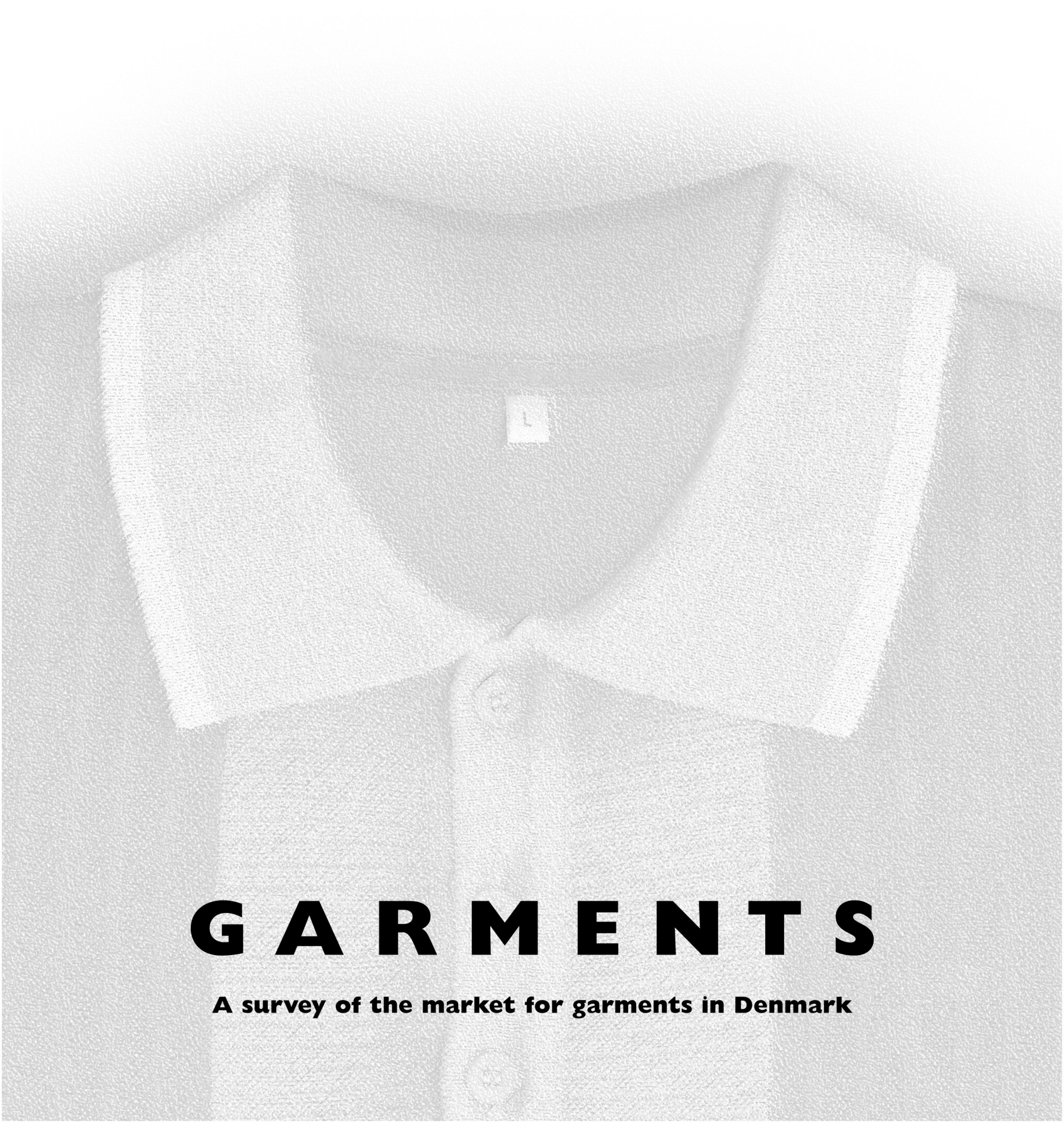
DIPO

Danish Import Promotion Office
for Products from Developing Countries



GARMENTS

A survey of the market for garments in Denmark

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DIPO
Danish Import Promotion Office for
Products from Developing Countries

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Products from Developing Countries was established
on January 1, 1977 according to an agreement between the
Danish Chamber of Commerce and the
Danish International Development Agency (DANIDA).

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in their export endeavours.

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Facts about Denmark

Area: 43.094 sq.km

Population : 5.3 million

Capital: Copenhagen with 1.4 million inhabitants
(incl. suburbs)

Business languages: Danish, English

Other larger cities:

Århus	215.000 inh.
Odense	145.000 inh.
Aalborg	119.000 inh.
Esbjerg	73.000 inh.

Religion: Lutheran State Church

Form of Government:
Constitutional monarchy
Parliamentary democracy

Currency: 1 krone (DKK) = 100 øre

Exchange rate: 1 USD = 7,03 DK (Nov.1999)

I. Denmark

I. 1. The country

Geography and climate

Denmark, situated in Northern Europe, forms part of Scandinavia. The country comprises the peninsula of Jutland, which borders on Germany in the south, and many islands, the two largest being Zealand and Funen. The Kingdom of Denmark also includes the partly independent overseas territories of Greenland and the Faroe Islands.

Denmark proper is small, with a land area of approximately 43.000 square kilometers (16.600 square miles). The landscape is flat; the highest point is no more than 173 meters (568 feet).

The climate, influenced by the Gulf Stream from the west, is temperate, with the mean temperature ranging from 0° Celsius (32 F) in winter to 17° Celsius (63 F) in summer. In normal summers, the temperature occasionally rises to 30° Celsius (86 F). Winter temperatures below minus 20° Celsius (minus 4 F) are rare. Annual rainfall averages about 700 millimeters (28 inches).

The major cities are Copenhagen, the capital of Denmark, situated on the east coast of Zealand, Odense on Funen, and Århus and Aalborg in Jutland.

History

Denmark is the oldest kingdom in the world. Since 1849, Denmark has been a constitutional monarchy.

Population

The population of Denmark proper is approximately 5.2 million, averaging 122 persons per square kilometer (316 per square mile). About 1.4 million people live in Copenhagen and its suburbs, and another 0.6 million live in the three other major cities. In total, approximately 70 percent of the population lives in urban areas. At present, there is no growth in total population.

Language

The language in Denmark is Danish, which is closely related to the other Scandinavian languages. English and, to a lesser extent, German are understood by the business community.

Living standards
Danes have one of the highest standards of living in the world, and social welfare is given high priority. Income and wealth within Denmark are relatively evenly distributed. There are few very rich people, but also few who are unable to afford at least some luxuries on a regular basis. Normally, both husband and wife work full time.

Economy
The Danish economy is based on private ownership, except for public utilities. In part because of its extensive social welfare system, Denmark has a relatively large public sector.

The industrial pattern in Denmark is characterized by a large number of small and medium-sized companies, which typically are family owned. Compared to companies in other industrialized countries, the largest Danish companies, with a few exceptions, are medium-sized.

Transport and communications
Denmark has an extensive network of first-class rail and road transport. The islands and Jutland are connected by bridges, tunnels or ferries. A new rail- and motorway connecting Zealand and Funen (18 kilometers/11 miles) was completed in 1998. A bridge between Denmark and Sweden will be opened in year 2000.

Copenhagen has a major international airport. Cities in Funen and Jutland are served by domestic airports with frequent connections to and from Copenhagen and other cities in neighbouring countries.

Most Danish cities and towns are situated by the sea and have good port facilities. Along Jutland's west coast, ports are always free of ice.

Mail service is efficient and reliable. Telephone, fax services, and e-mail are available throughout the country.

I. 2. Practical information

Visitors' visas

No visa is required of visitors from most Western countries. For overseas visitors a visa is usually required.

Currency

The Danish monetary unit is the krone (DKK); the plural is kroner. The krone is divided into 100 øre.

The following is a list of exchange rates as per November 1st, 1999:

		DKK
US $	1 =	7,0317
£	1 =	11,5793
¥	1 =	0,0675
ECU	1 =	7,4339

International time

Danish standard time is one hour ahead of Greenwich Mean Time and six hours ahead of U.S. Eastern Time.

Business hours

Business hours are generally from 8:30 a.m. to 4:30 p.m. Offices and banks are closed on Saturdays and Sundays.

Weights and measures

Denmark uses the metric system.

I. 3. The business environment

Implications of European Union membership

Denmark, together with Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden, and the United Kingdom, is a member of the European Union (EU). Denmark became a member of the EU (then the European Community) on January 1, 1973. The aim of the EU is to integrate the economies of the member countries; one of the main effects has been the elimination of import duties between member countries. Further aims of the EU are to ensure the free movement of goods, capital and labour, as well as freedom of business establishment.

At the time Denmark joined the Union, Greenland also became a member of the EU; however, its membership was discontinued in 1985 and replaced with a separate fishing and trading agreement. The Faroe Islands decided not to join and has remained outside the Union.

Overseas trade relations
In addition to the above-mentioned membership of the EU, Denmark is a member of the World Trade Organization - WTO (formerly the General Agreement on Tariffs and Trade - GATT).

Trade barriers
In general terms, Denmark favours the reduction and abolition of trade barriers; however, most of its sovereignty in this respect has been given over to the EU. In general, there are no "technical trade barriers" for exporters to Denmark to overcome.

I. 4. Exporting to Denmark

Import restrictions
There are generally no restrictions on the importation of goods. However, import licenses are required and/or EU import quotas apply to goods originating outside the EU.

Import duties
Customs duties are levied on goods imported from outside the EU. The rates of duty vary, depending on the nature of the goods.

Customs duties are the principal import levies that in effect increase the price of foreign (non-EU) goods over that of domestic products. Customs duties are imposed on an ad valorem basis at rates determined by the type of product and the country of origin of the goods. For specific goods, a quantity-based rate of duty applies as a supplement to the ad valorem rate.

Customs duty levied on imports from certain countries may be suspended or levied at reduced rates. (When duty is levied, the rate generally varies between 4 and 16 percent of the customs value).

Exemptions from duty are granted for imported goods entered under specific duty schemes (i.e., those kept in customs warehouses, those in transit or being imported for repair or processing).

Other taxes

Value-added tax - VAT (25 %) - must be paid on imports, based on the value of the goods for import duty purposes plus import duty, possible other taxes and cost of freight. Excise taxes are levied on a variety of products.

Documentation procedures

The EU Common Customs Code is applicable in Denmark. When goods dispatched from non-EU member states arrive at the Danish border, the transporter must notify Customs, and the importer must submit a simplified import document, stating the nature, origin and quantity of the goods. If the importer is registered with the Customs authorities as an importer, the goods are subsequently released, and the importer must submit a regular import document together with the relevant invoice and freight bill within ten working days. An import license and a certificate of origin may also be required, depending on the nature of the goods.

Simplified entry systems using EDI (Electronic Data Interchange) are used by many customs brokers and a few companies.

Local representation

The appointment of a local agent for customs, excise and value-added tax purposes may be required. Even when a local agent is not required, it may be helpful to have an agent who knows Danish procedures and who may administer credit facilities for duties and taxes.

There are no restrictions on the appointment of a local sales agent or branch, but the advantages of doing so are based on the requirements of the market, rather than on administrative procedures or regulations.

Sources of information

The commercial advisors attached to Danish embassies abroad may advise on general matters. For specific export inquiries the embassies will normally refer to DIPO in Denmark, The Bureau of Statistics, and others - see section VI, Useful Addresses.

II. The Danish Market for Ready-made Garments

This market brief covers all ready-made garments - and a few accessories - contained in SITC position 84, which primarily groups the two commodity numbers (custom's tariff) 61 and 62. The primary articles are:

Overcoats and jackets, suits, coats, pants, shirts, costumes, dresses, skirts, knickers and shorts, blouses, underwear and brassieres, slips, T-shirts, sweaters and pullovers, bathrobes and housecoats, pyjamas and nightgowns, socks, stockings and pantyhoses, handkerchiefs, ties, gloves and mittens, sweat-shirts and other sports clothes, swimwear, and workclothes

- knitted, woven, or by other processes,
- from natural or synthetic fibres, and leather
- for women, girls, men, boys and children.

The total Danish market (1998) for such garments can be calculated like this (ex factory and import prices):

	thousands DKK	
Production	**5.440.792**	**(CN numbers 61&62)**
Imports	**15.483.377**	**(SITC group 84)**
Exports	**11.720.138**	**(SITC group 84)**
Consumption	**9.204.034**	

II. 1. Danish production

Although imports constitute the largest source of supply for Danish consumers, almost all types of ready-made garments are - to some extent - still being produced by Danish manufacturers - whether actually, totally or partially, made in Denmark!

The five largest types of ready-made garments registered to be of Danish origin, in 1998, were:

	million DKK ex works excl. of VAT
Sweaters, pullovers, cardigans, and vests for women and girls, knitwear, made of cotton	589
Pants and knickers for women and girls, not knitwear, made of synthetic fibres, except for work use	370
Jackets and blazers for women and girls, not knitwear, made of synthetic fibres, except for work use	280
Blouses and shirts for women and girls, not knitwear, made of chemofibres	255
Clothing and accessories (including diapers) for infants, made of cotton, knitwear, except mittens	221

II. 1.1 Recent changes in the production of ready-made garments in Denmark

During the period 1987 to 1997 a number of developments have changed the characteristics of the Danish clothing sector:

Danish production has to a large extent been replaced by production abroad.

The processes that have been moved abroad are primarily manual processes like sewing, cutting, folding and packing, whereas processes like dyeing, printing, weaving, knitting and spinning are rarely moved out. The main reason for moving manual processes abroad is the very large difference in wages between Denmark and many other countries as illustrated below:

	Hourly wages DDK	Wage index Denmark = 100	Productivity index Denmark = 100
China	1,37	2	70
Latvia	2,75	3	75
Lithuania	2,85	3	75
Marocco	5,58	7	70
Turkey	8,44	10	85
Poland	9,82	12	80
Portugal	16,30	20	85
Denmark	81,68	100	100

Because of favorable costs, proximity and an industry with many small and medium-sized production units, Poland has throughout the 1990's been the most important sub-supplier to the Danish clothing industry. Portugal, Lithuania and Latvia are also important.

The Far East countries, headed by China, and Turkey, are primarily important suppliers of finished goods based on their own cloth/textiles.

There are three main concepts for placing part or all of the production functions abroad - OPT (Outward Processing Traffic), CMT (Cut, Make, and Trim) and SOD (Sourcing from Own Design).

- OPT is primarily used by the knitwear industry, which numbers about 100 companies.
- CMT is primarily used by the suit, dress, and coat makers numbering about 150 companies.
- SOD is used primarily by the larger design- and trading companies, wholesalers, and retail chains. This group numbers about 50 companies.

Moving production abroad has cost a sizable number of jobs in Denmark - primarily for seamstresses - but has also helped to increase the total production and turnover.

Denmark, together with Italy, are the only countries in EU where the production of ready made garments - including production abroad - was larger in 1997 than in 1990 !

Exports have developed from a narrow Scandinavian base to include also more EU countries.
In 1987 the Scandinavian countries, Sweden and Norway, accounted for 63 % of the Danish exports, whereas in 1998 this figure has dropped to 36 %. Germany is now the largest export market with 24 %. At the same time Danish exports have nearly doubled in value - to about 10.9 billion DKK in 1998.

The important exports of ready made garments to Poland and Lithuania are primarily - but not exclusively - ready-cut piecegoods which in the statistics are grouped with ready-made clothes.

Stronger concentration has changed the picture of an industry formerly dominated by small and medium sized companies.
The number of manufacturing companies within the clothing industry has dropped from about 500 in 1987 to about 225 in 1998. Danish based sub-suppliers to the ready made garments industry have almost ceased to exist.

The average turnover per company has doubled within the last 10 years - from 15 million DKK to 30 million DKK. The 10 largest manufacturers now account for about 50 % of the total turnover.

Sales and marketing are increasingly aimed at specific market segments rather than at consumers in general.
Intensified competition and pressure on prices have led to the necessity of differentiation - both for manufacturers and retailers - by focusing on selected market segments. More and more, both manufacturers and retailers concentrate on total, or integrated, concepts covering marketing, design, prizing, presentation in shops, and range and depth of product line. Lifestyle is increasingly being used as a marketing tool, and the product's signal value has become more important relative to its functional usage.

Future developments in the Danish ready-made garments industry.
Production abroad will be spread out to more countries and CMT and SOD concepts will expand. East- and Central Europe will continue to be the dominant area for CMT. The Far East and Turkey will be the main area for SOD.

The economically strongest regions in East- and Central Europe will grow into important export markets for the Danish clothing industry - expected to account for 30 % of total exports by 2010.

Greater individuality in consumers leads to greater unpredictability in the target groups and makes it necessary to closely monitor market developments and react quickly to changes. Based on computer technology the larger Danish manufaturers will develop Total Consumer Response Systems registrering all factors influencing sales and continuous concept adjustment.

Total Consumer Response System

Consumer Input

The targeted customers
Selection of specific product lines and merchandise
Seasonality and campaigns
Buying processes
Purchase resistance factors

? ?

Concept Development	**Merchandise Handling**
Target group messages Product mix Design Price/Quality Timing Service Merchandizing and display Monitoring of competition	Stock management Order flow Sub-supply management Production management Logistics Customs and duties Financial management

II. 2. Imports

Imports of ready-made garments (SITC group 84) amounted in 1998 to about 15.500 million DKK. T-shirts (including traditional undershirts) is by far the largest import article both in quantity and in value (almost 1 billion DKK). The ten largest tariff groups for imports in 1998 are shown in box 1 below.

BOX 1

Largest import articles in 1998.

CN-nr.	Article	Pieces	DKK
6109 1000:	T-shirts and undershirts, knitwear, made of cotton.	46.427.000	986.858.000
6110 2099:	Sweaters, pullovers, cardigans, jerseys and vests for women and girls, knitwear, made of cotton.	10.670.208	462.990.000
6204 6318:	Pants and knickers for women and girls, not knitwear, made of synthetic fibres, except for work use.	6.956.549	428.674.000
6205 2000:	Cotton shirts for men and boys, not knitwear	6.386.086	387.788.000
6110 3099:	Sweaters, pullovers, cardigans, jerseys and vests for women and girls, knitwear, made of chemofibres.	6.256.260	372.316.000
6203 4235:	Pants and knickers for men and boys, made of cotton, not denim or knitwear, except workclothes.	4.836.293	361.473.000
6110 2091:	Sweaters, pullovers, cardigans, jerseys and vests for men or boys, knitwear, made of cotton.	5.455.400	360.112.000
6212 1000:	Bras and bra-accessories for women.	10.716.341	346.732.000
6206 4000:	Blouses and shirts for women and girls, not knitwear, made of chemofibres.	5.268.889	345.055.000
6203 4231:	Pants and knickers for men and boys, not knitwear, made of denim, except for work use.	3.221.402	337.860.000

Total imports, for 1997 and 1998, by exporting countries are shown in Appendix I.

Total imports in 1998 went up by 9 % over 1997. China, Poland, Italy, and Portugal are (1998) the dominant exporters to Denmark of ready-made garments. The 10 leading export countries had a share of imports of almost 70 %. Imports from the 10 largest supply countries rose by 4,5 % compared to the previous year. The leading countries supplying imports to Denmark are shown in box 2 on the following page.

Box 2

Countries with largest exports to Denmark

	1998 1000 DKK	Share %	Increase 1997-1998 %
China	2.435.508	15,7	5,8
Poland	1.521.463	9,8	9,9
Italy	1.344.615	8,7	23,8
Portugal	970.195	6,3	-8,9
Germany	902.759	5,8	-30,9
UK	795.344	5,1	-3,5
Hongkong	793.655	5,1	-3,9
Sweden	781.530	5,0	51,3
Turkey	675.231	4,4	21,4
Lithuania	534.424	3,5	26,1
Top 10 total	10.754.724	69,5	4,5
All countries	15.483.377		

The countries of origin for imported ready-made garments can be seen in custom's statistics. The ten leading suppliers (exporting countries) for seven important groupings of ready-made garment imports are shown in Appendix II.

?? T-shirts, etc. come primarily from Bangladesh, Portugal and China.
?? Sweaters, pullovers, etc. of cotton originate primarily from Turkey, Poland, and Portugal.
?? Sweaters, pullovers, etc. of chemofibres come from Italy, UK, Poland, and Turkey.
?? Cotton underwear comes primarily from Austria and China.
?? Pants and knickers for women and girls, from synthetic fibres, not knitwear, come from Italy and Poland primarily.
?? Cotton shirts for men and boys come from Poland and Hongkong predominantly.
?? Cotton pants and knickers, for men and boys, come primarily from Italy.

II. 3. EXPORTS

Exports from Denmark (1998) amounted to 11,7 billion DKK. The main markets for exports from Denmark are Germany, Sweden, Norway, and Finland. The 10 largest export markets account for almost 87 % of all exports from Denmark. Exports to the 10 largest markets rose by 11 % compared to the previous year. The most important export markets are shown in box 3 below.

Box 3
Largest export markets

	1998 1000 DKK	Share %	Increase 1997-1998 %
Germany	2.823.271	24,1	9,4
Sweden	2.581.301	22,0	3,5
Norway	1.635.048	14,0	7,8
Finland	777.670	6,6	24,7
UK	762.200	6,5	38,6
The Netherlands	655.567	5,6	10,6
Poland	385.386	3,3	15,3
France	184.060	1,6	32,1
Lithuania	179.816	1,5	6,9
Austria	179.420	1,5	13,1
Top 10 total	10.163.739	86,7	11,0
All countries	11.720.138		

II. 4. Danish consumers

There are not that many of them - total population is only about 5.2 million people - but Danish consumers are among those with the highest purchasing power in the world. All the same, the average Danish consumer is highly price conscious, and price competition within the the various trade levels (manufacturers, importers, retailers) is very keen. The high purchasing power does mean, however, that very inexpensive and low quality merchandise does not have much of a market in Denmark. The quality has to be good/very good - as a minimum, acceptable - and on that premise, the price must be as reasonable as possible.

54 % of the ready-made garment market in Denmark is clothing for women (1999), 31 % is for men, and 15 % for children.

II. 4.1. Spending by Danish consumers on ready-made garments as share of total yearly shopping expenditures:

1996: 4,6 %
1998: 4,5 %
2005: 3,8 % (forecast)

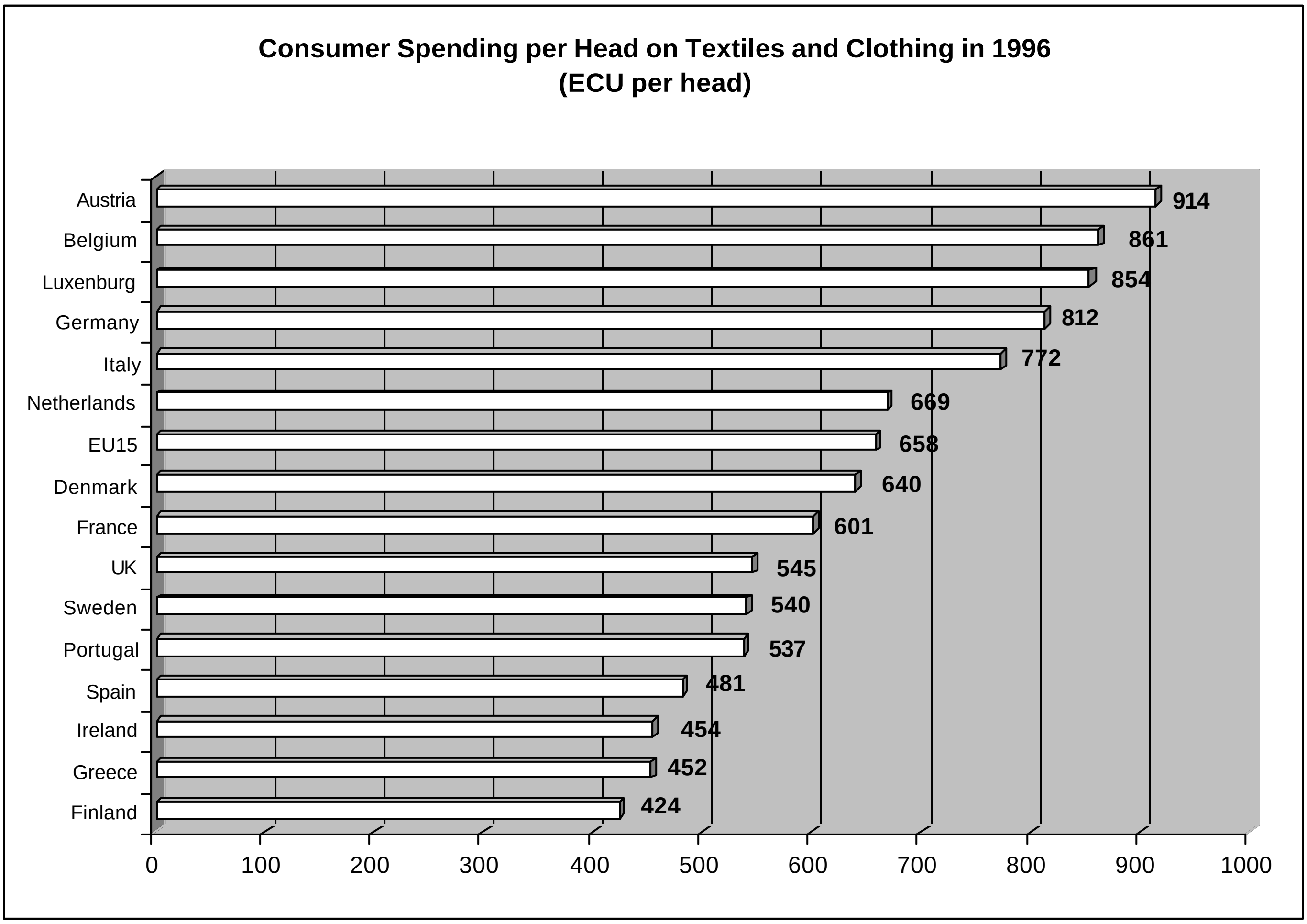
Decreasing share of spending for ready-made garments reflects increasing total spending and an expected decrease in the relative costs of ready-made garments.

II. 4. 2. Most important purchase criteria among Danish consumers for branded ready-made garments:

High quality:	55 %
A good fit:	51 %
Comfortable:	49 %
Past experience with the brand:	49 %
Good price/quality ratio:	48 %
Will last/wear well:	35 %
	(multiple answers)

II. 4. 3. Consumer spending relative to other EU countries

Per capita spending in Denmark on textiles and clothing appear to be slightly below the EU average:


Consumer Spending per Head on Textiles and Clothing in 1996
(ECU per head)
Austria 914
Belgium 861
Luxenburg 854
Germany 812
Italy 772
Netherlands 669
EU15 658
Denmark 640
France 601
UK 545
Sweden 540
Portugal 537
Spain 481
Ireland 454
Greece 452
Finland 424
0
100
200
300
400
500
600
700
800
900
1000

III. Potential Buyers in Denmark

The traditional groups of players in a ready-made garment market are all present on the Danish maket - the manufacturers, the wholesalers, the agents and the retailers. All of these groups may be importers and thus of interest to a foreign exporter/supplier.

III. 1. Manufacturers

Most manufacturers are members of the association Dansk Textil & Beklædning (300 members), and their names and adresses can be found on the internet under www.textile.dk

Most of these manufacturers have no own manufacturing and rely entirely - apart from the designs - on suppliers abroad. Some functions like dyeing, printing, knitting have been partially retained here in Denmark, whereas sewing has already been moved out almost entirely.

The manufacturers can be contacted either directly, through DIPO, or by exhibiting at one of the Danish clothing fairs (see the section "fairs and exhibitions").

Some important Danish manufacturers

Within budget fashion-wear and work clothes especially, there are some large and high-profiled Danish manufacturers.

Within budget fashion-wear it is **InWear** and **Carli Gry** - both quoted on the Danish Stock Exchange - and **Bestseller**. None of them have own manufacturing facilities but source everything from sub-suppliers. The product lines of these companies are primarily aimed at young males and females.

InWear has (1999) 67 own shops in 13 different countries, but also sells to non-owned stores. 32 % of the turnover is through own stores. Total turnover is about 1.750 million DKK (1999).

Carli Gry has a turnover of about 1.400 million DKK (1999). Main brands are Jackpot, Cottonfield and Peak Performance.

Bestseller, with brandnames Vero Moda and Jack & Jones, has a number of own shops and also sells to independents in both Denmark and several other countries.

Within work clothes the dominant manufacturer is **Kansas-Wenaas** (now also including Dutch Ehco-KLM).

Kansas-Wenaas has a turnover of about 2.700 million DKK and 3.500 employees - thus with a substantial own production. Kansas-Wenaas has a strong position in all northern European countries. The total European market for traditional work clothes is estimated at about 20.000 million DKK.

Within more traditional everyday-wear for women, Brandtex is a leading manufacturer with a turnover of about 2.000 million DKK (1999). Exports count for about 1.500 million DKK and main markets are Germany, UK, France, Holland and Scandinavia. Brandtex brandnames are Fransa, B-Young, and 4 You.

III. 2. Wholesalers

The number of wholesalers is steadily decreasing, and now (1999) includes only 5-10 fair-sized companies - and several small ones. Most of them are members of the trade association Textil & Tøj, administered by the Danish Chamber of Commerce. The largest wholesaler is Møller & Co A/S in Sønderborg.

Wholesalers will typically carry international brands as well as their own branded garments (national or regional brands) and also unbranded merchandize. Some wholesalers also have own retail stores.

III. 3. Agents

Almost all agents are manufacturers' agents working on 4-7 % commission (on FOB prices). Most agents belong to the trade association Textil & Tøj. A few of the agents are set up to offer advice on designs, materials, styles, colours, etc., but most of them primarily work with what the foreign manufacturers themselves have decided to produce.

III. 4. Retailers

There are presently (1999) three types of retailers involved in selling ready-made garments: store-linked retailers, mail-order companies, and internet companies. The store-linked retailers are completely dominant at the moment (1999) with 98 % - 99 % of the market.

III. 4. 1. Store-linked retailers

Retail stores selling only ready-made garments (speciality stores) account for about 60 % of such sales in Denmark. The remaining 40 % are sold by department stores, variety stores, hypermarkets and supermarkets. The speciality stores number about 3.200 outlets with a combined turnover of about 15 billion DKK (retail sales 1998 - including 25 % VAT). **Total market - what consumers pay - thus comes to about 25-26 billion DKK (1998).**

Many of the stores specializing in ready-made garments belong to a chain of stores - either a capital chain or a voluntary chain. In 1999 there are as many as 80 capital chains with a total of 975 shops. The capital chains have a combined turnover of 6.500 million DDK.

The voluntary chains - 7 in all - number about 660 shops with a total turnover of about 4.900 million DDK.

Most retailers belong to the association Dansk Textil Union (not with buying functions).

Some important retailers are:

Bestseller Wholesale A/S

Bestseller Wholesale A/S is an importer/manufacturer (with own designs/brands from sub-suppliers) that also owns a chain of about 400 shops in 15 European countries. 80 of these shops are in Denmark. Range: ready made garments for babies, boys and girls, men and women.

Cocktail Retailers A/S

Cocktail Retailers A/S is a wholesale company that also operates a chain of 77 shops in Europe - 40 of these - turnover about 210 million DKK - are in Denmark under names of ChaCha, Silver-Star and Cocktail. Range: own designs of ready made clothing for girls/women between 16 and 45.

Hennes & Mauritz

Hennes and Mauritz is a Swedish owned capital chain with 40 shops in Denmark and a total of 550 shops in 12 countries. The shops are all self-service shops with a typical sales area of about 1.200 square metres. Ready made garments are sourced from sub-suppliers all over the world. Range: full range of clothes for babies, boys and girls, men and women - all own brands.

MacCoy A/S

MacCoy A/S is a subsidiary of Swedish company KappAhl AB with 200 shops in Scandinavia - 45 of them in Denmark. Range: both classic and fashion designs for women between 30 and 50 years old - under brand names Cité and Downtown.

Collection Gruppen A/S

Collection Gruppen A/S - turnover about 500 million DKK - is a voluntary chain coordinating purchasing and marketing for about 100 stores in Denmark. Some of the members are smaller capital chains. Collection Gruppen A/S cooperates with the German buying chain M.T.M./Sütex. Range: clothing for women and children - both own brands and manufacturers' brands.

Dress Partner a.m.b.a.

Dress Partner a.m.b.a - turnover about 1.900 million DKK - is a nation-wide, voluntary buying chain with about 220 shops. 100 of them use the name "Din Tøjmand". The members do about 85 % of their buying through the chain. The chain has no stocking function. Range: primarily men's and boys' clothing under own or nation-wide brand names.

Eksperto a.m.b.a.

Eksperto a.m.b.a - turnover about 1.100 million DKK - is a nation-wide, voluntary buying chain with 160 shops, most of them using the names "Tøjgruppen" or "Tøjeksperten". The chain stocks a basic assortment. Range: primarily clothing for men and boys.

Mr. - Indkøbsforeningen af 1964 a.m.b.a.

Mr. - turnover about 1.000 milion DKK - is a nation-wide, voluntary buying chain with 110 shops, most of them using their own name in combination with the chain logo. The chain stocks a basic assortment. Range: full assortment of men's clothing.

Fleur Bodywear

Fleur Bodywear is a voluntary buying chain with 55 leading underwear shops nationwide. Most of the stores use their own name. Range: primarily women's underwear, kimonos, swimwear, bed clothes, leasure wear, stockings - mostly sold under the brand name Fleur.

Dansk Supermarked A/S

Dansk Supermarked is the largest privately owned chain of supermarkets (several chains) in Denmark and is at the same time the largest retailer for ready-made garments (basic clothing).

FDB

FDB is a cooperative and (with several chains) the largest distributor of grocery products. Several of the chains under FDB also carry non-food products (i.e. ready-made garments) thereby making FDB and important retailer also for ready-made garments (basic clothing).

Magasin

Magasin is the leading chain of department stores with 6 stores nationwide.

Salling

Salling is an important chain of department stores in Jutland - 3 stores.

III. 4. 2. Mail-order companies

Mail-order companies are not a big factor on the Danish market. Most of them are in the premiums/gift-merchandize business where some few clothing articles (primarily sports-wear) are part of the total offering.

Some important mail-order companies are Magasin (also the largest chain of departmant stores), Ottensten, Koala, Josephsson, House of T-shirts, Langhoff, Ellos Danmark, and Efi.

III. 4. 3. Internet companies

Denmark is one of the highest ranking countries in the world when it comes to internet connections relative to total population.

Internet trading of ready-made garments is expected to grow rapidly in 2000 and 2001. At the end of 1999 both Danish and foreign companies have already started up.

The internet of course is a sales/distribution channel whereby also foreign manufacturers comparatively easily can offer their products to the Danish market - both business-to-business and directly to consumers.

IV. Further Information about the Danish Market

IV. 1. Legislation and recommendations about production and quality of ready-made garments for the Danish market

At the moment (1999) there are only two matters concerning ready-made garments about which there is actual legislation:

1. The fibers used must be declared on the garment, and the declaration must use the names of the fibres in Danish.
2. The use of nickel in trimmings (buttons, zippers, etc.) is regulated and maximum levels of nickel content must be respected.

About a number of other matters there are governmental or trade recommendations - and these are generally adhered to. Some examples are:

a. The use of formaldehyde should be as minimal as possible.
b. Colours should stay firm even when subjected to sweat and spittle (babies sucking on clothes, etc.).
c. Information about correct washing procedures is encouraged. If washing instructions are given, they must be in Danish.
d. Polyuretan (PU) should be used instead of PVC. The use of phthalates especially is discouraged.

There is no legislation about fireproof levels for garments.

There are two official environmental logos for textiles, primarily signalling the absence of harzardous chemicals. The two logos are the Nordic Swan seal and the European Flower seal.

IV. 2. Fairs and exhibitions

Important fashion fairs are held twice a year in Denmark. The main one, largest in Northern Europe, - Copenhagen International Fashion Fair - takes place at the Bella Center in February and in August. At the same dates, two satellite fairs are also arranged in the Copenhagen area. A smaller fair is held each year in Vejle (Jutland) - also twice a

year, in March and in September.
Contact adresses for all four locations can be found in this Market Brief under "Useful Addresses".

In 1999 a new concept, "Fair Trade Textile" was introduced as a part of the Danish Private Sector Development Programme which is operative in the following 11 countries: Vietnam, Bangladesh, Egypt, Zimbabwe, Ghana, Uganda, Bolivia, Nepal, Nicaragua, Mozambique, and Tanzania. Under certain circumstances selected exporters from these countries are invited to participate in the above mentioned International Fashion Fair in Copenhagen with the opportunity of meeting potential cooperation partners.

On a pan-European level the fashion fairs in Cologne (men's wear) and in Düsseldorf (women's wear) can provide useful insight into trends and sales opportunities in Denmark (and in Europe) for the coming seasons. Specifically which styles, colours, materials, etc. will be preferred on the Danish market.

IV. 3. Prices and mark-ups

The price structure for garments naturally varies with the type of garment, the type of retail outlet, and whether they are imported by a retail company or by an importer/wholesaler. High fashion items or heavily advertised brands carry higher mark-ups. The example below may serve as a general guideline of the pricing structure of garments imported by a wholesaler.

	DKK
Selling price to consumer, including value added tax (VAT):	167,50
VAT - 25 %	33,50
Retail price excluding VAT:	134,00
Retailer's mark-up, 75-150 %:	67,00
Wholesale price:	67,00
Wholesaler's mark-up, 10-50 %:	15,50
Landed cost:	51,50
Duty (if applicable):	5,50
CIF price:	46,00
Insurance, freight, etc:	6,00
FOB price:	40,0

If the garments are imported by a large retail company or a mail order company, the structure may be different.

IV. 4 Duties and quotas

EU rules apply

As a member of the European Union, Denmark follows the rules and regulations and applies the integrated customs tariffs of the European Communities.

Rates of duty

Where duty is applicable, the rates are as follows:

Box 4
Rates of duty

CN number	Goods	Rate of duty
	Knitted Garments	
6101/6102	Outer garments, men's and women's	13,2 %
6103/6104	Under garments, men's and women's	13,2 %
6105	Men's shirts	12,0 %
6106	Women's blouses and shirts	13,2 %
6107/6108	Bath robes, under pants, pyjamas of terry cloth, men's and women's - all other garments	13,2 %
6109	T-shirts of terry cloth	12,0 %
6110	Pullovers, cardigans of terry cloth, - except heavy woolen garments (>600g)	10,5 %
6111	Baby clothes, - except gloves and mittens of wool, cotton, and synthetic fibres	8,9 %
6112	Track-suits, ski-suits, bathing suits of terry cloth, - except for bathing suits cotaining more than 5 % rubber treads	8,0 %
6115	Hosiery	12,0 %
	Garments of wowen fabrics	
6201/6202	Outer garments, men's and women's	13,2 %
6203/6204	Men's suits, shorts etc.,Women's dresses, trousers etc.	13,2 %
6205	Men's shirts	12,0 %
6206	Women's blouses and shirts	13,2 %
6207	men's under garments	12,0 %
6208	Women's bath robes, dressing gowns of terry cloth	12,0 %
6209	Baby clothes	10,5 %
6211	Track-suits, ski-suits, working clothes	13,2 %
6215	Neck-ties	6,3 %
6216	Gloves, mittens	7,6 %

According to the Uruguay round of trade negotiations (GATT 1994) duties in EU for clothing will graduately be lowered to 12 % over a period of 10 years - ending in 2005. Duties that are already lower than 12 % will stay the same until 2005. The tariff reductions take place every two years.

Many and continious changes

In January 1995 the European Union adopted new GSP rules, which are subject to periodical revisions (next change is year 2000), and at the same time the new tariff reductions negotiated in the GATT Uruguay round began to take effect.

The most important fact is that exporters to Denmark have to be aware of licensing and quotas on textile imports in accordance with the EU rules. The scope and size of these textile quotas are constantly revised and the necessity of obtaining export and import licences in itself complicates trade.

Generalized system of preferences (GSP)

The new GSP rules for textiles introduced by the EU in 1995 have in principle abolished tariff quotas and ceilings in favour of a reduction of 15 % of the conventional rate of duty for most textile products. This lessens uncertainty as to the level of duty to be paid and what quantities that can be exported with GSP preference.

The least developed countries (LDCs) enjoy duty-free entry for textile products. The more developed countries, such as Hong Kong and South Korea, and countries whose share of EU imports of any given product exceeds 25 % (China), had their preferences under the GSP scheme abolished as from 1 January 1996 or later dates. By 1998 Hong Kong and South Korea are no longer within the GSP-system.

The products must have a GSP certificate of origin, which for garments of wowen cloth requires two stages of production within the country: weaving and sewing - and for knitwear three stages: spinning, knitting, and sewing.

LDCs can after application get an exception from the origin requirements. So far (from spring 1998) this applies only to Bangladesh, Nepal, Laos, and Cambodia. Other countries have other preferences on the EU market.

Imports of garments from certain East and Central European countries are duty-free and quota-free. EU also has free trade agreements with the EFTA-countries (Norway, Island, Switzerland, and Lichtenstein).

All imports from Turkey is now also duty-free and quota-free. Imports from the Mediterranean countries are duty-free and with a few exceptions quota-free.

Licensing

Products under quota require both an export licence and an import licence, a system known as double checking. The exporter applies for an export licence from the licensing authorities in his country. When the exporter has been given the licence, he sends it to the importer in Denmark.

The importer must enclose the original of the export licence when applying for an import licence. The import licence will only be granted after the licensing authority has checked with the data base in Brussels that the appropriate quota has not been exceeded. The goods can only be released from customs in the import country after the import licence has been granted.

The quota system is normally based on past performance of the exporters, which means that quotas are allotted in proportion to earlier export performance. But a certain, smaller, part of the quota is given to new exporters.

OPT quotas

Quotas and licensing do not only apply to regular imports, but also to so called Outward Processing Traffic, OPT, commonly in the form of CMT production. The Danish importer who sends material for processing outside the EU, can enjoy preferences for the imports under existing quotas, provided that the outward bound goods of EU origin are documented by an EUR 1 certificate.

The OPT rules also require prior authorisation from the authorities in the import country, and the importer must fulfil special conditions to be granted such an authorisation.

V. Making Contacts with Potential Buyers

The Danish market is through all the chains of supply a buyer's market. This means that more than the nature of your product, quality, and price must be acceptable before a long-term business relationship with a Danish importer can be expected.

Aspects like logistics, effective communication and understanding of the Danish business environment must not be underestimated.

After having decided that you can cope with the structures and regulations governing the EU markets, and Denmark as such, the time has come to consider your marketing strategy.

Unless your product is unique, in shortage, or extremely cheap compared to world market prices, you should never expect the importer to contact **you** - even on the basis of an introduction with samples. Even after the first follow-up from your side has been made, there is still a lot of price adjustment and persuasion left, before you will be the target of calls from the importer. Entering the European market these days is a process that takes time, effort, patience and perseverance.
The transparency of the Danish market, combined with the fact that the importers are very internationally oriented, has the effect that many uninvited offers are received every day by the importers. You must always remember that in a buyer's market, the importer can pick and choose among many qualified suppliers, so your offer has to stand out from the rest.

In a market situation like this, your products will have to replace articles presently purchased from regular, competent suppliers - a fact that does not make your challenge any easier.

After initial contact to the Export Promotion Organization in your own country, and subsequently to DIPO, you may now be equipped with general market information, statistics, trends and a list of importers of your products.

The approach most widely used in this phase is submitting a business offer to the relevant importers or agents. In this respect you must realize that this first contact is of paramount importance to the subsequent success of your venture.

The business offer must, naturally, contain a thorough description of your product. The description should be substantiated by brochures, photographs or samples.

In many cases the importers do not take an offer seriously, if not accompanied by a sample, when at all possible.
It is highly recommended also to give references. If you are already a certified supplier (e.g. ISO certification), be sure to point this out. That is by some considered a big plus, but is not yet a must.
As regards pricing, it is suggested that you introduce your product at close to your best price, provided that this, to the best of your knowledge, will be competetive. Another method is to give a more general introduction and then follow up two-three days after expected arrival of your material.
This follow-up will give you an idea of the needs, purchase pattern and maybe even an impression of the importer's regular business channels. Such information may eventually enable you to judge the compatibility of your product and the status of your initial price suggestion.

The importers will normally accept your request for Letter of Credit for the first shipment, but will subsequently try to obtain smoother and less bureaucratic means of payment. Cash against documents, bank transfers on receipt of goods or a credit time of 30-90 days are the most common terms.
The major Danish banks have a global network of correspondent banks with whom they can exchange credit information and issue bank guarantees, and this interaction should often be sufficient security for your outstandings.

Even the best presented offer, the nicest sample, or the most polite telephone follow-up cannot take the place of the personal contact created by a business visit.

Danish importers travel widely and will also at some point in the development of the business relationship want to visit you for an inspection of your production facility and discussion with members of your staff. But it may still be very advisable for you to create the first personal contact by a visit to Denmark in an early phase of the relationship.

If your product and general presentation are of relevance to the importer's line of business, it will normally be no problem to set up meetings directly. It will be completely safe to ask for guidelines like how to get to their place of business, how long time to set aside for the transport from point X, and what they would like to discuss in particular.

On suitable advance notice, DIPO can help you arrange your first visit, set up meetings with Danish importers and suggest methods of transportation around the country.

One of the classic errors of overseas business visitors is to arrive unannounced to DIPO's office in the belief that meetings can be set up and the country covered in one-two days. With no previous contacts to the importers in your line of business and no proper notice to DIPO, the success of your visit will be very limited, since the responsible DIPO-officer and your desired business contacts may be away or unable to accommodate you in the actual situation.
Advance investigations, exchange of information with relevant importers, contacts to DIPO and a carefully planned itinerary will in all cases be the best prerogatives for a meaningful visit.

Danish businessmen are generally result oriented and very well versed within their particular field. It is, therefore, advisable that you are well-prepared and ready to respond to very direct questions about qualities, quantities and prices.

Experience shows that Danish business people are reluctant to meet with visitors, if no samples can be judged or concrete negotiations conducted during the meeting.

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

Apart from the meetings with the potential customers, it is also advisable to spend some time looking in shops to get an idea of the competition, the best channels for your product, the demands for presentation and to notice how retail prices compare to your own selling price.

Good information about market requirements, standards and market potential in general can be obtained by placing your visit in connection with a relevant trade fair.

VI. Useful Addresses

DIPO
(Danish Import Promotion Office)
Børsen
DK-1217 Copenhagen K
Tel.: +45 33 95 05 00
Fax: +45 33 12 05 25
E-mail: dipo@commerce.dk
Web: www.dipo.dk

Erhvervsfremme Styrelsen
(National Agency of Regional and Export Development for Industry and Trade)
Langelinie Allé 17
DK-2100 Copenhagen Ø
Tel.: +45 35 46 60 00
Fax: +45 35 46 63 01
Web: www.efs.dk / www.investindk.com

Erhvervs- og Selskabsstyrelsen
(Danish Commerce and Companies Agency)
1 Kampmannsgade
DK-1604 Copenhagen V
Tel.: +45 33 12 42 80
Fax: +45 33 32 44 80

Danmarks Statistik
(Bureau of Statistics)
11 Sejerøgade
DK-2100 Copenhagen Ø
Tel.: +45 39 17 39 17
Fax: +45 31 18 48 01
E-mail: dst@dst.dk

Udenrigsministeriet
(Ministry of Foreign Affairs)
2 Asiatisk Plads
DK-1448 Copenhagen K
Tel.: +45 33 92 00 00
Fax: +45 33 12 37 78
E-mail: um@um.dk
Web: www.um.dk

Beklædningssektionen, Danmarks Agentforening
(Garments Section of Association of Danish Agents)
Børsen
DK-1217 Copenhagen K
Tel.: +45 33 95 05 00
Fax: +45 33 33 04 64

Håndværksrådet
(The Danish Federation of Small and Medium-Sized Enterprises)
31 Amaliegade
DK-1256 Copenhagen K
Tel.: +45 33 93 20 00
Fax: +45 33 92 01 74
Web: www.hvr.dk

Dansk Textil & Beklædnin
(Federation of Danish Textile and Clothing Industries)
Postboks 507
41 Bredgade
DK-7400 Herning
Tel.: +45 99 27 72 00
Fax: +45 99 12 23 50
E-mail: info@textile.dk
Web: www.textil.dk

Dansk Textil Union
(Association of Clothing Retailers)
48 H.C. Andersens Boulevard
1553 Copenhagen V
Tel.: +45 33 12 17 08
Fax: +45 33 93 17 08
E-mail: dtu@post.tele.dk

Det Danske Handelskammer
(Danish Chamber of Commerce)
Børsen
DK-1217 Copenhagen K
Tel.: +45 33 95 05 00
Fax: +45 33 32 52 16
E-mail:
handelskammeret@commerce.dk
Web: www.commerce.dk

Fashion Fairs in Denmark:

Copenhagen International Fashion Fair
Organizer: Bella Center A/S
Center Boulevard 5
DK-2300 Copenhagen S
Tel.: +45 32 52 88 11
Fax: +45 31 51 99 51
E-mail: stm@bellacenter.dk
www.ciff.dk

Copenhagen Vision / Fashion Fair
Øksnehallen
Organizer: Exhibition Professional
Lysagervej 10
DK-2920 Charlottenlund
Tel: +45 39 64 85 86
Fax: +45 39 64 85 67
E-mail: info@cphvision.dk
www.cphvision.dk

Scandinavian Fashion
Organizer: Scandinavian Fashion House
Sjællandsbroen 4
DK-2450 København SV
Tel: +45 36 46 60 22
Fax: +45 36 46 63 22

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

Appendix II

Origin of largest articles imported into Denmark in 1998.

T-shirts and undershirts, knitwear, made of cotton (CN: 6109.10.00).

Countries:	Pieces	DKK
Bangladesh	16.510.000	174.545.000
Portugal	2.509.000	107.348.000
China	3.597.000	101.744.000
Turkey	2.979.000	91.141.000
Poland	4.080.000	85.934.000
Lithuania	4.813.000	68.115.000
Sweden	958.000	36.415.000
UK	1.044.000	34.116.000
Germany	800.000	27.168.000
India	1.324.000	27.239.000
All countries	46.427.000	986.858.000

Sweaters, pullovers, cardigans, jerseys and vests for men, boys, women and girls, knitwear, made of cotton (CN: 6110.20.91 and 6110.20.99).

Countries:	Pieces	DKK
Turkey	1.862.508	117.311.000
Poland	3.631.446	113.424.000
Portugal	1.748.193	112.555.000
Italy	642.420	69.823.000

Lithuania	2.643.969	50.159.000
Hongkong	624.866	49.281.000
Indonisia	402.933	29.796.000
UK	343.458	28.962.000
Germany	343.237	26.804.000
Belgium	169.304	20.856.000
All countries	16.125.608	823.102.000

Sweaters, pullovers, cardigans, jerseys and vests for men, boys, women and girls, knitwear, made of chemofibres (CN: 6110.30.91 and 6110.30.99).

Countries:	Pieces	DKK
Italy	802.437	71.044.000
UK	1.034.663	56.627.000
Poland	1.397.253	54.330.000
Turkey	651.073	42.513.000
Indonisia	622.564	33.804.000
China	524.754	31.266.000
Portugal	439.066	29.363.000
Hongkong	350.596	28.468.000
Lituania	629.441	23.541.000
Germany	184.794	18.663.000
All countries	9.451.261	557.187.000

Briefs, underpants, trunks, panties, etc. for men, boys, women and girls, knitwear, made of cotton (CN: 6107.11.00 and 6108.21.00).

Countries:	Pieces	DKK
Austria	9.072.299	145.334.000
China	12.509.637	110.658.000
USA	614.481	24.687.000
Lithuania	2.083.688	23.630.000
Sweden	1.274.383	23.285.000
Poland	1.464.243	21.875.000
Hongkong	2.709.072	17.401.000
Italy	718.322	11.903.000
Germany	595.479	11.715.000
India	2.093.619	10.193.000
All countries	36.981.466	463.045.000

Pants and knickers for women and girls, made of synthetic fibres, not knitwear, except for work use (CN: 6204.63.18).

Countries:	Pieces	DKK
Italy:	985.131	92.289.000
Poland:	1.088.923	60.523.000
Lituania:	774.353	34.494.000
Turkey:	364.196	32.010.000
Germany:	501.550	29.006.000
Hongkong:	455.098	28.209.000
China:	470.584	23.477.000

Bulgaria:	433.784	21.545.000
UK:	556.816	17.884.000
Tunisia:	275.769	16.657.000
All countries:	6.956.549	428.674.000

Cotton shirts for men and boys, not knitwear (CN: 6205.20.00).

Countries:	Pieces	DKK
Portugal	780.155	74.454.000
Hongkong	1.252.583	63.711.000
Bangladesh	1.244.071	32.673.000
Germany	222.648	29.413.000
Poland	411.119	28.943.000
India	672.596	27.577.000
Malaysia	378.186	20.354.000
Sweden	169.934	19.086.000
Italy	91.408	15.999.000
Turkey	196.498	15.973.000
All countries:	6.386.086	387.788.000

Pants and knickers for men and boys, made of cotton, not denim, velvet or knitwear, except for work use (CN: 6203.42.35).

Countries:	Pieces	DKK
Italy	1.002.034	106.710.000
Hongkong	946.559	52.036.000

China	653.849	34.827.000
The Netherlands	114.181	22.566.000
Portugal	193.567	20.944.000
Germany	111.929	19.177.000
Turkey	189.969	15.433.000
Macao	316.651	12.133.000
Greece	128.236	10.688.000
Bangladesh	280.391	10.410.000
All countries	4.836.293	361.473.000

Appendix III

Labelling and Care Instructions

Labelling

All textile goods must be labeled with information about the material. The information must be in Danish. Wording in another Nordic language with essentially the same content and spelling as Danish may be used. Information about materials shall include details of natural fibres, synthetic fibres, filling material, etc.

Care instuctions

Care instructions should be firmly attached to the article and able to sustain the same treatment as the garment itself. Care instructions shall include information on washing and dry-cleaning procedures, ironing and, where appropriate, chlorine bleaching and drying. The information shall be given in the following order:

- Washing
- Chlorine bleaching
- Ironing
- Dry-cleaning
- Drying

If necessary, the care instructions shall be supplemented by additional information, e.g. if the article changes dimensions and/or colour and/or discolours other articles. Care instructions shall be given with recognised symbols and/or in Danish.