

CBI MARKET SURVEY

THE OUTERWEAR MARKET IN MALTA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the outerwear market in Malta. The information is complementary to the information provided in the CBI market survey 'The outerwear market in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.nl/marketinfo>

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

- The size of population in Malta limited the size of the outwear market. This market grew almost 10% in the period 2002-2005 and can be estimated at around € 156 million and covered almost 90% of the total clothing market. Herewith, Malta is the smallest clothing market in the EU. A specification of the figures mentioned is not available.
- The population size in Malta grew steadily from 370 million in 1995 to 380 in 2000 and to 403 in 2005. Like other EU countries Malta has an ageing population.

Production

- In the first half of 2005, total sales by clothing manufacturers decreased by 31.6%. In line with these sales trends, investment in the clothing industry dropped by 69% in the first half of 2005.

Trends

- Maltese life and culture have been influenced to varying degrees by Arabs, Italians, and the British. Most of the foreign community in Malta consists predominantly of active or retired British nationals and their dependents.
- Influences on fashion are more or less the same as in United Kingdom and Italy since the entrance of foreign multiples from these countries.

Opportunities and threats

- The modest growing expenditure on clothing combined with decreasing domestic production make Malta an attractive export destination; however, the size of the market limits the possibilities.

Useful sources

- Euratex Bulletins (<http://www.euratex.org>); Textiles Outlook International published by Retail Intelligence (<http://www.retailintelligence.ie>).

2. Trade: imports and exports**Imports**

- In 2004, Malta imported 3,000 tonnes outerwear valued € 73 million, consisting of € 40 million of woven outerwear, € 33 million of knitted outerwear, and € 0.2 million leather garments. Total imports showed a growth of 28% compared to 2002.
- Imports of knitted outwear consisted of jerseys, pullovers etc. (33%); T-shirts (24%); blouses and shirts (10%); trousers, shorts etc. (9%); sportswear (6%).

- Imports of woven outerwear consisted of trousers, shorts etc. (42%); blouses and shirts (10%); indoor jackets (9%); suits and ensembles (8%) coats and outdoor jackets (5%).
- Italy remained the leading outerwear supplier to Malta in 2004 with an import share of 28% in terms of value, followed by United Kingdom (an import share of 16%). Imports from other major countries varied strongly: Spain (grew 5%) and China (fell 27%). Growing imports came also from Tunisia, France, Germany and The Netherlands, while imports decreased from Turkey, Portugal, Hong Kong, Thailand and Romania.
- Total imports from developing countries decreased in terms of value (- 12%) in the period 2003-2004, mainly caused by strongly reduced imports from China and Turkey and despite strongly increased imports from Tunisia.
- In the first half of 2005, imports of knitted clothing into Malta increased by 8.3%, whereas imports of woven clothing rose by 10.6%.

Exports

- In 2004, Malta exported € 106 million, consisting of € 99 million of woven outerwear and € 7 million of knitted outerwear.
- Total outerwear exports fell by 36% during the period 2002-2004.
- Destinations were mainly (96% in value) other EU countries, like United Kingdom (35% of total exports), France, Belgium, Germany, Italy and Sweden. Leading destination outside the EU was the USA (2% of total exports).
- Exports of knitted clothing by Malta soared by 42%, but exports of woven clothing decreased by 21% in the first half of 2005.

Opportunities and threats

- Outerwear imports into Malta from developing countries decreased slightly and accounted for 27% in 2004, which is lower than the EU average of 46%. It can be assumed that an important share of exports by the UK includes re-exports.
- Import shares from developing countries were higher than average for product groups like jerseys, pullovers etc. (33%), knitted track suits (52%) and woven indoor jackets for men (83%) while imports of other product groups were lower such as T-shirts (22%) and woven dresses (15%).
- Import prices fell strongly during the period under review. The decrease in average import prices will put further pressure on Maltese producers.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>
- Euratex Bulletins (<http://www.euratex.org>)

3. Trade structure

- Wholesalers and importing manufacturers are potential trade channels for exporters in developing countries.
- The distribution structure in Malta has been controlled by small independent retailers but is rapidly changing towards a more concentrated retailing structure.
- Competition from abroad came from Marks & Spencer (UK; 3 variety stores); Arcadia Group (UK; 6 formula with totally 10 stores, of which Miss Selfridge 3 stores was the most important); Terranova (Italy; 5 stores)
- There is no association of clothing wholesalers or wholesalers in general in Malta. For that reason the usual trade directories (as mentioned in CBI's 'The outerwear market in the EU') should be used.

4. Prices

- Analysis of clothing prices in 2004 relative to 2000:
Consumer prices - 14.3%

Import prices - 17.6%

- The drop in import prices in Malta caused a drop in consumer prices and a corresponding strong growth in retail sales.
- VAT tariffs for clothing on Malta are 18%.
- An impression of average prices can be formed by browsing the catalogues of multiples and variety stores, which are active in Malta.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- Mandatory labelling requirements in Malta are valid for composition of textiles. Other labelling aspects like origin marking, size marking and care-labelling/washing instructions (<http://www.ginetex.org>) are optional. Labelling has to be formulated in the Maltese or English or Italian language.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>.

6. Business practices

- There is no clothing trade association in Malta, neither is there a fashion trade fair organized.

This survey was compiled for CBI by Fashion Research & Trends.

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