THE CRISIS IS HERE

After poor performance in 2008 —consumption of clothing and textile articles fell 3 % in value under comparable conditions in comparison to 2007— retailers' turnover rose, on average, 2.9 % in value during the month of January 2009. This resurgence in consumption can mainly be explained by the lure of the big sales, the cold weather, and the fact that in 2009 January had one more Saturday than in 2008. Unfortunately, this temporary upsurge was followed by a dismal month of February, as sales plummeted 14.8 % in comparison to February 2008.

The information collected for the month of March, though still provisional, also fits into this negative trend. This situation is all the more worrisome as last year the month of March proved to be one of the worst months of the year in terms of consumption. Indeed, consumption of clothing and textile articles at the time dropped by a precipitous 10 % in value in comparison to March 2007.

The fact that sales held firm during the month of January therefore seems to be no more than a flash in the pan. We can expect consumption to continue its downward spiral throughout 2009, even using the already gloomy year of 2008 as a reference point. Indeed, household demand can not help but be affected by the increase forecast in the number of the jobless (approximately 800,000 throughout 2009). Meanwhile, retailers are cutting down on their orders in anticipation of this drop in consumption, which has serious repercussions on producers' business. European producers, who have already been considerably weakened in recent years, will be the first to be affected. They now bear the full brunt of the economic downturn at a time when the banks' wariness of the textile-apparel sector deprives them of the financial means necessary to the survival of their business.

On the other side of the Mediterranean, manufacturers are also going through hard times. Clothing exports from Morocco have fallen 10 % in value during the January-February period of 2009, while exports from Tunisia have plunged 13.6 %. While falling consumption and a dearth of credit have forced retailers to be more cautious —which is to the advantage of more local sourcing— the crisis situation causes them to reduce their purchasing volumes and this affects all suppliers in the end.

Last year, shrinking consumption in Europe did not keep prime contractors from stepping up their purchases in China, especially during the second half of 2008. This year the situation may well change and European clothing imports from China may dwindle somewhat. According to Chinese customs officials, clothing exports to the European Union did indeed flag 2.8 % in value during the first two months of 2009. In the United States as well, in spite of the lifting of all quotas on December 31st 2008, clothing imports coming from China fell 1.6 % in value during the same period.

The crisis that the textile-apparel sector is currently going through affects ever player, from all the way upstream to all the way downstream in the industry. Nonetheless, the hardships companies upstream are experiencing can in no way be compared to those downstream. The decline in end-consumption in France is often manifested in a drastic fall in business for companies upstream in the industry who see their orders plummet by as much as 40 %. The unprecedented grim situation we find ourselves in remains shrouded in uncertainty, but unfortunately, we may not yet have touched bottom.

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