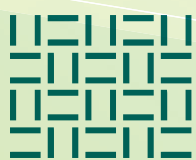


EURATEX



THE EUROPEAN APPAREL
AND TEXTILE CONFEDERATION



Annual report **2013**

EURATEX



THE EUROPEAN APPAREL
AND TEXTILE CONFEDERATION

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The word from the president

Alberto PACCANELLI



2013 was a consolidation year not only for the industry, which faced quite adverse and uncertain market conditions, but also for EURATEX who continued to implement the new strategy aimed at profiling the industry. The most visible effect of this redeployment was the launch at the end of May of the new logo and colours of EURATEX as well as the live start of the new website that should become the platform serving the industry together with the network set up by its members. The consolidation of EURATEX was also proven by the ability to find a joint position on the always controversial “origin” issue.

I am proud that together with EURATEX our partners in the research (Textranet) and textile universities (Autex) launched the new set-up to the **European Technology Platform for the Future of the Textile and Clothing** during the founding General Assembly in April 2013. This move, ahead of the launch of the HORIZON 2020 policy, was very well received by the European Commission who, in July, officially

recognised this international non-profit association as one of the few ETP2020 key platforms with whom to work to implement the HORIZON 2020 programme. Since then the acquisition of members has proceeded expeditiously and already in October the Textile ETP together with EURATEX was able to organise a successful Conference on the results of the textile and clothing Flagship strategy launched in 2012. I believe that the presence of over 180 participants with very good EC involvement proves once more that this approach is the right one. Now we will work to transform this strategy into

tangible and market-oriented results for our SME companies through innovative products nearer to the market. However impressive and effective this separate entity might be, I should stress that in my view such an approach should be transferred very rapidly also at national and regional level in order to create a true European network servicing companies’ innovations in line with markets requirement both for industry applications and fashion-led markets.

Among the profiling activities I would like also to emphasize the high level of the **2nd EURATEX Convention** that took place in Berlin in early November 2013. The event was organized and run by Gesamtverband textil+mode with EURATEX support. Representatives from banks, institutes, associations and companies took a look ahead to the year 2025, shedding light on how our industry is going to look by then. One thing is for sure: It will be driven by innovation and will be entirely different from today. This event was an excellent platform to exchange ideas about the future of the European industry in general and about the future of the textile and fashion industry in particular. The conference was not only interesting for company representatives but of particular interest also for representatives of European governments and institutions which provide effective support to the process of re-industrialization. I sincerely believe that in 2014 the event planned in November in Brussels in conjunction with the 3rd Personal and Protective Equipment Conference will also provide thrilling results and show how the European Textile and Clothing value chains is capturing the future developments, relating market needs and innovation.

Textiles and Clothing and **trade** are inextricably linked and the latter is at the heart of EURATEX strategy. *Firstly* because for the fourth year in a row European companies increased their exports across the world to service the growing needs





of fast growing consumer markets, thus exceeding the € 42 billion threshold, the highest level since the start of this century. Once more I should salute the results achieved by my colleagues amidst a very unclear economic situation. *Secondly* because despite all this, trade in textiles and clothing continues to be used by a number of officials in an ambiguous way. On one side they see this industry as an “easy” bargaining political chip without consideration of the economic impact of such decisions on all or some of the European industrialists facing imbalanced competition on the European market. The typical example of this is the way in which Pakistan, though being a dominant supplier of the EU market, benefitted from the provisions of two political decisions: the waiver for Pakistan until the end of 2013 and the GSP+ and duty free treatment status from the 1st January 2014. An additional example could be the Free Trade Agreement in negotiation with Vietnam, another leading supplier of the EU markets, whose only objective is to boost the access to EU markets for its consumer goods thanks to very simple rules of origin, with no considerations for the ‘two-way partnership’ that should be the primary result of such an FTA.

On the other side the “offensive” stance that EURATEX has in the context of key Free Trade Agreements is now recognised and used as an instrument to unlock

dead-end situations, possibly to our advantage. Whether we like it or not, textile- and clothing-related issues always remain a sensitive area for third country partners. This may explain the slow progress in a number of ongoing negotiations such as with Canada, India, Mercosul, etc. due to entrenched positions. Despite this EURATEX must prioritise the negotiations with Japan and United States of America, two key trade partners. Reciprocity, symmetry and market oriented solutions should be the cornerstone of our dialogue to help reduce barriers to trade that hamper both partners’ benefits. However complex such negotiations may be, the level of priority for our industry is well understood by the European Commission Chief Negotiators. But more will have to be done together with EURATEX industrial partners to speed up and reduce uncertainties in the negotiations to unlock possible hurdles.





I will close this page by underlining the imperative need for the EU Commission and the Member States to put at the centre of their agenda the **competitiveness** of European industry as the best way to support Europe's economic recovery. Energy but also the growing attention to the European fashion and high-end industries were areas in which EURATEX acted successfully in 2013. More should be done to improve national and European framework conditions aimed at the “renaissance of manufacturing industry” strategy set by the European Commission.

At the end of 2014 I will leave EURATEX Presidency. During those four years of Presidency we went through a challenging and exciting period and I believe we were collectively able to manage the modernisation process of EURATEX to service our industry. More than ever I am convinced that this was the right move and that we need to continue strengthening the role of our umbrella confederation while working intelligently with members to the benefit of our many businesses. I am confident my successor will be able to continue this work and expand the role of EURATEX, a confederation that I will continue to support. I take this opportunity to thank EURATEX Board of Directors, membership and staff for their relentless support and confidence. I wish you all a prosperous business.

Best regards,

Alberto Paccanelli, President of EURATEX

Industrial policy

Francesco MARCHI



Horizontal policy matters play a growing role in the Textile and Clothing industries in order to set the right European framework for enhancing industry competitiveness. Besides internal market, environment and climate related issues, EURATEX is increasingly active in contributing to the framework conditions that should support future competitiveness in textiles and clothing. In this context the Director-General DG Enterprise attended the dinner with the Board of EURATEX to discuss Industrial Policy and how DG Enterprise can enhance the overall competitive environment for the T&C Industry in Europe.

1. The need for competitive energy prices

The debate initiated at the end of 2012 among EURATEX members on the need for a common position on energy originated in the recognition of the “Europeanization” of the debate on energy and the need to ensure more even market conditions across Europe as far as access to cheap and reliable energy sources is concerned. The draft position presented in March 2013 by two members gathered comments and support by number of other members to the point that the Board of Directors asked EURATEX to submit the agreed compromise to members’ comments for final adoption by the end of the year. Following an intense discussion on the focus of the scope, the EURATEX Board adopted a **Position Paper on the European Energy Policy** that was widely disseminated at European Institutions and at Member State level.

The paper stressed that *textile and clothing industry need competitive energy prices*; called on European and national authorities to put the competitiveness of its industry at the heart of Europe’s economic strategy; and called for urgent work on a coordinated, consistent, predictable and European industrial framework which also encompasses energy and climate policies. EURATEX identified three main challenges that need to be addressed urgently and in a coherent way:

- *Uncoordinated and fragmented EU energy market*: Despite strong political, economic and technical interdependence between Member States in the field of energy the coordination of national energy policies remains weak though there is an urgent need to increase cooperation.
- *High energy prices*: Securing reliable energy supply at competitive prices is an indispensable prerequisite for retaining Europe as an industrial location, but should not put at risk the competitiveness of European companies on global markets.
- *Incoherence of the EU policies*: There is a need to better understand the interactions between the various instruments used to deliver the policy.

For EURATEX the completion of an internal energy market is a decisive criterion for energy remaining safe and affordable also in future. Industry needs more Europe and more market, not less! To reach the goal of the creation of a competitive “internal energy market” the textile and clothing industry does need:

- **Open and competitive energy markets** to lower the energy costs for private and industrial consumers as well as to increase energy efficiency, investments and innovations that also use unconventional technologies.

- **Safe and integrated energy grids** to enable the diversification of power supply, thereby promoting supply security and higher efficiency of the European electricity system.
- Transparency, price competitiveness, market opening and the strengthening of interconnection in the grids should also be considered for the European gas market.
- To enable fair competition of the European players against foreign ones, the **cost of integration** of electricity from green energy sources into the electricity system **should not burden** the industry.



2. The EU plan to boost the European Fashion and High-end industries competitiveness¹

Fashion industries are much more than simply production or design in itself. They represent an SME-driven system, present across the entire EU territory, and unique to the EU, compared to other regional competitors, is the maintenance of a full fashion value chain, from design, raw material selection to production and distribution. This was and still is favoured by the preservation of a network of SMEs at regional, national and, today, EU level that is a key condition to maintaining EU fashion competitiveness and preserving knowledge and innovation.

Throughout 2013 EURATEX and the fashion industries did work on number of key common areas for action to provide tangible recommendations in order to preserve European know-how and boost future EU competitiveness. The decision to provide a clear roadmap for this industry following the 26 September 2012 Staff Working Documents on Fashion and High-end industries was taken in February 2013 during an informal high-level CEOs' lunch organized by the European Commission Vice-President Antonio Tajani, responsible for Industry and Entrepreneurship. The work followed a two-track approach:

- The setting-up of regular high-visibility events targeting the international press in Madrid (mid-May), Milan (end-June), Paris (early November) and London (early December);

¹ **The Fashion Industries** include fashion design, manufacture of materials and fashion goods (such as textiles, clothing, footwear, leather and fur products, jewellery and accessories), and their distribution and retail to final consumers. **High-end Industries** are made up of the high-end segments of several products and services markets, such as **fashion**, jewellery and watches, perfumes and cosmetics, accessories; **leather goods**; **furniture and furnishing**, household equipment; and in a wider sense they can even include gastronomy, wines and spirits, cars, boats, hotels and leisure experience, retail and auction houses and publishing.



- The setting-up of dedicated workshops during which industry stakeholders would provide tangible proposals and concrete initiatives to be undertaken in the coming years in order to strengthen Europe's competitiveness in Fashion and High-end key value chains

During the London Conference organized by Walpole, the British Luxury association, the European Commission Vice-President Antonio Tajani, EU Commissioner for Enterprise and Industry, unveiled the **Action Plan to implement the European strategy for Fashion and High-end industries** by 2020.

A number of tangible actions have been identified across four priority areas:

- (a) investment in knowledge, skills, creativity and innovation;
- (b) protection of the creative efforts of fashion companies while fostering the

digital market;

- (c) the need to ensure a level playing-field in international trade and
- (d) ensuring coherent framework conditions necessary for sustainable growth in the fashion industries.

EURATEX will ensure that there will be an active follow-up in the implementation of the roadmap and will actively participate in the enforcement of the actions identified through a permanent European Multi-Stakeholder Forum. The Action Plan was published as an annex to Commission Communication “*for a European Industrial Renaissance*” published early 2014. More details please check the following link: http://ec.europa.eu/enterprise/initiatives/mission-growth/index_en.htm#h2-1

3. Textile Fibres Names Regulation

The actions identified in the roadmap **for Fashion and High-end industries** can be summarised as follows:

| | |
|-----------|--|
| Action 1 | Anticipating skills needs and promoting cooperation between industry and vocational - and educational training |
| Action 2 | Raising awareness of young people about career opportunities in the fashion and high-end industries |
| Action 3 | Supporting ICT innovative solutions |
| Action 4 | Fostering creativity leading to new products, materials, processes and business models |
| Action 5 | Supporting the development of clusters |
| Action 6 | Fighting against counterfeiting |
| Action 7 | Strengthening SME support for protecting their IPR and for internationalisation |
| Action 8 | Improving access to finance |
| Action 9 | Strengthening regulatory and industrial policy dialogues with key trade partners |
| Action 10 | Assessing the feasibility of leather labelling |
| Action 11 | Promoting synergies with tourism |

In the aftermath of the adoption of the EU Textile Names Regulation², the EU Commission ordered two studies to evaluate the possibility of including additional information on the label covering different areas. The first Study – the so-called Matrix Study - focused on origin, labour and environmental standards, sizes, care labelling instructions and use of new technologies (RFID). The second Study focused specifically on the link between allergic reactions and chemicals that are used and remain on finished textile products. The results of the two Studies were largely discussed among different stakeholders, including Member States. Overall the conclusions of the two Studies, pointing to a standstill in the existing Regulation, were endorsed by the majority. **As a consequence the EU Commission, in its Report to the European Parliament, recommended keeping the Textile Names Regulation unchanged.** A Third Study, on the feasibility of having a Leather Authenticity Label, concluded that there were grounds for this initiative. Subsequently a Public Consultation was launched on the possibility of having EU legislation on Leather Authenticity.

In parallel the EU Commission started assessing the implementation of the Textile Names Regulation, and a Public Consultation was also launched to seek stakeholders' views on the main problems related to implementation. EURATEX maintained its vigilance and worked hand-in-hand with its members throughout the year in order to solve or prevent possible problems of interpretation arising from the legislation.

² Regulation (EU) n° 1007/2011 *Textile fibre names and related labelling and marking of the fibre composition of textile products*

EURATEX Position Papers, Press Releases

During the entire 2013, EURATEX faced, as did other industries, a growing number of public consultation requests made by the EU Commission on a vast array of subjects, a number of which impact our industry. Even though it did not respond to all of them, EURATEX raised its profile in providing key contributions on issues of importance for the competitiveness of the industry:

- "EU interference in wage setting lacks legal basis and ignores social partners' autonomy".
- "Industry's view on the roadmap on substances of very high concern".
- "Consumer Product Safety Regulation & Market Surveillance Package".
- "Joint statement by European business organisations on the occasion of the 21st EU-Japan Summit".
- "Joint statement on promoting the EU Japan Economic Partnership Agreement".
- "EURATEX and American Apparel & Footwear Association (AAFA) joint comments on selected regulatory issues in the context of the Trans-Atlantic Trade and Investment Partnership (T-TIP)".
- "Textile and clothing industry need competitive energy prices".

Moreover, in addition to press releases related to events sponsored by EURATEX, the industry was quite active in disclosing its positions to the press in particular but not only on issues of interest in the Trade area. Below is a non-exhaustive list of titles:

- "Techtextil and Texprocess Fairs, engines for meeting the European textile & clothing challenges".
- "EURATEX welcomes the start of EU-USA negotiations".
- "FASHION: where manufacturing meets creativity".
- "European textile and clothing is extremely disappointed by the fact that Pakistan will benefit from GSP+".
- "EURATEX welcome and agree with the EU plan to boost the European fashion and high-end industries competitiveness".



4. State Aid Modernisation

The EU Commission has started the complex process of revising the State Aid legal framework that comprises different Regulations. In this context EURATEX was particularly active in trying to adjust the “*general block exemption regulation*” and the “*de minimis regulation*” to the interests of the T&C Industry, in particular as concerns Participation in Trade Fairs. We had several meetings and contacts with both DG Competition and DG Enterprise to ensure that access to public funds is made easier for SMEs in their process of internationalisation, in particular when it comes to trade fair participation in Third Markets. Although reassuring news concerning the “participation in trade fairs” supports for SMEs was sent out, the Commission modified its position at the end of 2013, obliging EURATEX and other sectors concerned to once more actively lobby the national and European services on this issue. The legislation should be published in 2014.



5. The Euro-Mediterranean Dimension of the Industrial Policy

Representing approximately 1/3rd of extra-EU textile and clothing exports, the Euro-Mediterranean region remains a key area for the European companies and is a key focus for EURATEX. The latter attended the Euro-Mediterranean Conference organized in Malta by DG Enterprise on the “*on Skills Development and Social Dialogue for Textile and Clothing Sector in the Euro-Mediterranean Area*”. The meeting was well attended with over 100 representatives from that region with, for the first time, representatives from the West Balkan countries.

The main objective of the conference was to exchange experiences regarding identified skill gaps in the Euro-Mediterranean Area, possible future skill requirements to meet the today's needs of TC companies in the Area and innovative strategies to address new challenges. The exchange of good practices and information, cross-border cooperation, the active participation of stakeholders in the textile and clothing sector and the importance of seizing financing, training and vocational education opportunities have been identified as the main elements in acquiring skills in the textile and clothing sector throughout the Euro-Mediterranean region.

Once more EURATEX contributed actively and constructively throughout the Conference with particular attention to:

- (a) the challenges in skills development for the textile and clothing sector;
- (b) the moderation of the session on the “*Social Dialogue as a key element to modernize employment and skills in textile and clothing sector across the Euro-Mediterranean Area*”.

A follow-up conference on skills and innovation is expected for 2014.

Presentations:

http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=6444

EURATEX Events

EURATEX sponsored a number of events gathering a quite high number of stakeholders and companies having an active interest in exchanging views on the policy directions that are being followed by the textile and clothing industry (list below).

- “Charting the Future of Textile Research and Innovation in Europe” - 8th Annual Public Conference of the European Technology Platform for the Future of Textiles and Clothing, 20-21 March 2013, Brussels (press information).
- “Consumer Goods Innovation” - PROsumer.NET final conference, 29-30 May 2013, Brussels
- “The Textile & Clothing Industry in a Changing Economic Environment” - Public part of EURATEX General Assembly, 29 May 2013, Brussels (press release).
- “Texprocess 2013: the international high-tech fair for the apparel and textile industry”, 10th to 13th June 2013, Frankfurt am Main (press release).
- “eBIZ the CEN Workshop” final plenary meeting, 26th June 2013, Brussels (press release).
- Working lunch in the European Parliament on EU-Japan and EU-US trade negotiations, 26th September 2013, Brussels (press release).
- “1st European Textile Flagships Conference, progress made by the 7 European Textile Flagship initiatives after their first year of work”, 23-25 October 2013, Brussels.
- “The European textile and clothing industry sheds positive light on its 2025 future” - 2nd EURATEX Convention, 4 & 5 November 2013, Berlin (press release).



Trade

Luisa SANTOS



Launch of important FTA negotiations with Japan and the US - this was the main feature of 2013 that continued to be marked by slow consumption in the EU and the need for companies to find alternative markets abroad.

Apart from the announcement of the FTA negotiations with two of our key trading partners the year ended with a WTO deal that will allow the Doha Agenda to remain alive and the Organisation to continue to play a key role in World Trade.

Access to Markets remained high on EURATEX's agenda with a revision of the List of Barriers in the key markets: Brazil, China, India, Japan, Russia and the US. We were also confronted with increasing protectionism in some of our most important markets to which we were able to react with success e.g. Russia. As was expected and after 3 years of successful actions from EURATEX to counter the political decision to grant Pakistan duty-free access to the EU market, the country has managed to obtain GSP+ status as of 1st January 2014.

1. FTA Negotiations

Bilateral trade agreements continued to be the main focus of the EU Trade Agenda. 2013 was an important year with the launch of negotiations with two of our major partners, Japan and the US. Apart from these two negotiations the

year was also marked by the entering into force of the Colombia, Peru and Central America agreements. On a less positive side the negotiations with India and Mercosul did not progress as expected and the doubts about the possibility of concluding these agreements remain.

USA - TTIP

This was the major announcement of the year and the one that attracted most expectations and visibility. Considering the importance of the trade and investment flows between the two economies it is evident that expectations from economic operators in the EU and the US are very high (together the EU and the US represent 48.4% of nominal world GDP). 2013 was the kick-off of negotiations but the real substance will start to be discussed in 2014 with the exchange of offers.

Negotiating Agenda for EU Textiles and Clothing: key points

| Main issues | EURATEX position |
|---|--|
| High Tariffs in the US- in some cases above 20% | Duty free access from day one without exceptions |
| Access to Public Procurement - Berry Amendment | Ensure an improved access to the Military and Par-military market in the US- withdrawal or limitation of the Berry Amendment |
| Improve the Regulatory Framework | Enhance harmonisation and mutual recognition- focus on Labelling and Consumer Protection and Safety Act |
| Rules of Origin that are conducive to trade | Double Transformation |

EURATEX actions:

- **USA trip** - EURATEX went to the US to discuss with local Industry Organisations, AAFA and NCTO, and the US Administration the priorities and expectations of the EU T&C Industry in this agreement. The visit allowed EURATEX to restate the Industry position and understand better the critical points of the negotiations;
- **Lunch/Debate in the European Parliament** - EURATEX organised a lunch in the European Parliament to debate the EU-US and the EU-Japan negotiations. The event was sponsored by the Chairman of the International Trade Committee, Prof. Vital Moreira, and had the participation of both EU's Japan and US Chief Negotiators, MEPs and EURATEX members. This event allowed EURATEX to present the Industry's priorities in these two important FTAs;



- **Joint Position with AAFA** - EURATEX issued a joint position paper with the AAFA (American Apparel and Footwear Association) addressing some of the most important topics of the negotiations. It is expected that this paper will contribute to pushing forward the T&C Industry agenda, particularly on the Regulatory front.

Japan

After considerable discussions and following a scoping exercise the EU finally decided to launch negotiations with Japan. Even more than in the case of the US the main problem to access the Japanese market is Non-Tariff Barriers. T&C are not different from the other sectors and we have also pointed out key priorities: harmonisation, compliance with International Standards and mutual recognition in the regulatory field. As in the case of the US, EURATEX has tried to work together with its Japanese counterpart JTF (Japanese Textile Federation) to reach a compromise in the most important areas.

EURATEX actions:

- **Japan trip** - EURATEX went to Japan to have discussions with the JTF (Japanese Textile Federation) and find a compromise position addressing the most important topics in negotiations for T&C.
- **Joint Position with JTF** - following the trip to Japan it was possible to issue a Joint Position ahead of the EU-Japan Summit that took place in November 2013. Although not exhaustive (for some of the issues it was not possible to reach a compromise at this stage, e.g. Public Procurement, Retail) the joint paper is already a good basis for a possible compromise as concerns T&C;
- **Lunch/Debate in the European Parliament** - as previously mentioned, EU-Japan negotiations were also discussed during the Lunch organised by EURATEX in the European Parliament that also addressed EU-US negotiations. EURATEX objective of raising visibility regarding the sector's expectations in these two important trade negotiations was successfully achieved, as T&C were perceived as a forward looking and trade offensive industry.

Canada

The Agreement was politically concluded in 2013 although certain areas remain open, T&C being one of them. In fact not much has changed in the negotiations in our sector in 2013: Rules of Origin continue to be the critical area as they are also conditioning the tariff offer. The situation can be summarised as follows:

| EU | CANADA |
|---|---|
| Derogations under a quota with clear and controllable rules | Derogations under quota with Canadian Rules drafting |
| Derogations are valid both for Canadian and EU exporters | Not completely clear if Canada accepts reciprocity |
| Define minimum operations | Not completely in line with what the EU defines as minimum operations |

It is important to note as well that in principle the agreement will foresee the possibility to cumulate with the US once the TTIP negotiations are concluded.

ASEAN

Discussions have been opened with 3 ASEAN countries: Malaysia, Thailand and Vietnam. The Agreement with **Singapore** has been concluded but has not yet entered into force. The negotiations with ASEAN countries are not all going at the same pace. In the case of **Malaysia** not much happened in 2013 since the Government has to undergo some structural reforms in order to continue negotiating with the EU.

Vietnam: the negotiations are progressing well and an exchange of offers has already taken place. The key priority for Vietnam is T&C and the country has already indicated that it will make a request for flexible Rules of Origin-Single Transformation. EURATEX demanded that a link be established between the agreement on Rules of Origin and the Tariff Offer. Even if asymmetry is envisaged for other Industrial Sectors this should not be the case for T&C considering the competitive hedge of Vietnam. Moreover double transformation should be the basis for rules of origin, ensuring that EU inputs are used in the manufacturing of end goods in Vietnam.

Thailand: these negotiations started later and the process is thus still at an early stage. No offers have been exchanged. As critical points of discussion: IPR protection and enforcement and the market access offer including Public Procurement.

India

Unfortunately it was not possible to conclude an agreement ahead of the Indian Elections and this means that for the next year or two not much will happen on this front. If for our sector some of the key issues - tariff offer and rules of origin - were closed, for others almost everything remained open. Moreover we recall that there was no agreement on other important horizontal issues with an impact on T&C: Public Procurement, Access to Raw Materials, and Additional Duties. It remains to be seen how the EU will position itself vis-à-vis this important market that remains highly protected. Nevertheless the **EU-India Working Group on Textiles and Clothing** had another meeting in 2013, this time in Brussels, to discuss issues of interest to our Industry. We recall that both the Indian Government - Ministry of Textiles - and the EU Commission - DG Trade - attended the meetings alongside the EU and Indian Industries. One of the major topics on the agenda was once again the Indian Cotton Policy with the EU side stressing the importance of ensuring a stable and regular access to Indian Raw Cotton and Cotton Yarn for EU producers.

Mercosul

Complex negotiations with no progress in 2013, in spite of the political will from some of the partners to go ahead with the offer exchange. In fact all the Mercosul partners have prepared their respective offers during the course of 2013 but now they have to be integrated in a unique offer to be presented to the EU. This should have already happened in 2013 but it was not possible. In the meantime Argentina and Brazil continue to be among the top countries for protectionist measures, making exports extremely difficult and expensive.

Eastern Partnership

The EU concluded the negotiations with all the partners: Ukraine (already concluded in 2012 but not signed due to political reasons), Armenia, Georgia and

Moldova (all finished in 2013). Since the negotiations were concluded with the EU, Russia has started to exert political and economic pressure on these countries. As a result Armenia decided to join the Eurasian Customs Union instead of signing the Agreement with the EU, and Ukraine has also decided not to sign with the EU. Georgia and Moldova are maintaining their decision to sign with the EU and the actual signature should take place in the first semester of 2014. Overall these agreements tend to follow the Paneuromed model, as the final objective of the EU is to integrate these countries into the area at a later stage.

Colombia, Peru and Central America

All these agreements, concluded in 2011, have finally entered into force. In the case of Colombia and Peru we can consider the overall result as balanced, opening the possibilities for an expansion of trade and investment in the area. A different assessment can be made for Central America. This is clearly an unbalanced agreement in our sector, favouring imports of finished goods from Central America countries after undergoing, in most cases, a single transformation (large quota derogations for garments).



2. Pakistan - GSP+

Pakistan managed to obtain a Waiver that allowed the country to export certain products to the EU market under a duty free regime as of November 2012. However not all products were included in the Waiver (e.g. Bed Linen) and some of them were subject to an import quota. In spite of all our efforts and after three years of fighting against the political decision to grant Pakistan full duty free access to the EU market, this decision will become a reality as of the 1st January 2014 through GSP+. Once again objective economic arguments were overturned by a political decision and even the fact that Pakistan is in breach of a series of conventions in the area of Human Rights did not stop the country from obtaining GSP+ status. This being said, the issue is not over. The Industry can come up with evidence showing that Pakistan is not complying with all the Conventions included in GSP+ and force the Commission to take the necessary measures (e.g. exclusion from GSP+).

3. Market Access Strategy

Even if FTA negotiations are a key priority we should not forget the problems our companies are facing in Third Markets with whom we are not negotiating FTAs, or in markets where the negotiations are stalled or going very slowly. Once again, 2013 saw a rise in protectionism particularly in Emerging Markets, e.g. Brazil, Russia. The tendency to couple trade protectionist measures with industrial policy actions is becoming a reality worldwide: local content requirements, forced localisation, and technology transfer are increasingly used as industrial policy tools aimed at boosting domestic industry versus imports.

EURATEX actions:

- **Revision of the List of Barriers in key markets:** along with members and company experts EURATEX has revised the List of Barriers in the key markets (Brazil, China, India, Japan, Russia and US). The List was distributed and formally discussed with Commission and Member States in the T&C Market Access Working Group;

- **Brazil:** EURATEX worked both with EU Commission and with its Brazilian counterparts (ABIT) to try to mitigate the impact of all the protectionist measures being taken by Brazilian Authorities, e.g. increase in tariffs, local content requirement and, customs controls. During its visit to Brazil EURATEX discussed with ABIT ways and means to facilitate trade and make customs procedures easier for the EU companies that are regularly exporting to this market. Moreover the possibility of Brazil adopting a Safeguard on Clothing conditioned the agenda in 2013, but in the end no procedure was actually opened;
- **Russia:** the dialogue between EU and Russia is at one of its lowest levels. Apart from Russia's pressure on the Eastern Partnership countries (Ukraine, Armenia, Georgia and Moldova), the country has been adopting several protectionist measures that could imply a breach in WTO rules. For T&C 2013 was marked by the opening of a Safeguard procedure on Fabrics covering a number of man-made and cotton mixed products. EURATEX took an active role in the process and in close cooperation with the EU Commission and the members we were successful as no measures were imposed by the Eurasian Customs Union Authority.



4. WTO - Trade Facilitation Agreement

The year ended with an agreement in WTO that will allow the organisation to maintain its strength and keep open the discussions on the Doha Agenda. The major deliverable of the so-called “Bali Package” is the **Trade Facilitation Agreement**. This agreement aims at improving transparency and efficiency in customs procedures, saving time and money for economic operators. The concrete results of the Agreement will depend on the final text, which should be finalised by July 2014, and in particular on the way Developing Countries implement its provisions. In fact implementation periods still have to be defined by WTO members, which need to notify which provisions will be applied on entry into force of the agreement and which ones will take longer to implement (in some cases combined with capacity building actions). 2014 should also bring more clarity as to the future role of WTO in improving overall market access but also in other

areas that are becoming increasingly important in world trade, e.g. Investment, Competition, Raw Materials.

5. Rules of Origin

Apart from ensuring that in FTA negotiations we have a set of coherent rules in line with EU Industry's needs, in 2013 we focused on simplifying our rules and ensuring that the Paneuromed revision process is concluded.

Simplification of the Rules: as a follow-up of the revision of EURATEX strategy we have undergone an internal exercise to try to make T&C rules simpler and more business-friendly. The technical work carried out with experts from members and companies was centred on:

- (a) Exceptions
- (b) Tolerances
- (c) New Processes
- (d) Assessment of different systems of rules (based on manufacturing processes, value added, tariff classification or a combination of two of these).

Further work needs to be done in 2014 to arrive at concrete and substantial proposals.

Paneuromed Convention: progress was mainly formal with the approval and ratification of the Convention by the different countries. However as regards the list rules themselves the discussions have not progressed much. The positions that were already known in 2012 remained the same with most of the Med and EFTA countries favouring more flexible rules than the EU and Turkey on the other side defending the “*status quo*”. Nevertheless the Commission is maintaining its intention to have the rules ready by the end of 2014.

6. Sustainability/Corporate Social Responsibility

The tragic events that occurred in Bangladesh have generated in-depth discussions on the way the supply chains are managed and the capacity of large brands and retailers to control their suppliers in distant countries. EURATEX was called upon to participate in several debates that took place in the European Parliament and the Social Economic Committee to express the EU Industry's views. In parallel we have reiterated to the Commission and other important stakeholders the commitment of EU companies to respect social and environmental standards that are quite high when producing in Europe. EURATEX has also been involved in Commission initiatives aimed at promoting a better working environment in Bangladesh (EU-Compact initiative in Geneva).

7. International Cooperation

EURATEX maintained its strong engagement with Third Country Industry Organizations. In our actions we aimed at:

- (a) developing common positions within the framework of ongoing FTA negotiations- Japan (JTF) and USA (AAFA and NCTO)
- (b) Enhancing the benefits of existing FTAs (visit to Korea, KOFOTI)
- (c) Improving the overall business environment for EU companies in key markets(visit to Brazil, ABIT).



8. Relations with EU Institutions

- (1) **Council/Member States:** EURATEX was invited by the **Lithuanian Presidency** to make a Presentation in the **STIS-Trade Policy Committee** regarding the situation in the EU T&C sector and the key topics in the sector's Trade Agenda. We focused the presentation on the overall societal challenges and the possible impacts on the European T&C Industry.
- (2) **European Parliament:** apart from regular contacts and meetings with MEPs on key issues (in particular members of the International Trade Committee), EURATEX was invited to make a presentation on an **INTA Committee Expert Hearing** on Bangladesh and on an **internal meeting of the GUE Group** on Vietnam.
- (3) **Commission:** EURATEX continued to develop close relations in the Trade area, in particular with DG Trade, DG Enterprise and DG Taxud. Apart from regular working meetings, e.g. FTA Chief Negotiators, EURATEX met the Director-General of DG Enterprise, Mr. Daniel Calleja, mainly to discuss trade-related issues. DG Trade in cooperation with EURATEX organised a meeting of the **T&C Market Access Working Group** to discuss the List of Barriers in Key Markets prepared by EURATEX.
- (4) **Social Economic Committee:** EURATEX was invited to speak on a **Hearing on Bangladesh**.



Environment 2014

Adil ELMASSI



In 2012 we indicated that part of the battle for the future lays in effective information on future policy orientation of the European Union. To this end, we raised awareness of some crucial new upcoming policies for the textile and clothing industry. In reporting on 2013 we will look back at some of these issues and capture where we stand vis-à-vis these.

The European Commission has concluded that REACH functions well and delivers on all objectives that at the present can be assessed. Some needs for adjustment have been identified, but balanced against the interest of ensuring legislative stability and predictability, the commission has not proposed any changes to the enacting terms of policy. The focus however, will be on improving the functioning of REACH by optimising the implementation at all levels and reducing the impact on SMEs.

With regards to nanomaterials, the Commission will make an impact assessment of relevant regulatory options, in particular possible amendments to REACH annexes, to ensure further clarity on how nanomaterials are addressed and safety demonstrated in registration dossiers. Sixteen European associations including EURATEX co-signed a letter in June 2013 to the Commission in which it was indicated that nanotechnologies are part of the set of technologies that contribute to solving important challenges our society faces and that are therefore needed to achieve the goals of the EU 2020 strategy; a comprehensive EU regulatory framework is in place that has the capacity to govern the production and use of this technology and consequently, the EU cannot afford to miss out on the opportunities provided by nanotechnologies and the benefits they bring. The Commission in its reply fully shared our objective of harvesting the benefits of nanomaterials and would like to translate this into action.

The Commission will also follow up on the registration requirements for substances in tonnages between 1 and 10 tonnes and the impact of REACH on innovation, and report back by January 2015. In addition the Commission has developed a roadmap to assess and identify substances of very high concern (SVHC^o) with the objective of placing all known SVHCs on the candidate list by 2020 as agreed by Vice President Tajani and Commissioner Potocnik. Here too, fourteen European associations including EURATEX co-signed a common position to the Commission in which it was indicated that experience so far with entering substances on the candidate list and afterwards prioritising them for authorisation by inclusion in annex XIV has shown an underestimation of the complexity of the supply chain and demonstrated unforeseen impacts all the way to the recycling phase. Industry strongly believes that a risk management options (RMO) analysis is crucial for handling potential SVHCs. This RMO analysis should always take place before a substance is proposed for placement on the candidate list together with full consideration as to whether authorisation is the most appropriate risk management option.



In parallel with this, as part of the Stakeholder Input Initiative (SII), EURATEX addressed the issue of industry competitiveness and REACH by co-signing a letter to Commissioners Tajani and Potocnik in an effort by us to pass on the message that the competitiveness of our industry has to be taken into account.

At the beginning of 2013 the European Commission proposed a new package of legislative and non-legislative measures to improve consumer product safety and strengthen market surveillance of products in the EU. The latter brings a few key changes to the existing legislation concerning the alignment of the obligations of economic operators to ensure safety with clearer responsibilities for manufacturers, importers and distributors; more effective tools to enforce safety, single and coherent rules for market surveillance, improved traceability through the supply chain, streamlined procedures for the notification of dangerous products and better synergies between the existing RAPEX system and the information and communication system for market surveillance. The legislative measures are complemented by a multiannual plan for market surveillance setting out 20 concrete actions to be undertaken between 2013 and 2015. EURATEX reacted by welcoming the long awaited package published in February 2013 but expressed apprehensions over some of its aspects, namely some definitions, presumption of safety and the aspects for assessing the latter, economic operator's obligations, and traceability.

After the European Parliament IMCO report on the package, adopted by 27 votes to 7 against and 5 abstentions, in which the rapporteur found support for the marking of product origin and an EU safety-tested mark to attest that the product has been tested and found safe by an independent third party, EURATEX engaged with other industrial sectors in evaluating the impact that the European Parliament position carries. A number of additional issues have been identified and a common cross-industry position has been established and communicated to the Commission, Parliament and Member States. The industries highlighted some specific aspects which deserve careful attention. These are explicitly related to the EU safety-tested marking, the expansion of the scope of the RAPEX

system, penalties, union-wide blacklist, fees imposed on the economic operators and consumer injuries and complaints databases.

Now the package has to be adopted in a plenary by the Parliament. The indicative plenary sitting date for the 1st reading is set for March 2014. Negotiation between the Council and the Parliament for reaching a final agreement in the current legislature started in November 2013. To this end, consideration of a mandate to enter three-way negotiations was discussed on the 5th of November without any success due to the persisting disagreement in the Council on the origin labelling.



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Within the framework of the emission trading system and carbon leakage, the European Commission is preparing a new carbon leakage list for the period 2015-2019. To this end, it has launched a consultation on the methodology for Commission decision-making determining the list. The first list was adopted at the end of 2009 and was applicable for the free allocation of allowances until 2014. In 2013, EURATEX was approached by the Commission to provide a new qualitative analysis for the finishing subsector of the textile industry in order to demonstrate its exposure to carbon leakage. Textile finishing is an intermediate process in the textile value chain and comprises the activities of pre-treatment, dyeing, printing, coating and top coating of yarns, fabrics and garments. There

are two types of finishers, commission finisher and integrated or merchant finisher.

EURATEX's assessment, based on the criteria outlined in article 10(a) paragraph 17 of the emission trading system directive, demonstrated that: the entire textile chain is at risk of carbon leakage; trade exposure can reach 90%;, the impact of CO₂ additional cost over the gross value added in the finishing companies is high; investment in energy saving and CO₂ reductions have already been taking place and further reductions seems to be technically difficult; and the economic situation in the finishing sector has deteriorated up to now which makes additional investment almost impossible. Based on these finds we have pleaded for the inclusion of the entire textile value chain in the new carbon leakage list for 2015-2019.

Following the adoption of the EURATEX 2020 strategy during the 2012 General Assembly, and in line with the 2013 key actions, we have launched an enquiry on water use and pricing in the EU. According to data received the highest water consumption per company is 426 thousands M³ and the lowest is 130 thousands M³. The average water cost in euro ranges from 0.14/M³ to 0.77/M³. The average effluent cost in euro fluctuates between 0.29/M³ and 1.6/M³. Furthermore, the share of water/effluent cost in the total production cost of the company is around 3% on average and finally, the average volume of re-used and recycled water is around 27,000M³. These numbers do not cover all EU countries as statistics from many countries were not available.

The Commission has adopted the package "Building the Single Market for Green Products". It includes a Communication and a Recommendation from the Commission addressed to Member States and private agencies. The Single Market for Green Products initiative establishes standardised methods to measure environmental performance throughout the lifecycle known as the Product Environmental Footprint (PEF); recommends the use of these methods to Member States, companies, private organisations and the financial community;,, announces a three-year testing period to develop product- and sector-specific

rules through a multi-stakeholder process; provides principles for communicating environmental performance, such as transparency, reliability, completeness, comparability and clarity; and supports international efforts towards more coordination in methodological development and data availability.

After a call for tender, the European Commission selected the pilots that will perform the experiment; this also concerns textiles with a “T-shirts” case study. The project, in which EURATEX is taking an active part, is run by CYCLECO and started on 4th November 2013. The objectives are to set up and validate the process of the development of product group-specific rules (Product Environmental Footprint Category Rules – PEFCRs), including the development of performance benchmarks; to test different compliance and verification systems, in order to set up and validate proportionate, effective and efficient compliance and verification systems; and to test different business-to-business and business-to-consumer communication vehicles for Product Environmental Footprint information.

Whatever policy is going to be put in place in the future, these rules will become EU rules on the basis of environmental footprint-related policies. The rules must be regarded as a first step towards answering questions that markets face, such as what can be considered a “green” product.



In Brief

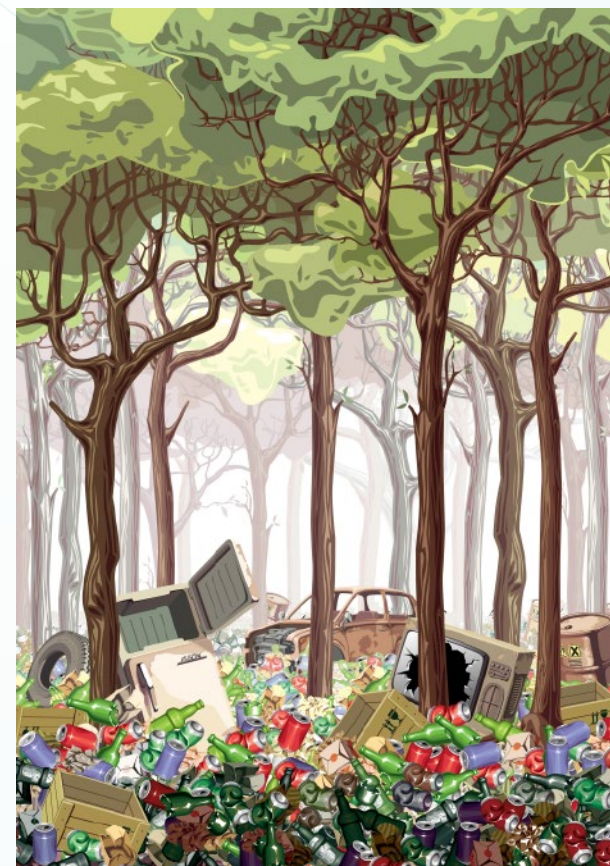
The Commission’s work programme for 2013 indicates that there will be a review of waste policy, the results of which will be presented in 2014 and will cover the following three elements:

1. A review of key targets in EU waste legislation (in line with the review clauses in the Waste Framework Directive, the Landfill Directive and the Packaging Directive);

2. An ex-post evaluation (“fitness check”) of five of the EU Directives dealing with separate waste streams: sewage sludge, PCB/PCT, packaging and packaging waste, end of life vehicles, and batteries;
3. An assessment of how the problem of plastic waste can best be tackled in the context of the current waste policy framework. This will follow on from the March 2013 Green Paper on Plastic Waste that launches a wide-ranging public consultation on the subject.

The Competent Authorities meeting for Biocides met on 25 -27 September 2013 and adopted the guidance for treated articles. EURATEX expressed the view that industry was hoping that the guidance would bring clarity to the process and help companies implement the Biocidal Product Regulation. EURATEX regrets that the latter objective has not been reached and felt that the guidance will bring more confusion and consequently an obstacle to the right implementation of the Regulation. For the textile industry the main issues remain those related to claims, labelling (art58), biocidal function and biocidal products definition.

The European Commission report to the European Parliament on textile names was published on 25th September 2013. It was based on the findings of two studies namely on origin, care labelling, size harmonization and possible environmental and social standards (MATRIX study) and allergies caused by textiles. The report concluded in favour of the Textile Names Regulation to remain unchanged. Concerning the issue of allergies, the conclusion is clear “the





issue has been tackled under other EU legislation such as REACH". However, the report also concluded "further research to the issue may be necessary".

Sweden submitted a report proposing a restriction on the placing on the market of textile clothing, fabric accessories and interior textile articles that can be washed in water and containing NP/NPE in concentrations equal to or higher than 100 mg/kg textile. Available information indicates that these are still in broad use in Europe except in Germany. Residues can also be found in textiles even if these have not been used in the production process at a much higher threshold than 100 mg/kg: therefore EU companies will have difficulties marketing their products under these circumstances. EURATEX efforts in this dossier have contributed to raising the threshold from 20 to 100 mg/k.

In the first consultation round for the criteria revision of the textile eco-label, EURATEX tabled 79 amendments to the Joint Research Center proposal of which many were answered. The result was reflected in the second draft report which necessitated only 22 amendments in addition to a separate document in which EURATEX added some general remarks.

The European Eco-labelling Bureau discussed the second draft of the Commission but because of the split view on a number of issues, the Commission was unable to proceed to a vote situation and was forced to hold a 3rd ad hoc meeting. The Regulatory Committee meeting of the European Eco-labelling Bureau moved on to adopt the draft criteria on the 22nd of November 2013.

Economic reports and statistics

Roberta ADINOLFI



1. EC Policy in the Statistical field

EURATEX's regular work comprises the monitoring of simplification as well as modernisation measures in the statistical field, which are linked to **European and international classifications** and related explanatory notes.

In the framework of the **5th revision cycle of the Harmonised System (HS)** Nomenclature, EURATEX received some additional proposals from the World Customs Organization (WCO) concerning possible deletion of headings and subheadings with a small volume of trade, and possible suppression of exemptions for structural reasons, for social/environmental reasons or because of international agreements. In particular, the WCO wishes to examine whether restructuring some subheadings from textile & clothing chapters may lead to a more simplified HS in the future.

Part of EURATEX's 2013 activities in the nomenclature field was therefore dedicated to this HS Review Cycle, with a view to justifying the maintenance of headings and subheadings with a low trade volume for which deletion could harm the industry. This revision is expected to be completed by June 2014 and the revised version will enter into force in 2017.

EURATEX was also asked to support a Member's proposal to the Commission to amend the HS Note 14 of Section XI regarding classification of garments put up in sets for retail. EURATEX has made a first evaluation of what could be the impact of such proposal. According to the Commission and some Members, a possible amendment of Note 14 may create statistical and economic problems. As this proposal will lead to a fundamental change, EURATEX will evaluate care-

fully the impact of such proposal and the possibility of submitting it under the next revision cycle, starting in 2014.

The sector's increasing export orientation, as well as the continually rising amount of imports, makes it necessary to obtain an accurate picture of trade activity. Furthermore, the EU is currently negotiating several free trade agreements which will modify trade structure in coming years and have an impact on production sectors in Europe. Finally, new orientations by the sector or innovative areas will probably, in future, even make it necessary to differentiate even more strongly and respectively to introduce new HS sub-headings.



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The statistical department is also continually involved with issues relating to the **environment**. Indeed, it pursued the update of its enquiry on the **water & effluent** annual survey with a view to getting a global picture of water/effluent volumes and 2012 evolution of costs 2012 in the different Member countries. Furthermore, EURATEX worked on a case study to qualify the textile sub-sectors as **energy-intensive subject to carbon leakage** for exclusion from the European Emission System (ETS). At the preliminary stage, the work was based on a quantitative approach in order to measure the textile and clothing sub-sectors exposure to international trade and their exposure to additional CO₂ costs. The study was completed with a qualitative assessment in order to also qualify the finishing industries as energy-intensive subject to carbon leakage (for more information, see the Environment department activities).

2. Economic & Statistical reports

Beside the lobbying activities, the economic & statistics department provided Members and other departments of EURATEX with **economic and statistical reports** to support various files, for instance on commercial policy matters, and more particularly that on the Rules of Origin, General System of Preferences, FTA negotiations and Barriers to Trade, as well as Third Countries trade monitoring.

Within the framework of its **regular analysis on the economic climate of the Textiles and Clothing industry**, EURATEX released the "Statistics in Focus" publications which analyses the evolution of EU production, employment, new orders, retail sales, and imports and exports during the January-December 2013 period. The aim of this short report, which is published on a quarterly basis, is to better monitor the economic situation of the European T&C industry throughout the year.

In addition to the short-term statistical reports, EURATEX issued the 2012 **structural data** computed by EURATEX using Members contributions. Those figures cover variables for the EU-27 and the other countries members of EURATEX. An

estimation of the 2013 structural data for the EU-28 Textile and Clothing industry will be made available together with this annual report.

In addition, the economic & statistics department also published a series of **bulletins** in 2013:

- **Bulletin n° 01/2013** includes, under part A, an analysis of EU external trade in 2012, both global sector and countries that are the main suppliers or customers of the EU. It also evaluates the weight of regions and sectors in EU trade during the period under review. Furthermore, part B gives a special report with tables and graphs for each of the 33 main EU trade partners.
- **Bulletin n° 02/2013** provides an **in-depth analysis of EU Textile and Clothing External Trade** 2011-2012. It includes trade evolution by sector (i.e. natural & man-made fibres, yarns & threads, woven & knitted fabrics, carpets, home textiles, occupational wear, men's & women's clothing), by products (around 140 products, e.g.: cotton yarn, denim fabric, bed linen, woven trousers, etc.) and by EU trading partners (33 countries).
- **Bulletin n° 03/2013** provides detailed reports of the Economic situation in the Textile and Clothing Industry in 2012 as well as prospects for 2013. These reports are written by Associations present in each EU-28 Member states, Argentina, Bangladesh, Brazil, Colombia, Egypt, India, Indonesia, Israel, Japan, Korea, Macedonia, Mexico, Pakistan, Russia, Serbia, Sri Lanka, Switzerland, South Africa, Taiwan, Thailand, Tunisia, Turkey and the USA.
- **Bulletin n° 04/2013** gives an insight into the 2012 evolution of the Textile & Clothing sector and short term prospects, as well as the General European Economic Forecast of Autumn 2013. It includes EU consolidated changes, trade estimates and basic structural data (production index, production prices, turnover, investments, household consumption, retail trade and consumer prices). This bulletin includes also an update of the Italian textile-fashion industry evolution in 2012.

Legal & Social Affairs

Stéphanie LE BERRE



1. A new internal working group to tackle social issues in the textile and clothing industry

The textile and clothing sector in Europe has been subject to a series of radical transformations over the last years, due to a combination of technological changes, evolution of production costs, the emergence of important international competitors and the elimination of import quotas after 2004.

In response to competitive challenges, the textile and clothing industry in Europe has undertaken a lengthy process of restructuring, modernisation and technological progress. Companies have improved their competitiveness by substantially reducing or ceasing mass production and simple fashion products, and concentrating instead on a wider variety of products with higher added value. Moreover, European producers are world leaders in markets for technical/industrial textiles and non-wovens, as well as for high quality garments with high design content.

Competitiveness has also been retained by sub-contracting, or by relocation of production facilities, for labour-intensive activities such as garment make-up to companies in countries with lower labour costs, mainly in the Euro-Mediterranean Zone. The competitive advantages of the textiles and clothing sector in the EU are now found in a focus on quality and design, innovation and technology, and high value-added products.

Europe's economic growth and regulatory environment have a direct impact on the ability of the Textile and Clothing Industry to create jobs. Thus it is becoming

crucial for EURATEX to strive to improve the ability of employers to provide flexible job opportunities, while influencing, respecting and promoting EU and international requirements linked to social challenges.

EURATEX might be able to share with its members all around Europe some concerns, information and challenges in the area of employment policy, which could cover topics such as Flexicurity, European Works Councils, active ageing policies; labour law, health and safety, corporate social responsibility, restructuring, collective bargaining and work-life balance. EURATEX is already playing a constructive role in the framework of **the European sectoral Social Dialogue** by being attentive to the concerns of the EU trade union and to the issues tackled by the European Commission in the field of employment and social affairs.



On the other hand, very often, for companies of our Industry, which are mainly SMEs, the strategic level for social issues remains the national, or even the regional level. The member associations of EURATEX thus play their full role at their national level so far as collective bargaining and social information are concerned. However, working in isolation from each other, especially in these challenging moments, would be at the best less fruitful, at the worst disadvantageous facing the new principles of the Lisbon treaty.

A number of so-called 'horizontal' social clauses of the Lisbon Treaty stipulate that all European Union policies must take into account social requirements and so guarantee that the various policies and actions of the Union are coherent. For example, Article 5a of the Treaty contains an obligation to meet the requirements of promoting "a high level of employment, of guaranteeing adequate social protection, of combating social exclusion and of ensuring a high level of education, training and protection of human health". Other horizontal clauses state that the social dimension must be taken into account in all actions of the Union. This would include the combating of inequality, promotion of gender equality and the fight against discrimination. The Treaty also officially recognises the role of the social partners, particularly the Tripartite Social Summit for Growth and Employment.

The "Europe 2020" strategy from 2010 to 2020 adopted in 2010, also aims at helping the EU to become a smart, sustainable and inclusive economy with high levels of employment, productivity and social cohesion. This strategy contains five concrete objectives – in the areas of employment, innovation, education, social inclusion and climate/energy - to be reached by 2020 as follows:

- an employment rate of 75% of 20-64-year-olds;
- 3% of the EU's GDP (public and private combined) to be invested in research and development/innovation;
- a 20%, or 30% if the conditions are right, reduction in greenhouse gas emissions from 1990 levels, 20% of energy from renewables and a 20% increase in energy efficiency;
- a reduction in school drop-out rates to below 10% and at least 40% of 30-34-year-olds completing tertiary-level education; and

- at least 20 million fewer people in or at risk of poverty and social exclusion.

Therefore it is necessary to develop an adequate method of informing EURATEX members about the importance of the European level in the social sphere and to improve transparency amongst those from EURATEX willing to participate to this process.

The EURATEX working Group on Social issues created in 2013 has as core objectives:

- To promote the exchange of information among its members on all social issues which directly affect the interests of Textile and Clothing industry
- To coordinate views and opinions on social policy and industrial relations issues of concern to the members, and organize and implement the initiatives and actions of the members at European level
- To issue statements and position papers on matters of common interest

2. The EU TCL Social Dialogue in 2013

EURATEX played a constructive role in the framework of the European sectoral Social Dialogue in 2013, by being attentive to the concerns of its trade union partner and to the issues tackled by the European Commission in the field of employment, social affairs, and education and training. European Social partners strengthened their collaboration, keeping sectoral social dialogue in the textile and apparel one of the most advanced and complete at European Level.

In 2013, the work programme was heavily influenced by the particularly difficult economic crisis in Europe and its conse-



quences for our Industry. EURATEX and INDUSTRIALL agreed, in the framework of their European Social Sectoral Dialogue, to try to define jointly a common strategy to tackle the crisis in our Industry. Some of the topics were:

- Following up the textile-clothing issue as part of External trade negotiations (FTA, WTO, GSP)
- Following up the textile-clothing issues linked to Regulation n° 2001/2011 on Textile Fibre names and related labelling and marking of the Fibre composition of Textile products, which entered into force in May 2012
- Following up the Communication dated October 28, 2010, entitled “the Communication on “An integrated industrial policy for the globalisation era” and the single Market Act; follow-up of the EU initiatives resulting from the Staff Working Documents published by DG Enterprise on Fashion and High-end industries (SWD(2012) 284 final & SWD(2012) 286 final) and Vice-President Tajani’s follow-up actions.
- Education and Vocational Training: EU follow-up joint project EURATEX–IndustriAll-COTANCE on the implementation and functioning of the new EU Skill Council Textile Clothing Leather and possible other joint EU projects to be discussed (continuous adjustment of vocational training and education to improve the strategy for employment)
- Evaluation of the implementation of our current code of conduct and on the sustainability of the Textile and Clothing Industry in general

3. Education and training initiatives and the EU TCL skills

The EU Commission applauded our Industry for the work done so far in the framework of our EU Textile Clothing and Leather Skills Council, which is the most active and advanced Sector Council created at EU level.

This is one of the reasons why the EU Commission-DG Employment decided to support the second year of activities of our EU TCL Skills Council in 2013-2014.

Based on a network of several existing national observatories dedicated to Education Training and Employment (FORTHAC (FR), CO-BOT (BE), IVOC (BE), CREATIVE SKILLSET (UK)) and other key players from these Industries (National sectoral Organisations, Universities, Research centres, companies, Public authorities Trade Unions, Technical institutes...etc.) the EU TCL SKILLS COUNCIL aims at improving the quality of the European labour force of our Industries, and to help enterprises to be better prepared in meeting changing competitive demand.

The planned activities for 2013-2014 are structured in 5 phases (1. User-based harmonisation; 2. Council meetings; 3. Researches and reports; 4. Involvement and awareness; 5. Annual conference). The Social Partners completed the first phase in 2014. In co-operation with the EU Commerce Sector Skills Council, the EU social partners have explored the positioning of EU Sector Skills Councils in relevant EU policies. That exercise has finished with an Information Exchange workshop with representatives of the European Commission and other Stakeholders.

The members of the TCL Skills Council have also made good progress in “Involvement & awareness”; the Skills Council network is getting larger. On one hand, the Board welcomed our colleagues from CEC (European Confederation of the Footwear Industry). On the other hand, the network of ISPs has been enlarged with the joining of Fundacion Tripartita para la Formacion en el Empleo, the Spanish Observatory.

In parallel, in 2013 EURATEX took actively part in the ESCO (European Skills Competences qualifications & Occupations working group (WG) for Textile



Clothing Leather and Shoe (TEXTAN) dedicated to set up pilot modules for identifying and defining various occupations and skills and competences required in a defined process (manufacturing of a shirt, textile and clothing production processes included). The experts discussed the methodology to adopt and the key concerns to be raised before drafting this pilot taxonomy (e.g. “green” skills and knowledge). Once this pilot document has been endorsed by the group and the ESCO board, a Taxonomy expert/consultant nominated by the Commission will duplicate this work, endorsing the WG methodology, to the other situations of the Industry (2014-2015).

Due to these positive developments and involvement of the Industry in this area, and after very fruitful exchanges between EURATEX and the EU Commission services (with the constant support of DG Enterprise), Directorate General EAC (Education & Culture) decided in the end of 2013 to extend the ERASMUS+ programme, and particularly the Sector Skills Alliance initiative for 2014, to existing Sector Skill Councils¹, to give our Industry the opportunity to develop Education and Training projects to solve the current mismatches between job offers and job seekers’ profiles.

4. Intellectual property issues

The European clothing and textile sector has in fact long been aware that one of its major assets in terms of competitiveness, in the face of third party countries, remains its capacity for innovation and its originality. Beyond the price war waged by some industries in third countries, there is another war that our European countries could win, that of creativity, provided Europe gives them the resources to do so.

In the context of the EU-wide IPR strategy, throughout 2013 the objectives of EURATEX were numerous:

¹ http://ec.europa.eu/education/policy/vocational-policy/sector-skills_en.htm

The fight against goods infringing a trademark also in transit in the European Union

In 2013, within the framework of the revision of the EU Legislation on trademarks (the so-called “Trademark package”, to revise both the EU Directive on national trademarks and the EU Regulation on the Community Trademark) EURATEX had to concentrate its efforts to convince both the EU Council and the EU Parliament (co-decision procedure) to integrate a provision to allow customs authorities to control suspected goods in transit at least as far as Trademark protection and defence is concerned (this provision was not incorporated in the new EU Legislation regarding Customs actions against counterfeiting and piracy²).



Several initiatives in 2013 led by EURATEX and/or in cooperation with other EU industries and Stakeholders (letter to the Commissioners and to MEPs; joint position paper, press release) were drafted and published in order to reaffirm the need for the EU Textile and Clothing Industry to give the customs authorities at national level the opportunity to also control goods in transit (from one non-EU country to another non-EU country).

EURATEX supported the Commission’s proposal for the integration of the control in transit into the EU legislation, while underlining how negative it would be to maintain the solution given in the European Court of Justice (ECJ) in its “Philips-Nokia” case concerning this question³, and how crucial it is for EU SMEs that the

² Following the adoption on 24/01/2013 by the Internal Market Committee of the European Parliament (IMCO) of the draft revised EC 1383/2003 Regulation on the fight against counterfeiting and piracy, customs officials will not be able to stop counterfeits in transit unless there is an infringement as defined under substantive law.

³ http://www.eplawpatentblog.com/2011/December/C446_09%20EN%5B1%5D.pdf

infringing products are stopped before they arrive in the European Union and before they are scattered across the globe, especially in third countries where only limited and/or expensive options to control and stop these illegal goods are accessible by companies.

To the Industry, it is essential that the authorities control suspected goods in transit or transshipments, as major counterfeiters and/or IPR infringers use this “uncertainty” and these national “enforcement gaps” to transform some parts of EU territory into major platforms for their illegal trade. With regards to the total amount of articles detained by the EU customs in 2008 (178,908,278 products, and amongst them 17,742,298 textile and clothing products), 42% of these articles were in transit⁴!

Thanks to the constant efforts of and information from EURATEX and its counterparts from other industries, the majority of Members of the European Union (MEPs) finally agreed to follow the industry and to integrate our requests in their position.

Participation of EURATEX in the activities of the EU Observatory on infringements of IPR

In 2013, as a member of the new Legal Working Group, EURATEX actively contributed to the action plan:

1. Inter-agency cooperation
2. Cost and damages
3. Storage and destruction

As a follow up to the storage and destruction study, it was envisaged a study to calculate the cost to Member States and right holders of the current practice of having to pay upfront the cost of storage of seized goods⁵.

⁴ From the 2008 report; we do not know why the Commission stopped publishing this information

⁵ More information on the activities of the Observatory on: <https://oami.europa.eu/ohimportal/en/web/observatory/home>

the Legal Working Group also endorsed the idea of a specific study being carried out as a follow up on the cost and damages report, dealing with issues such as the calculation of infringer's profits, right holder's profits and reasonable remuneration when no licence market exists and from where “real figures” can be obtained.

In addition to this action plan, EURATEX together with the other active members of the Working Group analysed five guides for EU businesses operating in third countries to help them with protecting their intellectual property rights: Brazil, Russia, India, China and Turkey. The focus is on providing material in as clear and simple a way possible that will enable businesses without expertise in enforcement of intellectual property rights to know what to do, where to seek information and advice and identify the agencies that are involved in IP protection and enforcement.

Apart from the specific tasks of the Legal Working Group, EURATEX was very attentive and concerned by all the other projects and activities of the other working groups and of the Observatory in General. EURATEX intervened several times to express the concerns and specificities of the industry and its SMEs at the occasion of the presentation of the results of the two important surveys carried out by the observatory: 1) The contribution of the Intellectual Property intensive Industries to economic performance and employment in the EU, and 2) Perception, awareness and behaviour of EU citizens on Intellectual Property Rights⁶. Regarding the first study especially, EURATEX clearly highlighted the uncertainty



⁶ <https://oami.europa.eu/ohimportal/en/web/observatory/observatory-publications>

and incompleteness of its results regarding the Textile and Clothing Industry as this Industry was mainly using non-registered rights which, by definition, could not be properly evaluated because of the survey methodology (based mainly on registered rights).

Participation of EURATEX in the activities of the OHIM (users' Working Group)

Because of its expertise and constant input in the field of designs when discussing and adopting the EU Regulation on Community design, The Office for Harmonization in the Internal Market (OHIM; based in Alicante) has invited EURATEX ever since 2002 to be part of the User's Group of the office in order to help the EU to better implement and adapt this new legislation to SMEs' needs. In 2013, EURATEX attended the 20th OHIM Users Group Meeting to discuss on clarifications and simplifications for the benefit of the SMEs on the agenda topics: the Community Trademark & Community Design registration and opposition procedures (costs, databases, online registration, etc.); the use of the cooperation fund (promoting further harmonization, modernising national IP offices with a focus of simplifying the use of the European trade mark and design systems); the functioning of the Observatory against IPR infringements (staff, activities, 2013 projects); the convergence programme (harmonising national classifications of trademarks) and on the Taxonomy ongoing process.



Enforcing and enhancement of Intellectual Property in third countries: participation in IP dialogues

The European Commission has engaged in continuous IPR enforcement efforts in all countries where European companies face difficulties with the protection of their rights. To that effect, and within the frame of existing trade and/or co-operation agreements, we periodically organise **IPR Dialogues** with the enforcement authorities of the respective countries (customs, justice, culture, IP offices, etc.). The aim of the proposed dialogues is to help address problems that EU

industries encounter in their daily operations, to exchange best practices and to address concrete issues with a view to their resolution. Several Dialogues of this type have been put in place; we first try to establish a positive working relationship with local authorities that allow us to bring up for discussion and find solutions for various cases reported by European right holders.

EURATEX regularly took part in the preparatory meetings on each official IP dialogue organised by the EU Commission with third countries:

- **EU-China IPR Dialogue:** EURATEX joined the DG Trade preparatory meeting on the topics to be raised during official meetings in Beijing in 2013. Amongst the topics the Commission presented the China Key Programme to support EU businesses and which will run for 3 years (€7.5m budget), led by OHIM. This includes support for the IP Dialogue system (rolling out actions), studies/workshops, technical cooperation and training. EURATEX stressed the need to address also specific issues identified by the T&C industry SMEs, and the Commission welcomed any input from EURATEX and/or its members on this point. DG Trade invited EURATEX to express its specific concerns on the main IP difficulties encountered by the Industry when accessing the Chinese market.





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EURATEX: [a] referred to the protection of designs and to promotion of a similar system to the EU non-registered design at Chinese level; [b] suggested implementing a specific EU-China Textile and Clothing dialogue under the aegis of the EU Commission in full respect of article XXV paragraph 2 of the TRIP's agreement.

- EU-US relations on Intellectual Property Rights: EURATEX attended a round-table with the US mission representative who pointed out the importance of protecting IPR both internally and in Trade relations with other countries. EURATEX highlighted the concerns of the Industry regarding adequate protection for textile design, referring to article XXV paragraph 2 of the TRIP's agreement:

Extract of Article XXV TRIP's agreement

*Each Member shall ensure that requirements for securing protection for **textile designs**, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.*

In 2013, EURATEX also participated in the organisation and follow-up of the annual conference on Industry Intellectual Property Rights (IPR) support activities for SMEs organised by DG Enterprise. EURATEX took an active part in the 2013 work programme:

- [a] IPR Helpdesk: an evaluation exercise to be launched to evaluate the efficiency and usefulness of the free of charge services provided. The IPR Helpdesk is looking for more requests from SMEs regarding IP to help them to be prepared for business-oriented negotiations.
- [b] IPR-China Helpdesk: the objective is to convince EU SMEs of the feasibility of dealing with IPR in China while minimising risk for their business. Among the 2013 objectives were also highlighted:
 - [i] the strengthening of relationships and cooperation with stakeholder groups;
 - [ii] creation of synergies with Industry Associations.

European Research and Innovation Policies

Lutz WALTER



Mauro SCALIA



The year 2013 was mainly dedicated to the final preparations and political adoption of the **HORIZON 2020 Programme**. After tough negotiations between the Commission, the European Parliament and the Council, a total budget of slightly over €70 billion (at current prices) was agreed for the 2014-2020 Programme. While this amount still represents a sizeable increase compared to the €52 billion of FP7, in an overall slightly decreased EU budget for the years 2014-2020, this increase is largely absorbed by the strongly growing fundamental research section (Scientific Excellence) of HORIZON 2020, leaving the more application and industry-related sections (Societal Challenges & Industrial Leadership) with basically a stagnating budget.



COSME
Programme for the
Competitiveness of
Enterprises and SMEs
2014-2020

Nevertheless several positive elements from the original Commission proposal have found their way into the adopted final programme. These include:

- More funding of closer-to-market innovation projects in the Societal Challenges and Industrial Leadership parts
- A higher funding level for all types of participants, including industry, of 100% + 25% overheads for research projects and 70% + 25% overheads for innovation projects
- Various administrative simplification measures and a faster time to contract
- Dedicated funding instruments for SMEs

In December 2013 the first round of calls for HORIZON 2020 were launched, with several opportunities for the textile and clothing sector included. These calls close in the first half of 2014 and will be followed by a second round of calls, for which the indicated topics again offer interesting potential for textile-related research and which will close towards the end of 2014 or early in 2015.

Another relevant funding programme for the same 2014-2020 period, albeit with a much more limited budget of €2.5 billion, is **COSME – the European Programme for Competitiveness and SMEs**. This programme will generally fund smaller networking and study projects, but also support access to finance for SMEs and early market replication projects for the fashion and other design-based consumer goods industries.

1. The European Technology Platform

2013 was a pivotal year for the Technology Platform with the creation of an independent legal entity jointly founded by Euratex, Textranet (the European Network of Textile Research Institutes) and Autex (the Association of Universities for Textiles). This new organisation, the **Textile ETP a.i.s.b.l.**, was registered in March 2013 and held its founding General Assembly in April. The first meeting of the newly formed Governing Board took place in June, electing Paolo Canonico



as President (pictured) and appointing Lutz Walter as Secretary General. In July the transition of the existing informal membership network to a formal subscription-based system was started. This process worked very successfully with over 50 associate and networking membership subscriptions by end of 2013 which together with the affiliated direct members of Euratex, Textranet and Autex has created an active, European-wide network of some 500 experts that keeps growing strongly into the early months of 2014.

Also in 2013 all European Technology Platforms underwent a formal assessment by

the European Commission, which resulted in the formal recognition of the Textile Technology Platform as a privileged organisation that the Commission will closely work with in research and innovation policymaking for the period up to 2020.

One of the most intensive activities of the Technology Platform during 2013 was the further development of the **Textile Flagships for Europe Initiative**, launched in 2012. A total of 14 expert meetings were organised in addition to a progress update workshop at the Annual ETP Conference in March and the 1st European Textile Flagships Conference in October. At the latter event, attended by some 180 participants and many European Commission representatives, the action plans for the 7 flagship initiatives were presented. On the basis of these plans the implementation work has now started. It should bring together experts from industry and research to launch concrete projects – with or without EU funding – to move technology development and industrial innovation forward in these 7 areas.

With the launch of the first calls of HORIZON 2020 in December the TEPPIES system was also reactivated to help the industry and research members of the Technology Platform in developing their project ideas into ex-



cellent proposals, bringing together strong consortia of European partners and obtaining direct guidance from EU officials during project brokerage meetings. Over 50 project ideas were submitted to this first TEPPIES round of HORIZON 2020, and the corresponding brokerage days in January 2014 were attended by over 100 participants from across Europe.

Information about the Technology Platform is available at www.textile-platform.eu

2. Projects:

Running & recently completed projects

PROsumer.NET

This project, led by Euratex, brought together five European Technology Platforms (textiles and clothing sporting goods, footwear, wood- & paper-based industries, and machinery) from the consumer goods sectors to develop a joint research roadmap for these industries and related EU research-, innovation- & education policy recommendations. The project successfully concluded its work with a high-level final conference in Brussels in May 2013 at which all project results were presented alongside many cases of innovation by large and small consumer goods companies from across Europe.

Following the fruitful project collaboration the European Technology Platforms involved decided to continue to work together on the basis of a Memorandum of Understanding. At the end of 2013 the group submitted a request to the European Commission for recognition of PROsumer.NET as a cross-ETP initiative under the EU ETP-2020 policy.

All information about the project and follow-up initiative is available at www.prosumernet.eu



MatVal

This project, started in October 2012, brings together several European Technology Platforms and other European networks in the field of advanced materials. The objective is similar to that of PROsumer.NET, the identification of common research- and innovation challenges and -priorities across the different sectors dealing with advanced materials and advising EU policy makers how to define better support policies and programmes. Euratex leads the project's work package on Innovation Policies and in June 2013 successfully organised a workshop with innovation & policy experts from industry, academia and the EU officials involved with the different MatVal material sectors. Project information is available at www.alliance4materials.eu

www.matval.eu



Smart@Fire

Smart@fire is a groundbreaking project to encourage companies and researchers and provide them with financial means to develop innovative ICT solutions that better protect firefighters and help prevent accidents, and to integrate these into Smart Personal Protective Equipment (PPE). For this, Smart@fire employs a unique and novel method of innovative procurement known as pre-commercial procurement (PCP), developed by the Belgian Innovation Agency (IWT), which leads the Smart@Fire project. Euratex's main role is the dissemination of the project results to industry and to make sure textile suppliers and protective clothing manufacturers and service providers engage with fire service procurement agencies from 5 countries (BE, DE, FR, NL, UK) involved in this project. Project work during 2013 was mainly dedicated to an extensive end-user requirements study as well as a European-wide market consultation among potential suppliers of components or systems for the expected smart firefighter uniforms. The pre-commercial procurement tender is expected to be launched in the 2nd quarter of 2014. Project information is available at www.smartatfire.eu



SESEC

Pursuing Energy Efficiency in the CLOTHING industry is the core objective of the SESEC project which during its second year of activities accomplished all activities planned. Coordinated by EURATEX and run by a very qualified 9 partner-consortium, the project enabled 31 energy audits at companies' premises and drew benchmark indicators from a sample of some 50 datasets in different product groups. Benchmarks are used to assess the companies' performances and to evaluate improvements. The critical energy saving points in clothing manufacturing and factory environment were analysed and included in the project's major result: the Energy Saving Scheme (shortened ESS). In the second part of 2013, this key result was tested in 50 European companies for the purpose of improving efficacy based on the companies' first-hand experience. The ESS is a tool made up of 3 different software applications (Microsoft Excel files) which enable clothing companies to understand energy consumption and evaluate the energy (and cost) saving potential. The final release of ESS will take place in 2014 via the EURATEX website.

www.euratex.eu/sesec



Both the SESEC and the SET are co-funded by the Intelligent Energy Europe programme of the European Union which is managed by the Commission EASME Executive Agency.



Co-funded by the Intelligent Energy Europe Programme of the European Union

Both projects have been selected and awarded financial support after a very competitive selection (success rate indicated between 7% and 10%) carried out by the Commission services and external independent experts.

www.euratex.eu/energy-made-t-measure
www.euratex.eu/set

ARTISAN

ARTISAN is a Research & Development project participated in by EURATEX and co-financed by the European Commission's 7th Framework Programme to promote reduction of energy consumption and CO₂ emission in the Textile Industry. Thanks to the successful work carried out in its final year (2013) the project is suggesting an approach and a work method based on the specific evaluation of the energy costs of products and industrial process and improvements in planning of everyday operations. This approach can be partially implemented through a publicly available software tool (the *ENCORE* tool) and a new model of IT services to support the operations of partner companies. In the project EURATEX focused on supporting evaluation of industrial requirements and disseminating information and results to the European Textile industry. The resulting promotional activity has greatly benefitted from synergies with other projects coordinated by EURATEX, such as SESEC.



www.artisan-project.eu

SET

Pursuing Energy Efficiency in the TEXTILE industry is the core objective of the new project coordinated by EURATEX and named SET (Saving Energy in Textile SMEs). Selected in 2013, the project started negotiation with the donor (European Commission) in the same year and activities are due to kick off in the first quarter of 2014. The SET project follows the path set by the similar SESEC project and aims at providing textiles companies with a new ready-to-use software tool and original know-how to support achieving energy efficiency and to comply with legislation while exploiting financial opportunities.

FASHION-ABLE

The FASHION-ABLE project aims at providing European fashion SMEs active in customisation of goods with technologies enabling flexible, eco-efficient production. The main target is garments and other wearable products for highly personalized needs (e.g. wheelchair users, diabetic feet, musculoskeletal disorders etc.). The products under consideration address “niches” of millions of consumers which cannot be satisfied by mass-produced, standard, goods. In this project EURATEX is in charge of dissemination of results to the industry with a view to supporting a wider application of the most successful project results.

www.fashionable-project.eu



nated by EURATEX which since 2008 has been pursuing the use and greater interoperability of digital communication in the Fashion Industry supply chains, particularly for SMEs.

The CEN eBIZ Workshop is the second phase of the eBIZ initiative, designed to take the previous results one step further, namely for the digital language to serve new companies' needs and to be even more widely adopted in the Fashion industry.

The CEN eBIZ Workshop set up an international working group which has allowed representatives of fashion companies, IT solutions providers and Fashion retailers to work together over 18 months to identify gaps, needs and solutions for wider use of the single digital language. The work's immediate result consists of a new version of the *eBIZ Reference Architecture*, namely the “language guidebook” which defines the Standard for interoperability of digital communications (EDI) and which in comparison with the 2010 version expands on RFID, eInvoicing, business models, yarn technical data etc.

Chaired by the EURATEX Director General the Workshop drew together 72 participants from 54 organizations among IT suppliers specialising in fashion business (47%), research/consultants/universities (28%), and the fashion industry (25%) from 10 European countries. The Workshop also organised 9 public meetings unveiling the mass of eBIZ users across Europe, particularly in Italy, France and Spain and which is estimated to be in over 300 companies (2013 data). These public meetings marked once again the benefits of a common, interoperable digital language for the fashion business.

The new eBIZ Reference Architecture was approved by all Members of the Workshop participating at the final plenary meeting of 26th June 2013. Endorsed by a total of 56 organisations and companies from 14 countries, the Architecture finally (24th July) became an official Workshop Agreement of CEN, the European Committee for Standardization.

SUSTA-SMART

The SUSTA-SMART project supports standardisation in Smart Textiles to boost the use of these high added value components. The project rationale is based on the huge potential for wider application of smart textiles in different industrial sectors and the positive role of standardisation in unblocking such potential. The project identifies needs for standards emerging from European research projects, draws up a roadmap of priorities and finally delivers standardisation input documents to the relevant CEN committees. EURATEX's role has been focused on supporting contributions from textile & clothing companies and on promotion of results to the appropriate stakeholders.

www.susta-smart.eu



eBIZ

Under the slogan “*speaking one digital language in fashion*” eBIZ is the public-private initiative coordi-



In 2013 more than 300 fashion companies, both SMEs and global brands, are estimated to be eBIZ compatible, hence speaking the same digital language.

www.ebiz-tcf.eu

Standards

International Standards are formal documents established by consensus in bodies like CEN (European) or ISO (international) and which set uniform technical criteria for product requirements, test methods, processes and practices and others. Adoption of standards is normally not a legal requirement but a voluntary choice of the industry or required by the market. In specific fields, such as Personal Protective Equipment (PPE), compliance with standards is legally mandatory and standard developments greatly impact on the industry and the markets.



European Committee for Standardization
Comité Européen de Normalisation
Europäisches Komitee für Normung

EURATEX followed throughout the year the most relevant activities in standards, both at European legislative level and at the CEN level. In the former case we focused on the revision of the PPE (Personal Protective Equipment) Directive 686, investigating our Members' position on selected items (both within and beyond the scope of the PPE Directive) and finally presenting a joint position paper with ESF, EURATEX and ETSA on the revision and the limitation of the validity of EC type examination certificates. To rationalise costs and in line with Members' feedback, in 2013 EURATEX replaced the usual biannual meetings of the TBT (Technical Barriers to Trade) group addressing standards with digital communications. As for CEN-specific activities, we kept monitoring the progress of the different working groups of the CEN technical committee relevant to textiles (TC248). This monitoring activity will no longer continue in the next years following a unilateral change of the CEN approach in collaboration with associations like EURATEX.

Other standard-related activities have included: joining the working group on protective textiles and personal protective clothing and equipment (so called BTWG 8) set up at CEN based on a mandate of the European Commission; participation in the SUSTA-SMART project supporting the use of smart textiles through standardization; and the successful completion of the CEN eBIZ Workshop which in June 2013 reached final agreement for a common digital language in the textile, clothing and footwear supply chains (see the Projects section in this report).



Supported by :

FALKE

Facts

In 2012 the FALKE Group generated sales amounting to EUR 230 million. 44% of the sales were achieved abroad.

At its headquarters in Schmallingenberg and its subsidiaries in Dorfchemnitz, Portugal, Slovakia as well as South Africa, the Group employs a staff of 3,100 worldwide.



Identity

We believe in our daydreams.

Firmly believing in our visions of modern living and aesthetics, we prefer to make them a public statement instead of hiding behind impersonal anonymity. The perfect design, of course, has many faces but only one – depending on personal tastes and tendencies – catches our special liking. That's why the adepts of a particular trend gather in social environments where they meet like-minded fellows enjoying similar interests, shopping habits and their cultural preferences. We'd probably exaggerate by calling it elitist thinking but a touch of ritual behaviour remains undeniable, – which, after all, makes it so attractive. Today's fine arts, music and many luxurious goods being extremely diversified no longer fit into traditional main streams. Trendsetters follow their own instincts.

The FALKE scenery is populated by indefatigable globetrotters, stubborn individualists, polyglot adventurers, fanatic perfectionists, sensitive intellectuals and pretentious aesthetes. Their style of living and dressing reflects a good deal of self-confidence. We enjoy their company. Those are the ones we have in mind in search for the ideal shape and the best handmade quality. Our equal spirited friends expect a perfect translation of their aesthetic concept of modern outfits. We make men suits, bodies, hosiery and socks. Their design and matching harmony of fabrics and color guide our common taste to reality. Therefore no daydreams.



F A L K E

Quality

Fashion is driven by the eternal quest for beauty. The human desire for self-adornment, the human desire to search and gradually find our own style is also the driving force of fashion. Fashion derives from creativity, its class comes from handcrafted perfection. FALKE is committed to developing stylish fashions for modern people, fashions of top quality, style and perfection. This calls for a sensitive and forward-looking approach to current trends, the courage to help shape the zeitgeist. In other words, to be different. All of this would be nothing, however, without FALKE quality culture. The main maxim of the FALKE quality culture is: Quality for quality's sake! Each and every detail deserves to be perfected, with expertise and passion. We have been working passionately to achieve that perfection – day after day, for more than 100 years.

GINETEX, the International Association for Textile Care Labelling

GINETEX is the International Association for Textile care labelling and owns and oversees the use of the five care symbols that are used on billions of garments a year. Developed by GINETEX in the 1960's, the care symbols for textile are designed to be understood in all countries, irrespective of language. They give consumers and retailers information on how best to wash, dry or clean their clothes. Following the correct care labelling can help keep your clothes in the best shape possible.

GINETEX has been very active in ensuring that the symbols keep pace with technological changes in washing machines, tumble driers and the dry cleaning industry. Keeping the technical content as current as possible, whilst also maintaining simplicity in the symbols in order to translate to a global audience is a challenge that is met by GINETEX with ease.

To take into consideration the increasing demand for environmentally friendly textile care, GINETEX has produced a new trademarked logo clevercare.info®. This logo gives detailed information on the technical content of the symbols and the best practices for sustainable textile care. GINETEX has recently launched also an app called "Care Symbols" to provide care information on Smartphone's.

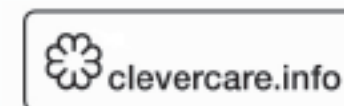
GINETEX counts 20 national organisations as member representing all interest parties concerned with textile care and labelling. The current member list can be found under www.ginetex.net/members.

The combination of the five basic care symbols used is covered by international trademarks which are registered with the WIPO (World Intellectual Property Organisation). GINETEX is the owner of the trademark. Any use or reproduction of



the symbols requires the authorization of GINETEX or one of its national member organisations. The trademark helps to ensure a worldwide coordination and recognition of the care labelling system.

clevercare.info®, the new care logo
for extending the life of textile
and reduce climate impact.



GINETEX developed an internationally applicable logo for sustainable care, called clevercare.info®, to advise consumers that they can influence the environmental impacts of garment care and by carefully following the care symbols that can be found on a textile label – www.clevercare.info.

The clevercare logo is not a technical symbol but advises consumers to consider a wide range of actions.

The biggest opportunity for consumers to reduce the carbon footprint of clothing is to change the way they care for their clothing and textile in general. Laundry alone accounts for around 25% of the carbon footprint of clothing. Washing clothes less often, washing at a lower temperature, using larger loads and tumble drying less could cut the footprint by 7% (WRAP, 2012). A direct benefit of better garment care is longer lasting clothing; so while changing caring habits is a significant area for carbon savings, extending the active life of clothing offers the greatest savings overall.

clevercare.info®, is a registered trademark and is the property of GINETEX. All GINETEX licensees can use the clevercare logo for free. The specifications and implementation are given in the Technical Booklet of GINETEX.

A consumer information platform at www.clevercare.info is offering tips and advices on the best low-impact care practices.

The care symbols on a garment provide information on the most severe treatment allowable, one that does not cause irreversible damage to the article during the care process. The care symbols should refer to the main article and this includes; colour fastness, finishing and accessories (such as buttons and zips). Milder treatments and lower temperatures than indicated on the label are always allowed, if there is no text saying to follow the given temperatures. However, lowering the wash temperature may affect the cleaning result.



Look for dry cleaners who offer a “greener” option to traditional dry cleaning methods

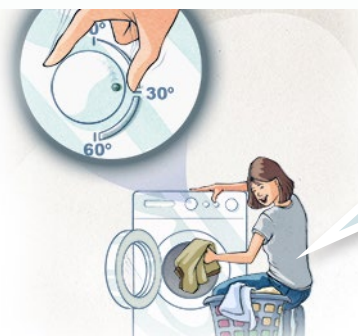
Iron only when necessary. Save Energy as well as the effort !



Don't wash your clothes too often



Lower the temperature when machine washing !



Hang drying is energy free !



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Mr. Alberto PACCANELLI



The Director-General

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EUROPEAN UNION : SHORT TERM INDICATORS

| | 2013 | 2012 | 2001 | Source |
|---|-------|-------|-------|----------|
| EUROPEAN MILL CONSUMPTION OF FIBRES | | | | |
| EUROPE* 1000 t | n.a. | 4.766 | 5.203 | CIRFS |
| * Western Europe + CEEC + Turkey | | | | |
| E.U. PRODUCTION INDEX - 2010=100 | | | | |
| MAN-MADE FIBRES E.U.-28 | 84,8 | 79,4 | 144,6 | EUROSTAT |
| TEXTILE E.U.-28 | 91,9 | 92,0 | 155,8 | EUROSTAT |
| CLOTHING E.U.-28 | 86,7 | 90,5 | 185,5 | EUROSTAT |
| E.U. PRODUCTION PRICE INDEX in EURO - 2005=100 | | | | |
| MAN-MADE FIBRES E.U.-28 | 105,7 | 106,8 | 95,5 | EUROSTAT |
| TEXTILE E.U.-28 | 108,3 | 107,6 | 95,2 | EUROSTAT |
| CLOTHING E.U.-28 | 104,6 | 104,1 | 94,4 | EUROSTAT |

MAIN MANUFACTURING SECTORS
Turnover evolution

| | 2013 | 2012 | 13/12 | Source |
|--|-------|-------|-------|----------|
| E.U.-28 TURNOVER INDEX - 2010=100 | | | | |
| TEXTILE | 101,2 | 101,2 | 0,0% | EUROSTAT |
| CLOTHING | 94,6 | 97,8 | -3,3% | EUROSTAT |
| CHEMICALS | 105,7 | 109,3 | -3,3% | EUROSTAT |
| BASIC METALS | 99,7 | 106,9 | -6,7% | EUROSTAT |
| COMPUTER, ELECTRONIC | 88,4 | 91,6 | -3,5% | EUROSTAT |
| MACHINERY, EQUIPMENTS | 114,5 | 115,9 | -1,2% | EUROSTAT |
| MOTOR VEHICLES | 111,4 | 108,8 | 2,4% | EUROSTAT |

KEY FIGURES 2013
EUROPEAN UNION-28 TEXTILE & CLOTHING INDUSTRY

| EURATEX QUICK INFORMATION GUIDE | | | | | |
|---|----------------|--|----------------|----------------|----------------|
| May 2014 Current values | 2013e | EU28 TEXTILE & CLOTHING INDUSTRY 2012 | 2011 | 2010 | 2009 |
| Household consumption (bil. €): | | | | | |
| - Textile & clothing | 483,9 | 482,9 | 481,6 | 470,1 | 451,1 |
| Turnover (bil. €) : | | | | | |
| - Man-made fibres | 10,2 | 9,6 | 10,1 | 9,5 | 8,3 |
| - Textile | 81,6 | 81,7 | 84,5 | 79,2 | 71,6 |
| - Clothing | 74,7 | 77,3 | 80,6 | 74,8 | 74,0 |
| Total | 166,5 | 168,5 | 175,2 | 163,5 | 153,9 |
| Investment (bil. €): | | | | | |
| - Man-made fibres | 0,3 | 0,3 | 0,3 | 0,3 | 0,1 |
| - Textile | 2,5 | 2,5 | 2,7 | 2,7 | 2,4 |
| - Clothing | 1,3 | 1,4 | 1,4 | 1,8 | 1,8 |
| Total | 4,1 | 4,2 | 4,4 | 4,8 | 4,4 |
| Employment (1000 pers.): | | | | | |
| - Man-made fibres | 21 | 21 | 23 | 23 | 20 |
| - Textile | 613 | 637 | 651 | 709 | 758 |
| - Clothing | 1.030 | 1.075 | 1.098 | 1.146 | 1.255 |
| Total | 1.664 | 1.733 | 1.772 | 1.879 | 2.033 |
| Companies (number): | | | | | |
| - Man-made fibres | 77 | 78 | 83 | 84 | 75 |
| - Textile | 52.690 | 54.715 | 56.092 | 56.360 | 54.206 |
| - Clothing | 119.895 | 125.151 | 129.926 | 135.015 | 134.183 |
| Total | 172.662 | 179.944 | 186.101 | 191.460 | 188.464 |
| Extra-eu imports (bil. €): | | | | | |
| - Textile* | 25,3 | 24,5 | 26,5 | 23,1 | 18,3 |
| - Clothing | 67,0 | 65,9 | 68,4 | 62,5 | 57,5 |
| Total | 92,3 | 90,4 | 94,9 | 85,6 | 75,8 |
| Extra-eu exports (bil. €): | | | | | |
| - Textile* | 21,5 | 21,5 | 20,9 | 19,2 | 16,4 |
| - Clothing | 20,9 | 20,1 | 18,1 | 15,1 | 14,2 |
| Total | 42,4 | 41,5 | 39,0 | 34,3 | 30,6 |
| Extra-eu trade balance (bil. €): | | | | | |
| - Textile* | -3,8 | -3,0 | -5,6 | -3,9 | -1,9 |
| - Clothing | -46,1 | -45,9 | -50,3 | -47,3 | -43,3 |
| Total | -49,9 | -48,9 | -56,0 | -51,3 | -45,2 |

2013: Euratex estimates, based on 2012 Euratex members data
Data based on New Nace nomenclature

* : incl. Man-made fibres

KEY FIGURES 2013
E.U. TEXTILE & CLOTHING INDUSTRY

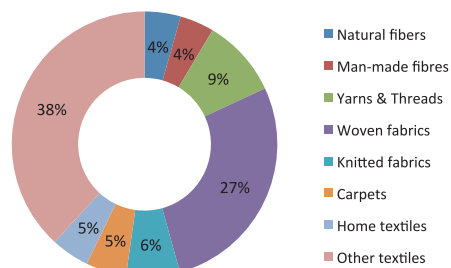
| E.U.-28 | Unit | 2013 e | 13/12 |
|------------------------------|------------------|----------------|--------------|
| | | | |
| | | | |
| TURNOVER | Bil.Euro | 166,5 | -1,2% |
| - MAN-MADE FIBRES* | | 10,2 | 5,9% |
| - TEXTILES | | 81,6 | -0,1% |
| - CLOTHING | | 74,7 | -3,3% |
| INVESTMENT | Bil.Euro | 4,1 | -0,8% |
| - MAN-MADE FIBRES* | | 0,3 | 6,0% |
| - TEXTILES | | 2,5 | -0,1% |
| - CLOTHING | | 1,3 | -3,3% |
| EMPLOYMENT | 1000 pers | 1.664 | -4,0% |
| - MAN-MADE FIBRES* | | 21 | -1,0% |
| - TEXTILES | | 613 | -3,7% |
| - CLOTHING | | 1.030 | -4,2% |
| COMPANIES | Number | 172.662 | -4,0% |
| - MAN-MADE FIBRES* | | 77 | -1,3% |
| - TEXTILES | | 52.690 | -3,7% |
| - CLOTHING | | 119.895 | -4,2% |
| EXTRA E.U.-28 IMPORTS | Bil.Euro | 92,3 | 2,0% |
| - TEXTILES | | 25,3 | 3,3% |
| - CLOTHING | | 67,0 | 1,6% |
| EXTRA E.U.-28 EXPORTS | Bil.Euro | 42,4 | 2,1% |
| - TEXTILES | | 21,5 | 0,1% |
| - CLOTHING | | 20,9 | 4,3% |
| E.U.-28 TRADE BALANCE | Bil.Euro | -49,9 | 2,0% |
| - TEXTILES | | -3,8 | 25,9% |
| - CLOTHING | | -46,1 | 0,4% |
| Turnover/Employee | EURO/pers | 100.050 | -0,5% |
| Investment/Turnover | % | 2,5% | - |
| Exports/Turnover | % | 25,5% | - |
| Employees/Company | pers | 10 | - |

*: excluding polyofins
e : Euratex estimates

EUROPEAN UNION-28

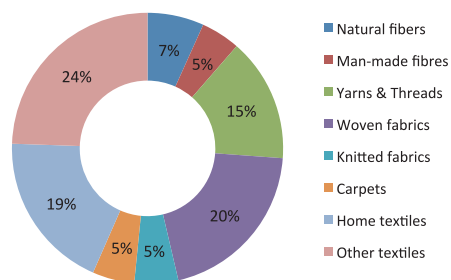
SUB-SECTORS SHARE IN EXTRA-EU TRADE

Extra-EU exports of Textile products, 2013



note: share based on values

Extra-EU imports of Textile products, 2013



note: share based on values

Source : CITH, EUROSTAT

EUROPEAN UNION-28

MAIN TRADING PARTNERS IN TEXTILE-CLOTHING

| MIO EURO | | 2012 | | 2013 | |
|--------------------|---|--------------------------|--------------|--------------------------|--------------|
| TEXTILE CUSTOMERS | 1 | United States | 2.271 | United States | 2.269 |
| | 2 | Turkey | 1.821 | Turkey | 1.930 |
| | 3 | China | 1.718 | China | 1.743 |
| | 4 | Switzerland | 1.399 | Switzerland | 1.421 |
| | 5 | Russia | 1.294 | Russia | 1.305 |
| | | 1-5% Extra Extra-E.U.-28 | 39,6% 21.464 | 1-5% Extra Extra-E.U.-28 | 40,3% 21.489 |
| TEXTILE SUPPLIERS | 1 | China | 7.864 | China | 8.009 |
| | 2 | Turkey | 3.805 | Turkey | 4.172 |
| | 3 | India | 2.318 | India | 2.367 |
| | 4 | Pakistan | 1.585 | Pakistan | 1.748 |
| | 5 | United States | 1.229 | United States | 1.231 |
| | | 1-5% Extra Extra-E.U.-28 | 68,6% 24.497 | 1-5% Extra Extra-E.U.-28 | 69,3% 25.300 |
| CLOTHING CUSTOMERS | 1 | Switzerland | 3.291 | Switzerland | 3.281 |
| | 2 | Russia | 3.023 | Russia | 3.185 |
| | 3 | United States | 2.242 | United States | 2.280 |
| | 4 | Hong Kong | 1.234 | Hong Kong | 1.356 |
| | 5 | Japan | 1.296 | Japan | 1.312 |
| | | 1-5% Extra Extra-E.U.-28 | 55,3% 20.064 | 1-5% Extra Extra-E.U.-28 | 54,6% 20.919 |
| CLOTHING SUPPLIERS | 1 | China | 27.517 | China | 26.481 |
| | 2 | Bangladesh | 8.447 | Bangladesh | 9.332 |
| | 3 | Turkey | 8.436 | Turkey | 8.591 |
| | 4 | India | 4.036 | India | 4.085 |
| | 5 | Morocco | 2.171 | Morocco | 2.096 |
| | | 1-5% Extra Extra-E.U.-28 | 76,7% 65.938 | 1-5% Extra Extra-E.U.-28 | 76,6% 66.973 |

Source : CITH, EUROSTAT

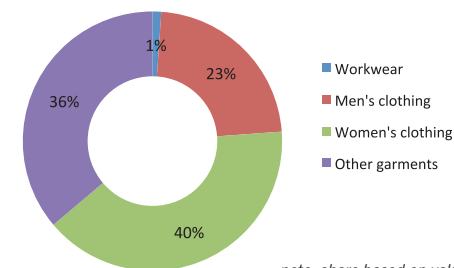
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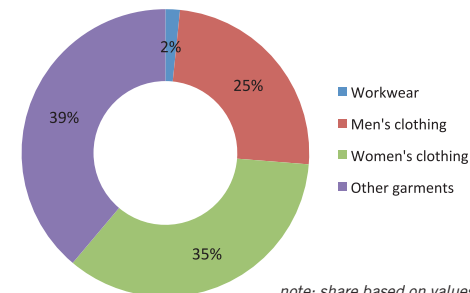
SUB-SECTORS SHARE IN EXTRA-EU TRADE

Extra-EU exports of Clothing products, 2013



note: share based on values

Extra-EU imports of Clothing products, 2013



note: share based on values

Source : CITH, EUROSTAT



EURATEX



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