EU MARKET SURVEY 2003

BODYWEAR

CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU MARKET SURVEY 2003

BODYWEAR

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REPORT SUMMARY

This EU Market Survey 'Bodywear' is intended to serve 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 have 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) and CBI's new manual on market research (2003). A fairly complete overview on packaging, environmental aspects etc. is published in CBI's AccessGuide. Seasonal fashion information can be obtained from CBI's Fashion Forecasts. These sources of information are also available on the CBI web site.

Product groups
The survey 'Bodywear' includes the following segments:
Underwear: briefs or knickers, slips, bodies, teddies and french knickers for women and girls; pants or briefs, boxer shorts for men and, (under-) vests and T-shirts for men and women;
Foundation wear: bras, corselettes, corsets, girdles etc.;
Nightwear: nightdresses, pyjamas and negligées for women; nightshirts and pyjamas for men;
Home wear or loungewear: dressing gowns, housecoats and bathrobes;
Swim- and beachwear: one and two-piece (bikinis) bathing suits for women, and swimming trunks and bermudas for men;
Hosiery: pantyhose, tights, stockings and, ankle- and knee-length socks.

Consumption
Consumption of bodywear in the EU showed a moderate growth of 1.5 percent on 2001 when it reached € 30.4 billion, followed by an estimated 1.0 percent in 2002. Per capita spending on bodywear in the EU amounted to € 80 in 2001.
Germany is the most important EU market (in absolute figures) for bodywear as well as in total clothing consumption in the EU, however, the difference compared to other major countries, like UK and Italy, has become much smaller. Four countries (Germany, UK, France and Italy) account for two thirds of EU bodywear consumption.
Belgian and Austrian consumers are the biggest spenders per capita on bodywear in the EU. Looking at the major EU countries, Italian and UK consumption was the highest followed by France and Spain. German and Netherlands consumption was less than the EU average consumption of bodywear.
Underwear is the leading sector of the bodywear market in all markets surveyed. In the period under review, foundation wear and especially bras showed the biggest increase caused by popular types of underwired bras (push-up), while expenditure on briefs grew slightly, despite the popularity among younger age groups of the string. After many years of decline, the hosiery market levelled off encouraged among other factors by fashion developments on the outerwear market. Nightwear and homewear expenditure remained weak, while the market for swimwear fluctuated, mainly caused by climatological influences. Share of bodywear in the total value of clothing sales ranged from 11.9 percent in Germany to 17.0 percent in Spain.

Production
Production volume of bodywear in the EU decreased in the period 2000-2001 by 2 percent, while for 2002-2004, a further decrease is expected. Detailed figures concerning production were not available at the time of writing.
Italy is the largest producer of knitted items accounting for around 30 percent of EU production, followed by Germany, France, UK, Spain and Portugal.
World wide, the bodywear industry is dominated by some big concerns, like the multinationals Sara Lee (with many daughter companies in the EU) and the Warnaco Group, both from the USA, and Triumph from Switzerland.
Manufacturers of brand names met strong competition from retail chains with own private labels (like Marks & Spencer, Zara, Hennes & Mauritz, Etam, C&A etc.) but also from (general) clothing brands (like Esprit, Mexx, Ralph Lauren, Diesel etc.), fashion designer brands (like Chanel, Gucci etc.) and from sport brands (Nike, Adidas, Fila etc.). Sara Lee has dominated the hosiery sector for many years. Most of the EU hosiery manufacturers operate on the underwear market and some of them on the swimwear market too.
There is a tendency in the whole bodywear sector

towards further concentration through many take-overs and mergers.
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 into 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.
Strategies of clothing manufacturers in the EU reveal the following developments: a decrease in domestic production, a stabilisation in subcontracting in the EU (mainly Portugal) and an increase in subcontracting to countries outside the EU (Central and East European countries and Mediterranean countries) and in direct sourcing (mainly Asian countries).

Imports

Total EU imports of bodywear amounted to almost € 17.0 billion in 2001. Germany remained the leading importer, with an import share of 25 percent in terms of value, followed by the UK, France, Italy and The Netherlands. Belgium ranked sixth, followed by Spain and Austria. Bodywear imports into Germany and The Netherlands grew less than the EU average during the period under review, while imports into UK, Italy and Spain boomed.
EU imports of bodywear increased 18 percent in the period 1999-2001, but only 0.6 percent in the period 2000-2001. The EU's leading suppliers of bodywear in terms of value were: Turkey, China, and Italy.
The growth in imports from developing countries in the period 1999-2001 can be ascribed to the following categories:

- Asian low price suppliers (+36%), like China, Bangladesh, India, Indonesia, Sri Lanka, Thailand, Vietnam, Cambodia and Myanmar increased their exports to the EU. These countries operate mainly in price sensitive segments. China continued its leading position in shipments to the EU, in all categories of bodywear except T-shirts and hosiery, but imports from the other countries mentioned increased to a much higher degree.
- Mediterranean countries (+32%), mainly Turkey, Morocco, Albania, Bosnia-Herzegovina and to a lesser degree Tunisia and Egypt. Imports under the OPT regime was limited to the countries Morocco, Tunisia and Albania, these imports decreased in favour of direct imports.
- ACP countries (+ 15%), the leading country remained Mauritius, with a rising share in exports to the EU.

The growth in imports from developing countries in the period 2000-2001 was limited to 5 percent, however this was much more favourable than developments in imports from other countries outside the EU (- 2.7%) and intra-EU trade (-3.6%). Reasons for developments mentioned were the weak consumer market for bodywear, increasing competition on retail level and the deflationary spiral of prices.
Imports from Mediterranean countries (Morocco, Turkey, Tunisia) grew more than the leading Asian suppliers (China, Bangladesh).
With regard to factors like cost levels and distances, the following competitive categories in bodywear can be distinguished:
Low-cost, long-distance countries: countries in the Far East (China, Hong Kong and Macao) and South East Asia (Bangladesh, India, Indonesia, Sri Lanka, Thailand and Pakistan).
Low-cost, short-distance countries: the main sources are Mediterranean countries like Morocco, Tunisia, Egypt, Croatia and Albania and CEECs like Romania, Hungary, Bulgaria, Poland and Slovakia
Medium-cost, short-distance countries: like Turkey and EU countries Portugal and Greece.
High-cost countries: Western Europe (Italy, Germany, Belgium, Austria and UK), Israel and USA belong to this category.
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 as short as possible. This shorter lead-time is the result of making design and purchase decisions as late as possible, to avoid mark-down prices.

Exports

EU exports of bodywear amounted to € 9.9 billion in 2001, of which 72 percent was intra-EU trade. The most important destination outside the EU remained Switzerland, followed by Russia and USA. Exports to Russia more than doubled in the period 1999-2001, while exports to USA increased almost 35 percent in 2000 but fell 3.5 percent in 2001. Other destinations were Tunisia, Romania, Hungary, Norway, Poland, Japan and Bulgaria. Exports to all destinations mentioned increased in 2000, with the exception of Poland. Exports to all destinations mentioned increased again in 2001 with the exception of Switzerland and Norway.
23 percent of total EU exports was accounted for by Italy, 13 percent each by Germany and France and 9 percent each by Portugal and Belgium.

Trade structure

Manufacturers of bodywear brands sell directly (via sales representatives, sales offices or showrooms) to the retail trade or indirectly via agents or wholesalers.

Looking for lower production costs led to the trend where suppliers have their bodywear made abroad. Parallel to this development, there is a trend for retailers or wholesalers to bypass the local industry totally by means of direct imports.
The role of wholesalers/importers will slightly decline, while the role of clothing and specialised bodywear multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years.
In many European countries, the distribution of bodywear is dominated by a small number of retail organisations. On the one side, specialty multiple stores (like Hunkemöller) operate while, on the other side, more generally oriented department and variety stores (Hema, Marks & Spencer), clothing multiples (Hennes & Mauritz, Zara, C&A) and hypermarkets (Hypermarchés) are active. This also means increasing competition between branded labels and private labels. Most of the major retail organisations have set up their own buying organisations in low-labour-cost countries. This means that retailers are able to bypass domestic wholesalers and/or manufacturers.

Opportunities for exporters in developing countries
Germany is still the greatest market for bodywear in the EU, but consumer expenditure decreased just like in France. The highest growth rates are in Italy, Spain and The Netherlands, while the UK showed a moderate growth.
Demand for bodywear in the EU will continue to increase slightly in the coming years. The number of garments purchased per head of population will continue to rise but prices will not follow this growth rate.
To satisfy the requirements of importing European companies, the exporters in developing countries will be faced with increased demands for higher quality and environmentally friendly products.
In recent years, regarding women's outerwear consumption, there has been a shift from dresses to trousers/jeans, resulting in a renewed popularity for hosiery.
Products with the strongest growing demand in the period under review were push-up bras, strings and corrective briefs/tights for women
Imports from developing countries are important and still rising in almost all product groups. Imports from developing countries of T-shirts, bras and to a lesser degree knitted briefs/tights for women showed the biggest growth.
Importers in the major EU countries have built up a comparative advantage by specialising themselves in design and other functions, like preparation of samples, logistics, marketing etc., while simple production operations take place increasingly in other countries. As times goes on, even the first-mentioned functions are leaving these EU countries too.
Recent import developments give slight indications that production is being moved from Asia to some CEECs and countries in the Mediterranean, i.e. to locations where relatively faster reactions to new fashions and sudden changes in retailer demand can more easily be made. This trend is likely to accelerate, as and when these countries join the EU. This move can also be seen against the background of the continuing shortening of the ordering period and the reduction in size of the average order.
Parallel to the trend for suppliers to make their clothing abroad there is a trend for retailers or wholesalers to bypass the local industry totally, by means of direct imports. The role of importing wholesalers and importers remained rather important but will slightly decline, while the role of clothing and specialised bodywear multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years. The buying policies of super- and hypermarkets vary from direct imports by the international operating chains to buying from wholesalers/importers.

Strategic choices for exporters
It is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate marketing and product strategies. This survey aims to assist (potential) exporters in developing countries in their export-decision-making process. In this survey, a distinction has been made between the following types of bodywear manufacturing exporters: CMT or OPT producers; FOB producers; producers of private labels and producers of own design, mainly using brand trademarks.
The exporter will have to assess the external and internal environment 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, and possible trade channels to export the selected products. Marketing tools are also described and these can be used to build up successful business relationships.

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** *(Chapter 1-8)*	**Part B** **EU Market Access Requirements** *(Chapter 9)*
Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Opportunities for exporters	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 *(Chapter10)*	**Internal Analysis** *(Chapter 11)*

Decision Making
(Chapter 12)

Target markets and segments
Positioning and improving competitiveness
Suitable trade channels and business partners
Critical conditions and success factors

Marketing Tools
(Chapter 13)

Matching products and product range
Building up a trade relationship
Drawing up an offer
Handling the contract
Sales promotion

Chapters 1 to 8 (Part A) profile the EU market for bodywear. 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 placed in ranking of consumption: Germany, UK, Italy, France, Spain and The Netherlands. These countries are all major importers of bodywear 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 bodywear. 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, and 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 starting exporters as well as for 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.

Part A

EU market information

A

1 PRODUCT CHARACTERISTICS

1.1 Product groups

This report includes the following segments:

- Underwear: (under-) pants, knickers or briefs, vests, petticoats, underskirts or slips (full and half), bodies, teddies (all-in-one camisoles and knickers) and french knickers for women; pants or briefs, boxer shorts for men and, (under-) vests and T-shirts for men and women;
- Foundation wear: bras (short for brassieres), corselettes, corsets, girdles and suspender-belts;
- Nightwear: nightdresses, pyjamas and negligees for women; nightshirts and pyjamas for men;
- Home wear or loungewear: dressing gowns, housecoats and bathrobes;
- Swim- and beachwear: one and two-piece (bikinis) swimsuits for women, and swimming trunks and bermudas for men;
- Hosiery: pantyhose, tights, stockings and, ankle- and knee-length socks.

Underwear
Underwear is indicated as daily underwear too, as opposed to nightwear (including home wear) and foundation wear. The term lingerie is used for women's underwear.

- **briefs**
  The range of styles for briefs is wide and determined by the cut. The major styles for women are: mini, midi, maxi, string, tanga, rio, bikini, culotte or boxerstring, high-cut or French briefs and thongs. The major styles for men are Y-fronts, tight fitting briefs, and boxer shorts with a looser fit and longer cut. Briefs for males are mostly cotton-made, while for females cotton is very popular too, but also other materials are used. Competition from man-made fibres, based on advanced techniques and marketed by multinationals with brands like Lycra, Tactel, Dorlastan etc. have led to underwear with improved aspects in wearing properties during sport activities or give a more luxury look. However, cotton remained by far the most popular material.
  In continental countries like Germany, France and The Netherlands the term 'slips' is used for a type of underpants, rather than in the (English) sense of an underskirt or petticoat.
  The control brief is designed to flatten the tummy and give support while providing a smooth silhouette.
- **bodies and teddies**
  Women's bodies and teddies, include all women's undergarments that are neither supportive (such as foundations) nor just bottoms. The teddy is a camisole and panty combined into one piece. It can be fitted to the body or loose, has a low-cut front and back, and high-cut legs. The body is based on the teddy and made in panty style without garters for hose. The body is made of lightweight stretch fabric.
- **camisoles and slips**
  Camisoles are tops, with straps over the shoulder, that either hang free or have an elastic waistline. Slips start above the bust and are usually held in place with shoulder strips. They can be long or short according to the type of dress or skirt they are intended to be worn under.
- **T-shirts**
  T-shirts or vests for both sexes are mostly classified as underwear. It has been noted that these garments can be used for many purposes. Functions vary from use as outerwear, especially in summer months, to use as underwear especially in winter months, to use as sports- and nightwear. About 90 percent of T-shirts is made of cotton. Most bodywear analyses do not include T-shirts or vests worn as underwear, because these garments are purchased specifically to be worn as outerwear. In some EU countries, like The Netherlands, distinctions are made in bodywear statistics and a part of T-shirts consumption is considered to be underwear.

Foundation wear
Foundation wear includes bras, corsets and other under-garments, which give the body shape.

- **bras**
  The three major criteria for bra styles are underwiring, décolleté (normal, V-shape or balcony), and support, which ranges from light control, to firm control, to sport bras and maternity bras.
  Materials used for bras are polyamide, mostly combined with elastan (in proportions of 90/10, 85/15, 80/20) and cotton, also in combinations with polyamide and/or elastan.
  A majority of bras consumption concerned framed bras including push-ups, however, the market share of framed bras decreased in favour of seamless bras. Other types of bras are 2/3 cup, strapless bras (both types either or not underwired) and, less popular, the long bras, tops and bustiers. The convertible bra has straps, which can be worn in six different configurations: convential, halter, one shoulder, off-the-shoulder, criss-crossed, and strapless.
- **other foundations**
  Foundation garments, other than bras, include corsetry, like:
  - Corsets, a support undergarment that is boned and close fitting. It is almost always hooked and laced, begins either above or just below the bust and extends down to the waist or below the hips. Usually garters are attached at its base.
  - Corselet or corselette, a support undergarment that combines a girdle with a bra.

- Girdles. The name given to any undergarment that is close fitting, often boned and usually elasticised, that extends from the waist to below the hips. Also indicated with the word shaper or shapewear.

Nightwear
Nightwear can be divided into pyjamas and nightshirts. Pyjamas are generally two-piece items. Among the most popular versions are:
- the tunic pyjama, which has a long overblouse top; and
- the T-shirt pyjama, which is made of knitted fabric.

Women's nightshirts can be divided into four basic categories, as follows:
- the 'baby doll' or 'shorty'styles, with short puffed sleeves and matching bloomers;
- the high-necked, long sleeved and full-length 'granny' nightdress with ruffle-trimmed yoke;
- the above-the-knee 'dorm shirt', made of knitted fabric and styled like a T-shirt; and
- the nightshift or nightshirt, made for both genders, mainly in man's shirt style or in a T-shirt style.

Home wear or loungewear
Robes or gowns are items of informal clothing, can be worn over nightwear, at the beach or during leisure time at home.
Home wear versions for women are:
- the bathrobe dress, a wraparound dress without buttons, but with a shawl collar and with the front lapped over and held in place with a sash;
- the negligee, a flowing robe of delicate fabric with lace trimmings, worn over a matching nightgown;
- the kimono, made in a scenic or floral print fabric reminiscent of Japan.

and for men:
- the bathrobe, which is usually made of terry cloth; and
- the dressing gown, which is styled like the bathrobe but may be made of cotton, silk, wool or man-made fibre.

Home suits and leisure suits are based on sports clothing. The most common type is the sweat suit, a two-piece cotton or cotton-mix knitted suit with a cotton fleece lining. The pants have a drawstring or an elasticised waist, and have legs gathered into ribbing or elastic at the ankles. Other fabrics and styles in leisure suits have recently been introduced.

Swimwear and beachwear
The swimwear and beachwear sector comprises the following garment categories:
- women's swimsuits and bathing suits (one-piece);
- women's bikinis (two-piece);
- men's swim trunks; and
- men's swim/surf/beach shorts, which are swim trunks with thigh-length legs and an elasticised waistband.

Hosiery and socks
The men's hosiery and socks sector can be divided into two categories, as follows:
- knee-high and ankle-length socks, both of which are made of wool, wool-acrylic blends and other man-made fibre knits; and
- tights, which have been developed recently for men, and are made from an opaque cotton velvet.

The women's hosiery and socks sector can be divided as follows:
- stockings, which are made of sheer nylon and elastane (also known as spandex);
- tights, which are made of sheer nylon and are opaque;
- knee-highs and ankle-lengths, which are both made from convential nylon; and
- knitted knee-high and ankle-length socks.

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 bodywear.
Knitted bodywear can be found in chapter 61 and woven bodywear 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 sometimes differs 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.

Table 1.1 HS code classification of bodywear

Knitted or crocheted	
6107.10	Men's or boys' underwear
6107.20	Men's or boys' nightwear
6107.90	Men's or boys' home wear
6108.10	Women's or girls' slips and petticoats
6108.20	Women's or girls' briefs and panties
6108.30	Women's or girls' nightwear
6108.90	Women's or girls' home wear
6109.00	T-shirts, singlets and other vests
6112.30	Men's or boys' swimwear
6112.40	Women's or girls' swimwear
6115	Hosiery
Woven	
6207.10	Men's or boys' underpants and briefs
6207.20	Men's or boys' nightwear
6207.90	Men's or boys' home wear
6208.11	Women's or girls' underwear
6208.21	Women's or girls' nightwear
6208.90	Women's or girls' home wear
6211.11	Men's or boys' swimwear
6211.12	Women's or girls' swimwear
6212	Foundation wear

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, plus 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, 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

Furthermore, the information used in this market survey has been 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, just as 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 manual Exporting to the European Union.

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)

3 CONSUMPTION OF BODYWEAR

3.1 Market size

EU

Total EU consumption of bodywear amounted to € 30.4 billion in 2001. Consumption rose by 1.5 percent in 2001 followed by a very small growth of 1 percent in 2002 (mostly based on 9- and 10-months figures for individual countries). Per capita spending in the EU amounted to € 80 in 2001. An overview of consumer spending on bodywear in the major EU countries is given in the related paragraphs.

Germany is still the most important EU market for bodywear, as can be derived from table 3.1, as well as in total clothing consumption in the EU. However, the difference with other major countries, like the UK, and Italy has become much smaller. Four countries (Germany, UK, France and Italy) account for two thirds of EU bodywear consumption.

Table 3.1 Consumer expenditure on bodywear (in € million) by EU countries, 1999-2002

	1999	2000	2001	2002 (estimated)	Expenditure per product category in 2001		
					Under- and nightwear	Hosiery	Swim-wear
Germany	6,125	6,157	6,039	5,971	4,018	1,535	486
United Kingdom	4,864	4,849	4,966	5,080	3,282	1,316	368
France	4,805	4,780	4,868	4,792	3,379	963	526
Italy	4,615	4,670	4,798	4,862	2,943	1,252	603
Spain	2,964	3,068	3,174	3,295	2,178	634	362
The Netherlands	1,012	1,104	1,146	1,206	725	271	150
Belgium	1,125	1,105	1,129	1,144	721	301	107
Austria	810	800	806	804	451	309	46
Portugal	700	710	724	732	489	158	77
Sweden	690	705	715	717	465	178	72
Greece	670	670	684	690	470	129	85
Denmark	520	535	545	583	380	126	39
Finland	405	410	423	439	304	93	26
Ireland	290	300	306	334	175	105	26
Luxembourg	45	45	46	46	35	9	2
EU (15)	**29,640**	**29,908**	**30,369**	**30,695**	**20,015**	**7,379**	**2,975**

Sources: several national statistics and Euromonitor

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

	EU	Germany	UK	Italy	France	Spain	Nether-lands
Underwear	29	31	30	29	27	27	31
Foundation wear	21	18	19	18	26	27	20
Nightwear	10	12	10	9	9	9	8
Home wear	6	6	6	5	7	6	4
Swimwear	10	8	8	13	11	11	13
Hosiery	24	25	27	26	20	20	24
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: several national statistics

Belgian and Austrian consumers are the biggest spenders per capita on bodywear in the EU. Looking at the major EU countries, Italian and UK consumption was the highest followed by France and Spain. German and Netherlands consumption was less than the EU average consumption of bodywear.

Underwear is the leading sector of the bodywear market in all markets surveyed. In the period under review, foundation wear and especially bras showed the biggest increase caused by popular types of underwired bras (push-up), while expenditure on briefs grew slightly, despite the popularity among younger age groups of the string. After many years of decline, the hosiery market levelled off, encouraged among other factors by fashion developments on the outerwear market. Nightwear and homewear expenditure remained weak, while the market for swimwear fluctuated, mainly caused by climatological influences. The share of bodywear in the total value of clothing sales ranged from 11.9 percent in Germany to 17.0 percent in Spain.

Germany

Germany is the largest clothing market in the EU, because of its large population (82.1 million); consumption of bodywear fell to less than € 6 billion in 2002, accounting for around 11.5 percent of total clothing expenditure. Sales of bodywear fell by 1.6 per cent during 2001 and continued their weak development during 2002 by a fall of an estimated 1.5 percent. This contrasted with the 2.6 percent fall registered for overall clothing consumption in 2001 and a growth of 1.0 percent in 2002.

The German economy is suffering from a prolonged downturn in the economy with consequent high unemployment, which slows down consumption. In 2001, the GDP rose by 0.6 per cent and private consumption by 1.1 per cent. Forecasts for the German economy remain restrained. The GDP was predicted to grow by 0.6 percent during 2002 and 2.0 per cent during 2003. Private consumption is expected to have remained unchanged during 2002 and to fall by 1.8 per cent during 2003.

Despite the developments described above, Germany is an attractive market for producers of bodywear. In 2001 the German bodywear market was 22 percent larger than the UK bodywear market and around 25 percent larger than the French and Italian markets, which ranked after Germany in order of size. It should be noted that the German bodywear market was much larger than the three markets mentioned in previous years. German consumers are not big per capita spenders on bodywear in the EU. Bodywear expenditure is estimated at € 80 in the EU, while German consumers spent € 73 in 2001.

The German bodywear market declined over the period 1999-2001, both in terms of volume and value.

Table 3.3 Consumption of bodywear in Germany in volume and value, 1999-2002

	1999		**2000**		**2001**		**2002 (estimated)**	
	million units	**€ mln**	**million units**	**€ mln**	**million units**	**€ mln**	**million units**	**€ mln**
Underwear for:								
- women and girls	236	894	234	886	235	874	232	861
- men and boys	193	1,008	190	990	191	976	190	971
Foundation wear	71	1,074	71	1,066	73	1,081	74	1,086
Nightwear	36	740	38	768	36	736	35	712
Home wear	15	374	15	376	14	351	14	338
Total under- and nightwear	**551**	**4,090**	**548**	**4,086**	**549**	**4,018**	**552**	**3,968**
Swimwear for women and girls	10	318	11	326	10	311	11	325
Swimwear for men and boys	7	163	7	168	7	175	7	167
Total swimwear	**17**	**481**	**18**	**494**	**17**	**486**	**18**	**492**
Pantyhose and tights	312	636	300	615	292	602	296	587
Women's socks and stockings	149	382	145	378	150	390	152	380
Men's socks	274	536	268	527	266	543	268	544
Total hosiery	**735**	**1,554**	**713**	**1,520**	**708**	**1,535**	**716**	**1,511**
Total bodywear	**1,303**	**6,125**	**1,279**	**6,157**	**1,274**	**6,039**	**1,279**	**5,971**

Sources: Gfk and BTE

Sales of most items in the underwear sector declined, while sales of other items were stagnant. In volume terms, sales of women's briefs and pants are estimated at 140 million pieces i.e. 4 items per person.
The average consumer price varied strongly with a growing upmarket sector; however, the average price is around € 4.05. Waist and hip high styles take 32 percent each; minis take 14 percent, and tangas and jazz pants 9 and 6 percent respectively. White is the favourite colour, followed at a distance by black, and beige (skin colour) for women's underwear.
In volume terms, sales of men's briefs and underpants amounted to an unchanged 3.5 items per person, mainly in white and black. The average price is somewhat lower than € 5.00: briefs almost € 4, retro-pants and boxer shorts about € 6.
Foundation garments have been relatively stable since 1992. Sales of bras come to 2.2 items per person at an average price of € 14 in 2001. Wired bras, including push-up bras, performed well for many years, while the market share of seamless bras showed the biggest increase in particular in smaller cups, followed by push-up bras. The market share of the latter increased from 9 percent in volume in 1998 to 12 percent in 2001. Expectations for increasing sales in seamless molded bras for bigger cups are positive for the coming years. According to Textil-Wirtschaft, cup B is bought by 37 percent of German women, divided into the following under-breast measurements: 75B (15%); 80B (10%); 85B (7%); other B-sizes (5%). Cup C accounted for 31 percent, of which major sizes are 85C (11%) and 80C (8%), cup D: 13 percent, cup A: 8 percent and cup E: 4 percent.
Nightwear and home wear sales for both sexes declined after 2000 to the same degree. Beach and bathing wear performed well in 2000 and 2002, after stagnant results in the previous years, helped by relatively good weather. The stocking and pantyhose sector has long been performing very badly; since 1992 the sector has declined by some 50 percent in volume terms.
Designer labels, and retailers' own brands and private labels (which are often direct imports), have been gaining market share from the big two traditional brands Schiesser and Triumph in the women's underwear sector. Other popular manufacturer's brands in women's underwear are: Playtex, Naturana, Mey, BeeDees, Passionata, Chantelle, Sloggi and Wonderbra. The most popular private label is H&M. In men's underwear, Schiesser is at a distance followed by Trigema, Boss, Jockey, Calvin Klein, Hom, Mey etc.
Vatter is the overall leader for hosiery, ahead of Kunert; Falke ranks third. The Kunert brand is the clear leader in terms of sales within the specialist retailer sub-sector of the market; Vatter enjoys a similar predominance in the grocery sub-sector. Together they have half of the market.
The German market for bodywear remained weak in the period 1999-2001; based on preliminary figures, a

Table 3.4 Consumption of bodywear in UK in volume and value, 1999-2002

	1999		2000		2001		2002 (estimated)	
	million units	€ mln	million units	€ mln	million units	€ mln	million units	€ mln
Underwear for:								
- women and girls	185	932	198	1,004	211	1,074	216	1,104
- men and boys	95	374	94	402	97	413	98	416
Foundation wear	52	842	53	892	55	958	57	991
Nightwear	32	528	31	513	31	521	30	524
Home wear	13	311	14	318	14	316	14	322
Total under- and nightwear	**377**	**2,987**	**390**	**3,129**	**408**	**3,282**	**415**	**3,357**
Swimwear for women and girls	9	239	9	235	10	240	11	251
Swimwear for men and boys	6	133	6	130	6	128	6	127
Total swimwear	**15**	**372**	**15**	**365**	**16**	**368**	**17**	**378**
Pantyhose and tights	328	705	325	673	314	635	317	647
Women's socks	80	193	89	199	94	211	96	220
Men's socks	188	507	192	483	189	470	191	478
Total hosiery	**596**	**1,405**	**606**	**1,355**	**597**	**1,316**	**604**	**1,345**
Total bodywear	**988**	**4,864**	**1011**	**4,849**	**1021**	**4,966**	**1034**	**5,080**

Sources: ONS and TNSFT

further and stronger decrease in 2002 and 2003 is expected. Outerwear fashion influences will stimulate the women's underwear sector, while the outlook for the nightwear sector remains uncertain. The hosiery sector is expected to perform little better.

United Kingdom

The UK remained the second biggest clothing market in the EU and is also the second largest bodywear market in the EU, after Germany. Total retail sales of bodywear amounted to almost € 5 billion in 2001, 16 percent of the total EU consumption.
The UK bodywear market grew 2.1 percent in value in the period 1999-2001, while in terms of volume the market growth was 3.3 percent in the same period, which indicates a fall in average consumer prices of 1.2 percent. Developments in the product groups distinguished, however, varied considerably. Women expenditure on lingerie and foundations grew respectively by 15 and 14 percent, men's expenditure on underwear increased by 10 percent, while purchases of swimwear (beach and bathing wear) decreased in 2000 and recovered in 2001 (- 1% during the whole period) and hosiery performed badly (- 6%), mainly caused by pantyhose and tights.

In volume terms, consumption of women's briefs and pants grew to about 5.5 garments per person, with an average price of € 4.35, influenced by the popularity of G-strings. In volume terms, purchases of men's briefs and underpants are estimated at 2.4 items per person, at a rather low average price of € 3.75.
The share of foundation garments (bras, corsets and other under-garments which give the body shape) increased considerably since 1997. Bras covered 92 percent of total value of consumption in this product group. Wired bras including push-up bras performed well for many years. According to Key Note, the rise in bra sales has been linked to the trend among younger women to combine bras with sheer outer garments. Greater consumer awareness of the benefits of wearing the right bra has also boosted sales.
Nightwear and home wear consumption did worse than underwear in 2001, except home wear mainly for women. Beach and bathing wear continued its recovery of 2001; growth in volume and value is estimated for 2002.
Leading brands in women's under- and nightwear are: Playtex, Lovable, Sloggi, Aristoc, Triumph, Gossard, Imago, Contesa and Pretty Polly, besides a variety of private labels. The most popular private labels are the brands (private label) of Marks and Spencer, like St. Michael and Bhs. Examples of upscaled brands are La Perla and Agent Provocateur.
UK citizens were amongst the higher average spenders per capita on bodywear in the EU. The UK bodywear market is dominated by private label merchandise and final consumers are offered relatively low prices per garment, which indicated a large consumption of garments in terms of volume.
Clothing and bodywear spending will be further affected by changes in the UK demographic profile over the next few years. Sales of underwear are expected to increase by 3 percent annually between 2003 and 2005. Nightwear sales will stabilise during the same period, while sales of hosiery and socks will decline by about 2 percent annually.

France

French consumption of bodywear amounted to € 4.9 billion in 2001, making France the third largest market for bodywear in the EU with 16 percent of total EU consumption, while France ranked fourth in the EU in clothing consumption after Germany, Italy and the UK. Consumption of bodywear in France grew very slightly by 1.3 percent in the period 1999-2001, including a decrease in 2000. In total, men's and boys bodywear valued € 1.1 billion, women's and girls' bodywear amounted to € 3.7 billion. Consumption of women's lingerie increased, while consumption of men's underwear stabilised but bodywear and swimwear decreased.
The French bodywear market increased in the period under review in terms of volume. Sales of most items in daily underwear for women increased, while sales of other items were stagnant, except the hosiery sector. Consumption of pantyhose and tights fell, while consumption of socks grew.

In volume terms, consumption of women's briefs/panties is estimated at 5 items per person. The average price varied strongly with a growing upmarket sector; however, the average price is around € 4.20. G-strings took 23 percent of the market in 2001; briefs took 35 percent; mini-briefs 15 percent, and panties 27 percent. The market was sustained by strong increases in sales of briefs and strings. In volume terms, consumption of men's briefs and underpants is estimated at 3.2 items per person. The average price is around € 4.75.
Women's purchases of foundation garments (bras, corsets and other under-garments which give the body shape) increased in 2001. Wired bras including push-up bras have performed well for many years. Push-up bras have gained market share, from 11 percent in volume in 1999 to 14 percent in 2001. In total, underwired bras accounted for 45 percent of the market, followed by sling-strapped (34%), wireless (18%) and strapless (3%). The average price of bras is € 18.40. White is the most popular bra colour (40% market share), followed by printed bras (25%), black (7%) and flesh-colour (7%).
Consumption of nightwear and home wear for both sexes stabilised in the period 1999-2001. Purchases of men's pyjamas came to some 9 million pairs annually, while women buy twice as many nightdresses, pyjamas

Table 3.5 Consumption of bodywear in France in volume and value, 1999-2002

	1999		2000		2001		2002 (estimated)	
	million units	€ mln	million units	€ mln	million units	€ mln	million units	€ mln
Underwear for:								
- women and girls	232	950	236	985	239	1,003	238	984
- men and boys	63	316	62	311	62	314	62	303
Foundation wear	76	1,245	75	1,207	77	1,281	78	1,292
Nightwear	27	460	27	448	26	443	26	414
Home wear	12	338	13	345	12	338	12	316
Total under- and nightwear	**410**	**3,309**	**413**	**3,296**	**416**	**3,379**	**418**	**3,309**
Swimwear for women and girls	12	336	14	345	13	332	14	339
Swimwear for men and boys	11	212	12	207	11	194	11	201
Total swimwear	**23**	**548**	**26**	**552**	**23**	**526**	**25**	**539**
Pantyhose and tights	272	606	268	580	263	576	264	581
Socks and stockings	149	341	151	342	160	387	156	363
Total hosiery	**421**	**947**	**419**	**932**	**423**	**963**	**420**	**944**
Total bodywear	**856**	**4,805**	**857**	**4,780**	**862**	**4,868**	**863**	**4,792**

Source: FFIVM

Table 3.6 Consumption of bodywear in Italy in volume and value, 1999-2002

	1999		2000		2001		2002 (estimated)	
	million units	€ mln	million units	€ mln	million units	€ mln	million units	€ mln
Underwear for:								
- women and girls	185	876	189	917	192	983	191	990
- men and boys	89	341	90	353	92	396	91	401
Foundation wear	50	814	52	862	54	884	55	902
Nightwear	25	439	25	426	25	438	24	431
Home wear	9	246	10	247	9	242	10	243
Total under- and nightwear	**358**	**2,716**	**366**	**2,805**	**372**	**2,943**	**371**	**2,967**
Swimwear for women and girls	15	393	14	395	13	376	14	409
Swimwear for men and boys	11	228	12	230	11	227	11	222
Total swimwear	**26**	**621**	**26**	**625**	**24**	**603**	**25**	**631**
Women's hosiery *)	216	595	210	561	207	568	211	576
Men's and women's socks	332	683	324	679	330	684	329	688
Total hosiery	**548**	**1,278**	**534**	**1,240**	**537**	**1,252**	**540**	**1,264**
Total bodywear	**932**	**4,615**	**926**	**4,670**	**933**	**4,798**	**936**	**4,862**

*) includes stockings, tights and knee-highs
Source: Sistema Moda Italia

etc. The return of femininity and seduction is leading to a considerable increase in demand for nightgowns to the detriment of the pyjama.

Beach and swimwear performed well in 2000, helped by relatively good weather, but fell slightly in 2001. French women prefer one-piece swimsuits as opposed to bikinis. Over the period 1999-2001, sales in volume of one-piece swimsuits were almost unchanged at around 7.6 million units.

According to trade figures, total consumption of women's pantyhose came to some 263 million pairs in 2001, about 62 percent of the total hosiery market. The share of pantyhose decreased in favour of knee-highs. Purchases of women's socks increased due to the fact that women more and more wear trousers.

Leading brands in women's briefs are: Dim, Sloggi and several private labels and for bras (in order of importance): Playtex, Dim, Triumph, Chantelle and also private labels. The most popular private label is Etam, followed by Princes tam tam and Darjeeling. The leading brands in men's underwear are Dim, Athena, Eminence and Jil, however, private labels and unbranded or 'no labels' products have each a 25-30 percent market share.

The two leading brands of pantyhose are Dim and Well. Other (less) popular brands are Golden Lady, Le Bourget and Chesterfield. Private labels became more important. Leading brands in the men's socks sector are: Olympia, Kindy, Well and Dim. The role of private labels and 'no brands' is even more important than in the men's underwear sector.

Italy

Italy is the fourth largest bodywear market in the EU, after Germany, UK and France, with a value of € 4.8 billion in 2001, almost 16 percent of total EU consumption. Preliminary figures indicated that Italian bodywear consumption exceeded the French one in 2002.

Consumption of bodywear increased 2.7 percent in 2001, after a much smaller increase (+1.2%) in 2000, but growth was faster for bodywear than for clothing in total. Herewith, the share of bodywear in total clothing expenditure reached to a level of 12.5 percent.

Spending per person on bodywear is high and above the EU average with € 84 per head, of which 56 percent for under- and nightwear. Expenditure on hosiery of € 22 per capita is much higher than Germany (€ 19) and France (€ 16).

In volume terms, the Italian bodywear market grew in size from 872 million garments in 1999 to 874 million garments in 2001. The main reason for the growth was increased consumption of underwear for both sexes, and foundation wear.

The Italian consumer is very much brand oriented and can be considered as stylish, and having good taste compared with other EU 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 and The Netherlands.

Consumption (in terms of volume) of all items in the under- and foundation wear sector increased, in particular, daily underwear (briefs and bras) for women in 2001. Consumption of women's briefs and pants is estimated at 144 million pieces in 2001, with an average price of € 4.60. Sales of men's briefs and underpants are estimated at 3.8 items per person, with an average price of € 4.90.

Consumption of bras increased almost 4 percent in volume and over 9 percent in value in the period 1999-2001, while purchases of other foundation garments (corsets and other under-garments which give the body shape) declined 11 percent in terms of value. Market growth of bras is due to the fact that wired bras including push-up bras have performed well for many years. Nightwear and home wear consumption stabilised in the period under review, but selling at much lower prices.

Beach and swimwear performed well until 2000 and fell back in 2001. Preliminary figures for 2002, however, show a much higher expenditure in this product group also caused by the increased popularity of products like triangle and push-up bikinis and accessories like pareos.

The stocking and pantyhose sector has been performing badly for many years, however, women's hosiery recovered slightly since 2001. The high expenditure share of women's hosiery compared with other major EU countries is the result of the very high share of formal wear in clothing behaviour.

Leading brands in women's lingerie are Lovable, La Perla, and Triumph. The leading brand of pantyhose is Golden Lady. Other brands are Filodoro, Franzoni, Omsa, Sanpellegrino, Oroblu, Omero and Gossard. Leading brands in the men's socks sector are: Imec, Rede Mohar and Malerba.

Spain

Spain is the fifth largest bodywear market in the EU, after Germany, UK, Italy and France, with a value of € 3.2 billion in 2001, 10 percent of total EU consumption. Consumption of bodywear increased 3.5 percent in 2000 as well as in 2001. Consumer spending on bodywear is just under the EU average with € 79 per head, and below the Italian per capita rate of € 84 or the € 81 for France. In volume terms, the Spanish bodywear market grew in size from 608 million garments in 1999 to 630 million garments in 2001. The main reason for the growth was increased consumption of women's under- and foundation wear.

Consumption (in terms of volume) of most items in the under- and nightwear sector increased, in particular, daily underwear (briefs and bras) for women in 2001. Consumption of women's briefs and pants are estimated

Table 3.7 Consumption of bodywear in Spain in volume and value, 1999-2002

	1999		2000		2001		2002 (estimated)	
	million units	€ mln	million units	€ mln	million units	€ mln	million units	€ mln
Underwear for:								
- women and girls	144	571	149	589	157	632	162	661
- men and boys	58	186	62	196	63	211	63	223
Foundation wear	47	761	49	798	51	836	52	892
Nightwear	18	302	19	306	18	301	19	314
Home wear	9	204	9	208	8	198	8	203
Total under- and nightwear	**276**	**2,024**	**288**	**2,097**	**297**	**2,178**	**304**	**2,293**
Swimwear for women and girls	9	214	9	222	10	227	10	231
Swimwear for men and boys	7	119	7	128	7	135	7	133
Total swimwear	**16**	**333**	**16**	**350**	**17**	**362**	**17**	**364**
Pantyhose and tights	142	273	134	271	131	268	132	270
Socks and stockings	174	334	181	350	185	366	183	368
Total hosiery	**316**	**607**	**315**	**621**	**316**	**634**	**315**	**638**
Total bodywear	**608**	**2,964**	**619**	**3,068**	**630**	**3,174**	**636**	**3,295**

Table 3.8 Consumption of bodywear in The Netherlands in volume and value, 1999-2002

	1999		2000		2001		2002 (estimated)	
	million units	€ mln	million units	€ mln	million units	€ mln	million units	€ mln
Underwear for:								
- women and girls	44	189	47	204	46	214	47	219
- men and boys	28	124	30	143	29	146	31	153
Foundation wear	13	186	14	207	15	228	16	241
Nightwear	6	93	6	99	5	96	5	98
Home wear	2	47	1	44	1	41	1	40
Total under- and nightwear	**93**	**639**	**98**	**697**	**96**	**725**	**100**	**751**
Swimwear for women and girls	4	104	4	104	4	112	5	126
Swimwear for men and boys	3	37	3	36	3	38	3	42
Total swimwear	**7**	**141**	**7**	**140**	**7**	**150**	**8**	**168**
Pantyhose and tights	48	118	46	133	44	131	45	136
Women's socks and stockings	23	48	26	63	28	66	30	73
Men's socks	39	66	41	71	42	74	40	78
Total hosiery	**110**	**232**	**113**	**267**	**114**	**271**	**115**	**287**
Total bodywear	**210**	**1,012**	**218**	**1,104**	**217**	**1,146**	**223**	**1,206**

Sources: Gfk and CBS

at 120 million units in 2001, with an average price of € 4.08. Sales of men's briefs and underpants are estimated at 3.4 items per person, with an average price of € 4.80. Just like in other major EU countries mainly caused by the increasing popularity of push-up and seamless bras and the string, these products are often bought as additional and less as replacement items. Consumption of bras increased in volume and in value in the period 1999-2001, while purchases of other foundation garments declined. Nightwear and home wear consumption in 2000 grew very slightly against some higher prices.
Beach and swimwear consumption stabilised in terms of volume against 2.5 percent higher prices during the period under review, just like hosiery but against 4 percent higher prices.
The Spanish consumer prefers national brands slightly above foreign brands. However, a broad range of international brands (Playtex, Dim, Triumph, Chantelle etc.) is available on the Spanish bodywear market besides the brands of Spanish manufacturers (Punto Blanco, Gisela, Marie Claire, Garel, Airell, Selmark, Platino, Kler etc.).

The Netherlands

The clothing market in The Netherlands amounted to € 8.5 billion at consumer prices in 2001, of which 14.2 percent was bodywear. Consumption of bodywear in The Netherlands has increased since 1997, of which 2000 showed the biggest growth (+10%). There was a further but somewhat smaller growth in 2001 (+4%) and 2002 (+5%) and for the coming years a small growth is also expected.
The growth in bodywear expenditure is stronger than the increase in clothing consumption in The Netherlands, which indicated that the share of bodywear in total clothing expenditure increased from 13 percent in 1999 to 14 percent in 2002. Spending per person on bodywear is rather low at € 72 per head and below the EU average.

Under- and nightwear consumption in terms of volume decreased by 2.0 percent in 2001 and increased by 4.2 percent in 2002. This means that consumers bought more items, but also spent more money per product than they previously did.
Detailed trade figures for consumption of hosiery and socks were not available. It can be assumed that the trend, valid for all major EU countries, is valid for the Netherlands market too. There was further decrease of women's pantyhose and a growing market share for knee-highs and ankle socks.

Analysis of the data on domestic consumption of major product groups gives the following picture, with respect to the various individual clothing items.
Regarding women's briefs, the popularity of the string was growing, resulting in a share of 22 percent, equal to waist styles and also hip-high styles. The string is in particular popular with younger women (and older girls). The tricot boxer short became another popular item; this style reached a share of 6 percent.
Popular among men's underwear were the Y-front (white and patterned) and boxer short in summer and sport slip and tricot boxer short in winter.
Women bought on average 3.2 bras in 2001 for, in total, almost € 45.60. Purchases of the seamless bra increased for the second year (+ 8%) and the wired bra remained very popular. The market share of wired bras accounted for 70 percent of total expenditure on bras, of which 12 percent for push-up bras.
Women and girls accounted for 72 percent of nightwear expenditure; men and boys for the remaining 28 percent. Pyjamas remained popular: share in expenditure was 56 percent, expenditure on nightshirts increased from 25 to 32 percent while sleepshirts covered 12 percent.
Sales of beach and swimwear grew strongly; the market share of bikinis rose by 4 percent at cost of swimsuits. Besides swimsuits and bikinis, more total collections are offered, which includes products like pareos, beach dresses etc.
Leading brands in women's briefs are: Ten Cate, Bon Giorno and Sloggi and several private labels, like Hema, Hunkemöller etc. and for bras: Triumph, Sloggi, Pastunette, Warner, Lovable, Chantelle and the private labels mentioned previously.
In men's underwear the leading brands are Bon Giorno, Schiesser, Sloggi, Beeren and Koala, however, private labels have 40 percent and unbranded or 'no labels' products have a 15 percent market share.
Popular (manufacturer) brands of pantyhose are Dim, Hudson, Kunert, Falke, Oroblue and Golden Lady. Private labels (Hema, V&D etc.) are very important and dominate in the men's socks sector. The role of private labels and 'no brands' is very important in men's underwear and nightwear, too. In the middle and higher segments of the market brands like Hom, Jockey, Calvin Klein etc. operate.
Bodywear spending will be further affected by changes in the demographic profile over the next few years. Sales of bodywear are expected to increase by 4 percent annually between 2003 and 2005.

3.2 Market segmentation

The general criteria for market segmentation of bodywear are:

- by age - children's wear and adults, in this report (unless otherwise mentioned) the criterion used is 15+;
- by gender - women/girls and men/boys;
- by type of product;
- by attitude towards fashion and life style; and,
- by product/quality ratio.

Other criteria are based on special activities (sports etc.) or other circumstances, like maternity wear.

Segmentation by age and gender
The size and age structure of the population is one of the basic determinants of how much will be spent on clothing including bodywear. 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 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 EU countries selected for this survey.

Children's bodywear
The buyer of children's bodywear, 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. However, 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 outerwear, but also for bodywear, is increasing among the younger children.

Men's bodywear
In terms of consumer targeting, the bodywear 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 to younger consumers.
All age groups buy nightwear and more or less the same situation applies to bathrobes. The percentages per age group are increasing for older groups. Mainly men older than 40 years buy nightwear while younger people prefer boxer shorts and T-shirts, instead of pyjamas or nightshirts.

Women's bodywear
The bodywear market for women shows another pattern:
women in the age category 15-24 year are in fact a very interesting target group for lingerie. They often live with their parents and enjoy a considerable clothing budget. In fact, they generate 20 percent of the sector's revenues, while representing only 15 percent in number. Particularly in daytime lingerie, their budget is significantly higher than that of the other consumers. They buy for the pleasure of it more than out of necessity, however, the size of this age group is likely to decrease slightly.
The spending on bodywear rises to age 64. The age group 50-64 has the highest average expenditure, followed by the age group 25-34. The former group is looking for quality and supporting bodywear and has a growing share of available disposable income. The latter age group is enjoying increased income, which stimulates their consumer appetites; their budget is above the total average and only 5 percent lower than the younger age group. Globally, the group of the age 65 and over spends less on bodywear.
All age groups buy nightwear and more or less the same situation applies to bathrobes.

Segmentation by type of product
The bodywear 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 are distinguished:
- women's underwear, comprising the categories briefs, bodies and teddies, camisoles and slips and eventually T-shirts;
- women's foundation wear, comprising bras, corsets, corselettes and girdles;
- women's nightwear, comprising nightshirts and pyjamas,
- women's home or loungewear, comprising: negligées, dressing gowns, home suits and leisure suits;
- women's swimwear, like swimsuits, bathing suits and bikinis;
- women's hosiery, like stockings, tights, knee-highs and ankle-lengths;
- men's underwear, comprising underpants or briefs and vests;
- men's nightwear, comprising nightshirts and pyjamas;
- men's loungewear, comprising dressing gowns, home suits and leisure suits;
- men's swimwear, like swim trunks and swim/surf/beach shorts; and
- men's hosiery, like knee-high and ankle-length socks and tights.

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 his/her own life style. Especially in the fashion segment (higher price ranges),

clothing products have an individualising function. Therefore the demand by 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.
There are some important concepts in the world of fashion. One of them is fashion mentality. It means the degree of rapid acceptance of new fashion trends by consumers. This concept helps to divide clothing products in: avant-garde, innovative, current, 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). Using this concept, one can 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 has led to an increase in the fragmentation of the clothing market as well as the bodywear 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, while on the other side value retailers and clothing discounters start or maintain their operating on low-price level;
- most brands in body fashion differentiate and subdivide their collection into groups like fashionable or trendy, luxury, sporty, comfortable etc. The consumer can choose from different styles: basic as well sportive as luxury, chique or sexy, and expects retailers to have a clear image.

Both will be discussed in more detail in chapter 7 'Trade structure'.

Segmentation by price/quality ratio

In the bodywear sector the trend towards looking for higher quality and more expensive products has increased in recent years. The consumer remains price-conscious, but to an ever greater extent looks for higher-quality materials as well as fashionable trends. This makes product quality the most important purchase criterion, followed by design and appearance. Although this trend is growing, the middle price

PURCHASE CRITERIA	STORE CHOICES
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 Manufacturer'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 Bodywear specialty multiples Department stores Specialised mail order
Middle price segment (market share approx. 40-50 percent)	
Good quality Broad range in colours and design Fashionable	Clothing multiples Variety stores Mail order
Mass consumer price segment (market share approx. 20-25 percent)	
Inexpensive products Special sales/offers Basic quality	Variety stores Clothing and textile discounters Super- and hypermarkets Street markets

segment with a market share of 40-50 percent continues to dominate.

This will be discussed in more detail in chapter 7 'Trade structure'.

3.3 Consumption patterns and trends

Demand for clothing is a function determined by factors like demographics and life styles, as discussed above. Other factors are among others: 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 in 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 percent the demand for clothing will rise by 1 percent 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 in total accounted for 5.4 percent (bodywear for 0.7 percent) of household expenditure in the EU in 2001, while this percentage was still more than 6 percent ten years ago. In 2001, spending on bodywear 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 devoted 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

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 Oysho, Women's Secret, Darjeeling, Palmer etc.); retailers are offering their own products (such as Zara, H&M, C&A, Etam 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.

Some of the broadly distributed bodywear brand names are:
- Hanes, Playtex, L'eggs, Dim, Unno, Wonderbra, Lovable, Gossard, Champion, Pretty Polly, Ocean, Nur Die all distributed by Sara Lee (USA);
- Nautica, Polo, Anne Cole, Calvin Klein and own brand Warners by the Warnaco Group (USA);
- Triumph, Sloggi, Bee Dees, Valisère, Hom by The Triumph Group (Switzerland);
- Jockey, Hanro Huber and Skiny by Huber Holding (Austria);
- Chantelle, Passionate, Darjeeling by Chantelle S.A. (France);
- Rösch, Louis Feraud, Daniel Hechter by Gerhard Rösch (Germany);
- Ten Cate, Free and Easy, Pastunette, Koala, Tweka by Van Heek-Tweka (The Netherlands);
- La Perla, Joelle, Malizia, Occhiverdi, Grigioperla by Gruppo La Perla (Italy);
- Imec, Silvia Mategna, Peach Tree by Imec (Italy)
- San Pellegrino, Oroblu, Lepel, Starway, Le Bourget by CSP (Italy)
- Marie Jo, Marie Jo l'Aventure, Prima Donna by Van de Velde (Belgium);
- Brands from Spain are among others: Punta Blanco, Marie Claire and Kler. Other French brands are among others: Eminence, Aubade and Barbara; other German brands are among others: Mey, Naturana,

Falke, Bruno Banani; other brands from The Netherlands are: Beeren, Boobs & Bloomers, Duet.

Manufacturers of brand names met strong competition from retail chains which have their own private labels (like Marks & Spencer, Zara, Hennes & Mauritz, Etam, Hema, Hunkemöller, C&A etc.) but also from (general) clothing brands (like Esprit, Mexx, Ralph Lauren, Diesel etc.), fashion designer brands (like Chanel, Gucci etc.) and from sport brands (Nike, Adidas, Fila etc.).

Fashion developments

- The increasing trend in demand for plainer, more comfortable underwear resulted in the fact that sheer, seamless lingerie and 'bare-look' tights have come into favour. Increasing use of micro fibres in all bodywear segments, varying from bras to (slimming) bathing suits. Micro fibres are still selling very well, helped by the fact that garments made of these fibres remain invisible even under the slightest and tightest outerwear.
- Cotton and cotton/elastane materials for knitted underwear are popular and will remain popular in the coming years, in particular for men's underwear.
- Trends in women's underwear are derived from those in outerwear fashions. For the coming years, tight and well fitting jerseys, trousers and skirts will remain fashionable, which means that underwear items will be differentiated and minimal. Another continuing trend in lingerie and foundation garments is the increasing demand for more luxurious products with multi-coloured lace and embroidery, to wear under luxury outerwear. It is expected that women will choose for both possibilities.
- Foundation garments are not strictly for figure correction, but slimmer women also wear them today, because they are considered feminine and chic. Bras with push-up effects and briefs strengthened for stomach correction remained popular. Filling of the push-up bra can be made of several materials from cheap to expensive (micro fibres), textiles and non-textiles (silicones, water, air etc.).
- Trends in sports garments have particularly influenced underwear designers, as can be seen in the popularity of bustiers and seamless items.
- In men's underwear, underpants with Y-fronts, mini-slips, boxer shorts and retro pants (clinging short style) remain popular. The string is becoming more popular, but the market share for men's underwear is lower than for women's underwear.
- Women in particular in countries like UK, Germany, The Netherlands and the Scandinavian countries, are generally becoming larger and heavier, which has led to a marked increase in demand for fuller bra cup sizes and minimiser bras.

The CBI fashion forecasts can be consulted for more detailed and up-to-date fashion information.

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. Seasonal influences are most noticeable in type of fabrics. Another direct relation can be found in the purchase of large amounts of swimwear.

4 PRODUCTION

4.1 Production of bodywear in the EU

The number of employees in the apparel sector fell by almost 9 percent in the period 1999-2001 to 1.5 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.
After a decline of 3 percent in the EU's turnover in clothing and in knitting production in 1999, the value of production increased in 2000 by respectively 3.6 percent, despite the fall in production volume, but fell again in 2001 by 2 percent.

World-wide, the bodywear industry is dominated by some big concerns, like the multinationals Sara Lee (division Intimates & Underwear, operating with many daughter companies in the EU), the Warnaco Group, both from the USA and Triumph from Switzerland.
Major EU producers of under-, night- and in some cases also swimwear are:
Chantelle, SNC Guichard, Promiles, Eminence, Lejaby SAS, VF Diffusion SNC from France;
Huber Holding and Palmer from Austria, Van de Velde from Belgium, Gerhard Rösch, Mey, Naturana/Dölker from Germany, Gruppo La Perla, Emmeci, Imec, Trucco Tessile, Randi, Garda and Gagliardi from Italy; C.I. Vals, Giro and Basi from Spain, Van Heek/Tweka, Timpa, Engelvaart, Lybeert from The Netherlands,

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		- 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 Production of bodywear in volume in the EU, 1996-2001

	Volume	1996	1998	2000	2001
Knitted:					
T-shirts	mln units	407	396	390	385
Underpants, briefs etc.	mln units	790	754	750	744
Stockings, tights, pantyhose	mln pairs	2,264	2,160	2,030	1,949
Nightwear	mln units	69	65	60	58
Swimwear	mln units	90	86	80	81
Woven:					
Night- and underwear	tons	26,103	25,060	24,640	24,850
Swimwear	mln units	9	9	9	9
Bras	mln units	102	100	98	97
Other foundations	mln units	22	20	20	19

Source: CITH and industry estimates

Courtaulds, Charnos, Martin Emprex International (part of Martin International), Adria, Bairdwear, Bentwood and Delta Textiles from the UK
In the swimwear market, a difference can be made between manufacturers, active in the competition segments and/or in the keep-fit, recreation and pleasure segments. In the competition segments, Speedo (originating in Australia and now headquarters in the UK) dominates worldwide besides USA manufacturers like Quiksilver, Jantzen, Hind, Tyr Sport and Arena. All brands from the above-mentioned manufacturers compete on the non-competition market with sport giants like Nike and Adidas, as well as with the competing parties as mentioned under underwear.
Sara Lee (USA) has dominated the hosiery sector for many years. Important manufacturers in the EU are Kunert and the Falke Group (all from Germany), Golden Lady and CSP International (both from Italy) and Wolford and the Ergee Group from Austria. Most of these hosiery manufacturers operate on the underwear market and some of them on the swimwear market too. There is a tendency in the whole bodywear sector towards further concentration through many take-overs and mergers.

Production volume of bodywear in the EU decreased in the period 2000-2001 by 2 percent, while for 2002-2004, a further decrease is expected. Detailed figures concerning production were not available at the time of writing. Italy is the largest producer of knitted items accounting for around 30 percent of EU production, followed by Germany, France, UK, Spain and Portugal.

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 into 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 bodywear decreased steadily in the period 1999-2001 to € 587 million. OPT appeared to constitute 5.6 percent of EU bodywear imports from outside the EU in 2001, while it had accounted for some 8 percent in 1997. This change is mainly due to the facts that, since 1 January 1998, all textile and clothing imports from the CEECs have been liberalised, and OPT is no longer necessarily statistically recorded

Table 4.3 OPT in bodywear by EU countries in terms of volume and value, 1999-2001

	1999		**2000**		**2001**	
	mln units	**€ mln**	**mln units**	**€ mln**	**mln units**	**€ mln**
Germany	74	135	67	144	67	149
Italy	60	86	83	103	72	102
United Kingdom	18	69	122	92	27	100
Austria	49	74	57	72	39	79
Greece	35	44	46	64	77	65
Denmark	19	39	24	50	19	36
France	96	156	16	45	10	31
Belgium	3	19	4	21	3	13
The Netherlands	6	15	7	9	4	7
Other (6)	3	7	3	8	2	5
EU (15)	**363**	**644**	**429**	**608**	**320**	**587**

Source: Eurostat

as such, while the policy of EU manufacturers changed to other ways of delocalisation, like CMT and FOB.

60 percent of total OPT came from CEECs in 2001, of which most important, besides the four leading partners (Hungary, Poland, Bulgaria and Romania) were Ukraine, Belarus and Lithuania. OPT trade from these countries into the EU decreased from 65 percent in 1999, mainly caused by lesser trade with Poland, Romania and Lithuania and despite increased trade with Hungary, Bulgaria, Ukraine, Belarus, and Latvia. The most important OPT country from outside Europe remained Sri Lanka. OPT with Asian developing countries increased to 18 percent in 2001, mainly from Sri Lanka and China. Mediterranean developing countries accounted for 17 percent in 2001; the main trading partners were Morocco, Tunisia and Albania.

EU's OPT for bodywear accounted for 31 percent knitted under- and nightwear, 24 percent T-shirts and 26 percent foundations in 2001. OPT in hosiery, knitted and woven swimwear, woven night and underwear was limited. Imports of knitted under- and nightwear into the EU via OPT amounted to 180 million in 2001 and came from Hungary (28%), Sri Lanka (15%) and Poland (6%). T-shirts imports via OPT amounted to 140 million and came from Bulgaria (17%), Poland (15%) and Hungary (8%). Imports of foundations into the EU by OPT amounted to 154 million in 2001 and came from Hungary for 25 percent, followed by Belarus (9%), Poland (9%) and Morocco (7%).

CMT indicates a further step in the relocation. Here the whole manual production has been relocated, although 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, but only a minority of the manufacturing companies. This often concerns additional products (accessories) or basic products like shirts, jeans, T-shirts etc. to complete a 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 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 exempted from all quotas and tariffs for imports into the EU for the countries in question.

Table 4.4 Developments in OPT in bodywear in total and by trade partners, 2001

	€ mln	**Leading trade partners in 2001:**
EU	**587**	**Hungary (18%), Sri Lanka (12%), Poland (9%), Bulgaria (9%), Romania (7%)**
Germany	149	Hungary (29%), Poland (9%), Ukraine (9%), Romania (9%), Sri Lanka (8%), Belarus (8%)
Italy	102	Romania (13%), Poland (12%), Albania (9%), Sri Lanka (8%), Belarus (7%)
UK	100	Sri Lanka (54%), Morocco (18%), Hong Kong (13%)
Austria	79	Hungary (67%), Romania (13%), Slovakia (7%)
Greece	65	Bulgaria (76%), Albania (15%)
Denmark	36	Poland (46%), Lithuania (30%), Latvia (12%)
France	31	Tunisia (31%), Poland (26%), Morocco (12%), Bulgaria (6%)
Belgium	13	China (47%), Tunisia (17%), Hong Kong (15%)
The Netherlands	7	Moldova (45%), Hungary (30%), Serbia Montenegro (7%)
Other (6)	5	Estonia (43%), Latvia (37%)

Source: Eurostat

5 IMPORTS OF BODYWEAR

5.1 Total EU imports

Before we take a look at the import figures for bodywear 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 1, explaining that official statistics are not always all-embracing and should be interpreted with care.

EU

Total EU (15) imports of bodywear amounted to almost € 17.0 billion in 2001. Germany remained the leading importer, with an import share of 25 percent in terms of value, followed by the UK (17%), France (16%), Italy (7%) and The Netherlands (almost 7%). Belgium (6%) ranked sixth, followed by Spain (5%) and Austria (almost 5%).

EU imports of bodywear increased 18 percent in the period 1999-2001. EU countries can be divided, by developments in value of imports during this period, into:

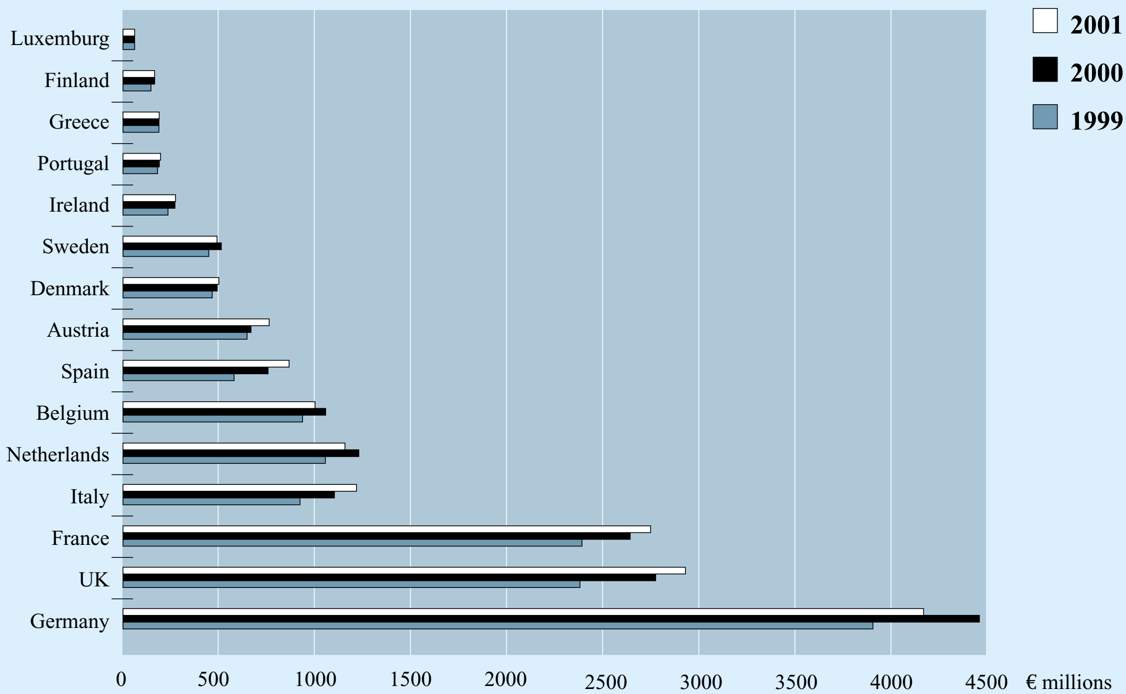
- Slowly increasing imports (less than EU average) in Austria, Denmark, Sweden, Portugal, Greece, Finland and Luxembourg;
- Fluctuations in imports (growth in 2000 followed by a fall in 2001) and resulting in a growth lower than EU average during the whole period in Germany, The Netherlands and Belgium;
- Strongly growing imports (equal to the EU average) in France;
- Booming imports (between 27 and 54 percent) in UK, Ireland, Italy and Spain.

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

EU imports by area of origin

The role of developing countries increased considerably, in particular in 2000. The difference between imports from these countries and intra-EU trade became much bigger: 42 percent of the value of EU bodywear imports came from developing countries in 1999 and 48 percent in 2001. Import shares from EU countries fell from 43 percent in 1999 to 38 percent in 2001.
Imports from developing countries grew almost 27 percent in 2000, followed by a much smaller growth of 5 percent in 2001. Imports from ACP countries (mainly two countries: Mauritius and Madagscar) increased but remained far under the average growth of total

Figure 5.1 EU imports of bodywear by EU member states in value, 1999-2001



Source: derived from Eurostat 2002

developing countries. The biggest increase was for Asian developing countries, followed by Mediterranean countries during the period 1999-2001. Imports of bodywear from other areas were very limited. Imports from 'other countries' showed an average growth of 16 percent in 2000 followed by a fall of 3 percent in 2001. Imports from CEECs like Romania, Hungary, Poland, Czech Republic and Bulgaria increased, while imports from Asian countries like Hong Kong and South Korea decreased.

The EU's leading suppliers of bodywear in terms of value were: Turkey (11.4% in 2001 and 10.8% in 2000), China (9.9% in 2001 and 10.1% in 2000) and Italy (6.2% in 2001 and 6.5% in 2000). Three EU countries followed the top three: Germany, France and Portugal. Bangladesh became EU's 7th supplier of bodywear and passed Belgium (8th); India became EU 9th supplier and passed The Netherlands. Other sources of imports inside the EU were Greece (12th), Austria (14th) and the UK (15th). Other sources of imports from outside the EU were Tunisia (11th), Morocco (13th), Romania, Hong Kong, Indonesia, Hungary, Mauritius, Sri Lanka and Thailand.

Leading supplying countries in the specific product groups in 2001 were as follows: knitted under- and nightwear for men and boys came from China (20%), India (8%) and Turkey (7%), followed by Germany, Morocco, Portugal and Romania. Knitted under- and nightwear for women and girls came from China (16%), Turkey (9%) and India (6%), followed by Austria, Germany, France and Tunisia. T-shirts came mainly from Turkey (16%), Bangladesh (8%) and Portugal (6%) followed by Greece, Germany and Belgium. Knitted swimwear came mainly from China (30%) followed at a distance by Germany, France and Italy. 54 percent of hosiery came from other EU countries, mainly Italy (23 percent of total hosiery imports), Germany and Portugal. Turkey ranked 2nd after Italy and was the leading supplier from outside the EU, followed at a distance by South Korea.
China was the leading exporter to the EU of all woven product categories: men's under- and nightwear, women's under- and nightwear, swimwear and foundations. Turkey ranked second in under- and nightwear for men and women. Other important suppliers to the EU in men's woven under and nightwear after China and Turkey were Tunisia, India and Pakistan; in women's under- and nightwear: India, France and Sri Lanka. Imports of woven swimwear came from Tunisia, Italy and France, while foundations came, besides China, from France, Tunisia, Austria, Indonesia and Hong Kong.

Table 5.2 gives an overview of the 20 leading supplying

Table 5.1 Imports of bodywear into the EU by area of origin, 1999-2001 (in € million)

	1999 € million	2000 € million	2001 € million	Change in % 2001/2000	Change in % 2001/1999
Total imports	**14,388**	**16,849**	**16,958**	**+ 0.6%**	**+ 17.9%**
of which from:					
Other EU countries	**6,235**	**6,742**	**6,500**	**- 3.6%**	**+ 4.3%**
Developing countries:					
- ACP	268	308	309	+ 0.3%	+ 15.3%
- Mediterranean	2,563	3,121	3,375	+ 8.1%	+ 31.7%
- Asia	3,212	4,210	4,371	+ 3.8%	+ 36.1%
- Central & South America	51	88	81	- 8.0%	+ 58.8%
- other developing countries	6	8	13	+ 62.5%	+ 116.5%
Total developing countries	**6,100**	**7,735**	**8,149**	**+ 5.4%**	**+ 33.6%**
Other countries:					
- Western Europe	130	137	120	- 12.4%	- 7.6%
- Central & Eastern Europe	1,087	1,260	1,429	+ 13.4%	+ 31.5%
- North America	111	126	114	- 9.5%	+ 2.7%
- Asia	722	845	642	- 24.0%	- 11.1%
- other	3	4	4	+ 2.6%	+ 23.3%
Total other countries	**2,053**	**2,372**	**2,309**	**- 2.7%**	**+ 12.5%**

Source: Eurostat 2002

Table 5.2 Leading (20) extra-EU suppliers of bodywear to the EU in terms of value, 1999-2001

	1999 € mln	2000 € mln	2001 € mln	Product groups (% of value):
Extra-EU imports	**8,153**	**10,107**	**10,458**	42% T-shirts; 12% bras; 10% hosiery; 9% women's & 6% men's knitted briefs
of which from:				
Turkey	1,469	1,783	1,937	58% T-shirts; 17% hosiery; 5% women's knitted nightwear
China	1,381	1,662	1,673	19% T-shirts; 15% women's and 11% men's knitted briefs;14% bras;10% women's knitted swimwear
Bangladesh	418	634	670	90% T-shirts; 3% bras
India	416	519	599	45% T-shirts; 21% women's knitted and 6% women's woven nightwear
Tunisia	397	483	517	26% bras; 25% T-shirts; 16% women's knitted briefs
Morocco	310	385	469	46% T-shirts; 15% bras; 10% women's and 9% men's knitted briefs
Romania	216	282	364	26% T-shirts; 19% hosiery; 16% women's knitted briefs; 14% bras
Hong Kong	390	493	355	39% T-shirts; 25% bras; 16% women's knitted briefs
Indonesia	193	282	323	34% bras; 29% T-shirts; 18% hosiery
Hungary	294	296	315	23% women's knitted briefs; 23% T-shirts; 20% bras;10% hosiery
Mauritius	199	226	233	88% T-shirts; 6% bras
Sri Lanka	126	180	221	29% T-shirts; 15% women's and 7% men's knitted briefs; 10% hosiery
Thailand	136	183	204	31% T-shirts; 29% bras; 10% women's knitted briefs
Poland	152	160	186	35% T-shirts; 15% hosiery; 14% bras; 11% women's knitted briefs
South Korea	144	175	166	66% hosiery; 24% T-shirts
Egypt	113	159	137	56% T-shirts; 18% men's and 17% women's knitted briefs
Israel	202	190	137	30% hosiery; 16% bras; 14% women's knitted swimwear and 13% briefs
Pakistan	126	137	130	37% T-shirts; 12% hosiery; 12% women's knitted nightwear
Czech Republic	107	119	124	26% hosiery; 18% T-shirts; 10% bras; 9% men's & 9% women's knitted briefs
Bulgaria	71	106	124	42% T-shirts; 12% women's knitted briefs; 8% bras
Other countries	1,293	1,653	1,574	

Source: Eurostat

countries from outside the EU during the period 1999-2001. The two leading countries, Turkey and China, accounted for over 34 percent of total imports (in value) from outside the EU. The leading 20 countries contributed 85 percent. Of these 20 countries, only 5 countries (Hong Kong, South Korea, Egypt, Israel and Pakistan) had lower exports (in terms of value) to the EU in 2001 compared with 2000.

Germany

Germany is the largest EU importer of bodywear and accounted for 25 percent in terms of value in 2001. In that year, Germany imported knitted bodywear with a value of € 3.5 billion and woven bodywear € 0.7 billion, of which respectively 68 and 71 percent was sourced outside the EU. Of the total bodywear imports, 52 percent came from developing countries in 2001, while this percentage was 49 percent in 1999.
German imports increased by 16 percent in terms of value in 2000 and decreased by 7 percent in 2001.

Imports in terms of volume increased 4 percent in 2000 and fell almost 6 percent in 2001, which indicates higher import prices (+11%) in 2000 and very slightly diminished import prices (-0.5%) in 2001. During the whole period, the imported value of the following products performed better than the average: knitted briefs and pants (for both sexes) of man-made fibres to the detriment of cotton pants, cotton T-shirts, bras and other foundations. Imports of synthetic pantyhose and tights, knee-length and full-length hosiery (all products measuring < 67 decitex per single yarn) fell.

The ten leading suppliers of bodywear to Germany in 2001 were: Turkey, China, Italy, Greece, The Netherlands, Bangladesh, Portugal, Hungary, France and India.
The main supplier of T-shirts to Germany was Turkey with 27 percent of total imports in 2001 in terms of value, followed by Greece (11%), Bangladesh (7%), The Netherlands (5%), Portugal (4%), Italy (4%) and India (3%). Knitted under- and nightwear came from Turkey (19%), followed by China (18%), Hungary (5%), India (5%), Greece (4%), Switzerland (4%) and Italy (4%). Knitted swimwear came mainly from China (40%), at a distance followed by Italy (8%), Hungary, Slovenia and Austria (each country 5%). The main suppliers of hosiery to Germany were: Italy (20%), Turkey (18%), South Korea, Austria and Portugal (each country 7%).

Figure 5.2 German imports of bodywear by product categories, 1999-2001

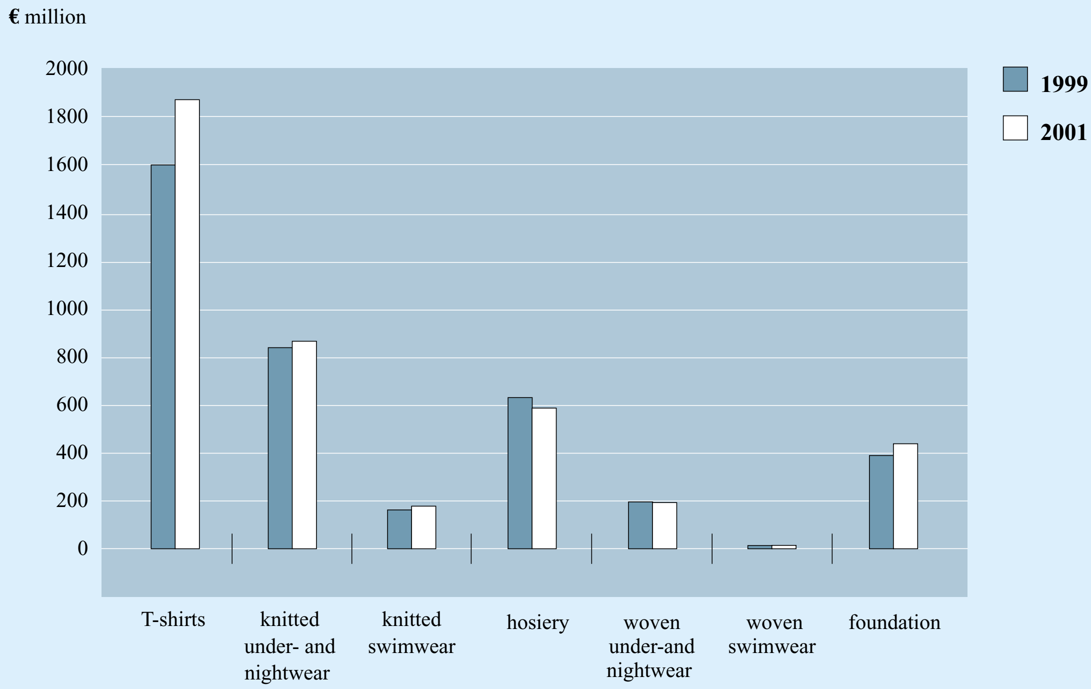


Table 5.3 Imports of bodywear into Germany by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**3,871**	**4,472**	**4,180**	**- 6.5%**
Of which from:				
Other EU countries	**1,387**	**1,557**	**1,321**	**- 15.2%**
Developing countries:	**1,905**	**2,205**	**2,174**	**- 1.4%**
- ACP	21	24	24	+ 0.1%
- Mediterranean	963	1,102	1,113	+ 0.1%
- Asia	910	1,065	1,025	- 3.8%
- Central & South America	11	14	10	- 28.6%
- other	0	0	2	+ 54.5%
Other countries:	**579**	**710**	**685**	**- 3.5%**
- Western Europe	57	75	4	- 12.0%
- Central & Eastern Europe	359	422	455	+ 7.8%
- North America	23	28	24	- 14.3
- Asia	139	184	140	- 23.9%
- other	1	1	2	+45.2%

Source: Eurostat 2002

In the same year, most German imports of woven under- and nightwear came from China (28%), Turkey (22%), India (4%), Macao, Pakistan, Bangladesh and Poland (each country 3%). Woven swimwear came mainly from Italy (38%) and China (23%). The main supplier of foundation wear to Germany was China with 14 percent of the total value of imports in 2001, followed by France (8%), Hungary (8%), Indonesia (6%), The Netherlands (6%) and Austria (5%).

United Kingdom

The UK is the second largest EU importer in terms of value and accounted for 17.5 percent of EU total imports of bodywear in 2001. Imports of knitted bodywear amounted to € 2.3 billion and woven bodywear to € 0.7 billion. British importers sourced around 82 percent of bodywear in non-EU countries. Almost 70 percent of the total imports came from developing countries in 2001, against 53 percent in 1999. The UK was one of the four EU countries with booming growth of imported value of bodywear in the period 1999-2001 (+27%). Imported volumes grew to a much lesser degree (+7%).

More than average growth (in terms of value) was shown by the following product groups: knitted man-made slips and petticoats, man-made briefs and pants for women, cotton and man-made pyjamas for women, bathrobes and dressing gowns for women, T-shirts of man-made fibres, cotton stockings and socks, men's woven cotton underpants, also bras. Imports of some products decreased like: woven negligées and bathrobes for women and sets containing bra and brief.

Turkey, China, Sri Lanka, Hong Kong, India, Morocco and Bangladesh were the leading bodywear suppliers to the UK market, followed by Italy, Indonesia and France.

Figure 5.4 UK imports of bodywear by product categories, 1999-2001

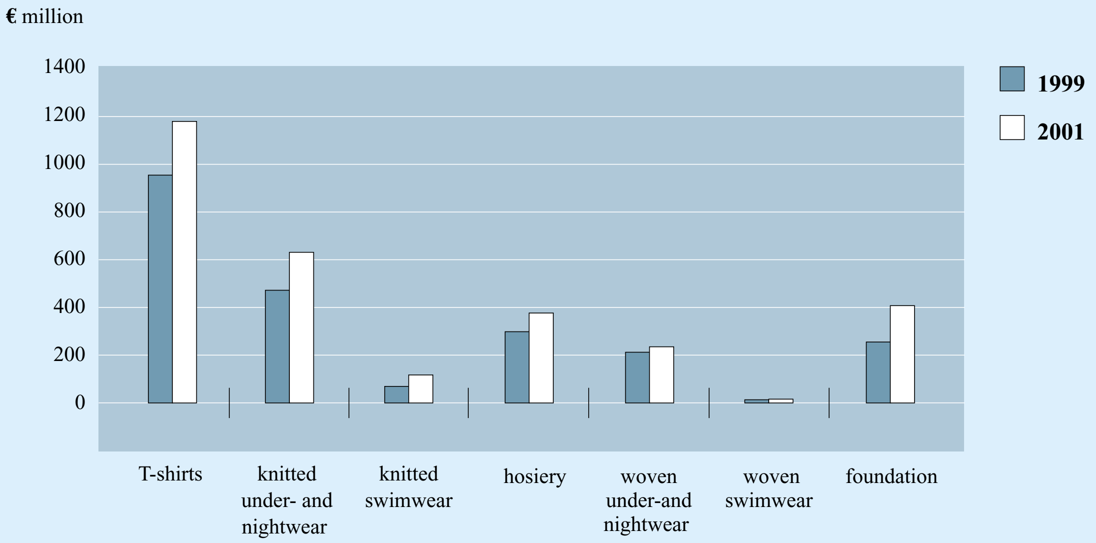


Table 5.4 Imports of bodywear into UK by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**2,332**	**2,782**	**2,960**	**+ 6.4%**
Of which from:				
Other EU countries	**741**	**580**	**540**	**- 6.9%**
Developing countries:	**1,235**	**1,779**	**2,059**	**+ 15.7%**
- ACP	73	93	89	- 4.3%
- Mediterranean	424	609	721	+ 18.4%
- Asia	731	1,065	1,229	+ 15.4%
- Central & South America	7	12	20	+ 65.0%
Other countries:	**356**	**423**	**361**	**- 14.7%**
- Western Europe	18	17	14	- 17.6%
- Central & Eastern Europe	35	43	50	+ 16.3%
- North America	36	42	45	+ 14.1%
- Asia	266	319	251	- 21.3%
- other	1	2	1	- 20.9%

Source: Eurostat 2002

In total € 1,178 million of T-shirts was imported in 2001 into the UK, of which 21 percent came from the main supplier Turkey. Other suppliers were China (10%), Bangladesh (8%), Morocco (5%), Mauritius (5%), Hong Kong (5%), Sri Lanka (4%) and India (4%). Knitted under- and nightwear came from China (21%), Turkey (10%), Sri Lanka (9%), India (8%), Morocco (7%), Egypt (6%) and Hong Kong (5%). Knitted swimwear came mainly from China (51%), followed at a distance by Hong Kong (9%) and Thailand (7%). The main suppliers of hosiery to UK were: Turkey (33%), Italy (15%), Portugal (7%), Israel and South Korea (each country 4%).
In the same year, most UK imports of woven under- and nightwear came from China (18%), Sri Lanka (14%), Turkey (14%), India (13%) and Morocco (5%). Woven swimwear came mainly from China (36%), Italy (16%), Morocco (8%) and Israel (4%).The main supplier of foundation wear to the UK was China with 19 percent of the total value of imports in 2001, followed by Morocco (11%), Hong Kong (8%), Indonesia (7%), Austria (7%) and Tunisia (6%).

France

France accounted for 16 percent of EU imports of bodywear in 2001. Around 55 percent of French imports was sourced outside the EU, while 45 percent came from developing countries.
French imports of bodywear rose by 18 percent in value terms between 1999 and 2001. Imports into France

Figure 5.2 French imports of bodywear by product categories, 1999-2001

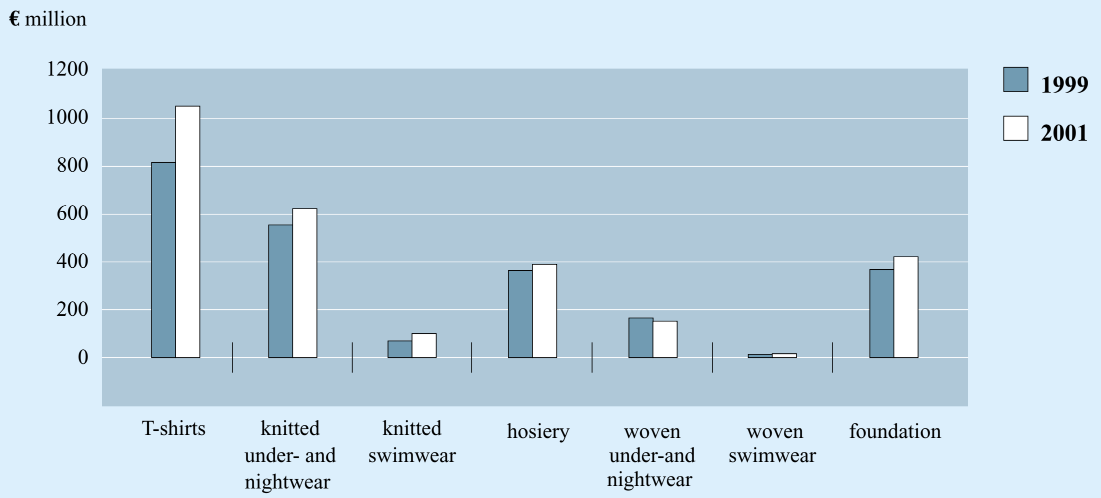


Table 5.6 Imports of bodywear into France by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**2,342**	**2,674**	**2,773**	**+ 3.7%**
of which from:				
Other EU countries	**1,140**	**1,249**	**1,241**	**- 0.6%**
Developing countries:	**986**	**1,168**	**1,260**	**+ 7.9%**
- ACP	110	121	130	+ 7.7%
- Mediterranean	473	542	617	+ 13.8%
- Asia	398	501	508	+ 1.4%
- Central & South America	5	4	5	+ 22.2%
Other countries:	**216**	**257**	**272**	**+ 5.8%**
- Western Europe	14	10	8	- 18.9%
- Central & Eastern Europe	162	185	214	+ 15.7%
- North America	8	10	9	- 8.2%
- Asia	32	52	41	- 21.1%

Source: Eurostat

increased strongly (+10%) in terms of volume in 2000 and stabilized in 2001, which indicates a fall in average import prices of 3 percent in 2001 and an increase of 4 percent in 2001.
Products with more than average growth in French imports were: knitted briefs and pants for both sexes in particular made of man-made fibres, knitted swimwear for women, T-shirts of cotton and man-made fibres, knee-length stockings of synthetic fibres, cotton socks and bras. A fall in imports was valid for synthetic pantyhose and tights and full-length stockings, woven cotton nightwear for both sexes and sets containing a bra and a brief.

In 2001, most French imports of bodywear came from the other EU members: Belgium (10%) and Italy (9%). The leading non-EU suppliers were Tunisia (8%), Turkey (8%), China (7%) and Morocco (6%). Other suppliers to France were Portugal, Germany, Romania, Austria and Mauritius.
The leading supplier of T-shirts to France was Belgium with 13 percent in 2001, followed by Turkey and Morocco (each country 9%), Portugal, Mauritius and Bangladesh (each country 8%), Italy, Germany and Tunisia (each country 5%). Knitted under- and nightwear came from China (13%), Belgium (10%), Austria (9%), Tunisia (7%), India (6%) and Romania (6%). Knitted swimwear came from Tunisia (22%), China (13%), Italy (12%) and UK (8%). The main suppliers of hosiery to France were: Italy (34%), Romania (14%), Belgium (10%), Turkey (8%), Portugal (8%) and Germany (5%).
French imports of woven under- and nightwear came from Tunisia (16%), China (13%), Turkey (13%), Belgium (9%), Morocco (7%) and India (6%). Woven swimwear came mainly from Tunisia (29%), Belgium (21%), Italy (9%) and Turkey (5%).The main supplier of foundation wear to France was Tunisia with 19 percent of the total value of imports in 2001, followed by China (11%), Austria (9%) Italy, Romania and Spain (each country 5%).

Italy

In 2001, Italy imported bodywear for € 1.26 billion, of which 71 percent was sourced outside the EU and 48 percent came from developing countries. After Spain, Italy was the second fast growing importer of bodywear of the EU countries.
Imports rose in terms of value by 28 percent in 2000 and 9 percent in 2001. Two products, T-shirts and bras, accounted for respectively 33 and 11 percent of total imports in 2001. Imports of these products increased in the period under review by respectively 36 and 72 percent. Imports of product groups, which also showed more than average growth were: knitted briefs and underpants for women made of cotton as well of man-made fibres, synthetic pantyhose and tights and cotton terry bathrobes.

Leading suppliers of bodywear to Italy in 2001 were: Tunisia, Romania, China, France, India, Turkey, Germany, Belgium, Austria and Bangladesh.
The leading supplier of T-shirts to Italy was Tunisia with 9 percent in 2001, followed by Bangladesh and Belgium (each country 8%), France, Turkey, China and Romania (each country 7%) and Portugal (6%). Knitted under- and nightwear came from Romania (14%), Tunisia (13%), India (12%), China (10%), Austria (8%) and France (5%). Knitted swimwear came from France (19%), China (11%) and Romania (9%). The main suppliers of hosiery to Italy were: Hungary (15%), Poland (11%), Romania and Germany (each country 8%), Slovenia, France and Spain (each country 6%) and Turkey (5%).
Italian imports of woven under- and nightwear came from China (17%), Tunisia (12%), Pakistan (11%), Turkey (11%), and Romania (6%). Woven swimwear came mainly from Tunisia (28%), China (25%) and

Figure 5.2 Italian imports of bodywear by product categories, 1999-2001

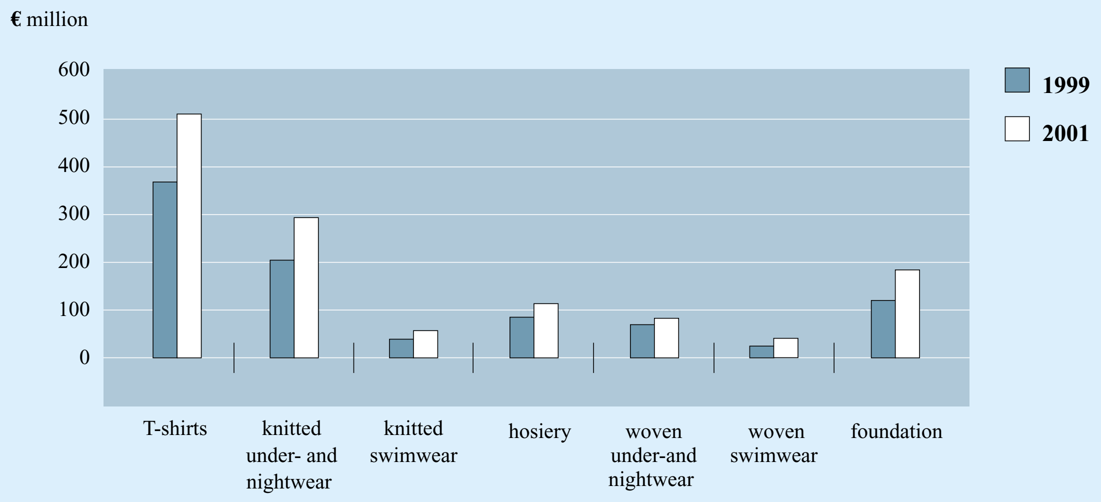


Table 5.7 Imports of bodywear into Italy by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**903**	**1,157**	**1,260**	**+ 8.9%**
Of which from:				
Other EU countries	**305**	**362**	**369**	**+ 1.9%**
Developing countries:	**444**	**579**	**609**	**+ 5.2%**
- ACP	14	20	20	+1.2%
- Central & Eastern Europe	2	4	7	+ 60.6%
- Mediterranean	213	268	281	+ 4.9%
- Asia	208	279	294	+ 6.5%
- Central & South America	7	8	7	- 14.8%
Other countries:	**154**	**216**	**282**	**+ 30.6%**
- Western Europe	6	6	6	+ 7.5%
- Central & Eastern Europe	135	187	253	+ 35.3%
- North America	6	6	6	- 6.8%
- Asia	7	17	17	+ 0.2%

Source: Eurostat 2002

Croatia (12%). The main suppliers of foundation wear to Italy were France and Tunisia each with 10 percent of the total value of imports in 2001, followed by Romania and Austria (each country 9%),Indonesia and China (each 6%).

The Netherlands

The Netherlands ranked fifth as EU importer of bodywear, having been passed by Italy in 2001. Netherlands import value amounted to € 1.2 billion in 2001, of which 65 percent came from non-EU sources and 51 percent from developing countries.
Between 1999 and 2001, Netherlands imports increased by 17 percent in terms of value in 2000 and decreased 4 percent in 2001. Imports in 2001 were 13 percent higher in 2001 than in 1999. During this period under review, imports increased in terms of volume by 5 percent.
During the whole period, the imported value of cotton T-shirts rose more than average. Imports of the following products fell strongly: knitted cotton nightwear for both sexes, knitted briefs and underpants for both sexes, synthetic tights to the detriment of other materials (mainly cotton), synthetic full-length stockings, woven nightwear and bathrobes for both sexes. Imported value of bras showed the strongest fluctuation, while imported value of other foundations decreased during the period under review.

Turkey, Germany, China, Bangladesh, India, Italy, Hong

Figure 5.2 Netherlands imports of bodywear by product categories, 1999-2001

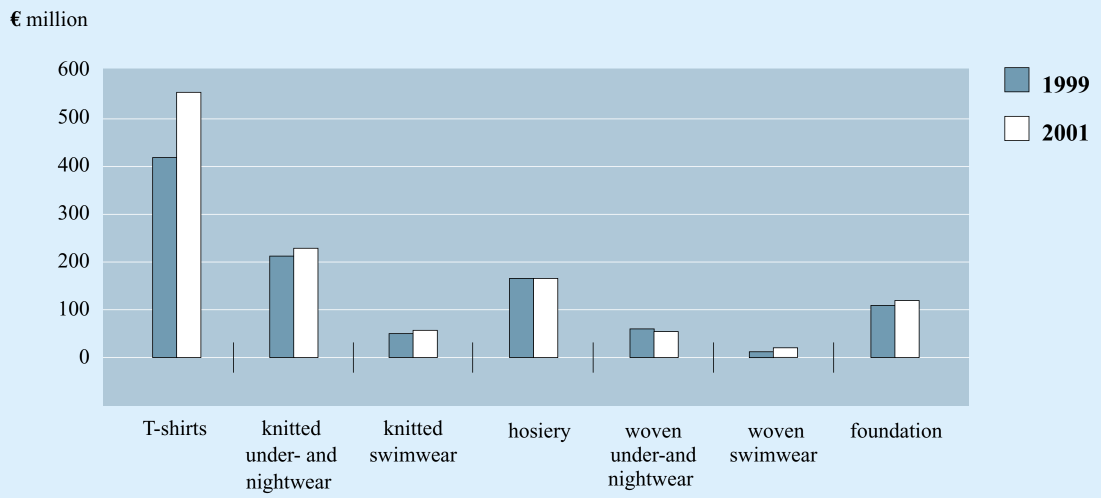


Table 5.5 Imports of bodywear into The Netherlands by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**1,052**	**1,231**	**1,185**	**- 3.7%**
of which from:				
Other EU countries	**352**	**404**	**414**	**+ 2.5%**
Developing countries:	**463**	**615**	**610**	**- 0.8%**
- ACP	8	11	10	- 10.7%
- Mediterranean	184	215	191	- 11.2%
- Asia	263	380	399	+ 5.0%
- Central & South America	5	6	6	- 1.2%
- other	3	3	4	+ 1.8%
Other countries:	**237**	**212**	**161**	**- 24.1%**
- Western Europe	5	4	3	- 25.4%
- Central & Eastern Europe	56	57	64	+ 12.3%
- North America	16	19	12	- 36.8%
- Asia	160	132	82	- 37.6%

Source: Eurostat

Kong, France, Indonesia and Belgium were the ten leading suppliers of bodywear (ranked in terms of value) in 2001.
The leading supplier of T-shirts to The Netherlands was Turkey which accounted for € 81 million or 15 percent in 2001, followed by Bangladesh (12%), Germany (11%), India (7%), Greece (7%), Portugal (6%) and China (5%). Knitted under- and nightwear came mainly from China (22%), followed by India (10%), France (9%), Hong Kong, Turkey, Germany (each country 8%) and Hungary (5%). Knitted swimwear came from China (28%), followed by Germany (15%) and Tunisia (9%).
The main suppliers of hosiery to The Netherlands were: Italy (22%), Turkey(15%), Germany (13%), South Korea (8%) and Belgium (5%).
In the same year, most Netherlands imports of woven under- and nightwear came from Tunisia (26%), China (21%), Germany (10%), Turkey (10%) and India (5%).
Woven swimwear came mainly from China (48%), followed by Tunisia (9%) and Thailand (8%).
The main suppliers of foundation wear to The Netherlands were China and Hong Kong, each country 13 percent of the total value of imports in 2001, followed by France and Germany (each country 12%), Indonesia (8%), Tunisia (7%) and Thailand (5%).

Spain

Spain is the seventh largest EU importer in terms of value and accounted for 5 percent of EU total imports of bodywear in 2001. Imports of knitted bodywear amounted to € 686 million and woven bodywear to € 175 million. Spanish importers sourced 43 percent of bodywear in non-EU countries and 43 percent of the total imports came from developing countries in 2001, against 32 percent in 1999. Spain was the EU country with the fastest growing imported value of bodywear in the period 1999-2001 (+54%). Imported volumes grew to a much lesser degree (+6%).
Nearly all product groups showed a growth in imports in the period under review, excepted knitted slips and petticoats, swimwear, pantyhose and tights, stockings and socks other than those made of cotton, cotton terry bathrobes and girdles. More than average growth (in terms of value) was shown by knitted cotton briefs and pants for women, cotton T-shirts, cotton stockings and socks.

In 2001, most Spanish imports of bodywear came from the other EU members: Portugal (17%), Italy (12%) and France (10%). The leading non-EU suppliers were Morocco (9%) and China (9%). Other suppliers to France were Germany, Belgium, UK and Bangladesh.
The leading supplier of T-shirts to Spain was Portugal with 28 percent in 2001, followed by Morocco (9%), France (7%), Italy, Belgium and Bangladesh (each country 6%) and China (5%). Knitted under- and nightwear came from Morocco (24%), China (18%), Portugal, France and Italy (each country 8%), and Tunisia (7%). Knitted swimwear came from China (23%), France (19%), Italy and Germany (each 11%). The main suppliers of hosiery to Spain were: Italy (51%), Belgium (8%), Portugal (8%) and Germany (6%).
Spanish imports of woven under- and nightwear came from France (20%), China (16%), Portugal (13%), Pakistan (9%) and India (8%). Woven swimwear came mainly from Italy (26%), China (22%), Morocco (11%) and Portugal (7%).The main supplier of foundation wear to Spain was France with 24 percent of the total value of imports in 2001, followed by Tunisia (12%), Italy (11%), Germany (9%), China (7%) and Indonesia (4%).

Figure 5.2 Spanish imports of bodywear by product categories, 1999-2001

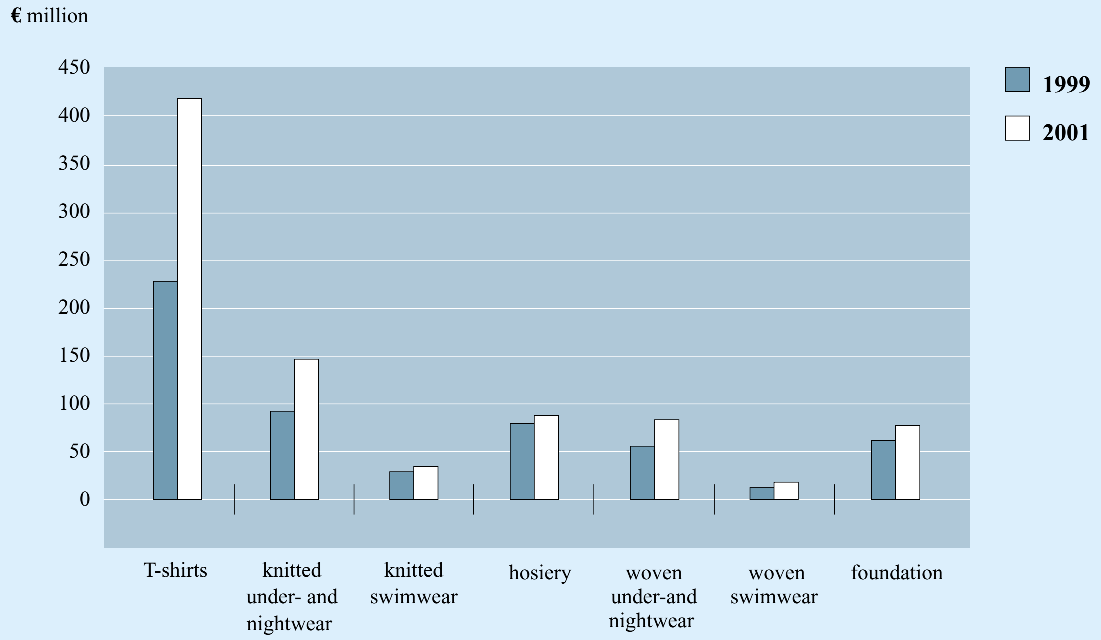


Table 5.8 Imports of bodywear into Spain by area of origin, 1999-2001

	1999 € million	2000 € million	2001 € million	% change 2001/2000
Total imports	**560**	**777**	**861**	**+ 10.8%**
Of which from:				
Other EU countries	**354**	**488**	**491**	**+ 0.6%**
Developing countries:	**179**	**252**	**330**	**+ 31.0%**
- ACP	6	6	6	- 2.8%
- Mediterranean	56	90	133	+ 47.8%
- Asia	108	144	177	+ 22.9%
- Central & South America	9	12	14	+16.7%
Other countries:	**27**	**37**	**40**	**+ 8.1%**
- Western Europe	1	1	1	+ 67.5%
- Central & Eastern Europe	3	7	11	+ 57.0%
- North America	5	5	5	- 6.8%
- Asia	18	24	23	- 5.2%

Source: Eurostat 2002

Sources of EU imports
With regard to factors like cost levels and distances, the following competitive categories in bodywear can be distinguished:
Low-cost, long-distance countries: these countries specialise in low-priced, high-volume, low and medium fashion and standard types of products with a fair quality. These products are mainly made to buyers' specifications in countries in the Far East (China, Hong Kong and Macao) and South East Asia (Bangladesh, India, Indonesia, Sri Lanka, Thailand and Pakistan).
Low-cost, medium-distance countries: these countries supply medium fashion products, sometimes made as OPT. The main sources are Mediterranean countries like Morocco, Tunisia, Egypt, Croatia and Albania and CEECs like Romania, Hungary, Bulgaria, Poland and Slovakia
Medium-cost, medium-distance countries: these countries supply medium to high fashion products of high quality and sometimes made of sophisticated

fabrics: like Turkey and EU countries Portugal and Greece.
High-cost countries: these countries supply quality fashion characterized by frequent deliveries, small quantities and sophisticated fabrics, which are difficult to obtain in low-cost countries. Western Europe (Italy, Germany, Belgium, Austria and UK), Israel and USA belong to this category.

A strong position in EU imports is taken 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 as short as possible. This shorter lead-time is the result of making design and purchase decisions as late as possible to avoid mark down prices. This partly explains the increasing imports from the countries mentioned, besides aspects like historical connections between specific EU countries and the countries mentioned.

5.2 Imports by product group

In 2001, 80 percent of total EU imports (in value) was knitted bodywear and in terms of volume even 91 percent. In the period 1999-2001 imports increased 10 percent in volume and 18 percent in value, which indicates that average import prices rose by 7 percent. This was caused mainly by a 15 percent increase in the volume of imports of bras at prices up-rated by 23 percent and, to a lesser extent, increased imports of T-shirts (+21% in volume) against 4.5 percent higher prices.

Imports of **knitted briefs and underpants for men** were for 94 percent cotton-made. Of the total imported briefs (596 mln) in 2001, 65 percent came from developing countries. Three years earlier this percentage was 63 percent. During the period 1999-2001, the leading supplier to the EU market was China, however, imports from China decreased from 209 million pieces in 1999 to 177 million in 2001. India remained the second supplier with 58 million pieces (+18%) followed by Turkey with 31 million (+15%) and Hong Kong 27 million (- 4%). Other (less) important non-EU suppliers were Morocco, Romania, Bangladesh, Hungary, Thailand and Bulgaria. The most important suppliers from inside the EU were Portugal (almost 20 million pieces in 2001), Germany, Belgium, Italy and Austria. 45 percent of imports from developing countries came from China, followed by India (15%), Turkey (8%), Morocco, Bangladesh, Thailand, Tunisia, Sri Lanka and Egypt. Imports from all countries mentioned increased in the period 1999-2001, excepted China, Hong Kong and Italy. Imports from Bangladesh showed by far the biggest growth.
Average import prices in 2001 of cotton-made briefs were € 1.32. Average prices for some important supplying countries were: Bangladesh € 0.62, India € 0.70, China € 0.99, Turkey € 1.10, Portugal € 1.35 and Germany € 2.31.
Almost 91 percent of **men's knitted nightwear** imports was cotton-made. India and China were the leading suppliers of this product group, followed by Turkey, Pakistan, Belgium, Germany, Tunisia, Bangladesh and Bulgaria. India and China together covered 42 percent of total EU imports. 73 percent of the in total 55 million imported pieces came from developing countries. Average import prices of men's cotton nightwear from developing countries varied from € 3.42 (Pakistan) to € 4.81 (China).

Table 5.9 EU imports of bodywear in volume and value, 1999-2001

	1999		2000		2001	
	Volume mln units	Value € mln	Volume mln units	Value € mln	Volume mln units	Value € mln
Knitted:						
- under- and nightwear	1,821	3,152	2,050	3,638	2,116	3,599
- swimwear	105	537	133	655	134	666
- T-shirts	1,828	5,674	2,022	6,911	2,205	7,153
- hosiery	2,873	2,181	2,961	2,276	2,860	2,231
Woven:						
- under- and nightwear	138	922	251	1,028	210	943
- swimwear	63	113	47	150	45	162
- foundations	490	1,809	489	2,191	510	2,204
Total imports	**7,318**	**14,388**	**7,953**	**16,849**	**8,080**	**16,958**
of which from:						
EU countries	2,706	6,235	2,707	6,742	2,756	6,500
Developing countries	3,474	6,100	3,942	7,735	3,978	8,149
Other countries	1,138	2,053	1,304	2,372	1,346	2,309

Source: Eurostat 2002

Imports of **knitted briefs and underpants for women** were for 66 percent cotton-made and 33 percent of man-made fibres in 2001, while these percentages were respectively 73 and 26 in 1999, because of an increasing popularity of man-made fibres.
Imports of knitted briefs and panties for women and girls increased by 13 percent in 2000 and by 3 percent in 2001 to 1,175 million pieces. Imports of briefs and panties made of cotton grew from 736 million pieces in 1999 to 789 million in 2000 and fell to 776 million in 2001. The most important supplier of cotton briefs remained China (23% in terms of volume), followed by Turkey, Hong Kong, Austria, Hungary, India, Tunisia, Portugal, Romania and Sri Lanka. Average import prices of cotton briefs for women varied from € 0.61 (Hong Kong) to € 0.66 (Turkey), to € 0.69 (China), to € 0.91 (Portugal), to € 1.21 (Hungary) and to € 2.17 (Austria). The average price of total imports was € 1.03 in 2001, the same price as in 1999.
The most important supplier of briefs of man-made fibres remained China, followed by Ireland, Tunisia, The Netherlands, Italy, Germany, Hong Kong, Turkey and Romania, with a total average import price of € 1.81.

43 percent of imports of **knitted nightwear for women** consisted of nightshirts and 56 percent of pyjamas in 2001, which indicated a slightly increasing popularity of pyjamas for women and girls. This ratio was 47/53 in 1999. Cotton is by far the most popular fabric for women's nightwear with 85 percent of the total imports in 2001, however, this percentage was 87 in 1999.
74 percent of the volume of total imports of nightshirts and pyjamas came from developing countries in 2001. India remained the leading exporter of nightwear to the EU: 27 percent of total imports in volume. Imports from other EU countries were limited: Belgium is the leading intra-EU exporter with around 7 million pieces in 2001 or 4 percent of total EU imports.
31 percent of cotton nightwear imports came from India, while other important suppliers from outside the EU were Turkey (15%), China (14%) and Pakistan (4%). About 22 million synthetic nightdresses and pyjamas were imported of which 21 percent came from China, followed by Malaysia (15%), Vietnam (13%) and Turkey (6%).

EU imports of **knitted swimwear** were mainly made of synthetic fibres: the percentage stabilised at 96 percent of the total between 1999 and 2001. Average import prices of synthetic swimwear for men fell from € 2.97 in 1999 to 2.61 in 2001. Import prices of synthetic swimwear for women fell from € 6.24 in 1999 to € 6.00 in 2001. 60 percent of imports of knitted swimwear came from developing countries: 52 percent from Asian countries, mainly China (91% of Asian imports) and Thailand (6% of Asian imports) and 9 percent from the Mediterranean, mainly Tunisia. Imports from the area mentioned remained stable except for growing exports from the Mediterranean. 25 percent of imports came from other EU countries (Italy, France, Germany and The Netherlands). Another important supplier from outside the EU was Hong Kong.

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 € 3.41 in 2000 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 increased to 1,277 million items or 58 percent of total imports in 2001, of which Bangladesh (387 million units with an average price of € 1.55) is by far the most important. This means that 25 percent of imports from outside the EU came from Bangladesh. The next leading suppliers were Turkey

Table 5.10 EU imports of T-shirts by used materials, 1999-2001

	Volume (million units)			Average price in €		
	1999	**2000**	**2001**	**1999**	**2000**	**2001**
Total	**1,828**	**2,022**	**2,205**	**3.10**	**3.41**	**3.35**
of which:						
- cotton	1,538	1,682	1,875	2.73	3.02	3.02
- wool	6	6	5	6.26	6.90	6.80
- man-made fibres	245	309	302	5.29	5.30	5.36
- other	39	25	23	3.35	6.04	6.25

Source: Eurostat

(200 million units), India (127 million) and Morocco (104 million), followed by 4 EU countries: Belgium, Greece, Portugal and Belgium. Other major exporters to the EU were China Mauritius, Tunisia, Egypt and Pakistan, just like 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 **hosiery** (pantyhose, tights, stockings and socks) into the EU in volume terms increased 3.1 percent in 2000, decreased 3.4 percent in 2001 and reached the lowest level in the last four years.
In the period 1999-2001, imports from EU countries (mainly Italy and Portugal) fell from 1,461million to 1,347 million pairs in favour of imports from Asian developing countries (Indonesia, China and South Korea) and CEECs (Czech Republic, Romania, Serbia Montenegro and Slovakia). Imports from these areas rose respectively from 371 to 503 million pairs and from 306 million to 424 million. Strongly increased imports of bodywear came also from developing countries in Central and South America, like Colombia, Costa Rica and Panama, however, the size of these imports was much less: 2.9 million pairs in 1999 and 6.4 million in 2001.

Two product groups in the hosiery sector: cotton stockings and socks and, pantyhose and tights of synthetic fibres (<67 decitex) accounted for 69 percent in terms of volume and 70 percent in terms of value of total EU imports.
Import prices of pantyhose fell in the period under review from € 0.72 to € 0.67 per pair. The opposite situation applied to import prices of cotton socks and stockings: a rise from € 0.74 to € 0.86.
Three quarters of imported socks and stockings were made of cotton, 18 percent of synthetic fibres and 7 percent other materials. The shares of cotton and synthetic fibres hardly changed in the period under review.
41 percent of the volume of imports of **cotton socks and stockings** came from other EU countries in 2001, while this was still 44 percent in 1999. Portugal remained the leading exporter to EU countries (16% of total EU imports), while exports from Italy (EU 4th supplier) decreased considerably (-20%) in 2001. The import share of other than developing countries decreased too, from 13 percent in 1999 to 10 percent in 2001; imports from Israel, Poland and Romania showed the biggest falls. This means that imports from developing countries grew from 542 million pairs in 1999 to 616 million in 2001. Almost half of the import volume came from developing countries, mainly from Turkey (15% of total imports), South Korea (13%), Indonesia (7%), Pakistan (3%) and India (2%). Significantly growing imports came from Sri Lanka and the Philippines, while imports from Pakistan and China fell considerably.
A strongly decreasing part of imports of **pantyhose and tights** of synthetic fibres less than 67 decitex came from other EU countries. In 1999 the intra-EU share was 62 percent of total imports, while in 2001 this share was 56 percent. Imports from Italy, the leading exporter to other EU countries, fell from 318 million pairs in 1999 to 290 million pairs in 2001. Imports from other major EU countries (Portugal, Germany,

Table 5.11 Imports of hosiery into the EU in mln pairs, 1999-2001

	Volume (million units)			Average price (€ per pair)		
	1999	2000	2001	1999	2000	2001
Pantyhose and tights	**851**	**845**	**823**	**0.82**	**0.78**	**0.77**
- synth. fibres (< 67 decitex)	722	725	707	0.72	0.68	0.67
- synth. fibres (> =67 decitex)	69	61	56	1.25	1.27	1.16
- other textile materials	60	59	60	1.50	1.56	1.58
Hosiery of synth. fibres (<67 decitex)	**324**	**320**	**358**	**0.45**	**0.45**	**0.42**
- Knee-length	245	241	251	0.33	0.34	0.35
- Full-length	72	70	94	0.81	0.81	0.58
- Knee/full-length of other materials	7	9	13	0.83	0.77	0.50
Stocking and socks	**1,697**	**1,795**	**1,679**	**0.77**	**0.82**	**0.86**
- wool	60	54	44	1.39	1.41	1.39
- cotton	1,299	1,366	1,261	0.74	0.79	0.86
- synthetic	284	301	305	0.88	0.87	0.80
- other materials	54	74	69	0.74	0.76	0.83
Total	**2,872**	**2,960**	**2,860**	**0.76**	**0.77**	**0.78**

Source: Eurostat

France, Spain and The Netherlands) decreased considerably, except Austria. Imports from developing countries fell by 16 percent in the period 1999-2001, imports from the major supplying developing countries all decreased: Turkey, Slovenia, Sri Lanka and Morocco, while imports from China increased. Imports from CEECs other than developing countries increased strongly from 102 million pairs in 1999 to 169 million in 2001, mainly imports from countries like: Serbia Montenegro (1999: 30 million pairs and 2001: 47 mln), Czech Republic (respectively 21 and 43 mln), Slovakia (resp. 10 and 34 mln), Romania (resp. 31 and 29) and Poland (resp. 7 and 21 million).
Socks and stockings of synthetic fibres is the third product category in order of import significance (in volume). Imports from EU countries increased from 139 million pairs (54% of total imports) in 1999 to 151 million (49%) in 2001. Imports from the leading supplying country Italy increased considerably by 38 percent to 84 million pairs. Imports from other EU countries like Portugal and Germany decreased. Indonesia ranked 3rd after Italy and Portugal, followed by Turkey, China and Czech Republic. Imports from Indonesia decreased from 29 million pairs in 1999 to 20 million pairs in 2001, while imports from Turkey decreased 14 percent to 20 million pairs in 2001. Imports from China grew from 8 to 18 million in 2001 and imports from Czech Republic from 7 to 15 million.
The fourth most important product group in EU imports is **knee-length hosiery of synthetic fibres** of less than 67 decitex. The key suppliers in order of importance (in volume) in 2001 were Italy, Romania, Serbia Montenegro, Czech Republic, Portugal, Austria, and Slovakia. Imports from these countries increased with the exception of Portugal. Import prices increased in the period 1999-2001, from € 0.33 in 1999 to 0.35 in 2001. Average prices varied between € 0.09 (Serbia Montenegro) to € 0.11 (Czech Republic), to € 0.41 (Italy) and to € 0.59 (Romania) in 2001.

Imports of woven under- and nightwear are very limited compared with knitted items and hosiery. Imports of **woven briefs and underpants for men** were for 86 percent cotton-made. Of the total imported briefs (56 mln) in 2001, 77 percent came from developing countries. In 1999, this percentage was 71 percent. During the period 1999-2001, the leading supplier to the EU market was China. Imports from China increased from 6.8 million pieces in 1999 to 10.8 million in 2001. Tunisia became the second supplier in 2001 with 8.4 million pieces (+18%) and passed India (5.8 mln). Sri Lanka, Turkey, UK, Germany and Bangladesh followed India. Imports from all countries mentioned increased in the period 1999-2001, except India and Germany. Imports from China and Bangladesh showed by far the biggest growth.
Average import prices in 2001 of cotton-made briefs were € 2.14. Average prices for the leading supplying countries were: Tunisia € 1.54 and China € 1.77.
EU imports of **men's woven nightwear** was dominated by developing countries Almost 94 percent of men's woven nightwear imports was cotton-made. China was the leading supplier of this product group, followed by India, Bangladesh, Turkey and Pakistan. China covered 36 percent of total EU imports. 77 percent of the in total 1,855 million imported pieces came from developing countries. Average import prices of cotton nightwear for men was € 5.83 and varied from € 2.70 (China) to € 4.79 (India) and to € 6.49 (Turkey).
EU imports of **women's woven nightwear** were also dominated by developing countries. Compared with imports of men's nightwear the role of cotton was less dominating: 44 percent of women's woven nightwear imports were cotton-made. Leading supplier China covered 34 percent of total EU imports and was followed by India, Sri Lanka, Turkey and Pakistan. India was the leading EU supplier of cotton nightwear for women, followed by China. 80 percent of the in total 54 million imported pieces came from developing countries. Average import prices of cotton nightwear for women was € 5.76 and was for the leading suppliers: € 5.48 (India) and € 5.19 (China).

57 percent of imports (in terms of volume) of **woven swimwear** came from developing countries: China (33% of total EU imports) and Tunisia (13%). 34 percent of imports came from other EU countries: Germany (12% of total imports) and Italy (5%). Another important supplier from outside the EU was Romania (4%).

Bras are the most important item in the product group of **foundation wear**. Total imports of bras increased by 15 percent in the period 1999-2001 to 407 million pieces in 2001. 51 percent of imports of bras came from developing countries, like China (14%), Indonesia (8%), Tunisia (6%), Thailand (4%), Morocco (4%) and Turkey (3%). Imports from some of these countries fluctuated in the period under review: a strong growth in 2000 and a fall in 2001 (China, Tunisia) or imports grew during the whole period (Indonesia, Thailand, Morocco and Turkey). Hong Kong ranked 3rd after China and Indonesia, Bulgaria (6th) and Romania (8th). The most important EU supplier of bras was Austria (5th) at distance followed by The Netherlands (10th), France, Germany and Italy. The average price per bra of total imports was € 4.32 in 2000 and € 4.18 in 2001, while average import prices from developing countries were respectively € 3.64 and € 3.60. The average import prices of bras varied from € 2.73 (Indonesia) to € 3.35 (Hong Kong), to € 3.80 (China), to € 4.60 (Tunisia) and to € 6.78 (Austria) in 2001.
(Panty-) girdles came for 50 percent from China, followed by The Netherlands (7%), Germany (5%), Indonesia (4%) and The Philippines (3%). Corselettes came for 38 percent from China, followed by Hungary

Table 5.12	EU imports of foundation wear in mln units, 1999-2001					
	Volume (million units)			Average price (€ per pair)		
	1999	2000	2001	1999	2000	2001
Bras	353	379	407	3.41	4.32	4.18
Sets of bra with brief	95	67	62	3.54	3.86	3.55
Girdles and panty girdles	33	34	32	2.93	2.96	2.77
Corselettes	9	9	9	9.54	8.16	7.30

Source: Eurostat

(6%), Poland (5%) and Austria (5%). In the product group corsets etc. the dominance of China is lesser than for other foundation wear. The import share of this product group was 17 percent. Other important suppliers are Italy (10%), Germany (9%) and Tunisia (9%).

5.3 The role of developing countries

Turkey and China dominate the supply of bodywear from developing countries (in tables below indicated as DC). In 2001, they together accounted for 44 percent of supplies to the EU from developing countries. In the past few years, Bangladesh and India have become important suppliers. Other major developing countries with remarkable growth in exports to the EU are Sri Lanka, Indonesia, Morocco and Thailand. Examples of countries, exporting bodywear to the EU valued between € 20 and 100 million and more than the average growth of 34 percent in the period 1999-2001 are: Vietnam, Cambodia, Myanmar, Albania, South Africa and Brazil. In the category developing countries with exports valued less than € 20 million in 2001 and showing considerable growth in the period 1999-2001 are, among others: Bosnia-Herzegovina, Maldives, People Dem. Lao, Honduras, Cambodia, Moldova, Armenia, Botswana, El Salvador and Guatemala.
It has to be noted that the growth in the period 1999-2001 of 34 percent can be divided into an increase of 27 percent in 2000 and 5 percent in 2001, as mentioned in table 5.1 of this chapter.

The growth in imports from developing countries in the period 1999-2001 can be ascribed to the following categories:

Table 5.13 Bodywear supplies of developing countries to the EU in € million, 1995-2001

	1995	1997	1999	2001	% change 2001/1999	% change 2001/2000
Total from DCs	**3,788**	**4,837**	**6,099**	**8,149**	**+ 34%**	**+ 5%**
Turkey	821	1,097	1,468	1,937	+ 32%	+ 8%
China	791	1,070	1,381	1,673	+ 21%	+ 0%
Bangladesh	202	296	418	670	+ 60%	+ 4%
India	254	326	416	599	+ 44%	+ 15%
Tunisia	275	321	397	517	+ 30%	+ 7%
Morocco	171	223	310	469	+ 51%	+ 22%
Indonesia	142	188	193	323	+ 67%	
Mauritius	120	150	199	233	+ 17%	+ 3%
Sri Lanka	79	96	126	221	+ 75%	+ 23%
Thailand	95	93	136	204	+50%	+ 11%
South Korea	100	121	144	166	+ 15%	- 6%
Egypt	60	77	113	137	+ 21%	- 14%
Pakistan	108	114	126	130	+ 3%	- 5%
Macao	75	105	88	112	+ 27%	- 20%
Other DCs	495	560	584	758	+ 30%	+ 6%

Source: Eurostat 2002

- Asian low price suppliers (+36%), like China, Bangladesh, India, Indonesia, Sri Lanka, Thailand, Vietnam, Cambodia and Myanmar increased their exports to the EU. These countries operate mainly in price sensitive segments. China continued its leading position in shipments to the EU, in all categories of bodywear except T-shirts and hosiery, but imports from the other countries mentioned increased to a much higher degree.
- Mediterranean countries (+32%), mainly Turkey, Morocco, Albania, Bosnia-Herzegovina and to a lesser degree Tunisia and Egypt. Imports under the OPT regime were limited to the countries Morocco, Tunisia and Albania; these imports decreased in favour of direct imports.
- ACP countries (+ 15%), the leading country remained Mauritius, showing a rising share in exports to the EU. This share was 75 percent of total ACP countries in 2001. France and the UK were the leading destinations, at distance followed by Italy and Germany. Madagascar ranked second by 11 percent (mainly exporting to France), followed by South Africa (8%), Botswana (1%), Dominican Republic (1%), Tanzania (1% in 2001 and Zimbabwe and Mozambique. Other ACP countries had no substantial exports (less than € 1 million) to the EU.
- Central & South American countries (+59%, but imports were limited) like Brazil, Peru, Honduras, Colombia and Mexico.
- Other developing countries (+117%, but very limited imports), include CEECs like Moldova and Armenia.

The growth in imports from developing countries in the period 2000-2001 was limited to 5 percent, however this was much more favourable than developments in imports from other countries outside the EU (-2.7%) and intra-EU trade (-3.6%). Reasons for the developments were the weak consumer market for bodywear, increasing competition on retail level and the deflationary spiral of prices.
Mediterranean countries (Morocco, Turkey, Tunisia) performed better than the leading Asian suppliers (China, Bangladesh).

Import statistics for total woven and knitted bodywear supplies by developing countries to the EU can be found in Appendix 2. The role of developing countries in EU imports for individual product groups is given in table 5.14 below.

Table 5.14 EU imports from developing countries (DC) by product group, 2001

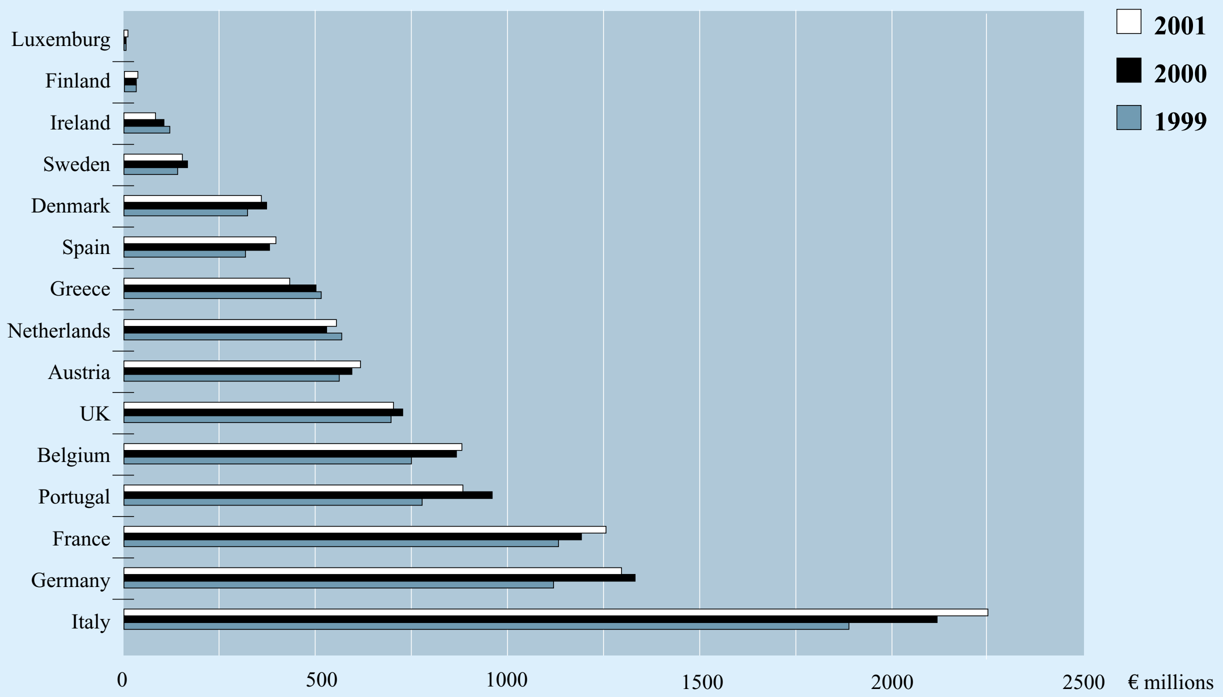
Knitted under- and nightwear	T-shirts	Knitted swimwear	Hosiery	Woven under- and nightwear	Woven swimwear	Foundation wear
DC € 1,855 mln	DC € 3,627 mln	DC € 295 mln	DC € 677 mln	DC € 635 mln	DC € 84 mln	DC € 976 mln
of which from:						
China (33%)	Turkey (31%)	China (68%)	Turkey (48%)	China (29%)	China (49%)	China (30%)
Turkey (17%)	Bangladesh (17%)	Tunisia (12%)	Sth Korea (16%)	Turkey (19%)	Tunisia (25%)	Tunisia (16%)
India (13%)	China (9%)	Thailand (5%)	Indonesia (8%)	India (11%)	Croatia (6%)	Indonesia (11%)
Morocco (7%)	India (7%)	Slovenia (3%)	China (3%)	Tunisia (8%)	Morocco (6%)	Morocco (9%)
Tunisia (6%)	Morocco (7%)	Morocco (2%)	Sri Lanka (3%)	Sri Lanka (7%)	Turkey (3%)	Thailand (6%)
Sri Lanka (4%)	Mauritius (6%)	Turkey (2%)	Slovenia (3%)	Pakistan (6%)	India (1%)	Turkey (5%)
Egypt (3%)	Tunisia (4%)	Sth Africa (1%)	India (2%)	Morocco (4%)	Sri Lanka (1%)	Macao (3%)
Indonesia (3%)	Indonesia (3%)	Mexico (1%)	Pakistan (2%)	Macao (3%)	Indonesia (1%)	Malaysia (2%)
Thailand (2%)	Egypt (2%)	Croatia (1%)	Philippines (2%)	Bangladesh (2%)	Thailand (1%)	Philippines (2%)

Source: derived from Eurostat

6 EXPORTS OF BODYWEAR

EU exports of bodywear amounted to € 9.9 billion in 2001, of which 72 percent went to intra-EU trade. The most important destination outside the EU remained Switzerland with 13 percent of total extra-EU exports, followed by Russia (9 %) and USA (8%). Exports to Russia more than doubled in the period 1999-2001, while exports to USA increased almost 35 percent in 2000 and fell 3.5 percent in 2001. Other destinations were Tunisia, Romania, Hungary, Norway, Poland, Japan and Bulgaria. Exports to all of them increased in 2000, except Poland. Exports to all mentioned destinations increased again in 2001, except Switzerland and Norway.
23 percent of total EU exports was accounted for by

Figure 6.1 EU exports of bodywear by EU member states in value, 1999-2001



Source: derived from Eurostat 2002

Table 6.1 EU exports of bodywear in volume and value, 1999-2001

	1999		2000		2001	
	Volume mln units	Value € mln	Volume mln units	Value € mln	Volume mln units	Value € mln
Knitted:						
- under- and nightwear	784	1,692	805	1,706	817	1,700
- swimwear	59	365	56	411	58	441
- T-shirts	761	3,306	842	3,850	814	3,897
- hosiery	2,187	1,823	2,408	1,903	2,316	1,914
Woven:						
- under- and nightwear	44	393	49	451	45	386
- swimwear	14	76	18	100	19	103
- foundations	214	1,290	231	1,411	292	1,475
Total exports	**4,063**	**8,945**	**4,409**	**9,832**	**4,361**	**9,916**

Source: Eurostat 2002

Italy, 13 percent each by Germany and France, 9 percent each by Portugal and Belgium. An overview of exports by all EU countries is given in figure 6.1 and appendix 2.4.

The most important EU export product groups in 2001 were T-shirts (39 percent of total exports in terms of value), hosiery (19 percent), knitted under- and nightwear (17 percent) and foundations (15 percent).

Italy

Exports of bodywear have been rising consistently: 13 percent in value in 2000 and 7 percent in 2001 to € 2.2 billion. More than 43 percent of these exports concerned hosiery in 2001 (47 percent in 1999), of which 64 percent was pantyhose and tights.
The principal destinations for Italian exports of bodywear are other EU countries, which, together took 56 percent of the total in value in 2001. Note that this percentage was only 66 in 1999.Germany took 14 percent of exports but exports to this country fell by 8 percent in the period 1999-2001 € 324 million in 2001. The sluggish demand for clothing in Germany was the main reason for lower exports to this country. Exports to other EU countries like France, Spain, UK and The Netherlands increased, while exports to Austria and Belgium fell. Exports to other EU countries concerned hosiery for 41 percent of total exports, although the percentage was even 44 for exports to countries outside the EU. About 66 percent of exports to Russia concerned hosiery.
Exports to important destinations outside the EU showed different patterns. Russia ranked third in Italian export destinations (after Germany and France) with a share of 9 percent and grew to € 197 million in 2001. Exports to the USA increased 72 percent in 2000 and fell 9 percent to € 102 million in 2001. Other non-EU countries importing Italian bodywear in the period 1999-2001 were Switzerland (+8% to € 77 million), Romania (+105 percent to € 72 million), Japan (+175 percent to € 57 million), Hungary (+77% to € 52 million) and Tunisia (+98 percent to € 50 million).
A substantial proportion of exports consists of products, which have been made with the brand names of other EU producers and distributors. This type of trade is particularly strong with Germany.

Germany

German exports of bodywear increased 18 percent in 2000 and fell slightly (1.6%) in 2001. 2000 showed an increase in exports of all major product groups. Higher than average growth was registered for exports of T-shirts and bras. The growth in T-shirts exports was particularly dramatic at 34 percent, reaching a total level in 2000 of € 533 million; it fell slightly (-1.4%) in 2001. Exports of knitted under- and nightwear for women and girls were under pressure.
Two thirds of bodywear exports (in value) goes to other EU countries. Leading destination countries in the EU are Austria (17 percent of total German exports) and The Netherlands (15 percent). German manufacturers' brands are market leaders in both countries. Other key destinations in the EU are France (9%), Belgium (6%) and UK (4%). The leading country of destination outside the EU is Switzerland (9%) followed by Hungary (5%), the Czech Republic (3%), Poland and Russia (each country 2%). The leading destination outside Europe is the USA: exports to the USA almost doubled in the period under review to € 16.5 million in 2001. Exports to the main EU destinations (Austria, The Netherlands, France, Belgium, UK and Italy) increased in 2000 and fell to a much smaller degree in 2001, of which exports to UK showed the biggest fall.

France

French exports of bodywear increased in value by 8 percent in the period 1999-2001 to € 1,263 million. 68 percent of bodywear exports (in value) went to other EU countries mainly Belgium (14% of the total), Germany (12%) and Spain (10%) in 2001. The leading countries of destination outside the EU are Romania (6%), Tunisia (6%), Switzerland (4%), and USA (2%). Exports of bodywear to the major destinations Belgium and Germany fell by respectively 6 and 3 percent in the period 1999-2001, while exports to other EU countries, like Spain, Italy and The Netherlands increased. Exports to Romania (mainly hosiery), Switzerland, USA and Japan increased slightly, while exports to Poland decreased.
Exports to other EU countries included the product groups T-shirts (36% of intra-EU trade) and bras (20% of intra-EU trade). Exports to countries outside the EU included the product groups bras and other foundations (38% of extra-EU trade), T-shirts (16%), hosiery (13%, mainly tights) and briefs for women and girls (11%).

United Kingdom

The UK's exports of bodywear increased by 5 percent in value in 2000 and decreased by 3 percent in 2001 to € 691 million caused by the expensive pound sterling. Exports of most product groups were lower in 2001 than in the previous years, excepted T-shirts and bras. Ireland has traditionally been and still is the UK's leading export market. Exports to Ireland grew from 22 percent of UK total bodywear exports in 1999 to 24 percent in 2001. More than 70 percent of bodywear exports (in value) goes to other EU countries.
The most important destinations besides Ireland were Germany (13% of total exports) and France (9%), at a distance followed by Spain (5%) and The Netherlands (4%). Exports to Ireland and Germany grew, while exports to France and Spain showed the biggest fall. The leading destinations outside the EU were USA (exports fell from € 38 million in 1999 to 27 million in 2001), Hong Kong (increased from € 9 million in 1999 to 21 million in 2001), UA Emirates (slight increase to

€ 16 million) and Turkey (increased from € 6 million in 1999 to € 15 million in 2001).

The Netherlands

Total exports of bodywear from The Netherlands showed a decrease of 4 percent in 2000, followed by a growth of 3 percent to € 638 million in 2001. This growth was mainly caused by increased exports of T-shirts, while exports of bras and other foundations showed the biggest decrease.
In terms of value, 90 percent of Netherlands bodywear exports go to EU countries, mainly Germany (28% in 2001), Belgium (22%), France (16%) and the UK (12%).
Lower exports to major destinations Germany and Belgium was compensated by growing exports to France and the UK. Exports to destinations outside the EU were very limited: Tunisia (3%) and Switzerland (1%) were the leading destinations.

Spain

After a strong growth of 30 percent in 2000, Spanish exports of bodywear (in terms of value) grew by a limited 4 percent in 2001. Exports of all items of bodywear increased in the period under review, of which knitted under- and nightwear for both sexes, T-shirts and swimwear (knitted as well as woven) for women showed the biggest increase.
In terms of value, almost 61 percent of Spanish exports goes to EU countries. Leading destinations were neighbour countries Portugal (19%) and France (17%) followed by Italy (6%), Tunisia (6%), Germany (5%) and Morocco (5%). Other destinations outside the EU were Mexico, USA, Saudi Arabia, Israel, Poland and Switzerland.

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 the destination of the 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 bodywear imports is re-exported or about 85 percent of exports of bodywear 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

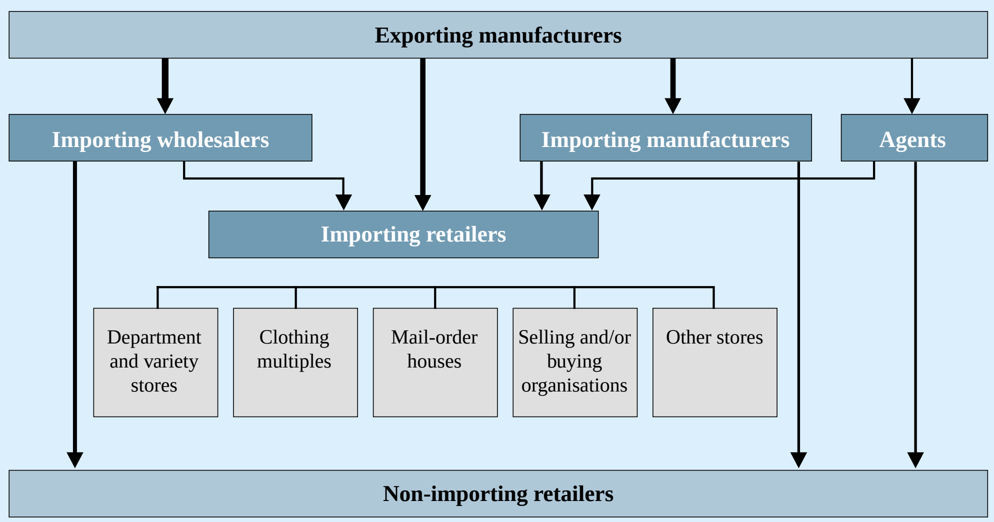
Figure 7.1 shows the basic functions of the various kinds of exporting manufacturers and traders, agents, importing manufacturers, wholesalers and retailers. Depending on its position in the market, the functions of a particular distribution organisation will be linked with up- or downstream organisations 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 pinpointed 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 in export countries and consumers in EU countries, 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 importing 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 bodywear wholesalers cater 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 wholesalers 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

Figure 7.1 Trade and distribution channels for bodywear in the EU



that many independent retailers as well as 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 7.1.2.
- **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 and/or bodywear manufacturers penetrate retail business by operating through their own shops or through franchising. This gives them control over their output and margins. 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 bodywear

Retailers in general

Retailers constitute the final stage before products reach the consumer. In this survey, a distinction is made between department stores, clothing multiple stores, multiple stores specialised in bodyfashion, textile supermarkets or discount stores, mail-order houses and independent retailers (clothing specialty stores, bodyfashion speciality stores etc.). Other categories are grocery supermarkets, street markets etc..

Distribution channels differ greatly across the EU member states. The UK has a high concentration of distribution, which is reflected in the relatively low market share of independent retailers. The southern member states, Portugal, Italy and Spain, however, have high market shares for independent retailers. These retailers buy mainly from manufacturers and wholesalers/importers, contrary to Germany and The Netherlands for instance, where many independent retailers are members of buying co-operations. The table below gives an overview of the relative importance of different retail stores in the sales of bodywear in EU member states.

The various retailing stores differ in the sales formula they apply, i.e. their assortment and the targeted consumer group, as well as in the way they differentiate themselves from competitors. As an aid to understanding the market, one can discriminate between

Table 7.1 Market shares in bodywear by types of retail channels in the EU, 2001 (in % of value)

	Specialists/ multiples *)	Indepen-dents	Department/ variety stores	Mail-order	Super/hyper-markets	Others**)	Total
Austria	26	37	9	8	8	12	100
Belgium/Lux.	25	38	20	5	5	7	100
Denmark	24	35	16	5	16	4	100
Finland	15	41	18	4	12	10	100
France	23	23	9	10	25	10	100
Germany	30	22	25	13	6	4	100
Greece	17	56	12	0	6	9	100
Ireland	23	31	26	6	8	6	100
Italy	19	50	10	1	8	12	100
Netherlands	45	8	27	6	2	12	100
Portugal	19	50	12	2	9	8	100
Spain	12	45	16	1	13	13	100
Sweden	32	38	11	6	6	7	100
UK	27	17	30	8	8	10	100
EU (15)	**26**	**33**	**18**	**6**	**8**	**9**	**100**

*) including discounters **) including street markets
Source: trade estimates

"service retailing", where the retailer offers the consumer substantial added value (quality, service, fashionability, choice etc.), and "low-margin retailing", where the price-conscious consumer is offered low prices, at the expense of quality, service and so forth. Stores 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 stores may be termed "mid-market".

In many European countries, the distribution of bodywear is dominated by a small number of retail organisations. On one side there are the specialty multiple stores (like Hunkemöller) and on the other side more generally oriented department and variety stores (Marks & Spencer, Hema), clothing multiples (Hennes & Mauritz, Zara, Etam, C&A), textile discounters and value retailers (Zeeman, Natalan, Peacock), hypermarkets (Hypermarchés) and supermarkets (Aldi, Lidl, Tesco) are active. This also means increasing competition between branded labels, private labels and even non-branded products.
Most of the major retail organisations set up their own buying organisations in low-labour-cost countries. This means that retailers are able to bypass domestic wholesalers and/or manufacturers. More specified information concerning distribution in the major EU countries is given below.

Germany

Developments in retail, like cross-border activities or internationalisation and concentrations are valid in Germany for outerwear as well as for bodywear. Over 80 foreign owned clothing retailers are active on the German market, of which the most important in outerwear as well as in bodywear are: Hennes & Mauritz from Sweden, Charles Vögele from Switzerland and Oviesse (owned by the Italian Coin Group). Bodywear specialised chains are Hunkemöller from The Netherlands, Palmers from Austria and, Lindex from Sweden. The following chains have recently been started or will soon start in Germany: Women's Secret (Spain), Izka (USA), Etam Lingerie, Orcanta and Darjeeling (all from France).
Another interesting development on the German clothing and bodywear market is the rising power of retailers of which clothing belong to the periphery assortment, like super- and hypermarkets, discounters, variety stores but also the coffee shop chain Tchibo and the drugstore chain DM.
The intensive and growing competition on the slightly decreasing market for bodywear led to a decreasing number of independent stores.

Important general **clothing multiples** with bodywear in their assortment are C&A (185 stores), Hennes & Mauritz (206) and Vögele (333) with buying departments in respectively Belgium/Germany, Sweden and Switzerland. Other multiples are Sinn Leffers (part of Karstadt/Quelle; 48 stores), Wöhrl (39) and Hettlage (46). Ladies' wear multiples including bodywear are Jean Pascale (98 JP stores, 35 Camera stores and 42 shops in shop); Bonita Mode (350) and Ulla Popken (276). There are few men's clothing multiples in Germany of which can be mentioned: Pohland (12) and Nicolas Scholz (16). **Sport (clothing) chains** are: Runners Point (part of Karstadt/Quelle; 111 stores) and Sport Voswinkel (35). Most of the sport shops are organisations of independent retailers (see below under independent specialised retailers). The number of German bodywear chains is rather limited. Major bodywear chains in Germany come from abroad, like Hunkemöller (260 stores of which 53 in Germany) from The Netherlands; Lindex (400 stores in four countries, of which 33 in Germany); more expensive bodywear is sold by Palmer from Austria through 431 stores (partly franchise) of which 55 stores and 16 shop in shops in Germany.
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

Table 7.2 Market shares for retail distribution of bodywear in Germany, 1999-2001

(in % of value)	**1999**	**2000**	**2001**
Specialised stores:			
- clothing and bodywear multiples	22	22	24
- independents	25	24	22
Non-specialised stores:			
Department stores	15	15	14
Variety stores and discounters	18	18	17
Mail-order companies	12	12	13
Hyper- and supermarkets	5	5	6
Other	3	4	4
Total	**100**	**100**	**100**

Source: Textil Wirtschaft and Gfk

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 stores, Katag-abz operates through 800 stores. Other buying groups are Unitex with 500 members and Sütegro (women's wear) with 134 members. Important channels for sportswear (including swimwear and sports underwear) are the sport speciality shops. Most of the sport shops are organisations of independent retailers, many of them being organised in (international) co-operations like Intersport (1,400 stores) and Sport 2000 (1,100 stores).

Leading **department stores** are Karstadt and Kaufhof. Karstadt (118 stores, including Wertheim, KaDeWe and Alsterhaus) is part of Karstadt/Quelle; Kaufhof (133 stores) is part of Metro. Another department store is Breuninger with 13 stores. The leading **variety store** is Woolworth (360 stores in Germany and Austria).

Discounters are NKD (765 stores in Germany and Austria), Ernsting's Family (920), KiK (part of Tengelmann; 908 stores in Germany and Austria), Adler (102) and Zeeman (165). Discounters sells 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 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-Gruppe (Schwab, Witt) and Heine-Gruppe (Heine, Sport Scheck, Alba Moda and Eddie Bauer). 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 stores; on the other side, several clothing multiples started mailing activities and have their own catalogue.

Clothing articles, in particular underwear, nightwear, socks, panties etc. can be found increasingly in **super- and hypermarkets**, like: Metro (chains: Real, Extra and Kaufhof), Aldi, Edeka/AVA, Tengelmann (Plus-Markt), Schwarz (including Lidl) and Rewe. In the hosiery sector, grocery shops are selling own-label brands as well as leading producers' brands. The category 'Other', includes among others, Tchibo, operating with about 850 coffee shops, including retail activities on clothing and textiles.

United Kingdom

The structure of clothing retailing in the UK is one of the most concentrated in the world. The largest proportion of expenditure on bodywear is spent in clothing chains including value and discount retailers. 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, clothing multiples) and profited from the withdrawal of C&A, formerly one of the top clothing retailers in the UK. The market share of variety stores (including market leader Marks and Spencer) increased slightly in 2001. Independent specialist stores have a share of only 13%, which is rather low compared with other major EU countries.

Supermarkets are estimated to account for over 40 percent of sales in the hosiery sector, pharmacies claim around 10 percent, while department stores accounted for around 8 percent.

Just like in other European countries, the mid-market global fashion brands of the foreign companies H&M,

Table 7.3 Market shares for retail distribution of bodywear in UK, 1999-2001

(in % of value)	**1999**	**2000**	**2001**
Specialised stores:			
Clothing multiple stores *)	24	26	27
Independent retailers	14	14	13
Sport shops	4	3	4
Non-specialised stores			
Department stores	11	11	10
Variety stores	21	19	20
Mail-order companies	8	8	8
Hyper- and supermarkets	8	8	8
Street markets	5	5	5
Other	5	6	5
Total	**100**	**100**	**100**

*) including discounters or value-retailers
Source: ONS

Zara and Mango are strengthening their hold on the UK market.

The number of **independent clothing retailers** can be estimated at 10,000 in the UK, operating with 14,000 outlets. More than half of the independent sport shops in the UK has joined a buying group. The three major buying groups are: Intersport, the largest with 288 stores, Southern Traders Alliance Group (STAG) with 200 stores and Sport UK with 129 stores.
The Arcadia Group operates with just over 2,000 **clothing multiple stores** and include chains for women's wear like Top Shop (270 stores), Dorothy Perkins (540), Wallis (250), Miss Selfridge (120) and Evans (350 stores), chains for men's wear like Top Man (160) and Burton Menswear (370) and home service activities. The role of bodywear has become much more important, however, bodywear assortment in both men's clothing chains is rather limited. General clothing multiples selling bodywear are Next (379 stores) and Hennes & Mauritz (68 stores in the UK) . Women's clothing stores, selling bodywear too, are (in ranking of sales): Mothercare (including children's and maternity wear via 257 stores, Mothercare Direct with mail-order and internet activities), Etam (215), New Look (514 of which 483 in the UK), Alexon (783) and Monsoon (257).
In the UK clothing retail sector a distiction is made 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 (161 stores selling general clothing and homewares); Peacock (300 clothing, footwear and household goods stores); Primark (110 stores in clothing, footwear and household textiles and part of Associated British Foods); Ethel Austin (200 general clothing and household goods stores); Mackays (280 women and children's wear stores); and QS (186 general clothing stores). Examples of discount chains are: TK Maxx (123 stores in fashion and giftware and owned by TJX Companies,USA); The Officers Club (180 men's wear stores); and Brown & Jackson (operating with 600 Poundstretcher, What Everyone Wants and Your More Store formula). The market share of these retailers, in particular value retailers, increased strongly since 2000 and included outerwear as well as bodywear.
Examples of **specialty stores** are: Knickerbox (55 stores), a lingerie retail chain with pantyhose also in the assortment and Sock Shop (62 stores), a hosiery chain with lingerie and swimwear also in the assortment.
Important **(sports) multiples** are, besides the market leader JJB Sports, Blacks Leisure (Blacks Outdoor, Active Ventur and First Sport), JD Sports and Allsports. All these multiples are general sports chains, except the two first mentioned Blacks fascia.
The most important **variety chain** is Marks & Spencer (M&S) with some 300 stores nationwide and selling bodywear besides outerwear, food and homeware. A new strategy led to closure of almost all stores on the European Continent in 2001. Other variety chains selling bodywear are BhS (160), active in adults wear and even more important in children's wear, Littlewoods (115) and Woolworth (almost 800).
Department store Debenham (90) is the UK's third largest clothing retailer and the leading department store in selling clothing. Other department stores, selling bodywear are: House of Fraser (50), Allders (37) and the John LewisPartnerhip (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, M & S, Debenhams, Selfridges and others) operate also via mail-order and home-shopping.
The two major retailers of clothing in the **supermarket** sector, ASDA (part of American Wal-Mart) and Tesco sell outerwear, underwear and hosiery in their outlets and have gained an 10 percent share of sales by volume but only 4 percent by value.
The category **'Other'** includes among others the pharmacy chain Boots the Chemist selling own-brand hosiery.

Italy

Traditional specialist retail outlets remain the principal channel for the distribution of bodywear. Major developments in the Italian bodywear retail trade in the period under review were growth in sales by super- and hypermarkets and by clothing chains, to the detriment of independent retailers. It is expected that this development will be continued in the coming years.
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 stores - either fully owned or franchised. The important role of independent specialist stores and specific business practices, like terms of payment, make the intermediation of an agent or wholesaler necessary for effective distribution of bodywear in the Italian market.

Specialists account for two thirds of bodywear sales, specialised **independent retailers** still dominate the Italian bodywear retail sector The decreasing but still important market share of independent retailers was realised by around 36,000 companies.
Calzedonia is a manufacturer of bodywear and also trader through two chains, selling hosiery, underwear and swimwear for men, women and children: Calzedonia (807 stores, of which 583 in Italy) and

Intimissimi (496, of which 377 in Italy). There are more than 200 stores aboad, mainly Spain and Greece . General **clothing multiples** with own production facilities and underwear in their assortment are Benetton (5,000 stores world wide and also operating with brands like Sisley, Playlife and Killerloop) and Stefanel (1,200 stores world wide). One of the largest distributors not owned by a clothing producer is Gruppo Coin which owns Oviesse 273 stores (of which 201 in Italy) in the mid and lower price segments, and the children's wear chains Bimbus and Kids Planet with respectively 61 and 18 stores.
The leading babies' and maternity wear chain is Prénatal (175), owned by the Chicco Artsana Group. Sports chains are Giacomelli Sport (100), Cisalfa (45) and, from France, Déclathon (23).
The number of foreign companies operating on the Italian market is limited, compared with the other major EU countries.
The major **department stores** in Italy are Coin (77, owned by Grupo Coin) and La Rinascenta (16, owned by Gruppo Rinascenta). Gruppo Rinascenta covers variety store Upim (370).

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 Postalmarket.
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 bodywear are expected via super- and hypermarkets in the coming years, of which much can be ascribed to foreign supermarkt chains like Auchan, Carrefour and Metro.

France

One of the major developments in the French bodywear retail trade in the period under review was the continuing growth in the sales of multiples, to the detriment of independent retailers. Hyper- and supermarkets constitute the leading distribution channel accounting for a quarter of sales in value in 2001. The market share of specialists versus non-specialists remained rather stable.

Table 7.4 Market shares for retail distribution of bodywear in Italy, 1999-2001

(in % of value)	1999	2000	2001
Specialised stores:			
Clothing multiple stores	16	17	19
Independent retailers	49	49	47
Non-specialised stores			
Department and variety stores	11	10	10
Mail-order companies	2	2	3
Hyper- and supermarkets	9	9	10
Street markets	7	7	6
Other channels	6	6	5
Total	**100**	**100**	**100**

Sources: ISTAT and trade estimates

Table 7.5 Market shares for retail distribution of bodywear in France, 1999-2001

(in % of value)	1999	2000	2001
Specialists:			
- Independent retailers	26	23	23
- Clothing and specialised multiples	20	22	23
Non-specialists			
- Department/variety stores	9	9	9
- Hyper- and supermarkets	25	26	25
- Mail-order companies	9	10	10
- Street markets	5	5	5
- Other channels	6	5	5
Total	**100**	**100**	**100**

Source: Journal de Textile

Important **bodywear specialised multiples** in France are Etam Lingerie and 1.2.3. Lingerie both part of the Etam Group. Etam Lingerie operates with 228 stores in the middle to lower price range while the 1.2.3. Lingerie format is focussed on older women aged 35-45 in its 195 stores. Other specialists chains are Princesse Tam Tam (61 stores) and Delta Lingerie. Delta Lingerie was launched by the lingerie manufacturer Chantelle and has 53 stores. Orcanta Lingerie (owned by Pinault-Printemps-Redoute, 53 stores) and Canelle (owned by Groupe Phildar, 51 stores), Sarny Lingerie and Baiser Sauvage. Some foreign companies have entered the French market recently, like Oysho and Women's Secret from Spain, Hunkemöller from The Netherlands and Everywear from Belgium.
General **clothing multiples** with bodywear in their assortment are C&A with 54 stores, Kiabi (100, of which 93 in France and owned by Auchan Mulliez) and Hennes & Mauritz (42). Discount formula are La Halle aux Vêtements (283, owned by Vivarte) and Vêtimarché (117, owned by ITM).
Men's chain stores including bodywear are Brice (101) and Armand Thiery (170). The major sport chain is Décathlon (319, of which 213 in France). Other important sport formula are voluntary buying groups and are mentioned below under independent retailers.
In France there are about 25,000 stores of independent clothing retailers which have less than 5 active stores. The number of **independent retailers**, specialised in bodywear is not published. With the exception of the sports goods branch, the number of important buying organisations is limited. There are many franchise organisations in particular in the women's and children's wear market. Important buying organisations in sports goods are Intersport (462 stores in France), Groupe Go with the formula Courir (171), Go Sport (125) and Moviesport (9) and Sport 2000 (405).
The major **department store** chain in France is Galerie Lafayette (80 stores), also operating under the name Nouvelles Galeries. Another important department store is Printemps (30) owned by PPR (Pinault-Printemps-Redoute). Nearly all French branches of Marks & Spencer stores were closed in 2001.
The major **variety store** is Monoprix (284 stores) 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 stores), Auchan (309 hypermarkets and 601 supermarkets), Carrefour (around 4,000 stores in France) and Intermarché almost 4,000 stores of which 3,600 in France including the hyper- and supermarket formula Intermarché.
La Redoute and 3 Suisses are well-known **mail-order companies**, both of which operate internationally. La Redoute owned by Pinault Printemps Redoute (PPR) is market leader in clothing sales by mail-order companies and includes stores, among which Orcanta (see above).

Spain

The size and structure of the Spanish market make it necessary to apply a regional market approach. Barcelona is the base for the Catalan market and Madrid is the base for the market of Central and Southern Spain. The important role of independent specialist stores and specific business practises, like terms of payment, makes the intermediation of an agent or wholesaler necessary for effective distribution of bodywear in the Spanish market. 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.
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

Table 7.6 Market shares for retail distribution of bodywear in Spain, 1999-2001

(in % of value)	**1999**	**2000**	**2001**
Specialised stores:			
- Independent retailers	47	45	45
- Clothing and specialised multiples	11	12	12
Non-specialists			
- Department/variety stores	16	17	16
- Hyper- and supermarkets	12	12	13
- Mail-order companies	0	1	1
- Street markets	9	8	8
- Other channels	5	5	5
Total	**100**	**100**	**100**

Source: Trade estimates

and distribution have played a key part in this development.

Specialised retailers dominate the Spanish bodywear retail sector and account for 57 percent of total sales, of which independent retailers accounted for 45 percent in 2001. The decreasing but still important market share of independent retailers was realised by around 44,000 companies. The number of independent retailers specialised in bodywear is not available.
There are four main vertically integrated distribution groups in Spain including **clothing multiples**: Inditex, Cortefiel, Punto Group and Induyco. Inditex operates with the formula Zara, Pull & Bear, Massimi Dutti and Bershka/Stradivarius. The major chain Zara covers 500 stores of which 217 in Spain and includes bodywear. A lingerie chain named Oysho has been planned for 25 stores across Europe. Cortefiel operates under its own name with 166 stores, with the formula Springfield (222) and the lingerie chain Women's Secret (114 stores, of which 90 in Spain), the Punto Group with Mango (192) and Induyco besides department store El Corte Ingles (45) with the franchise chains Amitié, Cedosce, Sintesis and Tintoretto.
These Spanish organisations compete with multiple chains including franchise formula from abroad like C&A (26), Prenatal (110), Hennes and Mauritz (19) and many others.
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 progress 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 including bodywear are expected via super- and hypermarkets in the coming years, of which much can be ascribed to the influence of foreign supermarket chains like Auchan, Carrefour and Metro.

The Netherlands

Deliveries by wholesalers/importers and foreign manufacturers via agents are increasing. The number of sales points where bodywear is sold in The Netherlands was estimated to be 15,500 in 2002. This number includes all stores where lingerie, underwear, hosiery, nightwear and beachwear for men, women and children are sold. The number of shops that sell exclusively foundation and underwear is considerably lower and can be estimated at about 800, of which 58 percent is small enterprises.

The main operations of **independent retailers** are in the middle and upper sections of the market. Between 50-60 percent of Netherlands' independent retailers have become members of central buying organisations and franchise organisations. The leading buying organisations are Euretco and Intres. Euretco Fashion is the owner of several clothing multiples, among which formula such as for bodywear: Lin-Chérie (35 stores) and for sportswear: Sportpoint (130) and Sport 2000 (114). Intres has the following formula for bodywear: Livera (135 stores) and Lindessa (27); for hosiery: Jambelle (25) and for sportswear: Intersport (117) and Gos Sport (127).
Other (smaller) buying organisations have no or limited bodywear in their assortment.
Sports specialty chains with beachwear, swimwear and sports underwear in their assortment are Perry Sport (40

Table 7.7 Market shares for retail distribution of bodywear in The Netherlands, 1999-2001

(in % of value)	1999	2000	2001
Specialists:			
- Lingerie/foundation chains	27	27	26
- Independent retailers	8	8	8
- Clothing multiples	7	7	8
Non-specialists			
- Department and variety stores	26	27	27
- Textile discounters	12	11	11
- Supermarkets	2	2	2
- Mail-order companies	5	6	6
- Street markets	5	5	4
- Other	8	7	8
Total	**100**	**100**	**100**

Source: Gfk and Retailmonitor

stores and part of Vendex/KBB), Coach Sport (55) and Aktie Sport (75). Le Papillon (17) is specialised in ballet and aerobics.
In the field of lingerie and foundations, Hunkemöller (part of Vendex International) and Livera (a formula of the buying organisation Intres) are the major **bodywear speciality chains** in The Netherlands. Both companies are partly franchised. Hunkemöller operates with 260 stores, of which 121 are in The Netherlands, 60 in Belgium and 54 in Germany. The assortment consists for 80 percent of private labels. 135 stores in The Netherlands use the Livera formula. The assortment is more or less the same as that of Hunkemöller, except that Livera represents more manufacturers' labels.
The major **department stores** in The Netherlands are V&D and De Bijenkorf, which just like variety store Hema are part of the holding company Vendex/KBB. The **variety store** Hema has 281 sales stores, of which 255 in The Netherlands. Hema is market leader (in terms of volume) in such articles as bras and baby clothing. All articles are sold under private label. De Bijenkorf has 11 stores and stocks high-quality, stylish and appropriately priced products. In developing and buying its fashionable own-brand labels, De Bijenkorf cooperates with foreign department stores, like Breuninger (Germany), Globus (Switzerland), Magazin du Nord (Denmark) and Stockmann (Finland). V&D operates in the middle of the market with 70 stores.
Clothing multiple stores play a major role in the textile trade, accounting for more than a third of the market in outerwear and a limited but increasing market share in bodywear. General clothing stores, selling bodywear are C&A (81 stores), Hennes & Mauritz (59), Vögele (103), Marca (33 stores and part of C&A). The major suppliers in the ladies' apparel market with women's bodywear in their assortment are M&S-Mode (130 stores, part of Vendex/KBB) and Miss Etam (126 stores). Suppliers of men's clothing include We for men (104 stores, former name Hij).
Discounters in textiles are often referred to as textile supermarkets. 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 Textielsupers (685 stores, of which 403 in The Netherlands). Other discounters in textiles are Wibra (233 stores, of which 188 in The Netherlands), Hans Textiel & Mode (140), Bentex (50) and Henk ten Hoor Textiel (55). Most products under review in this survey are part of the assortment of the above-mentioned textile discounters. Discounters, which originally only sold footwear like Scapino (200 stores, part of Vendex/KBB) and Bristol (88), have expanded their assortment to include outerwear, sportswear and bodywear. This example has been followed by other footwear discounters, like Schoenenreus (172) and Massa Schoen en Mode (44).
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 Karstadt/Quelle) and La Redoute (from France).
The main activities of grocery **supermarkets** are in the provisions sector. Super- and hypermarkets therefore mainly have very low priced clothing in their assortment. Clothing including bodywear can be found increasingly in grocery supermarkets due to their high rate of stock turnover and good profit margins, compared with the other product groups. Pantyhose and tights are important products for this retail channel. Supermarket chains are, for instance, Albert Heijn, Aldi, Vomar, and Edah. Direct imports of clothing by these companies are very limited. 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 stores are "factory door" sales. Companies in this category (with the exception of the Makro) are not themselves involved in importing.
In volume terms, the most important distribution channels for women's and girls under- and nightwear are variety and department stores (27%), lingerie and foundations speciality chains (21%) and textile discounters (22%). Variety stores, department stores and textile discounters are the chief stores for men's and boys' underwear, accounting for 63 percent of total sales (in volume).
With regard to market shares in sales of bras, lingerie and foundations speciality stores account for 33 percent and variety and department stores for 30 percent. These percentages remained rather stable, while the market share of clothing multiples increased to about 9 percent.
Hosiery distribution at retail level is dominated by variety stores in the medium price ranges, department stores in the higher and textile discounters and street markets in the lower price ranges. The role of supermarkets is significant in that their prices are not much lower than average hosiery prices. They sell mainly pantyhose and tights, but also socks and stockings, by means of service merchandisers and wholesalers.
No specific figures for market shares are available for beach- and swimwear. It can be estimated that sport speciality stores and lingerie and foundations speciality stores each have a market share of 22 percent in terms of volume. Compared to their shares in other bodywear categories, mail-order companies have a high share of beach- and swimwear sales, at about 16 percent of total retail sales. Department stores have 12 percent of this market, while the other retail types have limited shares, varying from 1-8 percent.

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.

Successful formula 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. The best value is not necessarily created in countries where labour costs are lowest. Instead, it tends to be generated in factories where management are 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.
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 and France) including premiere collections and more affordable brands compete in the high-price segments with famous names from the USA, Switzerland and in the case of swimwear from Australia. Cheap, mass-produced items from low-cost regions such as China, Southern Asia, Mediterranaen and CEECs compete in the low-price segments. The movement away from cheap products (with low relation to 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) operate 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 opportunities 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 importer/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.
The missing of direct contacts with retailers, as well as lower margins than in the case of direct selling to retailers, represent possible disadvantages. However, especially for starting and/or SME exporters advantages are of more importance than disadvantages!

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. 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.

Which trading partner is the most suitable depends on external and internal factors. This will be discussed in part C.

8 OPPORTUNITIES AND THREATS FOR DEVELOPING COUNTRY EXPORTERS

Opportunities

Consumer market
- Germany is still the greatest market for bodywear in the EU, but consumer expenditure decreased just like in France. The highest growth rates are in Italy, Spain and The Netherlands, while the UK showed a moderate growth.
- Demand for bodywear in the EU will continue to increase slightly in the coming years. The number of garments purchased per head of population will continue to rise but prices will not follow this growth rate. To satisfy the requirements of importing European companies, the exporters in developing countries will be faced with increased demands for higher quality and environmentally friendly products. For more information concerning environmental aspects, we refer to CBI's AccessGuide. With the right strategy and a carefully thought out development plan, there is no reason why these challenges cannot be met.
- Regarding women's outerwear consumption, a recent shift from dresses to trousers/jeans has resulted in a renewed popularity for hosiery. Products with the strongest growing demand in the period under reviw were were push-up bras, strings and corrective briefs/tights for women.

Imports
- 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 15 percent in volume in the period 1999-2001:
  - a product group with a very high import share from developing countries, growing 21 percent in volume against 4.5 percent higher prices, during this period is T-shirts. Despite the high number of supplying countries several newcomers were registered as exporting countries to the EU;
  - imports of bras (in volume) increased 15 percent in the same period;
  - imports of knitted briefs/tights for women increased slightly; cotton remained the favourite material but the import share of cotton items decreased in favour of briefs made of man-made fibres.
- Importers in the major EU countries have built up a comparative advantage by specialising themselves in design and other functions, like preparation of samples, logistics, marketing etc., while simple production operations take place increasingly in other countries. As times goes on, even the first mentioned functions, are leaving these EU countries too.

Distribution
- Parallel to the trend for suppliers to make their clothing abroad is a trend for retailers or wholesalers to bypass the local industry totally, by means of direct imports. The role of importing wholesalers and importers remained rather important but will slightly decline, while the role of clothing and specialised bodywear multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years. The buying policies of super- and hypermarkets vary from direct imports by the international operating chains to buying from wholesalers/importers.

Threats

- The fast changing demand in the clothing and bodywear market is an important factor. Because of the higher dynamics of the clothing markets in terms of quicker changing consumer preferences, 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 'priviliged/short distance' supplying countries (as described in chapter 9.2) and tough competition for other countries.
- Recent import developments give slight indications that production is being moved from Asia to Central and East European countries, i.e. to locations where relatively faster reactions to new fashions and sudden changes in retailer demand can more easily be made. This trend is likely to accelerate as and when these countries join the EU. This move can also be seen against the background of the continuing shortening of the ordering period and the reduction in size of the average order.
- Ten new nations 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 to 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, as companies will no longer be required to purchase quota before shipping garments to the EU. 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 trade barriers other than quota will become more important.

Exporting bodywear 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. However, exporters in the bodywear sector are also confronted with technical or production aspects, sizing, packaging, environmental aspects etc. resulting in a lot of technical requirements, which will be discussed in part B.
This variety of requirements can be the reason that co-operation between importer and exporter, in whatever form it takes place, can be necessary. Exporters have to ensure that quality requirements are strictly met, for instance by using the services of laboratories.
Possibilities for exporters in developing countries still depend on an increased attention to quality and reliability in deliveries.
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.

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 bodywear

There is no EU quality standard for bodywear. 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, CBI's on-line database on non-tariff trade barriers at http://www.cbi.nl/accessguide.

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

Under- and nightwear
The following body measurements can be used in the product groups under- and nightwear: breast, waist and hip size and for women also the underbreast size. Note that for all sizes the body length of women is 168 cm and for men 176 cm. These basic measurements determine the fit of the garments.

The standard clothing sizes 36-46 are used for women, while the sizes S, M, L and XL are used for very elastic articles. In addition to these standard sizes, wider ranges are used like 34-60, just like XXS, XS and XXL.

Children's sizes are based on body height and vary from 92 to 164 (cm.). Because of the elasticity of the materials used, sizes expand 12 cm instead of 6 cm, the latter being the case for outerwear.

The sizing system in the EU countries Germany, The Netherlands and Austria are similar, just like the systems in France and Belgium, and the system in Spain and Portugal. Italy and the UK have each their own different system. In EU countries, except the UK, the same figure sizes are used, but sizes are not equal. For instance: women's figure size 38 in Germany and The Netherlands is indicated in France/Belgium as 40, in Italy as 44 and in Spain/Portugal as 44/46.
As mentioned above the UK uses a different system based on inches and not on centimetres. Women's figure size 38 in Germany and The Netherlands is indicated in the UK as 12, figure size 40 as 14 etc.

Foundations
A number and a character indicate sizes of brassieres. The number indicates the girth of the bra and the character the cup depth. The under-breast measurement and breast measurement also have to be given because the cup depth is the difference between breast measurement and under breast measurement.

Women's sizes

Figure sizes	**36**	**38**	**40**	**42**	**44**	**46**	**48**	**50**	**52**
Chest width in cm	84	88	92	96	100	104	110	116	122
Underbreast in cm	65	70	75	80	85	90	95	100	105
Waist size in cm	68	72	76	80	84	88	94.5	101	107.5
Hip girth in cm	94	97	100	103	106	109	114	119	124

Men's sizes

Underwear sizes	**4**	**5**	**6**	**7**	**8**
Figure sizes	48	50	52	54	56
Character sizes	S	M	L	XL	XXL
Chest width in cm	96	100	104	108	112
Waist size in cm	82	86	90	94	98
Hip girth in cm	104	108	112	116	119

Sizes of bras in numbers:

Germany	60	65	70	75	80	85	90	95	100	105	110	115	120	centimetres
France	75	80	85	90	95	100	105	110	115	120	125	130		centimetres
Italy	60	65	70/I	75/II	80/III	85/IV	90/V	95	100	105	110	115	120	centimetres
UK	28	30	32	34	36	38	40	42	44	46	48	50		inches

The same sizes as in Germany are used in The Netherlands, Austria and the Scandinavian countries.

Characters to indicate the cup depth:

Cup depth in centimetres	**Cup type**
10 - 12	AA cup
12 - 14	A cup
14 - 16	B cup
16 - 18	C cup
18 - 20	D cup
20 - 22	E cup
22 - 24	F cup
24 - 26	G cup
28 - 30	H cup
30 - 32	I cup
32 - 34	J cup

Standard sizes are A,B,C; B, C,D; and B,C,D,E. Sizes F, G, H, I and J can be considered as special sizes just like AA. In some cases a broad range can be required, like AA to E.
The 5 cm intervals in Germany etc. are 2 inch intervals in the UK: 80B in Germany = 32B in the UK; 85C = 34C and 90B = 36B.

Hip articles
Waist measurement and hip measurement are indicators for the size of hip foundations. Waist measurement determine the size, while this size can be influenced by the hip measurement (when the difference between waist and hip measurement is more than 28 centimetres).

Sizes:

60	65	70	75	80	85	90
XXS	XS	S	M	L	XL	XXL

Swimwear
Standard clothing sizes are usually used for women's swimwear (36-50) and sometimes also a cup size. Girls' swimwear is usually indicated by height sizes.
The sizes of swimwear for men and boys are indicated by clothing sizes 46, 48 etc. or underwear sizes 4, 5 etc. Sizes XS until XL are also used in some cases.

Hosiery
The sizing for full-length stockings is based on foot length and inside leg length, while for all other types of hosiery, except pantyhose and tights, foot length is clearly the principal and only measurement, just as it is for shoes. However, for pantyhose there is a wide divergence of opinions and sizing systems used, mainly because of their high stretch properties. The systems are based on hip/girth/height and height/mass (or weight).

the symbols relate to the properties of colour fastness, dimensional stability, effect of retained chlorine (bleach), maximum safe ironing temperatures and certain other properties.

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.

The following sizes are used for hosiery:

International shoe size comparison

Europe *)	35	35 1/2	36	36 1/2	37	37 1/2	38	38 1/2	39	39 1/2	40	40 1/2	41
UK	2 1/2	3	3 1/2	4	4 1/2	5	5 1/2	6	6 1/2	7	7 1/2	8	8 1/2
USA	4	4 1/2	5	5 1/2	6	6 1/2	7	7 1/2	8	8 1/2	9	9 1/2	10

*) continental Europe (excluding the UK)

Size tables for men's shoes are used for men's socks (men's stockings are seldom bought, except in the active sports sector): 39; 40; 41; 42; 43; 44; 45; 46
The elasticity of some products makes it possible to use one size 36/41, which covers the complete range of women's shoe sizes. The sizes 39/42 and 43/46 are often used for men's socks.
Size tables for women's wear (body sizes) are used for pantyhose or tights in the following ranges:
36/38; 40/42; 44/46; 48/50; 52/54
Other sizing systems for pantyhose are for instance 0 to 6, however, this sizes correspond to the range above, based on shoe sizes.
It should be noted that different interpretations by manufacturers, wholesalers and retail organizations are possible regarding sizing! Different interpretations are also possible between different countries. Exporters should discuss this in detail with (potential) clients, to obtain clear information.

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 increasing market share of self-service stores, like grocers' supermarkets and variety stores in hosiery and some other items of bodywear, have enforced the inclusion of information on packaging or on the product itself. The placing of the label in garments varies 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, or 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

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 ^{0}C with must not be exeeded. The bar untherneath the wsh 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 temerture	iron at medium sole-plate temerture	iron at a low sole-plate temerture	do not iron

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

Dry cleaning (circle)

self-service cleaning alsow allowed	self-service cleaning with restrictions	self-service cleaning not allowed	do not dry clean

The letters within the circel 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 mechanicval 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 60º C., normal mechanical agitation.
- all other garments should be washable at 40º 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.

continued

Care labelling recommendations: *continue*

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.

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.

The EU common external import tariffs for bodywear (as a percentage of CIF value, without duties and VAT) are given in table 9.1.

- **Other barriers**
  Examples of barriers other than tariffs are anti-dumping measures and quota restrictions.
- **Anti-dumping measures**
  Anti-dumping 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 by 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.
- **Quota restrictions**
  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 (signatiories 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 transhipment 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.

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

HS code	Product category	Tariff in % general	RGSP [1])
Knitted or crocheted:			
6107	Men's or boys' underpants, briefs, nightshirts and pyjamas	12.0	9.6
	Men's or boys' bathrobes, dressing gowns and similar articles	12.2	9.7
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas	12.0	9.6
	Women's or girls' bathrobes, dressing gowns and similar articles	12.2	9.7
6109	T-shirts, singlets and other vests, knitted	12.0	9.6
6112	Men's or boys' swimwear, containing by weight 5% or more of rubber thread	8.0	6.4
	Other	12.2	9.7
	Women's or girls' swimwear, containing by weight 5% or more of rubber thread	8.0	6.4
	Other	12.2	9.7
6115	Pantyhose and tights	12.0	9.6
	Women's full- or knee-length hosiery	12.0	9.6
	Stockings for varicose veins, of synthetic fibres	8.0	6.4
Woven:			
6207	Men's or boys' underpants, briefs, nightshirts and pyjamas	12.0	9.6
	Men's or boys' bathrobes, dressing gowns and similar articles	12.2	9.7
6208	Women's or girls' slips, petticoats, briefs, panties, night-dresses, pyjamas	12.0	9.6
	Women's or girls' bathrobes, dressing gowns and similar articles	12.2	9.7
6211	Swimwear	12.2	9.7
6212	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles	6.5	5.2

[1]) preferences are not valid for China, Macao, Moldova and Myanmar

Developments after elimination of quota per 01-01-2005

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, as well as those of 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:

- **Priviliged/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 durty-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.
- **Priviliged/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, Madagscar, Jamaica, Botswana, Zimbabwe, Domincan 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.

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 trade barriers other than quota will become more important.

Part A considered the EU market for bodywear 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.

To obtain up-to-date information on trade regulations, refer to the list of useful addresses in appendix 3.6 of the EU Market Survey 'Bodywear'.

Part C

Export marketing: analysis and strategy

C

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.
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:

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

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.

CMT (or OPT) producers
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;
- efficicieny is high when producing a basic product;
- cannot deal with changes in order (colour or size assoirtment) 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 form David Birnbaum: Global Guide, March 2000)

FOB producers
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 staple goods.

Private label producers
The private label producer needs thorough technological expertise, production experience and the ability to access special trim or machinery, also grading of fabrics. The greatest scheduling advantage offered by this type of factory is flexibilty: 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.

Producers 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.

In the next chapters, a distinction will be made between the several types of exporting manufacturers in 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 bodywear, a comparison has to 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 bodywear, 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 bodywear market in the EU, refer to websites mentioned in the following paragraphs and appendices.

10.1 Market developments and opportunities for bodywear

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 (www.gfk.com), Mintel (www.mintel.co.uk), Verdict (www.verdict.co.uk) and Key Note (www.KeyNote.co.uk) and publishers like Textiles Intelligence, Retail Intelligence, Textil Wirtschaft and Journal de Textile (see appendix 3.5). These statistics and publications are rather expensive, availability and costs can be found on the referred sites. 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 and the two French fairs in Paris (www.lingerie-paris.com) and Lyon (www.lyonmodecity.com), for other sites see appendix 3.4.
- 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 3.5.
- Standards organisations (appendix 3.1) and trade organisations (appendix 3.3).
- Some providers of general information also have specific descriptions of bodywear 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 for exporters of bodywear 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 that women's bodywear (lingerie, foundations and hosiery) is the largest sector. Also, the women's bodywear 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.

3 Sizing systems vary per country or clusters of countries. Sizes between some clusters of EU countries vary: Germany, The Netherlands and Austria, France and Belgium, Spain and Portugal and the Scandinavian countries have their own systems, just like in some individual EU countries: Italy and the UK. Internationally operating countries mention different sizes valid for different countries on a label and eventually on packaging.
4 In all major EU countries, 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.
5 New developments in fabrics resulting in introduction of new finishes, fabric types and fabric weights and new techniques and new materials applied in bodywear products and new production techniques.

Some of these items are not relevant (3 and 4) or are partly relevant (2 and 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 a leading trade fair, fashion trade centres, shopping centres, and a number of appropriate prospective buyers (after making specific appointments in advance).

10.2 Competitive analysis

Opportunities for all types of 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 test 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 leaming 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 bodywear branch
Of course, trade fairs, shows, seminars etc. can be helpful to get in contact with new customers and learn about market developments. It can however also be used to find out more about competition. If you sell bodywear, take the time to attend trade fairs to see what your competition is like.

All steps can be considered, varying from brief (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

Having assessed the prospective markets and market segments, it is now also important to understand the trade structure and supply chains supplying these market segments. After the assessment of the exporter's capabilities, the exporter is able to determine the most suitable sales channel.

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 is described in the introduction of this part C.
Intermediaries on the bodywear 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 in 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 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 2.1 and 2.7 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.

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**

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%)	51	67	90
- net selling price	179	201	229
Value Added Tax (VAT)			
(19% of net selling price **)	34	38	44
- gross selling price (consumer price)	213	239	273
RATIO CFR/CONSUMER PRICE:	**2.1**	**2.4**	**2.7**

*) 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.

Elimination of the wholesaler, for instance, can lead to a lower multiplier used by clothing multiples, department and variety stores and mail-order companies.

This means that exporters' CFR prices should be in the range of 30-40 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. Thus the average bodywear retailer marks goods up by 90-120 percent of his buying price, with selected goods retailing up to 150 percent higher than buying prices.

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 pace, 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%) and are given for spring/summer 2003. The assortment of discounters (Hans' Textiel, Zeeman) is limited; specialty stores, like Livera and Hunkemöller, have more extensive ranges with respectively more and lesser (higher-priced) branded goods. Variety stores (Hema) limited assortment, excepted bras and hosiery.

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 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 and on sites of specialty chains, like Hunkemöller (for addresses see appendix 3.2). Comparisons can also be found in the prices given in catalogues from large department stores or on company web sites.

Table 10.2 Average retail prices for some selected bodywear items in The Netherlands, spring/summer 2003

	Average price in €	Remarks			
Men's underwear					
Underpants, briefs *)	4.05	Discounters 2.80;	Variety stores 4.90;	Mail-order 3.30;	Specialty 9.50 (Sloggi)
Boxer shorts	7.10	Discounters 3.90;	Variety stores 9.20;	Mail-order 6.00;	Specialty 12.50 (Schiesser)
Undervests	5.60	Discounters 4.20;	Variety stores 4.70;	Mail-order 6.20;	Specialty 10.10 (Sloggi)
Pyjamas	19.00	Discounters 11.90;	Variety stores 14.90;	Mail-order 19.00;	Specialty 29.50 (Sloggi)
Swimwear/short	19.70	Discounters 12.00;	Variety stores 18.50;	Mail-order 22.00;	Specialty 25.00 (Adidas)
Bathrobes	30.50	Discounters 21.00;	Variety stores 29.00;	Mail-order 31.00;	Specialty 69.90 (Seahorse)
T-shirts	6.90	Discounters 4.80;	Variety stores 7.00;	Mail-order 6.10;	Specialty 13.50 (Sloggi)
*) excl. boxer shorts					
Women's underwear					
Briefs	3.70	Discounters 3.15;	Variety stores 5.50;	Mail-order 3.30;	Specialty 7.00 (Sloggi)
Undervests/singlets	6.30	Discounters 5.90;	Variety stores 6.90;	Mail-order 6.40;	Specialty 13.90 (Sloggi)
Underwired bras	12.50	Discounters 8.00;	Variety stores 11.50;	Mail-order 12.60;	Specialty 14.50 (Sloggi)
Seamless bras	9.90	Discounters 7.00;	Variety stores 8.20;	Mail-order 9.00;	Specialty 13.50 (Sloggi)
Set (bra+brief)	15.80	Discounters 10.00;	Variety stores 15.40;	Mail-order 16.00;	Specialty 21.00 (Sloggi)
Bathrobe (terry)	25.50	Discounters 20.00;	Variety stores 23.00;	Mail-order 22.00;	Specialty 69.90 (Seahorse)
Nightshirt	16.50	Discounters 11.00;	Variety stores 13.50;	Mail-order 16.00;	Specialty 24.95 (Esprit)
Pyjama	19.00	Discounters 12.50;	Variety stores 17.00;	Mail-order 14.00;	Specialty 39.95 (Esprit)
Swimsuit	31.50	Discounters 15.00;	Variety stores 22.00;	Mail-order 30.00;	Specialty 34.95 (Esprit)
Bikini	26.70	Discounters 13.00;	Variety stores 21.00;	Mail-order 25.50;	Specialty 42.95 (Esprit)

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 the clothing trade. In other cases, it has to be noticed that terms of payment vary per country and are around 90 days or longer in Italy and Spain, which is much more lengthy 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 swimwear, T-shirts and bras. 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.

In next product profile, swimwear will be restricted to the leisure segment (recreation and pleasure)). This means that segments like active sports and the related developments in fabrics, high-tec swimsuits etc. will not be discussed. However, there is a trend in the swimwear market that high performance fabrics, which were originally designed for competitive swimmers, will be adopted for use in the manufacture of recreational swimwear.

Product profile: SWIMWEAR

Naming
Swimwear for women includes: swimsuits and bathing suits (one-piece) and bikinis (two-piece). Swimwear for men includes swim trunks (short legs) and swim/surf/beach shorts (longer in length).

Market requirements
Just like for other bodywear articles, there are no general (EU) standards for swimwear. Most of the importers work with certain minimum requirements relating to materials and manufacturing. The minimum standard and the test methods are described for fabrics and threads.

For example: maximum shrinkage of woven and warp-knitted materials 2% and for 100% cotton, linen, ramie or viscose 3% and max. elongation of 2% respectively 3% and for weft-knitted materials a max. shrinkage of 6% and max. elongation 2%; the sum of width and length shrinkage must not exceed 8% (ISO 3759, 5077 and 6330). There will also be additional requirements concerning colour fastness to light (ISO 105 B02), sea water (ISO 105 E02) and chlorinated water (ISO 105 E03).
For example a description of manufacturing requirements can include among others: a minimum seam allowance for closed seams in woven fabrics 0.7 cm. For closed seams in stretch materials 0.4 cm; a minimum stitch density for woven fabrics 4 stitches per cm. Minimum stitch density for knitted fabrics is 5 stitches per cm.
For swimming purposes the following requirements are valid: a small absorptive capacity (quick drying after usage); close-fitting; durable elasticity; masking power (unless otherwise required) and as mentioned above colour fastness to light, chlorinated water and seawater.

Styling requirements
Bikinis have bandeau or strap tops, several kinds of bikini tops, like the push-up, halter, triangle (of which the cups can be replaced), and the under-wired one have remained popular.
The bikini bottom has usually a high-cut leg line and can be anything from a string to a thicker side panel but also with short legs.
Besides one-piece or two-pieces swimsuits there is the tankini, a bikini bottom with a camisole top and eventually a bikini top. It offers the look of a one-piece or two-piece suit, depending on the length of the top and how it is worn.
Matching accessories like pareo, blouses, wrap-around skirts etc. have become more popular.
One-piece bathing suits may include correction of the belly and support for the breasts.
Solid colours continue to be more popular than prints. Metallic colours, stripes and florals remain strong.
Another “not new, but now hot” idea is selling tops and bottoms separately. It favours women without uniform sizes and it offers the opportunity to mix and match colours and patterns.

Materials
Current styles contain polyamide (nylon), elastane (spandex) and polyester. Because of their stretch (several times their own length) resistance, elastane fibres have largely replaced natural and synthetic rubber fibres. Polyamide yarns are sold under brand names such as Tactel, Supplex and Antron. Elastane fibres include Lycra, Numa, Spandelle and Vyrene. Mostly used are the blends polyamide/elastane 90/10 and 80/20, but also cotton/polyamide 90/10.
Knitted swimwear accounts for 75 percent of total sold items, the remaining 25 percent is woven.

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 low temperatures for washing (hand wash only) in order to avoid claim discussions.

Main suppliers in order of importance
The 10 leading countries supplying EU imports (in terms of volume) were in 2001: China, Tunisia, Germany, Italy, France, Hong Kong, Belgium, The Netherlands, Romania and Thailand. Belgium and The Netherlands play an important role because of their transit-trade function. More detailed information can be found in chapter 5 of this market survey.

Brand names
World-wide operating swimwear brands come from manufacturers like Speedo, Arena, Adidas, Tyr, Nike, (not exhaustive)
Fila etc. General clothing suppliers with swimwear in their assortment are Mexx, Diesel, Esprit, etc. and this is valid too for bodywear suppliers like Triumph, Schiesser, Björn Borg, Van Laack, Punto Blanco, Hom, Mey, Wolford etc.
Private labels are among others: Hennes & Mauritz, Zara, C&A, Marks & Spencer, Etam etc.

continued

continue swimwear

Wearing properties
Polyamide yarns create fabrics, which are lightweight, durable and quick drying. When combined with stretch fibres such as elastane they provide a comfortable fit, as well as shape retention and freedom of movement. Body corrective aspects require very tight swimwear.

Sizes
Standard clothing sizes are usually used for women's swimwear (36-50) and sometimes also a cup size. Girls' swimwear is usually indicated by height sizes.
The sizes of swimwear for men and boys are indicated by clothing sizes 46, 48 etc. or underwear sizes 4, 5 etc. In some cases also sizes XS to XXL are used.

Labelling
Labelling indicating care instructions have to be affixed according to the international symbols.
Maximum washing temperature in ºC, 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, as well as size and fibre content.

Applications
Swimwear is used in different circumstances, like indoor swimming where water often contains chlorine and outdoor swimming in salt seawater or in lakes, rivers etc.
The competition swimmer (amateur or professional) requires the latest techniques, while the recreational swimmer is more oriented on aspects like design, style and fashion.

Market structure
There used to be a division between the casual wearer, who bought mainly for design, style and fashion and tended to purchase in the pre-summer period, and the serious amateur swimmer who purchased all year round.
Consumption as well as imports fluctuated because consumer buying behaviour is influenced by weather circumstances and to a lesser degree by fashion influences. Competition is strong, many globally operating manufacturers of swimwear have to compete with each other and in the recreational or leisure sector with underwear, outerwear and sportswear manufacturers, too. Many retail organisations have private labels and/or manufacturer's brands in their assortment.
The biggest consumption markets are Italy, France, Germany, UK, Spain and The Netherlands.

Packing
Swimwear units are normally packed in a recyclable or biodegradable plastic bag per unit; 36 bags in an inner-box and 4 inner-boxes in an export carton box. Sometimes 10 units are packed in a plastic bag, but other variations can also be required by the importer.
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 swimwear is not supplied in this way.

Prices
The enormous variety in swimwear makes it impossible to give an acceptable price for manufacturers, because it depends on so many factors. A rough indication can be derived by backward pricing.

continued

continue swimwear

Environmental influences

These influences are strongly increasing due to the awareness of buyers, end consumers, company regulations and domestic legislation.

Make sure, when your products are supplied to your importer, that they are accompanied by an "AZO safe" declaration. This means that the dyes used for the fabrics have been tested by an accredited test institute and that no hazardous substances according to the Commodity Acts in Germany, The Netherlands and France, were found in the dyes.

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 cm^2 per week.

How to improve quality

All seams in knitted fabrics must be sewn with at least a 3-thread overlocker and all seams must be finished off securely. Needles, machine settings and yarn count must be such that damage to the material and seams does not occur.

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 bodywear 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, with or without pocket, is still one of the popular items, thanks to its multifunctionality.

Varieties in necks are besides the high round neck among others V-neck, (low round) boot 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).

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 on your care label only 60º C for washing of white and 40º C for washing of colours, in order to avoid claim discussions.

Brand names

Manufacturer's brands from the sector jeans: Levi's, Diesel; bodyfashion: Schiesser, Hanes; outerwear: (not exhaustive) Mexx, Benneton, Esprit; sportswear: Nike, Adidas; designers : Calvin Klein, DKNY; private labels: Hennes & Mauritz, C&A, Marks & Spencer, Zara.

continued

continue t-shirts

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 has to be affixed according to the international symbols. Maximum washing temperature in ºC, 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. Stretch ability can be increased strongly by the usage of 5-8% Lycra. The quality of materials depends on: weight of fabric (125-130 gr/m^2 is a reasonable quality); carded or combed; tube or seamed.

Applications
T-shirts can be used for many purposes. Functions vary 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.

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.

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.

Packing
T-shirts are normally purchased container-wise and are packed in boxes depending on the buyer's wishes of 150 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-m^2, single knit, tube/combed and rib Lycra neckline is approx. € 2-3.

continue t-shirts

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 cm^2 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.

Product profile: WOMEN'S BRA'S

Naming
Bras (short for brassieres) are defined as a close-fitting support for the breasts. Bras consist of two cups and in most cases are held in place with straps over the shoulders and elastic across the back.
The major criteria for bras style are the following aspects:
fronts, which goes from full breast cover to demi or partial cover, and to plunge with a deep front opening;
underwire, with a curved wire under the breasts for added support and to keep the breasts in place;
support, which goes from light control to firmer control. Sport bras and maternity bras are examples of firm control;
padded, additional fibrefill or other materials or techniques (water/gel/air/foam) added to the cups give more fullness to the wearer;
seamed or seamless, respectively with seams running through the cup (gives more support) and cups that have been molded into a permanent shape and fit (gives a smooth and almost transparent look under clothing).

Market requirements
Just like for other bodywear articles, there are no general (EU) standards for bras. 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.

Styling requirements
The various styles at the moment are (not exhaustive): underwired bra, push-up bra, décolleté bra, balconette or shelf bra (other words for demi cup bra), racer backs (with straps meeting in a V-shape on the back between the shoulder blades), strapless etc.
Lace and embroidery are used to give a more luxurious character to the bra. Additional straps gives the possibility to change the bra in several styles like strass, stans, crossed, halter and crossed over besides strapless, while

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

Main suppliers in order of importance
The 12 leading countries supplying EU imports (in terms of volume) were in 2001: China, Indonesia, Tunisia, Hong Kong, Turkey, Austria, Thailand, Bulgaria, Morocco, France, Romania and The Netherlands.
The Netherlands plays an important role because of its transit-trade function. More detailed information can be found in chapter 5 of this survey.

continued

continue bras

transparent straps can give a strapless effect.

Sizes
A number and a character indicate sizes of brassieres. The number indicates the girth of the bra and the character the cup depth. The under breast size and breast size also have to be given.
Characters varies from AA until H, of which A until E are most common.
The numbers vary per country and are mentioned in chapter 9.1.3 of this survey.

Materials
Besides 100 percent cotton we see a variety of blends in several weaves (sateen, velours etc.) or crocheted (lace). For instance: cotton/elastane 95/5, cotton/polyamide/ elastane 83/10/7 or polyamide/elastane 88/12, 90/10, 92/8, 95/5 etc. Lace bras can be made of polyester/ polyamide/elastane 60/34/6 or polyamide, elastane/ rayon/cotton in several compositions between the margins 66-80/ 10-12/ 9-18 and 2-4.

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 60º C for washing of white and 40º C for washing of colours, in order to avoid claim discussions.

Applications
General applications of the bra are: support, correction and styling aspects like colour and material.
Specific bra types are chosen for special occasions, like sports bra, maternity bra, nursing bra etc.

Market structure
Competition is strong, many manufacturers of underwear and sportswear and to a much lesser degree general clothing brands have bras in their assortment. 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
Well-known manufacturer's brands are: Playtex, Triumph, Schiesser, Dim, Chantelle, Barbara, Warner's, (not exhaustive)
Lovable, Pastunette, Marie Jo etc.
Private labels are among others: Etam, Hennes & Mauritz, C&A, Marks & Spencer, Hema, Zara, Hunkemöller.

Packing
Bras with a brief in a set are packed in a recyclable or biodegradable plastic bag; 50 sets or bags are packed in a carton box. In case of a lower value per set (for instance less than € 4.50) 2x50 sets are put in a box.
Bras (not part of a set) are often collected in a bundle of six by an elastic band and packed in a plastic bag.
Higher priced (brands) products are often put on a brace or individually packed whether or not in a set.
The way of packing can vary strongly and depends on buyer's wishes.

Prices
An acceptable CIF price for a basic underwired bra is approx. € 2.75.

continued

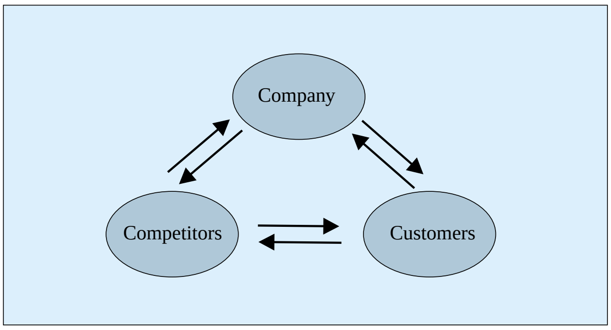
continue bras

Environmental influences
These influences are strongly increasing due to the awareness of buyers, end consumers, company regulations and domestic legislation.
Make sure, when your products are supplied to your importer, that they are accompanied by an “AZO safe” declaration. This means that the dyes used for the fabrics have been tested by an accredited test institute and that no hazardous substances were found in the dyes.
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 cm^2 per week.
CBI’s AccessGuide can provide detailed information.

How to improve quality
The requirements for bras are minimum requirements. Advice for stitching: avoid puckering, avoid blunt needles, apply the correct thread tension on the operating machines and avoid leakage of machinery. Advice for cutting: avoid delay and quality decrease in production, make sure patterns are perfect.
Bra cups and stiffeners must be smooth-edged, and must be securely attached in the correct position. Embroideries, lace and fancy stitchings must be compatible with the shell material and must be securely attached.

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 strengths 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 bodywear 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 analyses 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 strengths 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, molding, finishing 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 demand 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. The production process consists of several operations, for instance for a bra: cutting (15-25 percent of work), laminating (5-15 percent), molding (15-25 percent) and sewing (40-60 percent). Sewing requires the most labour time, while molding requires little skill.
Buying of fabrics abroad by producers, who are exporting on other than a CMT basis, can sometimes be confronted 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. Design, fabric and colour changes are being made frequently. The majority of orders placed 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. Bodywear 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 (they have 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 upmost 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 (theoretically) 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 the 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. Automatisation 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 automatisation 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 which have 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 succesful 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, bras, briefs etc. However, one of the results of the GATT Uraguay Round Agreement was the Trade Related Aspects of Intellectual Property Rights. The objectives of 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 by 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 in advance 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 3.4), 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 3.5 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. 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 generated by 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 trade partners of European companies 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.

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.

	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

12 DECISION MAKING

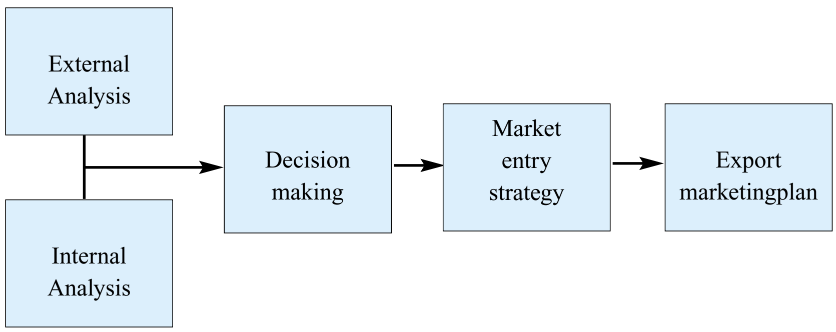
By means of conducting the external and internal analysis (Chapters10 and 11), the company is now able to come to a decision on whether or not to export.

- 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 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 bodywear 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 which require the 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 are 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 are in the producer's country:

- 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 3.3)
- own country's public and private trade promotion bodies
- own country's diplomatic and consulate representatives
- Chambers of Commerce
- trade fair organisers, through printed catalogues or websites (see appendix 3.4)
- trade directories, like http://www.kompass.com or http://www.europages.com (see appendix 3.6);

- consulting trade press (see appendix 3.5).

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 insurance component is handled by the importer in the EU, primarily to facilitate payment in the event of a claim.

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). The scheme below gives a rather extended overview, which is however 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).

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

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

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 database contains: basic data on the customer (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 possiblities for advertising is rather limited. Only one or two magazines can be mentioned for each major EU country, like Textil Wirttschaft 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 unrepeated advertisements is limited. A list of trade magazines is given in appendix 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 bodywear sector. A list of trade fairs is given in appendix 3.4 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 BODYWEAR BY HARMONIZED SYSTEM CODE

Notes:
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
61.07		**Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted:**
	-	Underpants and briefs:
11.000	—	Of cotton
12.000	—	Of man-made fibres
19.000	—	Of other textile materials
	-	Nightshirts and pyjamas:
21.000	—	Of cotton
22.000	—	Of man-made fibres
29.000	—	Of other textile materials
	-	Bathrobes, dressing gowns etc.:
91.100	—	Of terry towelling cotton
91.900	—	Of other cotton
92.000	—	Of man-made fibres
99.000	—	Of other textile materials
61.08		**Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes, dressing gowns and similar articles, knitted or crocheted:**
	-	Slips and petticoats:
11.000	—	Of man-made fibres
19.000	—	Of other textile materials
	-	Briefs and panties:
21.000	—	Of cotton
22.000	—	Of man-made fibres
29.000	—	Of other textile materials
	-	Nightdresses and pyjamas:
31.100	—	nightdresses of cotton
31.900	—	pyjamas of cotton
32.110	—	nightdresses of man-made fibres
32.190	—	pyjamas of man-made fibres
32.900	—	nightdresses and pyjamas of artificial fibres
39.000	—	nightdresses and pyjamas of other textile materials
	-	Bathrobes, dressing gowns etc.:
91.000	—	Of cotton
92.000	—	Of man-made fibres
99.100	—	Of wool or fine animal hair
99.900	—	Of other textile materials
61.09		**T-shirts, singlets and other vests, knitted or crocheted:**
10.000	-	Of cotton
	-	Of other textile materials
90.100	—	Of wool or fine animal hair
90.300	—	Of man-made fibres
90.900	—	Other
61.12		**Men's or boys' swimwear**
	-	Of synthetic fibres
31.100	—	Containing by weight 5% or more of rubber thread
31.900	—	Other

	-	Of other textile materials
39.100	—	Containing by weight 5% or more of rubber thread
39.900	—	Other
		Women's or girls' swimwear:
	-	Of synthetic fibres
41.100	—	Containing by weight 5% or more of rubber thread
41.900	—	Other
	-	Of other textile materials
49.100	—	Containing by weight 5% or more of rubber thread
49.900	—	Other
61.15		**Pantyhose, tights, stockings, socks and other hosiery, incl. stockings for varicose veins and footwear, without applied soles, knitted or crocheted**
	-	Pantyhose and tights:
11.000	—	Of synthetic fibres, measuring per single yarn < 67 decitex
12.000	—	Of synthetic fibres, measuring per single yarn >= 67 decitex
19.000	—	Of other textile materials:
	-	Women's full-length or knee-length hosiery, measuring per single yarn < 67 decitex:
	—	Of synthetic fibres:
20.110	—-	Knee-length stockings
20.190	—-	Full-length stockings
20.900	—	Of other materials
	-	Other full-length or knee-length stockings, socks and other hosiery excl. pantyhose, tights and hosiery < 67 dectitex
91.000	—	Of wool or fine animal hair
92.000	—	Of cotton
	—	Of synthetic fibres:
93.100	—-	Stockings for varicose veins
93.300	—-	Knee-length stockings (other than stockings for varicose veins)
93.910	—-	Other women's stockings
93.990	—-	Other full length stockings, socks and other hosiery
99.000	—	Of other textile materials
62.07		**Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles:**
	-	Underpants and briefs:
11.000	—	Of cotton
19.000	—	Of other textile materials
	-	Nightshirts and pyjamas:
21.000	—	Of cotton
22.000	—	Of man-made fibres
29.000	—	Of other textile materials
	-	Bathrobes, dressing gowns etc.:
91.100	—	Of terry towelling cotton
91.900	—	Of other cotton
92.000	—	Of man-made fibres
99.000	—	Of other textile materials
62.08		**Women's or girls' singlets and other vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes, dressing gowns and similar articles:**
	-	Slips and petticoats:
11.000	—	Of man-made fibres
	—	Of other textile materials
19.100	—	Of cotton
19.900	—	Of other
	-	Nightdresses and pyjamas:
21.000	—	Of cotton
22.000	—	Of man-made fibres

29.000	—	Of other textile materials
	-	Negligées, bathrobes, dressing gowns and similar articles:
91.100	—	Of terry towelling cotton
91.900	—	Of other cotton
91.900	-	Vests, briefs, panties and similar articles of cotton
	—	Of man-made fibres
92.100	-	Negligées, bathrobes, dressing gowns and similar articles
92.900	-	Vests, briefs, panties and similar articles
99.000	—	Of other textile materials

62.11		**Swimwear:**
11.000	—	Men's or boys'
12.000	—	Women's or girls'

62.12		**Brassières, girdles, corsets, braces, suspenders, garters, and similar articles and parts thereof, whether or not knitted or crocheted**
10.100	-	Brassières in a set made up for retail-sale containing a brassière and a brief
10.900	-	Brassières
20.000	-	Girdles and panty-girdles
30.000	-	Corselettes
90.000	-	Other

APPENDIX 2 SPECIFICATION OF IMPORTS AND EXPORTS OF BODYWEAR BY PRODUCT TYPE AND AREA OF ORIGIN INTO THE EU, 1999-2001

Table 2.1 Imports of bodywear into the EU (15) in volume and value, 1999-2001

	1999		2000		2001	
	Volume mln units	**Value mln €**	**Volume mln units**	**Value mln €**	**Volume mln units**	**Value mln €**
KNITTED BODYWEAR						
For men & boys						
Underpants and briefs	566	720	609	819	596	827
Nightshirts and pyjamas	53	249	59	279	55	265
Bathrobes etc.	6	44	7	45	6	44
Swimwear	31	91	41	113	38	106
For women & girls						
Slips and petticoats	9	33	22	42	24	46
Briefs and panties	1,007	1,263	1,140	1,494	1,176	1,508
Nightdresses and pyjamas	149	659	171	751	161	697
Bathrobes etc.	31	184	42	208	48	212
Swimwear	74	446	92	542	96	560
Pantyhose and tights	851	696	845	663	823	634
For both sexes						
T-shirts	1,828	5,674	2,022	6,911	2,205	7,153
Hosiery (excl. pantyhose etc)	2,022	1,485	2,116	1,613	2,037	1,597
Total knitted bodywear	**6,627**	**11,544**	**7,166**	**13,480**	**7,265**	**13,649**
of which from:						
Outside the EU	4,171	6,435	4,630	7,961	4,714	8,264
Developing countries	3,126	4,775	3,444	6,084	3,499	6,453
WOVEN BODYWEAR						
For men & boys						
Underpants and briefs	42	91	50	112	56	119
Nightshirts and pyjamas	19	113	20	118	18	105
Bathrobes etc.	6	84	7	96	6	88
Swimwear	16	54	23	81	24	83
For women & girls						
Slips and petticoats	6	32	8	37	8	33
Nightdresses and pyjamas	56	304	61	347	54	312
Bathrobes etc.	9	298	9	318	9	286
Brassières	448	1,540	446	1,895	469	1,922
(Panty-) Girdles	33	97	34	102	32	88
Corselettes	9	83	9	77	9	68
Corsets, suspenders etc.*)	2,469	89	2,604	117	2,830	126
Swimwear	47	59	24	69	21	79
Total woven bodywear	**691**	**2,844**	**691**	**3,369**	**706**	**3,309**
of which from:						
Outside the EU	441	1,718	520	2,146	551	2,194
Developing countries	348	1,325	402	1,651	420	1,696
Total bodywear	**7,318**	**14,388**	**7,857**	**16,849**	**7,971**	**16,958**
of which from:						
Outside the EU	4,612	8,153	5,149	10,107	5,265	10,458
Developing countries	3,474	6,100	3,846	7,735	3,919	8,149

*) volume in tons (not included in total)
Source: Eurostat

Table 2.2 EU (15) imports of bodywear by country, 1999-2001

	1999		2000		2001	
	Volume mln units	Value mln €	Volume mln units	Value mln €	Volume mln units	Value mln €
Germany	2,103	3,871	2,188	4,472	2,061	4,180
United Kingdom	1,121	2,332	1,261	2,782	1,136	2,960
France	1,198	2,342	1,321	2,674	1,320	2,773
Italy	403	903	560	1,157	615	1,260
Netherlands	603	1,052	548	1,231	634	1,185
Belgium	435	928	483	1,073	450	1,000
Spain	332	560	315	777	353	861
Austria	283	683	320	708	330	776
Denmark	219	442	223	494	230	501
Sweden	240	418	269	517	246	477
Ireland	76	238	80	304	84	308
Portugal	113	198	97	210	223	219
Greece	103	202	103	206	195	209
Finland	79	172	78	190	83	195
Luxembourg	10	47	11	54	11	54
EU (15)	**7,318**	**14,388**	**7,857**	**16,849**	**7,971**	**16,958**

Source: Eurostat

Table 2.3 EU (15) exports of bodywear in volume and value, 1999-2001

	1999		2000		2001	
	Volume mln units	Value mln €	Volume mln units	Value mln €	Volume mln units	Value mln €
KNITTED BODYWEAR						
For men & boys						
Underpants and briefs		363	197	358	205	370
Nightshirts and pyjamas	16	106	15	100	15	99
Bathrobes etc.	7	29	5	24	3	19
Swimwear	13	67	17	79	15	82
Total	**236**	**565**	**234**	**561**	**238**	**570**
Of which outside the EU	88	152	95	158	105	167
For women & girls						
Slips and petticoats	5	27	3	20	3	20
Briefs and panties	500	803	525	830	529	818
Nightdresses and pyjamas	37	246	41	262	39	257
Bathrobes etc.	19	118	19	111	22	117
Swimwear	46	298	40	333	43	360
Pantyhose and tights	835	824	994	856	950	849
Total	**1,442**	**2,316**	**1,622**	**2,412**	**1,586**	**2,421**
Of which outside the EU	661	739	802	863	810	936
For both sexes						
T-shirts	761	3,306	842	3,850	954	3,897
Hosiery (excl. pantyhose etc)	1,351	1,000	1,413	1,046	1,366	1,065
Total	**2,112**	**4,306**	**2,255**	**4,896**	**2,320**	**4,962**
Of which outside the EU	339	693	383	825	432	912

continued

continue

WOVEN BODYWEAR						
For men & boys						
Underpants and briefs	18	42	18	46	20	42
Nightshirts and pyjamas	3	29	5	43	4	32
Bathrobes etc.	3	45	3	52	2	42
Swimwear	6	28	8	41	9	39
Total	**30**	**144**	**34**	**182**	**35**	**155**
Of which outside the EU	9	36	12	57	14	47
For women & girls						
Slips and petticoats	5	23	5	26	5	23
Nightdresses and pyjamas	14	105	15	114	12	94
Bathrobes etc.	2	149	2	170	3	152
Brassières	191	1,009	214	1,117	276	1,111
(Panty-) Girdles	18	64	13	55	11	49
Corselettes	5	66	5	58	5	56
Corsets, suspenders etc.*)	2,668	150	3,460	182	5,252	259
Swimwear	8	48	10	59	11	64
Total	**243**	**1,614**	**264**	**1,781**	**323**	**1,808**
Of which outside the EU	101	534	117	642	107	721
Total bodywear	**4,063**	**8,945**	**4,409**	**9,832**	**4,361**	**9,916**
Of which outside the EU	1,198	2,154	1,409	2,545	1,468	2,783

*) volume in tons (not included in total)
Source: Eurostat 2002

Table 2.4 EU (15) exports of bodywear by country, 1999-2001

	1999		**2000**		**2001**	
	Volume mln units	**Value mln €**	**Volume mln units**	**Value mln €**	**Volume mln units**	**Value mln €**
Italy	1,355	1,861	1,553	2,096	1,583	2,240
Germany	448	1,112	489	1,311	487	1,290
France	313	1,169	309	1,222	302	1,263
Portugal	614	859	618	960	532	916
Belgium	231	720	254	831	250	851
United Kingdom	174	679	174	711	168	691
Austria	185	584	249	613	242	638
Netherlands	218	569	213	546	229	564
Greece	182	519	176	510	173	441
Spain	122	310	159	404	172	422
Denmark	100	305	116	365	117	345
Sweden	39	129	46	153	47	147
Ireland	72	95	42	71	48	64
Finland	7	25	7	27	8	29
Luxembourg	3	9	4	12	3	15
EU (15)	**4,063**	**8,945**	**4,409**	**9,832**	**4,361**	**9,916**

Source: Eurostat 2002

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 gaining information about prices at retail or consumer level, but also about fashion, colours and qualities.
- browsing through the catalogues of brand-stores or bodywear speciality chains, like:
  Schiesser:
  http://www.waescheshopping.de/europe/schiesser.html
  Hunkemöller: http://www.hunkemuller.nl
- browsing through the catalogues of mail-order houses on Internet.
  For instance sites in The Netherlands, like
  Neckermann Nederland: http://www.neckerman.nl
  Wehkamp: http://www.wehkamp.nl
  or similar sites in Germany like
  Neckermann: http://www.neckermann.de
  Quelle: http://www.quelle.de
  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
  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 from large department stores or from 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

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

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:

Salon International de la Lingerie Paris (International Exhibition of Lingerie and Corsetry)
Segments: Lingerie, foundation, swimwear and hosiery
Frequency: Annual (January/February)
Internet: http://www.lingerie-paris.com
E-mail: info@lingerie-paris.com

Lyon Mode City (International Lingerie and Bathing Fashion Trade Fair)
Segments: Lingerie, foundation, hosiery, home- and nightwear, swim- and beachwear including yarns and fabrics
Frequency: Annual (September)
Internet: http://www.lyonmodecity.com

GERMANY:

CPD Body & Beach (International Fair for Lingerie, Home wear and Beachwear)
Segments: Lingerie, foundation, night- and home wear, swimwear and hosiery
Frequency: Twice a year, together with CPD (February and August)
Internet: http://www.igedo.com
E-mail: igedo-company@igedo.com

ISPO (International trade fair for sports equipment and active sportswear)
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

ITALY:

Intimare (International Exhibition of Underwear, Lingerie and Swimwear)
Segments: Underwear, corsetry, lingerie, hosiery, nightwear and swim- and beachwear
Frequency: Twice a year (February and September)
Internet: http://www.bolognafiera.it

THE NETHERLANDS:

Bodyfashion Trade Fair
Segments: Lingerie, foundations, swimwear and hosiery
Frequency: Twice a year (February and August
Internet: http://www.bodyfahiontradefair.nl

SPAIN:

Intimoda (International Dessous and Underwear Exhibition)
Segments: Underwear and home wear for men and women
Frequency: Annual (January)
Internet: http://www.moda-barcelona.com

Intima Moda-Bano (Swimwear, corestry, lingerie and Hosiery fair)
Segments: Swimwear, lingerie, hosiery, nightwear and beachwear
Frequency: Annual (September)
Organisation: IFEMA, Casilla 67067, 28080 Madrid, Spain
Phone: +34 (0) 91 722 5000
Fax: +34 91 722 5801
E-Mail: infoifema@ifema.es

3.5 Trade press

International fashion magazines for bodywear

Linea Intima Italia
Publisher: Pisani Editori, Via Guintellino 26, 20143 Milano, Italy
Phone: +39 (0) 2 8915 9373
Fax: +39 (0) 2 8915 9349
E-mail: p.e@galactica.it
Frequency: 6 issues per year
Content: Intimate apparel, beachwear, hosiery and textile
Language: Italian and English
Other publications of the same editor are: Linea Intima France and Linea Intima Asia

Intima Piu Mare
Publisher: Zanfi Editori S.r.l.
Address: P.O. Box 70, 41100 Modena CPO, Italy
Phone: +39 (0) 59 891700
Fax: +39 (0) 59 891701
E-mail: distribution.zanfieditori@interbusiness.it
Frequency: 9 times a year
Content: Underwear and swimwear
Language: Italian

Die Linie
Publisher: Rudolf Heber Verlag GmbH,
Stadtwaldgurtel 46, D-50931 Koln, Germany
Phone: +49 (0) 2 212 033 166
Fax: +49 (0) 2 219 405 3316
Frequency: 4 issues per year
Content: Bodywear
Language: German with summaries in English and French

Bodywear Directions
Frequency: 10 issues a year
Language: English
E-mail: itbd@itbd.co.uk
Internet: http://www.itbd.co.uk
Content: Information about fashion developments, fabrics, trade fairs etc. in bodywear.

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

Sportswear International
Publisher: Deutscher Fachverlag GmbH,
Mainzer Landstrasse 251, D-60326
Frankfurt am Main,Germany
Phone: +49 (0) 69 7595 1987
Fax: +49 (0) 69 7595 12200
Frequency: 6 times a year
Language: English
Content: International fashion trends in jeanswear, leisurewear, accessories etc.

International magazines giving information about production and trade on 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 textiles 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.

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

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
Information concerning environmental aspects is provided by business support organisations like CBI, GTZ, Norimpod and Sida (for addresses see CBI's website)

AccessGuide, CBI's database on European 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

International Chamber of Commerce, information about contracts and 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, as applied in this market survey, may include countries that are usually not considered as developing countries (e.g. South Korea).

Afghanistan
Albania
Algeria
Angola
Anguilla
Antigua and Barbuda
Argentina
Armenia
Aruba
Azerbaijan
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Bosnia & Herzegovina
Botswana
Brazi
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African rep.
Chad
Chile
China
Colombia
Comoros
Congo
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Djibouti
Dominica
Dominican republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Ethiopia
Fiji
French Polynesia
Gabon
Gambia
Georgia
Ghana
Gibraltar
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Jamaica
Jordan
Kazakhstan
Kenya
Kiribati
Korea, Rep. of
Korea, South
Kyrgyz Rep.
Laos
Lebanon
Lesotho
Liberia
Libya
Macao
Macedonia
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Marshall Islands
Mauritania
Mauritius
Mayotte
Mexico
Micronesia, Fed. States
Moldova
Mongolia
Montserrat
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Netherlands Antilles
New Caledonia
Nicaragua
Niger
Nigeria
Niue
Northern Marianas
Oman
Pakistan
Palau Islands
Palestinian Admin. Areas
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Rwanda
São Tomé & Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Slovenia
Solomon Islands
Somalia
South Africa
Sri Lanka
St. Helena
St. Kitts-Nevis
St. Lucia
St. Vincent and Grenadines
Sudan
Surinam
Swaziland
Syria
Tajikistan
Tanzania
Thailand
Timor
Togo
Tokelau
Tonga
Trinidad & Tobago
Tunisia
Turkey
Turkmenistan
Turks & Caicos Islands
Tuvalu
Uganda
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Virgin Islands (UK)
Wallis & Futuna
Western Samoa
Yemen
Yugoslavia, Fed. Rep.
Zaire
Zambia
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 & Principe
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

Here are useful websites besides those 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 >, an 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 for 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

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
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

CBI: YOUR EUROPEAN PARTNER FOR THE EUROPEAN MARKET

The CBI (Centre for the Promotion of Imports from developing countries) is an agency of the Dutch Ministry of Foreign Affairs. The CBI was established in 1971. The CBI's mission is to contribute to the economic development of developing countries by strengthening the competitiveness of companies from these countries on the EU market. The CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities.

CBI offers various programmes and services to its target groups:

Market information
A wide variety of tools to keep exporters and Business Support Organisations (BSOs) in developing countries in step with the very latest development on the EU market.
These include market surveys and strategic marketing guides for more than 40 product groups, manuals on export planning and other topics, fashion and interior forecasts and the CBI News Bulletin, a bi-monthly magazine. This information can also be obtained from our website at www.cbi.nl For all information on non-tariff trade barriers in the EU CBI has a special database, AccessGuide, at www.cbi.nl/accessguide
And finally CBI's Business Centre is offering free office facilities, including telephones, computers, internet and copiers for eligible exporters and BSOs. Market reports, international trade magazines, cd-roms and much more can be consulted in the information section of the business centre.

Company matching
The company matching programme links well-versed suppliers in developing countries to reliable importing companies in the EU and vice versa. The online matching database contains profiles of hundreds of CBI-audited and assisted exporters in developing countries that are ready to enter into various forms of business relationships with companies in the EU, as well as many EU companies interested in importing or other forms of partnerships such as subcontracting or private labelling.

Export development programmes (EDPs)
EDPs are designed to assist entrepreneurs in developing countries in entering and succeeding on the EU market and/or in consolidating or expanding their existing market share. Selected participants receive individual support over a number of years by means of on site consultancy, training schemes, trade fair participation, business-to-business activities and general export market entry support. Key elements usually include technical assistance in fields such as product adaptation, improving production, implementing regulations and standards and export marketing and management assistance.

Training programmes
Training programmes for exporters and BSOs on, among others, general export marketing and management; trade promotion; management of international trade fair participations and developing client-oriented market information systems. The duration of the training programmes vary between two days and two weeks and are organized in Rotterdam or on location in developing countries.

BSO development programme
Institutional support for capacity building for selected business support organisations.
The programme is tailored to the specific needs of participating BSOs and can include train-the-trainer assistance, market information systems support and staff training. CBI's role is advisory and facilitative.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
Centrum tot Bevordering van de Import uit de ontwikkelingslanden

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Fax +31 (0) 10 411 40 81
E-mail cbi@cbi.nl
Internet www.cbi.nl

Office:
WTC-Beursbuilding, 5th Floor
37 Beursplein, Rotterdam, The Netherlands.

Mailing address: P.O. Box 30009, 3001 DA Rotterdam, The Netherlands
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