

## OUTERWEAR

## The EU market for denim jeans

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This survey aims to provide developing-country exporters of denim jeans with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market for one product, this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey 'The outerwear market in the EU', which can be downloaded from <http://www.cbi.eu/marketinfo>.

In this survey, EU means the EU-27 unless otherwise indicated. Detailed information on the selected product group is given in appendix A. This survey discusses the EU in general and the following (major) markets in particular: Germany, United Kingdom, France, Italy, Spain, The Netherlands and Belgium.

**Report summary**

This CBI market survey discusses the following highlights for the EU market for denim jeans:

- Total market size in the EU can be estimated at 389 million pairs of jeans, value € 14.0 billion in 2007, against 373 million pairs, value € 13.8 billion in 2003.
- The seven major EU countries covered around 80% of the total EU market. Germany is still the largest market, despite a slight fall in consumption during the period 2005-2007. Among the major EU countries, growth in volume was stronger than growth in value.
- Italy is still the leader in jeans manufacturing in the EU but production migrated to Eastern Europe and North Africa to take advantage of the lower labour costs. Other EU countries which have a significant jeans industry are Spain, Portugal and Romania.
- The EU imported 554 million pair of jeans at a value of € 5.4 billion in 2007, indicating an average import price of € 9.81 per unit. The average import price fell by 5% in the period 2003-2007, caused by factors like intensified price competition among suppliers and a cheaper US dollar.
- Turkey remained the leading EU supplier in 2007. Exports by Turkey to the EU increased 12% in 2007 compared to the previous year. Imports from second supplier China were 70% higher in 2007 than in the previous year, while Italian exports to other EU countries decreased by 12% during the same period.
- Supplying countries from outside the EU recording fastest growths in 2007 compared to 2006 were India, Egypt, Mauritius and Albania.
- A strongly increasing share of jeans imports into the EU came from developing countries (DCs), namely 37% in 2003 and 47% in 2007, mostly to the detriment of imports from countries outside the EU other than DCs.
- Selling to importing wholesalers generally offers the most advantages for starting and/or SME exporters. However, it should be noted that several other potential opportunities should be open to an exporter.

**1 Market description: consumption and production****Consumption**

Total market size in the EU can be estimated at 389 million pairs of jeans, value € 14.0 billion in 2007, against 373 million pairs of jeans, value € 13.8 billion in 2003. Bought by a population of almost 493 million, it indicates that on average 78% of all men, women and children living in the EU bought one pair of jeans in 2007. In the UK, per capita consumption accounts for 1.1 pairs of jeans per year. In Germany, The Netherlands and Belgium 1.0 pair per capita; in France (0.9), Italy (0.8) and Spain (0.7) less than one pair of jeans per year.

The seven major EU countries covered around 80% of the total EU market. Germany is still the largest market, despite a slight fall in consumption during the period 2005-2007. Among the major EU countries, growth in volume was stronger than growth in value caused by slightly decreased consumer prices.

The average consumer price (including sales tax) of a pair of jeans was € 36 in 2007 against € 37 in 2003. This fall was partly due to:

- Growing concentration in retail and increased competition from non-specialised retailers such as hypermarkets, as well as from store brands, discounters and value retailers.
- Lower cost price because of increased imports from countries with lower production costs.

**Table 1.1 Consumption of jeans in the EU, 2003-2007, in volume and in value**

	2003		2005		2007	
	Million units	€ billion	Million units	€ billion	Million units	€ billion
Germany	83.1	3.0	84.8	3.0	84.3	2.9
United Kingdom	60.7	2.1	63.5	2.2	66.7	2.1
France	53.8	2.0	56.2	2.0	56.6	2.0
Italy	49.5	1.9	49.1	1.9	49.4	1.9
Spain	30.2	1.1	31.7	1.1	32.0	1.1
The Netherlands	15.2	0.6	16.1	0.6	16.3	0.6
Belgium	10.2	0.4	10.4	0.4	10.5	0.4
Other EU countries (20)	69.7	2.7	70.9	2.5	73.1	3.0
<b>EU</b>	<b>373.1</b>	<b>13.8</b>	<b>382.2</b>	<b>13.7</b>	<b>388.9</b>	<b>14.0</b>

Sources: Eurostat, Euromonitor, Just-Style.com and trade estimates

The renewed popularity of blue jeans led to slightly increased consumption in the period 2005-2007. In the EU, the overall growth of the jeans market increased by about 1% during the first three quarters of 2008, which would take the year-total to about € 14.1 billion. Recent developments in the (global) financial markets make forecasting for the coming years complicated. The Clothesource reported in October 2008:

- Inflation began to recede in almost every clothing-manufacturing country, as food and energy prices started falling sharply, and many exporting countries began to see their currency's long-term appreciation reversing.
- Inventory tightening, credit shortages and nervous lenders meant modest retail sale falls and created serious crises for many suppliers around the world. On the basis of rumours, such as banks' refusal to honour letters of credit, trading partners started the cancelling of more orders in mid-stream, while suppliers have begun tightening their policies on getting paid, to the point of turning away reliable business.

Based on the above developments and forecasts by several (national) clothing trade associations, a stabilisation in consumption of jeans (in volume) at lower prices is expected in all major EU countries for 2009 and 2010.

### **Market segmentation**

Criteria for market segmentation of jeans are demographic factors, attitude towards fashion, type of activity, special circumstances and life style, economic factors, brand awareness and preferences, price/quality ratio, developments in styles and fashion, climate and environment. Most of these criteria are more or less similar to outerwear in general. Developments in styles and fashion and brand names in the jeans sector will be discussed below.






Some additional remarks can be made, such as:

- Total jeans consumption in the EU concerned for 45% men's jeans, 31% women's jeans and 24% children's jeans.
- Blue jeans are still an unchanged part of the leisure and casual wardrobe of the majority of the EU population. Even jeans in the classical function as work wear are still important.

*Styles and fashion*

Styles in jeans do not change frequently. Developments in fashion are often small details like fashion forward seams and usage of (new) techniques of washing and/or finishing.

The cut of jeans varies in width, rise and thigh. Most popular styles in width are illustrated below.

				
Skinny Revival of the 80s	Straight or latter Basic Jeans	Boot	Flare Revival of the 70s	Wide
Tight fit Decreasing width from the knee to the leg opening	Maintains its width from the knee to the leg opening	Breaks on average 2 to 4 inches from the knee to the leg opening	Breaks on average 4 to 7 inches from the knee to the leg opening	Full in width from the tight to the leg opening, or even have a wider hem
Leg opening: 10-14 inches in circumference	Leg opening: 14-17 inches in circumference	Leg opening: 17-20 inches in circumference	Leg opening: 20-23 inches in circumference	Leg opening: 22 inches or more in circumference

Source: <http://www.truejeans.com>

Based on the height or rise (the length of fabric from the crotch seam to the top of the waistband) of the jean:

- A high-rise jeans will generally sit at or above the navel. The rise length will average 9 ½ inches or greater.
- A mid-rise jeans will generally sit 1 to 2 fingers below the navel. The rise length will average between 8 ½ and 9 ½ inches.
- A low-rise jeans will generally sit on or slightly above the hip bone or approximately 3 to 4 fingers below the navel. The rise length will average between 7 ½ and 8 ½ inches.
- An ultra-low rise jeans will generally sit below the hip bone. The rise length will average 7 ½ inches or less.

Based on the thigh:

- A snug fit hugs the body through the hips, butt and thigh area. A snug fit is intended to lie flat against the skin with no extra space between body and jeans.
- A relaxed fit is a bit roomier in the hips, butt and thigh.
- A loose fit is the roomiest of all three fits through the hips, butt and thigh area.

Other cuts of jeans can be found at the websites of manufacturers or retailers as mentioned in the CBI market survey 'The outerwear market in the EU' and in the surveys covering individual EU countries.

The straight (basic jeans) is the most popular nowadays and in the coming seasons, because it suits a large target group without any age limit.

Most of the leading jeans brands recently introduced authentic models from the 1950s and even 1940s. This 'back to basic' means a revival of the basic five pockets, just in blue denim with or without extreme destructive finishing techniques (used, dirty and second-hand washed).

In the last decade(s), several varieties in finishing techniques have been used, to avoid (pre-washed) or to obtain (wash-out, fade-out) colour changes; destructive techniques like stone-washed, sand-washed, moon-washed, snow-washed etc.; for bleaching, calcium-permanganat or even more expensive enzymes were used, either or not combined with other techniques. The latest trend is the vintage look with white marks in jeans, suggest the jeans is damaged and scratched on several places on the leg, more than previous years. Another new trend is the waxed jean: jeans with a shiny leather look.

*Brand names*

Leading brand names in the EU and world-wide are Levi Strauss, Wrangler and Lee. All came originally from the USA, Wrangler and Lee are part of VF Corp. These companies operate by several product types in the fashion (and price) segments distinguished. Next to these, a large number of brands is active on the EU market. Table 1.2 gives a (not exhaustive) overview of main players in the jeans industry, classified by consumer fashion acceptance and price.

**Table 1.2 Major players in the jeans industry**

Fashion acceptance: Price categories:	Innovators	Trendsetters	Trend followers	Late adopters
<b>High</b> € 80-200+	M&F Girbaud DSquared2 Blue Blood	True Religion Nudie Edun True Jeans	Seven for all mankind J Brand DKNY jeans Armani jeans	--
<b>Medium</b> €50-120	Diesel G-Star Levi Red Premium Replay	Only Guess Pepe Miss Sixty	Dockers Mustang Edwin	Levi Strauss Lee Jeans Wrangler
<b>Low</b> €20-60	--	Cheap Monday Dr Denim &D (H&M) MNG (Mango) TRFC (Zara)	Cars Jeans Gap Jinglers (C&A)	Tesco Matalan Zeeman  No-brand names

Source: Fashion & Vision (2008)

In the highest segments, difference can be made by:

- Fashion designers, offering separate jeans collections (often in combination with casual collections) like Armani Jeans (Armani), DKNY Jeans (Donna Karan). The styling of these jeans is often based on the standard jeans and far from innovative.
- Designers, such as Marithé & Francois Girbaud and DSquared2, are innovative in aspects like styling and fashion but also in materials including fabrics and finishing.
- Brands like True Religion, Nudie and Seven for all man kind are less innovative. They offer (generally spoken) basic jeans but with special fitting, such as push-up bottom or unique finishing such as hand-sanded vintage washings. These brands give the consumer the idea of an exclusive "tailored" and "customized" product.

All important retail channels have private-label jeans in their assortment, using another brand to underline the special character of the denim collection. Most popular are: &Denim by Hennes & Mauritz, Fishbone by New Yorker, Jinglers by C&A, MNG jeans by Mango, Gapjeans by Gap, Moto by Topshop and TRFC by Zara.

## Production

The manufacture of denim jeans has been moved to a large degree out of the EU to low wage countries, partly through the growth of traditional imports and partly through the initiatives of EU manufacturers in transferring the location of their production, or parts of it, in order to remain competitive. The trend in the market towards greater individualisation of products and the need for quick response to fast-changing demand and fashion have, however, led to some output being maintained in the EU.

**Table 1.3 Production of denim jeans in the EU, 2003-2007, in volume and in value**

	2003		2005		2007	
	million units	€ million	million units	€ million	million units	€ million
Italy	63.9	959	56.1	994	59.3	1,276
Romania	14.2	42	20.2	76	14.2	151
Spain	15.9	278	9.4	152	11.7	196
Portugal	4.7	75	4.9	81	5.2	78
UK	6.7	96	2.5	35	3.2	30
France	0.9	32	0.6	18	0.5	17
Greece	0.5	8	0.6	13	0.5	11
Germany	0.8	12	0.5	7	0.3	7
Other countries (19)	3.5	42	5.1	54	1.6	15
<b>Total EU</b>	<b>111.1</b>	<b>1,544</b>	<b>99.9</b>	<b>1,430</b>	<b>96.5</b>	<b>1,781</b>

Source: Eurostat/Prodcom (2008)

Italy is still the leader in jeans manufacturing in the EU. In recent years the 'made in Italy' trademark has become more of a 'design in Italy' concept, with actual production migrating to Eastern Europe or North Africa to take advantage of the lower labour costs. Other EU countries with a significant jeans industry are Romania, Spain and Portugal.

Manufacturers in the EU focus on high value products with a high design content; they export on a global scale by supplying to the higher segments of the market and source basic products in lower-cost countries.

Websites of manufacturers and associations of manufacturers can be found in CBI's 'The outerwear market in the EU'.

## Opportunities and threats

- + Advantages of the new EU states in terms of lower wages and shorter routes will largely disappear. This has already happened in the regions of the 'old' EU states.
- ± To satisfy the requirements of importing companies in the EU, exporters in DCs will be faced with increased demands for higher quality and requirements concerning the environment and labour conditions. Buyers' instructions on sizes, colours and other specifications should be followed precisely by the exporter. A minor discrepancy could be fatal to the perceived product quality.
- + The further sourcing of products in low-cost countries has led to the decrease in production in the major EU countries including products with higher design content. Besides the traditional lower range market segment, the largest middle range market segment may also offer good opportunities for exporters in DCs.

The same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in this survey provide opportunities or threats. The outcome of this analysis depends on each exporter's specific circumstances.

More information on opportunities and threats can be found in chapter 7 of the CBI market survey 'The outerwear market in the EU'.

### Useful sources

- General websites are Euratex (<http://www.euratex.org>) including links to national trade associations
- Eurostat (<http://epp.eurostat.cec.eu.int>).
- Euratex Bulletins and several general trade magazines, like Textil Wirtschaft, Textiles Outlook International and Journal du Textile. For websites of these and other magazines we refer to CBI's 'The outerwear market in the EU'.
- Sportswear International (<http://www.sportswearnet.com/index.html>) a magazine for casual and jeans wear, including data of fashion shows, trade fairs, fashion developments etc.
- Another magazine is View2 (<http://www.modeinfo.com>), including forecasts, colour and material information for casual, sports and jeans wear.

## 2 Trade channels for market entry

### Trade channels

Interesting channels for exporters in DCs may be:

- importing wholesalers
- importing manufacturers
- importing retail organisations, such as clothing multiples, specialised jeans or leisure wear multiples, department and variety stores, buying organisations, home-shopping companies as well as super- and hypermarkets.

Agents work mainly with brand names and capital investments are required. For these and other reasons, this channel is less interesting for most exporters in DCs.

The choice, as to which channel is the most suitable for exporters in DCs, depends on internal and external factors as described in CBI's 'Guidelines for exporting outerwear to the EU'. For that reason, we can refer to CBI's EU market survey 'The outerwear market in the EU' for an overview of the sales intermediaries in the EU, including their buying policies. The relevance of the various distribution channels to exporters in DCs is also described in the survey.

### Retail formats

The balance and share of design labels, brands, retail own labels, and unbranded jeans depend fundamentally upon the nature of the retail format in a country or region. Jeans are retailed across the EU through a variety of retail formats. Each of these formats will have a different merchandise assortment and will of course, be selling at different prices.

**Department stores;** sales are mostly brands and at the upper price level. Only a small part forms private labels. Examples are Debenhams (UK), Galerie Lafayette (France), Bijenkorf (Netherlands), Karstadt and Kaufhof (Germany) and El Corte Ingles (Spain).

**Variety stores,** mostly sell their own label, but may have some branded merchandise. Prices are middle to lower middle. Examples (not exhaustive) are Marks and Spencer or B&S in the UK, Hema in The Netherlands and Woolworth in Germany.

**General clothing chains,** sales are mostly own private (jeans) label. Examples are H&M, C&A, Zara, We, Topshop and other formula of the Arcadia Group, Next, Promod, Pimkie, Etam, Mango and many others (see also table 1.2).

**Specialist jeans chains.** It is in this group that the widest selection of brands will be found, outside the biggest up-market department stores. In this context, Selfridges in London stocks at least 12 internationally recognised brands. No specialist jeans chain will have that many, choosing instead to concentrate on merchandise variety within a smaller brand offering. The specialist jeans chains run the gamut of consumer offerings, from classic middle-aged to young grunge attitudinal. Examples are New Yorker, Mister+Lady Jean, Jeans Fritz (Germany), Jeans Centre and Score (The Netherlands). The specialist jeans chains compete with brand stores (representing one manufacturer operating with one or sometimes a few brands). Examples in the specialised jeans sector are among others Levi's, Diesel and Replay.

**Independent retailers** can be divided into general clothing stores (jeans collection is important but limited to some brands) and specialised jeans retailers (often smaller shops and

a collection up to six brands). Buying takes place directly from manufacturers, wholesalers, agents and often (especially in Germany and The Netherlands) the retailers are members of buying or selling organisations.

**Home-shopping companies**, including mail-order catalogues and computer-based mail order (Internet), are liable to offer a relatively broad assortment of both own label and brands. The internet, computer-based mail order, is a relatively new phenomenon, so the format is still settling down. The biggest success is formed by original mail-order companies, based on their knowledge and experiences in this specific logistical process and methods of composing collection. Examples (not exhaustive) are Quelle and Otto in Germany, Grattan and Freemans in the UK, Wehkamp in The Netherlands and La Redoute and 3 Suisses in France.

**Value retailers and discounters** today are strong in jeans, because of the desire stemming from a part of the consumer world which is not influenced by either fashion or brand awareness, to buy either anonymous or cheap own label. To them, price is everything. Examples (not exhaustive) are Peacock, Matalan and TK Max in the UK, Zeeman in The Netherlands etc.

**Super- and hypermarkets** became a strong player in the jeans sector and operate mostly through own labels or unbranded items. Examples (not exhaustive) are Asda and Tesco in the UK, Lidl and Aldi (Germany), Carrefour and Casino (France).

Other channels include street markets and wholesale Cash & Carry formula, like Makro/Metro (Germany).

Names and websites of major players and retail organisations can be found in CBI's market survey 'The outerwear market in the EU' and in the CBI market surveys covering the outerwear market in individual EU countries, as well as trends and developments in retail trade.

### Price structure

The effect of the market position, often indicated as low, medium and high, results in different margins on consumer end price, based on one CIF (cost, insurance and freight) price for three different market segments. A multiplier of between 2.2 and 3.4 on the manufacturer's price should be used to calculate an appropriate final consumer price.

Elimination of the wholesaler, for instance in the case of clothing multiples, department and variety stores and home-shopping companies, does not always lead to a lower multiplier.

**Table 2.1 Calculation schedule: margins**

	Low	Medium	High
CIF Rotterdam/Amsterdam	100	100	100
Import duties	*	*	*
Charges on CIF basis:			
- handling charges, transport/insurance, banking services	8	8	8
	108	108	108
Wholesaler's margin (25/33/50%)	27	36	54
	135	144	162
Retailer's margin (40/60/75%)	54	86	122
- net selling price	189	230	284
Value Added Tax: 19% of net selling price **)	36	44	54
- gross selling or consumer price	225	274	338
<b>RATIO CIF/CONSUMER PRICE:</b>	<b>2.2</b>	<b>2.7</b>	<b>3.4</b>

\*) Import tariffs vary from 0 up to 12.0% of CIF value

\*\*\*) In this calculation, the VAT tariff valid for The Netherlands is used, but note that this tariff varies per EU country (see: Outerwear country surveys).

Although the definition of a pair of jeans is relatively straightforward (it is given in appendix A), the pricing of jeans is anything but straightforward. One pair of jeans looking as though it has similar styling to another and made from similar denim can vary considerably.

An acceptable CIF price for a basic 5 pocket-1x washed-unbranded jeans starts from € 8-10. Higher prices depend on quality of fabric (weight, composition etc.), country of origin of denim, finishing, accessories (label, zipper, buttons etc.), sizes etc.

An overview of prices for the various segments is given in table 2.2 of this survey.

**Table 2.2 Examples of structure in costing price of jeans in euro (€)**

	Discount jeans	Private label jeans	Branded jeans	Designer jeans
<b>Retail price</b>	<b>20.00</b>	<b>30.00</b>	<b>55.00</b>	<b>120.00</b>
CIF price	9.00	11.00	18.00	40.00
Materials	4.50	5.50	7.50	10.00
Labour	1.80	2.50	3.50	10.00
Overhead	1.80	2.00	5.00	16.00
Profit	0.90	1.00	2.00	4.00
<b>Total</b>	<b>9.00</b>	<b>11.00</b>	<b>18.00</b>	<b>40.00</b>

Source: Aroq denim jeans wear, 2<sup>nd</sup> edition

The average metre of denim per jeans can be estimated at 1.87 square metres, composed of jeans for men (2.10 m<sup>2</sup>), for women (1.95 m<sup>2</sup>) and for kids (1.42 m<sup>2</sup>).

### Selecting a suitable trading partner

Selecting a suitable trading partner is a very important part of the export process. As important as finding a contact, which is suitable for you in terms of the range of products you can supply, is the relationship and empathy you can establish between yourself and your partner. The essential element of any trading relationship is trust. You must satisfy yourself that you will be happy to deal with the organisation in question over a long period. Your own judgement and instincts are most important in this respect.

In relation to how you find a trading partner, the usual trade sources are an important point of contact. The best place to meet potential trading partners is at a clothing trade fair in Europe. The main clothing trade fairs are discussed in CBI's market survey 'The outerwear market in the EU' and in CBI market surveys covering the outerwear market in individual EU countries. Several general clothing trade fairs have specific denim halls besides the general exhibition floors, like CPD and HPD in Germany (<http://www.igedo.com>), Bread & Butter in Spain (<http://www.breadandbutter.com>) etc. For other fairs and addresses we refer to CBI's market survey 'The outerwear market in the EU' and the CBI market surveys covering the outerwear market in individual EU countries.

An example of a specific trade fair for jeans is Jam (Jeans after Munich) second edition in January 2008 offering more than 100 brands and around 280 in January 2009. A list of exhibitors can be found at: [http://www.jamcologne.com/en/exaussteller\\_new.php?id=500](http://www.jamcologne.com/en/exaussteller_new.php?id=500).

It would be better first to visit a trade fair a few times before participating yourself. During a visit you can spend time looking at the stands of the main players and get a better idea of the latest fashions. Trade shows give you an opportunity to talk to potential partners on a face-to-face basis and better judge whether you would like to work with them.

You could also identify potential partners from the exhibition website beforehand or from a catalogue. When selecting them try to find out:

- What kind of jeans wear they sell.
- To which target groups they sell.
- In which areas they are well represented in their country. If they are exporting, to which other EU countries they sell.
- To whom they sell, e.g. small or large retailers, department stores, buying groups etc.

You could also find this out by looking at their website or try to find a company profile through other hosted sites e.g. of a local Business Support Organisation or trading platform, or by finding their company brochure. You can contact interesting trade partners by mail or e-mail and follow up by phone a few weeks later. See also chapter 3.1.3 of the CBI Export manual 'Exporting to the EU'.



Although you may initiate communication by post or e-mail, it is recommended that there is some personal communication before a trading partner is selected. In this regard, you could also contact BSOs in EU countries or the commercial department of your own embassy, to see if they have any useful contacts. They could even have some knowledge of the contacts which you may have made independently.

More general information about the clothing market in the EU, including links to national clothing (and textiles) trade associations, can be found at <http://www.euratex.org>, the website of Euratex.

Some trade publications may also be useful (for addresses we refer to CBI's market survey 'The outerwear market in the EU' and the CBI market surveys covering the outerwear market in individual EU countries). In the classified section, you may sometimes find names of manufacturers and distributors who are looking for a supplier.

### 3 Trade: imports and exports

#### Imports

The EU imported 554 million pair of jeans at a value of € 5.4 billion in 2007, indicating an average import price of € 9.81 per unit. The average import price fell by 5% in the period 2003-2007, caused by factors like intensified price competition among suppliers and a cheaper US dollar.

Intra-EU trade decreased from 57% of total imports in 2003 to 53% in 2005 and to 50% in 2007. A strongly increasing part came from DCs: 37% in 2003, 42% in 2005 and 47% in 2007.

Total imports increased, while production for the EU market decreased, which indicates a growth in the import share in the slightly increasing consumer market.

Germany remained by far the leading importer of jeans, despite a slight fall (in volume and in value) in imports in 2006 compared to the previous year. The German import share accounted for 22% in terms of value in 2007, followed by France (12%), the UK (11%), Italy (9%), Spain (8%), Belgium (8%) and The Netherlands (6%). Denmark (5%) ranked eighth, followed by Sweden (4%) and Austria (3%).

**Table 3.1 EU imports and leading suppliers of denim jeans, 2003–2007, share in % of value**

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 share in %	Share (%)
<b>Total EU</b>	<b>3,794</b>	<b>5,135</b>	<b>5,431</b>		<b>100</b>
Intra-EU:	2,160	2,740	2,740	Italy (10); Belgium (8); Germany (7); Netherlands (5); Czech Rep. (3); Spain (3); Denmark (3); France (2); Poland (2); UK (2).	50
Extra-EU ex. DCs:	212	248	161	Hong Kong (1); USA (1); Macao (<1); Switzerland (1); Japan (<1).	3
DCs:	1,422	2,147	2,530	Turkey (13); China (10); Tunisia (6); Bangladesh (5); Pakistan (4); Morocco (3); India (1); Egypt (1); Indonesia (1); Mauritius (1); Thailand (<1).	47
<b>Germany</b>	<b>959</b>	<b>1,158</b>	<b>1,186</b>		<b>100</b>
Intra-EU:	515	589	493	Netherlands (10); Italy (9); Belgium (6); Czech Rep. (5); Poland (3); Denmark (3); Romania (2); Austria (1); France (1); UK (1).	41
Extra-EU ex. DCs:	76	79	55	Hong Kong (2); Macao (2); USA (<1); Switzerland (<1); Japan (<1).	5
DCs:	368	490	638	China (16); Turkey (14); Bangladesh (7); Pakistan (5); Tunisia (5); Philippines (1); Egypt (1); Indonesia (1); Vietnam (1); Sri Lanka (<1).	54
<b>France</b>	<b>528</b>	<b>688</b>	<b>641</b>		<b>100</b>

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 share in %	Share (%)
<b>Intra-EU:</b>	305	383	362	Belgium (25); Italy (10); Germany (5); Netherlands (5); UK (3); Czech Rep. (3); Spain (2); Denmark (<1); Portugal (<1); Sweden (<1).	56
<b>Extra-EU ex. DCs:</b>	11	13	4	Hong Kong (<1); Macao (<1); South Korea (<1); USA (<1).	1
<b>DCs:</b>	212	292	275	Tunisia (11); China (10); Morocco (7); Bangladesh (5); Pakistan (3); Turkey (2); Mauritius (1); India (1); Indonesia (<1); Thailand (<1).	43
<b>UK</b>	<b>511</b>	<b>627</b>	<b>582</b>		<b>100</b>
<b>Intra-EU:</b>	187	217	191	Italy (11); Belgium (5); Netherlands (5); France (3); Germany (2); Spain (1); Ireland (1); Sweden (1); Denmark (<1); Poland (<1).	33
<b>Extra-EU ex. DCs:</b>	74	61	42	Hong Kong (4); USA (2); Macao (<1); UA Emirates (<1); Taiwan (<1).	7
<b>DCs:</b>	250	349	349	Bangladesh (16); Turkey (11); China (11); Pakistan (9); Indonesia (4); India (3); Sri Lanka (1); Morocco (1); Mauritius (1); Tunisia (1).	60
<b>Italy</b>	<b>274</b>	<b>473</b>	<b>506</b>		<b>100</b>
<b>Intra-EU:</b>	143	169	158	Romania (7); Belgium (4); Netherlands (4); France (4); Germany (3); Poland (3); UK (2); Spain (1); Bulgaria (1); Denmark (1).	31
<b>Extra-EU ex. DCs:</b>	9	15	10	USA (1); Japan (<1); Switzerland (<1).	2
<b>DCs:</b>	122	289	338	Tunisia (25); Turkey (13); China (10); Egypt (5); Albania (5); Bangladesh (3); Morocco (2); Pakistan (1); Tajikistan (1); India (<1).	67
<b>Spain</b>	<b>184</b>	<b>351</b>	<b>432</b>		<b>100</b>
<b>Intra-EU:</b>	87	157	157	Italy (12); Germany (6); France (6); Belgium (5); Portugal (2); Denmark (2); Netherlands (2); Malta (1); UK (<1); Greece (<1).	36
<b>Extra-EU ex. DCs:</b>	9	5	4	Hong Kong (1); USA (<1); Israel (<1); Switzerland (<1); Macao (<1).	1
<b>DCs:</b>	88	189	271	Turkey (26); China (13); Morocco (11); Pakistan (4); Bangladesh (3); Egypt (2); Tunisia (2); India (1); Thailand (1); Turkmenistan (<1).	63
<b>Belgium</b>	<b>438</b>	<b>438</b>	<b>421</b>		<b>100</b>
<b>Intra-EU:</b>	264	241	225	Poland (10); Netherlands (10); Germany (9); France (6); Hungary (6); Spain (3); Italy (3); Denmark (1); Czech Rep. (1); Sweden (1).	53
<b>Extra-EU ex. DCs:</b>	7	41	19	USA (4); Hong Kong (<1); Australia (<1).	5
<b>DCs:</b>	167	156	177	Turkey (12); China (9); Morocco (7); Pakistan (5); Tunisia (3); Bangladesh (2); Mauritius (2); India (1); Sri Lanka (1); Lao (<1).	42
<b>Netherlands</b>	<b>245</b>	<b>299</b>	<b>354</b>		<b>100</b>
<b>Intra-EU:</b>	159	170	185	Germany (17); Italy (14); Denmark (6); Czech Rep. (6); Belgium (3); France (2); Spain (2); Poland (1); Sweden (1); UK (1).	52
<b>Extra-EU ex. DCs:</b>	10	9	8	USA (1); Hong Kong (1); Switzerland (<1); Macao (<1).	2
<b>DCs:</b>	76	120	161	India (11); Turkey (9); Tunisia (9); Bangladesh (7); China (6); Thailand (2); Mauritius (1); Morocco (<1); Pakistan (<1); Sri Lanka (<1).	46

Source: Eurostat (2008)

Turkey remained the leading EU supplier in 2007. Exports by Turkey to the EU increased 12% in 2007 compared to the previous year.

Imports from second supplier China were 70% higher in 2007 than in the previous year. However, imports from Greater China (including China, Hong Kong and Macao) were 18% higher in 2007 than in 2006 and amounted to € 655 million. Italian exports to other EU countries decreased by 12% during the same period.

Supplying countries from outside the EU with fastest growths (more than 7% in terms of value in 2007 compared to 2006) were Pakistan (+7%), India (+27%), Egypt (+30%), Mauritius (+52%) and Albania (+34%). Countries accounting for much fewer exports (< € 5 million) to the EU, but fast-growing shares, were Japan (+97%), Macedonia (+75%) and Australia (+27%).

EU imports from the following countries decreased sharply (more than 7%) in 2007 compared to 2006: Italy (-12%), Bangladesh (-15%), Hong Kong (-58%), Romania (-26%), USA (-32%), Indonesia (-9%), Hungary (-24%), Macao (-53%), Sri Lanka (-20%).

### Exports

The EU member states exported 213 million jeans valued at € 3.6 billion in 2007 (216 million units, valued at € 3.5 billion in 2005), resulting in an average export price of € 16.49 (€ 16.07 in 2005). This export price indicates a high added value and that exported jeans are intended for the higher priced segments. The leading EU exporter remained Italy (22% of total EU exported value) despite a dramatic fall during the period 2005-2007.

Italian exports amounted to € 835 million in 2005, € 808 million in 2006 and € 799 million in 2007. Another important exporting country was Germany (15% of total EU exports), followed by Belgium (12%), The Netherlands (9%), the Czech Rep. (7%), Spain (6%) and Denmark (5%).

About 13% of the exported value went to countries outside the EU in 2007. Leading destinations were Switzerland (2% of total exported value), Russia, Norway, USA, Japan, Turkey and Hong Kong.

Exports by EU countries as described above include the so-called re-exports: products imported from outside of the EU, which are exported to other (mainly EU) countries. The volume of re-exports is important for countries like Germany, The Netherlands, Belgium and Denmark, while re-exports in the other major EU countries are more limited, but growing.

### Opportunities and threats

- + An increasing share of jeans imports into the EU came from DCs: 37% in 2003 and 47% in 2007. Imports from DCs will grow faster than total imports in the coming years, mainly to the detriment of other (EU and non-EU) countries.
- + Import prices will be under pressure and the decrease in average import prices will put further pressure on EU producers.
- ± The agreement between the EU and China (June 2005) to limit Chinese garment exports to the EU of, among other, men's trousers came to an end on December 31, 2007. The European Commission decided not to extend quotas on EU imports from China. The following factors behind the decrease in the growth of Chinese exports were mentioned by a recent KSA survey: risks of stock outs, increasing wage costs, lack of workforce, increasing costs in changes of law based on social and ecological standards, longer lead times compared to manufacturing locations nearer to the EU, lack of quality and too high minimum order limits. These criteria mean that the relative advantage of China over other countries, such as India, Bangladesh and Vietnam is decreasing.
- ± Nearby suppliers (Turkey, Albania, Morocco, Tunisia and others) may have better opportunities to capitalise on the demand for quick response than suppliers in Asia.
- ± To satisfy the requirements of importing European companies, exporters in DCs will be faced with increased demands for higher quality and environmentally friendly products. More information concerning environmental aspects can be found on CBI's website. Provided an exporter has the right strategy and a carefully thought out development plan, there is no reason why these challenges cannot be met.

### Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu> → go to: trade statistics
- Eurostat – official statistical office of the EU - <http://epp.eurostat.ec.europa.eu> → go to 'themes' on the left side of the home page → go to 'external trade' → go to 'data – full view' → go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy comext → [http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20080117.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf)
- Euratex bulletins - <http://www.euratex.org>

## 4 Price developments

Table 4.1 show how average EU import prices fluctuated in the period 2003-2007. This table illustrates that import prices for men's or boys' jeans were much higher (13% in 2003 and 12% in 2007) than for women's and girls' jeans.

**Table 4.1 Average EU import prices of denim jeans, 2003-2007**

	2003	2004	2005	2006	2007
Men's or boys' jeans	10.80	10.01	9.86	10.32	10.30
Women's or girls' jeans	9.59	9.67	7.84	8.59	9.23
<b>Total</b>	<b>10.32</b>	<b>9.87</b>	<b>8.89</b>	<b>9.50</b>	<b>9.81</b>

Source: Eurostat (2008)

Table 4.2 shows that the average price developments are different in each importing major EU country. Average prices decreased particularly in the UK, Germany and France, which can be partly attributed to imports of cheap jeans by discounters and hypermarkets. However, there are still wide differences between average prices paid in each country. For example, prices in The Netherlands were almost 60% higher than in the UK in 2007.

**Table 4.2 Average import prices for major EU countries, 2003-2007**

	2003	2004	2005	2006	2007
Germany	10.17	9.95	9.79	10.06	9.69
United Kingdom	8.40	8.03	7.69	7.60	7.06
France	11.04	10.86	9.84	9.98	9.79
Italy	10.41	9.49	8.80	8.25	10.57
Spain	10.17	9.83	9.80	10.02	9.60
The Netherlands	11.31	11.18	11.01	11.80	11.23
Belgium	11.17	10.18	9.94	10.29	9.85
<b>Total EU</b>	<b>10.32</b>	<b>9.87</b>	<b>8.89</b>	<b>9.50</b>	<b>9.81</b>

Source: Eurostat (2008)

Please note that these trends should be interpreted with care, as changes in imports do not reflect the demand in these countries. Imports can change abruptly because of re-exports to neighbouring countries, building up stock by distribution centres for the following year, the establishment or departure of manufacturers or large retailers in a particular market etc.

**Table 4.3 Average prices of exported jeans by DCs to the EU, 2005-2007**

	2005	2006	2007
<b>Total DCs</b>	<b>5.79</b>	<b>6.54</b>	<b>6.95</b>
of which:			
Turkey	11.02	12.47	12.69
China	4.39	4.92	5.61
Tunisia	12.97	13.78	14.27
Bangladesh	3.88	4.02	3.90
Pakistan	4.93	5.23	5.33
Morocco	10.08	10.46	10.61
India	5.54	8.12	7.81
Egypt	11.92	11.84	12.20
Indonesia	3.52	3.43	4.63

Source: Eurostat (2008)

## 5 Market access requirements

As a manufacturer in a developing country preparing to access an EU country, you should be aware of the market access requirements of your trading partners and the national government in question. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select Outerwear and an EU country in the category search, click on the search button and click on market access requirements.

Information on required packaging, size marking and labelling in the EU can also be found at CBI's 'The outerwear market in the EU'.

### Sizes

Jeans sizes are internationally indicated in inches (25.4 mm) and are usually given in two figures, namely the waistband girth in inches and the outer-side length in inches. Conversion tables for jeans for men and women can be found in chapter 6 of CBI's 'The outerwear market in the EU' in which sizes are compared with usual sizes for outerwear. The latter sizes are seldom used because the fitting of jeans is very important. For example: the difference between waistband girth size 29 and 30 inch is 2.5 cm and in the usual outerwear women's sizes 38 and 40 the difference in waist is 4 cm.

Sizes for children's jeans are similar to the general outerwear sizes for children as mentioned in chapter 6 of CBI's 'The outerwear market in the EU'.

### Labelling

Labelling indicating care instructions has to be affixed according to the international Ginetex symbols. Maximum washing temperature in °C., do not use chlorine-based bleach, ironing at desired soleplate temperature, dry cleaning circle and tumble drying have to be mentioned on a label, besides size and fibre content.

Wash and care instructions are required and care labelling is mandatory for Austria and Italy. Most claims arise from the incorrect appliance of the wash & care instructions. It is advisable to indicate on your care label only 40°C for washing and wash inside out (to avoid bleeding), both instructions serving to avoid claim discussions.

Note: Shrinkage is mainly caused by wrong drying (also in owner's home) i.e. for a too long period too hot; washing very seldom causes shrinkage.

### Packaging

Jeans are normally purchased container-wise and are packed in boxes, depending on the buyer's wishes, of 25-30 jeans in a box and 10-12 jeans in a recyclable or biodegradable plastic bag. Total weight per box may not exceed 25 kg. Other instructions from the importer on packaging must be followed accurately.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>.

### Tariffs and quota

Information on tariffs and quota can be found at <http://export-help.cec.eu.int>.

Import tariffs for denim jeans are 0.0, 9.6 and 12.0%.

## 6 Doing business

General information on doing business, like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (such as methods of payment and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. More specific information can be found at CBI's 'The outerwear market in the EU'. For

more information about common practices for sales promotion, including advertising, participation in trade fairs and other forms of communication with buyers, we refer to chapter 4 of CBI's survey 'Guidelines for exporting outerwear to the EU'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. The manuals mentioned can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

#### Useful websites

- <http://www.denimology.co.uk> - website with the latest news on the jeans market, information about brand names, prices etc.
- <http://www.jamaffair.com> - Jam is one of the specific trade fairs for jeans, which is held in Cologne, Germany.
- <http://www.sportswearnet.com> - Sportswear International magazine.
- <http://munichfabricstart.de> - Munich Fabric Start is a trade fair for fabrics, held in Munich Germany and includes a so-called Blue Zone for denim fabrics.

This survey was compiled for CBI by ***Fashion, Research & Trends***

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>

## Appendix A General product description

### Product name

In this survey, jeans is defined as a man's, woman's or child's ankle length trouser, most probably, but not exclusively, with five pockets (the five-pocket Western jean), made from cotton woven as a 3/1 warp-faced twill fabric, with a yarn dyed warp and an undyed weft yarn and traditionally (and still most usually), the warp is indigo dyed.

Jeans were originally worn by farmers and workmen. The pants were styled with topstitching, two patch pockets, two swing pockets, a V-shaped yoke in back and rivets reinforcing points of strain. In the 1960s, adapted as a general fashion with flared legs in same cut, but made of many fabrics including denim, bleached denim, printed fabrics, corduroy and even velvet. The introduction of the watch-pocket (on the right side in front) added to carry money led to the classical five pocket jeans.

### Materials used

The choice of the material plays a dominant role. The most common material used is 100% cotton. However, shrinkage and, to a lesser degree, colour fastness is a problem. All cotton shrinks, so while making patterns, this should be carefully considered. Tolerances for shrinking are limited (max. 3%).

Denim with a weight of:

- 8-9.5 oz, lightweight denim is used for children's summer wear.
- 10-11.5 oz (350-420 gr/sq m), light or fine-weave denim is used for women's summer wear.
- 12-14.5 oz (500 gr/ sq. m), used for men's wear and women's heavy (winter) wear; most common is the 13.¾ oz.
- 14.5 oz is a heavy (winter) quality for men's wear and also used for special models.

### Quality standards

As for other outerwear articles, there are no general (EU) standards for blue jeans. Most of the importers work with certain minimum requirements relating to materials and manufacturing. The minimum standard and the test method are described for fabrics and yarns. For example: a tolerance of +/- 5% in weight (according to ISO 6348), or a maximum shrinkage of 3% and maximum elongation of 3% for 100% cotton (ISO 3759, 5077 and 3175).

For example, a description of manufacturing requirements can include, among others: minimum seam allowances for pressed open seams (1.0 cm), for closed seams (0.7 cm) and for waistbands (1.0 cm); leg, seat and yoke seams must be sewn with a lapped seam which is sewn with two needles producing double chain stitch, or a safety stitch which may be stitched flat with a double chain stitch. Criteria for sewing of fastenings, pockets, waistbands, usage of yarns (monofilament is not allowed) are part of the requirements.

### Advice

Stitching: to avoid puckering, you must avoid blunt needles, apply the correct thread tension on the operating machines, avoid leakage of machinery.

Layering of fabrics: make sure the patterns are laid in one direction, to avoid colour differences and all elements should come from the same lot to avoid colour differences after washing.

Cutting: to avoid delay and quality decrease in production, make sure patterns are perfect.

Buyers' instructions on sizes, colours and other specifications should be followed precisely by the exporter. A minor discrepancy could be fatal to the perceived product quality.

### Statistical codes

The following HS code numbers in the category 'denim jeans' are specified by Customs and statistical purposes in the EU:

6203.42.31 Men's or boys' trousers and breeches of denim for women and girls

6204.62.31 Women's or girls' trousers and breeches of denim

The following PRODCOM code numbers are used:

1822.2442 Men's or boys' trousers and breeches of denim

1822.3542 Women's or girls' trousers and breeches of denim

## Appendix B References

- Global market review of the denim and jeanswear industries – forecasts to 2014; published by Aroq Limited (second edition 2008).
- The denim bible-jeans encyclopedia II; published by Sportswear International (2007).
- Trends and innovations in the denim industry; published by Textiles Intelligence (2006).