



HONG KONG: China offset crisis with local apparel demand

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The financial crisis has forced China to focus on its domestic demand as well as being the workbench of the world, according to a supply chain expert.

Many Chinese apparel workers returned home during the worst of 2008's crisis, according to Dr Helmut Merkel, managing shareholder of EurAsia Global Concept, speaking at Prime Source Forum in Hong Kong last week.

"A lot of people spent time in the panic room because sales dropped and the financial situation was in a critical state," he said. "For a few months the whole supply chain stopped."

However, Merkel went on to explain how China's resultant stimulus package had helped to expand domestic demand, and encouraged Chinese apparel and textile manufacturers to open overseas factories.

"Domestic demand returned faster than export demand in China," Merkel added. "In this situation the local demand remained very strong and the economy got through on stable local demand."

He said that although China's producers suffered due to the recent downturn, that the country had still managed to overtake Germany as the world's top exporter in 2008.

A majority of Prime Source delegates opined that China will continue being the world's manufacturing powerhouse for clothing.

The country still represents more than 50% of global textile and garment production, and investments in supply chain infrastructure suggest an intent to keep a strong vendor base for both exports and local brands.

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