

Suppliers of fashion accessories in China are facing a slew of challenges, dampening growth opportunities in the industry this year.

For one, companies are anticipating reduced orders from the US and the EU as these markets continue to struggle financially. In fact, a number of profiled makers indicated that their shipments to these areas have declined by half.

Even midsize and large enterprises seeing sales increases are expecting gains to top out at 10 percent.

Mounting manpower outlay and the steep appreciation of the local currency are aggravating the situation. These factors are affecting suppliers' ability to offer competitive quotes.

To stir demand, companies are boosting product value and updating selections instead of engaging in price rivalry. Efforts to ease the impact of a stronger yuan and cut manufacturing costs are likewise in place.

### Key findings

1. Swelling production costs and the yuan's revaluation are foreseen to raise export prices in coming months. Makers, however, will limit markups within the 10 percent range to avoid losing clients to low-cost hubs in Asia such as Indonesia, Vietnam and Cambodia.
2. Companies are employing better materials to justify higher quotes. Natural plant-based fibers are mostly preferred for their anti-bacterial and hypoallergenic properties. Animal-derived textiles are also adopted because of the inputs' warmth-retentive features.
3. Businesses are keeping abreast of the latest design trends by increasing participation in domestic and international fairs.
4. The government is providing financial benefits to exporters catering to emerging markets, including Russia, the Middle East, Southeast Asia and South America, to ease reliance on the US, the EU and Japan. To illustrate, the administration created a fund for short-term export insurance.
5. To prevent exchange rate losses, manufacturers are sending partial deliveries during lengthy production. Others are shortening buyers' payment periods. Several enterprises with import and export licenses, meanwhile, are allowed to use the yuan in foreign transactions.
6. A number of suppliers are keen on augmenting capital expenditure by half to fuel improvements. For some enterprises, the increases are even predicted to exceed 50 percent.

### Scope & methodology

This report covers the major categories of China's fashion accessories industry, namely belts, gloves, hosiery, and head-, eye- and neckwear.

The products and prices section discusses each group and design trends specific to the line. It also details the typical features and prices of low-end, midrange and upscale models.

The Industry Overview elaborates on the issues affecting fabrication and exports, including weak overseas demand, and cost and currency challenges. The section also touches on the strategies businesses are employing in response to these difficulties.

Guangdong and Zhejiang provinces, and Shanghai are the main production centers for the line.

Following this structure, the first two locations are each represented by one-fourth of featured suppliers. Nearly 20

percent is from Shanghai.

To produce this report, Global Sources interviewed a wide range of enterprises. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

### Global Sources supplier rankings

★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.