

THE TURKISH TEXTILE AND APPAREL SECTORS IN A GLOBAL COMPETITIVE WORLD

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 Strategies for National Competitiveness




Istanbul Textile and Apparel Exporters' Associations International Cotton Advisory Committee
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THE RULE OF THE GAME CHANGED: OLD VS. NEW ENVIRONMENT

- Competitiveness:
 - need for cheap labor
 - cost and price based
 - very limited research and development
 - limited marketing
- Competitiveness:
 - need for qualified labor-force
 - quality-based
 - focus on research and development
 - marketing innovations

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WORLD TRADE

YEARS	WORLD MERCHANDISE TRADE (nominal values)		WORLD TEXTILE TRADE		WORLD CLOTHING TRADE		T&C IN WORLD TRADE
	Export	Change	Export	Change	Export	Change	Share
	(Billion \$)	(%)	(Billion \$)	(%)	(Billion \$)	(%)	(%)
1979	1.659	-	50	-	39	-	5.1
1985	1.954	17.8	55	10	49	40	5.3
1990	3.449	76.5	104	89.1	108	120.4	6.1
1995	5.162	49.7	152	46.2	158	46.3	6
2000	6.451	25	155	2	197	24.7	5.4
2001	6.939	8.1	147	-5.2	193	-2	5.5
2002	6.484	-4.9	154	4.8	203	5.2	5.5
2003	7.572	16.8	172	11.7	232	14.3	5.3
2004	9.191	21.4	195	13.4	258	11.2	4.9
2005	10.393	13	203	4	276	7	4.6

Source: WTO-Annual World Trade Statistics

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DEVELOPMENTS IN THE WORLD TEXTILE AND APPAREL SECTORS

NEGATIVE:

- After the phase out of the quotas in 2005, competition increased.
- The number of supplier countries increased.
- Cost of production increased whereas prices fell down.
- Price has become main tool for competition.

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DEVELOPMENTS IN THE WORLD TEXTILE AND APPAREL SECTORS

POSITIVE:

- Production and consumption of cotton increases, especially in Asia.
- Fiber consumption increases in the world.
- The population of the Asian countries booms, leading to a big market for the textile industry.
- "Fast Fashion" has become trendy.
- A new supply model based on the regionalism is in practice in the world textile trade.
- Apart from the price, there are new criteria in the competition: Quality, social standards, etc...

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DEVELOPMENTS IN THE WORLD TEXTILE AND CLOTHING SECTOR

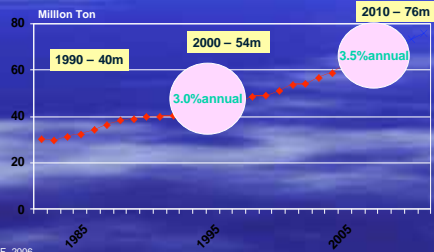
Cotton Consumption increases most in Asia: (China, India and Pakistan)

- 12 million tons between 2003/04
- 17 million tons between 2006/07 (estimated)

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DEVELOPMENTS IN THE WORLD TEXTILE AND CLOTHING SECTOR

It is estimated that the consumption of the textile fibre increased up to 61,6 million tons in 2006, and expected to be 63,5 million tons in 2007.
Total Fiber Consumption in the World (1990-2010)



Source: ITMF, 2006

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- Turkey succeeded at further enhancing the functioning market economy through ensuring competitiveness; upgrading productivity; strengthening the investment climate, encouraging private initiative and entrepreneurial skills; and employment creation.

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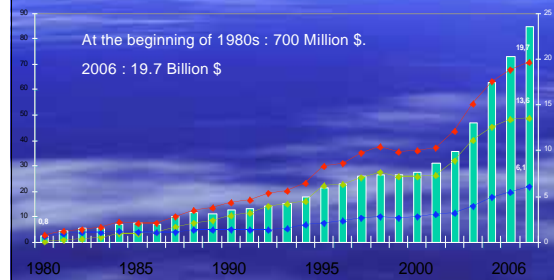
SHARE OF THE TEXTILE AND APPAREL SECTOR IN THE TURKISH ECONOMY*

- 7.8 % OF THE GNP
- 19.9 % OF THE INDUSTRIAL PRODUCTION
- 18.4 % OF THE MANUFACTURING INDUSTRY
- 13.6 % OF THE TOTAL EMPLOYMENT
- 23.9 % OF THE MANUFACTURING INDUSTRY EMPLOYMENT
- 23 % SHARE IN THE TOTAL EXPORT

*FOR THE YEAR 2006

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EXPORT OF THE TURKISH TEXTILE AND APPAREL SECTORS FROM 1980 UNTILL TODAY



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WORLD RANKING

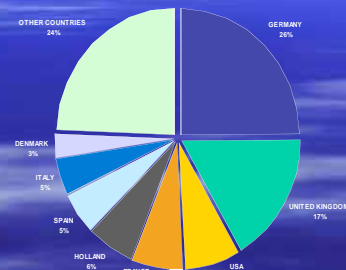
- | | |
|---|---|
| <ul style="list-style-type: none"> TEXTILE EXPORTS ranks 9th IN THE WORLD EXPORT 1980: Share in the world trade %0,6 2005: Share in the world trade %3,5 2nd in Textile Imports of E.U. (2006: %14) 12th in Textile Imports of U.S. (2006: %2) | <ul style="list-style-type: none"> APPAREL EXPORTS ranks 4th IN THE WORLD EXPORT 1980: Share in the world trade: %0,3 2005: Share in the world trade: %4,3 2nd in Apparel Imports of E.U. (2006: %15.1) 22nd in Apparel Imports of U.S. (2006: %1.3) |
|---|---|

Source: WTO-2005, Eurostat, USITC

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TURKEY'S MAIN CLOTHING MARKETS

Total exports : 13.6 Billion \$-2006
Exports to EU : 10.4 Billion \$-2006
Share of EU : 76 %

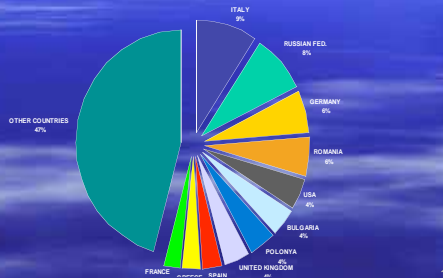


Source : Undersecretariat for Foreign Trade

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TURKEY'S MAIN TEXTILE MARKETS

6,1 Billion \$-2006
Exports to EU : 2,5 Billion \$-2006
Share of EU : 41 %



Source - Undersecretariat for Foreign Trade

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- STRUCTURE OF THE TEXTILE FIRMS**
 - Big companies
 - Capital-intensive
 - Based on the know-how
 - Corporate structure
 - 500.000 employees
- STRUCTURE OF THE APPAREL FIRMS**
 - SMEs
 - Labour-intensive
 - Less know-how oriented
 - Very practical structure
 - 2 million employees

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PRODUCTION CAPACITY

- Turkey is the 4th largest yarn producer in the world.
- Turkey has the 7th largest loom capacity in the world

SPINDLES

- Short Staple: 6.5 million
- Long Staple: 745.000
- Open-end Rotors: 552.000

TR Capacity = 52% EU Capacity

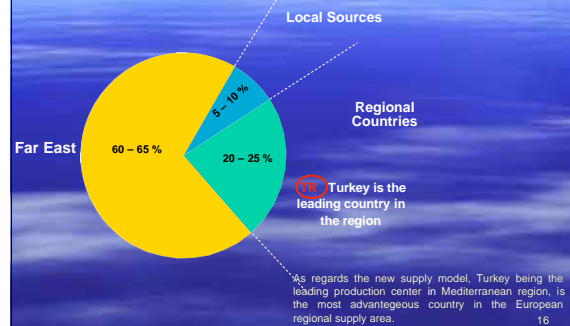
LOOMS

- Total Looms: 55.000, It ranks 7th in the world
- TR Capacity = 43% EU Capacity

Source: TUM

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EU'S NEW SUPPLY MODEL AND TURKEY



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Turkish Textile and Apparel Sector invests more in quality, design and production of more value added products.

In order to enhance competitiveness, Turkish Textile and Apparel Sector is aware of the fact that a major change in the strategy and state policies are also essential.

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COMPETITIVE ADVANTAGES OF THE TURKISH TEXTILE & APPAREL SECTOR

- Key industry in Turkey
- Established T/A production tradition
- Experience in international competition
- Availability of the raw materials
- Experience in application of global social charters and environmental protection
- Textile Technology Platform
- Promotion of Design, Research & Development activities, Information Technologies
- A diversified product and process portfolio
- Qualified labor force
- Increasing share in target markets

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THANK YOU FOR YOUR ATTENTION

Istanbul Textile and Apparel Exporters' Associations

http://www.itkib.org.tr/en_new/

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