ASSESSMENT OF EUROPEAN SOURCING IN 2008

The final outcome for the year 2008 as a whole revealed a 3 % drop in value in French consumption of clothing and textile articles in comparison to 2007. The other European Union member countries also saw a downtrend in consumption last year. What impact has this fall in demand observed in Europe had on the geography of purchasing for prime manufacturers?
In 2008, the increase in imports into the European Union slowed down considerably. Over the entire year, incoming imports only rose 2 % in value in comparison to 2007.

CHINA GAINED 4 PERCENTAGE POINTS OF MARKET SHARE

Imports from China nevertheless increased 16 % in comparison to 2007, which is identical to the increase recorded in 2007. Therefore, in spite of lacklustre consumption on European markets, now that China is free from restrictions limiting its import volumes to Europe, it has continued to gain market shares in the 27 EU countries' sourcing. China now accounts for 41 % of all clothing imports into the European Union in value: i.e. 4 percentage points higher than in 2007. It was during the second half of 2008 that imports intensified; indeed, imports from China had only risen 3 % during the first half of 2008.

Apparel imports from Asian countries other than China fell 5 % in value in comparison to 2007. Bangladesh nevertheless did a good job holding firm against China, as European sourcing in Bangladesh was 7 % higher than in 2007. India, however, was only able to sustain the same export volume to the European Union.

LACKLUSTRE CONSUMPTION HAS HIT THE MEDITERRANEAN BASIN COUNTRIES

The European Union's clothing sourcing in all the countries in the Mediterranean Basin slipped 7 % in value.

Imports coming from Turkey underwent the steepest decline: down 11 % in comparison to 2007. This was mainly because of the drop in orders from contractors in Germany and the UK. The British have been severely incapacitated by the falling value of the pound sterling, which automatically drove up the price of import goods. On the other hand, it's important to note that Turkish imports to France rose 7 %.
Business also lost steam in Morocco; according to Moroccan Customs, clothing exports — measured in dirhams— dropped 8 % in comparison to 2007. Shipments to Spain, Morocco's primary customer, slid 10 %. However, Morocco's ties with France were strengthened, as Moroccan exports to France increased 3 %. Finally, following the same pattern as Turkey, sales to the United Kingdom plummeted by 25 %.

As they are less dependent upon the British market, Tunisian exporters managed to maintain clothing sales to the European Union in 2008 at the same level as in 2007.
While apparel imports to France, Tunisia's primary customer, slumped slightly, (-1 % in value), German contractors reinforced their purchasing in Tunisia (+ 4 %).

Thus, the slackening demand seen on European markets did not keep contractors from stepping up their sourcing in China and Bangladesh at the end of last year. While the southern European countries and France maintained their purchasing from Mediterranean Basin suppliers, the fact remains that sourcing in Asia intensified. In the end, the main losers are producers in European countries, as evidenced by the 6 % drop in clothing imports to France from EU member countries, while imports from Asia progressed 7 % and imports from the Mediterranean Basin were up 3 %. Finally, this seems to be a particularly adverse development for upstream textile suppliers, especially weavers and finishers, as the increasing reliance upon Asian finished products takes a heavy toll on their customers, producers in Europe and on the other side of the Mediterranean.

GILDAS MINVIELLE
gminvielle@ifm-paris.com