

February 2004
Volume 4, No. 1

In this issue :

1

The textile Industry and China – A strategy to be defined

2

Chinese Craze

3

Chinese Opportunities?

4

International

GRUPE TEXTILE

272 rue Paré

Granby (Québec) J2G 5E5

groupetextile.com

GRUPE TEXTILE – NEWSLETTER

THE TEXTILE INDUSTRY AND

CHINA – A STRATEGY TO BE

DEFINED

(Special Contribution – Mr. Jacques Roy – CJRA)

The textile industry in Quebec and Canada has been put through severe competition and unfavourable economic contexts since 1990. End results:

- total deliveries, export and domestic deliveries have dropped consistently over the last years;
- an important number of plants and companies have disappeared, without speaking of thousands of lost jobs;
- increased competition and reduced costs have forced a concentration of production means;
- over 75% of the plants are not Quebec or Canada-owned whereby absence of local decision-making power;
- etc.

The threats relating to the new international commercial context (end of quotas, WTO, NAFTA, ZFTA) have weakened an industry which had put a lot of effort to change niche and concentrate on higher value-added products. The last threat comes from the expected after-effects of China being admitted in the World Trade Organization.

What has been the reaction?

CHINESE CRAZE

Some feel we must transfer our plants to China, create joint ventures with Chinese partners, sub-contract most of the production in China, buy Chinese finished products, etc.

Apart from a few precursors who anticipated this development and undertook a market breakthrough in China a few years ago, the textile industry has been relatively shaken by a « China » frenzy which is disorganized and does not take into account the known and unknown barriers which stand in the way of manufacturers wishing to conquer the « Chinese Empire ».

An important number of these companies do not have the resources to undertake this venture with a minimum chance of succeeding, unless they dispose of a clear strategy based firmly on the experience of companies who have already attempted this venture with varied success.

There is presently no reliable source of information on the market to allow the preparation of a strategy of viable interventions and taking advantage of the real-life experience of foreign industrials and contractors in China, notably Canadian industrials from other industrial sectors. The textile industry cannot afford to do

Continued on page 2

Continued from page 1

without this historical know-how collected by these practitioners.

Our experience of the last fifty years allowed us to observe the phenomena of the rapid evolution of fabrics and of the competitive industrial capacity of different economies considered then as « emerging ». It took 20 years for the production costs in Japan to go from the lowest to the highest, so much so that they were forced to have their products manufactured outside the country; this same situation occurred within 15 years in South Korea. Seeing the real cost-of-living increase in the greater cities in China, we can think that the same phenomenon will surely happen in China also and maybe even faster still. Should we simply stay put until the storm quiets down? Absolutely not!

CHINESE OPPORTUNITIES ?

For more than a year now, Chinese industrials have been regularly visiting us at Groupe Textile in order that we identify for them textile industries looking for opportunities ; they are offering them up market textile products, free building lots for their facilities, no tax payments for three years and negotiable for an additional two years, local assistance for the construction and the necessary infrastructure, help to identify joint-venture or Chinese partners, grants, etc., etc..

We therefore wish to have your comments in order to develop a strategy to counter the « Chinese threat » and/or benefit from the « Chinese Opportunities ».

We invite you to print and complete our questionnaire using [this link](#) and return to us by fax as soon as possible.



INTERNATIONAL

From all continents, we have received at least two hundred resumes from textile specialists over the last two years. These candidates have not only acquired a textile expertise but also have a good knowledge of their respective country, their customs and the business opportunities. While regularly being in contact with these candidates, we realized that their know-how is no doubt very

precious for our industries; a majority of these textile engineers have taken root in Canada, others are waiting for an opportunity to come here, or to work at a distance for you.

This is why we have opened an « International » page on our web site www.groupetextile.com, where you can access short resumes of a few of these international candidates and see their various disciplines : sales and marketing, R & D (techniques often missing here in Canada), textile related fields and much more. Others will be added shortly.

Tell us what you need specifically and together, we will identify the resource. Our bank now contains some 1500 resumes and our customers have been using our services for eleven years now.

CJRA inc.

Tel. (450) 263-2992

Fax (450) 263-9779

Email : jacques.roy29@sympatico.ca

BUSINESS DEVELOPMENT

30 years experience professionals, we offer you the following services :

- Preparation of a business plan and financial arrangements
- Financing research and financial support in Canada and foreign countries
- Commercial and technical representation next to international financial institutions
- Negotiations with lenders and investors
- Temporary management and management counselling
- Arbitration and conflict resolution in the industry.

For China, for example, we have recruited specialized resources who are worth meeting and used in your development projects. Also, for candidates who send in their resume, note that we also develop mandates for Canadian or foreign industries who are looking for textile candidates throughout the world. Our candidates are renowned for their textile expertise obviously, but also for their professionalism and adaptation potential in foreign countries.

Coming Events

April 15 & 16 2004
 Fairmont Château Laurier
 Ottawa, Ontario
CTI-DND Conference


May 3, 2004
 Hotel Hilton
 Montreal Airport
FUTUR-TEX 2004

May 3 to 9 2004
Textile National Week

We have just heard the sad news of Mr. Albert Glass' death. Mr. Glass was well-known for his expertise in technical textiles. We wish to express our deepest sympathy to his family and friends.

FOR MORE INFORMATION ON ANY OF OUR SERVICES, HERE ARE OUR COORDINATES:

Laurent Rhéaume, President
 Jeanne Messier, Councillor, Business Development

 (450) 372-3417

 Fax (450) 372-3854

 groupetextile@videotron.ca

www.groupetextile.com

OUR SERVICES

- Financial Management
 - Marketing-communication
- Human Resources Management
- Strategic Planning
- Production Management
- Information Systems (M.I.S.)
 - Environment