PART II

Chapter 8

Textiles and Clothing

1. Introduction

The Multi-Fibre Arrangement

The importation of textiles and clothing into the EC is governed by the Multi-Fibre Arrangement (MFA). Under the MFA, the EC, the United States and most other developed countries regulate the volume of textile and clothing imports from developing countries to protect their domestic industries. The EC negotiates and signs for the 12 Member States. The present MFA (MFA IV) is particularly complex in that the EC has set out quotas for annual imports of clothing and textiles for each Member State. The allocated quota for the EC follows the distribution given below:

Country	Percent
Germany	25.5
U.K.	21.0
France	16.5
Italy	13.5
Benelux	9.5
Rest of EC	14.0

The establishment of the Single European Market will undermine this system and national quotas will be abolished and replaced by one large quota for the EC. Imports under the MFA should circulate freely within the EC. As indicated in Part I, Chapter 2, the EC is due to revise its MFA rules in 1993 but has postponed this process until 1994 in view of the delays in the Uruguay Round of world trade negotiations. Therefore, the opening up of the EC market should offer new opportunities for Commonwealth exporters of textiles and clothing.

The Future of the MFA

At the end of 1991, proposals in the GATT Uruguay Round for textiles and clothing set a transitional period of 10 years starting 1 January 1993 for the abolition of the MFA. The phase-out of the MFA will be monitored and supervised by the Trade Monitoring Body (TMB) under the GATT Council. Even when the Uruguay Round is completed there is very little time to implement the section on clothing and textiles. The Foreign Affairs Council of the EC has given the Commission the mandate to negotiate an extension of the MFA with supplier countries and it is expected that an MFA-type regime will continue until 1994. Once the GATT arrangements can be fully implemented it will overtake the extension of the MFA.

Nevertheless the EC is expected gradually to abolish quantitative restrictions in the textile and clothing sector. This provides an excellent opportunity for Commonwealth exporters to increase exports. The prospect of greater competition from third countries, however, may mean much stricter control of imports into the EC, particularly in respect of the "rules of origin" which determine whether a product is judged to have come from a country with preferential access to the EC.

Capitalisation of the EC textile and garment market will no doubt call for demands by EC producers to equal and reciprocal access to developing countries' markets. They may also demand enforcement of international trade marks and registered designs to avoid manufacture of "counterfeit" products in low cost producing countries.

A number of EC companies are moving labour intensive processes involved in textile production to low cost regions and this could provide investment opportunities for Commonwealth countries. Germany has already begun sub-contracting either labour-intensive production processes or the manufacture of final products to factories in developing counties. Removal of trade restrictions on both sides will give greater incentive to EC manufacturers to pursue markets abroad and at the same time to sub-contract in order to make greater use of economies of scale, serving both local and EC markets.

In the next few years it is expected that those Mediterranean and Asian countries which have formed well established trading links with the EC will continue to take the lead. Opportunities are still open as fashionable and high value added products will be manufactured within the EC or near it, such as in Eastern Europe, while low, average and standard quality products produced on a large scale will tend to be manufactured outside the EC. Imports of bulk products such as T-shirts are likely to increase as the EC clothing industry abandons production of these items to more low cost producers.

2. Textiles

The EC market for textiles is already dominated by imports despite the restriction of quotas. There is a growing tendency for consumers to prefer natural to synthetics, therefore cotton and wool are becoming more popular. Only in the United Kingdom is the use of synthetics greater but this is expected to change.

The EC has issued legislation on the fibre content labelling of textile products. Fibre content may be labelled in one of the following ways:

- printed on the textile product, sewn-in label
- swing ticket
- gummed label
- labelled on to the packing or packaging itself.

This regulation also applies to garments, umbrellas, floor coverings, camping goods, etc.

Fibre content indication must be marked in one of three ways:

- by name of the main fibre with its percentage by weight
- by the name of the main fibres with the words such as "85% minimum"
- names of all fibres in declining order of their proportion by weight and percentages by weight.

The EC also has issued a common list of textile names to be used in the labelling of textile and textile products. The main list can be found in the EC Official Journal L 185 of 16 August 1971, ref. 71/307/EEC.

For more information contact the European Commission (DG I/Textiles Division) as detailed in Part III.

Labelling of care and washing instructions is not a legal requirement but may be useful in marketing in the EC. The International Textile Care Labelling Association helps develop and promote international textile care labelling schemes.

For further information contact GINETEX as detailed in Section 5.

3. Garments

The Single European Market has not yet harmonised the different systems of size measurement at this point in time. The given chart shows the different garment sizes in Europe. There have been proposals from the EC retail sector through the International Standards Organisation (ISO) to introduce uniform standards of clothing sizes and universal use of the metric system, but it is not clear if this is likely to be achieved.

In the textile and clothing industry, technical standards are not a major issue in selling to the EC. Countries within the EC have their own laws in different sectors. The U.K. for example has a law which stipulates that upholstery for furniture must be flame retardant. The Netherlands has adopted similar regulations on childrens' sleepwear.

4. Household textiles, textile furnishing and floor coverings

The EC market for household textiles, textile furnishings and floor coverings is far from homogeneous. Demand for these products varies a great deal across the EC depending on the following factors:

- standard of living
- habit and culture
- climate
- taste and fashion.

Socio-economic factors and changes in lifestyle have affected the strict demarcation of the traditional functions and purpose of the rooms within the home. This translates to a change in the use of household accessories. In this market where the fashion cycle is much longer in comparison to clothing, modernisation and coordination of colour and design of furniture and household furnishings have become more common. Plain white bed sheets, for example, which dominated the market in the past can now be seen mainly in hotels and hospitals.

5. Further Information and Contact Points

TRADE ASSOCIATIONS	TRADE FAIRS & EXHIBITION
1. ***COMITEXTIL*** ***Coordination Committee for the Textile Industries of the EEC*** 24 Rue Montoyer B-1040 Brussels Belgium Tel: +32 2 230 9580 Fax: +32 2 230 6054 2. ***Confederation of Manufacturers of Carpets and Furnishing Fabrics*** Hans-Böckler-Strasse 205 D-W-5600 Wuppertal 1 Germany Tel: +49 202 75970 Fax: +49 202 759797 3. ***GINETEX*** ***International Textile Care Labelling Association*** Arbeitsgemeinschaft Pflegekennzeichen FHr Textilen Schaumainkal 87 D-6000, Frankfurt, Germany Tel: +49 696 330461 Fax: +49 696 311641 4. ***International Apparel Federation*** Wichmanstrasse 20 D-1000 Berlin 30 Germany Tel: +49 302 621026 Fax: +49 302 613313	1. ***PREMIERE VISION*** ***Clothing Textiles Fair*** Location: Paris - Nord Villepinte, France Contact: Premiere Vision Le Britannia, A 20 boulevard Eugéne Deruelle 69432 Lyon Cedex 03 France Frequency: Twice a year in March and October 2. ***HEIMTEXTIL*** ***International Trade Fair for Home and Household Textiles*** Location: Messegelande, Frankfurt, Germany Contact: Messe Frankfurt GmbH, Postfach 970126 6000 Frankfurt, Germany Tel: +49 697 5750 Fax: +49 697 5756612 Frequency: Every year in January 3. ***IGEDO*** ***International Fashion Fair*** Location: Dusseldorf Fairgrounds Dusseldorf, Germany Contact: IGEDO International Modemesse Kronen Kg 101 Danziger Str 4000 Dusseldorf 30 Germany Tel: +49 211 439601 Fax: +49 211 439345 Frequency: Every year in March and September

EUROPEAN COMMISSION
200 Rue de la Loi
1049 Brussels
Belgium
Tel: +32 2 299 1111e

Product Coverage

CATEGORY NUMBER	CCT NUMBER	PRODUCT DESCRIPTION
20	630210-39	Bed linen
39	630240-59	Table linen
39	630260-99	Towels

Customs Duties

CCT NUMBER	FULL1	GSP2	ACP	LDDC
630210	12-13%	0%	0%	0%
630240	12-13%	0%	0%	0%
630260	13%	0%	0%	0%

1 Household linen made from non-woven man-made fibre has a lower rate of duty of 6.0%.

2 Imports of household linens from GSP Commonwealth countries can enter free of customs duties within the limits of a ceiling. Imports beyond the ceiling may be subject to full rate of duty.

Under the MFA, quantitative restriction on imports of garments and textiles depends on type of product and country of origin.

Quantitative restrictions in the form of a quota are imposed on Pakistan (for bed linen) and India (for bed linen, table linen and towels). Imports beyond the quota will be denied entry into the EC.

Imports of handloom fabrics and of cottage industry products made from such handloom fabrics and of traditional folkloric handicraft textile products are not subject to quotas provided that they are certified as such by the appropriate authorities.

Product standards

The following factors must be considered in selling to the EC:

1. Quality

Although quality requirements can vary from one country to the next, product quality must be consistent. Flaws in the weave are unacceptable. The quality of the fabric used is also very important - good printing and dying is essential and products must be colour fast. For bed linen (duvet covers) an important factor is easy care of washing, ironing and drying. For towels a compact weave together with softness is very important.

2. Fashion

Fashion in household textiles does not change quickly and trends last 3 to 4 years. Comfort, security, and warmth which are important selling points of household linens, mean there is a preference for warm colours and luxury fabrics. There is a strong trend towards colour and design coordination, not only in household linen but also in furniture and furnishings.

3. Packaging

Packaging varies from one article to the next. Towels, for example, are generally not packaged at all. Labelling is an important aspect and must give information on

- size
- fabric
- washing instructions.

4. Fabric

There has been a preference for natural fabrics instead of mixes of natural fibres and synthetics. The use of environmentally friendly materials such as cotton is gaining popularity.

Marketing and Distribution

The major EC importers of household textiles are West Germany, the UK, France, Italy and the Netherlands. Bathroom and kitchen linen have greater demand while table linen represents the smallest market in the EC. In the bed linen sector there has been a general shift from sheets and blankets to duvet covers.

Distribution varies in each Member State. In continental Europe, the independent retailers, mostly organised under buying groups, and the very cheap textile supermarkets are the most important retail outlets for household textiles. Department stores are the second major outlet for these products.

Quick delivery of household textiles is not of great importance due to long-term fashion trends. However, long lapses between orders may put suppliers out of touch with the market.

The institutional market comprising hospitals, railways, hotels and state institutions should not be overlooked. In these markets the main considerations are quality and practical applicability rather than fashion.

It is important to remember that household textiles are no longer purchased for utility alone in the higher income market of the EC. Colour and design coordinated linens are in keeping with the status and lifestyle of the consumer.

Documentation

For products coming from countries where a quota has been imposed an export certificate issued by the appropriate authority in the exporting country will be required. The original copy of the export licence must be sent to the EC importer to be able to get a corresponding import licence to obtain release of the goods.

Certificate of Origin (Form A for LDDC and GSP countries and EUR 1 for ACP countries) must accompany consignment to benefit from tariff free entry to the EC.

Other information

Prices

On average, the final consumer price of household textiles is 2.9 times the CIF value. Purchase prices can be strongly influenced by exchange rate fluctuations, particularly those involving the US dollar.

Trade Fairs

The major trade fair for household linens is HEIMTEXTIL held annually in the beginning of January in Frankfurt, Germany. Interested exporters can contact:

Messe Frankfurt Gmbh
Postfach 970126
D-6000 Frankfurt 1
Germany
Tel: +49 69 75750
Fax: +49 69 75756433

Carpets and Rugs

Product Coverage

CATEGORY NUMBER	CCT NUMBER	PRODUCT DESCRIPTION
59	570110-90	Carpets and other textile floor coverings, knotted
59	570210-99	Carpets and other textile floor coverings, woven
59	570310-90	Carpets and other textile floor coverings, tufted
59	570510-90	Other carpets and other textile floor coverings

Customs Duties

CCT NUMBER	FULL	GSP*	ACP	LDDC
5701	6.9-8.9%	0%	0%	0%
5702	8.9%	0%	0%	0%
5703	14%	0%	0%	0%
5704	6.7%	0%	0%	0%
5705	8.9%	0%	0%	0%

* Imports of carpets and rugs are free of customs duties within the limits of a ceiling. Imports beyond the ceiling may be subject to full rate of duty.

Unlike other textiles, imports of carpets into the EC from third countries are not subject to quantitative restrictions. However, they are subject to an administrative monitoring mechanism. Under this arrangement, quantitative limitations can be applied if imports grow faster than a pre-determined rate (between 2-5% per year depending on product category and country of origin).

Product Standard

There are no EC-wide standards for carpets and rugs. The quality of these products however has improved a great deal due to the use of improved types of synthetic and natural fibre. Better machinery has improved product quality and has provided scope for greater versatility in patterning.

A diversity of influences prevail within the market. Traditional designs of carpet remain, but alongside these various new designs from aspects of romanticism, new age, geometric designs, art deco and ethnic influences have entered the market. In the medium term it is unlikely that any one design will dominate the market but rather the consumers will have an increased number of choices.

Marketing and Distribution

The majority of carpets and rugs sold in the EC come from within the Community, particularly from Belgium, which is the largest exporter of carpets and rugs, especially tufted carpets. Importers play an important role although wholesalers carry the bulk of the product acting as intermediaries between manufacturer and retailer. Carpets and rugs are usually sold in large department stores or DIY (Do-It-Yourself) outlets. More specialised carpets with more intricate designs or hand-woven specialities are brought in by importers and sold at specialist carpet shops.

The International Oriental Carpet Centre (IOCC) in London currently has 21 companies and has become an important trading centre with an international reputation. Some companies specialise in specific types of carpet from one country and others offer a wider range. Companies under the IOCC can offer guidance on design and price.

Factors such as standard of living, tradition, culture and climate will determine demand for carpets and rugs in each EC country. In Germany, most living rooms have carpets. In Southern European countries such as Spain and Portugal there is a preference for stone, tiled or linoleum floors for the long, hot, dry summer months. Rugs are much more appealing products in these countries.

There are three distinct markets - residential, contract and automobile market. The rule of thumb is 20% contract market, 5% automobile, the rest is residential.

A major factor in this industry is price. Woollen carpets are widely preferred but are often more expensive. Wool/nylon mixes have brought the prices to a more affordable level.

Documentation

Aside from normal shipping and import documents, Certificate of Origin - Form A for GSP and LDDC countries, EUR 1 for ACP countries - must accompany consignments to benefit from reduced tariff or tariff free entry into the EC.

Imports of products made of hand-loom fabrics, and of traditional folkloric handicraft textiles are not subject to monitoring for quota provided that they are certified as such by the appropriate authorities of the exporting country.

Other information

Trade organisation:

International Carpet Classification Organisation
Rue Montoyer 24
B-1040 Brusseles
Belgium
Tel: +32 2 330 2601
Fax: +32 2 512 2165

International Oriental Carpet Centre Ltd.
Block L
53 Highgate Road
London. NW5
United Kingdom
Tel: +44 71 267 3346
Fax: +44 71 267 4130

Trade Exhibitions:	DOMOTEX	
	World Trade Fair for Carpets and Floor Coverings	
	Location:	Messegelande, Hanover, Germany
	Contact:	Deutsche Messe AG Messegelande 3000 Hanover 82 Germany Tel: +49 511 890 Fax: +49 511 893 2626
	Frequency:	Every year in January

Woollen Knitwear

Product Coverage

CATEGORY NUMBER	CCT NUMBER	PRODUCT DESCRIPTION
5	61101010	Jersey and pullovers containing at least 50% by weight of wool
5	61101031	Men's and boy's jerseys, cardigans and pullovers of wool
5	61101091	Women's or girl's jerseys, cardigans, pullovers of wool

Customs Duties

CCT NUMBER	FULL	GSP*	ACP	LDDC
61101010	10.5%	0%	0%	0%
61101031	14%	0%	0%	0%
61101091	14%	0%	0%	0%

*Imports of woollen knitwear from GSP Commonwealth countries can enter free of custom duties within the limits of a ceiling. Imports beyond the ceiling may be subject to full rate of duty.

Under the MFA, quantitative restrictions on imports for garments and textiles depend on type of product and country of origin. Quantitative restrictions in the form of a quota are imposed on India, Malaysia, Pakistan and Singapore for woollen knitwear. Imports from these countries beyond the quota will be denied entry into the EC.

Product standards

As with all textile products woollen knitwear must be properly labelled with a corresponding fibre content.

Technical improvements have made it possible to produce a much lighter woollen fabric which can be worn all year round. Growing environmental concerns within western Europe and the movement for a more natural and healthy lifestyle have favoured wool products. The International Wool Secretariat has utilised this trend successfully in its advertising, promoting wool as a fashionable, environmentally healthy fibre which is comfortable, sensual and easy to wear.

Marketing and distribution

Demand for textiles and clothing has increased in the EC despite the restriction of the MFA. Wool textiles and clothing are regarded as premium high-quality merchandise. Quantitative restrictions are not fibre specific and the trend towards switching to more natural fibres has become more obvious. Non-wool knitwear is still by far more popular in the EC, most probably because of the cost factor. However, woollen knitwear is growing in popularity, particularly to the younger age group.

Distribution is done mainly through clothing importers and wholesalers and to a lesser extent by retailers usually grouped into buying organisations. Many of the German manufacturers have moved towards outward textile processing which means that much of the production is done outside the EC. Italy remains a strong producer of woollen textile and textile clothing. Many European-based companies have begun to combat the threat of imports by shortening the design and production cycles. Companies such as Benneton have immediate response mechanisms to indicate colour and designs that are showing potential to be best-sellers. Reorder cycles have shortened, proving that imports can best compete in items less dictated by fashion or by entering the mass market at the moment of maximum popularity.

The mark-up on imported prices of commodity basics is on average between 100% and 200%. The mark-up in chain stores catering for mass market consumers tends to be less than in those aiming at fashion conscious buyers. Timing of shipments must take into account the various buying seasons. Purchasing frequently begins 9-12 months in advance of seasonal retail selling.

Documentation

Quantitative restrictions under a quota depend on the product category and the country of origin. An export licence issued by the appropriate authority in the exporting country may be required for products under quota. Products not subject to quota must be accompanied by Certificate of Origin Form A for LDDC and GSP countries while the EUR 1 form must accompany consignments from ACP countries in order to benefit from tariff-free entry into the EC.

Other information

Trade Associations:

The Wool Secretariat
Centre International Rogier
18 Etage, Boite 329
B-1210 Brussels, Belgium
Tel: +32 2 218 6064
Fax: +32 2 818 0464

Clothing and Footwear Institute
71 Bushfield Street
London. E1 6AA
United Kingdom
Tel: +44 71 247 1696

Trade Fair:

IGEDO
International Fashion Fair
Location: Dusseldorf Fairgrounds
Dusseldorf, Germany
Contact: Igedo International
Modemesse Kronen KG
101 Danziger Strasse
4000 Dusseldorf 30
Germany
Tel: +49 211 439601
Fax: +49 211 4396345

ACP Commonwealth Countries

ACP

ACP Commonwealth Countries

Entry

Tariff free and quota free entry into the EC.

Rules of Origin

Rules of origin are extremely restrictive regarding the import of textiles and garments into the EC. In general, garments must be manufactured from cloth woven in ACP or EC countries in order to qualify for tariff free access. In the case of textiles non-originating fibres or textile material may only make up to 10% of the total weight of the textile. There are also special rules which apply to textile trimmings and accessories used in garment and textile products.

Documentation

Certificate of Origin (EUR 1) must accompany products if exporter is to benefit from tariff free entry into the EC. These forms can be obtained from the exporting country's national Customs and Excise Office or Ministry of Trade.

GSP Commonwealth Countries

GSP Commonwealth Countries

Entry

Under the MFA quantity restrictions in the form of quotas are applied to GSP countries. The application of a quota depends upon the type of product and country of origin. Imports within this quota can enter the EC free of customs duties. Imports beyond this quota are denied entry. Other imports of garments and textiles from GSP Commonwealth countries can enter free of customs duties up to a set limit, thereafter duties are imposed. Other categories of garments and textiles could be subject to customs duties upon request by an EC member state, if imports threaten EC producers.

Rules of Origin

Rules of origin are extremely restrictive regarding the import of textiles and garments into the EC. In general, garments and textiles must be manufactured from cloth woven in the exporting country in order to meet GSP rules of origin. There are also special rules which apply to textile trimmings and accessories used in garment and textile products.

Documentation

For products coming from countries where a quota has been imposed an export licence must be obtained from a designated government office of the exporting country. The original export licence is sent to the EC importer for presentation to the officials of the importing country. A corresponding import licence is issued for the importer to obtain release of the goods from customs.

Imports of handloom fabrics and of cottage industry products made from such handloom fabrics and of traditional folkloric handicraft textile products are not subject to quotas provided that they are certified as such by the appropriate authorities.

For products not restricted by quotas, Certificate of Origin (Form A) must accompany consignments for tariff free entry into the EC. These forms can be obtained from the exporting countries national Customs and Excise Office or Ministry of Trade.

LDDC Commonwealth Countries

LDDC Commonwealth Countries

Entry

Tariff free and quota free entry into the EC.

Rules of Origin

Rules of origin are extremely restrictive regarding the import of textiles and garments into the EC. In general, garments and textiles must be manufactured from cloth woven in the exporting country in order to qualify for tariff free and quota free access. There are also special rules which apply to textile trimmings and accessories used in garment and textile products.

Documentation

Certificate of Origin (Form A) must accompany products if exporters is to benefit from tariff free entry into the EC. These forms may be obtained from the exporter's national Customs and Excise Office or Ministry of Trade.

T-shirts, shorts, trousers and men's shirts imported from Bangladesh are presently under double surveillance. Although no quota is imposed an export licence must be obtained from government authorities in Bangladesh. The original export licence is sent to the importer for presentation to the official of the EC importing country. A corresponding import licence is issued for the importer to obtain release of the goods from customs.