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The Future of the Textile and Clothing Industries in the Mediterranean Countries in the Face of the MFA phasing-out, China's WTO Membership, the Multilateral Trade Liberalisation, and EU Enlargement

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"The Future of the Textile and Clothing Industries in the Mediterranean Countries in the Face of the MFA phasing-out, China's WTO Membership, the Multilateral Trade Liberalisation, and EU Enlargement"

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I. Introduction

For more than two decades now, the textile and clothing industry is one of the most important sources of income earning of the Mediterranean area as a whole. Textile and clothing contribute also significantly to manufacturing production and employment in many countries of the region, and particularly Tunisia, Morocco, Egypt, Turkey and Syria, increasingly Jordan, and to a lesser extent Israel, Lebanon and Algeria. This success story was clearly the result of geographical and cultural proximity with the European Union (EU), low labour costs as well as regional trade preferences based on a new organisation of production. This regional scheme is currently faced with a series of major challenges.

These are mainly related to:

- rapidly changing international environment, in particular the elimination of trade-distorting quotas on the 1st of January 2005,
- further preference erosion with a new round of multilateral negotiations and its consequent relocation of offshore production,
- the intensification of competition in the globalized textile and clothing supply chain mainly from Asia and especially China,
- the pressure from clothing manufacturers and retailers who have increasing economic weight and the consequent evolution of competitiveness factors increasingly associated to quality, skills and technology, and
- the challenges and opportunities of EU enlargement.

Furthermore, these developments are occurring during a period of marked slowdown in the economic activity and sluggish demand in the EU, which is the most important export market for the majority of Mediterranean countries.

It is generally recognized that small developing countries economies are more vulnerable to changes in the international trading environment than are those with larger supportive domestic markets. As such, these changes are of special importance to smaller countries, like those in the Mediterranean, that rely most heavily on textile and clothing exports for their economic welfare and growth and might therefore be adversely affected. In fact, these developments could disrupt the regional division of labor and entail big losses for both sides of the Mediterranean putting at risk the regional integration and may in some cases make it impossible to support export-led development strategy. However, there is strong evidence of increased awareness of challenges and potential opportunities for the textile and clothing sector on both sides of the Mediterranean. We believe that textile and clothing industry will continue to play a crucial role in Mediterranean economies, in terms of job creation and sustained growth if appropriate trade policies are implemented in time. The newly emerging environment should be one which will, in general, offer new opportunities and expanding trade to industries in both developing and developed countries and allow the more efficient allocation of resources, if not undermined by "creeping protectionism".

The scheduled elimination of quantitative restrictions under the "Agreement on Textiles and Clothing" (ATC) at the end of 2004 is challenging the global sourcing channels that were formed over decades of managed textile and clothing trade. Shielded from competition by quotas hurdles restraining major Asian exporters, many developing countries have built substantial export sectors and created employment in sectors in which they might not otherwise have been competitive. How is the situation in the Mediterranean countries? Section II highlights the current trends in the textile and clothing sector in the Mediterranean zone.

While developing countries as a whole are likely to receive net benefits from the phasing out of textile and clothing quotas by 2005, these benefits are likely to be concentrated in the hands of a few large low-cost Asian producers. Conversely, many smaller developing countries face the prospect of dramatically reduced exports. Section III try to assess to which group belong the Mediterranean area.

Section IV provides a deeper analysis of trade patterns by investigating specialization in the production of textiles and clothing in the Mediterranean countries and conducting a product based comparison.

Trade policy measures at European and multilateral level have had a major impact on production and investment decisions in textile and clothing and on trade flows. Section V describes the influence of exogenous policies on Mediterranean textile and clothing sector.

II. Current Trends for Mediterranean Textile and Clothing

The Multi-Fibre Agreement (MFA) has for decades curtailed textile exports by larger textile-exporting countries like China, and has consequently given smaller and newer-to-market textile and clothing producers (as well as Mediterranean countries) essentially a guaranteed level of access to the EU and U.S. market (accounting together for 71% of world imports). It has also given incentives to countries like China to invest in the textile and garment industries of countries that have such access to the EU and/or U.S. mainly. These distortions did not encourage those countries to improve productivity, quality, and price competitiveness. Neither did it encourage industrial diversification to reduce dependence on textile and clothing industries. What is then the situation in Mediterranean countries?

II. 1. Importance of textile and clothing for developing and Mediterranean countries

The Mediterranean textile and clothing production amounts to €42 billion, almost half EU production figure, for twice the number of workers, i.e. 3.8 million. Turkey has by far the lion share with 3/4th of Mediterranean production and is the only country with a complete textile and clothing manufacturing pipeline.

The industry is the largest employer in the region with more than 4 million workers[1], of which 2/3rd are accounted for by Turkey and Egypt. The weight of textile and clothing employment is very important in Tunisia (46%) and Morocco (41%).

Mediterranean textile and clothing industry is mainly composed of small and medium sized enterprises and make the task more difficult for these enterprises to maintain production and compete with dynamic Asian competitors. Asian exporters provide full-package production, based on finer specialisation through fragmentation of the production processes within East Asia, while Mediterranean countries and Central and Eastern European Countries (CEECs) primarily sew EU fabrics into garments generating lower value-added activities, which are less likely to result in industrial upgrading and economic development.

[1] This figure does not take in account the employment in the informal sector.

One important question hence is whether there are complementarities between individual Mediterranean countries to implement effectively an integrated Mediterranean area, which will be able to attract substantial foreign direct investment (FDI) inflows and contribute to catch up in terms of new technologies, know-how and capital?

Turkey

The textile and clothing sector has been the “backbone” of the Turkish economy with a vital role in the industrialisation process and market orientation of the economy in the last two decades. Textile and clothing industry is the country’s largest industrial sector, representing 10% of its GDP, 21% of industrial output and 1/5th of total employment. Turkey has substantially benefited from its customs union with the EU in 1996 which entails duty-free and quota-free access for Turkish industrial products. Turkey’s major asset in the sector is its large, modern and integrated production capacity. Turkey is a traditional high-quality cotton producer (6th producer in the world, 11% of the total value of Turkish field crops are in cotton). Since 1992, its production became insufficient to satisfy the voracious needs of its high performing textile industry; in the end of the 1990s, the share of imported cotton used in Turkish textile mills totalled nearly 40%. Turkey is also the world’s third-largest producer of mohair, the eighth-largest producer of wool textile and clothing, the sixth largest synthetic fiber capacity in the world and the sixth-largest producer of spun yarn in the world. Despite its huge and diversified textile capacity, Turkey has become a major world importer of textile fibers, principally cotton and man-made fibers and filaments, as its textile output has increased sustained by the success of its clothing industry. Turkish clothing industry is very competitive; almost 70% of its production is exported. Turkey’s competitiveness relies also on relatively low labour costs, $2.13[2] per hour, which translates into 10% in average of textile output (the same as India’s) and on the technological level of its capital equipment, which is among the highest in the world.

Turkey is the only Mediterranean country with Egypt to have quotas imposed by US. However, only Turkey has been constraint by these quotas, as Turkish textile and clothing sector filled between 95% and 100% of its quota in seven product categories in 2002, largely in cotton-related articles.

[2] All dollar figures used in this paper are in US $s.

Tunisia and Morocco

Tunisia's and Morocco's export success has been built on its outward processing trade with the EU, under which European companies can export fabrics or parts of garments, and then re-import them as fully-formed clothes to the originating country. For the most part, clothing firms are sub-contractors. Co-contracting has developed in recent years but has not taken yet the proportion existing in Romania. Local garment firms' lack in working capital to buy imported fabrics make them dependant on EU's outward processing traffic. EU accounts for 96% of Tunisia's clothing trade and 92% of Morocco's. However, both Tunisia and Morocco have a weak textile and finishing industry and tiny export trades to countries other than those in the EU.

Tunisia and Morocco opened their country to foreign investment and hundreds of foreign companies have established wholly or partly owned businesses. In Tunisia, the investment incentive code (so called off shore system) allows firms that export the entirety of their production to benefit from specific advantages. They are most notably exempted from profit taxes for ten years (and five years in Morocco). Today, Tunisian industry accounts for most of the 250,000 jobs in the textile and clothing sector (representing nearly 50% of all industrial jobs in the country), for almost 2,000 firms with more than 10 employees (of which 2/3rd export all or part of their production) and for 46% of national exports. In Morocco, textile and clothing sector represents almost 40% of the country's industrial labour force, with almost 200,000 jobs and 1,600 firms. Clothing manufacturing represents 2/3rd of total textile and clothing employment.

Practically, all input used by Tunisian and Moroccan clothing firms are of EU origin. The "rules of origin" protocol in their respective Association Agreement allows clothing products of respective countries to enter EU market duty-free as long as the fabrics come from the EU (double transformation plus bilateral cumulation between the EU and the Mediterranean partner). Home textile production is more oriented towards their local markets.

In 2002, average costs per operator/hour in the Tunisian textile industry stood at $1.77, which was less than in Morocco ($1.89) and Turkey ($2.13).

Co-contracting, the process by which Tunisian or Moroccan subcontractors will source fabrics on behalf of buyers, is increasing but hardly benefits local industrials because they do not offer an integrated textile and clothing sector. Tunisia's up-stream textile sector includes less than 200 firms[3]. Tunisian spinning mills count around 165,000 spindles compared to 520,000 in Morocco and more than 6 million in Turkey. The Tunisian weaving sector includes nearly 6,000 looms, compared to 7,000 in Morocco and more than 60,000 in Turkey.

Tunisia imports around 380 million linear metres of fabrics annually (of which more than 70 million linear metres is denim), mostly from the EU, but also from Hong Kong, the Chinese Mainland, Taiwan, Turkey, India, Korea and Pakistan. As a result, Tunisia's textile and clothing trade balance is not particularly impressive. In 2002, $3.2 billion worth of exports were counterbalanced by $2.2 billion of imports.

Egypt

In Egypt, textile and clothing constitute the third largest industrial sector after chemicals and food processing, with one-quarter of manufacturing employment, 3% of GDP and 23% of total exports. Production of cotton has played a central role in Egypt’s textile and clothing. The government has been implementing policies to support farmers by setting minimum prices, and to provide stable employment by maintaining ownership of textile and clothing plants. However, these policies have had negative effects on competitiveness. Textile and clothing employment is estimated at about half a million, with 1/4th reported in public companies. The sector accounts for roughly 14% of Egypt’s manufacturing output or $2.6 billion. Because of government-set prices on raw cotton, which now are above world prices, Egyptian production has been in a decades-long decline and firms have been importing cotton under a duty drawback system for products that are exported. Current privatization effort is addressing this situation. The pace is slow because restructuring and privatization of public companies is resulting in substantial reduction in the labour force. The current policy could bring very positive results for Egyptian cotton. Although it is a relatively small producer of all cotton, accounting for about 1.5% of world production in volume in 2001, according to the US International Trade Commission (US-ITC) (2004), it is the leading global producer of long-staple, or extra-fine, cotton, with 39% of world production in volume in 2001. Labour costs are low at $1.01 per hour in 2002 compared with $2.13 in Turkey, but production inefficiencies have mitigated potential advantages.

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[3] Institut français de la mode (2003).

Syria

Export in oil and petroleum products is the major item in Syria’s exports basket which constitutes about 63% of total exports. However, with a population growth rate of approximately 4% and an estimated 10 years of reserves, the Energy Information Administration expects Syria to become a net importer of oil within a decade. The discovery of major natural gas reserves in Palmyra prompted the shift of Syria's power plant production to gas. Raw cotton is the second most important export item. Textile and clothing sector in Syria remains important, providing 270,000 jobs, equivalent to one-third of the industrial workforce and contributing 34% of total manufacturing sector’s output. Growth in the textile sector has been significant, making up 35% of total Syrian industry. Plans to advance manufactured cotton prompted the creation of many spinning factories, as well as the expansion of existing facilities. Total production capacity was one million tons last year (2002). In 2000, Syria exported a sizable 30,417 tons of cotton yarn to the EU, capturing considerable market share from traditional European cotton sources.

Private sector contributes for 47% of textiles production employing 26% of total labor force. Textiles and garments already account for a large share of export. Yarn and fabrics account for 13% of exports in 1996. Syrian garment production is diversified, but is particularly strong in sportswear and children’s garments. Most of the local production serves the domestic and regional markets including the Gulf countries and Lebanon. A few dynamic entrepreneurs have started to export to Europe (mainly manufacturing orders for branded products, distribution chains and traders) following the considerable decline in exports to the former-Soviet Union and central European countries (Syria was the main supplier to this market in the 1980’s). Cotton is Syria's second-largest source of hard currency. The Syrian market is still closed to foreign products and taxes are high to protect local industries.

Israel

In Israel, textile and clothing has declined in relative importance since 1997. Sector production amounts for $2.6 billion and sector employment accounts to 25,000 in 2002. According to US-ITC (2003) the key reason for the decline has been the high cost of manufacturing in Israel, which although partially offset by the use of advanced technology and production concentrated on niche and high-end products, has motivated domestic firms to delocalise offshore to more cost-competitive countries like Jordan most notably. Although, there is some local production of woven fabrics, Israel's clothing industry relies on imports for most of its yarn and woven fabrics requirements. Concerning its need of knitted fabrics, the majority are made locally, while the fibers are imported. In recent years, low-cost Asian countries have grown in importance as raw material suppliers to the Israeli market. Labour costs in Israel are relatively high, average hourly compensation for production workers in Israel's spinning and weaving segment is $8.17.

Jordan

On the heels of the 1994 Israeli-Jordanian peace treaty, US encouraged meetings and joint business ventures among leading Jordanian, Palestinian and Israeli businesspersons. To provide incentives for these exchanges, US officials offered the Qualified Industrial Zone (QIZ) program. Since 1996, Jordan's textile and clothing industry has benefited from the establishment of qualified industrial zones (QIZs) which gives Jordanian eligible goods duty-free treatment when made under specific conditions. In general the good must be produced in the QIZ and a minimum of 35% of the exported goods must be composed of local content: 11.7% of the local content must be Jordanian, 7-8% must be from Israel and the remainder can come from any combination of the US, Jordan, Israel or the West Bank and Gaza. As a result of this successful initiative, sector employment has more than doubled reaching now 26,000 workers (of whom 22,000 workers are employed by QIZ exporters), almost 3% of the country's workforce and the sector share of total exports increased from 3% to 17%. There is now more than 2,000 textile and clothing firms in Jordan, 95% of which are clothing producers. Shortage of water resources explains the limited textile production in Jordan. Jordanian clothing industries rely almost entirely on imports for input requirements (yarn and fabrics), mainly from China and Pakistan. The very low cost in Jordan is considered to be an important element of its competitiveness. In 2002, the average hourly compensation for clothing production workers was $0.81.

Palestine

In Palestine, the textile industry is the second largest employer after construction, providing 65,000 people in the West Bank and Gaza with jobs, or roughly 37% of all Palestinians working in domestic industry[4]. Total investment in the sector was about $46 million in 2002. The clothing and garment producing companies are currently reorganizing to make their products more appealing on the international market, as currently 90% of output is sold to Palestinians and Israelis. Yearly production averages $126 million and accounts for 15% of gross industrial output. The sector is closely tied to Israeli firms through subcontracting relationships, and therefore is volatile to the political situation.

During the past few years, the textile industry is facing serious challenges, thus significantly affecting its growth and possibly threatening its survival. There has been a substantial drop in subcontracting activities with Israeli companies. In addition, there has been a significant increase in imports of clothes from other countries, mainly Southeast Asian countries, Turkey, and Jordan, where prices are cheaper. The present challenges reflect several structural problems facing the garment industry. These include its heavy reliance on subcontracting activities with Israeli companies, relatively high wages, and its low productivity. The industry also utilizes a relatively outdated technology, and suffers of weaknesses in forward and backward linkages.

Lebanon

The industrial sector in Lebanon accounts for more than 15% of the GDP, provides more than 80% of Lebanon's exports (in 1998) and employs more than 140,000 people. This sector consists primarily of light industry, which includes textile, metal products, and machinery industry. Spinning mills and readymade, knitting and weaving factories are the main components of the Lebanese textile industry. It is very export oriented with more than 50% of production sold abroad.

According to figures released by the Syndicate of textiles in 1998, the total number of textile firms amounted to 1,239 ready wear factories, of various sizes and production capacities, employing 15,470 people, with an actual production of $335

[4] http://www.arabdatanet.com

million and a value added estimated at $190 million[5]. Except for some few large companies, most ready-wear manufacturers are smaller enterprises employing between 10 and 50 people. 10% of the companies employ up to 200 people and six large companies employ up to 1,000 people. This industry suffers most from the competition rising from imported products coming from cheap labor countries. The Lebanese industry is usually fragmented and often family owned. The major manufacturers hiring more than 50 employees represent less than 1% of the total number of industries in the country. The cost of production of Lebanese goods does not allow export towards the regional markets. This high production cost is due to an educated work force, social security contribution costs and the cost of energy sources (electricity and fuel). Hence, replacing industrial production with a comprehensive marketing plan is widely needed. The whole sector would have to capitalise on the image of quality that Lebanon boasts, to concentrate on smaller scale, higher value added production. Lebanon imports cotton yarns and textiles mainly from Syria, India and Egypt.

Algeria

Oil and gas are the driving forces of Algeria's economy and will continue to be so for the foreseeable future. The energy sector represents 60% of budget revenues, 41 percent of GDP and more than 95% of export earnings. The textile and clothing sector accounts for 13.5% of total manufacturing employment in 1997, around 50,000 workers and almost 6% of value added in industry. Recently, increasing trade openness in Algeria as well as privatization, has led to massive job losses. Today the T&C sector accounts 35,000 workers and is mainly oriented towards the local market, which is mainly supplied by micro companies. They have often less than 10 workers and lack modern technology. State-owned companies are mainly large with under-utilised capacities and serious financial difficulties. In January 2004, the IMF issued its annual Article IV assessment of the Algerian economy, urging the government to proceed with privatization and banking reform, while lowering tariffs aimed at protecting domestic industry and reducing dependence on hydrocarbons. However, much remains to be done to transform Algerian economy from a state- and energy dominated economy into a private sector led, diversified economy. Some positive signs came when at the beginning of 2002, Algeria started negotiations to join the WTO, and prior to that, on

[5] http://csrd.lau.edu.lb

December 2001, when Algeria and the EU signed an Association agreement aimed at liberalizing trade. The agreement envisages the gradual removal of import duties on EU industrial products over a 12-year period. These changes could be a major breakthrough for Algeria's economy and could help consolidate Algeria's progress towards implementing several trade liberalization measures and towards diversification of the economy in order to help the country reduce its vulnerability to oil price volatility and sustain its economic stability.

Summary

What can we conclude then from this brief review of textile and clothing sector in the different Mediterranean countries? The situation of the textile and clothing sector in the Mediterranean area is mixed with strengths and weaknesses. The quota system has hardly encouraged or induced Mediterranean countries to address these weaknesses. It has actually perpetuated labor rigidities in some respect because it has protected countries from loss of market share and earnings (Nathan, 2002). The revenue stream guaranteed by quotas has allowed companies to maintain ineffective and negligent workers on their payrolls (James, Ray and Minor, 2002).

One important prerequisite to cope with liberalization and to face increasing competition is to enhance the technological level of the production.

Textile machinery imports by some major textile and clothing exporters

PARTNER \ F	1996	1997	1998	1999	2000	2001	2002
China	1.536.584	1.423.524	792.200	872.397	1.526.558	2.234.771	2.758.539
Turkey	1.779.524	1.651.659	1.136.868	507.806	1.007.450	688.345	1.441.815
India	546.430	552.875	444.101	380.866	499.545	461.537	503.898
Pakistan	96.098	164.405	176.515	150.646	338.486	398.323	406.421
Poland	222.209	289.634	343.773	296.755	351.863	362.150	338.849
Czech	207.909	229.035	224.767	207.533	263.111	303.156	262.164
Syria	79.870	85.966	169.365	126.351	102.614	150.750	192.666
Romania	122.006	105.975	129.455	116.479	142.928	182.035	182.114
Egypt	151.702	160.683	199.838	180.087	191.817	175.231	153.894
Hungary	57.044	82.303	93.695	93.923	101.878	115.416	113.760
Morocco	97.340	89.432	125.095	114.034	103.022	121.096	108.179
Tunisia	80.583	87.889	102.829	92.496	116.875	133.648	90.887
Bulgaria	31.626	33.878	43.725	41.081	60.673	78.227	83.057
Israel	97.429	104.271	116.431	148.932	151.422	103.791	72.325
Algeria	19.032	22.330	26.250	35.708	52.360	45.126	38.934
Jordan	15.555	11.495	23.557	16.943	33.053	33.139	23.974
Lebanon	19.691	25.586	23.999	19.785	22.868	23.413	20.940

Source: UN ComTrade

The table above clearly indicates that China and Turkey are the biggest importers of textile machinery and therefore the most able to increase productivity and quality of their products. Syria is increasing notably its imports recently and has overtaken Egypt as second importer of textile machinery among Mediterranean countries.

This situation is hardly sustainable after 2005. Rules are changing and the productivity distortions that have built up over the years in many countries need to be addressed urgently despite the difficulty of doing so (Kathuria, Martin and Bhardwaj, 2001). Beside the necessary improvement in the fields of productivity, flexibility, reduction of delivery time, co-contracting, designs and collections, it is vital to develop upstream processing in the textile industry. This is possible with the completion of the Pan-Euro-Mediterranean area[6] and its very rapid implementation. These changes would pave the way for Euro-Mediterranean companies to fully exploit the natural advantages of this area, well in advance of the end of the Barcelona Process. An integrated Mediterranean area would have the means to address heightened competition by increasing its own competitiveness. Textile components could circulate freely along the comparative advantages of each producer at each stage of production. Moreover, the economies of scale that will emerge in the integrated area can add incentives for investors in the region and outside.

Although, the EU has signed association agreements with almost all the Mediterranean countries[7], the latter have not signed free trade agreements with each other[8] and this in fact prevents the whole area from operating a proper system of diagonal cumulation based on EU harmonized rules of origin. It is likely that south-south FTA requirements won't be met before 2005.

II. 2. Dependency on Textile and Clothing

Today textiles and clothing trade accounts for nearly 6% of total world exports. It was valued at $ 353 billion in 2002. Trade in clothing accounted for 57% of this total. The textiles and clothing sector is central to the economies of many countries and

[6] It is composed of the EU15 plus 10 acceding countries, the EFTA countries, Mediterranean partners, and candidate countries Bulgaria and Romania. This area represents more than 700 million consumers, 7 million textile and clothing jobs and €275 billion in turnover.
[7] Only Syria has not yet signed, but its negotiations with the EU are now completed and the Agreement should be signed soon by mid-2004.
[8] Except Turkey-Israel and Turkey-Morocco.

constitutes a substantial source of income and employment for many developing countries. In the late 1980's these countries overtook the industrialised world in textiles and clothing exports. They now account for 50% of all textile exports and 70% of all clothing exports. Many of these developing countries have built a huge dependency on the sector which often accounts for more than 90% of industrial exports and more than 50% of total employment. For example, textiles and clothing accounted for 84% of Macao's total exports in 2002 and almost the same for Bangladesh. The figure for Cambodia was 75%, Pakistan was 72% and for Mauritius 69%. Figures are even starker when confined to industrial goods. In 2000, textiles and clothing accounted for 95% of all Bangladesh's industrial goods exports. The figures for Laos were 93%, for Cambodia 83%, for Pakistan 73%, for Sri Lanka 71%, for Nepal 61%, for Turkey 38% and for India 30%. Many developing countries are totally dependent on one of the two giant markets – the USA and the European Union. EU accounts for 96% of Tunisia's clothing trade, 94% of Romania's and 92% of Morocco's. For a more complete picture of countries' dependency on big markets for their exports see tables in Annex. Turkey's textiles and clothing exports to the European Union are equivalent to 47% or almost half of the country's total exports. The textiles and clothing sector is a vital and often nearly sole source of industrial employment in many developing countries. The sector employs 1.8 million workers in Bangladesh, 1.4 million in Pakistan and 250,000 in Sri Lanka. In India alone there are 58,000 different garment factories.

Country	**% of Total merchandise export (2002)**			**GDP per capita(2002) (in dollars)**
	Textiles	**Clothing**	**T&C**	
Macao SAR			84	
Bangladesh	8.5	75	83.5	343
Cambodia			75	
Pakistan	49	23	72	436
Mauritius	5	64	69	3,773
Sri Lanka	4	50	54	862
Nepal	32	21	53	239
Tunisia	2	40	42	2,058
Turkey	14	25	39	2,999
Morocco	2	32	34	1,116
Madagascar	29	1	30	243
Haiti	2	28	30	497
India	14	14	28	453
Egypt			18	
Jordan			16.6	

Source: WTO

With the elimination of quotas in 2005 and increased competition, import prices for those categories that will be liberalised in 2005 will decline. Therefore, many exporting countries among those described above will see their market share to contract in volume in favour of big competitive suppliers and/or suffer terms of trade losses. These effects, depending on the magnitude, are likely to put pressure on the balance of payments position of several countries, in particular the most vulnerable. The intensity of this shock is likely to be amplified by the backloading of the final quota phase out in 2005.

Countries'dependency on EU and US for their clothing exports

Partner\Declarant	EU15 M (000€)	% of X to EU
Albania	96.639	98,9
Tunisia	3.201.228	96,5
Morocco	2.841.011	94,3
Croatia	483.704	93,5
Cyprus	50.982	92,9
Suriname	1.163	92,4
Laos	122.338	91,3
Romania	3.854.547	91,2
Georgia	3.819	89,9
Tadjikistan	6.055	88,8
Poland	2.112.788	88,6
Lithuania	632.433	88,1
Serbia Mont	132.574	88,0
Senegal	1.114	86,5
Latvia	231.445	85,4
Czech	839.640	85,1
Bosnia Herz	102.375	84,8
Mauritania	5.175	84,7
Slovakia	542.694	83,2
Hungary	955.640	81,8
Sierra Leone	2.802	81,4
Estonia	239.559	80,7
FYROM	226.916	80,0
Bulgaria	943.648	79,0
Ukraine	447.303	77,4
Slovenia	306.341	76,3
Belarus	140.945	76,0
Turkey	7.831.422	75,5
Moldavia	110.057	72,2
Norway	63.600	71,2
Mauritius	634.694	66,7

Source: UN ComTrade

Partner\Declarant	USA M (000€)	% of X to US
Lesotho	362.069	98,4
Dominican RP	2.344.437	98,2
Nicaragua	471.441	97,9
Haiti	240.300	97,7
Costa Rica	788.092	96,9
Guatemala	1.817.061	96,7
Honduras	2.708.764	96,4
Mexico	8.925.807	96,4
El Salvador	1.839.559	95,2
Bahrain	199.388	95,1
Kenya	143.011	94,6
Jordan	431.898	94,5
Oman	142.815	94,4
Canada	1.889.507	90,0
Mongolia	177.410	86,0
Maldives	127.274	81,4
Philippines	2.061.840	76,4
Nepal	128.882	75,7
Peru	426.216	74,9
Cambodia	1.174.705	68,3
Israel	533.054	67,4
Taiwan	1.848.985	66,8
Macao	1.259.029	65,6
Russia	401.248	63,6
Sri Lanka	1.616.131	62,6
Colombia	387.862	60,2

Source: UN ComTrade

II. 3. Erosion of Preferential Status

The 15 EU Member States and its 12 Mediterranean Partners[9] started a new "partnership" signed in Barcelona the 27-28 November 1995. This Euro-Mediterranean Partnership (hence called Barcelona Process) establishes the objective to form, by the year 2010 as a target date, a Euro-Mediterranean Free-Trade Area, through bilateral free trade agreements.

The EU has so far concluded bilateral association agreements with 8 Mediterranean countries in the framework of the Barcelona Process. These association agreements contain three components: political, trade and co-operation. The agreements with Tunisia, Morocco and Jordan[10] have entered into force respectively in March 1998, March 2000 and May 2002. Trade provisions of the agreements with the Palestinian Authority, which was signed in February 1997, are being applied on an interim basis. Concerning Israel, the Association agreement entered into force on 1 June 2000. Negotiations for the Association Agreement with Egypt were concluded in June 1999 and the agreement was signed on 25 June 2001 in Luxembourg. It will come into force when it has been ratified by the Egyptian, the European, and Member State Parliaments. The ratification process is now well underway and may be completed by the end of 2004. Negotiations with Algeria ended in December 2001, and the Agreement was initialled by the two parties on 19.12.01 but need still to be ratified. The agreement with Lebanon has been initialled and the parties intend to implement the commercial part on the basis of an Interim agreement. Negotiations are concluded with Syria. The individual agreements foresee the establishment of a free trade area between each country and the EU for goods and progressive opening of the agricultural markets. In addition, they contain provisions for liberalisation in the area of services, capital movement and competition.

The EU has established a Customs Union with Turkey covering only industrial products. Concessions have been exchanged by both parties in agricultural trade.

9 The 12 Mediterranean Partners are Morocco, Algeria, Tunisia (Maghreb); Egypt, Israel, Jordan, the Palestinian Authority, Lebanon, Syria (Mashrek); Turkey, Cyprus and Malta (this two have joined the EU on 01.05.04); Libya currently has observer status at certain meetings.

10 Building on the success of the QIZ program, Jordan has signed also a Free Trade Agreement with the US. Under the FTA, tariffs between the two countries will be phased out over a ten-year period. Jordanian products exported to the US will be required to meet a 35% domestic value-added requirement, thereby making the entire country a kind of QIZ, albeit with a higher domestic component.

Further negotiations started in 2000 to liberalise trade in services and public procurement.

Over the last years, all the partners have worked hard to reinvigorate the partnership; the EU is proposing a new framework to strengthen the ties with Mediterranean countries through its new neighbouring initiative. However, a number of other steps taken by the EU could dilute substantially this ongoing work as well as the advantages, which the Mediterranean countries have been benefiting for long time.

1) Doha Agreement Agenda (DDA)

For the Mediterranean countries, quota abolition and generalised duty reductions in 2005 foreseen in the context of DDA[11], mean they face further erosion of their preferential status, and enhanced productivity and quick response capability may not be enough to counter the challenge.

Since 1996, Mexico has been the main US supplier of textiles and clothing goods, ahead of China, Hong Kong and Taiwan. Although, in the last two years, 325 of Mexico’s 1,122 garment factories have closed down, leaving over 220,000 Mexican workers jobless. The Mexican experience shows clearly that preferential treatment will likely not be enough to offset the lower costs that retailers can receive from Chinese or Indian clothing producers. Quotas cost as much as 50% of the price of an imported garment, far more than the average tariff. Without quotas, tariffs alone will not be an advantage for Mediterranean countries. The latter, must develop a textile industry or full-package services to compete (through Pan-Euro-Mediterranean cumulation) and negotiate more favourable trade agreements, to allow diversification of exports.

2) Free Trade Areas (FTAs)

This situation is further compounded by the entry into force of other EU bilateral agreements like the ones with South Africa, Chile and most notably Mexico, and with the ongoing negotiation of other agreements with Mercosur, Gulf Council Countries (GCC) and Russia.

In fact, in addition to its support for the multilateral trading system, the EU is engaged in developing trade relations with other trade partners in the world through a

11 Originally, 31 December 2004 was also the deadline of the Doha Development Agenda (DDA), a broad round of trade negotiations launched in September 2001, which seeks a significant reduction in textile and clothing customs duties. Although after the setback of Cancun, the end of DDA is likely to be after 2005.

number of preferential trade regimes, free-trade areas and regional initiatives, and other bilateral relations. Many of these relationships reflect the global economic and trade reach of the EU – which remains the major trading partner for many countries – or are the expression of broader geopolitical objectives. As a matter of trade policy however, the EU's active engagement in a range of regional trade initiatives reflects above all the view that in the right circumstances such relations can – and indeed must - contribute to and strengthen the multilateral system.

EU and South Africa have signed a Trade, Development and Co-operation Agreement in 1999. A FTA will be established over a transitional period lasting, on the South African side, a maximum of 12 years, and on the EU side, a maximum of 10 years, starting from the entry into force of the agreement.

Negotiations on an Interregional Association Agreement with Mercosur started in April 2000. The future agreement is to include a political dialogue, a co-operation pillar and a trade pillar.

The Mexico-EU Free Trade Agreement (FTA), which came into force in July 2000, establishes the framework for closer economic co-operation between Mexico and the EU. The Mexico-EU Free Trade Agreement (FTA) includes a full liberalization of industrial products by 2003, for the EC, and by 2007 - with a maximum 5% tariff applied by 2003 - for Mexico.

The difficult global economic situation, impacted negatively on the dynamism of EU-Mexico trade, which has been reduced bilaterally in 2002 by 1.7%. However, Mexico is a big player in textile and clothing mainly within NAFTA and its full capacity could harm traditional EU suppliers in the future. NAFTA is by far the most important export market for Mexico's clothing and textile sector. In 2001, 74% of total textile exports and 96% of clothing exports were to NAFTA (US and Canada).

Trade agreements will continue to play a regulating role in clothing and textile trade, but tariff preferences are not as significant as quotas. The average tariff on apparel is 17% in the US and only 11.5% in the EU, while quotas "cost" more than double. Today, more than half of the imports from China and other Asian countries are constrained by quotas. When quotas are lifted, the tariff-free benefits enjoyed by Mediterranean countries will provide little competitive advantage over Asian countries.

3) Enlargement

Since the fall of Berlin wall, Central and Eastern European Countries (CEECs) have attracted a growing amount of foreign direct investments. The prospects of their accession to the EU have dramatically increased this phenomenon, triggering fears in the Mediterranean countries about the impact of enlargement process.

The EU has been linked to all ten Central and Eastern European countries by Europe Agreements since 1999. As a result, industrial products are now in free circulation between the signatories and the EU since the beginning of 2001. Restrictions remain in only a few sectors, such as agriculture. The Europe Agreements also contain provisions regarding the free movement of services, payments and capital in respect of trade and investments, free movement of workers, and co-operation in the field of environment, transport and customs. Furthermore, they provide for legislative approximation with EU legislation, particularly in the areas relevant to the internal market, such as competition and protection to intellectual, industrial and commercial property. The Association Agreements with Cyprus and Malta cover similar fields.

Moreover, on May 1st 2004, the EU moved towards the largest expansion in its history to encompass eight new countries from Central and Eastern Europe, plus Cyprus and Malta, representing nearly 80 million new citizens. The enlargement of the Union to 25 member states will add new dimensions to EU trade policy debates, as a result of sometimes opposed challenges facing enterprises in acceding countries and existing weaknesses in infrastructure and evolving economies. Bulgaria and Romania are aiming to join the EU in 2007, and they are set to sign a joint accession treaty in 2005. Croatia and Turkey are the two other applicants.

The acceding countries have clearly benefited from the Association Agreements with the EU, which have liberalised most trade in industrial products, in the perspective of their future integration in an enlarged EU. Since the mid-1990s they have increased their competitiveness on the EU market. Global figures for EU textile and clothing imports from acceding countries (C10) plus candidates countries (Romania and Bulgaria) have increased since 1988 and particularly since 1993 when their market share of total EU imports peaked at 16.5% but their growth rate was not enough to maintain their market share and consequently the latter decreased since then to reach 10.3% in 2002. In fact, trade of CEECs has been characterised by a decrease of their revealed comparative advantages in the very sectors in which they were the strongest, i.e. clothing and footwear. While Mediterranean countries have seen their exports increasing in value and market share gradually since 1988 and represent in 2002 €16.1 billion and almost one quarter of EU imports.

However, at the level of countries, Romania emerges as a strong competitor and has overtaken Morocco in 1999 and Tunisia in 2000 on EU market. Romania is now the third supplier of clothing in the EU whilst Tunisia and Morocco have dropped respectively to the sixth and seventh rank.

The CEECs succeeded in building new comparative advantages, diversifying their exports to the EU mainly in engineering industry. In fact, their exports of manufacturing products excluding textile and clothing achieved high export growth and has reached in 2002 almost €108 billion more than double the amount of Mediterranean exports of the same products. However, EU capital has been an important element for CEECs' performance.

EU Imports from Meda10 and C10+2 (billion euro)

		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Meda10																
Agriculture		2,4	2,6	2,9	3,3	3,0	2,9	3,4	3,7	3,9	4,2	4,2	4,6	4,6	5,0	4,9
	%	*12,3*	*10,9*	*10,9*	*11,6*	*10,7*	*10,3*	*10,9*	*11,0*	*10,4*	*9,9*	*9,7*	*9,5*	*7,3*	*7,5*	*7,3*
Clothing		2,7	3,4	4,3	5,0	5,7	6,1	6,4	7,4	7,9	9,0	10,0	10,5	11,8	12,8	13,8
Textiles		1,2	1,5	1,3	1,3	1,2	1,1	1,6	1,6	1,6	2,0	2,0	2,0	2,3	2,4	2,3
T&C		4,0	4,9	5,7	6,3	6,8	7,2	8,0	9,0	9,5	11,0	12,0	12,5	14,2	15,3	16,1
	%	*20,2*	*20,4*	*20,8*	*22,2*	*24,5*	*25,5*	*25,6*	*26,6*	*25,2*	*25,9*	*27,6*	*25,9*	*22,5*	*23,0*	*24,2*
Industry exc. T&C		13,2	16,5	18,5	18,8	18,0	18,1	19,9	21,1	24,2	27,4	27,3	31,2	44,2	46,2	45,5
Total goods		19,5	24,1	27,2	28,4	27,9	28,1	31,3	33,8	37,6	42,6	43,6	48,2	63,0	66,5	66,4
C10 +2																
Agriculture		1,6	2,0	2,2	2,4	2,3	2,3	2,5	3,0	3,1	3,2	3,3	3,6	3,9	4,6	5,0
	%	*15,5*	*16,3*	*16,1*	*15,5*	*11,6*	*8,2*	*7,2*	*6,1*	*5,9*	*5,2*	*4,6*	*4,5*	*3,8*	*3,9*	*4,0*
Clothing		1,2	1,3	1,6	1,9	2,8	4,1	4,7	5,7	6,2	6,9	8,0	8,3	9,4	10,7	10,6
Textiles		0,2	0,2	0,2	0,2	0,3	0,6	0,8	1,0	1,0	1,3	1,5	1,5	1,9	2,2	2,3
T&C		1,4	1,5	1,8	2,2	3,1	4,6	5,6	6,7	7,2	8,2	9,5	9,8	11,3	12,9	13,0
	%	*13,0*	*12,2*	*13,1*	*14,0*	*15,9*	*16,5*	*15,8*	*13,8*	*14,0*	*13,5*	*13,1*	*12,1*	*10,9*	*10,9*	*10,3*
Industry exc. T&C		7,5	9,0	9,6	11,0	14,1	21,2	27,2	39,2	41,1	49,5	59,3	67,6	88,6	100,7	107,9
Total goods		10,5	12,6	13,6	15,6	19,5	28,2	35,3	49,0	51,4	60,9	72,1	81,0	103,8	118,2	125,8

Source: Comext

The EU Act of 23.09.03, states clearly the conditions of accession of the 10 new members and the adjustments to the Treaties on which the European Union is founded. In fact, from the date of accession, the new Member States shall apply the bilateral textile agreements and arrangements concluded by the Community with third countries. The quantitative restrictions applied by the Community on imports of textile and clothing products shall be adjusted to take account of the accession of the new Member States to the Community. These arrangements will provide Mediterranean countries an 8 months advantage over big Asian competitors on eastern markets.

T&C Trade between Mediterranean and central and eastern European countries

	Med10 exports to C10				Meda10 imports from C10				Trade Balance			
Products	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
Clothing	101.289	115.366	194.149	293.706	11.954	11.248	12.401	12.798	89.335	104.117	181.748	280.908
Textile	128.915	178.400	247.730	290.076	34.114	46.926	50.059	60.665	94.801	131.474	197.672	229.412
T&C	230.203	293.766	441.880	583.782	46.067	58.175	62.460	73.463	184.136	235.591	379.420	510.319

Source: Comext

Recent figures show that trade is increasing between Mediterranean and acceding countries, with a positive balance in favour of Mediterranean countries. The enlarged EU will offer important additional opportunities for trade and investments. Acceding countries will have to adopt the same open standards of treatment of third countries as those applied by the current members.

4) Generalised System of Preferences (*GSP)*

The general arrangements under the GSP allow eligible countries to enjoy a reduction of 20% on MFN duties for their textiles and clothing exports. The EC granted also the benefit of regional cumulation to the South Asian Association for Regional Co-operation comprising (SAARC), which includes Pakistan, India, Bangladesh, The Maldives, Nepal, Bhutan and Sri Lanka on the 1st of October, 2000.

This scheme allowed countries like Bangladesh to increase tremendously exports towards EU market, outcompeting Mediterranean countries on a number of clothing items, and ranking fourth among EU suppliers of clothing.

Moreover, the EU is now envisaging relaxing its rules in the framework of a regional approach in order for eligible countries' exports not to be hindered by "stringent rules of origin". This move could further endanger the competitiveness of Mediterranean leading clothing suppliers.

To conclude on the erosion of preferences, the different activities undertaken by the EU are likely to put more pressure on the EU and on the credibility of its policies, especially in the framework of its new neighbouring policy, unveiled in a 2003 communication. This new policy should be a new step defining how the enlarged EU will tackle its external borders from North Africa to Russia and Ukraine. One of the solutions found by the EU to tackle this issue is to increase the market through south-south trade. As EU Trade Commissioner Lamy has mentioned in a speech given for the European American Business Council in Washington, on 26.02.04, "*much can and should be done to bolster south-south trade in this negotiation because a lot of the future growth in trade is going to be in the South*". However, opening up new markets to compensate for reduction of preferences – mainly by opening up markets in large developing countries like India, China and Brazil – can take too much time when we take into consideration the big challenges facing small and vulnerable countries in 2005.

III. EuroMediterranean Trade in Textile and Clothing

World trade in textile and clothing has shown a strong tendency to develop along regional lines rather than through “intercontinental” trade. This regional trend was both the result of specific regional trade agreements like the “Barcelona Process” with Mediterranean countries, as well as of Mediterranean countries’ comparative advantage in textile and clothing trade.

III. 1. Strong Comparative Advantage

When the revealed comparative advantage index is above one, it indicates that a country have an above average share of world exports. A country is said to have a revealed comparative advantage in good *i* if its export share of good *i* is higher than the world average, i.e. the RCA index of good *i* for that country exceeds one. Conversely, a country is said to have a revealed comparative disadvantage in good *i*, if the corresponding RCA index is less than one.

From the tables below, we can see that only Egypt, Syria and Turkey have a comparative advantage in textile. For China this ratio is small (<1) and decreasing.

	RCA vs world							***RCA vs EU***						
Textiles	**95**	**96**	**97**	**98**	**99**	**00**	**01**	**95**	**96**	**97**	**98**	**99**	**00**	**01**
Tunisia	0,29	0,27	0,23	0,20	0,21	0,26	0,27	0,24	0,23	0,21	0,17	0,17	0,22	0,24
Morocco	0,48	0,46	0,43	0,31	0,31	0,45	0,34	0,51	0,59	0,56	0,34	0,34	0,47	0,41
Egypt	2,04	1,49	1,73	2,05	1,78	1,12	1,22	2,45	1,91	2,66	2,84	2,17	1,18	1,53
Algeria	0,02	0,03	0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00	0,00	0,00	
Jordan	0,26		0,28	0,26	0,21	0,36	0,20			0,29	0,24	0,24	0,57	0,08
Lebanon			0,20	0,22	0,16	0,12	0,15			0,18	0,25	0,16	0,07	0,11
Israel	0,21	0,22	0,23	0,23	0,20	0,17		0,39	0,40	0,42	0,40	0,39	0,35	
Cyprus	0,02	0,03	0,03	0,03	0,03	0,03	0,05	0,01	0,02	0,02	0,02	0,02	0,02	0,04
Syria	0,94	0,76	1,02	1,52	0,94	0,94	0,71	0,66	0,52	0,91	1,13	0,53	0,58	0,42
Turkey	1,07	1,24	1,28	1,30	1,24	1,31	1,26	0,97	1,13	1,20	1,20	1,09	1,13	1,11
Malta	0,13	0,14	0,17	0,15	0,14	0,12	0,16	0,17	0,24	0,26	0,26	0,30	0,33	0,3297
Romania	0,27	0,24	0,25	0,21	0,16	0,17	0,19	0,17	0,14					
Hungary	0,18	0,20	0,14		0,13	0,12	0,13	0,17	0,18	0,12		0,12	0,11	0,11
Poland	0,17	0,17	0,21	0,21	0,19	0,20	0,18	0,13	0,13	0,19	0,19	0,17	0,19	0,17
Czeck	0,64	0,45	0,43	0,41	0,38	0,41	0,40	0,68	0,41	0,41	0,36	0,35	0,39	0,39
Bulgaria		0,44	0,46	0,47	0,30	0,26			0,46	0,46	0,45	0,34	0,27	
China	0,88	0,82	0,79	0,72	0,69	0,69	0,66	0,44	0,39	0,45	0,38	0,36	0,38	0,35

Source: Authors calculation from ComTrade

While for clothing products Tunisia and Turkey are presenting a very strong comparative advantage.

	RCA vs world							***RCA vs EU***						
Clothing	**95**	**96**	**97**	**98**	**99**	**00**	**01**	**95**	**96**	**97**	**98**	**99**	**00**	**01**
Tunisia	22,02	24,19	23,23	26,09	26,23	26,20	28,26	26,97	29,17	28,33	31,58	29,95	30,11	32,75
Morocco	0,51	0,38	0,40	0,18	0,18	0,30	0,46	0,78	0,54	0,54	0,22	0,16	0,39	0,63
Egypt	5,18	5,13	5,05	8,10	7,33	0,09	6,48	5,30	5,33	5,46	8,55	8,47	0,21	7,92
Algeria	0,04	0,06	0,00	0,02	0,00	0,00		0,01	0,02	0,00	0,01	0,00	0,00	
Jordan	0,98		0,54	2,20	2,55	7,65	10,65			2,40	7,68	10,11	13,81	6,75
Lebanon			5,87	5,42	4,28	3,28	5,24			9,86	10,18	8,00	5,50	12,18
Israel	2,11	1,96	1,73	1,94	2,04	1,82		3,12	3,02	2,74	2,55	3,11	2,60	
Cyprus	10,02	9,57	7,76	8,13	6,80	6,59	5,63	14,74	14,87	13,45	13,33	11,12	11,00	9,31
Syria	2,24	1,95	1,85	3,36	3,10	2,52	2,62	2,22	2,03	2,38	3,81	2,86	2,17	2,07
Turkey	14,78	15,31	15,18	17,12	16,99	17,96	16,58	20,34	22,35	21,77	23,21	22,34	24,74	23,49
Malta	4,55	5,57	6,01	5,24	5,47	3,95	5,45	6,08	9,40	9,68	9,35	9,49	9,05	8,70
Romania	8,99	10,73	11,73	14,67	15,63	15,57	17,44	15,37	17,82	19,38	21,14	22,12	22,61	23,93
Hungary	4,52	5,05	3,43		3,44	3,06	3,15	6,26	7,07	4,27		3,96	3,48	3,54
Poland	5,60	5,81	5,27	5,64	5,77	4,79	4,52	7,48	8,10	7,56	7,65	7,56	6,20	5,78
Czeck	1,45	1,84	1,82	1,88	2,03	1,94	1,80	1,90	2,61	2,48	2,39	2,51	2,40	2,27
Bulgaria		3,61	4,49	7,11	10,34	11,05			7,52	8,66	11,92	17,12	18,98	
China	8,30	9,00	9,56	9,68	9,81	9,75	9,56	6,32	6,03	5,74	5,65	6,11	6,05	6,03

Source: Authors calculation from ComTrade

Among the most significant achievements of the region has been the increase in the number of clothing tariff lines which have become competitive at the world level as measured by computing the revealed comparative advantage (RCA) for each country of the region at SH 4 digit-level. Products which have become competitive at world prices (RCA>1) have increased in number and represent now for Tunisia (203 out of 1057 HS4 digit), Jordan (160), Syria (125) and Turkey (311), still far from China (392) or Poland (360) and Czech Republic (388).

III. 2. Mediterranean Countries' Textile and Clothing Trade

Mediterranean countries' exports of textile and clothing products have been increasing steadily since 1995. They represent more than 14% of EU market share for textile and more than 25% for clothing. The bulk of it is exported by Turkey for textile and by Turkey, Tunisia and Morocco for clothing. The EU represents the main destination for their exports although Jordan, Israel and Egypt have been successful also on the American market.

Mediterranean countries textile exports to the EU (thousand of euro)

Textile	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**10m 03**
Extra EU	14.337.558	14.135.533	16.628.771	16.678.996	15.235.571	18.014.618	17.813.275	16.293.338	12.675.558
MED10	1.590.953	1.569.040	2.002.342	1.999.593	1.966.679	2.343.833	2.449.510	2.257.329	1.798.058
in %	*11,10*	*11,10*	*12,04*	*11,99*	*12,91*	*13,01*	*13,75*	*13,85*	*14,19*
Turkey	819.432	899.854	1.111.945	1.231.452	1.288.206	1.436.323	1.586.822	1.421.837	1.170.231
Egypt	311.849	237.902	369.087	284.388	238.511	316.085	268.567	243.311	206.959
Israel	168.837	181.750	204.479	203.653	185.385	205.270	183.376	182.694	137.423
Tunisia	89.680	85.282	86.484	77.588	91.214	121.101	146.073	147.240	108.962
Syria	104.820	86.760	146.084	129.895	96.052	173.452	156.229	162.115	104.752
Morocco	90.669	71.961	78.895	69.072	63.674	86.754	104.747	96.583	67.891
Algeria	1.308	1.905	1.338	568	424	429	1.294	1.995	1.155
Lebanon	1.821	1.846	2.039	2.183	1.602	1.823	1.482	728	502
Jordan	2.536	1.781	1.964	794	1.580	2.595	920	826	183
WBGS	0	0	28	0	31	0	0	0	0

Source: Comext

The Jordan-US Free Trade Agreement became effective on 17.12.2001 enabling Jordanian goods a gradual duty free access to the American market. The agreement is scheduled to lead to full tariff exemption between the two countries at the beginning of 2010. Textile and clothing ranked first among Jordanian exports in 2001 at JD 203 million. Exports from qualified Industrial Zones (QIZ) rose by 30% in 2001 to JD 265 million of which JD 142 million went to US market.

Mediterranean countries clothing exports to the EU (thousand of euro)

Clothing	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**10m 03**
World	30.914.202	33.336.128	38.624.585	41.275.068	44.399.416	51.955.929	54.674.449	55.112.506	46.868.518
MED10	7.418.784	7.936.955	9.019.650	10.011.154	10.519.643	11.830.042	12.846.140	13.803.023	11.839.942
in %	*24,00*	*23,81*	*23,35*	*24,25*	*23,69*	*22,77*	*23,50*	*25,05*	*25,26*
Turkey	3.454.124	3.735.706	4.398.125	4.937.982	5.207.056	6.033.200	6.545.534	7.539.221	6.826.203
Tunisia	1.751.481	1.909.224	2.044.156	2.322.037	2.415.572	2.618.104	2.945.955	2.969.043	2.393.092
Morocco	1.641.942	1.682.437	1.893.237	2.054.318	2.128.482	2.374.330	2.643.286	2.628.228	2.101.609
Egypt	183.532	213.202	253.338	287.059	319.136	363.888	339.910	350.159	287.007
Isreal	284.497	293.033	311.157	288.832	323.587	301.046	228.418	183.580	131.802
Syria	72.407	73.536	84.232	88.945	94.745	104.303	116.159	108.589	81.998
Lebanon	18.945	18.479	15.615	16.509	14.465	16.112	13.066	13.152	9.725
Jordan	11.374	10.738	18.958	15.259	16.375	18.915	13.141	10.337	8.057
Algeria	483	587	809	189	187	144	664	710	450
WBGS	0	13	23	24	37	0	6	3	1

Source: Comext

Although increasing in nominal value, Tunisian and Moroccan clothing exports have decreased as a share of total EU imports, (Tunisian market share declined from 5.67% in 1995 to 5.11% in 2003 and Morocco declined from 5.31% to 4.48% in the same period) suggesting a loss of competitiveness. Whereas Turkey increased its market share on the EU market and accounts now for 14.56% of total EU imports of clothing from 11.17% in 1995.

Mediterranean countries clothing exports to the EU (thousand of euro and in %)

Clothing	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**10m 03**
World	30.914.202	33.336.128	38.624.585	41.275.068	44.399.416	51.955.929	54.674.449	55.112.506	46.868.518
Turkey	3.454.124	3.735.706	4.398.125	4.937.982	5.207.056	6.033.200	6.545.534	7.539.221	6.826.203
%	*11,17*	*11,21*	*11,39*	*11,96*	*11,73*	*11,61*	*11,97*	*13,68*	*14,56*
Tunisia	1.751.481	1.909.224	2.044.156	2.322.037	2.415.572	2.618.104	2.945.955	2.969.043	2.393.092
%	*5,67*	*5,73*	*5,29*	*5,63*	*5,44*	*5,04*	*5,39*	*5,39*	*5,11*
Morocco	1.641.942	1.682.437	1.893.237	2.054.318	2.128.482	2.374.330	2.643.286	2.628.228	2.101.609
%	*5,31*	*5,05*	*4,90*	*4,98*	*4,79*	*4,57*	*4,83*	*4,77*	*4,48*

Source: Comext

Mediterranean countries' textile imports from the EU are quiet substantial and reflect well the fact that they lack a strong domestic textile industry. Therefore, logically the imports increased in relation with their exports. Mediterranean countries account today for around 20% of total EU exports of textile, or more than 5 billion euro. This figure highlights also the fact that also the EU is dependent on Mediterranean countries for its textile products.

Mediterranean countries textile imports from the EU (thousand of euro)

textile	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**10m 03**
World	17.284.620	18.172.906	20.282.306	20.399.580	20.381.822	24.117.210	25.225.833	25.135.591	20.219.177
MED10	3.332.482	3.548.410	4.111.283	4.280.356	4.267.986	4.824.401	4.941.817	5.081.029	4.013.147
in %	*19,28*	*19,53*	*20,27*	*20,98*	*20,94*	*20,00*	*19,59*	*20,21*	*19,85*
Turkey	736.449	984.368	1.286.574	1.188.248	1.149.788	1.464.157	1.332.245	1.600.871	1.305.463
Tunisia	964.731	1.007.652	1.110.662	1.301.671	1.337.611	1.433.293	1.602.095	1.500.088	1.173.592
Morocco	919.350	903.917	1.034.660	1.153.343	1.196.597	1.307.655	1.409.478	1.387.630	1.079.178
Israel	312.546	284.978	298.585	279.368	276.667	275.642	251.788	217.807	158.908
Egypt	137.407	109.685	117.130	103.505	95.360	114.754	96.386	120.402	115.619
Algeria	102.675	95.059	88.558	79.473	78.455	83.138	91.738	93.938	56.265
Syria	49.080	61.791	72.551	71.796	53.970	56.535	59.899	59.138	52.363
Lebanon	77.029	70.589	71.280	66.536	51.216	54.861	69.476	56.724	39.191
Jordan	33.149	30.314	31.064	36.128	28.106	34.282	28.568	44.147	32.334
WBGS	66	57	220	287	216	85	144	283	234

Source: Comext

Mediterranean countries' imports of EU clothing are less important but have been also growing, indicating an increased openness of these countries. Total imports represent in 2003 more than 8% of total EU exports of clothing.

Mediterranean countries clothing imports from the EU (thousand of euro)

Clothing	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**10m 03**
World	11.949.204	13.428.537	14.442.925	14.922.162	14.563.643	16.721.053	18.363.482	18.371.980	15.205.960
MED10	878.359	1.086.788	1.319.184	1.424.671	1.342.708	1.581.200	1.609.957	1.622.634	1.264.848
in %	*7,35*	*8,09*	*9,13*	*9,55*	*9,22*	*9,46*	*8,77*	*8,83*	*8,32*
Tunisia	322.708	363.937	417.369	410.068	420.259	494.581	536.293	583.626	431.718
Morocco	140.812	184.669	269.753	321.779	322.615	382.445	385.337	376.957	300.863
Turkey	62.660	124.835	173.293	209.076	191.417	272.148	238.662	232.622	223.892
Lebanon	115.848	117.230	132.045	145.980	118.715	125.569	157.831	168.804	127.991
Israel	159.134	201.306	226.587	229.239	189.026	208.947	189.278	143.962	90.315
Algeria	22.430	20.687	29.777	32.693	34.206	33.295	39.241	51.774	38.265
Jordan	19.329	20.093	20.651	21.628	20.707	22.301	22.213	25.980	27.081
Egypt	33.104	51.248	47.062	50.956	42.546	38.568	36.078	34.326	20.486
Syria	2.328	2.699	2.619	3.242	3.109	3.309	4.889	4.544	4.234
WBGS	6	84	27	9	107	37	134	38	3

Source: Comext

In the case of Tunisia, its first rank among the Mediterranean countries' importers of EU clothing is explained in part by its imports of Chapter 6217 (Made-up clothing accessories and parts of garments or clothing accessories, of all types of textile materials, n.e.s. excl. knitted or crocheted) used as input by its garment industry. This chapter alone represents 27% of Tunisian imports of clothing in 2002. A possible explanation for this high figure is the fact that in Tunisia trade under the offshore regime accounted for about 97% of exports and 91% of imports in textile and clothing.

Among the three biggest exporters of clothing to the EU, Turkey stands by far with the highest textile and clothing trade balance vis-à-vis the EU because of its integrated sector. Whereas Tunisia and Morocco still record a positive balance to a lesser extent.

EU Mediterranean T&C trade Balance evolution (thousand euro)

T&C	1995	1996	1997	1998	1999	2000	2001	2002	10m 03
Turkey	3.474.447	3.526.356	4.050.203	4.772.110	5.154.056	5.733.219	6.561.448	7.127.564	6.467.079
Tunisia	553.722	622.916	602.609	687.886	748.916	811.332	953.640	1.032.568	896.743
Morocco	672.450	665.812	667.719	648.268	672.945	770.984	953.218	960.224	789.459
Egypt	324.869	290.172	458.232	416.986	419.741	526.651	476.014	438.742	357.860
Syria	125.819	95.806	155.146	143.801	133.718	217.910	207.600	207.022	130.153
Israel	-18.346	-11.501	-9.536	-16.123	43.279	21.728	-29.272	4.505	20.002
WBGS	-72	-127	-196	-272	-256	-122	-272	-317	-236
Jordan	-38.567	-37.889	-30.793	-41.702	-30.858	-35.074	-36.719	-58.965	-51.176
Algeria	-123.314	-113.253	-116.187	-111.409	-112.050	-115.860	-129.021	-143.007	-92.924
Lebanon	-172.111	-167.494	-185.671	-193.824	-153.864	-162.495	-212.759	-211.648	-156.954

Source: Comext

The figures are almost identical for textile and clothing trade balance with the world, except for Jordan which has seen recently a notable increase of its clothing exports to the US. Therefore, Jordan presents a positive T&C trade balance in 2002. On the reverse Israel shift to a negative balance once total T&C trade is taken into account.

T&C total trade balance (thousand euro)

T&C	1995	2001	2002
Morocco	265.045	780.409	740.791
Tunisia	483.785	831.002	910.181
Egypt	426.002	512.574	589.975
Turkey	4.303.472	8.293.448	8.442.249
Israel	-11.349	-119.094	-101.944
Jordan	-110.982	-85.437	36.843

Source: UN ComTrade

This is mainly due to a surge of Chinese exports on the Israeli market these last years.

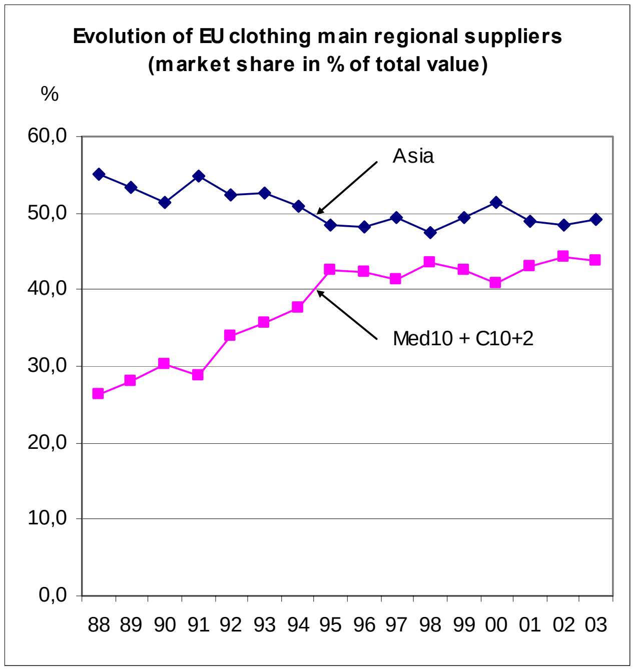
Israeli T&C trade balance (thousand euro)

T&C	1995	2000	2001	2002
EU15	-70.978	-64.761	-96.188	-42.803
USA	215.507	584.893	597.453	566.352
China	-14.748	-116.368	-200.603	-222.554
World	-11.349	26.319	-119.094	-101.944

Source: UN ComTrade

Mediterranean countries' trade performance has been improving steadily since 1990, as well as those of the 10 acceding countries in the beginning of the 1990s. Taken together (Med10 + C10+Romania&Bulgaria), their exports of textile and clothing goods in value have grown from 26.4% of EU market share in 1988 to 44.3% in 2002 and then a small decrease in 2003 of 0.6 percentage point to 43.7%. This small decrease in value would not have been worrying in itself but if we have a look at the figures in volume, the situation seems quiet alarming. We have also an increase in EU market share from 24% in 1988 to 39.3% in 2000 and then a steadily decrease year after year to 33.6% in 2003.

Part of that decline could be explained by the fact that in 2001, global trade declined, largely because of a general slowdown in growth, including a recession in the United States and contraction in the information and communications sectors. So consistent with that decline, exports from developing countries as a whole fell almost 4%.



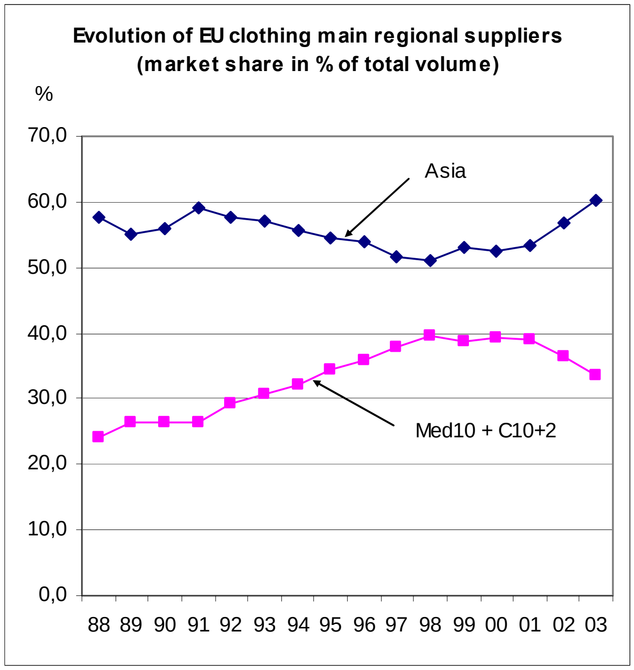
Source: Author calculation from Comext

World textile and clothing trade recorded a decrease in 2001 of -3.9% and then an increase over 2001 of 3.2% in line with global trade growth (+3%).

Billion $	1990	2000	2001	2002
Textile	104	157	147	152
Clothing	108	199	195	201
Textile & clothing	***212***	***356***	***342***	***353***

Source: World Trade Organisation, Geneva.

However, when we look at Asian figures, we recognize a stagnation in value in the last three years and a sharp increase in volume from 52.4% in 2000 to 60.4% in 2003.



Source: Author calculation from Comext

III. 3. Main Competitors and Third Stage of ATC

The MFA has for decades curtailed textile exports by larger textile-exporting countries like China - which, even with the quotas constraint, today supplies more than 10 percent of world exports of textiles and over 18 percent of global trade in clothing.

EU imports of textile and clothing categories, liberalised under the third stage of ATC, where China was constrained by quotas surged by 98.6% in value and by 405% in volume between 2001 and 2003. If we consider that EU total imports for the same products hardly increased in value by a mere 7% in value and 33% in volume, it appears therefore, that this sharp increase happened at the expense of other suppliers, mainly from Asia. The share of EU imports of the same products from China increased in value from 23.7% to 43.7% and in volume from 11.7% to 44.3%.

EU Imports of T&C categories integrated in 3rd stage of ATC

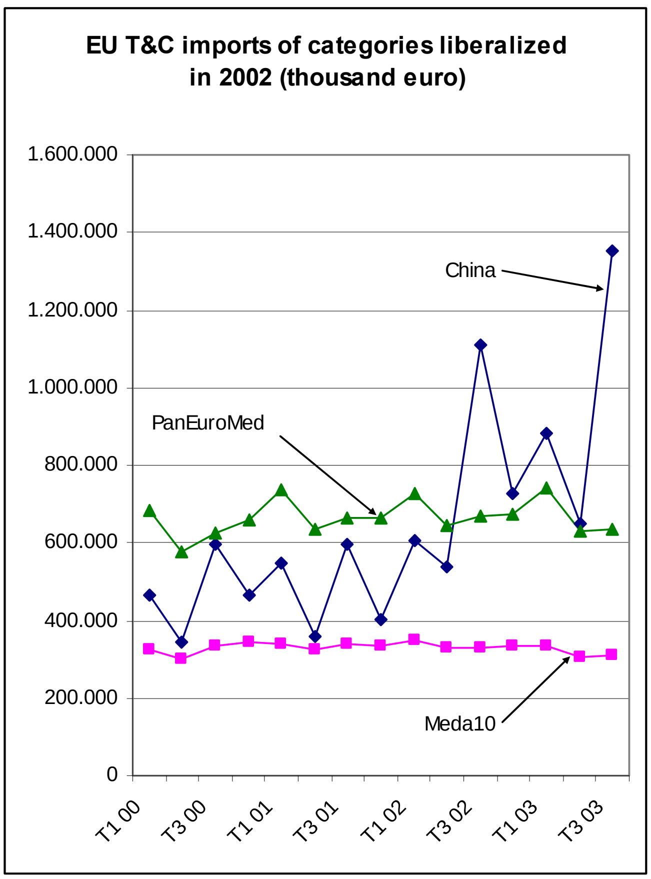
	(thousand euro)				in % of	*(tons)*				in % of
ATC3	**2001**	**2002**	**2003**	**Δ** 01/03	**tot T&C**	**2001**	**2002**	**2003**	**Δ** 01/03	**tot T&C**
China	1.902.502	2.988.452	3.777.462	***98,6***	*30,7*	97.701	313.315	493.419	***405,0***	*32,0*
share	*23,7*	*35,9*	*43,7*			*11,7*	*32,3*	*44,3*		
Meda10	1.337.539	1.338.741	1.259.288	***-5,9***	*7,8*	171.322	155.213	140.259	***-18,1***	*8,7*
share	16,7	16,1	14,6			20,5	16,0	12,6		
C10+2	1.193.892	1.218.970	1.221.690	*2,3*	*9,6*	131.396	137.847	132.660	*1,0*	*10,9*
share	*14,9*	*14,6*	*14,1*			*15,8*	*14,2*	*11,9*		
World	8.020.662	8.329.119	8.640.388	*7,7*	*12,3*	833.794	969.576	1.113.313	*33,5*	*12,2*

Source: Comext

The impact of Chinese performance in the third stage of integration on Mediterranean countries 'exports of the same category is clearly negative. In only two years Mediterranean countries' exports decreased by 5.9% in value and by 18.1% in volume. Consequently their share on EU market for those categories as a whole decreased in value from 16.7% to 14.6% and in volume from 20.5% to 12.6%.

This surge in export volume allowed China to overtake the cumulated total textile and clothing exports of the three major Mediterranean suppliers of the EU (Turkey, Tunisia and Morocco).

Concerning the 10 acceding countries plus Romania and Bulgaria, although they did record a positive growth in value of 2.3% and in volume of 1% their market share as a percent of EU imports for those categories declined in value from 14.9% to 14.1% and in volume from 15.8% to 11.9%.



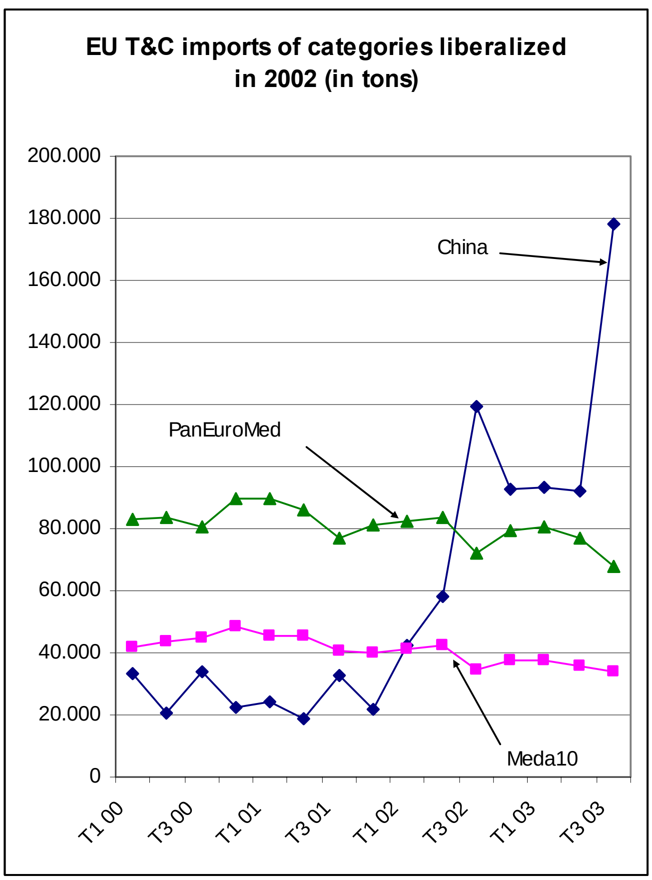
Source: Comext; T: Trimester

Chinese performances in third stage of integration have been fuelled by sharp declines in average unit prices, which have for the first time bridged the gap with average prices of EU imports of categories integrated in third stage of ATC. However, Chinese prices continued to fall and for some categories this sharp drop of prices reached 70%. This performance is questionable. How could several Chinese products be sold cheaper than the fabric used as input in the production of the garment? Currency undervaluation, state subsidies, heavy non-performing loans, arbitrary rebates… are possible explanations echoed by many specialist of the sector. These illegal practices pursued by Chinese administration could be a deliberate strategy of dumping to outcompete a maximum number of competitors relying for that on EU and US inaction, which is probably paid back by increased Chinese market penetration for US and EU services.

EU Imports of total T&C categories

	(thousand euro)				*(tons)*			
PARTNER	**2001**	**2002**	**2003**	**Δ** 01/03	**2001**	**2002**	**2003**	**Δ** 01/03
China	10.435.068	11.370.921	12.312.907	*18,0*	1.108.114	1.185.375	1.542.975	*39,2*
Meda10	15.295.651	16.060.351	16.112.849	*5,3*	1.532.504	1.553.114	1.605.130	*4,7*
C10+2	12.904.242	12.957.181	12.689.680	*-1,7*	1.183.913	1.200.752	1.218.560	*2,9*
World	72.487.725	71.405.834	70.167.003	*-3,2*	10.185.567	8.774.348	9.133.228	*-10,3*

Source: Comext



Source: Comext

The following table shows clearly how much is at stake for Mediterranean and acceding countries, as well as the impending danger coming from strong Chinese potential as it has been identified during the third stage of integration. Textile and clothing categories which will be liberalized in the fourth and final stage of integration and where China is currently under quotas represent at this time more than 76% of Mediterranean exports of T&C to the EU and more than 65% of acceding and candidate countries' exports to the EU.

EU Imports of T&C categories to be integrated in 4th stage of ATC

	(thousand euro)				in % of	*(tons)*				in % of
ATC4	**2001**	**2002**	**2003**	**Δ 01/03**	**tot T&C**	**2001**	**2002**	**2003**	**Δ 01/03**	**tot T&C**
China	5.773.388	5.468.169	5.239.848	*-9,2*	*42,6*	584.292	378.217	391.103	*-33,1*	*25,3*
share	*12,3*	*12,1*	*11,9*			*11,0*	*10,3*	*10,0*		
Meda10	11.674.132	12.080.801	12.271.339	*5,1*	*76,2*	866.527	837.081	902.698	*4,2*	*56,2*
share	25,0	26,8	27,8			16,3	22,7	23,2		
C10+2	8.948.654	8.695.839	8.318.972	*-7,0*	*65,6*	542.968	521.902	515.802	*-5,0*	*42,3*
share	*19,1*	*19,3*	*18,9*			*10,2*	*14,1*	*13,2*		
World	46.770.164	45.093.368	44.114.607	*-5,7*	*62,9*	5.323.212	3.688.983	3.897.413	*-26,8*	*42,7*

Source: Comext

The majority of the categories under quotas have been fully utilised by Chinese exporters (more than 95% of utilisation rate). Chinese exports of these categories have decreased by 9.2% in value and by 33.1% in volume during the 2001/03 period. One possible explanation of this fall could be that the Chinese have focused all their potential on third stage's categories to reap the maximum benefit.

IV. A Deeper Analysis of Trade Patterns

To explain the differences of trade patterns between countries we will first define product specialization, chain delocalization, agglomeration effects and the lock-in phenomena. We will then address the various ways to segment the sector. Often coined as the textile industry, the textile and clothing industries cover a wide range of products and stages of manufacturing that have as a common denominator that they are made from fibrous flexible materials. The industry is however segmented according to various lines this can be according to end use, according to end use, fibre, stage of processing, exclusivity.

We will then consider the changing geography of textile and clothing production in the European Union with regard to its connections with global sourcing, in a regional trading zone, analyzing available data to identify different trade patterns across counties and products of interest.

IV. 1. Definitions:

i) Specialization

Specialization is the first area to be analyzed when trying to explain differences between countries. Natural or social endowments, along with government preferences for specific economic activities set the guidelines for specialization. It is well-documented that labor costs explain most of the differences in trade of clothing and availability of fibres and water explain the differences in textile production. How ever, much less is known about the comparative advantage at product level.

The differences at product level must be explained as there are substantial diversities between countries with respect to their specialization within textiles. The availability and cost of **water** may explain certain patterns. Another factor is that certain garments require few **skills** (e.g. ladies blouses) while other products are highly complex (suits). Although skill limitations could be overcome by sectionalizing production into short cycle, simple operations which allow for the involvement of less trained personnel, this would require more engineers and organization.

Specialization may lead to a selection process and to agglomeration advantages. These differences may be minor but they are magnified in three ways:

1) Textiles and clothing are highly competitive causing a small cost difference to have a disproportionate effect.

2) Most firms are SME's with limited informational and organizational resources. Intuition, rather than research and empirical testing, guides their decisions.
3) Most of the companies will try to limit risks and adopt tested practices.

ii) Chain Delocalization

This tendency of adopting tested practices may lead to chain delocalization. The phenomenon of "chain delocalization" can be derived from "chain migration". Within a particular group there can be a preference for moving to a specific location chosen and already settled by members who moved earlier (first movers). The chain delocalization can be explained by information differentials. More is known about locations where peers are already established. Lower transaction costs exist because group members can rely on assistance and political influence gained by the first movers. Chain delocalization effects can be strengthened by cultural and institutional factors. Chain delocalization may apply to segments of an industry (e.g. the jeans sector) or to an entire country/region (e.g. the Flemish clothing industry).

iii) Agglomeration Effects

Delocalization - if it takes place on a certain scale - may lead to agglomeration effects. These effects can be seen in transportation (e.g. efficient/frequent transport routes), in transactions (banking, custom processing) and also in a specific service infrastructure such as maintenance services and spare part services for machines, quality control services, training etc… Agglomeration effects can impact the entire clothing industry or simply the sub-sector levels of the industry. Indeed specific sectors require a specific service infrastructure. A critical mass of jeans manufacturers creates opportunities for washers and for label makers. A critical mass of knitwear manufacturers creates the need for knitting machine maintenance services and for yarn dyeing services.

iv) Lock-in Phenomenon

Lock-in phenomenon is a term coined by Grabher (1993) which refers to the reinforcement of a chosen development path due to a reduction in a firm's adaptability. As chain delocalization followed by agglomeration effects offers a favourable competitive position (partly because of cost advantages), more firms follow on the development path which was chosen before them by others. A price advantage in one area, coupled with strong linkages (and thus lower transaction costs) leads to a tendency to deepen specialization, while diversification is seen as more costly.

Lock-in can occur due to market approach (e.g. in subcontracting relations) or technologies which link an industry to certain type of clients and focuses on a narrow range of products.

Lock-in can also be the result of lack of understanding, vision and tools to reposition a firm or an industry.

Lastly, lock-in can be institutional when regulation and environmental factors favour or inhibit specific development models. A good example for an institutional requirement is the obligation to have local partners in a joint-venture. Another one is the favourable treatment of offshore companies compared to endogenous firms.

IV. 2. Analysis of Eurostat External Trade for the Mediterranean Countries – A General Look

Although the analysis focuses only on EU trade, it gives a fairly good picture of the national specializations as trade with EU represents more than 85% of exports and more than 70% of output of most the Mediterranean countries. Of all countries only Turkey has a lower share of exports to the EU and a lower share of output.

The countries in our analysis are divided in two groups:

1) ***Small Exporters***: Algeria, Libya, Jordan, Occupied Territories, Israel, Lebanon, Syria, Cyprus and Malta.
2) ***Large Exporters***: Turkey, Egypt, Tunisia and Morocco.

For the small exporters, we have only verified if trends in exports are explained by trends in all products or by trends in specific products. For the large exporters we have done a more in depth analysis examining trends in volumes, values and prices, fibre content, and labor intensity. We have also examined the orientation of exports to specific countries within the EU. In addition, we have used data from national banks and the World Bank concerning investment figures.

An important element in analysing the data is the **level and the evolution of specialization over time**. A high and increasing level of specialization points to "**lock-**

in effects", a lower and declining level of specialization indicates "**differentiation**". Another factor is the **integration of textiles in the supply chain**. This might be reflected by growing exports of textiles (chapters 50-56 of the HS) and decreasing imports from the EU denoting a declining dependency on subcontracting. Average prices also give an indication of increased added value/quality, provided that exports increase. Increasing export process combined with stable or declining volumes is considered as a loss in competitiveness.

Exports to EU

	1996 (mill.euro)	2002 (mill. euro)	Change 96-02 (1996 = 100)	Share EU Imports 2002
Extra EU	47.471,7	71.402,5	150	100,0%
Asia*	20.830,0	32.347,0	155	45,3%
China	5.478,2	11.366,1	207	15,9%
Med Zone	9.742,7	16.289,8	167	22,8%
CEEC	7.748,2	13.849,8	179	19,4%
Turkey	4.527,6	8.911,7	197	12,5%
Tunisia	1.748,0	2.865,9	164	4,0%
Morocco	1.538,6	2.504,6	163	3,5%
Egypt	447,2	591,3	132	0,8%
Israel	474,1	364,0	77	0,5%
Syria	160,0	268,4	168	0,4%
Malta	123,3	162,3	132	0,2%
Cyprus	72,7	30,7	42	0,04%
Lebanon	20,3	13,8	63	---
Jordan	12,5	11,2	89	---
Libya	1,2	0,06	5	---
Algeria	2,5	2,7	107	---
Occ.Ter.	0,01	0,006	27	---

Source: Market access database EU and Comext- Eurostat.
* Asia: excl. Japan – incl. China

The Mediterranean region as a whole has kept pace with the development in world trade as a whole. The performance of the Mediterranean countries (67%) is slightly better than that of Asia (55%) but slightly worse than the CEECs. Sourcing from nearby countries has increased more than sourcing from remote countries. This has little to do with the intrinsic competitiveness of nearby countries but more with the deindustrialisation of the apparel industry in the EU and a long standing preference for delocalization in the Euro-Mediterranean basin (Scheffer 1994). This delocalization is often based on the use of EU fabrics, hence the importance of proximity. However, the CEEC's have benefited more from delocalization of production from EU countries, than the Mediterranean countries.

The performance of the Mediterranean zone is mainly attributable to the big three (Turkey, Tunisia and Morocco) and, to a lesser degree, to Egypt. The big three countries have a continuous and steady growth of exports to the EU. These three countries keep pace with the overall increase of exports to the EU.

The performance of Egypt is erratic. While it is a sizeable player in the Mediterranean, it has not developed itself as a dominant source. This notwithstanding, it has a good base in raw materials and a solid basic level of industrialization.

The other countries make no significant inroads into the EU. Only Syria makes progress, albeit at a low level. Malta and Cyprus have ceased to be the substantial players they were in the 1980's. For Malta and Cyprus economic factors dominate: labor costs have increased considerably and apparel production (more than 60% of exports) is no longer competitive.

For Israel combinations of political and economic factors coincide. The decline in textile exports started in 2000 (simultaneously with the second Intifada) with a concentration in apparel, while synthetics, industrial textiles and non-wovens continue to perform fairly well.

For the small exporter countries apparel is the dominant export product within textiles. Cotton products, fabrics and home textiles make up the balance. Only Algeria and Israel have a different pattern. In Algeria, synthetic fibres are dominant, while in Israel technical textiles make-up the largest share. On the whole the smaller Mediterranean countries have a very narrow export base. As an average retail buyer has a budget of € 15-20 million, the exports of the smaller countries are possibly linked to a small number of buyers. These countries are thus to be considered as "exotics". They have little visible comparative advantage, low reputation and recognition and therefore high transaction costs because of the small export volumes.

The large exporter countries in the Mediterranean zone have an important position in EU trade. Turkey is the second supplier to the EU, after China. Its growth in exports is also close to the performance of China. Tunisia is the fifth supplier and Morocco is the seventh supplier. Turkey was already the second supplier in 1996, Tunisia maintained its position, it overtook Hong Kong but was overtaken by Romania. Morocco lost one place to the benefit of Bangladesh and Romania. It also overtook Hong Kong. The clearest competitor in the Euro-Mediterranean Zone is Romania. While the level of exports doubled between 1996 and 2002 for the big three, Romania managed a tenfold increase in its exports to the EU over the same period.

Romania is increasingly a competitor to Tunisia and Morocco. Albeit outside the analysed region, some comments are relevant. More than 90% of Romanian textile exports to the EU consist of clothing. Over the period 1996-2002 Romania experienced an overall growth in the production of clothing. Romania can be seen as a strong competitor to Tunisia and Morocco due to its geographical proximity to Europe. Their range of products is quite similar and the value of these products is at the same level as Tunisia and Morocco. Romania even reached higher growth rates. The quantity of these products has hardly changed over the years, together with the increase of price this has resulted in an increase of value adding of production.

IV. 3. Product Specialization – A Cross-Country Analysis of the Large Exporters

Turkey

For all countries but Egypt, clothing is the dominant export product. This means that labor cost advantages dominate specialisation. Only Egypt derives its competitive position from a fiber base. Turkey has the most diverse textile sector. The clothing sector accounts for 75 % of the sector (in value) with a majority in knitted products, 45 %. The market share of clothing has increased slightly from 1996. Followed by the category “other made up textile articles” (e.g. bed linens) that have a much lower market share (9 %) compared with clothing. However, they still show an increase over the years. The majority of knitted and made-up products are made from Turkish yarn or fabrics.

The categories that follow the top three kept a stable market share or declined compared to 1996, e.g. cotton which still shows growth in absolute terms while category 57, carpets and other textile floor coverings, experienced a decline not only in market share but also in absolute terms.

Turkey 2002: 8.912 mln. Euro	2002	% market 2002	1996	% market 1996
61: apparel/clothing ass. knitted or crocheted	€ 3.968	44,5%	€ 2.047	45,2%
62: apparel/clothing ass. not knitted or crocheted	€ 2.706	30,4%	€ 1.270	28,0%
63: other made up textile art.	€ 820	9,2%	€ 316	7,0%
52: cotton	€ 463	5,2%	€ 300	6,6%
55: man-made staple fibers	€ 293	3,3%	€ 207	4,6%
54: man-made filaments	€ 286	3,2%	€ 143	3,2%
60: knitted or crocheted fabrics	€ 88	1,0%	€ 54	1,2%
57: carpets and other textile floor coverings	€ 81	0,9%	€ 97	2,1%

Source: Market access database EU

For Turkey the most important clothing articles are t-shirts, jerseys, women's and men's trousers (woven), stockings and skirts. These items all show a growth that is stable with an average growth rate of 20%-27% (exempt jerseys). Products such as jerseys, women's trousers (knitted or crocheted), shirts and blouses show more fluctuations over the years with an average growth rate of around 8%.

Tunisia and Morocco

Tunisia and Morocco depend highly on clothing exports, 92 % and 94 %, respectively. Two thirds of clothing exports use products made from woven materials. The overall majority of products are made with imported fabrics. Diversification of textile exports is steadily developing, albeit at a low level. Both countries have attempted a policy of backward integration into textile production which does not show, as yet, in their export performance.

The share of clothing in Tunisia has not significantly changed compared to1996, although a shift in the market share in value occurred within the clothing industry to the benefit of knitted or crocheted clothing. The value generated by exporting woven clothing by far exceeds the other categories. Morocco is relatively stable in the development of the categories in relation to the market share of 1996. "Woven clothing" shows a slight decline in market share while category 57, "carpets and other textile floor coverings", is declining in market share and export value. In Tunisia the category "other made-up textile art" has grown since 1996.

Tunisia 2002: 2.866 mln. Euro	2002	% market 2002	1996	% market 1996
62: apparel/clothing ass. not knitted or crocheted	€ 1.939	67,6%	€ 1.337	76,5%
61: apparel/clothing ass. knitted or crocheted	€ 704	24,6%	€ 306	17,5%
63: other made up textile art.	€ 77	2,7%	€ 22	1,2%
52: cotton	€ 68	2,4%	€ 40	2,3%

55: man-made staple fibers	€ 30	1,1%	€ 17	1,0%
53: other vegetable textile fibers	€ 10	0,4%	€ 5	0,3%

Source: Market access database EU

Morocco 2002: 2.505 mln. Euro	2002	% market 2002	1996	% market 1996
62: apparel/clothing ass. not knitted or crocheted	€ 1.649	65,8%	€ 1.042	67,7%
61: apparel/clothing ass. knitted or crocheted	€ 710	28,3%	€ 417	27,1%
52: cotton	€ 46	1,8%	€ 23	1,5%
63: other made up textile art.	€ 41	1,6%	€ 10	0,6%
55: man-made staple fibers	€ 29	1,2%	€ 14	0,9%
57: carpets and other textile floor coverings	€ 12	0,5%	€ 20	1,3%

Source: Market access database EU

Tunisia's development of its main products is more diverse. The products: t-shirts, jerseys and brassieres have an average growth rate between 15%-21%. They are products with a value of export between 168 –232 million euros. This is followed by a group of products that consist of women's underwear, track suits, women's trousers and skirts. They have an average growth rate between 6%-12%.The development of products with a low average growth is quite erratic. Men's trousers (woven) generate the highest value in export of clothing, but just like shirts and men's overcoats, they do not manage to reach an average growth rate that is higher than 4%.

The main clothing articles of Morocco have developed in different ways. The products that experience an average growth rate of 20%-24% are men's trousers (woven), t-shirts, women's underwear and brassieres. They range in export value from around 61 million to 433 million euros. Jerseys, blouses, track suits and skirts have an average growth of 7%-13%, but show, particularly around 1999, a downturn in the value of goods exported to the EU. Men's trousers (woven) are (similar to Tunisia) the product with the highest value and an average growth of 3%. Shirts demonstrate a negative average growth rate.

Egypt

Of the four large exporter countries, Egypt has the most diverse textile sector. The largest share is in knitted apparel (35%), followed closely by cotton yarns and fabrics with 27%. "Other made-up textile art" and "apparel/clothing not knitted or crocheted" make up 14 % and 10 %, respectively. Egypt diverges from Turkey, Tunisia and Morocco in its attempt, with some success, to achieve forward integration of ginned cotton and yarns to fabrics and ready made products.

Egypte 2002: 591 mln. euro	2002	% market 2002	1996	% market 1996
61: apparel/clothing ass. knitted or crocheted	€ 207	35,0%	€ 93	20,7%
52: cotton	€ 162	27,4%	€ 171	38,1%
63: other made up textile art.	€ 81	13,7%	€ 53	11,9%
62: apparel/clothing ass. not knitted or crocheted	€ 62	10,4%	€ 67	14,9%
57: carpets and other textile floor coverings	€ 33	5,6%	€ 24	5,4%
54: man-made filaments	€ 15	2,5%	€ 5	1,1%
53: other vegetable textile fibers	€ 12	2,0%	€ 7	1,5%
55: man-made staple fibers	€ 12	2,0%	€ 24	5,3%
56: wadding, felt and nonwovens; special yarns	€ 7	1,1%	€ 2	0,4%

Source: Market access database EU

Egypt's clothing sector is more represented by knitted and crocheted articles than by the woven clothing which has a market share of only 10%. T-shirts are the most important article in regard to export value. T-shirts experienced a period of growth from 1997 to 2000 followed by an episode of negative growth. The main products show different development over the years. Although some consistency occurs in 2000 with a decline in the value of export for most products, except for jerseys, men's and women's trousers (knitted), they even quadrupled in 2000/2001.

IV. 4. Stage of Processing – Integration of Textiles into the Supply Chain – Case of Morocco

The stage of integration of textiles into the supply chain is examined by looking at the trade statistics of Morocco with the EU. Morocco is not a major producer of cotton which explains the limited export of cotton fiber. The production of cotton yarn in Morocco seems to be declining because of the decreasing imports of cotton from the EU and decreasing export of cotton yarn to the EU. On the other hand, bringing the export of cotton fabrics into the picture shows that this trend has emerged in just the last few years. The export of cotton fabrics indicates an increasing production capacity and also implies a higher demand for input. The relatively high average export price of cotton yarn from Morocco makes it more plausible that the input is imported from other nearby countries.

The export data of synthetic products do not reveal the presence of a full production chain. The export of synthetic staple fibres is very small in quantity. The export of yarn made of synthetic staple fibres is stable. Its average price has declined, however it is still relatively high. The export of synthetic fabrics is not significant and the import of fabric has increased.

Morocco	export to the EU		Import from EU	
	1996	2002	1996	2002
cotton fabrics	446	4.550	30.261	42.838
	€ 2.944	€ 31.754	€ 265.319	€ 427.409
	€ 7	€ 7	€ 9	€ 10
synth. fabrics	1.540	2.933	22.600	37.552
	€ 13.000	€ 29.490	€ 277.427	€ 439.482
	€ 8	€ 10	€ 12	€ 12
wool fabrics	103	99	2.842	3.382
	€ 1.227	€ 1.458	€ 59.772	€ 70.030
	€ 12	€ 15	€ 21	€ 21

Wool fabrics are not of significance to Morocco while the CEECs have a much better market position in the production of wool fabrics. Especially the production and processing of cotton fabrics show further chain integration.

IV. 5. A Product-based Analysis of the Sector (at 4-digit HS level)

Cotton Fibres[12]

Cotton fibres are especially relevant to Turkey and Egypt because they have a substantial domestic production of cotton. In 2002/2003 the production of cotton[13] in Turkey was 910,000 tons. Of this, a large part was used for the domestic textile industry; only 7%, 66,000 tons, is exported. Egypt produced 285,000 tons of cotton and exported more than 50%, 152,000 tons. Cotton is still produced in the EU (Greece produces 373,000 tons and Spain produces 96,000 tons to be exported). Note that a part of the European export of cotton reflects the transit trade of cotton.

Cotton fibre, carded or combed, is not imported from the EU and only the countries that produce cotton export a significant amount to the EU and show an increase in export to the EU. On the other hand, cotton that is neither carded nor combed is mainly exported by the producing countries but also imported from Europe.

The real cotton prices declined from the 1960s onwards, including year-to-year fluctuations. The world cotton price of 1996 was \$1.59/kilogram; it dropped to \$1.09/kilogram in 2002. Still production of domestic cotton remained feasible with

[12] The statistical data used for cotton fibres and yarns is mainly from the Worldbank paper 3218.
[13] http://www.fas.usda.gov/cotton/circular/2004/03/table06a.pdf

innovations in technology. It should be noted that the decline of the world cotton price reflects the fluctuations in the US dollar. In 1996, the exchange rate of the Euro was US$1.25 and in 2002 US$0.87. This means that the price of cotton was 1.272 Euros in 1996 and 1.252 Euros in 2002, which shows a minor decline. The EU, as a minor producer of cotton, has one of the highest costs among cotton producers. The decline of the average price of cotton from the EU is probably caused by the increase of the transit trade of cheaper cotton through the EU.

Turkey's exports of cotton fibre, neither carded nor combed, to the EU has been decreasing while imports from the EU to Turkey increased. This can indicate that the processing of this type of cotton in Turkey is increasing. The difference of the average export price between Turkey and Egypt can be related to the quality of the cotton. About 30% of the production in Turkey is high quality long staple cotton and the rest is of medium quality[14], while Egypt is known for its high quality long staple cotton.

Egypt also shows an increase in the imports of cotton fibre, neither carded nor combed, while at the same time there is a significant increase in its exports. An increasing demand for the long staple cotton that Egypt is producing can be an explanation for this increase; the average price of export has declined but relatively it is the highest compared to other countries. The imports from the EU have of a lower average price and a higher quantity. The increase in the import of cotton can be caused by an increase in the demand for the short staple cotton processing of basic garments.

For Morocco and Tunisia, the importance of this cotton has declined and their exports are not significant.

Cotton fibre neither carded/combed

HS 5201		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	32.966	17.313	63.238	108.689
	price (x 1.000)	€ 49.206	€ 24.609	€ 84.238	€ 107.522
	average price	€ 1,49	€ 1,42	€ 1,33	€ 0,99
Egypt	quantity (tons)	7.712	25.537	5	5.160
	price (x 1.000)	€ 22.731	€ 57.359	€ 30	€ 5.600
	average price	€ 2,95	€ 2,25	€ 6,03	€ 1,09
Tunisia	quantity (tons)	18	184	9.054	4.997
	price (x 1.000)	€ 28	€ 196	€ 11.763	€ 5.061
	average price	€ 1,55	€ 1,06	€ 1,30	€ 1,01
Morocco	quantity (tons)	229	220	2.941	1.559
	price (x 1.000)	€ 544	€ 316	€ 4.131	€ 1.496

[14] Source: Foreign Economic Relations Board – "Turkish Textile and Apparel Sector", July 2002.

	average price	€ 2,38	€ 1,44	€ 1,40	€ 0,96

Source: Comext – Eurostat

Cotton Yarn

The price of the resources constitutes a large part of the production costs of yarn. Cotton yarns that consist of more than 85% cotton are primarily imported and exported to the EU.

Turkey's export in this category has increased significantly, creating a more positive trade balance. In 1996, Turkey produced 764,000 tons of cotton yarn[15]. Increasing volume together with increasing prices can indicate an upgrade in investments in spinning mills, which results in a higher production. The imports experienced the same development of a growth in volume and price, which can also be an indication that Turkey's demand for higher quality products is higher than her demand for lower quality products that can be produced in her own country.

Although the export to the EU is declining, it still is a major consumer of Egyptian cotton yarn. The EU consumes more than 50% of the cotton yarn export. Egypt has also kept a positive trade balance, although it has declined since 1996. While the exports to the EU have declined, there is an increase in the exports to the USA which represents more than 30% of the exports of cotton yarns. The high average price shows that it concerns a relatively high quality yarn.

Tunisia shows an increase in the imports from the EU while it maintained a relatively stable level in its exports to the EU. This can imply that Tunisia's own processing activities are increasing. The declining average price can also be a sign of an increase in the efficiency of the Tunisian yarn production.

Morocco seems to have become less efficient because the export volume has declined while the average price has increased. Also the demand for cheaper European cotton yarn has increased.

Cotton yarn (>85% cotton)

HS 5205		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	24.575	61.333	1.485	3.350
	price (x 1.000)	€ 60.096	€ 151.465	€ 9.515	€ 25.814
	average price	€ 2,45	€ 2,47	€ 6,41	€ 7,71
Egypt	quantity (tons)	25.955	17.873	233	179
	price (x 1.000)	€ 97.539	€ 82.842	€ 913	€ 744

[15] Source: Industrial development Bank from the paper Foreign Economic Relations Board.

	average price	€ 3,76	€ 4,64	€ 3,92	€ 4,16
Tunisia	quantity (tons)	2.186	2.366	620	1.169
	price (x 1.000)	€ 7.577	€ 6.624	€ 3.679	€ 5.872
	average price	€ 3,47	€ 2,80	€ 5,93	€ 5,02
Morocco	quantity (tons)	5.384	1.336	1.023	3.871
	price (x 1.000)	€ 19.956	€ 7.466	€ 4.616	€ 15.363
	average price	€ 3,71	€ 5,59	€ 4,51	€ 3,97

Source: Comext – Eurostat

Man-made Filaments and Staple Fibres

The prices of man-made fibres (rayon and polyester) have declining since the 1960s, thanks, in part, to technological innovation and a long term strategy to reduce the costs. The real price of polyester fibres in 1996 was $1.58/kilogram and it dropped slightly to $1.37/kilogram in 2002. The total world production of man-made fibres in 1990 was 17,672,000 tons and in 2000 it was up to 28,335,000 tons. Turkey has doubled its production between 1990 and 2000 up to 747,000 tons.

i) Synthetic Filaments

The synthetic filaments are primarily exported and imported.

Turkey is the only country of the four large exporters, which over the years, has developed a production in synthetic as well as artificial filaments and monofilaments for the export to the EU. Especially the export of synthetic filaments has increased significantly compared to the import from the EU, which results in a more positive trade balance. The increasing price and volume can indicate an upgrade in the process together with the shift of the demand to higher quality products from the EU.

Egypt shows a decline of the export of synthetic filaments and an increase of its imports. However, this decline in filaments is compensated by emerging exports of synthetic monofilaments.

Tunisia and Morocco are also quite similar in this category. Neither have any significant imports or exports of synthetic or artificial monofilament and filaments. The trade balance of synthetic filaments stayed stable in Morocco. The average price of exports has declined significantly, caused by declining resource prices but probably also caused by an increase in the efficiency of Moroccan production. Tunisia shows an increase in export as well as import of synthetic filaments. The average price increase of imports from the EU to both Morocco and Tunisia can indicate an increasing demand for higher quality filaments for the processing of higher quality products.

Synthetic filaments

HS 5402		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	48,230	73,935	12,374	19,167
	price (x 1.000)	€ 90,688	€ 148,515	€ 41,467	€ 73,141
	average price	€ 1.88	€ 2.01	€ 3.35	€ 3.82
Egypt	quantity (tons)	800	488	4,903	7,844
	price (x 1.000)	€ 1,894	€ 777	€ 11,126	€ 15,817
	average price	€ 2.37	€ 1.59	€ 2.27	€ 2.02
Tunisia	quantity (tons)	158	490	2,638	3,476
	price (x 1.000)	€ 564	€ 1,114	€ 8,563	€ 15,581
	average price	€ 3.57	€ 2.27	€ 3.25	€ 4.48
Morocco	quantity (tons)	518	503	4,304	4,748
	price (x 1.000)	€ 2,858	€ 1,422	€ 11,724	€ 22,851
	average price	€ 5.52	€ 2.83	€ 2.72	€ 4.81

Source: Comext – Eurostat

ii) Synthetic Staple Fibres

Man-made staple fibres that are carded or combed were not exported by Morocco, Tunisia or Egypt in 2002. Imports of artificial fibres, carded or combed, have dropped compared to 1996. This indicates that it is either imported from elsewhere or that demand has dropped because of a decline in the processing. Imports of synthetic carded or combed fibres remained relatively stable or it declined. The decline of Turkish exports as well as imports of carded or combed synthetic fibre can indicate that Turkey has increased its production including further processing, while the export price has declined and the import price has increased.

Man made staple fibres that are not carded or combed are mainly imported from the EU. An exception is Turkey that has a positive trade balance concerning synthetic staple fibres that are not carded or combed. Between 1996 and 2002, Turkey's imports stayed relatively the same, but her exports have increased by 581% up to 27,338 tons. This dramatic increase points to an expansion of the production process in Turkey. The imports of artificial staple fibres that are not carded and combed have declined, while exports have not changed. This can be caused by imports from elsewhere or an increase of the domestic production; assuming that the demand is stable.

Egypt experienced a huge drop in the imports of not carded or combed synthetic staple fibres. Its exports have increased somewhat between 1996 and 2002 which can indicate that Egypt has developed its own production of these types of synthetic fibres. Egypt's imports of artificial not carded or combed fibres stayed stable and it had no exports in this category.

Morocco shows a decline in exports and imports of the synthetic not carded or combed staple fibres. Also the import of artificial not carded or combed fibre has declined. The presence of imports and exports of synthetic fibres (even a declining one) shows that there is an infrastructure for processing of synthetic fibres. Tunisia is quite stable concerning its imports, whereas the exports of synthetic not carded or combed fibres have disappeared completely.

Synthetic staple fibres carded or combed

HS 5506		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	1,640	1,005	2,815	1,986
	price (x 1.000)	3,425	1,643	5,047	4,736
	average price	€ 2.09	€ 1.63	€ 1.79	€ 2.38
Egypt	quantity (tons)	0	0 (0,2)	745	293
	price (x 1.000)	0	1	1,638	969
	average price	0	0	€ 2.20	€ 3.31
Tunisia	quantity (tons)	6	0	696	478
	price (x 1.000)	12	0	1,477	1,002
	average price	€ 2.00	0	€ 2.12	€ 2.10
Morocco	quantity (tons)	4	0	1,509	1,737
	price (x 1.000)	14	0	2,969	4,134
	average price	€ 3.47	0	€ 1.97	€ 2.38

Source: Comext – Eurostat

Synthetic staple fibres neither carded nor combed

HS 5503		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	4,017	27,338	3,812	4,647
	price (x 1.000)	€ 5,399	€ 34,179	€ 5,074	€ 7,374
	average price	€ 1.34	€ 1.25	€ 1.33	€ 1.59
Egypt	quantity (tons)	2	8	1,236	34
	price (x 1.000)	€ 8	€ 20	€ 1,065	€ 136
	average price	€ 3.93	€ 2.53	€ 0.86	€ 3.99
Tunisia	quantity (tons)	0	0	487	347
	price (x 1.000)	€ 0	€ 0	€ 858	€ 480
	average price	€ 0	€ 0	€ 1.76	€ 1.38
Morocco	quantity (tons)	21	8	4,976	1,598
	price (x 1.000)	€ 33	€ 23	€ 6,086	€ 2,706
	average price	€ 1.57	€ 2.87	€ 1.22	€ 1.69

Source: Comext - Eurostat

iii) Yarn of Synthetic Staple Fibres

Looking at yarn of staple fibres, the synthetic fibres are generally imported rather than exported by Morocco and Tunisia. Morocco shows quite a stable trade balance. Tunisia, with no export of synthetic fibres in 2002 and declining imports, still manages to increase the export of yarn to the EU. Egypt shows huge declines in exports and imports which reduced its positive trade balance by 312%. Looking at the export of synthetic fibres, it is not surprising that Turkey shows an increase in exports to the EU with a decrease in the average price. Turkey's increased imports from the EU probably consist of higher quality yarn, because the average price also increased. The imports and exports of yarn of artificial fibres have also increased.

Yarn of synthetic staple fibres

HS 5509		Export to the EU		Import from the EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	10.534	19.953	3.547	7.383
	price (x 1.000)	38.981	68.656	18.656	47.017
	average price	€ 3,70	€ 3,44	€ 5,26	€ 6,37
Egypt	quantity (tons)	5037	1533	986	235
	price (x 1.000)	14.655	3.561	3.628	1.283
	average price	€ 2,91	€ 2,32	€ 3,68	€ 5,46
Tunisia	quantity (tons)	156	441	2.860	3.803
	price (x 1.000)	441	1.837	7.766	11.305
	average price	€ 2,83	€ 4,16	€ 2,72	€ 2,97
Morocco	quantity (tons)	843	864	5.195	7.282
	price (x 1.000)	5.272	4.335	19.051	27.414
	average price	€ 6,25	€ 5,02	€ 3,67	€ 3,76

Source: Comext – Eurostat

Selection of Fiber

Shares in the global consumption of cotton, wool and man-made fibers have shifted over the years. Cotton had the highest share which changed during the 1990s when the chemical fibres, in particular polyester, rapidly expanded. In 2002 the shares were: 39.7% cotton, 2.6% wool and 57.7% man-made fibers.

Asia is the main producer of man-made fibers, in 2000 more than 70% of the global production of man-made fibers was produced by Asian countries.

The usage of fiber in clothing production differs for each country. While Turkey is the only producer of synthetic fibers, its usage of non-cotton fibers in clothing production is merely 31%. Among the four large exporters to the EU, Morocco is the largest user of non-cotton fibers in produced clothing. More than half of its production (52.4%) contains non-cotton fibers.

Egypt is the largest user of cotton fibres (75.8%), but it has a clothing production that is almost 25% smaller compared to Turkey. Egypt and Turkey are both large users of cotton fibers. They do not differ widely from the export patterns of India or Pakistan. The performance of Morocco and Tunisia is more in line with the overall import patterns of the EU. In comparison with the CEEC's the share of wool in production for the Mediterranean countries is much lower.

Apparel Imports to the EU (x1000 euro) by selection of fiber

	Morocco	Tunisia	Egypt	Turkey
Total import apparel	2.586.595	2.878.470	269.142	6.708.643
not cotton fibre	1.354.366	1.344.055	65.250	2.078.458
cotton fibre	1.232.229	1.534.415	203.893	4.630.186
% cotton of total apparel	47,6%	53,3%	75,8%	69,0%

Source: Comext – Eurostat

<u>Total Fabrics – Aggregated Analysis</u>

Examining imports of fabrics from the EU and the export of clothing belonging to HS 62, can shed light on whether and how the Mediterranean countries are upgrading their production. Selecting three groups of fabrics (cotton, man-made fibers and wool) to investigate specific features, can give an indication of backward and forward integration.

Turkey imported more total fabrics in 2002 compared to 1996 in volume, but experienced a decline in the average price. On the other hand, the average price of the clothing exported to the EU has increased. This indicates a rise in the value-added of production in Turkey. Also looking at fibres and yarns, we can conclude that Turkey is expanding its production chain to its full length.

Egypt imports less fibers from the EU and pays a higher price. The shift to more expensive materials from the EU is not balanced by the export of the clothing to the EU. This can imply an efficiency loss on the side of Egypt.

Although the differences are minor, Tunisia seems to be in a better situation than Morocco. Tunisia is at the same level as Turkey when it comes to exports of clothing and produces more value-added per product than Morocco.

Total fabrics (HS 51-52-54-55)		Export to the EU		Import from EU	
		1996	2002	1996	2002
Turkey	quantity (tons)	49.318	61.568	29.532	59.462
	Price (x1000)	€ 356.438	€ 553.462	€ 330.429	€ 522.400
	price/quantity	€ 7	€ 9	€ 11	€ 9
Egypt	quantity (tons)	15.945	8.501	4.820	3.803
	Price (x1000)	€ 58.781	€ 41.475	€ 35.098	€ 37.071

	price/quantity	€ 4	€ 5	€ 7	€ 10
Tunisia	quantity (tons)	9.160	15.822	70.564	94.740
	Price (x1000)	€ 49.648	€ 86.052	€ 696.237	€ 1.006.329
	price/quantity	€ 5	€ 5	€ 10	€ 11
Morocco	quantity (tons)	2.089	7.581	55.703	83.772
	Price (x1000)	€ 17.172	€ 62.702	€ 602.518	€ 936.922
	price/quantity	€ 8	€ 8	€ 11	€ 11

Source: Comext - Eurostat

In general, when exploring exports of fibers to Mediterranean countries from the EU and the EU's imports of clothing articles from them, it can be seen that Turkey imports (relatively and absolutely) a small amount of European fabrics, and in return, exports a large amount of clothing to the EU. This can mean that Turkey produces its own knitted or crocheted fabrics or imports them from other countries. Another interesting feature is that the price of the European fabric decreased between 1996 and 2002 for Turkey while for the other countries in the region it stayed relatively stable or even increased.

Morocco shows a decline in its value-added in clothing products (with the assumption that EU fabrics are used for the export of clothing to the EU). This trend doesn't repeat itself for the imports or exports of any country in the category of clothing, not knitted or crocheted (HS 50-56 → HS62). Imports and exports of Turkey in this category is very similar to that of Tunisia and Morocco (excluding the quantity of imports for HS 50-56!).

IV. 6. Labor Intensity

Labor factors are considered quite broadly as they integrate notions such as:

- "raw" labor costs
- labor costs taking into account productivity and overheads, which measures differences in total cost per minute of manufacturing
- labor availability
- labor operating skills
- the quality of management
- know-how in specific sectors of the industry (IFM)

Tunisia has the disadvantage that it lacks resources (human and water) that are important to the textile and clothing industry. Their labor costs are higher than Morocco's but lower than Turkey's. During the period of 1996-2002, there was stagnation in the production that required a relatively high input of labor. The slightly higher increase in the value of labor compared to its quantity can indicate that their market position is deteriorating. Production that requires a lower input of labor shows an increase in production. The production that requires an average labor intensity does not develop a higher productivity; the value increase is similar to the increase in the quantity. On the other hand, the products that require low labor intensity show a higher increase of value than quantity, which can indicate that the value added to the products has increased assuming that the input remains the same.

Export Tunisia to the EU - labor intensity

level of intensity		1996	1997	1998	1999	2000	2001	2002
high	quantity (piece)	34.350.091	40.108.771	34.262.004	35.038.743	36.649.502	37.696.984	35.334.020
	value (x1000)	€ 444.621	€ 441.738	€ 462.978	€ 479.296	€ 493.094	€ 536.530	€ 522.151
		€ 13	€ 11	€ 14	€ 14	€ 13	€ 14	€ 15
average	quantity (piece)	116.502.822	129.571.922	145.789.954	170.660.986	191.332.823	205.138.278	185.251.868
	value (x1000)	€ 932.618	€ 1.039.152	€ 1.192.966	€ 1.327.598	€ 1.454.582	€ 1.656.831	€ 1.519.620
		€ 8	€ 8	€ 8	€ 8	€ 8	€ 8	€ 8
low	quantity (piece)	99.295.874	104.561.200	113.709.362	104.459.148	118.769.449	130.982.644	151.883.526
	value (x1000)	€ 143.625	€ 149.997	€ 184.028	€ 183.776	€ 221.981	€ 247.669	€ 301.455
		€ 1	€ 1	€ 2	€ 2	€ 2	€ 2	€ 2

Source: Comext - Eurostat

IV. 7. Structure of the textile sector and Nature of its Trade (full-package vs. outward processing)

The textile industry seems a homogeneous sector, but it is not. Logics and trade differ widely within the industry. This has consequences for the position of each of the Mediterrean countries. However an analysis of patterns in trade and investment goes further than a segmentation along “hard” facts as costs, natural and social endowments. Investment and trade patterns have themselves an impact as they create economies of scale or agglomeration advantages. Investment and trade patterns do also create information differentials and elements as peer group pressure leading to phenomena as “chain delocalisation”. Ultimately the dominance of certain specialisations and trade patterns create lock-ins: an industry is struck in a structure which is often reinforced by institutional arrangements.

Segmentation is along various lines.

Segmentation by end use

European T/C industry operates on three major markets : **apparel** (which, according to CIRFS represented in 2000 46% of total T/C production in Tons) **interior and**

household (32%) and **technical** textiles (22%). The first two segments are predominantly geared towards consumer markets (fashion, home decoration) while the largest part of the third segment focuses on industrial and professional applications, and on contract businesses.

While clothing and home textiles are mainly consumer markets (90%), technical textiles are chiefly intermediates in other products and go chiefly (90%) into industrial markets. Fashion determines clothing and home textiles while technical functionalities dominate technical textiles. Seasonal patterns dominate clothing and home textiles while technical textiles has longer product life cycles. Quick response patterns dominate fashion production but technical textiles do need to respond even more to just in time processes. The time constraints determine to a large extend location: speed requires nearness: speed in complex production chains involves nearness of the critical elements of the supply chain.

Apparel textiles are by far the most traded goods in textiles, even if apparel is the most segmented industry and not the most price sensitive. Apparel textiles are often the most labour intensive and thus most likely to be made in countries with low labour costs. However as some technical textiles are low value the high volume and often customized requirements make them less tradeable. Technical textiles are often oligopolistic markets while in apparel fierce and fragmented competition enhances the use of low cost production,

Segmentation by fibre

Textiles is a fibre based industry in which costs differ by fibre, treatments differ by fibre and thus the required skills. Cotton is by far the most used fibre (45% of world consumption) followed by synthetics (30%) and artificial fibres (15%). Other natural fibres represent less than 10% of fibre consumption of which wool (5%) is the most important. Synthetics are often substitutes for natural fibres, while blends are more and more common. It is then useful to segment by fibre processing type in which one distinguishes between cotton type spinning, wool type spinning, hot melt extrusion and gel or wet spinning processes. The production of man made fibres is more capital and energy intensive, the processing of natural fibres is more labour and water intensive. Production of man made fibres can be highly standardized while processing of natural fibres is less predictable.

Cotton is by far the most traded commodity in textiles. Cotton is cultivated in more than 40 countries. Its production is far more widespread than other natural or man-made fibres. Cotton processing requires simple technologies (compared to man made fibres) or skills (compared to wool).

Segmentation by process

The full textile process is characterized by a sequence of often separated mechanical and chemical processes. The first process is the formation of a single dimensional matrix as a yarn or a fibre mix (through ginning, polymerisation, extrusion or spinning). The next step is the formation of a two dimensional fabric through weaving, knitting or non-woven techniques such as bonding. The third process is assembly of two dimensional parts into an end product, mainly by sewing, but also through thermofusion, taping or welding. Chemical processes are required to facilitate mechanical processes and to add functionalities and appearance to a product. Dyeing and finishing, or washing and reconditioning operations occur after or before each of the stages of mechanical processing, however the colouring of fabrics is the most common process. Mechanical processes are intensive in energy use. Chemical processes require on top of energy also the input and output of water. Clothing making is essentially labour intensive but the range is wide between underwear requiring less than 1 minute machine time and men suit requiring up to 6 hours machine time.

Clothing is by far the most traded category, while raw materials and intermediates were most traded item in the 1960's. finished fabrics are relatively less traded (except in outward processing trade) trade in undyed goods is frequent or in made up goods.

Segmentation by market position

The textile market is segmented from basic mass-produced good to luxury and tailored made items. Two variables matter: size of average production orders, labour intensity, exclusivity of the product and intensity of interfacing with the consumer. Moreover as market positioning moves up the immaterial value of a product increases through branding, image-building and life-style profiling. The main objective of brands is to increase added value and to fidelize the consumer. Brands, especially as they are linked to forms of exclusive retailing limit market entry of non-branded products.

However as the consumer prices increase the absolute value of materials and processes may increase. This is also due to exclusivity which limits average size of batches in high end markets. Segmentation is gradual with differences between branded and non-branded goods and differences between local and global brands. Even luxury brands are able, when operating on a global scale, to reap economies of scale and source internationally.

Mass items or basic items where originally most traded. This could be explained by the lower quality level of production in developing countries, the long lead times and high transaction costs associated with international trade. With dramatically declined lead times and transaction costs and with improved quality levels even high quality fashion items can be traded internationally.

Segmentation by production factors

Textiles are generally considered as labour intensive industries and low users of capital. Generally speaking the share of labour costs in overall production costs is higher than the industrial average. Capital use is lower than in other industries. Labour intensity is highest in clothing, especially in tailored items. Capital intensity is highest in the first stages of processing, especially fibre production. Only fibre production and carpet production has a capital intensity higher than industrial average. All other stages, even if some are considered as capital intensive within the industry are below average.

Technological intensity is relatively low. The wide majority of technologies are mature and undergo only incremental improvement. This is true for all stages from fibre making to clothing making up. Modernisation of plant has mainly lead to higher productivity, higher flexibility and better controls. There are fundamental breakthroughs at hand, e.g. in nanomaterials, plasma-processes, digital printing, intelligent coating and 3D assembly but most are in a pilot stage, except digital printing. Overall technology barriers have remained low and access to modern plant is only a marginal problem. Machine suppliers are most active in developing countries. These do also benefit from second hand plant made available because of restructuring in developed countries. Capital for modernisation is widely available in developing countries, either through cash flow from normal operations or through preferential loans or subsidies. It is often firms in developed countries that operate with outdated technologies, while new factories in developing countries are based on thorough process integration offered by new machines.

On the other hand it is in ICT that most progress has occurred its impact has been to lower communication and transaction costs associated to international sourcing and subcontracting. The advent and widespread diffusion of computer aided design, the use of internet has enabled the easier link up of firms across the globe in commodity chains. Technology has possibly contributed more to the closing of the gap between developed and developing countries.

It is possible to distinguish the difference in the nature of trade between "full-package" and "cut,make and trim"(CMT). "Full-package" can be associated with imports of ready made products and "cut, make and trim" with subcontracting under "outward processing trade" (OPT) arrangements. The difference between the two transactions concerns the ownership of materials, the intellectual property, the payment conditions and the financial risks. The risks in subcontracting relations are lower, hence so are the gains. The dependency in CMT is higher.

Until 1997, OPT and direct imports could be easily distinguished as two types of transactions that were recorded under different custom codes. Since the liberalisation of quota in the Pan-European zone and the harmonisation of origin rules, distinguishing them became more difficult. The distinction between OPT and direct imports is hard to make, as many direct imports are quasi subcontracting transactions. The only way to make a proxy for OPT transaction is to examine the ratio of fabric imports (for woven garments) and yarn imports (for knitted garments) to exports.

Historically Tunisia and Morocco's exports consisted of 80% of OPT. This figure is slightly lower than for the CEEC's for which it exceeded 90%. The figure for Turkey and Egypt is below 20% but has been increasing for Turkey in the 1990's. An examination of ratio's of fabric imports to apparel exports shows that the share of OPT is on the decline since 1996. However, the increase in direct imports seems to reflect more changes in formal arrangements than a real shift in the nature of transactions. Tunisian manufacturers are still mainly engaged as subcontractors (probably more than 65% of exports), for Morocco the share is slightly lower. Turkey and Egypt remain mainly suppliers of ready made products.

IV. 8. Destination of Textiles within EU

An important factor to explain the destination of textiles within the EU is the delocalisation of EU production outside Europe via OPT. OPT and delocalisation of production cover a variety of processes through which one or several steps within the T/C manufacturing chain are shifted out of the EU (the processes are fairly similar for the USA) . Most frequently industrial steps such as spinning, weaving, dyeing and finishing and making-up are thus relocated. .

The former or/and next steps remain within the EU, as at least only the finished product is reimported into the Union. Outward Processing Trade refers to a specific trade regime with two major advantages : the reimported finished product is only liable to the customs duties corresponding to the non-EU added value ; the principal retains property on the materials thus temporarily exported. As duties are lowered and as subcontracting firms tend to become more reliable, both advantages lose attractiveness : this explains why the OPT tends to get blurred into unspecific delocalised production

OPT has become a **dominant feature in clothing production**. Over 60 % (Scheffer, 2002) of clothing manufacturing on behalf of EU firms is now carried out on an OPT or a quasi OPT basis. In the former case, fabrics are exported by the principal to a subcontractor or subsidiary to be assembled and then reimported as finished goods. In the case of quasi OPT, the subcontractor buys specific materials from a EU textile supplier with a guarantee of the principal, and in the end the final product is "classically" imported into the EU. Quasi OPT is recorded in the import/export statistics as separate and unrelated export and import transactions, while actual OPT is registered as such. . Growth in actual OPT has been a dominant feature of the industry in the period 1990-1997[16]. After 1997 quasi-OPT has developed considerably with the liberalisation of trade with the CEECs, Turkey and Northern Africa and with the advent of the Pan-European cumulation. OPT has stabilised since 1999 and globally imports from Asia have grown more rapidly than OPT.

OPT was already an established practice in the Northern European countries by the beginning of the 1990s (Scheffer, 1992). During the nineties OPT has expanded massively on behalf of first German, Belgian and French firms, later on behalf of Italian, British and Greek firms. It is only for Portuguese and Spanish firms that OPT is a recent practice. OPT is chiefly oriented towards the CEECs with subcontracting being the predominant system. When production is carried out in Northern Africa direct investment is more often the case.

Delocalisation of textile production has gone at a slower pace than delocalisation in clothing production. In 1992 it was only a marginal activity. The only substantial trade on behalf of textile manufacturers was the import of greige yarns and/or fabrics. Asia is a more popular origin than is the Pan-Euromediterranean zone. Relocation of manufacturing in order to lower costs of production has only emerged in the second half of the 1990s. The primary purpose of delocalisation in the beginning of the 1990s was to cut costs, mainly in spinning and weaving. Yarns and fabrics were always reimported for further processing into the EU. At the fabric stage the rationale for delocalisation is

[16] Source : Historic part of this chapter is based upon M.Scheffer 1992, 1994 and 2002.

the need to be nearby clothing production, for cost reasons and just-in-time purposes. However while the Pan European Cumulation supports delocalisation, investment decisions are hampered by the very size of the PanEuroMed Zone, the fragmentation in countries and the scattering of the apparel industry (client). Investment in one country creates proximity to local producers but is a disadvantage to other production locations in the PanEuroMed. Zone.

The development of OPT is only partly linked to liberalisation of trade on the multilateral level. As growth of direct imports led to a pressure on prices OPT enabled manufacturers to compete with direct imports. It did however also increase price competition in the middle segment of the market. The shift to OPT and the downward reduction of prices forced also other companies to shift to OPT under competitive pressures. It has however enabled manufacturers to maintain design and marketing functions, and some manufacturing if they could manage the organisation of distant production. At an aggregate level OPT enabled an industry to maintain its economic activity. In the statistics this appears as declining production, and growing imports with stable or growing exports. When manufacturers failed to do so, company closures have resulted and the engagement of a country in clothing has declined, bringing declining production, growing imports but declining exports. However the development of OPT has not avoided the drastic restructuring in the end of the 1990s in countries that had already shifted to OPT, hence the important downsizing in the German clothing industry in 1998-2002.

OPT, as it favours the use of EU fabrics because of preferential origin rules has certainly benefited the EU textile industry. With the advent of the Pan-European Cumulation some relocation in the zone has become more attractive. Being much more capital intensive than its clothing counterpart, the textile production is less directly sensitive to trade liberalisation on a global level. However delocalisation of textile production is a response to growing costs of production vis-à-vis developing countries but even more to the relocation of clothing production. Relocation of production does generally concern more complex stages of production, for which sourcing/subcontracting is a more problematic option, such as more complex weaving and dyeing and finishing. Sourcing remains a dominant pattern in grey commodities.

Trends by sector

The **cotton system** is highly dynamic with growth in imports, production and exports. The cotton sector is highly import oriented with a major and growing inflow of cotton yarns and (grey) cotton fabrics. However both intra-EU and extra-EU trade are important, with in all products, but yarns, a positive trade balance. The cotton industry must therefore be characterised as a transformation industry. An important element to explain that import and production of fabrics grows is the growth in finishing grey fabrics. This occurs either through dyeing and finishing but also through printing and coating. Fabrics can be processed into apparel, in the EU and through OPT, as well as into home textiles and technical textiles.

The **transformative nature** of the cotton industry clearly differentiates European products from imports, as mainly commodity yarns and fabrics are imported while differentiated products (fabric systems) are made through various finishing methods. Dynamism of local demand is an important factor explaining a globally positive output. It is also important to bear in mind that that the cotton fabric sector covers a widening range of application with demand dynamism in home textiles (often printed) and technical textiles (often coated) while cotton fabrics do also contain complex blends is which cotton is only one of the elements.

The **wool system** is still largely a vertically integrated European system. Imports of wool are transformed into yarns which in turn are the input for fabrics, carpets and knitwear. Yarns are still predominantly produced for fabrics although carpets are a growing outlet (especially for the UK). Fabrics are partly processed into the clothing in the EU and partly exported under OPT arrangements. Clothing is the main destination for woollen fabrics although in some countries upholstery fabric is of growing significance. Imports of fabrics are limited and direct imports of woollen clothing is also limited. The dominant dynamic in the wool system is therefore not import penetration but low dynamism of demand.

The **synthetic system** is similar to the cotton system with a high dynamism but with distinct features. The production of all yarn types declines with the exception of typical technical yarns (HT polyester, Aramides). However this growth does not compensate for important declines in more generic commodity yarns (acrylics and cellulosic) that do globally decrease by 10 %. Declining production of yarns is not compensated by growing imports of yarns, but by increased imports of fabrics. Even growth in import of fabrics does not cover the decline of fabric production. It is rather more imports at apparel level that leads to an erosion of the whole chain. The erosion of apparel type fabrics is only partly compensated by technical textiles (especially in synthetic filament fabrics and in PP/PE large wovens). Technical textile production has either high barriers of entry, or is largely made up of high volume/low margin products. It is only for few firms a valid diversification.

While competition intensity explains much of restructuring, low demand dynamism in European strongholds such as tailored men and ladieswear is also an important factor.

The clothing system is partly in the prolongation of the textile industry a transformative sector based on a combination of EU production and OPT. It has partly become an import system with EU production substituted by extra-EU imports based on non-EU textiles. Within clothing the EU is now specialised in the production of short cycle items : clothing requiring less than 20 minutes machining time. It is mainly the production of labour intensive items that has declined. This correlates highly with a fair amount of resistance in the production of knitted clothing compared to woven clothing.

Trens by EU countries

Germany is the largest market and traditionally the largest importer. One could expect this country as being the first destination country. Italy is currently the largest growing sourcing country and thus most likely to catch up. Due to geographical and historical (colonies) reasons the existing transport routes can also play a role in the different trade relations among European countries and Mediterranean countries.

The dominance of Germany is clear with almost all CEECs and Turkey, but not with the Northern African countries. Germany ranks fourth as a destination for the three Maghreb countries. Germany is Turkey’s main destination for Turkey’s export of textiles at 37.6 %. Several factors promote this relationship between Germany and Turkey: Germany has a large market, it has emigration connections to Turkey and a good mutual understanding of cultural customs and technical requirements of Turkey. Tunisia and Morocco are linked to France for similar reasons. France is the main investor in textile and clothing in both countries. Egypt predominantly exports to the U.K. with output in cotton yarns and fabrics for home textiles and shirting.

Surprises arise in the less dominant clients. Turkey’s second client is the U.K. This mainly reflects the preference of UK retailers for ready made imports over subcontracting. Tunisia’s second customer is Italy. This reflects geographical proximity as well as Tunisia’s specialization of high quality subcontracting in casual wear. The UK and Spain have become the second and third destination countries of Morocco thanks to the delocalization of the supply base of Marks & Spencers (UK) and Cortefiel (Spain).

Italy has become the second destination for Egypt. This reflects the decline of the U.K. as a customer base for intermediates, as textile processing in the U.K. has substantially downsized. Italy which is reducing its spinning and weaving capacity has taken over a large part of Egyptian contract production. Egypt's industry is increasingly complementary to Italy's demands.

	TURKEY		EGYPT		TUNISIA		MOROCCO	
France	**8,8%**	785.193	**8,3%**	49.122	**38,7%**	1.204.869	**37,5%**	1.027.076
Netherlands	**7,1%**	640.625	**3,5%**	20.474	**4,3%**	133.167	**2,0%**	53.535
Fr Germany	**37,6%**	3.368.548	**11,7%**	69.211	**12,9%**	400.481	**9,3%**	254.498
Italy	**7,2%**	646.172	**29,0%**	171.893	**25,3%**	787.818	**3,5%**	96.133
Utd. Kingdom	**22,2%**	1.993.686	**33,7%**	199.935	**3,5%**	110.042	**21,6%**	591.033
Ireland	**0,3%**	23.625	**1,2%**	6.958	**0,0%**	579	**0,8%**	22.735
Denmark	**2,7%**	246.153	**0,5%**	2.955	**0,1%**	2.804	**0,0%**	697
Greece	**1,4%**	126.760	**2,1%**	12.610	**0,0%**	213	**0,0%**	593
Portugal	**0,6%**	53.796	**2,4%**	14.128	**0,0%**	1.199	**0,1%**	1.373
Spain	**3,1%**	274.090	**3,6%**	21.108	**1,7%**	51.863	**19,0%**	520.134
Belgium	**4,6%**	416.648	**2,9%**	17.298	**13,0%**	405.462	**5,4%**	146.465
Luxembourg	**0,1%**	4.906	**0,0%**	0	**0,1%**	3.659	**0,0%**	13
Sweden	**1,9%**	171.040	**0,6%**	3.551	**0,3%**	8.497	**0,0%**	913
Finland	**0,4%**	36.438	**0,4%**	2.236	**0,0%**	1.445	**0,0%**	400
Austria	**1,9%**	172.852	**0,3%**	1.916	**0,1%**	3.524	**0,7%**	19.900
EU	**100,0%**	8.960.531	**100,0%**	593.396	**100,0%**	3.115.624	**100,0%**	2.735.499

Source: Comext - Eurostat

IV. 8. Investment in the Textiles and Clothing Industry

Investment in textile and clothing production deepens integration as trade relations are complemented by plant investment. Investments deepen the relations but also make manufacturing capacities less flexible, and thus deepening a lock-in situation.

The reason why certain countries have a higher rate of foreign investments depends on several factors that influence the location decision of the investment. The common motives to invest in a foreign country are: the presence of natural resources, new markets or higher labor productivity. Relevant environment factors are also of importance in making a country more attractive to investors. These are mainly economic and business factors. Familiarity and knowledge of the investment opportunities also influence the decision of the host country. It seems that investments are made in countries and sectors that are familiar to the investor because they are better informed about the investment opportunities. Another motive is the foreign direct investment (FDI) policy of the host country government that has become more crucial over the years due to increasing competitiveness to attract FDI.

Since the 1980s Turkey has moved from a protected state-directed system to a market-oriented free enterprise system and placed a higher importance on foreign investments (WTO). Nevertheless, the inflow of FDI has been extremely low. During the 1990s the inflow of FDI did not exceed 0.5 % of the GDP. Turkey showed some improvement in 2001 and ranked number 32 for FDI world-wide. This is still low position for a country that is one of the 20th biggest economies in the world (IFM). New incentives have been made to improve the attractiveness for foreign investors to invest in Turkey. In 2001, the government launched a reform process focusing mainly on improving the administrative procedures. The regulatory and administrative barriers that investors faced were a big concern. For instance, company registration could cost two and half months due to an extensive collection of documentation and approvals. Nowadays, this can be done in one day with a single standard form. Other key issues that are being developed are, among other things, a new FDI law to improve the legal framework for FDI and the establishment of a national investment promotion agency (GDFI 2003).

The FDI in the textile and clothing sectors make up 0.21% and 1.36% of the total FDI invested in Turkey, respectively,. The foreign capital investments as a percentage of the total capital invested in the textile and clothing industry are 40% and 50%[17], respectively.

Countries such as Morocco and Tunisia also realized that FDI could boost their countries' economies. However, it took some time before strategies were implemented to attract FDI instead of restricting this form of investment. FDI levels of Morocco and Tunisia show significant fluctuations in the flow of foreign resources, this may reflect the impact of large investments during specific periods.

Morocco, for instance, has had a slow start in opening up its markets. The law limiting foreign holdings in Moroccan companies was abolished in 1993 in order to promote foreign investment (WTO). In 2002 the Moroccan government and the Moroccan professionals of textile (AMITH) completed an agreement aimed at improving the competitiveness of the sector by stimulating the investment incentives.

Tunisia receives most of the FDIs destined for the Maghreb countries due to the establishment of a one-stop agency for foreign investors, well-trained workers and a secure legal environment that attracts investment. One of the initiatives is the

[17] Data as of June 2003. Source: Turkish treasury – Ministry of Economics.

“investment incentive code”, which allows corporations that export the totality of their production to benefit from specific advantages (IFM).

In an attempt to raise private investment, both by Egyptians and by foreign companies, the Egyptian government provides a number of tax and tariff incentives in certain sectors. Reforms were made to encourage private and foreign investments. A new law that eliminates restrictions on foreign investments and creates investment incentives (passed in 1997) will likely have a positive effect on direct foreign investments.

Foreign direct investment, net inflows, as % of GDP and as % of gross capital formation.

	1980	1990	1996	1997	1998	1999	2000	2001
Egypt								
FDI net inflows (mln. $)	548	734	636	891	1.076	1.065	1.235	510
% of GDP	2,4	1,7	0,9	1,2	1,3	1,2	1,2	0,5
% of gross capital formation	8,7	5,9	5,7	6,5	6,2	5,8	6,8	3,4
Morocco								
FDI net inflows (mln. $)	89	165	357	1.079	333	850	201	2.658
% of GDP	0,5	0,6	1,0	3,2	0,9	2,4	0,6	7,8
% of gross capital formation	2,0	2,5	5,0	15,6	4,2	10,3	2,5	31,6
Tunisia								
FDI net inflows (mln. $)	235	76	238	339	650	350	752	457
% of GDP	2,7	0,6	1,2	1,8	3,3	1,7	3,9	2,3
% of gross capital formation	9,1	1,9	4,9	6,8	12,1	6,2	14,1	8,3
Turkey								
FDI net inflows (mln. $)	18	684	722	805	940	783	982	3.266
% of GDP	0,0	0,5	0,4	0,4	0,5	0,4	0,5	2,2
% of gross capital formation	0,1	1,9	1,6	1,7	2,0	1,8	2,0	13,4

Source: worldbank – world development indicators 2003.

The extent of foreign penetration can be best measured by the stock of inward FDI. FDI stock is “the value of the share of their capital and reserves (including retained profits) attributable to the parent enterprise, plus the net indebtedness of affiliates to the parent enterprise” (UNCTAD). It represents a more static picture of the structure of global specialization and global integration through production networks.

When making cross-country comparisons, the inward FDI stock as a percentage of GDP is a more appropriate measure to use. The percentage of the inward FDI stock of the GDP is at a high level (particularly for Tunisia). Turkey is slowly recovering its position, although, compared to the other countries it is still at a significantly lower level.

Inward FDI stocks	Millions of dollars	% of GDP

	1980	1990	1995	2000	2001	2002	1980	1990	2000	2001	2002
Tunisia	3 341	7 615	10 967	11 545	11 667	14 061	38.2	62.0	59.3	58.4	66.2
Egypt	2 260	11 043	14 690	19 589	20 099	20 746	9.9	25.6	20.1	20.4	24.3
Morocco	189	917	3 032	6 758	9 566	9 994	1.0	3.5	20.3	28.0	26.9
Turkey	8 845	11 194	14 977	19 209	17 521	18 558	12.9	7.4	9.6	11.9	10.2

Source: UNCTAD

IV. 9. Brief Conclusion of the Analysis of Trade Patterns

The analysis of trade patterns at lower levels of aggregation shows substantial common elements and substantial differences among the countries. For all countries, clothing exports dominate their total exports. Only Egypt has been able to diversify its export package by shifting from fibres and yarns to ready made products. Other countries have remained stable. Tunisia and Morocco have hardly succeeded in their policies of backward integration and diversification. Turkey has been successful in backward integration insofar as most clothing exports are made from local fabrics. If some diversification occurs, the trend is toward simpler products rather than complex products.

This diversification to simpler products leads to the conclusion that the Mediterranean countries are mainly specializing in products within the clothing industry with low labor content and relatively low value materials (predominantly cotton fabrics). Diversification goes mainly into less labor intensive products (such as knitwear and bed linen). Lack of upgrading demonstrates organizational limitations, a shortage in skills and a weak material base. Diversification into less labor intensive products demonstrates that rising relative labor costs point to a lack of price competitiveness compared to the CEECs.

This demonstrates fairly strong lock-in aspects that are possibly stronger in Morocco and Tunisia, the two countries with higher levels of FDI in production. FDI deepens the dedication to a small product base, while the entrepreneurial Turkish firms have less dedicated investments towards the specific needs of one product or client. We have nevertheless found a relative flexibility in attracting new clients within existing specialisations. Tunisia has been able to redirect jeans production from France and Belgium to Italy, Morocco has shifted from supplying French and German clients to offering manufacturing to Spanish and U.K. clients. Egypt is shifting from U.K.

dominance to Italian dominance. This demonstrates that while manufacturing is inflexible, commercial relations are rather flexible.

V. Exogenous strategies and Regional & Multilateral Policy Trends

Among the potential exogenous elements that can affect Mediterranean textile trade is the retail sector and its strategic developments to face regional and multilateral policy trends.

Improved market access in preferential trading areas is important in order to reduce trade diversion costs. However, the outcome of DDA (depending on the magnitude of agreed tariff cuts) despite the fact that it can improve conditions for south-south trade may hurt those countries in terms of export earning, employment and social unrest.

As a regional leader, the enlarged EU will bear a critical responsibility for the stability of its neighbouring area, and most specifically neighbouring Mediterranean countries.

The trade talks have been on hold ever since the setback of a ministerial meeting in Mexico last September, but WTO states are committed not to lose momentum after a new attempt by US to re-launch the DDA earlier this year.

V. 1. Retail and Brand Strategies After 2005

➢ **CURRENT STRATEGIC DEVELOPMENTS**

Internationalisation of European retailing still limited

In Europe apparel and home textiles retailing is still largely done by national or regional players. Few companies make more than 30%[18] of their turnover outside of their country of origin; although cases in point include French hypermarkets like Carrefour (which began globalising as early as the 1970's), franchises like Benetton and chain stores like Ikea, C&A and Décathlon.

Success is by no means a given, as evidenced by Marks & Spencer in 2001, with the closing of its stores abroad. It serves as a reminder of the difficulty involved in developing a retail brand within Europe where there still exist **great differences** in tastes for clothing, in the relationship to fashion, and in price and distribution structures. Therefore, the globalisation of retailing has been happening at a slower

[18] Quantitative and qualitative data and analyses presented in this chapter are based on a series of approximately 25 interviews with retailers and brands in Europe made for the purposes of the present report. They are also based on the information and knowledge accumulated in many previous reports on T/C retailing in Europe by IFM/Ctcoe.

rate and remains less widespread than the advances made by a few trail-blazing brands might lead one to believe.

However there has undoubtedly been an acceleration in the creation of truly international point-of-sales networks recently, especially with chains like H&M, Mango and Zara sprouting up, gradually covering all of Europe and contributing to a certain amount of convergence in terms of fashion and price range. The success of these brands lies in their understanding of the usages and expectations of a well-identified target population of consumers, in their vertical control over their value chain – from the design of products to their commercialisation – and in their use of sophisticated information systems Their development all over Europe has been speeding up competition at an unprecedented rate, and exerting ever greater pressure on price, turning these players' way of doing business into the new standard for fashion retailing for the great majority of retailers.

Thus, confronted with the saturation of most of the national markets and increasing pressure on prices, European retailers are trying to preserve and/or improve their competitiveness among others through sheer scale by means of **global development**. Initially, Europe – i.e. the E.U. and the 10 applicant Members – has constituted their natural area for expansion. The emerging markets in South America and Asia are being approached strategically mainly by the largest brands, and by some more modestly sized players as opportunities arise.

Globalisation of supply

From the early 1980's on (at the latest), European retailers have been trying to increase their competitiveness by doing their sourcing in countries with low labour costs. The vast majority do mixed sourcing, split between the PanEuroMed zone (a Euro zone, encompassing the 15 EU Members, Eastern Europe, Turkey and North Africa) and sourcing further afield, in the dollar zone, e.g. Asia, Oceania, and the Americas.

Nowadays the European retailers most involved in globalisation think in terms of production and consumption areas, which can be divided into three major regions :

- Europe and the entire PanEuroMed zone, the major consumption area and leading manufacturer of products consumed in this zone,
- Asia, an emerging consumption area and the leading manufacturer worldwide,
- The Americas, an emerging region for Europeans, both in terms of consumption and, to a much lesser extent, production.

In every Member State, the market share held by organised retailers is expanding. Interestingly it has expanded from 1998 till 2001 everywhere, whatever the existing concentration level : in the UK (83 % concentration) as well as in Italy (27 % concentration), the gain was similar : 2 or 3 percentage points.

This concentration corresponds to changing consumption patterns in the EU : retail chains and other **organised retailers** (hypermarkets, department stores, mail order) provide an adequate answer to consumers wishes for affordable prices. This concentration trend applies both for fashion apparel as for interior textiles.

Even though the overall rate of retail concentration reaches some 58 % in Europe (15), the situation remains quite different from the one in the USA (concentration : 86 %) and Japan (83 %).

This concentration phenomenon has a negative impact on consumer prices, as the offer of large retailers in generally both cheaper (economies of scale, sourcing expertise and power, etc…) and positioned around the lower price brackets of the market. European consumption is thus currently drawn into the Anglo-Saxon pattern (USA and Northern Europe) where consumers trade off quality, exclusivity and originality to the benefit of volume, "value for money" and “hot” fashion content.

As one consequence the European market is significantly penetrated by extra-EU-imports. The overall rate [19] is 44 % in value, to be compared with fairly higher rates in the USA (60 %) and in Japan (65 %).

This difference in penetration rates between the EU on the one hand and the USA and Japan on the other hand, is partly accounted for by corresponding differences between concentration levels. However most of the gap lies in the very **homogeneity** of markets. Consumers in the USA and Japan are fed by nation-wide brands, ads, chain stores and fashion press : retailers' networks may reach thousand of stores, and each of their orders easily reach one million pieces of garment.

In Europe, no market is larger than the half of the Japanese one. Apart from H&M, C&A, Zara, Decathlon, IKEA and a few others, there is not much European-wide retail : such really EU-positioned chains represent one fifth to one fourth of EU consumption. Obviously the consequence of this fragmented market is a fragmentation of orders : 100,000 pieces (i.e. 10 times less than traditional US orders) make quite a high order

[19] Import value adjusted into consumer value equivalent

volume for European buyers. This very fact constitutes the most effective barrier against mass import penetration.

Some limit to this concentration is set by the fact that the “European consumer”, able to sustain European-wide retailers and brands does not exist yet. Converging trends are developing regarding the youth market and the luxury segment. H&M, Zara and luxury brands, each in their respective price-brackets, very successfully satisfy the need for fashion and brand image of a fairly European – if not international – consumer. But, for what concerns the very core and largest part of the markets, i.e. the mid-price, mid-fashion, comfort- and use- oriented consumption, it might take several generations until this largest segment becomes truly European. Marks and Spencer's recent retreat gives evidence that however professional and powerful organisations may be, they can hardly serve a non-existing EU standard consumer.

However, concentration within Member States is in particular in Southern economies, like Italy, Spain, Portugal and Greece. In parallel, firstly on those very markets. The consequence will be that the local industries will suffer from tougher competition on their domestic markets. Therefore those economies which presently provide textile items for the rest of Europe (the intra-EU trade represents 60 % of total EU textile trade and 67 % for clothing) will lose sales volumes on their domestic and export markets and imports will be tapped to satisfy customers' demands.

Growing influence of retailing over production

European retailers and brands make use of **four major supply methods** :

• Manufacturing their own products : the clothing is produced in factories owned by the brands or retailers themselves, whether located in Europe or abroad. This holds true especially for retail companies which started out in the manufacturing business.

• Sub-contracting : the retailer or brand supplies the design and the fabric and essentially pays for the fabrication time.

• “Co-contracting” : the retailer/brand supplies the design but the manufacturer buys the fabric and sells a finished product. The choice of fabric may be made solely by the retailer or brand, or jointly, or maybe left entirely to the manufacturer's discretion.

• Finished product purchase : the design belongs to the manufacturer, even if it may sometimes be reworked by the contractor.

In practice, European retailers use several supply methods, as sub-contracting is essentially done in the PanEuroMed zone, whereas “co-contracting” and purchasing finished products are predominant in Asia.

The cultural background of the brand or retailer determines to what degree it will rely on the various supply methods : i.e., German, Scandinavian and British retailers and brands mainly use “co-contracting” or purchase finished products; they concentrate mostly on their added sales value and product range, avoiding fabric purchasing as much as possible.

In France, Spain and Italy, retailers/brands more often rely upon sub-contractors, purchasing their material directly from their fabric suppliers and thus steering production .

The changes forecast generally seem to be pointing in the same direction : Northern European players want to become more involved in leading production. In particular, German buying groups which have less of a preference for buying finished products are increasingly becoming prescribers in fabric choice in their dealings with sub-contractors. On the other hand, French and Southern European retailers and brands are disengaging from production somewhat, especially from fabric purchasing, and are developing “co-contracting”, as they concentrate more on the business of retailing.

However, throughout Europe, it is clear that there is ever greater crossover between distribution and production. Retail brands want to control the entire value chain in order to respond as closely as possible to consumers' desires, maximize their profit margins, and increase the security of their purchases. In this context, direct control over the two extremes of the value chain – i.e. design and distribution – is considered strategic. Retailers are therefore becoming more active in designing and perfecting their products, while brands seek direct access to their customers by integrating retailing into their business. This is true for a number of Italian brands which, faced with the weakening of Italian multi-brand retailers -as a result of the onslaught of chain stores from other European countries-, are developing their own networks of stores by means of franchises or branches.

Between these two extremes of the value chain, the choice of integrating or externalising intermediary operations is made case by case by each company depending on the product, and based on the following criteria : Everything that creates a **visible difference** for the consumer should remain under the direct control of the brand or retailer(e.g. jointly designing exclusive fabrics)and everything which does not create a visible difference for the consumer can be internalised as long as it is a **source of profit**, (e.g. direct purchasing of fabric for large series that is used in making different products).

In any case, analyses of the value chain are becoming more sophisticated and now successfully integrate various internal as well as external costs, e.g. buying offices, material quality control, and logistics.

- **MAJOR STRATEGIC ISSUES :**

Differentiation is the single most important strategic issue for European retailers and brands.

On a market where consumers are already well equipped with clothes, and competition among retailers is fierce, the strategic issue is not only to propose the right product at the right moment but also to propose a different product from one's competitors : a product that corresponds to and enriches the personality of the brand, and is different from the ones the customers already own.

These are the reasons why all European retailers and brands (except discounters) focus on style and fashion. It is also why they increasingly renew the offer in shops during the season, in an effort to seduce customers who are begging for novelty.

Minimum stocks are a major goal, the main driver being a reduction of costs.Differentiation means smaller ranges because fashion design products have a shorter life expectancy than basics, and prove to be riskier : consumers' response to a novelty is often unpredictable. Series thus tend to be more short-lived and more numerous, and stocks tend to inflate because of more ends of series.

It is of the utmost importance that retailers restrain their stocks, thereby limiting the number of unsold products so that they can master their costs, margins, and selling prices.

Limiting stocks also concerns large series of basic and permanent products– such as lingerie and home linens– for which production now tends to be spread out over a longer time period so it can adapt to sales forecasts, with production capacities reserved over the long term and products designed as stocks change. Influenced by the logic at play in the food sector, retailers thus improve the profitability of their stockholders' capital by using the rotation of stocks as leverage, which is a better "pay-off" than increasing their mark-up.

Delivery times tend to decrease

On the one hand, mid term collections are becoming more numerous. On the other hand, buyers commit later and later, and split their big orders into several small ones that are delivered all throughout the season, in order to secure their purchases as mentioned above. If a product doesn't sell well, the stocks that remain are fabrics – which can be used for another design– instead of finished products that will end up selling for half their initial price. Pressure to speed up production time is continually increasing in the textile and fashion field.

Prices are not quoted as a major goal : they are market data. Every retailer or brand, from the low to the mid-high range has to conform to a market price (and less to an industrial price these days). The low range sets the reference: H&M, for instance. Prices have continued to decrease within the European Community, especially in the UK and Germany. Until recently, with prices around 15 % higher than the European average, Italy was relatively well-preserved, but it now has to deal with this drop in prices due to the rise in chain store networks in Italian fashion retailing.

Evolution of sourcing practices

Delocalisation is the rule as the market is pulling prices down in Europe. This means that to keep up with the market price level, retailers and even brands – except at a very up-market range –have to delocalise their production to benefit from low labour costs, as do manufacturers.

Asia offers the lowest labour costs. It is used for launching a new collection or product range –more than mid season repeat orders or actualisation items- because the delivery time remains longer than for close production.

Firstly, new product development takes time, and cultural differences create additional distance. Secondly, transportation is either long (by boat) or expensive (by plane), though it is improving : Asian producers are able to work as fast as close suppliers, and speed vessels boats are reducing transportation time. Investments being made for further developing these speed vessels should make it possible to reduce transportation time from Asia to Europe from 5-6 weeks to 3 or 4. In addition, airline companies have invested in airfreight between Europe and Asia in order to lower costs. Nonetheless, air transport is essentially used for the following :

• Up-dating or short-term product ranges for products, which are lightweight and can be shipped folded; here Asia holds a price advantage over the PanEuroMed zone, especially when the dollar is weak in comparison to the euro. Also, mail-order houses extensively use air freight.

However, because of the added delays, Asian manufacturing requires anticipation, which is a fashion risk. Remaining stocks to be cleared in sales may end up being more expensive than close sourcing.

PanEuroMed Zone :

Close delocalisation in the North Africa, Turkey or Eastern European countries offers a good compromise : labour costs are lower than in the European Community, communication is easier (as there are fewer cultural differences), and delivery times are considerably shorter than with Asian suppliers. This makes reactivity possible on creative, or more generally, new products. It is used for mid and short time production.

In practice, decisions concerning sourcing are made product by product, and involve other elements, such as availability of materials, ongoing partnerships with certain suppliers, and the possibility of relying on shipping products by air freight. Most retailers and brands have found a balance between their long and short distance purchases : basics or less risky designs and items such as quilted coats with a long making-up time are made in Asia. Riskier designs and fashion garments are made up in neighbouring countries. To secure their purchases, retailers and brands often keep the Asian purchases under 50 %.

Conscious of the impact of the euro-dollar exchange rate on the respective competitiveness of close and faraway sourcing – the cost of stocks being dependent upon currency exchange rates – and the great uncertainty created by volatility in currency rates, European retailers maintain their positions in both zones, especially by replenishing their local buying offices. The necessity of keeping a reliable portfolio of suppliers in the major production areas thus cushions the effects of short-term monetary variations. Over the longer term, the loss of competitiveness of a country eventually entails the partial or total withdrawal of supply as a matter of course.

Search for proximity of making-up and textiles

Optimising delivery time incontestably favours countries which have a local yarn and textile offer of “European quality” located close to high-performance making-up ; China and Turkey are the best examples of this type. Nevertheless, the idyllic picture of a production line that goes “from cotton field to tee-shirt” does not often materialise :

• Finding making-up and textiles in close proximity is more common in knitwear than in woven goods and is most common in basic knitwear,

• Products which necessitate creative or technical materials do not fit into this picture, as the fabrics concerned are still mostly produced in Europe and in Asian countries with high wage costs,

• In order to combine price and reactivity, retailers and brands sometimes have to import Asian fabrics (essentially undyed or in basic shades) to be made up in the PanEuroMed zone.

Concentration of Purchasing

With brands becoming more concentrated and global, European retailers are looking for economies of scale by concentrating their purchasing. They use increasingly centralized direct sourcing offices, rather than several offices and extensive use of agents. The reduce the portfolio of suppliers

They create buying offices commonly shared among several brands which are often trans-national and which empowers each of the members in negotiations with the manufacturing brands. While concentrating purchasing is particularly common in the food industry, it is interesting for lingerie, sportswear and home textiles. This can be extended to sharing buying offices in the sourcing country : e.g. offices belonging to a chain store may offer their services to other retailers or brands which are not in direct competition.

Reduced Size of Production Runs

On the one hand, concentrating retailers and creating mega-buying offices argue in favor of increasing the size of the series sold, but on the other hand, collections are being split up by theme and commitments upon entering the season are limited, and production runs for product ranges are getting smaller. Overall, production capacities reserved are increasing for the same contractor, while the volume of the unit order is decreasing. Retailers and brands focus on design and the renewal of design. Series are shorter. This necessitates tighter organisation and better reactivity. Under these limitations, the profession is becoming more and more professional. It shows a better understanding of the value chain. It also is more marketing-oriented.

Relationships with suppliers are becoming more professional. Practices are more transparent. Even if much business is done by word of mouth, fewer "arrangements" are made with suppliers. Specifications in particular are being written more carefully. Relationships are becoming more formal and organised. Buyers rationalise their suppliers' pool : they have been reducing the number of their suppliers and will continue to do so, while turning them more into partners with specific responsibilities. Even if the quality of the partnership varies greatly from one actor to another in Europe, a mutual trust is developing between these partners, and business relationships are of a longer-term nature.

These partnerships vary in terms of volumes purchased. Often 60% of turnover or more is generated by 20% - 30% of the suppliers. Finally, this desire to construct "win-win" partnerships still comes up against cultural obstacles, especially the reticence on the part of "partners", primarily among retailers, to share information in order to better manage the future. Passing along sales forecasts is more deeply rooted in Northern European business, and is more recent in France and Spain, where confidentiality is the rule.

Retailers have also become more careful about not representing too great a chunk of their supplier's turnover to avoid creating a situation in which they are overly dependent; the "Marks & Spencer" system of the 1980's, where a brand could represent 80 to 100 % of a sub-contractor's turnover seems to be a thing of the past.

V. 2. EU Trade Policies

Many countries rely on earnings from the textile and clothing sector for a substantial portion of their foreign exchange earnings. This concentration of manufacturing in a single sector—particularly the textile sector—renders these countries extremely vulnerable to the changes in the competitive climate that will occur following the December 31st, 2004 phase-out of the Multi-Fibre Arrangement (MFA).

Some pressing questions are being raised on the forthcoming challenges in economic and trade terms, as well on the social and development effects. In that context, the European Commission has adopted recently a policy paper i.e. a communication[20] on the future of textile and clothing industry in an enlarged EU, which proposes trade policy measures aimed primarily at strengthening the competitiveness of the EU textile and clothing sector in anticipation of the elimination of quotas but also with substantial impacts on "vulnerable" developing countries and among them the Mediterranean countries.

In a Press release[21], EU Trade Commissioner Pascal Lamy added: "… textiles are also hugely important for developing countries. We need to ensure that the new trading conditions for textiles are to the benefit of all poor countries and in particular the poorest and most vulnerable ones. We will also continue strengthening links with our neighbours in the Mediterranean area."

The Communication suggests several areas of action to improve the efficiency and effectiveness of industrial policy measures in promoting the competitiveness in the EU, which can affect positively Mediterranean countries:

1) In the context of the ongoing round of multilateral negotiations of the WTO, the so-called Doha Development Agenda, **the EU is pushing strongly for reciprocal and significant reduction of customs duties towards a harmonised level, to enhance market access north-south as well as south-south, and the elimination of all non-tariff barriers**.

The textile Communication of the EU states that "*The EU considers that the quota elimination in 2005 should be accompanied with better, comparable, market access to the textile and clothing markets of the other countries. Otherwise, the resulting imbalance in market access would be very difficult to accept, especially if some of the largest and more competitive textile and clothing exporters in the world still maintained significant barriers to access to their markets.*"

2) In line with EU policy on "Wider Europe" and based on the action plan and decisions adopted at the "3rd Euromed Trade Ministerial Conference" at Palermo (07/07/03) **a strong impetus is given to further south-south integration through the full implementation of Pan-Euromed origin rules[22] by 2005**. This move is aiming to ensure free movement of textiles (final products and intermediate components) for

[20] COM(2003) 649 Final (http://trade-info.cec.eu.int/textiles/documents/178.pdf)
[21] IP/03/1463 of 28th October 2003 (http://trade-info.cec.eu.int/textiles/comm.cfm)
[22] The objective is to extend the diagonal cumulation of origin, which covers already the EU, the EFTA countries, the CEECs and Turkey, to the Mediterranean countries and then to include the Balkan countries as well. In its final stage, this zone should shift toward full cumulation.

those Mediterranean countries having set between them bilateral FTA, applying the same rules of origin and an agreed system of administrative cooperation.

An interesting point in the textile Communication of the EU is the sake of pragmatism. Given the urgency to be ready for the final abolition of quotas and further increased competition, the EU acknowledge the need "*to complete the zone by 2005*", and to find "*ways to accelerate the effective introduction of cumulation of origin within the area should be considered*". One of these likely ways, proposed in the Communication is an "*alternative means to the requirement of free trade agreements among these countries.*" This solution would allow on one hand, for instance for Tunisia to import a fabric from Turkey, transform it into a garment and export it to the EU free of duty, and on the other hand, to postpone an FTA with the "much feared" Turkey at a first stage.

3) Provide EU preferential partners (i.e. enjoying duty free for their exports) with increased possibilities to source intermediate inputs for the manufacture of garments which can then be exported to the EU without losing trade preferences.

"*One option would be to facilitate cumulation of origin within groups of preferential countries having a sufficient coherence in geographical and economic terms. Another option would be to allow cumulation among neighbouring preferential regions, provided there is sufficient complementarity in their textile and clothing production.*" The first option would allow Mediterranean countries to cumulate with Asean countries, for example, and therefore use less expansive Indian fabrics as a component to make garments. The second option would allow cumulation between Mediterranean and ACP countries. Both options, however, should not open "*the floodgates of the EU to imports whose main value added originates in non-preferential countries*."

A third option, not mentioned in the EU textile Communication, is to give Mediterranean countries wider choice for sourcing intermediate products drawing on US-CAFTA arrangements. This flexibility would allow Mediterranean countries to source low cost fabrics from Asian countries for the production of a limited number of clothing items, where the EU does not have a substantial production.

4) Concentrate EU's trade preferences on the poorest countries, ousting the big competitors.

“*When certain objective criteria are met, showing that a country is already very competitive in one sector, that country may be ‘graduated’ and lose the preference for that sector*.”

The effectiveness of such measure will depend on the definition of the trigger that will be used to graduate the big competitors, and on the readiness of the EU to implement this measure early enough. Already, the GSP has been rolled-over for one year, which means that this measure will not be implemented fully before 2006[23], at the time when big suppliers like China will have an enormous market share in the EU.

5) Explore the use of labelling to facilitate access to the EU of products made in respect of international labour or environmental standards.

Sustainable development in all its dimensions (economic, social, and environmental) should be considered as the ultimate goal to achieve if we don’t want to spoil the wealth of future generations. Therefore, in a climate of increased competition, this goal should not be achieved at the expenses of those who produce respecting these high standards. We need therefore a level playing field. The situation is far from easy because some countries are concerned that constraining standards-related regulations may be developed as a means to shield domestic production from foreign competition. The adoption of any proposed standards should be covered by the WTO agreement on Technical Barriers to Trade (TBT).

6) Action to enforce intellectual property rights and to fight against fraud and counterfeiting.

Creativity in fashion and design could be the next step for Mediterranean countries to enhance their competitiveness in international markets, even if EU predominance won’t be challenged in the near future, there might be some catching up. Therefore, it is also crucial to enhance the protection of intellectual property and to promote increased vigilance to counter unfair trading practices, especially in a post-quotas era and with exacerbated competition.

7) Examine the use of a “Made in Europe” label of origin to promote European quality products and offer consumers better information.

[23] Some graduations are scheduled for 2005.

“*A "Made in Europe" label could help increase the confidence of consumers, that when they are purchasing a garment they are paying a price that corresponds to the highest standards of production and style expected from European manufacturing*.”

There is a renewed interest in the EU to adopt a regulation on origin marking, which if mandatory, would work against the Pan-Euro-Mediterranean area of shared prosperity and integrated production. However, the EU which does not have currently a regulation on the matter, could be tempted to do like its major trading partners, namely USA and Japan and many others, where a compulsory origin marking for imported goods and a voluntary claim for domestic production is the habitual scheme.

8) Increased international competition and available remedies.

Although the Commission clearly states its willingness not to allow unfair practices on its market in order to prevent market disruption, it is not entirely clear how and when the EU intends to proceed. “*If the pressures of adjustment to quota abolition lead to unfair trade practices in the sector, such as dumping or subsidisation or exceptionally high import increases, then – as in the past – the industry will have access to the full range of EU trade defence instruments, which are consistent with WTO rules, and which the Commission intends to apply when the relevant conditions are met*.” In fact, if we consider that EU imports of textile and clothing categories liberalized under the third stage of ATC where China had quotas, the latter have increased its market share on EU market by 27.6 percentage points in less than two years (21 months from January 2002 to September 2003). This translates in 1.3 percentage point gain each month in average. While Mediterranean and acceding countries have lost 6.7 percentage points of their market share on the EU, or 0.6 percentage points each month together.

In our view, it is essential that the EU set up a clear-cut modus operandi in order to be ready to implement the special safeguard against China if we have again the same development as recorded for the 3rd stage of ATC. In March of this year, EU member states have endorsed a Commission proposal to introduce greater transparency, efficiency and predictability in the use of anti-dumping and anti-subsidy. The EU will also enact mandatory deadlines to complete review investigations to shorten the process, and will set up clearer rules on enforcement of trade defence measures. This is exactly what it is needed for China special safeguards.

V. 3. T&C from MFA to ATC, then…unfinished business?

Trade in textiles and clothing goods has been managed for some 40 years. The first textile trade agreement was adopted in the early 1960s and then in 1974 the Multi-Fibre Arrangement was implemented to govern trade in textiles and clothing goods. Rich countries imposed import quotas to protect their domestic industries. These restraints on major exporters such as Hong Kong, Korea and Taiwan limited the amount of textiles and clothing that could be imported into these countries and resulted in "quota hopping", sub-contracting or delocalisation to countries without quota or with unfulfilled quota. Consequently, countries such as Sri Lanka, Bangladesh or Indonesia have seen the development of a significant textiles and clothing export industry, which would have been probably impossible without MFA. Thus the MFA, initially conceived as a temporary protection mechanism for mostly US and EU's textiles and clothing industry, became the catalyst for the industry's surge across the developing world.

During the Uruguay Round of WTO multilateral negotiations that began in 1986 and concluded with the founding of the WTO in 1994, the developing countries that relied on clothing exports for jobs and foreign exchange earnings wanted greater access to the industrialized countries' markets and particularly in agriculture and textile and clothing. Consequently, an agreement was reached to phase-out the quotas on imports of textile and clothing products from the then-WTO members (China was not yet a member and consequently was not entitled to the benefits of ATC and the elimination of quotas) world-wide, establishing the so-called WTO Agreement on Textiles and Clothing (ATC), one of the most important results of the Uruguay Round, hailed as a victory by all developing countries. But in December 2001, China became a WTO member and was granted ATC benefits including the phase-out of textile and clothing quota constraints by 2005. Today, China is poised to become a dominant player in world textile and clothing market and the then-hailed victory for ATC agreement is increasingly perceived as bitter by many small suppliers and most vulnerable developing countries.

The ATC is a ten-year transition process divided into four incremental stages. It began in 1995 and will end on the 31st of December, 2004. The first three of these stages have been completed. Canada, the European Union and the United States -- were required to integrate 51% of their textile and clothing imports into WTO rules by the end of the third stage in December 2001, removing any quotas applied. This target has been met with much criticism because of "backloading" of sensitive products as we will see below. In parallel with the scheduled integration of products, the countries imposing the quotas were also required to progressively increase the annual growth rates at the beginning of each stage. This has also been carried out. Accordingly, the fourth and final phase will result in product integration and quota removal of the remaining 49% of imports. Because of the backloading, the impact of this phase in terms of real liberalization is likely to be very significant.

Integration of Textiles and Clothing into GATT (by Canada, the EU, Norway and the United States)

Date	Minimum volume integrated (per cent)	Accumulated volume integrated (per cent)	Remaining quota growth rate
01.01.1995	16	16	16
01.01.1998	17	33	25
01.01.2002	18	51	27
01.01.2005	49	100	Full integration

Source: "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing," Hildegunn Kyvik Nordås, ERSD, World Trade Organization.

According to Dr. Supachai Panitchpakdi, director general of the WTO, only 20% of the products integrated into WTO rules in the first three stages of the ATC were subject to quotas. This means, of course, that the remaining 80% of quotas must be eliminated by end December 2004, consisting of a total of 239 quotas maintained by Canada, 167 quotas maintained by the European Union and 701 quotas maintained by the United States. Since the elimination of quantitative restrictions in the more sensitive products has largely been left until the very final moment at midnight 31 December 2004, the adjustment will be abrupt in these areas and has been dubbed by many as the "Big-Bang".

Integration during the first 3 stages:

	Constraints carried over from MFA	Remaining constraints to be eliminated 01.01 2005	Share clothing constraints eliminated before step 4 (%)
Canada	295	239	7
EU	218	167	6
USA	758	701	6.5

Source: WTO (2001).

From “The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing,” Hildegunn Kyvik Nordås, ERSD, World Trade Organization.

So what does it mean for developing countries in general and for the Mediterranean countries in particular?

On 1st January 2005, all textile and clothing[24] quotas are scheduled to be eliminated[25] for the 148 countries of the World Trade Organization (WTO) - and among them, China theoretically[26] – , reintegrating trade in textile and clothing into the world trading system, which prohibits non-tariff barriers such as quotas.

The world, in theory at least, will become a level playing field where international textile and clothing trade should be governed by comparative advantage, consumer welfare and free competition. The disappearance of quotas will highlight numerous other tariff and non-tariff barriers that need to be tackled.

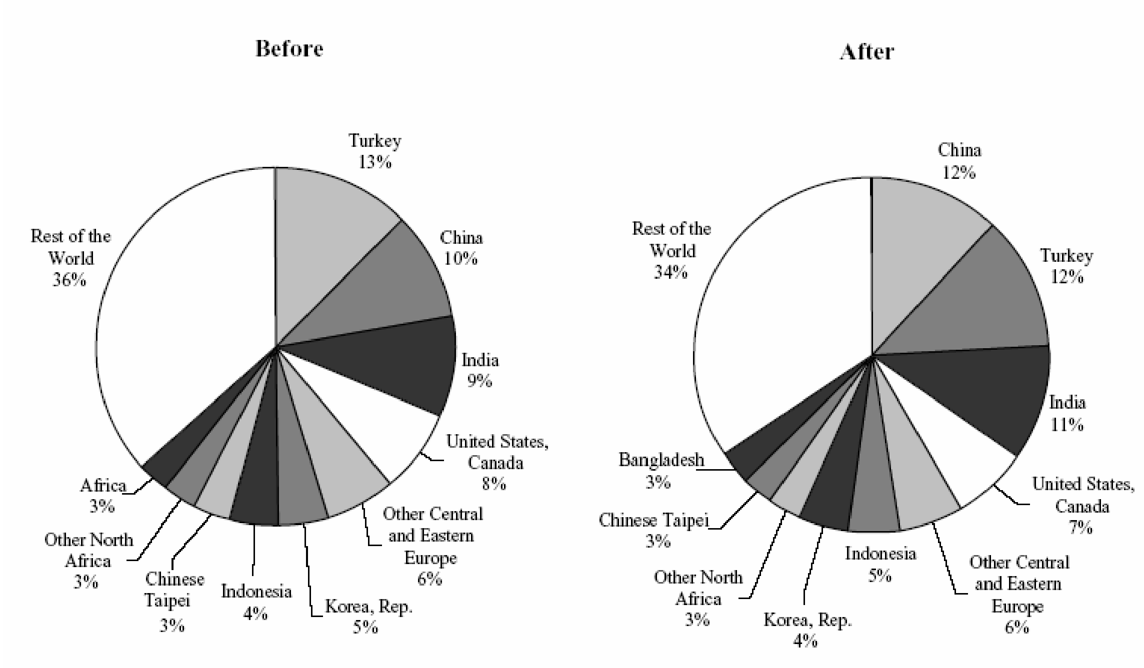
While many studies exist on the quota phase-out, there is no consensus on the real impact, except that most economists predict that China will gain a larger share of production.

Market shares before and after quota elimination, textiles, EU

[24] It is the only sector of traded manufactured goods which was exempted from WTO disciplines.

[25] Except for non-WTO members, i.e. Vietnam, North Korea and Belarus.

[26] Theoretically, because there is growing concern about China’s potential. On this background and in order to prevent global monopolisation of the sector, major Turkish, Mexican and US textile associations urged the WTO, in the Istanbul Declaration, to act immediately to extend the deadline for implementation of the final integration stage to December 31, 2007. They are also calling on other textile associations in affected countries to join them.



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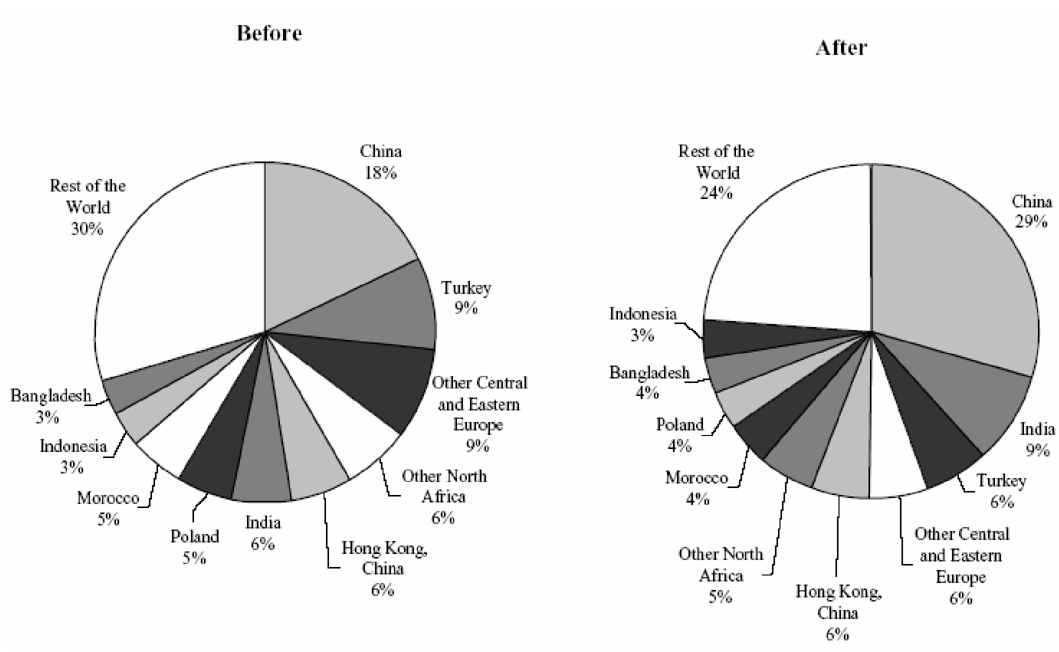
Market shares before and after quota elimination, clothing, EU



Source: "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing," Hildegunn Kyvik Nordås, ERSD, World Trade Organization.

The phase-out of quotas in 2005 will allow clothing retailers and manufacturers to consolidate production in fewer countries. Daniel Bernard, PDG of Carrefour, with 400,000 employees the world's second largest distributor (after Wal-Mart), confirmed that China would gain importance in Carrefour's sourcing policy. But he said the company, like other global players, would continue to source from India and other Asian countries and as well from the Euro-Med region. It makes sense as major companies do not like to "put all their eggs in one basket". Moreover, given the existing possibility of special textile safeguards that can be taken against China, added to the threat of antidumping measures and broader safeguard measures, companies and retailers will probably try to limit their exposure.

Clothing manufacturing will likely be concentrated in those countries offering the lowest labor costs, most efficient production, and most developed transportation and telecommunications infrastructure. Clothing firms are also looking for countries that can produce both the raw materials, i.e., textiles, and finished garments. Countries that provide "full-package" services—from textile production to cutting, sewing and packaging—will be the most competitive and the best positioned. The traditional giants of textile and clothing – China, India and Pakistan – and the upcoming Vietnam, have the competitive advantage in all these areas.

Therefore, final liberalization of backloaded textiles and clothing will probably cause massive job losses in many countries and accelerate the "race to the bottom" in wages and working conditions if nothing is done to prevent it.

The Preamble to the WTO Charter makes clear that trade and economic endeavours "*...should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand...*". This was confirmed in a recent statement published by the Bretton Woods institutions: "*...collectively reducing barriers is the single most powerful tool that countries, working together, can deploy to reduce poverty and raise living standards*."

V. 4. WTO Doha Development Agenda

Despite a reflective stance following the setback at Cancun, the objectives agreed in Doha remain a priority. The WTO's mandate to reduce barriers and to provide a stable trading system in order to raise standards of living and reduce poverty continue to be an essential element of the broader international economic landscape. Given its magnitude and scope, the potential of the DDA to transform world trade commands high priority and attention, especially when tackling core issues such as services, agriculture, and industrial tariffs.

Textile and clothing trade issue is being addressed in the multilateral negotiation on market access for non-agricultural products. The Doha ministerial declaration concerning market access for non-agricultural products states in paragraph 16 that negotiations should aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries.

> "*We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest* ***to developing countries****. Product coverage shall be comprehensive and without a priori exclusions.* ***The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants****, including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations*."

Many studies point out to the significant gains which can be expected for the world economy. Accordingly, southern countries **as a whole** should be able to increase their exports to rich northern countries. But nobody can assess how individual countries will react and be affected by the new era of increased competition, especially those which are the most dependent on textile and clothing. Small and poorer countries, which do not have an integrated textile and clothing industry, and those lacking adequate infrastructure to attract investment and buy machinery to adapt rapidly for changing market requirement. There is clearly more than just one south.

Paragraph 2 of the Doha Ministerial Declaration[27] states that:

> *"International trade can play a major role in the promotion of economic development and the alleviation of poverty. We* ***recognize the need for all our peoples to benefit from the increased opportunities and welfare gains*** *that the multilateral trading system generates. The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration. Recalling the Preamble to the Marrakesh Agreement, we shall continue to make positive efforts designed to* ***ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development****. In this context, enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play."*

The DDA can not be achieved successfully without taking fully into account the situation of less developed countries (LDCs) and small suppliers depending heavily on textile and clothing for exports. They are likely to face unsustainable pressure on the balance of payments. This is further compounded by current figures on international aid for development. In fact, development assistance is at one of its lowest levels—0.22% of GDP versus 0.5% 30 years ago—and far short from what is needed to meet the goals, the issue of effectiveness has increased in urgency.

It is important to highlight that "*recognizing the particular vulnerability*" of the least-developed and most vulnerable countries and "*the special structural difficulties they face in the global economy*" is not just simply giving them a transitional period to implement harmful measures.

1) Lowering tariff barriers

[27] Bold characters are added by the authors.

The lowering of tariff barriers has been a central element of successive rounds of multilateral trade negotiations. However, we still have high tariffs across all industries in both developed and developing countries. This situation is tackled by the **US proposal** for non agricultural products. The “Tariff-Free World" proposal suggests using a tariff equaliser (a Swiss formula in practice) driving to a maximum tariff of 8% in 2010, before implementing a second –linear– tariff reduction to zero over 2010-2015. This proposal is unlikely to go very far. Textile and clothing trade is characterised by massive imbalances in market access as between the industrial and developing world.

The current **EU proposal** in the negotiations on market access calls on all WTO members – with the exception only of the least developed countries – to reach for substantial harmonisation of tariffs as well as, to some extent, sectoral treatment. This should enable EuroMediterranean industry to compete in other countries under conditions that are similar. All countries would have to contribute, including of course those which have very competitive textile and clothing exports.

Despite enormous progress towards reducing industrial tariffs since 1945, there is significant scope for further reductions, most notably among Southern countries. Those who are competitive in textile and clothing trade should not maintain high levels of protection. In fact, some countries apply duties of up to 40%, without counting specific or additional duties. Therefore, there is significant scope also for increasing the certainty of trade – and most notable south-south trade – through increased bindings and simplified tariff structures.

As Commissioner Lamy said[28]: “*What we need is a basic understanding of the nature of contributions that WTO members must make, corresponding to their capacity, size of market and level of development. It is clear that we should not ask for much tariff reduction from Sub-Saharan Africa, and more generally from the least developed countries and small developing countries. There is a clear need here for protection of both markets and indeed revenue. But it equally clear that other developing countries such as Brazil and India can and should make a real contribution. China, of course, having just acceded to the WTO, is something of a special case, but she, too, must do her part. So the tough question is where you draw the line between weaker and stronger developing countries – but that does not need to be decided now*”.

[28] In a speech on “*Moving the Doha Development Agenda Forward*” organised by the European American Business Council, held in Washington, 26 February 2004.

2) Tariff escalation

Tariff escalation remains prevalent in the tariff schedules of many countries. Tariffs escalate when they are imposed at increasingly higher levels on semi-processed and processed products. This escalation prevent developing countries exporting unprocessed products and raw materials from climbing the ladder of technology further moving into downstream stages of processing.

A detailed examination of the tariff structures of several countries shows a certain number of characteristics in common. First, with the exceptions of Turkey and India, all countries apply higher tariffs to clothing than to textile products. Poland, Brazil and Mexico apply the same higher tariff to all clothing products, while others countries impose higher but non-uniform tariffs on clothing products. Second, in most cases, the dispersion of tariffs across 4-digit subgroups in the textiles sector is significant. In absolute terms, inter-group dispersion is the highest in Malaysia, Thailand and Turkey. Among developed countries, it is the highest in Australia, Canada and the United States, where tariff averages range between zero and more than 15%.

The fact that tariffs on clothing are higher than tariffs on textile products offers sufficient evidence of the presence of tariff escalation. Most imports of clothing products from developing countries in the four Quad countries (Canada, the EU, Japan and the United States) are concentrated in a small number of 4-digit subgroups. Those include jerseys, pullovers, and similar articles, knitted or crocheted (6110); women's or girls' suits, ensembles, jackets, etc. (6204); T-shirts (6109) and men's or boys' suits (6203). These products do not stand out as having higher or lower tariffs than other clothing products in the Quad countries. Similarly, a small number of 4-digit subgroups account for the lion's share of imports of textiles products from developing countries into the four Quad countries. Those include trunks, suit-cases, cases, bags, etc. (4202).

3) Tariff peaks

Tariffs in excess of 15%, the so-called tariff peaks, in OECD countries can be particularly restrictive. After full implementation of the Uruguay Round, bound tariffs still show wide differences between countries as well as between sectors. In major OECD trading countries, the average bound industrial tariffs are under 4%. In some non-OECD countries, tariffs are up to 40% with tariff peaks up to 300% or even higher and cover as much as 3/4th of tariff lines. In OECD countries, tariff peaks remain in a number of sectors such as clothing and textiles, footwear and motor vehicles.

Many countries still have low levels of tariff bindings and/or present bound rates substantially above applied rates, creating considerable uncertainty for traders. That is why even quite significant cuts in such bound rates will have little impact on market access.

4) Post Cancun

The Doha round talks, which are aimed at concluding a new global trade agreement by early 2005, have been stalled since the breakdown in Cancun last September. The setback was largely over farm trade and rich country subsidies. The negotiations are now again back on track with the recent July agreement,. As far as non agricultural products are concerned, an agreement was reached for a reduction of tariffs through an ambitious formula, with deeper cuts for higher tariffs. Special rules for developing and for least developed countries are foreseen in the form of longer transition periods and flexibilities in tariff cuts. The next Ministerial in Hong Kong in December 2005 will go in the details of the general formula and will define whether there is a sectorial approach for textile and clothing.

The EU had already indicated flexibility on investment and competition by signalling its willingness to consider these issues outside the Doha round's single undertaking, and while it has consistently opposed an end date for export subsidies, diplomats in Geneva have said they believed the EU could agree to this concession as part of a final deal.

A "*good*" agreement, with lower tariffs and reduced agriculture subsidies, would boost world economies by $520 billion and lift some 144 million out of poverty in the next 12 years, according to the World Bank.

For the EuroMediterranean industry, the Doha Development round of trade negotiations is an opportunity to get countries like India, Pakistan and several other countries, with high import duties and numerous non-tariff barriers, to open up their markets to imports. Securing better access to overseas markets is the key element in the industry's offensive strategy to save employment and diversify market reducing trade deficit in textiles with the EU. Nevertheless, the EU account for a very substantial share of Mediterranean countries' exports of textile and clothing and the picture will not change in the short term. Therefore, it is understandable that EU trade partners did breathe a sigh of relief when negotiations in Cancun collapsed, as they will have more time in which to ensure that their preferential access to the EU market is safeguarded, and that their preferential margins are not reduced.

When completed, Pan-EuroMediterranean zone will have achieved a crucial prerequisite to sustain Asian competitors. The area will amount to a vast free trade area covering some 35 countries, which will allow garment manufacturers in countries with high labour costs to relocate production in countries where labour costs are considerably lower. The setback in Cancún means that the European industry will be able to devote more of its time and energies to completing the Pan Euro Med zone.

While some Association Agreements with the EU still need to be ratified[29], the Mediterranean partners are already being encouraged to adapt their legislation to that of the Internal Market.

The question arises as to whether the Mediterranean countries are able and fast enough to adapt to the new international organization of production, which requires that they:

(i) satisfy the timeliness and quality requirements that will enable them to maintain their regional position,

(ii) carry out the indispensable move to upmarket lines of products,

(iii) improve their level of competitiveness vis-à-vis international competition,

(iv) create the conditions required for an industrial recovery through a wider integration of the upstream sectors of dressmaking such as the production of synthetic threads and filaments; and taking over supply and other services that would allow them to pass from a subcontracting status vis-à-vis the European contractors to the status of a contracting party sharing a higher level of responsibility in creating value added income within the business.

[29] Association agreements with Tunisia, Israel, Morocco, Palestinian Authority and Jordan have entered into force. Those concluded with Egypt, Lebanon and Algeria await ratification. The association agreement with Syria will be signed soon.

The single most important engine for growth in the Mediterranean region lies in further strengthening trade. There still remains significant scope for reaping economic gains by eliminating barriers to trade in the region. And such progress should help pave the way for a successful transition period after quota elimination, in parallel with the conclusion of the Doha Round, which is still the most important vehicle for sound and sustained global growth and poverty reduction.

The model

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Annexes

Annex 1

Morocco major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	184.428	192.428	200.464	1.072.992	1.088.352	1.239.716	1.316.179	1.313.493	*100,0*
France	85.564	78.648	86.661	424.506	418.943	440.704	449.149	366.016	*27,9*
Spain	22.729	30.378	33.601	125.048	145.543	180.951	226.857	298.251	*22,7*
UK	6.756	6.519	3.677	183.042	211.305	271.498	264.370	255.147	*19,4*
Italy	17.791	20.289	24.483	71.187	68.326	71.386	77.274	103.241	*7,9*
Germany	6.726	10.965	8.046	116.529	87.603	79.063	64.538	53.784	*4,1*
Turkey	315	112	507	9.978	14.064	17.325	23.724	37.157	*2,8*
China	2.157	4.794	3.756	11.935	11.400	24.222	27.230	27.878	*2,1*
Belgium					20.880	21.391	26.438	27.202	*2,1*
Taiwan	1.015	2.192	1.771	9.691	15.727	16.338	17.245	20.944	*1,6*
India	668	624	499	2.277	3.924	8.588	17.179	17.480	*1,3*
Korea	1.277	1.581	3.485	16.175	17.131	19.283	18.124	14.018	*1,1*
Portugal	1.475	1.343	2.397	8.048	4.997	4.504	7.886	13.186	*1,0*

Source: UN ComTrade

Tunisia major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	833.765	869.091	938.979	1.107.174	1.079.714	1.126.613	1.402.775	1.307.299	*100,0*
France	263.664	255.569	291.595	372.989	366.170	396.035	493.900	446.505	*34,2*
Italy	127.825	151.392	173.679	203.675	196.856	229.482	318.773	334.639	*25,6*
Germany	199.972	200.739	197.096	211.937	194.470	168.868	179.243	150.556	*11,5*
Belgium					131.584	114.806	126.377	106.964	*8,2*
Spain	33.332	30.354	33.548	41.403	39.184	54.229	81.329	64.937	*5,0*
Netherlands	35.250	36.577	35.952	48.823	44.706	40.556	33.523	35.140	*2,7*
UK	8.313	7.824	8.098	19.915	18.916	22.963	31.189	30.935	*2,4*
Turkey	4.200	4.220	3.616	6.245	8.994	11.948	16.861	20.917	*1,6*
Pakistan	1.322	3.047	4.291	6.890	6.389	11.536	16.860	16.691	*1,3*
China	1.507	1.833	4.135	5.563	3.916	6.062	11.803	15.218	*1,2*
Korea	3.231	3.720	8.524	8.987	9.262	9.430	12.557	12.626	*1,0*

Source: UN ComTrade

Turkey major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	703.421	801.486	1.132.284	1.156.511	982.399	1.171.379	1.133.773	1.645.441	*100,0*
Free zones		104.750	134.503	124.206	96.179	61.600	100.380	285.430	*17,3*
Italy	54.662	105.518	154.367	148.925	138.652	164.389	184.127	221.648	*13,5*
China	168.597	97.215	113.085	109.922	110.346	162.611	110.223	148.918	*9,1*
Korea	57.519	76.656	128.319	137.759	99.023	130.522	116.309	142.632	*8,7*
Germany	61.359	109.915	189.146	176.199	148.036	136.623	115.024	112.805	*6,9*
India	11.754	16.065	12.097	8.234	12.596	34.363	48.320	77.446	*4,7*
Pakistan	42.931	23.765	17.917	20.575	8.772	27.544	36.311	64.812	*3,9*
Indonesia	12.406	25.183	17.218	15.284	14.175	20.963	27.699	56.562	*3,4*
UK	6.470	14.664	27.999	32.663	39.889	47.323	52.038	55.384	*3,4*
France	16.605	28.569	49.270	49.338	38.212	43.317	41.169	52.904	*3,2*
USA	11.498	14.476	36.250	59.109	64.454	70.645	51.711	47.408	*2,9*
Spain	6.171	10.901	19.910	18.400	11.746	20.172	29.382	37.335	*2,3*
Malaysia	2.611	8.713	9.778	17.754	12.661	14.945	13.877	29.999	*1,8*
Czech	317	540	728	2.049	5.489	16.176	14.716	28.768	*1,7*
Taiwan	39.122	40.936	45.611	51.670	33.274	41.935	26.790	27.971	*1,7*
Netherlands	6.845	12.806	22.381	21.966	17.640	16.306	18.360	25.228	*1,5*
Turkmenistan	193	2.315	6.597	9.029	7.535	9.696	8.687	22.348	*1,4*
Belgium					31.156	33.678	27.971	20.167	*1,2*
Israel	1.372	955	1.806	3.967	3.495	4.861	10.759	15.717	*1,0*

Source: UN ComTrade

Israel major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	308.089	293.681	330.756	328.628	340.123	403.890	344.810	300.541	*100,0*
China	8.927	4.289	7.875	18.912	23.771	34.961	35.860	42.937	*14,3*
Turkey	16.079	19.225	30.092	39.879	48.917		44.362	36.801	*12,2*
Italy	73.012	65.454	59.934	53.530	53.134	54.641	49.782	32.392	*10,8*
Taiwan	18.852	19.657	28.925	31.914	44.598	44.342	30.912	21.645	*7,2*
USA	49.029	45.777	46.191	37.753	34.643	33.590	22.066	21.320	*7,1*
Korea	11.821	13.058	15.912	18.478	18.727	23.465	22.467	20.007	*6,7*
UK	21.452	24.391	27.322	19.539	21.944	36.165	26.856	18.864	*6,3*
India	4.742	3.846	7.279	7.792	8.371	21.813	17.484	18.188	*6,1*
France	19.605	17.178	22.224	18.827	14.852	17.519	16.901	12.996	*4,3*
HK	7.619	7.372	11.164	15.431	11.560	13.525	12.063	12.964	*4,3*
Germany	16.694	14.797	11.528	12.253	11.637	13.223	12.687	11.006	*3,7*
Spain	16.380	16.759	24.912	20.036	15.539	14.815	11.768	8.164	*2,7*
Jordan			199	115	68	5.744	5.663	7.125	*2,4*
Thailand	739	1.875	1.959	4.537	5.483	4.344	9.558	7.043	*2,3*
Belgium					9.078	8.921	6.184	5.349	*1,8*
Pakistan							1.895	4.998	*1,7*
Sri Lanka				21	1.349	415	180	3.972	*1,3*

Source: UN ComTrade

Egypt major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	56.321	47.145	62.761	73.445	66.790	30.237	33.373	24.755	*100,0*
China	3.909	5.565	8.628	10.764	14.918	1.842	2.954	5.625	*22,7*
India	1.680	1.762	6.580	8.863	8.321	810	2.167	4.157	*16,8*
Taiwan	2.589	2.881	5.743	5.970	5.521	3.727	3.836	2.799	*11,3*
Bangladesh	3.080	1.237	944	1.226	1.663	2.144	3.246	1.919	*7,8*
Italy	8.005	5.692	3.809	4.854	2.037	1.571	1.578	1.362	*5,5*
Korea	3.684	1.558	4.067	7.364	4.027	9.272	7.999	1.299	*5,2*
Germany	2.143	2.523	2.719	2.266	2.209	1.737	1.156	1.234	*5,0*
UK	388	978	2.244	2.380	2.567	397	869	1.081	*4,4*
UAE	221	331	1.090	974	762	77	6	958	*3,9*
Turkey	1.436	621	626	1.929	826	982	1.082	543	*2,2*
EUR.ECON.COM.	0	0	0	0	0	0	0	502	*2,0*
Spain	239	580	929	551	357	377	657	498	*2,0*
France	716	1.086	1.519	1.545	479	550	2.342	478	*1,9*
USA	784	1.555	832	919	1.045	544	728	388	*1,6*
Indonesia	889	1.311	1.551	2.819	2.374	825	406	282	*1,1*
Netherlands	171	1.298	1.281	1.854	128	377	245	242	*1,0*

Source: UN ComTrade

Algeria major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	68.746	69.078	64.442	101.885	135.124	130.564	153.683	131.909	*100,0*
Turkey	3.213	5.843	17.151	42.921	66.735	43.364	41.903	35.519	*26,9*
China	6.131	7.626	5.941	10.264	9.988	19.551	30.422	34.499	*26,2*
France	25.614	22.415	18.529	24.522	27.706	30.592	30.204	21.731	*16,5*
Syria	0	0	0	0	0	0	0	13.356	*10,1*
Italy	5.561	5.165	4.775	5.198	7.197	6.350	7.528	6.824	*5,2*
Spain	5.200	6.185	5.029	3.414	4.310	3.852	5.787	6.697	*5,1*
Korea	8.927	8.717	6.263	4.866	3.631	3.901	7.907	6.133	*4,6*
India	71	287	573	1.072	831	2.643	1.981	3.641	*2,8*

Source: UN ComTrade

Jordan major suppliers of fabrics (thousand euro)

	1995	1997	1998	1999	2000	2001	2002	% 02
World	52.320	61.280	68.536	67.533	130.700	280.407	346.573	100,0
China	5.272	4.372	3.943	4.615	15.392	59.070	96.429	27,8
Israel	0	0	8.849	11.946	46.118	83.259	76.490	22,1
Taiwan	6.562	7.576	6.352	4.895	9.729	36.413	64.741	18,7
HK	148	191	7	75	3.174	21.350	30.589	8,8
Pakistan	2.201	821	2.366	984	7.240	20.291	16.010	4,6
S. Korea	17.356	14.740	14.440	15.119	14.759	12.973	14.500	4,2
Syria	797	3.079	5.352	6.451	6.687	12.693	11.569	3,3
Turkey	2.552	3.980	3.844	4.022	5.275	7.477	10.156	2,9
Italy	2.307	5.224	5.692	4.761	3.791	3.621	5.708	1,6
India	1.064	1.655	2.332	2.264	2.422	4.179	5.114	1,5
Indonesia	826	2.055	4.409	2.712	3.570	4.465	3.699	1,1

Source: UN ComTrade

Lebanon major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	121.636	113.332	125.112	114.739	95.845	107.400	140.695	93.675	*100,0*
China	9.830	8.440	11.163	9.216	9.365	12.100	27.537	27.292	*29,1*
Italy	22.106	22.171	18.899	18.094	13.208	14.442	18.216	17.171	*18,3*
India	3.783	4.169	5.236	7.241	7.434	9.142	8.871	8.490	*9,1*
Korea	16.999	11.951	15.059	13.396	12.147	12.466	17.186	7.802	*8,3*
France	15.130	12.754	13.131	12.283	8.812	8.820	10.172	7.180	*7,7*
Turkey	2.693	2.268	3.109	4.954	5.469	3.923	6.687	5.326	*5,7*
Spain	5.056	5.909	7.084	6.190	4.605	4.598	6.123	5.278	*5,6*
USA	3.577	3.313	2.900	2.249	2.237	2.029	6.696	2.968	*3,2*
Indonesia	1.998	2.562	1.575	2.944	2.977	4.717	6.226	2.642	*2,8*
Germany	3.784	3.414	2.951	2.300	1.461	2.425	2.576	1.866	*2,0*
UK	2.248	2.004	2.423	2.467	1.193	1.209	1.800	1.638	*1,7*

Source: UN ComTrade

Syria major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	126.661	145.092	155.898	172.492	126.849	154.033	164.980	152.528	*100,0*
China	2.464	4.256	2.026	7.675	6.306	15.671	29.397	58.480	*38,3*
Korea	57.691	43.860	39.925	44.533	40.427	43.732	34.827	31.041	*20,4*
Italy	9.292	16.297	17.983	21.896	10.053	11.885	13.776	13.135	*8,6*
Turkey	4.318	7.892	7.011	5.156	5.632	6.005	7.933	10.929	*7,2*
India	2.359	2.667	6.909	7.519	5.637	10.784	16.119	9.240	*6,1*
Indonesia	3.239	6.415	6.109	13.690	9.866	13.904	10.607	8.942	*5,9*
Germany	4.832	4.550	4.902	4.371	3.556	4.585	4.143	3.483	*2,3*
Czech	3.164	3.476	3.875	4.291	1.732	1.592	1.428	2.993	*2,0*
Japan	7.785	10.905	13.048	7.189	3.140	2.850	2.801	2.985	*2,0*
France	3.154	2.670	3.987	4.814	5.404	7.635	3.858	2.313	*1,5*
Spain	470	526	1.168	1.115	1.012	1.667	1.579	2.170	*1,4*
USA	1.559	2.581	2.660	2.606	1.581	1.203	1.290	1.838	*1,2*

Source: UN ComTrade

Romania major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	590.674	673.817	892.690	1.077.582	1.225.296	1.536.109	1.852.906	2.052.055	*100,0*
Italy	148.431	193.263	289.300	379.000	469.404	622.006	793.081	907.726	*44,2*
Germany	300.426	319.965	369.819	399.018	361.468	360.855	371.938	313.040	*15,3*
UK	39.166	50.912	80.001	87.104	112.541	158.656	179.933	207.176	*10,1*
France	18.229	19.683	31.117	51.497	73.872	100.116	131.754	153.990	*7,5*
Turkey	2.826	5.555	8.802	14.307	26.449	51.923	90.697	135.676	*6,6*
Belgium	0	0	0	0	36.482	34.648	42.188	44.237	*2,2*
Netherlands	13.185	10.277	11.487	15.447	20.070	21.727	27.693	31.263	*1,5*
Spain	232	810	2.331	4.001	6.418	10.806	16.294	29.841	*1,5*
Korea	3.313	3.675	7.982	11.088	17.897	30.053	27.625	28.449	*1,4*
Austria	4.880	6.643	9.632	9.601	9.394	16.160	24.961	25.079	*1,2*
China	346	829	2.425	5.223	4.461	8.279	15.767	23.874	*1,2*
Czech	2.706	2.713	4.369	10.679	11.354	14.999	19.912	22.169	*1,1*

Source: UN ComTrade

Bulgaria major suppliers of fabrics (thousand euro)

	1996	1997	1998	1999	2000	2001	% 02
World	176.142	243.884	278.491	307.988	446.899	574.217	*100,0*
Italy	26.822	41.372	47.395	57.848	89.186	135.161	*23,5*
Germany	74.904	86.794	87.245	83.138	91.078	95.736	*16,7*
France	13.470	22.893	36.069	42.890	62.967	80.551	*14,0*
Turkey	5.110	8.572	9.005	17.313	34.682	46.133	*8,0*
Greece	8.577	11.999	14.173	18.182	27.301	32.649	*5,7*
Spain	686	711	2.523	8.554	16.348	26.831	*4,7*
Netherlands	10.209	14.771	14.302	16.350	21.890	23.831	*4,2*
UK	4.325	6.363	7.351	7.671	13.499	21.977	*3,8*
Belgium	0	0	0	6.538	14.610	17.547	*3,1*
Portugal	152	1.227	1.830	4.010	6.262	12.458	*2,2*
Czech	4.491	3.174	6.462	4.271	7.104	8.594	*1,5*
Denmark	3.127	4.359	4.985	5.389	9.011	7.567	*1,3*
Austria	3.891	6.760	5.523	5.257	6.451	7.313	*1,3*
Japan	186	368	1.925	3.051	5.564	6.191	*1,1*
China	395	395	798	406	3.144	6.117	*1,1*
Switz	3.288	5.200	7.003	6.021	6.895	5.503	*1,0*

Source: UN ComTrade

China major suppliers of fabrics (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	% 02
World	6.174.709	6.852.713	7.760.221	7.068.057	7.716.189	9.985.938	9.788.612	9.214.565	*100*
Japan	1.453.303	1.647.051	1.859.523	1.626.294	1.914.465	2.645.790	2.612.475	2.293.080	*24,9*
Taiwan	1.656.127	1.760.917	2.043.021	1.974.210	2.102.855	2.447.601	2.272.623	2.244.636	*24,4*
S. Korea	1.202.746	1.497.514	1.642.834	1.461.451	1.680.587	2.329.506	2.307.629	1.969.243	*21,4*
HK	1.080.171	1.031.351	1.085.225	934.555	929.568	1.145.168	1.108.819	1.107.145	*12,0*
Free zones	442.461	0	562.416	562.623	532.365	738.318	749.190	896.532	*9,7*
Italy	82.993	97.037	111.554	89.872	85.731	124.097	162.424	149.929	*1,6*
Pakistan	36.657	50.548	92.388	114.969	144.674	123.528	124.639	131.858	*1,4*

Source: UN ComTrade

Annex 2

Morocco major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	74.944	79.968	91.718	103.687	112.302	112.240	126.297	125.307	*100,0*
India	2.989	4.751	10.410	15.012	14.619	14.122	20.102	22.266	*17,8*
France	20.420	18.984	21.391	25.272	28.309	29.775	29.990	21.497	*17,2*
Italy	7.067	7.502	7.507	7.883	12.574	13.586	14.698	21.265	*17,0*
Spain	14.592	14.463	18.955	18.223	21.658	20.029	20.635	20.286	*16,2*
Germany	8.583	6.252	3.671	3.809	5.421	5.985	6.485	6.570	*5,2*
Turkey	184	209	463	716	2.505	3.478	3.718	5.058	*4,0*
Belgium	0	0	0	0	3.220	3.617	4.929	4.670	*3,7*
Taiwan	2.401	4.042	2.037	1.664	2.531	918	2.450	3.798	*3,0*
S. Arabia	80	1.901	6.114	5.896	3.673	4.342	3.817	3.428	*2,7*
China	796	386	559	469	783	1.671	2.344	2.709	*2,2*
Korea	1.540	2.992	4.581	7.901	5.565	1.971	2.368	2.412	*1,9*
UK	962	862	922	2.231	951	1.384	1.385	1.388	*1,1*

Source: UN ComTrade

Tunisia major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	57.115	55.475	63.501	70.121	67.225	69.527	78.106	62.904	*100,0*
Italy	21.261	24.007	26.329	27.028	31.192	30.338	33.333	26.070	*41,4*
France	8.611	7.008	9.889	8.517	8.738	10.718	11.927	10.359	*16,5*
India	3.635	3.516	4.948	9.385	8.727	9.160	10.748	9.113	*14,5*
Germany	3.557	3.216	2.001	2.202	2.273	3.480	3.378	2.766	*4,4*
Spain	5.320	2.761	3.943	4.221	2.499	2.338	2.698	2.674	*4,3*
Belgium	0	0	0	0	1.776	1.379	1.664	1.357	*2,2*
China	1.436	1.185	1.520	2.060	1.527	1.798	1.095	1.177	*1,9*
UK	574	516	1.168	930	1.604	2.184	1.062	974	*1,5*
AREAS NES	264	660	262	70	988	202	1.081	886	*1,4*
Indonesia	1.031	869	488	882	566	335	601	842	*1,3*
Thailand	189	614	869	695	586	217	473	738	*1,2*
Turkey	594	434	563	1.192	1.349	1.317	2.048	686	*1,1*

Source: UN ComTrade

Egypt major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	118.280	142.829	160.420	227.642	201.609	142.176	145.350	130.129	*100,0*
S. Korea	16.557	15.957	13.298	18.740	16.919	9.148	16.059	21.046	*16,2*
Taiwan	22.085	19.638	18.856	26.765	14.929	14.189	19.917	19.502	*15,0*
India	9.605	23.828	48.312	73.550	66.403	28.440	22.533	17.868	*13,7*
Indonesia	3.540	3.595	3.311	18.530	15.347	6.681	19.677	17.746	*13,6*
S. Arabia	34	3.969	12.165	8.994	12.458	14.831	13.247	11.144	*8,6*
Turkey	5.946	9.607	6.237	6.446	19.485	19.624	19.102	10.138	*7,8*
Thailand	752	729	339	1.104	5.125	2.954	2.794	5.471	*4,2*
Malaysia	105	61	520	424	480	599	1.363	5.242	*4,0*
China	1.152	3.810	4.976	2.629	1.572	3.101	1.850	3.879	*3,0*
Syria	0	31	617	2.194	2.181	20.117	14.895	2.315	*1,8*
HK	358	1.019	257	736	853	224	1.727	1.782	*1,4*
Italy	10.163	11.641	15.001	14.815	11.094	1.598	1.340	1.649	*1,3*
USA	12.359	9.144	3.863	15.068	12.519	3.429	1.562	1.619	*1,2*
Bangladesh	459	390	10	79	470	335	498	1.456	*1,1*

Source: UN ComTrade

Turkey major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	554.776	538.459	674.273	674.408	570.344	813.462	700.511	971.658	*100*
Italy	42.816	65.151	79.891	77.225	75.634	97.815	108.670	139.704	*14,4*
India	64.924	48.847	90.201	78.839	56.811	101.247	69.644	122.949	*12,7*
S. Korea	23.266	31.169	45.291	67.366	47.302	69.784	57.908	74.721	*7,7*
Indonesia	20.405	26.901	17.088	30.302	14.080	35.428	36.223	64.157	*6,6*
Germany	51.438	61.748	79.875	55.123	63.193	69.054	55.711	59.577	*6,1*
Netherlands	16.993	16.843	28.602	35.287	48.077	60.309	57.526	59.310	*6,1*
Taiwan	23.928	27.881	22.384	24.235	7.803	23.760	16.232	35.060	*3,6*
Malaysia	1.229	3.056	6.060	6.311	5.284	10.137	15.026	32.935	*3,4*
Switzerland	10.704	16.015	25.031	22.278	21.854	32.976	27.054	30.760	*3,2*
Austria	3.787	3.188	4.388	13.023	12.935	16.233	21.291	29.968	*3,1*
Bangladesh	7.279	12.488	11.364	19.039	18.377	23.629	19.444	27.939	*2,9*
Pakistan	68.203	25.885	19.696	20.658	6.719	29.155	28.494	26.669	*2,7*
Turkmenistan	1.825	3.223	7.864	6.967	19.286	23.256	16.636	23.267	*2,4*
Uzbekistan	2.257	1.650	3.402	2.435	4.229	9.081	4.653	20.413	*2,1*
Thailand	3.417	2.809	8.427	7.360	2.614	5.554	8.421	19.204	*2,0*
UK	5.510	8.671	9.158	14.162	7.173	11.633	10.585	18.567	*1,9*
France	13.825	13.342	22.865	17.660	18.423	25.879	14.277	18.425	*1,9*
Japan	5.794	8.528	7.459	4.575	8.635	14.008	13.094	16.821	*1,7*
Ukrain	11.728	13.170	24.048	24.790	15.225	16.416	14.546	16.572	*1,7*
Free zones	0	35.850	36.723	37.474	19.847	20.725	13.950	14.514	*1,5*
China	13.823	4.867	9.957	10.666	9.125	15.178	13.749	13.113	*1,3*
Egypt	14.498	7.830	11.926	8.601	6.515	8.671	6.111	11.945	*1,2*
Romania	11.988	8.967	10.114	4.504	2.211	5.008	9.553	11.040	*1,1*
Singapore	32	225	1.298	489	835	1.150	181	9.365	*1,0*

Source: UN ComTrade

Algeria major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	38.544	32.869	26.066	37.629	32.762	36.402	42.729	33.519	*100*
Italy	2.446	2.479	2.115	3.244	3.452	4.035	6.987	7.341	*21,9*
Spain	10.730	11.821	6.478	8.567	7.306	7.475	7.456	6.716	*20,0*
Indonesia	2.064	4.979	1.839	2.563	2.683	4.363	3.462	4.498	*13,4*
India	3.502	2.115	1.308	1.548	1.640	4.556	2.416	3.551	*10,6*
Turkey	2.017	444	2.882	4.241	4.588	5.876	7.007	2.235	*6,7*
France	4.061	3.388	2.660	2.648	2.233	2.344	2.564	1.901	*5,7*
Malaysia	60	525	60	805	333	131	486	1.625	*4,8*
Switzerland	3.161	101	78	1.443	1.995	1.506	4.291	1.381	*4,1*
S. Korea	382	39	44	1.294	722	336	681	884	*2,6*
Tunisia	881	317	0	0	34	563	544	862	*2,6*
China	420	104	95	293	239	467	750	730	*2,2*
Philippines	0	0	34	139	95	318	832	508	*1,5*
Slovenia	0	0	0	0	0	0	183	423	*1,3*
Germany	1.068	1.623	1.069	602	84	117	115	353	*1,1*

Source: UN ComTrade

Jordan major suppliers of yarn (thousand euro)

	1995	1997	1998	1999	2000	2001	2002	in % of tot 02
World	25.056	22.220	24.276	17.231	24.661	25.925	21.167	*100*
UK	8.098	6.562	11.389	9.071	10.052	8.606	8.048	*38,0*
India	2.735	4.396	4.062	1.205	2.918	3.274	2.991	*14,1*
Syria	388	2	5	54	69	1.497	2.676	*12,6*
Turkey	1.850	1.429	1.961	1.826	2.467	2.062	1.712	*8,1*
Indonesia	2.317	3.713	2.755	1.198	1.045	2.014	1.599	*7,6*
Bangladesh	306	0	398	789	1.230	1.109	1.076	*5,1*
Taiwan	1.883	1.920	1.249	625	541	612	394	*1,9*
Spain	1.735	279	131	145	104	330	364	*1,7*
UAE	0	0	0	0	0	56	284	*1,3*
Italy	970	496	335	340	346	750	277	*1,3*
S. Arabia	174	223	108	0	163	402	274	*1,3*
China	346	941	314	357	446	400	221	*1,0*

Source: UN ComTrade

Israel major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	197.410	168.506	194.464	192.414	207.282	214.915	184.766	164.591	*100*
India	26.313	27.242	46.623	52.832	58.974	72.149	57.712	51.384	*31,2*
Netherlands	12.994	9.645	13.263	10.436	17.074	18.129	17.478	22.758	*13,8*
Turkey	10.797	9.834	11.138	15.695	19.829	0	17.420	13.908	*8,5*
France	6.907	5.918	7.569	9.253	18.341	18.312	9.649	10.161	*6,2*
Italy	15.173	13.817	16.338	16.487	13.572	12.283	10.644	8.422	*5,1*
Switzerland	18.585	13.779	13.179	10.579	7.026	6.784	8.347	6.351	*3,9*
USA	17.816	15.961	16.898	14.167	18.604	16.338	15.427	6.309	*3,8*
UK	13.015	12.699	10.578	8.889	12.453	8.920	6.402	5.086	*3,1*
Germany	20.570	15.650	17.223	17.348	10.422	7.899	4.552	4.728	*2,9*
S.Korea	4.992	5.330	7.430	5.655	5.837	6.064	4.416	4.438	*2,7*
China	818	1.098	899	2.091	1.195	1.558	3.166	2.896	*1,8*
Uzbeksitan	0	0	0	0	0	395	2.147	2.894	*1,8*
Taiwan	6.930	4.569	3.292	3.129	2.825	4.757	4.332	2.893	*1,8*
Belgium	0	0	0	0	3.199	2.234	2.424	2.805	*1,7*
HK	528	195	847	511	596	2.051	3.239	2.542	*1,5*
Japan	160	86	441	502	680	691	1.282	2.506	*1,5*
Spain	5.570	5.276	5.309	6.057	4.615	3.130	2.919	2.381	*1,4*
Greece	9.014	7.594	7.199	6.976	4.130	4.857	3.124	1.843	*1,1*

Source: UN ComTrade

Syria major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	155.705	214.119	234.687	235.778	162.524	203.384	225.521	156.662	*100*
Turkey	49.895	67.957	84.518	82.148	48.413	47.179	54.299	40.029	*25,6*
Malaysia	1.715	0	218	1.379	4.143	13.253	16.476	28.616	*18,3*
Indonesia	3.950	13.874	19.779	25.002	28.041	30.965	24.953	21.845	*13,9*
India	5.787	6.604	12.372	6.664	12.208	19.417	19.142	18.494	*11,8*
S. Korea	13.392	17.463	13.595	19.996	14.133	13.575	21.295	14.396	*9,2*
USA	2.686	5.901	2.973	2.537	1.530	11.219	18.916	9.769	*6,2*
Italy	8.123	10.990	9.699	9.618	6.232	5.563	6.775	5.532	*3,5*
China	8.378	4.332	7.174	3.179	2.806	3.836	3.273	5.031	*3,2*
Germany	5.820	6.548	6.009	5.985	4.644	2.930	2.111	3.417	*2,2*
France	1.560	1.510	2.126	1.817	1.279	1.594	1.660	1.610	*1,0*

Source: UN ComTrade

Lebanon major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	20.657	20.945	24.565	19.691	15.119	22.229	22.238	22.048	*100*
India	703	1.151	2.284	1.972	1.939	4.779	4.116	8.557	*38,8*
Turkey	2.838	3.576	6.096	6.793	3.818	5.638	6.407	5.156	*23,4*
Italy	5.075	5.318	4.478	2.900	2.745	3.886	5.614	3.760	*17,1*
Syria	0	0	0	0	0	0	0	1.059	*4,8*
Egypt	3.402	3.199	3.435	1.466	1.165	2.475	1.026	896	*4,1*
France	222	232	387	567	700	832	553	462	*2,1*
Romania	421	447	449	222	183	344	297	366	*1,7*
Spain	3.352	1.095	1.326	1.300	950	904	397	343	*1,6*
China	250	211	78	60	177	144	69	277	*1,3*
Jordan	17	0	29	194	483	467	524	259	*1,2*
Germany	760	1.013	531	127	83	246	261	251	*1,1*

Source: UN ComTrade

Romania major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	26.004	29.703	41.422	59.522	71.096	104.021	128.217	153.013	*100*
Italy	6.380	9.340	16.107	22.751	28.709	51.695	70.133	81.504	*53,3*
Turkey	1.573	1.849	898	5.145	9.798	13.791	13.852	15.052	*9,8*
France	2.382	2.630	3.356	4.870	5.073	6.457	7.220	12.410	*8,1*
Germany	5.464	7.447	8.111	11.004	9.432	11.234	10.981	11.014	*7,2*
Spain	79	205	292	640	435	1.048	3.506	5.079	*3,3*
USA	20	502	32	12	48	9	23	3.381	*2,2*
UK	291	462	2.764	2.413	3.280	3.000	3.066	3.192	*2,1*
Belgium	0	0	0	0	1.313	1.506	1.270	2.400	*1,6*
India	73	296	536	445	145	890	1.069	2.155	*1,4*
Austria	253	104	40	459	1.121	1.410	1.073	1.889	*1,2*
Netherlands	261	305	499	813	729	1.011	1.564	1.647	*1,1*
Slovakia	609	572	291	719	1.020	1.074	1.514	1.608	*1,1*

Source: UN ComTrade

China major suppliers of yarn (thousand euro)

	1995	1996	1997	1998	1999	2000	2001	2002	in % of tot 02
World	1.582.363	1.970.197	2.375.891	2.173.738	1.931.253	2.844.284	3.150.280	3.448.804	*100*
Free zones	280.579	0	358.252	338.394	382.339	565.448	719.223	936.657	*27,2*
Taiwan	363.853	460.958	516.656	546.437	471.140	674.102	697.123	779.443	*22,6*
Pakistan	90.813	146.348	202.978	197.560	173.992	317.163	404.421	368.474	*10,7*
S. Korea	164.674	270.352	464.329	355.818	241.184	314.060	275.274	300.012	*8,7*
HK	182.922	158.574	175.131	192.770	160.875	201.763	230.250	224.596	*6,5*
Japan	179.337	164.430	154.935	129.623	127.139	170.699	181.096	171.513	*5,0*
India	16.704	59.937	117.568	114.248	115.660	177.606	185.373	155.700	*4,5*
Indonesia	33.738	50.578	63.564	83.274	77.187	133.688	151.164	150.870	*4,4*
Italy	14.863	19.023	25.913	27.053	32.016	51.564	65.411	86.025	*2,5*
USA	84.399	95.349	65.230	28.325	21.235	33.861	52.267	55.113	*1,6*
Thailand	38.162	53.351	47.585	44.391	40.100	54.092	48.693	51.576	*1,5*
Singapore	3.467	3.412	6.642	6.882	10.598	31.885	19.336	41.728	*1,2*

Source: UN ComTrade

Algeria	2.7 mln. Euro (2002)		
54	man made filaments	€ 905.560	34,1%
58	special woven fabrics	€ 964.750	36,3%
63	other made up textile articles	€ 532.520	20,0%

Cyprus	31 mln. Euro (2002)		
61	apparel/clothing ass. knitted or crocheted	€ 14.126.690	46,1%
62	apparel/clothing ass. not knitted or crocheted	€ 12.627.580	41,2%
63	other made up textile articles	€ 1.234.210	4,0%
56	wadding, felt and nonwoven; special yarns	€ 900.510	2,9%
52	cotton	€ 889.790	2,9%

Jordan	11 mln. Euro (2002)		
62	apparel/clothing ass. not knitted or crocheted	€ 6.330.240	56,7%
61	apparel/clothing ass. knitted or crocheted	€ 3.946.230	35,4%
55	man made staple fibers	€ 485.870	4,4%

Lebanon	14 mln Euro (2002)		
61	apparel/clothing ass. knitted or crocheted	€ 7.364.880	53,3%
62	apparel/clothing ass. not knitted or crocheted	€ 3.214.840	23,3%
63	other made up textile articles	€ 2.517.120	18,2%
57	carpets and other textile floor coverings	€ 217.520	1,6%

Israel	364 mln. Euro (2002)		
61	apparel/clothing ass. knitted or crocheted	97.484.160	26,8%
56	wadding, felt and nonwoven; special yarns	53.541.140	14,7%
54	man-made filaments	53.466.580	14,7%
63	other made up textile articles	47.381.890	13,0%
62	apparel/clothing ass. not knitted or crocheted	36.667.010	10,1%
52	cotton	29.419.730	8,1%

Source: Market access database EU.

Export to EU (1.000 euro)

	1996	1997	1998	1999	2000	2001	2002
Israel	474.051	514.945	492.122	508.443	504.459	411.201	364.021
Syria	159.778	230.194	218.298	190.216	275.279	269.187	268.400
Malta	123.255	125.411	131.400	142.072	154.818	146.756	162.345
Cyprus	72.663	62.335	56.023	44.034	44.551	35.780	30.665
Lebanon	20.310	17.650	18.648	16.042	17.907	14.495	13.822
Jordan	12.504	20.922	16.040	17.914	21.451	13.973	11.157
Algeria	2.473	2.114	694	537	573	1.958	2.658
PNA	13	51	24	68		6	3

Source: Market access database EU.

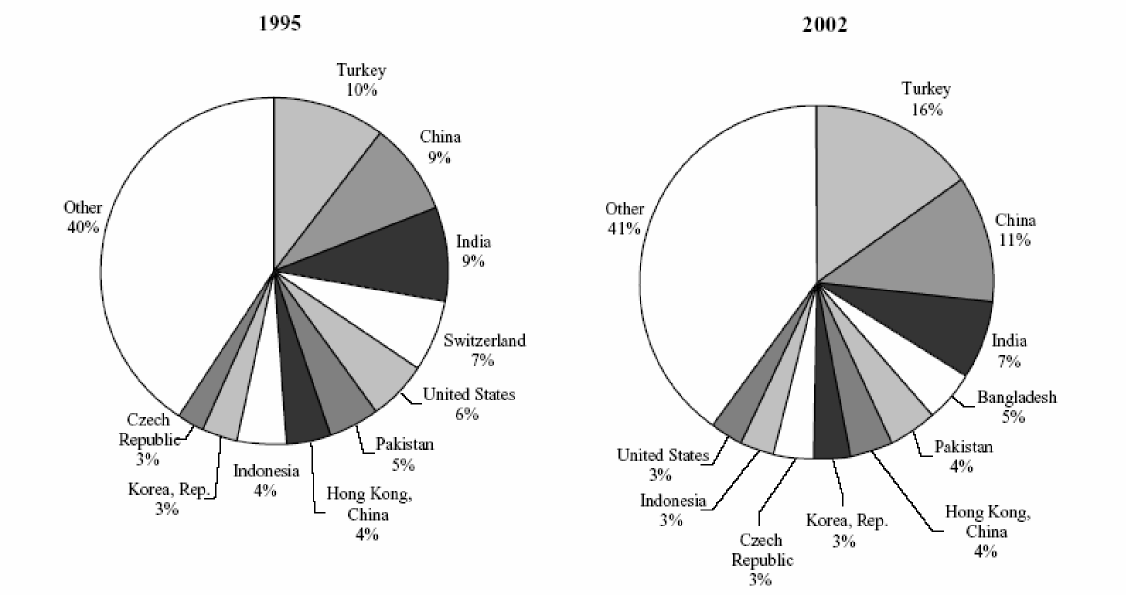
Export/import of EU to/from MCs + Romania (euro) incl. volume (ton) and average price/ton.

	romania		morocco		tunisia		turkey	
	1996	2002	1996	2002	1996	2002	1996	2002
export 60								
Value (1000x)	**37.172**	**140.650**	**87.759**	**145.535**	**100.969**	**162.915**	**36.479**	**63.857**
Q (ton)	3.104,6	11.560,2	8.163,6	10.764,5	8.464,4	12.972,9	2.284,7	5.041,8
price/ton	€ 12,0	€ 12,2	€ 10,7	€ 13,5	€ 11,9	€ 12,6	€ 16,0	€ 12,7
import 61								
Value (1000x)	**221.095**	**918.286**	**444.332**	**739.581**	**344.081**	**737.990**	**2.054.521**	**3.984.581**
Q (ton)	16.509,7	50.474,4	29.183,3	51.390,9	17.566,5	34.176,8	130.996,3	240.496,7
price/ton	€ 13,4	€ 18,2	€ 15,2	€ 14,4	€ 19,6	€ 21,6	€ 15,7	€ 16,6

	romania		morocco		tunisia		turkey	
	1996	2002	1996	2002	1996	2002	1996	2002
export 50-56								
Value (1000x)	**608.960**	**1.465.436**	**750.050**	**1.143.437**	**811.247**	**1.182.935**	**807.486**	**1.311.403**
Q (ton)	51.827,2	145.464,6	104.680,7	130.997,4	99.023,8	130.414,2	203.207,8	352.930,6
price/ton	€ 11,7	€ 10,1	€ 7,2	€ 8,7	€ 8,2	€ 9,1	€ 4,0	€ 3,7
import 62								
Value (1000x)	**928.787**	**2.679.151**	**1.227.775**	**1.847.002**	**1.538.578**	**2.140.466**	**1.364.420**	**2.735.349**
Q (ton)	42.438,1	121.493,7	65.750,0	90.592,4	82.450,5	96.279,6	63.547,0	124.477,9
price/ton	€ 21,9	€ 22,1	€ 18,7	€ 20,4	€ 18,7	€ 22,2	€ 21,5	€ 22,0

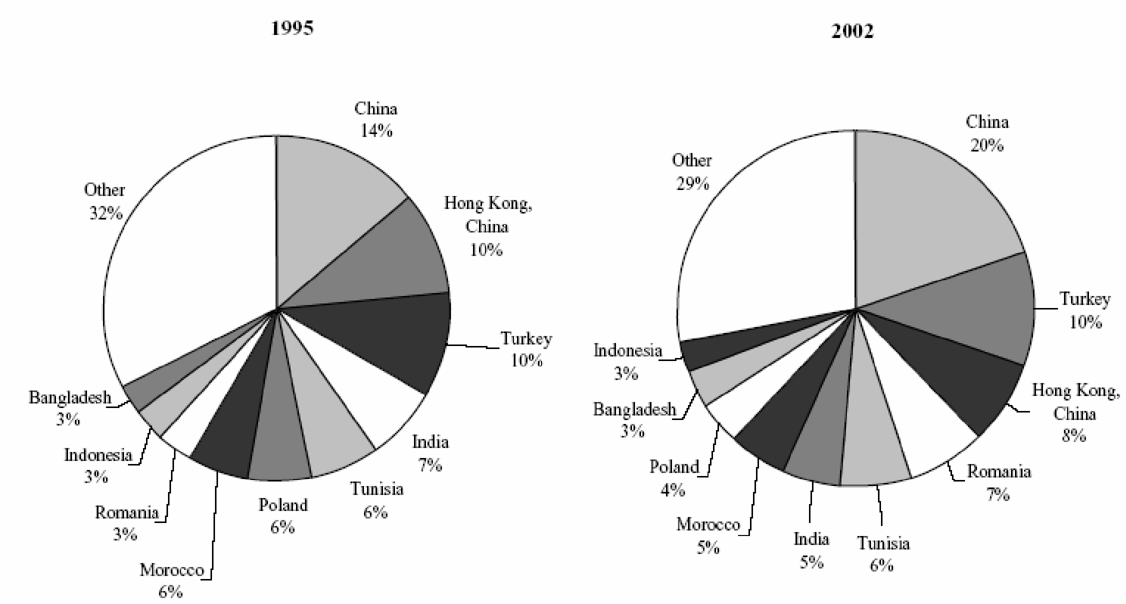
Source: Comext - Eurostat

Sources of imports of textile to EU



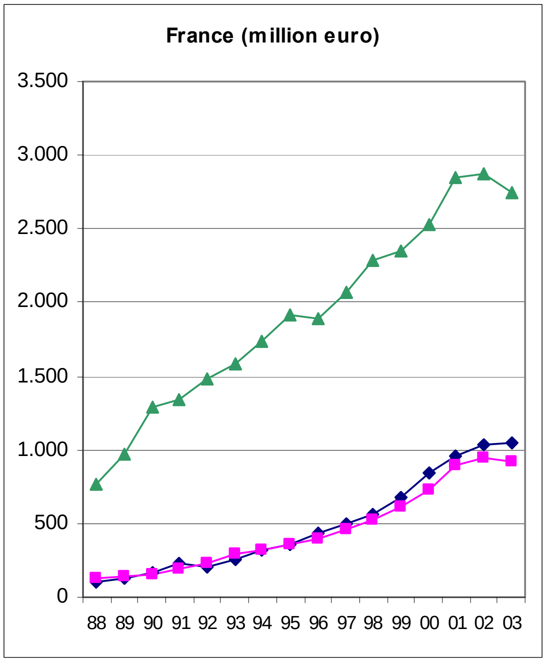
Source: Comtrade database.

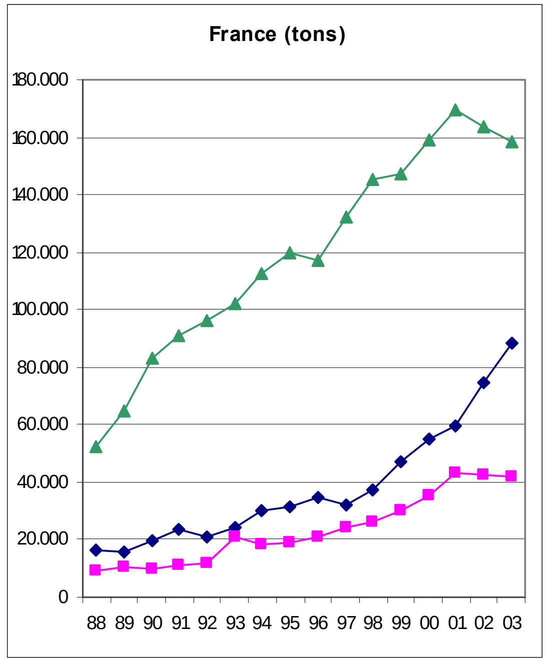
Sources of imports of clothing to EU

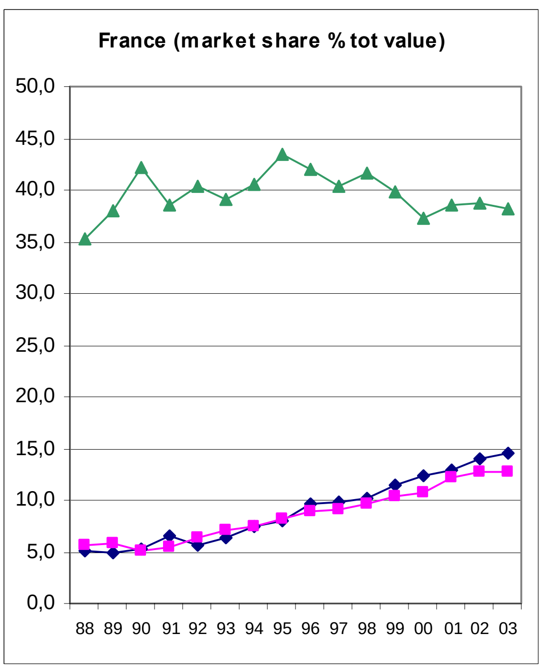


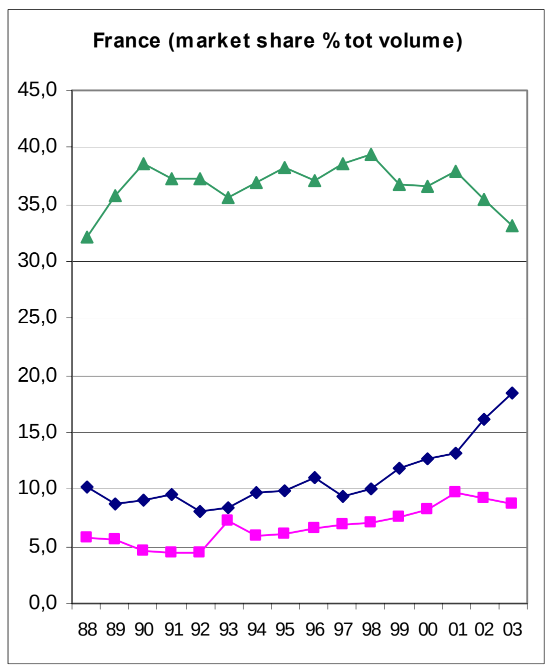
Source: Comtrade database.

Annex3:
Main clothing suppliers of EU countries

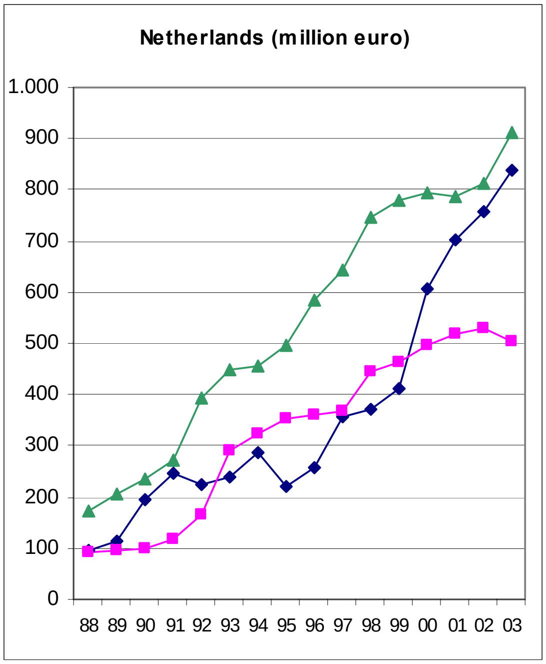


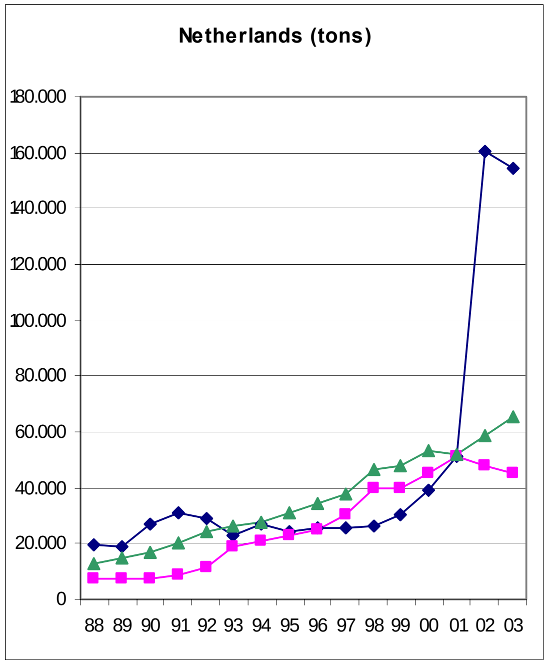


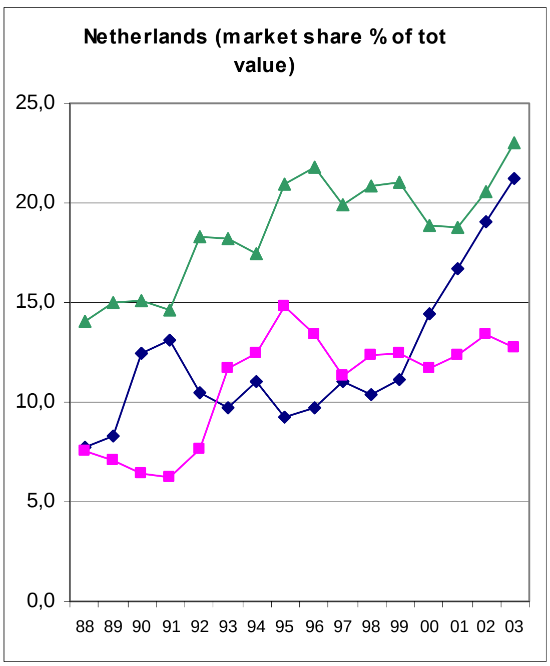


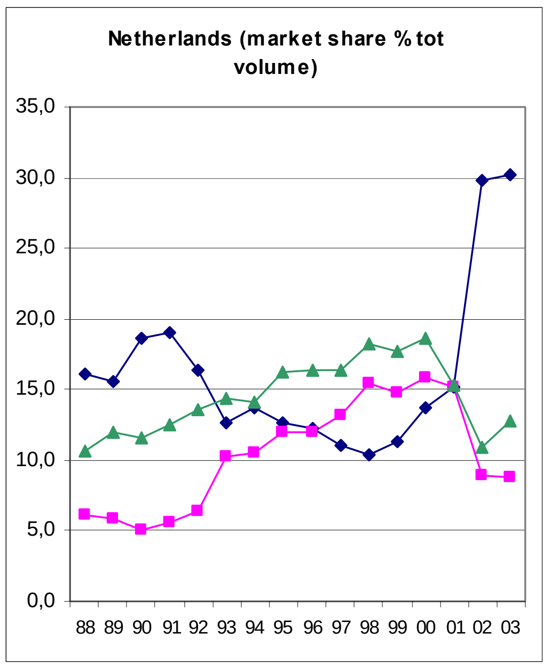


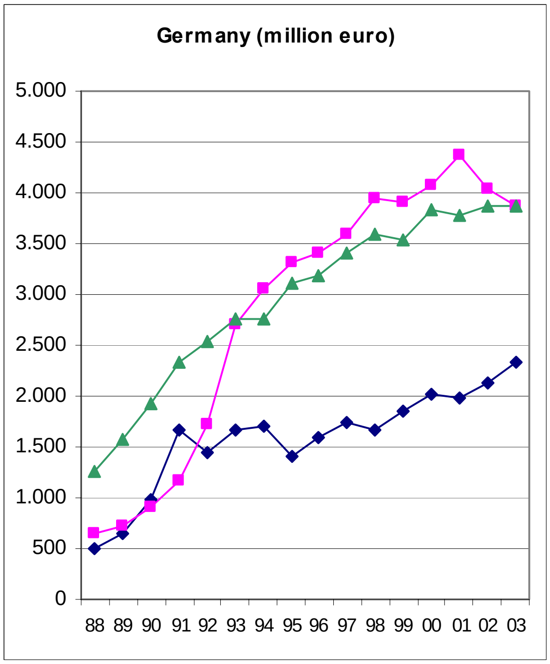
China C10+2 Meda10

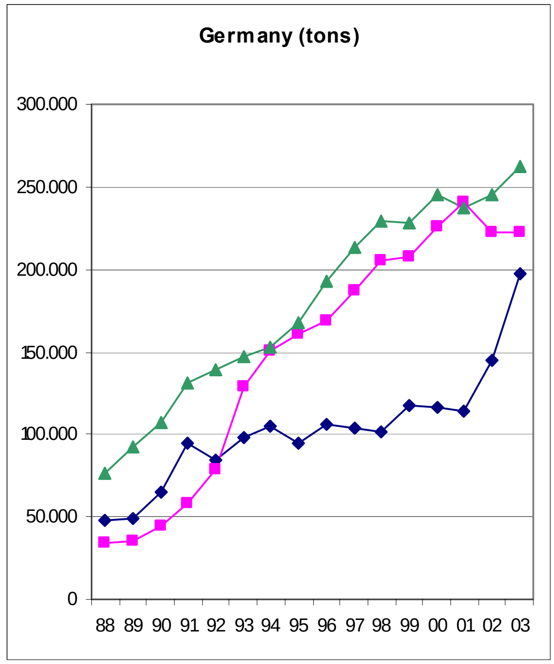

Netherlands (million euro)
1.000
900
800
700
600
500
400
300
200
100
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

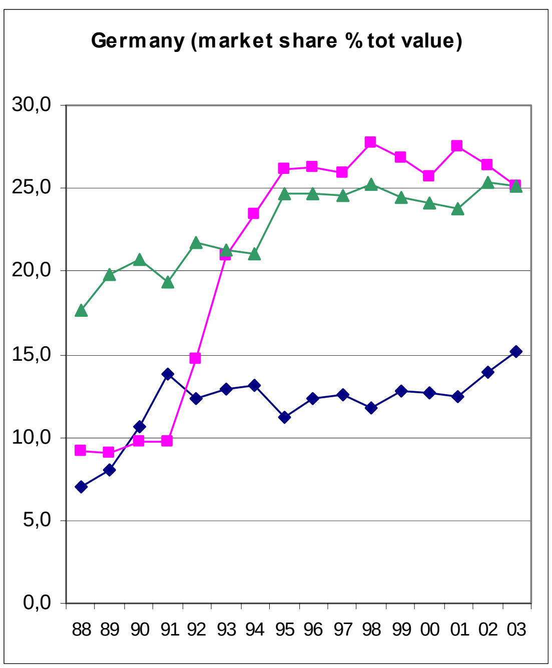

Netherlands (tons)
180.000
160.000
140.000
120.000
100.000
80.000
60.000
40.000
20.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

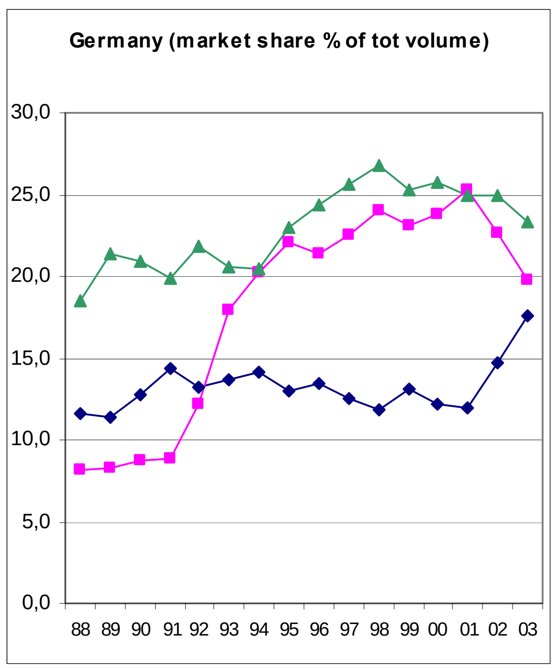

Netherlands (market share % of tot value)
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

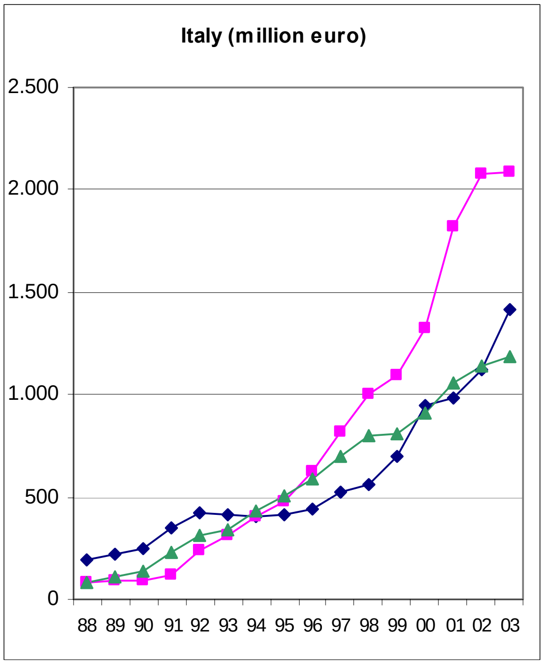

Netherlands (market share % tot volume)
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

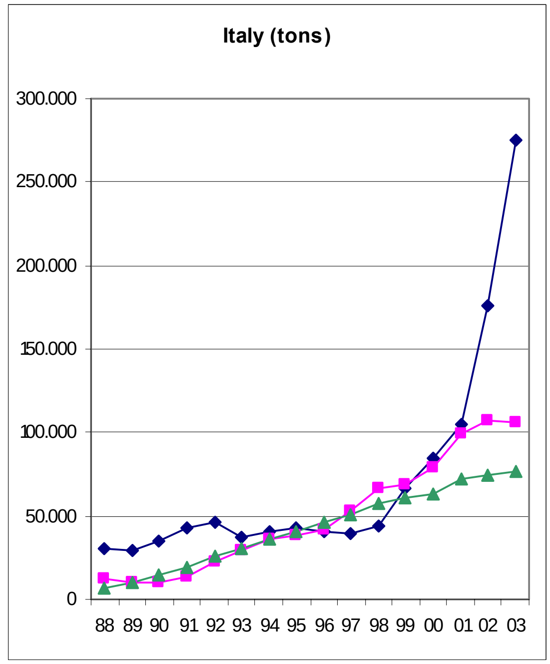

Germany (million euro)
5.000
4.500
4.000
3.500
3.000
2.500
2.000
1.500
1.000
500
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

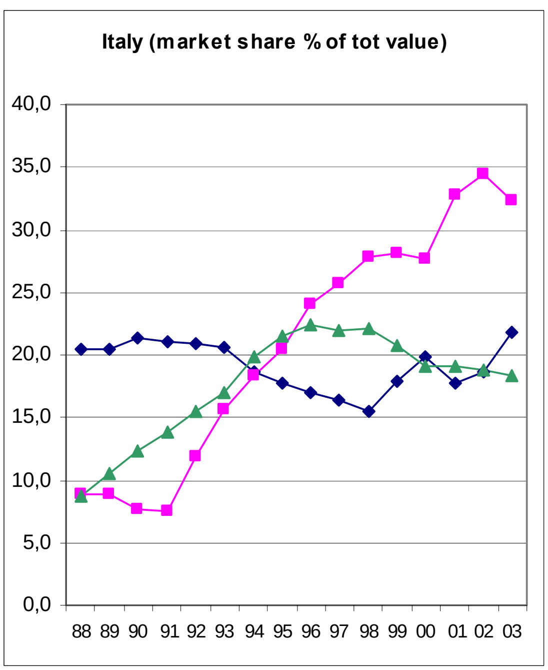

Germany (tons)
300.000
250.000
200.000
150.000
100.000
50.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

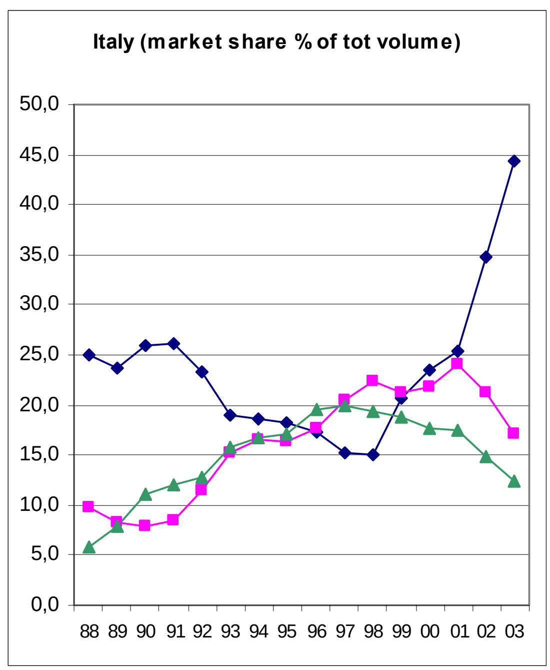

Germany (market share % tot value)
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

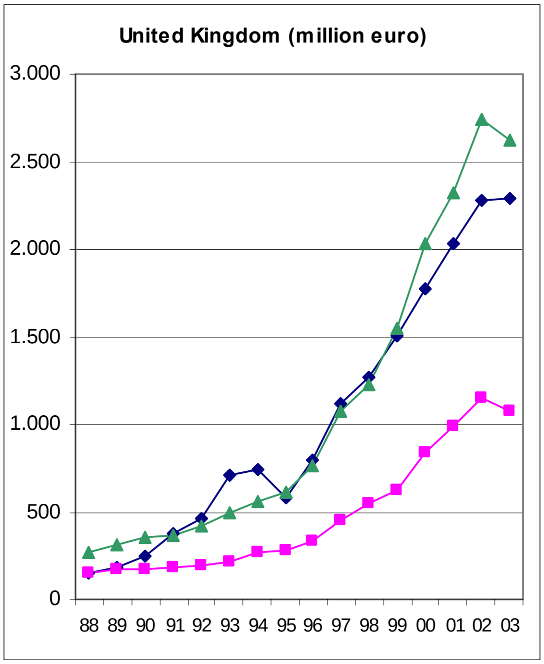

Germany (market share % of tot volume)
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

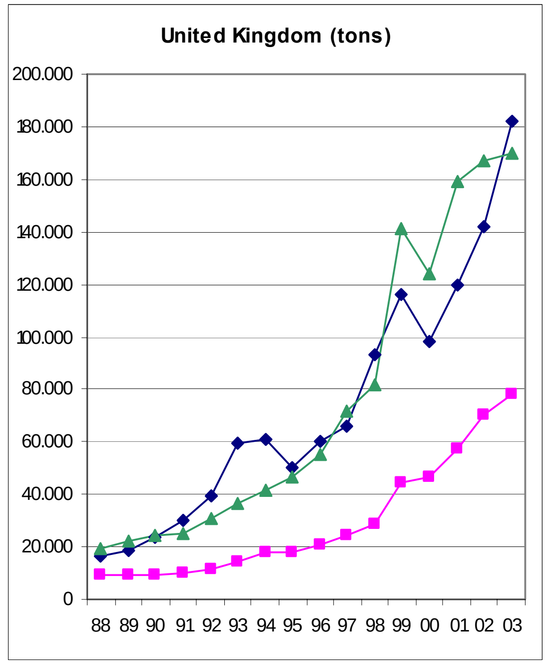

Italy (million euro)
2.500
2.000
1.500
1.000
500
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

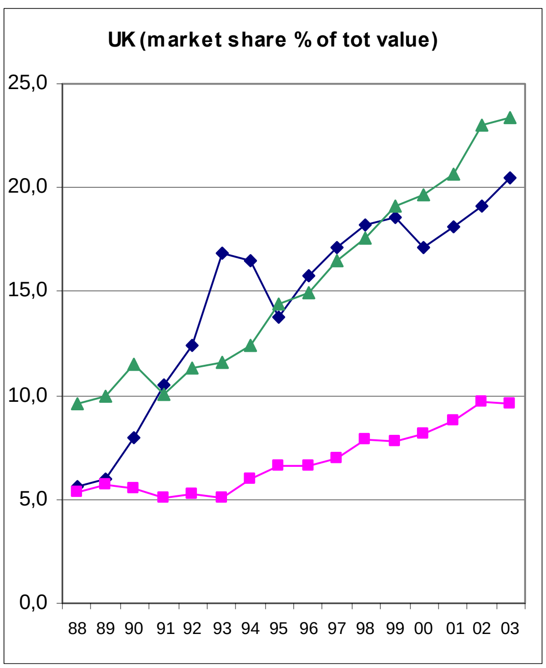

Italy (tons)
300.000
250.000
200.000
150.000
100.000
50.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

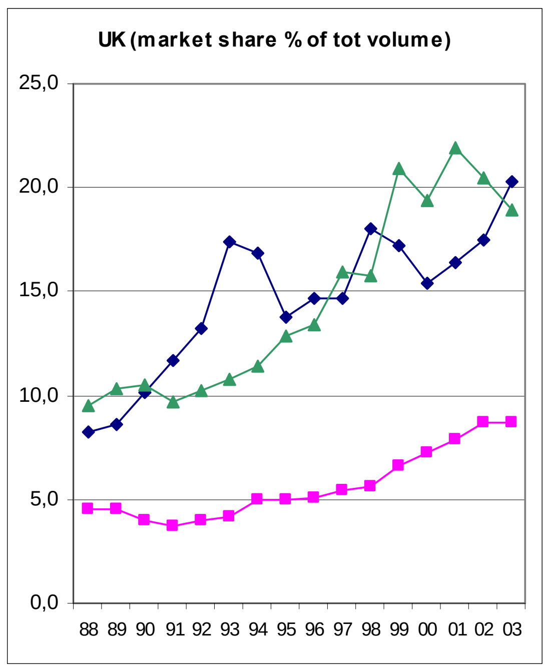

Italy (market share % of tot value)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

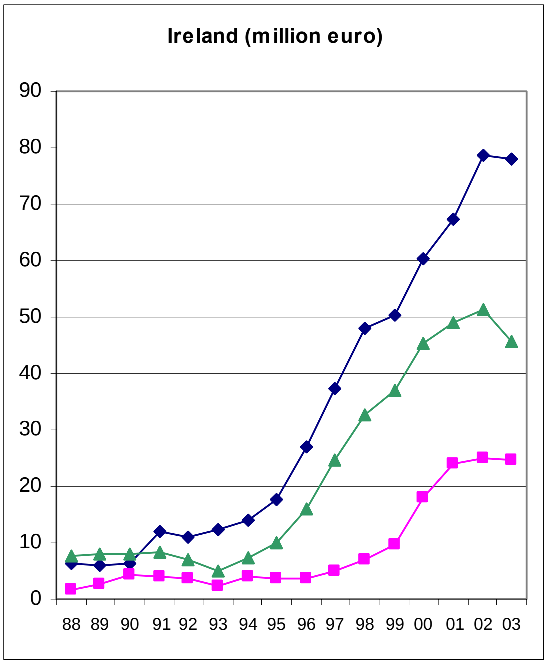

Italy (market share % of tot volume)
50,0
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

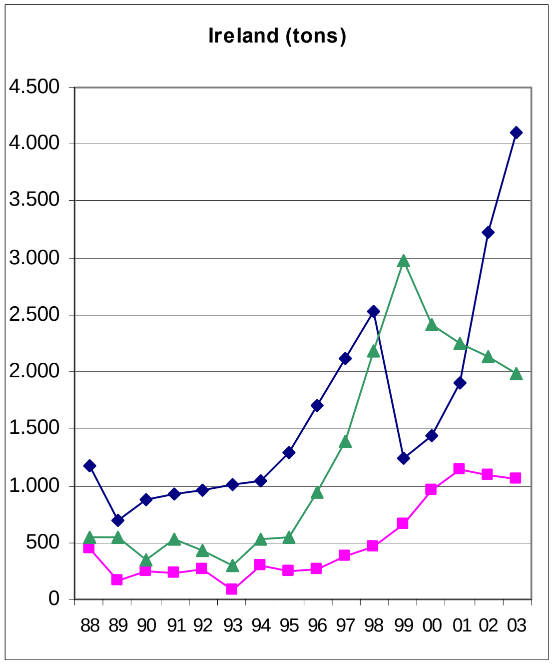

United Kingdom (million euro)
3.000
2.500
2.000
1.500
1.000
500
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

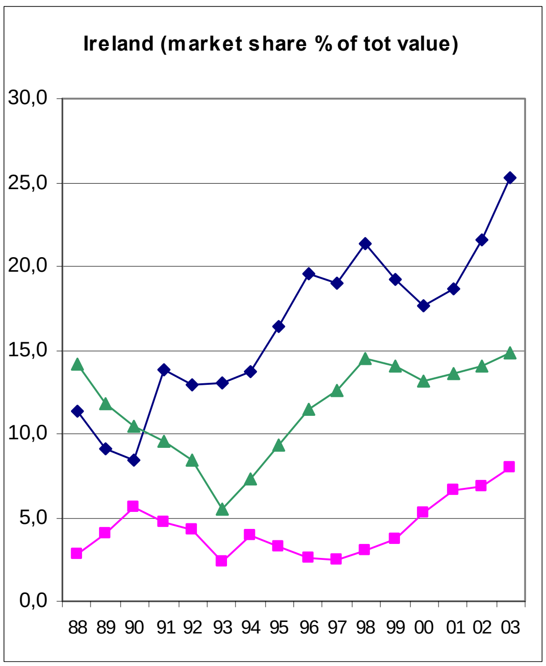

United Kingdom (tons)
200.000
180.000
160.000
140.000
120.000
100.000
80.000
60.000
40.000
20.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

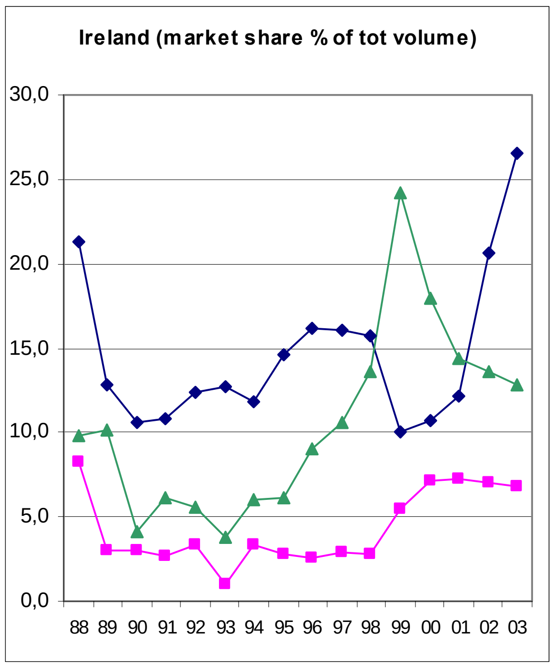

UK (market share % of tot value)
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

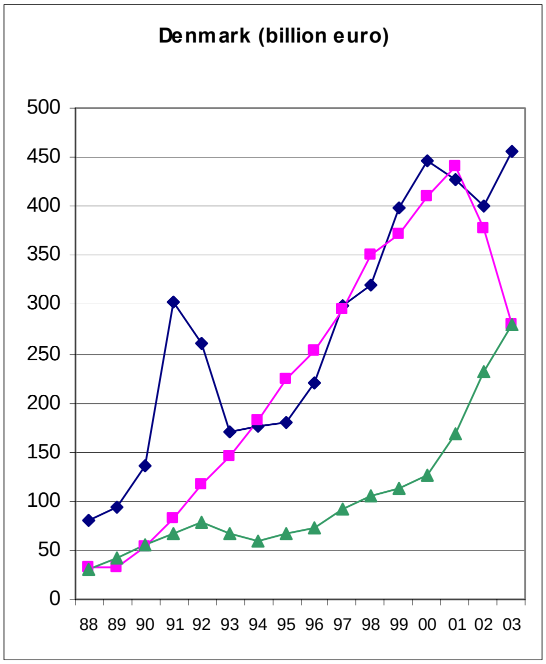

UK (market share % of tot volume)
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

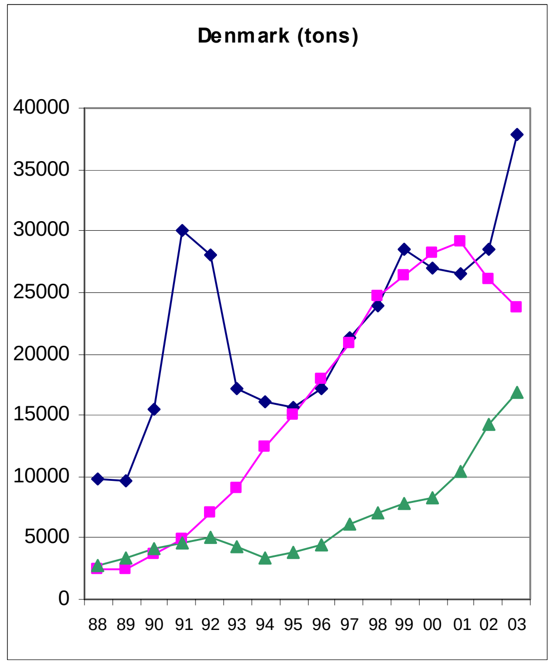

Ireland (million euro)
90
80
70
60
50
40
30
20
10
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

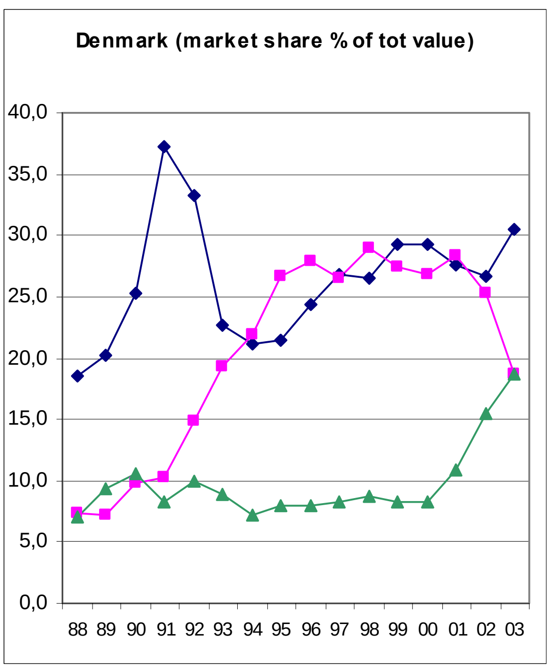

Ireland (tons)
4.500
4.000
3.500
3.000
2.500
2.000
1.500
1.000
500
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

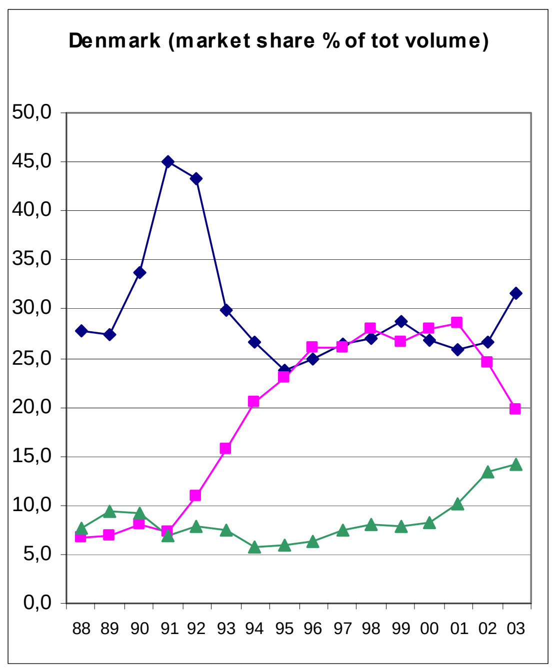

Ireland (market share % of tot value)
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

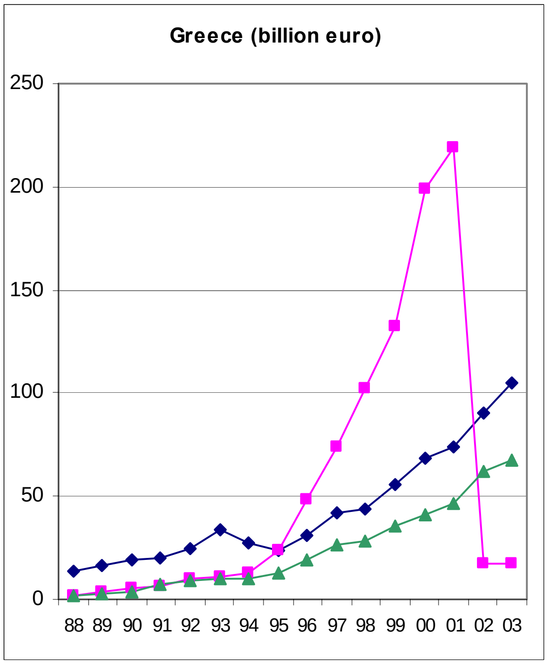

Ireland (market share % of tot volume)
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

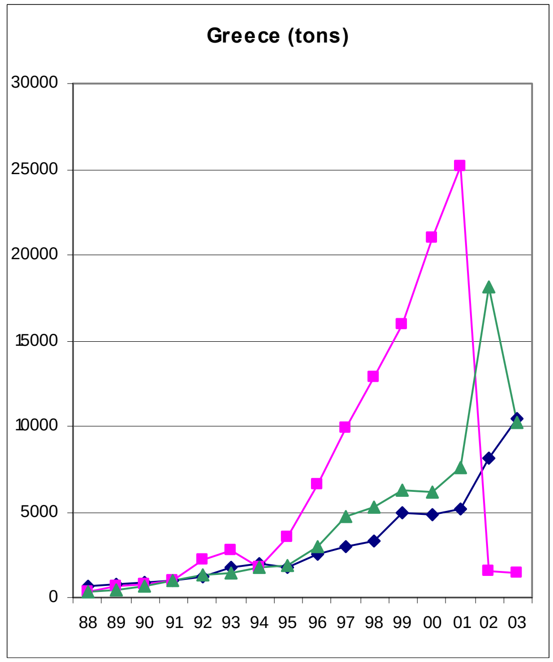

Denmark (billion euro)
500
450
400
350
300
250
200
150
100
50
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

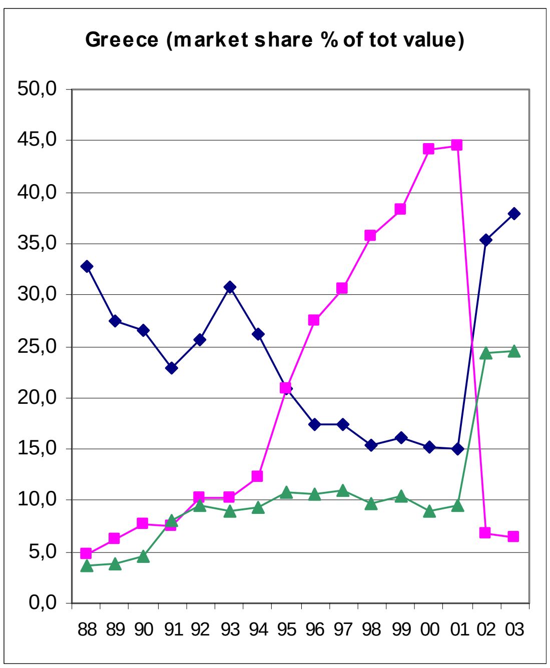

Denmark (tons)
40000
35000
30000
25000
20000
15000
10000
5000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

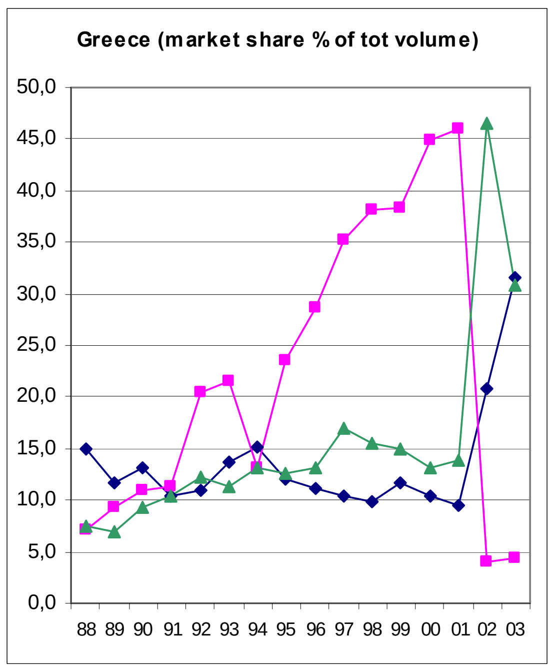

Denmark (market share % of tot value)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

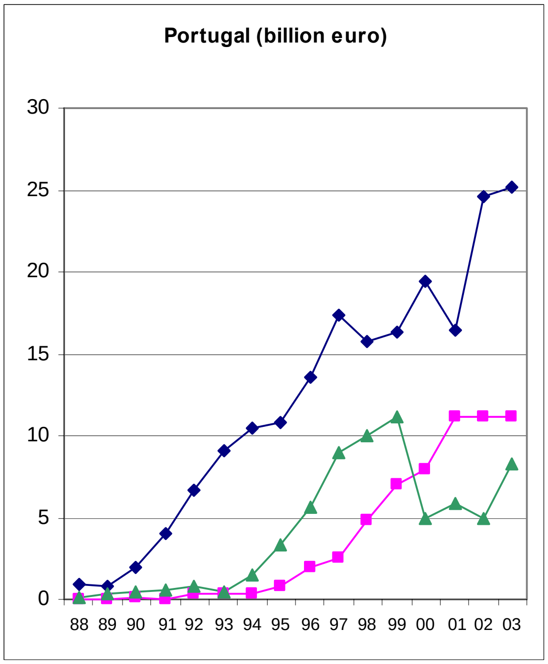

Denmark (market share % of tot volume)
50,0
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

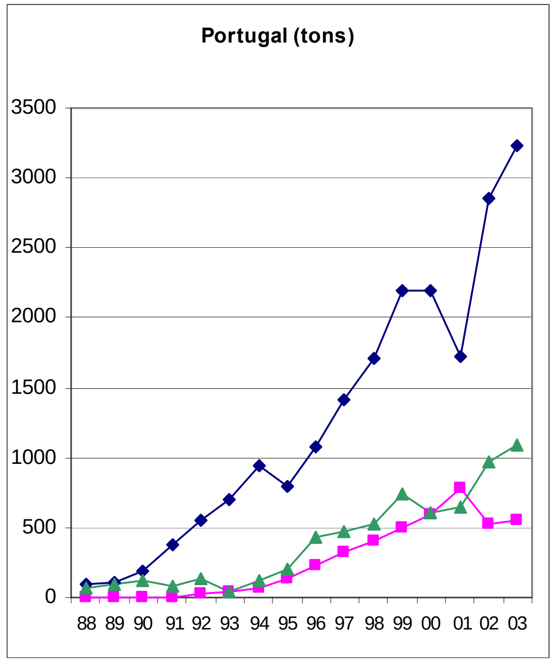

Greece (billion euro)
250
200
150
100
50
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

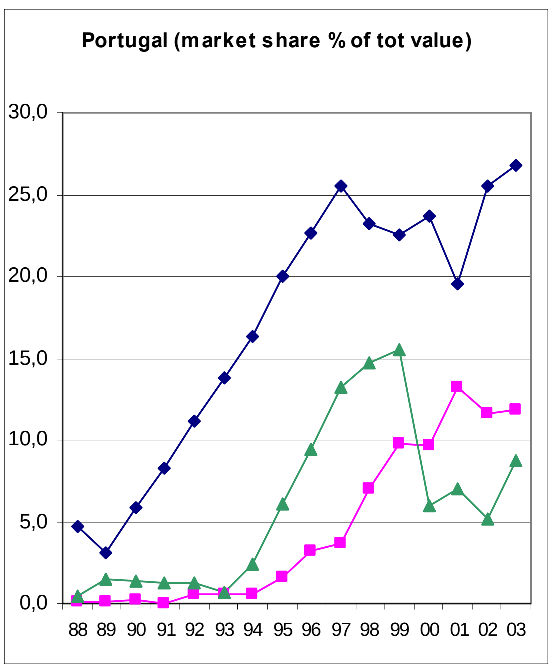

Greece (tons)
30000
25000
20000
15000
10000
5000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

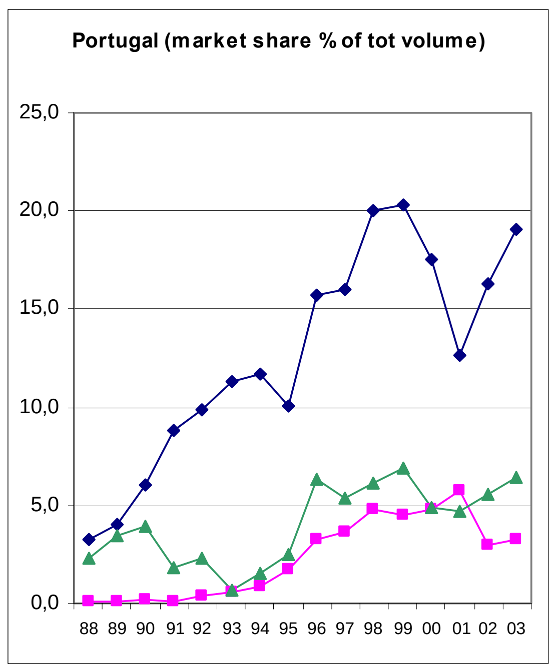

Greece (market share % of tot value)
50,0
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

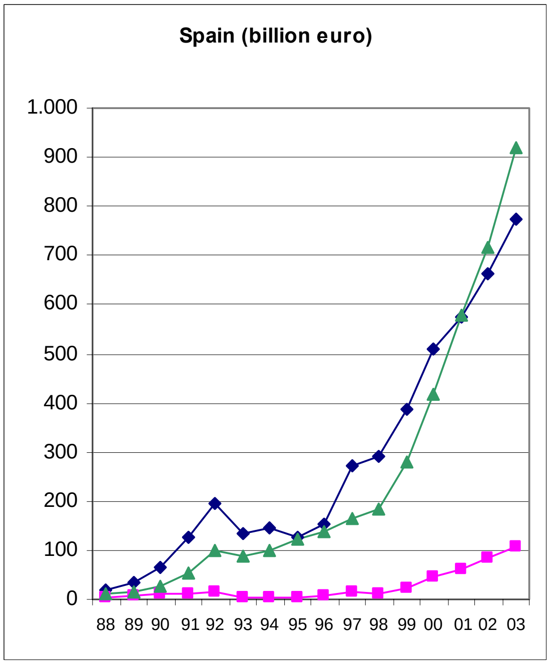

Greece (market share % of tot volume)
50,0
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

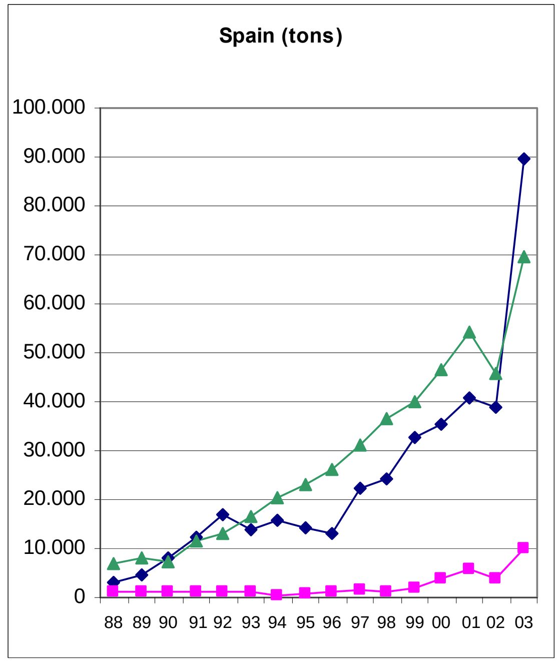

Portugal (billion euro)
30
25
20
15
10
5
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

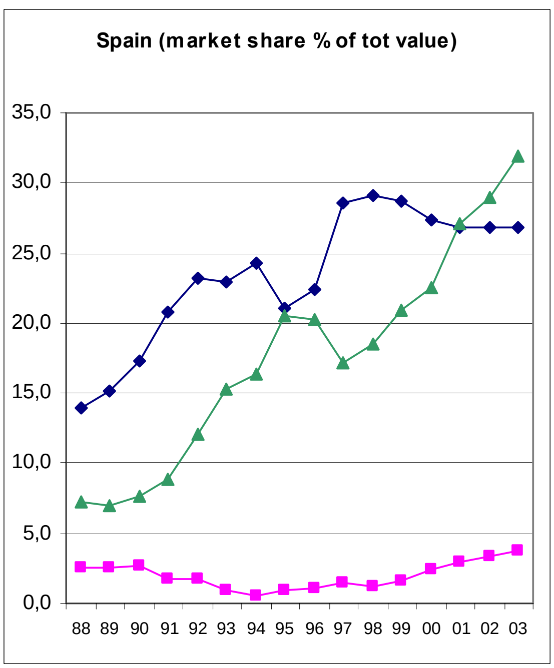

Portugal (tons)
3500
3000
2500
2000
1500
1000
500
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

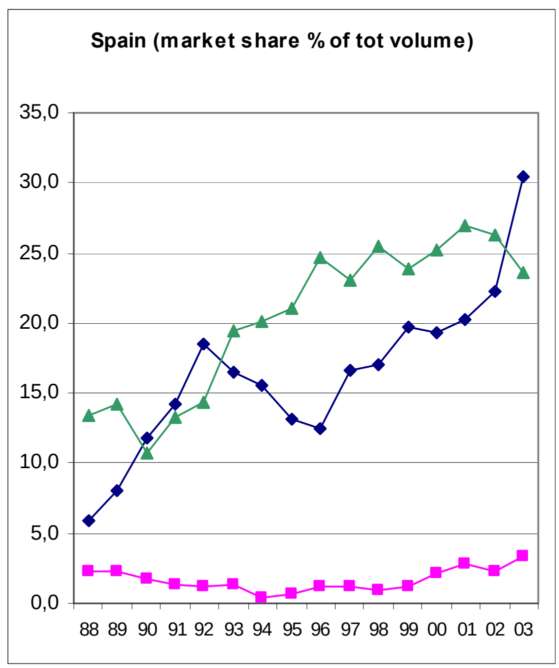

Portugal (market share % of tot value)
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

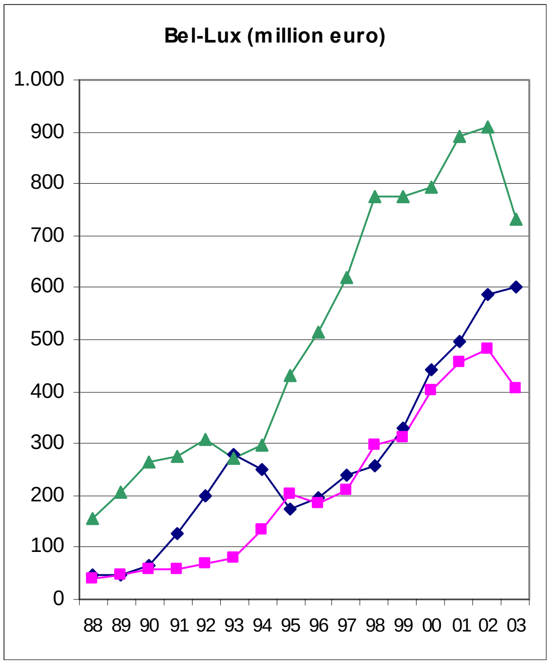

Portugal (market share % of tot volume)
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

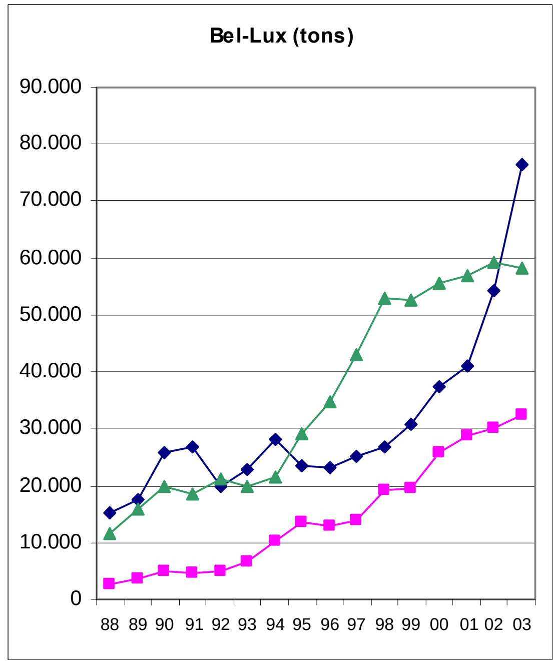

Spain (billion euro)
1.000
900
800
700
600
500
400
300
200
100
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

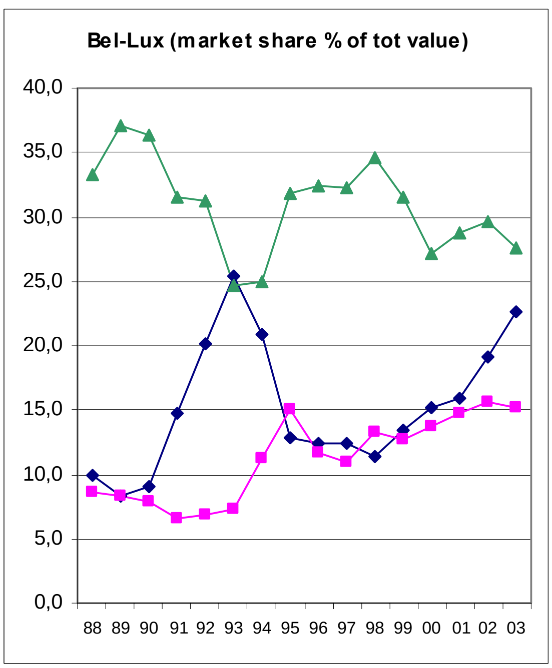

Spain (tons)
100.000
90.000
80.000
70.000
60.000
50.000
40.000
30.000
20.000
10.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

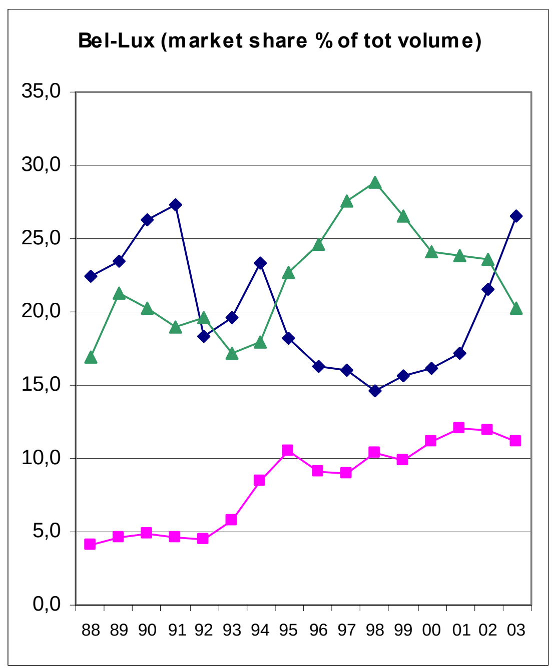

Spain (market share % of tot value)
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

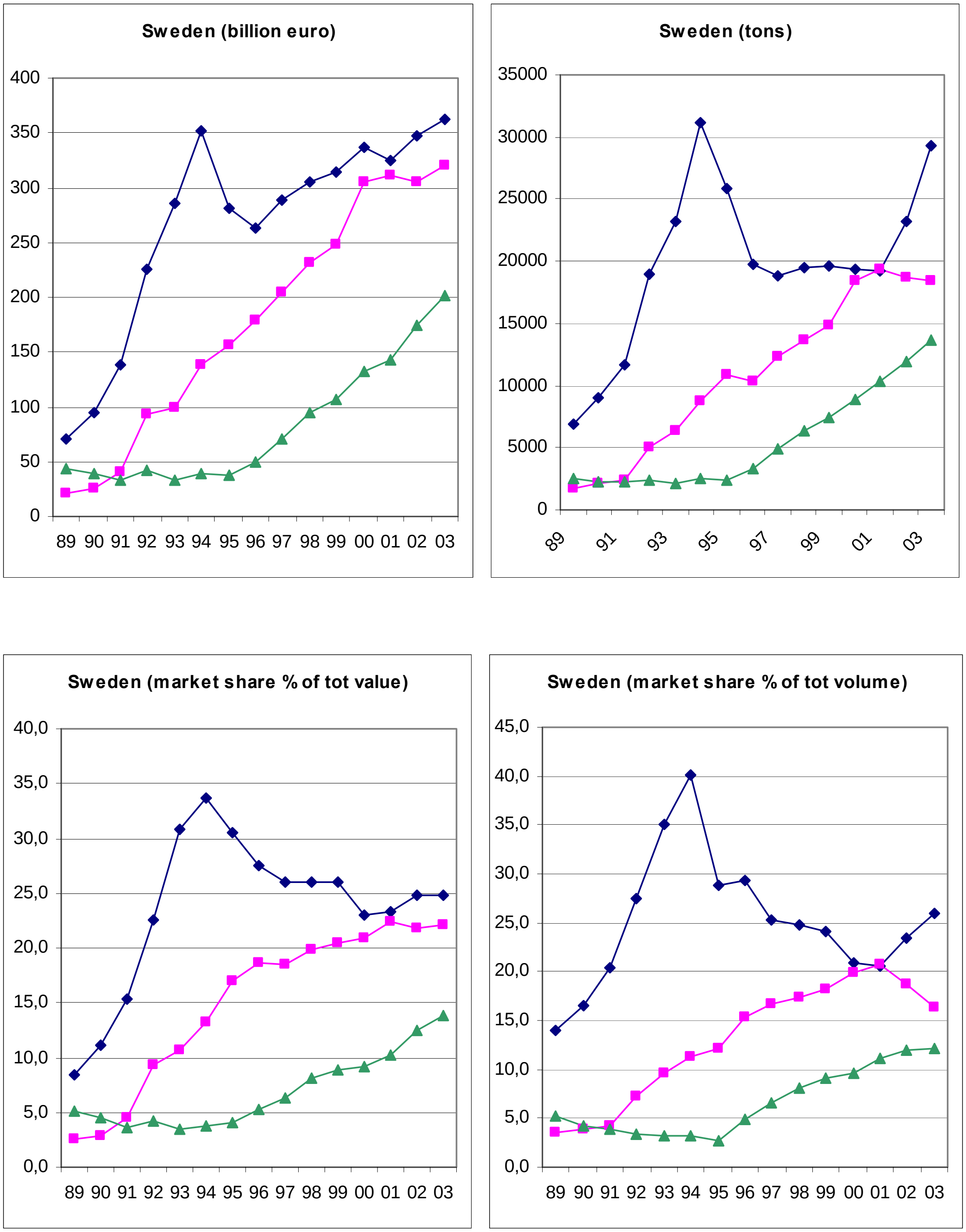

Spain (market share % of tot volume)
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

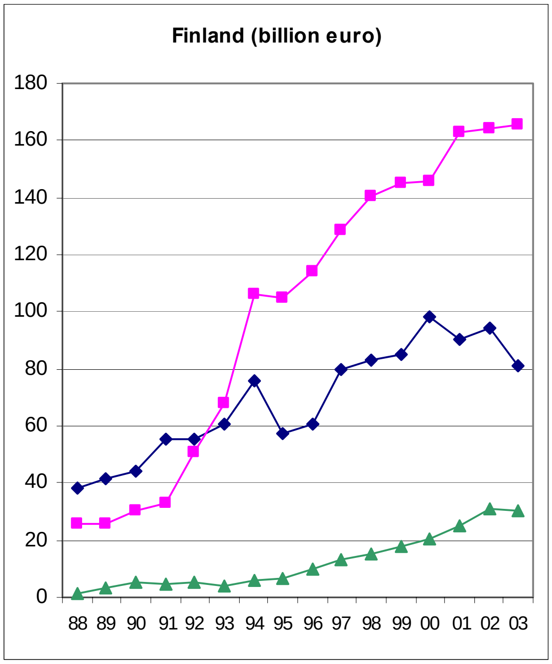

Bel-Lux (million euro)
1.000
900
800
700
600
500
400
300
200
100
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

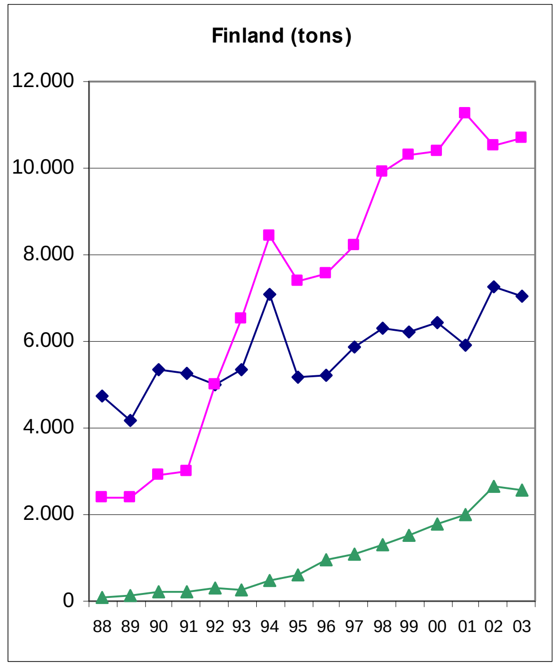

Bel-Lux (tons)
90.000
80.000
70.000
60.000
50.000
40.000
30.000
20.000
10.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

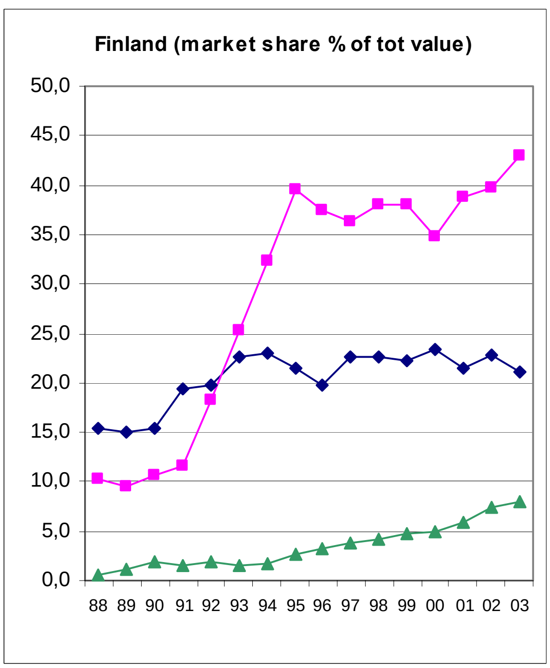

Bel-Lux (market share % of tot value)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

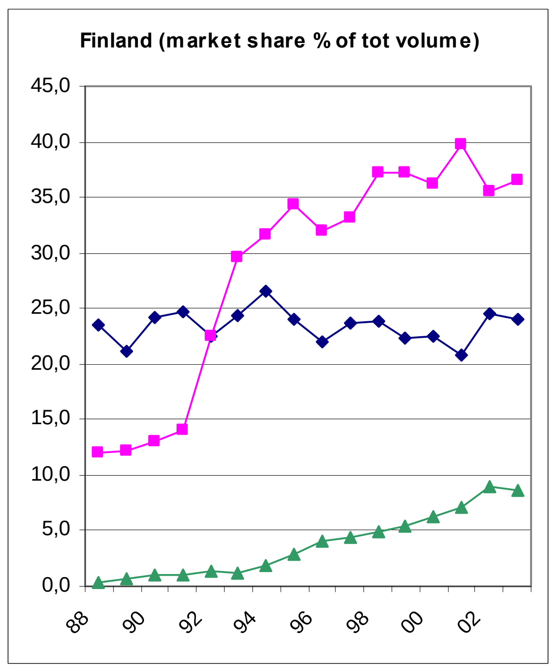

Bel-Lux (market share % of tot volume)
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

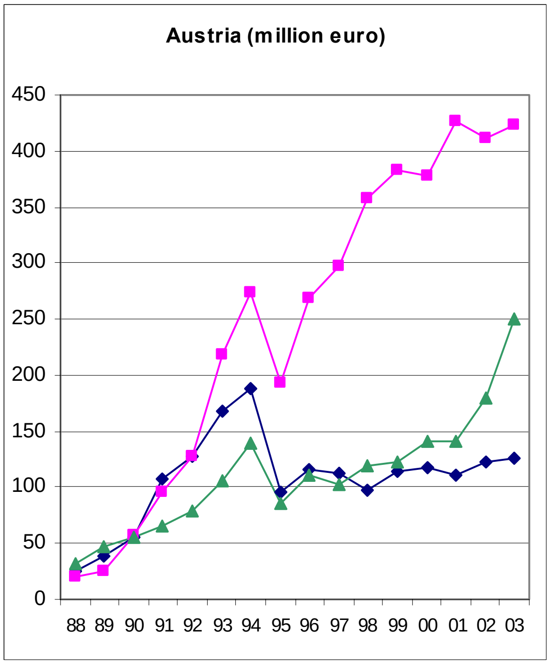

Sweden (billion euro)
400
350
300
250
200
150
100
50
0
89 90 91 92 93 94 95 96 97 98 99 00 01 02 03
Sweden (tons)
35000
30000
25000
20000
15000
10000
5000
0
89
91
93
95
97
99
01
03
Sweden (market share % of tot value)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
89 90 91 92 93 94 95 96 97 98 99 00 01 02 03
Sweden (market share % of tot volume)
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

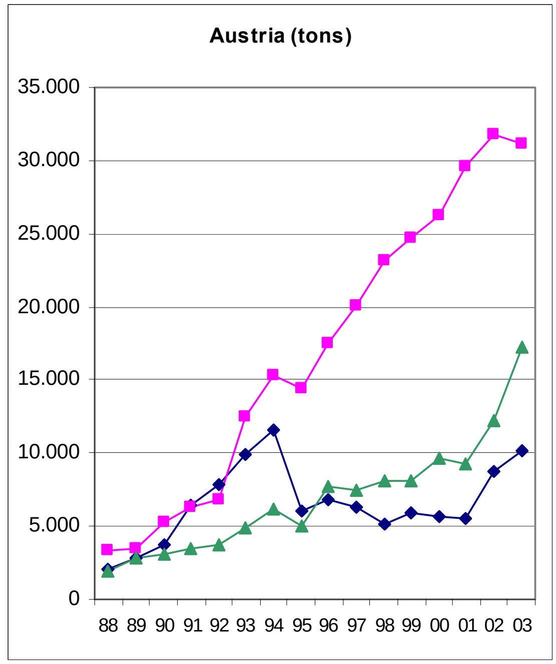

Finland (billion euro)
0 20 40 60 80 100 120 140 160 180
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

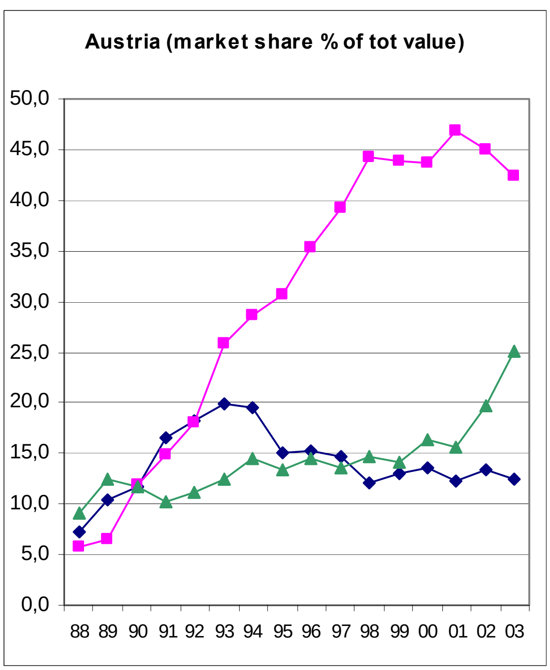

Finland (tons)
0 2.000 4.000 6.000 8.000 10.000 12.000
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

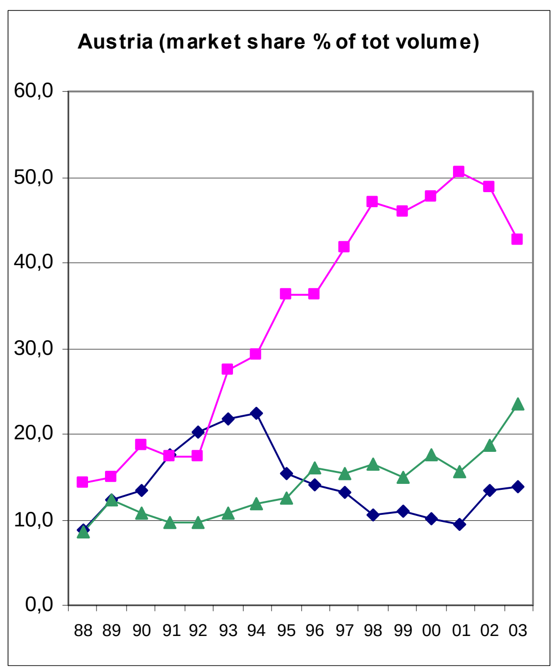

Finland (market share % of tot value)
0,0 5,0 10,0 15,0 20,0 25,0 30,0 35,0 40,0 45,0 50,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

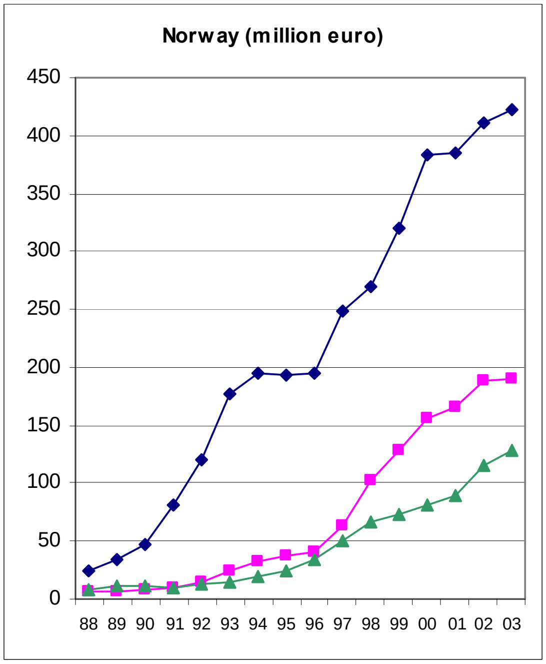

Finland (market share % of tot volume)
0,0 5,0 10,0 15,0 20,0 25,0 30,0 35,0 40,0 45,0
88 90 92 94 96 98 00 02

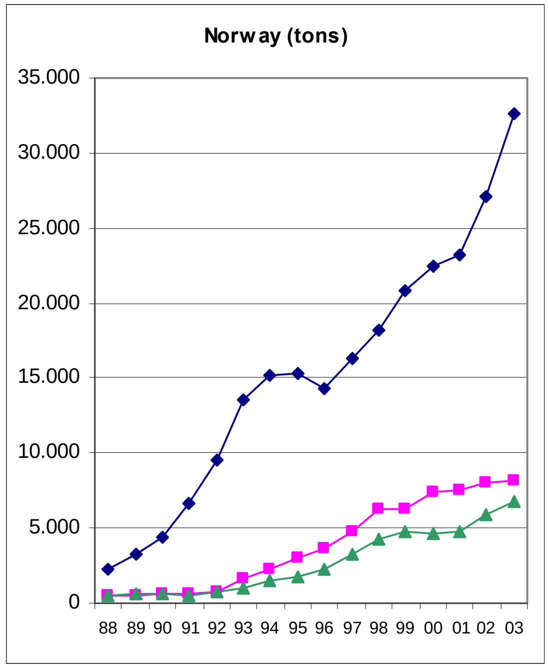

Austria (million euro)
0
50
100
150
200
250
300
350
400
450
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

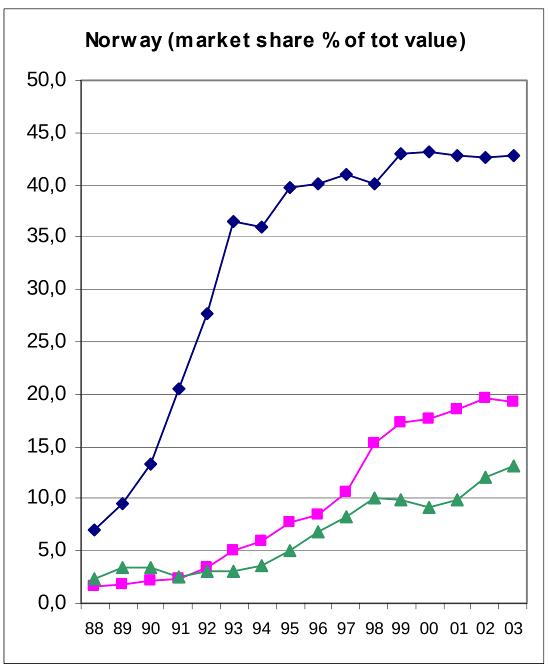

Austria (tons)
0
5.000
10.000
15.000
20.000
25.000
30.000
35.000
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

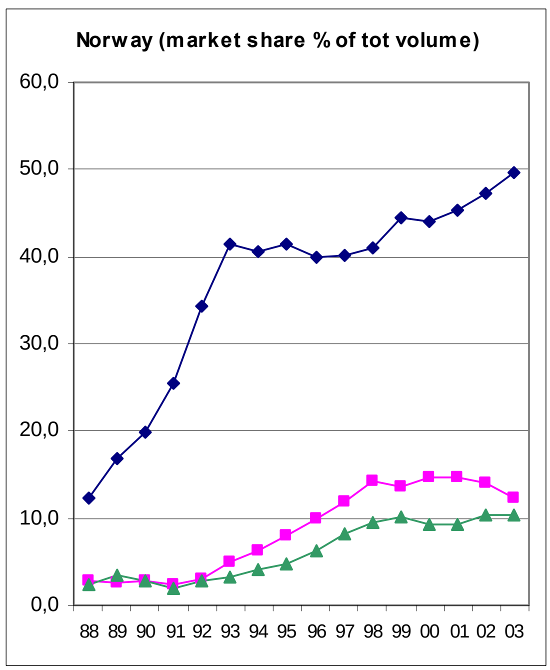

Austria (market share % of tot value)
0,0
5,0
10,0
15,0
20,0
25,0
30,0
35,0
40,0
45,0
50,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

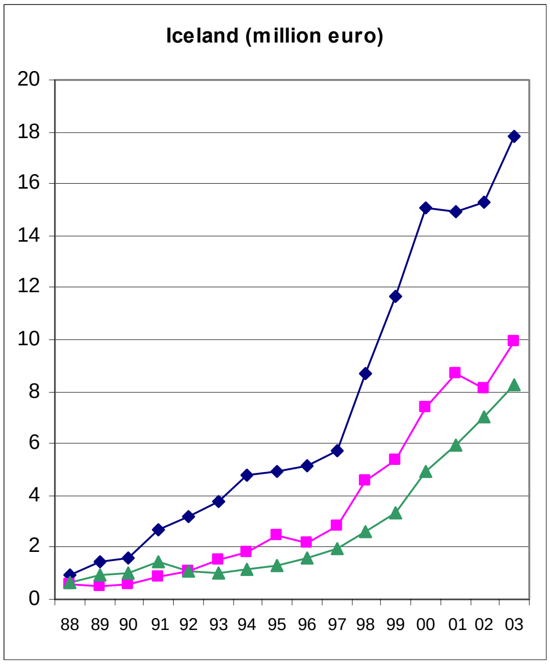

Austria (market share % of tot volume)
0,0
10,0
20,0
30,0
40,0
50,0
60,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

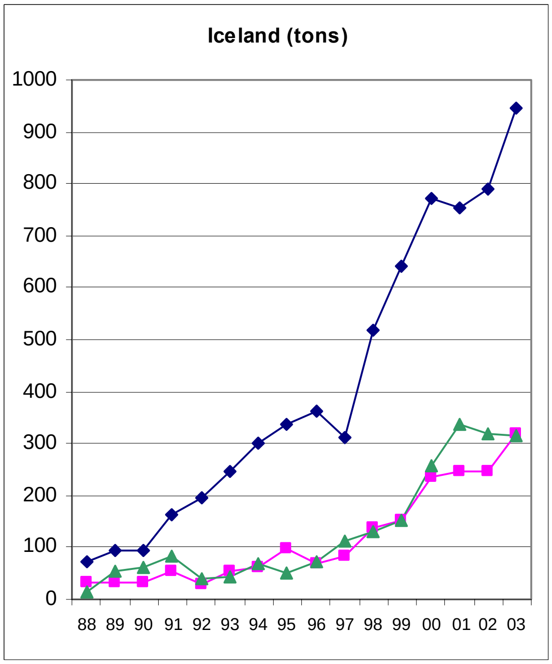

Norway (million euro)
450
400
350
300
250
200
150
100
50
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

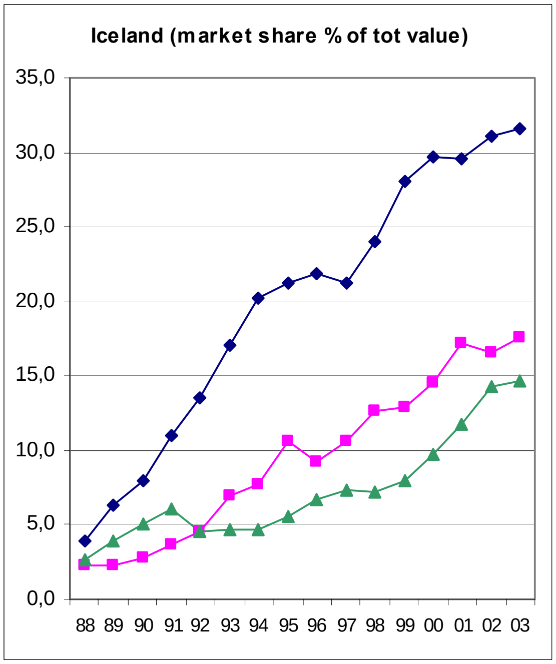

Norway (tons)
35.000
30.000
25.000
20.000
15.000
10.000
5.000
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

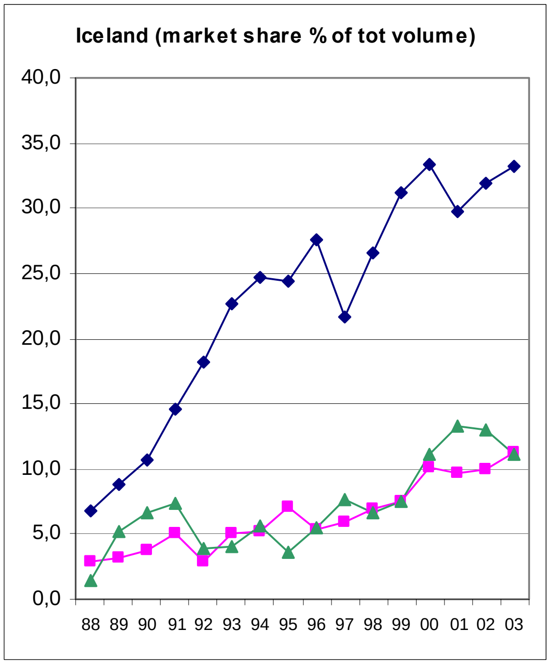

Norway (market share % of tot value)
50,0
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

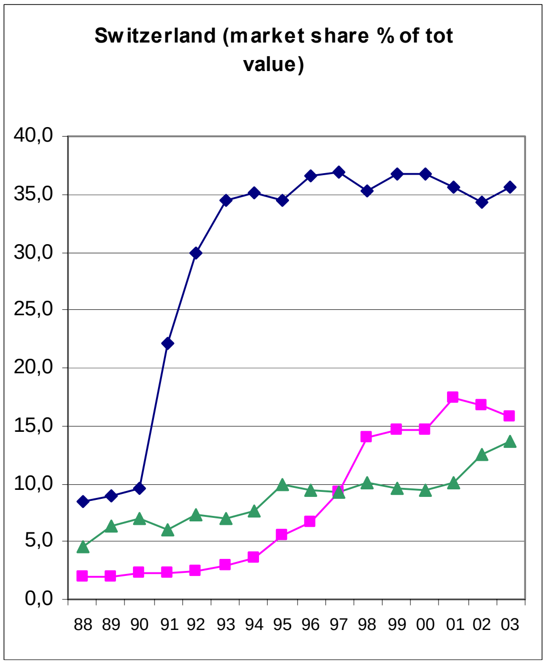

Norway (market share % of tot volume)
60,0
50,0
40,0
30,0
20,0
10,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03


Iceland (million euro)
0
2
4
6
8
10
12
14
16
18
20
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

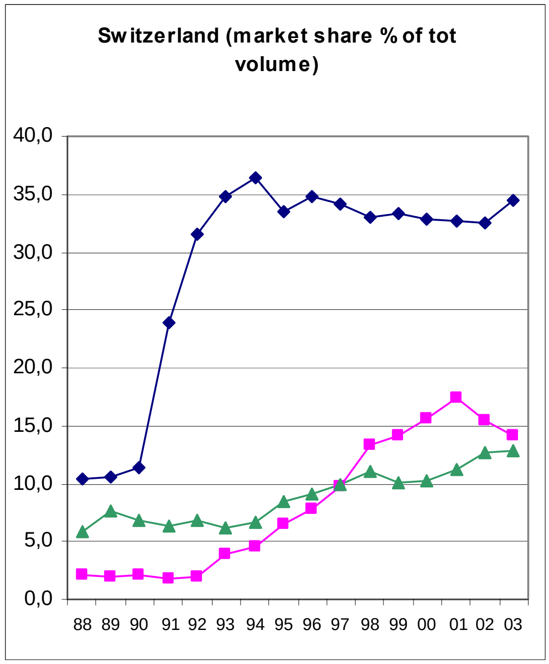

Iceland (tons)
0
100
200
300
400
500
600
700
800
900
1000
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03


Iceland (market share % of tot value)
0,0
5,0
10,0
15,0
20,0
25,0
30,0
35,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03


Iceland (market share % of tot volume)
0,0
5,0
10,0
15,0
20,0
25,0
30,0
35,0
40,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03



Switzerland (market share % of tot value)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03



Switzerland (market share % of tot volume)
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
0,0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03

Table 1: Area distribution of world textile trade, 1995-2003

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Exports								
World (billion dollars)	112.1	114.1	119.4	112.2	112.3	123.1	117.4	122.9	136.9
	(percentage shares)								
World	100	100	100	100	100	100	100	100	100
Developed countries	39	40	40	42	41	39	41	40	40
Western Europe	25	25	24	26	24	22	24	24	25
North America	8	8	9	10	10	11	11	10	10
Other developed	7	7	6	6	6	6	6	5	5
Developing economies	57	56	57	54	55	57	55	56	55
Asia	51	50	50	48	49	51	49	50	50
Latin America	3	3	4	4	4	4	3	3	3
Africa and the Middle East	3	3	3	3	3	2	3	3	3
Economies in transition	4	4	4	4	4	4	4	4	5
	Imports								
World	100	100	100	100	100	100	100	100	100
Developed countries	38	38	39	41	40	39	39	39	39
Western Europe	20	19	19	20	19	18	18	18	18
North America	12	12	14	15	16	16	16	16	15
Other developed	7	7	6	5	6	5	5	5	5
Developing economies	53	53	52	49	51	52	51	50	50
Asia	36	36	34	30	31	32	31	30	30
Africa and the Middle East	11	11	11	11	11	11	11	11	12
Latin America	6	6	7	8	8	9	9	9	8
Economies in transition	8	8	8	9	8	8	9	10	11

Note: The figures exclude EU (15) intra-trade and Hong Kong, China re-exports.
Source: WTO Secretariat.

Table 2: Exports of textiles of selected economies, 1995-03
(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Albania	0	2	1	1	2	1	4	2	1	0.2
Algeria	24	32	1	1	0	0	...	...	3	0.0
Antigua and Barbuda	...	...	...	...	1	...	...	...	...	2.6
Argentina	292	258	269	266	237	257	222	190	...	0.7
Armenia	...	...	1	...	1	1	...	7	8	1.2
Australia	383	444	465	371	389	347	292	282	309	0.4
Azerbaijan	...	...	...	6	4	3	3	4	8	0.3
Bahamas	...	...	1	...	0	1	1	...	...	0.2
Bahrain	17	22	...	...	...	76	75	82	77	1.2
Bangladesh b	432	445	465	433	413	373	469	490	505	7.3
Barbados	2	2	2	2	2	2	2	1	2	1.0
Belarus	...	322	424	428	345	410	397	381	448	4.5
Benin	...	...	...	6	5	4	4	11	...	2.5
Bolivia	2	3	5	6	14	16	11	4	7	0.4
Botswana	...	...	...	...	...	31	16	...	...	0.7
Brazil	999	1007	1022	892	822	900	855	844	1109	1.5
Brunei Darussalam	...	...	1	1	...	...	...	24	...	0.6
Bulgaria b	173	174	171	151	119	120	117	125	243	3.2
Burkina Faso	1	1	1	1	2	5	7	9	...	3.8
Cameroon	10	9	7	8	...	4	4	3	3	0.1
Canada	1377	1663	1854	1919	2032	2205	2163	2183	2265	0.8
Chile	85	114	139	114	98	116	116	83	87	0.4
China c	13918	12112	13828	12817	13043	16135	16826	20563	26901	6.1
Colombia	278	279	294	267	238	268	264	205	228	1.8
Costa Rica c	28	29	41	45	59	40	29	27	35	0.6
Côte d'Ivoire	59	76	77	75	55	52	...	53	40	0.7
Croatia	124	110	91	89	82	87	85	82	111	1.8
Cuba	...	...	...	...	3	2	2	...	...	0.1
Cyprus	67	55	39	37	26	33	30	26	21	2.3
Czech Republic c	1323	981	981	1117	1098	1217	1325	1368	1649	3.4

Table 2: Exports of textiles of selected economies, 1995-03
(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 a**
Dominican Republic b, c	89	37	39	...	...	...	...	...	...	0.8
Ecuador	35	38	43	35	37	40	45	39	42	0.7
Egypt	570	426	533	441	355	412	290	251	278	4.5
El Salvador c	65	67	84	91	81	79	72	70	72	2.3
Eritrea	...	...	...	...	...	0	0	3	...	5.8
Estonia	105	142	159	163	134	167	180	187	220	3.9
Ethiopia	1	...	4	2	2	2	3	4	...	0.8
European Union (15)	21978	22787	22867	22748	21448	21673	22140	23143	26371	2.4
Faeroe Islands	...	1	...	1	1	...	...	...	...	0.2
Fiji	...	...	...	...	...	18	10	6	6	1.0
FYR Macedonia	71	71	60	59	40	37	37	36	42	3.1
Gabon	...	...	...	...	1	0	...	...	...	0.0
Gambia	4	1	1	1	0	0	...	...	...	4.8
Georgia	...	2	2	1	0	0	0	...	0	0.5
Ghana	...	3	16	2	5	14	8	...	...	0.5
Guatemala	40	50	46	73	47	53	34	31	53	2.0
Guyana	...	...	...	...	0	0	0	1	1	0.2
Haiti	1	2	2	...	...	...	...	...	...	0.9
Honduras b	4	8	5	7	5	10	17	12	13	1.0
Hong Kong, China	13815	14146	14602	13040	12271	13442	12214	12374	13084	5.7
re-exports	12001	12376	12968	11650	11048	12266	11164	11398	12327	5.9
domestic exports	1814	1770	1634	1390	1223	1176	1050	976	757	3.9
Hungary c	286	321	296	342	366	371	408	456	545	1.3
Iceland	10	10	10	11	10	16	12	13	15	0.6
India b	4358	4936	5243	4558	5086	5998	5375	6028	6510	11.6
Indonesia	2713	2835	2255	2359	3019	3505	3202	2896	2923	4.8
Iran, Islamic Rep. of b	610	547	747	640	781	766	674	726	800	2.2
Israel	399	397	446	473	477	490	534	538	606	1.9
Jamaica	1	1	1	0	0	1	...	0	...	0.1
Japan	7178	6927	6750	5971	6598	7023	6198	6030	6431	1.4
Jordan	44	...	31	33	45	43	45	39	34	1.1
Kazakhstan b	32	29	15	9	5	5	5	6	8	0.1

Table 2: Exports of textiles of selected economies, 1995-03
(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Kenya b	33	35	36	43	31	26	...	35	29	1.2
Korea, Republic of b	12313	12718	13337	11279	11618	12710	10941	10713	10122	5.2
Kuwait	8	9	12	9	8	...	...	...	...	0.1
Kyrgyz Republic	26	22	...	12	7	...	...	6	10	1.7
Latvia	119	130	122	138	107	105	118	131	156	5.4
Lebanon	...	...	13	15	12	8	15	17	20	1.3
Lithuania	163	215	255	258	221	212	207	230	288	4.0
Macao, China	169	155	148	175	228	272	278	326	303	11.7
Madagascar c	18	19	51	43	68	21	18	13	8	1.2
Malawi	11	...	...	...	13	3	2	...	...	0.4
Malaysia c	1129	1302	1292	1094	1120	1270	1056	994	1018	1.0
Malta	23	22	22	22	23	23	25	...	...	1.3
Mauritius	77	88	80	79	81	81	95	68	76	3.9
Mexico c	1283	1548	1910	2030	2302	2571	2091	2212	2102	1.3
Moldova	11	14	15	10	7	7	12	10	11	1.4
Mongolia	...	1	...	...	2	3	1	2	...	0.4
Morocco b, c	177	158	135	128	133	123	143	139	158	1.8
Mozambique	1	2	...	...	0	...	4	...	...	0.6
Namibia	...	...	...	...	...	3	2	...	...	0.2
Nepal	166	158	176	152	175	182	165	...	...	22.4
New Zealand	160	164	162	148	155	142	132	156	218	1.3
Nicaragua	3	3	3	2	3	3	2	2	1	0.2
Niger	18	24	28	27	31	41	1	12	12	3.5
Nigeria	...	37	21	11	14	14	...	...	...	0.1
Norway	186	197	188	179	190	173	171	183	185	0.3
Oman	8	16	25	44	21	27	56	97	91	0.8
Pakistan	4256	4919	4608	4302	4258	4532	4525	4790	5811	48.7
Panama	0	0	0	0	0	0	1	1	0	0.1
Paraguay	28	31	27	19	11	17	10	9	13	1.0
Peru	172	159	196	164	115	128	115	103	120	1.3
Philippines b, c	280	312	337	287	262	297	255	249	273	0.7
Poland b	512	562	664	753	727	816	796	908	1140	2.1

Table 2: Exports of textiles of selected economies, 1995-03
(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Qatar	2	2	0	2	2	6	0	2	...	0.0
Romania	178	167	188	191	165	196	241	310	444	2.5
Russian Federation b	374	532	477	420	385	486	470	525	539	0.4
Rwanda	...	0	0	1	0	...	1	1	1	1.7
Saint Lucia	1	1	3	2	1	0	0	1	1	2.5
Saudi Arabia	59	94	...	132	118	114	126	150	185	0.2
Senegal	3	5	2	4	4	4	4	5	...	0.5
Serbia and Montenegro	...	46	93	111	33	41	56	41	...	1.8
Singapore	1496	1347	1242	860	853	907	730	738	703	0.5
re-exports	1233	1098	992	657	604	614	480	425	378	0.6
domestic exports	263	249	250	203	249	293	250	313	325	0.4
Slovak Republic	375	303	342	350	297	319	341	388	470	2.1
Slovenia	322	325	305	324	286	286	330	355	390	3.1
South Africa	238	255	273	230	235	240	233	248	292	0.8
Sri Lanka b	164	166	...	...	206	244	202	171	206	4.0
Sudan	1	14	5	8	4	4	1	0	...	1.3
Swaziland	...	...	...	...	...	21	13	16	...	1.7
Switzerland	2267	2010	1795	1811	1641	1533	1443	1421	1480	1.5
Syrian Arab Republic	137	78	103	60	76	158	...	168	...	2.7
Taipei, Chinese	11882	12048	12772	11159	10906	11896	9904	9532	9321	6.2
Tajikistan	...	...	...	...	...	18	...	...	...	2.3
Tanzania	...	...	9	9	5	11	14	14	20	1.6
Thailand b	1937	1891	2020	1760	1818	1960	1888	1929	2162	2.7
Togo	10	13	9	7	7	3	3	3	...	0.7
Trinidad and Tobago b	7	9	11	11	10	10	12	23	27	0.6
Tunisia	165	151	127	126	129	154	199	227	...	3.3
Turkey	2527	2722	3352	3549	3478	3672	3943	4244	5244	11.3
Turkmenistan	...	...	...	...	98	103	52	...	...	1.9
Uganda	2	3	5	1	1	1	1	2	0	0.5

Table 2: Exports of textiles of selected economies, 1995-03
(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Ukraine b	...	88	135	96	108	127	111	158	182	0.8
United States	7372	8009	9193	9216	9510	10961	10491	10698	10917	1.5
Uruguay	90	85	92	85	59	65	54	41	53	2.4
Venezuela	62	62	69	57	31	32	31	23	15	0.1
Yemen	...	...	...	1	...	...	...	...	...	0.1
Zambia	35	...	...	19	28	35	32	25	...	2.7
Zimbabwe	63	48	52	...	36	32	3	59	...	5.3

a Or nearest year.
b Includes Secretariat estimates.
c Includes significant shipments through processing zones.
Note: This table includes all countries and territories for which data are currently available or could reasonably be estimated.
Source: WTO

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
.										
Albania	38	44	32	44	76	47	52	60	72	3.9
Algeria	173	155	105	146	148	116	...	...	121	0.9
Antigua and Barbuda	...	...	...	...	5	...	...	...	...	1.2
Argentina	428	609	792	798	632	619	526	170	...	1.9
Armenia	...	...	11	...	16	16	...	18	17	1.3
Australia b	1790	1818	1770	1636	1664	1635	1304	1474	1665	1.9
Azerbaijan	...	...	...	12	13	16	16	13	16	0.6
Bahamas	...	...	21	...	25	29	29	...	...	1.7
Bahrain	116	115	...	...	...	176	189	188	145	2.8
Bangladesh c	1481	1380	998	1522	1342	1383	1485	1271	1315	13.9
Barbados	18	17	22	23	20	22	20	18	20	1.8
Belarus	...	209	267	288	233	256	276	266	321	2.8
Belize	5	4	4	5	5	5	5	4	...	0.7
Benin	...	...	...	75	80	56	63	63	...	9.3
Bermuda	12	...	11	...	...	...	...	...	...	1.8
Bhutan	...	...	...	3	3	...	...	...	...	1.6
Bolivia	29	30	29	31	33	58	60	52	46	2.9
Botswana	...	...	...	...	...	84	70	...	...	3.9
Brazil	1362	1110	1201	1065	898	1112	982	852	770	1.5
Brunei Darussalam	...	...	84	88	...	...	...	135	...	8.4
Bulgaria c	299	288	348	379	412	505	600	671	956	8.8
Burkina Faso	17	16	15	17	10	8	13	11	...	1.5
Burundi	7	2	5	3	4	5	4	3	...	2.3
Cameroon	18	16	18	16	14	12	15	14	21	1.0
Canada b	3204	3314	3887	4031	3996	4132	3814	3812	3857	1.6
Cape Verde	...	...	2	2	2	2	2	...	...	0.9
Central African Republic	3	1	1	1	1	1	1	...	...	0.7
Chad	2	...	...	...	...	...	...	...	...	0.5
Chile	479	494	491	452	381	431	383	355	359	1.8
China d	10914	11980	12267	11082	11079	12832	12573	13060	14217	3.4
Colombia	383	377	442	467	413	558	553	522	548	3.9
Congo	6	...	...	...	...	...	...	...	...	0.9

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
.										
Cook Islands	...	...	...	...	...	...	1	1	1	1.4
Costa Rica d	88	85	200	200	136	165	163	180	188	2.5
Côte d'Ivoire	44	39	39	42	36	22	...	32	34	0.8
Croatia	210	203	212	194	160	249	355	370	428	3.0
Cuba	...	...	...	...	89	80	88	...	...	1.8
Cyprus	204	166	143	136	107	109	107	95	97	2.2
Czech Republic b, d	928	1010	968	1130	1122	1205	1271	1427	1636	3.2
Dominica	1	1	2	...	2	1	1	1	1	0.8
Ecuador	60	65	86	110	75	113	137	127	122	1.9
Egypt	280	289	300	394	334	206	198	190	206	1.9
El Salvador c, d	224	176	246	274	286	364	377	388	423	7.3
Eritrea	...	...	...	...	...	24	12	19	...	3.5
Estonia	154	172	189	190	178	193	210	249	295	3.7
Ethiopia	39	...	56	59	54	56	71	66	...	4.0
European Union (15)	17009	16789	17591	18400	17125	17459	17173	17273	19967	1.8
Faeroe Islands	...	6	6	7	7	...	...	...	...	1.5
Fiji	...	...	...	...	...	136	95	75	100	9.4
French Guiana	9	...	...	...	...	...	...	...	...	1.2
French Polynesia	...	17	17	19	15	19	15	15	18	1.1
FYR Macedonia b	41	158	207	33	33	27	23	25	27	1.2
Gabon	...	10	12	...	8	7	...	...	...	0.7
Gambia	9	9	10	14	13	11	...	...	...	5.9
Georgia	...	5	4	4	5	5	6	...	8	0.8
Ghana	...	42	35	36	51	65	75	61	...	2.2
Greenland	6	5	4	5	5	3	5	5	...	1.3
Grenada	3	3	3	3	4	4	3	3	3	1.3
Guadeloupe	22	...	...	...	...	...	...	...	...	1.2
Guatemala	52	43	60	67	55	59	67	68	248	3.7
Guinea	18	17	12	10	12	12	10	12	...	1.7
Guyana	...	...	...	...	10	11	13	14	11	1.9
Honduras c	46	56	77	62	53	55	21	42	43	1.3
Hong Kong, China	16859	16515	16205	13484	12562	13717	12177	12019	12929	5.5

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
.										
retained imports e	4858	4139	3237	1834	1514	1451	1013	621	602	2.5
Hungary d	888	992	1020	1169	1146	1078	1073	1125	1253	2.6
Iceland	46	54	51	54	47	42	36	36	44	1.6
India	345	339	392	445	499	575	691	896	...	1.5
Indonesia	1308	1266	1152	1021	866	1251	1088	878	663	2.0
Iran, Islamic Rep. of	...	...	320	302	264	298	316	239	317	1.2
Israel	820	759	771	769	758	759	680	642	659	1.8
Jamaica	74	70	66	65	60	57	...	46	...	1.3
Japan	5985	6075	5807	4357	4547	4939	4756	4536	5035	1.3
Jordan	128	130	111	127	113	172	304	381	471	8.3
Kazakhstan c	47	50	42	39	32	43	43	30	96	1.2
Kenya	42	40	49	56	54	47	...	58	61	1.6
Kiribati b	1	2	1	1	1	...	...	...	...	2.4
Korea, Republic of c	3959	3838	3560	2218	3001	3359	3067	3205	2937	1.6
Kuwait c	262	251	263	245	206	220	230	...	...	2.9
Kyrgyz Republic	10	9	...	25	20	...	...	16	22	3.1
Latvia	62	93	107	125	111	132	147	158	214	4.1
Lebanon	...	...	257	237	187	178	240	189	181	2.5
Lithuania	189	245	317	365	361	363	384	430	515	5.2
Macao, China	698	769	840	842	803	902	841	801	770	27.9
Madagascar d	9	11	16	13	12	15	11	8	30	2.5
Malawi	26	43	46	40	31	28	32	...	...	5.7
Malaysia d	1535	1363	1225	924	1015	1115	936	928	850	1.0
Maldives	14	14	21	...	29	32	27	33	36	7.6
Mali	...	23	19	...	...	...	...	...	...	2.6
Malta	124	125	116	115	108	93	94	...	...	3.4
Martinique	19	...	...	...	...	...	...	...	...	1.0
Mauritius	442	458	448	468	417	411	368	348	354	14.9
Mexico b, d	1768	2221	2869	3434	4838	5824	5385	5573	5460.9	3.2
Moldova	28	38	42	47	51	63	79	87	102	7.3
Mongolia	...	14	24	27	38	62	49	...	...	7.8
Montserrat	...	...	...	...	0	0	0	0	0	

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value																	Share in economy's total merchandise imports
	1995		**1996**		**1997**		**1998**		**1999**		**2000**		**2001**		**2002**		**2003**	**2003 a**
.																		
Morocco c, d	399		399		389	|	1441		1400		1364		1403		1483		1659.4	11.7
Mozambique	12		14		...		...		...		...		13		...		...	1.2
Namibia	...		...		...		...		...		23		22		...		...	1.4
Nepal	70		99		90		67		120		138		78		...		...	5.3
Netherlands Antilles	...		...		...		3		...		...		...		...		...	0.1
New Caledonia	...		...		...		...		11		11		11		12		13	0.8
New Zealand	480		474		452		340		400		370		343		376		422	2.3
Nicaragua	13		13		20		18		28		18		15		21		20	1.1
Niger	20		19		17		19		17		16		7		20		21	3.8
Nigeria	...		29		48		57		47		55		...		...		...	0.6
Norway	616		636		614		611		546		509		495		535		591	1.5
Oman	162		173		175		202		142		156		175		179		158	2.4
Pakistan	122		111		85		92		113		130		154		191		255	2.0
Panama	75		76		78		84		69		62		55		51		47	1.5
Papua New Guinea b	...		...		...		17		...		16		...		...		20	1.5
Paraguay	65		49		56		44		34		42		35		20		...	1.2
Peru	148		151		154		157		139		165		176		198		208	2.5
Philippines c, d	1245		1256		1322		1195		1238		1250		1152		1302		1300	3.3
Poland c	2165		2353		2417		2747		2544		2478		2615		2730		3041	4.5
Qatar	92		103		...		96		95		122		114		110		...	2.3
Reunion	28		...		...		...		...		...		...		...		...	1.0
Romania	933		1050		1250		1470		1575		1715		2012		2370		2871	12.0
Russian Federation c	691	|	1681		1770		1225		1014		1248		1435		1482		1929	2.6
Rwanda	...		5		12		4		3		...		3		6		4	1.7
Saint Kitts and Nevis	2		2		2		...		2		2		2		...		...	1.1
Saint Lucia	7		7		8		7		10		8		5		6		8	2.4
Saint Vincent and the Grenadines	3		...		3		3		3		2		2		2		3	1.5
Saudi Arabia c	1229		1164		1088		1075		996		986		947		1002		1113	3.1
Senegal	36		41		31		30		43		34		39		40		...	2.0
Serbia and Montenegro	...		233		400		485		215		99		127		167		...	2.6
Seychelles	5		5		...		...		...		...		2		1		...	0.2
Singapore	2109		1916		1721		1049		1119		1275		1019		1026		1003	0.8

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 a**
.										
retained imports e	876	818	729	392	515	661	539	601	625	1.0
Slovak Republic b	214	303 |	411	559	499	536	643	683	837	3.7
Slovenia	335	322	326	384	353	346	365	365	388	2.8
Solomon Islands	...	4	...	...	...	...	...	...	...	2.6
South Africa b	736	675	679	597 |	562	570	510	534	623	1.5
Sri Lanka c	1144	1153	1368	1379	1331	1483	1362	1317	1003	15.0
Sudan	38	32	78	71	23	55	88	90	...	3.6
Suriname	18	6	11	8	7	9	...	...	...	1.7
Swaziland	...	...	...	...	...	38	32	76	...	7.7
Switzerland	1884	1717	1522	1569	1467	1354	1291	1289	1447	1.5
Syrian Arab Republic	327	419	362	345	330	399	416	252	...	5.9
Taipei, Chinese	1790	1776	1863	1575	1477	1454	1034	1165	1182	0.9
Tajikistan	...	...	...	...	...	5	...	...	...	0.7
Tanzania	21	28	26	39	30	31	44	43	50	2.3
Thailand c	1534	1412	1249	1159	1345	1630	1535	1497	1630	2.2
Togo	27	35	38	33	30	21	13	14	...	2.4
Tonga	...	...	...	...	...	1	...	...	...	
Trinidad and Tobago c	32	53	60	64	61	57	56	54	54	1.5
Tunisia	1289	1296	1245	1441	1332	1207	1440	1425	...	15.0
Turkey	1811	1933	2324	2317	1907	2124	1921	2839	3422	4.9
Turkmenistan	...	...	19	13	28	40	...	...	...	2.2
Uganda	42	28	26	23	23	18	25	27	37	3.0
Ukraine c	...	365	363	382	342	462	493	518	607	2.6
United Arab Emirates c	2017	1993	2070	1979	1854	2055	1907	2070	...	6.4
United States	10441	10702	12463	13462	14305	16008	15429	17002	18289	1.4
Uruguay	93	103	125	117	88	88	74	41	56	2.6
Vanuatu	...	...	...	...	...	2	...	...	...	2.2

Table 3: Imports of textiles of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
.										
Venezuela b	273	202	254	238	250	286	294	185	138	1.5
Vietnam c	...	...	711	902	1075	1379	1291	2071	2795	11.2
Yemen	44	49	37	38	35	33	...	...	...	1.4
Zambia	7	...	...	16	17	19	20	18	...	1.4
Zimbabwe	116	122	152	...	90	...	35	101	...	4.1

a Or nearest year.

b Imports are valued f.o.b.

c Includes Secretariat estimates.

d Includes significant shipments through processing zones.

e Retained imports are defined as imports less re-exports.

Note: This table includes all countries and territories for which data are currently available or could reasonably be estimated.
Source: WTO

Table 4: Leading exporters and importers of textiles, 2003

(Billion dollars and percentage)

	Value	Share in world exports/imports		Annual percentage change								
	2003	1995	2003	1995-2003	1996	1997	1998	1999	2000	2001	2002	2003
Exporters												
China a	26.90	12.4	19.7	9	-13	14	-7	2	24	4	22	31
European Union (15)	26.37	19.6	19.3	2	4	0	-1	-6	1	2	5	14
Hong Kong, China	13.08	-	-	-1	2	3	-11	-6	10	-9	1	6
domestic exports	0.76	1.6	0.6	-10	-2	-8	-15	-12	-4	-11	-7	-22
re-exports	12.33	-	-	0	3	5	-10	-5	11	-9	2	8
United States	10.92	6.6	8.0	5	9	15	0	3	15	-4	2	2
Korea, Republic of b	10.12	11.0	7.4	-2	3	5	-15	3	9	-14	-2	-6
Taipei, Chinese	9.32	10.6	6.8	-3	1	6	-13	-2	9	-17	-4	-2
India b	6.51	3.9	4.8	5	13	6	-13	12	18	-10	12	9
Japan	6.43	6.4	4.7	-1	-3	-3	-12	11	6	-12	-3	7
Pakistan	5.81	3.8	4.2	4	16	-6	-7	-1	6	0	6	21
Turkey	5.24	2.3	3.8	10	8	23	6	-2	6	7	8	24
Indonesia	2.92	2.4	2.1	1	4	-20	5	28	16	-9	-10	1
Canada	2.27	1.2	1.7	6	21	11	4	6	9	-2	1	4
Thailand	2.16	1.7	1.6	1	-2	7	-13	3	8	-4	2	12
Mexico a	2.10	1.1	1.5	6	21	23	6	13	12	-19	6	-5
Czech Republic a	1.65	1.2	1.2	3	-26	0	14	-2	11	9	3	21
Importers												
European Union (15)	19.97	14.6	13.6	2	-1	5	5	-7	2	-2	1	16
United States	18.29	9.0	12.5	7	2	16	8	6	12	-4	10	8
China a	14.22	9.4	9.7	3	10	2	-10	0	16	-2	4	9
Hong Kong, China	12.93	-	-	-3	-2	-2	-17	-7	9	-11	-1	8
retained imports	0.60	4.2	0.4	-23	-15	-22	-43	-17	-4	-30	-39	-3
Mexico a, c	5.46	1.5	3.7	15	26	29	20	41	20	-8	3	-2
Japan	5.04	5.1	3.4	-2	2	-4	-25	4	9	-4	-5	11
Canada c	3.86	2.8	2.6	2	3	17	4	-1	3	-8	0	1
Turkey	3.42	1.6	2.3	8	7	20	0	-18	11	-10	48	21
Poland	3.04	1.9	2.1	4	9	3	14	-7	-3	6	4	11
Korea, Republic of b	2.94	3.4	2.0	-4	-3	-7	-38	35	12	-9	4	-8
Romania	2.87	0.8	2.0	15	13	19	18	7	9	17	18	21
Vietnam b	2.79	...	1.9	...	...	...	27	19	28	-6	60	35
United Arab Emirates b, d	2.07	1.7	1.6	0	-1	4	-4	-6	11	-7	9	...
Russian Federation b	1.93	0.6	1.3	-	-	5	-31	-17	23	15	3	30
Australia c	1.67	1.5	1.1	-1	2	-3	-8	2	-2	-20	13	13

a Includes significant shipments through processing zones.
b Includes Secretariat estimates.
c Imports are valued f.o.b.
d 2002 instead of 2003.
Source: WTO

Table 5: Trade in textiles of selected regional integration arrangements, 2003
(Million dollars and percentage)

	Value	Share in total exports/imports				Annual percentage change		
	2003	1990		2002	2003	1990-03	2002	2003
APEC (21)								
Total exports	77523	100.0		100.0	100.0	6	4	9
Intra-exports	51437	67.3		67.6	66.4	6	4	7
Extra-exports	26086	32.7		32.4	33.6	6	5	13
Total imports	66047	100.0		100.0	100.0	5	3	5
Intra-imports	47563	76.0		72.7	72.0	5	2	4
Extra-imports	18484	24.0		27.3	28.0	6	8	8
EU (15)								
Total exports	58938	100.0	I	100.0	100.0	1	3	11
Intra-exports	32567	70.2	I	56.3	55.3	-1	1	9
Extra-exports	26371	29.8		43.7	44.7	4	5	14
Total imports	52534	100.0	I	100.0	100.0	0	1	12
Intra-imports	32567	71.7	I	63.3	62.0	-1	1	9
Extra-imports	19967	28.3		36.7	38.0	3	1	16
NAFTA (3)								
Total exports	15389	100.0		100.0	100.0	7	2	2
Intra-exports	9616	42.3		64.4	62.5	10	0	-1
Extra-exports	5773	57.7		35.6	37.5	3	7	7
Total imports	27576	100.0		100.0	100.0	8	7	5
Intra-imports	10122	26.4		39.4	36.7	11	1	-3
Extra-imports	17454	73.6		60.6	63.3	7	11	9
ASEAN (10)								
Total exports	7648	100.0		100.0	100.0	6	-3	5
Intra-exports	1529	28.2		20.1	20.0	3	-3	5
Extra-exports	6119	71.8		79.9	80.0	7	-4	6
Total imports	7552	100.0		100.0	100.0	2	-4	2
Intra-imports	964	13.6		13.2	12.8	2	-11	-1
Extra-imports	6589	86.4		86.8	87.2	2	-3	2
CEFTA (8) a								
Total exports	4993	100.0		100.0	100.0	-	10	25
Intra-exports	724	20.7		15.1	14.5	-	11	20
Extra-exports	4269	79.3		84.9	85.5	-	10	25
Total imports	11412	100.0		100.0	100.0	-	10	17
Intra-imports	677	10.2		5.9	5.9	-	6	18
Extra-imports	10734	89.8		94.1	94.1	-	10	16
MERCOSUR (4)								
Total exports	1392	100.0		100.0	100.0	2	-5	28
Intra-exports	436	14.4		21.7	31.4	9	-48	85
Extra-exports	956	85.6		78.3	68.6	1	23	13
Total imports	977	100.0		100.0	100.0	8	-33	-10
Intra-imports	189	28.9		21.1	19.4	5	-48	-17
Extra-imports	788	71.1		78.9	80.6	9	-27	-8
ANDEAN (5)								
Total exports	412	100.0		100.0	100.0	0	-20	10
Intra-exports	176	9.2		44.9	42.7	13	-28	5
Extra-exports	236	90.8		55.1	57.3	-3	-12	15
Total imports	1062	100.0		100.0	100.0	12	-11	-2
Intra-imports	168	5.4		15.3	15.8	22	-24	1
Extra-imports	894	94.6		84.7	84.2	11	-8	-3

a 1993 shares instead of 1990. Growth rates are not calculated due to frequent break in series.
Note: The figures are not fully adjusted for differences in the way members of the arrangements in this table record their merchandise trade.
Source: WTO

Table 6: Area distribution of world clothing trade, 1995-2003

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Exports								
World (billion dollars)	124.8	129.8	142.7	149.0	149.0	164.7	161.8	167.0	185.0
	(percentage shares)								
World	100	100	100	100	100	100	100	100	100
Developed countries	26	27	25	25	23	21	21	21	22
Western Europe	19	19	17	17	16	14	15	16	17
North America	6	7	7	7	7	7	6	5	4
Other developed	1	1	1	0	1	1	0	0	0
Developing economies	69	67	69	69	71	73	72	72	71
Asia	56	53	54	52	53	55	53	54	54
Latin America	7	8	9	11	12	13	13	12	11
Africa and the Middle East	6	6	6	6	6	6	6	6	6
Economies in transition	6	6	6	6	6	6	7	7	7
	Imports								
World	100	100	100	100	100	100	100	100	100
Developed countries	80	81	78	79	80	81	81	79	79
North America	32	32	34	37	38	40	40	39	37
Western Europe	33	33	31	31	31	29	29	30	31
Other developed	15	15	12	11	11	12	12	11	11
Developing economies	15	14	15	15	15	15	14	14	13
Asia	6	5	6	5	5	5	5	5	5
Africa and the Middle East	4	4	4	4	4	4	4	4	4
Latin America	5	5	6	6	6	6	5	5	4
Economies in transition	4	4	5	5	4	4	5	5	7

Note: The figures exclude EU (15) intra-trade and Hong Kong, China re-exports.
Source: WTO Secretariat.

Table 7: Exports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Albania	0	52	32	66	136	97	110	120	153	33.8
Algeria	5	11	0	4	0	0	...	...	0	0.0
Argentina	189	157	139	92	57	57	77	58	...	0.2
Armenia	...	...	8	...	13	12	...	20	23	3.4
Australia	224	265	279	229	215	196	192	173	215	0.3
Azerbaijan	...	...	...	1	0	0	0	0	0	0.2
Bahamas	...	...	0	...	0	0	0	...	...	
Bahrain	90	91	...	...	...	261	346	375	205	3.2
Bangladesh b	1969	2218	2688	3786	3348	4170	4261	4005	4326	62.3
Barbados	3	4	4	4	3	3	2	1	1	0.5
Belarus	...	235	309	316	246	262	282	259	297	3.0
Belize	15	18	19	20	20	20	...	...	...	11.8
Bolivia	18	29	27	27	26	30	28	26	43	2.7
Botswana	...	...	...	...	...	56	55	...	...	2.2
Brazil	298	248	211	185	173	282	281	221	296	0.4
Brunei Darussalam	...	...	54	101	...	...	...	222	...	5.8
Bulgaria b	236	281	354	454	564	696	880	1066	1500	19.9
Burkina Faso	0	1	0	0	1	0	0	0	...	0.4
Cambodia b	...	...	...	...	654	985	1143	1218	1600	75.5
Canada	1016	1241	1492	1706	1881	2077	1943	1988	1966	0.7
Cape Verde	...	...	3	2	2	4	5	...	...	50.0
Chile	66	61	59	48	41	38	45	32	33	0.2
China c	24049	25034	31803	30048	30078	36071	36650	41302	52061	11.9
Colombia	552	476	445	433	427	520	572	523	637	5.0
Costa Rica c	50	32	436	403	386	385	376	397	302	5.0
Côte d'Ivoire	8	9	14	11	10	8	...	6	9	0.2
Croatia	673	633	633	556	524	469	490	510	595	9.7
Cuba	...	...	...	...	3	2	2	...	...	0.1
Cyprus	109	88	67	65	50	43	38	34	27	2.9
Czech Republic c	515	641	595	632	671	633	651	645	724	1.5

Table 7: Exports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Dominican Republic b, c	1721	1773	2122	2386	2602	2880	2712	...	...	51.4
Ecuador	17	19	24	22	19	20	25	23	29	0.5
Egypt	253	239	259	333	278	314	239	208	233	3.8
El Salvador b, c	700	792	1101	1250	1409	1673	1725	1841	1964	62.6
Estonia	145	159	179	203	203	204	216	245	279	5.0
Ethiopia	0	...	...	...	1	0	1	1	...	0.2
European Union (15)	14939	16372	15747	15864	14605	14676	15742	16590	19044	1.7
Fiji	...	...	...	...	...	156	137	106	132	21.8
French Polynesia	...	...	...	...	0	0	0	0	1	0.6
FYR Macedonia	113	249	252	354	320	318	319	334	409	30.3
Gabon	...	4	4	...	4	4	...	...	...	0.2
Georgia	...	3	1	2	1	1	1	...	3	0.7
Ghana	...	...	1	2	3	1	1	...	...	0.1
Greenland	1	1	1	1	1	1	1	1	...	0.3
Grenada	0	0	1	1	1	1	1	1	1	2.4
Guadeloupe	1	...	...	...	...	...	...	...	...	0.6
Guatemala	36	39	44	60	43	49	42	24	104	3.9
Guyana	...	...	...	...	14	15	16	19	12	2.3
Haiti	13	27	34	...	...	...	...	...	...	16.0
Honduras b	299	378	459	464	439	472	505	475	510	38.3
Hong Kong, China	21297	21976	23107	22164	22371	24214	23446	22343	23152	10.1
re-exports	11757	12997	13778	12497	12800	14279	14183	14037	14952	7.2
domestic exports	9540	8979	9329	9667	9571	9935	9263	8306	8200	41.9
Hungary c	1032	1135	1119	1277	1311	1221	1342	1296	1439	3.4
Iceland	4	3	3	4	3	3	2	2	2	0.1
India b	4110	4217	4343	4782	5153	6178	5483	6037	6459	11.5
Indonesia	3376	3591	2904	2630	3857	4734	4531	3945	4105	6.7
Iran, Islamic Rep. of	...	...	56	31	67	125	163	183	228	0.6
Israel	663	644	600	651	731	729	602	549	485	1.5
Jamaica b	287	250	228	202	159	149	116	...	...	9.5

Table 7: Exports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Japan	530	498	472	408	456	534	470	471	511	0.1
Jordan	29	...	16	47	58	115	296	520	683	22.2
Kazakhstan b	12	11	6	5	5	4	2	5	2	0.0
Kenya b	10	10	12	10	12	9	...	12	7	0.3
Korea, Republic of b	4957	4221	4192	4651	4871	5027	4306	3915	3605	1.9
Kuwait	7	9	10	12	14	...	...	...	...	0.1
Kyrgyz Republic	8	8	...	3	2	...	...	6	15	2.6
Latvia	73	127	153	171	177	175	185	190	243	8.4
Lebanon	...	...	62	53	39	29	26	37	43	2.8
Lithuania	205	300	373	425	454	482	523	569	661	9.1
Macao, China	1377	1547	1805	1642	1630	1849	1663	1648	1834	71.1
Madagascar c	5	3	2	2	2	1	2	1	2	0.3
Malawi	13	...	...	...	18	13	32	...	...	7.1
Malaysia c	2266	2376	2337	2302	2253	2257	2071	2003	2058	2.1
Maldives	13	10	15	18	25	35	32	35	36	31.9
Malta	162	163	164	152	167	143	142	...	...	7.3
Martinique	1	...	...	...	...	...	...	...	...	0.4
Mauritius	808	919	892	970	920	948	860	949	967	49.9
Mexico c	2731	3753	5636	6603	7772	8631	8012	7751	7342.7	4.4
Moldova	23	37	41	51	57	76	93	98	119	15.0
Mongolia	...	27	33	36	53	106	103	102	...	22.7
Morocco b, c	797	779	724	2542	2496	2401	2342	2437	2834	32.5
Mozambique	2	2	...	...	6	...	14	...	...	2.0
Namibia	...	...	...	...	...	4	7	...	...	0.6
Nepal	111	105	109	97	138	209	154	...	...	20.9
Netherlands Antilles	...	...	...	1	...	...	...	...	...	0.1
New Caledonia	...	...	...	...	0	0	1	1	1	0.1
New Zealand	141	124	121	99	116	109	122	99	170	1.0
Nicaragua	0	0	0	0	0	0	0	2	1	0.2
Niger	1	1	1	1	2	2	0	0	0	0.7

Table 7: Exports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value																	Share in economy's total merchandise exports
	1995		**1996**		**1997**		**1998**		**1999**		**2000**		**2001**		**2002**		**2003**	**2003 a**
Nigeria	...		2		0		0		0		0		...		...		...	0.0
Norway	105		85		95		96		89		59		66		76		78	0.1
Oman	89		91		105		109		97		115		90		73		113	1.0
Pakistan	1611		1872		1810		1840		1846		2144		2136		2228		2710	22.7
Panama	26		24		28		28		23		21		18		14		11	1.3
Paraguay	6		12		12		12		11		21		21		11		14	1.1
Peru	202		257		326		336		414		504		506		530		653	7.3
Philippines b, c	2420		2389		2319		2324		2243		2536		2384		2611		2695	7.4
Poland b	2304		2374		2241		2387		2201		1919		1949		1915		2074	3.9
Qatar	49		58		...		97		113		142		136		110		...	1.0
Reunion	2		...		...		...		...		...		...		...		...	1.0
Romania	1360		1559		1753		1979		2044		2328		2780		3251		4069	23.1
Russian Federation b	240	|	300		272		279		351		249		256		260		338	0.3
Saint Kitts and Nevis	0		1		0		...		0		1		0		...		...	3.0
Saint Lucia	17		7		4		3		3		3		4		2		2	5.0
Saint Vincent and the Grenadines	3		1		1		1		1		0		...		0		0	2.0
Saudi Arabia b	13		13		...		14		13		9		19		20		23	0.0
Serbia and Montenegro	...		57		79		233		108		130		177		158		...	6.9
Singapore	1464		1398		1491		1427		1603		1825		1632		1653		1790	1.2
re-exports	877		903		1051		997		1132		1321		1237		1267		1404	2.2
domestic exports	587		495		440		430		471		504		395		386		386	0.5
Slovak Republic	257		271	|	512		540		527		517		573		633		702	3.2
Slovenia	659		593		550		538		461		390		377		327		344	2.7
South Africa	157		164		169		151	|	179		218		238		256		303	0.8
Sri Lanka b	1758		1805		2158		2335		2287		2812		2441		2350		2683	52.4
Swaziland	...		...		...		...		...		124		79		173		...	18.5
Switzerland	715		698		670		693		673		619		664		763		1098	1.1
Syrian Arab Republic	352		228		174		112		124		129		...		138		...	2.2
Taipei, Chinese	3251		3207		3409		3189		2862		3022		2484		2187		2113	1.4

Table 7: Exports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise exports
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 a**
Tajikistan	...	...	...	...	...	5	...	...	...	0.6
Tanzania	...	...	8	6	8	3	2	4	5	0.4
Thailand b	5008	3729	3686	3540	3453	3757	3575	3369	3615	4.5
Togo	3	4	4	1	1	0	0	0	...	0.3
Trinidad and Tobago b	11	11	13	13	12	11	11	10	12	0.3
Tunisia	2322	2396	2299	2474	2375	2227	2601	2696	...	39.2
Turkey	6119	6067	6697	7058	6516	6533	6661	8057	9937	21.3
Turkmenistan	...	...	...	...	16	39	98	...	...	3.6
Uganda	...	...	...	...	0	0	0	0	1	0.2
Ukraine b	...	434	314	479	346	417	498	503	712	3.1
United States	6651	7511	8672	8793	8269	8629	7012	6032	5537	0.8
Uruguay	131	141	153	145	106	103	80	50	60	2.7
Venezuela	4	4	5	4	5	4	3	7	6	0.0
Vietnam	...	...	1384	1302	1622	1821	1867	2633	3555	17.6
Yemen	1	...	...	...	...	...	...	...	...	0.1
Zambia	...	...	...	2	0	31	0	0	...	4.7
Zimbabwe	61	50	47	...	42	45	1	37	...	3.3

a Or nearest year.

b Includes Secretariat estimates.

c Includes significant shipments through processing zones.

Note: This table includes all countries and territories for which data are currently available or could reasonably be estimated.

Source: WTO

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Albania	31	36	28	50	61	68	80	98	126	6.8
Algeria c	26	55	53	66	59	38	...	...	52	0.4
Antigua and Barbuda	...	...	...	...	6	...	...	...	...	1.4
Argentina	229	232	256	300	300	316	294	57	...	0.6
Armenia	...	...	4	...	9	5	...	9	15	1.2
Australia b	1262	1411	1519	1519	1659	1858	1638	1819	2190	2.5
Azerbaijan	...	...	...	4	9	8	13	11	17	0.6
Bahamas	...	...	42	...	37	47	46	...	...	2.6
Bahrain	69	58	...	...	...	49	50	55	57	1.1
Bangladesh	102	155	36	64	...	...	187	...	111	1.2
Barbados	14	13	16	19	19	21	22	19	20	1.8
Belarus	...	35	44	46	45	51	51	54	58	0.5
Belize	11	12	12	12	13	15	3	3	...	0.5
Benin	...	...	...	11	8	6	7	10	...	1.5
Bermuda	43	...	44	...	...	...	...	...	...	
Bhutan	...	...	...	1	1	...	...	...	...	
Bolivia	7	7	7	11	14	27	20	16	14	0.9
Botswana	...	...	...	...	...	95	75	...	...	4.1
Brazil	372	371	451	369	206	185	200	153	145	0.3
Brunei Darussalam	...	...	30	24	...	...	...	32	...	2.0
Bulgaria c	61	69	97	136	161	178	231	285	455	4.2
Burkina Faso	3	3	4	4	4	2	2	3	...	0.4
Burundi	1	...	1	1	1	1	1	1	...	0.8
Cameroon	3	3	3	4	5	4	6	6	11	0.5
Canada b	2688	2546	3017	3269	3282	3690	3926	4008	4502	1.8
Cape Verde	...	...	1	2	2	2	2	...	...	0.9
Chad	2	...	...	...	...	...	...	...	...	
Chile	290	416	441	468	419	501	511	488	502	2.6

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
China d	969	1044	1117	1072	1102	1192	1274	1356	1422	0.3
Colombia	83	74	103	88	82	80	75	77	74	0.5
Congo	4	...	...	...	...	...	...	...	...	0.6
Cook Islands	...	...	...	...	...	...	1	1	1	1.4
Costa Rica d	37	41	218	583	172	308	305	265	203	2.7
Côte d'Ivoire	6	6	6	7	5	4	...	5	8	0.2
Croatia	271	286	270	257	215	278	258	251	331	2.3
Cuba	...	...	...	...	110	129	102	...	...	2.1
Cyprus	70	96	113	148	162	172	176	197	230	5.2
Czech Republic b, d	457	503	432	438	425	426	483	566	642	1.3
Dominica	1	1	2	...	2	2	2	2	2	1.6
Ecuador	25	24	32	40	19	23	47	64	80	1.2
Egypt	7	7	9	7	9	11	6	22	5	0.0
El Salvador c, d	349	247	384	424	475	569	586	645	690	12.0
Eritrea	...	...	...	...	...	10	15	15	...	2.8
Estonia	66	90	100	111	99	94	104	116	134	1.7
Ethiopia	9	...	10	21	27	27	35	44	...	2.6
European Union (15)	40666	42504	43979	45930	46592	47351	48281	51039	60391	5.4
Faeroe Islands	...	10	11	11	13	...	...	...	...	2.8
Fiji	...	...	...	...	...	41	19	19	23	2.2
French Guiana	15	...	...	...	...	...	...	...	...	2.0
French Polynesia	...	24	22	24	21	24	24	25	29	1.8
FYR Macedonia b	75	86	118	16	14	10	13	14	21	0.9
Gabon	...	7	7	...	7	7	...	...	...	0.7
Gambia	1	1	1	...	2	2	...	...	...	1.1
Georgia	...	4	4	6	10	6	3	...	7	0.7
Ghana	...	12	11	12	12	11	10	12	...	0.4
Greenland	10	10	9	10	10	8	8	11	...	2.8
Grenada	2	2	2	3	3	3	3	3	4	1.7

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Guadeloupe	53	...	...	...	...	...	...	...	...	2.8
Guatemala	25	27	42	38	33	33	64	89	102	1.5
Guinea	7	4	7	7	8	8	8	10	...	1.4
Guyana	...	...	...	...	9	11	10	11	7	1.2
Honduras c	62	88	104	83	80	78	33	57	...	1.9
Hong Kong, China	12654	13630	15019	14297	14757	16008	16098	15640	15946	6.8
retained imports e	897	633	1241	1800	1957	1729	1915	1603	994	4.1
Hungary d	378	402	386	446	510	510	607	637	839	1.8
Iceland	79	80	79	91	91	88	80	78	103	3.7
India	6	9	9	13	19	26	41	30	...	0.0
Indonesia	28	28	35	23	28	39	31	42	27	0.1
Iran, Islamic Rep. of	...	...	3	2	0	0	2	3	7	0.0
Israel	269	332	341	364	356	471	570	541	541	1.5
Jamaica	227	239	220	218	175	162	...	...	...	4.9
Japan	18758	19672	16727	14723	16402	19709	19186	17601	19485	5.1
Jordan	56	52	38	62	64	61	65	93	99	1.8
Kazakhstan c	40	24	20	23	20	17	20	12	41	0.5
Kenya	15	9	12	16	14	11	...	10	13	0.3
Korea, Republic of c	1073	1507	1394	504	763	1307	1631	2244	2497	1.4
Kuwait c	319	322	350	372	330	320	340	...	...	4.3
Kyrgyz Republic	4	2	...	25	14	...	...	18	20	2.8
Latvia	67	73	82	94	96	91	97	104	113	2.2
Lebanon	...	...	223	240	192	171	217	239	263	3.7
Lithuania	50	48	65	80	81	83	99	94	126	1.3
Macao, China	89	102	107	126	169	214	243	292	306	11.1
Madagascar d	1	2	2	3	2	3	6	4	6	0.5
Malawi	2	3	4	2	3	6	4	...	...	0.7
Malaysia d	154	162	154	108	124	148	165	185	171	0.2
Maldives	5	5	6	7	8	12	15	14	15	3.2

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 a
Mali	...	3	2	...	...	...	...	...	...	0.3
Malta	60	62	58	58	62	62	56	...	...	2.1
Martinique	63	...	...	...	...	...	...	...	...	3.2
Mauritius	20	20	22	19	19	19	19	25	28	1.2
Mexico b, d	1912	2394	3355	3750	3627	3602	3501	3342	3034.1	1.8
Moldova	7	8	9	10	11	8	9	10	12	0.9
Mongolia	...	1	1	2	6	15	11	...	...	1.7
Morocco c, d	10	10	15	193	239	232	252	257	266	1.9
Mozambique	2	3	...	...	...	...	5	...	...	0.5
Namibia	...	...	...	...	...	52	46	...	...	3.0
Nepal	9	10	12	2	14	8	...	...	...	0.5
Netherlands Antilles	...	...	...	31	...	...	...	...	...	1.5
New Caledonia	...	...	...	...	26	25	24	27	32	2.0
New Zealand	305	350	407	352	401	401	390	429	510	2.7
Nicaragua	11	9	10	21	26	28	25	27	28	1.5
Niger	2	2	1	3	2	3	2	4	3	0.5
Nigeria	...	4	6	15	20	11	...	...	...	0.1
Norway	1419	1381	1394	1429	1380	1287	1234	1361	1524	3.9
Oman	31	37	40	60	41	41	42	53	65	1.0
Pakistan	2	2	3	4	4	5	5	8	13	0.1
Panama	75	81	94	109	116	97	87	97	87	2.9
Papua New Guinea b	...	...	...	15	...	9	...	...	11	0.8
Paraguay	28	25	31	18	13	30	28	17	...	1.0
Peru	36	43	65	61	51	59	72	90	109	1.3
Philippines c, d	66	95	86	71	68	75	72	51	52	0.1
Poland c	318	453	519	599	621	544	639	810	854	1.3
Qatar	41	42	...	45	45	54	61	66	...	1.4
Reunion	98	...	...	...	...	...	...	...	...	3.6
Romania	170	189	219	272	292	322	392	462	581	2.4

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									Share in economy's total merchandise imports
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 a**
Russian Federation c	678	2870	3659	3026	2178	2689	3030	3860	3710	5.0
Rwanda	...	1	1	1	1	...	2	2	3	1.3
Saint Kitts and Nevis	2	3	3	...	3	4	4	...	...	2.1
Saint Lucia	8	10	9	8	8	6	4	6	7	2.1
Saint Vincent and the Grenadines	4	...	3	3	3	3	3	3	4	2.0
Sao Tome and Principe	...	...	...	...	0	2	0	0	0	6.7
Saudi Arabia c	880	846	829	922	782	813	861	909	227	0.6
Senegal	7	7	5	8	7	6	8	8	...	0.4
Serbia and Montenegro	...	75	81	81	32	46	74	97	...	1.5
Seychelles	4	3	...	...	...	...	1	1	...	0.2
Singapore	1644	1730	1805	1410	1650	1881	1696	1808	1935	1.5
retained imports e	767	827	754	413	518	560	459	541	531	0.8
Slovak Republic b	86	106	151	174	154	148	185	229	289	1.3
Slovenia	262	481	446	448	398	354	351	350	397	2.9
Solomon Islands	...	2	...	...	...	...	...	...	...	1.3
South Africa b	140	192	199	190	197	223	202	207	339	0.8
Sri Lanka c	...	...	...	...	74	...	116	103	109	1.6
Sudan	4	3	17	15	8	22	51	48	...	1.9
Suriname	8	9	11	8	8	10	...	...	...	1.9
Swaziland	...	...	...	...	...	31	24	24	...	2.4
Switzerland	3821	3731	3405	3528	3410	3223	3229	3449	3926	4.1
Syrian Arab Republic	2	2	4	...	1	1	...	0	...	0.0
Taipei, Chinese	884	926	1000	918	857	983	924	832	823	0.6
Tajikistan	...	...	...	...	...	1	...	...	...	0.1
Tanzania	6	7	12	21	23	13	15	17	17	0.8
Thailand c	84	103	136	90	97	131	143	147	156	0.2
Togo	5	6	6	6	7	5	6	8	...	1.4
Tonga	...	...	...	...	...	1	...	...	...	1.4

Table 8: Imports of clothing of selected economies, 1995-03

(Million dollars and percentage)

	Value									**Share in economy's total merchandise imports**
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 a**
Trinidad and Tobago c	6	8	10	12	12	12	15	16	16	0.4
Tunisia	435	475	493	517	476	438	501	541	...	5.7
Turkey	49	152	233	243	208	264	239	283	420	0.6
Turkmenistan	...	...	12	8	8	11	...	...	...	0.6
Uganda	17	14	11	17	17	13	14	14	18	1.4
Ukraine c	...	128	127	136	122	147	82	94	99	0.4
United Arab Emirates c	1323	1123	1224	1153	1214	1422	1550	1780	...	5.5
United States	41367	43317	50297	55720	58785	67115	66391	66731	71277	5.5
Uruguay	46	47	58	60	55	57	64	33	28	1.3
Vanuatu	...	...	...	...	...	2	...	...	...	2.2
Venezuela b	275	147	209	233	344	390	431	247	125	1.3
Yemen	26	23	20	26	18	20	...	...	...	0.9
Zambia	6	...	...	9	10	11	12	11	...	0.9
Zimbabwe	6	6	12	...	5	...	4	25	...	0.0

a Or nearest year.

b Imports are valued f.o.b.

c Includes Secretariat estimates.

d Includes significant shipments through processing zones.

e Retained imports are defined as imports less re-exports.

Note: This table includes all countries and territories for which data are currently available or could reasonably be estimated.

Source: WTO

Table 9: Leading exporters and importers of clothing, 2003

(Billion dollars and percentage)

	Value	Share in world exports/imports		Annual percentage change								
	2003	1995	2003	1995-2003	1996	1997	1998	1999	2000	2001	2002	2003
Exporters												
China a	52.06	19.3	28.1	10	4	27	-6	0	20	2	13	26
Hong Kong, China	23.15	-	-	1	3	5	-4	1	8	-3	-5	4
domestic exports	8.20	7.6	4.4	-2	-6	4	4	-1	4	-7	-10	-1
re-exports	14.95	-	-	3	11	6	-9	2	12	-1	-1	7
European Union (15)	19.04	12.0	10.3	3	10	-4	1	-8	0	7	5	15
Turkey	9.94	4.9	5.4	6	-1	10	5	-8	0	2	21	23
Mexico a	7.34	2.2	4.0	13	37	50	17	18	11	-7	-3	-5
India b	6.46	3.3	3.5	6	3	3	10	8	20	-11	10	7
United States	5.54	5.3	3.0	-2	13	15	1	-6	4	-19	-14	-8
Bangladesh b	4.36	1.6	2.0	10	13	21	41	-12	25	2	-6	8
Indonesia	4.11	2.7	2.2	2	6	-19	-9	47	23	-4	-13	4
Romania	4.07	1.1	2.2	15	15	12	13	3	14	19	17	25
Thailand	3.62	4.0	2.0	-4	-26	-1	-4	-2	9	-5	-6	7
Korea, Republic of b	3.61	4.0	1.9	-4	-15	-1	11	5	3	-14	-9	-8
Vietnam b	3.56	...	1.9	...	...	...	-6	25	12	3	41	35
Morocco a, b	2.83	0.6	1.5	-	-2	-7	-	-2	-4	-2	4	16
Pakistan	2.71	1.3	1.5	7	16	-3	2	0	16	0	4	22
Importers												
United States	71.28	32.0	36.5	7	5	16	11	6	14	-1	1	7
European Union (15)	60.39	31.4	30.9	5	5	3	4	1	2	2	6	18
Japan	19.49	14.5	10.0	0	5	-15	-12	11	20	-3	-8	11
Hong Kong, China	15.95	-	-	3	8	10	-5	3	8	1	-3	2
retained imports	0.99	0.7	0.5	1	-29	96	45	9	-12	11	-16	-38
Canada c	4.50	2.1	2.3	7	-5	18	8	0	12	6	2	12
Switzerland	3.93	3.0	2.0	0	-2	-9	4	-3	-5	0	7	14
Russian Federation b	3.71	0.5	1.9	-	-	27	-17	-28	23	13	27	-4
Mexico a, c	3.03	1.5	1.6	6	25	40	12	-3	-1	-3	-5	-9
Korea, Republic of b	2.50	0.8	1.3	11	40	-7	-64	51	71	25	38	11
Australia c	2.19	1.0	1.1	7	12	8	0	9	12	-12	11	20
Singapore	1.94	1.3	1.0	2	5	4	-22	17	14	-10	7	7
retained imports	0.53	0.6	0.3	-4	8	-9	-45	25	8	-18	18	-2
United Arab Emirates b, d	1.78	1.0	1.0	4	-15	9	-6	5	17	9	15	...
Norway	1.52	1.1	0.8	1	-3	1	3	-3	-7	-4	10	12
China a	1.42	0.7	0.7	5	8	7	-4	3	8	7	6	5
Saudi Arabia	1.03	0.7	0.5	2	-4	-2	11	-15	4	6	6	13

a Includes significant shipments through processing zones.
b Includes Secretariat estimates.
c Imports are valued f.o.b.
d 2002 instead of 2003.
Source: WTO

Table 10: Trade in clothing of selected regional integration arrangements, 2003
(Million dollars and percentage)

	Value		Share in total exports/imports					Annual percentage change		
	2003		1990		2002	2003		1990-03	2002	2003
APEC (21)										
Total exports	99950		100.0		100.0	100.0		6	1	13
Intra-exports	74195		68.1		75.5	74.2		7	1	11
Extra-exports	25755		31.9		24.5	25.8		5	1	19
Total imports	117321		100.0		100.0	100.0		8	0	6
Intra-imports	83989		77.6		70.4	71.6		7	-1	8
Extra-imports	33331		22.4		29.6	28.4		10	3	2
EU (15)										
Total exports	59947		100.0	I	100.0	100.0		3	7	15
Intra-exports	40903		72.2	I	68.0	68.2		3	8	16
Extra-exports	19044		27.8		32.0	31.8		4	5	15
Total imports	101294		100.0	I	100.0	100.0		5	7	17
Intra-imports	40903		50.2	I	40.9	40.4		3	8	16
Extra-imports	60391		49.8		59.1	59.6		6	6	18
NAFTA (3)										
Total exports	14351		100.0		100.0	100.0		12	-7	-9
Intra-exports	10763		42.7		75.2	75.0		16	-4	-9
Extra-exports	3588		57.3		24.8	25.0		5	-16	-8
Total imports	78909		100.0		100.0	100.0		8	0	7
Intra-imports	11898		5.2		17.0	15.1		17	-6	-6
Extra-imports	67011		94.8		83.0	84.9		7	2	9
ASEAN (10)										
Total exports	19209		100.0		100.0	100.0		6	-8	14
Intra-exports	567		3.7		2.9	3.0		4	6	16
Extra-exports	18642		96.3		97.1	97.0		6	-8	14
Total imports	2655		100.0		100.0	100.0		7	8	6
Intra-imports a	1072		61.0		46.8	40.4		4	2	-9
Extra-imports	1583		39.0		53.2	59.6		11	14	18
CEFTA (8) b										
Total exports	11447		100.0		100.0	100.0		-	7	18
Intra-exports	618		3.0		4.9	5.4		-	12	31
Extra-exports	10828		97.0		95.1	94.6		-	6	18
Total imports	4388		100.0		100.0	100.0		-	19	20
Intra-imports	623		9.0		13.2	14.2		-	26	29
Extra-imports	3765		91.0		86.8	85.8		-	18	18
MERCOSUR (4)										
Total exports	404		100.0		100.0	100.0		-2	-27	25
Intra-exports	50		10.1		12.1	12.4		0	-77	29
Extra-exports	354		89.9		87.9	87.6		-2	3	25
Total imports	264		100.0		100.0	100.0		9	-56	2
Intra-imports	43		52.1		15.0	16.2		0	-77	10
Extra-imports	221		47.9		85.0	83.8		14	-47	0
ANDEAN (5)										
Total exports	1368		100.0		100.0	100.0		6	-2	23
Intra-exports	131		4.4		16.0	9.6		12	-25	-26
Extra-exports	1237		95.6		84.0	90.4		5	4	33
Total imports	402		100.0		100.0	100.0		9	-23	-19
Intra-imports	88		8.8		26.5	21.9		17	-24	-33
Extra-imports	314		91.2		73.5	78.1		8	-23	-13

a Includes Singapore's significant imports for re-exports.
b 1993 shares instead of 1990. Growth rates are not calculated due to frequent break in series.
Note: The figures are not fully adjusted for differences in the way members of the arrangements in this table record their merchandise trade.
Source: WTO