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Chinese Export Boom in Evidence at Trade Show

By [KEITH BRADSHER](#)

GUANGZHOU, [China](#) — The mood of participants here at the world's largest trade show on Thursday depended largely on how they were being affected by the weak American dollar.

As throngs of prospective buyers swarmed the exhibitions, equal to five times the floor space of the Empire State Building, Chinese exporters were upbeat. By keeping China's currency, the renminbi, tightly yoked to the weak and weakening dollar, Beijing had made Chinese exports increasingly competitive around the world.

"We are very confident," said Liu En Tian, the marketing manager of the Huasheng Jiangquan Group, a manufacturer of ceramic tiles in Linyi City. "Already the buyers who are coming this morning are more than last year."

Like those of many Chinese manufacturers, his company's exports fell by nearly half last winter because of the global economic slowdown, but they are now down only 20 percent from their peak more than a year ago because of a surge in sales to South America and the Middle East. "The economy will get better very soon" around the world, Mr. Liu said.

But the atmosphere was markedly different in two halls reserved for non-Chinese exporters, amid a mishmash of emblematic exports from 35 countries: designer housewares from Italy, rugs from India, bird's nest soup from Malaysia and lawyers from the United States.

European exporters were despondent that their products were being priced out of Asian markets because of the relatively dear euro. Americans were witnessing firsthand the changing hierarchy of the global economy.

China is no longer content to put its exports in containers and ship them to foreign ports, leaving the

distribution and other moneymaking activities to others.

David J. Yang, a lawyer from San Francisco at the Canton fair, said his law firm had been receiving more and more questions from Chinese companies on how to buy American real estate and how to comply with American laws on imports, [immigration](#) and employment.

“Now they are changing the mode — they are looking around and they can expand,” he said.

Wholesalers and distributors from dozens of countries snapped up brochures and business cards, as Chinese exporters said they were convinced that sales were finally rebounding. But the rising demand was from Europe and, especially, from emerging markets, with relatively modest gains from the United States.

As exporters here reviewed their orders for the coming months, they described a consistent pattern: Sales to emerging markets were recovering rapidly, demand from Europe was starting to rebound as the Chinese currency fell against [the euro](#), and buying interest from the United States remained fairly weak.

With the renminbi linked to [the dollar](#), China’s currency advantage would not be increasing over time in the United States as it would be against currencies other than the dollar.

China’s many policies to help exporters, from tax breaks to currency market intervention, have relieved unemployment in China — but at the expense of contributing to it in other countries, and that is starting to fan trade tensions. [President Obama](#) imposed tariffs starting at 35 percent on tires from China last month, and antidumping and antisubsidy cases against China are piling up in front of trade tribunals around the world.

The dollar has fallen steeply against the euro, [the yen](#) and most other currencies over the last two weeks, with a broad index of the American currency dropping Thursday to its lowest level in 14 months. But the Chinese government has intervened heavily in currency markets to make sure that the renminbi falls with the dollar.

The result has been a steep slide in the value of the renminbi against the euro, the yen, the Australian dollar and many other currencies, making it cheaper for businesses from Helsinki to Sydney to order from China.

The renminbi has fallen 16 percent against the euro since early March and 31 percent against the Australian

dollar.

“We export a lot to Australia,” said Linda Zhang, a sales manager at Hebei Wanlong Steel Structure, a maker of prefabricated housing, adding that demand from there “is coming back.”

Kimmo Tarkkonen, the chairman of SRS Fenno-El, a distributor of lamps and space heaters based on the outskirts of Helsinki, said that he was signing all his contracts with Chinese suppliers in dollars after concluding that the dollar would continue to fall against the euro, making his purchases even cheaper.

“We’d rather take the risk,” he said, adding that the dollar “is declining all the time, so the risk is minimal.”

Some Chinese companies, in another effort to remain competitive, have even been cutting prices after wages fell during the recent economic downturn. Wages have not fully recovered, and the labor shortages that started to appear shortly before the downturn have not returned to most of the country.

“It’s easy to find workers — China has too much labor,” said Helen Chen, general manager of the Yuyao Panasia International Trading Company in Yuyao in east-central China.

Transport costs are a small fraction of labor costs, but they are now rebounding from a vertiginous plunge over the winter.

Neil Dekker, a container analyst at Drewry Shipping Consultants in London, said that total freight costs for a 40-foot container from China to Rotterdam had climbed to \$2,500 last month, from \$1,475 early this year and \$3,200 in September of last year.

Sending a 40-foot container from China to Los Angeles cost \$1,450 to \$1,475 last month, compared with \$900 early this year and \$2,050 in September of last year.

Luca Bartolini, the chief executive of Unitekno, which manufactures top-priced steam vacuum cleaners in Umbria, Italy, wore an elegant charcoal gray suit as he sat disconsolately by himself in a booth in one of the two non-Chinese halls, in the equivalent of the attic of the trade fair, no buyers in sight.

The rise of the euro has been so abrupt that Asian customers were actually canceling contracts to buy his

company's products, even when such cancellations cause penalties, Mr. Bartolini said. The contracts were denominated in euros, so the steam vacuum cleaners have become more expensive in terms of Asian currencies, almost all of which are informally or explicitly linked to the dollar.

"This level of the euro, we think, really is too much," he said.

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