

Preston University

Abstract of Graduation Thesis for the Degree of Master

The influence of SA8000 on Chinese Textile & Apparel Export

Name: Jia Qian

Major: Business Management

Concentration: Marketing

Tutor: Professor Wang Junheng

Affiliate: Shanghai University Economic Management
Center

《THE INFLUENCE OF SA8000 ON CHINESE TEXTILE & APPAREL EXPORT》

---- Abstract ----

Facing the trends of world economic integration and globalization, the global textile industry has entered the “after-quota age” since May 1st, 2005. The world textile and apparel market is changing from an incompletely competitive market to a completely competitive and liberalized one. It’s possible that China will gain the most benefit from the economic integration, which will be “good news” for the foreign trade of Chinese textile and apparel industry. Presently, main textile and apparel import countries and areas such as the United States and European Union are taking all kinds of measures to keep Chinese textile and apparel export within limits. Apart from anti-dumping measures, rules of origin, the protection measures also include a new non-tariff trade barrier---SA8000 (Social Accountability International Standard). The new situation does not allow the Chinese textile enterprises to be too optimistic, because most of these enterprises have such kinds of problems as overwork with out payment, poor welfare, bad working environment and insufficient security measures. To fully meet with the SA8000 standard, Chinese enterprises should readjust their strength, which surely requires huge amounts of investments and will increase the cost.

How to go with the global tide and grow in strength through continuous reform? How to gradually formulate long-range and effective measures to maximize profit within the international regulations and avoid risks in a fierce competitive market. Based on the situation of Chinese textile and apparel industry, the thesis put forward new challenges——SA8000 standard system facing the domestic textile enterprises. It gives fully discussion of the emergence, contents and implementation of this standard. Meanwhile, the paper further analyses the influence on the Chinese textile and apparel industry: Enterprises will loose cost advantages; without the certificate, enterprises will loose huge amounts of orders; SA8000 becomes a new trade barrier limiting textile export.

By means of a series of comprehensive analysis methods such as market investigation and SWOT matrix and other quantitative and qualitative analysis methods, the writer researches on the development strategy of Chinese textile and apparel industry and finally gets the conclusion that domestic textile industry should make use of external opportunities to improve the internal weakness. The suggestions and countermeasures are as follows:

1. Improving labor legislation and strengthening the law enforcement

To improve the domestic working condition of labor, the government should take the following measure as strengthening the occupational security and labor management, letting enterprises know and establish sense of crisis, conducting spot check on enterprises according to the existing related industry and industrial labor standard and creating convenient channels for labors to reflect and express their opinion on the situation which should be quickly responded by the labor management department to protect the labor rights.

2. Reinforcing the study, publicity and popularization of SA8000, establishing a warning system

Establishing a warning system of new trade barrier has great importance to the healthy development of trade. International standardization institutions as well as governments and their standardization institutions of each country often revise their standard of technology regulation. If enterprises are not well informed of the information, they can't carry out the production under updated regulation and standard which will lead them to meet with trade barrier when doing export. The government is suggested to build up SA8000 warning system that is responsible for the information collection, tracing the related measures of SA8000 and the establishment of SA8000 information center and database. Meanwhile, the government should do research on the influence of SA8000 on China's main exports and take active measures to create a sound export environment. Regarding the SA8000 information, the government should collect the information; establish information database and website open to the public which can provide consultancy service to enterprises.

3. Establishing united standard certification and approval system

Certification is a procedure that proves the end products of enterprises and their management production system complied with certain kinds of legislation and standard. Although most of them are voluntary, they are more and more important in the international trade. The certification of product, management system, quality and environment is a passport to the international market. The government should establish a unified product certification and approval system to ensure the authority and justice of the certification institute. Lax institutes should be banned resolutely and domestic institutes should be encouraged to develop themselves and cooperate with world-renowned certification institutes to establish a mutual approval mechanism with them. Recognizing each other's certification is an international practice to eliminate the technology barrier brought by trade certification. China should actively take measures to build up the mechanism to raise the reputation of its products and save huge amounts of money wasted in duplicated certifications.

4. Enterprises should actively improve working environment and conditions

Management of Chinese textile enterprises should not be satisfied with the situation that enterprises apply international standard passively. They should take such measures as further deepening the restructuring of standardization system, changing traditional concept, raising social accountability and standardize their business according to the on-going labor legislation. Even if not applying for the certification, enterprises should integrate business profit with social benefit, provide necessary working environment and change the bad image as a country with low labor standard and insufficient protection of labor rights.

5. Enterprises should take a positive act to get the certificate and break down trade barriers

Enterprises should come to know that SA8000 will possibly become a world recognized standard. It's a necessary qualification for Chinese textile industry to enter the international market. In fact, enterprises abiding by the domestic legislation have basically passed the SA8000 certification. Presently lots of Chinese enterprises have the strength to get the certificate. Although their competitiveness has been weakened in the aspect of cost, getting the certificate can break foreign trade barrier, which will be helpful to the future development. In addition, the sacrifice will be made sooner or later; early preparation can help to get the competitive advantages. Those enterprises who have met with the standard should try their best to get the certificate, those who are close to the standard should strive to improve and take part in the international competition to open up a "green channel" to the international market.

6. Adopting the export strategy of sustainable development to increase the technology content of the textile products

We should be aware that SA8000 has gradually become the main barrier to the development of labor-intensive products export. Foreign trade enterprises should master technology developments, adjust the strategy of quality, accelerate the shift of product mix to a deep processing one, accelerate the commercialization and industrialization of scientific and technological achievements by means of technology progress, upgrade the technology contents and added value, change the development mode of development that relies on quantity fundamentally and follow a development road stressing on efficiency. In addition, to break through the trade barrier of SA8000 thoroughly, enterprises should also raise the technology level and attach great importance to the environment protection and improvement of labor condition to enhance the competitiveness as a whole

7. Set up their own brand and attach great importance to promote the level of a brand (technology, culture, design, updated equipment and innovation).

Take part in regional economic cooperation, unite with global textile giants to expand international market share.

Above all, Chinese textile and apparel industry should have a bright future. But if they want to enter an all-win time and lead the global trend, they should resolve a new trade protection problem——SA8000. It's the most troublesome barriers, only overcome this problem, can they have sustained healthy development.