction

The denim industry in China has developed since the 1980s and China is now an important producer of denim. Extensive research into the capacity, market, and geographic distribution of China's denim industry, has been carried out by the Hong Kong Polytechnic University in collaboration with the All China Marketing Research Company, which is associated with the China Statistical Bureau [1].

There are more than 1,000 manufacturers of yarn, fabric and garments in the Chinese denim industry, and they consumed about 5 per cent of total world cotton. In 1997, 712,000 tons of denim yarn, 0.9 billion metres (1.3 billion square metres) of denim fabrics and 101 million units of denim apparel were produced. Chinese denim exports have decreased in the past few years. Denim fabric exports fell from 757 million metres in 1995 to 420 million metres in 1997, and denim apparel exports decreased from 65 million units to 35 million units in the same period. On the other hand, the domestic market grew sharply over this period. Denim apparel has become a major product line in the Chinese clothing market.

Chinese denim fabric and apparel manufacturers are mainly located in the coastal areas. Guangdong Province is the most important denim product manufacturing base, where more than 90 denim fabric manufacturers and 190 denim apparel manufacturers are located. About a quarter of all Chinese denim fabric and more than half of the denim apparel output came from Guangdong Province.

The Chinese denim industry has a huge labor force and relatively low labor costs compared with other major denim manufacturing countries. For example, the labor costs in the textile sector in 1996 were US\$ 25 per hour in Belgium, US\$ 16.7 in Italy, US\$ 12.3 in USA, US\$ 4.9 in Hong Kong, US\$ 2.02 in Turkey and US\$ 1.52 in Mexico, compared to US \$0.58 per hour in China and US\$ 0.56 in India (Almanac of China's Textile Industry, 1996). However, the industry also has weaknesses in terms of backward technology, and is facing strong competition from other developing countries. On the other hand, Chinese denim industry has good opportunities arising from the huge and growing domestic market within China itself.

## REFERENCE

1. China Denim Market Research Report, (1998) Beijing, Hong Kong Polytechnic University-All China Marketing Research, Additional part.