

## **China likely to increase textile tax rebates**

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The Ministry of Commerce (MOC) has officially made suggestions to the State Council, or the cabinet, to increase tax rebates for certain exporting items including garments, toys and shoes, in a move to prevent exports from sliding significantly, Nanfang Daily reported Tuesday, citing unnamed sources.

Customs data showed that trade surplus for the first six months shrank to \$99 billion, down by 11.8 percent year-on-year, and the trade surplus in June alone declined by more than 20.6 percent, making it \$5.5 billion less than the previous month.

Exports of the most seriously influenced textile and garment sectors declined by 4.2 percent year-on-year to \$15.5 billion in June, representing the slowest increase in five years.

The sources said last week the State Council required the MOC to hand in a report on China's foreign trade in the first half of this year.

In the report, the MOC said export enterprises need more time to make adjustments to unexpected challenges such as rising raw material prices, the appreciation of the yuan and the slowdown of US economy, or more firms will close their doors, the newspaper reported.

"Some industries, especially the garment and textile sectors, are facing export difficulties brought by the international economy change and the appreciation of yuan," said vice minister of commerce Gao Hucheng on Monday.

Gao said the MOC and related parties are working on policy changes accordingly.

The newspaper said the ministry has suggested that policies shift to support the export businesses by increasing tax rebates and slowing down yuan appreciation.

China's currency, the yuan, last Friday broke the 6.84 mark to set a new high against the weakening US dollar for the second consecutive day.

The newspaper said in its report that the textile export rebate will be increased to 13 percent from 11 percent, and the garment export rebate will be lifted to 15 percent from 11 percent.

"Given the pain of the textile enterprises, it's just a matter of time before the government shifts its policies," said Wang Qian, Webtextile.com editor-in-chief was quoted by the newspaper as saying.

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At the beginning of the month, Premier Wen Jiabao visited Shanghai and Jiangsu. Last week, other top leaders, including Vice Premier Li Keqiang and Commerce Minister Chen Deming, traveled to export-oriented provinces and visited enterprises, many of which were in the textile sector.

This week, the central economic work conference will be held in Beijing, and the meeting will appraise the macro economy in the first half of this year.

**Source: Tu Lei, chinadaily.com.cn**