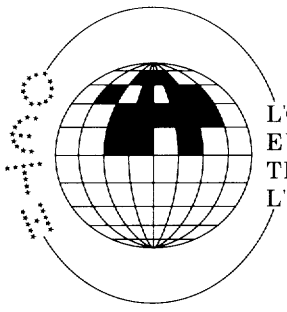
THE EU TEXTILE AND CLOTHING INDUSTRY 1992/1993



THE EU TEXTILE AND CLOTHING INDUSTRY 1992/1993

- A Factual Report -

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of the European Commission

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INTRODUCTION

The purpose of this report is to present a factual analysis of the situation in the EU textile and clothing industry in 1993, together with recent trends.

In the analysis below, the emphasis has been on changes in 1993, where this information has been available. Comparisons have been made also with the situation in 1985 and 1988. Information for individual member states is given, where appropriate.

An analysis of the textile and clothing industries in Austria, Finland, Norway and Sweden features as a special topic.

The OETH would like to thank the many organisations and individuals who have contributed material and comments for this report.

1. SUMMARY

1.1. The recession in the EU in 1993 contrasted with an improving performance in the rest of the world economy, in its totality. EU output declined by a quarter of a percentage point in real terms - only the second time in the EU's history that a real decline in GDP has occurred. The divergence in GDP performance between the EU and the rest of the world was reflected in the trade figures. The combined imports of the rest of the world increased by more than 8% in real terms in 1993, while EU imports from the rest of the world fell by 3%.

The falling GDP in the leading EU countries in 1993, coupled with the fall in domestic demand, had obvious negative implications for demand for textiles and clothing. On the other hand, the comparative strength of export markets was able to give some stimulus to exports of all kinds, including those of textiles and clothing.

1.2. The textile and clothing industry occupies a key position in the EU's industrial base, with a turnover of ECU 160 billion and a workforce of 2.47 million in 1993.

In the 1990s, the industry has been hard hit by the general economic recession, falling production and lower consumption. Certain regions heavily dependent on the industry have been especially affected. These difficulties have forced the industry to shut down production capacity and to switch clothing production progressively to non-EU countries.

Particularly heavy job losses have ensued (nearly 600,000 in five years - excluding losses of 270,000 in the Eastern Lander of Germany - or 30% of all job losses in manufacturing industry), on account of falling production, increased imports and a rise in labour productivity more than twice as great as in manufacturing generally. This has resulted from restructuring and modernisation, especially in textiles.

1.3. The EU spending rate on clothing and footwear fell in 1993 to 7.3% of total spending on commodities, reflecting the downward trend in clothing and footwear as a percentage of total spending. But the EU is still the largest market for clothing, spending in total on clothing some US$ 316 billion (ECU 243 billion), followed by the USA (US$ 238 billion or ECU 183 billion) and Japan (US$ 120 billion or ECU 92 billion).

Apparent consumption of woven clothing in the EU decreased by nearly 5% in current prices in 1993, corresponding to a decrease of nearly 8%, when account is taken of increased consumer prices. Apparent consumption of the EU knitting

industry followed a similar pattern, with a decrease of 2% in current prices, corresponding to a decrease of nearly 5% in constant prices.

Apparent consumption of other final uses of textiles has shown a rise in the case of carpets, but a decline in household textiles. The industry has suffered from the contraction of certain industrial users, such as the car and building industries.

For the EU as a whole, the volume of retail sales of clothing, footwear and leather goods slightly increased in 1993, following a fall in 1992.

1.4. 1993 was a very depressed year for textile and clothing production in the EU, even worse than 1992. The volume of textile production (including knitting) fell by 6.6% on the previous year. Knitting industry production itself fell by 4.2% and production of man-made fibres decreased by 7%. Production of clothing (woven) fell again in 1993 by as much as 8% on the previous year.

The impact of the recession on textile and clothing production was greater than on manufacturing production as a whole, which fell by 4% in 1993, following a steady decline since 1990.

1.5. Employment in both the EU textile and clothing industries fell further in 1993, following falls in previous years. The fall is estimated to have been some 6% for both textiles and clothing, which represented a loss of 165,000 jobs (not taking into account job losses in the Eastern Lander of Germany). This was nearly the same fall as in 1992, and double the trend rate of fall in the 1980s.

1.6. Investment in the EU's textile and clothing industries has shown a steep fall in recent years. In 1992, investment in the textile industry was at its lowest since 1988. In the clothing industry there has also been a large fall recently in investment, since this sector has been under extreme pressure from imports and from the internationalisation of production.

Investment activities in the textile and clothing sectors in PECOs is taking similar forms to investment in these sectors in the West. Among textile and clothing items which have been prominent in EU-PECOs deals have been knitwear, hosiery, jeans and car upholstery. Recent developments in the Baltic States and the other Republics of the former Soviet Union have also attracted foreign investment and collaboration from Western companies, although to a lesser extent than in Central and Eastern Europe.

1.7. EU exports of MFA textiles (excluding knitwear) rose by 9% in tonnage terms in 1993 - much more than EU exports of all commodities: increased exports for OPT purposes helped to explain this change. In value terms, textile exports rose by 3% only, implying a fall in the average price per tonne. Exports of clothing fell slightly in both tonnage and value terms in 1993.

Imports of MFA textiles into the EU rose by over 3% in tonnage terms, but fell by nearly 2% in value in 1993. EU imports of MFA clothing showed a strong rise of nearly 10% in tonnage terms, with a similar rise in value terms.

The balance of MFA trade in textiles and clothing together improved slightly, in tonnage terms, as a result of these movements in exports and imports - from an export/import ratio of 53% in 1992 to 53.7% in 1993. In contrast, the total balance of trade deficit in textiles and clothing in value terms rose to well over ECU 14 billion, as compared with just over ECU 8 billion in 1990.

1.8. OPT imports continue to play an important role in the competitive strategy of many EU clothing firms. OPT imports of clothing into the EU more than doubled between 1988 and 1992, in tonnage terms, and rose by another 13% in 1993. They now represent 10% of total clothing imports into the EU.

OPT trade mainly occurs with lower cost countries close to the EU border. Clothing imports from East European countries consist of more than half OPT, and for some countries OPT clothing exports to the EU represent 70% or more of their total clothing exports to the EU. In Mediterranean countries the trend is similar, but there are indications that this is statistically differently recorded.

The outward processing and sourcing strategies of EU clothing firms have been recently analysed, in a study specially commissioned by the OETH, on a qualitative basis for six EU member countries. Industrial strategies adopted by clothing firms have been found to be marked by two trends: decreasing integration of production and an increasing reliance on production in non-EU countries.

1.9. A study on subcontracting in the EU clothing sector, that is in process of being finalised, assessed the structural competitiveness of various segments of the industry and identified the main trends which underlie or threaten it. It also looked into the main problems which manufacturers encounter in the framework of their business, and explored the solutions adopted to assist them.

The clothing subcontracting sector in the EU is estimated to have employed approximately 800,000 workers in 1992 (including illicit workers). Within the next five years, this figure could drop by roughly 150,000, affecting all EU countries.

According to this study, existing measures in favour of subcontracting in

clothing are not likely to restore global competitiveness on a long-term basis. Nevertheless, initiatives towards increased labour flexibility and reduced social charges could have a strong impact on the pace at which subcontracting activities evolve. So could initiatives concerning training (including that of management), communications, information and promotion.

1.10. The international competitiveness of the EU textile and clothing industry is influenced by the effect of exchange rate changes on trade flows with the rest of the world. These flows are mainly valued in US dollars. Exchange rate fluctuations of European currencies against the US dollar thus have an impact on the competitive position of the EU textile and clothing industry. The EU was helped by the strengthened US dollar in 1993.

Another major element affecting the competitiveness of the EU industry is labour costs. The relative importance of labour costs in total textile and clothing manufacturing costs in industrialised countries reflects the enormous differences in labour costs between countries around the world, although high productivity in some high wage countries is an offsetting factor.

The share of social security contributions in total labour costs contributes to the large cost gaps between countries. Reductions in this share in some EU countries would have a positive impact on their competitiveness, but the huge labour cost gaps with the EU's major Asian import partners in textiles and clothing would not be significantly affected.

Productivity, measured in terms of value added per employee, rose by 10% in the EU at constant prices between 1988 and 1993 for manufacturing industry as a whole. In the textile industry, productivity rose by 17% over the same period, while growing even more in the clothing industry (25%).

Differences between total manufacturing costs among countries can be partly accounted for other cost gaps (e.g. energy, interest rates), but labour costs are generally the major source of production cost differences.

1.11. More generally, there are now signs that 1993 saw the bottom of the recession, and that growth in EU GDP is likely to take place in 1994 and the following years. The textile and clothing industries should receive a share in the resulting growth in consumer demand, while increased growth in the rest of the world should benefit EU textile and clothing exports.

To form a clearer picture of the long term prospects for the industry, the OETH is undertaking an extensive forward analysis through the construction of scenarios. The first results will be known in the course of 1994.

2. THE ECONOMIC OUTLOOK

2.1. THE EU ECONOMY*

The period of slow growth, or near stagnation, which had started in 1991, turned into outright recession in 1993. EU output declined by a quarter of a percentage point in real terms - only the second time in the EU's history that a real decline in GDP has occurred. Employment fell by a record amount - a loss of 2.4 million jobs in the course of the year - and unemployment rose to 10.6% of the civilian labour force.

Of the constituents of demand in the EU, private consumption fell slightly, and government consumption rose, while gross fixed capital formation fell by as much as 4.6% in real terms. Domestic demand as a whole fell by 1.3%. However, exports rose and imports fell, each by over 3%, thus leading to only a small fall in overall GDP. In line with the fall in demand, inflation fell from 4.6% in 1992 to 3.8% in 1993.

Most EU countries in 1993 showed a stagnating or falling GDP, with the principal exception of the United Kingdom, which started to emerge from a severe recession. Ireland also showed growth. The most marked declines in 1993 were in West Germany (1.9%) and Belgium (1.3%). Substantial declines in output occurred also in France and Spain. However, the eastern part of Germany again registered a substantial rate of growth (7.1%), thus reducing the rate of fall in German GDP as a whole.

2.2. THE REST OF THE WORLD

The recession in the EU in 1993 contrasted with an improving performance in the rest of the world economy, in its totality. After stagnating in 1991, output in the rest of the world picked up slowly, and expanded in 1993 by 2.2%. This was mainly due to a recovery in the USA in 1992 and 1993, and substantial growth in non-OECD countries, especially south-east Asia and Latin America.

The divergence in GDP performance between the EU and the rest of the world was reflected in the trade figures. The combined imports of the rest of the world increased by more than 8% in real terms in 1993, while EU imports from the rest of the world fell by 3%.

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* For a more complete analysis, see:

- 1994 Annual Economic Report, EC, COM(94) 90, Brussels, 23 March 1994;
- 1994 Annual Economic Report, Part B "Economic Situation and Policy Issues in the Individual Members States".

In the USA the main factors supporting growth were historically low interest rates, a relatively weak US dollar, which led to large increases in exports, and high levels of investment in industry. In Japan, on the other hand, output stagnated for the first time for twenty years. In the EFTA countries there was a third consecutive year of falling output. In the countries of Central and Eastern Europe output generally declined in 1992 and 1993, although the decline was less in 1992 than in 1991, and less in 1993 than in 1992. Poland registered positive growth in 1993.

In spite of these varying growth experiences outside the EU, the Union benefited from the overall growth in GDP of the rest of the world in 1993, and especially from the strong real growth in its combined imports. At the same time, growth in the rest of the world was adversely affected by the fall in EU imports that accompanied the fall in its GDP.

2.3. ECONOMIC TRENDS IN THE EU

The fall in the rate of inflation in the EU in 1993 was accompanied by some moderation, especially towards the end of 1993 and the beginning of 1994, in wage trends. In 1993, nominal wages per employee is estimated to have increased by 4.1% for the Union as a whole - a much lower figure than that recorded in the 1980s.

The recession might have deepened further in 1993 had it not been for the widening of the ERM exchange rate margins in August, which relieved the restrictive effects on domestic policies of tight exchange rate margins. At the same time, the overall stance of macroeconomic policy eased significantly. There are now encouraging signs of some recovery, with the industrial and construction confidence indicators again on a slightly rising trend.

In spite of the recession, monetary policy has remained quite tight, under the influence of inflationary fears in Germany, although there have been some cautious signs of easing. Interest rates have shown some fall in nominal terms, and also in real terms, thus giving some encouragement to investment activity. The tight budgetary policies of several governments in the face of large deficits, however, continue to act as a brake on increased activity.

Some relief for the EU, as regards its competitiveness with the USA (and other countries whose currencies are tied to the US dollar) has been given by the strengthening of the US dollar exchange rate, in relation to EU exchange rates, that began in 1992. There is a strong correlation between a weak dollar, high US exports to the EU, and weak EU exports to the USA. The reverse is true when the dollar strengthens.

2.4. IMPLICATIONS FOR THE TEXTILE AND CLOTHING INDUSTRIES

The recession in the EU in 1993, coupled with the fall in domestic demand, had obvious negative implications for demand for textiles and clothing. On the other hand, the comparative strength of export markets was able to give some stimulus to exports of all kinds, including those of textiles and clothing. At the same time, weak general demand in the EU reduced the demand for imported textiles and clothing. The strengthened US dollar exchange rate in 1993 had negative implications for US exports.

The high level of interest rates that ruled until the last quarter of 1993, and tight fiscal policies in many countries, has held back the resumption of growth in industry generally, but the easing of interest rates towards the end of 1993 should give especial encouragement to investment activity, including that in textiles and clothing.

There are now signs that 1993 saw the bottom of the recession, and that growth in EU GDP is likely to take place in 1994 and the following years. So far the strongest recovery has taken place in the United Kingdom, but in the EU generally GDP is expected to grow by 1.3% in 1994 and 2.1% in 1995, in real terms. The textile and clothing industries should receive a share in the resulting growth in consumer demand, while increased growth in the rest of the world should benefit EU textile and clothing exports.

2.5. AGREEMENT ON TEXTILES AND CLOTHING IN THE GATT ROUND*

The Uruguay Round of multilateral trade negotiations was successfully concluded on 15 December 1993. The Final Act will be signed at the Marrakesh Ministerial meeting to be held on 12-15 April 1994.

In the area of textiles and clothing, the object of the negotiation was to secure the eventual integration of the textiles and clothing sector - where much of the trade is currently subject to bilateral quotas negotiated under the Multifibre Arrangement (MFA) - into the GATT, on the basis of strengthened GATT rules and disciplines.

Integration of the sector into the GATT will be in four phases. The first will occur on 1 January 1995, assuming that the implementation of the Uruguay Round agreement commences on that date. The second will be on 1 January 1998, and the third on 1 January 2002. During this process, products will be progressively integrated into the GATT, i.e. bilateral restrictions on imports into the EU of different groups of products will be phased out. All products will be integrated into

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* For a more detailed account of the Agreement, see OETH Quarterly Bulletin N°4, December 1993

the GATT by all members after 10 years, i.e. on 1 January 2005, assuming that the agreement commences to operate on 1 January 1995.

The agreement contains a specific transitional safeguard mechanism which can be applied to products not yet integrated into the GATT at any stage. A Textile Monitoring Body is to be established, to supervise the implementation of the Agreement.

The Uruguay Round Final Act, apart from the Agreement on Textiles and Clothing, also contains protocols and Agreements some of which are of major importance to textiles under the aspect of strengthening GATT rules and disciplines, as a basis for the integration of the textile sector into the GATT.

Improvement of market access is covered in a Protocol to the GATT to which the new tariff schedules of the GATT countries have still to be annexed. Market access negotiations were continued until April 1994, and were incorporated into the Final Act of the Uruguay Round signed at Marrakesh.

3. DEMAND FOR TEXTILE AND CLOTHING PRODUCTS

3.1. THE PATTERN OF CONSUMPTION

3.1.1. SHARES IN TOTAL EXPENDITURE

In 1992, the average EU consumer spent US$ 914 on clothing and footwear. This was less than in the USA (US$ 934) and Japan (US$ 972). Changes from year to year in the US dollar exchange rate with the ECU and the Yen, however, tend to affect the relative ranking of these figures: clearly the levels of consumption per head of clothing and footwear in these countries are not far apart.

Consumer spending per head on all commodities shows a more divergent pattern, with EU spending US$ 12,300 per head, compared with Japan (US$ 15,300) and the USA (US$ 16,200). But the EU is still the largest market for clothing - it spends in total on clothing some US$ 316 billion, followed by the USA (US$ 238 billion) and Japan (US$ 120 billion). Thus the EU showed in 1992 the highest spending rate for clothing and footwear as a percentage of total spending (7.4%), compared with 6.4% in Japan and 5.8% in the USA (Table 1).

In 1993, the EU spending rate fell to 7.3%, reflecting a downward trend since 1980 in clothing and footwear spending as a percentage of total spending. This is taking place in nearly all EU countries, with the exception of Spain and Belgium, where the share of spending on clothing and footwear is growing against other consumer goods.

Within the EU, Italy has the highest share of expenditure on clothing and footwear, with 10% in 1993. Spain, Greece and Portugal have shares above 8%, while the UK and Denmark have the lowest shares, at around the US level (Table 2).

The Italian consumer spent in 1992 US$ 1,340 on clothing and footwear, the German US$ 980 (but the West German US$ 1,140), the French and the Spanish about US$ 860 and the British US$ 650 (Table 3).

The total market was largest in Germany, at US$ 79 billion, closely followed by Italy (US$ 76 billion). France (US$ 49 billion), the UK (US$ 38 billion) and Spain (US$ 33 billion) represent much smaller clothing and footwear markets.

But the British consumer gets more for her money, at least in terms of quantity, since consumer prices in the UK have risen less since 1985 for clothing as compared with other consumer goods (Table 5). This has been related to the huge competition in the British fashion retail trade, with its specialised chains. In Italy, on the other hand, consumer prices for clothing rose faster than prices for other consumer goods, no doubt aided by the rather fragmented Italian retail structure.

According to a study by IRS, this fragmented distribution system was highly beneficial to the Italian manufacturers for two reasons*. First, it acts as a powerful non-tariff barrier against foreign competitors, as penetrating it from outside is very costly. Second, a small store would never have a say in basic decisions concerning products, delivery times, and services provided. In other words, manufacturers were largely free to organise the production process at their own convenience. This situation enabled small and medium size firms to specialise in medium to high segment products, competing between themselves essentially on product differentiation and not on price.

There are however indications that things are quietly, but markedly, changing in the Italian clothing market. The strategies of Italian clothing companies are changing in view of an emerging presence of large distributors, while the whole distribution system is becoming more concentrated. During the last few years, Italian clothing producers have had to adjust their strategies to meet the new distribution challenges. Big distributors place big orders, and intervene in the choice of style and quality, while also putting increased constraints on timing and service standards. Last but not least, the large distributors in Italy are looking for the best mix of quality, price and service.

3.1.2. APPARENT CONSUMPTION, IMPORT PENETRATION AND PRICE CHANGES

In 1993, the apparent consumption of woven clothing in the EU decreased by 5% in current prices, corresponding to a decrease of nearly 8%, when account is taken of increased consumer prices.

Import penetration in 1993 (i.e. imports divided by consumption) was 22% for woven clothing, slightly more than in 1991 and 1992 (Table 4).

Apparent consumption of the knitting industry followed a similar pattern to that of woven clothing in 1993. It decreased by 2% in current prices, corresponding to a decrease of nearly 5%, when account is taken of increased consumer prices.

Import penetration for the knitting industry was 41%, an increase of more than 10% over the level of the previous year.

Apparent consumption of other final uses of textiles has shown a rise in the case of carpets, but a decline in household textiles. The industry has suffered from the contraction of certain industrial users, such as the car and building industries.

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* A summary of this study under the title "The changing strategies of the Italian clothing companies towards distribution" carried out by IRS for the Italian National Research Council is to be published in the next OETH Quarterly Bulletin (N°1/1994).

EU consumer prices for clothing rose less in 1993 (2.7%), as compared with the rise of the general index of consumer prices (3.4%). Consumer prices for clothing in Austria and Finland rose by more than the EU average in 1993, but decreased by 1.7% in Sweden (Table 5).

With a rise of 1.6% in 1993, EU producer prices for clothing increased slightly less than for manufacturing as a whole, and less than EU consumer prices. This was another sign of the depths of the recession (Table 6).

Import prices for clothing fell slightly between 1990 and 1993, but were only slightly above an average of ECU 17,000 per tonne in both years, despite the rise of China as a clothing supplier. However, import prices for textiles showed a decrease over the same period, reflecting the very competitive situation in the stagnant textile import market.

3.2. RETAIL DISTRIBUTION

3.2.1. DISTRIBUTION STRUCTURE - CLOTHING AND FOOTWEAR

The EU retail distribution sector - for clothing and footwear - had some 521,000 units/selling points in 1990. Italy alone accounted for nearly 30% of the total, while in 1992 it had 24% of the total EU market in clothing and footwear. Germany accounted for the largest share of the EU market - 25% of the total (ECU 63.7 billion), with 11% of the overall number of selling units in the EU. A shop in Germany annually, on average, sells three times the value of clothing of the average Italian shop (Table 7).

The clothing markets of Finland and Norway are similar in size to those of the smaller EU countries, while Austria and Sweden have comparatively large markets, near the level for Belgium, for example, among EU countries.

In terms of annual sales per retail enterprise, the German distributive sector in textiles and clothing leads the EU, followed by the UK, Denmark and the Netherlands. Their annual sales per retail enterprise were between about ECU 800,000 (Germany) and ECU 550,000 (The Netherlands). Southern EU countries have smaller outlets for textiles and clothing, especially in Greece (ECU 114,000 per enterprise), followed by Portugal (ECU 267,000), Spain (ECU 288,000) and Italy (ECU 388,000).

Among EFTA countries, Austria has the highest sales per enterprise (ECU 1 million), followed by Sweden (ECU 778,000), Finland (ECU 474,000) and Norway (ECU 436,000). The distribution system for clothing and textiles in these countries is therefore comparable in terms of size of sales to the Northern EU countries.

3.2.2. RETAIL SALES - CLOTHING, FOOTWEAR AND LEATHER GOODS

For the EU as a whole, the volume of retail sales of clothing, footwear and leather goods slightly increased in 1993, following a fall in 1992. This improvement was mainly made possible by increases in retail sales in the UK and Italy. Retail sales continued to decline in Germany.

UK retail sales of clothing, footwear and leather goods have moved upwards since 1992, while German retail sales, following an upswing driven by the reunification process in 1990 and 1991, fell back in 1992 and 1993. In France, retail sales fell below their 1985 level in 1992 and remained below this level in 1993 (Table 8).

Retail sales can be analysed by seasons. In the winter season of 1992/93, EU retail sales were comparable with those of the winter season 1991/92. The UK improved its retail sales compared with the preceding winter (6.1%), but there were decreases in all other major retail markets, including Germany, Italy, and France.

EU retail sales did better in the summer season of 1993, increasing by 2.5% compared with the summer season of 1992. Again there was a large increase in UK sales (6.7%), but there was also an increase of sales in all other EU countries, with the exception of Belgium and Luxembourg. There were signs during the summer, therefore, of a recovery in retail sales of clothing, footwear and leather goods throughout the EU.

4. RECENT DEVELOPMENTS IN PRODUCTION, EMPLOYMENT AND INVESTMENT

4.1. THE SITUATION OF THE INDUSTRY

The textile and clothing industry occupies a key position in the EU's industrial base, with a turnover of ECU 160 billion and a workforce of 2.47 million in 1993. In the 1990s the industry has been hard hit by the general economic recession, falling production and lower consumption. Certain regions heavily dependent on the industry have been especially affected. These difficulties have forced the industry to shut down production capacity and to switch clothing production progressively to non-EU countries. This switch has not generally involved large-scale investment elsewhere, but has been based on agreements with manufacturers outside the EU, especially those in PECOs and North Africa.

Particularly heavy job losses have ensued, of nearly 600,000 in five years (excluding job losses of 270,000 in the Eastern Lander of Germany), or 30% of all job losses in manufacturing industry. This has been on account of falling production (partly on account of internationalisation), increased imports and a rise in labour productivity more than twice as great as in manufacturing generally. This has resulted from restructuring and modernisation, especially in textiles.

In spite of the recession, clothing consumption has risen since 1988, but this has been largely accounted for by the steep rise in imports. Consumption of carpets has risen also, but in this case along with production. There has however been a fall in the consumption of household textiles, while the industry has suffered also from the contraction of certain industrial users, such as the car and building industries.

The slowdown in activity was even more marked in 1993 than in previous years, and the indications are that investment was weak also. The various developments in 1993 in production, trade and competitiveness are analysed below.

4.2. PRODUCTION

1993 was a very depressed year for textile and clothing production in the EU, even worse than 1992. The volume of textile production (including the knitting industry) fell by 6.6% on the previous year (in 1992 it fell by 3.5%). Knitting industry production itself fell by 4.2% (Tables 9 and 10). The volume of textile production in 1993 was 9%, and that of the knitting industry some 2%, below their 1985 levels.

Man-made fibre production suffered appreciably in 1993 (7%), although indications are that the first months of 1994 have seen increasing activity, which confirms a cyclical pattern in this industry.

Production of clothing (woven) fell again in 1993 by as much as 8% on the previous year (in 1992 it fell by 2.2%). The volume of clothing production was, as a consequence, some 20% below its 1985 level.

The impact of the recession on textile and clothing production was greater than that on manufacturing production as a whole. In 1993 manufacturing production fell by 4%, following a steady decline since 1990, but was still 11% above its 1985 level. Both textile and clothing production were well below this, especially in the case of clothing.

As regards individual EU countries, textile production in 1993 fell in all except Ireland and the UK, which is climbing out of recession. Particularly large falls took place in Portugal (16%), Germany (12%), Denmark and Spain (10%), where the recession showed little signs of ending.

Woven clothing production in 1993 showed a big rise in Belgium/Luxembourg (7.4%), and smaller rises in the Netherlands and the UK. There were appreciable falls in Denmark (17%), Italy (15%), Germany (11%), Ireland and Portugal (9%).

Turnover in the EU in 1993 as a whole fell in both textiles and clothing, in constant ECU prices (Table 11). The movement in turnover followed the movement in the volume of production more closely than it had done in the previous year.

However, EU turnover in ECU is greatly affected by exchange rate movements in individual national currencies. In Italy, for example, turnover of clothing, which accounts for nearly 40% of EU turnover in ECU, rose in Lire terms between 1992 and 1993 by nearly 6.6%, while in ECU terms it decreased by 7.5%.

In 1993 the wool, cotton and knitting industries together accounted for about 50% of both turnover and employment of the EU textile industry (Table 14).

4.3. EMPLOYMENT

Employment in the EU textile and clothing industries fell further in 1993, following falls in previous years. The fall is estimated to have been some 6% for both textiles and clothing.

The falls in employment in firms employing more than 20 employees followed a similar pattern, in both textiles and clothing (Table 11).

Firms employing over 20 employees account for some 80% of all textile employment, but only 66% of all clothing employment. This emphasises the generally smaller size, in terms of employment, of clothing, as compared with textile, firms.

The predominant trend throughout the 1980s in every EU Member State has been towards smaller firms, particularly at the production stage in textiles. In 1988, small and very small firms employed 18.5% of the total workforce in the textile industry (by 1993 it increased to 20.5%). In clothing the 1988 share of 34.5% was unchanged in 1993. Small firms generated 21% of the total turnover in 1988, and 22% in 1993, in both these sectors.

Many small clothing firms are subcontractors, who are particularly vulnerable to relocation. It has been estimated (by Mercer*) that the clothing subcontracting sector in the EU employed some 800,000 in 1992, including an estimated 150,000 illicit workers. Nearly 30% of this estimated total subcontracting employment was in Italy, followed by the UK (17%).

Employment in sub-sectors of the textile industry vary greatly across member states. The knitting industry alone accounts for more than 30% of total employment in their national textile industries in Ireland, Denmark, the UK, France and Greece. The cotton industry accounts for about 20% of employment in the national textile industries of Portugal, Greece, Germany and Belgium.

In the EU as a whole, the wool industry accounts for some 10%, the cotton industry for about 16% and the knitting industry for more than 22% of employment in the textile industry. They accounted for 13%, 17.5% and 19% of textile industry turnover respectively, indicating that the wool industry had the highest turnover per worker in these three subsectors (Table 14).

The future of production and employment in the cotton industry will be influenced by the most recent (the beginning of 1994) increase of raw cotton prices to some 80 cents per pound, from low levels in 1991/92 and 1992/93 of around 60 cents per pound. The low price levels of the early 1990's were a reaction to a 44% drop in former Soviet Union domestic textile usage, and a subsequent increase in exportable supplies of raw cotton.

The recent rise in price might partly be a response to the announcements from Pakistan and India that they are suspending exports of raw cotton owing to shortages.

The overall fall in employment in textiles and clothing between 1988 and 1992 was 434,000, or almost 30% of all job losses in manufacturing industry. A further fall of 165,000 took place in 1993 (some 91,000 in textiles and 74,000

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* A report by Mercer Management Consulting "European subcontracting in the clothing sector" prepared for DG III of the European Commission, 1994.

in clothing). This was nearly the same fall as in 1992 (Table 11). The rate of fall in employment was double that of the 1980s (without taking account of the falls in the Eastern Lander of Germany).

Total employment data for individual countries show Italy to be the largest textile employer in 1993 (30%), followed by Germany (15%) and the UK (14.5%). In clothing, Italy appears to be the biggest employer also (24%), followed by the UK (16%), Germany (15.5%) and France (15%).

In recent years the largest percentage falls in textile employment have taken place in Portugal, closely followed by Germany, Spain, France and Italy. In the case of clothing, the largest percentage fall was in Germany, followed by the UK, Spain and Portugal. There was a fall in Italian clothing employment of 9% in 1993. In textiles and clothing together, Germany and Spain have had the largest comparative falls.

4.4. INVESTMENT

4.4.1. INVESTMENT IN THE EU

After several years of sustained growth, the value of investment in the EU's textile and clothing industries has shown a steep fall in recent years (9% in current prices). In 1992 investment in the textile industry was at its lowest since 1988. Overcapacity in the highly capital-intensive short-staple sector of the textile industry, at a time of recession, has been among the main reasons for the fall. The biggest cuts were in the cotton industry, which is one of the most modern sectors in Europe, but suffers from overcapacity worldwide.

In the clothing industry there has also been a large fall recently in investment, since this sector has been under extreme pressure from imports and from the internationalisation of production.

Total investment in textiles in individual member states was highest in both 1991 and 1992 in Italy and Germany, the countries with the largest textile industries in the EU. France, the third largest producer, had the third highest level of investment. In clothing, on the other hand, total investment in France in 1991 was only slightly less than in Italy, with Germany some way behind (Tables 11, 12 and 13). German investment in clothing may have been held back by active German participation in OPT activities.

Total investment in textiles is much greater than in clothing, reflecting the greater capital-intensity in that sector. This is brought out most clearly by the figures of investment per employee.

Investment per employee was highest in textiles in 1991 and 1992 in Belgium/Luxembourg, followed by the Netherlands. It was lowest in Spain, Portugal and the UK. Investment in knitwear (which is less costly) is included in textile investment, and this helps to explain the comparatively low level of investment per employee in Germany and Italy, where knitwear is important.

In clothing, investment per employee in 1991 was highest in the Netherlands, followed by Ireland and Italy. It was lowest in Portugal, Spain and the UK.

4.4.2. INVESTMENT IN PECOs BY EU ENTERPRISES

Investment activities in the textile and clothing sectors in PECOs, now that there has been extensive privatisation, and that stock exchanges and capital markets are being established and developed, is taking similar forms to investment in these sectors in the West.

Foreign investors can be broadly separated into a number of categories: international organisations - EBRD, IFC, UNIDO, IBRD, IFC etc.; banks, or other financial institutions; and private companies. These investors act either alone or in collaboration with each other, and in addition may draw on capital from the PECOs concerned.

Several institutional investors have been reluctant to engage in textile and clothing ventures in PECOs. Their attitude is that the technology in place is outdated, and replacing it would require substantial investment. This attitude is reinforced by risk spreading policies, and the danger of very competitive textile and clothing exports from low cost countries.

Some international institutions which invest in PECOs do so only in large projects, involving for example sums of more than US $15 million. Many textile and clothing investments are of a smaller scale than this, so that for investment in these industries PECOs have to rely largely on EU and other Western investment from private firms.

In textiles and clothing there are three very general types of association between EU manufacturers and retailers and their PECO partners: a) total ownership by the EU firm, b) joint-ventures, c) commission manufacture (the most common form is Outward Processing Trade). The last was first developed some 30 years ago, and is still the most common type of association.

Joint-ventures usually involve the provision of finance to purchase modern equipment. Sole investment by EU organisations may involve the purchase and re-equipment of existing facilities, or the equipping of completely new facilities, often in collaboration with a PECO firm.

OPT (outward processing trade) - with fabrics for example from EU countries being supplied for CMT (cut, make and trim) operations in PECOs - has been associated with a number of different arrangements, involving the supply of new equipment financed by EU firms, training etc.

In cases not involving the West, barter trade has often been involved - raw materials for semi-finished or finished goods - but here it is likely to be between the PECOs and the Republics of the former Soviet Union. Companies in PECOs, after privatisation, even where there is no capital coming from the West, themselves frequently invest in Western technology.

A regional element is often associated with investment and related activities by the EU. Greece, for example has been active in Bulgaria, Romania and Albania, and Germany in Hungary and the Czech Republic. But investors from further afield have also been present, including those from India and China. Among EU countries, Italy, Germany, France and Greece have been the most active. Retailers as well as manufacturers from the EU have been involved, investing in retail chains in PECOs.

Among textile and clothing items which have been prominent in EU-PECO deals have been knitwear, hosiery, jeans and car upholstery.

A limited number of examples of investment, joint-ventures etc. in PECOs by EU countries have been made public. Between July 1992 and the end of 1993 nearly 50 cases in all of EU-PECO links involving Hungary had been reported, nearly 40 in Poland, 25 in Bulgaria, 16 in the Czech Republic and 15 in Romania.

To put this in perspective, according to the UN Economic Commission for Europe, the total number of reported joint-ventures in Eastern Europe was 49,652 in 1992 and 59,958 by the end of June 1993. In the Republics of the former Soviet Union there were 15,290 and 20,290 respectively. Estimates of FDI (foreign direct investment) flows into eastern countries during the first half of 1993 indicate that Hungary ranks first with US$ 110 per head. The Czech Republic, Estonia and Slovenia constitute an intermediate group with inflows of US$ 70-79 per head. The remaining countries have generally attracted less than US$ 10 per head. Unfortunately no information is provided on the sectoral division of this FDI.

Attempting to quantify fully the level of commitment of EU companies in PECOs is virtually impossible. Apart from gaps in knowledge regarding private EU firms, there are many forms of direct association other than the formal and visible ones such as joint-ventures. In addition, many EU companies are reluctant to make it known that their products are being assembled or manufactured in PECOs. They are even more reluctant to quantify the extent of their commitment.

4.4.3. INVESTMENT IN REPUBLICS OF THE FORMER SOVIET UNION BY EU ENTERPRISES

Recent developments in the Baltic States and the other Republics of the former Soviet Union have attracted foreign investment and collaboration from Western companies, although to a lesser extent than in Central and Eastern Europe. Difficult economic conditions in the Republics have made many Western companies wary of investing in the local textile and clothing industries.

Investment in textiles and clothing originates from many different parts of the world. Joint-ventures and acquisitions, apart from those by European firms, have been reported from US, Turkish and Asian companies.

Local production for foreign companies generally involves outward sourcing of raw materials and accessories from Western markets. In addition, obsolete equipment has very often had to be replaced by Western technology, and local staff has had to be trained by Western experts.

Foreign investment and cooperation are developing at various speeds and intensity in the different Republics, depending on the political and economic environment, as well as the degree of local industrial tradition regarding textiles and clothing. Major Republics involved in investment developments are Russia, Ukraine, Belorus, Turkmenistan, Uzbekistan, Estonia, and to a lesser extent Kazakhstan.

Due to currency restraints and inflation, some investment deals are handled on the basis of barter agreements. For instance, Western equipment will be installed in exchange for local raw materials, or turnkey factories will be built for payment with subsequent production.

Larger local textile companies have started to develop their own export strategies, by opening selling offices in countries like the USA or Germany.

Information about joint-ventures, acquisitions and other forms of cooperation between Western companies and firms in ex-USSR is only fragmentary. Reported investment deals are therefore unlikely to give a full assessment of the commitment of Western firms to the Republics of the former Soviet Union.

5. EVOLUTION OF EU TRADE

The trade deficit with non-EU countries in MFA textiles and clothing deteriorated further in 1993, as imports continue to grow faster than exports. In 1993 the deficit with non-EU countries was estimated to be ECU 14.3 billion.

5.1. EXPORTS OF TEXTILES

EU exports of MFA textiles (excluding knitwear) rose by 9% in tonnage terms in 1993 - much more than EU exports of all commodities: increased exports for OPT purposes (of 20%) helped to explain this change. In value terms, textile exports rose by 3% only, implying a fall in the average price per tonne (Table 15).

Total textile and clothing trade for the EU includes non-MFA categories, such as raw materials, man-made fibres and flax products. These exports as a whole rose by nearly 8% (in tonnage terms), in 1993, mainly on account of the strong performance of MFA textiles.

There was a fall in MFA textile exports, in tonnage terms, from the EU to EFTA countries, and to Japan, and a rise of 20% in the case of the USA, no doubt reflecting the stronger US dollar, which always favours EU exports to the USA. During recent years, however, the general trend has been for EU exports to developed countries to suffer, as the EU has accounted for a declining share of the total textile and clothing imports of these countries. The developing countries, the NICs, together with the countries of Eastern Europe and the rest of the world, have accounted for an increasing share of EU textile exports, and took some 67% of these, by tonnage, in 1993 (Table 17). Part of the increase in exports in this category is accounted for by textile exports for OPT purposes.

5.2. EXPORTS OF CLOTHING

Exports of clothing fell slightly in both tonnage and value terms in 1993, with the implication that there was a small fall in the average price per tonne.

Exports of MFA clothing (including knitwear) from the EU in 1993, in tonnage terms, fell in the case of EFTA countries and the USA. They rose in the case of Japan, but the overall figures were very small. There was a small rise in exports to the rest of the world (developing countries, NICs, PECOs and others), which took 48% of the EU's clothing exports in 1993 (Table 17).

In value terms, the picture may be different from that in terms of tonnage. For example, the USA took 5.3% of EU exports of clothing in tonnage terms, but 11.4% in terms of value.

5.3. IMPORTS OF TEXTILES

Imports of MFA textiles into the EU rose by over 3% in tonnage terms, but fell by nearly 2% in value. It appears therefore that there was a fall in the average import price of textiles to match the fall in export prices.

Imports, in tonnage terms, of MFA textiles rose by 4% from countries covered by the textile policy in 1993, probably reflecting the fact that textile quotas are beginning to bite more than in the past. Imports from countries not covered by the policy rose only slightly. There was a small fall in MFA textile imports from countries with an agreement. On the other hand, there was a substantial increase in textile imports, especially from China, India and ASEAN countries (Table 18).

5.4. IMPORTS OF CLOTHING

EU imports of MFA clothing (including knitwear) showed a strong rise of nearly 10% in tonnage terms in 1993, matched by a similar rise in value terms. Here too the implied price per tonne changed little, as was the case with clothing exports.

Imports of MFA clothing into the EU are dominated by countries covered by the textile policy, and these countries took their share of the rising clothing imports: there was little sign here of difficulties caused by quota. Imports of clothing rose by 8% from dominant countries, but only by 4% from China, and even less from ASEAN countries. Imports of clothing from all countries with an agreement rose by 6.5%, in volume terms, in 1993 (Table 18).

5.5. THE EU'S MAIN TRADING PARTNERS

The EU imports textiles mainly from other developed countries, while it exports both textiles and clothing largely to developed countries also. Only in the case of the EU's clothing imports do lower income countries dominate (Table 19).

The leading supplier of textiles to the EU, in both 1988 and 1993 (in value terms), was Switzerland, followed by Austria and the USA. Australia fell in importance between 1988 and 1993, while India rose. Countries with largely unchanged shares of textile imports into the EU were China, Japan, and Turkey.

For EU textile exports, in both 1988 and 1993, the USA was the main market, with Switzerland and Austria being important markets also. The share taken by Japan fell between the two years. Substantial changes took place with regard to countries importing textiles from the EU for OPT activities, i.e. making up EU textiles into clothing for re-export to the EU. Ex-Yugoslavia had been a

prominent textile export market of this type in 1988, but by 1993 the important OPT partners were Poland, Tunisia and Morocco, as the textile export figures clearly show.

EU clothing imports were dominated by Hong Kong, Turkey and China, in both 1988 and 1993. China had risen to top place by the latter year (by more than trebling the value of its clothing exports to EU), while the share of Hong Kong had fallen. South Korea dropped out of the top ten suppliers altogether between 1988 and 1993. Countries undertaking OPT were important clothing suppliers in both years: ex-Yugoslavia fourth in 1988, while Poland had become the seventh largest supplier in 1993.

The top six clothing export markets for the EU were unchanged in 1988 and 1993, and were all highly developed countries, led by Switzerland, Austria and the USA. The share of the top six fell, however, from 70% of the total in 1988 to 60% in 1993, with the remaining exports going to a wider range of countries than previously.

In trade with PECOs, the EU shows a positive trade balance in textiles, in both volume and value terms, but a large negative balance in clothing. Overall, in 1993, there was a negative balance, for textiles and clothing together, of 19,500 tonnes, and a negative balance of ECU 1 billion (Tables 20, 21, and 22).

5.6. THE EU TRADE BALANCE

The strong growth in the EU's exports of MFA textiles in 1993 helped to decrease the negative trade balance in tonnage terms. The export/import ratio rose from 78% to 82%. There is habitually a positive balance of trade in textiles in value terms, and this increased further in 1993. The export/import ratio rose accordingly from 121% to 127% (Table 15).

The strong rise in MFA clothing imports in 1993, compared with the weak showing of exports, caused the trade balance for clothing to deteriorate in both tonnage and value terms. The export/import ratio for clothing tonnage fell from 18% to 17%, and for clothing value from 36% to 33%.

The balance of MFA trade in textiles and clothing together improved slightly, in tonnage terms, as a result of these movements in exports and imports - from an export/import ratio of 53% in 1992 to 53.7% in 1993. In value terms, however, the balance deteriorated further, with the export/import ratio falling from 62.6% in 1992 to 59.8% in 1993. The total balance of payments deficit in textiles and clothing rose to well over ECU 14 billion, as compared with just over ECU 8 billion in 1990.

5.7. DIFFERENCES BETWEEN PRODUCT CATEGORIES

The average values of textile and clothing imports and exports vary widely. On average, textile products exported from the EU to non-EU countries cost 54% more than products imported from the same countries in 1993. In the case of clothing, the difference was 97%. Between 1990 and 1993 there were falls in the average values of both textile and clothing imports and exports - a sign of increased competition at a time of recession.

More detailed analysis based on MFA categories offers the explanation that the EU specialises in the most expensive types of any given product. This is the expected outcome of the strong competition from exporters subject to MFA restrictions, who have themselves been moving into higher quality textiles and clothing. These exporters are more successful the larger the price differences they can offer: in general, the smaller the price difference between imported and exported varieties of the same type of product, the further the balance of trade in the product concerned moves in favour of the EU.

Analysis by stage of manufacture reveals that the EU has a large deficit in clothing (Table 23). The EU has a deficit in man-made fibres, and a large deficit in spinning. The deficit in clothing represented nearly 50% of production, in volume terms, while in spinning the deficit was 12% of production. There is a more even balance of trade in woven goods, knitted fabrics, and carpets, but a substantial deficit in household textiles.

Looking at the individual types of fibre, the EU is competitive in wool textiles, has an even balance in silk, but is very weak in the cotton sector. One sign of this is the virtual disappearance today of the once dominant UK cotton industry.

The direct import penetration ratio rose to 38% of final consumption of clothing (compared with 27% in 1988) and by a relatively smaller amount for fabrics (24%, compared with 21% in 1988). However, the upstream sectors are vulnerable to an increase in imports downstream, since a very large proportion (over 80%) of their production is sold on the internal market.

Since 1988, import penetration has increased in every sector except man-made fibres, although it has increased only slightly in carpets. The share of exports in total production has also increased in most of the branches considered, but international competitiveness has generally declined. The balance of trade, in tonnage terms, in every category except knitted fabric and 'other' textiles has deteriorated.

5.8. INTERNAL EU TRADE

Figures for internal EU trade are not yet available beyond 1992, consequent on the introduction of INTRASTAT, a new system of collection due to the inauguration of the Single Market.

Developments up to 1992 were discussed in the OETH's Factual Report 'The EC Textile and Clothing Industry 1991/1992'. The evidence there showed that trade within the EU has increased faster than exports to non-EU countries, but more slowly than imports from outside the EU.

6. INTERNATIONALISATION OF PRODUCTION

Subcontracting in production of clothing has always been an important activity within the EU. A study by Mercer, in the process of being finalised, estimates that subcontractors in clothing in the EU account for some 650,000 workers (excluding illegal employees), or some 26% of total EU employment in textiles and clothing.

In recent years there has however been a trend towards shifting subcontracting operations to countries outside the EU, mainly on account of their lower labour and social costs. Nearby countries, especially the PECOs and the countries of the Mediterranean rim, have benefited most from this relocation. This has been a major development, which is expected to grow in importance, with serious implications for EU clothing production, and eventually for textile production also.

Relocation has taken a number of forms, but has been mainly undertaken by the larger EU firms. One such form is OPT, which involves EU clothing manufacturers (and some others) exporting EU fabrics for making up into clothing - usually in nearby countries - for re-export to the EU. There is a quota regime in force to regulate this trade, although not all OPT is subject to EU quotas.

OPT activity as a whole is discussed below, and this is followed by an account of a detailed study of OPT activities by large firms in a number of EU countries. Subcontracting within the EU, together with future trends, has been studied by Mercer, and their report is also summarised. The general conclusion of the Mercer study is that steps can be taken to preserve subcontracting in clothing within the EU, to a certain extent.

6.1. OUTWARD PROCESSING TRADE (OPT)

OPT imports continue to play an important role in the competitive strategy of many EU clothing firms. OPT has increasingly been used in order to benefit from lower production costs in the assembly stage of garments, outside the EU, mainly on account of cheaper labour costs, while using EU-made fabrics (Tables 24 and 25).

OPT imports of clothing into the EU, from non-EU countries, more than doubled between 1988 and 1992, in tonnage terms, and rose by another 13% in 1993. Direct imports have risen less over the 1988-93 period, but even so they increased by as much as 80%. OPT clothing imports now represent 10% of total clothing imports into the EU.

Germany remained the major OPT importer into the EU in 1993 (62% of the EU total, in tonnage terms), followed - some way behind - by France and the Benelux countries. The Benelux countries showed a slight reduction in their OPT

imports in 1993, which has not been the case for any other EU country over recent years.

Individual countries have followed different OPT strategies. German companies started with OPT in the late 1960's, and by 1988 it represented 13%, and in 1993 16% of their extra-EU imports of clothing. French firms are doing OPT in the Mediterranean rim countries, and some of it is not under quota (and therefore not necessarily statistically recorded as OPT). According to available statistics, 7.5% of French imports of clothing from non-EU countries is in the form of OPT. A major change in OPT strategy occurred in Italy in 1992 and continued in 1993. OPT imports, virtually non-existent in 1990, now represent over 9.5% of Italian imports of clothing from non-EU countries, but remain less than one-eighth of the German level.

OPT trade mainly occurs with lower cost countries close to the EU border, such as Poland, Slovenia, Hungary and the Mediterranean countries. Clothing imports from East European countries consist of more than half OPT, and for some countries OPT clothing exports to the EU represent 70% or more of their total clothing exports to the EU (Poland and Hungary). The clothing industry in these countries is highly dependent on the production strategies and orders from EU clothing firms (Table 26).

Turkey, in comparison, accounts for small OPT imports to the EU, and largely manufactures for direct import into the EU. Clothing imports from Morocco and Tunisia also have a comparatively low recorded OPT content (respectively 9% and 13% in 1993), but non-recorded OPT imports from these countries are thought to be sizeable.

For several clothing categories, the share of OPT imports in total imports in 1993 was well above the average, for example men's and boys' jackets and blazers (38%), women's and girls' woven overcoats (36%), and women's and girls' skirts (29%). For some product categories, on the other hand, the share of OPT imports is very low, for example, shirts and T-shirts and pullovers. Clearly, OPT is used above all for tailoring operations, involving fabrics of wool and wool mixtures.

OPT imports of clothing to the EU, from major OPT source countries are subject to a number of quantitative restrictions. OPT quotas were however underutilised in 1992 especially in the case of some PECOs, so that there is room for increases of clothing imports from East European countries to the EU (Table 27). Most clothing categories indicate total quota utilisation rates below 50% (direct plus OPT imports as a percentage of direct plus OPT quotas). The present level of trade with these countries is therefore not necessarily restricted by the existing quotas.

6.2. PRODUCTION AND SOURCING STRATEGIES OF EU CLOTHING AND TEXTILE FIRMS

The outward processing and sourcing strategies of EU clothing firms have been recently analysed on a qualitative basis for six EU member countries*. Industrial strategies adopted by clothing firms have been found to be marked by two trends: decreasing integration of production and an increasing reliance on production in non-EU countries.

Firms sourcing outside the EU rely more and more on subcontracting, in contrast to directly owned production units. For the whole sample interviewed (more than 200 firms), in terms of turnover, the share from EU domestic production units fell from 72% in 1983 to 70% in 1988 and 60% in 1992. Faced with increased pressure on selling prices and rising domestic production costs, EU clothing manufacturers are stepping up production in low-cost countries.

Within the EU clothing industry, the sample firms interviewed in Germany and the Netherlands led the way with respectively 56% and 73% foreign production in 1992. Foreign sourcing and subcontracting has become the major source of supply, and this position has been consolidated during the past five years. Belgian and French firms are in a transitional stage. Production outside the EU has grown mainly at the expense of domestic integrated production, and stood in 1992 at 50% in Belgium and 55% in France, while local subcontracting has remained stable.

By sector, foreign production strategies have been the most developed in children's wear (74% of turnover in 1992), followed by ladies' wear (49%) and men's wear (42%). Traditionally confined to the middle market, foreign production, subcontracting and sourcing have become an important part of the strategy of upmarket suppliers. Even among small design-led firms or small integrated manufacturers, foreign production or sourcing are becoming a major feature of industrial strategy.

Domestic integrated production has for a majority of clothing firms in the sample a complementary role to production in non-EU countries. Domestic production is used for product development as well as for small runs and emergency orders, needing a very quick response. It also remains in the upmarket ranges and in niche products, requiring specific production expertise.

Few textile manufacturers so far have followed clothing producers in delocalising their main production capacity. This is partly because foreign production of clothing has been based on EU-made fabrics, as required by the OPT regulation. However, within the sample of textile firms interviewed, 23% have

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* A report prepared by Dr M. Scheffer for the OETH. The report will be published in the course of 1994 by the OETH, under the title "The changing map of European textiles. Production and sourcing strategies of textile and clothing firms".

already established, or were preparing to establish, a foreign production unit complementary to domestic production. The major area mentioned for delocalising textile production was Eastern Europe. Most textile firms which delocalised part of their production capacity did so in order to follow the buying policies of major EU retailers.

6.3. EUROPEAN SUBCONTRACTING IN THE CLOTHING SECTOR

A study on subcontracting in the EU clothing sector, in the process of completion, assesses the structural competitiveness of various segments of the industry and identified the main trends which underlie or threaten it*. It also looked into the main problems which manufacturers encounter in the framework of their business, and explored the solutions adopted to assist them.

It found that European subcontractors have taken advantage of changing strategies in distribution, and of disinvestment by clothing manufacturers, which has given an opening for subcontractors.

In the last ten years the volume of subcontracting has grown, but has stabilised more recently. This evolution has been possible thanks to a dynamic based essentially on a combination of several logics:

- the cost logic, where the main contractor seeks production costs lower than his;

- the reactivity and flexibility logic, where the main contractor seeks instant capacity and competitive deadlines;

- the marginal work logic, which covers situations in which clothing manufacturers work partially as subcontractors and do not invoice their main contractors for indirect costs;

- the expertise and know-how logic, where the main contractor seeks expertise which he does not have in-house;

- the service logic, where the main contractor not only buys low prices but requires a set of more sophisticated services.

These types of logic were used to assess the competitive position of the EU clothing subcontracting sector in general, and for several regions such as Carpi (Italy), Troyes (France) and Bavaria (Germany).

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* A report by Mercer Management Consulting "European subcontracting in the clothing sector" prepared for DG III of the European Commission.

The clothing subcontracting sector in the EU is estimated to have employed approximately 800,000 workers in 1992, of which 200,000 were artisans and an estimated 150,000 illicit workers. Within the next five years, this figure could drop by roughly 150,000, affecting all EU countries, but less so for the informal sector.

The entire clothing sector (including subcontracting) has access to aid in recent years from the EU, national governments and local authorities that amounts to approximately ECU 1.1 billion per year. This represents ECU 770 per year per person employed in the clothing sector (not including the illicit sector), or 5% of average European labour cost.

The amount of aid to which the clothing sector has had access appears to be no larger than that granted to other economic sectors.

In addition, a global approach to international competitiveness is advocated, together with an accompanying policy of industrial adjustment, and a more aggressive commercial policy. Mercer has suggested that different types of measures could strengthen EU industry, or could contribute to slowing down the delocalisation process.

Among these, is the reduction of social contributions. Without employers' social contributions, EU labour would be 25% less expensive on average. This would lower legal labour costs to levels closer to those for illicit labour. It would not, however, prevent future loss of competitiveness to nearby countries in Eastern Europe and the Mediterranean rim, where labour costs are much lower than in most EU countries.

Making work flexible would help to keep subcontracting competitive. The EC report on 'Growth, competitiveness and employment: the challenges and ways forward into the 21st century' suggests additional measures to reduce the relative cost of unskilled labour in the EU.

Other accompanying measures have more limited effects, according to Mercer, but nevertheless they might have an impact. For example the clothing sector in Europe benefits from access to aids for training (including that of management), communications, information and promotion.

Most of these aids are not directly focused on the subcontracting sector, and their impact on structural competitiveness and the slowing down of delocalisation is often arguable, according to the Mercer study.

Traditional measures in favour of subcontracting in clothing are not likely to restore competitiveness on a long-term basis. Nevertheless, initiatives towards increased labour flexibility and reduced labour costs would have a strong impact on the pace at which external subcontracting activities evolve.

As regards the impact of these trends on the rest of the textile chain, nearby delocalisation will do less damage to the industry than remote delocalisation, since it will allow some stages of production to remain within the EU. This is the philosophy of current OPT regulations, which benefit fabrics of EU origin.

7. COMPETITIVENESS OF THE EU TEXTILE AND CLOTHING INDUSTRIES

7.1. EXCHANGE RATES

The international competitiveness of the EU textile and clothing industry is influenced by the effect of exchange rate changes on trade flows with the rest of the world. These are mainly valued in US dollars, as over 50% of all textile and clothing imports from outside the EU come from countries which normally price their exports in dollars (USA, Canada, Latin America, Asia). In particular, imports of textile raw materials (e.g. wool, cotton) are traded at world prices in US dollars.

Exchange rate fluctuations of European currencies against the US dollar thus have an impact on the competitive position of the EU textile and clothing industry. This impact can be illustrated by the evolution of the EU trade deficit in textiles and clothing, between 1988 and 1993.

Before September 1992, when the European Monetary System started to move outside its previous boundaries, the ECU had appreciated against the dollar from 1989 onwards. This trend was correlated with an increase of the EU trade deficit in textiles and clothing in ECUs, which doubled from 1989 to 1991. The EU industry had to pay lower ECU prices for its imports of raw materials and intermediate products, priced in US dollars on the world market. But the stronger EU currencies tended to push up export prices in dollar terms (or reduced export profit margins in the EU), and thus had a negative impact on the export performance of the EU textile and clothing industry to countries in the dollar zone.

From September 1992 onwards, the ECU depreciated against the US dollar. This had a positive impact on the competitiveness of the industry, although not all EU countries were equally affected. For example, there was a devaluation of the Italian lira by as much as 20% in 1993, compared with the pre-September 1992 level, while the Deutschmark appreciated. Potential gains were therefore spread unevenly among EU member states.

In 1993, the EU trade deficit in all textiles and clothing increased by an estimated 6% in ECU terms (the EU trade deficit in MFA textiles and clothing increased by nearly 14%), despite the ECU depreciation against the dollar, which induced cheaper EU exports to the rest of the world and more expensive imports into the EU. Other factors than the exchange rate obviously influenced import and export flows in 1993, although a delayed reaction to the exchange rate changes may have played a part (Graph 1).

7.2. LABOUR COSTS

Labour costs* account for a varying share of total production costs in textiles and clothing, depending on the labour content of the production process and the relative price of labour around the world.

For example, in spinning, labour costs in 1993 accounted in Italy for 38% of total manufacturing costs, 29% in Japan and 24% in the USA. The share of labour costs was much lower in low-cost countries such as South Korea (7%), Brazil (5%) or India (3%).

However, the labour cost content is much lower when measured as a share of total production costs in spinning: in Italy 15.6% and in Japan 19%. At the same time, in India labour costs accounted for only 2% of total production costs (Table 30).

Labour costs as a proportion of manufacturing costs are higher in weaving, than in spinning. When measured as a share of total production costs, however, the labour costs content is on the whole lower in weaving than in spinning. In Italy it amounted to 12% of total production costs, against 10% in Japan. In the USA on the contrary, labour costs content is higher in weaving (10%) than in spinning (8.5%) in total production costs. In low-cost countries, these shares were still very low. The highest was South Korea with 3% of total production costs (Table 31).

The knitting manufacturing process has an even higher labour content in terms of costs. Italian knitwear manufacturers have 19% of their total production costs (60% of total manufacturing costs) accounted for by labour, compared with 15% in Japan and 12% in the USA. The share of labour was at a much lower level in Asian countries, being highest in South Korea with 3% of total production costs (Table 32).

The relative importance of labour costs in total costs, especially in total manufacturing costs in industrialised countries, points up the enormous differences in labour costs between countries around the world. The share of labour costs in high-cost countries would be even higher if labour and capital productivity were not higher than in many low-cost countries.

The costs of labour are particularly low in some Asian countries such as Thailand (at 9% of the US level and 28% of the Portuguese level), India and China. Although labour costs in these countries have increased in recent years, e.g. by 20% in Thailand or by 6% in China, between 1991 and 1993, the cost gap with EU countries has widened, as labour costs rose even more in most member states.

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* Labour costs include direct costs and social security contributions

Within the EU, labour costs in the primary textile industry (spinning, weaving, dyeing and finishing) show large differences between countries. Labour costs are one-sixth of the Belgian level in Portugal, for example. Among the Northern EU countries, the UK and Ireland have fairly low labour costs, even below US labour costs. This is partly the result of lower social contributions which weigh heavily on labour costs in several other EU countries (Table 28 and Graph 2).

Except for Finland, labour costs in EFTA countries are at comparative high EU levels. Globally, labour costs in less developed countries are far below EU levels, although in 1993 they were higher in Turkey than in Portugal, and South Korean labour costs were at the Portuguese level.

The share of social security contributions in total labour costs contributes to large cost gaps between countries*. As a percentage of labour costs they represent 37% in Belgium, compared with 17% in the USA and 9% in the UK. Reductions in this share in some countries would certainly have a positive impact on their competitiveness, but the huge labour cost gaps with the EU's major Asian import partners in textiles and clothing would not be significantly affected.

7.3. PRODUCTIVITY

7.3.1. LABOUR PRODUCTIVITY

Measured in terms of value added per employee, labour productivity in the EU rose by nearly 10% at constant prices between 1988 and 1993 for manufacturing industry as a whole.

In the textile industry (including knitting), productivity rose by 17% over the same period. The level increased until 1992, and remained roughly unchanged in 1993. Despite the strong improvement in labour productivity over recent years, the textile industry still has only 71% of the productivity level in manufacturing as a whole (Table 29).

Labour productivity in the clothing industry has grown even more since 1988 than in the textile industry (25% between 1988 and 1993), but remains at a lower level than in the textile industry (73%) or than in manufacturing as a whole (52%).

In recent years, job losses in textiles and clothing have been greater than can be accounted for by the improvement in labour productivity, on account of the recession and the unfavourable movement in the balance of trade. Productivity gains have however been an important factor, although they also helped to save jobs by increasing efficiency.

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* See DG III Report on competitiveness of the European textile and clothing industry

Productivity levels are not the same throughout the EU. In textiles, value added per employee in 1992 was highest in Belgium (ECU 31,300), and lowest in Portugal (ECU 4,200), while in clothing, Italy had the highest labour productivity (ECU 26,500), with the lowest productivity in Portugal (ECU 1,800)*.

These differences partly compensate for differences in labour costs, in certain countries, such as Belgium. However, productivity advantages are often more than offset by relatively higher labour costs. Competitive disadvantage due to large differences in labour costs remains strong, therefore, despite offsetting productivity differences.

7.3.2. CAPITAL PRODUCTIVITY

Within the textile and clothing industry, the upstream activities of spinning and weaving are the most capital-intensive production processes. Compared with other sectors of manufacturing industry however, they can be regarded as only moderately capital-intensive.

Capital productivity depends on the pace of modernisation and investment in machinery, as well as on capacity utilisation. Information on these factors is currently available until 1992 and has been the object of previous analysis**.

7.4. OTHER COSTS

Apart from labour costs which, depending on the type and location of production, can account for up to 60% of total manufacturing costs, cost competitiveness also concerns elements such as depreciation, auxiliary material, power, interest rates, and waste.

Differences between total manufacturing costs can be partly induced by cheaper energy supplies, or lower interest rates between countries, but labour costs are generally the major source of production cost differences, and thus of competitive advantage. Differences between other cost elements are likely to be less significant.

Comparing for instance Italian and Indian production costs for spinning, Indian manufacturers appear to have a competitive cost advantage in 4 elements out of 6, based on US dollars. Depreciation and interest costs are however 20%

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* See "Basic structural data in the EU textile and clothing industries 1988-1992", OETH 1993.

** "Factual Report 1991/92", OETH 1993, also the "Report on the competitiveness of the EU textile and clothing industry", by DG III, 1993.

higher in dollar terms than in Italy. On the other hand, apart from direct manufacturing costs, the Italian firm has to pay for its raw material (cotton) 1.3 US dollar, against 0.9 US dollar for the Indian firm (Tables 30, 31 and 32).

The situation is different for other low-cost countries, as raw material costs for South Korea and Thailand, at 1.4 US dollar, are even above the Italian level. In comparison with these countries, higher Italian production costs are nearly entirely due to labour cost differences.

Including total manufacturing costs and raw material costs in total yarn costs, Italy and Japan are the most costly production locations, among the countries studied, for spinning, weaving and knitting. Mainly due to comparatively low labour costs, the USA produces knitted fabrics at costs close to South Korea and Thailand, and is cheaper than Brazil (in US dollars). Woven and spun fabrics are cheaper in India than in other Asian countries, as labour costs per yard are about half those in South Korea and Thailand.

Interest rates are an important cost element apart from labour costs. Unlike the latter, they can represent a major share of total production costs in less developed countries. In India, interest rates account for 37% of total manufacturing costs in spinning, and 35% in weaving and knitting. They account for 20% to 30% of total costs in South Korea and Thailand, but are below 20% of total production costs in Italy.

In US dollar terms, interest rates in spinning and weaving are nearly 30% higher in India than in Italy. Low nominal interest rates in the USA help to explain its comparatively low overall costs.

Among EU member states, nominal interest rates in 1993 showed large differences. Apart from the very high Greek rates, mainly due to strong inflationary trends, interest rates are globally higher in Southern EU countries, while they are lowest in Germany, the Netherlands and the UK. In terms of competitiveness, these interest rate differences among EU countries represent a non-negligible cost factor. The low interest rates in the USA and Japan are similarly an element to be considered in the international competitiveness of their industries (Graph 3).

Another fairly recent element in competitiveness is represented by environmental costs. Although virtually non-existent in less-developed countries at present, these can be of great importance in industrialised countries. Within the EU, environmental costs amount to 9% of total manufacturing costs in Germany, while in most other EU countries they are close to 5%. These differences will be narrowed in the medium-term, as the Union's new environmental policy is gradually implemented in all EU countries.

8. SPECIAL TOPIC: AUSTRIA, FINLAND, NORWAY AND SWEDEN

8.1. STRUCTURE OF THE TEXTILE AND CLOTHING INDUSTRY

In 1992, the textile and clothing industry of these four EFTA countries employed nearly 100,000 workers in 2,270 firms, and generated a turnover of ECU 5 billion. This represented less than 4% of EU employment and 3% of EU turnover.

In terms of turnover, the textile industry (ECU 3.3 billion) largely outweighs clothing (ECU 1.6 billion). Austria accounts for more than half of textile and clothing industry total employment (51,700), followed by Finland (19,400), Norway and Sweden.

In 1992, Norway had the smallest scale industry, with an average 27 employees per firm, while Austria had the largest scale with 67 employees, no doubt reflecting the importance of its textile industry.

The EU has an average of 24 employees per firm in textiles, 13 employees in clothing, and 18 employees per firm in the textile and clothing industry as a whole. The industry in the four EFTA countries has therefore an average firm size well above the EU average, while being close to the firm size of the textiles and clothing industry in the Northern EU countries.

8.2. FOREIGN TRADE

8.2.1. TEXTILES

Textile imports (excluding raw materials) by the four EFTA countries, considered as one single trade area (trade flows between the four countries have been eliminated), indicate a slight drop between 1988 and 1992 in ECU, at current prices.

The EU accounted for more than 70% of the four EFTA countries textile imports in 1992, roughly the same share as in 1988. The next largest trade partner for textile imports was Switzerland, another EFTA member.

Unlike textile imports, exports of manufactured textile goods rose by 40% between 1988 and 1992. This increase was partly absorbed by the EU, but went mainly to other industrialised countries (Switzerland, USA, Japan) and Eastern Europe. This change in the direction of trade flows reduced the relative importance of the EU as an importer of textiles from these countries, from 78% of their textile exports in 1988 to 67% in 1992, while remaining the major destination of their textile products outside the EFTA trade zone.

The trade deficit in textiles (excluding raw materials) by the four countries amounted to ECU 1.47 billion in 1988, but this dropped to ECU 806 million in 1992, as imports decreased slightly, while exports rose.

8.2.2. CLOTHING

The four EFTA countries increased their imports of clothing by 25% between 1988 and 1992. This increase was mainly from other areas than the EU, from which areas imports rose by 53%. This reduced the share of EU clothing imports from 66% of total clothing imports in 1988 to 59% in 1992.

In 1992, the major trade partners for imports of clothing were China and Hong Kong, representing nearly 30% of the amount of imports from the EU. In 1988 imports from China and Hong Kong had represented only 19% of the level of clothing imports from the EU.

Exports of clothing by the four EFTA countries rose by 20% between 1988 and 1992, also mainly with non-EU trade partners. The EU share in their clothing exports decreased from 70% in 1988 to 64% in 1992. Within the four EFTA countries, the increase of clothing exports mainly occurred in Austria, while exports of Finnish clothing collapsed, being only 40% of their 1988 level in 1992.

The deficit in the clothing balance of trade of these countries deteriorated from ECU 3.2 billion in 1988 to ECU 4.1 billion in 1992. This evolution was mainly due to the strong increase in imports over the period.

8.3. IMPACT OF JOINING THE EU

It is clear that the trading links between these four countries and the EU have gradually been weakening, as both their imports and exports of textiles and clothing have increasingly come from, or gone to, countries outside the EU.

This process has almost certainly had little to do with the fact that these countries have not been members of the EU, especially as it echoes a similar process in the EU itself.

Joining the EU seems likely to have little effect on the pattern of textile and clothing production and trade in the case of these four countries. There has for many years been free trade in manufactured goods between the EU and EFTA, so that there have been no artificial barriers to inhibit trade or other contacts, such as those involved in subcontracting. It is difficult therefore to see any substantial change taking place on account of accession to the EU.

There is one possible exception to this, and this concerns the management of MFA quotas, but this may not be of great importance in practice.

With the coming of the Single Market in the EU in 1993, country MFA import quotas are being replaced by a system of single EU import quotas. There is no information at present on how this is changing the distribution of MFA imports among EU countries, although some changes are probably occurring, as previously unfilled quotas in some EU countries are being taken up by other EU countries whose imports had been limited by quota.

The four new members will be affected by this process. The EU single quotas will be adjusted, taking into account traditional trade patterns. This will involve renegotiating, on the part of the EU, over 50 bilateral agreements before the end of 1994. Therefore from 1 January 1995 the EU will have new adjusted quotas.

Sweden abolished its MFA quotas several years ago, but will now be subject to EU commercial policy, and hence to EU quotas, when it joins the European Union.

The addition of these countries is unlikely substantially to increase the single EU quotas as a whole. The greatest effect of adjusting the EU quotas will therefore be on the four entrant countries themselves. Now it will be possible for Austria, Finland and Norway to draw on the single EU quota, while Sweden will no longer be able to import without regard to MFA quotas.

It is impossible to foresee the effects of this change in detail, but it seems rather unlikely that the four countries will be much affected by it. In these circumstances adjustment of the single EU MFA quotas, on account of these countries, will probably have little effect on their trade, or that of their new EU partners.

In general, therefore, accession to the EU seems unlikely to have much effect on the textile and clothing scene in these four countries, or in the rest of the EU itself.

9. TABLES AND GRAPHS

Table 1

Spending on Clothing & Footwear in 1992			OETH
	EU	USA	Japan (*)
Population (millions)	346	255	124
GDP per head (US$)	19,800	23,215	27,005
Cons. spending per head (US$)	12,330	16,234	15,296
C & F spending per head (US$)	914	934	972
Total cons. spending (US$ bn)	4,268	4,140	1,895
C & F spending (US$ bn)	316	238	120
C & F spending as % of total consumer spending	7.4	5.8	6.4

Source: Textiles Intelligence
(*): 1991

Table 2

Clothing & Footwear Sector share of consumer expenditure				OETH
(%) current prices	1980	1986	1992	1993 (*)
Belgium	6.9	7.6	7.9	7.9
Denmark	5.9	6.0	5.5	5.6
Germany (West)	9.4	8.3	7.6	7.4
Germany (total)	NA	NA	7.2	7.0
Greece	10.1	9.4	8.8	8.8
Spain	8.3	9.5	9.2	9.2
France	7.3	7.2	6.2	6.1
Ireland	7.4	7.4	7.1	7.0
Italy	11.2	10.3	10.0	10.0
Luxembourg	7.5	6.9	6.0	6.0
The Netherlands	7.9	7.3	6.6	6.6
Portugal	10.8	10.3	8.8	8.7
UK	7.1	6.9	5.6	5.6
EU	8.4	7.9	7.4	7.3

Source: Textiles Intelligence
(*): Estimates

Table 3

Spending on Clothing & Footwear in 1992

OETH

	Germany (total)	West-Germany	France	Italy	Spain	UK
Population (millions)	81	65	57	57	39	58
GDP per head (US$)	24,088	27,698	23,006	21,540	14,706	18,028
Cons. spending per head (US$)	13,675	14,954	13,856	13,504	9,290	11,680
C & F spending per head (US$)	979	1,140	860	1,344	852	648
Total cons. spending (US$ bn)	1,102	966	795	767	363	676
C & F spending (US$ bn)	79	74	49	76	33	38
C & F spending as % of total consumer spending	7.2	7.6	6.2	10.0	9.2	5.6

Source: Textiles Intelligence

EU: Apparent Consumption of the Knitting Industry & Woven Clothing

(1991 -1993) OETH

(million ECU, current prices)

	Knitting Industry (NACE 436)				Woven Clothing (NACE 453+454)			
	1991	1992	1993 (*)	93/92 (%)	1991	1992	1993 (*)	93/92 (%)
Production	21,737	21,582	**20,209**	-6.4	67,860	68,674	**64,279**	-6.4
Imports	8,968	9,937	**10,834**	9.0	16,684	16,592	**16,775**	1.1
Exports	4,268	4,465	**4,543**	1.7	6,682	6,853	**6,435**	-6.1
Apparent Consumption	26,437	27,054	**26,500**		77,862	78,413	**74,619**	
Annual Change (%)		2.3	-2.0			0.7	-4.8	
Annual Change (%) (**)		-1.3	-4.8			-2.9	-7.6	

Source: EUROSTAT, DEBA, OETH.
(*): Estimates (in bold)
(**): Based on apparent consumption in constant prices, using consumer prices for clothing (Table 5)
Knitting industry: Production data for Germany, Italy and the Netherlands are of firms with more than 20 employees only.
Woven clothing: Production data for the Netherlands is of firms with more than 20 employees only.

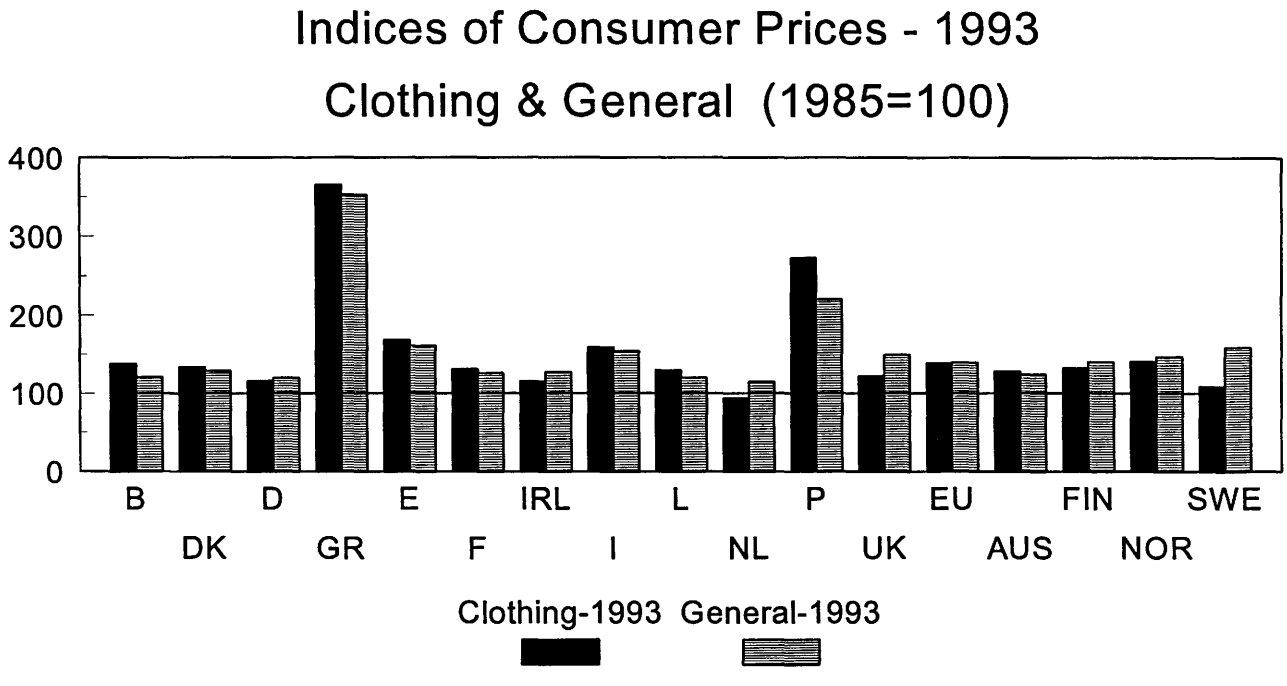
Indices of Consumer Prices

1985 = 100 — National Currencies — OETH

Country	CLOTHING (*) 1990	1991	1992	1993	GENERAL 1990	1991	1992	1993
Belgium	126.0	131.3	134.9	138.0	111.0	114.6	117.3	120.6
Denmark	128.2	130.5	132.3	133.1	121.2	124.1	126.7	128.3
Germany (West)	107.1	109.8	112.8	115.8	107.0	110.7	115.1	119.8
Greece	248.0	288.6	329.2	365.1	222.6	265.9	308.1	352.6
Spain	144.9	152.7	160.7	167.8	136.8	145.0	153.5	160.6
France	123.0	127.1	129.4	131.0	116.5	120.2	123.0	125.6
Ireland	111.2	112.8	115.0	115.5	117.6	121.3	125.1	126.9
Italy	137.3	144.8	152.4	158.5	131.8	140.0	147.3	153.8
Luxembourg	116.2	120.3	124.6	129.5	109.0	112.4	115.9	120.1
The Netherlands	94.1	92.7	93.3	93.7	104.2	108.3	111.7	114.6
Portugal	201.7	227.7	254.5	272.3	170.9	189.5	206.7	220.0
U.K.	118.2	121.3	121.7	122.0	133.3	141.1	146.4	148.7
EU	124.7	129.9	134.6	138.3	122.9	129.1	134.5	139.1
Austria	114.2	118.6	123.1	127.6	111.3	115.0	119.7	124.0
Finland	118.2	122.9	127.5	131.8	127.4	132.8	136.7	139.7
Norway	131.8	134.2	136.5	140.1	135.4	140.0	143.3	146.5
Sweden	108.7	110.6	110.5	108.6	135.1	147.8	151.1	158.2

(*): Clothing and footwear for the 4 EFTA countries.

SOURCE: EUROSTAT



Indices of Producer Prices

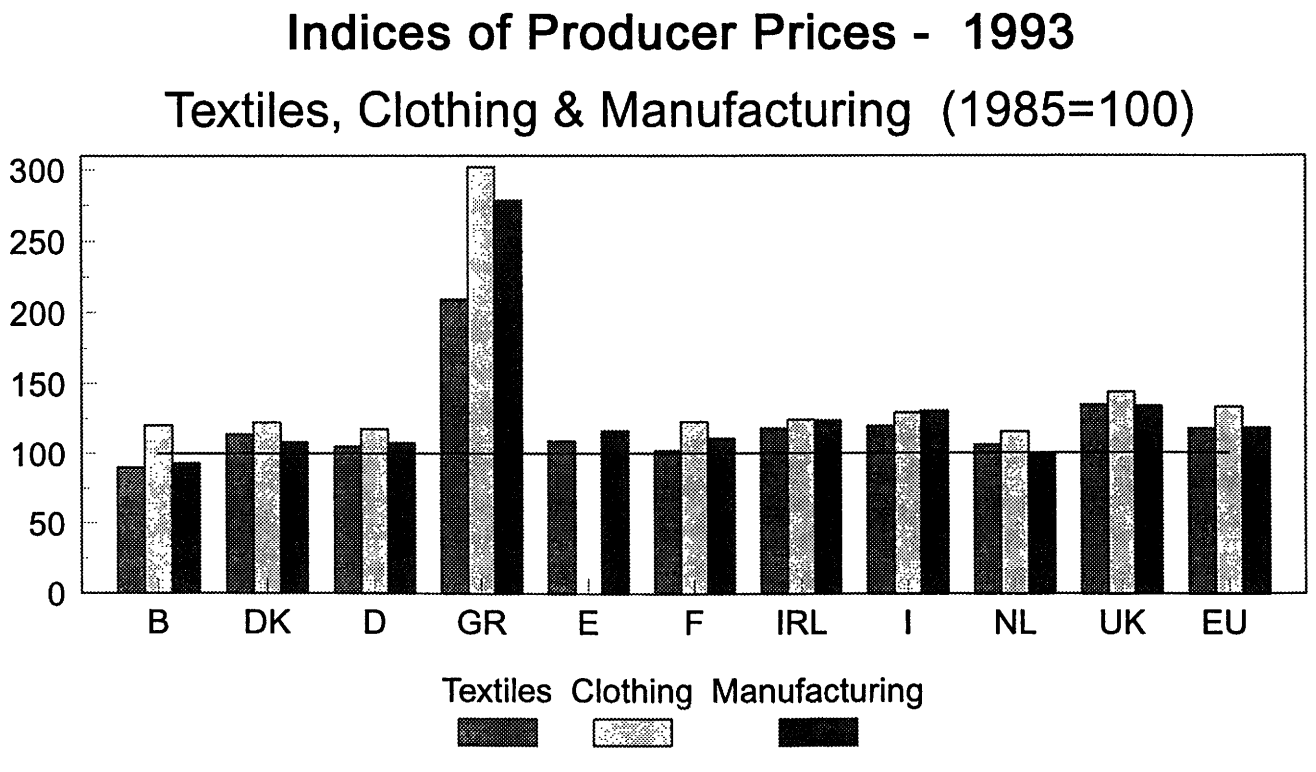
OETH

National Currencies

(1985 = 100)

Country	TEXTILES (NACE 43)				CLOTHING (CODE 459)				MANUFACTURING			
	1990	1991	1992	1993	1990	1991	1992	1993	1990	1991	1992	1993
Belgium	94.7	91.1	92.7	90.0	113.5	116.3	118.3	120.4	95.3	94.3	94.3	92.9
Denmark	113.0	113.5	113.1	113.8	115.9	120.0	121.6	122.3	109.3	110.4	109.2	108.1
Germany (West)	102.0	103.7	105.2	104.9	109.8	112.2	114.8	117.5	103.7	105.8	107.5	107.5
Greece	168.0	182.6	197.8	209.2	207.4	238.0	272.3	301.8	190.8	223.8	249.9	278.4
Spain	105.7	107.3	108.4	108.7	133.2	139.5	146.2	-	110.6	112.0	113.3	116.0
France	105.5	104.1	104.3	102.0	117.5	120.8	123.1	122.5	109.0	109.9	110.9	110.6
Ireland	114.7	116.2	117.2	117.9	115.3	119.0	124.4	124.0	117.2	117.0	120.1	123.6
Italy	117.2	117.4	118.5	119.6	120.7	125.2	128.6	129.1	119.9	123.2	125.6	130.2
The Netherlands	102.0	104.6	106.0	106.1	109.5	112.8	114.8	115.5	97.2	98.9	100.2	99.7
Portugal	225.7	-	-	-	-	-		-	-	-	-	-
U.K.	124.1	128.0	132.6	134.3	125.9	132.6	140.4	143.3	120.7	125.5	128.8	133.4
EU	113.8	115.0	116.9	117.4	121.7	126.4	130.7	132.8	111.6	114.1	116	117.8

SOURCE: EUROSTAT

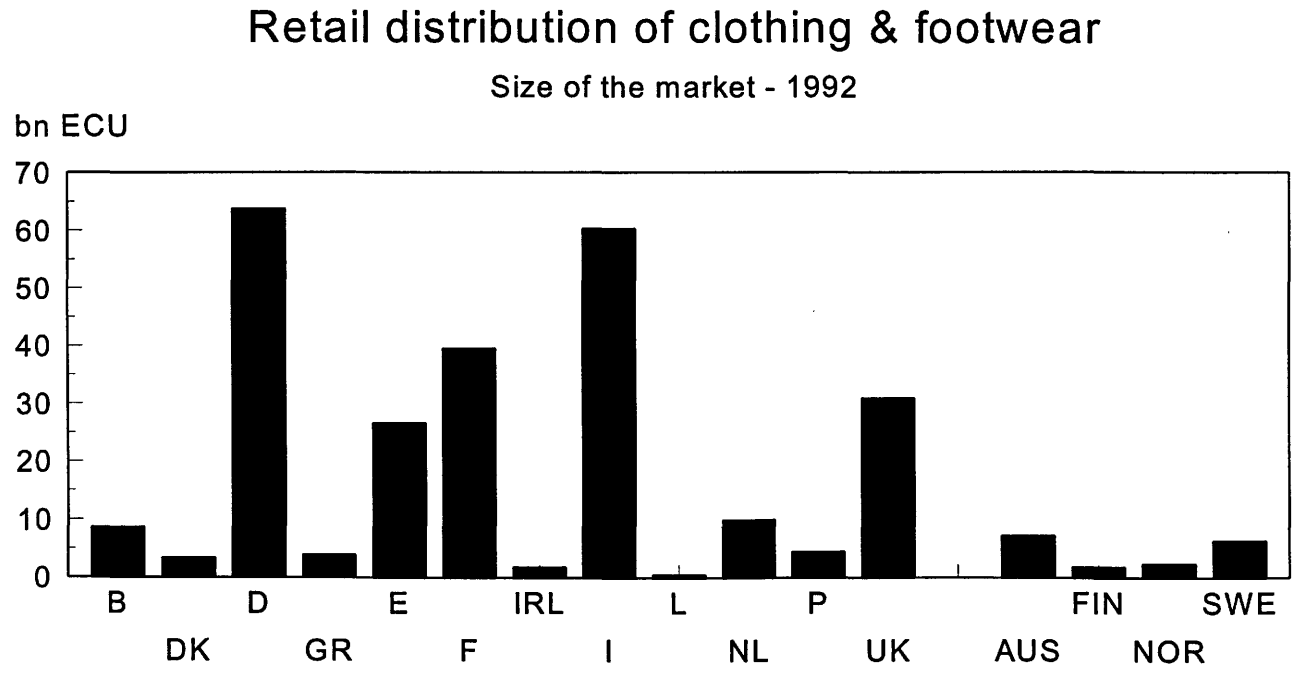


Retail distribution of clothing and footwear

OETH

	Size of the market (bn ECU) (1992)	Share in EU (%)	Share in total (%)	Number of local units/ selling points (1990)	Share in EU (%)	Share in total (%)
Belgium	8.6	3.4	3.2	19,120	3.7	3.5
Denmark	3.4	1.3	1.3	6,150	1.2	1.1
Germany (*)	63.7	25.1	23.5	56,600	10.9	10.4
Greece	3.9	1.5	1.4	34,130	6.6	6.3
Spain	26.6	10.5	9.8	92,330	17.7	16.9
France	39.5	15.6	14.6	73,070	14.0	13.4
Ireland	1.8	0.7	0.7	3,446	0.7	0.6
Italy	60.3	23.8	22.2	155,230	29.8	28.5
Luxembourg	0.5	0.2	0.2	530	0.1	0.1
The Netherlands	9.9	3.9	3.7	18,470	3.5	3.4
Portugal	4.4	1.7	1.6	16,470	3.2	3.0
UK	30.8	12.2	11.4	45,450	8.7	8.3
EU	**253.4**	**100.0**	93.5	**520,996**	**100.0**	95.5
Austria	7.2		2.7	6,900		1.3
Finland	1.8		0.7	3,800		0.7
Norway	2.4		0.9	5,500		1.0
Sweden	6.3		2.3	8,100		1.5
EU + 4	**271.1**		**100.0**	**545,296**		**100.0**

Source: OETH estimates based on Eurostat (databank Mercure), Textiles Intelligence and Textilwirtschaft
(*): East and West Germany for size of the market, West Germany for selling points



Retail Sales Index: Clothing, Footwear & Leather goods (NACE 645/646) OETH

1985 = 100

	B	DK	D (*)	GR	F	IRL	I (**)	L	NL	UK	EU
ANNUAL											
1990	114.2	81.4	110.9	87.9	101.8	112.5	104.3	107.4		122.8	111.7
1991	108.8	84.0	117.7	86.2	101.6	114.3	105.6	104.7	125.9	120.0	112.6
1992	110.8	81.9	115.1	94.9	98.7	120.0	104.6	94.4	125.9	120.6	111.3
1993	**105.8**	83.0	113.1	99.7	**99.2**	**116.7**	**105.3**	**91.5**	126.2	124.6	**111.8**
SEASON											
Winter 89/90	112.2	83.5	110.2	96.4	107.7	115.8	...	114.5	...	126.1	...
Winter 90/91	116.4	85.7	121.6	91.3	106.8	120.6	113.8	110.5	...	122.6	...
Winter 91/92	114.4	87.4	124.2	92.9	106.0	121.3	118.8	107.4	130.7	120.2	116.9
Winter 92/93	108.7	84.7	122.0	110.2	105.7	132.9	115.6	98.3	127.7	127.5	117.7
Summer 90	108.8	78.3	103.2	83.5	96.8	106.2	...	100.5	...	113.8	...
Summer 91	105.8	80.8	112.2	82.9	97.6	107.2	95.3	100.7	123.5	110.7	107.0
Summer 92	109.3	77.8	105.5	85.5	91.8	109.6	...	90.6	122.0	111.2	103.3
Summer 93	105.3	78.6	107.7	93.2	92.7	111.3	94.9	85.0	126.7	118.6	105.9

SOURCE: EUROSTAT

NOTES:

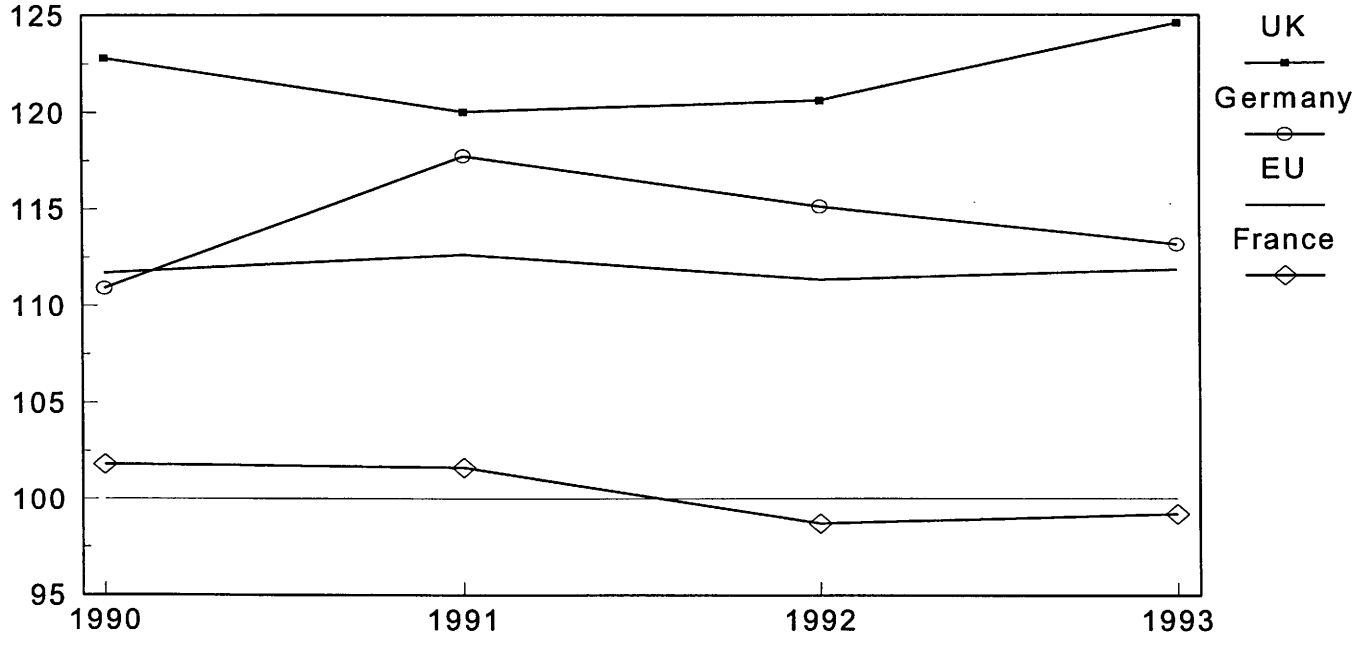
Volume of retail sales, not seasonally adjusted.

(*): West Germany only

(**): Data only from enterprises with more than 9 salary earners

Seasons: Summer = (March - August), of the same year

Winter = (September - February), of the following year



EU: Production indices of Textiles and Clothing (1990 - 1993) OETH

1985=100

Country	Textiles (NACE 43) (incl. knitwear)					Clothing (CODE 459) (1)				
	1990	1991	1992	1993	% of total production 1993 (*) (EU=100)	1990	1991	1992	1993	% of total production 1993 (*) (EU=100)
Belgium	112.3	104.5	106.7	**99.4**	5.2	120.8	128.7	130.6	**140.3**	2.7
Denmark	86.9	87.4	84.4	75.6	0.8	67.6	68.7	72.2	60.2	0.8
Germany (West)	99.3	99.8	92.0	81.3	16.3	86.8	86.2	77.0	68.6	17.2
Greece	99.7	90.7	83.0	78.1	2.5	89.1	92.8	89.6	87.6	1.4
Spain	106.5	99.8	93.4	**84.2**	5.3	105.3	97.8	**93.3**	NA	5.2
France	88.7	83.8	82.4	76.5	(2) 16.7	76.4	72.2	65.4	**63.0**	17.0
Ireland	119.2	118.9	125.4	**127.7**	0.7	90.9	79.2	76.2	**69.3**	0.4
Italy	113.6	114.4	112.4	107.5	36.6	95.7	95.7	100.2	85.5	41.4
The Netherlands	98.9	98.0	90.0	**89.7**	2.0	117.4	120.9	111.0	**114.3**	0.8
Portugal	114.5	112.3	103.3	86.6	2.7	113.3	114.0	111.0	**100.8**	1.9
U.K.	92.4	83.5	82.8	83.5	11.1	97.5	88.0	89.3	90.2	11.1
EU	103.8	100.9	97.4	**91.0**	100.0	93.3	90.6	88.6	**81.5**	100.0

Note: Indices based on volume; Estimates are in BOLD.
(*): % of total 1993 are based on total production value (ECU, constant prices)
(1): CODE 459 = NACE 453+454+456.
(2): For France, % of total production covers NACE 43+455
Source: EUROSTAT

EU: Production indices (1990 - 1993)

OETH

Man-made fibres and knitting industry

1985=100

Country	Man-made fibres (NACE 26)				Knitting (NACE 436)			
	1990	1991	1992	1993	1990	1991	1992	1993
Belgium	325.5	350.5	376.7	**399.4**	...	...	...	...
Denmark	...	...	...	...	...	...	...	...
Germany (West)	101.8	96.5	94.0	84.0	85.1	88.3	77.4	69.8
Greece	101.6	93.0	96.0	92.3	...	...	...	...
Spain	90.6	87.1	101.2	**88.2**	136.1	124.9	118.5	**107.6**
France	72.0	55.9	56.6	55.9	88.0	85.6	81.9	77.9
Ireland	...	...	...	...	139.6	158.7	187.3	**194.8**
Italy	106.0	101.8	104.2	97.2	124.1	129.1	128.3	124.2
The Netherlands	...	...	...	...	...	...	...	...
Portugal	111.0	106.5	113.3	**109.4**	...	...	...	...
U.K.	117.2	122.9	127.4	125.1	87.1	79.1	76.8	76.4
EU	107.0	104.2	108.5	**100.9**	104.9	105.5	102.0	**97.7**

Note: Indices based on volume; Estimates are in BOLD.

Source: EUROSTAT

Table 11

EU: Structural Data on the Textile and Clothing Industry (1988 - 1993)

OETH

	Textiles (NACE 43+455)				Clothing (NACE 453+454)			
	1988	1990	1992	1993 (*)	1988	1990	1992	1993 (*)
Total Employment	1,745,124	1,650,878	1,506,526	1,416,000	1,325,690	1,263,171	1,130,016	1,056,000
Employment, firms with over 20 employees	1,422,029	1,328,814	1,201,079	1,129,000	866,976	835,955	744,000	695,000
Total number of firms	64,035	66,093	62,620	...	83,797	89,560	84,267	...
Number of firms, with over 20 employees	16,342	16,502	15,780	...	11,184	12,153	12,040	...
Investment (M.ECU), current prices	5,100	4,854	4,326	...	1,074	1,240	1,009	...
Turnover (M. ECU), constant prices	104,113	107,863	106,159	101,220	53,925	57,768	60,790	57,470

Source: OETH based on EUROSTAT, DEBA, COMITEXTIL and National Association sources.

NOTE:

Textiles and Clothing: Investment data for Belgium, Greece, Italy, Luxembourg, The Netherlands, and the UK are of firms with more than 20 employees only.
Data for Germany is West Germany only; in former East Germany alone, there was a loss of employment from 1988-93 of 270,000.
All data for the Netherlands are for firms with more than 20 employees only.

(*): Estimates

EU: Employment and Investment in the Textile Industry (1991-1993) (**)

OETH

Countries	Total Employment 1991	(%) 1991	Total Employment 1992	(%) 1992	Total Employment 1993	(%) 1993	Total Investment (mn ECU) 1991	Total Investment (mn ECU) 1992	Investment per employee (ECU) 1991	Investment per employee (ECU) 1992
Belgium/Lux. (*)	50,387	3.8	48,688	3.9	45,621	3.9	292	300	5,795	6,162
Denmark	12,976	1.0	12,705	1.0	12,182	1.0	63	62	4,855	4,880
Germany (West) (*)	218,107	16.3	204,128	16.2	184,620	15.8	1,026	906	4,704	4,438
Greece (*)	39,311	2.9	35,085	2.8	32,875	2.8	116	116	2,951	3,306
Spain	180,062	13.5	169,790	13.5	153,439	13.2	206	193	1,144	1,137
France	184,817	13.8	173,395	13.8	156,546	13.4	681	678	3,685	3,910
Ireland	11,574	0.9	11,563	0.9	11,124	1.0	39	39	3,370	3,373
Italy (*)	268,675	20.1	258,900	20.6	235,420	20.2	1,426	1266	5,308	4,890
The Netherlands (*)	21,518	1.6	20,551	1.6	19,256	1.7	115	115	5,344	5,596
Portugal (***)	155,040	11.6	136,311	10.8	127,723	11.0	255	255	1,645	1,871
U.K. (*)	195,158	14.6	188,216	14.9	186,577	16.0	396	396	2,029	2,104
EU		100.0		100.0		100.0	4,615	4,326	3,450	3,435

SOURCE: OETH based on EUROSTAT, DEBA, COMITEXTIL and National Association sources.

(*): Data for firms with 20 employees or more.
(**):NACE 43+455 (Knitwear included)
(***): Employment data for Portugal will be revised in the near future.

Table 13

OETH

EU: Employment and Investment in the Clothing Industry (1991-1992) (**)

Countries	Total Employment 1991	(%) 1991	Total Employment 1992	(%) 1992	Total Investment (mn ECU) 1991	Investment per employee (ECU) 1991
Belgium/Lux. (*)	23,604	2.5	21,277	2.4	36	1,534
Denmark	8,197	0.9	6,520	0.7	12	1,464
Germany (West) (*)	143,789	15.4	129,705	14.7	198	1,377
Greece (*)	28,953	3.1	25,849	2.9	32	1,105
Spain	133,088	14.3	124,760	14.2	70	526
France	166,765	17.9	161,788	18.4	272	1,631
Ireland	4,600	0.5	4,702	0.5	11	2,391
Italy (*)	128,403	13.8	126,375	14.4	278	2,165
The Netherlands (*)	7,363	0.8	6,784	0.8	19	2,580
Portugal (***)	135,631	14.5	127,522	14.5	35	258
U.K. (*)	153,366	16.4	144,417	16.4	111	724
EU		100.0		100.0	1,074	1,150

SOURCE: OETH based on EUROSTAT, DEBA, COMITEXTIL and National Association sources.

(*): Data for firms with 20 employees or more.
(**):NACE 453+454 (Knitwear excluded)
(***): Employment data for Portugal will be revised in the near future.

EU: Turnover and Employment in the Textile Industry -1993

OETH

Share of the wool, cotton and knitting industries (%)

Countries	(%) Turnover Textile industry NACE 43	(%) Turnover Wool industry NACE 431	(%) Turnover Cotton industry NACE 432	(%) Turnover Knitting industry NACE 436	(%) Employment Textile industry NACE 43	(%) Employment Wool industry NACE 431	(%) Employment Cotton industry NACE 432	(%) Employment Knitting industry NACE 436
Belgium/Lux.	100	14.8	14.9	4.3	100	14.0	19.4	12.9
Denmark	100	4.3	3.2	38.5	100	4.6	3.8	43.8
Germany (West) (*)	100	7.9	19.0	20.8	100	5.2	19.6	21.7
Greece	100	2.8	44.2	27.6	100	3.3	32.3	31.9
Spain	100	4.9	25.2	20.1	100	2.7	9.9	13.7
France	100	12.9	18.9	21.2	100	10.1	18.4	34.0
Ireland (*)	100	11.8	21.5	33.9	100	11.9	16.3	46.7
Italy (*)	100	14.7	10.7	17.0	100	9.4	8.9	13.8
The Netherlands (*)	100	(**) 36.0	(**)	10.6	100	(**) 43.9	(**)	15.4
Portugal	100	11.6	43.8	26.4	100	12.8	39.8	27.9
U.K.	100	17.6	16.6	22.7	100	15.6	13.7	34.5
EU	100	13.0	17.5	19.2	100	9.8	16.3	22.4

SOURCE: OETH estimates based on DEBA, EUROSTAT, COMITEXTIL and National Association sources.

- The textile industry (NACE 43) also covers the following activities whose share is not indicated here: Silk industry, Flax, hemp, ram industry, Jute industry, Textile finishing, Carpets, and miscellaneous.
- Share of turnover is based on ECU in constant prices (1985=100)

(*): Data for firms with 20 employees or more.
(**): Data for the Netherlands cover NACE 431+432+433+434+437

EU: MFA External Trade (1990-1993)

OETH

		EU Imports (1)				EU Exports (1)				Balance			E/I Ratio (%)		
		1990	1992	1993 (2)	Change 93/92 (%)	1990	1992	1993 (2)	Change 93/92 (%)	1990	1992	1993 (2)	1990	1992	1993 (2)
MFA Textiles (excl. knitwear)	Tonnes	1,812,623	1,888,559	1,951,479	3.3	1,428,524	1,469,340	1,601,027	9.0	-384,099	-419,219	-350,452	78.8	77.8	82.0
	million ECU	10,282	10,484	10,311	-1.7	12,005	12,654	13,052	3.1	1,723	2,170	2,741	116.8	120.7	126.6
MFA Clothing (incl. knitwear)	Tonnes	1,044,294	1,352,066	1,484,979	9.8	234,251	247,694	245,796	-0.8	-810,043	-1,104,372	-1,239,183	22.4	18.3	16.6
	million ECU	17,836	23,107	25,301	9.5	8,028	8,369	8,244	-1.5	-9,808	-14,738	-17,057	45.0	36.2	32.6
Total MFA T+C	Tonnes	2,856,917	3,240,625	3,436,458	6.0	1,662,775	1,717,034	1,846,823	7.6	-1,194,142	-1,523,591	-1,589,635	58.2	53.0	53.7
	million ECU	28,118	33,591	35,612	6.0	20,033	21,023	21,296	1.3	-8,085	-12,568	-14,316	71.2	62.6	59.8

Source: EUROSTAT; DB DG III: Textiles

(1): Extra-EU only
(2) Estimates, based on January - September 1993 data.

EU: MFA Textiles and Clothing Trade (Extra-EU only)

OETH

1985 = 100

Indices

Country	MFA TEXTILES								MFA CLOTHING							
	IMPORTS				EXPORTS				IMPORTS				EXPORTS			
	1990	1992	1993 (*)	% of total 1993	1990	1992	1993 (*)	% of total 1993	1990	1992	1993 (*)	% of total 1993	1990	1992	1993 (*)	% of total 1993
Belgium/Lux.	190	203	209	9.8	116	118	155	16.9	380	468	528	4.0	160	184	168	2.7
Denmark	105	99	86	1.8	93	93	90	1.8	273	401	361	3.4	83	112	109	5.8
Germany (West)	138	147	151	24.4	113	131	131	30.9	184	229	252	38.6	129	151	149	23.4
Greece	264	251	251	1.5	100	106	97	0.9	556	1309	1541	0.3	278	259	226	5.0
Spain	744	1182	800	3.7	110	101	101	4.6	1944	4633	3754	2.3	122	187	210	6.6
France	158	155	151	9.8	122	121	135	10.3	306	369	422	16.1	169	225	215	10.6
Ireland	714	530	371	0.7	88	81	95	0.4	1673	1336	1380	0.3	133	123	109	0.7
Italy	172	166	164	15.9	91	89	108	17.6	254	438	490	7.7	97	97	109	20.6
The Netherlands	139	135	221	9.4	81	90	90	5.4	208	262	313	9.7	141	177	177	3.1
Portugal	112	130	112	1.9	109	94	83	2.1	1516	2102	2137	0.2	159	124	93	8.5
U.K.	164	173	189	21.2	101	98	109	8.9	208	258	281	17.4	92	113	122	12.6
EU	161	168	174	100.0	105	110	120	100.0	221	286	315	100.0	125	142	141	100.0

NOTES: (*) 1993 are estimates based on January - September 1993 data.
Indices based on volume in tonnes

SOURCE: EUROSTAT, DB DGIII Textiles. OETH.

EU: Exports of Textiles and Clothing

OETH

(1988 - 1993) (*)

Countries of destination	Year	All Textiles & Clothing		MFA Textiles & Clothing		MFA Textiles		MFA Clothing	
		000 tonnes	%	000 tonnes	%	000 tonnes	%	000 tonnes	%
Extra-EU	1988	2,408	100.0	1,557	100.0	1,353	100.0	204	100.0
	1992	2,840	100.0	1,717	100.0	1,469	100.0	248	100.0
	1993	3,055	100.0	1,847	100.0	1,601	100.0	246	100.0
EFTA countries	1988	598	24.8	482	31.0	371	27.4	111	54.4
	1992	595	21.0	468	27.3	349	23.8	119	48.0
	1993	568	18.6	442	23.9	333	20.8	109	44.3
U.S.A.	1988	231	9.6	167	10.7	143	10.6	24	11.8
	1992	230	8.1	149	8.7	135	9.2	14	5.6
	1993	272	8.9	175	9.5	162	10.1	13	5.3
JAPAN	1988	67	2.8	37	2.4	34	2.5	3	1.5
	1992	67	2.4	42	2.4	38	2.6	4	1.6
	1993	71	2.3	40	2.2	35	2.2	5	2.0
Rest of the World	1988	1,512	62.8	871	55.9	805	59.5	66	32.4
	1992	1,948	68.6	1,058	61.6	947	64.5	111	44.8
	1993	2,144	70.2	1,190	64.4	1,071	66.9	119	48.4

Source: EUROSTAT; DB DG III: Textiles.

(*): 1993 are estimates based on January - September 1993 data.

EFTA countries: Norway, Finland, Sweden, Austria, and Switzerland.

EU: Imports of Textiles and Clothing (1988-1993) (*)

(000 tonnes) OETH

	Countries of origin	Year	All T + C	MFA T + C	MFA (**) T	MFA (**) C
3011	Extra-EU	1988	5,000	2,349	1,532	817
		1992	5,895	3,241	1,889	1,352
		1993	5,773	3,436	1,951	1,485
3071	Countries not covered by textile policy	1988	1,616	522	478	44
		1992	1,631	618	553	65
		1993	1,411	624	562	62
3064	Countries covered by textile policy	1988	3,383	1,826	1,053	773
		1992	4,264	2,623	1,336	1,287
		1993	4,362	2,811	1,389	1,422
3072	Countries with arrangements	1988	493	382	222	160
		1992	613	515	215	300
		1993	610	511	193	318
	o.w. Turkey	1988	308	237	159	78
		1992	340	268	128	140
		1993	325	254	108	146
3070 (+736)	Countries with an agreement	1988	2,225	1,341	754	587
		1992	2,631	1,877	999	878
		1993	2,516	1,917	982	935
9002	o.w. dominant countries	1988	691	552	229	323
		1992	736	608	234	374
		1993	767	648	251	397
720	o.w. China	1988	293	188	99	89
		1992	387	305	127	178
		1993	418	336	151	185
9055	o.w. ASEAN	1988	235	173	87	86
		1992	410	349	184	165
		1993	431	376	208	168

Source: EUROSTAT; DB DG III: Textiles.

Dominant countries: Taiwan, China, Hong Kong, South Korea, and Macao.
ASEAN: Indonesia, Malaysia, Philippines, Singapore, and Thailand.

(*): 1993 are estimates based on January - September 1993 data.
(**): T = Textiles (excl. knitwear), C = Clothing (incl. knitwear).

EU: The first ten trading partners in textiles and clothing 1988-1993 OETH

million ECU	1988	% of total		1993 (*)	% of total
IMPORTS - TEXTILES					
Extra-EU	13,306		Extra-EU	12,015	
1. Switzerland	1,314	9.9	Switzerland	1,100	9.2
2. Australia	1,301	9.8	Austria	1,003	8.3
3. USA	1,190	8.9	USA	973	8.1
4. Austria	1,007	7.6	India	871	7.2
5. China	858	6.4	China	746	6.2
6. Japan	706	5.3	Japan	604	5.0
7. Turkey	647	4.9	Australia	568	4.7
8. India	573	4.3	Turkey	536	4.5
9. Pakistan	448	3.4	Indonesia	472	3.9
10. South Africa	292	2.2	Pakistan	439	3.7
IMPORTS - CLOTHING					
Extra-EU	15,310		Extra-EU	28,793	
1. Hong Kong	2,387	15.6	China	4,000	13.9
2. Turkey	1,272	8.3	Hong Kong	2,868	10.0
3. China	1,213	7.9	Turkey	2,832	9.8
4. Ex-Yugoslavia	1,153	7.5	India	1,485	5.2
5. South Korea	1,112	7.3	Morocco	1,377	4.8
6. India	627	4.1	Tunisia	1,301	4.5
7. Morocco	591	3.9	Poland	1,257	4.4
8. Tunisia	577	3.8	Indonesia	1,092	3.8
9. Austria	576	3.8	Thailand	757	2.6
10. Taiwan	509	3.3	Austria	682	2.4
EXPORTS - TEXTILES					
Extra-EU	11,426		Extra-EU	14,347	
1. USA	1,342	11.7	USA	1,518	10.6
2. Switzerland	998	8.7	Poland	938	6.5
3. Austria	920	8.1	Austria	932	6.5
4. Japan	832	7.3	Switzerland	888	6.2
5. Ex-Yugoslavia	766	6.7	Tunisia	714	5.0
6. Sweden	494	4.3	Morocco	705	4.9
7. Morocco	396	3.5	Japan	665	4.6
8. China	381	3.3	Turkey	526	3.7
9. Finland	359	3.1	Hong Kong	507	3.5
10. Tunisia	353	3.1	Sweden	400	2.8
EXPORTS - CLOTHING					
Extra-EU	8,772		Extra-EU	11,317	
1. Switzerland	1,529	17.4	Switzerland	1,779	15.7
2. USA	1,413	16.1	Austria	1,488	13.1
3. Austria	1,152	13.1	USA	1,288	11.4
4. Sweden	905	10.3	Japan	989	8.7
5. Japan	589	6.7	Sweden	772	6.8
6. Norway	530	6.0	Norway	519	4.6
7. Canary Islands	267	3.0	Hong Kong	466	4.1
8. Finland	262	3.0	Canary Islands	253	2.2
9. Canada	214	2.4	Russia	220	1.9
10. Hong Kong	198	2.3	Saudi Arabia	209	1.8

(*): 1993 are estimates based on January - September 1993 data.
Source: Eurostat; DB DG III: Textiles
Textiles = HS 50-60; Clothing = HS 61-63

Table 20

EU: PECOs Trade in MFA Textile Products 1992-1993 (*) OETH

	EU Imports				EU Exports				Balance			
	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)
Czech Rep. & Slov.	51.6	-11.3	221.1	-4.8	42.6	41.1	370.3	31.2	-9.0	-67.9	149.2	198.4
Poland	24.3	-1.6	138.8	14.8	87.5	21.5	912.5	19.5	63.2	33.6	773.7	20.4
Hungary	17.1	-15.3	77.8	-12.2	35.0	6.7	362.2	-0.5	17.9	42.1	284.4	3.3
Romania	6.5	12.1	23.5	-7.5	28.0	42.1	342.6	39.8	21.5	54.7	319.1	45.3
Bulgaria	11.1	8.8	39.6	8.8	11.6	26.1	105.1	14.9	0.5	-150.0	65.5	18.9
Slovenia	24.6	117.7	105.2	94.5	25.8	96.9	298.6	67.8	1.2	-33.3	193.4	56.1
Total	135.2	3.7	606.0	8.7	230.5	30.2	2,391.3	24.3	95.3	104.5	1,785.3	30.6

SOURCE: EUROSTAT; DG III, DB Textiles; Trade data corresponds to Regime 4 in the database (Total trade)
(*): 1993 are estimates based on January - September 1993 data.

Table 21

EU: PECOs Trade in MFA Clothing Products 1992-1993 (*) OETH

	EU Imports				EU Exports				Balance			
	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)
Czech Rep. & Slov.	22.9	10.6	460.6	17.6	6.0	33.3	118.9	38.3	-16.9	4.3	-341.7	11.7
Poland	48.4	22.2	1158.5	22.7	8.6	19.4	136.8	15.2	-39.8	22.8	-1021.7	23.8
Hungary	21.5	5.9	582.4	9.7	8.0	14.3	160.8	10.4	-13.5	1.5	-421.6	9.5
Romania	32.0	19.9	578.7	28.1	4.5	12.5	70.8	2.5	-27.5	21.1	-507.9	32.7
Bulgaria	11.3	7.6	166.1	10.3	2.7	12.5	24.9	-2.4	-8.6	6.2	-141.2	12.9
Slovenia	12.9	63.3	457.4	68.4	4.4	83.3	84.8	85.6	-8.5	54.5	-372.6	64.9
Total	149.0	18.5	3,403.7	24.2	34.2	24.4	597.0	21.7	-114.8	16.9	-2806.7	24.7

SOURCE: EUROSTAT; DG III, DB Textiles; Trade data corresponds to Regime 4 in the database (Total trade)
(*): 1993 are estimates based on January - September 1993 data.

EU: PECOs Trade in MFA Textiles & Clothing Products 1992-1993 (*) OETH

	EU Imports				EU Exports				Balance			
	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)	000 tonnes 1993	93/92 (%)	mn ECU 1993	93/92 (%)
Czech Rep. & Slov.	74.5	-5.6	681.7	9.2	48.6	40.1	489.2	32.8	-25.9	-41.4	-192.5	-24.7
Poland	72.7	13.1	1297.3	21.8	96.1	21.3	1,049.3	18.9	23.4	57.0	-248.0	35.8
Hungary	38.6	-4.7	660.2	6.6	43.0	8.0	523.0	2.6	4.4	-728.6	-137.2	25.0
Romania	38.5	18.5	602.2	26.2	32.5	37.1	413.4	31.6	-6.0	-31.8	-188.8	15.7
Bulgaria	22.4	8.2	205.7	10.0	14.3	23.3	130.0	11.1	-8.1	-11.0	-75.7	8.1
Slovenia	37.5	95.3	562.6	72.7	30.2	94.8	383.4	71.4	-7.3	97.3	-179.2	75.7
Total	284.2	11.0	4,009.7	21.6	264.7	29.4	2,988.3	23.7	-19.5	-62.2	-1021.4	15.6

SOURCE: EUROSTAT; DG III, DB Textiles; Trade data corresponds to Regime 4 in the database (Total trade)
(*): 1993 are estimates based on January - September 1993 data.

Table 23

Production and foreign trade by product line - 1992							OETH
(Unit: 000 tonnes) Branch	Production (1)	Extra-EU exports (2)	Extra-EU imports (3)	Apparent consumption (4)=(1+3-2)	Imp./Cons. (%) (3)/(4)	Exp./Prod. (%) (2)/(1)	Balance (2)-(3)
Man-made fibres	3,176.6	474.0	634.9	3,337.3	19.0	14.9	-160.8
Spinning	2,456.5	127.9	426.4	2,755.0	15.5	5.2	-298.5
Woven goods & fabrics	2,551.2	498.2	643.2	2,696.2	23.9	19.5	-145.0
Woven goods	2,033.2	452.0	594.9	2,176.2	27.3	22.2	-142.9
Knitted fabrics	517.9	46.3	48.3	520.0	9.3	8.9	-2.0
Clothing	2,156.1	203.5	1,237.0	3,189.6	38.3	9.4	-1,033.6
Knitwear (*)	1,053.7	109.8	574.6	1,518.5	37.8	10.4	-464.8
Woven clothing	1,102.4	93.7	662.4	1,671.1	39.6	8.5	-568.7
Textiles - end uses	2,718.4	348.6	432.9	2,802.7	15.4	12.8	-84.3
Carpets	703.4	87.1	83.5	699.8	11.9	12.4	3.6
Household textiles	760.7	50.5	162.2	872.4	18.6	6.6	-111.7
Industrial textiles	393.6	42.8	68.0	418.8	16.2	10.9	-25.2
Other textiles (**)	860.6	168.2	119.2	811.6	14.7	19.5	49.0
Total - end uses	4,874.5	552.1	1,669.9	5,992.3	27.9	11.3	-1,117.8

Source: DGIII Report on the competitiveness of the European textile and clothing industry, 1993
(*): including fully-fashioned knitwear
(**): including non-woven goods

OPT KEY FIGURES ON EXTRA-EU IMPORTS (1990 - 1993) (*)

OETH

Tonnes

Total MFA clothing

E U

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	66,497	8.1	96,987	9.3	133,826	9.9	150,563	10.1
DIRECT Imports	750,484	91.9	947,307	90.7	1,218,240	90.1	1,334,416	89.9
TOTAL Imports	816,981		1,044,294		1,352,066		1,484,979	

GERMANY

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	43,818	13.0	61,459	14.7	82,527	15.8	92,795	16.2
DIRECT Imports	292,895	87.0	356,886	85.3	439,482	84.2	480,521	83.8
TOTAL Imports	336,713		418,345		522,009		573,316	

FRANCE

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	9,591	7.7	15,662	9.0	16,742	8.0	17,924	7.5
DIRECT Imports	115,457	92.3	157,829	91.0	192,113	92.0	221,199	92.5
TOTAL Imports	125,048		173,491		208,855		239,123	

ITALY

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	184	0.4	551	0.9	4,840	4.7	10,809	9.4
DIRECT Imports	49,014	99.6	57,718	99.1	98,088	95.3	104,194	90.6
TOTAL Imports	49,198		58,269		102,928		115,003	

BENELUX

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	9,358	9.3	13,351	9.6	17,215	9.9	17,050	8.4
DIRECT Imports	90,796	90.7	125,093	90.4	155,939	90.1	186,476	91.6
TOTAL Imports	100,154		138,444		173,154		203,526	

DENMARK

	1988	Share (%)	1990	Share (%)	1992	Share (%)	1993	Share (%)
OPT Imports	1,387	5.0	3,103	8.2	7,396	13.2	7,411	14.8
DIRECT Imports	26,321	95.0	34,867	91.8	48,426	86.8	42,741	85.2
TOTAL Imports	27,708		37,970		55,822		50,152	

(*): 1993 are estimates based on January - September 1993 data.

SOURCE: EUROSTAT; DB DGIII: Textiles; OPT imports are based on Regime 3 in the data bank.

Importance of OPT trade in total trade 1990-1993 (Extra-EU)

OETH

(Tonnes)	E U					GERMANY				
	1990	1991	1992	1993 (*)	93/92 (%)	1990	1991	1992	1993 (*)	93/92 (%)
IMPORTS										
MFA Clothing										
Total Imports	1,044,294	1,287,002	1,352,066	1,484,979	9.8	418,345	535,567	522,009	573,316	9.8
OPT Imports	96,987	118,074	133,826	150,563	12.5	61,459	77,725	82,527	92,795	12.4
Share of OPT (%)	9.3	9.2	9.9	10.1		14.7	14.5	15.8	16.2	
MFA Textiles										
Total Imports	1,812,623	1,866,992	1,887,362	1,951,479	3.4	435,038	481,448	462,251	475,704	2.9
OPT Imports	5,727	8,102	10,626	15,457	45.5	3,844	6,086	7,323	9,944	35.8
Share of OPT (%)	0.3	0.4	0.6	0.8		0.9	1.3	1.6	2.1	
EXPORTS										
MFA Clothing										
Total Exports	234,251	235,992	247,694	245,796	-0.8	50,973	57,401	58,362	57,543	-1.4
OPT Exports	14,320	18,072	21,763	28,164	29.4	7,314	9,334	9,376	10,523	12.2
Share of OPT (%)	6.1	7.7	8.8	11.5		14.3	16.3	16.1	18.3	
MFA Textiles										
Total Exports	1,428,524	1,427,464	1,469,340	1,601,027	9.0	433,297	476,090	497,840	494,932	-0.6
OPT Exports	102,809	122,734	139,187	166,851	19.9	67,462	83,587	92,409	107,028	15.8
Share of OPT (%)	7.2	8.6	9.5	10.4		15.6	17.6	18.6	21.6	

Source: Eurostat; DB DG III: Textiles; OPT imports are based on Regime 3 in the databank.
(*): 1993 are estimates based on January - September 1993 data.

1993 (*)

EU IMPORTS
OPT IMPORTS AS % OF TOTAL IMPORTS
Selected MFA categories from main OPT countries

OETH

MFA Cat.	SLOVENIA	POLAND	CZECH REP.	SLOVAKIA	HUNGARY	ROMANIA	BULGARIA	MOROCCO	TUNISIA	TURKEY	TOTAL EXTRA-EU
4. Shirts, T-shirts	57	43	43	51	81	9	14	2	14	1	2
5. Jerseys, pullovers	72	50	42	84	57	15	42	2	6	3	5
6. Woven trousers, shorts	92	86	51	51	64	64	65	9	10	13	13
7. W/G blouses	84	79	79	83	78	65	54	10	12	6	17
8. M/B shirts	66	69	36	34	77	38	49	16	28	1	9
12. Panty-hose & tights	13	11	35	25	72	6	1	1	10	1	6
13. Underpants, briefs	59	56	81	59	92	55	7	0	23	5	9
14. M/B woven overcoats	36	86	79	44	57	53	42	2	7	1	16
15. W/G woven overcoats	64	88	84	74	79	76	50	11	20	9	36
16. M/B suits	86	83	48	58	64	67	0	4	4	28	21
17. M/B jackets, blazers	68	78	83	71	79	74	46	11	20	35	38
21. Parkas, anoraks	66	91	69	65	83	64	60	4	9	5	12
24. M/B nightshirts	81	39	53	47	85	14	89	10	22	0	5
26. W/G dresses	78	84	80	86	85	81	46	13	9	2	10
27. W/G skirts	80	91	87	94	84	64	75	16	23	4	29
29. W/G suits & ensembles	60	88	78	87	92	76	34	7	2	1	19
31. Brassières	60	74	78	100	94	94	73	9	13	0	12
70. Tights, of synth. fibres	5	10	17	0	51	100	0	0	4	0	20
86. Corsets, corset-belts	53	89	68	0	84	33	100	0	26	0	16
Total MFA Clothing	53	78	58	65	72	53	45	9	13	3	10

(*): Estimates are based on January - September 1993 data.
SOURCE: EUROSTAT; DB DGIII: Textiles; OPT imports are based on Regime 3 in the data bank.
NOTES
- Clothing imports from Morocco and Tunisia have a comparatively low recorded OPT content, but non-recorded OPT imports from these countries are thought to be sizeable.
- Shares are based on volume (tonnes)
M/B: Men's or boys'; W/G: Women's or girls'.

1992 — EU: TOTAL IMPORTS - QUOTA UTILISATION (%) (1) — OETH
Selected MFA categories from main OPT countries

MFA Category	COUNTRIES OF EX-YUGOSLAVIA	POLAND	CZECH REP. AND SLOVAKIA	HUNGARY	ROMANIA	BULGARIA
4. Shirts, T-shirts		4.0	7.2	7.3	2.6	35.0
5. Jerseys, pullovers	25.5	16.0	19.0	17.3	25.3	55.9
6. Woven trousers, shorts	31.8	22.3	31.6	25.8	34.8	29.4
7. W/G blouses	19.4		7.0	8.0	14.2	26.5
8. M/B shirts	16.6	11.5	7.9	2.8	25.4	19.2
12. Panty-hose & tights		1.5	1.9	1.9	1.2	
13. Underpants, briefs					2.1	
14. M/B woven overcoats		28.9			36.6	13.6
15. W/G woven overcoats	42.1	41.7	40.1	21.3	51.1	31.1
16. M/B suits	23.4	17.2	22.9	37.4	27.3	
17. M/B jackets, blazers			42.8	46.9	51.6	
21. Parkas, anoraks					270.9	
24. M/B nightshirts		6.1	17.8	11.0	6.6	
26. W/G dresses		8.7	7.4		13.7	
27. W/G skirts						
29. W/G suits & ensembles					131.3	
31. Brassières						
70. Tights, of synth. fibres						
86. Corsets, corset-belts						

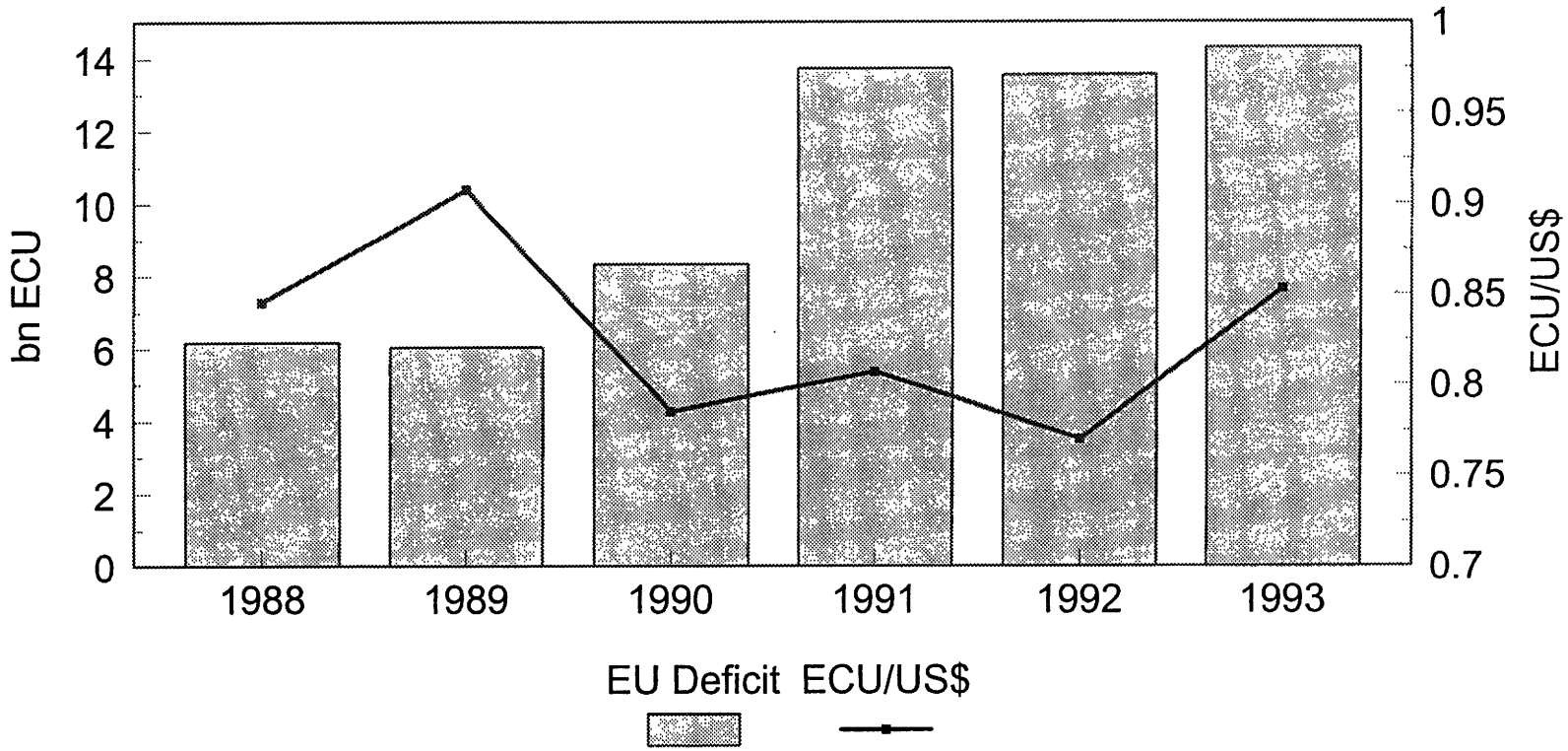
Note: based on 000 pieces (or pairs)
Blanks: neither a direct nor an OPT quota.
(1): (Direct + OPT) Imports as a % of (Direct + OPT) Quotas

SOURCE: EUROSTAT; DB DGIII: Textiles (OPT imports are based on Regime 3 in the data bank); Official Journal of the EU - various issues.

Graph 1

OETH

EU:Textiles & Clothing trade deficit and ECU/US$



Source: Eurostat, DGIII

Note: The Textiles & Clothing trade deficit is based on trade data by NACE classification

Labour cost comparisons OETH

Primary Textile Industry (*)

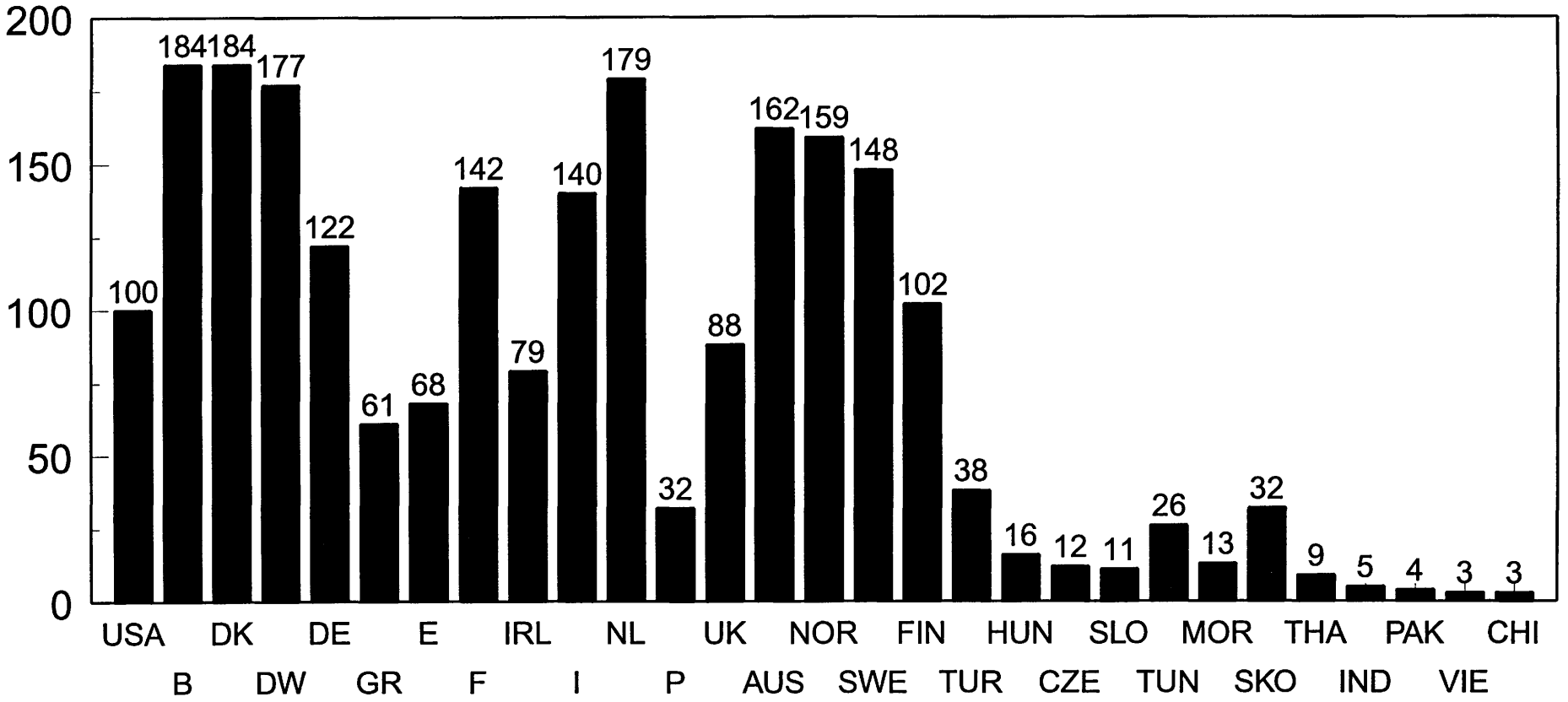
Country	Total Cost per hour (US$) Summer 1993	Total Cost per hour (US$) Summer 1991	Index (USA = 100) Summer 1993	Index (USA = 100) Summer 1991	1993/91 (%)
Belgium	21.32	17.36	184	168	22.8
Denmark	21.32	18.33	184	177	16.3
Germany West	20.50	16.96	177	164	20.9
Germany East	14.17	9.06	122	88	56.4
Greece	7.13	5.75	61	56	24.0
Spain	7.91	7.73	68	75	2.3
France	16.49	12.63	142	122	30.6
Ireland	9.18	8.83	79	85	4.0
Italy	16.20	17.31	140	168	-6.4
The Netherlands	20.82	18.14	179	176	14.8
Portugal	3.70	3.17	32	31	16.7
U.K.	10.27	10.16	88	98	1.1
Austria	18.81	15.51	162	150	21.3
Norway	18.46	15.92	159	154	16.0
Sweden	17.22	19.48	148	189	-11.6
Finland	11.86	15.06	102	146	-21.2
Turkey	4.44	3.12	38	30	42.3
Hungary	1.80	1.32	16	13	36.4
Czech Republic	1.43	NA	12		
Slovakia	1.29	NA	11		
Tunisia	2.97	2.82	26	27	5.3
Morocco	1.47	1.37	13	13	7.3
South Korea	3.66	3.60	32	35	1.7
Thailand	1.04	0.87	9	8	19.5
India	0.56	0.55	5	5	1.8
Pakistan	0.44	0.38	4	4	15.8
Vietnam	0.37	NA	3		
China	0.36	0.34	3	3	5.9

SOURCE: Werner International

(*): Spinning, weaving, dyeing and finishing

Labour cost comparisons - Summer 1993

Primary Textile Industry - Index USA = 100



Source: Werner International

Table 29

EU: Productivity (1988-1993)

OETH

(000 ECU per employee)

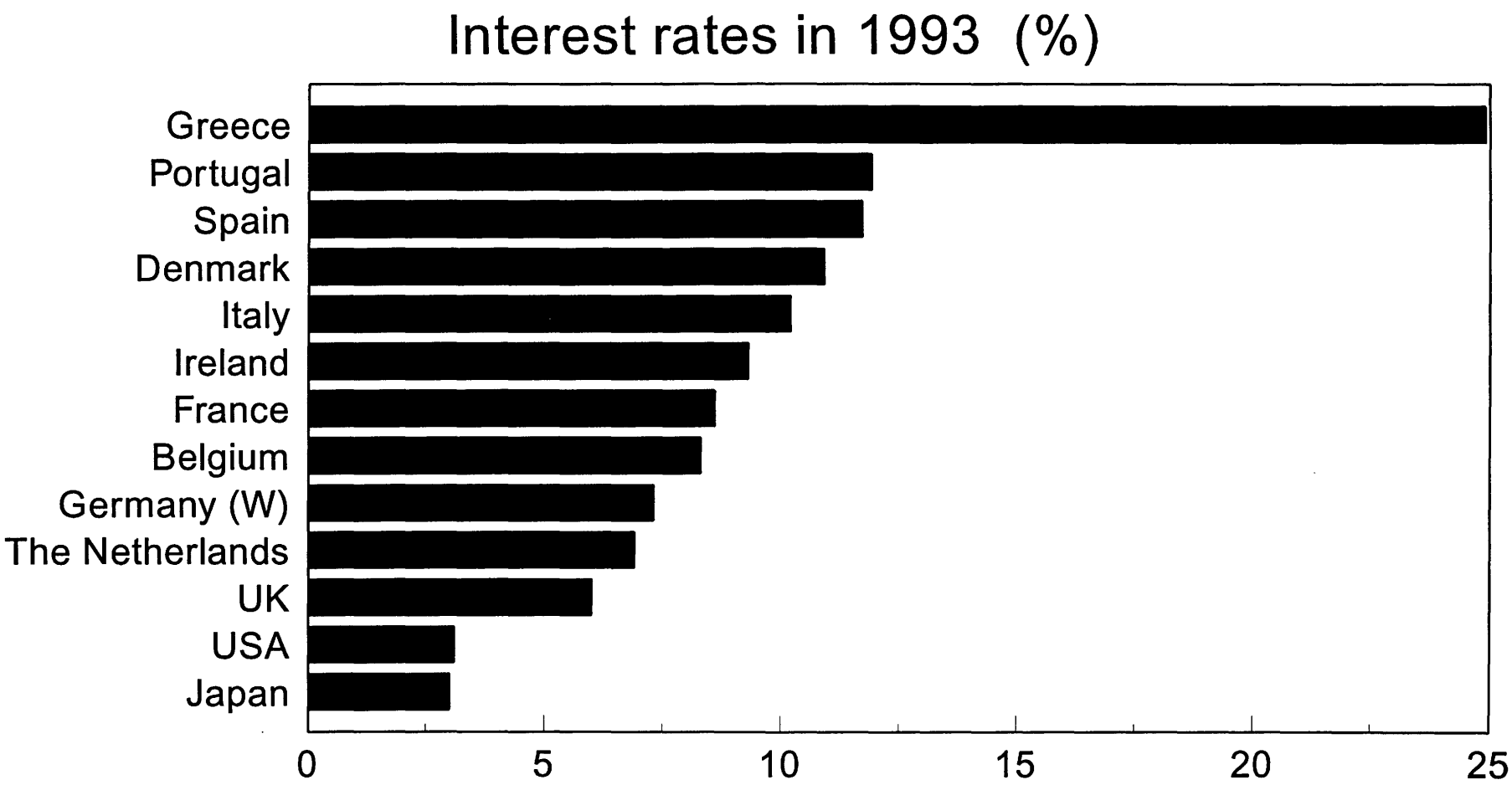
constant prices (1985=100)	1988	1990	1992	1993 (*)	93/88 (%)	93/92 (%)
Manufacturing industry	33.3	34.5	36.1	36.6	9.9	1.4
Textile industry (NACE 43+455)	22.3	24.1	26.2	26.1	17.0	-0.4
Clothing industry (NACE 453)	15.3	16.5	18.9	19.1	24.8	1.1

Source: EUROSTAT, DEBA, OETH

NOTES:
(*): Estimates
- Productivity is defined as value added at factor cost per employee
- Data is based on firms with 20 or more employees

Graph 3

OETH



Source: European Economy, n°55, 1994

Table 30

Spinning Manufacturing Costs/Total Yarn Costs*: 1993

OETH

Cost Element Units of national currency per kg of yarn	Brazil Ring	Italy Ring	India Ring	Japan Ring	Korea Ring	Thailand Ring	USA Ring
Waste	9,943	479	5	36	277	9	0.29
in %	23	11	9	12	20	18	13
Labour	2,152	1,620	2	87	92	2	0.56
in %	5	38	3	29	7	5	24
Power	3,215	377	7	49	146	6	0.16
in %	7	9	12	16	10	12	7
Auxiliary material	2,581	160	3	14	90	3	0.10
in %	6	4	5	5	6	7	4
Depreciation	15,339	817	20	80	502	13	0.91
in %	35	19	34	27	36	29	39
Interest	10,193	818	22	34	286	13	0.33
in %	24	19	37	11	21	29	14
Total manufacturing costs	43,423	4,271	59	300	1,393	46	2.35
in %	100	100	100	100	100	100	100
US $ per kg of yarn							
Total manufacturing cost	1.74	2.80	1.87	2.80	1.71	1.83	2.35
(INDEX: ITALY =100)	(63)	(100)	(67)	(100)	(61)	(66)	(84)
Raw material	1.56	1.31	0.92	1.39	1.39	1.38	1.26
TOTAL YARN COSTS	3.30	4.11	2.79	4.19	3.10	3.21	3.61
(INDEX: ITALY =100)	(80)	(100)	(68)	(102)	(76)	(78)	(88)

Source: ITMF

(*): Yarn: Cotton; the product base in spinning is a Ne 30 combed yarn made of 100% cotton of 1-1/8" staple length.

Weaving Manufacturing Costs/Total Fabric Costs*: 1993

OETH

Cost Element Units of national currency per yard of fabric	Brazil	Italy	India	Japan	Korea	Thailand	USA
Labour	686	336	0.653	20.8	29.9	0.56	0.137
in%	9	42	6	37	13	8	35
Power	647	85	1.151	7.8	26.6	1.07	0.031
in%	8	11	11	14	12	16	8
Auxiliary material	907	59	1.078	5.6	44	0.95	0.042
in%	11	7	10	10	19	14	11
Depreciation	3662	174	4.176	15.9	84	2.24	0.122
in%	46	22	39	29	36	33	32
Interest	2134	141	3.77	5.8	45.9	1.91	0.054
in%	27	18	35	10	20	28	14
Total manufacturing costs	8036	795	10.828	0.521	230.4	6.73	0.386
in%	100	100	100	100	100	100	100
US $ per yard of fabric							
Total manufacturing cost	0.322	0.521	0.344	0.492	0.282	0.266	0.386
(INDEX: ITALY =100)	(62)	(100)	(66)	(90)	(54)	(51)	(74)
Raw material	0.9	1.241	0.834	1.255	0.824	0.827	1.017
TOTAL FABRIC COSTS (**)	1.222	1.762	1.178	1.747	1.106	1.093	1.403
(INDEX: ITALY =100)	(69)	(100)	(67)	(99)	(63)	(62)	(80)

Source: ITMF

(*): Fabric: cotton sheeting fabric construction of 70/70 threads per inch, and 66 inch grey width, made of the yarn referred to in Table 28.
(**): Woven ring - yarn fabric

Table 32

Knitting Manufacturing Costs/Total Fabric Costs*: 1993

OETH

Cost Element Units of national currency per yard of fabric	Brazil	Italy	India	Japan	Korea	Thailand	USA
Labour	192	158	0.135	8.9	9.2	0.18	0.056
in%	11	60	6	52	16	10	45
Power	175	21	0.383	2.7	7.9	0.31	0.009
in%	10	8	16	16	13	16	7
Auxiliary material	238	15	0.289	1.1	8.6	0.32	0.010
in%	14	6	12	6	14	17	7
Depreciation	683	34	0.739	3.3	22.2	0.54	0.037
in%	39	13	31	19	37	29	30
Interest	445	33	0.818	1.3	12.2	0.55	0.013
in%	26	13	35	7	20	28	11
Total manufacturing costs	1733	261	2.364	17.3	60.1	1.90	0.125
in%	100	100	100	100	100	100	100
US $ per yard of fabric							
Total manufacturing cost	0.07	0.171	0.075	0.162	0.074	0.075	0.125
(INDEX: ITALY =100)	(41)	(100)	(44)	(95)	(43)	(44)	(73)
Raw material	0.435	0.365	0.256	0.387	0.387	0.384	0.351
TOTAL FABRIC COSTS (**)	0.505	0.536	0.331	0.549	0.461	0.459	0.476
(INDEX: ITALY =100)	(94)	(100)	(62)	(102)	(86)	(86)	(89)

Source: ITMF

(*): Fabric: cotton fabric interlock construction with a density of 33 courses/inch and 65 inches grey width (open) made of the yarn referred to in Table 28.
(**): Knitted ring - yarn fabric

Table 33

Structural data on the textile and clothing industry - 1992 (*) OETH

Austria, Finland, Norway and Sweden

	Austria	Finland	Norway	Sweden	Total
Employment	51,700	19,400	14,500	13,000	**98,600**
Number of firms	770	520	530	450	**2,270**
Turnover (bn ECU)					
Textiles:	2.3	0.4	(**) 0.5	0.6	**3.3**
Clothing:	1.0	0.3	-	0.3	**1.6**

Source: OETH based on Comitextil and Textilwirtschaft
(*): Estimates
(**): Textiles and Clothing

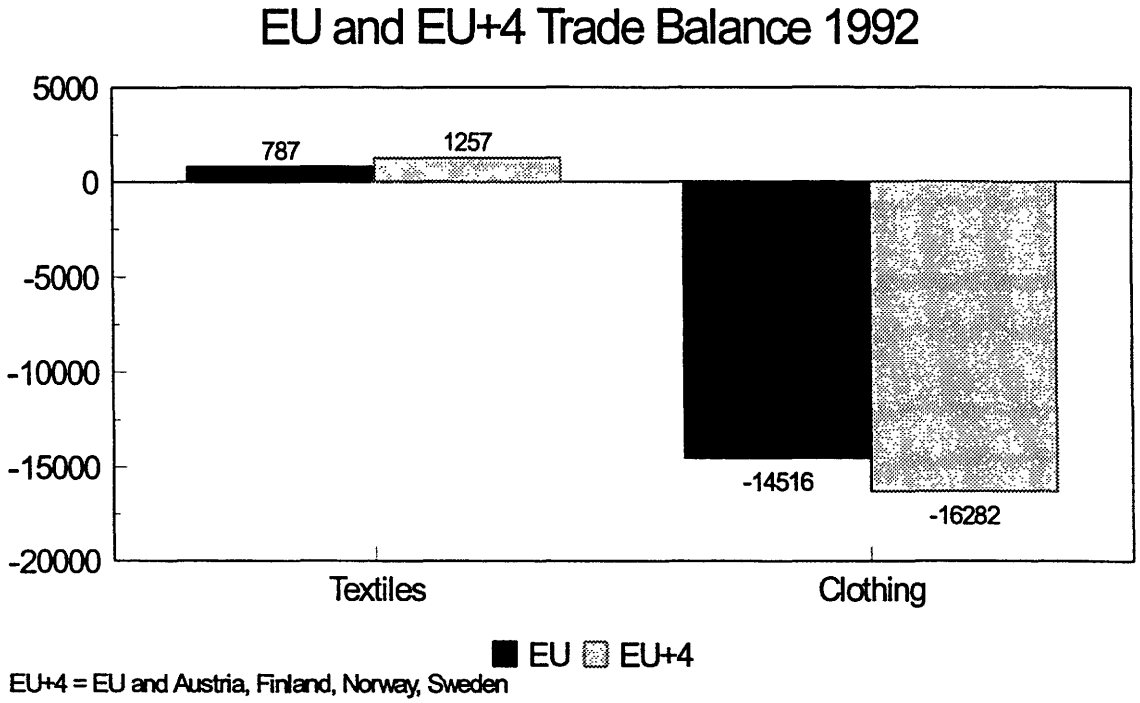
OETH

TOTAL TRADE OF THE EU+4 WITH THE REST OF THE WORLD

1992

million ECU	Imports	Exports	Balance	Exp/Imp (%)
TEXTILES				
EU	10,763	11,550	787	107.3
Austria	377	1,037	660	275.1
Finland	99	92	-7	92.9
Norway	96	28	-68	29.2
Sweden	261	146	-115	55.9
Total	**11,596**	**12,853**	**1,257**	**110.8**
CLOTHING				
EU	35,128	20,612	-14,516	58.7
Austria	710	242	-468	34.1
Finland	235	42	-193	17.9
Norway	355	9	-346	2.5
Sweden	874	115	-759	13.2
Total	**37,302**	**21,020**	**-16,282**	**56.4**

Source: Eurostat, Comext
Textiles: CTCI rev.3 (65) - raw materials excluded
Clothing: CTCI rev.3 (84-848)



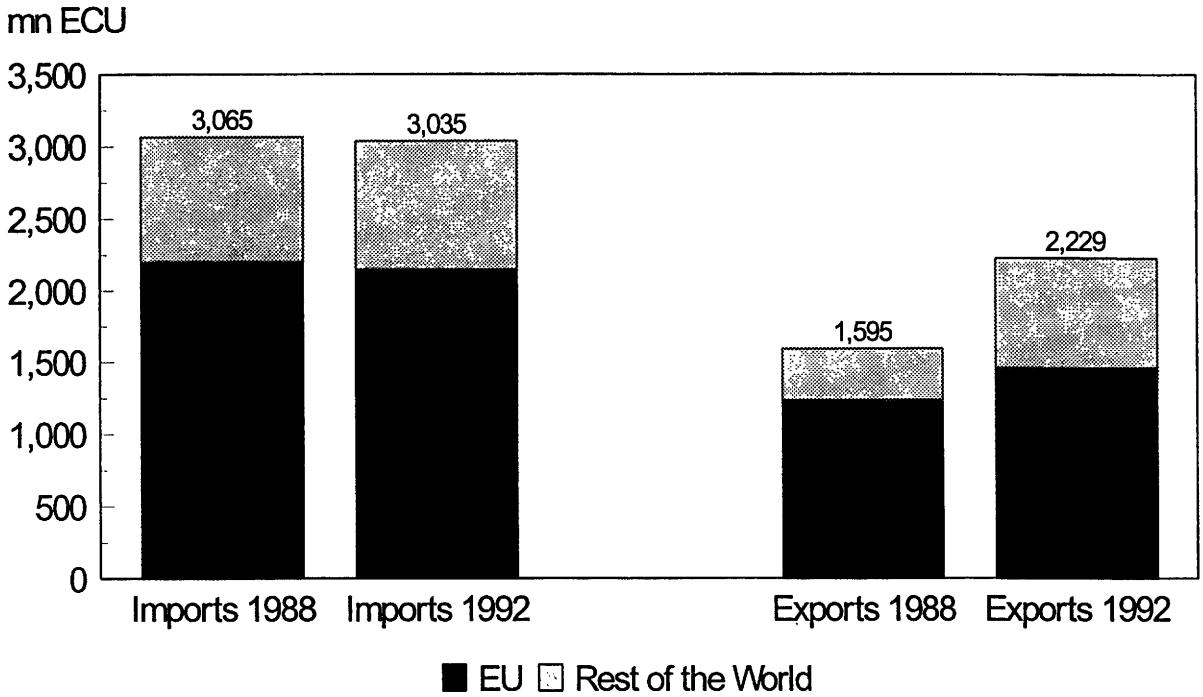
EU+4 = EU and Austria, Finland, Norway, Sweden
million ECU

Graph 4
OETH

Austria, Finland, Norway and Sweden

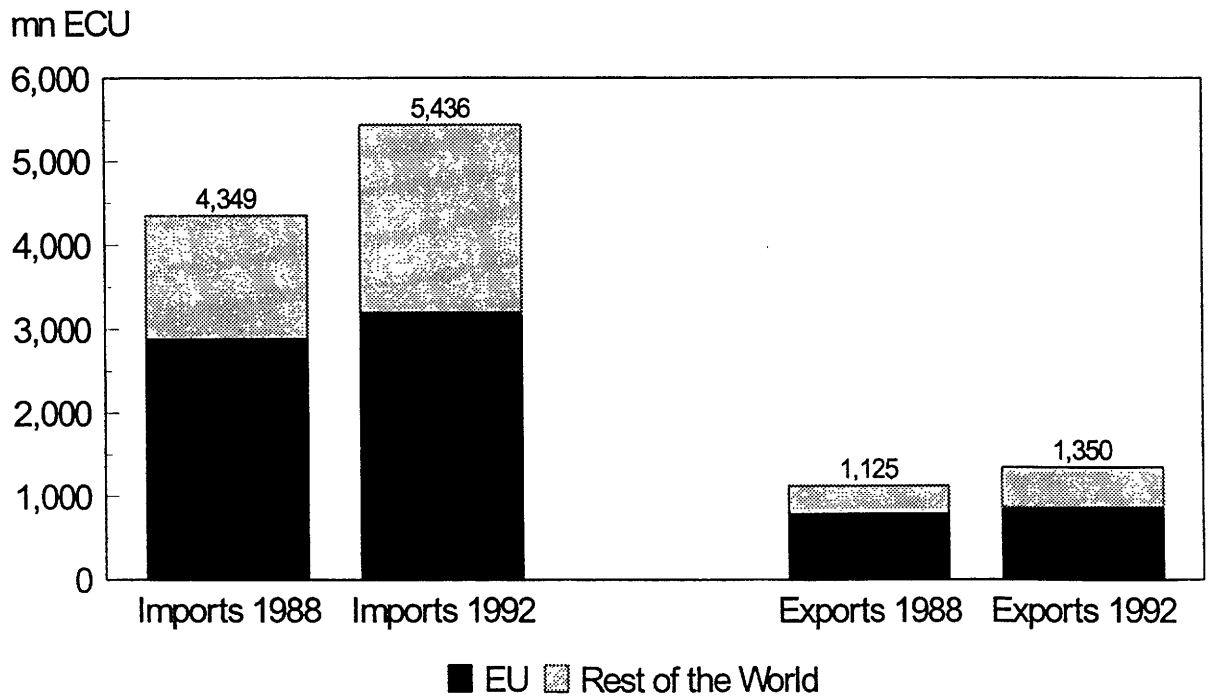
Foreign trade (1988-1992)

Textiles



Textiles = SITC 65 (excluding raw materials)

Clothing



Clothing = SITC 84-848

Source: Eurostat, Comext

(*): Trade flows between the four EFTA countries have been eliminated

10. USERS' NOTES

1. ... data not available

2. All references to NACE refer to NACE 1970.

3. BRANCH DEFINITIONS

Manufacturing industry = NACE 1,2,3 and 4 (except NACE (11),(120.1),(120.3),(13),(151), (16),(21) and (23))

NACE 1	-	Energy and water
NACE 2	-	Extraction and processing of non-energy producing minerals and derived products; chemical industry
NACE 3	-	Metal manufacture; mechanical, electrical and instrument engineering
NACE 4	-	Other manufacturing industries
NACE 26	-	Man-made fibres industry
NACE 43	-	Textile industry = NACE 431, 432, 433, 434, 435, 436, 437, 438, 439
NACE 431	-	Wool industry
NACE 432	-	Cotton industry
NACE 433	-	Silk industry
NACE 434	-	Flax, hemp and ramie
NACE 435	-	Jute industry
NACE 436	-	Knitting industry
NACE 437	-	Textile finishing
NACE 438	-	Carpets, linoleum and flow coverings
NACE 439	-	Miscellaneous textile industries
NACE 453	-	Ready-made clothing
NACE 454	-	Bespoke tailoring
NACE 455	-	Household textiles
NACE 456	-	Furs and fur goods
CODE 459	-	Clothing industry = NACE 453 + 454 + 456
NACE 645 + 646	-	Retail sales - Clothing, footwear and leather goods

4. METHODOLOGICAL NOTES

Where figures for individual countries are not available, the EU totals have been adjusted so as to be consistent from year to year.

Value of exports and imports for EU total, is extra-EU trade only.

Estimates that have been prepared for the OETH by Eurostat are published on the responsibility of the OETH. **ALL ESTIMATES ARE IN BOLD.**

The OETH (L'Observatoire Européen du Textile et de l'Habillement) was founded in 1991. It is an independent non-profit making organisation, incorporated under Belgian law (ASBL). The OETH's aim is to increase objective knowledge of the economic conditions of the textile and clothing sectors, especially of EU countries. It conducts research by its own staff and in collaboration with DG III of the European Commission, Eurostat and its Working Groups.

The OETH is financed by the European Commission.

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		March	1993	November	1992
October/November	1993	February	1993	October	1992
June/July	1993	January	1993	September	1992

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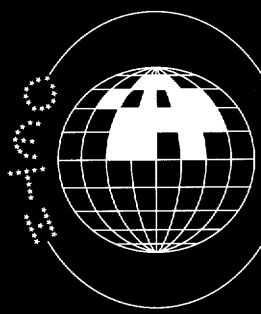

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