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## **Bulgaria and Romania's EU Accession Boosts Apparel Industry**

In January 2007 Bulgaria and Romania joined the EU, when current import duties for clothing and textiles drop a full 10% to between 6% and 8%. Consequently, import and re-export opportunities for Hong Kong, the Chinese Mainland and other Asian suppliers are expected to increase using these countries as a quota free gateway into Europe. Main product categories are shirts, T shirts, denim jeans, trousers and sweaters.

Chinese firms are building factories in Bulgaria and Romania as the wage rates compare favourably to China's. Shipment to Europe is quicker and cheaper which is essential for "fast fashion". Germany has also a long tradition of using Romania and Bulgaria as a supply base. The immediate concern is now that Romania and Bulgaria are in EU that more local workers will seek employment in higher paying EU countries. Romania has already seen this happening. Retailers are buying wholesale at prices such as US\$0.3 for tangas, US\$2.1 for children's clothing, US\$3.5 for men's shirts and US\$5.3 for men's trousers or US\$7.1 for women's jeans, per piece.

Bulgaria and Romania are likely to become important players in the garment and textile industry where it comes to supplying the EU market. The country is still the largest producer of such goods in Central and Eastern Europe, ahead of comparable economies such as Ukraine and Bulgaria. Romania and Bulgaria also easily out-competes more expensive labour in Hungary and Poland. Greece and Turkey are important players in Bulgaria. They share the same border and with Turkey not being in the EU Bulgaria is an important garment finishing location to get lower duties and avoid any quota problems.

Major importers of fabrics are Shiral Import-Export of Bucharest, and the Italian Gruppo Miroglio, which has several woollen factories in neighbouring Bulgaria. In the clothing accessories market, Bulgarian trader Diogen is aiming to become the market leader in Romania, just as it is on home turf. GTC (Global Textile Center) in Odorheiu, which presently consists of eight, mostly German companies, is gradually strengthening its position as a one-stop supplier of all kinds of accessories.

Major names such as H & M, Zara, Christian Lacroix, Escada, Lacoste, Dolce & Gabbana, Boss, Strellson, Joop and Regent have all contracted out production to Bulgaria and Romania.

Leading local textile producers, such as Iasitex, Rifil, Akal Textile Romania and garment manufacturers such as Jolidon, Braiconf, Confectia Birlad, Seroussi Garments, Sonoma Sportswear, Rosko Textil will be able to survive the transition period and form the core of new clothing and textile sector and also able to move up the value chain.

IESF has been a front runner in setting up offices in both Romania and Bulgaria to advise companies on starting up business and recruiting their staff.

For more information on the apparel industry or if you want Mark Geary to be a speaker at a Conference, please contact:-

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