

DOING BUSINESS

in Switzerland and the EU

- Requirements
for Access

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1 MARKET ACCESS

1.1 QUALITY AND STANDARDS IN SWITZERLAND AND THE EU

The application of the European Norms (EN) in the 25 EU and the 3 EFTA countries (including Switzerland) is the basis of a liberal intra-European trade and is valid in all 28 countries (more details: www.cenorm.be).

However, there are no general EU or Swiss standards for garments. The rule is that importers in EU countries as well as in Switzerland generally fulfil the minimum quality requirements regarding material and making. The technical committee of the European Clothing Association (ECLA) has published an example of recommendations for manufacturers of knitted and woven clothing. Within these recommendations ECLA, where Switzerland as well as the EU 15 countries hold a membership (please compare www.iafnet.org/html/iafwebsites.htm) makes a difference between:

- Recommendations concerning the characteristics of product which could be detected by an experienced person without aid of instruments in general use. A fault is located if the irregularity is evident in the fabrics as it was delivered or in the final product

- Recommendations concerning the characteristics of fabrics, which could be only recovered with the help of appropriate equipment. Description of each characteristic includes definition, testing method, minimum quality standards and (if necessary) possible allowable tolerances compared with measurements of the sample.

Testing methods for clothing are usually based on the ISO standards for Switzerland (www.iso.ch) or they can also suit the requirements of European norms (EN) or national standards of the EU member states (such as DIN, SIS, BS). ISO is made up of its members. A member body of ISO is the national body 'most representative of standardization in its country'. Only one such body for each country is accepted for membership of ISO. Member bodies are entitled to participate and exercise full voting rights on any technical committee and policy committee of ISO. The member body of ISO in Switzerland is Swiss Association for Standardization (SNV) (more details can be taken from www.snv.ch). ISO norms are also applied in Switzerland.

The major standards for quality and grading standards in the EU and Switzerland are the following:

- for care labelling - ISO 3758
- for dimensional stability - DIN 53894 (steaming), DIN 54311 (fusing), ISO 3759/5077/6330 (washing/tumbling), ISO 3175 (dry cleaning)
- for physical properties - ISO 5081 (tensile strength strip), ISO 5082 (tensile strength grab), ISO 9290 (tear strength), BS 3320 (seam slippage), EN 22313 (abrasion resistance), ISO 9876 (crease tendency/recovery), BS 5811 (pilling tendency), SIS 650047 (fibre penetration), EN 24920 (spray test) etc.
- for colourfastness to washing, light, water and other external influences - ISO 105

Although the EU attempts to activate free trade based on the harmonization of product requirements, each EU member state and Switzerland has its own national market for apparel with its respective requirements concerning quality, type of clothing, colour, fabric, size etc.

Swiss norms are progressively disappearing due to the appearance of international norms. Following requirements inherent to globalisation, Swiss industry has

changed over to international standards over the last twenty years. In order to counteract possible discrimination against the Swiss clothing industry because of the country's non-membership in the EU, Switzerland has accepted various EU-norms and references within the framework of national legislation.

1.2 PACKAGING, SIZE MARKING AND LABELLING

Packaging

Care must be given to the packaging of products if one intends to export to EU countries and Switzerland. Packaging must be travel-steady, it must protect the product against environmental influences, theft, rough handling etc.

As well as these basic demands, some importers may have specific demands concerning packaging, such as printing information about the order on the boxes (order number, quantity, product number, product description etc.). Some materials like PVC are less popular or even forbidden in some countries because of environmental issues, and exporters should discuss this matter with potential clients and include the cost of the special price in their wholesale price, if required.

The EU has issued a Directive on packaging and packaging waste (94/62/EC) that is applicable, to a large extent, to Switzerland as well. Among other measures, the Directive sets maximum levels of concentrations of heavy metals in packaging and describes requirements specific to manufacturing and composition of packaging. The Directive needs to be transposed to the national legislation of the member states.

Since the last market survey dated 2002, it has become increasingly difficult and expensive to dispose of waste in Europe. In principle, the importer is held responsible for disposal of the packaging waste for all goods from outside the EU. It is therefore crucial, when planning exports to the EU, to take the packaging of your products (both sales packaging and transport packaging) into consideration. To fulfil the requirements of the target market, clear communication with the importer about packaging is highly recommended.

Most of the previous systems, such as the German packaging waste programme the 'Green Dot' - where trade and industry in Germany and other EU countries were obliged to take back packaging materials - have lost importance over the last 2-3 years, mainly because of misuse of the green dot which appeared almost on every imported packaging without an obligation to take back the packaging.

New legislation about wood packaging has recently been introduced. More detailed information about packaging techniques and the use of packaging materials can be found on the website of ITC (<http://www.intracen.org>).

Size marking

The following body measurements are used: body length, chest size and hip size. These three basic measurements determine the fitting of the garments. The following sizes are similar in Germany, the Netherlands and Austria.

Size table for women's outerwear (body sizes) in cm:

| Character sizes | XS | S | M | M | L | L | XL | XL | XXL |
|-----------------|----|----|----|----|-----|-----|-----|-----|-----|
| Figure sizes | 34 | 36 | 38 | 40 | 42 | 44 | 46 | 48 | 50 |
| Chest width | 80 | 84 | 88 | 92 | 96 | 100 | 104 | 110 | 116 |
| Waist size | 61 | 64 | 68 | 72 | 76 | 81 | 86 | 91 | 97 |
| Hip girth | 86 | 90 | 94 | 98 | 102 | 106 | 110 | 114 | 118 |

Size table for men's outerwear (body sizes) except trousers/jeans (see next table) in cm:

| Character sizes | XS | S | S | M | M | L | L | XL | XL | XXL |
|-----------------|----|----|----|----|-----|-----|-----|-----|-----|-----|
| Figure sizes | 42 | 44 | 46 | 48 | 50 | 52 | 54 | 56 | 58 | 60 |
| Chest width | 84 | 88 | 92 | 96 | 100 | 104 | 108 | 112 | 116 | 120 |

Size table for men's trousers in cm:

| | | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Figure sizes | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 |
| Waistband width | 68 | 68 | 72 | 72 | 76 | 76 | 80 | 80 | 84 | 84 |
| Side length | 100 | 108 | 102 | 110 | 104 | 111 | 104 | 112 | 106 | 112 |

| | | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Figure sizes | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 |
| Waistband width | 88 | 88 | 92 | 92 | 97 | 97 | 102 | 108 | 114 | 120 |
| Side length | 106 | 113 | 108 | 114 | 108 | 114 | 111 | 111 | 111 | 111 |

All attempts to harmonise the size system at European level have so far failed. The system is that in some EU countries, except the UK, the same figure sizes are used, but sizes are not equal. For instance: Women's figure size 36 in Germany and The Netherlands is equivalent to 40 in France and 42 in Italy. As mentioned above, the UK uses a different system: Women's figure size 36 in Germany and The Netherlands is equivalent to 8 in the UK, 38 to 10 etc.

Apart from this discrepancy, the different brands and retailers in Europe use the same figures for the sizes, but a lady's size 38 might differ to quite some extent from brand to brand.

Jeans sizes

Jeans are sold internationally in inch sizes. They are read as follows: the first number refers to the girth of the waist and the second to the inside leg seam (inseam). Both are expressed in inches.

Germany has a specific system for the men's sizes, which are subdivided into three groups:

a. Standard sizes: 44 46 48 50 52 54 56 58 60 62

b. Large sizes (shorter than standard sizes and wider at the hip): 24 25 26

c. Slim sizes (longer than standard sizes and narrower): 84 86 88 90 94 98 102 106

Size Marking for Babies' and Children's Wear

| Years | Groups |
|---------|---------------------|
| 0 - 2 | Babies |
| 2 - 6 | Toddlers |
| 6 - 12 | Middle group/school |
| 12 - 14 | Preteens |
| 14 - 16 | teenagers |

Example: Conversion table for women's sizes in inch and conventional sizes

| Inches | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
|----------------------------------|----|----|----|----|----|----|----|----|----|----|----|
| Sizes in Germany and Switzerland | 34 | - | 36 | 38 | - | 40 | 42 | - | 44 | - | 46 |

Infants' Wear (body sizes)

For the purposes of sizing all children are best grouped into infants (younger than seven years), boys

and girls. The Swedish 'Centilong' system based on height values is used in some European countries. There is one standard for all these sizes.

Body Sizes Infants in cm:

| Height | 50 | 56 | 62 | 68 | 74 | 80 | 86 | 92 | 98 | 104 |
|-------------------|----|----|----|----|----|----|----|------|------|------|
| Chest | 40 | 42 | 44 | 46 | 48 | 50 | 52 | 54 | 55 | 56 |
| Waist | 40 | 42 | 44 | 46 | 48 | 49 | 50 | 51 | 52 | 53 |
| Hips | 41 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 57 | 59 |
| Arm length | 18 | 20 | 22 | 24 | 26 | 28 | 30 | 32.3 | 34.6 | 36.9 |
| Inside leg length | 16 | 19 | 22 | 25 | 28 | 31 | 34 | 37 | 40.6 | 44.2 |

Boys' wear (body sizes) in cm:

| Height | 110 | 116 | 122 | 128 | 134 | 140 | 146 | 152 | 158 | 164 | 170 | 176 | 182 | 188 | 194 |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Chest | 58.0 | 59.0 | 60.0 | 62.0 | 64.0 | 67.0 | 70.0 | 73.0 | 77.0 | 81.0 | 85.0 | 88.0 | 91.0 | 94.0 | 97.0 |
| Waist | 54.0 | 55.0 | 56.0 | 57.0 | 59.0 | 61.0 | 63.0 | 65.0 | 68.0 | 71.0 | 74.0 | 77.0 | 80.0 | 83.0 | 86.0 |
| Hips | 59.0 | 61.0 | 63.0 | 65.0 | 68.0 | 71.0 | 74.0 | 77.0 | 81.0 | 85.0 | 89.0 | 92.0 | 95.0 | 98.0 | 101.0 |
| Arm length | 39.1 | 41.4 | 43.7 | 46.0 | 48.3 | 50.6 | 52.5 | 55.3 | 57.5 | 60.0 | 62.5 | 65.0 | 67.0 | 69.0 | 71.0 |
| Inside leg length | 47.5 | 51.0 | 54.5 | 58.0 | 61.5 | 65.0 | 68.0 | 71.0 | 74.0 | 77.0 | 80.0 | 83.0 | 86.0 | 89.0 | 92.0 |
| Neck circumference | 28.0 | 28.5 | 29.5 | 30.5 | 31.5 | 32.5 | 33.5 | 34.5 | 35.5 | 36.5 | 37.5 | 38.0 | 38.5 | 39.0 | 39.5 |

Girls' wear (body sizes) in cm:

| Height | 110 | 116 | 122 | 128 | 134 | 140 | 146 | 152 | 158 | 164 | 170 | 176 | 182 | 188 |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Chest | 58.0 | 59.0 | 60.0 | 62.0 | 64.0 | 67.0 | 71.0 | 75.0 | 79.0 | 83.0 | 86.0 | 89.0 | 92.0 | 95.0 |
| Waist | 54.0 | 55.0 | 56.0 | 57.0 | 59.0 | 61.0 | 63.0 | 65.0 | 67.0 | 69.0 | 71.0 | 73.0 | 75.0 | 77.0 |
| Hips | 61.0 | 63.0 | 65.0 | 67.0 | 70.0 | 73.0 | 77.0 | 81.0 | 85.0 | 89.0 | 93.0 | 96.0 | 99.0 | 102.0 |
| Arm length | 39.1 | 41.4 | 43.7 | 46.0 | 48.3 | 50.6 | 52.8 | 55.0 | 57.3 | 59.5 | 61.5 | 63.5 | 65.5 | 67.5 |
| Inside leg length | 47.5 | 51.0 | 55.0 | 59.0 | 63.0 | 67.0 | 70.0 | 72.5 | 75.0 | 77.5 | 80.0 | 82.5 | 85.0 | 87.5 |
| Neck circumference | 28.0 | 28.5 | 29.0 | 29.5 | 30.0 | 30.7 | 31.5 | 32.2 | 33.3 | 33.7 | 34.5 | 35.5 | 36.5 | 37.5 |

Shirts and Blouses

In EU and Switzerland, sizes for men's shirts are based on neck circumference in cm or inches and vary respectively from 37-48 cm and from 15-19 in, and can be extended with other measurements, of which arm length is the most important. The sizes XS-XXL are also used for leisure or sport shirts, also in combination with the usual shirt size. For women's and children's wear, the standard outerwear sizes are used.

Labelling

The International Association for Textile Care Labelling (GINETEX France - Groupement International d'Etiquetage pour l'Entretien des Textiles, www.ginetex.org), which represents the textile producing and retailing industries in 16 European countries (most of the EU countries as well as Switzerland and Tunisia as non-EU countries included), has devised an internationally applicable care labelling system for textiles based on symbols of pictograms. Only those care labels issued by the GINETEX may be used by the retailers/manufacturers in the GINETEX member countries.

The care identification symbols are protected under trademark law. The marks are owned by the aforementioned GINETEX Group. The care identification is also covered by international standards (ISO 3758 / EN 23 758).

In Switzerland, the row of symbols may not be reproduced, issued or used without a special agreement with SARTEX (Swiss Association for Textile Marking – www.sartex.ch). The contracting companies undertake to make correct use of these symbols at all times within the meaning of the relevant guidelines.

These guidelines apply to all textiles and textile products sold in Switzerland and require a declaration as to the kind and content of the raw materials used. Pursuant to the agreement with the user, legal action will be taken in the event of any breach of this undertaking. The textile labelling regulations set by the individual member states of the European Union (EU Standards) comply with the Swiss guidelines and requirements. The right to use these trademarks has been given to the national member bodies of GINETEX. SARTEX is independent in regard to its structure and operating methods, but should adhere in all respects to the use of internationally agreed symbols (above) as well as to technical regulations and decisions taken at the GINETEX level. Commercial companies (wholesalers, importers etc.) are required to include the undertaking to ensure correct care identification and appropriate labelling in compliance with the Swiss guidelines in their orders for deliveries.

There are **two kinds** of requirements in the EU and Switzerland:

Mandatory requirements contain requirements like size, fibre content and care-labelling/washing instructions. With regard to fibre content: the indication 100% or pure can be used within a margin of 2 percent of the weight of the final product. Other fibres with a weight of less than 10 percent of the weight of the final products can be mentioned; in that case, all other fibres must be mentioned. An international care-labelling program is in use in many countries, also outside the EU. The program uses five basic symbols, which relate to the properties of colour-fastness, dimensional stability, effect of retained chlorine (bleach), maximum safe ironing temperatures and certain other properties.

Voluntary requirements, such as origin marking, brand or product name and other consumer information.

The care label

- should be durably fixed to the textile article,
- should be legible during the whole lifetime of the article. In particular it should withstand the washing and dry cleaning process it recommends,

- should be clearly positioned where it is easily noted and without interference from a seam,
- should not show through the article and spoil its appearance.

Other forms of information may be combined on the same label but clearly separated from each other. Garments consisting of easily separable parts should be labelled on each of the parts. There should only be one single care label on an article even if the different components have to carry further information (for example fibre content).



The object of labelling is to inform the consumer and the commercial textile care industries when buying, using or cleaning the articles. Therefore labels should be easily detectable. The label should be affixed permanently and positioned always at the same places depending on the type of the article. Because of differences in materials, production, demands of fashion etc. these requests can only partially be fulfilled and by way of exception an alternative place of positioning is given. To achieve a maximum of conformity, recommended positions are laid down.

The International Textile Care Labelling Symbols (according to ISO 3758)

| SYMBOLS | MAXIMUM WASHING TEMPERATURE | CARE PROCESS |
|---|-----------------------------|--|
|  | 95° C | mechanical action normal rinsing normal spinning normal |
|  | 95° C | mechanical action reduced (1) rinsing at gradually decreasing temperature spinning reduced |
|  | 60° C | mechanical action normal rinsing normal spinning normal |
|  | 60° C | mechanical action reduced (1) rinsing at gradually decreasing temperature spinning reduced |
|  | 40° C | mechanical action normal rinsing normal spinning normal |
|  | 40° C | mechanical action reduced (1) rinsing at gradually decreasing temperature spinning reduced |
|  | 30° C | mechanical action much reduced (1) rinsing normal spinning reduced |
|  | 40° C | hand wash only |
|  | - | do not wash |
|  | 50° C | mechanical action reduced (1) rinsing at gradually decreasing temperature spinning reduced |
|  | 40° C | mechanical action much reduced rinsing normal spinning normal |





(1) corresponding to a load inferior to a normal load and a maximum liquor ratio

* symbols only used in some countries

| SYMBOLS | CARE PROCESS |
|---|---|
|  | Chlorine-based bleaching allowed only in a cold and dilute solution |
|  | Do not use chlorine-based bleach |

IRONING

Dots placed within the symbols (1, 2 or 3 dots) indicate the maximum temperature in degrees Celsius for ironing textile articles.







| SYMBOLS | CARE PROCESS |
|---|---|
|  | Iron at a maximum soleplate temperature of 200° C |
|  | Iron at a maximum soleplate temperature of 150° C |
|  | Iron at a maximum soleplate temperature of 110° C (steam iron may be risky) |
|  | Do not iron |

DRY CLEANING

Letters (A, P and F) in the circle refer to the solvents which may be used by drycleaners.




Underlining the circle indicates that a specific process should be

used (mild process with strict limitations on the addition of water and/or mechanical action and/or temperature during cleaning and/or drying). In this case, self-service cleaning is not allowed.

| SYMBOLS | CARE PROCESS |
|---|---|
|  | Dry-cleaning in all solvents normally used for dry-cleaning with normal cleaning procedures |
|  | Dry-cleaning in all solvents normally used for dry-cleaning except trichloroethylene with normal cleaning procedures. Self-service cleaning is possible |
|  | The bar placed under the circle indicates strict limitations on the addition of water and/or mechanical action and/or temperature during cleaning and/or drying. Self-service cleaning is not allowed |
|  | Only petroleum solvents may be used with normal cleaning procedures |
|  | The bar placed under the circle indicates strict limitations on the addition of water and/or mechanical action and/or temperature during cleaning and/or drying. Self-service cleaning is not allowed |
|  | Do not dry-clean - no stain removal with solvents |

TUMBLE DRYING



The tumble drying symbol (a circle in a square) must be completed by one or two dots for two different temperature levels.

| SYMBOLS | CARE PROCESS |
|---|---|
|  | No restrictions concerning the temperature of tumble drying after a washing process |
|  | Tumble drying possible at lower temperature setting (60° C maximum) after a washing process |
|  | Do not tumble dry |




In April 2005 the Textile Care labelling System according to ISO 3758, valid worldwide, was updated. The new care symbols are listed below and concern washing, bleaching and professional care. The other symbols remain valid as before.

Washing




For additional washing processes the following symbols have been introduced:

| | |
|------------------------------|--|
| 30°C for normal treatment |  |
| 30°C for very soft treatment |  |

Bleaching

| | |
|---|---|
| The empty triangle means that all bleaching processes are allowed |  |
| The triangle with the two lines means that only oxygen based bleach and no chlorine based bleach is allowed |  |
| The crossed black triangle means that bleaching is not possible (normal washing powder allowed) |  |

Professional Textile Care (Cleaning on chemical and water basis)

| | |
|---|---|
| New symbol: wet cleaning possible |  |
| The crossed empty circle means 'No chemical treatment possible' |  |
| The crossed full circle means 'No water treatment possible' |  |

Below is some useful general information how to use the care labels and what to write on them:

Care Labelling – General Recommendations for Exporters

Washing

All garments worn close to the skin should preferably be washable at 60° C., normal mechanical agitation. All other garments should be washable at 40° C., normal mechanical agitation. The bar under the washtub should only be used in the case of delicate fabrics. The bar indicates that the mechanical agitation should be reduced. The broken bar should only be used in the case of machine washable wool and machine washable silk. The broken bar indicates that the mechanical agitation should be much reduced. The hand-wash symbol should only be used for articles which cannot be washed in the washing machine.

Bleaching

Normally the symbol is crossed out.

Ironing three dots for cotton and linen; two dots for acetate, metalised fibres, polyamide, polyester, tri-acetate, viscose, wool, angora and silk; one dot for acrylic, modacrylic, elastane. The symbol should be crossed out for chlorofibres and polypropylene.

Dry cleaning

Only use the symbol P. The bar under the symbol only to be used for delicate fabrics, especially those made from angora.

Tumble drying

Two dots for all cotton and linen articles, one dot for all other compositions. Care should be taken that articles are finished properly to prevent excessive shrinkage. This should be tested.

Note: the 'weakest' fibre determines the selection of the symbols in blended materials.

Source: CBI, 2005

Ecolabels

In the late nineties and at the beginning of the millennium, various competing ecolabels were popular all over Europe. In the beginning, they were mainly used for under- and babywear. Many labels have now disappeared and the approach to the whole 'ecological' issue about textiles and clothing is broader and considers the whole supply-chain from the production process up to the delivery into the shop. Social and environmental aspects play an important role (cf. chapter on 'Trade Related Environmental and Social Issues').

Currently, the German/Swiss Öko-tex Standard 100 is widely accepted in the EU countries and Switzerland as well.

Öko-Text 100

A recent statistical evaluation of the certificates issued throughout the world highlighted the importance of the Oeko-Tex Standard 100 as the world's leading test label of its type at this time. Today, this label is the most widely used, and among European consumers best-known, ecolabel in relation to textiles and clothing. It was developed in 1993 by the 'International Association for Research and Testing in the field of Textile Ecology' and changed in 1997. Companies in the EU, Switzerland and throughout the world have applied for more than 6000 certificates (2004 data). The headquar-

ter of Oeko-Tex International is located in Zürich/Switzerland (www.oeko-tex.com).

Obtaining the Öko-Tex label involves testing for harmful substances according to the criteria which are laid down for each product class. Harmful substances may have some effect on people and human health. Importers from outside the EU have become aware of the significance of this label. The number of the importers who ask for Öko-Tex is growing continuously.

The standard specifies four article classes:

- Articles for babies
- Articles in direct contact with skin
- Articles without direct skin contact
- Decoration material

The standard consists of the following fundamental guidelines:

- Requirements apply to the end product only
- Exclusion of certain dyes which can cause cancer or allergic reactions
- No flame retardant or biocide treatment allowed
- Limitation of harmful substances in the end product (pesticides, formaldehyde, heavy metals)
- Differentiated limitations according to textile types and target groups

The Oeko-Tex 100 Standard comprehensively addresses the Human Ecology component of textile products. It evaluates and screens for any harmful substances present within processed textiles intended to come into contact with consumers.

The advantage for clothing exporters of applying for Öko-Tex Standard 100 is that this system is built up in a modular way and enables reliable and comprehensive assessment within a realistic time frame. This is advantageous when considering the nature of the clothing and textile industry with its fashion-conscious, dynamic pace.

The Oeko-Tex scheme is available to manufacturers world-wide. Although it is far more cost effective to test at each stage of the production process, it is still possible to certify the finished product itself at any time. Another advantage of the system is, that if a product is checked and certified at a particular stage of the production process chain, it can then be used in the next stage without having to be re-tested.

The designation is restricted to one year, after which the product will need to undergo new testing. The Öko-Tex Standard 100 as well as the Ökotex 100 plus label have achieved a worldwide acceptance with an increased number of registered companies also in Asia and South America.

Oeko-Tex Standard 100 plus

The first edition of the Öko-Tex Standard 1000 was issued in 1995. It outlined the requirements for environmentally friendly production. Manufacturing sites fulfilling a strict set of criteria, addressing areas such as banned chemicals and harmful manufacturing processes were licensed to carry the label 'Umweltfreundliche Betriebsstätte' (lit. Environmentally Friendly Manufacturing Site) which they could use as proof of an environmental management system. First organizations were subsequently audited in a pilot project.

The 'Oeko-Tex Standard 100 plus' label was awarded for the first time in 1999. This related to a finished product which fulfilled the requirements of the Oeko-Tex Standard 100 and was also produced only on sites carrying the Oeko-Tex Standard 1000 licence. Generally speaking, it can be recommended that clothing exporters from developing and emerging countries should concentrate on this ÖkoTex 100 label. The Öko-Tex label can be used to distinguish a textile product from competitors.

1.3 TRADE RELATED ENVIRONMENTAL AND SOCIAL ISSUES

Apart from legal requirements, nowadays producers are being confronted more and more with additional requirements. EU and Swiss buyers want more information from producers, for example about the social conditions at their production sites or environmentally sound production. The German Karstadt/Quelle Group, for instance (one of the largest European clothing retailers) stated in June 2005, that before signing any contract their buyers are obliged to check the fulfilment of the social standards at the production site. Karstadt in this respect works with the BSCI programme (more details under www.bsci-eu.org). Although the requirements in this field are not a part of official legislation and have no legal basis, it is recommended to take them into account in order to be competitive.

If a manufacturer wants to indicate to external parties that he is manufacturing in an environmentally sound way, he can comply with standards which have been developed for this purpose. The major standards and current market requirements are described in this chapter.

Environmental Requirements

Environmental aspects play an important role for outerwear manufacturers interested in exporting to the European market given that environmental aspects are a major issue in the EU and Switzerland. Besides governmental actions (legislative, regulations), a strong consumer movement is not to be underestimated, especially in the Northern and Western parts of the EU (Scandinavia, Germany, Netherlands, United Kingdom) and in Switzerland. These aspects are not just a trend - these are lasting issues, which, together with other determinants such as price and quality, have a strongest impact on the positioning of a supplier in the European market.

The capacity of a company to use the environmental approach towards its products such as ecolabels (for products, see also Ecolabels), environmental management standards (for the whole organisation) and production processes are 'green' marketing tools, which have been created by governments and private parties.

Being a part of the business chain, companies in developing countries may also become responsible for negative side effects of their business and their impact on society, the environment and their employees.

Environmental Management System

An 'Environmental Management System' (EMS) is important for environmental protection and pollution prevention in the production phases. It is a management tool which enables an overview of the environmental impact of the company and the possible way it could be diminished. At the moment there are two general voluntary standards with which manufacturers can comply: ISO 14001 and EMAS, both of them based on the popular ISO 9000 series of quality management standards.

The EU's Ecological Management and Audit Scheme (EMAS) has been operating since 1995. It applies to companies with production facilities within the EU and therefore is not relevant for exporters from developing countries. However, ISO 14001 is favoured by exporters to the EU and Switzerland as well.

The ISO 14001 Environmental management system was published in November 1996. It has a similar impact to the ISO 9000 Quality Management Systems series. The objective of ISO 14001 standard is to provide companies with the necessary elements of an environmental management system, which can be integrated into business policies to achieve environmental and economic goals, such as compliance with legislation and demands set by the company as well as continu-

ous improvement of the environmental performance of the company. ISO 14001 specifies only general requirements for an environmental management system, but it contains no environmental performance criteria.

Product related requirements

The main characteristics of the production process are the vast quantities of water required and the variety of chemicals used in the processing stages, which cause much waste. Typical environmental problems associated with the production of textiles are water pollution because of discharge of untreated effluent. Liquid wastes arising from washing contain a substantial organic and suspended pollution load, such as fibres and grease. Effluents are generally hot, alkaline, strong smelling and coloured by chemicals used in dyeing processes. Some of the chemicals discharged are toxic and can lower the dissolved oxygen of receiving waters, threaten aquatic life and damage general water quality downstream.

There are many ways to reduce the amount of water used and emitted. Concerning dyes and pigments, there are many alternatives available which are less polluting. Other technologies make it possible to use less dye and reduce or eliminate spillage of dyes.

Quality related requirements

A quality related requirement are the so called Quality management standards which refer to the management of a company. This is in contrast to most of the other standards, labels and markings described, all of which relate to product or production processes. Quality management standards are not compulsory for market entry into the EU; however, they can definitely contribute to the company's image in the market. The most important quality management system is ISO 9000, inspired by the concept of Total Quality Management. TQM is a philosophy based on customer satisfaction and continuous performance improvement. ISO established a policy committee, DEVCO, specifically to address the needs of developing countries. See <http://www.iso.org>

Azo dyes and other harmful substances

Azo dyes are among the leading colouring agents in the textile industry, especially in developing countries. Approximately 70% of all dyes used in the textile industry are azo dyes. There are about 2 000 different azo dyes, of which approximately 200-300 may fall under a ban. Dyes in the category of direct, azoic/naphthol, disperse, acid or basic dyes may split off carcinogenic amines.

Many azo dyes above the concentration of 30 ppm are prohibited in the EU and also in Switzerland. The ban on azo dyes is applicable to all products that are in contact with skin for long periods of time. The manufacturer must also take into consideration the fact that the products, once they have entered the EU, can be 're-exported' or transferred easily to Switzerland and other European countries. Therefore, it is highly recommendable to follow the Azo regulations.

The best way to avoid problems with banned azo dyes is to use only dyes which are absolutely safe. Use dyestuff supplied by reputable manufacturers, who give the Colour Index numbers, the generic names and material data sheets. Ask for azo-safe certificates. Choose reputable certified laboratories.

Other substances used in the textile and clothing industry that are banned (or allowed to a limited extent) in some EU countries and Switzerland are: pentachlorophenol (PCP), cadmium, formaldehyde and nickel. Polychlorobipheniles (PCB) and terphenyles (PCT) have a total prohibition, as do asbestos and certain flame retardants.

Flame retardants

Flame retardants are used in textiles to reduce their flammability. Tri-(2,3,-dibromopropyl)-phosphate (TRIS) and tris-(aziridiny)-phosphine oxide (TEPA) are both carcinogenic and mutagenic, which means that these substances may alter genetic material. Polybromobiphenyles (PBB) are highly persistent, carcinogenic and reprotoxic. Moreover they also have effects on the immune system and the nerve system.

In the light of the European directive on 'the restriction on the marketing and use of certain dangerous substances and preparations' (76/769/EEC), the EU has prohibited the use of these flame retardants: TEPA, TRIS and PBB are prohibited in textile articles intended for skin contact. They are also prohibited in Switzerland.

Social Requirements

Encouraged by consumer organizations, the consciousness of ethical trading aspects has achieved growing emphasis in many EU countries and in Switzerland. This has led to the development of codes of conduct by many importers. There is a growing concern among buyers of clothing about the use of child labour in the factories of new suppliers. Exporters who can guarantee that their products are made without child labour have a competitive advantage over other products

and a better chance of establishing a long-term business relationship. Exporting companies in developing countries mostly are requested to apply principles of corporate conduct compatible with the Code of Conduct of their partner company in the EU.

These social requirements are gaining importance on European markets and are becoming a precondition for international trade. The so-called social codes are often corporate codes.

In addition, the EU has added a 'social clause' to the Generalized System of Preferences (GSP), which allows for special import tariff reductions for products that are produced in a humane way. The garment industry and the trade associations in some EU countries are developing a model code of ethical conduct for the production of all items. A similar system for Switzerland is not planned as yet.

Occasionally, consumers or citizens form pressure groups (sometimes even demonstrating on the streets) to force government to put an end to business practices they find unethical or anti-social. Such 'consumerist movements' succeeded in setting government rules; the SA 8000 (Social Accountability) is an example of such. The fact that consumers don't accept certain practices demands that suppliers adopt new processes or materials.

Code of Conduct

A Code of Conduct was agreed in September 1997 by European textiles union (ETUF-TCL) and EURATEX (employers' organization). The agreement applies not only to the European enterprises (mainly EU and Switzerland), but also to their subcontractors or subsidiaries in developing countries. One objective of their development is to demonstrate a company's social responsibility.

The core thought of the agreement is following: companies are responsible for their social role. Business ethics and integrity are major determinants of the quality of a company. Companies are also responsible for establishing their own General Business Principles or Codes of Conduct. These reflect the company's position towards business ethics, labour conditions, environment. They should point out the contribution of the company to these issues. The company also has to introduce mechanisms which measure the true effectiveness of the Code of Conduct.

Social Accountability (SA 8000)

SA 8000 is an international standard for social accountability and was founded in 1997. Its purpose is to ensure ethical sourcing of goods and services. It is a voluntary standard, which sets basic standards for child labour, forced labour, health and safety, freedom

of association and the right to collective bargaining, discrimination, disciplinary practices, wage levels, working hours and compensation. The requirements in the standard are based on recommendations of the International Labour Organization (ILO) and on agreements and conventions of the United Nations (Human Rights, Rights of the Child).

SA 8000 supports the demands of consumers for worldwide social standards and is internationally recognized. SA 8000 accreditation is valid for three years with surveillance and observation audits every six months. Those that meet the requirements have the right to display the SA 8000 certification mark.

Socially acceptable production has gained importance in Switzerland. Up to now, 20 auditors have been trained for the SA 8000 by the Swiss company Amana SA, Aarau. Link Fair Trade Guarantee represents the label of Amana SA and operates as a seal of approval for socially fair labour conditions and social engagement in low wages countries. The organization is aimed at the promotion and implementation of SA 8000. The advertising efforts of the organization aim to make Swiss companies buy 'Fair Fashion'.

Clean Clothes Campaign

The European wide 'Clean Clothes Campaign' based in Amsterdam, which is based on the SA 8000 regulations, is also politically very strong in Switzerland. This organization publishes regular newsletters regarding 'social behaviour' when dealing with the supplier countries of leading Swiss clothing retailers and manufacturers (please compare www.cleanclothes.ch and www.evb.ch).

More information can also be requested from the Council on Economic Priorities Accreditation Agency (www.cepaa.org), with headquarters in New York/USA.

Sources of Information

For detailed information about environmental aspects relevant to trade at EU level, please refer to the websites of SIPPO and CBI (www.sippo.ch and www.cbi.nl), especially the CBI Access Guide.

For Switzerland, whose ecological and environmental regulations are similar to those of the EU, more specific information can be found in the CBI/SIPPO Eco-Trade Manual. Other sources of information are the WTO web site (<http://www.wto.org>), the European Commission (<http://europa.eu.int>) and OETH (<http://www.oeth.com>).

1.4. PRESENT TRADE REGULATIONS AND OUTLOOK FOR 2005

European Union

All EU countries apply common Customs tariffs to imports from outside the Union. If there is no special trade agreement in force, the general import tariff applies. Some kind of preferential trade agreement in the field of tariffs, reductions of EU duty levels may apply to many developing countries, according to the commitments in the Uruguay Round, until 2005.

Most of the developing countries have been granted special trade preferences; these countries usually benefit from zero duties through preferential treatment under the Renewed Generalised System of Preferences (RGSP) or under the 4th Lomé Convention for the African, Caribbean and Pacific (ACP) countries.

RGSP (Renewed Generalised System of Preferences)

This agreement allows products originating in the countries concerned to be imported at preferential tariffs or, for the least developed countries even duty-free. A 'Certificate of Origin Form A' has to be filled in by the exporter and issued by the competent authorities. Tariff contingents and ceilings do not exist any more.

As from 1 January 2006, the general arrangement and the 'EBA' arrangement under Regulation No. 980/2005 will enter into force and will continue to apply together with the 'GSP Plus' arrangement. The two special incentive arrangements for the protection of labour rights and of the environment under Regulation No 2501/2001 are repealed from 1.1.2006.

Lomé Convention (for ACP countries)

The partnership agreement between the 25 European Union (EU) member states and the African, Caribbean and Pacific (ACP) states marks five generations of agreements between ACP-EC sovereign states. It is the world's largest financial and political framework for North-South cooperation. Its main characteristics are: the partnership principle, the contractual nature of the relationship, and the combination of aid, trade and political aspects, together with its long-term perspective (5 years for Lomé I, II, and III, and ten for Lomé IV). Products originating in the ACP countries can be imported without duties and quotas, when a 'Movement Certificate EUR.1' is filled in by the exporter and issued by the competent authorities, such as the local Chamber of Commerce. Tariff contingents and tariff ceilings no longer exist.

Preferential duty regimes under Free Trade Agreements (FTAs)

The EU also has many free trade agreements with partners in the region (the central European countries, the Mediterranean countries) and beyond (Mexico, Chile). FTAs now increasingly involve provisions affecting non-tariff measures and regulatory issues such as provisions on trade facilitation and rule-making in areas such as investment, intellectual property, government procurement, technical standards and SPS issues.

The following Free Trade Agreements are available online:

- [FTA under the Euro-Mediterranean Partnership](#)
- [FTA with Mexico](#)
- [FTA with Chile](#)
- [FTA with South Africa](#)

Non-tariff barriers

Examples of non-tariff barriers are anti-dumping measures, sanitary sanctions, quota restrictions, environmental clauses and intellectual property rights. The most important form of non-tariff barriers regarding clothing is quota restrictions. Since 1995, the Multi Fibre Arrangement (MFA) has been taken over by the WTO Agreement on Textiles and Clothing (ATC).

The ATC calls for import restrictions on textile and clothing that have already been lifted in four distinct phases spreading over a period of 10 years: 16% of imports by volume in 1995, 17% in 1998, 18% in 2002 and the rest in 2005.

Many clothing items are already quota-free, but WTO rules allow importer countries to impose anti-dumping duties if there is evidence that markets are being disrupted by selling below costs.

Anti-dumping measures

Anti-dumping implies that, under WTO regulations, exporters are expected to sell their products at fair market value, at a price above cost and without imposing higher domestic prices for the same product that would in effect subsidize their lower export prices. In the event of predatory pricing by a particular company or country, the importing country is allowed to impose a duty surcharge on the imported product, to bring the final price up to fair market value.

Anti-fraud investigations and actions

Besides anti-dumping measures, the EU is stepping up anti-fraud investigations and actions against fraud designed to:

- circumvent trade policy measures, such as anti-dumping measures;
- benefit illegally from preferential treatment such as that under RGSP;
- cheat consumers (claiming EU origin for products produced elsewhere);
- combat counterfeiting and piracy (copying exclusive designs and models without permission of the owner).

Financial instruments in the EU

The awarding of tariff preferences or the levying of 'environmental taxes' on products is one of the major instruments of the EU (besides legislation) to promote environmentally sound products. Such preferential systems are the common subsidy and support schemes, Green GSP, which works on the assumption that extra preferences can be awarded on top of the preferences for producers who show their commitment to the environment and who search for cleaner production techniques to reduce the environmental damage from their production processes and final products. The EU principle 'the polluter pays' becomes obvious as responsibilities for pollution prevention and clean-up are increasingly placed in the hand of the polluter. European importers faced with this will want to share such extra costs with their developing country partners.

Switzerland

General Foreign Trade Conditions - World Trade Organization (WTO) and Free Trade Agreements

On July 1st, 1995 Switzerland joined the WTO (formerly GATT) and since then has applied the 'most favoured clause' regarding trade to all WTO member countries. This also applies to dealings with regions and countries where Switzerland has signed bilateral or multilateral agreements on trade. Furthermore, by joining the WTO, Switzerland had to change most of the non-tariff trade barriers to customs duties.

Moreover, Switzerland is a member of the European Free Trade Association (EFTA). The dismantling of tariffs by the EFTA, in parallel to the European Economic Community (EEC), has eliminated to a large degree the customs duties between the European Union (EU), the EFTA countries and Switzerland, at least as regards industrial products (including clothing).

Within the EFTA framework, Switzerland has also made free trade agreements with Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Israel, Jordan, Latvia, Lithuania, Macedonia, Mexico, Morocco, PLO, Poland, Romania, Slovak Republic, Slovenia and Turkey. Further, 'pan-European cumulation' has been in effect since July 1st 1997.

Switzerland has entered bilateral trade agreements with numerous other countries to prevent double taxation and to protect and promote mutual investment.

THE SWISS GENERALISED SYSTEM OF PREFERENCES

General Principles

The preferential treatment given to exports of developing countries is designed to help increase and diversify their export. The Swiss Generalised System of Preferences (GSP) was introduced on March 1st, 1972 in compliance with Switzerland's intention to implement Resolution 21 (II) adopted by the United Nations Conference on Trade And Development (UNCTAD) in 1968.

Beneficiaries of preferences

In principle, all developing countries and economies in transition are eligible for preferences under the Swiss scheme, with the exception of countries or territories that have reached a high level of development. The exclusion is based on objective criteria. GSP-benefits will not be granted to countries which are members of OECD or have a free trade agreement with Switzerland. Also excluded are countries which the Development Assistance Committee (DAC) of the OECD has classified as a most advanced developing country or territory under Part II of its list of development aid recipients.

Scope of preferences

Switzerland grants preferential reductions amounting to 50% of the normal rate on textiles and clothing. The least developed countries benefit from exemption for clothing and textiles. Complete up-to-date information on custom tariffs may be obtained from the Federal Customs Administration OZD.

Rules of Origin

The Swiss Scheme includes rules of origin which the goods must comply with in order to qualify for GSP-treatment. To satisfy the rules of origin, the goods have to be either wholly produced in the beneficiary country or they must have undergone working or processing in a beneficiary country to specific processing criteria laid down in the regulations.

The prerequisites for the origin of import textiles and clothing applied in the Swiss Generalised System of Preferences have been harmonised with EU and Norway. The rules related to the origin of manufactured goods were adapted to conform with the Pan-European cumulation system of October 1st, 1998. Therefore, textiles and clothing containing raw materials from EU countries and Norway may also be granted preference.

CUSTOM TARIFF

Customs duties based on weight

Swiss customs duties are based on the 'Harmonized System of Classification' which is applied worldwide. Unlike most countries that have a taxation system based on value (customs duties ad valorem), the Swiss system is still based on weight. It is the gross weight that counts, i.e. the weight of the goods together with that of any packaging. Only in exceptional cases do the value of the goods or other criteria such as the number of items, serve as the basis for taxation.

Switzerland imposes very modest customs duties, amounting on average to less than 2% of the value of the industrial goods (including clothing) concerned.

Customs clearance

The basic documentation required includes the customs declaration, which must be accompanied by the invoice with mention of the weight and an attestation from the exporter as to the origin of the goods. A certificate of origin is necessary if preferential customs treatment is wished or if the merchandise is to be re-exported.

- The documents which must accompany goods travelling by rail are an international freight waybill and two international customs declarations.
- Goods travelling by post require an international dispatch note and a customs declaration.
- The accompanying documents should mention whether or not the consignment is to be cleared through customs at the border or at a particular customs office in the interior.

Value added tax (VAT)

At 7.6%, Switzerland has the lowest VAT-rate in Europe. VAT that has been pre-paid may be recovered in certain cases.

1.5 IMPLICATIONS AFTER THE ELIMINATION OF THE TEXTILES QUOTA

The main challenges facing the European Union and Swiss textiles and clothing sector today are globalisation, modernisation and a murderous competition. Market access and fair trade have a higher priority for the textiles and clothing sector than 5 years back. Opening new markets, negotiations of bilateral agreements are aimed at ensuring that industry has time to adjust to full liberalisation.

EU and Swiss apparel imports showed a constant increase in recent years. In their outsourcing strategies, EU and Swiss manufacturers prefer Eastern European countries even over some Asian countries with even lower wage rates (such as Vietnam or China) due to their geographical proximity and their higher quality standards. Thus, EU and Swiss companies remain able to respond quickly to changing market demands.

On the other side, non-EU clothing suppliers increasingly face the fact that the reduction of the number of suppliers on the retailers side continues. The German based Institute for Management and Consulting in Mannheim stated in June 2005 that recently a 13.5% overall reduction of suppliers has been reached. The reduction of the number of suppliers is a part of the market-driven optimisation of the supply-chain, where the chains reduce most (25% in 2004/2005).

The commercial relationships of the European Union and Switzerland in textiles and clothing are mainly governed by the WTO Agreement on Textiles and Clothing (ATC), which provides for the progressive application of the entire range of GATT rules to the sector, including the gradual abolition of all remaining quotas by the 1st of January 2005 (not applicable for Switzerland as there are no quota restrictions).

The EU has negotiated bilateral textile agreements with a considerable number of third countries, which are not as yet members to the WTO. Those countries are subject to quantitative restrictions and/or a surveillance regime.

At the beginning of 2006, the situation of the EU clothing markets, one year after the elimination of all quotas in the clothing sector after many years, is summarised by the European Commission officially in the following way (Status November 2005):

- The disruptive impact of liberalisation of Chinese textile exports to the EU in the first nine months of 2005 has been limited to a fairly narrow range of product categories.
- In these categories there have been absolute rises in textile imports and steep falls in unit prices. Among the categories affected are the ten categories covered by the June 10 EU/China Textiles Agreement.
- China's share of exports to the EU in these textile categories liberalised on 1 January 2005 has increased dramatically at the expense of traditional EU suppliers, mainly in Asia but also in North Africa and the ACP. There has, however, been only a modest rise in textile imports to the EU, either in the 35 products liberalised on 1 January 2005, or in total textile imports.
- A deceleration in the rate of growth of imports from China in the products covered by the 10 June Agreement has already been noticeable in September 2005.

Macro trends following liberalisation 1 January 2005

In general, in the first half of 2005, China increased its exports to the EU by 45% in value and by 40% in volume. For products liberalised in 2005 there has been an increase in China's market share by 145% in volume and 95% in value. This suggests significant falls in unit prices - see below. In these products China, the US and India are the only significant providers to have increased their exports in 2005. India's increase in exports by value is 15%; the US's, 10%.

This has been at the expense of other suppliers to the EU. All other suppliers have suffered export displacement in products liberalised in 2005. Pakistan, Indonesia, Thailand, South Korea, the Philippines, Taiwan, Hong Kong and Macao have all seen exports fall (by between 10% in the case of Pakistan and 60% for Korea) in value and volume. It is noteworthy that the most significant displacement by China has been exports previously originating from Hong Kong, Macao and Taiwan.

Textiles exports from ACP countries for the first nine months of 2005 fell by 20%. Mauritius has seen exports to the EU fall by about 20% in value and volume. Morocco has seen a fall in exports of around 11% in value and volume. Bangladesh has largely sustained its market share in volume but with a fall in value, suggesting price-cutting and rationalisation. One purpose of the June Agreement

was to alleviate pressure on these more vulnerable producers.

Market disruption in a small number of sectors

Serious market disruption has been limited to a small number of product sectors which have experienced both double digit absolute growth in exports, a rise in Chinese exports, and steep falls in unit prices sufficient to force restructuring.

All ten categories covered in the June 10 Agreement have experienced very large overall rises in Chinese imports - as high as over 500% in some cases. Eight of the ten sectors covered in the June 10 Textiles Agreement have seen double digit absolute growth in imports, alongside huge growth in exports from China. There has been an absolute rise in imports of T-shirts (24%), pullovers (17%), men's trousers (23.6%), blouses (13%), bed linen (17%), dresses (8%), bras (12.5%), table and kitchen linen (14.7%) and flax yarn (59%). All the ten safeguarded sectors have shown absolute growth. However, there has been a deceleration of the growth of imports from China in the ten safeguarded products, which have all experienced lower rates of growth in September as compared with the previous period. Such deceleration will become more apparent in the coming few months due to the fact that in seven of the products covered by the MoU, the ceilings for imports have been reached.

There have been drops in unit value in Chinese exports in all except five of the 35 products liberalised in 2005. These include drops in unit price of between 18% and 60% for all Chinese exports covered by the June 10 textiles agreement, with the exception of only one product, flax yarn, where the unit price drop was 5.5%.

Although EU producers have suffered from market disruption in the categories affected as a result of the fall in unit prices and greater Chinese competition in export markets, there has been only a slight increase of textile imports into the EU in the first nine months of 2005 (3.7% in value and 4.9% in volume), and also a modest increase in total imports in the products liberalised in 2005 (4.8% in value and 10.4% in volume).

Obviously, the first effect of the elimination was booming imports from China against much lower prices in the first months of 2005 and objections from South and East European clothing producing countries. In June 2005, the EU and China agreed a deal that will manage the growth of Chinese textile exports to the EU until 2008. This agreement will cover 10 of the 35 categories of Chinese imports liberalised on 1 January 2005: pullovers, men's trousers, blouses, T-shirts, dresses, bras, flax yarn, cotton fabrics, bed linen, table and kitchen linen.

It covers the categories of serious concern, including most of the categories identified by the European Textile Association Euratex and the two categories for which the EU had already launched formal WTO consultations with the Chinese: T-shirts and flax yarn. The agreement limits the rate of imports while allowing fair and reasonable growth for Chinese exports. By finding a wide and balanced agreement, the EU and China ensure a period of adjustment for textile industries in the EU and developing countries, provide greater predictability for importers and retailers, and preserve the prize of market liberalisation for China.

The agreement limits growth in imports in the 10 categories to between 8% and 12.5% per year for 2005, 2006 and 2007. Quantitative levels apply from 11 June 2005, however, at the time of the agreement, quotas for jerseys, jumpers etc. were already filled. More information can be found on <http://sigl.cec.eu.int> or <http://export-help.cec.eu.int/>.

However, the risk of EU importers not receiving all goods from China ordered in 2006 and 2007 is comparatively high, especially in the sensitive categories mentioned above. Thus the EU buyers will make sure that the Chinese supplier really has sufficient export licenses for the ordered goods and finally will be able to deliver the agreed quantities. An import stop for clothing from China to the EU in 2006 is also possible for single categories, especially as many 2005 contracts have been transferred into 2006. E.g. already today (October 2005), the 2006 quota has been exceeded in the categories of knitwear, trousers and dresses.

This situation with China is an opportunity for other supplying countries, mainly from Asia and also the Mediterranean area. Some European buyers tend to look for other Asian countries which are attractive alternatives to China, such as Vietnam, Pakistan, Indonesia, Sri Lanka and so on. However, the experts agree on one point, that the position of China as a supplying country for clothing will remain dominant and the fight for supply shares to the EU among developing and emerging countries has started. According to a study of the German Technical University in Darmstadt, Laos, Vietnam, Cambodia and Bangladesh will be the 'loosing countries'.

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