

EU MARKET SURVEY 2003

OUTERWEAR



CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU MARKET SURVEY 2003

OUTERWEAR

Compiled for CBI by:

Drs. Jan P. Servaas

March 2003

DISCLAIMER

The information provided in this market survey 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 CBI or the authors and it does not release the reader from the obligation to comply with all applicable legislation.

Neither CBI 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 or 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 reason, be it new or contrary information or changes in legislation, regulations or jurisdiction.

New CBI publication with updated contents, replacing CBI's EU Market Survey 2002 'Outerwear (including sportswear and clothing accessories)' published in February 2002 and CBI's EU Strategic Marketing Guide 2001 'Outerwear'.

Photo courtesy:

H. Hunink

TABLE OF CONTENTS

REPORT SUMMARY	7
INTRODUCTION	11
PART A: EU MARKET INFORMATION	
1. PRODUCT CHARACTERISTICS	15
1.1 Product groups	15
1.2 Customs/statistical product classification	17
2 INTRODUCTION TO THE EU MARKET	19
3 CONSUMPTION OF OUTERWEAR	21
3.1 Market size	21
3.2 Market segmentation	26
3.3 Consumption patterns and trends	30
4 PRODUCTION OF OUTERWEAR	32
4.1 Clothing production in the EU	32
4.2 Delocalisation of clothing production	34
5 IMPORTS	36
5.1 Total imports	36
5.2 Product groups	42
5.3 The role of developing countries	47
6 EXPORTS	52
7 TRADE STRUCTURE	55
7.1 EU trade channels	55
7.1.1 Sales intermediaries	55
7.1.2 Retailers of outerwear	56
7.1.3 Buying policy of intermediaries	65
7.2 Distribution channels for developing country exporters	66
8 OPPORTUNITIES AND THREATS FOR DEVELOPING COUNTRY EXPORTERS	68
PART B: MARKET ACCESS REQUIREMENTS	
9 DOING BUSINESS WITH THE EU: REQUIREMENTS FOR ACCESS	73
9.1 Non-tariff trade barriers	73
9.1.1 Quality and standards for outerwear	73
9.1.2 Trade related-environmental, social and health & safety issues	73
9.1.3 Packaging, size marking and labelling	74
9.2 Tariffs and quota	78
PART C: EXPORT MARKETING GUIDELINES: ANALYSIS AND STRATEGY	
10 EXTERNAL ANALYSIS	85
10.1 Market developments and opportunities for outerwear	85
10.2 Competitive analysis	86
10.3 Sales channel assessment	86
10.4 Prices and margins	87
10.4.1 Trade margins and prices	87
10.4.2 Payment and delivery terms	89
10.5 Product profiles	89

11	INTERNAL ANALYSIS: Company assessment	94
11.1	Manufacturing	94
11.2	Logistics	95
11.3	Design	96
11.4	Marketing and sales	96
11.5	Financing	97
11.6	Capabilities	97
11.7	Recapitulation of the internal analysis	97
12	DECISION MAKING	99
13	MARKETING TOOLS	100
13.1	Matching products and the product range	100
13.2	Building up a relationship with a suitable trading partner	100
13.3	Drawing up an offer	101
13.4	Handling the contract	101
13.5	Sales organisation and promotion	102

APPENDICES

Appendix 1	Detailed classification of outerwear by Harmonized System Code	107
Appendix 2	Specification of imports and exports of outerwear by product type and area of origin into the EU, 1999-2001	114
Appendix 3	Useful addresses	119
3.1	Standards organisations	119
3.2	Sources of price information	119
3.3	Trade associations	119
3.4	Trade fair organisers	120
3.5	Trade press	121
3.6	Other useful addresses	121
Appendix 4	List of developing countries	123
Appendix 5	References	125
Appendix 6	Useful Internet Sites	126

REPORT SUMMARY

This EU Market Survey serves as a basis for further market research: after you have read this survey it is important to further research your target markets, sales channels and potential customers.

Market research depends on secondary data (data that have been compiled and published earlier) and primary data (information that you collect yourself). This EU Market Survey is an example of secondary data. Primary data are needed when secondary data fall short of your needs, for example when researching your specific type of consumer about the acceptance of your specific product. Sources of information are, among others, (statistical) databanks, newspapers and magazines, market reports, (annual) reports from branch associations, but also shops in target countries, products or catalogues from your competitors, and conversations with suppliers, specialists, colleagues and even competitors. After you received/collected your information you should analyse it. In order to judge the attractiveness of the market, sales channel or customer you should use/develop a classification or score system. For more detailed information on market research reference is made to CBI's Export Planner (2000). A fairly complete overview on packaging, environmental aspects etc. is published in CBI's Access Guide. Seasonal fashion information can be obtained from CBI's Fashion Forecasts. These sources of information are also available on the CBI web site. It has to be noticed that data on clothing products are notoriously difficult to obtain, particularly those relating to production.

Product groups

The survey "Outerwear" includes knitted and woven outerwear, sportswear and clothing accessories for men, women and children. The following product categories are highlighted:

- formal clothing, including coats and raincoats, suits and ensembles, indoor jackets, (other than cotton) trousers, dresses, skirts and blouses;
- casual wear, like outdoor jackets, shirts, jumpers, cardigans, pullovers made of cotton, wool, fleece etc. and cotton trousers other than denim;
- basic leisurewear, like T-shirts and polo shirts, tops and bodies, shorts/bermudas, jeans, jackets and sweaters;
- active sportswear, like track suits, jogging suits, ski-suits, shorts, sports branded T-shirts etc.

Market size

Consumption of clothing in the EU followed an average growth of 3.6 percent a year in the period 1999-2001. Total consumer spending on clothing was € 231 billion in 2001, of which € 190 billion outerwear. Preliminary outerwear sales figures, for some countries based on 9 or 10 months figures, indicate a small growth of 1.5 percent for 2002 amounting to € 234 billion. Women's outerwear is the leading sector of the clothing market and accounted for 54 percent of the market.

Germany is still the most important country in clothing consumption in the EU. However, the difference in consumption between the leading country and the UK and Italy has become smaller. Five countries (Germany, UK, Italy, France and Spain) accounted for almost 80 percent of EU clothing consumption.

Belgian and Austrian consumers are the biggest spenders on clothing in the EU. Looking at the major EU countries, UK consumption per capita was the highest followed by Italy and Germany. The Netherlands, French and Spanish consumption was less than the EU average.

In many EU countries the demand for formal (traditional) wear declined in favour of casual and leisurewear, which implies higher sales in terms of volume rather than in terms of value.

The active sportswear segment will continue to expand its influence on the leisure and casual segments. Formal wear will lose out to these sectors but 'smart casual' will be further influenced by the workplace. The chino is a good example of the emerging casual segment, while the popularity of other types of cotton trousers, like workers, cargos and denim jeans are examples of the growing leisurewear segment. Knitwear performed well, too: demand for products like T-shirts, polo shirts, sweaters etc. increased in all major EU countries.

Production

EU clothing production showed almost a stabilisation in 2001 after years of strong falls. The setback in 1999's output was the biggest drop in the whole of the 1990s, while 2000 was the best year since 1995, with only a very limited setback in clothing production. This result was for a considerable part caused by an enormous growth in the production by Italy, the major European producer.

Preliminary figures for 2002 indicate that the downturn in production is again increasing sharply. The number of employees in the apparel sector fell by 3.8 percent in 2001 to 1.46 million, of which around a third is active in the knitwear sector. The number of enterprises decreased, too. The EU clothing industry is dominated by a large number of small and medium-sized enterprises, the average company having 20 employees in 2001.

Italy is the dominant clothing producer in the EU with almost 40 percent of total garment production, followed by the UK with 14 percent. More than 80 percent of the EU garment industry is concentrated in five countries: besides Italy and UK, Germany, France and Spain.

The restructuring policy of many manufacturing companies in the EU during the last two decades led to relocation of the clothing production, mainly based on labour cost comparisons. The foreign policy of many clothing companies takes many forms; most of the largest companies entered joint ventures in low-cost countries or have built up their own factories abroad. Besides these forms of ownership structure, an important part of activities of the EU clothing industry is formed by subcontracting. It is possible to identify three basic concepts of subcontracting: Outward Processing Trade (OPT), Cut, Make and Trim (CMT) and Free on Board (FOB). Another possibility for manufacturing companies is sourcing abroad, mainly for additional products to their own product range.

Imports

Total EU imports of outerwear amounted to € 66.3 billion in 2001. EU imports of outerwear increased 15 percent in the period 1999-2001, of which 13 percent in 2000 and a much limited growth of 2 percent in 2001. Germany remained the leading importer despite a fall in imports of 4.6 percent in the period 2000-2001, with an import share of 25 percent in terms of value, followed by the UK (17%), France (15%), Italy (9%) and The Netherlands (7%).

Developments in the value of imports of outerwear varied strongly per EU country: from very slowly increasing imports (less than 5 percent) in Germany and Sweden, to fast growing imports (between 15 and 25 percent) in Denmark, France and UK and to booming imports (between 25 and 45 percent) in Ireland, Italy and Spain.

China remained the leading outerwear supplier to the EU before Turkey and Italy. Total imports from China increased considerably: 9.3 percent of EU imports (in terms of value) in 2001. Turkey became the second supplier of the EU. Italy ranked 3rd before Germany and Belgium. Romania climbed up to the 6th place, followed by Bangladesh, The Netherlands, Hong Kong and Macao.

Total EU imports from developing countries increased in terms of volume (+19%) and value (+24%) in the period 1999-2001. The different areas showed varied patterns:

- the biggest growth came from Asian developing countries, like China, Bangladesh, India, Vietnam, Pakistan, Cambodia and Myanmar. These imports rose 23 percent (in terms of value) in 2000 and 14 percent in 2001 and accounted for 58 percent of total imports from developing countries;
- imports from Mediterranean countries (Turkey, Morocco, Tunisia, Croatia, Serbia Montenegro and

Albania) increased less by 11 percent in 2000 and 9 percent in 2001 and accounted for 37 percent of total imports from developing countries;

- imports from ACP (Africa, Caribbean and Pacific) countries increased 14 percent in 2000 and then a very small increase of 0.3 percent in 2001. These imports were limited to 3.4 percent of imports from developing countries. Major suppliers came from Mauritius, Madagascar, Jamaica, Botswana and Zimbabwe.

Besides developing countries, other countries from outside the EU gained from the decreased intra-EU imports too, especially imports from Romania, Bulgaria, Hungary, Lithuania, Slovakia, the Czech Republic and Ukraine.

Imports of knitted outerwear increased in volume (17%) in the period 1999-2001 against 2 percent lower prices. Imports of two product groups: jerseys, sweaters, polo shirts etc. and T-shirts formed 67% of total EU imports of knitted outerwear. Developing countries accounted for 48 percent of total EU knitwear imports.

EU imports of woven outerwear rose 14 percent in volume during 1999-2001 against 2 percent higher import prices. Imports of two product groups: "trousers, shorts etc." and "shirts and blouses" are the most important in the woven sector, namely 53 percent of total imports of woven outerwear. Developing countries accounted for 43 percent of total EU imports of woven outerwear.

Exports

EU outerwear exports grew 12 percent (in value) in the period 1999-2001 to € 42.5 billion in 2001, of which 3 percent in the period 2000-2001. The leading EU exporter for knitted and woven outerwear was Italy. Export activities by the EU countries vary strongly. In the EU exports of knitted outerwear, Italy is followed at a distance by Germany, France, Portugal, Belgium and UK. In exports of woven outerwear, Italy is followed by Germany, France, Belgium and UK.

About 63 percent of total EU exports concerned exports to other EU countries in 2001. The main destinations outside the EU were the USA, Switzerland, Japan, Russia, Hong Kong and Norway. Romania ranked 7th of the export destinations outside the EU and covered mainly parts of garments as part of OPT trade, just as in the case of Morocco.

The largest export product group in terms of value in the knitted sector was jerseys, sweater, etc. followed by T-shirts. The leading exported product groups in the woven sector were trousers/shorts etc. followed by suits/ensembles and shirts/blouses.

Trade structure

Continued small growth in retail sales in 2003 across most of the major EU countries will make the already tough competitive environment even more difficult for clothing retailers.

Besides the growing role of non-specialised distributors

(super- and hypermarkets, department and variety stores) developments in retail are increasing concentration and growing internationalisation. The growing importance of non-specialists resulted in a slightly decreasing market share for independent stores. The traditional specialty chains lose market share to multi-national operating chains, like Hennes & Mauritz, Zara and Mango. The latter are succeeding by taking market share through innovative, fast-changing product offers and lower cost, more efficient business models. The ability of these chains to implement faster and more flexible supply chains is giving them a competitive advantage.

Distribution channels differ considerably across the EU member states. Regarding the buying policy of retailers, the following differences can be characterised in general: unorganised independent retailers, with decreasing market shares in most of the EU countries, buy directly from local or near-by manufacturers or agents representing these manufacturers, as well as from wholesalers/importers. Most of the major retail organisations (specialty chains, department and variety stores, buying organisations) have their own buying organisations in low-labour-cost countries. This means that these retailers are able to bypass domestic wholesalers and/or manufacturers.

The role of wholesalers/importers will decline, while the role of clothing multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years. These and other developments have consequences for (exporting) manufacturers and will influence the buying activities of retailers.

Opportunities for developing country exporters

Economic and retail sales growth has slowed across most of the EU countries since the turn of the millennium, with the softness in the economy driven in large part by cyclical factors such as reduced growth in exports amid global weakness. Germany is still the biggest market for outerwear in the EU, but it has a rather low growth rate. The highest growth rates are in the UK and Spain, while France, The Netherlands and Italy showed a moderate growth.

Among the EU's six major countries, the outlook for retail sales growth is mixed. Clothing retail sales in Germany will continue a very slight recovery in 2003 and in France, growth is forecast to increase at a moderate 2.0 percent pace in 2003 as the economy recovers from the recent slowdown. Following several years of rapid growth in the UK, sales are expected to slow, registering about a three percent increase. Despite the slowdown in the Italian economy, the retail sector will grow over two percent in 2003; a similar percentage is expected for The Netherlands. Retail sales grew an estimated 2.7 percent in Spain in 2002 and that growth is expected to improve slightly in 2003 to more than 3 percent.

There is an increased focus on casual and leisurewear in all major EU countries, which will be continued for the coming years. In recent years, there has been a shift from dresses to trousers/jeans regarding women's clothing. Furthermore, there is a relatively high consumption growth in the market for jumpers, sweaters etc., also a renewed popularity for suits/ensembles.

Important product groups with strong increasing EU imports from developing countries are knitted T-shirts, sweaters, babies' garments and women's anoraks. Just like woven trousers for both sexes, skirts, suits/ensembles for men, anoraks for women, babies' garments, trainings suits and accessories like scarves and ties. Imports from developing countries of all mentioned product groups increased more than 30 percent in value in the period 1999-2001. Most of these product groups can be considered as casual or leisure wear.

In almost all product groups the role of developing countries is important and still rising. Product groups with very high import share from developing countries are T-shirts, sweaters etc., jeans and other cotton trousers and shorts for both sexes. Despite the high number of supplying countries, several newcomers were registered as exporting countries to the EU.

Strategic choices for exporters

The keen competition on the outerwear market will steadily increase and this leads to further possibilities for exporters in low-cost countries. However, exporting of clothing to EU countries requires in-depth understanding of the markets: market size and growth, import penetration, nature and characteristics of demand, distribution and flows in the channels, consumer psychographics and demographics, fashion developments etc. The exporter has to be familiar with the domestic markets of each and every EU country. In international marketing, the process taking place is the product-market match process and, at the entry level, this is of critical importance. An exporter needs insight into market access requirements covering non-tariff trade barriers (standards or minimum requirements, packaging, marking, labelling, sizing, environmental aspects etc.), tariffs and, until 2005, quota.

This survey offers instruments to exporters to analyse the target markets, sales channels and potential customers in order to formulate marketing and product strategies and assist (potential) exporters in developing countries in their export decision-making process. A start, which involves limited risks, is to try to acquire fixed orders for products specified by the client, because the latter has the best knowledge of his market. Co-operation in a variety of forms between importer and exporter can therefore be necessary. The most important determining factors for exporters are the

combination of price, product quality and reliability of deliveries and delivery times.

A clothing producer has several choices for market entry and can choose to produce his/her own collection with an own brand name, which is the highest mode in the added value chain. Another choice is to be a sub-contractor to clothing chains or department stores e.g. and produce private labels. The lowest mode in the added value chain is CMT. The choice between market entry modes depends among other factors on the value that a company and product adds to the chain.

INTRODUCTION

This CBI survey consists of three parts: EU market information (Part A), EU market access requirements (Part B) and export marketing guidelines (Part C).

Market Survey	
Part A EU Market Information <i>(Chapter 1-8)</i> Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Opportunities for exporters	Part B EU Market Access Requirements <i>(Chapter 9)</i> Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quotas
Part C Export Marketing Guidelines: Analysis and Strategy	
External Analysis <i>(Chapter 10)</i>	Internal Analysis <i>(Chapter 11)</i>
Decision Making <i>(Chapter 12)</i> Target markets and segments Positioning and improving competitiveness Suitable trade channels and business partners Critical conditions and success factors	
Marketing Tools <i>(Chapter 13)</i> Matching products and product range Building up a trade relationship Drawing up an offer Handling the contract Sales organisation and promotion	

Chapters 1 to 8 (Part A) profile the EU market for outerwear. The emphasis of the survey lies on those products, which are of importance to developing country suppliers. The major national markets within the EU for those products are highlighted and are discussed in ranking of consumption: Germany, UK, Italy, France, Spain and The Netherlands. These countries are all major importers of outerwear in the EU. The survey includes contact details for trade associations and other relevant organisations. Furthermore statistical market information on consumption, production and trade, and information on trade structure and opportunities for exporters is provided.

Whereas Part A provides EU market information, Chapter 9 (Part B) describes the requirements, which have to be fulfilled in order to gain market access for outerwear. It is of vital importance that exporters comply with the requirements of the EU market in terms of product quality, sizing, packaging, labelling and social, health & safety and environmental standards. These issues are therefore covered in Part B.

After having read Parts A and B, it is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part C subsequently aims to assist (potential) exporters in developing countries in their

export decision-making process.

After having assessed the external (chapter 10) and internal environment (chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company.

In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, as well as possible trade channels to export the selected products (chapter 12).

Chapter 13 subsequently describes which marketing tools can be used to build up successful business relationships.

The survey is interesting for both starting exporters as well as exporters already engaged in exporting (to the EU market). Part C is especially interesting for more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers. Starting exporters are advised to read this publication together with the CBI's Export Planner, a guide that shows systematically how to set up export activities and with CBI's new manual on market research..

Part A

EU market information





1 PRODUCT CHARACTERISTICS

1.1 Product groups

This survey “Outerwear” includes knitted and woven outerwear, sportswear (excluding swimwear) and clothing accessories (gloves, scarves and ties) for men, women and children. Besides the product classifications based on gender and age and by product types, we explain differences between product groups according to clothing behaviour.

Classification by gender and age

Outerwear for women and girls includes knitted and woven blouses/shirts, dresses, skirts, suits and ensembles, trousers, shorts, indoor jackets, outdoor jackets like anoraks etc., coats and raincoats.

Outerwear for men and boys includes knitted and woven trousers/jeans, shorts, suits, indoor jackets, outdoor jackets like anoraks etc., coats and raincoats. Knitwear for men/boys and women/girls includes T-shirts, polo shirts, jerseys, sweaters, pullovers, cardigans etc.

Outerwear for babies (0 - 2 years and a body height not exceeding 86 cm) includes jackets, coats, one and two piece suits, trousers, dresses, pullovers, blouses, T-shirts, caps, sets, gloves and socks. Underwear for babies, as well as products like blankets, sheets, tights etc. are not covered in this report.

Classification by type of product

Knitted and woven outerwear

Short descriptions of the main (outerwear) product groups under review are given below.

- **Coats and raincoats.** Coats can be described as hip-length to full-length outerwear with sleeves designed to be worn over other clothing for protection against cold/wet. Besides various lengths, there are variations in general use: fitted, straight or full (swing back) silhouette, buttoned (single- or double-breasted) or wrapped, with varying hem lengths and design details. Types of coats are overcoat or topcoat, car-coats, capes, cloaks etc. Under the raincoat category come among others: all-weather coat (waterproofed or water repellent coat sometimes made with zip-in linings, usually of acrylic pile, to adapt to various temperatures); mackintosh (rubberised or plastic waterproof raincoat with a cape); trench-coat and rain cape. It should be noted that coat types like Burberry and London Fog are based on registered trade marks.
- **Outdoor jackets (anoraks etc.);** in statistics, in the trade and among consumers, outdoor jackets are referred to under various different names, like anoraks, wind-cheaters, wind-jackets, ski-jackets, blouson jackets, bomber jackets etc. Casual jackets generally come in two lengths: full jackets length or

the shorter (waist-length) blousons or bomber jackets. Outdoor jackets come in a wide range of materials: textile fabrics as well as leather/suede. However, the latter are not a part of this survey (see the CBI survey: Leather Garments). Textile fabrics cover common fabrics like cotton, polyester, wool and several mixtures and high-performance fabrics and/or finishes such as Sympatex, Gore-Tex, Aquatex, Polartec, Isotex, Teflon etc.

- **Suits and ensembles** include combinations of jacket and trousers and, possibly, vests/waistcoats for men designed to be worn together, either in matching fabrics and/or colours (suits eventually with vest/waistcoat) or contrasting fabrics (ensembles). For women, the combination can be extended to jackets and/or trousers, dresses and/or jackets, jackets and/or skirts and dresses and coats.
- **Indoor jackets** are short coats worn by men and women. These can be single-breasted, double-breasted, zippered or wrapped. Dressy, casual or functional depending upon design and fabrics used. Another name used for an indoor jacket is blazer.
- **Dresses** are made of lighter weight fabrics, synonymous for robe, frock or gown. Current fashions include among others: A-line, blouson, coat dress, jumper (one-piece dress without sleeves and with lower neckline), wrap, cardigan dress, shirtdress, step-in dress and the princess (classic-styled dress with vertical panels that fit to the body and flare in the skirt).
- **Skirts**, current skirt styles include among others: A-line (with flare, wider at hem than at hip), straight line (fitting the waist and hip), culotte (a skirt-pant variation), wrap and circle.
- **Jeans** are defined as being a type of construction rather than a particular type of fabric and, therefore, jeans made from fabrics such as corduroy and other cotton fabrics are covered, as well as denim. Most denim is still 100% cotton, although a small volume of polyester/cotton denim is produced and traded worldwide. Denim accounts for an estimated 97% of the jeans market, however. The cut of jeans can vary from flares to baggy legs, narrow drainpipes or pleated fullness from the waist at the front of the garment. During the early 1980s, jeans manufacturers began to experiment with destructive “stone-washing” of blue jeans, in order to obtain worn and faded effects in the fabrics and seams. The method of garment washing has become an increasingly important fashion tool for producing jeans with a unique appearance and this has helped to fuel market growth. Ring spun washing is a method being pursued by manufacturers of branded products (e.g. Levi Strauss’ 501). Brand names like Levis added DuPont’s Kevlar® fibre to its Silvertab

jeans just like Polo Ralph Lauren to provide greater durability. Woven into denim, it creates a fabric which is three times as strong as conventional 10-ounce cotton denim.

- **Trousers other than jeans;** knitted trousers for men covered only 6% of total consumption, while trousers for women are for 27% knitted and 73% woven. Woven trousers for men (other than denim) are mainly cotton-made. Today, in particular the popularity of casual trousers (chinos) and leisure trousers (workers) is high, while corduroy represents a small but increasing part of the market. Fabrics of wool and polyester/wool are used for formal trousers for men. The popularity of denim and other cotton trousers confirms the dominating casual character in clothing behaviour in many EU countries.
- **Shirts,** traditionally the shirt market covers two main categories: conventional or dress shirts and casual or leisure shirts, the latter also referred to as sports shirts. Generally spoken, dress shirts are worn with a tie under a suit or indoor (tailored) jacket or blazer in office locations and on more formal social occasions. This type of shirts is mostly long-sleeved of woven cotton or cotton/polyester with a collar for a tie and buttons down the front. Leisure shirts, as their name implies, are likely to be worn in less formal situations in the home, and for leisure activities. More and more leisure shirts are also worn to work and are finding acceptance in dress shirt situations.
- **Jerseys, polo and sweatshirts etc.;** this category of knitwear can be divided into heavy (more than 600 grams per article) and lightweight products. The former covers jerseys, pullovers, cardigans and waistcoats (for winter use mainly wool or wool mixes), the latter fine knit roll, polo or turtle neck jumpers and pullovers, which can also be worn in combination with suits and indoor jackets.
- **T-shirts** can be used for many purposes. Functions vary from outerwear especially in summer months (plain, striped, printed), underwear (mainly plain white) especially in winter months, part of a sport-outfit (plain with logo) to nightwear (oversized). About 90% of T-shirts is made of cotton.

Active sportswear

Sportswear (without the addition active) can be divided into leisurewear, streetwear, other-than-smart casual wear and active sportswear. In many cases active sportswear is used for other purposes, like sport jackets (including body warmers, anoraks, wind jackets and ski jackets); many of today's outdoor clothing (waterproof) sport jackets are multifunctional and designed to be worn all year round. Greater use is being made of materials with brand names like Goretex, Sympatex and Tactel. Micro-fibres allow more comfortable, lightweight, breathable and fashionable products to be made, which at the same time do not compromise on performance. Many sport jackets are now being worn as

street fashion or are used for leisure activities like walking, fishing, sailing or tracking.

Items like shorts/bermudas, sports shirts, polo shirts, sweaters, spencers, pullovers and vests, whether or not incorporating specific sports requirements, are used as leisurewear and, with the mentioned requirements, as active sportswear. Another typical active sportswear item is fitness or aerobics suits.

Active sportswear, developed and mainly bought for specific sports activities, is heavily branded and can have an impact on leisure and casual wear fashion, just like basketball wear and tennis wear. Sports like football, soccer, rugby and baseball shirts/jerseys and trousers have also become popular as fashion garments. Specific active sportswear items in this survey are:

- **Track suits and jogging suits.**
The variety in materials and styling of track suits is wide. Track and jogging suits were one of the fastest growing sectors of the sports clothing market in the early 1990s, due to the use of track suits as street wear. Nowadays, the popularity of track suits as street wear is decreasing considerably, while the usage of jogging suits for homewear (cotton as well as polyester) has increased. The influence of international brands in materials used and fashion is enormous.
- **Sports dresses, sports skirts and sports trousers,** for instance footless maillots/leggings, cyclist pants.
- **Special sports suits,** for instance surf suits, sail suits, ski overalls, gymnastics and fitness/aerobics suits. **Skiwear** consists of padded, waterproof jackets and stretchable pants or salopettes. For many years, skiwear has benefited from the trend to wear ski anoraks as leisurewear. Most manufacturers have sought to widen the customer base by producing multi-purpose clothing. Today there are three major types of skiwear sold on the market: non-branded, retailers' brands (C&A, H&M etc.), and branded (specialist) skiwear. In the branded market, the leaders are Atomic, Tenson, Ellesse and Lutha. The specialist market is dominated by Killy (France), Berghaus (United Kingdom) and Head (Germany). Ski routines like snowboarding have a great impact on young fashion.
Fitness can be distinguished in aerobics for women and workout for men. **Fitness clothing** has been one of the major growth markets of the last decades. The aerobics boom has created its own fashion culture. The market for fitness clothing (leotards, dance tights/leggings etc.) has slowed down, however, new aerobic routines have regenerated interest in the market. Besides well-known sportswear manufacturers, several manufacturers known for swimwear have entered this market.

Clothing accessories

Clothing accessories include the following main products:

- **Gloves**, mittens and mitts, knitted or woven from wool, cotton or synthetic fibres (mainly acryl).
- **Scarves**, mufflers, mantillas, veils and the like, knitted or woven from silk, wool, synthetic fibres, artificial fibres or blends. In the higher-price segments, silk and wool are often used; acryl is mainly used in the low-priced segments.
- **Ties**, bow ties and cravats, knitted or woven from silk, man-made fibres (polyester) or blends.

It has to be noted that in the governmental statistics, no difference is made between adults and children, neither by end-use, like conventional, nor casual or leisure clothing.

The difference between gender has been made as far as possible in the analyses of trade statistics, while in the analyses of consumer expenditure a difference has been made in gender and clothing behaviour.

Classification on clothing behaviour

Herewith the following product categories are considered:

- **Formal clothing**, besides formal gowns (like evening dress, dinner dress, wedding gowns, communion dresses, cocktail dresses etc.), this category includes coats and raincoats, suits and ensembles, indoor jackets, (other than cotton) trousers, dresses, skirts and blouses;
- **Casual wear**, like outdoor jackets, shirts, jumpers, cardigans, pullovers made of cotton, wool, fleece etc. and cotton trousers other than denim;
- **Basic leisurewear**, like T-shirts and polo shirts, tops and bodies, shorts/bermudas, jeans, jackets and sweaters;
- **Active sportswear**, like track suits, jogging suits, ski-suits, shorts, sports branded T-shirts etc.

The broad definition of outerwear means that, in addition to this report, the CBI market surveys 'Bodywear' (covering underwear, nightwear, swimwear and hosiery) and Personal Protective Equipment

(including workwear) facilitate a complete view of all types of clothing made of textiles.

1.2 Customs/statistical product classification

Products are specified by the Harmonized Commodity Description and Coding System (HS). These numbers are used for both Customs and statistical purposes in EU member countries. The number clearly identifies a specific product; it is possible to see whether the garments concerned are for men or women and how they are made. Referring to the code number can therefore facilitate communication and eliminate misunderstanding about the type of clothing. Knitted clothing can be found in chapter 61 and woven clothing in chapter 62 of the Harmonised System. These chapters are given below, while appendix 1 of this report gives the most detailed numbers.

The HS classification given in 1.2 differs sometimes from the product groups and products mentioned in 1.1. This limits in-depth interpretation of figures and of the possible relationships between import and export figures on the one hand, and production and consumption figures on the other hand.

Knitted or crocheted

61.01	Men's or boys' overcoats and outdoor jackets
61.02	Women's or girls' overcoats and outdoor jackets
61.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, shorts etc.
61.04	Women's or girls' suits, ensembles, jackets, dresses, skirts, trousers, shorts etc.
61.05	Men's or boys' shirts
61.06	Women's or girls' blouses and shirts
61.09	T-shirts, singlets and other vests
61.10	Jerseys, pullovers, cardigans etc.
61.11	Babies' garments
61.12	Track suits and ski suits
61.13	Garments rubberised, impregnated etc.
61.14	Special garments for professional sporting or other purposes
61.16	Gloves, mittens and mitts
61.17	Other made-up clothing accessories

Woven

- 62.01 Men's or boys' overcoats and outdoor jackets
- 62.02 Women's or girls' overcoats and outdoor jackets
- 62.03 Men's or boys' suits, ensembles, jackets, blazers, trousers, shorts etc.
- 62.04 Women's or girls' suits, ensembles, jackets, dresses, skirts, trousers, shorts etc.
- 62.05 Men's or boys' shirts
- 62.06 Women's or girls' blouses and shirts
- 62.09 Babies' garments
- 62.10 Garments made up of felt or non-wovens, whether or not impregnated etc.
- 62.11 Track suits and ski suits
- 62.14 Scarves, shawls etc.
- 62.15 Ties, bow ties and cravats
- 62.16 Gloves, mittens and mitts
- 62.17 Other made-up clothing accessories

2 INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. Since 1 January 1995 the EU has consisted of 15 member states. Ten new countries will join the European Union in 2004. Negotiations are in progress with a number of other candidate member states.

In 2002, the size of the EU population totalled 379.4 million; the average GDP per capita amounted to approximately € 21,023 in 2002.

Within Western Europe – covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland – more than 20 million enterprises are active. Small and medium-sized enterprises (SMEs) accounted for the lion's share. In 2000, the average turnover per enterprise of SMEs and large enterprises amounted to € 600 thousand and € 255 million respectively.

EU Harmonisation

The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As the unification allows free movement of capital, goods, services and people, the internal borders have been removed. Goods produced in or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union is already a fact, not all the regulations have yet been harmonised. Work is in progress in the fields of environmental pollution, health, safety, quality and education. For

more information about harmonisation of the regulations visit AccessGuide, CBI's database on non-tariff trade barriers at www.cbi.nl/accessguide

Monetary unit: Euro

On 1 January 1999, the euro became the legal currency within twelve EU member states: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. In 2002 circulation of euro coins and banknotes replaced national currency in these countries. Denmark, the United Kingdom and Sweden have decided not (yet) to participate in the Euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 2001. The € is the basic currency unit used to indicate value in this market survey.

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single market on 1 January 1993. Until that date, trade was registered by means of compulsory Customs procedures at border crossings, but, since the removal of the intra-EU borders, this is no longer the case. Statistical bodies like Eurostat cannot now depend on the automatic generation of trade figures. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Overview 15 EU countries, 2002

Population	379.4 million
Area	31,443,000 km²
Density	83 people per km²
Languages	15 (excl. dialects)
GDP/capita	€ 21,023
Currencies	€, UK£, DKr., SKr.
Exchange	€ 1 = US\$ 0.99

Source: The World Factbook 2002

Population and GDP of selected EU countries, 2002

Countries/category	Population in millions	Age 15-64	GDP (€ billion)
Germany	83.3	68%	2,206
France	59.8	65%	1,556
UK	59.8	66%	1,485
Italy	57.7	67%	1,416
Spain	40.1	68%	836
The Netherlands	16.0	68%	417

Table 2.1 Exchange rates of EU currencies in US\$, 1998-2002

Country	Currency	1998	1999	2000	2001	Mid 2002
European Union	€	-	1.065	0.922	0.900	0.982
Denmark	Dkr	0.15	0.14	0.12	0.12	0.13
Sweden	Skr	0.13	0.12	0.10	0.10	0.10
United Kingdom	GB£	1.66	1.62	1.51	1.45	1.53

Source: CBS Statline (July 2002)

Furthermore, the information used in this market survey is obtained from a variety of different sources.

Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, both in the summary and throughout the text, as also in comparisons of different EU countries with regard to market approach, distribution structure, etc.

For more information on the EU market, please refer to the CBI's manual Exporting to the European Union.

3 CONSUMPTION OF OUTERWEAR

3.1 Market size

EU

Consumption of clothing in the EU followed an average growth of 3.6 percent a year in the period 1999-2001. Total consumption of clothing amounted to € 231 billion in 2001, of which approx. € 190 billion was outerwear. Preliminary sales figures indicate a small growth of 1.5 percent for 2002 to € 234 billion.

Germany is still the most important country in clothing consumption in the EU, as can be derived from table 3.1; however, the difference between Germany and the UK and Italy has become smaller. Five countries

(Germany, UK, Italy, France and Spain) account for almost 80 percent of EU clothing consumption. Belgian and Austrian consumers are the biggest spenders on clothing in the EU. Looking at the major EU countries, UK consumption per capita was the highest followed by Italy and Germany. The Netherlands, French and Spanish consumption was less than the EU average consumption of clothing.

Women's outerwear is the leading sector of the clothing market in all markets surveyed. In 2001, the share of the total value of outerwear sales ranged from 50.2 percent in Italy to 55.8 percent in Germany. Women are considered to be more sensitive to fashion and buy

Table 3.1 Consumer expenditure on clothing in € million by EU countries, 1999-2002 (ranked by 2001 spending)

	2000	2001	2002 *)	Per head consumption in 2001 (in €)
Germany	52,276	50,932	51,890	623
United Kingdom	39,792	40,584	41,901	675
Italy	38,088	38,266	38,928	662
France	32,665	34,165	34,348	574
Spain	18,200	18,627	19,100	472
The Netherlands	7,736	8,343	8,472	545
Belgium	6,937	7,062	7,089	686
Austria	5,531	5,835	5,690	716
Sweden	5,521	5,807	5,827	652
Greece	4,962	5,578	5,294	526
Portugal	4,300	4,357	4,380	437
Denmark	3,331	3,510	3,573	650
Finland	2,742	2,868	2,900	552
Ireland	2,370	2,501	2,583	680
Luxembourg	304	311	312	709
EU (15)	226,755	230,747	234,289	613

*) = (partly) estimated

Source: Retail Intelligence and several national statistics

Table 3.2 Value sales of outerwear*) by sector in major countries, 2001 (in %)

	EU (15)	Germany	Nether- lands	France	Italy	UK	Spain
Women's outerwear	53.5	55.8	54.8	51.4	50.2	51.6	50.6
Men's outerwear	31.8	30.5	30.1	31.6	34.8	33.2	32.9
Children's outerwear	14.7	13.7	15.1	17.0	15.0	15.2	16.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*) including sportswear and accessories

Source: several national statistics

more impulsively. In many EU countries the demand for traditional wear is declining in favour of casual and leisurewear, which implies higher increasing sales in terms of volume rather than in terms of value.

Germany

Germany is the largest clothing market in the EU, because of its large population (82.2 million), which accounted for a total consumption of outerwear of € 44.6 billion.

Women's and men's outerwear expenditure showed the same pattern: a decrease of respectively 2.4 and 2.9 percent in 2001 and a slight recovery in 2002. The German market for babies' and children's wear remained stable in the period 2000-2002, but in the last five years the market declined by 6.5 percent. For many years, German citizens belonged to the bigger spenders per capita on clothing in the EU, however, they still devote a share of spending on clothing above the EU average.

The German market is dominated by imported clothing, as domestic production has declined in the face of the low prices maintained by products from outside the EU.

According to BTE, value market shares for women's outerwear were trousers and jeans (22 percent), shirts and blouses (13%), dresses (8%) and skirts (5%). Knitwear for women accounted in total for 21 percent. During the period 1999-2001 women's knitwear, cotton trousers (including jeans) and outdoor jackets did well. Market shares for men accounted for 32 percent for trousers and jeans and 18 percent for shirts. Other market shares were: suits (13%), jackets and blazers (18%) and knitwear (12%). Jeans for men and women accounted for 19% (in terms of volume) of total trousers.

These figures illustrate the increasing preference of the German consumer for casual (and practical) clothing for women, but in particular for men.

Despite the slight recovery (in value) in 2002, the German market for clothing remained weak; however, based on preliminary figures, an on-going slight recovery is expected to become visible in the coming

years. The market is forecast to grow by just over 10 percent during the period 2002-2005 to reach a value of € 49 billion in 2005. Women's outerwear will remain the largest market sector, accounting for € 27.6 billion in 2005.

The Netherlands

The clothing market in The Netherlands amounted to € 8.5 billion in consumer prices in 2002, of which 88 percent concerned outerwear. Total clothing consumption increased by 2.5 percent in value and increased by 3 percent in volume in 2002 compared with 2001 after a much bigger increase in 2001/2000. Outerwear consumption increased (just above 1 percent) in value: the fall of 1 percent in expenditure on women's outerwear was compensated by a slight increase (just above 1 percent) of men's wear and a bigger growth (12 percent) of children's wear. The growth in clothing expenditure in the period 1999-2000 can mainly be ascribed to sectors like underwear, nightwear and hosiery. Average prices of women's outerwear fell 4 percent in the period under review, while prices of men's wear stabilised and prices of babies and children's wear increased by 6 percent.

Spending on women's outerwear decreased to 52 percent of total outerwear consumption in The Netherlands in 2002 (was 55% in 2001) and men's clothing to 32 percent (was 30% in the previous year). The high share of knitted outerwear in consumer expenditure was maintained.

In the women's sector, sales of coats and outdoor jackets increased of which the lammy coat was one of the bestsellers. Other products with strong rise in purchases were knitwear for women (outdoor T-shirts, polos, sweaters, jumpers etc.) and cotton trousers including jeans. Sales of dresses, suits and indoor jackets rose to a lesser degree. Blouse sales increased slightly in favour of T-shirts, tops with straps and other small tops. One of the products showing decreased sales was skirts.

The increased focus on casual wear in The Netherlands led to increased sales of men's trousers like jeans (+3%

Table 3.3 Consumer expenditure on outerwear in Germany, 1999-2002

	1999	2000	2001	2002 (estimated)	
	€ billion	€ billion	€ billion	€ billion	per capita in €
Women's outerwear	24.3	25.3	24.7	24.9	826
Men's outerwear	13.7	13.9	13.5	13.6	477
Children's outerwear	6.2	6.1	6.0	6.1	255
Total outerwear	44.1	45.3	44.2	44.6	541
All clothing	51.1	52.3	50.9	51.9	629

Source: Bundesverband des Deutschen Textileinzelhandels (BTE) and Euromonitor

Table 3.4 Consumer expenditure on outerwear in The Netherlands, 2000-2002

	2000		2001		2002		per capita in €
	mln units	€ million	mln units	€ million	mln units	€ million	
Women's outerwear	139	3.6	168	4.0	164	3.9	582
Men's outerwear	76	2.1	77	2.2	76	2.4	365
Children's outerwear	88	1.0	93	1.1	97	1.2	318
Total outerwear	303	6.7	338	7.3	337	7.5	479
All clothing	498	7.7	529	8.3	544	8.5	541

Sources: Gfk and CBS

for the third year) and cotton casual trousers, however, the growth in 2002 was smaller than the 12 percent growth of the previous years. Items like T-shirts, polo shirts, sweatshirts and other knitwear performed well, too. Consumer expenditure on more formal products like men's suits, coats and indoor jackets decreased just as for woven shirts.

Forecasts for women's and men's outerwear show a higher growth in volume than in value, while the women's wear market is less price-sensitive than that for men's wear. Growth in the smart casual wear segment grew further, at the expense of formal wear, while growth in leisurewear and sportswear will increase to a lower degree than in the period 1999-2002.

France

Total spending on clothing amounted to (an estimated) € 34.3 billion in 2002, of which 82 percent concerned outerwear. Average spending per person is lower than the other major EU markets (Germany, Italy and UK), but higher than South European countries, like Spain, Portugal and Greece. Consumer clothing expenditure has grown for the last three years, up 1.9 percent in 2000, 4.6 percent in 2001 and an estimated 0.3 percent

in 2002. In general, women's wear is performing better than men's wear.

France has a high consumption of children's wear in the EU with € 3.6 billion in 2002, of which 10/14 years was the largest sector in value terms by over 32 percent, reaching around € 1.1 billion. In 2001, the per capita spending on children's clothing, including sportswear and clothing accessories, amounted to an average of € 530 per child aged 0-2 years and € 450 per child aged 3-14 years.

Women's outerwear stabilised at about 35 percent of total clothing expenditure in the review period. Purchases of women's knitted coats, ensembles and indoor jackets (all made of man-made fibres) increased in the period 1999-2001, just like dresses (in particular cotton), skirts (cotton and synthetics) and T-shirts (cotton and man-made fibres). Purchases of women's knitted trousers and shorts and men's knitted cotton shirts decreased. Heavyweight jumpers and pullovers decreased in favour of lightweight items.

Sales of trousers and shorts for both sexes and made of cotton as well of man-made fibres increased, so did cotton dresses and cotton and synthetic skirts, cotton blouses and cotton and synthetic ensembles for women.

Table 3.5 Consumer expenditure on outerwear in France, 1999-2002

	1999	2000	2001	2002 (estimated)	
	€ billion	€ billion	€ billion	€ billion	per capita in €
Women's outerwear	11.3	11.7	11.9	12.2	492
Men's outerwear	6.5	6.6	6.7	6.8	291
Children's outerwear	3.5	3.6	3.6	3.6	318
Clothing accessories	1.8	1.7	1.8	1.8	30
Sportswear	3.7	3.6	3.8	3.8	64
Total outerwear	26.8	27.2	27.8	28.2	473
All clothing	32.1	32.7	34.2	34.3	575

Source: Conjuncture et d'Observation Economique (CTCOE)

Consumption of some woven products of man-made fibres (anoraks for women and indoor jackets for men) decreased in favour of cotton products.

Market shares (in terms of value) for women accounted for 18 percent for trousers, shorts and jeans and suits/co-ordinates (13%). Other market shares were: 6 percent for blouses and tops, coats and raincoats (7%), outdoor jackets (6%), dresses (8%), skirts (7%) and knitwear (15%). Jeans for men increased 5 percent since 1999 to 26.5 million pairs in 2001, while jeans for women reached 15.8 million pairs in 2001.

Market shares (in terms of value) for men accounted for 28 percent for trousers and jeans and 16 percent for shirts. Other market shares were: suits (13%), jackets and blazers (6%) and knitwear (16%). Jeans for men increased 5 percent since 1999 to 26.5 million pairs in 2001, while jeans for women reached 15.8 million pairs in 2001.

The market for outerwear is forecast to grow annually by 2 percent from 2002 to 2005 to reach a value of almost € 30.0 billion.

Italy

Italy ranked third in clothing consumption after Germany and the UK. The consumption per capita is far above the EU average. Price is generally not an issue for Italians when it comes to fashion apparel.

Consumption of clothing increased 4.7 percent in value to € 31.0 billion in the period 1999-2002, of which 80 percent outerwear.

Italy ranked fourth in children's outerwear consumption after Germany, UK and France. Girls' wear is by far the most important group in this sector, accounting for 48 percent of total expenditure.

The regional variations reflect differences in income per head and climate differences. Lighter and cheaper clothing can be worn in the warmer climate of Southern Italy. Expenditure on clothing in the south of the country and in the Islands region is much less than in the north.

During the period under review, casual clothing (sports jackets and trousers, cotton knit polo shirts) for office wear has benefited from the move away from formal wear (suits, shirts and ties).

Trousers and jeans constitute by far the largest product category in the men's woven outerwear market with a market share (in terms of value) of almost 30 percent. The growth in sales of trousers and jeans indicates the popularity of casual and leisure wear. The popularity of the traditional suit declined in favour of the combination of cotton trousers and T-shirts or sweatshirts. Shirts represent about 13 percent of outerwear consumption, of which a decreasing part is 5 percent formal/classic and 8 percent casual. Knitwear, another protagonist of the casual look, grew to 24 percent.

Women's purchases of dresses and skirts increased in the period under review and accounted for 16 percent in terms of value, followed by coats and rain-coats (8%), outdoor jackets (9%). Knitwear grew to 22 percent in 2001.

The market for outerwear is forecasted to grow by 7.5 percent from 2002 to 2005 to reach a value of € 33.3 billion.

United Kingdom

The total consumption of clothing in 2001 in the UK amounted to € 40.6 billion, while for 2002 a growth of 3.2 percent is expected. The UK remained the second biggest clothing market in the EU behind Germany. UK consumers, just as Belgian and Austrian citizens, belonged to the bigger spenders per capita on clothing in the EU.

The UK market for women's wear grew by 5.4 percent in the period 1999-2001, to reach a value of € 17.7 billion, while men's wear sales grew to € 11.6 billion in the same period. UK spending on outerwear has continued increasing but at a reduced rate compared to previous years; this is due to structural changes in the types of clothing being purchased. There has been a market movement away from formal wear towards

Table 3.6 Consumer expenditure on outerwear in Italy, 1999-2002

	1999 € billion	2000 € billion	2001 € billion	2002 (estimated) € billion	per capita in €
Women's outerwear	15.7	16.1	16.0	16.1	636
Girls' outerwear	1.8	2.0	2.0	2.1	541
Men's outerwear	10.1	10.4	10.4	10.5	438
Boys' outerwear	1.2	1.3	1.3	1.4	380
Babies' outerwear	0.8	0.8	0.8	0.9	716
Total outerwear	29.6	30.6	30.5	31.0	534
All clothing	37.2	38.5	38.3	38.9	671

Source: Sistema Moda Italia

casual and outdoor/fitness clothing. Per capita spending on children's wear has regularly increased throughout the review period. This sector is increasingly shaped by a greater fashion awareness, which adds value to the market.

Women's outerwear is, also in the UK, the largest sector and accounts for over half the market for outerwear in the UK. According to ONS, the largest segment remained formal or classic wear in 2001, of which in value terms the major product groups were coats and outdoor jackets, suits and indoor jackets, skirts and dresses. The trend away from formal wear favoured sales of casual wear and sportswear. Market shares for women and girls of casual trousers (except jeans) rose, just like T-shirts. Other knitted casual items like tops, jumpers, sweat shirts and cardigans increased too. Consumption of women's outerwear grew in total in volume by 3.3 percent and in value 2.3 percent in the period 2000-2002. Average prices of women's wear fell 0.7 percent.

Forecasts for women's wear show a higher growth in volume than in value, which follows the current trend of falling unit values in the women's sector, particularly in the case of casual wear. However, the women's wear market is less price-sensitive than that for men's wear.

The men's outerwear market grew much more in volume (5.5%) than in value (less than 1%) in the period 2000-2002, which indicates 4.3 percent lower average prices. This can be ascribed to the success of value retailers and discounting in the men's wear sector. The casual wear segment grew further, at the expense of formal wear.

Besides tough competition in the retail sector, the relatively mild weather during most of the autumn/winter period in 2002 adversely affected prices. This price deflation led to a small growth in value of the clothing market.

Spain

Clothing took a moderate position in expenditure by the traditional Spanish household. Globally spoken, the Spanish clothing market can be characterised by two types of consumers: an older traditional consumer mainly active in agriculture in western Spain with an expenditure on clothing of € 275 per capita as opposed to a modern fashionable consumer living in big cities like Madrid, Barcelona, Valencia etc. or regions like Catalonia and Basqueland with an average of € 700 expenditure per capita.

Spanish women prefer natural fibres above man-made fibres like polyesters. For many years market shares in

Table 3.7 Consumer expenditure on outerwear in the UK, 1999-2002

	1999	2000	2001	2002 (estimated)	
	€ billion	€ billion	€ billion	€ billion	per capita in €
Women's outerwear	16.8	17.1	17.7	17.9	730
Girls' outerwear	2.5	2.5	2.6	2.6	524
Men's outerwear	11.0	11.2	11.2	11.3	471
Boys' outerwear	1.5	1.7	1.8	1.8	374
Babies' outerwear	0.6	0.8	0.9	0.9	555
Total outerwear	32.4	33.3	34.2	34.6	582
All clothing	38.9	39.8	40.6	41.9	698

Source: Office for National Statistics (ONS)

Table 3.8 Consumer expenditure on outerwear in Spain, 1999-2002

	1999	2000	2001	2002 (estimated)	
	€ billion	€ billion	€ billion	€ billion	per capita in €
Women's outerwear	7.2	7.4	7.7	8.0	466
Men's outerwear	5.0	5.1	5.2	5.2	324
Children's outerwear	2.2	2.4	2.5	2.6	309
Total outerwear	14.4	14.9	15.4	15.8	391
All clothing	17.5	18.2	18.6	19.1	477

Source: CMT Espana

consumption of ensembles and dresses were rather high for Spanish women, but stabilised in the period under review. Men prefer combinations of indoor jacket and trousers above suits. The general trend to more casual wear is illustrated by growing expenditure on market shares of cotton and to a lesser degree man-made fibre T-shirts, jerseys, sweaters etc. of various materials and weight classes, cotton trousers including jeans and shorts for both sexes, track suits, outdoor jackets and cotton shirts and blouses.

3.2 Market segmentation

The general criteria for market segmentation of outerwear are:

- by age - babies and children's wear and adults (15+), the latter often being divided into age groups in several ways, for instance 16-24, 25-34, 35-54, 55-64 and 65+
- by gender - women/girls and men/boys
- by type of product and type of activity resulting in specific clothing behaviour, like formal, casual, leisure and active sports dress.
- by attitude towards fashion and life style; and,
- by product/quality ratio.

Other criteria are based on special events (weddings, parties, communion etc. in these cases dress can be considered as formal wear) or other circumstances, like maternity wear.

Segmentation by demographical factors

The size and age structure of the population is one of the basic determinants of how much will be spent on

clothing. Table 3.9 shows the composition by age groups of the population in the EU. Although this may appear to be a rough method for categorising the market, it is interesting because:

- generally speaking, different age categories have different clothing behaviour, and
- developments within the various age categories can be followed, by comparing results with projections.

The EU population has a declining birth rate and an ageing population. In the selected EU countries, the category below 20 years has decreased. The categories 40 and older increased substantially. In 2000 about 40% of the total population was older than 45. As the "baby boom" generation becomes older, we see the population as a whole becoming "greyer", apparent in the number of senior citizens above 55 years of age. Population growth is expected to slow in the selected EU countries. Another important demographic development is the increase of one- and two-person households. The persons in such households do not have many household or family obligations, so they have a lot of leisure time. Besides that they have rather high incomes. Both factors are stimulating clothing consumption.

In general, there is much dynamic in consumer preferences at the moment. Cultural changes are succeeding each other rapidly. For example, one could think of changes in the volume and use of free time and of quickly changing shopping behaviour. All this makes predictions of consumer behaviour rather tricky. A new trend is also that people buy different clothes for different activities and occasions.

Table 3.9 Overview population and age groups in the EU at 1 January 2002

	Total population in millions	0-14 years in %	15-64 years in %	65 years and older in %
Austria	8.1	17	68	15
Belgium	10.4	17	66	17
Denmark	5.3	19	66	15
Finland	5.2	18	67	15
France	59.8	19	65	16
Germany	83.3	15	68	17
Greece	10.5	14	66	20
Ireland	3.9	22	67	11
Italy	57.7	15	67	18
Luxembourg	0.4	19	68	13
Netherlands	16.0	19	68	13
Portugal	10.0	17	68	15
Spain	40.1	15	68	17
Sweden	8.9	19	64	17
United Kingdom	59.8	19	66	15
EU (15)	379.4	17	67	16

Source: Eurostat

The buyer of children's wear, certainly for the younger age groups, is an adult, mostly the mother. Her fashion consciousness and general buying behaviour have a long-lasting dominating influence on the purchase of clothes for the child. The social position of the child's family also plays a role in these decisions. The trend towards there being more working women, smaller family sizes and older parenthood mean that, in many households, there is a higher level of per capita spending on children than in any previous period. As they grow up, boys and girls increasingly raise their voices as to how they want to be dressed. This development takes place in phases, with varying influences from the outside. Fashion awareness for clothing is increasing among the younger children. Almost every designer and top fashion retailer launch their own children's couture. The main buying force comes from 9-14 year-olds, who are more financially independent (i.e. they have a clothing allowance) and fashion conscious, and are heavily influenced by pop celebrities and their favourite sport icons. In terms of consumer targeting, the market for men (15+) can be divided into two broad groups: younger buyers, who tend to be more concerned with image and fashion, and older buyers, who are concerned more with quality, value, practicality and durability. However, the dividing line between these two groups in terms of age is not easy to draw. Fashion is important to many consumers in their 30 to 40s and quality has become an increasingly important criterion for younger consumers. The women's clothing market is generally fast moving and volatile, particularly so amongst the crucial younger age groups for whom fashion is the key driver. However, unlike men's expenditure, expenditure by women on clothing increases to the age around 60. This is probably the result of women's sustained purchasing of higher-priced and better quality clothing in middle life, which boosts value rather than volume growth in the market. The women's wear market is not only much larger than the men's wear market, but is also more dynamic and enjoys growth in most of the EU countries; fundamentally, women spend far more on clothes than men do and they spend more consistently throughout their lives.

Segmentation by type of product

The outerwear market can be divided into several segments based on type of product combined with type of activity, resulting in a specific clothing behaviour. As mentioned in chapter 1, the following categories can be distinguished:

formal clothing includes formal gowns; (rain-) coats; other than cotton suits, indoor jackets and trousers; dresses, skirts and blouses;

casual wear, like outdoor jackets, shirts, jumpers, cardigans, pullovers made of cotton, wool, fleece etc. and cotton (other than denim) suits, indoor jackets and trousers;

basic leisurewear, like T-shirts and polo shirts, tops and bodies, shorts/bermudas, jeans, jackets and sweaters; and,

active sportswear, like track suits, jogging suits, ski-suits, shorts, sports branded T-shirts etc.

The active sports segment in the EU will continue to expand its influence on the leisure and casual segments. Formal will lose out to these sectors but 'smart casual' will be further influenced by the workplace. This can be illustrated by the success of chinos, the informal cotton trousers launched by leading American companies like Dockers by Levi Strauss or Khaki by Gap. Chinos is a good example of the emerging casual segment, while other types of cotton trousers like workers or cargos and the renewed popularity of jeans are examples of the growing leisurewear segment. Increased demand for knitted products like T-shirts, sweaters, jumpers, pullovers, vests etc. illustrates the popularity of casual wear, too.

Children's 3-14 year old fashion has generally applied to boys wearing jeans, cargo pants or combat trousers with knitted jumpers or sweatshirts over T-shirts, coupled with padded jackets or fleeces. Girls tend to wear ordinary or embroidered jeans or cropped leggings, with T-shirts or knitted tops, very often with fleeces and padded jackets. The children's clothing market is in some ways as much influenced by fashion as is the market for adult clothing. For boys and girls, there had been a switch over the past several years towards purchasing sport and sport leisure type wear as casual clothing, with almost all children's wear classed as casual.

Segmentation by attitude towards fashion and life style

Elements of fashion are: colour, design, exclusivity and style. The present consumer in Western Europe wants to be seen as an individual with an own life style. Especially in the fashion segment (higher price ranges), clothing products have an individualising function. Therefore the demand of the consumer has become more specific.

Character, ideas and attitude to life will be emphasised by the way a person dresses. Clothing serves as the means of expression of personality. Combination fashion is eminently suited to expressing a personal style. Consumers set priorities in their pattern of expenditure according to their life style. The increasingly individualistic nature of society will bring about a rise in demand for goods with an expressive value. People do not mind spending their money on such goods, while for products with a lower priority, a low price is the main criterion.

In the world of fashion there are some important concepts. One of them is fashion mentality. It means the degree of rapid acceptance of new fashion trends by consumers. With this concept one can divide clothing

products into: avant-garde, innovative, actual, well known and out-dated.

Another important concept regarding fashion consciousness is 'conception of culture'. It is the attitude of a consumer on patterns of culture. A consumer can choose for conforming to the dominating culture or he/she can choose just the opposite (opposition to traditional culture). This concept helps to distinguish the following kind of clothing products: extreme, different, funny, neat, chique.

In general the judgement about what is beautiful or ugly is currently not so much determined by macro-economic factors like age, income, profession and/or region, but much more by factors like fashion consciousness and culture.

The variety in life styles and sub-cultures have led to an increase in the fragmentation of the clothing market. It has also become rather difficult to predict the buying behaviour of the clothing consumer.

The consequence of the above is that the consumer expects retailers to have a clear image. In order to meet these consumer demands, many clothing stores are going in for upgrading and, on the other side, value retailers and clothing discounters start or maintain their operating on low-price level. This will be discussed in more detail in chapter 7 'Trade structure'.

With fashion a less important concept these days, but

life style a more important one, many suppliers are likely to broaden their non-clothing product ranges, in particular adding by accessories, shoes, sunglasses and similar products, either directly or via licensing.

Segmentation by price/quality ratio

Quality is an essential requirement for the higher segments of the clothing market. There are several aspects about it: quality must be reliable, may not change in time, is closely connected with service and products have their own brand and design. Quality requirements are also that the clothing fits well and must be comfortable.

The trend towards looking for higher quality and more expensive products has increased in recent years but an even more important trend is the price-conscious consumer looking for fashionable trends as well as good quality materials. Value for money is still the most important purchase criterion for most consumers. The major purchase criteria and the consequences for the store choices are given in the diagramme below. The middle price segment with a market share of 35-40 percent continues to dominate.

This will be discussed in more detail in chapter 7 'Trade structure'. Differences between consumer clothing behaviour in the major EU countries will be discussed below.

Purchase criteria	Store choices
High-price (luxury) segment (market share approx. 5-10 percent)	
Exclusive luxury and designer brands High quality materials Brand-name goods with image effect Embroidery and appliqués	Exclusive retail stores Boutiques Designer's direct stores Special departments in department stores
Upper-middle price segment (market share approx. 20-25 percent)	
Brand-name goods High quality materials Fashion themes	Independent speciality shops Manufacturer's direct stores Department stores Specialised mail order
Middle price segment (market share approx. 35-40 percent)	
Good quality Broad range in colours and design Fashionable	Clothing multiples Mail order Independent retailers
Lower-middle price segment (market share approx. 20-25 percent)	
Good quality Limited range in colours and design Fashionable	Variety stores Clothing multiples Value retailers
Lower price segment (market share approx. 10-15 percent)	
Inexpensive products Special sales/offers Basic quality	Variety stores Discounters Super- and hypermarkets Street markets

Germany

The German clothing market declined over the review period. A more liberal attitude towards clothing behaviour by the German consumer resulted in an increased focus on casual wear. Items like jeans, other casual trousers (cotton chinos, workers, cargos etc.) and knitwear are expected to continue their good performance. In general, demand for traditional formal wear is declining as casual wear and leisure wear have become more popular. Demand for active sportswear remained stable.

Traditionally, German consumers are 'value for money' customers with a high level of quality expectation and preferences for clothing made from natural fibres. Figure 3.1 gives an overview of the segmentation by clothing behaviour in Germany. The strongest growth in the coming years is expected in the casual and the sportswear segments. For the latter, active seniors and, to a lesser degree, women are interesting target groups, mainly caused by the emerging popularity of outdoor activities.

The Netherlands

In general, consumers in The Netherlands are less interested in clothes than people in several other European countries. Clothing is not the first priority in the housekeeping budget and, as soon as times are hard, expenditure on clothing is reduced. This attitude has resulted in the great popularity of sales and price reductions, which have become the chief strategies in the competitive retail clothing market.

Spending per person on clothes is below the EU average with € 545 per head, of which 88 percent for outerwear incl. sportswear. Spending on formal wear is declining. Little distinction is made in clothing

behaviour between casual and leisurewear in particular for men.

Comparing figures 3.1 and 3.2 shows that preferences for leisure and casual wear above formal wear is stronger by consumers in The Netherlands than in neighbouring country Germany.

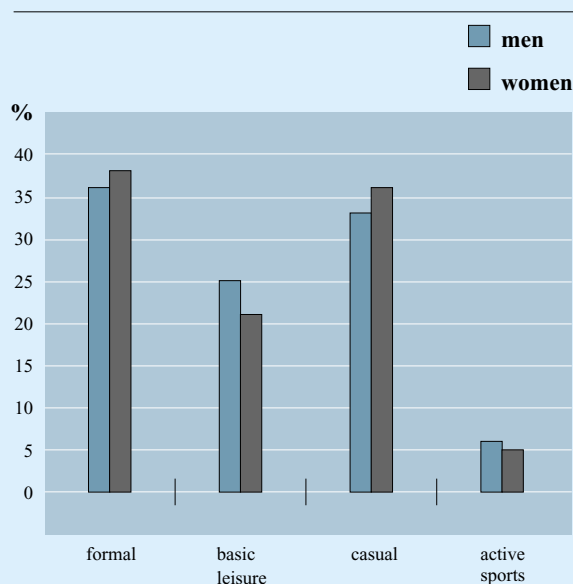
France

The weaker economic climate and the high rate of unemployment resulted in very price-conscious consumers looking for good value for money. Consumers appear to be less guided by impulse and tend to be more rational in their purchasing. However, fashion plays an important role in purchasing decisions in particular for women. These dual aspects led to a tendency to favour cheaper, more comfortable, practical and casual garments. The men's clothing market in France is rather poor, although the available range of clothing became more attractive in recent years and young men became more fashion conscious. Babies and children's wear are becoming as susceptible to fashion trends as adult's clothing. Collections include sportswear items and trendy garments with an adult look.

Italy

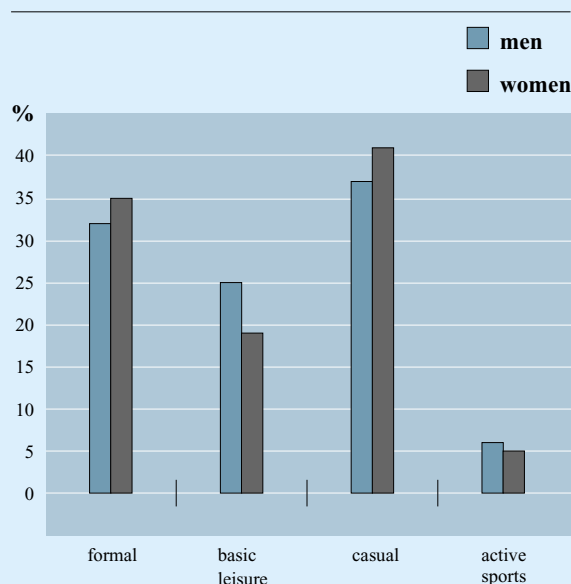
The Italian consumer can be considered as the most stylish and has good taste, compared with other EU consumers, followed by French and Spanish consumers. The role of designers (high priced) clothing is decreasing, but still important with a market share of around 8 percent. This percentage is much higher than in countries like Germany, The Netherlands and UK. However, recession has forced many consumers to consider the value-for-money option. Private labels have been the principal beneficiaries of this trend.

Figure 3.1 Segmentation of the German clothing market



Source: derived from several national statistics

Figure 3.2 Segmentation of the The Netherlands clothing market



The main emerging trend is towards casual/sportswear. An estimated 40 percent of the Italian population is involved in sports activity, although the main target for this type of clothing remains the 15-35 year-old age group. Unlike their female counterparts, Italian men are less influenced by fashion and its vagaries and prefer more classical lines when making clothing purchases.

United Kingdom

Recent years have seen a trend towards purchasing casual wear for the office and leisurewear for home, and away from buying formal wear. However, in the review period formal wear still represented a higher part of the market in the UK than in other major EU countries. This resulted in a smaller growth of the UK clothing market in terms of value. The growing number of women in the labour process, in particular at managerial levels, has helped support sales of formal wear. According to experts, there are now some indications that a balance is being reached between

sales of formal, smart casual and casual women's wear. British consumers have traditionally been significantly less price conscious than consumers in other major EU countries. In the past, discounters generally only thrived in the UK in times of recession. Since 1999, however clothing discounters's sales grew by 16 percent in 1999 and another 12 percent in 2000, whereas the clothing market as a whole grew by respectively 3 and 2 percent. These retailers have built themselves up as brands that have meaning and value for consumers. Their prices in men's wear are one third cheaper than non-clothing specialists (supermarkets and Big W) and almost 60 percent lower than the middle mainstream (M&S, Debenhams, Bhs, Dorothy Perkins etc.). In women's wear, the difference is slightly smaller, with the average discount basket 30 percent cheaper than non-specialists and 50 percent cheaper than the middle mainstream players.

Spain

The value-for-money concept is still an important factor in purchasing decisions for Spanish consumers. They are equally concerned with the quality of the products, projecting a sophisticated outward appearance and are brand conscious. Spanish men over 40 are classic dressers, while younger consumers prefer sportswear and (smart) casual wear and demand the latest designs from national and international "name" designers and are spending more on clothing. Spanish women have higher preferences for national brands and are interested, in order of importance, in: comfort, quality and design. Besides the traditional school uniform for the younger children, formal children's wear still plays an important role especially on Sundays and Christian holy days, although children's casual wear is growing in popularity.

Table 3.12 Segmentation of the UK's clothing market by product groups, 2001 (in % of value)

	Men	Women
Formal clothing	40	45
Coats	8	6
Suits/jackets	17	12
Trousers	9	4
Dresses/skirts	-	19
Shirts/blouses	8	4
Casualwear	32	31
Outdoor jackets	9	10
Shirts	6	5
Jumpers/cardigans/ pullovers etc.	8	9
Trousers	9	7
Basic leisurewear	22	20
T-shirts	6	4
Tops/bodies	-	7
Shorts	1	1
Jeans trousers	9	4
Sweaters/fleeces	6	4
Active sportswear	6	4
Track/jogging suits	4	2
Tops and shorts	1	1
Other	1	1
Total	100	100

Source: derived from several national statistics

3.3 Consumption patterns and trends

Demand for clothing is determined by factors like demographics, life styles as discussed above. Other factors are: income and spending power, priorities in consumer choices, developments in fashion, brand awareness and preferences, climate and environment.

Income and spending power

Economic growth has slowed across much of Western Europe since the turn of the millennium, with the softness in the economy driven for large part by cyclical factors, such as reduced exports amid global weakness. However, in countries such as Germany and Italy, the economy also suffers from structural barriers to growth, such as rigid labour market and a strict regulatory environment.

Reduced consumer confidence and growth in unemployment were, among others, the main factors leading to a smaller growth in total consumer spending. The income elasticity of clothing is about equal to one.

So when consumer incomes rise by 1%, the demand for clothing will rise by 1% too. However, this elasticity is higher for rising incomes than for declining incomes.

Priorities in consumer choices

There are significant differences in consumption habits in the varying EU countries, due to differences in culture, traditions and tastes. According to Retail Forward, a growing trend for ageing consumers to spend cash on homes, personal care, savings or leisure time, means apparel retailing in the EU is going through major structural change.

Clothing accounted for 5.5 percent of household expenditure in the EU in 2000, while this percentage was still more than 6 percent in 1990. In 2001, spending on clothing was higher than the EU average in Italy, Germany and the UK, while it was lower than the EU average in France, The Netherlands and Spain.

Italian consumers devote the highest share of expenditure on clothing, at 7.1 percent in 2000. The UK showed a remarkable growth in the last decade in spending on clothing, but household expenditure on clothing declined in the review period just like in most other countries.

Table 3.13 Shares of spending on clothing in %, 1990-2000

	1990	2000
EU	6.1	5.5
Italy	7.5	7.1
Germany	7.2	5.7
UK	4.4	5.6
Spain	4.8	4.6
France	5.1	4.4
The Netherlands	5.0	4.3

Source: Derived from several statistics

Brands

In a world of change and insecurity, brands provide an ideological home. All humans face a fundamental conflict between wanting to be different and needing to belong. Belonging to a group or a community of some kind provides us with an identity that says something about how we perceive ourselves and how others should perceive us. Brands are important because:

- In the purchase decision they give consumers confidence about the product that goes beyond pure quality assurance. They know they will not be disappointed and that they can be sure of a product's durability and workmanship.
- Only some brand attributes are related to the product. Consumers feel it is important that a brand should not only guarantee quality but should also project the

image that relates to their life style.

- In Europe and the USA, the majority of consumers clearly look to well known brands for better quality and claim that they will pay more for a brand that they like and which fits their image and life style.
- Consumers do not distinguish between supplier and retailer brands. Either can reach the consumer with a branded proposition. Suppliers are opening their own stores (such as Nike, Levi's, Mexx, Boss etc.); retailers are offering their own products (such as Zara, Gap, C&A, M&S etc.).
- A polarisation of brand leadership also appears likely in Europe. Retailers in Germany, UK, France and other EU countries are clearly aiming to replace manufacturer brands with their own identities in the middle market leaving the upper market to designer brands.

Fashion developments

Some general trends mentioned in former CBI surveys are still valid:

- Styles are becoming increasingly streamlined with softer silhouettes, and as a result, fabrics are becoming important – and, with that, the need to make the performance characteristics and aesthetics of a fabric appealing to the customer.
- Consumers want a simplified, more flexible wardrobe and are spending less. People are therefore demanding less structured, more casual clothes, with softer silhouettes and softer fabrics. At the top end, they are looking for luxury fibres and fabrics to be incorporated into the casual look.
- There is a definite trend to smart casual.
- Young people are also looking to life-style brands and find this in active sportswear, which is being translated into street wear (Nike, Fila, Adidas etc.).
- The children's wear market is increasingly driven by fashion, with children becoming 'older younger' and with older girls tending to buy young adult designer wear.

For current and detailed fashion information for colours and styles, we refer to CBI Fashion Forecasts.

Climate

Generally spoken, weather has an impact on the timing of expenditure, which tends to be highly seasonal. Unexpected weather changes influence consumers in their purchasing decisions. Consumers in warm, dry climates tend to purchase less durable, cheaper clothing, which influences the share of clothing expenditure.

4 PRODUCTION OF OUTERWEAR

4.1 Clothing production in the EU

EU's volume of clothing production showed almost a stabilisation (- 0.8 percent compared with 2000) in 2001 after years of strong falls (9.6 percent in 1999 and 4.8 percent in 2000). The setback in 1999's output was the biggest drop in the whole of the 1990s, while 2000 was the best year since 1995, with a very limited setback in clothing production. This result was for an important part caused by an enormous growth in production by Italy, the major European producer. After a strong decline in the EU's turnover in clothing and in knitting production in 1999 (respectively - 3.0 and -3.1 percent), the value of production increased in 2000 in both sectors by respectively 3.8 and 3.1 percent, despite the fall in production, but fell again in 2001 by respectively 4.0 and 1.1 percent. Reasons for these regressions: the domestic retail sales in clothing were the worst in four years and a much slower growth in exports. Preliminary figures for 2002 indicate that the downturn in production is again increasing strongly. The number of employees in the apparel sector fell by 3.8 percent in 2001 to 1.46 million, of which around a third is active in the knitting sector. The number of enterprises decreased, too. The EU clothing industry is dominated by a large number of small and medium-sized enterprises, the average company having 20 employees in 2001.

The leading companies in the clothing (outerwear) industry are given in table 4.2. It has to be noted that the turnover can be influenced by an increasingly marked involvement in distribution: growing participation or concentrated distribution structure.

Many of the leading concerns are active in the luxury

fashion sector, like Louis Vuitton Moët Hennessy (LVMH), Marzattotto, Armani, Max Mara and Prada. Marzattotto includes German daughter company Hugo Boss (turnover € 1.1 billion in 2001). Since November 2001, Vivarte is the new name for the André Groupe. The most important producers of children's wear were Groupe Zannier and CWF (both in France) and Prenatal (Italy). Leading jeanswear (most including streetwear) companies were Levi's Europe (Levi's global turnover reached € 4.83 bn), the Italian Diesel, Sixty and Fashion Box and the German Mustang. Important sportswear companies, besides Adidas and Nike, are Fila in Italy, Puma in Germany, Pentland Group in UK and Helly Hansen in Norway.

Italy is the dominant clothing producer in the EU with almost 40 percent of total garment production, followed by the UK with 14 percent. More than 80 percent of the EU garment industry is concentrated in five countries, besides Italy and UK: Germany, France and Spain. Production in Italy recovered from the decrease in 1999, after a stabilisation in 2000, and rose above the output level of 1998 with a spectacular growth of 10 percent in 2001. Only two of the smaller producers, Greece and The Netherlands, saw an increase in production volume. Clothing production in the major countries Germany, UK, Spain and France declined during the whole period under review. Sweden (-17%), Ireland, UK, Austria and Finland (-11%) recorded setbacks in production. The activity of these countries decreased by 25-50 percent since 1995. In France (-11%) and Belgium (-11%) production only still accounts for respectively 44 and 29 percent of its level of 1995, which testifies to the strong resiting achieved by domestic companies.

Table 4.1 EU clothing and knitting production structure, 1997-2001

	1997	1999	2001	% change 2001/2000	% change 2001/1997
Knitting					
Total employment ('000)	591.5	534.7	499.5	- 3.9	- 15.6
Number of enterprises	34,543	32,448	30,601	- 3.0	- 11.4
Investment (€ billion), current prices ¹⁾	6.10	5.42	5.17	- 10.4	- 15.2
Turnover (€ billion), current prices	29.1	29.4	28.5	- 4.0	- 20.6
Clothing					
Total employment ('000)	1135.9	1056.3	961.6	- 3.8	- 15.3
Number of enterprises	55,933	52,015	48,538	- 3.5	- 13.2
Investment (€ billion), current prices	1.20	1.08	1.17	+ 6.4	- 2.5
Turnover (€ billion), current prices	70.0	68.5	70.3	- 1.1	+ 4.3

¹⁾ including textile industry

Source: Euratex and L'Observatoire Européen du Textile et de l'Habillement (OETH)

Table 4.2 Share of the main companies in turnover of EU clothing industry, 2000-2001

Rank	Company	Country	Product-groups	2000 € million	2001 € million	% change 2001/2000
1	LVMH-Group	France	Fashion/ leather goods	3,200	3,610	+ 12.8
2	Adidas-Salomon AG	Germany	Sportswear	2,175	2,200	+ 1.1
3	Benetton-Group	Italy	Family wear	2,098	2,018	- 3.8
4	Gruppo Marzotto	Italy	Men's and women's wear	1,220	1,410	+ 15.6
5	Nike Europe	Netherlands	Sportswear	1,089	1,290	+ 18.5
6	Giorgio Armani	Italy	Men's and women's wear	1,030	1,270	+ 23.3
7	Max Mara Fashion Group	Italy	Women's wear and underwear	990	1,065	+ 7.6
8	Levi Strauss Europe	Belgium	Jeans wear	1,196	1,060	- 11.4
9	Esprit Europe	Germany	Family wear and accessories	705	862	+ 22.3
10	Vivarte	France	Women's wear	818	862	+ 5.4
11	Burberry Group	UK	Men's and women's wear	697	778	+ 11.6
12	Escada-Gruppe	Germany	Women's wear and accessories	724	765	+ 5.7
13	Multiline	Germany	Shirts	714	696	- 2.5
14	Ermenegildo Zegna	Italy	Men's and sportswear	630	686	+ 8.9
15	Group Prada	Italy	Men's and women's wear	499	662	+ 32.7

Source: TextilWirtschaft

Table 4.3 Indices based on volume of EU production of clothing, 1995-2001 (1995=100)

	1997	1998	1999	2000	2001	% change 2001-2000
Austria	77.8	78.2	67.6	60.8	52.7	- 13.2
Belgium/Lux.	64.5	54.1	37.5	31.9	28.5	- 10.7
Denmark	104.0	102.9	93.0	88.1	82.6	- 6.3
Finland	98.0	92.9	92.5	85.9	76.6	- 10.8
France	74.7	69.1	58.9	48.9	43.6	- 11.0
Germany	86.0	81.6	71.2	65.0	60.7	- 6.6
Greece	82.9	77.9	79.1	81.7	85.0	+ 4.0
Ireland	99.4	100.9	91.2	60.8	51.7	- 15.1
Italy	100.6	100.6	91.5	91.7	101.3	+ 10.5
Netherlands	90.2	84.1	77.7	81.0	83.5	+ 5.4
Portugal	108.6	116.9	110.2	104.8	102.3	- 2.4
Spain	97.6	100.6	95.6	93.2	88.7	- 4.8
Sweden	103.7	98.6	81.5	71.5	59.5	- 16.8
United Kingdom	91.7	84.8	74.4	72.5	62.6	- 13.7
EU (15)	91.4	89.0	79.8	76.2	75.6	- 0.8

Source: Eurostat

EU production in terms of volume decreased by 20 percent in the period 1996-2001 and 35 percent in the period 1991-2001. Belgium, France, Ireland, Austria, Germany, UK, Finland and Sweden showed a sharp production decrease over the last five years. Most of them have developed an outsourcing policy. They produce small, rush-orders in their own factory with modern technologies; specialist products and products

with a reasonable profit margin are subcontracted on short distance; series of bulk products are subcontracted in low-wage countries. In Western Europe, some small apparel sectors will remain to guarantee quickness and flexibility. In some sub-sectors, which should have the possibility of automatization or production of a relative high value added, there is room for production capacity. So the West European clothing

sector will further specialise in market segments with a high value added.

4.2 Delocalisation of clothing production

The restructuring policy of many manufacturing companies in the EU during the last two decades led to relocation of the clothing production, mainly based on labour cost comparisons. The foreign policy of clothing companies takes many forms; most of the largest companies entered joint ventures in low-cost countries or have built up their own factories abroad. Besides these forms of ownership structure, subcontracting forms an important part of activities of the EU clothing industry. It is possible to identify three basic concepts of subcontracting: Outward Processing Trade (OPT), Cut, Make and Trim (CMT) and Free on Board (FOB). Another possibility for manufacturing companies is sourcing abroad, mainly for additional products to their own product range.

In the case of **OPT**, the most labour intensive piecework such as sewing and packing has been relocated. For the sake of quality control, the whole handling of fabrics or leather, including dyeing and printing, is retained in the EU home country. The same goes for the quality control and the distribution to the customer. Basically spoken, EU fabrics, cuttings or semi-finished garments are exported to low-wage countries, which make them up into finished garments for re-import into the EU.

The EU's OPT for clothing increased steadily in the period 1990-1995. After 1995, some years of decrease followed, resulting in a total of € 3,536 million in 2001. OPT appeared to constitute less than 6 percent of EU clothing imports in 2001, while it had accounted for some 17 percent in 1997. This change is mainly due to the fact that, since 1 January 1998, all textile and clothing imports from the CEECs have been liberalised, and OPT is no longer necessarily statistically recorded as such. A true estimate of OPT

suggests that the share of OPT imports in total EU imports of clothing may have been as high as 15-20 percent in 2001.

OPT for knitted garments accounted for 18 percent of the total processing trade. Most imports concerned direct imports. Almost 65 percent of total OPT came from CEECs, of which most important, besides the two leading partners (Romania and Poland) were Bulgaria, Ukraine, Hungary, Lithuania and Russia. OPT trade with these countries into the EU decreased slightly by 2.3 percent in 2001, mainly caused by less trade with Poland, Hungary and Lithuania and despite increasing trade with Bulgaria and Ukraine. The most important OPT country outside Europe was Morocco.

Mediterranean countries accounted for 23 percent, the main trading partners besides Morocco being Tunisia, Macedonia and Croatia. OPT with Asian countries stabilised at 12 percent in 2001 with the leading trade partners, Sri Lanka, China and Indonesia.

CMT indicates a further step in the relocation. Here the whole manual production has been relocated, through the material purchase is held on to for efficiency and quality reasons. The quality control has been relocated too and is typically managed by travelling controllers.

The next step in relocation is often called **FOB**. Suppliers abroad receive complete specifications for the design, quality of the fabric, accessories and other materials etc. Subsequently, the suppliers manage the purchase of the materials themselves. This form is most usual to importers/wholesalers and importing retail organisations and only a minority of the manufacturing companies. This often concerns additional products (accessories) or basic products like shirts, jeans, T-shirts etc. to complete the manufacturer's product range.

The form of CMT is frequently employed in an estimated 50 percent of the clothing companies in countries like Sweden, Denmark, The Netherlands and

Table 4.5 Developments in OPT in total and by trade partners in value, 1999-2001

	1999	2000	2001	Leading trade partners in 2001 (between brackets share in total of their area of origin)
	€ mln	€ mln	€ mln	
EU	3,714	3,674	3,536	Romania (19%), Poland (11%), Bulgaria (9%), Ukraine (6%), Morocco (6%)
Germany	1,952	1,681	1,681	Romania (22%), Poland (13%), Ukraine (8%), Croatia (5%), Tunisia (5%)
UK	468	547	478	Romania (24%), Morocco (17%), Sri Lanka (14%), Ukraine (7%), Indonesia (5%)
Italy	289	333	324	Romania (40%), Bulgaria (9%), Hungary (9%), China (7%), Slovakia (6%)
France	226	246	292	Morocco (24%), Tunisia (18%), Romania (15%), Bulgaria (11%), Poland (9%)
Netherlands	181	193	156	Belarus (14%), Poland (9%), Bulgaria (8%), Morocco (7%), Ukraine (7%)
Spain	15	21	20	Morocco (69%), Bulgaria (21%), Slovakia (4%)
Other (9)	583	653	585	Bulgaria (30%), Poland (18%), Lithuania (8%), Albania (7%), China (5%)

Source: derived from Eurostat 2002

Germany; the OPT form (mainly with CEECs) is used by 30 percent and FOB accounts for about 20 percent of companies in the clothing industry in the four countries mentioned. The foreign policy gives EU manufacturers the possibility to maintain control over the management and quality of the outsourcing operations and to respond quickly to changing market demands.

When products from foreign production, subcontracting and sourcing are imported, this occurs under a regime of direct imports with trade restrictions. The garments produced under OPT restrictions are re-imported free of quotas and tariffs for imports into the EU for the countries in question.

Trade and production of clothing will be further separated, just like many German and Dutch companies did in the 70s, Belgian and French companies in the 80s and UK, Italian and Spanish companies in the 90s. The reasons are:

- 1) designing and trading in garments is much more profitable than their production
- 2) large concerns do not want to be restricted by their own (expensive) production
- 3) the contradiction between the market with an increasing product differentiation and a production where large-scale economies are still important.

5 IMPORTS

5.1 Total imports

Before we take a look at the import figures for outerwear into the EU, it should be noted that all data presented in this chapter are official trade figures provided by Eurostat. We therefore refer to the remarks in chapter 2, explaining that official statistics are not always all-embracing and should be interpreted with care.

EU (15)

Total EU imports of outerwear amounted to € 66.3 billion in 2001. Germany remained the leading importer despite a fall in imports of 4.6 percent in the period 2000-2001, with an import share of 25 percent in terms of value, followed by the UK (17%), France (15%), Italy (9%) and The Netherlands (7%). Belgium (6%) ranked sixth, followed by Spain (5%) and Austria (4%).

EU imports of outerwear increased 15 percent in the period 1999-2001, of which 13 percent in 2000 and a more limited growth of 2 percent in 2001. EU countries can be divided, by developments in value of imports during this period, into:

- Very slowly increasing imports (less than 5 percent) in Germany, Sweden and Luxembourg;

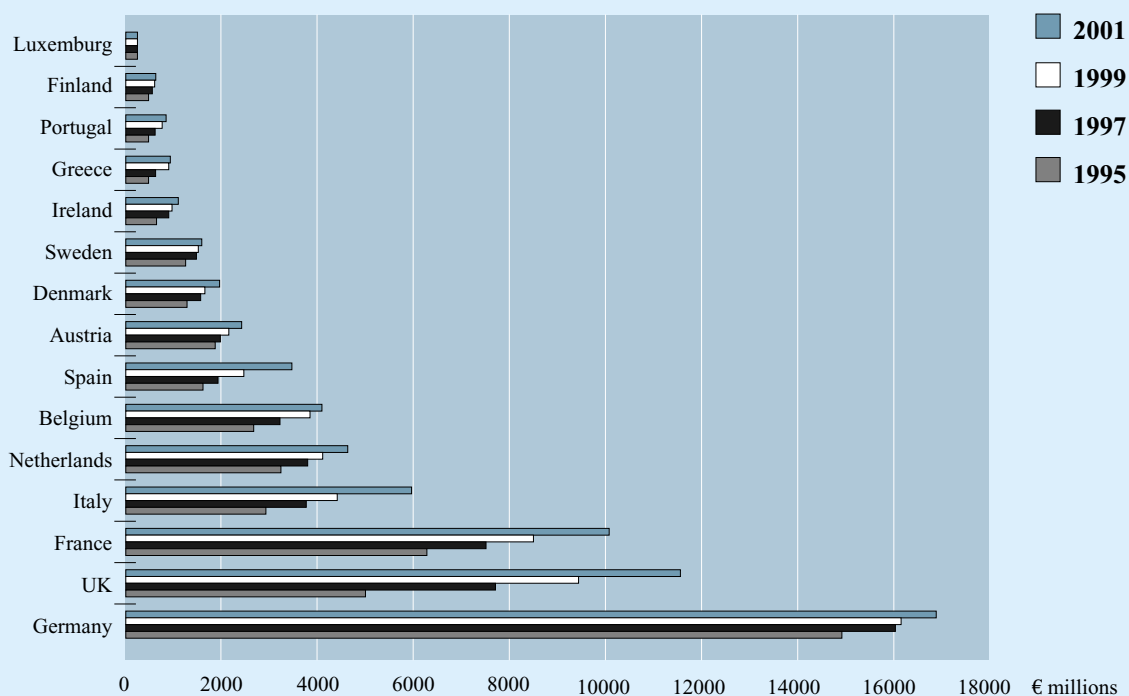
- Slowly increasing imports (between 5 and 15 percent) in Finland, Belgium, Greece, Portugal, Austria and The Netherlands;
- Fast growing imports (between 15 and 25 percent) in Denmark, France and UK;
- Booming imports (between 25 and 45 percent) in Ireland, Italy and Spain.

Developments in imports of outerwear vary strongly per EU country. This depends on several factors like size and structure of domestic production of outerwear, the possibilities and volume of re-exports, developments in demand as described in Chapter 3.1.

China remained the leading outerwear supplier to the EU before Turkey and Italy. Total imports from China increased considerably in the period 1999-2001. In 1999, 8.8 percent of EU imports (in terms of value) came from China; this percentage increased to 9.3 in 2001. Turkey passed Italy in 2001 and became the second supplier to the EU. Italy ranked 3rd before Germany and Belgium. Romania climbed up to the 6th place, followed by Bangladesh, The Netherlands, Hong Kong and Macao.

Around 36 percent of the total value of EU outerwear imports came from other EU countries in 2001, mainly

Figure 5.1 EU imports of outerwear by EU member states in value, 1995-2001



Source: derived from Eurostat 2002

Table 5.1 EU imports of outerwear by EU member states in € million, 1999-2001

	1999			2000			2001		
	Knitted	Woven	Total	Knitted	Woven	Total	Knitted	Woven	Total
Germany	6,455	9,718	16,173	7,267	10,332	17,599	6,551	10,246	16,797
UK	4,051	5,233	9,284	4,493	6,306	10,799	4,859	6,545	11,404
France	3,697	4,817	8,514	4,098	5,418	9,516	4,238	5,948	10,186
Italy	1,802	2,698	4,500	2,101	3,140	5,241	2,366	3,558	5,924
Netherlands	1,680	2,492	4,172	1,947	2,734	4,681	1,912	2,770	4,682
Belgium.	1,536	2,249	3,785	1,703	2,524	4,227	1,620	2,508	4,128
Spain	1,050	1,355	2,405	1,465	1,832	3,297	1,538	1,893	3,431
Austria	882	1,281	2,163	962	1,300	2,262	1,011	1,393	2,404
Denmark	759	875	1,634	853	1,048	1,901	861	1,086	1,947
Sweden	659	928	1,587	740	1,009	1,749	684	961	1,645
Ireland	410	466	876	490	571	1,061	522	587	1,109
Greece	372	421	793	422	408	830	451	417	868
Portugal	366	405	771	400	441	841	403	449	852
Finland	261	392	653	286	411	697	279	418	697
Luxembourg	83	125	208	91	152	243	86	131	217
EU (15)	24,063	33,455	57,518	27,318	37,626	64,944	27,381	38,910	66,291

Source: derived from Eurostat 2002

from Italy (7% of total EU imports and 20% of intra-EU imports). Other major suppliers to the EU market were Germany (6%), Belgium (5%), The Netherlands (4%), followed by France, Portugal and UK. The total import share of EU countries decreased, this percentage being 42 percent in 1998 and almost 44 in 1996.

Imports from the following EU suppliers decreased in the period 2000/2001: Italy, The Netherlands, France, Portugal, United Kingdom, Greece, Denmark, Austria and Sweden.

Total EU imports from developing countries increased in terms of volume (+19%) and value (+24%) in the period 1999-2001. The different areas showed varied patterns:

- the biggest growth came from Asian developing countries, like China, Bangladesh, India, Vietnam, Pakistan, Cambodia and Myanmar. These imports rose 23 percent (in terms of value) in 2000 and 14 percent in 2001 and accounted for 58 percent of total imports from developing countries;
- imports from Mediterranean countries (Turkey, Morocco, Tunisia, Croatia, Serbia Montenegro and Albania) increased much less by 11 percent in 2000 and 9 percent in 2001 and accounted for 37 percent of total imports from developing countries;
- imports from ACP (Africa, Caribbean and Pacific) countries increased 14 percent in 2000 and by a very small amount of 0.3 percent in 2001. These imports were limited to 3.4 percent of imports from developing countries. Major suppliers were located in Mauritius, Madagascar, Jamaica, Botswana and Zimbabwe.

Countries from outside the EU (other than developing countries) gained from the decreased intra-EU imports, mainly imports from Romania, Bulgaria, Hungary, Lithuania, Slovakia, the Czech Republic and Ukraine and despite decreased imports from Hong Kong and Taiwan.

A more detailed overview of EU import sources for knitted and woven outerwear is given in appendix 2.2, while the role of developing countries will be discussed in chapter 5.3.

Imports of **knitted outerwear** increased in volume (17%) and in value (15%) in the period 1999-2001, which indicated that the average import prices of knitted outerwear fell by 2 percent.

The leading supplier of knitted outerwear to the EU was Turkey. China ranked second above Italy and Germany. Bangladesh retained the 5th place (ranked 10th in 1999) above the EU countries Portugal, Belgium, The Netherlands and France. India ranked 12th (passed Greece) under Hong Kong and the UK. Other important exporting developing countries were Indonesia, Morocco, Tunisia, Mauritius and Thailand. Developing countries accounted for 48 percent of total EU imports and 78 percent of imports from outside the EU in 2001. EU imports of **woven outerwear** rose in volume (14%) and in value (17%) during 1999-2001. A decreasing part of total woven outerwear imports into the EU came from other EU countries and accounted for almost 35 percent in 2001. The role of developing countries in EU imports remained very important in this sector. The leading supplier of woven outerwear to the EU was

China followed by Germany and Italy. Romania ranked 4th above Turkey, Belgium, Tunisia, Morocco, The Netherlands and Hong Kong. Bangladesh ranked 12th under Poland and above France. Other important exporting developing countries were India, Indonesia, Vietnam, Pakistan and Sri Lanka. Developing countries accounted for 43 percent of total EU imports of woven outerwear and 65 percent of imports from outside the EU.

Germany

Germany is the largest EU importer of outerwear and imported knitted outerwear with a value of € 6.6 billion and woven outerwear €10.2 billion in 2001, of which respectively 66 and 79 percent was sourced outside the EU. Of the total outerwear imports, 48 percent came from developing countries. Total German imports increased by 8.8 percent in terms of value in 2000, followed by a decrease of 4.6 percent in 2001, a growth of 3.9 percent was registered over the whole period 1999-2001. There was a rather small growth compared with the EU growth of 15.2% over the same period.

During the whole period, volume of imports of the following products rose considerably: outdoor jackets for women (cotton and man-made fibres), knitted ensembles for women (cotton and man-made fibres), woven trousers for men (denim and other cotton) and for women (cotton other than denim). Imports of the following products fell strongly: knitted indoor jackets, dresses and trousers for women of man-made fibres, knitted cotton trousers for both sexes, knitted shirts and blouses for both sexes, woven outdoor jackets, skirts, shirts and blouses for women of man-made fibres, men's shirts of man-made fibres and woven scarves.

Turkey was the leading exporter of outerwear to Germany in 2001, valued at 14 percent of total German imports and followed by Italy and China each 8 percent of total imports. Other main suppliers were Romania, Poland, The Netherlands, Bangladesh, Hong Kong and Belgium.

Developments in German imports with the same pattern as total imports (a growth in 2000 and a fall in 2001) were valid for the following countries: Turkey, Italy, Poland, The Netherlands, Hong Kong and France. Imports from countries like China, Romania, Bangladesh, India, Tunisia, Bulgaria, the Czech Republic and Slovakia grew during the whole period under review, while imports from countries like Greece, Portugal and Morocco fell during the whole period under review.

Turkey was the main supplier of knitted outerwear with 20 percent of the total value of imports in 2001, followed by Italy (11%) and China (7%). Other suppliers were The Netherlands (6%), Bangladesh (5%), Greece (5%), Portugal (3%) and Hong Kong (3%). Turkey was also the leading exporter to Germany of woven outerwear with almost 10 percent of the total value of imports. Other suppliers to Germany include China (9%), Romania (8% of which 43% OPT), Poland (8% of which 26% concerned OPT) and Italy (7%). Other suppliers included The Netherlands (5%), Hong Kong (4%), Bangladesh (4%), Tunisia, Belgium, Vietnam and Indonesia (each of these countries between 2-3%). Other countries with exports to Germany with a value of more than € 200 million were India, Bulgaria and the Czech Republic.

United Kingdom

The UK is the second largest EU importer in terms of value and accounted for 17 percent of the EU total imports of outerwear in 2001. Imports of knitted

Table 5.2 Imports of outerwear into Germany by area of origin, in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	16,173	17,599	16,797	- 4.6%	+ 3.9%
of which from:					
Developing countries	6,933	7,769	7,993	+ 2.9%	+ 15.3%
Asian countries	3,237	3,802	4,107	+ 8.0%	+ 26.9%
Mediterranean	3,542	3,789	3,711	- 2.1%	+ 4.8%
ACP countries	99	107	104	- 2.8%	+ 5.1%
other developing countries	55	71	71	0.0%	+ 29.1%
EU countries	5,106	5,356	4,381	- 18.2%	- 14.2%
Other countries	4,134	4,474	4,423	- 1.1%	+ 7.0%
CEEC's	3,073	3,335	3,447	+ 3.4%	+ 12.2%
Asian countries	925	988	825	- 16.5%	- 10.8%
Other developed countries	136	151	151	0.0%	+ 11.0%

Source: Eurostat 2002

outerwear amounted to € 4.9 billion and woven outerwear to € 6.5 billion. British importers sourced around 79 percent of knitwear and 74 percent of woven outerwear in non-EU countries in 2001. These percentages were respectively 70 and 67 in 1999. 57 percent of the total imports came from developing countries, which was 7 percent more than in the previous year.

The UK was, behind Italy, the second of the major EU countries with the fastest growing imports of outerwear in the period 1999-2001, in terms of volume (+ 13.4%) and in value (+ 22.8%).

More than average growth in imported volumes was shown by the following product groups of knitwear: cotton coats for men and cotton outdoor jackets for women both to the detriment of outdoor jackets of man-made fibres, cotton ensembles for both sexes, indoor jackets of cotton and man-made fibres for both sexes, cotton trousers and shorts for both sexes, cotton dresses and skirts, cotton shirts and blouses for women, all kinds (heavy and lightweight) of jerseys, sweaters etc. made of several materials for both sexes, cotton and silken T-shirts. Imports of the product groups knitted synthetic trousers and shorts for both sexes decreased considerably in the period under review.

The following woven product groups increased more than averagely: outdoor jackets for women of cotton and of man-made fibres, suits and ensembles for men of cotton and of man-made fibres, synthetic indoor jackets for men, denim trousers for men, synthetic trousers and shorts for men, cotton suits and ensembles for women, cotton indoor jackets for women, cotton and synthetic skirts, denim trousers and other cotton trousers for women, synthetic trousers and shorts for women, shirts and blouses for women of several materials like cotton, man-made

fibres and flax and lined track suits of man-made fibres.

China (13%), Turkey (11%) and Hong Kong (7%) are the main suppliers of knitted outerwear to the UK. Other suppliers include Bangladesh (6%), Indonesia (4%), Sri Lanka (4%), Italy (4%), Portugal (3%) and India (3%). Imports from Turkey and Indonesia showed the biggest growth, while imports from Belgium and Germany decreased considerably.

China was also the leading exporter to the UK of woven outerwear, with 14 percent of the total value of imports. Other suppliers to the UK include Hong Kong (7%), Turkey (6%), Italy (6%), Morocco (6% of which 22% OPT), Romania (6% of which 30% OPT), Germany (5%), Bangladesh (4%) and Indonesia (4%). Other countries generating exports to the UK with a value of more than € 200 million were France, Belgium and India.

France

France accounted for 15 percent of EU imports of outerwear in 2001. Around 55 percent of French imports was sourced outside the EU. 46% of total French imports or 83 percent of imports from outside the EU came from developing countries. These figures remained hardly unchanged since 1999.

French imports of outerwear grew almost 20 percent in value terms between 1999 and 2001.

Knitted product groups with more than average growth in French imports (in terms of volume) were: coats of man-made fibres for both sexes and woollen coats for women, synthetic ensembles for both sexes, synthetic indoor jackets for women, cotton dresses and cotton skirts, T-shirts in particular made of cotton and silk, lightweight jerseys, sweaters etc. of cotton and of man-made fibres

Table 5.3 Imports of outerwear into UK by area of origin in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	9,284	10,799	11,404	+ 5.6%	+ 22.8%
of which from:					
Developing countries	4,214	5,441	6,530	+ 20.2%	+ 55.0%
Asian countries	2,921	3,683	4,526	+ 22.9%	+ 54.9%
Mediterranean	1,017	1,401	1,662	+ 18.6%	+ 63.4%
ACP countries	248	321	300	- 6.5%	+ 12.0%
other developing countries	28	36	42	+ 16.7%	+ 50.0%
EU countries	3,240	3,166	2,682	- 15.3%	- 17.2%
Other countries	1,830	2,192	2,192	0.0%	- 19.8%
CEEC's	532	701	845	+ 20.5%	+ 58.8%
Asian countries	1,128	1,285	1,131	- 12.0%	+ 0.3%
Other developed countries	170	206	216	+ 4.9%	+ 27.1%

Source: Eurostat

Imports of the following knitted product groups decreased: outdoor jackets of cotton and of man-made fibres for men, cotton trousers and shorts for women, shirts for men, heavyweight woollen jerseys etc. and track suits of all materials.

Woven product groups with more than average growth in French imports were: cotton outdoor jackets for both sexes (while imports of outdoor jackets of man-made fibres decreased), synthetic suits for men, cotton and synthetic ensembles for both sexes, cotton indoor jackets for both sexes, denim trousers, other cotton trousers, synthetic trousers and shorts for both sexes, cotton dresses (while dresses of man-made fibres decreased), cotton and synthetic skirts, cotton and linen blouses and shirts for women (blouses of man-made fibres decreased), lined track suits of cotton and of man-made fibres.

In 2001, most French imports of knitted outerwear came from the other EU members: Belgium (12%) and Italy (11%). The leading non-EU supplier was Morocco (8%). Other suppliers to France were Portugal (7%), Turkey (6%), China (6%), Germany (5%), Bangladesh and Mauritius (each around 4.5%). Imports from Belgium and China showed the biggest growth in 2001. Woven outerwear came from Belgium (14%), Tunisia (10%, of which 9% OPT), Morocco (10%, of which 12% OPT), Italy (8%), Germany (8%), China (7%) and The Netherlands (4%). Other countries with an import share between 2.4 and 4 percent were India, Spain, UK, Romania and Bangladesh.

Italy

In 2001, Italy imported outerwear for € 5.9 billion of which 77 percent was sourced outside the EU and 47 percent came from developing countries. These percentages were respectively 70 and 45 in 1999.

Italy was the fastest growing importer of outerwear of the major EU countries. Imports rose in terms of volume by 30.3 percent and by 31.6 percent in terms of value.

A more than average growth in imports in terms of volume was shown by the following product groups of knitwear: coats for men of cotton and of man-made fibres, outdoor jackets and coats for women of cotton and of man-made fibres, cotton and synthetic ensembles for men and synthetic suits and ensembles for women, cotton dresses, woollen and cotton skirts, shirts and blouses of cotton and of man-made fibres for women, cotton and synthetic T-shirts, all kinds (heavy- and lightweight) of jerseys, sweaters etc. made of several materials for both sexes and cotton track suits. Imports of the product groups knitted synthetic skirts, synthetic shirts for men and synthetic track suits decreased considerably in the period under review.

The following woven product groups increased more than averagely: cotton outdoor jackets for both sexes to the detriment of outdoor jackets of man-made fibres, cotton ensembles for women, trousers (denim, other cotton-made and synthetics) and shorts for both sexes, skirts (of all materials) increased while cotton shirts (and blouses) for both sexes decreased to the detriment of other used materials like wool and man-made fibres, dresses (of all materials) decreased, just like lined track suit, scarves and ties.

China (15%) was the leading supplier of knitted outerwear to Italy in 2001. Other suppliers to Italy included Romania (12%), Tunisia (9%), France (6%), Croatia (5%), Belgium (5%), Bangladesh (5%) and Hungary (3%). Imports from China, Romania, Tunisia, Croatia and Hungary showed the biggest growth in 2001.

The main suppliers of woven outerwear were: Romania (21%, of which 19% concerned OPT), China (13%),

Table 5.4 Imports of outerwear into France by area of origin, in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	8,514	9,516	10,186	+ 7.0%	+ 19.6%
of which from:					
Developing countries	3,719	4,194	4,704	+ 12.2%	+ 26.5%
Mediterranean	1,835	1,937	2,186	+ 12.9%	+ 19.1%
Asian countries	1,550	1,880	2,126	+ 13.1%	+ 37.2%
ACP countries	325	363	379	+ 4.4%	+ 16.6%
other developing countries	9	14	13	- 0.1%	+ 44.4%
EU countries	4,106	4,487	4,532	+ 1.0%	+ 10.4%
Other countries	689	835	950	+ 13.8%	+ 37.9%
CEECs	427	515	650	+ 26.2%	+ 52.2%
Asian countries	211	258	223	- 13.6%	+ 5.7%
Other developed countries	51	62	77	+ 24.2%	+ 51.0%

Source: Eurostat

Tunisia (10%), France (5%), Belgium (5%), Germany (3%), Bangladesh (3%) and Hungary (3%, of which 28% OPT).

The Netherlands

The Netherlands ranked fifth as EU importer of outerwear with an import value of € 4.7 billion in 2001, of which 69 percent came from non-EU sources and 51 percent from developing countries. In 1999, almost 42 percent of the Netherlands imports came from developing countries.

Between 1999 and 2001, Netherlands imports increased by 12.2 percent in terms of value. During this period, imports in terms of volume increased by 13.7 percent. Knitted product groups with more than average growth

in volume in Netherlands imports were: coats of man-made fibres for women, synthetic ensembles for both sexes, cotton and synthetic shirts and blouses for both sexes, T-shirts in particular made of cotton and man-made fibres, lightweight jerseys, sweaters etc. of cotton and of man-made fibres for both sexes.

Imports of the following knitted product groups decreased: cotton ensembles for men, indoor jackets of man-made fibres for men, cotton and synthetic skirts, cotton and synthetic trousers and synthetic shorts for women, heavyweight woollen jerseys etc. in particular for women and synthetic track suits.

Woven product groups with more than average growth in Netherlands imports were: cotton outdoor jackets for both sexes (while imports of outdoor jackets of man-

Table 5.5 Imports of outerwear into Italy by area of origin, in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	4,500	5,241	5,924	+ 13.0%	+ 31.6%
of which from:					
Developing countries	1,948	2,384	2,764	+ 15.9%	+ 41.9%
Asian countries	1,004	1,322	1,460	+ 10.4%	+ 45.4%
Mediterranean	833	929	1,154	+ 24.2%	+ 38.5%
ACP countries	72	82	90	+ 9.8%	+ 25.0%
other developing countries	39	51	60	+ 17.6%	+ 53.8%
EU countries	1,423	1,500	1,381	- 7.9%	- 3.0%
Other countries	1,129	1,357	1,779	+ 31.1%	+ 57.6%
CEECs	948	1,155	1,586	+ 37.3%	+ 67.3%
Asian countries	95	113	83	- 26.5%	- 8.4%
Other developed countries	86	89	110	+ 23.6%	+ 27.9%

Source: Eurostat

Table 5.6 Imports of outerwear into The Netherlands by area of origin, in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	4,172	4,681	4,682	0.0	+ 12.2
of which from:					
Developing countries	1,743	2,087	2,393	+ 14.7	+ 37.3
Asian countries	1,050	1,371	1,651	+ 20.4	+ 57.2
Mediterranean	612	628	651	+ 3.7	+ 6.4
ACP countries	63	68	65	- 4.4	+ 3.2
other developing countries	18	20	26	+ 30.0	+ 44.4
EU countries	1,469	1,637	1,436	- 12.3	- 2.2
Other countries	960	957	853	- 10.9	- 11.1
CEECs	372	401	411	+ 2.5	+ 10.5
Asian countries	541	509	394	- 22.6	- 27.2
Other developed countries	47	47	48	+ 2.1	+ 2.1

Source: Eurostat

made fibres decreased), cotton and synthetic ensembles for both sexes, cotton indoor jackets for women (while synthetic jackets fell), cotton indoor jackets for both sexes, trousers (denim, other cotton and synthetic) and shorts for both sexes, dresses and skirts of all materials, cotton shirts for men and scarves of man-made fibres. Woven product groups showing decreased imports (other than mentioned above) were shirts and blouses of man-made fibres for women, and ties.

Germany (11%) and Turkey (11%) were the leading suppliers of knitted outerwear, while other suppliers included China (9%), Bangladesh (8%) and Hong Kong (6%). Other suppliers with import shares between 3-5 percent were: Italy, Indonesia, India, Portugal, Belgium, Greece, Poland and Thailand.

In 2001, most Netherlands imports of woven outerwear came from Germany (16%), China (12%), Turkey (7%), Belgium (7%), Hong Kong (6%), Bangladesh (5%), Poland (4% of which 15% OPT), Italy (4%) and Indonesia (4%).

Spain

Spain ranked seventh as EU importer of outerwear with an import value of € 3.4 billion in 2001, of which 51 percent came from non-EU sources and 43 percent from developing countries. In 1999, almost 36 percent of Spanish imports came from developing countries. Knitted product groups showing more than average growth in Spanish imports (in terms of volume) were: woollen and cotton coats for both sexes, synthetic ensembles for both sexes and cotton ensembles for women, cotton trousers and shorts for both sexes, cotton and to a lesser degree man-made fibre T-shirts, jerseys, sweaters etc. of various materials and weight classes and synthetic track suits to the detriment of other materials.

Woven product groups with more than average growth in Spanish imports were: cotton coats and outdoor jackets for both sexes, denim, other cotton and synthetic trousers for both sexes, cotton and synthetic skirts and cotton shirts and blouses for both sexes, to the detriment of man-made fibre shirts and blouses.

In 2001, most Spanish imports of knitted outerwear came from EU neighbour country Portugal (15%). The leading non-EU supplier was China (12%). Other suppliers to Spain were Italy (12%), France (7%), Morocco (6%), Belgium (5%), Germany (4%) and Bangladesh (4%). Imports from China and Portugal showed the biggest growth in 2001.

Woven outerwear came from Morocco (14%), Italy (almost 14%), China (13%) and Portugal (9%). Behind several other EU countries (France, Germany, Belgium, The Netherlands and UK) came Hong Kong (3%), Vietnam (almost 3%), India (2.5%) and Bangladesh (2%).

5.2 Product groups

EU imports of outerwear increased by 15 percent in value terms in the period 1999-2001, of which only 2 percent in the period 2000-2001. Imports from outside the Union rose (24%) while intra-EU trade fell (-4.5%) in the period 1999-2001.

The table below gives an overview of EU imports of knitted and woven outerwear.

Imports of **knitted outerwear** increased in volume (17%) in the period 1999-2001 and in value (15%), which indicated that average import prices of knitted outerwear fell by 2.2 percent. Imports of two product groups: jerseys, pullovers, polo shirts etc. and T-shirts formed 67% of total EU imports of knitted outerwear. 39 percent of EU imports came from other EU

Table 5.7 Imports of outerwear into Spain by area of origin, in € million, 1999-2001

	1999	2000	2001	% change 2000/2001	% change 1999/2001
Total	2,405	3,297	3,431	+ 4.1	+ 42.7
of which from:					
Developing countries	860	1,261	1,478	+ 17.2	+ 71.9
Asian countries	570	838	933	+ 11.3	+ 63.7
Mediterranean	222	333	459	+ 37.8	+ 106.8
ACP countries	43	57	53	- 7.0	+ 23.2
other developing countries	25	33	33	=	+ 32.0
EU countries	1,370	1,801	1,690	- 6.2	+ 23.4
Other countries	175	235	263	+ 11.9	+ 50.3
CEECs	20	45	64	+ 42.2	+ 220.0
Asian countries	109	141	147	+ 4.3	+ 34.9
Other developed countries	46	49	52	+ 6.1	+ 13.0

Source: Eurostat

countries. Developing countries accounted for 48 percent of total EU imports and 78 percent of imports from outside the EU.

EU imports of **woven outerwear** rose in volume (14%) and in value (17%) during 1999-2001, an increase of average import prices of 2.1 percent. Imports of two product groups: “trousers, shorts etc.” and “shirts and blouses” are the most important in the woven sector, namely 53 percent of total imports of woven outerwear. Developing countries accounted for 43 percent of total EU imports of woven outerwear and 65 percent of imports from outside the EU.

Jerseys, pullovers, sweaters, polo shirts etc. were imported for higher prices in 2001 than in the previous years. Average import prices were € 8.28 in 1999, € 8.24 in 2000 and € 8.31 in 2001. Total imports of this product group rose since 1999 in volume by 17 percent to 1,343 million units in 2001. Imports of jerseys etc. of wool, cotton and man-made fibres increased, of which woollen units showed the biggest growth. Imports of heavyweight (more than 600 gram per article) woollen jerseys etc. decreased in favour of

lightweight articles like fine knit roll, polo or turtleneck jumpers and pullovers. Average import prices of woollen units were € 14.06 in 2000 and fell to € 11.90 in 2001. Imports of cotton and man-made articles showed a smaller growth but fetched higher prices: cotton jerseys etc. rose from € 7.21 in 2000 to € 7.57 in 2001 while jerseys etc. of man-made fibres rose from € 7.47 to € 7.67 in the same years.

EU imports from outside accounted for 60 percent of total imports in 2001 (56% in 1999). Intra-EU imports came, besides from the leading supplier Italy (13% of total value of EU imports), from Germany, The Netherlands, Belgium, Portugal and France.

Developments in imports from EU countries varied considerably: imports from UK decreased; imports from Germany and Belgium increased slightly, while imports from Spain grew strongly in the period under review. In total, however, intra-EU trade decreased in favour of imports from developing countries, like Turkey, China, Bangladesh, Indonesia, Tunisia, Morocco, Cambodia, Thailand and India. Other countries, which had increasing exports to the EU were CEECs like Romania, Hungary and Poland.

Table 5.8 EU imports of outerwear by product groups in volume and value, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
Knitted:						
coats, anoraks etc.	36.9	474	39.1	494	42.6	514
suits, ensembles	71.0	336	156.3	439	185.6	459
indoor jackets	21.3	286	22.5	303	26.7	332
trousers, shorts etc.	394.7	1,878	398.5	1,868	431.3	1,775
dresses and skirts	107.9	763	117.4	808	88.9	635
blouses and shirts	429.9	2,197	483.0	2,271	473.2	2,266
jerseys, pullovers etc.	1147.2	9,586	1293.5	10,603	1343.3	11,246
T-shirts	1825.5	5,663	1979.1	6,705	2205.2	7,153
active sportswear	55.3	1,012	47.3	1,014	43.8	984
clothing accessories	376.6	419	390.6	493	392.1	445
other	-	1,277	-	1,511	-	1,572
Total knitted	4466.3	23,891	4927.3	26,509	5232.7	27,381
Woven:						
coats, anoraks etc.	236.3	4,946	246.1	5,259	255.0	5,207
suits, ensembles	78.9	2,026	98.6	2,108	95.5	2,193
indoor jackets	136.6	3,159	132.1	2,929	135.7	3,080
trousers, shorts etc.	1125.2	10,645	1302.7	12,626	1508.2	14,366
dresses and skirts	288.8	2,835	339.1	3,170	309.8	2,944
blouses and shirts	809.2	5,680	898.0	6,000	845.0	6,327
active sportswear	31.3	1,097	40.1	1,400	41.4	1,351
clothing accessories	336.0	1,107	294.3	1,295	286.0	1,247
other	7.4	1,876	7.5	2,024	6.5	2,195
Total woven	3049.7	33,371	3358.5	36,811	3483.1	38,910
Total outerwear	7516.0	57,262	8285.8	63,320	8715.8	66,291

Source: Eurostat

EU imports of **knitted T-shirts** rose almost 21 percent in volume and 26 percent in value in the period 1999-2001. Average import prices during this period fluctuated from € 3.10 in 1999 to € 3.39 and to € 3.24 in 2001.

About 70 percent of the 2.2 billion imported T-shirts came from outside the Union in 2001, with an increasing share of developing countries: 58 percent of total EU imports and 84 percent of extra-EU imports in 2001.

Inside the EU, Germany, Greece, Portugal, Belgium, Sweden and The Netherlands were the leading exporting countries of T-shirts. Imports from these countries varied in size: imports from Germany, Portugal and Sweden increased, imports from Greece and The Netherlands more or less stabilized and imports from Belgium decreased. Imports from developing countries like Bangladesh, Turkey, India, Morocco, China Mauritius, Tunisia, Egypt and Pakistan increased. Other major EU exporters of T-shirts from outside the EU were Romania, Hungary and Bulgaria. An increasing share (85 percent in terms of volume) in 2001 of imported T-shirts was made of cotton at the cost of other materials but especially of man-made fibres, as is illustrated in table 5.10:

Imports of **knitted shirts and blouses** rose 10 percent during 1999-2001 (in terms of volume). Imports of knitted blouses and shirts for women increased 19 percent in 2000 and 10 percent in 2001, while imports of men's shirts increased 10 percent in 2000 but decreased 14 percent in 2001 and came under the level of 1999 in 2001. Cotton remained the most popular fabric type for men's shirts and for women's shirts and blouses. Cotton shirts had a stable share of 71 percent in total imports of men's shirts, while the import share of cotton blouses and shirts for women increased from 55 percent in 1999 to 61 percent in 2001. Imports of women's shirts and blouses of materials other than cotton increased too, i.e. mainly shirts made of man-made fibres but the import share of this product group decreased to 36 percent. Imports of silken shirts and blouses decreased during the whole period.

The leading supplier to the EU was Bulgaria; 13 percent of total imported volume came from this country. It was followed by developing countries like Turkey (7%), India (6%), China (5%) and Indonesia (4%). Poland also supplied 4 percent, while Greece was the leading EU country and exported 14.1 million shirts (3%) to other EU countries.

Table 5.9 Analysis of imported knitted jerseys, pullovers, sweaters etc. by materials used, 1999-2001

	Volume (million units)			Value (€ million)		
	1999	2000	2001	1999	2000	2001
Total	1,147	1,294	1,343	9,586	10,603	11,246
of which in %						
wool	11.8	11.4	13.3	19.6	19.6	19.0
cotton	38.0	37.2	36.8	34.0	32.5	33.5
man-made fibres	45.3	47.8	46.8	42.4	43.5	43.2
flax	0.6	1.1	0.9	0.7	1.0	0.8
other	4.3	2.5	2.2	3.3	3.4	3.5

Source: derived from Eurostat 2002

Table 5.10 Analysis of imported T-shirts by materials used, 1999-2001

	Volume (million units)			Value (€ million)		
	1999	2000	2001	1999	2000	2001
Total	1,826	1,979	2,205	5,663	6,705	7,153
of which in %						
cotton	84.2	3.1	85.0	74.4	73.5	74.9
wool	0.4	0.3	0.2	0.6	0.6	0.5
man-made fibres	13.2	15.3	13.7	22.7	23.7	22.6
other	2.2	1.3	1.1	2.3	2.2	2.0

Source: derived from Eurostat 2002

Table 5.11 Analysis of imported knitted shirts and blouses by materials used, 1999-2001

	Volume (million units)			Value (€ million)		
	1999	2000	2001	1999	2000	2001
Total	428.7	487.7	473.2	2,204	2,323	2,266
of which in %						
cotton	63.7	66.7	65.9	64.5	63.5	64.1
man-made fibres	34.1	31.6	32.1	32.3	33.0	32.0
other	2.2	1.7	2.0	3.2	3.5	3.9

Source: derived from Eurostat 2002

EU imports of **knitted trousers** for men and women grew in volume, as can be derived from the table below, and decreased in value (0.5% in 2000 and 5% in 2001).

Imports of men's trousers, bib and braces and shorts accounted for 21 percent and women's for 79 percent in 2000; this relation was 23/77 in 1999.

The role of cotton remained relatively important, despite a fall in EU imports of 239 million units in 2000 to 223 million in 2001 (-6%).

The four leading exporters to the EU were: Turkey (16%), China (13%), Pakistan (5%) and Portugal (3%). Imports from all these countries decreased in 2001, just like imports from the most important EU exporters (Belgium, Germany, The Netherlands and Italy). EU imports from India, Bangladesh and Bulgaria showed the biggest increase.

Imports of **babies' knitted garments** increased in value by 17 percent in 2000, followed by a growth of 4 percent in 2001. Developing countries accounted for 60 percent of total imports (55% in 1999), mainly in favour of increased imports from China and to a lesser degree from Turkey and India. Imports of babies' cotton wear accounted for 82 percent of 1999 imports and 84 percent in 2001; the import share of babies' woollen

wear increased too, while the share of synthetic materials decreased from 15 percent in 1999 to 14 in 2001.

Imports of **knitted track suits** decreased in volume (-21%) and value (-16%) during the period 1999-2001. The share of developing countries in import volumes decreased very slightly accounting for 56 percent in 2001, of which imports from Turkey, Bangladesh and Malaysia showed the most significant fall, while imports from Vietnam and Croatia grew strongly. Import shares of materials used changed slightly, imported track suits made of synthetics rose from 65 percent in 1999 to 67 percent in 2001, at the cost of those made of cotton (32% in 1999 and 28% in 2001).

Imports of all kinds of **clothing accessories** (gloves, ties, scarves etc.) increased in volume (5%) and in value (20%) in the period 1999-2000, of which imports of scarves, followed by gloves, showed the biggest growth. Imports of all product groups, however, decreased in 2001: less than 1 percent in terms of volume and 12 percent in terms of value. The role of intra-EU trade became less important in favour of developing countries. 47 percent of total imports in

Table 5.12 Analysis of EU imports of knitted trousers, shorts, bib and braces, 1999-2001

	Volume (in million units)			Of which for:	
	1999	2000	2001	men	women
Trousers	260.6	258.2	293.2	47.9	245.3
Bib and braces and shorts	134.1	140.3	138.1	41.5	96.6
Total	394.7	398.5	431.3	89.4	341.9
Of which for:					
wool	3.4	2.7	3.3	1.5	1.8
cotton	231.6	238.6	223.2	50.3	172.9
man-made	142.4	136.7	184.1	31.8	152.3
other	17.3	20.5	20.7	5.8	14.9
Total	394.7	398.5	431.3	89.4	341.9

Source: Eurostat

1999 came from developing countries in this product group, against 51% in 2001.

Imports of **woven anoraks, ski jackets etc.** increased in the period under review: from 155 million units in 1999 to 165 million in 2001. Average import prices increased from € 18.41 in 1999 to € 18.55 in 2001. Almost 70 percent of imported woven anoraks was made of man-made fibres and 26 percent made of cotton.

Imports of **woven suits** for men were 50 percent higher in 2001 compared with 1999, despite a fall in 2001, mainly caused by cotton suits. Imports of suits for women stabilised in the same period. Woven suits came mainly from other EU countries. Imports from leading supplier Italy doubled from 3.2 million units in 1999 to 6.4 million in 2001 and imports from Germany increased from 2.9 to 5.7 million suits. Imports from other European suppliers, like France and The Netherlands increased considerably, too. The role of developing countries was limited to the main suppliers China (4.4 million suits in 1000 and 4.3 million in 2001) and Turkey (1.4 million suits in 1999 and 2.0 million in 2001). Imports from outside the EU, excluding developing countries, came mainly from CEECs like Romania, Poland and Hungary.

Imports of woven **dressess** increased in volume by 8 percent in 2000 and levelled off in 2001 to 109 million units (-19%). Around 54 percent of the total EU imports of 109 million dresses was made of man-made fibres (31% synthetics and 23% artificial fibres), while cotton dresses had an import share of 34 percent in 2001. The most important development in materials used was a strong fall in all kinds of materials used in the period 2000-2001. The import share of synthetic

dressess showed the biggest growth (from 29% in 2000 to 31% in 2001) while the share of silken dressess showed the biggest fall (from 4% in 2000 to 3% in 2001). The import share of cotton dressess stabilised. Average import prices were € 11.18 in 1999, € 10.74 in 2000 and € 11.22 in 2001.

Imports of **woven skirts** were booming in terms of volume (72%) and in value (24%) in 2000, followed by a fall of respectively 29 and 3 percent in 2001 to 201 million units with an average import price of 8.56. Average import prices were much higher than in 2000 (€ 6.33) and lower than in 1999 (€ 8.76). Skirts made of synthetic fibres accounted for 44 percent of total import volume in 2001, while the import share for skirts of cotton was 31 percent and for skirts made of artificial fibres 15 percent. Imports of skirts made of all kinds of materials decreased. The greatest fall was for imports of cotton skirts in favour of all other materials, especially for synthetic skirts.

55 percent of EU imports of **indoor jackets** (blazers etc.) was made of man-made fibres, while cotton accounted for 22 percent in 2001. Total imports of indoor jackets decreased by 3 percent to 132 million jackets in 2000 and grew almost 3 percent to 136 million in 2001. Imports of man-made jackets for both sexes decreased during the period 1999-2001 in favour of cotton jackets.

EU imports of **woven trousers** for men and women increased steadily in volume (16% in 2000 and 16% in 2001) and in value (19% in 2000 and 14% in 2001). Imports of jeans accounted for 32 percent of total cotton trousers' imports into the EU in 2001. Five years before, this percentage was over 50 percent. Imports of the total product group (trousers, shorts, bib

Table 5.13 Analysis of EU imports of woven trousers, shorts, bib and braces, 1999-2001

	Volume (in million units)			Of which for:	
	1999	2000	2001	men	women
Trousers	931.6	1,051.1	1,294.3	624.6	675.7
Shorts	168.1	228.8	195.1	67.9	121.2
Bib and braces	25.5	22.8	18.8	9.9	8.9
Total	1,125.2	1,302.7	1,508.2	702.4	805.8
of which:					
wool	34.2	35.0	35.9	22.0	13.9
cotton denim	214.8	284.3	308.1	205.9	102.2
other cotton	510.0	579.7	650.7	334.7	316.0
synthetics	297.8	321.6	412.5	124.5	288.0
artificial	45.7	53.5	62.0	6.7	55.3
other	22.7	28.6	39.0	8.6	30.4

Source: derived from Eurostat 2002

and braces) concerned 47 percent men's and 53% women's in 2001; this relation was 52/48 in 1999. The role of cotton trousers remained quite important. Almost 64 percent of total imports or 960 million units were cotton made (in 1999: 725 million). Increased imports in 2001 were caused by cotton (denim, corduroy and especially other cotton) trousers for men and shorts of several materials (especially synthetic shorts) for men. There was a similar situation for cotton trousers for women. Imports of shorts for women increased too, mainly synthetic and cotton increased considerably.

Imports of **woven shirts and blouses** fell in 2001 almost 6 percent after a growth of 11 percent in 2000. The growth in 2000 was mainly caused by increased imports of shirts and blouses made of cotton and, to a lesser degree, flax. The fall in 2001 was divided over all materials used except linen shirts. Shirts of man-made fibres showed the biggest fall. Almost 70 percent of men's shirts imported in 2001 was made of cotton and 28 percent of man-made fibres, while in 1999 these percentages were respectively 67 and 30 percent. Imports of cotton shirts increased by 3 percent, while shirts of man-made fibres decreased by 8 percent during the period 1999-2001. Imports in woollen and silken men's shirts decreased. Imports of women's blouses were for 54 percent made of man-made fibres in 2001, 36 percent of cotton, 5 percent of linen and 2 percent of silk. Imports of man-made fibre blouses fell in volume from 215 million units in 1999 to 196 million in 2001; cotton blouses rose 67 percent to 129 million, linen blouses rose almost 5 million to 19 million and silken blouses decreased to 8 million. Other textiles increased considerably except wool, however, sizes of their imports were limited compared with the textiles mentioned before.

Developments in imports of woven **sportswear** can be summarised as follows: track suits for men rose from

10.4 million units (average price € 39.62) in 1999 to 17.8 million (average price € 30.79) in 2001. Imports of track suits for women showed a lower but still important growth during this period: + 29 percent to 16.5 million units in 2001. Average import prices for women's track suits were € 43.89 in 1999 and € 41.58 in 2001.

Imports of woven **clothing accessories** varied strongly per product item: scarves increased considerably in 2000 (+ 10%) against 16 percent higher import prices and decreased 2 percent against 10 percent lower import prices in 2001. Woven ties decreased in terms of volume in the period 1999-2001, but average import prices grew considerably.

5.3 The role of developing countries

Growth in imports from developing countries can mainly be ascribed to Asian low price suppliers and to a lesser degree from the Mediterranean rim. Leading EU suppliers from Asia are (in sequence of import values): China, Bangladesh, India, Indonesia, Vietnam, Thailand, South Korea, Sri Lanka, Macao, Pakistan, Cambodia, Myanmar, Malaysia and the Philippines. These countries operate mainly in price sensitive segments. China continued its sharp rise in shipments to the EU, in woven as well as in knitted products like, indoor jackets, trousers, coats and outdoor jackets for both sexes and in woven products like blouses and shirts and clothing accessories (scarves, gloves and ties). Imports from the Mediterranean base came from countries like: Turkey, Morocco, Tunisia, Croatia, Slovenia, Macedonia, Egypt, Malta, Albania and Syria. Imports from ACP countries more than doubled in the period 1990-2000, increased 14 percent in the period 1999-2001 although decreased very slightly in 2000-2001. The leading country remained Mauritius, despite a falling share in exports to the EU since 1998. This share was 80 percent in 1990 and fell to 58 percent of total ACP imports in 2001. France and the UK were the

Table 5.14 EU imports from developing countries by area of origin in € million, 1999-2001

	1999	2000	2001	Leading suppliers in 2001: (between brackets share in total of their area of origin)
Total	23,891	28,130	29,723	China (21%), Turkey (17%), Bangladesh (9%), Morocco (8%), Tunisia (8%)
Of which from:				
Asia	13,586	16,592	17,289	China (37%), Bangladesh (16%), India (10%), Indonesia (9%), Thailand (4%)
Mediterranean base	9,159	10,177	11,066	Turkey (44%), Morocco (21%), Tunisia (20%), Croatia (4%), Slovenia (2%)
ACP	955	1,094	1,090	Mauritius (58%), Madagascar (22%), Jamaica (8%), South Africa (5%)
CEECs	48	70	96	Moldova (85%), Tajikistan (6%), Georgia (4%)
Central & South America	140	195	180	Peru (36%), Brazil (13%), Mexico (13%), Colombia (12%), Honduras (8%)
Other	3	2	2	Northern Marianas Islands (94%)

Source: derived from Eurostat 2002

leading destinations. Madagascar ranked second with 22 percent in 2001 (mainly to France), followed by Jamaica (8%), of which The Netherlands and Spain were the most important destinations. Other countries with (substantial) exports to the EU are South Africa and Botswana (both countries exported mainly to UK), Zimbabwe (to Germany and The Netherlands), Dominican Republic (to UK), Lesotho (to UK) and Cape Verde (to Portugal). Further, imports with a value of more than € 1.5 million came from Fiji (to Germany), Tanzania (to UK) and Kenya (to UK).

Knitted outerwear

The role of developing countries in EU imports became more important in absolute and in relative terms in the period under review. In absolute terms, total imports rose from € 10.4 billion in 1999 to € 13.0 billion in 2001 (almost 25%!). In relative terms, imports increased from 43.7 percent of total EU imports in 1999 to 47.6 percent in 2001.

The leading supplier of knitted outerwear to the EU was Turkey with (in terms of value) 20 percent of total EU imports of knitted outerwear in 2001, valued at € 2.6 billion, followed by China (17%). Bangladesh ranked third (10%), followed by India, Indonesia, Morocco, Tunisia, Mauritius and Thailand.

More detailed information can be found in the appendices under table 2.3.

In terms of volume 64 percent of imported knitted **anoraks, ski-jackets and other outdoor jackets** for both sexes came from developing countries, representing 48 percent of the imported value. China, Bangladesh, Indonesia, Turkey, Cambodia, India and Sri Lanka were the leading suppliers. Imports from the following developing countries increased considerably: China from € 41.9 million in 1999 to € 59.3 million in 2001, Turkey from € 16.4 million in 1999 to € 23.8 million in 2001, Cambodia from € 4.9 to € 11.6 million, India from € 4.8 to € 9.5 million, Thailand from € 3.8 to € 6.2 million, Croatia from € 0.3 to € 4.2 million and Pakistan from € 1.0 to € 3.1 million. Outdoor jackets exports to the EU fell from countries like Bangladesh, Sri Lanka, Morocco, South Korea and Macao.

The role of developing countries in EU imports of **indoor jackets** was rather limited, valued at 33 percent of total imports in 2001, however, this percentage was 26 percent in 1999. Leading suppliers were Turkey with € 38.2 million (34% of imports from all developing countries) and China with € 33.2 million (30%). Much smaller market shares were valid for Morocco, Egypt, Tunisia, India, Cambodia and Croatia.

85 percent of imported **T-shirts** in the EU was made of cotton in 2001. Almost 60 percent of imported cotton T-shirts came from developing countries. Imports into the EU from outside the EU came mainly from

Bangladesh with 379 million units (average price € 1.53) and Turkey 158 mln units (average price € 5.68). Other important supplying developing countries were India (123 mln cotton T-shirts), Morocco (94 million), Mauritius (62 mln), China (43 mln), Tunisia (34 mln), Egypt (28 mln) and Pakistan (25 mln). Volumes between 10 and 20 million T-shirts came from Sri Lanka, Indonesia, Syria, Thailand and Croatia into the EU. Imports from all countries mentioned increased in 2001 compared with 1999 in terms of volume, with the exception of Turkey, China, Syria and Cambodia. Fast growing imports came from Myanmar, Vietnam, Philippines, Albania, Slovakia, Macedonia, Brazil, Honduras, South Africa, Mexico, El Salvador, Brunei and Haiti. Newcomers were Djibouti, Lesotho and Cape Verde.

Imports from developing countries in the product group **jerseys, sweatshirts, pullovers, polo shirts etc.** increased from 626 million units with an average value of € 6.29 in 1999 to 755 million in 2001 with an average value of € 6.56. The most important exporting (developing) countries to the EU were Turkey (132 million units), Bangladesh (125 mln), China (61 mln), Thailand (51 mln), Indonesia (44 mln), India (40 mln), Tunisia (38 mln), South Korea (36 mln), Morocco (35 mln) and Cambodia (32 mln).

Imported volumes with amounts between 10 and 25 million units came from the following developing countries: Myanmar, Mauritius, Sri Lanka, Macao, Croatia, Pakistan and Madagascar, followed by the Philippines (9.6 million units). Apart from a fall in exports from China and the Philippines in the period 1999-2001, imports from all countries mentioned increased. Booming rises were valid for imports from Myanmar, Croatia, Madagascar and Thailand. Less important suppliers with booming exports to the EU were Botswana, Moldova, Honduras and Guatemala, while major newcomers on the EU market were Lesotho, Haiti, Azerbaijan, Cape Verde and Burundi.

China remained by far the leading supplier to the EU in the product groups: **babies' knitted garments** (a stable 27% of total EU imports and 46% of total from developing countries in a product group with fast growing imports), track suits (15% of total EU imports and 30% of total from developing countries) and all major clothing accessories. Besides China, babies' garments came from Turkey (an increase of 18 percent to € 84 mln in 2001), India (+81% to € 78 mln), Thailand (+10% to € 47 mln), Morocco (+11% to € 45 mln) and Tunisia (-5% to € 28 mln) and Indonesia (stabilised at € 22 mln).

Besides, a very small growth in Chinese exports and booming exports of Vietnamese **track suits** to the EU, all other leading supplying developing countries (Indonesia, Morocco, Turkey, Bangladesh and Malaysia)

were confronted with smaller exports of track suits. China was also the leading exporter to the EU of **clothing accessories**. Gloves came for 27 percent from this country, followed at a distance by Pakistan (10%). Scarves came for 41 percent from China followed by India with less than 3 percent. The role of China in imports of ties is less dominating with an import share of 5 percent, while other developing countries had an import share of less than 1.5 percent

Woven outerwear

A decreasing share of EU imports of woven outerwear came from other EU countries in favour of imports from developing countries. Their role became more important in absolute terms in the period under review, because total imports rose by 17 percent from €13.5 billion in 1999 to 16.7 billion in 2001. In relative terms, imports increased from 40.3 percent of total EU imports in 1999 to 42.9 percent in 2001.

The leading supplier of woven outerwear to the EU was China with 10.1 percent in terms of value of EU imports in 2001, followed at a distance by other developing countries like Turkey (5.4%), Tunisia (4.5%), Morocco (4.2%), Bangladesh (3.3%), India (2.7%), Indonesia (2.3%), Vietnam (1.5%) and Pakistan (0.8%). Leading ACP exporting countries to the EU were Mauritius, Madagascar and South Africa.

Imports of **coats and outdoor jackets** for both sexes increased in the period 1999-2001. Imports from the leading developing countries showed a varied pattern as can be derived from table 5.13.

Leading supplier China increased its export volume in this product group considerably but against 6 percent

lower prices. Another country with fast growing exports is Vietnam, while Bangladesh and, to a lesser degree Indonesia was confronted with lower exports.

The important products within the product group **trousers** for both sexes are cotton trousers other than denim and corduroy, jeans and synthetic fibre trousers. EU imports of cotton trousers (other than denim and corduroy) increased considerably from 377 million units in 1999 to 516 million in 2001. Nearly all major exporting developing countries saw their exports increase in absolute terms, except Macao. However, in relative terms, only four of the ten leading countries increased their export share: Bangladesh, Turkey, Pakistan and India.

Imports of **jeans** increased steadily in the period 1999-2001: from 217 million units in 1999 with an average import price of € 10.83 to 308 million units with an average import price of € 10.98 in 2001. Developing countries increased their share from 48.6 to 52.4 percent. All supplying countries including the leading suppliers in developing countries gained from the renewed popularity of jeans, just like the success of other casual cotton trousers like chinos, workers, cargos etc. The twelve leading exporting developing countries in 2001 (with exports of more than 2 million jeans to the EU) were: Tunisia, Turkey, Bangladesh, Morocco, Pakistan, Malta, Mauritius, Macao, Albania, Madagascar, Cambodia and China. Imports from all mentioned countries increased export volumes compared with 1999, except the ACP countries Mauritius and Madagascar. Fast growing imports came also from India, Myanmar and Zimbabwe. Newcomers

Table 5.15 EU imports of woven outdoor jackets from developing countries, 1999-2002

	1999		2001	
	mln units	Average import price in €	mln units	Average import price in €
Total EU	236.3	20.93	255.0	20.42
of which from:				
China	36.3	17.33	43.5	16.63
Indonesia	20.9	15.40	19.2	16.02
Vietnam	14.8	19.16	18.6	18.14
Bangladesh	17.0	7.65	13.1	8.29
Turkey	6.5	20.04	8.0	16.25
Morocco	4.4	14.77	6.6	13.81
Tunisia	4.1	18.22	5.7	17.00
Other developing countries	24.8	14.25	24.2	13.95
Total developing countries	128.8	16.08	138.9	15.87

Source: derived from Eurostat 2002

were Turkmenistan and Uzbekistan.

EU imports of synthetic trousers boomed (just like cotton trousers as described above), however, until 2000: from 246 million units in 1999 to 342 million in 2000 and levelled off to 335 million in 2001, of which 45 percent came from developing countries in 1999 and 48 percent in 2001. 35 percent of total EU imports and 73 percent of imports from developing countries came from the following six countries: Turkey, Morocco, Bangladesh, Tunisia, China and Indonesia.

EU imports of woven **dress**es fell 19 percent (in volume and value) during 1999-2001, built up by a growth in 2000 and a sharp fall in 2001. Imports from developing countries grew 7.7 percent in 2000 and fell 5.3 percent in 2001. China and India remained the leading EU suppliers of dresses with respectively € 172 million (14% of total EU imports) and € 109 million (9%) in 2001, import shares were equal to those in 1999, namely 9 percent. India was followed by Morocco (4.6%), Turkey (4.1%) and Tunisia (3.0%). China increased its exports considerably, just like Bangladesh and Vietnam. Suppliers with decreasing exports to the EU were India, Turkey and Thailand.

Imports of woven **skirts** from developing countries increased considerably: from € 512 million in 1999 to € 699 million in 2000 and to € 721 million in 2001. Leading supplier China accounted for 33 percent of developing countries' total in 2001. Other suppliers were Morocco with € 116 million in 2001, Turkey (€ 104 mln), Tunisia (€ 84 mln) and India (€ 66 mln).

Imports from all these countries increased in the period 1998-2000 or in all three years (Morocco, Turkey, Tunisia, Bangladesh) or increased in 2000 and fell in 2001 (China, India, Sri Lanka, Croatia).

Developing countries played an important role in imports of woven **shirts and blouses** for men and for women: 47 percent (in terms of value) came from these countries into the EU in 2001. Leading suppliers in 2001 were: Bangladesh (8%), India (7%), China (6%), Turkey (5%), Morocco (4%) and Indonesia (2%). Compared with 1999, imports from all countries mentioned grew. Decreasing imports (from countries other than those mentioned) came from Macao, Malaysia and Thailand.

Babies' woven garments came from China (27% in terms of value), Tunisia (7%), India (6%) and Morocco (5%). Smaller volumes came from Turkey, Thailand, Bangladesh, Indonesia, Macao and Sri Lanka. Imports from all countries increased in the period 1999-2001.

The role of developing countries in imports of woven **track suits** became less dominant than in previous years. China with, in terms of volume, 8.0 percent of total imports in 2001, Indonesia (7%), Bangladesh (almost 7%) and Malaysia (5%) were the leading suppliers, followed by Thailand, Turkey, Myanmar, Pakistan and Vietnam. Imports from the countries mentioned increased in the period 1999-2001, except from Thailand.

Table 5.16 EU imports of woven cotton trousers (excl. jeans) from developing countries, 1999-2001

	1999		2001	
	mln units	Average import price in €	mln units	Average import price in €
Total EU	377.0	9.38	516.1	9.40
of which from:				
Bangladesh	24.0	4.56	53.3	4.88
Tunisia	45.9	9.15	50.1	9.60
Turkey	28.0	8.72	46.3	7.42
Morocco	32.0	7.67	42.2	8.14
Pakistan	16.9	4.47	35.4	2.90
China	14.0	6.95	16.5	8.66
India	5.5	5.49	11.4	6.29
Macao	7.5	8.00	7.3	9.12
Sri Lanka	4.9	3.19	6.4	7.60
Indonesia	4.7	6.69	4.9	8.57
Other developing countries	34.4	7.85	41.7	7.61
Total developing countries	217.8	7.42	315.5	7.37

Source: derived from Eurostat 2002

The major (leading) role of China and Turkey in exports of outerwear to the selected EU countries (except France) is illustrated in Table 5.16. Morocco and Tunisia remained the leading supplying countries for France, while the distance between Tunisia and China stabilised. Import shares from China increased in all major countries except Italy; imports shares from Turkey increased in UK, Italy and France and shares from Tunisia increased in all major EU countries. Bangladesh ranked third in five countries, while in all these countries its import share increased considerably.

**Table 5.17 Imports of outerwear from leading developing countries by major EU countries, 2001
(in % of value of total imports)**

	1	2	3	4	5
Germany	Turkey (13.8%)	China (8.1%)	Bangladesh (4.2%)	India (2.3%)	Tunisia (2.3%)
UK	China (13.1%)	Turkey (8.4%)	Bangladesh (5.2%)	Indonesia (4.1%)	Morocco (3.9%)
France	Morocco (9.1%)	Tunisia (7.6%)	China (6.7%)	Turkey (3.7%)	India (3.5%)
Italy	China (13.5%)	Tunisia (9.6%)	Bangladesh (3.7%)	Turkey (2.9%)	Croatia (2.9%)
Netherlands	China (11.0%)	Turkey (8.6%)	Bangladesh (6.0%)	Indonesia (4.2%)	India (3.8%)
Spain	China (12.7%)	Morocco (10.6%)	Bangladesh (2.9%)	Turkey (2.1%)	India (2.0%)

Source: Derived from Eurostat

6 EXPORTS

The same restrictions for the import figures apply to the export figures below. Refer to Chapter 2 for these restrictions.

The EU member states exported € 42.5 billion in 2001, representing a growth in value of 12 percent in the period 1999-2001. The leading EU exporter of knitted outerwear was Italy (27% of total EU exported value in this product group) as well as for woven outerwear (32% of total value of EU exports).

Export activities by the EU countries vary strongly. As mentioned above, Italy is the leading exporter of knitted outerwear followed at a distance by Germany (12%), France (11%), Portugal (9%), Belgium and UK (each 8%). Italy is also the leading exporter of woven outerwear, followed by Germany (18%), France (11%), Belgium (9%) and UK (8%).

About 63 percent of total EU exports concerned exports to other EU countries in 2001. The main destinations outside the EU were the USA (almost 6% of total EU exports and 18% of non-EU exports), Switzerland (14% of non-EU exports), Japan (11%), Russia (4%), Hong Kong (4%) and Norway (4%). Romania, with 4 percent of non-EU exports, ranked 7th of the export destinations outside the EU and covered mainly parts of garments as part of OPT trade, just like in the case of

Morocco. Exports to other East European countries like Poland, Hungary, Croatia and the Czech Republic amounted to 1-3 percent, including OPT with these countries.

The largest export product group in terms of value in the knitted sector was jerseys, pullovers etc. (value 42% of total EU exports in knitwear in 2001) followed by T-shirts (23%). The most important exported product groups in the woven sector were trousers, shorts etc. (almost 30%), followed by suits and ensembles (12%) and shirts and blouses (11%).

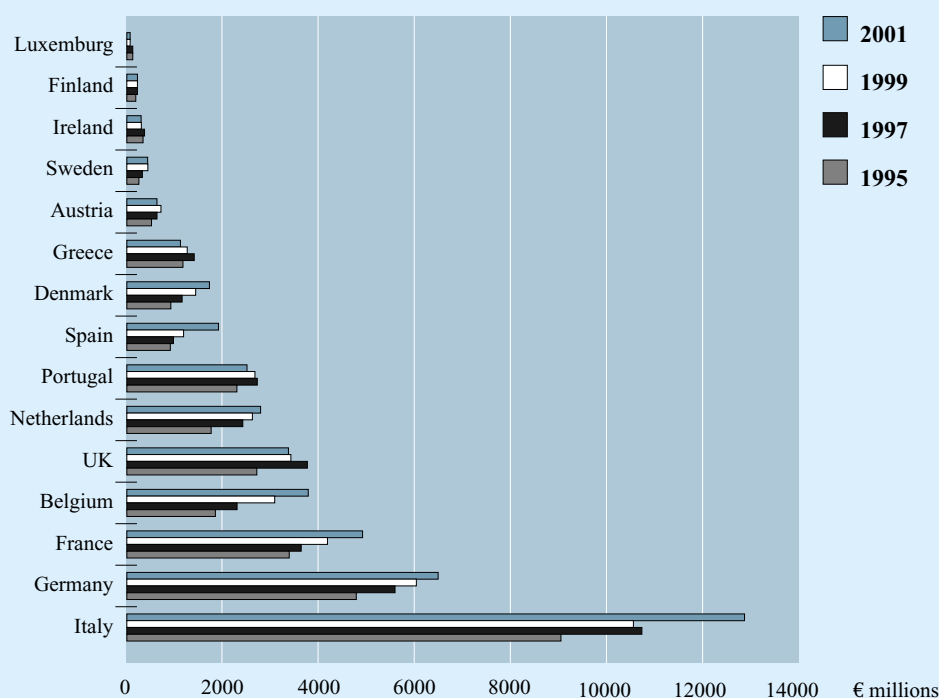
Italy

16 percent of the value of Italian exports of outerwear went to Germany in 2001 (was 18% in 2000), followed by USA (13%), France (10%) and Japan (7%). Other destinations outside the EU were Switzerland, Romania, Russia, Hong Kong, South Korea, Tunisia and Croatia. Italian exports covered 64 percent woven and 36 percent knitted outerwear.

Germany

German exports of outerwear (in terms of value) went to Austria (17% in total, divided over all product groups but mainly woven outerwear), The Netherlands (15%), Switzerland (12%), France (9%), UK (7%), and

Figure 6.1 EU exports of outerwear by EU countries in value, 1995-2001



Source: derived from Eurostat 2002

Table 6.1 EU exports of outerwear by EU member states in € million, 1999-2001

	1999			2000			2001		
	Knitted	Woven	Total	Knitted	Woven	Total	Knitted	Woven	Total
Italy	3,981	6,622	10,603	4,344	7,483	11,827	4,548	8,244	12,792
Germany	1,713	4,308	6,021	2,106	4,437	6,543	1,995	4,491	6,486
France	1,634	2,523	4,157	1,826	2,787	4,613	1,929	2,887	4,816
Belgium	1,280	1,871	3,151	1,368	2,081	3,449	1,400	2,266	3,666
UK	1,356	1,994	3,350	1,372	2,085	3,457	1,391	1,933	3,324
Netherlands	1,041	1,441	2,482	989	1,399	2,388	1,146	1,557	2,703
Portugal	1,513	1,074	2,587	1,531	1,035	2,566	1,507	984	2,491
Spain	489	771	1,260	735	1,119	1,854	750	1,133	1,883
Denmark	710	649	1,359	801	772	1,573	812	834	1,646
Greece	1,022	224	1,246	986	223	1,209	907	174	1,081
Austria	347	384	731	338	364	702	324	367	691
Sweden	159	227	386	179	233	412	164	229	393
Ireland	133	148	281	116	145	261	95	169	264
Finland	52	114	166	56	120	176	59	121	180
Luxembourg	20	32	52	21	44	65	16	33	49
EU (15)	15,450	22,382	37,832	16,767	24,327	41,094	17,045	25,422	42,467

Source: Eurostat 2002

Belgium (6%). Other destinations outside the EU besides Switzerland were Russia, USA, Poland and the Czech Republic, each of these countries having received an export share of 2-3 percent in 2001. Exports to Poland and Czech Republic cover mainly OPT.

Almost 70 percent of German exports concerned woven outerwear, which is much higher than the EU average of 60 percent.

France

Almost half of French exports went to five EU partner countries: Belgium, Germany, UK, Italy and Spain. Belgium passed Germany as leading export destination of France in 2001. French exports amounted to € 4,816 million in 2001, of which 40 percent knitwear. Japan (7%), the USA (6%) and Switzerland (5%) ranked 6th, 7th and 8th in French export destinations after these five EU countries. The major product group, exported to these non-EU countries, concerned woven track suits.

UK

Exports by the UK fell 2.7 percent in the period 2000-2001 and amounted to € 3,324 million in 2001, of which 58 percent woven outerwear. Major destinations for all product groups were Ireland (19% of total UK exports) followed by Germany (14%), France (8%), USA (5%), Morocco (5%) and Spain (4%). Other destinations outside the EU, besides the USA and Morocco, were Japan (3%) and Romania (3%), while less than 3 percent of UK exports went to Saudi Arabia, Hong Kong, South Korea, Switzerland, Turkey and UA

Emirates. Exports to Morocco almost completely concerned parts of clothing as a result of outward processing trade with this country.

The Netherlands

Exports by The Netherlands amounted to € 2,703 million in 2001, of which 58 percent concerned woven clothing. The leading destination for all product groups was Germany, with 30 percent of Netherlands exports going to its neighbouring country (still 33 percent in 2000). Other destinations were France (19%), Belgium (16%), UK (11%) and Spain (5%), followed by Italy and Sweden. Switzerland, receiving 1.7 percent of Netherlands exports, ranked 9th and was the leading non-EU destination at distance followed by Norway.

Spain

After a strong growth of 47 percent in 2000, Spanish exports of outerwear (in terms of value) grew by a limited 1.6 percent in 2001. Leading destinations were neighbouring countries Portugal (23%) and France (16%), followed by Italy (7%), Mexico (5%), Belgium (4%) and Germany (4%). Other destinations outside the EU besides Mexico were Saudi Arabia, Switzerland and Japan.

Around 60 percent of Spanish exports concerned woven outerwear, which is equal to the EU average.

Re-exports

Exports by major EU countries as described above include the so-called re-exports: imported products, which are exported to other (mainly other EU)

countries. The volume of re-exports can be calculated when national production statistics are available and destination of production can be divided into domestic sales and exports by industry. For instance: available production figures in The Netherlands are rather limited and include production abroad by manufacturers. For that reason, re-exports by The Netherlands cannot be determined, however, it can be assumed that about 40 percent of Netherlands outerwear imports is re-exported or almost 80 percent of exports of outerwear consists of re-exports. Besides The Netherlands, re-exports by Germany are important, while re-exports in the other major EU countries are more limited but growing.

7 TRADE STRUCTURE

7.1 EU trade channels

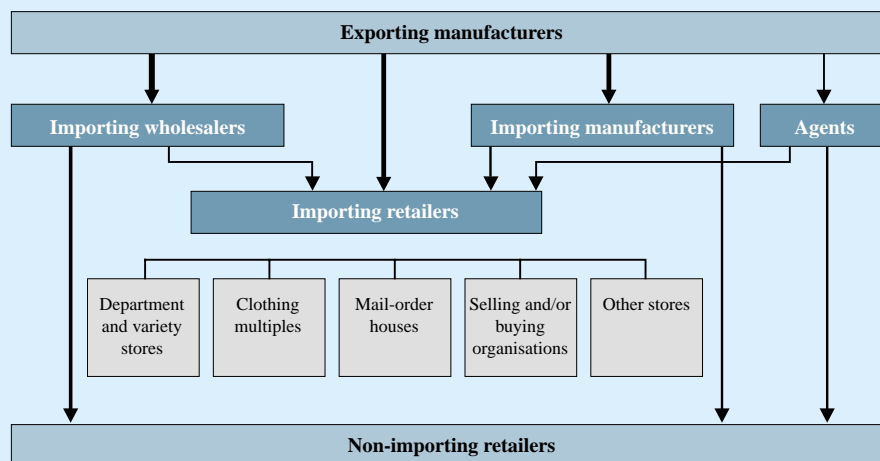
Figure 7.1 shows the basic functions of the various kinds of exporting manufacturers and traders, agents, importing manufacturers, wholesalers and retailers. Depending on its position in the market, the functions of a particular distribution organisation will be linked with up- or downstream organisations with the same kind of specialisation. It is also possible for a given organisation to take over (some of) the functions of the latter, in order to improve competitiveness (vertical integration). For instance, manufacturers, agents and retailers may also function as importers, while wholesalers may also be manufacturers (vertical integration). Each of these groups has a different approach to business and the market, with its own specific interpretation of the marketing mix. Converting means that the main activities necessary for the realisation of the product have been carried out on order by other organisations, according to the requirements of the principal. The role of converter is not drawn specifically in this scheme because converting is an activity, which has been undertaken by an importing manufacturer, wholesaler or retail organisation. Theoretically, importing is a function that can be done by manufacturers, wholesalers or retailers as given in figure 7.1. However, in some countries and/or branches a distinction is made between importing wholesalers and importers. In that case, the importer purchases at own risk, handles Customs clearance and sells mainly to retail organisations, like multiples, department stores and buying organisations and other wholesalers, while wholesalers purchase at own risk from local or EU manufacturers and from importers.

7.1.1 Sales intermediaries

Different sales intermediaries have their place between industry and retail, for instance:

- **Agents;** the sales agent is an independent intermediary between the (foreign) manufacturer and the retailer or retail organisation, receiving a commission from the former. The agent (or sales representative) covers a limited geographical area. The level of the commission depends on a number of factors, including the turnover rate of the product concerned, but it averages an estimated 8-12 percent of turnover. Most agents represent more than one manufacturer, although competition is avoided. More and more agents are starting to sell from stock, to meet their clients' short-term demands. Stock forming is often on a consignment basis. If the agent builds up his own stock, he is in fact functioning as an importer/wholesaler. The role of agent as described above is often indicated as selling agent. Another type of agency is the so-called buying agent. The buying agent is located in the supplying country and settles business on the instructions of his principals, mainly retail organisations and works on commission basis, too.
- **Importing wholesalers;** most outerwear and/or sportswear wholesalers cater both to the specialist shops as well as to the department stores and multiple chains. Contrary to the agent, the wholesaler purchases from manufacturers and holds his stocks at own risk. The mark-up of wholesaler is approximately 20-30 percent. The development described above - an increasing number of agents acting as importer/wholesaler- is also true in reverse: many importers/wholesalers today act as agents. The fact that many independent retailers as well as

Figure 7.1 Trade and distribution channels for outerwear in the EU



purchasing combinations and multiple stores are becoming more cautious about pre-ordering, preferring to sell from stock, is reinforcing the position of the wholesaler. On the other side, large retail companies are increasingly purchasing abroad, thereby passing the intermediaries. In the case of importers, as mentioned above, the mark-up is approximately 40-50%.

- **Importing retailers;** the bigger retail organisations (multiples with more than 20 outlets, department and variety stores, buying organisations, mail-order houses) import by themselves as will be described in chapter 7.1.3.
- **Importing manufacturers;** the many forms of foreign policy of EU manufacturers are discussed in chapter 4 of this survey. Retailers are increasingly taking part in stages before them in the sector (vertical integration) and have their own designers to give their own collections a more unique outlook. Clothing manufacturers penetrate retail business by operating through own shops or through franchising. This gives them control over their output and margins. For instance, in the Italian clothing retail-business Benneton operates with 5,000 stores, mostly franchised, and production is done by 250 independent SMEs. Producers can also try to compete through a greater emphasis on their own product development. Then they can offer exclusivity to the retailers, which gives them a competitive advantage.

Contacts with sales intermediaries can be made in several ways like consulting trade representatives' associations, chambers of commerce, fashion centres, trade publications, trade directories etc. We refer to the appendices of this survey for addresses and other information.

7.1.2 Retailers of outerwear

Retailers in general

Retailers constitute the final stage before products reach the consumer. The various retailing outlets differ in the sales formula they apply, i.e. their assortment and the targeted consumer group, as well as in the way they distinguish themselves from competitors. As an aid to understanding the market, one can discriminate between "service retailing", where the retailer offers the consumer substantial added value (quality, service, fashion, choice etc.), and "low-margin retailing", where the price-conscious consumer is offered low prices, at the expense of quality, service and so forth. Outlets of the first kind are often referred to as being at the "upper end" of the market, the latter at the "lower end" of the market; intermediate-type outlets may be termed "mid-market".

Another criterion for dividing the market is the composition of the total assortment: specialised in clothing eventually complemented with a limited number of related fashionable products like footwear, hand bags etc., indicated as specialised stores or specialists. Examples are: clothing multiple stores, independent retailers specialised in general clothing for men and/or women and/or children or specialised in specific product groups like body fashion, sportswear, jeans wear, clothing accessories (ties, hosiery etc.). The difference between independent retailers and multiples is formed by the number of outlets: multiples are organisations with 7 or more outlets, however, this number can vary in different national statistics.

Non-specialists means stores with an assortment of various branches (department stores, variety stores and mail-order companies), or specialists in a branch other than clothing, of which garments form a complementary product like textile and footwear discounters, shoe stores, drug stores, super- and hypermarkets etc. The remaining channels are street

Table 7.1 Types of retail channels by market share (in % of value) in major EU countries, 2001

	Clothing multiples ¹⁾	Independent retailers	Department & variety stores	Mail-order companies	Hyper- and supermarkets	Sports stores	Other ²⁾	Total
Germany	27	28	12	14	6	5	8	100
United Kingdom	33	14	27	10	5	7	4	100
Italy	15	54	7	2	11	4	7	100
France	37	24	7	8	14	4	6	100
The Netherlands	37	32	12	5	1	4	9	100
Spain	18	44	14	2	10	5	7	100
EU (15)	28	29	14	8	9	4	8	100

¹⁾ including textile discounters and value retailers

²⁾ including street markets

Sources: OETH and Retail Intelligence

markets, factory outlets, non-food stores like shoe shops, sport shops, etc.

The growing importance of non-specialists, in particular of the super- and hypermarkets, has resulted in a decreasing market share for independent speciality stores. The market share of clothing chains increased slightly in the period 1999-2001.

It has to be noted that distribution channels differ considerably across the EU member states. The UK has a high concentration of distribution (a few powerful groups of clothing multiples and variety stores, including mail-order activities, have high market shares), resulting in a relatively low share for independent retailers. The southern member states Portugal, Italy and Spain have high market shares for independent retailers. The popularity of super- and hypermarkets as a source of garments ranges is high in France and very low in The Netherlands. Popularity of mail ordering is high in countries like Germany and the UK and low in Italy and Spain.

Table 7.1 gives an overview of how the consumer has been reached in several major EU member states.

Besides the growing role of non-specialised distributors, as mentioned above, the most important developments are increasing integration in the value chain, increasing concentration (developments in the major countries will be given below) and growing internationalisation or cross-border activities, of which the main (besides many others) examples are Hennes & Mauritz (Sweden), Vögele (Switzerland) and Inditex (Spain). H&M has 844 stores spread across 14 countries, turnover € 5.77 billion in 2002; Vögele expanded strongly to 750 outlets in five European countries, turnover € 1.23 billion in 2001; vertically integrated Inditex operates world-wide with almost 1,200 outlets, of which Zara (350 stores in Europe and 75 in other continents) is the most important chain, with 40 percent of the stores and 80 percent of the revenues.

Recent tough market conditions have favoured those retailers who can respond to consumer demand more quickly and at lower cost. A handful of speciality retailers, such as H&M and Zara, continues to defy the global economic downturn. These companies are particularly adept at understanding what consumers buy - and want to buy - in real time and responding quickly to sales trends and customer feedback. The explosive growth of these chains is, besides international expansion, also driven by diversification. As a growth strategy, they are capitalising on the heightened interest in their brands by extending them into new product areas, new customer segments, and new formats. Reasons for internationalisation can be one or more of the following factors: growth strategy of the company; limited possibilities for local expansion; building up an international image; opportunities in other countries; reaction to competitors' activities; a collapse in market

demand in one country may be offset by expansion in others.

These strategies, mentioned above, have consequences for manufacturers, through the concentration in buying activities. The powerful groups of chains reduce their number of supplying manufacturers in general; have a stronger position in negotiations about price, delivery conditions etc. and in some cases organisations take over the functions of suppliers in order to improve competitiveness (vertical integration). The increasing integration in the value chain decreases the number of suppliers on the market and forces them into a close and long-term cooperation with the distribution channels. Mergers and take-overs in clothing production in many EU countries should therefore be seen against the background of grasping more market power, also opposite the retail organisations.

Germany

The general developments in retail (cross-border activities or internationalisation and concentrations) are also valid in Germany. Many foreign owned clothing retailers are active on the German market, of which the most important are, besides Hennes & Mauritz and Vögele, the Mulliez Group from France with the chains Orsay and Pimkie, Benetton (Italy), Esprit (USA), Zara and Mango (from Spain), WE and Zeeman (from The Netherlands) etc. An example of concentration in Germany operates under the name of Karstadt/Quelle, Europe's leading department store and mail-order group.

The German retail-clothing and textiles market is becoming concentrated:

- 8 retail companies accounted for 33 percent of the market in 2001 representing € 19.7 billion;

Table 7.2 Market shares for retail distribution of clothing in Germany, 1997-2001 (in % of value)

	1997	1999	2001
Specialists	57	56	55
Independent retailers	30	29	28
Clothing multiples	27	27	27
Non-specialists	43	44	45
Department and variety stores	13	13	12
Mail-order companies	14	14	14
Hyper- and supermarkets	4	5	6
Sports stores	5	5	5
Other	7	7	8
Total	100	100	100

Source: BBI and BTE

- 78 companies accounted for just over 57 percent of the market;
- the top three (Karstadt/Quelle, Otto and C&A) accounted for 21 percent of the market. Karstadt/Quelle realised a turnover of € 6 billion in 2001 (-7.2%); Otto € 3.9 billion (-3.2%), while C&A Mode recovered slightly (after many difficult years) to € 2.8 billion (+1.8%).

According to BTE, the total number of outlets with clothing in their assortment is 47,000. The number of independent clothing stores is estimated at 20,000, of which 7,000 are specialised in women's wear, 2,000 in men's wear, 7,500 have a broader range and the remaining part is specialised in another product group. Around 40 percent of the independent retailers are members of a buying corporation. In no other European country, with the exception of The Netherlands, do the buying organisations play such a significant role for specialised independent retailers as they do in Germany. The most important buying corporations are KMT with 350 members; Ardek is specialized in babies and children's products including clothing and has 500 members with 600 outlets, Katag-abz operates through 800 outlets. Other buying groups are Unitex with 500

members and Sütegro (women's wear) with 134 members. Most of the sport shops are organisations of independent retailers, many of them being organised in (international) co-operations like Intersport (1,400 outlets) and Sport 2000 (1,100 outlets).

The number of clothing chains in children's wear and men's wear is very limited in Germany, as can be derived from the list of major clothing chains.

Leading **department stores** are Karstadt and Kaufhof. Karstadt (118 stores, including Wertheim, KaDeWe and Alsterhaus) is part of KarstadtQuelle; Kaufhof (133 stores) is part of Metro. Another department store is Breuninger with 13 stores. Leading variety store is **Woolworth** (336 outlets).

Discounters are NKD (765 stores), Ernsting's Family (919), Tengelmann (899), Adler (102) and Zeeman (165). Discounters sell family clothing, sportswear, underwear, nightwear, hosiery but also household textiles and beds; they buy in large quantities and avoid middlemen, in order to get low-priced goods in the shops quickly.

Mail-order companies occupy a significant position in the German retail market. Leading companies are

Major clothing chains in Germany, 2001-2002

Retail chain	Parent company	Sector	Number of outlets	Turnover 2001 in € millions
C&A	C&A (Netherlands)	General clothing	185	2,760
Hennes & Mauritz	Hennes & Mauritz (Sweden)	General clothing	206	1,570
Peek & Cloppenburg	Peek & Cloppenburg West	General clothing	82	1,272
Peek & Cloppenburg	Peek & Cloppenburg Nord	General clothing	27	363
Vögele	Vögele (Switzerland)	General clothing	330	445
K+L Ruppert	K+L Ruppert	General clothing	37	398
Wöhr	Wöhr	General clothing	39	325
Boecker	Boecker	General clothing	19	189
Hettlage	Hettlage	General clothing	49	172
Appelrath-Cüpper	Douglas	Women's wear	12	210 ²⁾
Orsay	Mulliez Group (France)	Women's wear	240	560 ¹⁾
Pimky	Mulliez Group (France)	Women's wear	138	¹⁾
Jean Pascale	Jean Pascale AG	Women's wear	184 ⁴⁾	183
Bonita Mode	Bonita Group	Women's wear	367	263 ³⁾
Sinn Leffers	KarstadtQuelle	Women's wear	48	n.a.
Ulla Popken	Popken Group	Women's wear	276	173
Pohland	Douglas (48%)	Men's wear	12	74
Nicolas Scholz	Bonita Group	Men's wear	16	³⁾
Mister + Lady Jeans	Western Store Beran	Leisure wear	200	131
Jeans Fritz	Jeans Fritz	Leisure wear	201	98
Runners Point	KarstadtQuelle	Sportswear	111	n.a.
Sport Voswinkel	Douglas	Sportswear	35	²⁾

For chains under ¹⁾, ²⁾, ³⁾ only consolidated figures are given.

⁴⁾ including 40 Camera stores.

Source: Textil Wirtschaft

Quelle, Neckermann (both from Karstadt/Quelle), Otto Versand and Klingel. The Otto Group is the world's biggest mail-order house, due to its many foreign activities. Otto includes for instance Schwab, Witt, Heine, Sport Scheck, Alba Moda and many others. Besides Neckermann and Quelle, mail-order companies like Atelier Goldner Schnitt, Peter Hahn, Madeleine and many others belong to the Karstadt Quelle Group. Other (independent) mail-order companies are Bader and Walbusch. Most of the mail-order companies mentioned have outlets; on the other side, several clothing multiples started mailing activities and have their own catalogue.

Clothing articles can be found increasingly in **super- and hypermarkets**, like: Metro (chains: Real, Extra and Kaufhof), Aldi, Edeka/AVA, Tengelmann (KiK), Schwarz (including Lidl) and Rewe. Tchibo operates with about 850 coffee shops, including retail activities with an estimated turnover of € 850 million on clothing and textiles.

The Netherlands

The holding Vendex/KBB is the largest non-food retailer in this country, including the department stores Vroom & Dreesman and Bijenkorf and variety store Hema. These three chains have a market share in garment sales of 11.5 percent. The number of fashion-specialised multiples of this concern is limited to M&S Mode (women's wear), Hunkemöller (body wear), Prenatal (babies' and maternity wear), Scapino (footwear and sports goods) and Perry Sport (sportswear).

There is an increasing number of outlets, mainly from clothing multiples including strongly expanding chains from abroad like Hennes & Mauritz from Sweden, Vögele Mode from Switzerland, the first store of Spanish Zara was opened in 2001 (at the end of 2002: 4

outlets). Strongly expanded chains in the period 1999-2002 were Vögele, Cool Cat and Miss Etam. However, Vögele announced the closure of 13 stores in The Netherlands in spring 2003.

Among the independent specialised retailers, there is an increasing concentration of smaller independent speciality shops in (small) chains or selling formula, initiated by buying organisations or franchise formula. Increased competition in a slightly growing clothing market combined with the above-mentioned factors has led to a stabilisation of the market shares for specialised and non-specialized retailers in the last three years. The expected fall in market shares of independent clothing speciality shops in favour of clothing multiples and, to a lesser degree, department stores has not happened.

In The Netherlands there are around 11,000 outlets in the outerwear sector exploited by 6,500 companies, of which 61 percent can be classified as **independent retailers**. An estimated 38 percent of Netherlands independent retailers are organised in central buying organisations and, to a much lesser degree, franchise organisations.

The leading **buying organisations** are Intres and Euretco. Intres has the following formula: First Lady (58 women's wear outlets), First Man (16 men's wear outlets), Lord Hamilton (32 men's wear outlets), New Bondstreet (67 men's wear outlets), Get Smart (79 children's wear outlets), Intersport (117 sportswear outlets) and Gos Sport (127 sportswear outlets). Euretco Fashion is the owner of several clothing multiples, besides the buying activities for members/retailers, like Adams and Witteveen. Euretco includes selling formula like: Jeans Centre (87 leisurewear outlets), Passepartout (20 general clothing/textiles outlets), Sportpoint (130 sportswear outlets) and Sport 2000 (114 sportswear outlets).

Table 7.2 Market shares for outerwear by type of retailers in The Netherlands, 1999-2002 (in % of value)

	1999	2000	2001	2002
Specialists	65	65	65	64
Independent retailers	32	31	32	32
Clothing multiples	33	34	33	32
Non-specialists	35	35	35	36
Department and variety stores	10	11	10	12
Textile supermarkets	5	4	4	5
Sports speciality stores	3	4	4	4
Mail-order houses	4	4	4	5
Super- and hypermarkets	1	1	1	1
Street markets	3	2	2	2
Other	9	9	10	7
Total	100	100	100	100

Sources: Retail Monitor and CBS

A smaller buying organisation in the higher segments of men's and women's wear is Centurion (139 members). Other small buying organisations are: Deco (85 members; men's wear and leisurewear) and Hadac (26 members; women's fashion). In the sports sector, Garant operates with the formula Fairplay (210 outlets).

Clothing multiples

C&A sells clothing for the whole family and operates mainly in the middle of the market, but is also active in both the upper and the lower price brackets. Market shares of C&A Nederland have decreased strongly since the entrance and expansion of foreign concerns like Hennes & Mauritz and Vögele. The retail market for women's outerwear has many players, while the number of chains in the babies' and children's wear sector is very limited. The following overview gives the important chains, operating in the mid and lower market segments in The Netherlands.

The major **department stores** in The Netherlands are V&D and De Bijenkorf. Both are part of the holding company Vendex/KBB, just like **variety store** Hema. Hema has 280 sales outlets, of which 25 in Belgium and 2 in Germany. Net turnover of Hema was € 924

million in 2001/2002. Hema is the market leader (in terms of volume) in such articles as bras and baby clothing. All articles are sold under a private label (Hema). De Bijenkorf has 10 outlets and stocks high quality, stylish and appropriately priced products, with a turnover of € 406 million in 2001/2002. V&D operates in the middle of the market with 70 outlets of different sizes and with a turnover of € 890 million.

Discounters in textiles are often called textile supermarkets. They operate at the lower end (bottom) of the market. People who make their purchases here are not interested in fashion or quality: price is the most important criterion. In total, there are more than 800 textile supermarkets in The Netherlands. A major part of them belongs to the Zeeman Group, which operates in several countries under the name Zeeman Textiel-supers, of which there are 403 in The Netherlands and 280 abroad (Germany: 159, Belgium: 112 and in France 9). Other textile supermarket chains are Wibra with 188 outlets in The Netherlands and 45 in Belgium, Hans Textiel & Mode (140 outlets), Bentex (50 outlets, part of Macintosh) and Henk ten Hoor Textiel (55 outlets). Their market shares vary strongly according to product group, with the focus mainly on undergarments and household textile articles. Most products under review

Major clothing chains in The Netherlands, 2001-2002

Retail chain	Parent company	Sector	Number of outlets
C&A	C&A	General clothing	81
Hennes & Mauritz	Hennes & Mauritz (Sweden)	General clothing	59
Vögele	Charles Vögele (Switzerland)	General clothing	103
Duthler	Brova	General clothing	25
Marca	C&A	General clothing	33
Shoebly Fasion	Shoebly	Men's and women's wear	66
We Men	WE Europe	Men's wear	104
Adam	Euretco	Men's wear	40
Didi Fashion	Coltex	Women's wear	96
M&S Mode	Vendex/KBB	Women's wear	130
Miss Etam	Etam Groep	Women's wear	126
Promiss	Etam Groep	Women's wear	54
Pulls	Van der Wijk	Women's wear	35
SPS (Superstar)	Coltex	Women's wear	64
Witteveen	Euretco	Women's wear	68
WE Woman	WE-holding	Women's wear	36
Canadian Stocks	Fetter Fashion Group	Leisure wear	31
Cool Cat	Cool Cat Fashion	Young fashion	58
Fooks	Fetter Fashion Group	Young fashion	50
Steps	Steps	Young fashion	123
Vet	Coltex	Leisure wear	50
Jilly & Mitch	Shoebly	Children's wear	37
Prenatal	Vendex/KBB	Babies' and maternity wear	80
Perry Sport	Vendex/KBB	Sportswear	40
Coach Sport	Coach Holland	Sportswear	55
Aktie Sport	Bron Beheer	Sportswear	75

in this survey are part of the assortment of the above-mentioned textile discounters. Discounters, which originally only sold footwear like Scapino (200 outlets, part of Vendex/KBB) and Bristol (88 outlets), have expanded their assortment to include outerwear, sportswear and body wear. This example has been followed by other footwear discounters, like Schoenenreus (172 outlets) and Massa Schoen en Mode (44 outlets).

Due to the extended network of retail shops in The Netherlands, mail-order companies have a much lower market share than most other EU countries. Mail-order houses operate mainly in the middle ranges as regards price, quality and fashion. The most important companies are Wehkamp, Otto Nederland (part of Otto Versand from Germany), Neckermann Postorders, Quelle (both part of the German KarstadtQuelle) and La Redoute (from France).

The main activities of grocery **supermarkets** are in the provisions sector. Super- and hypermarkets have incidentally very low priced clothing in their assortment, especially the German chains Aldi and Lidl. Domestic supermarket chains are, for instance, Albert Heijn, Vomar and Edah, of which clothing sales are zero or very limited and wholesalers and service merchandising are the usual distribution channels. An important part of the category **'Other'** is taken by the Makro (wholesaler with retail activities). Other retail selling outlets are "factory door" sales. Companies in this category (with the exception of the Makro) are not themselves involved in importing.

France

The structure of clothing distribution in France has been modified by the growing importance of mass distribution. The major development in French clothing retail in the period under review was the growth in sales of clothing multiples at the expense of independent

retailers, while large food retailers (hypermarkets) and mail-order groups stabilized their strong positions. Clothing products are distributed in France by approx. 38,000 outlets, including 390 chains with 5 or more outlets. 25,000 outlets are owned by **independent retailers**, which have less than 5 active outlets. With the exception of the sports goods branch, the number of important buying organisations is limited. Buying groups represent less than 5 percent of the specialised independents. Most are sport-specialised stores, like Intersport (462 outlets in France) and Sport 2000 (390 outlets), but also outerwear specialists like Intermarché/Vêtimarché and Leclerc Vêtements and Letard Desagne-Kiplay. There are many franchise organisations, in particular in the women's and children's wear market, like Kookai, Caroll and Jacadi.

The market share of independent specialised retailers decreased in the period under review in favour of **clothing multiples**. There are 390 chains active operating with more than 13,000 outlets. The big number of specialists chains indicates that the French market is less concentrated than for instance, the UK market.

Important groups are Vivarte (formerly name Groepe André), Eram, Auchan/Mulliez, Eurodif UOCR, Etam and Promod. These groups are also active in many European countries. For example, Promod operates with 189 outlets in seven European countries.

The overview, below, gives the major clothing chains in France in the mid- and lower segments of the market.

Not mentioned in this list are (full or partly franchise) companies like Benetton, Naf Naf, Pantashop and Alain Manoukian, nor the foreign companies Zara, Springfield and Mango (both Spain), M&S Mode (The Netherlands) and Gap (USA).

Major **department store** chains in France are Galerie

Table 7.4 Market shares of retail distribution of clothing in France, 1999-2002 (in value, in %)

	1999	2000	2001	1st half year 2002
Specialists	59	60	61	61
Independent retailers	26	25	24	23
Clothing multiples	33	35	37	38
Non-specialists	41	40	39	39
Department and variety stores	6	7	6	7
Hyper- and supermarkets	15	14	14	14
Mail-order companies	8	8	8	8
Sports shops	5	5	5	4
Market	4	3	3	3
Other channels	3	3	3	3
Total	100	100	100	100

Sources: Journal de Textile and IFM-CTCOE

Lafayette (99 stores) and Printemps (27) owned by PPR (Pinault-Printemps-Redoute). Major **variety stores** are Prunic/Monoprix/Inno, in total 350 outlets owned by Galerie Lafayette.

Major **hyper- and supermarket** chains include Leclerc 370 hypermarkets, 130 supermarkets while family clothing is sold by 35 stand-alone Leclerc Vêtements outlets, Auchan (in total over 200 hypermarkets, 470 supermarkets and 600 convenience stores with the fascias Auchan, Mammouth and Atac), Carrefour (around 4,000 outlets in France with fascias Carrefour, Champion, Ed, etc.) and Intermarché (ITM) almost 4,000 outlets of which 3,600 in France with the hyper- and supermarket formula Intermarché, supermarkets Ecomarché and discount stores CDM.

La Redoute is the leading **mail-order** and home-shopping brand in France followed by Les Trois Suisses; both operate internationally. La Redoute owned by Pinault Printemps Redoute (PPR) is market leader in clothing sales by mail-order companies and includes stores, including Orcanta. Other (foreign) mail-order companies operating on the French market are Otto Versand, Redcats and Camif.

UK

The structure of clothing retailing in the UK is one of the most concentrated in the world. The largest player in the market is variety store Marks & Spencer (M&S), which accounted for 12.1 percent of clothing sales in 2001. The UK clothing retail sector distinguishes between discount retailers, which sell branded clothing at below recommended prices, and value retailers, which sell own label clothes at low prices. Examples of value retailers are Matalan, Peacock, Primark, Ethel Austin, Mackays, QS, while TK Maxx and The Officers Club are examples of discount chains. During 2000, the discount and value clothing retailers grew by almost 15 percent at the expense of mid-market retailers such as the variety stores (M&S, BHS and Littlewoods), clothing multiples (the Arcadia Group) and profited from the withdrawal of C&A, formerly one of the top clothing retailers in the UK. Independent specialist stores have a share of only 14%, which is rather low compared with the much higher percentages in France and Germany. Just like in other European countries, the mid-market global fashion brands of the foreign companies H&M, Zara and Mango are strengthening their hold on the UK market.

Major clothing chains in France, 2001-2002

Retail chain	Parent company	Sector	Number of outlets
C&A	C&A (Netherlands)	General clothing	54
Hennes & Mauritz	Hennes & Mauritz (Sweden)	General clothing	42
Kiabi	Auchan Mulliez	General clothing	81
La Halle aux Vêtements	Vivarte	General clothing	283
Vêtimarché	ITM Intermarché	General clothing	117
Eurodif	Eurodif UOCR	Men's and women's wear	89
Promod	Promod	Women's wear	151
Camaïeu Femme	Cime-Camaïeu	Women's wear	288
Etam	Etam Developpement	Women's wear	625
Pimkie	Auchan Mulliez	Women's wear	245
Kookai	Vivarte	Women's wear	168
Caroll	Vivarte	Women's wear	193
Armand Thierry	Ecce	Men's wear	135
Brice	Brice	Men's wear	101
Burton	Eurodif UOCR	Men's wear	94
Devred	Eurodif UOCR	Men's wear	99
Jules	Auchan Mulliez	Men's wear	130
Celio	Celio	Men's wear	180
Camaïeu Enfant	Cime-Camaïeu	Children's wear	80
Groupe Zannier	Groupe Zannier	Children's wear	249
Jacadi	Jacadi	Children's wear	285
Catimini	Catimini	Children's wear	133
Prenatal	Prenatal	Baby/maternity wear	100
Natalys	Natalys	Baby/maternity wear	263
Bebe 9	France Maternite	Baby/maternity wear	160
Déathlon	Auchan	Sportswear	160

Table 7.5 Market shares for retail distribution of clothing in UK, 1999-2001

	1999	2000	2001
Specialists	47	46	47
Independent retailers	15	14	14
Clothing multiples	32	32	33
Non-specialists	53	54	53
Variety stores	19	18	17
Department stores	9	10	10
Sports shops	6	6	7
Hyper- and supermarkets	4	4	5
Mail-order houses	10	11	10
Street markets and other	5	5	4
Total	100	100	100

Sources: Journal de Textile and IFM-CTCOE

In the UK, about 15,000 businesses operate with 32,000 outlets, of which an estimated 10,000 can be classified as **independent specialists**. Except in the sports branch, there are no important buying groups active in the clothing sector. 60% of the independent sport shops in the UK has joined a buying group. The three major buying groups are: Intersport, the largest with 288 outlets, Southern Traders Alliance Group (STAG) with 200 outlets and Sport UK with 129 outlets. The following overview gives the important chains, operating in the mid and lower market segments in the UK.

Major **value and discount retail chains** in the UK are Matalan: 161 stores selling general clothing and homewares; TK Maxx: 123 stores in fashion and giftware and owned by TJX Companies (USA); Primark: 110 stores in clothing, footwear and household textiles and part of Associated British Foods; Peacocks: 300 clothing, footwear and household goods stores; Ethel Austin: 200 general clothing and household goods stores; Mackays: 280 women and children's wear stores; QS: 186 general clothing stores; The Officers Club: 180 men's wear stores; and Brown & Jackson operating with 600 Poundstretcher, What Everyone Wants and Your More Store formula.

The most important **variety chain** is Marks & Spencer (M&S) with some 300 stores nationwide and selling clothing, food and homeware. A new strategy led to closure of almost all stores on the European Continent in 2001.

Other variety chains are BHS (160), active in adults wear and in children's wear, Littlewoods (115) and Woolworth (almost 800), which ranks second after Marks & Spencer in children's wear.

Department store Debenhams (90) is the UK's third largest clothing retailer and the leading department store in selling clothing. Other department stores are: House of Fraser (50), Allders (37) and John Lewis (25). Some companies active in the **mail-order** sector (catalogue-based but also direct-mail operations) are Great Universal Stores (GUS) selling to several target groups through several large catalogues and Littlewoods Home Shopping. The German mail-order giant Otto Versand owns Grattan and Freemans, while French PRP owns Empire Stores. Many retail organisations (Next,

Major clothing chains in United Kingdom, 2001-2002

Retail chain	Parent company	Sector	Number of outlets
Dorothy Perkins	Arcadia	Group Women's wear	540
Evans	Arcadia Group	Women's wear	350
Wallis	Arcadia Group	Women's wear	250
New Look	New Look	Womens wear	483
Alexon	Alexon	Womens wear	783
Monsoon	Monsoon	Womens wear	257
Etam	Etam Group	Womens wear	215
Miss Selfridge	Arcadia Group	Young fashion for women	120
Topshop	Arcadia Group	Young fashion for women	270
Topman	Arcadia Group	Young fashion for men	160
Burton	Arcadia Group	Men's wear	370
Next	Next PLC	General clothing	379
Hennes & Mauritz	Hennes & Mauritz (Sweden)	General clothing	68
Mothercare	Mothercare	Children's and maternity wear	257
JJB Sports	JJB Sports	Sportswear	444
Millets	Blacks Leisure Group	Outdoor/sportswear	208
JD Sports	JD Sports	Sportswear	140
Allsports	Allsports	Sportswear	240

M & S, Debenhams, Selfridges and others) operate also via mail-order and home-shopping.

The two major retailers of clothing in the supermarket sector are ASDA (part of American Wal-Mart) and Tesco. ASDA accounts for almost half of clothing sales by grocers under its label George. The market share in clothing sales of the leading grocery retailer Tesco is much smaller, however, no figures are available.

Supermarkets sell outerwear (besides own labels, some branded items such as Levi's jeans), underwear and hosiery in their outlets and have gained an 11 percent share of sales by volume but 5 percent by value.

Italy

Major developments in the Italian clothing retail trade in the period under review were growth in sales by non-specialists like super- and hypermarkets and by department and variety stores, to the detriment of independent retailers. It is expected that this development will be continued in the coming years, while an increase of clothing multiples is also expected. The largest companies are major retailers as well as producers (Benetton, Stefanel and Luisa Spagnoli). Big retail chains, like the Coin Group and the Rinascente Group buy directly from producers and also import. Wholesalers play an important role in distribution, accounting for 50-60% of the purchases of retailers. Wholesalers are generally used by manufacturers of cheaper, mass market and standardised products. Manufacturers of classic and exclusive, higher-priced clothing sell mainly directly to retailers or through own outlets - either fully owned or franchised.

Specialised **independent retailers** dominate the Italian clothing retail sector. The decreasing but still important market share of independent retailers was realised by around 130,000 companies.

Table 7.6 Market shares of retail distribution of clothing in Italy, 1999-2001 (in % of value)

	1999	2000	2001
Specialists	71	70	69
Independent retailers	55	54	54
Clothing multiples	16	16	15
Non-specialists	29	30	31
Department/variety stores	6	6	7
Hyper- and supermarkets	10	11	11
Sports shops	4	4	4
Mail-order companies	3	3	2
Street markets and other	6	6	7
Total	100	100	100

Source: ISTAT

General **clothing multiples** with their own production facilities are Benetton (1,900 outlets in Italy and 7,000 world wide) and Stefanel (700 in Italy and 1,200 world wide). Other general clothing chains are Bernardi (110) and Cisalfo (58).

Bimbus (part of Gruppo Coin) is a children's wear chain with 39 outlets. The leading babies' and maternity wear chain is Prénatal (175), owned by the Chicco Artsana Group. Sports chains are Giacomelli Sport (45) and, from France, Déclathon (10).

The number of foreign companies operating on the Italian market is limited, compared with the other major EU countries. Most of them are French companies, besides Déclathon there are Kookai and Cacharel. From Belgium comes the children's wear chain Kid Cool (60). Casual and leisurewear are sold by Levi's and Timberland, both from the USA.

The major **department stores** in Italy are Coin (80) and La Rinascenta (13), owned by Gruppo Rinascenta. The Coin Gruppo owns the leading **variety stores** La Standa (220) and Oviessa (110). Gruppo Rinascenta covers variety store Upim (330).

The Italian **mail-order** market remains relatively undeveloped, primarily due to problems with distribution and the generally poor postal delivery service. The leading mail-order company with sales in clothing besides general goods is Postalmart.

Hypermarkets grew in number, as did the clothing sales by these channels. The most important **supermarket** chain is Rinascente. Hypermarket chains are Citta Mercato, Rinascente and Joyland. Increased sales in clothing are expected via super- and hypermarkets in the coming years, of which much can be ascribed to foreign supermarket chains like Auchan, Carrefour and Metro.

Spain

Historically, the Spanish clothing market was dominated by small family-owned businesses which controlled two thirds of all clothing sales. However, the situation is changing with the development of large shopping centres, modern hypermarkets and the success and rapid expansions of specialist multiple chains. Vertically integrated groups controlling both production and distribution have played a key part in this development.

Wholesalers play an important role in imports and distribution, accounting for approx. 40-50 percent of the purchases of independent retailers. Manufacturers of branded garments sell directly to retailers or indirectly through agents.

Specialised retailers dominate the Spanish clothing retail sector and account for 62 percent of clothing sales, of which independent retailers account for 44 percent and multiple chains for 18 percent in 2001. The decreasing but still important market share of **independent retailers** was realised by around 44,000 companies.

Table 7.7 Market shares of retail distribution of clothing in Spain, 1997-2001 (in % of value)

	1997	1999	2001
Specialists	64	63	62
Independent retailers	51	48	44
Clothing multiples	13	15	18
Non-specialists	36	37	38
Department/variety stores	14	14	14
Hyper- and supermarkets	8	9	10
Sports shops	4	5	5
Mail-order companies	0	1	2
Street markets and other	10	8	7
Total	100	100	100

Source: ISTAT

There are four main vertically integrated distribution groups in Spain: Inditex (Zara etc.), Cortefiel, Punto Group (Mango etc.) and Induyco (El Corte Ingles). They compete with multiple chains including franchise formula from abroad (like Benetton, C&A, Prenatal, Groupe André, Zannier, Promod and many other). Inditex operates with the formula Zara, Pull & Bear, Massimi Dutti, Bershka, Brettos and Stradivarius; Cortefiel operates under its own name and with among others, the formula Springfield, Don Algodon; the Punto Group with Mango and Induyco with Cedosce, Tintoretto, Sintesis and Amitié.

An overview of other main clothing chains in Spain is given below.

Not mentioned in this list are (full or partly franchise) companies like Benetton, Alain Manoukian, Escorpion, Pronovias (bridal wear) and El Corte Ingles' franchise chains Amitié, Cedosce, Sintesis and Tintoretto.

The sector **department stores** in Spain is dominated by El Corte Ingles (45), especially after its takeover of Galeria Preciados. In 2003, the variety stores of Marks & Spencer (UK) were sold to El Corte Ingles.

Mail-order activities are relatively weak in Spain. The major German and French players are present in Spain but their progresses has been slow. Spanish leading mail-order companies with sales in clothing besides general goods are Venca (part of Otto Versand), Distribucion Quelle and La Redoute Catalogo.

Hypermarkets grew in number, as did the clothing sales by these channels. Important supermarket chains are Superco/Maxor/Maxim, El Arbol, Caprabo, Mercadona Gadisa, Supersol etc. Hypermarket chains are Continente, Pryca, Eroski/Maxi, Alcampo and Hipercor. Increased sales in clothing are expected via super- and hypermarkets in the coming years, of which much can be ascribed to foreign supermarket chains like Auchan, Carrefour and Metro.

7.1.3 Buying policy of intermediaries

Margins are under continuous pressure in the major EU countries. Consumer expectations with regard to lower prices, in particular, as well as tough competition have resulted in the retailer's needs for lower inventories, less out of stock and lower markdowns. Consequences for the buying policy are:

- fewer pre-seasonal orders;
- more collections per season;
- investment in seasonal planning and control;
- co-operation with suppliers (quick response/electronic data interchange), and
- fewer suppliers.

Major clothing chains in Spain, 2001-2002

Retail chain	Parent company	Sector	Number of outlets
Zara	Inditex	General clothing	217
Pull & Bear	Inditex	Men's and women's wear	165
Massimi Dutti	Inditex	Men's and women's wear	136
Bershka/ Stradivarius	Inditex	Women's wear	88
Mango	Mango Holding	Women's wear	192
Cortefiel	Cortefiel	Women's wear	166
Springfield	Cortefiel	Men's wear	222
Adolfo Dominguez	Adolfo Dominguez	Men's and women's wear	101
C&A	C&A (Netherlands)	General clothing	26
Promod	Promod (France)	Women's wear	40
Zannier	Groupe Zannier (France)	Children's wear	252
Prenatal	Prenatal (Italy)	Baby/maternity wear	110
Pimkie	Mulliez Group (France)	Women's wear	40
Hennes & Mauritz	Hennes & Mauritz (Sweden)	General clothing	19

Successful formulae are based upon permanent replenishment and fast-moving goods. H&M and Zara are examples of the competitive advantages and benefits of greater speed to market. The secret to their success is the ability to provide the latest fashion trends to their customers. Zara, seen to be more at the cutting edge of fashion than H&M, has maintained a lead in its ability to respond rapidly to fashion trends. It puts fashion ranges together in 7-30 days and can replenish bestsellers in the stores in five days, while H&M can respond in 30-60 days. This compares to as much as 40-50 weeks from design to delivery for a typical clothing retailer.

All opportunities enabling reduced costs are eagerly pursued. Buyers of clothing importing companies are looking for lower purchase prices and minimising costs in the buyer's home country. The need to reduce costs has provided the main driving force behind the development of foreign garment sourcing for the markets of importing countries. As a result, production has migrated to a growing number of developing countries, as buyers have sought and are still seeking for ever lower-cost locations. In practice, it is not a question of looking for the lowest wages but looking for manufacturers with the lowest overall manufacturing costs. Minimising purchasing costs implies that many buyers try to limit the number of supplying countries and the number of individual manufacturers they deal with.

Sourcing policies are made on two levels, country level and company level. On country level aspects like quota, duty rates, ethical aspects, wage structure, distance, local infrastructure, economic and political stability play a role. Other aspects like fast reaction, speed to market, logistics management, quality, production facilities, design capacity, availability of raw materials, are not country-specific. They may vary considerably within individual countries and will be discussed in chapter 11.

7.2 Distribution channels for developing country exporters

The EU apparel market is complex and sophisticated. Major apparel brands from EU countries (Italy, Germany, France, UK) compete in the high-price segments including premiere collections and more affordable brands with famous American and Australian names. Cheap, mass-produced items from low-cost regions such as China, South Asia, North Africa and East European countries compete in the low-price segments. The movement away from cheap products (with low relation of fashion and comfort) to mid-price segments including products of higher quality and more individual clothes, offer interesting possibilities to exporters. In this segment, European as well as foreign retailers (clothing chains, buying and selling

organisations, mail-order companies, department stores) operates with their own private labels, sometimes combined with branded products (for an increasing part sourced outside the EU) and also with non-branded or fancy branded items. A polarisation of brand leadership also appears likely in Europe. Retailers in Germany, UK, France and other EU countries are clearly aiming to replace manufacturer brands with their own identities in the middle market, leaving the upper market to designer brands.

The possibilities for developing country exporters to choose their distribution channels depends on external (demand and requirements of importers/buyers) and internal factors. The latter will be discussed in part C of this survey. The foreign strategies of EU manufacturers are discussed in chapter 4.

Wholesalers

By buying on his own account, the importer/wholesaler takes title to the goods and is responsible for their further sale and distribution in his country and/or in other EU markets. He is familiar with local markets and can supply considerable information and guidance to the exporter in addition to the primary business of buying and selling, such as administration of import/export procedures and holding of stock. The development of a successful working relationship between exporting manufacturer in developing countries and importing/wholesaler or importer can lead to a high level of co-operation with regard to appropriate designs for the market, new trends, use of materials and quality requirements.

Retail organisations

Buyers at clothing multiples, mail-order companies and variety stores, which have mainly or exclusively private labels in their assortment, divide their budgets between the purchase of finished products via direct imports (sourcing ready made products) from low-wage countries and sourcing from own design.

Mail-order companies are keener than other retail distributors about re-order facility. They will want to start with small orders to test the market and make a firm, but not final, bulk commitment a few months later. If an item sells, they expect subsequent supply of maybe three times that number at short notice, simply because the catalogue cannot on any account disappoint the customer by saying 'sold out'.

Many major retail organisations use buying agents or set up their own buying organisations in low labour-cost countries. This means that retailers are able to bypass domestic wholesalers and/or manufacturers and can reduce costs.

A difference has to be made in the segments distinguished: super- and hypermarket chains, textile and other discounters operate mainly at the lower end of the market, so the lowest purchasing prices are the main buying criteria. Generally spoken, variety stores

and clothing multiples are interested in more criteria than price, like service by the producer, technological capacity, quick response etc.

Independent retailers

Unorganised independent retailers, with decreasing but still important market shares in most of the EU countries, buy directly from local or near-by manufacturers or agents representing these manufacturers, as well as from wholesalers/importers. These retailers do not import by themselves and are therefore not interesting for developing country exporters. Many independent retailers are organised via franchise, selling formula or buying groups. These organisations, including their buying policy, can be considered as multiple stores or chains. The original function of the buying groups was reduction in costs by centralising of buying and logistics. More and more selling formula for the members have been developed and the successful ones have been exploited as franchising activities. In particular in Germany and The Netherlands, buying groups play a significant role for specialised independent retailers, while franchising is more important in France, Italy and Spain.

Agents

Agents are intermediaries between manufacturer and retailer, receiving a commission from the former. Capital requirements are limited because this cooperation is based upon commission; however, agents mainly work with brand names and are therefore less interesting for most exporters from developing countries.

8 OPPORTUNITIES AND THREATS FOR DEVELOPING COUNTRY EXPORTERS

Opportunities by markets

- Germany is still the greatest market for outerwear in the EU, but it has a rather low growth rate. The highest growth rates are in the UK and Spain, while The Netherlands, France and Italy showed a moderate growth.
- The outlook for retail sales growth among Europe's six largest economies is mixed. Clothing retail sales in Germany will show a very slight recovery in 2003 and in France, retail sales growth is forecast to grow at a moderate 2 percent pace in 2003 as the economy recovers from the recent slowdown. Following several years of rapid growth in the UK, sales are expected to slow, registering about a three percent increase. Despite the slowdown in the Italian economy, the retail sector grew over 2 percent in 2003, a similar percentage being expected for The Netherlands. Retail sales grew an estimated 3 percent in Spain in 2002 and that growth is expected to improve slightly in 2003 to more than three percent.

Opportunities by product groups

- In recent years, has occurred a shift from dresses to trousers/jeans regarding women's clothing consumption. But there is also a renewed popularity for suits/ensembles. Furthermore there is a relatively high consumption growth in the market for jumpers, sweaters etc.
- Besides the general trend to more casual wear there is a tendency to more natural fibres, mainly cotton and blends with cotton at the expense of man-made fibres, in particular in Germany, The Netherlands and Italy.
- Imports from developing countries are important and still rising in almost all product groups, in particular for the following product groups, of which imports from developing countries increased more than 30 percent in value in the period 1999-2001:
 - a product group with a very high import share from developing countries is T-shirts. Despite the high number of supplying countries were several newcomers registered as exporting countries to the EU;
 - imports of other casual/leisure product groups like sweaters etc., jeans and other cotton trousers and shorts, women's anoraks, training suits from developing countries increased considerably;
 - babies' garments and accessories like scarves and ties.

Most of these product groups can be considered as casual or leisure wear. The focus on casual and leisurewear will be continued for the coming years.

Opportunities by distribution channels

- The role of importing wholesalers and importers remained rather important but will slightly decline, while the role of clothing multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years. For starting and/or SME exporters, selling to wholesalers and importers has the most advantages. Disadvantages are the missing of direct contacts with retail organisations and lower margins.

Threats

- The fast changing demand in the clothing market is an important factor. Because of the higher dynamics of the clothing markets in terms of quicker changing consumer preferences and more seasons per year, there is a general tendency in the clothing branch to demand shorter delivery times and smaller volumes of series and orders. Shorter distribution lines mean saving of time in the logistics process, less problems with rush orders, better determination/fixing of order volumes, more possibilities for post-ordering, less danger of over-ordering, over-supply and big stocks. Because of the spreading of buying of clothes over the whole year and because of increasing product differentiation, there is a growing shift in power positions to the retail chains. These developments include opportunities for the group of 'privileged/short distance' supplying countries (as described in chapter 9.2) and tough competition for other countries.
- Ten new nations will join the EU in 2004, then two more by 2007. Although the new members are relatively small, all of them are net exporters of clothing. Turkey the second biggest clothing supplier of the EU is likely to join the EU.
- The effect on the elimination of quotas per 01-01-2005 will be for prices to fall. Products likely to see the biggest price reductions are those manufactured in Asian countries, which are currently subject to higher tariffs than those levied on products from the EU neighbours in the CEECs and the Mediterranean rim. Tariffs and other trade barriers than quota will become more important.

Advice

Exporting of clothing to EU countries requires in-depth understanding of markets: market size and growth, import penetration, nature and characteristics of demand, distribution and flows in the channels, consumer psychographics and demographics, fashion developments etc., of which a sound basis can be derived from part A of this survey. The exporter has to be familiar with the domestic market of the target

countries. The consumers in these countries match the products from other sources to their culture-bound, learning-bound requirements. Thus, in international marketing, the process taking place is the product-market match process and at the entry level, this is of critical importance. Market access requirements cover non-tariff trade barriers (as will be briefly discussed in chapter 9; detailed information to be obtain at CBI's Access Guide) and tariffs and quota.



Part B

Market access requirements

B



9 DOING BUSINESS WITH THE EU: REQUIREMENTS FOR ACCESS

9.1 Non-tariff trade barriers

9.1.1 Quality and standards for outerwear

There is no EU quality standard for outerwear, sportswear and clothing accessories. Most of the importers (manufacturers, wholesalers, retail organisations etc.) work with certain minimum requirements. In this respect they have formulated and stipulated minimum quality requirements, relating to both materials and make. The technical committee of the European Clothing Association (ECLA) published an example of recommendations concerning characteristics and faults in woven and knitted fabrics to be used for clothing, in which a distinction is made between:

- recommendations limited to the characteristics of fabrics, which are detectable, by an experienced person with or without the aid of instruments in general use. A fault is considered if the irregularity is evident in the fabrics as delivered or is detrimental to the final garment;
- recommendations limited to the characteristics of fabrics, which can only be detected with the aid of suitable equipment. Each characteristic described comprises: definition, method of testing and minimum quality standards and as far it occurs: possible allowable tolerances compared with the values of the sample and eventual commercial implications.

Methods of testing fabrics and/or garments are mainly based on ISO standards and otherwise on European norms (EN) or national standards (DIN, NEN or BS, respectively for Germany, The Netherlands and UK), like:

- care labelling (ISO 3758);
- dimensional stability aspects, like steaming (DIN 53894), fusing (DIN 54311), washing/tumbling (ISO 3759, 5077 and 6330), dry cleaning (ISO 3175);
- mechanical and physical properties like tensile strength strip (ISO 5081), tensile strength grab (ISO 5082), tear strength (ISO 9290), seam slippage (BS 3320), abrasion resistance (EN 22313), crease tendency/recovery (ISO 9867), pilling tendency (BS 5811), fibre penetration (SIS 650047), spray test (EN 24920) etc.;
- colour fastness to several aspects like washing, light, water etc. (ISO 105).

Despite EU harmonisation, which enables free trade between EU member states, individual markets have different requirements regarding garment types, sizes, colours etc.

9.1.2 Trade related environmental, social and health & safety issues

The following paragraphs, concerning environmental, social and health & safety issues are derived from AccessGuide (<http://www.cbi.nl/accessguide>), CBI's on-line database for Environment, Trade and Technology.

Product legislation

At the moment, the most important environmental and health issue in clothing trade is product legislation. EU product legislation on environmental and consumer health and safety issues is compulsory, therefore of utmost importance. For instance, legal requirements on dangerous substances such as certain azo dyes splitting off carcinogenic amines. In AccessGuide you will find an analysis of all necessary EU requirements, applicable in all EU member states, including: azo dyes in garments, nickel, flame retardants, cadmium, PCB/PCT and asbestos. In addition, legislative requirements in Germany (azo dyes, formaldehyde, PCP, covenant on children's clothing, chromium, disperse dyes, dioxins and furans), the UK (regulations on flammability) and The Netherlands (azo dyes, formaldehyde in textiles with skin contact, PCP) are outlined when they are additional to EU legislation. These three countries are chosen, because they are relatively pro-active in their legislation. Please note this does not imply that there is no additional relevant legislation in other EU countries.

Most of the EU legislation mentioned is directly applicable to foreign firms supplying products to a European country, for instance through their own foreign sales outlet. However, products are often put on the market indirectly, through importers. In most cases this makes the importer responsible for the product. Importers might therefore encourage or even force foreign suppliers to meet certain standards, for example through legally binding guarantees.

Social requirements (labels, codes and management systems)

Besides legal requirements of own governments, exporters might be confronted with social requirements that are requested by EU buyers. More and more companies have laid down minimum standards in so-called codes of conducts, or use labels and management systems to guarantee labour conditions. These social requirements are gaining importance on European markets and are becoming a precondition for international trade.

In AccessGuide you can find the most important requirements, including an indication of their market impacts by typing in the keyword search: international social standards for textile and garments; ILO Conventions; SA8000 (International social management system).

Occupational health and safety (OHS)

Standards and methods are developed because of the growing concern in Europe about the local social conditions in which products are manufactured. OHS or labour conditions are an important issue when looking at the social standards that are more and more required on EU markets. Especially in textiles, occupational health and safety is an important issue. More information can be found in AccessGuide.

Environmental and consumer health and safety requirements (ESP, labels, codes and management systems)

The environmental impact of textile production is considerable. This impact starts with the use of pesticides during the cultivation of plants from which natural fibres are obtained, the erosion caused by sheep farming or the emissions during the production of synthetic fibres. From that moment on, a number of processes is applied, using thousands of different chemicals. Particularly issues related to water are highly relevant to the textile industry. Several measures can be taken to reduce the environmental impact.

Environmental sound production (ESP) measures in the production process are not legally compulsory such as EU product legislation, but you might be confronted with these requirements that are requested by EU buyers. There are many instruments such as labels, hallmarks, management systems and codes of conduct. Especially the textile sector is famous for its high number of ecolabels. Some labels have a small market impact, for instance EKO labels for organic textile or national labelling schemes. A label with a growing market impact is the Oko-Tex 100 label based on environmental as well as health and safety aspects. You can find information on these requirements in AccessGuide.

9.1.3 Packaging, size marking and labelling

Packaging

Care must be given to the packaging of products if one intends to export to the EU countries. It is obvious that

the packaging must be travel-steady. As required, products should also be protected against the elements, changes of temperature, rough handling and theft.

Besides these basics of travel- and handle-durability, some importers may have specific demands concerning packaging, like information concerning the order printed on the boxes (order number, box number, name department or contact person etc.).

For environmental reasons, packaging made from materials like PVC etc. is less popular with consumers and in some cases is or will be forbidden by government. Exporters in developing countries should be prepared to discuss this issue with potential clients and should anticipate building the cost of special packaging into their price, if required.

The European Directive on Packaging and Packaging Waste (94/62/EC) establishes overall legislation for the treatment of packaging waste, consisting of quantitative objectives to be achieved by each of the EU member states. The member states have the responsibility to translate the Directive into national legislation.

It is becoming increasingly difficult and expensive to dispose of waste in Europe. In principle, the importer is held responsible for disposal of the packaging waste for all goods from outside the EU. It is therefore crucial, when planning exports to the EU, to take the packaging of your products (both sales packaging and transport packaging) into consideration. To fulfil the requirements of the target market, good communication with the importer about packaging is necessary.

More detailed information about packaging techniques and the use of packaging materials can be found on the website of ITC.

Size marking

The following body measurements are used: body length, chest, waist and hip size. These four basic measurements determine the fitting of the garments.

The following sizes are used in Germany and The Netherlands: Note that for all sizes the body length of women is 168 cm and for men 176 cm.

Size table for women's outerwear (body sizes) in cm:

character sizes	XS	S	M	L	XL	XXL			
figure sizes	34	36	38	40	42	44	46	48	50
chest width	80	84	88	92	96	100	104	110	116
waist size	61	64	68	72	76	81	86	91	97
hip girth	86	90	94	98	102	106	110	114	118

Size table for men's outerwear (body sizes), except trousers/jeans-see next tables in cm:

character sizes	XS	S	M	L	XL	XXL				
figure sizes	42	44	46	48	50	52	54	56	58	60
chest width	84	88	92	96	100	104	108	112	116	120

Size table for men's trousers (garment sizes) in cm:										
figure sizes	40	41	42	43	44	45	46	47	48	49
waistband width	68	68	72	72	76	76	80	80	84	84
side length	100	108	102	110	104	111	104	112	106	112
figure sizes	50	51	52	53	54	55	56	58	60	62
waistband width	88	88	92	92	97	97	102	108	114	120
side length	106	113	108	114	108	114	111	111	111	111

In other EU countries, except the UK, the same figure sizes are used, but sizes are not equal. For instance:
 Women's figure size 36 in Germany and The Netherlands is indicated in France as 40 and in Italy 42.
 As mentioned above the UK uses a different system:
 Women's figure size 36 in Germany and The Netherlands is indicated in the UK as 8, 38 as 10 etc.

Jeans sizes

Jeans are sold internationally in inch-sizes. They are read as follows: the first number refers to the girth of the waist and the second to the inside leg seam (inseam). Both are expressed in inches.

Conversion table for women's jeans sizes:											
Inches	26	27	28	29	30	31	32	33	34	35	36
Sizes in:											
Germany and The Netherlands	34	-	36	38	-	40	42	-	44	-	46

- German men's sizes are subdivided into three groups:
- 1. Standard sizes:**
44 46 48 50 52 54 56 58 60 62
 - 2. Large sizes**
(shorter than standard sizes and wider at the hip):
24 25 26
 - 3. Slim sizes**
(longer than standard sizes and narrower)
84 86 88 90 94 98 102 106

In the table below, jeans sizes are compared with usual size marking for outerwear in Germany and The Netherlands. WW (horizontal) means: waistband width in **inches** and SL (vertically) means: side length (inseam) in **inches**.

Conversion table for men's sizes:													
WW	27	28	29	30	31	32	33	34	35	36	38	40	42
SL: 32	-	-	-	-	-	-	-	24	-	25	26	-	-
34	84	86	88	44	-	46	48	50	-	52	54	56	58
36	-	-	-	-	90	94	-	98	-	102	106	-	-

Size marking for babies' and children's wear
 The following groups are those mainly distinguished:

years	groups
0 - 2 babies	Infants
2 - 6	toddlers
6 - 12	middle group/school
12 - 14	Preteens
14 - 16	teenagers

For the purposes of the sizing of clothes, all children are best grouped into infants (younger than seven years), boys and girls. Infants also constitute a group of their own, because their garments are usually not 'fit-critical'.

Infants' wear (body sizes)

The Swedish 'Centilong' system based on height values is used in The Netherlands, just as in some other European countries. The size range varies from 50-104 cm with an intersize of 6 cm. There is one standard for all these sizes and they can be ranked as follows:

Height (in cm)	50	56	62	68	74	80	86	92	98	104
Chest	40	42	44	46	48	50	52	54	55	56
Waist	40	42	44	46	48	49	50	51	52	53
Hips	41	43	45	47	49	51	53	55	57	59
Arm length	18	20	22	24	26	28	30	32.3	34.6	36.9
Inside leg length	16	19	22	25	28	31	34	37	40.6	44.2

Depending on the garment concerned, the following dimensions are used for boys' and girls' wear:

Boys' wear (body sizes) in cm.															
Height	110	116	122	128	134	140	146	152	158	164	170	176	182	188	194
Chest	58.0	59.0	60.0	62.0	64.0	67.0	70.0	73.0	77.0	81.0	85.0	88.0	91.0	94.0	97.0
Waist	54.0	55.0	56.0	57.0	59.0	61.0	63.0	65.0	68.0	71.0	74.0	77.0	80.0	83.0	86.0
Hips	59.0	61.0	63.0	65.0	68.0	71.0	74.0	77.0	81.0	85.0	89.0	92.0	95.0	98.0	101.0
Arm length	39.1	41.4	43.7	46.0	48.3	50.6	52.5	55.3	57.5	60.0	62.5	65.0	67.0	69.0	71.0
Inside leg length	47.5	51.0	54.5	58.0	61.5	65.0	68.0	71.0	74.0	77.0	80.0	83.0	86.0	89.0	92.0
Neck girth	28.0	28.5	29.5	30.5	31.5	32.5	33.5	34.5	35.5	36.5	37.5	38.0	38.5	39.0	39.5

Girls' wear (body sizes) in cm.														
Height	110	116	122	128	134	140	146	152	158	164	170	176	182	188
Chest	58.0	59.0	60.0	62.0	64.0	67.0	71.0	75.0	79.0	83.0	86.0	89.0	92.0	95.0
Waist	54.0	55.0	56.0	57.0	59.0	61.0	63.0	65.0	67.0	69.0	71.0	73.0	75.0	77.0
Hips	61.0	63.0	65.0	67.0	70.0	73.0	77.0	81.0	85.0	89.0	93.0	96.0	99.0	102.0
Arm length	39.1	41.4	43.7	46.0	48.3	50.6	52.8	55.0	57.3	59.5	61.5	63.5	65.5	67.5
Inside leg length	47.5	51.0	55.0	59.0	63.0	67.0	70.0	72.5	75.0	77.5	80.0	82.5	85.0	87.5
Neck girth	28.0	28.5	29.0	29.5	30.0	30.7	31.5	32.2	33.3	33.7	34.5	35.5	36.5	37.5

Shirts and blouses

Sizes for men's shirts are based on neck girth in cm or inches and vary respectively from 37-48 and from 15-19 and can be extended with other measurements, of which arm length is the most important. The sizes XS-XXL are also used for leisure or sport shirts, whether or not in combination with the usual shirt size. For women and children's wear, the standard outerwear sizes are used.

Gloves

Gloves are the only clothing item for which there has been a reasonably consistent sizing system, applicable internationally, the so-called French sizing system. Normal sizes for women's gloves are in inches:

The introduction of stretch nylon yarns has resulted in one-sized gloves that fit any hand from size 6 to size 8. Popular sizes for men have been 7¹/₂ - 11¹/₂ and for women 6-8¹/₂, both with 1/2 -inch steps between sizes.

sizes for women's gloves in inches:

6 6¹/₄ 6¹/₂ 6³/₄ 7 7¹/₄ 7¹/₂ 7³/₄ 8 for leather
 6 - 6¹/₂ - 7 - 7¹/₂ 7³/₄ 8 for cotton and nylon

Labelling

There are two kinds of requirements in the EU: **mandatory** requirements like size (discussed above), fibre content and care-labelling/washing instructions. With regard to fibre content: the indication 100% or pure can be used within a margin of 2 percent of the

weight of the final product. Other fibres with a weight of less than 10 percent of the weight of the final products can be mentioned. In that case all (eventual) other fibres have to be mentioned.

An international care-labelling programme, patterned after similar programmes, is in use in many countries including countries outside the EU. The programme makes use of five basic symbols that are colour-coded; the symbols relate to the properties of colourfastness, dimensional stability, effect of retained chlorine (bleach), maximum safe ironing temperatures and certain other properties.

Note:

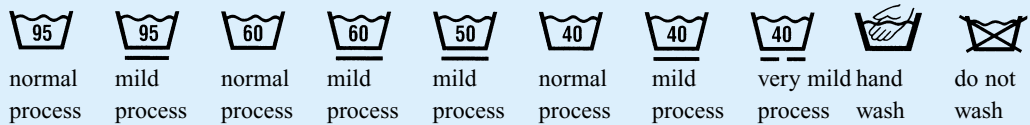
A cross on any of the symbols means that the treatment shall not be used and a bar under the symbols indicates milder treatment is needed (broken bar indicates a very mild treatment).

The maximum (washing) temperature can be mentioned in the washing symbol.

voluntary requirements like origin marking, brand or product name and other consumer information. There is an increasing awareness of the need to keep the consumer informed about his prospective and current purchases. Origin marking means that the name of the country of origin should be mentioned. It is not allowed to mention the name of a country other than the country of origin.

INTERNATIONAL CARE LABELLING SYMBOLS

Washing (wash tub)



normal process mild process normal process mild process mild process normal process mild process very mild process hand wash do not wash



The numbers in the washing tub specify the maximum temperature in 0C with must not be exceeded. The bar underneath the wash tub characterizes a milder cycle with reduced mechanical action especially for easy care articles.

Chlorine-based bleaching (triangle)



chlorine-based bleaching allowed

do not use chlorine-based bleach

Ironing (hand iron)














iron at high sole-plate temperature

iron at medium sole-plate temperature

iron at a low sole-plate temperature

do not iron

The number of dots indicates the temperature level of the hand iron.

Dry-cleaning (circle) 	 self-service cleaning also allowed	 self-service cleaning with restrictions	   self-service cleaning not allowed	 do not dry clean
	The letters within the circle specify the solvents that can be used. The bar under the circle indicates that certain limitations in the dry cleaning process are required. These may concern mechanical action and/or drying temperature and/or water addition in the solvent. - No self-service cleaning allowed			
Tumble drying (circle in a square) 	 Normal drying	 Drying at a lower temperature	 Do not tumble dry	
	The number of dots indicates the severity as regards to temperature of the tumble drying treatment.			

Care labelling recommendations:

Washing

- All garments worn close to the skin should preferably be washable at 60° C., normal mechanical agitation.
- All other garments should be washable at 40° C., normal mechanical agitation.
- The bar under the washtub should only be used in the case of delicate fabrics. The bar indicates that the mechanical agitation should be reduced.
- The broken bar should only be used in the case of machine washable wool and machine washable silk. The broken bar indicates that the mechanical agitation should be much reduced.
- The hand-wash symbol should only be used for articles, which cannot be washed in the washing machine.

Bleaching

- Normally the symbol is crossed out. However, some articles may be exposed to chlorine based bleaches e.g. white underwear, swimwear.

Ironing

- Three dots for cotton and linen
- Two dots for acetate, metallised fibres, polyamide, polyester, tri-acetate, viscose, wool, angora and silk.
- One dot for acrylic, mod acrylic, elastane
- The symbol should be crossed out for chlorofibres and polypropylene

Dry-cleaning

- Only use the symbol P. The bar under the symbol only to be used for delicate fabrics, especially those made from angora.

Tumble drying

- Two dots for all cotton and linen articles
- One dot for all other compositions
- Care should be taken that articles are finished properly to prevent excessive shrinkage. This should be tested.

Note: the "weakest" fibre determines the selection of the symbols in blended materials.

The place of the label in garments varies (mostly neck or side-seam) and can be part of the importer's requirements.

9.2 Tariffs and quota

The impediments to international economic transactions include:

- **Traditional tariffs**

All EU countries apply common Customs tariffs to imports from outside the Union. If there is no special trade agreement in force, the general import tariff applies. Some kind of preferential trade agreement in the field of tariffs, reductions of EU duty levels may apply to many developing countries, according to the commitments in the Uruguay Round, until 2005. Most of the developing countries have been granted special trade preferences; these countries usually

benefit from zero duties through preferential treatment under the Renewed Generalised System of Preferences (RGSP) or under the 4th Lomé Convention for the African, Caribbean and Pacific (ACP) countries.

RGSP

This agreement allows products originating in the countries concerned to be imported at preferential tariffs or, for the least developed countries, duty-free. A “Certificate of Origin Form A” has to be filled in by the exporter and issued by the competent authorities. Tariff contingents and tariff ceilings do not exist anymore.

Lomé Convention

Products originating in the ACP countries can be imported without duties, when a “Movement Certificate EUR.1” is filled in by the exporter and issued by Customs in the country of export. Another licence is a certificate relating to hand looms, textile handicrafts and traditional textile products of the cottage industry and is issued in conformity with and under the conditions regulating trade in textile products with the EU. It covers imports without duties for specific products (like poncho’s, cardigans, jumpers etc) and is applicable to 23 (developing) countries.

• **Other (non-tariff) barriers**

Examples of barriers other than tariffs are anti-dumping measures, countervailing procedures, sanitary sanctions, quota restrictions, environmental clause and intellectual property rights. The most important form of non-tariff barriers regarding clothing is quota restrictions. Since 1995, the Multi Fibre Arrangement (MFA) has been superseded by the WTO Agreement on Textiles and Clothing (ATC). The ATC calls for import restrictions on textile and clothing to be lifted in four distinct phases spreading over a period of 10 years - 16 percent of imports by volume in 1995, 17 percent in 1998, 18 percent in 2002 and the rest in 2005. Under the Arrangement, the EU has bilateral agreements with the major exporters of textile and clothing. The latter include Bangladesh, Brazil, China, Egypt, Hong Kong, Indonesia, India, Cambodia, South Korea, Laos, Sri Lanka, Moldavia, Macedonia, Macao, Malaysia, Nepal, the Philippines, Pakistan, Russia, Singapore, Thailand, Taiwan, United Arab Emirates, White Russia, Ukraine, Uzbekistan and Vietnam. Some clothing products, like T-shirts, are considered as belonging to a “sensitive”category; their importation into the EU from these countries is subject to quantitative limits. It has to be noted that there have been no quantitative limits on clothing from Turkey since 1996. Furthermore, garments are imported free of Customs duty when garments are made from fabrics produced in the EU, or raw materials originating in the country

of manufacture. Besides Turkey this treatment has been granted to several East European countries, North African countries (like Morocco and Tunisia), least developed ACP countries (signatories to the Lomé convention), Bangladesh and several Latin America countries.

Since 1998, there have been no quotas for Central/East European countries. For some countries, notably India and China, quota utilisation approached and even exceeded 100 percent, while for others, including Brazil, utilisation was very low. Information on the up-to-date status of the management of quotas is available on the Systeme Integre de Gestion de Licences (SIGL) at website <http://sigl.cec.eu.int/> and <http://sigl.cec.eu.int/sigl/sigl.pl>.

The certificate of origin, mentioned above, is intended to ensure that the EU quantitative levels are not contravened, for example, by transshipment of goods through a third country from a source country whose quota has already been filled. These certificates are obtained in the supplying countries from authorities that are empowered to issue certificates of origin and the required stamps.

Antidumping implies that, under WTO regulations, exporters are expected to sell their products at fair market value, at a price above cost and without imposing higher domestic prices for the same product that would in effect subsidize their lower export prices. In the event of predatory pricing from a particular company or country, the importing country is allowed to impose a duty surcharge on the imported product, to bring the final price up to fair market value.

• **Policy impediments**

Such as differences in (or lack of transparency of) domestic regulatory and administrative systems or product standards.

The EU common external import tariffs for outerwear (as a percentage of CIF value, without duties and VAT) are as follows:

Table 9.1 Import tariffs for outerwear, as a percentage of CIF value, without duties and VAT

HS code	Description	Tariff in % General RGSP ¹⁾	
Knitted:			
61.01-61.04	Coats, jackets, trousers, suits, dresses, skirts etc.	12.2	9.7
61.05	Shirts for men	12.0	9.6
61.06	Shirts and blouses for women	12.2	9.7
61.09	T-shirts	12.0	9.6

61.10	Pullovers, cardigans etc. of		
61.10.10	- wool	10.5	8.4
61.10.20	- cotton	12.0	9.6
61.10.30	- man-made fibres	12.0	9.6
61.10.90.	- other fibres	12.2	9.7
6111	Gloves for babies	8.9	7.1
6111	Other knitted wear for babies	12.1	9.6
6112	Training- and ski-suits	12.2	9.7
6116	Gloves	8.9	7.1
	excl. gloves impregnated etc. with rubber	8.0	6.4
6117	Scarves and ties	12.2	9.7

Woven:

62.01-62.04	Coats, jackets, suits, trousers, dresses etc.	12.2	9.7
62.05	Shirts for men	12.0	9.6
62.06	Shirts and blouses for women	12.2	9.7
62.09	Babies' wear	10.5	8.4
62.11	Sportswear (training- and ski-suits)	12.2	9.7
6214	Shawls	8.0	6.4
6215	Ties	6.3	5.0
6216	Gloves	7.6	6.0

- 1) Preferences are not valid for China, Macao, Malaysia, Moldova and Thailand. Specific tariffs (lower than RGSP tariffs) are valid for South Africa in several product categories.

Developments after elimination of quota

Despite the emergence of new players, the world apparel manufacturing industry remains concentrated in about 50 countries, most of them mentioned in chapter 5. Almost all of these countries have strong competitive advantages because they have developed skills and resources to meet the rapidly changing demands of the EU, also from the USA and Japan. It is expected that the skills gap between the dominant suppliers and the rest will widen. The dominant suppliers will continue to improve their quality and value, especially in 2005 and beyond when quota elimination will drive down prices in those countries still further. According to predictions of ten years ago, this has been confirmed by developments in clothing imports of the USA in 2002. USA imports from China more than doubled against 35 percent lower prices in that year, while imports from Mexico and the Caribbean, respectively hardly grew or fell despite these countries being granted more favourable treatment.

In analysing the impact of quota elimination on garment imports from outside the EU, supplying countries can be classified as follows:

- **Privileged/short distance supplying countries:** quota free imports came from CEECs and non-EU Mediterranean countries. When EU, domestic or "neighbour" country fabrics are used, imports are duty-free. Important supplying countries are Turkey,

Morocco, Tunisia, Croatia, Slovenia, Macedonia, Albania, Bulgaria, Romania, Poland, Latvia, Estonia, Israel, Lithuania, Bosnia-Herzegovina, Serbia, Jordan, Hungary, Czech Republic, Slovakia, Cyprus, Malta, Syria and Egypt. Turkey is one of the few countries with important fabric manufacturing facilities.

- **Privileged/long distance supplying countries:** quota and duty free imports came from ACP countries and some other LDCs (least developed countries). In practice the only countries within the ACP group with substantial exports (valued more than 1.5 million in 2001) to the EU are Mauritius, Madagascar, Jamaica, Botswana, Zimbabwe, Dominican Republic, Lesotho, Cape Verde, Fiji, Tanzania and Kenya. Preferences are also valid for the LDCs: Bangladesh, Cambodia, Laos, Maldives, South Africa, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama and Peru.
- **Long distance countries with high constraints:** quota for this group of countries (China, Hong Kong, Macao, Taiwan, South Korea, India, Pakistan (no tariff temporarily), Malaysia, Thailand, Indonesia and Vietnam) are fully or almost fully utilised. These countries are also subject to the least favourable duty rates.
- **Long distance countries with low constraints:** very low or no quota utilisation is valid for other non-mentioned GSP countries like Argentina, Brazil, Uruguay, Russia, Belarus, Saudi Arabia, Sri Lanka (no quota), Turkmenistan, UAE etc.

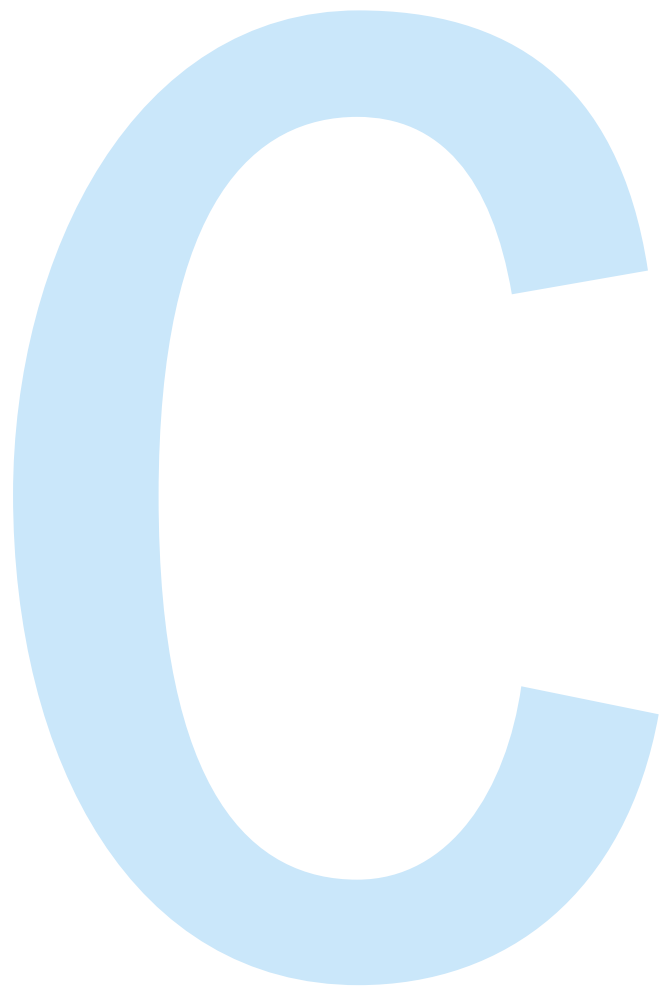
A strong position in EU imports is taken in by Mediterranean countries like Turkey, Morocco and Tunisia and CEECs (Romania, Poland, Hungary etc.), because the importers' desired time between buying and selling has to be shorter. This shorter lead time is the result of making design and purchase decisions as late as possible to avoid mark down prices.

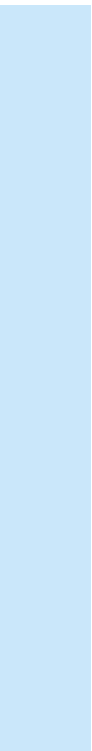
The best value is not necessarily created in countries where labour costs are lowest. Instead, it tends to be generated in factories where the management is best able to manage costs and productivity and where technology is used cost-effectively. In other words, the skill and circumstances which contribute to achieving the best value are factory-specific rather than country-specific.

Part A considered the EU market for outerwear and Part B the accessibility for exporters to this market. The purpose of Part C is twofold: chapters 10,11 and 12 aim at assisting the exporter in the decision-making process: whether or not to export by combining the external and internal analysis with critical conditions and success factors. The last chapter informs the exporter, after he has made a positive decision, of the actions he has to undertake to successfully penetrate the EU market for his sector.

Part C

**Export marketing guidelines:
analysis and strategy**





After having read Parts A and B, it is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part C subsequently aims to assist (potential) exporters from developing countries in their export-decision-making process.

Chapter 10 describes the analyses of the external environment resulting in opportunities and threats, while chapter 11 describes how to analyse the internal environment, which results in strength and weakness of exporter's company: the so-called SWOT analysis. The essence of the SWOT analysis is to find a market segment, where there is an opportunity that matches the strength and where the threats have a minimum impact on the vulnerable side, the weakness of the company. In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, as well as possible trade channels to export the selected products (chapter 12). Chapter 13 subsequently describes which marketing tools can be used to build up successful business relationships.

There are several reasons like growth, continuity and competitiveness, which support the decision to export.. In any case, the decision should always be taken after export market research has been carried out and if customers have been identified, who sufficiently appreciate some elements of a company's product to consider buying it.

The total value of garments consists of material (fabrics, trim etc.) + design + production (sewing, knitting, finishing etc.) + logistics + marketing. Profits can be obtained wherever value is added to the chain. So the position in that chain has to be observed. Finding out where the highest added value is, can be determined by answering questions like:

Does the company have:

- easy and economic access to fabrics and trim?
- a design department?
- efficient production facilities and low labour costs?
- logistical advantages to reach markets?
- a brand identity?

Depending on the answers, clothing producer can be classified as follows:

- Producer of own design, mainly using brand trademarks
- Producer of private label
- FOB producers
- CMT or OPT producers

A short description of these various producer types is given below. Another classification used for producers, besides producing own branded products is: full service, normal service and 0-service factories. Full service can be compared more or less with the private

label supplier; the normal service factory with the FOB producer and the 0-service factory is most likely working on a CM or CMT basis.

Producer of own design (brand trademarks)

In higher segments or selected parts of the clothing market brand trademarks are an important sales argument. Branding promises a special design, quality and exclusivity and appeals to the consumer's personal style. Branding can also help differentiate products, establish consumer loyalty and secure a price premium for products. Producers who want to work with their own brand have to fulfil several requirements. They need a technological knowledge of designing, pattern-making, grading of fabrics, distribution and should be able to produce constantly high quality clothing. It may be appropriate for producers to employ designers, sometimes they may work with free-lance designers. They need to be up-to-date on fashion developments. A high level of marketing expertise is necessary and acquiring this expertise is essential for building and maintaining brands successfully.

Private label

The private label producer need thorough technological expertise, production experience and the ability to access special trim or machinery, grading of fabrics. The greatest scheduling advantage offered by this type of factory is flexibility: in lead times, in production (modular teams), in minimum orders (for important customers); the customer can make changes not only in size assortments, but even from one style to another, up to the moment the fabric has physically been spread on the cutting table.

The number of orders produced is limited only by the size of the operation. A large factory is capable of producing over 50-400 styles per month.

FOB

These factories are able to operate with short lead times and operate best when specialising in simple products such as casual pants, shirts and blouses. These factories are capable of producing a decent sample after the first or second attempt. Depending on the relative abilities of buyer and factory and the style's degree of difficulty, the buyer provides either a sample with pattern or a detailed sketch with a spec sheet (giving size measurements) and tech sheet (giving seam types, allowances etc.). As a rule, better organised importers will provide patterns to less sophisticated factories, unless the orders involve T-shirts or sweaters.

CMT (or OPT)

Characteristics of the CMT or OPT factory are:

- often unable to produce more than a limited number of orders at one time (averages five or fewer styles per month);

- the capacity is filled by a limited number of customers;
- customer supplies fabric and trim;
- efficiency is high when producing a basic product;
- cannot deal with changes in order (colour or size assortment) or design modifications.

Little investment is made in capital equipment and the factory operates using semi-skilled or unskilled workers. Situated at a long distance from the EU, the factory enjoys a direct-cost advantage only from labour cost.

Case Study Marks & Spencer *)

No one pays a lower CMT price than the British retailer Marks & Spencer. At the same time, M&S's level of quality is one of the highest in the industry, as is their mark up.

Yet factories stand in line to take M&S work. To work for Marks & Spencer is more than a lifetime commitment - it is a commitment you can pass on to your grandchildren. The rules are very simple. M&S inspectors come into your plant and check it from top to bottom. What sort of quality do you produce? How old are your machines? How are they maintained? Number of workers per lavatory? How clean are the lavatories? How do you treat your workers? In short, are you the type of factory Marks & Spencer wants to associate with?

Provided you pass, they will give you a style, you make a sample and quote a price. They come back with a counteroffer so low it appears ridiculous. Then they show you how you can make that style at their price and still make a profit. Perhaps you need new techniques; they will teach you. Perhaps you need new equipment; they will advise you, and in some instances even lend you the money to buy the required machinery.

Once you are an accepted supplier, provided you keep the faith, you can go on forever. To have Marks & Spencer as a customer it is to have guaranteed profit.

*) derived from David Birnbaum:
Global Guide, March 2000

In the next chapters, a distinction will be made between the several types of exporting manufacturers from developing countries as classified above. Eventually, based on the internal analysis (chapter 11) exporters can recognize which type they are representing. Unless otherwise mentioned, the information in the next chapters is valid for all kinds of manufacturers in sustaining their export activities. Of course, gathering information and knowledge is required for companies intending to develop themselves, for instance from CMT to FOB producer or from FOB to private label producer, etc.

10 EXTERNAL ANALYSIS

Europe is a continent and not one market, but a patchwork of markets with different characteristics. For that reason a selection has to be made. The general way is to choose for two countries: a primary and a secondary target country. For outerwear, a comparison has to be made based on the following factors:

1. Economic stability: developments in gross domestic product, trade, labour force and unemployment, wages, income, exchange rates etc.
2. Cultural and political climate, including language
3. Geographical factors and climate
4. Demographic developments (total, by age groups, by gender, number of households etc.)
5. Size and developments of the market for outerwear, if possible divided into segments or product groups
6. Development in total imports per country, per product or product group, and area of origin. Import penetration of total market size
7. Characteristics of consumer demand
8. Local distribution and trade
9. Customer needs and desires
10. Type and extent of the competition, competitive offerings
11. Market access, limitations on trade

The market information described in part A and B of this market survey can be very useful as a starting point for your export market research. Where applicable, the sources for this market information are also mentioned in the specific chapters.

For more general information, the website of the EU statistics bureau Eurostat can be used:

www.europa.eu.int/comm/eurostat. Other sites for general information are among many others: www.odci.gov/cia, www.tradeport.org and www.worldchambers.com. For a list of the European national trade statistics bureaus, please refer to the Eurostat site.

For more information about the outerwear market in the EU, refer to websites mentioned in the following paragraphs and appendices.

10.1 Market developments and opportunities for outerwear

The size of the market is generally measured on consumer level (retail prices including VAT) and on production level. An overview of clothing consumption in the EU countries and more detailed figures for the six major countries is given in chapter 3 of this survey. These figures have been derived from national statistics as far as available and from databanks supplied by research institutes like Gfk (active in several EU countries) and Key Note and publishers like Textiles Intelligence, Retail Intelligence, Textil Wirtschaft and

Journal de Textile. These statistics and publications are rather expensive. It has to be noted that official trade statistics can vary considerably in products or product groups, in volume denominators (weight and/or units), or absence of figures (secrecy) for competitive reasons. Another means to obtain insights into a market is measuring on production level. The local market situation (apparent consumption) in a country is equal to production (at invoice value) plus imports minus exports and eventually plus or minus changes in stocks. The availability of production figures concerning products or product groups is very limited and varies considerably per country.

Another vital piece of information, besides knowing the size of the market, is the projected market development for the coming years. In general can be said that growing markets offer more possibilities and decreasing markets offer a limited profit potential. Much of the initial information about market size and developments can further be gathered by using websites of:

- Trade fair organisers, in particular the site of the German CPD: <http://www.cpd.de>; for other sites see appendix 3.3.
- Trade press; to gather information about fashion shows, fabrics, designs etc. and to obtain inspiration, in particular by designers, refer to <http://www.modeparis.com>; the website of Textil Wirtschaft <http://www.TW-network.de> is recommended for international business and marketing information of clothing industry and trade. More references on appendix 3.4.
- Standards organisations (appendix 3.1) and trade organisations (appendix 3.2).
- Some providers of general information also have specific descriptions of outerwear markets in some EU countries, like www.tradeport.org.
- Finally, limited but essential information gathered from world-wide publications is delivered free by <http://www.just-style.com> and <http://bharattextile.com>, while paid membership gives even more information.

Aspects to be considered by exporters of outerwear to an EU country are:

1. Selecting a target country is primarily based on factors as mentioned above, of which special attention has to be given to differences in total population, area, language, business practices etc.
2. Size of the clothing market and developments in the sectors per country or region. In general can be said for the EU that women's outerwear is the largest sector. Also, the women's outerwear market has been subject to the severest price competition as the mass middle market becomes overcrowded. The growth will be modest for the coming five years. Men's

outerwear has suffered from increased price competition. However the extent of this competition has been lessened by a greater shift towards fashion and branded goods across the sector. The value of men's outerwear sales is expected to grow faster than that of women's outerwear. Future growth in children's wear and infant's wear are for an important part undermined by long-term demographic trends, which leads to a small growth in volume but a greater increase in value. Prospects for girls' wear will be slightly better than for other children's wear sectors.

3. The shift from formal wear to smart and smart/casual wear will continue; however, in some major countries this growth will come to an end or shows a smaller growth.
4. Sizing systems vary per country or clusters of countries. Sizes in Germany, The Netherlands, UK and the Scandinavian countries are more or less homogeneous, just like in the Latin European countries (Spain, Italy, France, Portugal). Internationally operating countries mention different sizes valid for different countries on a label and eventually on packaging.
5. In all major EU countries, the market can be divided into high, middle and low market segments with their own specific distribution channels. However, environmental, health and safety aspects, just like other requirements for market access are valid for all segments.
6. New developments in fabrics resulting in introduction of new finishes, fabric types and fabric weights in many sectors of the market: high-fashion, outdoor clothing, sportswear etc.

Not all of these items are fully relevant (2, 3, 4 and 6) or partly relevant (5) for CMT or OPT producers.

After desk research, like studying all CBI and other information on the subject, field research can be planned in the form of an orientation visit to Europe. This visit will have to include an important trade fair, fashion trade centres, shopping centres, and a number of appropriate prospective buyers (after making an appointment in advance).

10.2 Competitive analysis

Opportunities for exporters in developing countries still remain, in particular as long as increased attention is given to quality and reliability in deliveries. Effective competition by developing countries requires knowledge of the legal, technical, quality and fashion requirements. In addition, they must make resources available, not only to monitor and understand developments in the target countries, but also to call in laboratories to ensure that quality requirements are strictly met.

In general, it can be said those companies, which are continually adapting new technologies and have the advantage of low production costs, have definite

advantages. Another advantage applies to exporters from economically and politically stable developing countries.

Below, we give a step-wise approach to learning more about your competitive environment.

Step 1: Prepare a list of your key competitors

Prepare a list of all the competition and then highlight who your main competitors are. To learn more about competition, you can do a secondary research study of your industry and ask customers and suppliers for their opinions.

Step 2: Analyse the main competitors

Ask customers about your competitors. If possible, visit competitors' companies to learn how products are priced and distributed. You can prepare a list of your main competitors strengths and weaknesses.

Step 3: Assess whether new competition is likely to enter your market

Despite the enormous competition, the clothing industry is open to new entrants encouraged by the low threshold caused by relatively low investments and quick-to-learn skills. Constantly check with customers, suppliers and your competition to see if they have heard of any new businesses, which represent competition. In particular, attention has to be given to the consequences of the elimination of quota in 2005 as described in chapter 9.2.

Step 4: Discover where and how the competition is selling their products

You need to find out which trade channels are used by your competitors, and why.

Step 5: Observe activities in the clothing branch

Several activities like trade fairs, congresses, seminars, fashion shows etc. can be helpful to get in contact with new customers and/or learn about market developments. It can however also be used to find out more about competition. If you sell outerwear, take the time to attend trade fairs to see what your competition is like.

All steps can be considered, varying from briefly (for CMT/OPT producers) to extended (for own brand producers). However, for all types of companies information about competition on country level (as discussed in chapters 4, 5 and 9) as well as on company level (own research) is important.

10.3 Sales channel assessment

Foreign market entry strategies can be divided into production and marketing entry strategies. The various

forms of production entry strategies are described in chapter 4.2 of this survey. Marketing based entry strategies can be divided into contacts with foreign distributors, whether or not via agents and looking for co-operation with trade partners or organisations in your home country. Trade channels in the target country are discussed in chapter 7 of this survey, while the type of exporting manufacturers are described in the introduction of this part C.

Intermediaries on the outerwear market and their foreign policy:

- Importing manufacturers are looking for relocation of the most labour intensive piecework (OPT or CMT) or relocate total production including material purchasing (FOB) or sourcing additional products.
- Agents are intermediaries between manufacturer and retailer, receiving a commission from the former. Capital requirements are limited because this cooperation is based upon commission; however, agents mainly work with brand names and are therefore less interesting for most exporters from developing countries.
- Wholesalers import garments, made according to their specifications either or not provided with private labels, or buy ready-made garments. Cooperation with an established wholesaler can ensure a better contact with the distribution channels on the export market. The wholesaler has a thorough knowledge of the market, follows the market closely and has, via his salesmen, close contact with the distribution channels. The capital requirements are limited because the wholesaler holds his own stock at his own risks. Disadvantages are the missing of direct contacts with the retailers (contacts go through the wholesaler) and possible lower margins for the exporter.
- Big retail organisations are the dominant force in the clothing business. Just like wholesalers, retail organisations import garments, made according to their specifications either or not provided with private labels or buy ready-made garments. They control their own stocks daily, amongst others by using barcode systems; this means a tendency to integration of production, buying, distribution and selling. They want to diminish the time used in the clothing column, from production to selling. The retailers in fact reduce the number of distribution networks available to the producers. The remaining networks have become specialised logistic service suppliers.

The choice of an importing retailer for a specific supplier depends on:

- purchase price;
- technological capacity;
- distribution costs;
- reliability regarding just-in-time deliveries;
- service by the producer;
- quick response.

In the matrix below, a selection is made of the most common choices of trading partners for each kind of (potential) exporting company.

Small, inexperienced exporters, who merely manufacture as their core business may prefer to deal with a domestic partner for their exporting or to join other exporters. In any case, advantages (e.g. lower risks, export experience) and disadvantages (e.g. dependency, lower profits) have to be considered carefully.

10.4 Prices and margins

10.4.1 Trade margins and prices

The margins at the various different levels of distribution are influenced by six factors and are different for each product/market combination. These factors are: degree of risk; volume of business; functions or marketing services rendered; general economic conditions (booming or depressed business); competition and exclusiveness.

High-risk, low-volume, service-intensive products require different margins to low-risk, high-volume standard products. It is impossible to draw up a schedule of actual margins for each and every product/market combination. Even within the same type of combination, different importers employ different margins, due to variation in economic conditions. The effect of low, medium and high margins on consumer end price, based on one CFR (cost and freight) price for three different products, will be shown in table 10.1. A multiplier of between 2.3 and 2.8 on the manufacturer's or importer's price should be used to calculate an appropriate final consumer price. Caused by factors like increasing competition at all levels in the distribution column, further concentration and integration, the factor has decreased in the last decade. Elimination of the wholesaler, for instance, can lead to a lower multiplier used by clothing multiples, department and variety stores and mail-order companies.

Possible trading partner:	Manufacturer	Wholesaler	Retailer	Agent
Exporting company:				
CMT producer	X	-	-	-
FOB producer	X	X	X	-
Private label producer	-	X	X	-
Own design (brand trademarks) producer	-	-	X	X

This means that exporters' CFR prices should be in the range of 30-39 percent of the final consumer price including import duties. In absolute terms, it is more attractive for an exporter to operate in the medium and high market.

Although levels of wholesaler and retailer costs often shock suppliers, these intermediaries do not generate excessive profits. While purchase costs have fallen since manufacturing in low cost countries started to gather space, other costs have risen and increasing competitive pressures have kept profitability down. Bargain sales are growing in importance in all segments of the clothing market and in all major EU countries. Bargain sales generally threaten margins but are considered as inevitable because of the growing dynamics of the clothing market. Rapidly changing fashion makes clothing assortments "out-fashioned".

Bargain sales are then the only means to get back a part of the purchase price, even if they are sold below the usual retail price.

The market is intensively competitive and prices vary widely according to the product and type of outlet. Below, an overview is given of (average) retail prices in The Netherlands. Retail prices include VAT (19%).

Price is an important selling factor, especially in the lower segments of the clothing market. In the higher segments (higher added value) factors like quality and fashion are more important than price. In the lower segments of the clothing market, retailers have little room to manipulate prices because competition is very fierce and margins are low.

A good way to obtain information about prices and

Table 10.1 Calculation schedule: margins

	Low	Medium	High
CFR Rotterdam/Amsterdam	100	100	100
Import duties	*	*	*
Charges on CFR basis:			
- handling charges, transport/ insurance and banking services	7	7	7
	107	107	107
Wholesaler's margin (20/25/30%)	21	27	32
	128	134	139
Retailer's margin (50/60/70%)	64	80	97
- net selling price	192	214	236
Value Added Tax (VAT) (19% of net selling price **)	36	41	45
- gross selling price (consumer price)	228	255	281
RATIO CFR/CONSUMER PRICE:	2.3	2.6	2.8

*) import tariffs vary from 0 to 12.2 percent of CFR value (see table 9.1)

***) In practice, garment retailers calculate a 90-120% mark-up, incl. VAT. In practice, an important part of the assortment has been priced-off.

In this calculation, the VAT tariff valid for The Netherlands is used, but note that this tariff varies per EU country.

Table 10.2 Average retail prices for major clothing items in The Netherlands, summer 2002

	Price in €	Remarks
Jeans	29	Prices vary from € 12 in textile discounters, to € 18 for private labels, to € 40 for cheap brands and € 60 for leading brands and even higher for designer brands
Other cotton trousers	24	Prices vary from € 10 in textile discounters, to € 25 for private labels, to € 35 for cheap brands and € 60 for leading brands and even higher for designer brands
Pullovers, sweaters etc.	28	Prices vary from € 12 in textile discounters, € 18 for private labels, to € 40 for cheap brands and € 60 for leading brands and even higher for designer brands
T-shirts	7	Uni-colour of reasonable quality cotton. Average prices for all T-shirts vary from € 4 in discounters to € 8 for private labels and € 16 in speciality stores. Prices for leading brands (incl. logo) start from € 18.
Men's woven shirt (long sleeves)	22	Prices vary from € 8 in textile discounters, to € 18 for private labels, to € 40 for cheap brands and € 60 for leading brands and even higher for designer brands

price levels in the EU is by visiting one of the major trade fairs or trade centres. Prices of competitors can be found by browsing their Internet sites or looking for general sites like <http://www.globalsources.com> or <http://www.alibaba.com>

Window-shopping in the prospective market place, at several retail shops is another good way of getting information about prices at retail or consumer level, but also about fashion, colours and qualities.

Alternatively, an impression of average prices in EU countries can be formed by browsing through the catalogues of mail-order houses on Internet (for addresses see appendix 3.2). Comparisons can also be found in the prices given in catalogues from large department stores or from company web sites.

10.4.2 Payment and delivery terms

The contract is the starting point of trade, also for international business transactions. Around the contract revolves a series of connecting but distinct relationships, including transport arrangements, cargo insurance, Customs formalities and payment procedures. For a description of methods of delivery and payment, we refer to Incoterms 2000 (published by the World Chamber of Commerce) and CBI's Export Planner. Letters of credit, which offer basic protection to a developing country exporter, and bills of lading, which serve as documents of title, a contract of carriage and a receipt of goods, are all universally used in clothing trade. In other cases, it has to be noticed that terms of

payment are much more lengthy, around 90 days or longer, in Italy and Spain, than in other major EU countries.

In many cases, the importation of clothing products is carried out on a CFR (cost and freight) basis. Under these terms, the seller or exporter clears the goods for export, pays the freight charges and delivers the goods on board ship. The risk passes to the buyer when the goods cross the ship's rails in the port of departure. The seller undertakes to provide the buyer with a negotiable bill of lading that can be endorsed to transfer ownership of the goods or pledge them to a financing bank. The insurance component is handled by the importer in the EU, primarily to facilitate payment in the event of a claim. Other conditions in use for ready-made garments are CIF (cost, insurance and freight) and FOB (free on board).

10.5 Product profiles

The profiles of a limited selection of products highly relevant for exporters in developing countries are elaborated in this section. The products concerned are blue jeans, T-shirts and chinos. These product profiles stand model for the product profiles the exporter should develop for his own (prospective) export products. By constructing an overview of the most important products, exporters are better able to determine which products to export to the EU.

Productprofile: BLUE JEANS		
<p>Naming Ankle length pants traditionally made in faded blue or indigo denim. Originally worn by farmers and workmen, 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.</p> <p>Market requirements As for other outerwear articles, there are no general (EU) standards for blue jeans. Most of the importers work with certain minimum requirements relating</p>	<p>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 max. shrinkage of 3% and max. 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.</p>	<p>Styling requirements In recent decades several varieties in finishing techniques have been used. To avoid (pre-washed) or to obtain (wash-out, fade-out) colour changes. Destructive techniques like stonewashed, sand-washed, moon-washed, snow-washed etc. Bleach, like calcium-permanganat or more expensive enzymes can be used, whether or not combined with other techniques. Leg styles conform to the fashion. Varieties in widths are: bell-bottoms, flared, boot cut and straight cut. The latter (basic jeans) is the most popular at the moment and in the near future. Recently nearly all leading jeans brands introduced authentic models from the 1950s and even 1940s. The back to basics means a revival of the basic five pockets and also of extreme destructing finishing techniques (used, dirty and second-hand washed).</p>
<i>continued</i>		

Wearing properties

Fitting is very important for jeans. For that reason tolerances for shrinking are rather limited (max. 3%).

Sizes

Jeans sizes are 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. Jeans sizes are compared with usual sizes for outerwear in the chapter 'size marking' of this survey. These sizes are seldom used because the fitting of jeans is very important. For example: the difference between 29 and 30 inch is 2.5 cm and in the usual outerwear women's sizes 38 and 40 the difference is 4 cm.

Labelling

Labelling indicating care instructions have to be affixed according to the international 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.

Materials

The choice of the material plays a dominant role. The most common material used is 100% cotton. However, shrinkage and, to a lesser degree, colourfastness is a problem. All cotton shrinks, so while making patterns, this should be carefully considered.

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 heavy (winter) women's wear, most common is the 13.3/4 oz.
- 14.5 oz is a heavy (winter) quality for men's wear and also used for special models.

Maintenance and durability

Wash and care instructions are required. Most claims arise from the

incorrect appliance of the wash care instructions.

It is advisable to indicate on your care label only 60 °C for washing and wash inside out (to avoid bleeding), both instructions in order to avoid claim discussions. Note: Shrinkage is mainly caused by wrong drying (also household wise) i.e. for a too long period too hot; washing very seldom causes shrinkage.

Applications

Blue jeans are still an unchanged part of the leisure and casual wardrobe of the majority of the EU population. Even the classical function as workwear, however, is still important, although partly replaced by coveralls.

Main suppliers in order of importance

The 10 leading countries supplying EU imports (size-ranked in terms of volume) were in 2001: Belgium, Italy, Turkey, Tunisia, Germany, The Netherlands, Morocco, Bangladesh, Poland and UK. Except UK, imports from all these countries increased compared with 1999. Imports include the so-called re-exports, which explains the leading position of Belgium and the positions of Italy, Germany and The Netherlands. Newcomers compared with 1999 were: Turkmenistan, Niger, Jordan, Uzbekistan and Nicaragua. The biggest growth was shown by Bangladesh, Turkey, Pakistan, Romania, Albania, Sri Lanka, Cambodia, India, Myanmar, Zimbabwe Syria, Mexico and Ukraine.

Market structure

Consumption is rather stable. In leading countries like Germany and the UK, the prospects are an increased demand.

Brand names (not exhaustive)

Leading brand names are among many others Levi's, Wrangler, Lee, Diesel, Pepe, Mustang. All important retail channels have private label jeans in their assortment, like Hennes & Mauritz, WE, C&A, Marks & Spencers etc.

Packing

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. The packing bag should be marked with the green dot label for Germany. Note: German buyers have the right according to domestic law to claim back a certain % of the FOB value if jeans are not supplied in this way.

Prices

Prices depend on the quality of the fabrics and eventual finishing or brand. An acceptable CFR price for a basic 5 pocket-1x washed-brandless jeans is € 8-9.

Environmental influences

These influences are strongly increasing due to the awareness of buyers, end consumers, company regulations and domestic legislation. According to the criteria of EC Directives 67/548 and 76/769 and their updates, several dyestuffs are classified as carcinogenic, sensitive or allergy causing and are forbidden. Press buttons, zip fasteners etc., which come into contact with the human skin for a longer period must not release more than 0.5 µg nickel per cm² per week. CBI's AccessGuide can provide detailed information.

How to improve quality

The requirements for jeans are minimum requirements. Advice for stitching: to avoid puckering, avoid blunt needles, apply the correct thread tension on the operating machines, avoid leakage of machinery. Stay in close contact with the fabric supplier to avoid use of wrong fabrics. Laying of fabrics: make sure the patterns are laid in one direction to avoid colour differences and all elements 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.

Product profile:**T-SHIRTS****Naming**

The traditional cotton T-shirt derived its name from the form of the shirt including the (short) set-in sleeves and high round neck forming a T-shape. The fabrics used were (weft) jerseys or single knits.

Market requirements

Just like for other outerwear articles, there are no general (EU) standards for T-shirts. 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 threads. For example: maximum shrinkage of 6% and max. elongation of 2% (ISO 3759, 5077 and 6330), just like colour fastness to light, washing etc. as well as eventually to rubbing printed materials.

For example, a description of manufacturing requirements can include among others: a minimum stitch density 5 stitches per cm. A special factor can be the minimum neck opening (stretched): up to and including size 92: 54 cm; from size 92 up to and including 140: 56 cm; larger sizes: 60 cm. Neck openings can be reduced by using Lycra ribbing.

Styling requirements

The basic T-shirt in uni-colour is with or without pocket still one of the popular items, thanks to its multi-functionality.

Varieties in necks are besides the high round neck among others V-neck, (low round) boat neck, turtleneck, polo neck or slit neckline with buttons. Short or long sleeves or without sleeves (singlets). Besides a variety in uni-colours, also printed (including slogan, cartoon portraits, names etc.) or embroidered shirts are required, just like horizontal stripes in various widths (bi-coloured or multi-coloured).

Wearing properties

For many purposes, oversized T-shirts are preferred by European importers and consumers with the exception of

the fashionable fitted T-shirt for young people and underwear.

Sizes

In general the sizes XS, S, M, X, XL and XXL are used for men and for women, whether or not combined with the corresponding standard outerwear sizes. For children's T-shirts, standard outerwear sizes are used.

Labelling

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

Materials

The knitted fabrics cover, besides the single jersey, also fine rib, interlock and heavy-jersey. Cotton is still most popular, however, many other fibres (mainly man-made fibres and to a much lesser degree wool and silk) are used including blends of cotton/polyester. Stretchability can be increased strongly by the usage of 5-8% Lycra. The quality of materials depends on: weight of fabric (125-130 gr/m² is a reasonable quality); carded or combed; tube or seamed.

Maintenance and durability

Wash and care instructions are required as well as the label indicating the country of origin. Most claims arise from the incorrect appliance of the wash care instructions. It is advisable to indicate in your care label only 60° C for washing of white and 40° C for washing of colours, in order to avoid claim discussions.

Applications

T-shirts can be used for many purposes. Functions varied from outerwear especially in summer months, underwear especially in winter months, part of a sport-outfit to nightwear.

Promotional aspects are also important from high (image wear) to low (usage for one event) quality.

Main suppliers in order of importance

The 10 leading countries supplying EU imports (in terms of volume) were in 2001: Bangladesh, Turkey, Germany, India, Morocco, Greece, Portugal, Belgium, China and Mauritius. Imports from Turkey, Belgium and China fell compared with 1999, while imports from the other countries mentioned increased considerably. Belgium and The Netherlands (11th) play an important role because of their transit-trade function. Newcomers were Djibouti, Lesotho and Cape Verde. Fast growing imports came from Romania, Pakistan, Sri Lanka, Thailand, Lithuania, Myanmar, Vietnam, Philippines, Albania, Slovakia, Macedonia, Brazil, Honduras, South Africa, Mexico, El Salvador, Brunei and Haiti.

Market structure

Consumption as well as imports has increased. T-shirts are supplied all year round. Competition is strong, almost all manufacturers of underwear, outerwear and sportswear have T-shirts in their assortment and retail organisations have private labels as well as manufacturer's brands in their assortment. The biggest consumption markets are Germany, UK, France, Italy, Spain and The Netherlands.

Brand names (not exhaustive)

Manufacturer's brands from the sector jeans: Levi's, Diesel; bodyfashion: Schiesser, Hanes; outerwear: Mexx, Benetton, Esprit; sportswear: Nike, Adidas; designers: Calvin Klein, DKNY; private labels: Hennes & Mauritz, C&A, Marks & Spencer, Zara.

Packing

T-shirts are normally purchased container-wise and are packed in boxes depending on the buyer's wishes of 150

continued

Productprofile:**T-SHIRTS***continue*

shirts in a box and 30 shirts in a recyclable or biodegradable plastic bag. Total weight per box may not exceed 25 kg. The packing bag should be marked with the green dot label for Germany. Note: German buyers have the right according to domestic law to claim back a certain % of the FOB value if T-shirts are not supplied in this way.

Prices

An acceptable CFR price for a white T-shirt, small sized, cotton 120/140 gr-m², single knit, tube/combed and rib Lycra neckline is approx. € 2-3

Environmental influences

These influences are strongly

increasing due to the awareness of buyers, end consumers, company regulations and domestic legislation. According to the criteria of EC Directives 67/548 and 76/769 and their updates, several dyestuffs are classified as carcinogenic, sensitive or allergy causing and are forbidden. Press buttons, zip fasteners etc., which come into contact with the human skin for a longer period must not release more than 0.5 µg nickel per cm² per week. CBI's AccessGuide can provide detailed information.

How to improve quality

The requirements for T-shirts are minimum requirements. Advice for stitching: to avoid puckering, avoid

blunt needles, apply the correct thread tension on the operating machines, avoid leakage of machinery. Stay in close contact with the fabric supplier to avoid use of wrong fabrics. Laying of fabrics: make sure the patterns are laid in one direction to avoid colour differences. Cutting: to avoid delay and quality decrease in production, make sure patterns are perfect. The origin of many problems (shrinking etc.) are caused by too great tension on knitting machines and on sewing machines, but can be avoided by relaxed layering.

Productprofile:**CHINOS****Naming**

Chino is originally adapted from army summer uniforms. Chino is firmly woven plain or twill weave cotton or cotton blend with a yellow-tan (khaki) colour and became popular in the 1950s for men's sport pants and in the 1960s for school wear. Chino was mainly used for summer wear pants or shorts for men. Today the name chino is used for washable, medium weight cotton trousers.

Market requirements

Just like for other outerwear articles, there are no general (EU) standards for cotton 'chino' trousers. 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 max. shrinkage of 3% and a max. elongation of 3% for 100% cotton (ISO 3759, 5077 and 6330) by domestic washing as well as by dry cleaning. Examples of manufacturing requirements are among others: a minimum stitch density of 4 stitches per cm., criteria for sewing of

fastenings (zips, buttons), pockets, waistbands, usage of yarns are part of the requirements.

Styling requirements

Two slanted pockets and one back pocket and depending on fashion: flat front or pleated and straight legs are the basics for the chino.

Wearing properties

Fitting is important for chinos. For that reason, tolerances for shrinking are rather limited (max. 3%) just like for jeans.

Sizes

Jeans sizes in inches (width and side length) are used and/or standard outerwear sizes for men. A comparison between these sizes is given in the chapter 'size marking' of this survey.

Labelling

Labelling indicating care instructions have to be affixed according to the label decision act and according to the international symbols. Maximum washing temperature in °C, do not use chlorine-based bleach, ironing at

desired sole-plate temperature, dry cleaning circle and tumble drying have to be mentioned on a label, besides size and fibre content.

Materials

Fabrics 100% cotton light twill (200-225 gr/m²); fastenings like zips and buttons.

Maintenance and durability

Wash and care instructions are required as well as the label indicating the country of origin. Most claims arise from the incorrect appliance of the wash care instructions. It is advisable to indicate in your care label only 40 °C for washing, in order to avoid claim discussions. Note: Shrinkage is mainly caused by wrong drying (also household wise) i.e. for a too long period too hot; washing very seldom causes shrinkage.

Applications

The chino has a casual as well as a leisure look. A specific leisure character is the combination with an informal shirt, polo shirt or T-shirt, while the addition of an indoor jacket

continued

gives a more dressy character and is worn to work (office).

Main suppliers in order of importance

Detailed import figures for chinos are not available. The 10 leading countries for EU imports (in terms of volume) of cotton trousers for men and boys (other than jeans and corduroy) were in 2001: Bangladesh, Tunisia, Morocco, Turkey, Romania, Hong Kong, Belgium, Pakistan, Italy and China. Belgium and The Netherlands (ranked 12th) play an important role because of their transit-trade function. Total imports increased strongly in 2000 and fell slightly in 2001. Imports from Bangladesh, Romania, India, Bulgaria and Cambodia showed biggest growth in the period 1999-2001.

Market structure

Consumption as well as imports has increased. Cotton chinos are supplied all year round, however, consumers buy a heavier quality in winter months than in the summer. In particular in the northern EU countries, the competition is strong between the brands of manufacturers of casual and

leisurewear and the private labels of clothing chains, department stores and buying organisations. The biggest consumption markets are Germany, UK, France, Italy, Spain and The Netherlands.

Brand names (not exhaustive)

One of the most popular brands is Dockers (part of Levi Straus). All important retail channels have the chino in their assortment, like Hennes & Mauritz, WE, C&A, Marks & Spencers etc.

Packing

Chinos are normally purchased container-wise and are packed in boxes, depending on the buyer's wishes, of 30-36 pants in a box and 10-12 items in a recyclable or biodegradable plastic bag. Total weight per box may not exceed 25 kg. The packing bag should be marked with the green dot label for Germany. Note: German buyers have the right according to domestic law to claim back a certain % of the FOB value if chinos are not supplied in this way.

Prices

Reasonable quality of chino led to a CIF price between € 8-9.

Environmental influences

These influences are strongly increasing due to the awareness of buyers, end consumers, company regulations and domestic legislation. According to the criteria of EC Directives 67/548 and their updates, several dyestuffs are classified as carcinogenic, sensitive or allergy causing and are forbidden. Press buttons, zip fasteners etc., which come into contact with the human skin for a longer period must not release more than 0.5 µg nickel per cm² per week. CBI's AccessGuide can provide detailed information.

How to improve quality

The requirements for chinos are minimum requirements. Advice for stitching: to avoid puckering, avoid blunt needles, apply the correct thread tension on the operating machines, avoid leakage of machinery. Stay in close contact with the fabric supplier to avoid use of wrong fabrics. Laying of fabrics: make sure the patterns are laid in one direction to avoid colour differences. Cutting: to avoid delay and quality decrease in production, make sure patterns are perfect.

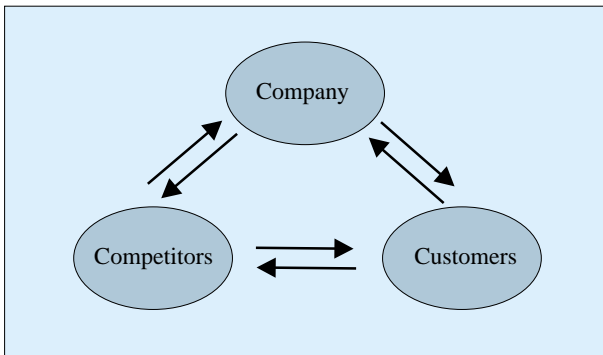
Manufacturers must recognize that competitors are conducting similar research. All manufacturers are interested in investing in attractive export markets; thus, attractive markets are usually very competitive.

11 INTERNAL ANALYSIS: COMPANY ASSESSMENT

It is one thing to discover attractive opportunities in the EU; it is another to possess the necessary competencies to succeed in converting these opportunities into business.

A (potential) customer analysis, a competitor analysis and a (company) self analysis have to be made. The internal or self-analysis is an internally focused examination of a manufacturer's strength and weaknesses.

These strengths and weaknesses indicate how well the company can seize opportunities and avoid harm from threats in the environment. The competitive strength of the company has to be measured in relation to the other suppliers on the market, just like customers' attitude to the company and to the other suppliers, as can be illustrated below. Competitors and customers (buyers) have to be considered in the internal analysis because a manufacturer's strengths and weaknesses are defined as its capabilities relative to them.



The most critical aspect of the internal analysis for a clothing manufacturer is to determine his unique capabilities. With a thorough understanding of its unique capabilities, the company can invest in opportunities that exploit its strength and avoid those that emphasize its weaknesses. These analysis are focused on the strategic direction that competitors and customers are likely to pursue and on their ability to successfully implement their strategy. By understanding competitors in depth, a manufacturer can develop a strategy to compete effectively against them now and improve his ability to anticipate competitors' future actions. Understanding of customer requirements derived from customer strategy is of great significance, not only with respect to the present order but also and more particularly to any future purchase.

Each (potential) exporting company needs to review its manufacturing, logistical, marketing, financial and organisational competencies. This assessment gives an overview of its strength and weaknesses, of which can be derived a distinctive and, more important, a competitive advantage.

11.1 Manufacturing

Elements to be assessed include product characteristics, production facilities, production process, production capacity, production flexibility, quality and service. These aspects have to be compared with major competitors.

Production facilities

Important differences in equipment exist for manufacturing woven garments and for knitwear (flat or circular knitted), while special equipment can sometimes be needed for specific products or treatments (printing, dyeing, finishing, stonewashing etc.).

Sometimes, the customer will send a buyer or a representative to the supplier to visit the mill where the products in question are or may be manufactured, in order to undertake a supplier's audit and/or a quality control audit. In a supplier's audit, a description is given of the type of products, number, type and age of the knitting, cutting and sewing machines. A quality control audit implies a description of the control procedures including employees, laboratory, system, packing and storage.

Most buyers require certain minimum standards, which also guarantee an acceptable quality level. Buyers in the woven sector and in the flat knitting sector are more interested in the technical infrastructure of their suppliers than in the circular knitted sector. In the latter case, buyers are more concerned about the continuity and fastness of the dyeing process and the competence of the technicians. It has to be noted that the latest high-tech equipment is not necessarily a guarantee for flexibility and quality.

Production process

This process starts at the availability of clothing fabrics and of linings, haberdashery, trimmings etc., except when manufacturing is limited to CMT activities, and ends with special treatments after manufacturing. Buying of fabrics abroad by producers, who are exporting on other than a CMT basis, can be confronted sometimes with long distances, minimum order sizes, the risk of delay in delivery times etc., while lead times are shrinking world-wide in the clothing market. The traditional two-season cycle has broken down, and design, fabric and colour changes are being made more frequently. The majority of placed orders is urgent. This provides an opportunity for manufacturers who can meet market demands for short lead times, short runs, quick response and flexible manufacturing. Quick response capabilities also provide opportunities further upstream. Clothing manufacturers able to offer quick response will themselves need a flexible and responsive service from their fabric, yarn and other component suppliers and dyers and finishers.

Production capacity

Selling a product internationally (as well as domestically) requires the capacity to produce or manufacture the product. The company has to possess the space and equipment needed to manufacture for the specific countries to which it is selling (having their own product standards and regulations) and will eventually require a minimum order from the customer(s).

If the company is already selling domestically, it is necessary to investigate if the production capacity to handle and store additional orders is available.

Expanding into the international marketplace will result in a higher number of units to manufacture. The exporter has to ask himself if this increase in production will affect quality of output.

Quality

The buyers prescribe the functional and intrinsic quality of the products. ISO 9000 norms or other quality standards of the specific countries need to be adopted by the manufacturer for long-term growth in the market. There are many dyes, metals and other substances in fabrics, buttons etc., which are banned (or allowed to a certain amount) in the EU and are directly linked to the parameters of performance and functional quality. Quality is an essential prerequisite being taken for granted. Without ensuring quality, there is no likelihood of entry or acceptance on the market(s).

Technology

An efficient information technology system is one of the important features for suppliers when the variety of products and the need for communication increase. The link between the design department and the production unit has become extremely important (Computer Aided Design systems).

A production plant, which is not properly equipped and does not have well-trained and skilled middle management, will be unacceptable in the future.

Service

To an importer, service aspects mean communication, reliability, product development support, business ethics, ease of dealing, quick settlement of claims and speed. Very often, a much valued service aspect is uninterrupted and factually correct information flows.

11.2 Logistics

The logistic concepts aim at having the right goods at the right time, in the right volumes at the right place and all that with a minimum of costs. Particularly for fashion articles, that is of the utmost importance, just like regularity in deliveries and there certainly may not be any delays.

The clothing chain goes from yarn to weaving to textile finishing to clothing production and to distribution and selling. This whole cycle lasts 66 weeks (waiting for

orders, waiting for production schemes and waiting times between stages of manufacturing included). The consequences of such a long cycle are:

too many products and capital bound in stocks, the possibility of price decreases in the meantime and missing of sales because the right products are not available.

The cycle in fact consists of only 11 weeks of production; the rest of the time is reserved for storing/waiting/transport. By shortening this cycle, for instance by a faster exchange of information, it should be possible to follow trends more quickly.

Retailers in clothing are often confronted with variation in clothing behaviour and with rapidly changing trends in fashion. Therefore retailers demand shorter delivery times from the clothing producers, so that especially for high-fashion products this is essential. In general, the retailers in the clothing branch try to shift the risks of market fluctuations to the producers by ordering small series. Because of the tendency to order smaller series, the order frequency is increasing and retailers tend to use more than one supplier. The retailers also tend to have a greater influence on production and transport and mostly have their own designers. The number of rush orders is also increasing.

That requires more flexibility- and a well-organised logistic organisation from the side of the producers. Automatisations is one of the answers for production firms to fulfil the requirements of the logistic process. It especially takes place in activities with a relatively high know-how content (like designing, cutting, etc.). There is not so much automatisations in the more simple activities. Most of these activities concern sewing and the moving of materials/products. Introduction of new technologies in the clothing industry is a slow process and does not take place in a great number of companies. Besides, new technologies and working methods should be accomplished by new marketing concepts.

Usage of barcode systems by retail organisations gives quick sales information and is accompanied by electronic order systems, Just-In-Time (JIT) methods and direct product profitability (DPP). DPP means direct calculation of all retailing costs, amongst which alternative costs (costs which are caused by untimely delivery of articles, costs because of marking down and sales bargains, etc.).

Any developing country factory entering the export market must not only estimate costs accurately before entering into a contract, but also ensure that the shipping facilities at its disposal can guarantee delivery within contractual time requirements. This tends to pose few problems for countries with access to ports with well-established shipping channels to the EU. However, it is a problem for many exporters in Africa, for example, who in addition to needing to move goods overland to a port, must deal with shipping services that

are often unreliable and infrequent. A reliable shipping agent is essential for these exporters. Packaging poses an associated problem. While there is an increasing worldwide trend for consignments to be container packed at the factory, this can be done only in countries equipped to handle container ships in the docks of embarkation. Again, few deep-water ports with such facilities currently exist in Africa.

11.3 Design

Good design and product innovation can help differentiate products, establish consumer loyalty and trust and, in many cases, allow products to command a price premium. Design is the biggest element of value addition. Design cannot originate in a vacuum. Poor or inadequate designs in export policy can make or mar the process of successful marketing. Lack of sufficient understanding of physiognomy, body sizes, life styles, activities and climatic conditions result in incomplete design appreciation. Designers need considerable exposure to the target market before the design process can succeed. The customer-design interface is a matter of deep understanding of the country and the people. Another area is using the aspect of design capabilities and creativity to explore product development as an extra unique selling point (USP), which results in long-term relationships and differential advantage. There is a lot of brand and design imitation, especially for mass products like T-shirts, jeans, sweaters etc. However, one of the results of the GATT Uruguay Round Agreement was the Trade Related Aspects of Intellectual Property Rights. Objectives for this agreement, called TRIPS, are to implement standards of protection for patents, trademarks, copyrights and trade secrets, including enforcement measures and dispute settlement provisions.

11.4 Marketing and sales

Perhaps the most exacting aspect of exporting, even for the established exporting company, is that of ensuring optimal exposure to, and communication with, decision-making personnel in a client company, often thousands of miles away.

- The best method of achieving this objective is, unquestionably, to have an able company representative in the country or geographical area concerned. Such an individual must be proficient in the language of the target market. Ideally, he or she will have a profound technical knowledge of, and practical experience with, the various qualities of clothing items. He/she must also be conversant with the technical implications of provisions in trade contracts, and should also be able to negotiate confirmed contracts swiftly on behalf of the exporter and should have access to rapid communication facilities.
- Exporters able to make firm contracts rapidly have

an unquestioned advantage on the market.

Alternatively, a number of manufacturers could share the services of a similarly qualified individual or a manufacturing company could hire a local agent on the market place. Although these alternatives would be cheaper, their impact on the market would be weaker.

- Established exporters also find it productive to arrange visits to the market of a team, usually comprising a senior technical and a commercial executive. Whether the objective is to strengthen existing contacts with customers, or to seek new ones, careful research should be undertaken before the schedules for such visits are set; these schedules should be confirmed with the contacts concerned.
- Some developing countries use the commercial section of their embassies in the main importing countries to circulate lists of offers. While such activities are productive in many ways, they can be converted into sales only if an inquiry can be swiftly responded to. Furthermore, although containing some data on prices and quality aspects, these lists do not provide sufficient information, nor do they give a strong enough basis for an importer to confirm a contract unless successful business dealings with a listed company have already been established.
- Yarn, fabric and apparel fairs are held in many EU countries (see appendix 3.3), their role is limited in the case of booking direct orders, but more and more fairs are an excellent way to orient on material and fashion developments and to make contacts with potential buyers. Individual participation in international trade fairs may be a useful sales promotion tool, but besides a heavy financial involvement it is a complex operation.
- Product/company press releases and direct mail are all used effectively in trade promotion by exporters. For the new market entrant, however, specialist advice is often necessary to ensure that the information to be delivered is complete, that the media chosen are the most cost effective means of reaching the target audience, and that the timing of the promotional effort is correct. Above all, it is essential that promotion induced inquiries be immediately dealt with locally by a representative., Refer to appendix 3.4 of this survey for a list of leading trade magazines in the textiles and clothing sector.
- As an additional aid to marketing, documents sent by direct mail can be accompanied by knitted yarn and fabric samples. Mailing of this kind to prospective customers, well before a proposed visit from a senior selling team, can be highly effective. While not a complete guarantee of quality, the sample, if it is of good quality, will inspire confidence in prospective buyers. It can also be useful in weeding out merchants who are simply not in the market for those products or those qualities. In fact, generally, no

personal sales visit should be attempted without an adequate sample on offer.

11.5 Financing

The following aspects can be considered when the financial capabilities of an exporting company can be analysed: capital investment, the stage of the production process and complementary activities, and the financial settlement of the contract.

Some parts of the clothing industry are capital intensive and regular investment in new equipment is required to ensure competitiveness. This is particularly the case in those parts of the industry, which are highly automated and produce long runs of relatively undifferentiated products. Investment levels are high in the knitwear sector, particularly in the case of complete garment knitting technology.

Minimal investments are required for exporters in the case of OPT and CMT. In this case, financing is limited to the production process because the importer supplies the material to be processed. The next stage in the manufacturing company's production process is subcontracting. Herewith, investment is extended because the importer instructs the subcontractor to source (and finance) the material itself.

The next stage can be reached when design and marketing at either end of the production process can be delegated to the subcontractor, while maximal investments are required in the case of exploiting and exporting a collection under an international brand name, including a budget for promotional and other marketing activities.

Penalties for late deliveries may be included in the contracts for all types of exporting manufacturers.

11.6 Capabilities

Commitment to export

It is important to consider whether the company has staff who are able to sell and develop an international business. Having in-house staff with international experience can facilitate your entry into the international marketplace. If you do not have such a person, you can either hire one or train present staff to assume the responsibilities. The company should be able to generate the physical and administrative infrastructure to deal with increased activities from exporting - not only in dealing with orders but also with processing Customs and shipping documentation. If this type of infrastructure is limited, then it is a weakness in developing sustained export activities.

Export experiences

It is important to learn from past experiences. If the company has tried but failed to penetrate an export market previously, this can be analysed to determine where things went wrong.

Language skills

Besides knowing about export rules and regulations, it would help your company if your employees were also knowledgeable of your target market's language and culture. Though English is accepted as the language of business, having the ability to communicate in a customer's native language will give you an advantage over your competitors. Although most European trade partners will not be native speakers themselves, the vast majority speaks English fluently. In almost all cases, foreign language skills, particularly English, are essential when entering the European market. On the few occasions when correspondence and documents in English will not suffice, exporters can usually find sources of translation capabilities for the more popular European languages. Language capability can be advantageous, since it facilitates cultural and social relationships.

Training

Human resources development of top and medium-management level can be necessary to optimise the export marketing policy of a company. The following aspects can be considered if additional training is desirable:

- product development, product improvement, efficiency and/or effective measures in production and communication with buyers regarding all technical aspects, including quality control aspects;
- know-how (including costs aspects) about the required Customs formalities, shipping facilities and packaging to guarantee delivery within contractual time requirements;
- financial capabilities including contract parts like delivery and payment procedures;
- export market orientation and export marketing know-how;
- communication tools, including control of the language as desired by the buyer, by middle and top management.

11.7 Recapitulation of the internal analysis

The lowest mode in the added value chain is CMT or OPT. The client, often an EU manufacturer provides fabrics and trim to the manufacturer and for a certain fee the producer make garments according to the requirements. For that reason, the added value is rather limited. Producing an own collection with an own brand name is the highest mode in the added value chain. Other possibilities are to be only a sub-contractor to a clothing chain or department store e.g. and produce private labels or produce partly for such a store and also produce - on a contract basis - for a fashion house. Other combinations are also possible.

Depending on the value that a company and product adds to the chain, the choice can be made for one of the market entry modes. Differences between each mode,

related to added value, are given in the matrix below.

	CMT or OPT producer	FOB producer	Private label producer	Own brand producer
Manufacturing	High	High	High	High
Materials	Low	Medium	High	High
Logistics	Low	Medium	Medium	High
Design	Low	Low	Medium	High
Marketing and sales	Low	Low	Low	High
Financing	Low	Medium	Medium	High
Capabilities	Low	Medium	Medium	High

This helps to determine which type of strategic alliance may be required. Look for partners who complement your company's core competence. For instance: if ample production capacity is available, then look for a partner with a good product to manufacture. If the added value in design is low, because there is no design capacity, look for a creative partner. If added value in logistics is low, look for a partner with a good distribution infrastructure. The process of decision making, based on external and internal analyses, will be discussed in the next chapter.

12 DECISION MAKING

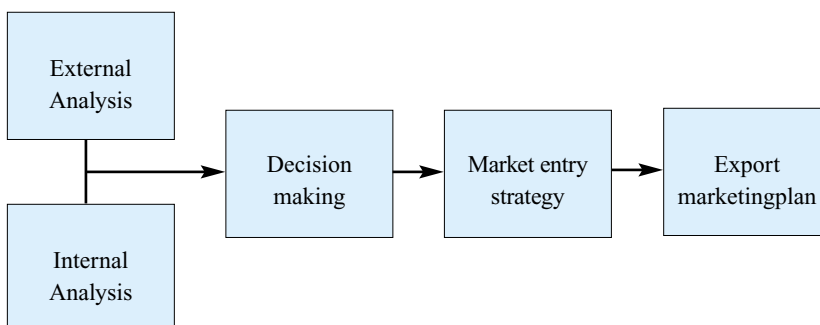
By means of conducting the external and internal analysis (Chapters 10 and 11), the company is now able to come to a decision on whether or not to export.

- Products suitable for export development are identified. Also known is what modifications, if any, must be made to adapt them to an overseas market.
- Countries and market segments are targeted for sales development and/or cooperation agreements.
- The best sales channel is identified.
- Which special challenges pertain to the selected markets (competition, cultural differences, import controls etc.) and what strategies will be used to address them.

Once a company has determined that it has exportable products, it must still consider whether or not the development of an export business adheres to the company objectives. In order to arrive at this conclusion the management should ask itself the following questions:

- What does the company want to gain from exporting?
- Is the goal of exporting consistent with other company goals?
- Are the benefits worth the costs, or would company resources be better spent developing new domestic business?

Companies can waste a lot of time and money attempting to enter markets which do not have potential or for which their product is not suitable. To be successful in export marketing, exporters need to focus on specific products and markets and be prepared for all the consequences.



If you have come to the decision to export, the next phase of the export marketing process is to draw up an Export Marketing Plan (EMP) which defines a marketing strategy stating how the company is going to penetrate the identified market. The marketing strategy is designed around the information collected in the internal and external analysis and the marketing tools will be described in the following chapter.

Formulating an export marketing strategy based upon sound information and its proper assessment increases the chances that the best options will be selected, resources will be utilised effectively, and efforts will consequently be carried through to completion. For assistance in writing an EMP, please refer to the CBI's "*Export Planner*".

A start, which involves limited risks and is chosen by the majority of starting exporters in developing countries, is to try to acquire fixed orders for products specified by the client. The latter is at home in his market and knows all the "ins and outs" of his permanently changing market place.

Exporters in the outerwear sector are confronted with many aspects like sizing, packaging, environmental aspects, resulting in a lot of technical requirements, added to which are aspects of design, fashionability, comfort and market developments etc. For that reason, co-operation in a variety of forms between importer and exporter can be necessary. The most important determining factors for exporters operating on this basis are the combination of price, product quality and reliability of deliveries and delivery times.

13 MARKETING TOOLS

This chapter will discuss which marketing tools (product, price and promotion) can be used to build up successful business relationships, according to the following scheme.

- Matching products and the product range (specifying range, width and depth, specifying the product characteristics, packaging design and seasonal influences)
- Building up a relationship with a suitable trading partner
- Drawing up a general or a specific offer
- Handling the contract, divided into contract terms and contract fulfilment
- Sales promotion advertising and communication, sales organisation and participation in trade fairs.

13.1 Matching products and the product range

A product range of a private label or own brand producer consists of several product groups (range width), each with several different product items (range depth). One product can consist of several executions.

Example:

A knitwear product group consists of T-shirts (range width). The products for sale have long sleeves or short sleeves, round necks or V-necks or boat necks or polo necks with or without hood etc. (range depth). The executions consist of different materials in weight and quality of the items, several sizes, one or more colours, prints etc.

A manufacturer/supplier can only select a suitable business partner if he/she is fully aware of exactly what range he/she can offer and the opposite is also valid: an importing business partner has to know which products or services are offered in order to select a business partner.

The product range of a CMT/OPT producer includes the services which can be derived from the available production facilities, production process, production capacity, production flexibility and the possibilities to buy fabrics, trims etc. according to the requirements of the business partner.

Specifying the product characteristics

Private label producers have to make a review of all the products they make, stating the minimum requirements to which they are related, production capacity and packaging method. The reviews must enable potential customers to make a brief appraisal of the complete

product range and production capacity; it must include minimum order quantity and the possibility for additional orders.

The reviews must always be kept up-to-date. The products and the range should be flexible so that adjustment and adaptation can be executed according to buyers' wishes.

CMT/OPT and FOB producers make a description of the type of products, number, the type and age of the knitting, cutting and sewing machines, the number and skills level of employees etc.

Packaging design

The protective functions of packaging for shipment and requirements for packaging to ensure minimal environmental damage have been described briefly in chapter 9.1.3 (including the references to CBI's AccessGuide and to ITC) and is valid for all types of producers.

Another aspect of packaging per item or items in the case of multi-packs includes an attractive and sales promotion design but is only valid for own brand producers.

13.2 Building up a relationship with a suitable trading partner

Among the many potential customers, you must identify those who match your own company profile and product range and are therefore most suitable for building up a relationship. At the end of the identification phase, the supplier should have selected the names and addresses of suitable trading partners. Sources of information to contact in the producer's country are:

- the country of destination's Chamber of Commerce for Foreign Trade, and/or
- the Economic Affairs departments of the country of destination's official representative (Embassy or Consulate).

Sources of information to contact in the country of destination are:

- Business Support Organisations (former Import Promotion Organisations);
- Trade Associations (see appendix 3.2);
- own country's public and private trade promotion bodies;
- own country's diplomatic and consulate representatives;
- Chambers of Commerce; and,
- trade fair organisers, through printed catalogues or websites (see appendix 3.3);
- trade directories, like <http://www.kompass.com> or <http://www.europages.com> (see appendix 3.5);
- consulting trade press (see appendix 3.4).

It has to be noted that many sources of information only answer written inquiries, while a detailed inquiry improves the chances of precise identification.

Evaluate the received names and addresses, using the following criteria:

- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding, i.e. your, product groups?
- In which market segment is the importer active?
- Names of other suppliers to the importers?
- Enough sound information about the reliability of this partner?
- Check your potential buyers' financial status credibility if possible, for instance credit rating reports by Dunn and Bradstreet (<http://www.dnb.com>), otherwise always demand a LC (letter of credit).

Using these criteria, draw up a priority list of the contact addresses you have received.

13.3 Drawing up an offer

There are two kinds of offers: general and specific offers. The purpose of drawing up a general offer is to make the first contact with potential trading partners with whom you the supplier, are not yet personally acquainted. A general offer consists of sending a short profile of your company and a summary of your product range. In some cases it might be helpful to send a reference list of existing customers (in countries other than the possible customer's one!). Write a personal letter, briefly introducing your company and what you have to offer.

A specific order is legally binding for a certain period of time. You must therefore be capable of fulfilling the terms of contract. A specific offer only should be made up when the business partner is known personally or after the initial contact has been made. A specific offer should consist of two parts: a written offer and/or product samples. The written offer includes:

- Name of the person responsible in your company
- Exact description of the goods offered (referring to requirements)
- Price of the goods in the agreed currency offered in accordance with Incoterms
- Possible delivery date and terms of delivery and the validity date of the offer.

A written offer can be accompanied by product samples, otherwise the offer is formed by sending product samples or yarns (in the case of knitwear) and fabric samples. While not a complete guarantee of quality, the sample, if it is of good quality, will inspire confidence in prospective buyers. It can also be useful in weeding out merchants who are simply not in the market for those products or those qualities.

- Product samples must correspond exactly to the goods available for delivery. If they do not, this may cause a lasting negative effect on business relations;
- State the treatment methods used, if possible provide a copy of your internationally acknowledged inspection organisation.

Recommendable action for both kinds of offers:

- Send in advance a copy of the AWB # (Air Way Bill number) to the contact person.
- Make a telephone check (the human voice, if master of the language, is the best means of communication) to ask whether the offer (and the samples, if applicable) has/have arrived.
- Send samples free of charge, but it is common practice to ask for a reasonable amount for size ranges and/or salesmen's samples.
- An invitation to visit the company.
- A proposal could be made to visit the country of destination. In that case (if necessary) an interpreter can be hired and your own consulate or other intermediaries can be asked for assistance.

Communication by e-mail is an excellent tool, especially when a reaction will be executed within 24 hours. This is a very positive sustaining element towards buyers, making a reliable impression and instilling confidence.

The most exacting aspect of exporting clothing, even for the established exporting company, is that of ensuring optimal exposure to, and communication with, decision-making personnel in a client company. The best method of achieving this objective is to have an able company representative in the country concerned. Such an individual must be proficient in the language of the target market. Ideally, he or she will have thorough technical knowledge of the implications of provisions in trade contracts and should have access to rapid communication facilities. A personal sales visit should be attempted, accompanied by an adequate sample of the garments on offer.

13.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

Contract terms:

- Conclude the delivery terms according to the international guidelines (e.g. Incoterms).
- Particularly when delivering for the first time, it is usual to deliver the goods on CFR or CIF basis as agreed and payment by L/C. In the case of CFR, the importer in the EU, primarily to facilitate payment in the event of a claim, handles the insurance component.

Suppliers should be aware that failure to meet the specified delivery will usually result in cancellation of the order negotiations based on claims for too late

delivery. The same procedure can be expected in the case that products are not up to the stipulated standards of quality. Penalties for late deliveries may be included in the contracts for all types of exporting manufacturers, just like in some cases exclusivity claims.

Contract fulfilment:

- Procure the delivery documents on time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time.
- Co-operate on a partnership basis and seek a common solution, even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

13.5 Sales organisation and promotion

The term “sales organisation” refers to the organisational system that carries out the sales of the company’s products. A sales organisation consists of desk sales force (office staff) and a field force (front liners). In the scheme below gives a rather extended overview, which however is not representative for CMT/OPT or FOB producers and not even for SMEs, which offer more services to their customers.

Sales promotion measures develop and expand customer relations, which obligate the selling company to take good care of existing customers (continuity). This includes for example expressions of thanks to business partners, regular update on the product range; supplying brochures of the product range may be useful for promoting sales just like keeping business partners up-to-date on recent product developments. The consequences for production capacity can be that, in some cases, the production capacity has to be increased for existing customers, or the product range should be guided by demand and changes to the product range may become necessary.

Advertising and communication

Advertising refers to communication measures with the aim of increasing the sales of your products. The prerequisites for successful communication measures are a clearly defined target group (“Who buys my product?”) and a well-formulated message (“What do I want to tell my customer?“)

The following parameters are used to measure the costs of any communication action:

Cost per contact

- > the costs to convey the message to one target person.

Total costs

- > the costs of the whole campaign.

Dispersion losses

- > the costs for messages that do not reach the right addressee (waste).

Standard printed matter

It is advisable to commence with communication methods, which require only a small amount of planning and co-ordination, such as revising the company’s standard printed matter (letterheads, business cards, fax form, etc.). Prepare long-term sales documentation (company brochure, product range review, etc.) and product-specific sales folders. Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with a customer. The fast changing collections make it necessary to develop a flexible promo-kit: keep the costs low, ensure maximum flexibility of the promotional materials.

Telephone or mailing campaigns

Once the on-going business (continuity) with customers has been established, the business is concluded by the modern means of communication: phone, fax and e-mail. A well functioning desk sales force and excellent communication skills are consequently an absolute prerequisite for successful market consolidation. The essential tool used by the sales department is a detailed and up-to-date customer database. The customer data base contains: basic data on the customer

Activities of the desk sales force include:

- selling;
- handling correspondence;
- handling offers and orders;
- issuing forwarding instructions;
- issuing and checking invoices;
- checking schedules;
- keeping customers records;
- expediting product samples;
- keeping sales statistics;
- evaluating markets;
- updating on standards, and
- intermediary for implementing.

Field force includes:

- selling;
- visiting customers;
- presenting new products;
- discussing and implementing campaigns;
- discussing listings;
- holding periodical reviews with customers;
- implementing selling prices, and
- checking (competitor’s edges) competitors’ successes and strengths.

Criteria	Target group	Cost per contact	Total costs	Dispersion losses
Standard printed matter	Existing customers	+	+	+
Telephone and mailing campaigns	Existing and potential customers (known by name)	++	++	++
Website	Existing and potential customers (partly unknown)	+	++	+
Advertising in trade journal	Existing and potential customers (partly unknown)	++	++	++
Participating in trade fairs	Existing and potential customers (partly unknown)	+++	+++	+

+++ = high ++ = medium + = low

(e.g. long-term data such as name, address, telephone etc.); changing data resulting from contacts with the customer (such as phone calls, offers, sales statistics, etc.) and, the customer's specialisation in relation to his assortment.

The customer's database gives a desk sales person (or front liner) a quick review of the most important customer data when planning a telephone call, a direct mail (or a visit).

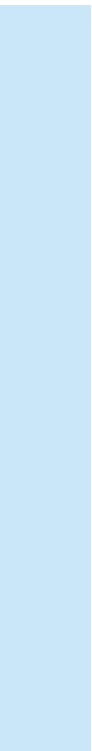
If possible, the customer database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer data should be kept on file cards.

Advertising in trade magazines

The number of important trade magazines with possibilities for advertising is rather limited. For each major EU country only one or two magazines can be mentioned, like *Textil Wirtschaft* and *Textil Mitteilungen* in Germany, *Textilia* in The Netherlands, *Journal de Textile* in France etc. Developing an original campaign is rather expensive and the effect of unrepeatable advertisements is limited. A list of trade magazines is given in chapter 3.5 of this survey.

Participation in trade fairs

Participation in national and international trade fairs may be a useful sales promotion tool in the outerwear sector. A list of trade fairs is given in appendix 3.3 of this survey, of which the German CPD fair is the leading one and has visitors (and exhibitors) from many other countries. Besides a heavy financial involvement (travelling, accommodation, sampling etc.), trade fair participation requires advance knowledge and a detailed survey because of its complex nature. A detailed description of the several stages from selection to preparation, to participation in EU trade fairs, including the follow-up can be found in CBI's 'Your Show Master'.



Appendices

APPENDIX 1 DETAILED CLASSIFICATION OF OUTERWEAR BY HARMONIZED SYSTEM CODE

Chapter 61 applies only to made-up knitted or crocheted articles.

Chapter 62 applies only to made-up articles of any textile fabric other than wadding, excluding knitted or crocheted articles.

HS Code	Description
61.01.	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading no. 61.03:
	- Of wool or fine animal hair:
10.10	— Overcoats, car coats, capes, cloaks and similar articles
10.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of cotton:
20.10	— Overcoats, car coats, capes, cloaks and similar articles
20.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of man-made fibres:
30.10	— Overcoats, car coats, capes, cloaks and similar articles
30.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of other textile materials:
90.10	— Overcoats, car coats, capes, cloaks and similar articles
90.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
61.02.	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading no. 61.04:
	- Of wool or fine animal hair:
10.10	— Overcoats, car coats, capes, cloaks and similar articles
10.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of cotton:
20.10	— Overcoats, car coats, capes, cloaks and similar articles
20.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of man-made fibres:
30.10	— Overcoats, car coats, capes, cloaks and similar articles
30.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
	- Of other textile materials:
90.10	— Overcoats, car coats, capes, cloaks and similar articles
90.90	— Anoraks, (including ski-jackets), windcheaters, wind-jackets and similar articles
61.03.	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted
	- Suits:
11.00	— Of wool or fine animal hair
12.00	— Of synthetic fibres
19.00	— Of other textile materials
	- Ensembles:
21.00	— Of wool or fine animal hair
22.00	— Of cotton
23.00	— Of synthetic fibres
29.00	— Of other textile materials
	- Jackets and blazers:
31.00	— Of wool or fine animal hair
32.00	— Of cotton
33.00	— Of synthetic fibres
39.00	— Of other textile materials

- 61.03. - Trousers, bib and brace overalls, breeches and shorts:**
- Of wool or fine animal hair:
 - 41.10 — Trousers and breeches
 - 41.90 — Bib and brace overalls and shorts
 - Of cotton:
 - 42.10 — Trousers and breeches
 - 42.90 — Bib and brace overalls and shorts
 - Of synthetic fibres:
 - 43.10 — Trousers and breeches
 - 43.90 — Bib and brace overalls and shorts
 - Of other textile materials
 - 49.10 — Trousers and breeches of other textile materials
 - 49.91 — Bib and brace overalls and shorts of artificial fibres
 - 49.99 — Bib and brace overalls and shorts of other textile materials

61.04. Women's or girls' suits, ensembles, jackets, dresses, skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted

- Suits:
- 11.00 — Of wool or fine animal hair
- 12.00 — Of cotton
- 13.00 — Of synthetic fibres
- 19.00 — Of other textile materials
- Ensembles:
- 21.00 — Of wool or fine animal hair
- 22.00 — Of cotton
- 23.00 — Of synthetic fibres
- 29.00 — Of other textile materials
- Jackets and blazers:
- 31.00 — Of wool or fine animal hair
- 32.00 — Of cotton
- 33.00 — Of synthetic fibres
- 39.00 — Of other textile materials
- Dresses:
- 41.00 — Of wool or fine animal hair
- 42.00 — Of cotton
- 43.00 — Of synthetic fibres
- 44.00 — Of artificial fibres
- 49.00 — Of other textile materials
- Skirts and divided skirts:
- 51.00 — Of wool or fine animal hair
- 52.00 — Of cotton
- 53.00 — Of synthetic fibres
- 59.00 — Of other textile materials
- Trousers, bib and brace overalls, breeches and shorts:
- Of wool or fine animal hair
- 61.10 — Trousers and breeches
- 61.90 — Bib and brace overalls and shorts
- Of cotton:
- 62.10 — Trousers and breeches
- 62.90 — Bib and brace overalls and shorts
- Of synthetic fibres
- 63.10 — Trousers and breeches
- 63.90 — Bib and brace overalls and shorts
- 69.10 — Trousers and breeches of other textile materials
- 69.91 — Bib and brace overalls and shorts of artificial fibres
- 69.99 — Bib and brace overalls and shorts of other textile materials

- 61.05. Men's or boys' shirts, knitted or crocheted:**
- 10.00 - Of cotton
 - 20.10 - Of synthetic fibres
 - 20.90 - Of artificial fibres
 - 90.10 - Of wool or fine animal hair
 - 90.90 - Of other textile materials
- 61.06. Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted:**
- 10.00 - Of cotton
 - 20.00 - Of man-made fibres
 - 90.10 - Of wool or fine animal hair
 - 90.30 - Of silk or silk waste
 - 90.50 - Of flax or of ramie
 - 90.90 - Of other textile materials
- 61.09. T-shirts, singlets and other vests, knitted or crocheted:**
- 10.00 - Of cotton
 - 90.10 - Of wool or fine animal hair
 - 90.30 - Of man-made fibres
 - 90.90 - Other
- 61.10. Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted:**
- Of wool or fine animal hair:
 - 10.10 — Jerseys and pullovers, containing at least 50% by weight of wool and weighing 600 gr. or more per article
 - Men's or boys' jerseys, pullovers, waistcoats etc. at least 50% by weight of wool and weighing 600 gr. or more per article
 - 10.31 — Of wool
 - 10.35 — Of cashmere hair
 - 10.38 — Of other animal hair
 - Women's or girls' jerseys, pullovers, waistcoats etc. at least 50% by weight of wool and weighing 600 gr. or more per article
 - 10.91 — Of wool
 - 10.95 — Of cashmere hair
 - 10.98 — Of other animal hair
 - 20.10 — Lightweight fine knit roll, polo or turtleneck jumpers and pullovers of cotton:
 - Other jerseys etc. for:
 - 20.91 — Men or boys
 - 20.99 — Women or girls
 - Of man-made fibres:
 - 30.10 — Lightweight fine knit roll, polo or turtleneck jumpers and pullovers
 - Other:
 - 30.91 — Men or boys
 - 30.99 — Women or girls
 - Of other textile materials:
 - 90.10 — Of flax or ramie
 - 90.90 — Other
- 61.11. Babies' garments and clothing accessories, knitted or crocheted:**
- Of wool or fine animal hair:
 - 10.10 — Gloves, mittens and mitts
 - 10.90 — Other babies' garments
 - Of cotton
 - 20.10 — Gloves, mittens and mitts
 - Other babies' garments
 - Of synthetic fibres
 - 30.10 — Gloves, mittens and mitts

- 30.90 — Other babies' garments
- 90.00 - Of other textile materials

- 61.12. Track suits, ski suits and swimwear, knitted or crocheted:**
 - Track suits:
 - 11.00 — Of cotton
 - 12.00 — Of synthetic fibres
 - 19.00 — Of other textile materials
 - 20.00 - Ski suits

- 61.13. Garments rubberised, impregnated etc.:**
 - 00.10 - Garments rubberised
 - 00.90 - Garments impregnated, coated or covered with plastics or other materials

- 61.14. Special garments for professional sporting or other purposes:**
 - 10.00 - Of wool or fine animal hair
 - 20.00 - Of cotton
 - 30.00 - Of man-made fibres
 - 90.00 - Of other materials

- 61.16. Gloves, mittens and mitts, knitted or crocheted:**
 - 91.00 - Of wool or fine animal hair
 - 92.00 - Of cotton
 - 93.00 - Of synthetic fibres
 - 99.00 - Of other textile materials

- 61.17. Other made-up clothing accessories, knitted or crocheted:**
 - 10 00 - Shawls, scarves, mufflers, mantillas, veils and the like
 - 20 00 - Ties, bow ties and cravats
 - Other accessories:
 - 80.10 — Knitted or crocheted, elasticised or rubberised
 - 80.90 — Other
 - 90.00 - Parts

- 62.01. Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, other than those of heading no. 62.03:**
 - Overcoats, raincoats, car coats, capes and cloaks and similar articles:
 - 11.00 — Of wool or fine animal hair
 - Of cotton:
 - 12.10 — Of a weight, per garment, not exceeding 1 kg
 - 12.90 — Of a weight, per garment, exceeding 1 kg
 - Of man-made fibres:
 - 13.10 — Of a weight, per garment, not exceeding 1 kg
 - 13.90 — Of a weight, per garment, exceeding 1 kg
 - 19.00 — Of other textile materials
 - Anoraks (including ski-jackets, windcheaters, wind-jackets and similar articles):
 - 91.00 — Of wool or fine animal hair
 - 92.00 — Of cotton
 - 93.00 — Of man-made fibres
 - 99.00 — Of other textile materials

- 62.02. Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, other than those of heading No. 62.04:**
 - Overcoats, raincoats and similar articles:
 - 11 .00 — Of wool or fine animal hair
 - Of cotton:
 - 12.10 — Of a weight, per garment, not exceeding 1 kg
 - 12.90 — Of a weight, per garment, exceeding 1 kg
 - Of man-made fibres:

- 13.10 — Of a weight, per garment, not exceeding 1 kg
- 13.90 — Of a weight, per garment, exceeding 1 kg
- 19.00 — Of other textile materials
 - Anoraks (including ski-jackets, wind-cheaters, wind-jackets and similar articles):
- 91.00 — Of wool or fine animal hair
- 92.00 — Of cotton
- 93.00 — Of man-made fibres
- 99.00 — Of other textile materials

62.03. Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)

- Suits:
 - 11.00 — Of wool or fine animal hair
 - 12.00 — Of synthetic fibres
 - 19.10 — Of cotton
 - 19.30 — Of artificial fibres
 - 19.90 — Of other textile materials
- Ensembles:
 - 21.00 — Of wool or fine animal hair
 - 22.80 — Of cotton
 - 23.80 — Of synthetic fibres
 - 29.18 — Of artificial fibres:
 - 29.90 — Of other textile materials
- Jackets and blazers:
 - 31.00 — Of wool or fine animal hair
 - 32.90 — Of cotton
 - 33.90 — Of synthetic fibres
 - 39.19 — Of artificial fibres
 - 39.90 — Of other textile materials
- Trousers, bib and brace overalls, breeches and shorts:
 - Of wool or fine animal hair
 - 41.10 — Trousers and breeches
 - 41.30 — Bib and brace overalls
 - 41.90 — Shorts
 - Of cotton
 - 42.31 — Of denim
 - 42.33 — Of cut corduroy
 - 42.35 — Other cotton
 - 42.59 — Bib and brace overalls
 - 42.90 — Shorts
 - Of synthetic fibres
 - 43.19 — Trousers and breeches
 - 43.39 — Bib and brace overalls
 - 43.90 — Shorts
 - Of artificial fibres
 - 49.19 — Trousers and breeches
 - 49.39 — Bib and brace overalls
 - 49.50 — Shorts
 - 49.90 — Trousers, bib and brace overalls, breeches and shorts of other textile materials

62.04. Women's or girls' suits, ensembles, jackets, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear):

- Suits:
 - 11.00 — Of wool or fine animal hair
 - 12.00 — Of cotton
 - 13.00 — Of synthetic fibres
 - 19.10 — Of artificial fibres
 - 19.90 — Of other textile materials
- Ensembles:

- 21.00 — Of wool or fine animal hair
- 22.80 — Of cotton
- 23.80 — Of synthetic fibres
- 29.18 — Of artificial fibres:
- 29.90 — Of other textile materials
 - Jackets and blazers:
- 31.00 — Of wool or fine animal hair
- 32.90 — Of cotton
- 33.90 — Of synthetic fibres
- 39.19 — Of artificial fibres
- 39.90 — Of other textile materials
 - Dresses:
- 41.00 — Of wool or fine animal hair
- 42.00 — Of cotton
- 43.00 — Of synthetic fibres
- 44.00 — Of artificial fibres
- 49.10 — Of silk or silk waste
- 49.90 — Of other textile materials
 - Skirts and divided skirts:
- 51.00 — Of wool or fine animal hair
- 52.00 — Of cotton
- 53.00 — Of synthetic fibres
- 59.10 — Of artificial fibres
- 59.90 — Of other textile materials
 - Trousers, bib and brace overalls, breeches and shorts:
 - Of wool or fine animal hair
- 61.10 — Trousers
- 61.80 — Bib and brace overalls
- 61.90 — Shorts
 - Of cotton:
 - Trousers and breeches:
- 62.31 — Of denim
- 62.33 — Of cut corduroy
- 62.39 — Other cotton
- 62.59 — Bib and brace overalls
- 62.90 — Shorts
 - Of synthetic fibres
- 63.18 — Trousers and breeches
- 63.39 — Bib and brace overalls:
- 63.90 — Shorts
 - Of artificial fibres:
- 69.18 — Trousers and breeches
- 69.39 — Bib and brace overalls:
- 69.50 — Shorts
- 69.90 — Trousers, bib and brace overalls, breeches and shorts of other textile materials

62.05. Men's or boys' shirts:

- 10.00 - Of wool or fine animal hair
- 20.00 - Of cotton
- 30.00 - Of man-made fibres
- 90.10 - Of flax or ramie
- 90.90 - Of other textile materials

62.06. Women's or girls' blouses, shirts and shirt-blouses:

- 10.00 - Of silk or silk waste
- 20.00 - Of wool or fine animal hair
- 30.00 - Of cotton
- 40.00 - Of man-made fibres
- 90.10 - Of flax or ramie

90.90 - Of other textile materials

62.09. Babies' garments and clothing accessories:

10.00 - Of wool or fine animal hair

20.00 - Of cotton

30.00 - Of synthetic fibres

90.00 - Of other textile materials

62.10 Garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated:

10.10 - Of felt:

10.99 - Of nonwovens

20.00 - Overcoats for men or boys rubberised or impregnated etc.

30.00 - Overcoats for women or girls rubberised or impregnated etc.

40.00 - Other garments for men or boys

50.00 - Other garments for women or girls

62.11. Track suits and ski suits:

20.00 - Ski suits

- Men's or boys track suits:

31.00 — Track suits of wool

32.31 — Lined track suits of cotton with an outer shell of a single identical fabric

32.41 — Lined track suit tops of cotton

32.42 — Lined track suit bottoms of cotton

32.90 — Other cotton garments

33.31 — Lined track suits of man-made fibres with an outer shell of a single identical fabric

33.41 — Lined track suit tops of man-made fibres

33.42 — Lined track suit bottoms of man-made fibres

33.90 — Other garments of man-made fibres

39.00 — Track suits of other textile materials

- Women's or girls track suits:

41.00 — Track suits of wool

42.31 — Lined track suits of cotton with an outer shell of a single identical fabric

42.41 — Lined track suit tops of cotton

42.42 — Lined track suit bottoms of cotton

42.90 — Other cotton garments

43.31 — Lined track suits of man-made fibres with an outer shell of a single identical fabric

43.41 — Lined track suit tops of man-made fibres

43.42 — Lined track suit bottoms of man-made fibres

43.90 — Other garments of man-made fibres

49.00 — Track suits of other textile materials

62.14. Shawls, scarves, mufflers, mantillas, veils and the like:

10.00 - Of silk or silk waste

20.00 - Of wool or fine animal hair

30.00 - Of synthetic fibres

40.00 - Of artificial fibres

90.10 — Of cotton

90.90 — Of other textile materials

62.15. Ties, bow ties and cravats

10.00 - Of silk or silk waste

20.00 - Of man-made fibres

90.00 - Of other textile materials

62.16.00.00 Gloves, mittens and mitts

62.17.10.00 Other made-up clothing accessories

APPENDIX 2 SPECIFICATION OF IMPORTS AND EXPORTS OF OUTERWEAR BY PRODUCT TYPE AND AREA OF ORIGIN INTO THE EU (15), 1999-2001

Table 2.1 Imports of knitted outerwear into the EU (15) in volume and value, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
For men and boys						
Coats, raincoats	2.9	44	4.0	50	5.2	56
Anoraks, ski jackets etc.	10.6	153	10.6	139	10.3	135
Suits, ensembles	31.1	114	36.1	155	42.2	159
Indoor jackets	5.0	73	4.9	71	6.1	88
Trousers, shorts etc.	90.0	447	98.7	460	90.1	440
Shirts	244.7	1,327	266.3	1,334	229.1	1,280
Jerseys, pullovers etc.	288.4	2,626	302.9	2,819	328.3	2,978
Total	672.7	4,784	723.5	5,028	711.3	536,1
Extra-EU	497.0	2,626	536.1	2,883	539.5	3,046
Developing countries	412.0	2,051	411.2	2,169	458.1	2,428
For women and girls						
Coats, raincoats	6.2	82	6.0	96	7.8	112
Anoraks, ski jackets etc.	17.2	195	18.8	221	19.3	211
Suits, ensembles	39.9	222	121.4	296	143.4	300
Indoor jackets	16.3	213	18.1	245	20.6	244
Dresses	65.0	479	64.4	477	53.5	382
Skirts	42.9	284	53.9	351	35.4	253
Trousers, shorts etc.	304.7	1,431	305.8	1,471	341.2	1,335
Blouses, shirts	185.2	870	221.3	989	244.1	986
Jerseys, pullovers etc. 783.9	6,402	940.4	7,367	949.1	7,555	
Total	1461.3	10178	1750.1	11,513	1814.4	11,378
Extra-EU	1044.2	5,801	1266.7	6,750	1316.5	6922
Developing countries	790.3	4,147	927.6	4,571	1003.1	4,992
For both sexes						
T-shirts	1825.5	5,663	2021.6	6,911	2205.2	7,153
Jerseys, pullovers etc.	74.9	558	65.6	678	65.9	713
Babies' garments	-	1,146	-	1,342	-	1,397
Impregnated clothing	-	131	-	183	-	175
Total	1900.4	7498	2087.2	9,114	2271.1	9,438
Extra-EU	1393.7	4,365	1513.2	5,585	1585.6	5,923
Developing countries	1141.9	3,530	1214.8	4,471	1327.1	4,955
Active sportswear						
Track suits	55.3	511	48.2	473	43.8	431
Ski suits	-	10	-	11	-	14
Other sportswear	-	491	-	563	-	539
Total	55.3	1,012	48.2	1,047	43.8	984
Extra-EU	39.2	544	34.2	589	30.8	545
Developing countries	34.0	436	27.3	433	24.4	432
Clothing accessories						
Gloves for babies	4.3	5	4.5	7	8.0	8
Other gloves	372.3	221	389.5	248	384.1	228
Scarves, ties and other acc.	-	193	-	248	-	209
Total	376.6	419	394.0	503	392.1	445
Extra-EU	346.1	268	359.0	336	354.5	297
Developing countries	266.9	199	282.5	249	293.9	226
Total EU imports						
Total EU imports	4466.3	23,891	5003.0	27,204	5232.7	27,381
Extra-EU	3312.7	13,637	3709.2	16,143	3826.9	16,733
Developing countries	2645.1	10,433	2961.5	12,463	3106.6	13,033

Source: Eurostat

Table 2.2 Imports of woven outerwear into the EU (15) in volume and value, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
For men and boys						
Coats, raincoats	33.9	803	39.3	854	36.4	825
Anoraks, ski jackets etc.	89.2	1,764	122.9	1,902	89.5	1,777
Suits, ensembles	30.6	1,163	51.4	1,322	44.7	1,365
Indoor jackets	44.6	1,225	50.7	1,239	43.2	1,214
Trousers, shorts etc.	575.7	5,831	846.0	6,728	702.4	7,230
Shirts	484.2	3,102	752.3	3,381	482.7	3,447
Other incl. impregnated	5.3	864	4.9	926	4.3	924
Total	1263.5	14,752	1867.5	16,352	1403.2	1,682
Extra-EU	923.6	9,120	1473.0	10,652	1083.6	11,079
Developing countries	725.4	6,136	1027.2	6,626	824.0	7,391
For women and girls						
Coats, raincoats	47.3	1,287	109.7	1,331	53.5	1,319
Anoraks, ski jackets etc.	65.9	1,092	155.5	1,299	75.6	1,286
Suits, ensembles	48.3	863	50.7	833	50.8	828
Indoor jackets	92.0	1,934	95.2	1,736	92.5	1,866
Dresses	125.8	1,407	135.7	1,458	109.3	1,227
Skirts	163.0	1,428	280.5	1,775	200.5	1,717
Trousers, shorts etc.	549.5	4,814	945.	6,201	805.8	7,136
Blouses, shirts	325.0	2,578	350.9	2,729	362.3	2,880
Other incl. impregnated	2.1	501	2.6	571	2.2	634
Total	1418.9	15,904	2125.8	17,933	1752.5	18,893
Extra-EU	1024.5	9,852	1728.5	11,453	1358.9	12,475
Developing countries	741.6	6,069	1250.0	6,769	950.6	7,857
Active sportswear						
Ski suits	8.1	124	9.0	155	7.1	117
Track suits for men	10.4	412	16.8	533	17.8	548
Track suits for women	12.8	561	15.0	748	16.5	686
Total	31.3	1,097	40.8	1,436	41.4	1,351
Extra-EU	24.5	718	28.4	924	29.7	862
Developing countries	19.9	505	22.1	599	25.2	648
Babies' garments						
	-	511	-	581	-	637
Extra-EU	-	334	-	399	-	454
Developing countries	-	299	-	332	-	399
Clothing accessories						
Scarves	200.3	522	221.1	673	217.7	599
Ties	135.7	272	76.0	285	68.3	293
Gloves		153	-	185	-	155
Other accessories	-	160	-	183	-	200
Total	336.0	1,107	297.1	1,326	286.0	1,247
Extra-EU	155.7	473	181.8	661	195.3	611
Developing countries	132.2	373	147.2	518	158.0	468
Total EU imports						
	3049.7	33,371	4332.0	37,626	3483.1	38,910
Extra-EU	2128.3	20,498	3411.7	24,089	2667.5	25,481
Developing countries	1619.3	13,458	1839.3	15,667	1953.8	16,690

Source: Eurostat

Table 2.3 Imports from leading developing countries of knitted outerwear into the EU, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
Imports from:						
Developing countries	2645.1	10,433	2961.5	12,463	3106.6	13,033
Of which from:						
Turkey	488.2	2,348	466.7	2,671	457.9	2,579
China	408.1	1,955	420.3	2,266	438.4	2,244
Bangladesh	420.2	878	585.8	1,307	578.9	1,333
India	169.3	529	177.9	615	255.9	690
Indonesia	73.9	500	98.1	570	109.4	582
Morocco	55.9	509	161.3	572	167.6	582
Tunisia	49.8	383	94.6	448	99.2	454
Mauritius	34.6	413	98.5	448	96.4	417
Thailand	60.6	399	78.3	500	98.4	381
South Korea	61.2	359	72.6	403	67.8	341
Macao	23.9	251	49.0	301	43.5	269
Cambodia	27.7	165	41.8	211	56.1	248
Sri Lanka	40.6	257	59.1	320	59.6	245
Pakistan	170.0	185	198.5	190	209.1	183
Myanmar	13.0	70	30.5	169	37.0	175
Other developing countries	548.1	1,232	328.5	1,472	331.4	2,310

Source: Eurostat

Table 2.4 Imports from leading developing countries of woven outerwear into the EU, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
Imports from:						
Developing countries	1619.3	13,458	1839.3	15,667	1953.8	16,690
Of which from:						
China	289.9	3,080	310.1	3,578	350.7	3,944
Turkey	153.3	1,541	178.3	1,851	211.3	2,112
Tunisia	144.5	1,476	152.3	1,532	166.3	1,755
Morocco	166.5	1,376	211.9	1,521	191.0	1,645
Bangladesh	220.8	874	272.9	1,204	280.3	1,269
India	174.7	842	195.7	1,028	207.4	1,052
Indonesia	76.3	746	106.7	966	83.6	883
Vietnam	38.5	459	63.9	577	47.8	572
Pakistan	44.8	217	50.9	265	73.6	318
Sri Lanka	38.4	282	51.7	353	41.3	302
Croatia	10.2	269	10.0	262	9.6	265
Thailand	29.0	211	31.5	265	30.3	249
South Korea	44.9	265	39.8	340	36.3	242
Macao	25.6	213	35.4	248	26.1	242
Slovenia	6.4	236	6.4	227	5.9	225
Other developing countries	155.5	1,371	121.8	1,450	192.3	1,615

Source: Eurostat

Table 2.5 Exports of knitted outerwear by the EU (15) in volume and value, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
For men and boys						
Coats, raincoats	1.4	31	1.6	32	1.4	35
Anoraks, ski jackets etc.	3.9	83	3.9	82	4.0	78
Suits, ensembles	7.2	78	8.5	118	9.0	153
Indoor jackets	3.0	49	2.7	54	2.5	57
Trousers, shorts etc.	28.5	204	27.6	203	23.9	199
Shirts	66.3	634	63.9	618	62.4	622
Jerseys, pullovers etc.	202.8	1,850	152.4	1,957	363.8	2,050
Total	313.1	2,929	260.6	3,064	467.0	3,194
of which Extra-EU	51.9	606	60.2	703	61.6	809
For women and girls						
Coats, raincoats	2.0	60	2.6	72	2.8	69
Anoraks, ski jackets etc.	4.5	73	4.7	83	5.5	95
Suits, ensembles	15.2	235	19.1	284	19.5	260
Indoor jackets	11.8	201	12.2	20	12.3	207
Dresses	27.6	328	25.3	306	19.5	223
Skirts	20.7	224	22.8	254	15.3	179
Trousers, shorts etc.	98.9	741	90.2	690	143.8	630
Blouses, shirts	141.0	749	175.0	856	211.9	881
Jerseys, pullovers etc.	319.5	4,009	348.7	4,353	414.3	4,452
Total	641.2	6,620	700.6	7,118	844.9	6,996
of which Extra-EU	185.0	1,425	193.3	1,591	237.1	1,700
For both sexes						
T-shirts	753.3	3,411	841.8	3,944	953.8	3,982
Jerseys, pullovers etc.	30.0	609	36.1	639	36.2	653
Babies' garments	-	573	-	605	-	661
Impregnated clothing	-	48	-	77	-	84
Total	783.3	4,641	877.9	5,265	990.0	5,295
of which Extra-EU	183.9	87	207.5	1,072	250.5	1,201
Active sportswear						
Track suits	19.5	210	17.3	200	16.0	204
Ski suits	-	4	-	6	-	14
Other sportswear	-	626	-	716	-	828
Total	19.5	840	17.3	922	16.0	1,046
of which Extra-EU	4.3	39	3.6	447	3.6	571
Clothing accessories						
Gloves for babies	0.9	2	1.0	3	1.0	3
Other gloves	50.1	66	52.5	75	46.7	78
Scarves, ties and other	-	352	-	407	-	424
Total	51.0	420	53.5	266	47.7	505
of which Extra-EU	10.9	79	9.7	219	9.1	250
Total EU exports	1808.1	15,450	1909.9	16,767	2365.7	17,045
of which Extra-EU	436.0	3,366	474.3	4,025	561.9	4,531

Source: Eurostat

Table 2.6 Exports of woven outerwear by the EU (15) in volume and value, 1999-2001

	1999		2000		2001	
	mln units	mln €	mln units	mln €	mln units	mln €
For men and boys						
Coats, raincoats	16.3	512	13.2	516	13.0	515
Anoraks, ski jackets etc.	27.8	872	28.2	844	28.8	855
Suits, ensembles	19.2	1,292	22.7	1,482	23.9	1,533
Indoor jackets	16.6	766	16.3	723	16.3	707
Trousers, shorts etc.	213.8	3,260	226.3	3,518	233.7	3,793
Shirts	124.9	1,388	120.8	1,441	115.8	1,507
Other incl. impregnated	1.3	380	1.6	425	2.1	427
Total	419.9	8,470	429.1	8,949 4	433.6	9,337
of which Extra-EU	93.2	2,114	98.9	2,367	102.7	2,572
For women and girls						
Coats, raincoats	23.1	783	20.0	847	18.2	810
Anoraks, ski jackets etc.	20.6	539	86.6	629	26.1	643
Suits, ensembles	32.4	1,264	36.6	1,312	38.4	1,500
Indoor jackets	49.1	1,287	29.9	1,116	91.6	1,166
Dresses	48.1	945	44.9	935	34.2	821
Skirts	61.9	945	67.7	1,095	74.0	1,054
Trousers, shorts etc.	195.7	2,738	232.7	3,251	252.7	3,720
Blouses, shirts	157.9	1,304	227.2	1,338	106.5	1,387
Other incl. impregnated	0.8	418	1.1	523	1.4	601
Total	589.6	10,223	746.7	11,046	643.1	11,702
of which Extra-EU	126.2	2,989	196.2	3,347	135.9	3,879
Active sportswear						
Ski suits	2.0	43	2.6	54	2.5	47
Track suits for men	4.1	296	6.6	359	6.9	361
Track suits for women	3.5	970	4.0	1,248	4.5	1,254
Total	9.6	1,309	13.2	1,661	13.9	1,662
of which Extra-EU	1.2	870	1.2	1,106	1.3	1,137
Babies' garments						
	-	290	-	321	-	352
of which Extra-EU	-	109	-	137	-	143
Clothing accessories						
Scarves	126.6	579	133.7	685	145.1	678
Ties	71.4	575	65.8	577	57.2	553
Gloves	-	61	-	72	-	58
Other clothing acc.	-	875	-	1,016	-	1,080
Total	198.0	2,090	199.5	2,350	202.3	2,369
of which Extra-EU	73.8	866	75.2	1,553	73.3	1,596
Total EU exports	1217.1	22,382	1388.5	24,327	1292.9	25,422
of which Extra-EU	294.4	6,938	371.5	8,510	313.2	9,327

Source: Eurostat

APPENDIX 3 USEFUL ADDRESSES

3.1 Standards organisations

ECLA (European Clothing Association)

E-mail: info@euratex.org
Internet: <http://www.euratex.org>

Note: for ECLA recommendations we refer to
<http://www.belgianfashion.be> or <http://westworld.dmu.ac.uk>

ISO (International Standard Organisation)

E-mail: central@iso.org
Internet: <http://www.iso.org>

Information concerning textile care labelling in EU countries can be obtained from:

GINETEX (Groupement international d'etiquetage pour l'entretien des textiles)

E-mail: ginetex@hotmail.com
Internet: <http://www.gintex.org>

3.2 Sources of price information

An overview of consumer prices can be obtained by:

- window-shopping in the prospective market place, at several retail shops is another good way of obtaining information about prices at retail or consumer level, but also about fashion, colours and qualities.
- browsing through the catalogues of mail-order houses on Internet.

For instance sites in The Netherlands, like Neckermann Nederland: <http://www.neckerman.nl> or Wehkamp: <http://www.wehkamp.nl>

or similar sites in Germany like Neckermann: <http://www.neckermann.de>;

Quelle: <http://www.quelle.de>

or Otto: <http://www.otto.de>

or in France, like La Redoute: <http://www.redoute.fr>;

or in the English language in the UK, like:

GUS/Argos: <http://www.gusplc.co.uk> with links to many daughter companies like <http://www.argos.uk>,

<http://www.choiceshopping.com> and others, Littlewoods Home Shopping:

<http://www.littlewoods.co.uk> or Grattan:

<http://www.lookagain.co.uk>

Freemans and Empire Stores:

<http://www.empirestores.co.uk>

- Comparisons can also be found in the prices given in catalogues of large department stores or on company web sites.

Prices of competitors can be found by browsing their

Internet sites or looking for general sites like

<http://www.globalsources.com> or

<http://www.alibaba.com>

3.3 Trade associations

Associations in the clothing industry

EU:

Euratex (The European Apparel & Textile Organisation)

E-mail: info@euratex.org
Internet: <http://www.euratex.org>

FRANCE:

UFIH (Union Francaise des Industries de l'Habillement)

E-mail: secretariatufih@lamodefrancaise.org
Internet: <http://www.lamodefrancaise.org>

GERMANY:

Bundesverband Bekleidungsindustrie e.V.

E-mail: bbi@bbi-online.de
Internet:
<http://www.bekleidungsindustrie.de>

ITALY:

Sistema Moda Italia (SMI)

E-mail: costa@sistemamodaitalia.it
Internet: <http://www.sistemamodaitalia.it>

THE NETHERLANDS:

Modint

E-mail: info@modint.nl
Internet: <http://www.modint.nl>

SPAIN:

Consejo Intertextil Espanol

E-mail: aitpa@aitpa.es
Internet: <http://www.aitpa.es>

UK:

British Apparel & Textile Confederation (BATC)

E-mail: batc@dial-pipex.com
Internet: <http://www.batc.co.uk>

Associations of wholesalers, agents etc. in apparel trade

THE NETHERLANDS:

FTGB (Federatie Textiel Groothandelsbonden)

E-mail: info@ftgb.nl
Internet: <http://www.ftgb.nl>

NVKT (Nederlandse Vereniging van Kleding- en Textiel- Agenten/Importeurs)

E-mail: info@vnt.org
Internet: <http://www.vnt.org>

3.4 Trade fair organisers

FRANCE:

Prêt-à-Porter Paris

Segments: The entire range of women's apparel including accessories
Frequency: Twice a year (January and September)
In spring, presentation of the winter collection and in autumn of the summer collection
E-mail: info@comexpo-paris.com
Internet: <http://www.comexpo.com>

Salon Planete 0>16 (Mode Enfantine)

International Children's Fashion Trade Show

Segments: The entire range of children's and babies' apparel
Frequency: Twice a year (January and September)
E-mail: info@comexpo-paris.com
Internet: <http://www.comexpo.com>

SEHM

International Men's Wear Fair

Segments: The entire range of men's and boys' apparel including accessories
Frequency: Twice a year (January and September)
E-mail: info@whosnext.com
Internet: <http://www.whosnext.com>

GERMANY:

CPD Woman/Man

Segments: Fashion wear for men, women and children, including young fashion
Frequency: Twice a year (February and August)
E-mail: info@igedo.com
Internet: <http://www.cpd.de>

ISPO

Segments: Active sportswear, fashion sport and sporting goods
Frequency: Twice a year, February (ISPO Winter) and August (ISPO Summer)
E-mail: weber@messe-muenchen.de
Internet: <http://www.ispo.com>

KIND + JUGEND

Segments: Babies' and children's wear, maternity wear, baby accessories and clothing for teens
Frequency: Twice a year (February and July)
Internet: <http://www.koelnmesse.de>
E-mail: info@koelnmesse.de

ITALY:

Pitti Immagine Uomo

Segments: Men's apparel including accessories
Frequency: Twice a year (January and June)
E-mail: uomo@pittimmagine.com
Internet: <http://www.pittimmagine.com>

Pitti Bimbo

Segments: Clothing and accessories for babies, children and teens, maternity wear
Frequency: Twice a year (January and June)
E-mail: bimbo@pittimmagine.com
Internet: <http://www.pittimmagine.com>

SPAIN:

Barcelona Fashion Week

Segments: Several trade fairs for men's wear, women's ready to wear and designer collections
Frequency: Twice a year (February and September)
E-mail: moda@moda-barcelona.com
Internet: <http://www.moda-barcelona.com>

Fimi Valencia

Segments: Children's fashion and accessories
Frequency: Annual (January)
E-mail: fimi@feria.valencia.com
Internet: <http://www.feriavalencia.com>

SIMM

Segments: Women's fashion (Imagenmoda), Ready-to-wear (Intermoda), Jeans and Streetwear, Sportswear (Cien X Cien)
Frequency: Twice a year (February and August)
E-mail: smm@ifema.es
Internet: <http://www.semanamoda.ifema.es>

UK:

MXL (Menswear Exchange London)

Segments: Men's wear merchandise: fashion, sport, jeanswear, casual and classic clothes
Frequency: Twice a year (February and August)
E-mail: info@emap.com
Internet: <http://www.mxl.co.uk>

Pure Womenswear

Segments: All kinds of women's wear and fashion accessories
Frequency: Twice a year (February and August)
E-mail: info@emap.com
Internet: <http://www.purewomenswear.co.uk>

3.5 Trade press

International fashion magazines for design, styling and forecasting

Prêt-à-Porter Collections (women's wear)

Men's Collections (men's wear)

Frequency: Twice a year (spring/summer and autumn/winter)
Language: English
Content: Overview of world's leading fashion designer shows
Internet: <http://www.modeparis.com>

Donna Collezioni

Frequency: 4 times a year
Language: Italian with English summary
Content: Women's wear fashion
Phone: +39 (0) 59 891700
Fax: +39 (0) 59 891701
E-mail: zanfi.editori@mo.nettuno.it

From the same publisher: Uoma Collezioni, Sport & Street Collezioni, Accessori Collezioni (international trends and season's bestsellers in all sorts of accessories for men and women, including 600 photographs), 0-3 Baby Collezioni, and Bambini Collezioni.

International Textiles

Frequency: 10 issues a year
Language: English
Content: Information about colours, fabrics, styling, haute couture etc.
E-mail: itbd@itbd.co.uk
Internet: <http://www.itbd.co.uk>

Textile View Magazine

Frequency: Quarterly
Language: English
Content: Developments in fashion and technology for yarns, fabrics etc.
E-mail: office@view-publications.com
Internet: <http://www.view-publications.com>

International magazines with information about production and trade in textiles and clothing

Textile Outlook International

Frequency: 6 issues a year
Language: English
Content: Business and market analyses for the textile and clothing industry
E-mail: info@textilesintelligence.com
Internet: <http://www.textilesintelligence.com>

Knitting International

Frequency: 11 issues a year
Language: English
Content: Information about production technologies and fashion (trends, fairs etc) information concerning knitwear
E-mail: info@world-textilenet
Internet: <http://www.world-textile.net>

Textil Mitteilungen (TM)

Frequency: Weekly
Language: German
Content: Production, trade and fashion information on textiles and clothing
E-mail: info@tm-fashion-portal.de
Internet: <http://www.tm-fashion-portal.de>

Textil Wirtschaft (TW)

Frequency: Weekly
Language: German
Content: Production, trade and fashion information on textile and clothing
E-mail: info@twnetwork.de
Internet: <http://www.twnetwork.de>

Textilia

Frequency: Weekly
Language: Dutch
Content: Trade magazine for clothing and textiles
E-mail: textilia@bp.vnu.com
Internet: <http://www.textilia.nl>

Texpress

Frequency: Weekly
Language: Dutch
Content: Magazine for textiles industry and trade in Belgium and The Netherlands
E-mail: texpress@bp.vnu.com

3.6 Other useful addresses

Quota, import duties, import licences
Contact your national Customs, embassy or Customs in the target country. The following organisations can also supply useful information on quota, import duties, import licences and other trade regulations.

INTERNATIONAL:

World Customs Organisation

E-mail: information@wcoomd.org
Internet: <http://www.wcoomd.org>

THE NETHERLANDS:

Netherlands Customs Directorate, information on import duties

E-mail: info@douane.nl
Internet: <http://www.douane.nl>

Ministry of Finance, Department for Tariffs and Quota, information on import duties, tariffs, taxes and regulations

E-mail: minfin@minfin.nl
Internet: <http://www.minfin.nl>

Central Services for Import & Export, information on import licences, certificates, procedures:

Internet: <http://www.belastingdienst.nl>

More information about the market and other general information

EU

E-mail: see mailboxes
Internet: <http://www.europa.eu.int>

THE NETHERLANDS:

Netherlands Foreign Trade Agency, part of the Ministry of Economic Affairs

E-mail: infoservice@evd.nl
Internet: <http://www.evd.nl>

Trade directories

Available without charge for various European countries in different languages

Kompass

E-mail: info@kompass.nl
Internet: <http://www.kompass.nl>

ABC of trade and industry

E-mail: info@abc-d.nl
Internet: <http://www.abc-d.nl>

Europages

E-mail: comments@europages.com
Internet: <http://www.europages.com>

Important addresses for environmental issues

AccessGuide, CBI's database on EU non-tariff trade barriers

E-mail: accessguide@cbi.nl
Internet: <http://www.cbi.nl/accessguide>

Commission of the European Communities, DG XI-A-2, contact point EU ECO-label

E-mail: dgxiweb@dg11.cec.be
Internet: <http://www.europa.eu.int/comm/dg11>

Öko-Tex, contact point for the Öko-Tex hallmark

E-mail: info@oeko-tex.com
Internet: <http://www.oeko-tex.com>

TÜV, contact point for the SG (Schadstoffgeprüft Zeichen) hallmark, including worldwide addresses of affiliates

E-mail: info@de.tuv.com
Internet: <http://www.de.tuv.com>

Information about contracts, arbitration, including Incoterms 2000

International Chamber of Commerce
E-mail: webmaster@iccwbo.org
Internet: <http://www.iccwbo.org>

APPENDIX 4 LIST OF DEVELOPING COUNTRIES

Please note that the OECD list of developing countries (January 2000), as applied in this market survey, may include countries that are usually not considered as developing countries (e.g. South Korea).

Afghanistan	Guatemala	Pakistan
Albania	Guinea	Palau Islands
Algeria	Guinea-Bissau	Palestinian Admin. Areas
Angola	Guyana	Panama
Anguilla	Haiti	Papua New Guinea
Antigua and Barbuda	Honduras	Paraguay
Argentina	India	Peru
Armenia	Indonesia	Philippines
Aruba	Iran	Rwanda
Azerbaijan	Iraq	São Tomé & Príncipe
Bahrain	Jamaica	Saudi Arabia
Bangladesh	Jordan	Senegal
Barbados	Kazakhstan	Seychelles
Belize	Kenya	Sierra Leone
Benin	Kiribati	Slovenia
Bhutan	Korea, Rep. of	Solomon Islands
Bolivia	Korea, South	Somalia
Bosnia & Herzegovina	Kyrgyz Rep.	South Africa
Botswana	Laos	Sri Lanka
Brazi	Lebanon	St. Helena
Burkina Faso	Lesotho	St. Kitts-Nevis
Burundi	Liberia	St. Lucia
Cambodia	Libya	St. Vincent and Grenadines
Cameroon	Macao	Sudan
Cape Verde	Macedonia	Surinam
Central African rep.	Madagascar	Swaziland
Chad	Malawi	Syria
Chile	Malaysia	Tajikistan
China	Maldives	Tanzania
Colombia	Mali	Thailand
Comoros	Malta	Timor
Congo	Marshall Islands	Togo
Cook Islands	Mauritania	Tokelau
Costa Rica	Mauritius	Tonga
Côte d'Ivoire	Mayotte	Trinidad & Tobago
Croatia	Mexico	Tunisia
Cuba	Micronesia, Fed. States	Turkey
Djibouti	Moldova	Turkmenistan
Dominica	Mongolia	Turks & Caicos Islands
Dominican republic	Montserrat	Tuvalu
Ecuador	Morocco	Uganda
Egypt	Mozambique	Uruguay
El Salvador	Myanmar	Uzbekistan
Equatorial Guinea	Namibia	Vanuatu
Eritrea	Nauru	Venezuela
Ethiopia	Nepal	Vietnam
Fiji	Netherlands Antilles	Virgin Islands (UK)
French Polynesia	New Caledonia	Wallis & Futuna
Gabon	Nicaragua	Western Samoa
Gambia	Niger	Yemen
Georgia	Nigeria	Yugoslavia, Fed. Rep.
Ghana	Niue	Zaire
Gibraltar	Northern Marianas	Zambia
Grenada	Oman	Zimbabwe

In this survey the developing countries mentioned above can be classified according to the following scheme:

ACP countries

Angola
 Antigua and Barbuda
 Bahamas
 Barbados
 Belize
 Benin
 Botswana
 Burkina Faso
 Burundi
 Cameroon
 Cape Verde
 Central African Rep.
 Chad
 Comoros
 Congo
 Cook Islands
 Djibouti
 Dominica
 Dominican Rep.
 Equatorial Guinea
 Eritrea
 Ethiopia
 Fiji
 Gabon
 Gambia
 Ghana
 Grenada
 Guinea
 Guinea-Bissau
 Guyana
 Haiti
 Ivory Coast
 Jamaica
 Kenya
 Kiribati
 Lesotho
 Liberia
 Madagascar
 Malawi
 Mali
 Marshall Islands
 Mauritania
 Mauritius
 Micronesia, Fed. States
 Mozambique
 Namibia
 Nauru
 Niger
 Nigeria
 Niue
 Palau Islands
 Papua New Guinea
 Rwanda
 São Tomé & Príncipe
 Senegal
 Seychelles
 Sierra Leone

Solomon Islands
 Somalia
 St. Kitts-Nevis
 St. Lucia
 St. Vincent and Grenadines
 South Africa
 Sudan
 Surinam
 Swaziland
 Tanzania
 Togo
 Tonga
 Trinidad & Tobago
 Tuvalu
 Uganda
 Vanuatu
 Western Samoa
 Zambia
 Zimbabwe

Mediterranean countries

Albania
 Algeria
 Bosnia & Herzegovina
 Croatia
 Egypt
 Gibraltar
 Jordan
 Lebanon
 Libya
 Macedonia
 Malta
 Morocco
 Slovenia
 Syria
 Tunisia
 Turkey

Central & South American ctrs *)

Anguilla
 Argentina
 Aruba
 Bolivia
 Brazil
 Chile
 Colombia
 Costa Rica
 Cuba
 Ecuador
 El Salvador
 Guatemala
 Honduras
 Mexico
 Montserrat
 Netherlands Antilles
 Nicaragua
 Panama
 Paraguay

Peru
 Turks & Caicos Islands
 Uruguay
 Venezuela
 Virgin Islands

Asian countries

Afghanistan
 Bahrain
 Bangladesh
 Bhutan
 Cambodia
 China
 India
 Indonesia
 Iran
 Iraq
 Korea, Rep. of
 Korea, South
 Laos
 Macao
 Malaysia
 Maldives
 Mongolia
 Myanmar
 Nepal
 Oman
 Pakistan
 Philippines
 Saudi Arabia
 Sri Lanka
 Thailand
 Timor
 Vietnam
 Yemen

CEEC

Armenia
 Azerbaijan
 Georgia
 Kazakhstan
 Kyrgyz Rep.
 Moldova
 Tajikistan
 Turkmenistan
 Uzbekistan

African countries *)

Mayotte
 Saint Helena

Other Oceanian countries *)

French Polynesia
 New Caledonia
 Northern Marianas
 Tokelau

*) other than ACP countries

APPENDIX 5 REFERENCES

- 1 European Yarn and Fabric Fairs for Autumn/Winter 2003/04 – Textile Outlook International November/December 2002
- 2 Global Apparel Sourcing: Options for the future- Textile Outlook International, July 2001
- 3 Major markets for cotton T-shirts- International Trade Centre 2001
- 4 Eurostat CD Rom 2001 Comext
- 5 Textiles and Clothing, an introduction to quality requirements in selected markets, International Trade Centre Unctad/Gatt 1994
- 6 Export Planner, CBI 2000
- 7 Euratex Bulletins, 2002-1,2 and 4
- 8 Consumer Europe-Marketing data 2002

APPENDIX 6 USEFUL INTERNET SITES

Besides the websites mentioned in this survey and including interesting sites of the publishers <http://www.world-textile.net> and <http://TWnetwork.de>, of trade fair organisers, associations for the clothing industry, trade organisations and many other useful addresses. The following portals focussed on clothing trade may be useful (portals are usually one-stop gateways covering 'all aspects' in a field of study or a line of business):

<http://www.apparel.net/index.cgi>

Apparel Net describes itself as: "The Online Guide for the Apparel Industry: centralised location for over 2,000 links to apparel-related resources on the internet/web, trade events, media, news, press releases and reference library, surveys and statistics database format and search device, Interactive Clearinghouse of Information".

Access: free

Search: by category or by words used in the annotation.

Language: English.

Note: all links are annotated.

<http://www.just-style.com>

Just-Style.com apparel & textile industry portal contains news articles and searchable archive, events calendar and resources (annotated industry links). The feature <Knowledge Store > includes reports from leading (UK) sources such as Mintel, Key Note etc.

Access: free

Search: extensive search engine to search the site full-text.

Language: English

Note: free subscription to < just-style news >, a quality e-mail newsletter.

Language: English.

Sites concerning international trade are:

<http://www.wcoomd.org>

The World Customs Organisation website contains full text documents on international trade policy topics related to customs (e.g. GATT, Harmonized System, Rules of Origin etc.), as well as < Links to Member Administrations >, i.e. national customs organisations and < Links to International organisations >, i.e. global and regional intergovernmental organisations.

Access: free.

Search: search facilities available

Language: English and French (bilingual).

<http://sigl.cec.eu.int>

The SIGL database contains information on the EU utilisation level of quota of clothing and textile items. Direct Import and Outward Processing Trade (OPT) + information on EU commercial policy on textiles and clothing.

Access: free

Search: selection by country and/or by product category (MFA/ATC nomenclature)

Language: English + 11 other EU languages

Note: search facilities do not refer to SIGL, but to the entire EU portal-site <http://www.europa.eu.int>

<http://mkaccdb.eu.int>

Market Access database, EU database covering import/export restrictions (tariffs and other barriers) with non-EU countries :

- Applied Tariffs database (free access world-wide)

- Sectoral and Trade Barriers database

- WTO Bound Tariffs database

- Exporters' Guide to Import Formalities

Access: restricted to users in EU-countries only

Search: each feature has a separate search engine.

Language: English

Note: the < help > function briefly explains search facilities and content of each feature.

Sites of clothing organisations are:

<http://www.aedt.org>

The AEDT (European Association of National Organisations of Textiles retailers) site gives information on this organisation and its activities.

Main features: < Information & Statistics > key figures on AEDT members or associated European countries.

This information is presented in the same 'AEDT format' for each country. It also has a directory of the national organisations of textiles/clothing retailers.

< Calendar of Fashion Fairs >.

< Ariadne's Web > European database of fashion brand names. Covers approx. 2000 brand names

Access: free.

Search: mendriven navigation

Language: English

<http://www.iafnet.org>

The IAF-site (Interantional Apparel Federation) gives information on this organisation and its activities. -

Main features :

< Papers and Presentations > of the annual IAF World Apparel Convention are available in full text.

< News > is an on-line quarterly newsletter.

< Member Associations > addresses and websites.

Access: free

Search: mendriven navigation only (the site is relatively small)

Language: English

Mailing address: P.O. Box 30009, 3001 DA Rotterdam, The Netherlands
Phone: +31 10 201 34 34 Fax: +31 10 411 40 81
E-mail: cbi@cbi.nl Internet: <http://www.cbi.nl>
Office: WTC-Beursbuilding, 5th floor
37 Beursplein, Rotterdam, The Netherlands