

BULGARIA FACTSHEET 2004: TEXTILE AND CLOTHING SECTOR

InvestBulgaria Agency - November 2004

1. Sector performance – strong traditions and high quality at highly competitive cost

Importance of the sector

- Textile and clothing industry represents 24% of the total export of the country
- The value of textile & clothing exports is USD 1.7 bn in 2003, 20% annual rise
- Above 85% of the production is being exported
- The sector employs more than 150,000 people
- Average annual wage is approximately EUR 1,100 (in clothing sector) and EUR 1,400 (in textile sector)
- The strong growth in production volumes in textile & clothing industry from the past few years continues into 2003

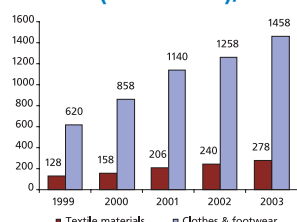
Main markets

Bulgaria's major trade partner has traditionally been the EU with 80% of total Textile & Clothing exports and 76% of total imports in 2003.

Why Bulgaria?

- Long-lasting traditions in textile and clothing manufacturing
- Correspondence of good quality and reasonable prices
- Highly skilled and educated workforce
- Network of high schools and technical colleges to train people in the skills needed by modern textile and apparel producers
- Flexible companies offering small and large quantity orders
- Lots of companies working on CM and CMT basis with foreign partners thus constantly improving their know-how and services
- Proximity to Europe and major fabric producers in the Euro-Mediterranean zone incl. countries such as Italy, Turkey and Egypt
- No impediments to the import of raw materials necessary for textile and apparel
- No quotas to EC and availability of sufficient quotas to the USA and Canada for a variety of textile, knitting and garment products

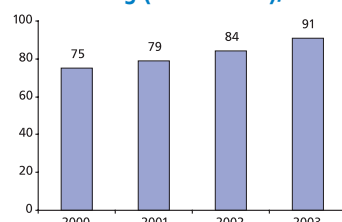
Export of textile, clothing & footwear (1999 - 2003), EUR m



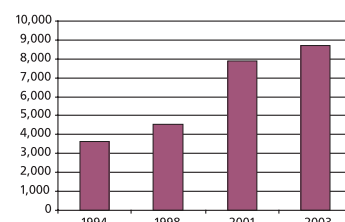
Textile & clothing exports as % of total exports, (2003)



Average monthly wage in textile & clothing (2000 - 2003), EUR



Turnover per employee, USD



Source: National Statistics Institute, Association of Apparel and Textile Exporters in Bulgaria

MAIN EXPORTED PRODUCTS – WOVEN

| Product | 2002 Value in '000 USD | Ranking in world market |
|---------------------------------------|------------------------|-------------------------|
| Men's cotton shirts | 44,723 | 28th / 138 |
| Women's cotton trousers and shorts | 44,331 | 45th / 130 |
| Women's synthetic trousers and shorts | 43,071 | 26th / 120 |
| Men's cotton trousers | 39,031 | 43rd / 138 |
| Women's overcoats of wool | 19,000 | 11th / 66 |

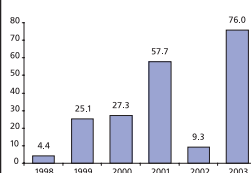
MAIN EXPORTED PRODUCTS - KNITWEAR

| Product | 2002 Value in '000 USD | Ranking in world market |
|-----------------------------|------------------------|-------------------------|
| Pullovers of manmade fibers | 35,073 | 34th / 125 |
| Pullovers of cotton | 29,281 | 48th / 132 |
| T-shirts of cotton | 21,892 | 55th / 144 |
| Pullovers wool | 18,998 | 28th / 113 |
| Women's trousers cotton | 15,175 | 30th / 130 |
| Men's bathrobes | 2,870 | 6th / 166 |

Source: ITC/ UNCTAD/ WTO

2. Foreign direct investment in the sector

FDI in Textile and clothing (1998 - 2003), USD m



LEADING BRANDS EXPORTS

| | |
|------------------|--|
| Jeans | Espirit (GE), Levi Straus (BE), S.Oliver (GE), Diesel (ITA), Sixty (ITA), Cisalfa Sport (ITA), Giacomelli Sport (ITA), Simint (ITA), Basicnet (ITA), Pepper Industries (ITA) |
| Multi-product | Benetton (ITA), Triumph (SWI), Etam (FRA), Cortefiel (SPA), Burberrys (UK), Dewhirst (UK), Steilman (GE), Alexon Group (UK), IT Holding (ITA), Mexx (NED) |
| Ladies' clothing | Max Mara (ITA), Vivarte Groupe (FRA), Escada (GE), Mango (SPA), Prada (ITA), Vestebene (ITA), Garry Weber (GE), Brandtex (DEN), Camaieu (FRA) |
| Men's clothing | Zara (SPA), Marzotto (ITA), Armani (ITA), Hugo Boss (GE), Brinkman Gruppe (GE), Burberrys (SPA), Strellson (SWI), Brice (FRA), Brioni Roman Style (ITA) |

Major foreign investment

| Textile & Knitwear | Apparel |
|--------------------------------|-------------------------------|
| Alt Group (Germany) | Blue Point (Greece) |
| Coats (UK) | C&A (Germany) |
| Dewavrin Group (France) | Kosmos Textile (Greece) |
| Maser Holding (Turkey) | Pangaea (Greece) |
| Miroglio (Italy) | Rollmann & Partners (Germany) |
| Safil (Italy) | Sara lee / Lovable (Int.) |
| Stambouli Enterprises (Cyprus) | |

Source: Foreign Investment Agency, Bulgarian National Bank, Association of Apparel and Textile Exporters in Bulgaria

3. Success stories

MIROGLIO SpA, Italy

Miroglio Bulgaria AD is the Bulgarian subsidiary of Miroglio SpA Italy, one of the largest textile and apparel groups in Europe with 7.000 direct employees and EUR 750 million annual revenues. Miroglio started in 1998 an intensive program of investments in Bulgaria. The reasons of choosing Bulgaria for developing of the foreign activities of the group have been:

- Country with competitive cost of labour
- Knowledge of the country due to commercial relationships established during a 15-year co-operation with Bulgarian textile companies
- Availability of tradition and professional skills in the textile sector
- Position of the county in the area of South East Europe with new markets potential - by now, Miroglio has invested USD 153 million in five production units:
- Dyeing-Printing factory in Elin Pelin (Sofia region) for production of printed fabrics in viscose, cotton and polyester (Greenfield investment award by InvestBulgaria Agency in the year 2000)
- Wool factory in Sliven (former Slitex AD completely renewed in installation and machinery) for spinning, weaving, dyeing and finishing of wool and wool blends fabrics:
- Weaving factory in Sliven of viscose and polyester fabrics - Spinning-twisting factory in Nova Zagora
- Factory for production of knitting yarn ("Raumer Bulgaria"), in J/V with "Raumer Italia"

Totally the five units employ about 1.700 people. The investments are operated with 100% foreign participation.

COATS PLC – London, UK

COATS Bulgaria, Sofia is the Bulgarian subsidiary of COATS PLC – London, UK, the largest manufacturer and distributor of sewing and embroidery threads (industrial and home use), hand-knitting and consumer craft products and second largest producer of zip fasteners.

- Coats Bulgaria was established in 1993 as a distribution centre under the legal name Coats Hungary – Branch Ltd.
- Starting local production at the end of 2002 (company re-registration as Coats Bulgaria EOOD, a daughter company of J & P Coats Limited, Glasgow, UK)
- Investment in a new production facility with total floor area of 4,600 sq. m: GFI, over USD 3 million (October 2003)
- Production range: all Coats thread brands as Epic, Dual Duty, Astra, Gramax, Gral (computerized threads' dyeing)
- 69 employees, 3Q 2003
- Annual turnover (2003): EUR 4,4 million
- Development strategy: expanding current capacity with new machinery in 2004
- ISO 9002, OekoTex Standard 100

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