

FRENCH EXPORTS HOLDING FIRM

Consumption of apparel and textile articles fell 3.4 % in value in October in comparison to October 2010. Since July, retailers' turnover has been following a downward trend in France. The particularly adverse uneconomic situation since the summer has caused households to be concerned about their weakening spending power, and consequently, to reduce the volume of their consumption. According to an IFM study conducted in November, 79 % of retailers bemoaned a decline in footfall, while 72 % complained of a fall in the volume of purchases.

If this unfavourable economic situation continues, it will most certainly affect players throughout the entire sector: from retailers at the end of the supply chain to manufacturers upstream in the industry. In a context like this, emerging markets act as central growth areas that compensate for the lacklustre performance of European markets. The very latest statistics available indicate that in late October French exports continued to be heading in the right direction: mostly toward non-European Union member countries.

During the ten first months of the year, French clothing exports rose 5 % in value in comparison to 2010. Growth of exports to countries outside of the European Union even increased as much as 10 %. Indeed, exports to China showed the greatest sustained growth: progressing 59 % during the first 10 months of 2011 in comparison to the same period in 2010. It is true however that the percentage of French apparel deliveries to China remains rather modest, as it increased from 0.1 % in 2000 to 1 % in 2011.

Textile exports, on the other hand, rose 4 % during the 10 first months of the year (+ 3 % toward EU member countries + 4 % towards non-EU member countries). Exports to China increased 12 % in value and China's market share of French textile exports went from 1 % in 2000 to 4 % in 2011. China is therefore now France's eighth largest customer.

The consumption potential of the BRICs is considerable. The Chinese market alone came to a total of 120 billion euro in 2010 (consumption of clothing and leather goods). In 2020, this market should reach around 200 billion euro, which corresponds to more or less half the European market. In addition, the French government's determination to revitalize the domestic market, so that France's growth model is less dependent upon European and American outlets, should create fertile ground for a sustained demand for consumer goods. The market level of the other Asian giant, India, is certainly more less impressive in relation to the size of its population (31 billion euro in apparel-leather expenditures in 2010), but it is expected to double by 2020.

If the Asian markets are often perceived as being more challenging by French companies, the markets of the Mediterranean-rim countries, especially Turkey, also offer real opportunities. Consumption of apparel and leather goods came to approximately 22 billion euro in

2010 in Turkey, which represents half of the French market. In any case, it is vital that we step up efforts to strengthen French presence on emerging markets, as exports to European Union countries will no doubt be hit hard in the months to come by the sluggishness of consumption among our European neighbours.

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