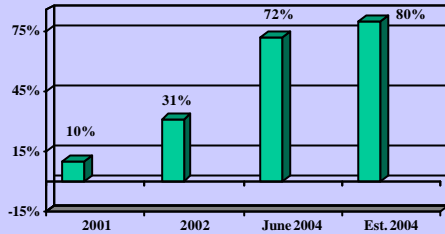


**US : CHINA SHARE REACHES 72 % IN JUNE
- APPAREL REMOVED FROM QUOTAS -**



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**US : CHANGES IN IMPORT MARKET SHARE
SINCE APPAREL QUOTAS REMOVED**

COUNTRY	2001	JUNE 2004
CHINA	10.0 %	72.0 %
Thailand	10.0 %	3.4 %
CBI	10.0 %	3.4 %
Mexico	8.0 %	2.0 %
Taiwan	8.0 %	2.9 %
Bangladesh	7.0 %	2.0 %
Philippines	6.3 %	1.2 %
India	2.8 %	1.6 %
Korea	3.3 %	1.6 %
Sri Lanka	2.8 %	.3 %
Italy	2.5 %	1.4 %
Cambodia	1.8 %	.4 %
Pakistan	1.5 %	.5 %
Turkey	.9 %	.3 %

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**US : CHANGE IN AVERAGE CHINESE PRICES
(QUOTA-FREE APPAREL CATEGORIES PER
SQUARE METER)**

2001	2002	DEC 2003	YTD JUNE 2004	CHANGE : 2001 - YTD 6/04
\$6.23	\$3.37	\$2.65	\$3.12	- 53 %

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EU - PRODUCTS LIBERALISED IN 2002

PRODUCTS	CHINA IMPACT OBSERVED (2002/2001)	
	MARKET SHARE RISE UPON LIBERALISATION	PRICE FALL UPON LIBERALISATION
ANORAKS (CAT. 21)	168 %	- 45 %
TRACKSUITS (CAT. 73)	83 %	- 52 %
WOVEN PILE FABRICS (CAT. 32)	87 %	- 42 %

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**EU-IMPORTS CAT. 21/ANORAKS
in mio pieces**

PERIOD	CHINA	YOY GROWTH %	EXTRA-EU	% CHINA
2001	19.3		133.3	14.5
2002	106.4	+ 451	194.1	55
2003	199.0	+ 87	269.6	74
6 M. 03	53.2		83.9	63
6 M. 04	67.9	+ 28	92.2	74
CUMULATIVE INCREASE		+1220		

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**EU-IMPORTS CAT. 21/ANORAKS
CHINESE PRICES IN €/PIECE**

PERIOD	PRICE €/PIECE	INDEX
2001	18.28	100
2002	10.00	55
2003	7.60	41.5
6 M. 03	7.85	43
6 M. 04	6.82	37

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CHINA'S UNFAIR TRADE PRACTICES

- CURRENCY MANIPULATION (40 % ADVANTAGE)
- EXPORT SUBSIDIES (EXPORT TAX REBATE 13 %)
- FREE CAPITAL (UP TO 50 % OF LOANS ARE NEVER REPAYED)
- DIRECT STATE SUBSIDIES TO PUBLIC TEXTILE SECTOR
- PLUS MANY OTHERS (LAND GIVEAWAYS, POWER & FREIGHT SUBSIDIZATION, ...)

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CONCLUSIONS

1. PRICES WILL CONTINUE TO FALL
2. CLARIFICATION SAFEGUARD CLAUSES NEEDED BEFORE THE END OF THE YEAR
3. IMPORTS HAVE TO BE MONITORED AS RAPIDLY AS POSSIBLE
4. ON MONITORING, THE BEST APPROACH WOULD APPEAR TO BE THAT OF COVERING ALL LIBERALISED PRODUCTS IN BOTH VOLUME AND VALUE
5. LAST BUT NOT LEAST : PLEASE BRING UP THE POLITICAL WILL TO RESTORE FAIR TRADE IN PARTICULAR ON DOWNSTREAM PRODUCTS

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