

## Textiles, clothing, leather and footwear



Under the auspices of the World Trade Organisation (WTO), the ten-year, transitional Agreement on Textiles and Clothing (ATC) closed on 31st December 2004 with the abolition of textile and clothing import quotas. Other trade practices and disputes, however, continue to be of issue for the European Union; divergent tariffs and the imposition of non-tariff barriers (such as import charges) by some countries remain obstacles to greater third country market access; intellectual property right infringements and counterfeiting erode market share and consumer confidence, and the “dumping” of goods through a system of hidden subsidies can distort market prices and market share. Against this background, a raft of new initiatives and actions that may help European textiles, clothing and leather goods enterprises have been launched. The European Commission adopted a Communication in April 2007 titled “Global Europe: A Stronger Partnership to deliver Market Access” as a framework strategy for breaking down trade barriers abroad and creating new export opportunities for all goods and services. EU Ministers agreed in May 2007 to reduce sharply the fees for registering trademarks and designs for goods and services as a way of extending the umbrella of copyright protection. In addition, the Council of the European Union agreed <sup>(1)</sup> in October 2006 to impose new, definitive anti-dumping duties on footwear with leather uppers originating from China and Vietnam for a period of two years from October 7th 2006. The duty on imports from China was fixed at 16.5 % and those from Vietnam at 10 %.

<sup>(1)</sup> 12516/1/06.

Aside from trade developments, textile, clothing and leather manufacturing activities within the EU-27 continue to be redefined according to what to produce, where to produce it and how to produce it. Pressure has come from low labour cost manufacturing competitors, stricter environmental and safety legislation (see Chapter 5 for more details on the beginning of the REACH legislation in June 2007, by way of example), a shortage of qualified employees in textile manufacturing (according to the European Apparel and Textile Organisation) and technological developments for both product materials, product design and production processes.

### STRUCTURAL PROFILE

The textiles, clothing and leather manufacturing sector of the EU-27 (NACE Subsections DB and DC) consisted of about 266 000 enterprises in 2004, which generated EUR 67.8 billion of value added, corresponding to 1.3 % of the value added generated by the non-financial business economy. In terms of employment, the textiles, clothing and leather manufacturing sector of the EU-27 was rather more significant, the 3.4 million workers in 2004 corresponding to 2.7 % of the non-financial business economy workforce.

This chapter covers the manufacture of textiles, clothing, fur and leather goods, as defined by NACE Subsections DB and DC, hereafter referred to as textiles, clothing and leather manufacturing. The manufacture of textiles (NACE Division 17) is dealt with in the first subchapter, while the manufacture of wearing apparel and the dressing and dyeing of fur (NACE Division 18), hereafter called the manufacture of clothing, is the subject of the second subchapter. The final subchapter concentrates on the manufacture of leather and leather products including that of footwear (as covered by NACE Subsection DC), hereafter referred to as leather manufacturing.

### NACE

- 17: manufacture of textiles;
- 17.1: preparation and spinning of textile fibres;
- 17.2: textile weaving;
- 17.3: finishing of textiles;
- 17.4: manufacture of made-up textile articles, except apparel;
- 17.5: manufacture of other textiles;
- 17.6: manufacture of knitted and crocheted fabrics;
- 17.7: manufacture of knitted and crocheted articles;
- 18: manufacture of wearing apparel; dressing and dyeing of fur;
- 18.1: manufacture of leather clothes;
- 18.2: manufacture of other wearing apparel and accessories;
- 18.3: dressing and dyeing of fur; manufacture of articles of fur;
- 19: tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear;
- 19.1: tanning and dressing of leather;
- 19.2: manufacture of luggage, handbags and the like, saddlery and harness;
- 19.3: manufacture of footwear.

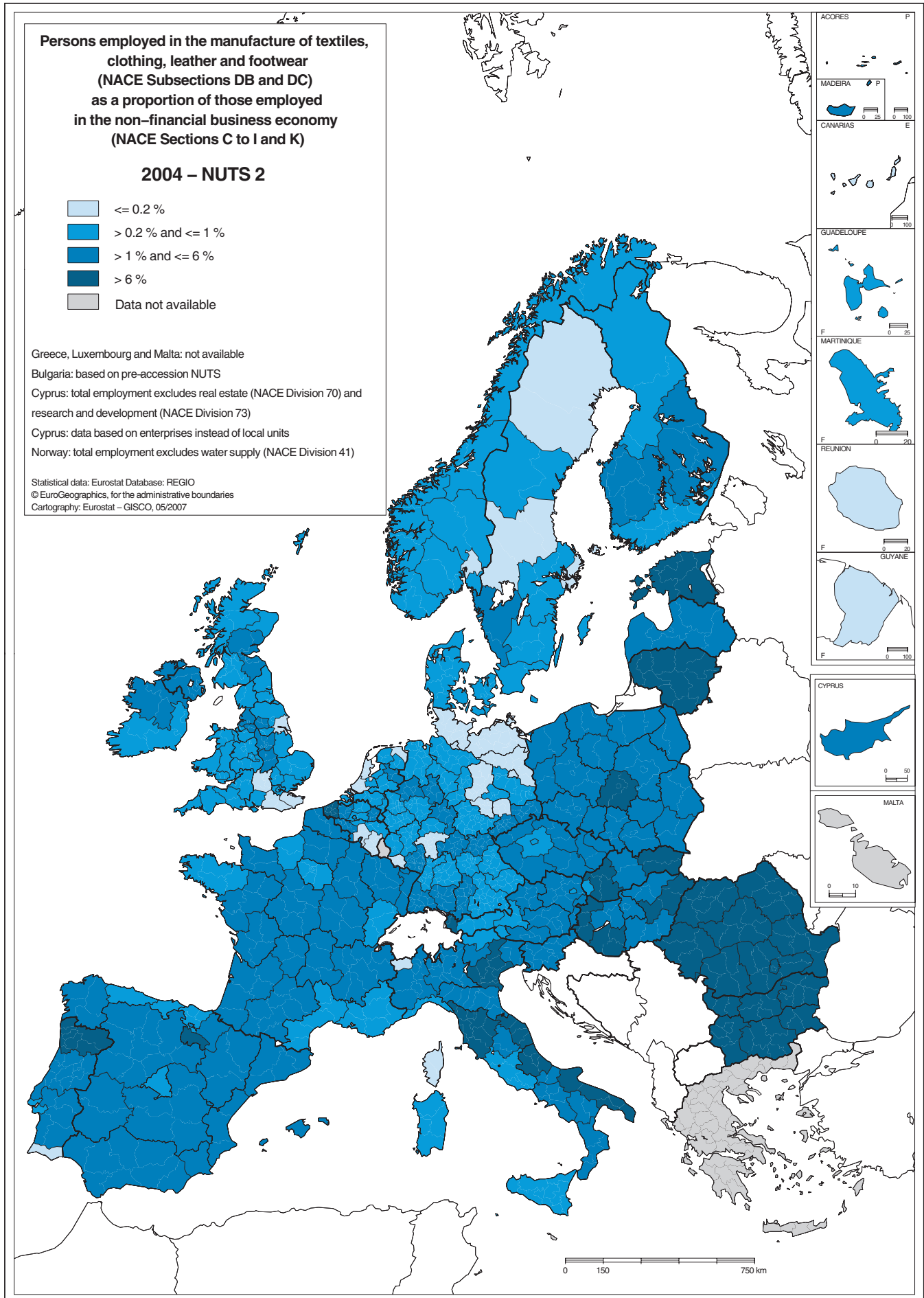


Table 3.1

**Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)**  
**Structural profile, EU-27, 2004 (1)**

	No. of enterprises		Turnover		Value added		Employment	
	(thousands)	(% of total)	(EUR million)	(% of total)	(EUR million)	(% of total)	(thousands)	(% of total)
<b>Textiles, clothing and leather products</b>	266.1	100.0	241 961	100.0	67 762	100.0	3 409.9	100.0
<b>Textiles</b>	77.3	29.0	112 000	46.3	32 000	47.2	1 216.5	35.7
<b>Clothing</b>	141.8	53.3	84 500	34.9	23 500	34.7	1 583.4	46.4
<b>Leather</b>	47.0	17.7	45 000	18.6	12 000	17.7	610.0	17.9

(1) Rounded estimates based on non-confidential data.

Source: Eurostat (SBS)

Table 3.2

**Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)**  
**Structural profile: ranking of top five Member States, 2004**

Rank	Value added (EUR million) (1)	Employment (thousands) (2)	Share of non-financial business economy			
			No. of enterprises (3)	Turnover (4)	Value added (4)	Employment (5)
1	Italy (22 536)	Italy (705.5)	Portugal (3.6 %)	Italy (3.8 %)	Bulgaria (5.6 %)	Bulgaria (11.8 %)
2	Germany (7 924)	Poland (299.0)	Latvia (2.6 %)	Portugal (3.8 %)	Portugal (5.4 %)	Portugal (9.9 %)
3	France (7 901)	Portugal (284.9)	Lithuania (2.5 %)	Slovenia (3.2 %)	Lithuania (4.0 %)	Lithuania (7.6 %)
4	Spain (6 257)	Spain (253.1)	Bulgaria (2.5 %)	Bulgaria (2.6 %)	Italy (4.0 %)	Estonia (6.7 %)
5	United Kingdom (6 009)	France (209.5)	Italy (2.3 %)	Lithuania (2.3 %)	Estonia (3.5 %)	Slovenia (6.1 %)

(1) Denmark, Greece, Latvia, Malta, Austria, Romania and Slovakia, not available; Luxembourg and Portugal, 2003.

(2) Denmark, Greece, Malta, Austria, Romania and Slovakia, not available; Luxembourg, Portugal and Slovenia, 2003.

(3) Ireland, Greece, Cyprus, Malta, Romania and Slovakia, not available; Luxembourg and Portugal, 2003.

(4) Denmark, Ireland, Greece, Cyprus, Latvia, Malta, Austria, Romania and Slovakia, not available; Luxembourg and Portugal, 2003.

(5) Denmark, Ireland, Greece, Cyprus, Malta, Austria, Romania and Slovakia, not available; Luxembourg, Portugal and Slovenia, 2003.

Source: Eurostat (SBS)

Within the textiles, clothing and leather manufacturing sector, textile manufacturing (covering the activities within NACE Division 17) was the largest in terms of value added, accounting for a little under half (47.2 %) of the value added for the sector as a whole in 2004 (see Table 3.1), while the manufacture of clothing (as defined by the activities in NACE Division 18) was the second largest generating about one third (34.7 %) of the sectoral value added. In terms of employment, however, a significantly higher proportion of workers within the sector were engaged in the manufacture of clothing (46.4 %) than textiles (35.7 %) in 2004. By both measures, the manufacture of leather and leather products (NACE Subsection DC) was the smallest subsector within the textiles, clothing and leather manufacturing sector.

Italy was the principal textiles, clothing and leather manufacturing Member State, contributing EUR 22.5 billion of value added or one third (33.3 %) of the value added generated by this sector across the whole of the EU-27 in 2004. The other main textiles, clothing and leather manufacturing Member States within the EU-27 were Germany and France (each with an 11.7 % share of the EU-27 value added), Spain (9.2 %) and the United Kingdom (8.9 %). Of these five Member States, only Italy was relatively highly specialised in the manufacture of textiles, clothing and leather; the sector contributed 4.0 % of the value added generated by the non-financial business economy in Italy, considerably more than the average across the EU-27 (1.3 %). There were other Member States that were more highly specialised in this sector (see Table 3.2); the value added generated by the textiles, clothing and leather manufacturing sector in Bulgaria contributed 5.6 % of the overall value added generated by its non-financial business economy, with the proportion being 5.4 % in Portugal (2003) and 4.0 % in Lithuania. Despite incomplete data, Romania is also highly specialised in this sector, the value added created by the textiles and clothing subsectors (NACE Subsection DB) contributing 5.1 % of the value added of the non-financial business economy in 2004.

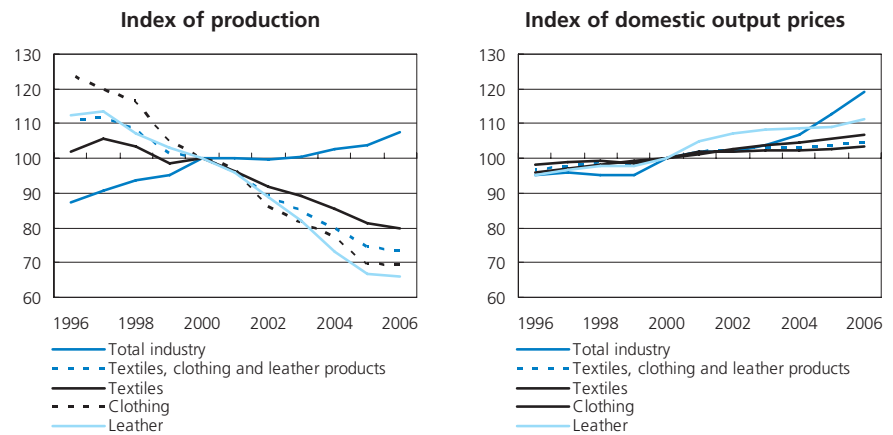
The map on page 72 shows the contribution of the textiles, clothing and leather manufacturing sector to employment within the non-financial business economy (NACE Sections C to I and K) of each region. The most specialised region (at the level of detail shown in the map) was Norte (Portugal), where one in every five people (21.0 %) employed in the non-financial business economy worked in the manufacture of textiles, clothing and leather manufacturing. The map also shows a high specialisation of textiles, clothing and leather manufacturing in many regions in Italy as well as across many Member States in central and eastern Europe, particularly Romania and Bulgaria, but also certain regions of Slovakia, Hungary as well as Estonia and Lithuania (which are each considered as a single region at the level of detail in the map).

There was a marked downward trend in the index of production for EU-27 textiles, clothing and leather manufacturing during the period 1996 to 2006 (with an average decline of 4.0 % per annum) – see Figure 3.1. The rate of decline in the production index was relatively moderate in 2006 (a fall of 1.4 %), following a five-year period of much stronger rates of decline (an average fall of 6.0 % per annum) in the period between 2000 and 2005. These developments were in sharp contrast to the generally upward trend for industry as a whole (NACE Sections C to E).

Between 1996 and 2003, the domestic output price index for textiles, clothing and leather manufacturing increased at a similar pace to the average for industry as a whole. However, the strength of global competition in the sector is probably the main reason why output prices for textiles, clothing and leather manufacturing have been relatively flat in the three years through until 2006, whilst the average domestic price for industrial output rose strongly on the back of sharply higher energy prices.

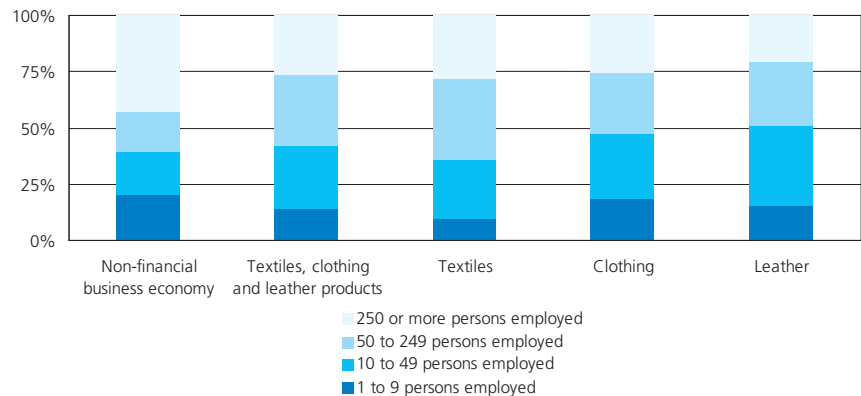
Small and medium-sized enterprises (SMEs) that employ less than 250 people dominated the textiles, clothing and leather manufacturing sector in the EU-27 (see Figure 3.2). Almost exactly three-quarters (74.6 %) of the value added generated by the textiles, clothing and leather manufacturing sector of the EU-27 came from its SMEs in 2004, a much larger contribution than SMEs made to the value added of the non-financial business economy (at 57.0 %). Small and medium sized enterprises (10-49 persons employed) within the textiles, clothing and leather manufacturing sector were particularly important, the proportion of value added generated by micro-enterprises (those employing less than ten persons) being much lower than the average across the non-financial business economy (13.8 % compared to 20.2 %). SMEs also accounted for the lion's share (72.7 %) of employment within the textiles, clothing and leather manufacturing sector of the EU-27, although this was only a little higher than the average across the non-financial business economy (67.1 %).

**Figure 3.1**  
Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)  
Evolution of main indicators, EU-27 (2000=100)



Source: Eurostat (STS)

**Figure 3.2**  
Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)  
Share of value added by enterprise size class, EU-27, 2004



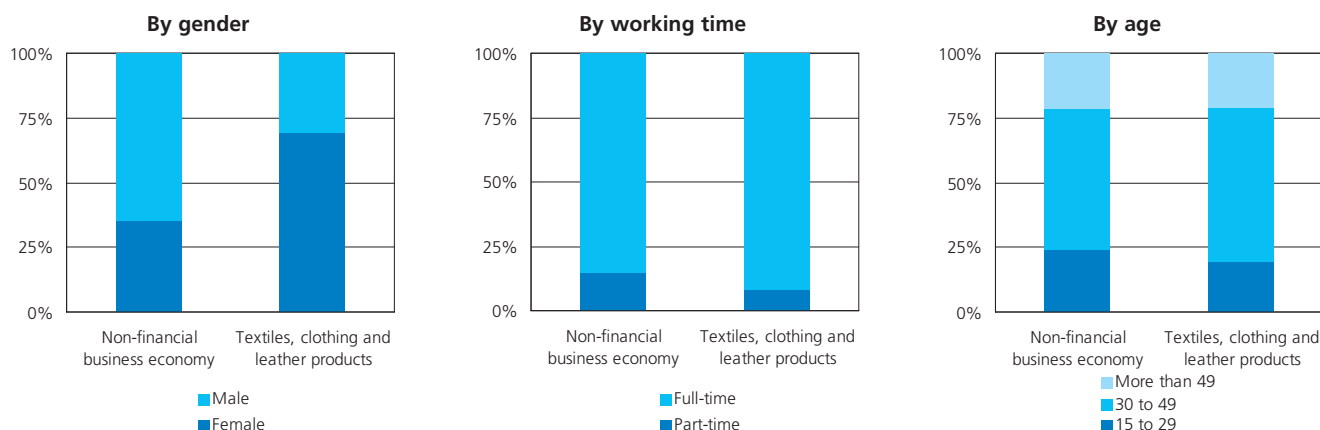
Source: Eurostat (SBS)

### EMPLOYMENT CHARACTERISTICS

The textiles, clothing and leather manufacturing sector is the only industrial sector (among the NACE subsections within Sections C to E) that employs more women than men in the EU-27 as a whole; in 2006 a little more than two thirds (69.1 %) of the sector's workforce were women compared to an industrial average of 29.9 % and an average of about one third (35.0 %) for the non-financial business economy as a whole (see Figure 3.3). The prevalence of women workers within the sector was common to almost all of the Member States, but particularly distinctive in the Baltic Member States where about nine in every ten workers in 2006 were female.

Given the high proportion of women employed in the textiles, clothing and leather manufacturing sector of the EU-27, it is interesting to note that only a relatively small proportion of the workers in this sector were engaged on a part-time basis (8.2 %), particularly when compared to the average for the non-financial business economy (14.4 %) and the characteristic that many activities with a high proportion of women in the workforce also record high part-time rates.

Figure 3.3

**Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)**  
**Labour force characteristics, EU-27, 2006**


Source: Eurostat (LFS)

There was a much lower proportion of workers in the textiles, clothing and leather manufacturing sector aged under 30 than the average across the non-financial business economy of the EU-27 (19.8 % compared to 24.2 % respectively). Among the Member States, this characteristic was most distinct in France, where less than one in ten workers in the sector (8.9 %) were aged under 30, much less than the rate of nearly one in every four workers (23.0 %) across the non-financial business economy of France as a whole. Malta (2005) and Romania were the only Member States where there was a relatively high proportion of young workers in the sector in 2006, with the proportions in Bulgaria and Portugal being only slightly less than the average across the workforces of their respective non-financial business economies. In contrast, the proportion of workers in the textiles, clothing and leather manufacturing sector that were aged over 50 in 2006 was more than twice as high as the average in the non-financial business economy in Denmark, while it was actually slightly less than the average across the EU-27 as a whole.

**COSTS, PRODUCTIVITY AND PROFITABILITY**

Average personnel costs in the textiles, clothing and leather manufacturing sector of the EU 27 were EUR 14 800 per employee in 2004, by far the lowest figure among the industrial subsections and about half - 53.5 % - the average cost across the non-financial business economy as a whole. In all Member States for which data are available <sup>(2)</sup>, with the exception of Luxembourg and the Netherlands, average personnel costs in this sector were below the national average across the non-financial business economy. As a proportion of total expenditure (gross operating and tangible investment expenditure), however, personnel costs accounted for an average of 20.2 % within the EU-27, rather more than the proportion (16.4 %) across the non-financial business economy. These figures support the notion of a low-cost, labour intensive manufacturing sector.

Despite the low average personnel costs in the textiles, clothing and leather manufacturing sector in the EU-27, the wage adjusted labour productivity ratio of the sector remained lower

than the ratio for the non-financial business economy (134.6 % compared to 148 %). This is explained by the fact that the apparent labour productivity in the sector was only EUR 19 900 per person employed (see Table 3.3), a little under half (48.6 %) of the level across the non-financial business economy and only higher than the level for hotels and restaurants (NACE Section H, Chapter 19) among the chapters of this publication.

Among the Member States, the wage adjusted labour productivity ratio of the textiles, clothing and leather manufacturing sectors was significantly below national non-financial business economy averages <sup>(3)</sup>, except for Luxembourg (where it was twice as high as the non financial business economy average) and Italy (where it was almost the same).

The gross operating rate of the EU-27's textiles, clothing and leather manufacturing sector was 8.7 %. As such, this measure of profitability was a little over one fifth lower (21.2 %) than the average rate for non-financial business economy (11.0 %) as a whole.

<sup>(2)</sup> Luxembourg, Portugal and Slovenia, 2003; Denmark, Greece, Cyprus, Latvia, Malta, Austria, Romania and Slovakia, not available.

<sup>(3)</sup> Luxembourg, Portugal and Slovenia, 2003; Denmark, Greece, Cyprus, Latvia, Malta, Austria, Romania and Slovakia, not available.

Table 3.3

**Manufacture of textiles and textile products; manufacture of leather and leather products (NACE Subsections DB and DC)**  
**Productivity and profitability, EU-27, 2004 (1)**

	Apparent labour productivity (EUR thousand)	Average personnel costs (EUR thousand)	Wage adjusted labour productivity (%)	Gross operating rate (%)
<b>Textiles, clothing and leather products</b>	19.9	14.8	134.6	8.7
<b>Textiles</b>	27.0	20.0	130.0	8.4
<b>Clothing</b>	15.0	11.0	137.0	9.3
<b>Leather</b>	19.0	14.0	130.0	8.1

(1) Rounded estimates based on non-confidential data.  
Source: Eurostat (SBS)

Table 3.4

**Textiles and textile products; leather and leather products (CPA Subsections DB and DC)**  
**External trade, EU-27, 2006**

	Extra-EU exports		Extra-EU imports		Trade balance (EUR million)	Cover ratio (%)
	(EUR million)	(% share of industrial exports)	(EUR million)	(% share of industrial imports)		
<b>Textiles and textile products; leather and leather products</b>	45 765	4.2	97 493	7.8	-51 728	46.9
<b>Textiles</b>	18 060	1.7	27 891	2.2	-9 832	64.8
<b>Wearing apparel; furs</b>	15 455	1.4	49 150	3.9	-33 695	31.4
<b>Leather and leather products</b>	12 250	1.1	20 451	1.6	-8 201	59.9

Source: Eurostat (Comext)

**EXTERNAL TRADE**

The value of EU-27 imports of textiles, clothing and leather products (CPA Subsections DB and DC) rose to EUR 97.5 billion in 2006 (see Table 3.4), a cumulative rise of 21.0 % since the ending of the Agreement on Textiles and Clothing and its textile quotas on 31st December 2004. This level of imports represented 7.8 % of the value of imports of all industrial goods (CPA Sections C to E). Although the value of textiles, clothing and leather products' exports reached EUR 45.8 billion, the EU-27's trade deficit in these goods widened in 2006 to EUR 51.7 billion.

There was a surge of imports from China and other developing countries during 2005, with the removal of quotas. The transitional quantitative limitations on textile and clothing products imports agreed separately between the EU and China limited growth from China in 2006; the value of textile and clothing imports from China rose to EUR 25.7 billion in 2006 (up about 11 %), equivalent to one third (33.3 %) of EU-27 textile and clothing imports. There were particularly significant rises in 2006, however, from Hong Kong (the value rising by about 75 % to EUR 2.6 billion) and Bangladesh (up about one third to EUR 4.8 billion).

In 2006, the European Commission opened two Anti-Dumping investigations on footwear, one concerning China and the other Vietnam which resulted in the application of punitive duties (see the leather and footwear subchapter). The value of leather and leather product imports to the EU-27 from Vietnam stabilised in 2006 (at EUR 2.3 billion) but the value of imports from China continued to grow (up about 11 % to EUR 9.8 billion). As a result of these latest developments, China's share of the EU-27's import market for leather and leather products strengthened considerably (up to 47.7 % of all such imports).

Despite the recent developments in imported textiles, clothing and leather products, intra-EU trade in these products still dominates the trade flows of the EU-27 Member States: almost three quarters (71.9 %) of the total (intra- and extra-EU) exports by the EU-27 Member States were intra-EU exports, a higher share than for many other products (the average share of intra-EU trade in total (intra- and extra-EU) trade was 67.5 % for all industrial goods).

Among the Member States, Italy had the largest trade (intra- and extra-EU combined) surplus (EUR 16.0 billion) in textiles, clothing and leather products in 2006. This surplus, however, narrowed progressively between 2001 and 2006, principally due to a decline in the value of exports to non-member countries although also, to a lesser extent, intra-EU trade. Exports of textiles, clothing and leather products accounted for 12.9 % of industrial exports from Italy in 2006. They accounted for a much higher proportion of industrial exports in Romania (22.7 %) and Bulgaria (18.2 %), and were also important in Portugal (15.9 %). These three Member States, as a well as Belgium, also recorded trade surpluses in textiles, clothing and leather products in 2006.

## 3.1: TEXTILES

This subchapter deals with the manufacture of textiles and includes processes such as spinning, weaving and the finishing of products, as classified within NACE Division 17.

The recently formed European Technology Platform for the Future of Textiles and Clothing held its first annual public conference in June 2006 to examine a vision for continued production in Europe through to 2020 and the necessary research and development priorities required. In short, efforts will be focused on the "move from commodity fibres, filaments and fabrics towards speciality products from high-tech processes, the establishment and expansion of textiles as the raw material of choice in many industrial sectors and new application fields [and] ending the era of mass manufacture of textile products and moving towards a new paradigm of customisation, personalisation, intelligent production, logistics and distribution". It is hoped that a major part of the targeted R&D work will be implemented under the EU's 7th Framework Research Programme, building on work already carried out under previous Framework Programmes, such as textiles for biophysical monitoring (MyHeart), integrated electrical and electrochemical sensors in textiles (Biotex) and MicroNanoStructured fibre systems for emergency-disaster wear (Proetex).

## STRUCTURAL PROFILE

The textile manufacturing sector (NACE Division 17) of the EU-27 consisted of about 77 000 enterprises which employed 1.2 million people and generated EUR 32.0 billion of value added in 2004 (see Table 3.5), accounting for a little under half of the value added (47.2 %) of the textiles, clothing and leather manufacturing sector as a whole (see Table 3.6). Within the sector, the manufacture of other textiles (NACE Group 17.5, which includes the manufacture of carpets and rugs, rope and non-woven articles) was the largest activity in terms of value added in 2004 (EUR 8.0 billion), followed by the activity of textile weaving (NACE Group 17.2, EUR 6.2 billion). By far the smallest activity within the sector in terms of value added was the manufacture of knitted and crocheted fabrics (NACE Group 17.6, EUR 1.5 billion).

**Table 3.5**  
**Manufacture of textiles (NACE Division 17)**  
**Structural profile, EU-27, 2004 (1)**

	No. of enterprises (thousands)	Turnover (EUR million)	Value added (EUR million)	Employment (thousands)
<b>Textiles</b>	77.3	112 000	32 000	1 216.5
<b>Preparation and spinning of textile fibres</b>	5.9	16 322	3 682	140.0
<b>Textile weaving</b>	6.9	23 013	6 154	228.0
<b>Finishing of textiles</b>	7.5	11 321	4 006	126.0
<b>Made-up textile articles, except apparel</b>	22.1	16 725	5 044	227.3
<b>Other textiles</b>	16.1	27 000	8 000	230.0
<b>Knitted and crocheted fabrics</b>	5.5	5 184	1 501	54.3
<b>Knitted and crocheted articles</b>	13.0	12 105	3 591	207.2

(1) Rounded estimates based on non-confidential data, except made-up textile articles.  
Source: Eurostat (SBS)

**Table 3.6**  
**Manufacture of textiles (NACE Division 17)**  
**Relative weight within textiles, clothing and leather products, EU-27, 2004 (%) (1)**

	No. of enterprises	Turnover	Value added	Employment
<b>Textiles</b>	29.0	46.3	47.2	35.7
<b>Preparation and spinning of textile fibres</b>	2.2	6.7	5.4	4.1
<b>Textile weaving</b>	2.6	9.5	9.1	6.7
<b>Finishing of textiles</b>	2.8	4.7	5.9	3.7
<b>Made-up textile articles, except apparel</b>	8.3	6.9	7.4	6.7
<b>Other textiles</b>	6.1	11.2	11.8	6.7
<b>Knitted and crocheted fabrics</b>	2.1	2.1	2.2	1.6
<b>Knitted and crocheted articles</b>	4.9	5.0	5.3	6.1

(1) Rounded estimates based on non-confidential data.  
Source: Eurostat (SBS)

The textile manufacturing sector in Italy generated EUR 9.5 billion of value added in 2004, by far the largest contribution (29.6 %) within the textiles manufacturing sector of the EU-27. Although textile manufacturing in Germany, France and the United Kingdom together accounted for a further one third (35.9 %) of the value added generated across the EU-27, as a proportion of the value added generated by the non-financial business economy, they were relatively unspecialised. In contrast, the textiles manufacturing activities of Portugal, Estonia, Lithuania, Bulgaria, Romania and Slovenia, as well as Italy, contributed between twice and three times as much to the value added of their respective non-financial business economies as the average across the EU-27.

During the period 1996 to 2006, there were two distinct developments in the production index of the EU-27's textiles manufacturing activity. Between 1996 and 2000, there was a relatively small decline in output compared with that for textiles, clothing and leather manufacturing as a whole (NACE Subsections DB and DC) as a whole, with rises in 1997 and 2000 partially offsetting declines in other years. After 2000, however, there was a steady and steep decline in the production index of textiles manufacturing (an average rate of 3.7 % per annum), a pattern reflected within six of the seven NACE groups covered by this subchapter (the exception being the output of other textiles – NACE Group 17.5 – which remained relatively unchanged). Nevertheless, the decline in the output of textiles after 2000 was slower than the rate of decline (an average 5.0 % per annum) for textiles, clothing and leather manufacturing as a whole.

**Table 3.7**  
**Production of selected products - textiles (CPA Division 17), EU-27, 2006 (1)**

	Prodcom code	Production value (EUR million)	Volume of sold production (thousands)	Unit of volume
Tufted carpets and other tufted textile floor coverings	17.51.13.00	3 562	624 616	m <sup>2</sup>
Textile fabrics, coated	17.54.37.00	3 120	1 371 518	m <sup>2</sup>
Narrow woven fabrics other than labels, badges and other similar articles	17.54.11.30	1 720	-	-
Woven fabrics of synthetic filament yarns (excluding those obtained from high tenacity yarn or strip and the like)	17.20.31.50	1 671	1 496 170	m <sup>2</sup>
Woven fabrics of cotton of yarns of different colours (excluding denim)	17.20.20.25	1 598	544 618	m <sup>2</sup>
Knitted or crocheted hosiery and footwear (including socks; excluding women's full-length/knee-length hosiery, measuring < 67 decitex, panty-hose and tights, footwear with applied soles)	17.71.10.90	1 462	1 329 223	pa
Furnishing articles including furniture and cushion covers as well as cushion covers, etc. for car seats (excluding blankets, travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, blinds, valances and bedspreads)	17.40.16.59	1 313	-	-
Tarpaulins, awnings and sunblinds (excluding caravan awnings)	17.40.22.10	990	145 741	kg
Textile fabrics and felts, for paper-making machines or similar machines (including for pulp or asbestos-cement)	17.54.38.70	818	28 223	kg

(1) Estimated.

Source: Eurostat (PRODCOM)

### COSTS, PRODUCTIVITY AND PROFITABILITY

Although average personnel costs across the textiles manufacturing activities of the EU-27 were considerably higher than the average for textiles, clothing and leather manufacturing (EUR 20 000 per person employed compared to EUR 14 800 per person employed in the sector), they were still much lower (27.5 %) than the average across the non-financial business economy. As a proportion of total expenditure (gross operating and intangible investment expenditure), however, personnel costs in textiles manufacturing activities in the EU-27 accounted for a much larger share (21.2 %) than for the non-financial business economy (16.4 %), reflecting the labour intensive nature of this activity.

Despite relatively low average personnel costs, the wage adjusted labour productivity ratio of textiles manufacturing (130 % - see Table 3.8) remained below the average ratio across the non-financial business economy (148 %) because the apparent labour productivity of EUR 27 000 per person employed was also about a third lower (34.0 %) than the average of the non-financial business economy. These broad characteristics were common across almost all the Member States for which information is available <sup>(4)</sup>, the exceptions being in Bulgaria, Italy and Belgium where the wage adjusted labour productivity ratios for their textiles manufacturing activities were almost identical to the respective averages for their non-financial business economies. Within textiles manufacturing, there was a significant spread in apparent labour productivity levels

among the seven NACE groups that make up the sector; the lowest level (EUR 17 300 per person) being recorded for the manufacture of knitted and crocheted articles (NACE Group 17.7) and the highest (EUR 35 000 per person) for the manufacture of other textiles (NACE Group 17.5).

As an indicator of profitability, the gross operating surplus was equal to some 8.4 % of turnover in 2004, a rate that was slightly less than the gross operating rate for textiles, clothing and leather manufacturing as a whole (8.7 %).

<sup>(4)</sup> Slovenia, 2003; Ireland, Greece, Cyprus, Luxembourg and Malta, not available.

**Table 3.8**  
**Manufacture of textiles (NACE Division 17)**  
**Productivity and profitability, EU-27, 2004**

	Apparent labour productivity (EUR thousand)	Average personnel costs (EUR thousand)	Wage adjusted labour productivity (%)	Gross operating rate (%)
Textiles (1)	27.0	20.0	130.0	8.4
Preparation and spinning of textile fibres	26.3	20.7	127.0	5.6
Textile weaving	27.0	20.4	132.5	7.2
Finishing of textiles (1)	32.0	24.3	131.0	9.7
Made-up textile articles, except apparel	22.2	16.8	132.3	9.3
Other textiles (1)	35.0	25.0	140.0	8.9
Knitted and crocheted fabrics	27.6	19.6	140.9	11.0
Knitted and crocheted articles	17.3	12.9	134.0	9.0

(1) Rounded estimates based on non-confidential data.

Source: Eurostat (SBS)



Table 3.9

**Textiles (CPA Division 17)**  
**External trade, EU-27, 2006 (1)**

	Extra-EU exports		Extra-EU imports		Trade balance (EUR million)	Cover ratio (%)
	(EUR million)	(% share of chapter)	(EUR million)	(% share of chapter)		
<b>Textiles</b>	18 060	39.5	27 891	28.6	-9 832	64.8
<b>Textile yarn and thread</b>	1 578	3.4	2 966	3.0	-1 387	53.2
<b>Textile fabrics</b>	6 597	14.4	5 000	5.1	1 596	131.9
<b>Made-up textile articles, except apparel</b>	1 672	3.7	6 787	7.0	-5 115	24.6
<b>Other textiles</b>	5 144	11.2	3 691	3.8	1 453	139.4
<b>Knitted and crocheted fabrics</b>	1 256	2.7	774	0.8	481	162.2
<b>Knitted and crocheted articles</b>	1 812	4.0	8 673	8.9	-6 861	20.9

(1) Textile finishing services, not available.

Source: Eurostat (Comext)

**EXTERNAL TRADE**

Trade in textiles (CPA Division 17) by the EU-27 Member States was largely Community based, as intra-EU trade accounted for a clear majority (71.6 %) of all (intra- and extra-EU) exports by EU-27 Member States. Nevertheless, there was a sharp rise (10.7 %) in imports to the EU-27 from non-member countries to EUR 27.9 billion in 2006. EU-27 imports of textiles represented a little more than one-quarter (28.6 %) of the value of imports of textiles, clothing and leather products (CPA Subsections DB and DC) in 2006, with a little more than half coming from China (26.4 %), Turkey (17.6 %) and India (8.8 %).

Although the value of EU-27 exports of textiles also rose in 2006 (to EUR 18.1 billion), there was a substantial widening (EUR 2.0 billion) in the trade deficit for textiles to EUR 9.8 billion (see Table 3.9). Much of the widening in this trade deficit can be attributed to knitted and crocheted articles (CPA Group 17.7), made-up textile articles, except apparel (CPA Group 17.4) and textile yarn and thread (CPA Group 17.1). The largest trade deficits among the seven CPA groups among textiles were for knitted and crocheted articles (EUR 6.9 billion) and made-up textile articles, except apparel (EUR 5.1 billion). Although there were trade surpluses for some textiles CPA groups, the surplus for textile fabrics (CPA Group 17.2) narrowed to EUR 1.6 billion in 2006 and that for other textiles (CPA Group 17.5) remained stable at EUR 1.5 billion.

Almost half of the exports (intra and extra-EU) by EU-27 Member States in textiles came from Italy (22.5 %), Germany (17.9 %) and Belgium (10.3 %) in 2006. The largest trade surplus in textiles in 2006 was recorded in Italy (EUR 6.5 billion), although this surplus narrowed steadily from the level of EUR 8.8 billion in 2001 as a result, principally, of falling exports within the EU-27 and rising imports from outside of the EU-27. Apart from small surpluses in Luxembourg, the Netherlands and Portugal, the only other notable trade surplus in textiles in 2006 was recorded in Belgium (EUR 2.4 billion). The absence of a trade surplus in textiles for the majority of Member States underlined the significance of imports from non-member countries. The largest trade deficit in textiles in 2006 was recorded in the United Kingdom (EUR 4.4 billion).

## 3.2: CLOTHING

This subchapter contains information on various clothing manufacturing activities (hereafter referred to as clothing manufacturing), as defined by NACE Division 18: the manufacture of leather clothes, work wear, outerwear, underwear, and articles of fur.

The manufacture of clothing comprises a number of stages; these cover the design (styling, prototyping and choice of collections), development (patterns, sourcing fabric) and manufacturing (cutting, sewing, pressing and finishing) processes. Innovations not only offer a broader choice in the manufacturing process but also improved customisation, distribution and clothing product ranges and applications. Among the wide range of new "intelligent" and "smart" product categories are entertainment clothing (interfacing with music products or gaming software), and biophysical clothing for health threat detection (such as respiration, heart rate, sugar level monitors). The clothing manufacturing sector in the EU-27 is characterised as having a large number of small and medium sized enterprises. One key challenge faced by many of these small producers who want to develop new products and applications is the ease and ability to secure additional capital, whether from public or private bodies.

**Table 3.10** Manufacture of wearing apparel; dressing and dyeing of fur (NACE Division 18)  
Structural profile, EU-27, 2004 (1)

	No. of enterprises (thousands)	Turnover (EUR million)	Value added (EUR million)	Employment (thousands)
<b>Clothing</b>	141.8	84 500	23 500	1 583.4
<b>Leather clothes</b>	3.5	982	289	21.1
<b>Other wearing apparel and accessories</b>	134.0	82 403	22 862	1 544.1
<b>Workwear</b>	:	3 640	1 120	:
<b>Other outerwear</b>	90.0	54 700	14 500	:
<b>Underwear</b>	:	11 200	3 300	:
<b>Other wearing apparel and accessories n.e.c.</b>	28.0	12 800	3 950	:
<b>Dressing and dyeing of fur; articles of fur</b>	4.7	1 100	300	18.2

(1) Rounded estimates based on non-confidential data.  
Source: Eurostat (SBS)

**STRUCTURAL PROFILE**

The 142 000 enterprises in the EU-27 with clothing manufacturing (NACE Division 18) as their main activity in 2004 generated EUR 23.5 billion of value added (see Table 3.10), which represented just over one third (34.7 %) of the value added generated by the activities of textiles, clothing and leather manufacturing as a whole (NACE Subsections DB and DC). The manufacture of other wearing apparel and accessories (NACE Group 18.2) was the predominant activity in the sector, providing almost all (97.3 %) of the value added generated within the sector and almost all of the employment (97.5 %) for the 1.6 million people working in the clothing manufacturing sector across the EU-27. The remaining activities of the manufacture of leather clothes (NACE Group 18.1) and dressing and dyeing of fur; manufacture of articles of fur (NACE Group 18.3) were of similar, small size in terms of their respective workforces and value added. Within

the other wearing apparel and accessories subsector, the manufacture of other outerwear (NACE Class 18.22), such as coats, jackets and trousers, accounted for almost two thirds (63.4 %) of value added in 2004, with most of the rest coming from the manufacture of other wearing apparel and accessories not elsewhere classified (NACE Class 18.24) and the manufacture of underwear (NACE Class 18.23).

The clothing manufacturing sector in Italy was the largest within the EU-27, generating EUR 7.5 billion of value added in 2004, a little under one third (31.8 %) of the total for the EU-27 (see Table 3.11). The Italian clothing manufacturing sector was also a significant employer, with a workforce of a little over one quarter of a million people (accounting for 16.6 % of the EU-27 workforce in the sector). The clothing manufacturing workforce was largest in Romania (a little under one third of a million), accounting for 20.2 % of the EU-27

**Table 3.11** Manufacture of wearing apparel; dressing and dyeing of fur (NACE Division 18)  
Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-27 employment (%) (2)	Value added specialisation ratio (EU-27=100) (3)	Employment specialisation ratio (EU-27=100) (4)
1	Italy (31.8)	Romania (20.2)	Romania (823.8)	Bulgaria (679.2)
2	France (13.3)	Italy (16.6)	Bulgaria (765.2)	Romania (632.2)
3	Germany (10.6)	Poland (10.7)	Lithuania (501.4)	Lithuania (385.9)
4	Spain (10.0)	Bulgaria (9.6)	Portugal (460.1)	Portugal (340.8)
5	United Kingdom (8.5)	Portugal (8.0)	Estonia (308.3)	Estonia (256.2)

(1) Greece, Luxembourg and Malta, not available.

(2) Greece, Luxembourg and Malta, not available; Slovenia, 2003.

(3) Ireland, Greece, Cyprus, Luxembourg and Malta, not available.

(4) Ireland, Greece, Cyprus, Luxembourg and Malta, not available; Slovenia, 2003.

Source: Eurostat (SBS)

Table 3.12

## Production of selected products - wearing apparel; furs (CPA Division 18), EU-27, 2006 (1)

	Prodcom code	Production value (EUR million)	Volume of sold production (thousands)	Unit of volume
Women's or girls' dresses (excluding knitted or crocheted)	18.22.34.70	c	49 715	units
Women's or girls' jackets and blazers (excluding knitted or crocheted)	18.22.33.30	1 791	53 476	units
Men's or boys' shirts (excluding knitted or crocheted)	18.23.21.00	1 398	101 873	units
Men's or boys' suits (excluding knitted or crocheted)	18.22.22.10	1 353	20 285	units
Women's or girls' trousers and breeches, of wool or fine animal hair or man-made fibres (excluding knitted or crocheted and for industrial and occupational wear)	18.22.35.49	1 322	111 934	units
Men's or boys' jackets and blazers (excluding knitted or crocheted)	18.22.23.00	1 122	25 880	units
Articles of apparel of leather or of composition leather (including coats and overcoats) (excluding clothing accessories, headgear, footwear)	18.10.10.00	1 112	12 904	units
Men's or boys' trousers and breeches, of denim (excluding for industrial or occupational wear)	18.22.24.42	954	55 148	units
Brassieres	18.23.25.30	952	200 220	units

(1) Estimated.

Source: Eurostat (PRODCOM)

workforce in the sector. In contrast to Italy, however, the value added generated by the clothing manufacturing sector in Romania was a little under EUR 1 billion, accounting for only 3.5 % of EU-27 total. In relative terms, however, the contribution made by the clothing manufacturing sector in Romania to the value added of its non-financial business economy was the highest in the EU-27, closely followed by Bulgaria, and was about eight times as high as the EU-27 average. Lithuania, Portugal and Estonia, were also relatively specialised (the value added generated by the sector relative to the value added generated by their respective non-financial business economies being between three and five times the average across the EU-27).

During the period from 1996 to 2006, there was a sharp and continuous decline in the production index of the EU-27's clothing manufacturing sector (an average decline in the production index of 5.7 % per annum). This was a faster rate of decline than that for textiles, clothing and leather manufacturing (NACE Subsections DB and DC) as a whole (down an average 5.0 % per annum). Within clothing manufacturing, the decline in the output of the relatively small activity of the dressing and dyeing of fur and the manufacture of articles of fur (NACE Group 18.3) between 1996 and 2006 was particularly strong (an average rate of decline of 8.1 % per annum). Despite the overall picture for the EU-27, there were contrasting developments among the Member States that demonstrate the broad shift in the location of clothing manufacturing from the West to the East; there were rapid and sustained declines in the production indices of the clothing manufacturing sectors of Belgium (an average 14.2 % per annum), Ireland (14.3 % per annum) and France (15.5 % per annum) between 1996 and 2006, but moderate rises in the Baltic Member States and Romania as well as a doubling of output in Bulgaria between 2000 and 2006.

### COSTS, PRODUCTIVITY AND PROFITABILITY

The apparent labour productivity of the EU-27's clothing manufacturing sector (NACE Division 18) was EUR 15 000 per person employed in 2004, about one quarter (24.5 %) less than the average level for textiles, clothing and leather manufacturing (NACE Subsections DB and DC) as a whole. Indeed, it was the lowest level of apparent labour productivity within the non-financial business economy among the NACE divisions <sup>(5)</sup> and much less than half (36.7 %) of the average productivity level of EUR 40 900 per person employed across the non-financial business economy. Average personnel costs within the clothing manufacturing sector were also lowest (at EUR 11 000 per employee) among the NACE divisions <sup>(6)</sup> of the non-financial business economy and less than half (39.9 %) the average cost.

<sup>(5)</sup> Mining of uranium and thorium ores (NACE Division 12) and other mining and quarrying (NACE Division 14), not available.

<sup>(6)</sup> Mining of coal and lignite (NACE Division 10), mining of uranium and thorium ores (NACE Division 12), mining of metal ores (NACE Division 13), other mining and quarrying (NACE Division 14), the manufacture of coke, refined petroleum products and nuclear fuel (NACE Division 23), and water transport (NACE Division 61), not available.

Table 3.13

Manufacture of wearing apparel; dressing and dyeing of fur (NACE Division 18)  
Productivity and profitability, EU-27, 2004

	Apparent labour productivity (EUR thousand)	Average personnel costs (EUR thousand)	Wage adjusted labour productivity (%)	Gross operating rate (%)
Clothing (1)	15.0	11.0	137.0	9.3
Leather clothes	13.7	10.5	130.0	10.9
Other wearing apparel and accessories	14.8	10.8	137.4	9.2
Dressing and dyeing of fur; articles of fur (1)	17.0	14.0	120.0	11.0

(1) Rounded estimates based on non-confidential data.

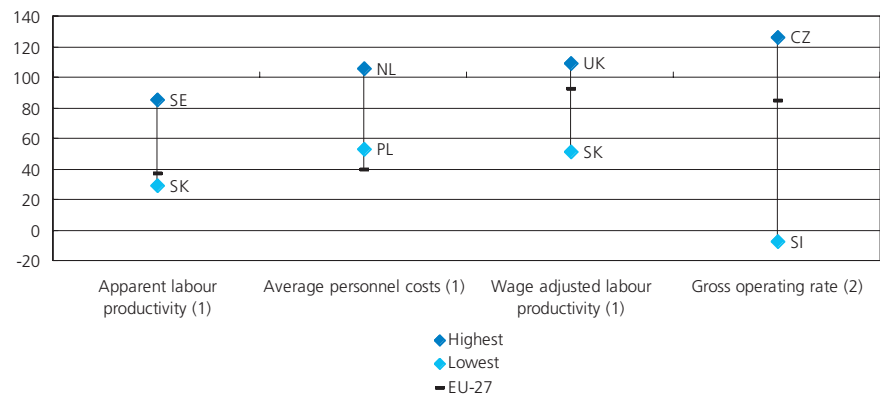
Source: Eurostat (SBS)

Note that the low value for average personnel costs in the EU-27 in Figure 3.4 is due to the particular dominance of low-wage Member States in the total number of employees in the clothing sector, in sharp contrast to the non-financial business economy as a whole.

The low average personnel costs just about recompensed the also quite low value added generated per person employed, so that the wage adjusted labour productivity ratio, 137 % in 2004 (see Table 3.13), was a little higher than the average across textiles, clothing and leather manufacturing and only about 7 % less than the average across the non-financial business economy. There were considerable differences, however, between the Member States; the wage adjusted labour productivity ratio for the clothing manufacturing sector was a little higher than the non-financial business economy average in Italy, Sweden and the United Kingdom but only about half the average in the Netherlands (56.2 %) and Slovakia (51.5 %) – see Figure 3.4.

The gross operating rate, a measure of profitability, for the EU-27's clothing manufacturing sector was 9.3 % in 2004, a little higher than the rate (8.7 %) recorded for textiles, clothing and leather manufacturing as a whole although about 15 % less than the average across the non-financial business economy. Among the Member States, the gross operating rate was between 20 % and 25 % higher than the average for the non-financial business economy in Bulgaria, the Czech Republic, Romania and the United Kingdom but almost 75 % lower in Slovakia and even slightly negative in Slovenia, indicating that value added failed to cover personnel costs.

**Figure 3.4** **Manufacture of wearing apparel; dressing and dyeing of fur (NACE Division 18)**  
**Productivity and profitability characteristics relative to national averages, 2004**  
**(non-financial business economy=100)**



(1) Ireland, Greece, Cyprus, Luxembourg and Malta, not available; Slovenia, 2003.

(2) Ireland, Greece, Cyprus, Luxembourg and Malta, not available.

Source: Eurostat (SBS)

#### EXTERNAL TRADE

The value of imports of wearing apparel and furs (CPA Division 18, hereafter referred to as clothing) from non-member countries to the EU-27 reached EUR 49.2 billion in 2006. In comparison, EU-27 exports of clothing were valued at EUR 15.5 billion which resulted in a substantial trade deficit in clothing for the EU-27 valued at EUR 33.7 billion in 2006 (see Table 3.14).

At a more detailed level, the largest clothing trade deficits (at the CPA class level) in 2006 were recorded for outerwear (CPA Class 18.22) and underwear (CPA Class 18.23), where deficits for the EU-27 reached EUR 14.6 billion and EUR 14.5 billion respectively.

Despite the strong growth in EU-27 trade with non-member countries in clothing over recent years, total exports (intra- and extra-EU) of clothing from Member States are still focused on the internal market, with intra-EU exports accounting for nearly three-quarters (74.9 %) of all exports of clothing products by the EU-27 Member States. The largest trade surplus in clothing products in 2006 was recorded for Italy (EUR 3.5 billion), followed by Romania (EUR 2.7 billion), and there were also smaller surpluses in a number of other countries.

A little more than half (51.5 %) of all EU-27 clothing imports came from China and Turkey in 2006. Clothing imports to the EU-27 from China accounted for 37.3 % of the market in 2006, surpassing the share that the Chinese authorities and the European Commission had estimated in August 2005 would be reached by the end of the Shanghai Agreement in 2007.

**Table 3.14** **Wearing apparel; furs (CPA Division 18)**  
**External trade, EU-27, 2006**

	Extra-EU exports		Extra-EU imports		Trade balance (EUR million)	Cover ratio (%)
	(EUR million)	(% share of chapter)	(EUR million)	(% share of chapter)		
<b>Wearing apparel; furs</b>	15 455	33.8	49 150	50.4	-33 695	31.4
<b>Leather clothes</b>	311	0.7	1 012	1.0	-701	30.7
<b>Other wearing apparel and accessories</b>	14 467	31.6	47 663	48.9	-33 196	30.4
<b>Workwear</b>	175	0.4	923	0.9	-749	18.9
<b>Outerwear</b>	6 649	14.5	21 246	21.8	-14 597	31.3
<b>Underwear</b>	2 956	6.5	17 484	17.9	-14 528	16.9
<b>Other wearing apparel and accessories n.e.c.</b>	4 687	10.2	8 010	8.2	-3 323	58.5
<b>Furs; articles of fur</b>	678	1.5	475	0.5	203	142.6

Source: Eurostat (Comext)

### 3.3: LEATHER AND FOOTWEAR

This subchapter covers the leather and leather products manufacturing sector of NACE Subsection DC, hereafter referred to as leather manufacturing. It includes tanning and dressing, as well as the manufacture of luggage, handbags and footwear.

In addition to concerns about trade distortions and environmental legislation, the availability of affordable raw hides and skins (bovine and ovine) is also an important issue. The Confederation of National Associations of Tanners and Dressers of the EU (COTANCE) has noted a continued upward trend in the price of raw hides and skins throughout 2006, and it expects that this higher cost will be passed on to consumers.

#### STRUCTURAL PROFILE

The leather manufacturing sector (NACE Subsection DC) comprised about 47 000 enterprises across the EU-27 in 2004 which generated EUR 12.0 billion of value added, representing 17.7 % of the total value added of the textiles, clothing and leather manufacturing (NACE Subsections DB and DC) sector. The manufacture of footwear was the largest activity within the sector, accounting for a little less than three quarters (72.2 %) of employment and a majority (59.8 %) of the value added created within the sector (see Table 3.15).

**Table 3.15** Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear (NACE Subsection DC)  
Structural profile, EU-27, 2004 (1)

	No. of enterprises (thousands)	Turnover (EUR million)	Value added (EUR million)	Employment (thousands)
<b>Leather (1)</b>	47.0	45 000	12 000	610.0
<b>Tanning and dressing of leather (1)</b>	4.0	10 300	2 000	60.0
<b>Luggage, handbags and the like, saddlery</b>	15.1	8 979	2 581	108.9
<b>Footwear</b>	28.1	26 323	7 179	440.3

(1) Rounded estimates based on non-confidential data.  
Source: Eurostat (SBS)

A little under half (46.6 %) of the value added of the leather manufacturing sector came from Italy (EUR 5.6 billion) - this was Italy's largest contribution to EU-27 value added of any industrial (NACE Sections C to E) NACE subsection. Italy, Portugal and Romania (although the data set is incomplete) were relatively specialised in leather manufacturing (see Table 3.16), across all parts of the sector in the case of Italy, but focused particularly on footwear (NACE Group 19.3) in Portugal and Romania; as a proportion of the value added of the non-financial business economy, the leather manufacturing sector of the EU-27 contributed only 0.1 % in 2004 but was considerably higher in Italy (1.0 %), Portugal (1.1 % in 2003) and Romania (1.2 % for footwear).

Apart from a small rise in output in 1997, the production index of leather manufacturing in the EU-27 declined steadily and sharply over the period between 1996 and 2006 (an average annual fall of 5.2 %). Between 2000 and 2005, the rate of decline in leather manufacturing output accelerated, principally as a result of falling output for footwear (an average decline of 9.4 % per annum). The rate of decline in the production index of footwear (NACE Group 19.3) as well as luggage, handbags and the like (NACE Group 19.2) slowed in 2006 and there was even a sharp upturn (7.2 %) in the production index of the tanning and dressing of leather (NACE Group 19.1).

**Table 3.16** Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear (NACE Subsection DC)  
Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-27 employment (%) (2)	Value added specialisation ratio (EU-27=100) (3)	Employment specialisation ratio (EU-27=100) (4)
1	Italy (46.6)	Italy (29.3)	Italy (419.1)	Italy (249.4)
2	France (11.3)	Spain (9.5)	Slovenia (220.5)	Bulgaria (231.4)
3	Spain (10.4)	Poland (6.6)	Bulgaria (180.5)	Hungary (126.1)
4	Germany (7.6)	France (5.9)	Spain (115.5)	Estonia (114.3)
5	United Kingdom (3.8)	Germany (3.7)	Estonia (108.0)	Poland (110.6)

(1) Denmark, Greece, Latvia, Luxembourg, Malta, Austria, Portugal, Romania and Slovakia, not available.  
(2) Denmark, Greece, Luxembourg, Malta, Austria, Portugal, Romania, Slovenia and Slovakia, not available.  
(3) Denmark, Ireland, Greece, Cyprus, Latvia, Luxembourg, Malta, Austria, Portugal, Romania and Slovakia, not available.  
(4) Denmark, Ireland, Greece, Cyprus, Luxembourg, Malta, Austria, Portugal, Romania, Slovenia and Slovakia, not available.  
Source: Eurostat (SBS)

Table 3.17

**Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear (NACE Subsection DC)**  
**Productivity and profitability, EU-27, 2004**

	Apparent labour productivity (EUR thousand)	Average personnel costs (EUR thousand)	Wage adjusted labour productivity (%)	Gross operating rate (%)
<b>Leather (1)</b>	19.0	14.0	130.0	8.1
<b>Tanning and dressing of leather (1)</b>	36.0	26.0	140.0	6.7
<b>Luggage, handbags and the like, saddlery</b>	23.7	17.9	132.3	10.1
<b>Footwear</b>	16.3	12.3	132.1	8.0

(1) Rounded estimates based on non-confidential data.  
 Source: Eurostat (SBS)

### COSTS, PRODUCTIVITY AND PROFITABILITY

Both average personnel costs (EUR 14 000 per employee) and apparent labour productivity (EUR 19 000 per person employed) within the EU-27's leather manufacturing sector (see Table 3.17) were a little below the respective averages for textiles, clothing and leather manufacturing in 2006 and about half (50.7 % and 46.5 % respectively) the averages for the non-financial business economy. Despite the relatively low average personnel costs in leather manufacturing, the wage adjusted productivity ratio of the leather manufacturing sector (130 %) remained below the level of the non-financial business economy (148 %). This characteristic was common across the majority of Member States for which data are available <sup>(7)</sup>, with the exceptions of France and Italy where the two ratios were similar.

<sup>(7)</sup> Portugal and Slovenia, 2003; Denmark, Greece, Ireland, Cyprus, Latvia, Luxembourg, Malta, Austria, Romania and Slovakia, not available.

As a measure of profitability, the gross operating rate of the leather manufacturing sector (8.1 %) was the lowest of the three NACE divisions that comprise the textiles, clothing and leather manufacturing sector and a little more than one quarter (26.4 %) less than the rate for the non-financial business economy. The relatively low level of profitability in the activities of leather manufacturing was common to the vast majority of Member States, although the gross operating rate of the sector was higher than the average for the non-financial business economy in France (21.4 % higher) and Finland (8.7 %).

### EXTERNAL TRADE

The trade in leather and leather products (CPA Subsection DC) between the EU-27 and non-member countries was EUR 12.3 billion in terms of exports and EUR 20.5 billion in terms of imports (see Table 3.18). The trade deficit increased to EUR 8.2 billion in 2006.

Much of the recent growth in the value of imports was due to a steep rise in the value of footwear imports from China which, together with Vietnam, is now subject to a period of anti-dumping measures.

EU-27 Member States' trade in leather and leather products was focused on the internal market, as two-thirds (67.5 %) of all exports by EU-27 Member States were destined for other EU Member States, the same share as for industrial goods as a whole. Italy was the only Member State that had a trade surplus in leather and leather products with non-member countries as well as with other EU Member States (EUR 1.9 billion and EUR 4.1 billion respectively). Much smaller trade surpluses (generally below EUR 0.5 billion) recorded in Belgium, Bulgaria, Portugal, Romania and Slovakia were all based on surpluses generated by intra-EU trade.

Table 3.18

**Leather and leather products (CPA Subsection DC)**  
**External trade, EU-27, 2006**

	Extra-EU exports		Extra-EU imports		Trade balance (EUR million)	Cover ratio (%)
	(EUR million)	(% share of chapter)	(EUR million)	(% share of chapter)		
<b>Leather and leather products</b>	12 250	26.8	20 451	21.0	-8 201	59.9
<b>Leather</b>	2 631	5.7	2 591	2.7	39	101.5
<b>Luggage, handbags and the like; saddlery and harness</b>	4 298	9.4	5 854	6.0	-1 557	73.4
<b>Footwear</b>	5 322	11.6	12 005	12.3	-6 684	44.3

Source: Eurostat (Comext)

Table 3.19

**Manufacture of textiles (NACE Division 17)**  
**Main indicators, 2004**

	EU-27	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT
No. of enterprises (thousands)	77.3	1.5	0.8	2.7	0.5	3.7	0.2	0.1	:	9.4	5.4	25.6	0.1	0.5	0.4
Turnover (EUR million) (1)	112 000	6 411	488	1 790	1 013	14 341	292	346	:	8 889	13 109	36 586	33	137	359
Production (EUR million) (1)	107 000	6 250	476	1 709	940	13 300	289	321	:	8 703	12 690	35 763	30	136	354
Value added (EUR million) (1)	32 000	1 674	134	537	357	4 519	91	118	:	2 660	3 423	9 478	13	48	113
Gross operating surplus (EUR million) (1)	9 300	498	66	208	99	1 042	32	31	:	775	544	3 377	4	17	33
Purchases of goods & services (EUR million) (1)	80 000	4 752	362	1 290	670	9 707	209	213	:	6 544	9 841	26 975	21	93	256
Personnel costs (EUR million) (1)	22 700	1 176	68	329	258	3 477	59	87	:	1 885	2 879	6 101	9	30	81
Investment in tangible goods (EUR million)	4 433	196	62	188	47	452	18	7	:	359	364	1 223	1	13	26
Employment (thousands)	1 217	36	36	54	7	108	11	3	:	93	94	264	1	9	19
Apparent labour prod. (EUR thousand) (1)	27.0	46.1	3.8	9.9	54.8	41.7	8.2	33.8	:	28.7	36.5	35.8	16.1	5.2	6.0
Average personnel costs (EUR thousand) (1)	20.0	33.7	1.9	6.5	41.1	33.1	5.3	25.7	:	21.7	31.1	27.0	11.6	3.5	4.3
Wage adjusted labour productivity (%) (1)	130.0	136.8	193.3	153.2	133.5	125.9	154.0	131.8	:	132.1	117.4	132.7	138.6	150.5	138.8
Gross operating rate (%) (1)	8.4	7.8	13.6	11.6	9.8	7.3	10.9	8.8	:	8.7	4.1	9.2	12.0	12.5	9.0
Investment / employment (EUR thousand)	3.6	5.4	1.7	3.5	7.2	4.2	1.7	1.9	:	3.9	3.9	4.6	1.6	1.4	1.4
	LU (2)	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	NO	
No. of enterprises (thousands)	0.0	2.3	:	1.5	0.8	5.6	4.9	2.5	0.5	0.2	1.0	2.0	4.9	0.7	
Turnover (EUR million)	:	603	:	2 616	2 115	2 708	4 103	890	1 135	282	678	985	10 456	507	
Production (EUR million)	:	537	:	2 521	2 033	2 442	4 022	906	657	273	668	940	9 418	452	
Value added (EUR million)	:	180	:	711	747	745	1 266	289	187	87	257	342	3 547	174	
Gross operating surplus (EUR million)	:	24	:	197	214	352	368	99	31	11	82	64	1 007	42	
Purchases of goods & services (EUR million)	:	430	:	1 915	1 426	2 025	2 901	641	936	193	430	657	6 784	341	
Personnel costs (EUR million)	:	157	:	515	533	394	898	190	155	76	176	278	2 540	133	
Investment in tangible goods (EUR million) (3)	:	38	:	67	65	177	325	139	41	24	32	36	278	13	
Employment (thousands)	:	31	:	15	16	90	83	89	13	16	5	8	98	4	
Apparent labour prod. (EUR thousand) (4)	:	5.8	:	46.1	45.7	8.3	15.3	3.2	15.0	5.4	47.5	42.5	36.1	43.2	
Average personnel costs (EUR thousand) (4)	:	5.2	:	36.2	34.0	4.8	11.1	2.2	11.9	4.7	34.2	37.9	26.8	35.2	
Wage adjusted labour productivity (%) (4)	:	110.4	:	127.3	134.3	174.3	138.1	150.2	126.1	114.5	138.7	112.0	134.7	122.6	
Gross operating rate (%)	:	3.9	:	7.5	10.1	13.0	9.0	11.1	2.7	3.9	12.1	6.5	9.6	8.2	
Investment / employment (EUR thousand) (3)	:	1.2	:	3.9	4.0	2.0	3.9	1.6	3.0	1.5	5.9	4.5	2.8	3.1	

(1) EU-27, rounded estimate based on non-confidential data. (2) 2003. (3) Netherlands and Slovenia, 2003. (4) Slovenia, 2003.

Source: Eurostat (SBS)

Table 3.20

**Manufacture of wearing apparel; dressing and dyeing of fur (NACE Division 18)**  
**Main indicators, 2004**

	EU-27	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT
No. of enterprises (thousands)	141.8	1.1	4.6	9.5	0.5	3.1	0.4	0.1	:	14.3	12.8	38.8	0.6	0.9	0.9
Turnover (EUR million) (1)	84 500	1 058	750	632	530	10 298	192	287	:	7 260	12 270	31 755	70	126	351
Production (EUR million) (1)	79 000	1 019	731	612	483	9 530	154	228	:	7 129	11 119	30 245	58	124	350
Value added (EUR million) (1)	23 500	260	292	291	137	2 488	72	101	:	2 351	3 117	7 465	25	57	161
Gross operating surplus (EUR million) (1)	7 820	94	81	91	36	757	13	38	:	702	739	2 959	6	18	38
Purchases of goods & services (EUR million) (1)	61 900	784	480	357	401	7 772	120	181	:	5 027	9 149	24 239	47	75	192
Personnel costs (EUR million) (1)	15 600	166	211	203	101	1 731	59	63	:	1 649	2 378	4 506	19	38	123
Investment in tangible goods (EUR million)	2 072	27	63	11	10	116	6	5	:	171	186	787	2	7	12
Employment (thousands)	1 583	8	152	49	3	59	12	2	:	102	80	262	2	14	39
Apparent labour prod. (EUR thousand) (1)	15.0	33.1	1.9	5.9	47.2	42.2	5.8	41.2	:	23.0	39.1	28.5	12.3	3.9	4.1
Average personnel costs (EUR thousand) (1)	11.0	24.3	1.4	6.0	38.8	30.9	4.8	26.2	:	17.8	30.7	21.6	11.4	2.8	3.2
Wage adjusted labour productivity (%) (1)	137.0	136.2	132.4	99.5	121.8	136.7	121.0	157.3	:	128.8	127.4	131.6	108.0	141.4	129.4
Gross operating rate (%) (1)	9.3	8.9	10.8	14.5	6.8	7.4	6.8	13.2	:	9.7	6.0	9.3	8.4	14.3	10.8
Investment / employment (EUR thousand)	1.3	3.4	0.4	0.2	3.3	2.0	0.4	1.9	:	1.7	2.3	3.0	0.8	0.5	0.3
	LU (2)	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	NO	
No. of enterprises (thousands)	0.0	5.4	:	1.3	1.0	19.6	12.0	5.6	1.2	0.3	1.2	1.7	4.5	0.6	
Turnover (EUR million)	:	934	:	546	896	2 106	4 042	1 840	258	285	544	320	5 737	150	
Production (EUR million)	:	800	:	479	755	1 926	3 868	1 801	232	261	450	296	4 975	138	
Value added (EUR million)	:	299	:	142	273	789	1 367	819	116	112	188	93	2 000	56	
Gross operating surplus (EUR million)	:	61	:	41	73	266	324	219	-2	7	54	35	1 027	22	
Purchases of goods & services (EUR million)	:	641	:	392	650	2 074	2 655	1 109	139	167	362	227	3 712	102	
Personnel costs (EUR million)	:	239	:	101	200	523	1 043	601	118	105	134	58	972	34	
Investment in tangible goods (EUR million) (3)	:	21	:	7	13	70	150	248	9	6	8	4	104	3	
Employment (thousands)	:	55	:	5	9	169	127	320	14	26	5	2	48	1	
Apparent labour prod. (EUR thousand) (4)	:	5.5	:	30.2	30.6	4.7	10.8	2.6	8.9	4.3	37.1	49.3	41.6	41.1	
Average personnel costs (EUR thousand) (4)	:	4.6	:	35.5	25.0	3.6	8.7	1.9	9.7	4.0	28.3	35.4	21.7	31.9	
Wage adjusted labour productivity (%) (4)	:	117.7	:	85.2	122.6	130.1	124.2	135.3	92.4	106.6	130.9	139.1	191.7	128.6	
Gross operating rate (%)	:	6.5	:	7.5	8.2	12.6	8.0	11.9	-0.7	2.4	9.9	10.9	17.9	14.5	
Investment / employment (EUR thousand) (3)	:	0.4	:	1.5	1.4	0.4	1.2	0.8	0.6	0.2	1.6	1.9	2.2	2.3	

(1) EU-27, rounded estimate based on non-confidential data. (2) 2003. (3) Netherlands and Slovenia, 2003. (4) Slovenia, 2003.

Source: Eurostat (SBS)

Table 3.21

**Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear (NACE Subsection DC)**  
**Main indicators, 2004**

	EU-27 (1)	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT
No. of enterprises (thousands)	47.0	0.2	0.5	1.0	0.1	1.3	0.1	0.0	:	6.3	2.3	20.5	0.1	0.1	0.1
Turnover (EUR million)	45 000	364	112	209	:	3 569	33	46	:	4 968	4 090	24 037	17	:	40
Production (EUR million)	43 000	358	108	201	:	3 162	30	39	:	4 873	3 584	23 701	12	:	39
Value added (EUR million)	12 000	82	35	77	:	917	13	12	:	1 247	1 361	5 593	5	:	3
Gross operating surplus (EUR million)	3 600	23	7	15	:	268	2	1	:	281	348	2 049	1	:	-5
Purchases of goods & services (EUR million)	33 000	279	81	135	:	2 616	15	30	:	3 723	2 662	18 399	12	:	41
Personnel costs (EUR million)	8 000	59	28	62	:	650	11	11	:	966	1 013	3 544	4	:	8
Investment in tangible goods (EUR million)	1 300	6	8	5	:	44	1	0	:	91	78	715	0	:	3
Employment (thousands)	610	2	20	12	:	23	2	0	:	58	36	179	0	1	2
Apparent labour prod. (EUR thousand)	19.0	42.6	1.8	6.5	:	40.2	6.0	30.2	:	21.4	37.8	31.3	14.1	:	1.4
Average personnel costs (EUR thousand)	14.0	34.1	1.4	5.8	:	29.9	5.0	27.0	:	17.6	28.7	24.0	12.2	:	3.6
Wage adjusted labour productivity (%)	130.0	124.7	122.3	110.9	:	134.3	119.5	111.9	:	121.4	131.9	130.6	115.8	:	39.4
Gross operating rate (%)	8.1	6.4	6.3	7.2	:	7.5	6.6	3.1	:	5.7	8.5	8.5	5.2	:	-12.5
Investment / employment (EUR thousand)	2.1	3.3	0.4	0.4	:	1.9	0.6	1.0	:	1.6	2.2	4.0	0.5	:	1.2
	LU (2)	HU	MT	NL	AT	PL	PT (2)	RO	SI	SK	FI	SE	UK	NO	
No. of enterprises (thousands)	0.0	0.9	:	0.3	0.2	5.8	3.4	:	0.3	:	0.3	0.4	0.8	0.1	
Turnover (EUR million)	0	257	:	332	:	769	2 299	:	356	:	218	169	1 385	49	
Production (EUR million)	0	210	:	278	:	719	2 232	:	328	:	207	166	1 152	45	
Value added (EUR million)	0	88	:	90	:	226	666	:	70	:	80	56	462	15	
Gross operating surplus (EUR million)	0	10	:	25	:	91	140	:	-4	:	25	14	168	2	
Purchases of goods & services (EUR million)	0	160	:	233	:	534	1 624	:	274	:	141	115	904	35	
Personnel costs (EUR million)	0	79	:	65	:	136	526	:	75	:	55	42	294	12	
Investment in tangible goods (EUR million)	0	21	:	11	:	26	82	:	8	:	6	7	49	0	
Employment (thousands) (3)	0	16	:	2	:	40	62	:	8	:	2	1	12	0	
Apparent labour prod. (EUR thousand) (3)	:	5.6	:	43.8	:	5.6	10.7	:	11.3	:	36.8	43.8	39.0	38.2	
Average personnel costs (EUR thousand) (3)	:	5.1	:	36.8	:	4.0	:	:	11.1	:	26.7	36.2	25.7	35.6	
Wage adjusted labour productivity (%) (3)	:	108.9	:	119.2	:	139.3	122.6	:	101.4	:	137.8	120.8	151.9	107.4	
Gross operating rate (%)	:	3.7	:	7.6	:	11.8	6.1	:	-1.2	:	11.3	8.0	12.1	4.9	
Investment / employment (EUR thousand) (3)	:	1.3	:	5.3	:	0.6	1.3	:	1.5	:	2.8	5.3	4.2	0.9	

(1) Rounded estimates based on non-confidential data. (2) 2003. (3) Slovenia, 2003.

Source: Eurostat (SBS)