



# Garments

---

A survey of the market for garments in Denmark

**This market brief is published by DIPO, 2002.**

**DIPO**

The Danish import promotion office DIPO operates in accordance with an agreement between the Danish Chamber of Commerce and The Danish International Development Assistance, DANIDA. The Office is situated in the Chamber of Commerce but is financed by Danida.

The aim of DIPO is to provide service to exporters in the developing countries in their endeavors to enter the Danish market. The office can assist with market information and with establishing contacts to Danish importers. Business offers are published free of charge at DIPO's website ([www.dipo.dk](http://www.dipo.dk)) and in DIPO's newsletter *UlandsHandel*, which is published five times annually and distributed to Danish importers.

**DIPO**

Danish Chamber of Commerce  
Boersen  
DK-1217 Copenhagen K  
Phone: +45 33 95 0500  
Fax: +45 33 12 05 25  
E-mail: [dipo@commerce.dk](mailto:dipo@commerce.dk)  
[www.dipo.dk](http://www.dipo.dk)

**Disclaimer.**

The information provided in this market brief is believed to be accurate at the time of writing. It is, however, passed on to the reader without any responsibility on the part of DIPO or the authors and it does not release the reader from the obligation to comply with all applicable legislation.

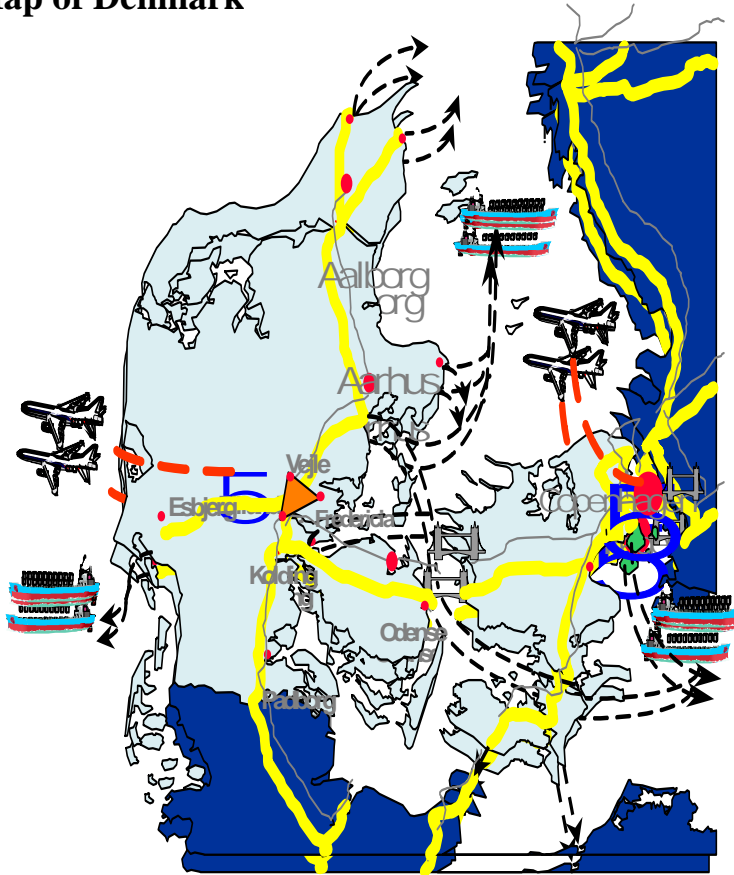
Neither DIPO nor the authors of this publication make any warranty, expressed or implied, concerning the accuracy of the information presented, and will not be liable for injury claims pertaining to the use of this publication or the information contained therein.

No obligation is assumed for updating or amending this publication for any reasons, be it new or contrary information or changes in legislation, regulations or jurisdiction.

# Table of Content

<b>TABLE OF CONTENT</b> .....	<b>2</b>
<b>MAP OF DENMARK</b> .....	<b>3</b>
<b>1. INTRODUCTION TO DENMARK</b> .....	<b>4</b>
STANDARD OF LIVING .....	4
MEMBERSHIP OF THE EU .....	4
GENERAL TRADE FIGURES .....	4
INDUSTRIAL PATTERN .....	4
INFRASTRUCTURE.....	5
HOUSEHOLD CONSUMPTION .....	5
CLIMATE.....	5
<b>2. MARKET DEFINITION</b> .....	<b>6</b>
<b>3. MARKET ANALYSIS</b> .....	<b>7</b>
MARKET SIZE .....	7
EXPORTING COUNTRIES .....	8
PROGRAMME COUNTRIES .....	9
MARKET ACCESS .....	9
IMPORT ARTICLES .....	10
THE FUTURE MARKET.....	11
<b>CHAPTER 4. DISTRIBUTION</b> .....	<b>12</b>
MANUFACTURERS .....	12
WHOLESALERS.....	12
AGENTS .....	12
RETAILERS.....	13
TENDENCIES IN THE DISTRIBUTION CHAIN.....	13
PRICES AND MARK-UPS .....	13
SUCCESS FACTORS .....	14
<b>CHAPTER 5. COMMERCIAL PRACTICE</b> .....	<b>16</b>
CONTACTING THE IMPORTER .....	16
MEETING WITH THE IMPORTER .....	16
DELIVERY .....	16
ETHICS AND CODES OF CONDUCT .....	17
VISITOR'S VISA .....	17
<b>CHAPTER 6. CUSTOMS DUTY AND IMPORT REGULATIONS</b> .....	<b>18</b>
EU TRADE AGREEMENTS AND GSP .....	18
DOCUMENTATION .....	18
RATES OF DUTY .....	18
IMPORT QUOTAS .....	19
IMPORT AND EXPORT LICENSES.....	20
LEGISLATION ON THE DANISH MARKET .....	20
VALUE ADDED TAX –VAT .....	20
<b>CHAPTER 7. TRADE FAIRS</b> .....	<b>21</b>
<b>CHAPTER 8. IMPORTANT ADDRESSES</b> .....	<b>22</b>
<b>APPENDIX 1</b> .....	<b>24</b>
<b>APPENDIX 2</b> .....	<b>25</b>

## Map of Denmark



### The European Union:

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Great Britain
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden

### Facts about Denmark

**Area:** 43,095 sq. kilometers  
**Population:** 5.3 million  
**Capital:** Copenhagen:  
 1.5 million inhabitants  
**Language:** Danish  
**Government:** Democracy  
**GDP (2000):** DKK 1,296,136 million  
**GDP per capita (2000):** DKK 241,816  
**Currency:** Krone, DKK (1DKK = 100 øre)  
 Denmark has not adopted the common currency EURO  
**Exchange Rate, US\$:** 1US\$ = 8.61 DKK (February 1<sup>st</sup> 2002)  
**Time Zone:** Central European Time Zone  
 One hour ahead of GMT  
**Business Hours:** Monday to Friday  
 9.00 a.m. to 4.00 p.m.  
**Weight and Measures:** The Metric System  
**Climate:** 4 seasons: spring, summer, autumn, and winter  
**Member of International Organizations:**  
 EU, NATO, WTO, OECD, UN

### Other Large Cities:

Aarhus: 500,000 inhabitants  
 Odense: 200,000 inhabitants  
 Aalborg: 160,000 inhabitants

### Distances:

Copenhagen – Aarhus: 300 kilometers  
 Copenhagen – Odense: 165 kilometers  
 Copenhagen – Aalborg: 400 kilometers

### Public Holidays, 2002:

New Year's Day	January 1 <sup>st</sup>
Maundy Thursday	March 28 <sup>th</sup>
Good Friday	March 29 <sup>th</sup>
Easter Monday	April 1 <sup>st</sup>
Prayer Day	April 26 <sup>th</sup>
Ascension Day	May 9 <sup>th</sup>
Whitsunday	May 19 <sup>th</sup> +20 <sup>th</sup>
Constitution Day	June 5 <sup>th</sup>
Christmas Eve	December 24 <sup>th</sup>
Christmas Day	December 25 <sup>th</sup>
Boxing Day	December 26 <sup>th</sup>
New Year's Eve	December 31 <sup>st</sup>

# 1. Introduction to Denmark

## Standard of Living

With a high GDP per capita as well as a highly prioritized welfare system, the Danish standard of living is among the highest in the world. Income is evenly distributed among the population and, normally, both men and women work full time.

## Membership of the EU

As a member of the EU, Denmark enjoys open market access to the other EU countries. Within the EU a Customs Union has been formed, allowing goods to move freely across borders without customs or taxes. For non-EU countries, however, specific rules apply (please refer to chapter 6 “Customs Duty and Import Regulations”).

Denmark also enjoys membership of international organizations such as the OECD and the WTO and is traditionally striving to actively remove obstacles to free trade within these frameworks.

## General Trade Figures

The Danish economy is highly dependent on trade with other countries due to the country's size and location in one of the world's most dynamic regions.

Approximately two third of the Danish foreign trade is carried out with other EU countries. With regards to total imports to Denmark (only goods) in 2000, imports from other EU countries accounted for 82.3 percent. Asia accounted for 10.4 percent, the Americas for 6.8 percent, and only 0.5 percent of total imports came from Africa.

## Industrial Pattern

Small and medium sized companies characterize the Danish industry. Compared to other industrialized countries, even the largest Danish companies are -with few exceptions- only medium sized.

Except for heavy industries such as mining, car and plane industries etc., practically all business sectors exist in Denmark. Due to an increasing specialization, division of tasks, and seasonality, however, a large range of products is also imported to Denmark. The Danish industry is mainly constituted of light manufacturing and reprocessing, and production is often characterized by a high degree of specialization in a particular, well-defined field. Products, which have made Denmark known internationally, are primarily meat and dairy products, pharmaceuticals, furniture, beer, electronic products and advanced metal industry.

## **Infrastructure**

The Danish infrastructure is highly developed. The road network is of high standard, the railway system connects almost every town with more than 10,000 inhabitants, there are many, easy accessible, harbors, and Denmark has several domestic airports. Copenhagen Airport is the largest airport in Northern Europe being served by most international carriers. Ferries, tunnels and a number of bridges interconnect the islands of Denmark and, furthermore, a bridge connects Denmark to Sweden (see map p. 3).

Means of communication are excellent, as well. The postal service is efficient and reliable, and telephone, fax service and email are available throughout the country.

## **Household Consumption**

In Denmark, the average household spends approximately 5.5 percent of total income on clothing, which in year 2000 was equivalent to DKK 5,858 per person after income tax and transfers.

## **Climate**

The Danish climate consists of four seasons: spring, summer, autumn and winter. The average temperature in July ranges from 12 to 20 degrees Celsius, opposed to the average temperature of January, which ranges from -3 to +2 degrees Celsius. Some snow can be expected from December to March, and rainfall is common with about 700 mm precipitation annually.

## 2. Market Definition

The definition of garments will be based on products within the category SITC 84 and the equivalent CN codes 61 and 62. The application of two different classification systems is due to statistical survey methods. On an aggregate country level the SITC categories are more elaborate while on a product level the CN codes are more detailed. Therefore, the SITC categorization will be used when analyzing market size and when comparing different countries' exports to Denmark, whereas the CN codes will be applied when analyzing exports of specific products to Denmark, as well as when describing customs duty and import regulations.

Within the SITC 84 category the primary articles are:

Overcoats, jackets, suits, coats, pants, shirts, dresses, skirts, knickers, shorts, blouses, t-shirts, sweaters, pullovers, sweatshirts, ties, underwear, brassieres, bathrobes, housecoats, pyjamas, nightgowns, socks, stockings, panty hoses, hats, gloves, mittens, handkerchiefs, swimwear, sports clothes and work clothes.

Unless stated specifically in the market analysis, these articles are subject to the following generalizations:

- ▶ No distinction is made between articles for males and females, adults and children.
- ▶ No distinction is made between articles made from natural or synthetic fibers, or leather.
- ▶ No distinction is made between articles that are knitted, woven or processed by other means.
- ▶ No distinction is made between articles, which are handmade or machine-made.

The Combined Nomenclature (CN) is the 8-digit trade classification system used by the European Union for tariff purposes. The system is directly linked to the 6-digit Harmonized System (HS) used by the vast majority of trading nations throughout the world.

When exporting to countries within the EU, it is necessary to state the exact CN number of the specific type of furniture. The CN 61 and 62 codes can be subdivided into specific groupings depending on the type of garment, its purpose, and its use. When a sub-categorization is applied in this market survey, this will be stated clearly by the specific CN number.

### 3. Market Analysis

#### Market Size

In this section the size of the Danish market for ready-made garments is estimated. The section includes all categories of ready-made garments (SITC 84) described in the previous chapter "Market Definition". In the following table, the total consumption of garments on the Danish market from 1996 to 2000 is calculated.

Table 3.1

<b>Consumption of SITC 84 on the Danish Market (1,000 DKK)</b>					
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>Danish Production</b>	5,958,000	5,507,000	5,698,278	5,657,935	6,084,177
<b>Imports</b>	11,935,949	14,342,094	15,483,377	16,599,373	17,848,984
<b>Exports</b>	9,265,108	10,473,979	11,720,138	13,105,677	14,050,501
<b>Total Consumption</b>	<b>8,628,841</b>	<b>9,375,115</b>	<b>9,461,517</b>	<b>9,151,631</b>	<b>9,882,660</b>
<b>Index* (1996=100)</b>	100	109	110	106	115

Source: Statistics of Denmark

\*The calculations do not take into account the inflation of app. 2 percent p.a.

As can be seen from the table, the total consumption has increased steadily during the five-year period, except from a small decline in 1999.

The table shows that the exports by far exceed Denmark's own production. This is due to the fact that most Danish garment manufacturers have either outsourced or placed their production facilities abroad. A large proportion of the garments are imported to Denmark for final adjustments only to be re-exported, primarily to other EU countries. The reason for placing production abroad is the lower production costs, i.e. lower salary levels.

Placing production abroad has been a strong tendency since the mid-eighties. The processes that have been placed abroad are mainly labor-intensive, low-tech processes like sewing, cutting, folding and packing. Some processes like dyeing, printing, weaving, knitting and spinning may still be based in Denmark.

As the salary level of a country increases, Danish garment companies may have competitive incentives to move production to lower cost countries. This has resulted in a shift from producing in Denmark to Southern Europe and subsequently to Eastern Europe and the Far East. However, as the production costs increase in Eastern Europe, for instance in Poland, Danish manufacturers will contemplate moving production further east to countries with lower production costs. Several companies have already taken this step.

Nonetheless, there are two opposite moving trends when deciding where production should be located. As explained, when salary levels in Eastern Europe increase, the incentive for Danish companies to move to less costly locations will become stronger. On the other hand, due to the short geographic distance between Denmark and the Eastern European countries, they may remain preferred locations. The reduced time from placing an order until the shipment arrives to Denmark seems increasingly important due to the reduced



fashion cycles. Thus short delivery time may be seen as more important than relatively lower costs in cases where the fashion changes rapidly. In such cases, Danish garment companies may prefer paying extra for reduced transportation time of one week from an East European country compared to a month from the Far East.

## Exporting Countries

Much trade with garments is carried out among the EU countries with Italy being the biggest exporter of clothes to Denmark (DKK 1.3 billion in 2000). Like Denmark, many of the EU-countries import clothes mainly for re-export to countries in the region, making the region very dynamic. However, the non-Western countries are gaining an increasing share of the garment market. The table below presents non-Western countries with the largest exports to Denmark. (For more countries see appendix 1)

Table 3.2

<b>The Top Non-Western Countries exporting garments to Denmark, 1998-2000 (1,000 DKK)</b>						
<b>Country</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Change 1998-2000 in percentage*</b>	<b>Percentage of total exports to DK in 2000</b>	
China	2,435,508	2,901,061	3,290,865	35.12	18.4	
Poland	1,521,463	1,455,204	1,464,441	-3.75	8,2	
Hong Kong	793,655	861,850	984,607	24.06	5.5	
Turkey	675,231	760,923	881,795	30.59	4.9	
Lithuania	534,424	619,872	746,729	39.73	4.2	
India	416,933	448,107	640,056	53.52	3.6	
Bangladesh	323,467	358,790	524,503	62.15	2.9	
Latvia	210,909	267,697	296,081	40.38	1.7	
Indonesia	260,726	288,567	293,757	12.67	1.6	
Thailand	175,644	184,990	245,677	39.87	1.4	
South Korea	157,106	181,993	209,705	33.48	1.2	
Macao	172,488	174,768	193,419	12.13	1.1	
Bulgaria	107,163	122,092	165,684	54.61	0.9	
Malaysia	139,856	135,433	138,568	-0.92	0.8	
Pakistan	109,472	118,932	137,707	25.79	0.8	
<b>All</b>	<b>8,034,045</b>	<b>8,880,279</b>	<b>10,213,594</b>	<b>27.13</b>	<b>55</b>	
<b>Total exports to DK</b>	<b>15,483,377</b>	<b>16,599,373</b>	<b>17,848,984</b>		<b>100</b>	
<b>Percentage of total exports to DK</b>	<b>52</b>	<b>53</b>	<b>57</b>		<b>57</b>	

Source: Statistics of Denmark

\*The calculations do not account for inflation of app. 2 percent p.a.

As indicated in the table, the share of total imports to Denmark of the 15 non-Western countries has increased in the period 1998-2000, counting for more than 50 percent in 2000.

China is by far the country with the largest exports to Denmark with more than twice as much export in 2000 as the second highest-ranking country, Poland. Poland is one of the only two countries having witnessed a decline in exports, which can be explained by the

country's increasing salary levels. The rest of the countries have experienced an increase in exports between 12 and 62 percent, with Bangladesh as the highest achiever.

The EU has initiated a process where import quotas for WTO members to the EU are being phased out. China became member of the WTO in 2001 and quota free access for Chinese textile to the EU is expected to further increase Chinas dominance as exporter to the Danish market.

## Programme Countries

Denmark provides developing assistance to numerous developing countries, but the Danish government has selected 15 specific developing countries with which they aim to develop close co-operation in reducing poverty and creating better living standards. These 15 countries are called programme countries and are among the poorest countries in the world. Of total bilateral developing aid provided by Denmark in 2000, 65 percent were given to these 15 developing countries.

Apart from Bangladesh, the only two programme countries that have considerable exports of garments to Denmark can be seen in the table below.

Table 3.3

<b>Programme Countries' Export to Denmark, 1998-2000 (1,000 DKK)</b>			
<b>Country</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Bangladesh	323,467	358,790	524,503
Egypt	17,007	7,181	10,549
Vietnam	85,418	80,314	109,294

Source: Statistics of Denmark

The remaining 13 programme countries have only very little or no exports to Denmark. For further details on the exports of these countries, please refer to appendix 1.

## Market Access

A section on market access would normally attempt to analyze the competition within the selected market. In the case of garment, however, the situation somewhat differs, which is clarified in the following.

The Danish market is generally referred to as a buyer's market. The Danish importers of garments are faced with an excess supply from the East European and Asian countries. The entry barriers to the Danish market are low and a foreign exporter of garments should not expect competition from producers of garments in Denmark. The competition is instead to be found among the other garment manufacturers in the exporting countries.

Since the capacity and number of producers are relatively larger than the limited amount of garments required by Danish importers, the competition among producers is very intensive, especially on a price/quality dimension. Furthermore, Danish importers are keen to establish long-term relationships with suppliers to ensure precise deliveries and uniform quality of the products.

Apart from the competition, quotas restrict access to the Danish and the EU markets, please see chapter 6.

## Import Articles

The following table presents the largest import articles (CN no.) in 2000. In the last column the four countries with largest exports of the article are ranked.

Table 3.4

<b>Largest Import Articles, 2000</b>				
<b>CN no.</b>	<b>Article</b>	<b>Pieces</b>	<b>1,000 DKK</b>	<b>Main exporters</b>
61091000	T-shirts and undershirts, knitwear, made of cotton	52,635,148	1,166,080	Bangladesh Turkey Lithuania Poland
61102099	Sweaters, pullovers, cardigans, jerseys, and vests for women and girls, knitwear, made of cotton	13,064,860	531,343	Poland Turkey Lithuania Portugal
62046318	Pants and knickers for women and girls, not knitwear, made of synthetic fibers, except for work use	9,539,046	609,262	Poland France Turkey Bulgaria
62052000	Cotton shirts for men and boys, not knitwear	5,811,104	421,168	Hong Kong Portugal China Germany
61103099	Sweaters, pullovers, cardigans, jerseys, and vests for women and girls, knitwear, made of chemo fibers	10,133,897	619,604	China Indonesia Bangladesh United Kingdom
62034235	Pants and knickers for men and boys, made of cotton, not denim or knitwear, except work clothes	4,609,537	373,536	Italy China Hong Kong Turkey
61102091	Sweaters, pullovers, cardigans, jerseys, and vests for men and boys, knitwear, made of cotton	5,687,375	377,221	Turkey Portugal China Italy
62064000	Blouses and shirts for women and girls, not knitwear, made of chemo fibers	4,344,984	286,033	Poland Hong Kong China India
62034231	Pants and knickers for men and boys, not knitwear, made of denim, except for work use	2,385,926	305,059	Italy Sweden Belgium Netherlands

Source: Statistics of Denmark

A glance at the table reveals not only which articles that are imported mostly but also which countries that are the main exporters of these articles. For instance, the largest import article, namely T-shirts are primarily imported from Bangladesh and Turkey, whereas Hong Kong and Portugal are the largest exporters of shirts for men and boys.

## **The Future Market**

Some trends concerning the Danish market for garments can be derived from the analysis. These trends are:

- ▶ Import of garment is expected to increase due to a continued growth of the garment market as a whole.
- ▶ Due to low labor costs Eastern European and Far East countries will gain an increasing share of total imports.
- ▶ Increasing salary levels in Eastern Europe will push the production further east.
- ▶ Shorter fashion cycles will increase the attractiveness of countries located geographically closer to Denmark, since delivery time is reduced.
- ▶ Further liberalization of the garment markets in Denmark and the EU will occur, due to continuous relaxation of trade regulations. Chinas membership of the WTO in December 2001 will undoubtedly increase the pressure on other textile exporting countries as the quotas are being phased out.

## Chapter 4. Distribution

As mentioned in chapter 3, the majority of garments are imported to the Danish market. Importers to the Danish market consist of manufacturers, wholesalers, and some retailers. Suppliers are especially found in Bangladesh, Pakistan, India, China, and in the Far East, but as mentioned previously suppliers are also increasingly found in Eastern Europe and Turkey to ensure faster delivery of garments.

The possible steps in the distribution chain –from foreign garment exporter to the Danish end consumer – is characterized in the following table:

Table 4.1

<b>Possible Steps in the Distribution Chain</b>						
Steps	Distribution Channels					
1	Exporter	Exporter	Exporter	Exporter	Exporter	Exporter
2	Agent	Agent				
3	Danish Manufacturer		Danish Manufacturer	Danish Manufacturer		
4	Wholesaler	Wholesaler	Wholesaler		Wholesaler	
5	Retailer	Retailer	Retailer	Retailer	Retailer	Retailer
6	End user	End user	End user	End user	End user	End user

### Manufacturers

Many Danish manufacturers rely almost entirely on suppliers from abroad or have set up their own production facilities outside of Denmark. Manufacturers are generally not interested in other types of ready-made garments than their own design. Therefore, being able to deliver garments in accordance with the design specifications given by the manufacturer is of paramount importance to the supplier.

### Wholesalers

The Danish wholesalers import ready-made garments as well as garments manufactured according to given design specifications. Wholesalers will typically carry international brands as well as their own branded and unbranded garments.

### Agents

Due to their knowledge of local markets and wide net of contacts, Danish as well as international agents are sometimes used when Danish manufacturers, wholesalers and retailers source from developing countries. Generally, the biggest Danish manufacturers,

wholesalers and retailers have set up their own purchasing offices around the world or they buy directly from foreign suppliers, whereas the smaller Danish buyers often make use of an agent. Most agents do not carry their own stock, but purchase solely on the request of their customers. Furthermore, most agents work on a 3-7 percent commission, based on FOB prices.

## Retailers

As mentioned above, some retailers buy directly from foreign manufacturers whereas others, usually smaller retail stores, make use of agents. Depending on the line of business, retailers import ready-made garments as well as garments based on own design specifications.

## Tendencies in the Distribution Chain

In recent years, a change in the sales structure of the garment industry has taken place. Big supermarkets, discount stores, and department stores have increasingly taken over a greater share of trade from the traditional clothing stores; today these stores are responsible for 40 percent of total clothing sale in Denmark. Especially garments for women and children are sold in these stores.

The remaining 60 percent of all clothing sale in Denmark takes place through specialty stores. In 2000, the 4000 clothing specialty stores accounted for approximately DKK 17 billion of total turnover. Furthermore, chains dominate the garment industry. In 2000, 58 different clothing chains existed with a total number of 853 shops. The main reason for the vast number of chains in the garment industry is the pronounced division into segments. This division is mainly based on gender, age or level of price/quality or a combination of these.

## Prices and Mark-ups

The price structure of garments naturally varies depending on the type of garment, the type of retail outlet, and whether they are imported by a retail company or by an agent or wholesaler. High fashion garments or heavily advertised brands carry higher mark-ups.

The example below may serve as a *general* guideline of the pricing structure of garments imported by a wholesaler:

Table 4.2

<b>Price Structure for Garments (DKK)</b>	
FOB price	40.00
Insurance, freight etc.	6.00
CIF price	46.00
Duty (if applicable)	5.50
Landed cost	51.50
Wholesaler's mark-up, 10-50%	25.75
Wholesale price	77.25
Retailer's mark-up, 200-300%	231.75
Retail price, excluding VAT	309.00

VAT, 25%	77.25
Selling price to consumer, incl. VAT	386.25

## Success Factors

Most importers on the Danish market already have a wide net of suppliers with whom they have had close co-operation for several years. The importers generally receive numerous offers from potential suppliers every week, but they are often hesitant to change suppliers as it takes years to build up lasting and fruitful partnerships with suppliers from abroad. This, however, does not mean that they are not open to new suppliers. Often the enquiries from potential suppliers are kept in the importer's database for a possible future business contact. Please refer to chapter 5 "Commercial Practice" on how to contact Danish importers.

Danish garment importers often stress the combination of price and quality. As mentioned in chapter 3, imports from Asia, Turkey and Poland are increasing due to lower manufacturing costs. This, however, does not mean that a low price is the most important factor for the purchasing decision - a reasonable price combined with a product of good quality is just as important (material used, coloring, sewing etc.). Depending on the market segment the importer looks for different quality standards. It is of crucial importance to deliver the quality agreed upon and not only when delivering the initial order. Therefore quality control and quality control systems are an important competitive advantage for the exporter. Furthermore, due to manufacturers' use of design specifications, it is also extremely important for the foreign exporter that he is able to follow these design specifications and instructions to the letter.

A strong marketing and communication effort in the home country of the exporter is also recommended. Many Danish garment importers have their own sales offices outside of Denmark or rely on international agents. In order to get the attention of the Danish importers it is important that the exporter is able to actively and professionally communicate what his competencies are; often a well-designed company brochure containing photos of the garment as well as product descriptions is of importance. Furthermore, if the supplier is quality certified (for example ISO certification) or highly recommended by other clients this should be mentioned as it can heighten the possibility of getting the attention of Danish importers. This type of communication effort will help the professional and qualified exporter to stand out from the crowd.

As mentioned, Danish importers co-operate with international agents as close contact to the suppliers in their home country is emphasized. Therefore, it could be of relevance to suppliers to register with an internationally oriented and qualified agent in their home country.

Another way of getting the attention of Danish importers is to visit trade fairs. Some Danish importers visit trade fairs abroad to meet with potential suppliers and to get an impression of the possibilities in the market. As close, personal relationships are often

stressed within the garment industry, this is a very good way to meet potential business partners for both importers and suppliers. Please refer to chapter 7 "Trade Fairs".

(Source: interviews with selected Danish importers)



## **Chapter 5. Commercial Practice**

As discussed in chapter 3, the Danish market for garments is a buyer's market. Therefore, an exporter must be aware that a Danish importer can pick and choose among many uninvited offers from qualified suppliers. The new supplier will often have to replace an already existing relationship with competent suppliers, and therefore first impression and the first contact is of great importance to the subsequent success of entry into the Danish market.

### **Contacting the Importer**

First step is to send a business offer containing a precise product description along with brochures, photographs and preferably samples. Often the importer does not take an offer seriously if not accompanied by samples, when at all possible. Price should also be introduced as close to the best price possible. It is of vital importance that contact details such as phone and fax number and e-mail address are stated correctly as inaccurate information will give a bad first impression and might cause the importer to immediately lose interest in the product. Many importers also stress that fast communication through e-mails are important as well as English-speaking staff.

It should never be assumed that the importer will follow up on the business offer – the follow up is always expected to be made by the exporter. This will give an idea of the need and purchase pattern of the Danish importer, which can help evaluate the compatibility of the product.

### **Meeting with the Importer**

Personal contact established through a business visit is important in the garment industry. Danish importers travel widely and will also at some point want to visit the supplier for an inspection of the production facilities. However, it may still be advisable to create the first personal contact by a visit to Denmark in an early phase of the relationship.

If the product is of relevance to the importer's line of business, it will normally not be a problem to set up meetings directly. Experience shows, though, that business people are reluctant to meet with visitors if no samples can be shown or concrete negotiations conducted during the meeting. Danish business people are generally result oriented and well versed within their particular field. Therefore, it is advisable to be well prepared and ready to respond to very direct questions about quality, prices, quantities and deliveries.

It is often said that Danes are informal, which is true to some extent. The informality does not, however, apply to being careless in respecting appointments or arriving on time.

### **Delivery**

Once a business deal has been settled, it is important that the actual delivery time and the condition of the products correspond to that agreed with the importer. It is therefore necessary that the exporter states the realistic delivery time right from the very beginning

of a new co-operation. The tolerance towards delay and products, which do not live up to agreements, is very limited and may lead to orders being cancelled.

### **Ethics and Codes of Conduct**

Over the last decade, consumers in Denmark have increasingly paid more attention to the ethical conduct of business, which has given rise to the term “political consumers.” This term implies that there is a strong tendency towards Danish consumers placing greater demand on Danish importers and manufacturers. They must be able to guarantee that the products imported from the developing countries have not been subject to, for example child labor or has caused industrial pollution when manufactured. Furthermore, there is a tendency that consumers choose garments in which the use of chemicals and additives is kept at a minimum. When getting involved with Danish importers many suppliers from the developing countries will be asked to sign a contract or statement guaranteeing that the production is carried out without violating the above mentioned issues.

Furthermore, bribery is almost non-existent in Denmark. Recent studies have shown that Denmark is at the bottom of the list of countries in which bribery or corruption is found. The Danish legal, regulatory and accounting systems for the business sector can be described as transparent and consistent with EU directives.

### **Visitor's Visa**

For visitors from overseas countries a visa is usually required to visit Denmark along with a letter of invitation from the Danish business partner. The exporter must apply for a visa at the Danish Embassy or Consulate in the home country. The visa issued will usually be for entry into the Schengen Area.

## Chapter 6. Customs Duty and Import Regulations

### EU Trade Agreements and GSP

As a member of the EU, Denmark follows the rules and regulations and applies the Common Customs tariff of the EU. An extended set of trade agreements between the EU and non-EU countries represent a complex set of exceptions to the general rules. The EU grants a non-reciprocal trade preference to all developing countries. As a general rule, the General System of Preference (GSP) allows for duty free imports into the EU from the Least Developed Countries (LDC). Other developing countries benefit from a reduction of the duty.

### Documentation

In order to obtain preferential customs treatment when importing to the EU, it has to be documented that the product originates in a country, which has a preferential agreement with the EU. In order to claim GSP-status, a GSP certificate of origin (Form A), signed and stamped by the authorities in the exporting country, must accompany the products. The certificate is valid for 10 months.

To obtain the GSP certificate of origin, two stages of production within the country are required: For woven garments, weaving has to be carried out in the country, and for knitwear, knitting and sewing has to be carried out in the country as well.

At present, exceptions are only granted for goods from Nepal, Laos and Cambodia and only to a limited extent.

If the garments are hand-made, a special type of documentation is needed.

For full customs clearance, a customs declaration form must be filled out with information about the importer, the customs value, the tariff position etc. It is the responsibility of the exporter to ensure that the proper documentation is available. It is very important to have settled all documents, as prior to importation of the product, the Community Customs administration will verify that the goods satisfy the rules of origin. If the goods are not entitled to preferential treatment, the importer becomes liable to pay the full rate of duty.

### Rates of Duty

The rates for import duties as of January 2002 are shown in the following table. These rates apply to countries outside the EU.

Table 6.1

**Rates of Duty, January 2002**

Garment	Knitted Garments		Woven Garments	
	CN-Number	Rate of Duty, %	CN-Number	Rate of Duty, %
Men's overcoats	6101	12.4	6201	12.4
Women's overcoats	6102	12.4	6202	12.4
Men's suits, shorts	6103	12.4	6203	12.4

Women's suits, shorts	6104	12.4	6204	12.4
Men's shirts	6105	12	6205	12
Women's shirts, blouses	6106	12.4	6206	12.4
Men's underpants, bathrobes, pyjamas	6107	12 - 12.4	6207	12 - 12.4
Women's briefs, panties, bathrobes, pyjamas	6108	12.4	6208	12 - 12.4
T-shirts	6109	12	6209	10.5
Jerseys, pullovers, cardigans	6110	10.5 - 12.4	6210	12.4
Babies' garment accessories	6111	8 - 12.3	6211	12.4
Track suits, ski suits, swimwear	6112	8 - 12.4	6212	6.5
Handkerchiefs	6113	8 - 12.4	6213	10
Scarves, veils	6114	12.4	6214	8
Panty hose, stockings, tights, socks	6115	8 - 12	6215	6.3
Gloves, mittens	6116	8 - 8.9	6216	7.6
Shawls, ties, bows	6117	8 - 12.4	6217	6.3 - 12.4

(Source: Told & Skat)

However, special rates of duty apply to countries under the GSP scheme.

Countries, which are classified as least developed countries as well as countries included in the special program to fight narcotics, all enjoy duty free access to the EU market. For other developing countries it is possible to obtain a 20 percent reduction of the normal duty rate. Please see appendix 2 for a list of countries eligible for preferential treatment.

For a few countries, the above mentioned rules do not apply: China, Macao, Malaysia, and Thailand do not benefit from the preferential treatment, but have to pay duty at full rate.

It must be stressed, though, that rules and regulations regarding duty are sometimes changed. It is therefore advisable to always check the rate of duty in the individual case, the criteria being the product and the country of origin. GSP duty rates should, for example, be checked with your local customs authorities.

## Import Quotas

Garments are among a few product groups, which are still subject to strict forms of regulation. Quotas apply to some types of garments, the different quotas being determined on the basis of the sub-groupings within the CN 61 and 62, and the particular country's competitiveness.

To give a general picture, most types of garments imported from South Korea, Taiwan, Vietnam, and China will be subject to quotas. The following countries: Brazil, Hong Kong, India, Indonesia, Macao, Malaysia, Pakistan, Philippines, and Singapore will experience quotas on garments such as knitted shirts, t-shirts, blouses, sweaters, cardigans, undershirts, coats as well as weaved shorts, pants, and shirts.

The quotas for the different sub-groupings are subject to regulations and changed on a yearly basis. The EU initiated a process in 1995 where the import quotas are slowly being phased out. The abolishment of quotas will continue until 2005 and will apply to member

countries of the WTO. Chinas membership of the WTO in December 2001 will undoubtedly increase the pressure on other textile exporting countries as the quotas are being phased out.

As is the case concerning import duty rates, it is of equal importance that the exporter stays updated with regards to the latest changes in import quota regulations. It is the specific CN number (8 digits) of the garment, which determines if the particular type of garment is subject to import quotas. Therefore, import quotas should always be checked, for example with your local HM Customs and Excise Advice Center.

### **Import and Export Licenses**

If quotas apply to the product, an export as well as an import license has to be obtained. The exporter has to apply for an export license from the national licensing authorities in the home country. When the license has been issued to the exporter, this license must be sent to the importer in Denmark.

The Danish importer must enclose the original export license when applying for an import license. The import license will only be granted after the licensing authority has checked that the appropriate quota has not been exceeded. A number of exporting countries are now able to issue electronic export licenses, which are sent online directly to the EU authorities.

The quota system is normally based on past performance of the exporters, which means that quotas are allotted based on earlier export performance. Only a smaller part of the quota is given to new exporters, though it varies from country to country.

### **Legislation on the Danish Market**

Specific legislation regarding garments sold in the Danish market is limited, but legislation exist regarding two matters:

1. The materials/fibers used for the product must be declared on the garment in Danish.
2. The use of nickel in buttons, zippers etc. is regulated, and the maximum level of nickel content must be respected.
3. Chemicals, which are injurious to health, must not be used in the manufacture of garments.

A “care labeling” with recommendations or instructions on how to treat the garment (washing, drying, ironing etc.) is encouraged but not mandatory.

### **Value Added Tax –VAT**

The Danish VAT constitutes 25 % and is among the highest rates within the EU. The 25 % VAT is levied on all sales, regardless of product type, country of origin etc. Consequently, the high tax rate will in the end influence the retail prices and the consumers’ desire and ability to purchase the product.

(Sources: DIPO, Danish Technological Institute, Textil og Tøj Brancheforeningen)

## Chapter 7. Trade Fairs

Participating in international trade fairs is an important activity in order to create contact to future co-operation partners. Before exhibiting it is often advisable to participate in the fair as a visitor. A well-prepared and properly executed visit to a trade fair can constitute a very cost-effective market research.

At the fair it is possible to meet both future competitors and potential customers. If you choose to exhibit at a trade fair it is important to know in advance who the target groups of the fair are. In Denmark, exhibitors are often wholesalers or importers and the target group is the retailers. When this is the case you might gain more by participating as a visitor and approach suitable exhibiting importers with written/printed material about your company and products.

A few Danish trade fairs for garments are held every year. **Copenhagen International Fashion Fair**, which is the largest fashion fair in Northern Europe, is held twice a year, usually in February and in August. At the same time as the Copenhagen International Fashion Fair, a smaller fashion fair, **Copenhagen Vision**, is also held in Copenhagen. A smaller fair outside of Copenhagen, **Mode**, is held twice a year, usually in March and September.

If you choose to exhibit, you should contact relevant importers prior to the trade fair in order to set up meetings during the fair. Some of the relevant importers will be exhibiting themselves. By looking at the list of exhibiting companies printed in trade fair catalogues from the previous years will give you a fair impression of which companies to contact in order to set up meetings. (The catalogue can be obtained by contacting the trade fair organizers.) Some of these might not have time for meetings during the fair if they are exhibiting themselves, so it is important to allow yourself to stay a few more days after the fair in order to have the meetings.

A sample of the largest fashion fairs is listed below. It is highly recommendable to investigate a fair closely before contemplating a visit, since some fairs may not be relevant to an exporter. Information on the different fairs is available on the Internet, for example at: [www.phone-fax.com/index2.htm](http://www.phone-fax.com/index2.htm).

Table 7.1

<b>International Fashion Fairs</b>	
Copenhagen International Fashion Fair	February August
Copenhagen Vision	February August
CPD, Düsseldorf	August
Interselection, Paris	May
GFT, Bangkok	May
Hong Kong Fashion Week	July
Interstoff, Shanghai	October

## **Chapter 8. Important Addresses**

### **DIPO -Danish Promotion Office**

Børsen  
DK –1217 Copenhagen K  
Phone: +45 33 95 05 00  
Fax: +45 33 12 05 25  
E-mail: [dipo@commerce.dk](mailto:dipo@commerce.dk)  
[www.dipo.dk](http://www.dipo.dk)

### **Danish Ministry of Foreign Affairs**

Asiatisk Plads 2  
DK- 1448 Copenhagen K  
Phone: +45 33 92 00 00  
Fax: +45 33 12 37 78  
E-mail: [um@um.dk](mailto:um@um.dk)  
[www.um.dk](http://www.um.dk)

### **Federation of Danish Textile & Garment**

Birk Centerpark 38  
P.O. Box 507  
DK-7400 Herning  
Phone: +45 97 11 72 00  
Fax: +45 97 11 72 15  
E-mail: [info@textile.dk](mailto:info@textile.dk)  
[www.textile.dk](http://www.textile.dk)

### **Statistics of Denmark**

Sejrøgade 11  
DK - 2100 Copenhagen Ø  
Phone: +45 39 17 39 17,  
Fax: +45 39 17 39 99,  
E-mail: [dst@dst.dk](mailto:dst@dst.dk)

### **Danish Association of Commercial Agents and Exclusive Distributors**

Section for Garment  
Borsen  
DK-1217 Copenhagen K  
Pone: + 45 33 95 05 00  
Fax: + 45 33 32 52 16 or  
Fax: + 45 33 33 04 64  
E-mail: [denmark@commercial-agents.dk](mailto:denmark@commercial-agents.dk)  
[www.commercial-agents.dk](http://www.commercial-agents.dk)

**Fashion Fairs in Denmark:**

**Copenhagen International Fashion Fair**

Organizer: Bella Center A/S  
Center Boulevard 5  
DK -2300 Copenhagen SV  
Phone: +45 32 52 88 11  
Fax: +45 31 51 96 36  
E-mail: bc@bellacenter.dk  
www.ciff.dk

**Copenhagen Vision Fair**

Organizer: Exhibition Professionals  
Lysagervej 10  
DK- 2920 Charlottenlund  
Phone: +45 39 64 85 86  
Fax: +45 39 64 85 87  
E-mail: info@cphvision.dk  
www.cphvision.dk

**Mode**

Organizer: Nord-Fair A/S  
Gøngehusvej 106  
DK- 2950 Vedbæk  
Phone: +45 45 89 12 77  
Fax: +45 45 89 12 44  
E-mail: vejle@nord-fair.dk



## Appendix 1

### Non-Western Countries exporting to Denmark from 1998-2000 (1,000 DKK)

Country	1998	1999	2000	Change 1998-2000 in percentage*
Ukraine	49,444	117,349	134,268	171.56
Russia	48,075	68,575	86,063	79.02
Myanmar	9,025	31,589	78,864	773.84
White Russia	64,606	86,971	47,669	-26.22
Rumania	15,760	21,142	38,008	141.17
Estonia	12,581	17,361	29,878	137.49
Sri Lanka	38,000	31,813	25,715	-32.33
Cambodia	29,269	38,025	25,234	-13.79
Albania	19,417	20,568	18,218	-6.18
Hungary	28,858	17,589	16,854	-41.60
Slovakia	9,505	13,207	15,768	65.89
Tunisia	61,793	41,117	15,565	-74.81
Mauritius	15,134	16,684	14,473	-4.37
United Arab Emirates	9,036	16,143	12,700	40.55
Egypt	17,007	7,181	10,549	-37.97
Maldives	1,342	365	9,989	644.34
Madagascar	2,135	5,404	9,168	329.41
Macedonia	6,953	11,808	8,831	27.01
Laos	6,658	3,313	7,393	11.04
Morocco	6,881	3,708	5,662	-17.72
Croatia	1,729	5,229	5,193	200.35

Source: Statistics of Denmark

\*The calculations do not account for inflation of app. 2 percent p.a.

### Imports of Garments to Denmark (SITC 84), 1000 DKK

Programme Countries	1998	1999	2000
Bangladesh	323,467	358,790	524,503
Benin	-	-	-
Bhutan	-	-	-
Bolivia	561	580	288
Burkina Faso	-	-	-
Egypt	17,007	7,181	10,549
Ghana	21	-	-
Kenya	1,152	682	437
Mozambique	-	-	-
Nepal	1,690	3,238	6,043
Nicaragua	-	-	27
Tanzania	-	-	-
Uganda	-	-	-
Vietnam	85,418	80,314	109,294
Zambia	-	-	-
Bangladesh	323,467	358,790	524,503

Source: Statistics of Denmark

## Appendix 2

Categorization of GSP Countries	
Classification	Country
Least Developed Countries	Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, The Democratic Republic of Congo, The Republic of Central Africa, Cap Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Cambodia, Kiribati, Comoro , Laos, Liberia, Madagascar, Myanmar, Mongolia, Montserrat, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sierra Leone, Sudan, Senegal, Somalia, São Tomé and Príncipe, Tchad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia
Countries under the special programme to fight narcotics	Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela, Pakistan

Source: Told & Skat