Global Market Opportunities Review for APPAREL

External Affairs and
International Trade Canada

Canada

August 1993 • Interim Report

MISSION STATEMENT

TO

ENHANCE CANADIAN EXPORT PERFORMANCE

AND

INTERNATIONAL COMPETITIVENESS

SIZE COMPARISONS

TABLE DE COMPARAISON DE TAILLES

Women's dresses, suits, sweaters
Femmes: robes, tailleurs, pulls

Canada	6-8	10	12	14	16	18	20
U.S.A.	6-8	10	12	14	16	18	20
G.B.	8-10	12	14	16	18	20	22
France	34-36	38	40	42	44	46	48
Asia	5-7	9	9	11	13	15	-

Women's tights, stockings
Femmes: collants, bas

Canada	8	8½	9	9½	10	10½
U.S.A.	8	8½	9	9½	10	10½
G.B.	8	8½	9	9½	10	10½
France	0	1	2	3	4	5
Asia	21	22	23	24	25	26

Men's shirts
Hommes: chemises

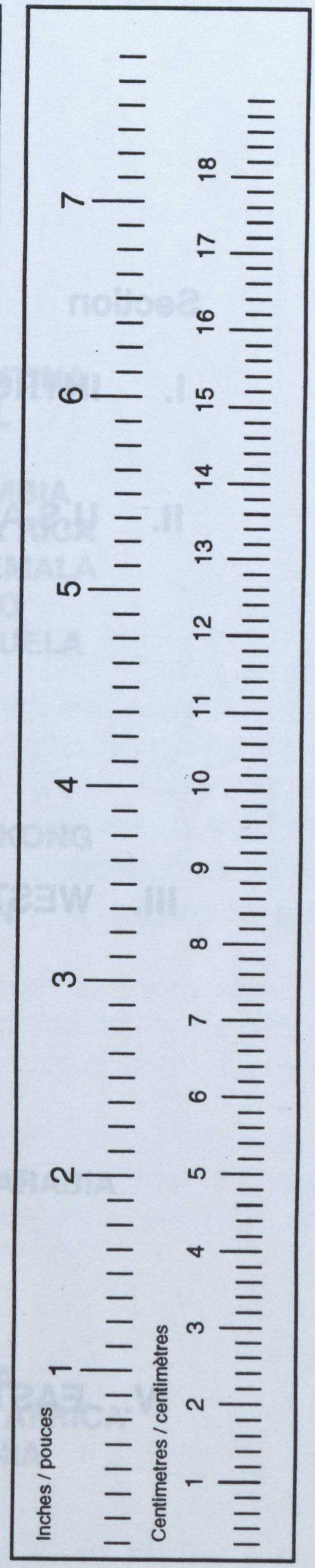
Canada	14½-15	15½-16	16½	17
U.S.A.	14½-15	15½-16	16½	17
G.B.	14½-15	15½-16	16½	17
France	37-38	39-40	41-42	43
Asia	S	M	L	XL

Mens sweaters
Hommes: pulls

Canada	S	M	L	XL	XXL
U.S.A.	S	M	L	XL	XXL
G.B.	S	M	L	XL	XXL
France	homme -2	demi pat. -3	patron -4	grand pat. -5	Ex. gr. pat. -6
Asia	S	M	L	XL	XXL

Men's suits
Hommes: costumes

Canada	32	34	36	38	40	42	44
U.S.A.	32	34	36	38	40	42	44
G.B.	32	34	36	38	40	42	44
France	42	44	46	48	50	52	54
Asia	S	M	L	XL	-		-



Farenheit	0	10	20	30	40	50	60	70	80	90	100
Celcius	-18	-12	-7	-1	4	10	16	21	27	32	38

INTERIM REPORT

Table of Contents

Table of Contents

Disponible en français sur demande

SECTION I

INTRODUCTION

A P P A R E L

GLOBAL MARKET OPPORTUNITIES REVIEW

INTERIM REPORT

The purpose of this report is to provide global market data obtained from Canadian Embassies, Consulates, and Trade Missions around the world on A P P A R E L for men, women, and children. This study offers **Canadian apparel manufacturers, who are currently involved in international business**, an opportunity to expand or enter new markets. It also offers **new exporters** the possibility of analyzing global opportunities with a view to targeting new international markets, with such topics as **territory overview, market access, market opportunities, distribution channels, currency regulations, duties, publicity methods, names of agents and associations, names of retailers and boutiques, promotional activities, etc.**

Please note that this report is intended as a starting point. It is designed to assist Canadian manufacturers in that critical first decision: where to start in evaluating potential export markets? It can assist you in developing a short list of markets with significant potential for your products.

If you have any comments or suggestions with regard to this publication, please send them to External Affairs and International Trade Canada, Sectoral Liaison Secretariat (TOS), 125 Sussex Drive, Ottawa, Ontario, K1A 0G2, or by fax at 613-943-8820.

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SECTION II

UNITED STATES

1. ATLANTA
2. CHICAGO
3. DALLAS
4. LOS ANGELES
5. MINNEAPOLIS
6. NEW YORK

GLOBAL MARKET OPPORTUNITY REVIEW

ATLANTA - APPAREL

MARKET OPPORTUNITIES

Territorial Overview

The Canadian Consulate General's responsibilities in Atlanta cover Georgia, Florida, North Carolina, South Carolina, Tennessee, Alabama, Mississippi, Puerto Rico and the U.S. Virgin Islands. Major urban areas include Atlanta, Miami-Fort Lauderdale, Tampa-St. Petersburg, Orlando and Charlotte.

Estimated Size of the Apparel Market

In 1993, the United States' Bureau of the Census projected that the Southeast accounted for 16.6% of all retail sales in the United States. In 1992, the total demand for men's and boys' apparel, excluding underwear and night wear, was $19,523.2 million US. The total demand for women's outerwear was $21,950.0 million, while girls' and children's outerwear had a total demand of $3,982.0 million. Between February, 1992 and February, 1993, the percent change of retail sales in the Southeast (+ 7.4%) was the largest increase in the U.S.

Description of Opportunities for Canadian Manufacturers

There is renewed interest in Canadian apparel by price-conscious American buyers because of the depreciation of the Canadian dollar against the U.S. dollar by as much as 15 per cent.

Designer Brand Names vs. Private Labels

Until recently, designer brand names have been more popular than private labels. The consumer's awareness of brand names is higher because manufacturers have used mass advertising effectively to differentiate their "designer" product to satisfy the tastes of specific target markets such as "baby boomers."

However, as a result of the 1991-92 recession, there has been a growing trend for consumers to be more price-conscious. More emphasis is being placed on value. Retail sales at department stores have slumped, while those at discount store chains, factory outlets and mail-order houses have grown in strength.

Knowledge of Fashion Trends

Buyers learn about popular fashion trends in such major fashion magazines as: Vogue, GQ, Cosmopolitan, and Seventeen, etc. Mail-order companies, such as J. Crew, L.L. Bean and Eddie Bauer also publish quarterly "trend-setting" catalogues which are sent to millions of American homes.

Seasonality

With the exception of Florida, the winter climate in the Southeast closely resembles temperature conditions found in western Canada in mid to late fall. Florida, due to its semi-tropical climate, is a distinct market and requires different apparel than would be sold to the rest of the Southeast. Fabrics are lighter and colours are brighter.

Consumer Spending

The style of clothing purchased in the Southeast is both casual and dressy, depending on the consumer's occupation and lifestyle. With today's price driven market, consumers are searching for branded, higher priced merchandise- but not necessarily high-end retailers, (e.g. specialty and/or department stores, etc.). Some large mass merchants - like Wal-Mart will continue to expand. While others - like K-Mart and J.C. Penney - will remodel programs, diversify with more brand name merchandise, and upgrade their apparel. [Source: Sporting Goods Manufacturers Association (SGMA) Federation, delivered on Thursday, February 4, 1993 at THE SUPER SHOW in Atlanta.]

Marketing Practices by Competitors

Foreign competition of mass-market, low-end contract apparel originates from the Far East. Most of the apparel is produced under private label for major chains such as Wal-Mart, J.C. Penney, and Sears. Canadian apparel does not fall within this group.

Canadian firms are competing against U.S. firms for smaller, specialty-niche markets. Quality, timely delivery and service are factors critical for success.

Opportunities for Contract Manufacturing

Department stores are increasingly turning to a buying system known as the "matrix," which limits the number of their vendor accounts to a select list of key suppliers. Because of the volume requirements of department stores, the price, delivery and payment concessions they command, and the "quick response" technology required to service them, it is extremely difficult to break into their select group of established vendors. It is therefore better to direct the suppliers efforts towards independent specialty stores.

MAJOR BUYERS

Important Buyers

Targeted metro areas typically have a combination of the following types of retail environments:

1. Shopping Malls - with anchor department stores, and independent and chain specialty stores.
2. Boutique Shops - usually an outdoor mall with one or more areas of upscale stores.
3. Tourist "Strips" - specializing in ethnic and novelty/souvenir merchandise.
4. Scattered Smaller Malls - catering to resident population.

Apparel Buyers

1. Independent Retailer - Independent retailers still out-number any other type of apparel outlet. These outlets are usually family-owned and family-operated.
2. Specialty Chain - A series of outlets that specialize in selling only one type of product, line, or item is known as a specialty chain. These stores are usually regulated by a corporate office.
3. Major Department Stores - Major department stores sell a wide variety of merchandise. Most often there is a buyer hierarchy and rigid policy constraints. Though many of the large department store chains conduct the buying function in only a handful of large metropolitan markets, some are more flexible in allowing individual buyers to explore available lines.
4. Large Discount Chains - The large discount chains have become some of the United States' largest retailers. These chains concentrate on high-volume, low-margin selling.
5. Mail Order Catalogue - The mail order catalogue includes mail order "houses" and retail stores with mail order operation. Direct sales to consumers through mail order catalogues are a form of specialty

retailing and distribution that is growing rapidly in the United States. Their popularity is largely due to the convenience of "shopping at home ").

6. Home Shopping Networks - A new trend that has been developing is selling merchandise through the use of television. Companies can sell more stock in an hour than if the merchandise were on display in a store. Large department stores are now looking towards televising their merchandise. Macy's has announced the launch of its own 24 hour home shopping cable channel.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel vs. Imports

In 1991, approximately 66.4% of U.S. apparel consumption was supplied by U.S. domestic production. This means that foreign producers enjoyed a 33.6% market share; of which, Canadian manufacturers supplied only 1.2% or approximately, 0.4% of the total national U.S. market demand for apparel.

Based on population and effective buying income levels, the Southeast United States accounts for less than 15% of the U.S. market for Canadian produced apparel, or no more than 40 million USD in annual sales in terms of wholesale value. [Source: U.S. Department of Commerce: Bureau of the Census, International Trade Administration.]

Profile of Local Manufacturers

The local firms of the Southeast vary in size, from three to 1300+ employees. North Carolina and Tennessee, together, account for approximately 41% of all Southeast manufacturers.

Current Source of Foreign Imports

The five most important foreign sources of apparel are Hong Kong (15.0%), China (12.8%), South Korea (10.8%), Taiwan (10.0%), and Philippines (4.2%). Imports from Canada and Mexico combined, in 1991, averaged only 4.9%. [Source: U.S. Department of Commerce: Bureau of the Census, International Trade Administration.]

Recent Imports of Apparel

New sources of imported apparel are appearing in Florida. Apparel shows/markets in Miami now attract a significant amount of Caribbean produced apparel as well as hundreds of off-shore buyers from the Caribbean and latin America.
[Source: Richard Gould, Southern Apparel Exhibitors.]

PROMOTIONAL ACTIVITIES

Trade Shows

The selling season for apparel differs for each market. Trade shows for women's apparel are presented five to six times a year. Men's apparel usually has two to three shows per year, and children's wear hosts three to four trade shows. The early Fall market signals the planning stage of the largest retail volume period of the year. The merchandise booked at the early Fall market is usually June/July delivery, covering July/August sales, which means some areas of the country, especially the Southeast, are still hot, and merchandise should be geared for the climate. The colors should be dark to give a feeling of fall, but much merchandise arriving at this period should be light in weight. Coordinated sportswear lines often show their entire selection at the early Fall market, however, deliveries range from June through September. Incentive merchandise must be booked at this market in order to receive special prices.

Market Dates and the Seasons they serve

Market Date	Season Served	Delivery
March, April	Early Fall	June, July
May, June	Late fall & winter	Aug. Sept.
August	Holiday/cruise	Oct. Nov.
Oct. Nov.	Spring	Jan. Feb. Mar.
Jan.	Spring, summer	April, May

The major apparel market center in the Southeast is Atlanta, Georgia. In addition, there are other smaller regional marts and trade shows such as Charlotte, North Carolina and Miami, Florida that attract a regional buyer base. Most buyers attending trade shows represent smaller independent specialty apparel stores within the region served by each market center.

International Shows

The Southeast trade shows are regional shows except for those held at the Miami Merchandise Mart. Because of the region's semi-tropical climate, some styles of apparel come from the Caribbean. These imports are marketed at the Miami trade show.

Advertising

Bureau News, a monthly trade newspaper of the Bureau of Wholesales Sales Representatives, publishes advertisements for and from sales representatives, as well as trade show dates and listings for women's, men's and children's apparel.

In advance of exhibiting in trade shows, direct mail announcements and pre-market invitations can be effective tools to attract buyers to exhibitors' booths or showrooms. A postcard containing representations of the line and representative contact information or a product brochure providing descriptive information about the company and photographs of the line are effective methods of advertising.

BUSINESS ENVIRONMENT

Marketing and Distribution Methods

Participants in the apparel industry include the manufacturer, the sales representative, the importer, and the retailer. The manufacturer produces and ships to retailers and/or importers. He/she markets to retailers through regional market center showrooms, independent sales representatives, or personal sales calls. In some cases, the manufacturer markets direct to the consumer through manufacturer-owned and operated retail stores.

Keys to successful marketing include: locating the appropriate sales representation; being responsive to the retailers' requirements; and, having persistence and a long-term commitment to understanding and developing the market.

The manufacturer should collect as much information as possible about the local agent, distributor, trading house, etc. One example of a distributor is a wholesale sales representative, who functions as the mediator between the retailer/trade show and the manufacturer. A new manufacturer can face rejection by the buyers because they are unfamiliar with the company or product. The buyer may doubt the quality of the product, the timeliness of deliveries, the manufacturer's credit approval policies, and/or the promptness of commission payments. When marketing in a new territory, it is necessary to present samples whenever possible.

The importer imports, warehouses, markets, and distributes to the retailer.

The retailer markets merchandise to the consumer. He/she purchases wholesale items through visits to permanent showrooms, regional trade shows, international markets/showrooms, buying groups for department stores, and/or personal visits from manufacturers and sales representatives. The major concern of the aggressive, cost conscious retailer and the penny-wise manufacturer is "inventory management." Today manufacturers expect a much closer partnership with retailers, taking the form of better control of inventory flow to reduce the costs associated with carrying excessive or slow moving stock. The extension of the partnership will also involve manufacturers and retailers working together on in-store merchandising, advertising and even sales training. Manufacturers rate dealer incentives, co-op advertising, and point-of-sale displays as their most important marketing vehicles.

Commission Rates and Payment Terms

As an alternative to a predetermined commission rate, the manufacturer may decide to provide a drawing account for the distributor which is applied against commissions earned. It is also possible that a "start-up," or incentive fee may be charged by a distributor as compensation for pioneering a new line.

Financial Practices

United States retail buyers expect to receive their orders as if they were domestic shipments Standard terms of sale in the industry are 8%-10 days E.O.M. (end of month). This indicates to a buyer that if he pays the invoice within ten days of the invoice date, or by the end of the month, whichever comes first, he can deduct 8% from his payment. It is common for buyers to take advantage of these early-payment terms.

Retailers in the United States will expect to be invoiced in U.S. dollars, F.O.B.-U.S. point of distribution, in the same manner as if they were purchasing from their domestic suppliers.

In the apparel industry, factoring companies are often employed by manufacturers to relieve them of the credit and collection tasks, as well as some of the risks of bad debt. The factor becomes the owner of the manufacturer's receivables and is compensated on a fee basis which is calculated as a small percentage of each invoice and usually subject to a minimum monthly fee. There are some factoring organizations that group client companies together, thereby reducing the volume requirements of each participating company.

Import Regulations

Chapters 61 and 62 of The U.S./Canada Free Trade Agreement lists the current tariff rates for imported apparel (chapters 61 and 62 can be found in Appendix K). A garment must be produced in the U.S. or Canada from fabric produced in the U.S. or Canada in order to qualify for the Free Trade provisions. A country (Canada) must declare whether or not their products were manufactured entirely by the same country or multiple countries.

Although the United States does not have a quota for imported Canadian apparel, Canadian imports do fall into the tariff rate quota.

Canada's exports to the U.S. represent nearly 75% of its export total. With the Free Trade Agreement (FTA), Canada experiences duty-free access to its largest market, causing a significant positive effect on the Canadian economy. [Source: U.S./Canada Free Trade Agreement.]

Language Requirement

All business in the Southeast U.S.A. is conducted in English.

New Business Opportunities

There are many licensing opportunities for apparel. The latest one is "cross-licensing," which is the joining of two or more trademarks. One such example is a T-shirt with Warner Brothers' Tasmanian Devil wearing the Buffalo Bills football uniform.

Collegiate Licensing, which markets over 150 collegiate marks, is located in Atlanta. There are several professional and minor sport teams: Miami Dolphins, Tampa Bay Buccaneers, and Atlanta Falcons (football); Charlotte Hornets, Miami Heat, Orlando Magic, and Atlanta Hawks (basketball); Florida Marlins and Atlanta Braves (baseball); and, Tampa Bay Lightning and Atlanta Knights (hockey). With the Super Bowl coming to Atlanta in January 1994 and the 1996 Olympic games, there are expected to be many new opportunities for licensed apparel. The world's largest trade show for sporting apparel is the Super Show in Atlanta, Georgia. In 1992, an estimated $20 billion of licensed sports apparel was sold in the U.S.A..

The Southeast offers many major corporate trademarks opportunities: Coca-Cola, Philip Morris (Marlboro cigarettes), Elvis Presley, Turner Broadcasting (Hanna-Barbera: Flintstones, Tom and Jerry), Disney World (Magic Kingdom, Epcot Center, and MGM Studios), Universal Studios, and Sea World.

Legal Practices

The manufacturer ought to enter into a contract with his/her sales representative, which sets forth their respective rights and obligations regarding the marketing and sale of his/her products in the sales territory. (A standard contract can be found in Appendix I.)

Recommendations for the Apparel Industry

1. Marketing to, and servicing of, department stores is highly competitive, label-driven, and requires state-of-the-art technology in many cases. It is therefore better for new-to-market manufacturers to concentrate their efforts on independent and small chain specialty stores.

2. Manufacturers must make a commitment for the long-term and be prepared to invest time and resources to understand the requirements of the market.

3. With technology, the apparel industry is gradually changing to allow for multiple deliveries to retailers during the year. For the manufacturer, this will mean putting more merchandise into production before it is sold.

4. It is advisable to have U.S. representation when marketing apparel. Depending on the desire for breaking into the market slowly or being a major presence from the outset, the manufacturer can either engage a regionally-based sales representative or maintain a showroom in an apparel mart.

5. Prior to engaging sales representatives, manufacturers should plan to visit the Southeast region, calling on retail stores, to obtain buyer feedback and a personal assessment of the requirements for selling to this region.

6. It is advisable to subscribe to trade publications which follow market trends, and provide regional trade show and market center coverage.

7. It is important that manufacturers be in a position to assure potential sales representatives and retailers that their orders will be shipped and invoiced as if they were placed with domestic suppliers.

8. Meeting U.S. sizing standards and quality and delivery commitments, complemented by personal follow-up calls or visits by the manufacturers to retail customer, are the most effective measures to ensure customer satisfaction which will lead to gradually increasing order values.

CONTACTS

Apparel Agents Association

A list of Southeastern apparel show contacts is provided in Appendix J. Another source for contacts is the 1993 edition of National Trade and Professional Associations of the United States, published by Columbia Books, Inc., (202) 898-0662.

Canadian Consulate General Information

Suite 400 South Tower
One CNN Center
Atlanta, Georgia 30303-2705, U.S.A.
Tel 404-577-6810/577-1512
Fax 404-524-5046

GLOBAL MARKET OPPORTUNITY REVIEW

CHICAGO - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Consulate General's responsibilities in Chicago cover Illinois, Missouri, and Wisconsin -- targeting more than 23 million people. Chicago, with its sophisticated transportation network via land, water or air, is the transportation hub to some 16 midwestern states. Chicago is the commercial, industrial and financial centre of the Midwest. Chicago's O'Hare International Airport is the world's busiest for both passenger and commercial flights. An additional benefit for Canadian manufacturers of consumer goods is the fact that Chicago is also the nation's capital for trade shows. McCormick Place is home to major international consumer goods shows; and the Mart Centre is the world's largest and most active apparel wholesale buying centre, perfect for identifying distributors and retail contacts.

Estimated Size of the Apparel Market

This market accounts for $33.3 billion in retail apparel sales, ranking Chicago third nationwide.

Description of Opportunities for Canadian Manufacturers

The consumer tastes for apparel in the Midwest can best be described as diverse. Given the climate, there are market opportunities for all classifications of apparel and, as in most markets, buyers are looking for the best in quality, good styling and competitive prices. Currently, the market opportunities exist for the following apparel items: suits, dresses, outerwear, sportswear, furs, footwear, and children's wear which is becoming increasingly more important. The Midwest market can accommodate about every price point available.

Importance of Brand Names

In the area of moderate-to-better priced apparel, brand names are important. However, given the conservative nature of the Midwestern consumer, moderately-priced high quality apparel has been most attractive.

MAJOR BUYERS

The major department store chains with buying/corporate offices in this market area are:

Sears Roebuck Company, Inc.
Carson Pirie Scott & Company
Nordstrom (resident buying)
Madigans
Montgomery Ward & Company
Mark Shale
Spiegels

One of the better opportunities for Canadian apparel manufacturers exists with the representative base at the Chicago Apparel Centre. This facility houses industry reps and spans 6 million square feet. It attracts more than 3 million buyer visits a year. Retailers from 45 states attend the 5 women's and children's, 4 men's and boy's, 2 bridal and 2 footwear markets each year.

Lists Available to Canadian Apparel Manufacturers

The Consulate General in Chicago maintains a database of men's, women's, and children's apparel retailers, buyers, and representatives. The Consulate is also in a position to identify and arrange appointments with key representatives of the apparel industry.

Language Requirements

All business in the Chicago post territory is conducted in English. It is highly recommended that Canadian apparel manufacturers take this into consideration when developing a marketing strategy for the U.S.A.

Trade and Consumer Fashion Publications

Retail buyers typically subscribe to the major U.S. trade publications such as Women's Wear Daily, Daily News Record, Menswear Retailing, Outerwear, and the specialty apparel trade publications. Consumers generally subscribe to the major U.S. magazins such as Vogue, GQ, Details, etc.

Apparel Trade Associations

Men's Wear Retailers of Ameriica (Washington, D.C.)
Illinois Retail Merchants Association (Chicago)
National Bridal Market Association (Chicago)
IBG/Clothiers (The Alliance) (Chicago)
Apparel Centre Tenants Association (Chicago)
International Formalwear Association (Chicago)
International Association of Clothing Designers (New York)

PROMOTIONAL ACTIVITIES

Current Post Initiatives and Major Trade Shows

At present the Consulate is an active participant in the Midwest Men's Wear Collective held twice a year at the Chicago Apparel Centre. The show is a wholesale marketplace to Midwest retailers for men's and young men's apparel and accessories.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Many of the apparel manufacturers selling in this territory utilize reps. Some lines, however, are sold on a direct basis via trade shows or through buyers for retail stores.

Financial Practices

All prices should be quoted in U.S. dollars including all destination charges such as shipping, duty, and customs brokerage fees.

Import Regulations

There are currently no import regulations which would adversely affect the import of Canadian apparel products to the Chicago territory. It is however, wise to refer to U.S. customs regulations when participating in trade shows or whenever shipping product which is not being sold but rather displayed and returned to Canada.

Consulate General Contact Information

Canadian Consulate General - Chicago
Two Prudential Plaza
180 North Stetson Avenue, Suite 2400
Chicago, Illinois, 60601
Tel 312-616-1860, fax 312-616-1877
Contact: Karen Willhite, Commercial Officer

GLOBAL MARKET OPPORTUNITIES REVIEW

DALLAS - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Consulate General's responsibilities in Dallas cover Texas, Arkansas, Kansas, Louisiana, Oklahoma and New Mexico. The total population for all six states exceeds 33 million which represents 14% of the nation's total annual growth over the last twelve years and which continues to grow steadily.

Estimated Size of the Apparel Market

The apparel industry in the U.S. is estimated at $148 billion in retail business clothing for 253 million Americans. Approximately $3 billion in wholesale volume is conducted at the Dallas International Apparel Mart annually. This market represents approximately 15% of the total U.S. market.

Description of Opportunities for Canadian Manufacturers

The niche markets identified for the Consulate's territory are: women's and childrenswear (mid to high-end), active sportswear, accessories, menswear and westernwear. There is a high demand for these categories.

The consumer taste for apparel in the Southwest could be considered similar to those found in Canada, while keeping in mind that fabrics are lighter weight due to the climatic differences of this subtropical area. Therefore, there are market opportunities in this territory for most types of high quality apparel as long as it is competitively priced, designed and marketed.

The Canadian companies which have been successful in marketing their lines in the Southwest have been the moderate, to medium-high priced fashions. This market is particularly appropriate due to its focus on upscale and quality fashion lines. For womenswear the following categories could be found: women's sportswear, cruisewear, swimwear, pret-a-porter (ready to wear), dresses (day and evening wear), leathers and suedes, furs and bridalwear as well as a variety of fashion accessories.

For men, tailored clothing, sportswear and westernwear are predominant in this market.

It is important to note that 80% of the retailers dedicated to the westernwear industry and 60% to 70% of the westernwear manufacturers are located in the Southwest region.

The childrenswear sector is also another area worth investigating. Many buyers from Mexico are interested in purchasing children's clothing for their stores. This could be an interesting opportunity for some Canadian children's wear manufacturers to open new marketing opportunities in the Southwest and Mexico.

Canadian manufacturers wanting to sell at a higher priced level for fashion and luxury products and accessories are limited to a handful of stores and boutiques such as Nieman Marcus, Dillards, Foley's, Lester Melnick, the Gazebo, Tootsie's, etc.

In terms of image, the Canadian apparel industry is well regarded and renowned for its quality, design and competitive pricing and is very well accepted in the southwest.

Importance of Brand Names

In this market, brand names are very important in the moderate, better to high-end products. At a popular price level, the lowest cost is generally the primary factor. It is important to note that the Southwest is renowned for its many outlets and underground discount stores for men's, women's and children's clothing.

Trade and Consumer Fashion Publications

Retail buyers of apparel generally subscribe to the major U.S. publications such as Women's Wear Daily (WWD), and to specialty apparel trade publications. Consumers usually read the following U.S. fashion magazines: Vogue, Mademoiselle, Glamour, Elle, GQ, Esquire, Playboy, Rolling Stone and Texas Monthly.

There is a market for all tastes and wallets in this area. The emphasis for Canadian firms wanting to market their lines in the Southwest would be mainly for Spring, Summer and Fall clothing.

Consumer Spending and Style of Dress

The style of clothing worn in the Southwest ranges from casual to very dressy (with an emphasis on glitz i.e. sequins, satin, lace and accessories). Medium-priced to high priced items are marketable in this area. Consumers in this market are extremely fashion-conscious. One may find a market for the casual "chic" to the elegant glitzy "chic".

Marketing Practices

As the marketing practices in this market are the same as those in the entire U.S., this is covered in the general U.S. apparel market overview.

Contract Manufacturing/Private Label Opportunities

Contract manufacturing or private label opportunities are primarily limited to the major retailers in this territory which can be found in the "Major Buyers" section.

Language Requirements

All business deals are conducted in English although a knowledge of Spanish is useful.

Possibilities for Joint Ventures

The Canadian Consulate General in Dallas will be pleased to assist any Canadian apparel manufacturer looking for joint venture opportunities in this area. Although from past experience, this is not an area which is generally considered a target market for such activities.

CONTACTS

Apparel Agents Associations

The following agent's associations are headquartered in the Southwest area:

The Texas Retailer's Association
The Fashion Group International
Naturally Texas Association (Market program for apparel and textiles)

Apparel Industry Importers Association

There is no importer's association in the Southwest region that is specifically related to the apparel industry.

Consulate General Contact Information

Canadian Consulate General
750 N. St. Paul Street, Suite 1700
Dallas, Texas, U.S.A. 75201
Tel 214-922-9806, fax 214-922-9815

International Trade Shows

Retail buyers in the Southwest traditionally attend the major trade shows in the U.S. and markets in Dallas, Los Angeles, Chicago, New York, and Atlanta. (Note: very few buyers from this territory attend shows outside of the U.S. Only a handful attend the Montreal and Toronto markets.)

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Most apparel manufacturers selling in this territory either deal with representatives or with an established showroom in New York. Some lines, however, are sold through catalogues or on a direct basis, either through trade shows or by making appointments to meet with store buyers.

Typical Commission Rates and Payment Terms

The typical commission rates vary from 3% to 10% with the higher-end generally requested when a line must be introduced or "pioneered" in this territory. The commission rates are sometimes lowered if sales volume increases significantly (i.e. over a period of several years and through the establishment of "brand name" status). A well known fact is that some reps get higher commissions for items sold at higher prices.

Financial Practices

All prices should be quoted in U.S. wholesale dollars, delivered to a U.S. destination, with duty and customs brokerage fees included.

Import Regulations

There are no regional barriers that inhibit the sales of Canadian apparel to the Southwest.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

The information for this territory is identical for the U.S. as a whole.

Profile of Local Manufacturers

Some of the apparel manufacturers based in the Southwest are:

Victor Costa (womenswear/high-end)

Haggar (menswear)
Sunny South/Jo Hardin (women's)
Justin Boots (westernwear)
Wrangler (westernwear/jeans and T shirts)
Hairston Roberson (high-end women's westernwear)
Howard Wolf (women's career/mid-priced)
Todd Oldham (womenswear/high-end)
Dallas Handbag
Watters & Watters (bridal)
Martha's Miniatures (childrenswear)

The above is a sampling of clothing and accessories companies which are headquartered and manufacture in the Southwest (i.e. men's, women's, children's, bridal, sportswear and westernwear).

PROMOTIONAL ACTIVITIES

Consulate's Initiatives for this Territory

The Canadian Consulate highly encourages Canadian companies to attend the Dallas Mart Trade Shows.

The Dallas Apparel Mart Shows are generally held as follows:

Women's and Children's: January, March, May (bridal), June, August and October
Men's, Boys and Western: January, March, July and September

The following are names Canadian manufacturers may contact for additional information regarding the Dallas Apparel Mart:

Dallas Women's, children's fashion: Contact Jim Gray, Vice President of Leasing, Dallas Apparel Mart, 2100 Stemmons Freeway, Dallas, Texas, 75207, tel 214-879-8336, fax 214-655-6238.

Dallas Bridal Show: Contact Marsha B. Timson, Director of Industry Development, Dallas Market Centre, 2300 Stemmons Freeway, Suite 5G51, Dallas, Texas 75207, tel 214-819-8192, fax 214-638-7221

Men's and boys fashion and women's accessories: Contact Debbie Francis, Vice President Leasing, 2300 Stemmons Freeway, Suite 5G51, tel 214-879-8197, fax 214-638-7221.

MAJOR BUYERS

The major department store chains in the post territory are:

Nieman Marcus
Foley's
Dillards
J.C. Penny
Maison Blanche
AAFES (Army Airforce Exchange Service/located in the Dallas Apparel Mart)
Walmart
Sam's

Major specialty stores:

Lester Melnick (women's wear/high-end)
Tootsie's (women's wear/high-end)
Accente (women's wear, accessories and shoes)
County Seat (jeans and T shirts)
The Men's Warehouse (men's clothing mid-priced)
Just Add Water (women's swimwear)

<u>Lists Available to Canadian Apparel Manufacturers</u>

The Canadian Consulate General in Dallas has listings of department stores in the Texas area as well as maintaining its own list of men's, women's, and children's apparel retailers in the Consulate's territory including information on the Southwest retailers, number of stores and all other related data.

<u>Canadian Consulate General Information</u>

St. Paul Place, Suite 1700
750 N. St. Paul Street
Dallas, Texas 75201-3281,
U.S.A. (Registered Mail);
75201-9990 (Business Reply)
Tel 214-922-9806
Fax 214-922-9815

GLOBAL MARKET OPPORTUNITY REVIEW

LOS ANGELES - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Consulate General's responsibilities in Los Angeles cover California, Utah, Nevada, and the state of Arizona.

California, with a population exceeding some 25 million, is mainly serviced by large regional shopping centres located within a 15-20 minute drive from any single location throughout the region. Major cities of interest within the territory would be San Francisco, Salt Lake City (Utah), Los Angeles and its many surrounding cities, San Diego, Las Vegas (Nevada), Phoenix and Tucson (Arizona).

Size of the Apparel Market

Retail sales of apparel in the territory covered by this office was in excess of $22 billion in 1992.

Description of Opportunities for Canadian Manufacturers

The California market is one of two major fashion capitals for the U.S. and as a result, is becoming an international magnet for trend-setting fashions.

The California Mart located in the heart of downtown Los Angeles is the largest wholesale apparel showroom facility in the world, open 52 weeks a year and houses corporate showrooms independent in multi-line manufacturers' representatives, buying offices, major trade associations and publications. All is housed under one roof on 13 floors covering some 3 million square feet of exhibit space. The California Market during 1992 drew more than 100,000 buyers to its market throughout the year. The Mart generated some $7 billion in wholesale revenue sales for the year 1992. The facility offers its tenants a gateway to the Pacific Rim and draws buyers from Korea, Japan and Singapore weekly.

Due to the vastness of the market, almost any type of merchandise is marketable within the territory as long as it is competitively priced with other imported goods and with the local manufacturers. Manufacturers of sportswear, dresses, leather outerwear, furs and men's tailored suits have been successful in the California market. The market opportunities for higher priced or high styled fashion and luxury products are restricted to regional market areas such as Beverly Hills, Newport Beach, La Jolla, and Scottsdale (Arizona).

Importance of Brand Names

Brand names are extremely important in this market and without exception, all of the leading chains merchandise their entire stores around the popular brand names. Apart from the major publications, such as Womenswear Daily, Daily News Record, etc., there is one California publication called the California Apparel News, which is one of the leading publications for retail buyers. In addition to the leading national fashion magazines, consumers in our region read L.A. Magazine and Palm Springs Magazine which always feature fashion for the west coast market.

Consumer Spending and Style of Dress

Retail sales for apparel are in excess of $22 billion in our region. The style of clothing worn is mainly dress and casual with a large emphasis on the casual style; and predominantly in the lighter weights of fabric due to climatic conditions in our territory - a bit warmer than the national average.

Contract Manufacturing Opportunities

Southern California and in particular, Los Angeles, is a major area for the manufacturing of apparel. There are hundreds of small contract shops located throughout the region who do contract work for many of the major manufacturers throughout the Western U.S.

PROMOTIONAL ACTIVITIES

Trade Shows

The California Mart holds five markets each year covering the various seasons. For the fiscal year April 1993/March 1994, the federal government will be participating in each of the markets with selected Canadian apparel manufacturers. The emphasis is in designer lines.

M.A.G.I.C. which is the largest menswear show in the U.S. is held twice annually in Las Vegas - usually in March and October. The federal government is assisting firms interested in this event. M.A.G.I.C. draws approximately 50,000 buyers/8,000 being international.

BUSINESS ENVIRONMENT

Sales Contacts

The Canadian Consulate General in Los Angeles has on file copies of the Salesman's Guide for Women's and Children's Wear Buyers, Independent Women's Specialty Stores and Boutiques, Men's and Boys' Wear Buyers, Footwear and Related Accessories Buyers, Major Mass Market Merchandisers, and Sporting Goods Buyers. These lists are available for the regions covered by this office.

Language Requirements

All business in this territory is conducted in English, however, the second major language within the territory is Spanish.

Commission Rates

Commission rates for local agents is 10% of the wholesale cost.

Local Agents

It is necessary to appoint a local agent for this market. Retailers want to have local contact to assist them at all times.

Currency

It is important to quote all prices in U.S. funds including all duties applicable.

Joint Venture

The Canadian Consulate General has an Investment Division with two officers who would be pleased to assist any Canadian manufacturers looking for joint venture opportunities with firms located within the territory.

Canadian Consulate General Information

300 South Grand Avenue, 10th Floor
California Plaza
Los Angeles, California 90071, U.S.A.
Tel 213-687-7432
Fax 213-620-8827

LEADING DEPARTMENT STORES APPENDIX A

ARIZONA

The Broadway Southwest
4000 Fiesta Mall Mesa,
Arizona 85202
T-(602)835-4500 F-602-835-4582

Capin Mercantile Corp.
P.O. Box 1849
60 N. Nelson Avenue
Nogales, Arizona 85628
T-(602)761-2400 F-602-761-2401

Dillard's Southwest
9809 N. Metro Pkwy. W. 3rd Floor
Phoenix, Arizona 85051
T-(602)678-2000 F-602-678-2201

Femina
2574 E. Camelback Road
Phoenix, Arizona 85016
T-(602)957-0021 F-602-955-9558

Mills Touche, Inc.
2466 E. Camelback Road
Phoenix, Arizona 85016
T-(602)955-8160 F-602-955-4594

Switzer's Inc.
25 E. Adams Street
Phoenix, Arizona 85004
T-(602)252-6161

Capriccio
6166 N. Scottsdale Road
Scottsdale, Arizona 85253
T-(602)991-1900

Arizona Mail Order Co., Inc.
P.O. Box 27800
3740 E. 34th Street
Tucson, Arizona 85726
T-(602)745-4500 F-602-790-5648

Cele Peterson's
3601 E. Broadway
Tucson, Arizona 85716
T-(602)323-9413

Marine Corps Exchange
Marine Corps Air Station
Yuma, Arizona 85369
T-(602)726-3138 F-602-344-1902

SOUTHERN CALIFORNIA

The Clothestime Inc.
5325 E. Hunter Avenue
Anaheim, CA 92807
T-(714)779-5881 F-714-779-2032

Hinshaw's Dept. Stores Inc.
1201 S. Baldwin Avenue
Arcadia, CA 91007
T-(818)446-4681 F-818-446-4265

Alaia Boutique
313 N. Rodeo Drive
Beverly Hills, CA 90210
T-(310)275-7313

The Alan Austin Co.
9533 Brighton Way
Beverly Hills, CA 90210
T-(310)275-1171

George Cibaud Boutique
350 N. Canon Drive
Beverly Hills, CA 90210
T-(310)276-7015

Boston Stores
1010 E. Sandhill
Carson, CA 90746
T-(213)774-33 10

Nordstrom
3333 Bristol Street
Costa Mesa, CA 92646
T-(714)549-8300 F-714-850-3789

Nordstrom
270 E. Via Rancho Pkwy.
Escondido, CA 92025
T-619)740-0170 F-619-740-9132

Womans World Shops Inc.
1166 Fesler Street El Cajon, CA 92020
T-(619)449-9970 F-619-562-4719

Frederick's of Hollywood, Inc.
6608 Hollywood Blvd.
Hollywood, CA 90028
T-(213)466-5151

The Broadway Dept. Stores
3880 N. Mission Road
Los Angeles, CA 90031
T-(213)227-2000 F-213-227-2774

Contempo Casuals
5433 W. Jefferson Blvd.
Los Angeles, CA 90016
T-(213)936-2131 F-213-937-8758

I. Magnin Wilshire
3050 Wilshire Blvd.
Los Angeles, CA 90010
T-(213)382-6161 F-213-380-7875

Robinson's
600 W. Seventh Street
Los Angeles, CA 90017
T-(213)488-5522 F-213-488-7844

The May Co.
6160 Laurel Canyon Blvd.
No. Hollywood, CA 91606
T-(818)508-5226 F-818-509-4465

Miller's Outpost
2501 E. Guasti Road
Ontario, CA 91761
T-(714)988-6431 F-714-988-5664

Harris' Department Store
300 N. "E" Street
San Bernardino, CA 92416
T-(714)889-0444 F-714-889-8956

Bullocks
2800 N. Main Street
Santa Ana, CA 92701
T-(714)547-7211

APPAREL BUYING OFFICES IN LOS ANGELES - APPENDIX B

A Network Buying Service
110 E. 9th Street
Suite A983
Los Angeles, CA 90079
(213)627-5200

Adrian In California
124 E. Olympic Blvd.
Suite 646
Los Angeles, CA 90079
(213)746-5230

Arkin/California Buying Office
206 E. 9th Street
2nd Floor
Los Angeles, CA 90079
(213)624-9714

Barbara Fields Buying Office
110 E. 9th Street
Suite C747
Los Angeles, CA 90079
(213)627-6474

Biederman, Jan
117 W. 9th Street
Suite 1101
Los Angeles, CA 90079
(213)623-5735

Deborah Gorra - Large Sizes
110 E. 9th Street
Suite B924
Los Angeles, CA 90079
(213)627-1239

Directives West
849 S. Broadway
Suite 630
Los Angeles, CA 90079
(213)627-5921

Eve Sherwood - New Store Opening Service
110 E. 9th Street
Suite A632
Los Angeles, CA 90079
(213)612-0205

Fern Wagner Buying Service
117 W. 9th Street
Suite 826
Los Angeles, CA 90079
(213)627-1845

Frederick Atkins, Inc.
110 E. 9th Street
Suite B913
Los Angeles, CA 90079
(213)628-0882

Judy Bernhard Buying Office
110 E. 9th Street Suite C685
Los Angeles, CA 90079
(213)627-8900

Kline, Marshall Buying Service
110 E. 9th Street Suite B489
Los Angeles, CA 90079
(213)689-1269

L.A. Buys
110 E. 9th Street Suite C967
Los Angeles, CA 90079
(213)627-0456

Large Sizes Off-Price
110 E. 9th Street Suite B924
Los Angeles, CA 90079
(213)627-1239

Market Trends
112 E. 9th Street Suite 406
Los Angeles, CA 90079
(213)622-9829

Myrtle Higa Buying/ Consultant Service
112 W. 9th Street Suite 405
Los Angeles, CA 90079
(213)623-3755

Weinstein Wholesale
Buying Service/Off Price
110 E. 9th Street
Suite A964
Los Angeles, CA 90079
(213)623-3977

Westwatch
127 E. 9th Street
Suite 1100
Los Angeles, CA 90079
(213)623-1156

GLOBAL MARKET OPPORTUNITY REVIEW

MINNEAPOLIS - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Consulate General's responsibilities in Minneapolis cover the states of Minnesota, Iowa, North Dakota, South Dakota, Nebraska, and Montana. It is commonly referred to as the Upper Midwest, the major distribution centre of which is Minneapolis/St. Paul or the "Twin Cities". Other cities areas in the territory include Omaha, Nebraska and Des Moines, Iowa. While the metropolitan areas are characterized by diversified economies, the economy in the outlying areas is primarily agriculturally based.

Estimated Size of the Apparel Market

This market represents approximately 5% of the total U.S. market.

Description of Opportunities for Canadian Manufacturers

The consumer tastes for apparel in the Upper Midwest could be considered as similar to those found in the Prairies in Canada. There are market opportunities in this territory for most every type of apparel as long as it is appropriately priced, designed, and marketed. In particular, successful Canadian exporters to this market include manufacturers of moderately-priced fashion outerwear, winter boots (fashion and work), furs, men's tailored clothing, moderately-priced women's sportswear and dresses, and a variety of fashion accessories. The market opportunities for higher-priced or high style fashion and luxury products are limited to a handful of stores who generally do their buying in such markets as New York, Dallas, Chicago, Los Angeles, and Atlanta. In terms of image, Canadian apparel is not viewed as having any particular advantages or disadvantages. Lines are judged on their own merits.

Importance of Brand Names

In this market, brand names are very important in the moderate-to-better range. At the popular price level, lowest cost is generally the primary factor.

Trade and Consumer Fashion Publications

Retail buyers of apparel typically subscribe to the major U.S. trade publications such as Women's Wear Daily, Daily News Record, and in the specialty apparel trade publications. Consumers generally read the major U.S. fashion magazines including Vogue, GQ, etc. (Note: This should be covered in the general overview of the U.S. Market.)

Seasonality

There is a market for all seasons of apparel in this area, with an emphasis on fall/winter clothing due to the climate.

Consumer Spending and Style of Dress

Style of clothing worn in this area includes dress and casual, with an emphasis on relatively conservative, moderately-priced fashions. Consumers in this market are very value-conscious and their expenditures, in general, tend to be more on practical rather than luxury items.

Marketing Practices

The marketing practices in this market are the same as those for the entire U.S.

Contract Manufacturing Opportunities

Contract manufacturing opportunities are primarily limited to the major retailers in this territory noted in the section "Major Buyers".

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

The major department store chains in this market are:

- The Department Store Division of the Dayton Hudson Corp. (Minneapolis, Minnesota, 61 units; doing business as "Dayton's", "Hudson's", and "Marshall Field's")
- Younker's (Des Moines, Iowa, 56 units)
- Herberger's (St. Cloud, Minnesota, 37 units)
- Von Maur (Davenport, Iowa, 11 units)

The major specialty store chains are:

- Maurice's (Div. of AMCENA) (Duluth, Minnesota, over 500 units; popular-priced junior/young men's fashions)
- Wilson's (Minneapolis, Minnesota, over 500 units; popular-to-moderate leather apparel)
- Braun's (Minneapolis, Minnesota, 160 units; "moderate" missy sportswear)
- Seifert's (Cedar Rapids, Iowa, 150-unit, "moderate" missy sportswear)
- Vanity, Inc. (Fargo, North Dakota, 125-unit, "moderate" junior fashions)
- Buckle, Inc. (Kearney, Nebraska, 104-unit; young men's and ladies' casual sportswear)
- Pinstripe Petites (Minneapolis, Minnesota, 35 units; "moderate" petite missy sportswear)

The two major mail order catalogues that handle clothing are:

- Austad's (Sioux Falls, South Dakota, golf clothing, equipment and accessories)
- Cabela's (Sidney, Nebraska, hunting/outdoor clothing, equipment, and accessories)

Buying offices include:

- Northwest Buyers and Jobbers (Minneapolis, Minnesota, "moderate" men's and boys' apparel)
- Mid-States Buying Group (St. Paul, Minnesota, farm and outdoor clothing and equipment)

Lists Available to Canadian Apparel Manufacturers

The Canadian Consulate General in Minneapolis has on file copies of The Salesmen's Guide for: Women's and Children's Wear Buyers, Independent Women's Specialty Stores and Boutiques, Men's and Boys' Wear Buyers, Footwear and Related accessories Buyers, Major Mass Market Merchandisers, and Sporting Goods Buyers. (These lists are available for the six-state territory only.)

In addition, the Consulate General maintains its own lists of men's, women's, and children's apparel retailers in the territory including brief descriptive information on Upper Midwest retailers, numbers of stores, price-points handled, and buyers' names.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

(Covered in the national profile)

Profile of Local Manufacturers

There are few apparel manufacturers based in the Upper Midwest. Those that there are manufacture, primarily, outerwear.

Current Source of Imports

(Covered in the national profile)

Recent Imports Broken Out by Category

(Covered in the national profile)

PROMOTIONAL ACTIVITIES

Current Consulate Initiatives and Major Trade Shows

The Minneapolis Consulate General offers an Apparel Rep Locator which is held annually in conjunction with the January market week of the Northwest Salesmen's Association and the Upper Midwest Men's Apparel Club. This event is designed primarily to assist Canadian manufacturers of moderate-to-upper moderately priced men's, women's, and children's fashion apparel in finding suitable agents to cover this territory. In addition, the Consulate General assists in the promotion of Canada Mode (New York) to local buyers.

International trade Shows

Retail buyers in the Upper Midwest traditionally attend the major national trade shows in the U.S. and markets in New York, Dallas, Chicago, Los Angeles, and Atlanta. Very few buyers from this territory attend shows outside the U.S.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Most apparel manufacturers selling in this territory either go through reps or through an established showroom in New York. Some lines, however, are sold on a direct basis, either through trade shows or by making appointments to meet with buyers in their stores.

Typical Commission Rates and Payment Terms

Typical commission rates range from 3% - 10%, with the higher-end generally requested when a line must be "pioneered" in this territory. If sales volume increases significantly (usually over a period of years and through the establishment of "brand name" status), the commission rates are sometimes lowered.

Terms are dependent on the type of retail account to which a manufacturer sells; however, "net"" terms are often used. Sometimes a percentage off for early payment is offered. Each store may have its own preference.

Financial Practices

All prices should be quoted in U.S. wholesale dollars, delivered to a U.S. destination, with duty and customs brokerage fees included.

Import Regulations

There are no regional barriers that inhibit the sales of Canadian apparel to this territory.

Language Requirements

All business in this territory is conducted in English.

Possibilities for Joint Ventures

The Consulate General will be pleased to work with any firm looking to assess the climate for joint venture opportunities. This is not generally considered a target market for such activity in this sector, however.

Contacts

Apparel Agents Associations

The following agents associations are headquartered in the Minneapolis territory:

- Northwest Salesmen's Association (Minneapolis; women's and children's apparel
- Upper Midwest Men's Apparel Club (Minneapolis; men's and young men's apparel)
- Central West Market Association (Omaha, Nebraska; women's and children's apparel)
- Nebraska Men's Apparel Mart (Omaha; men's and boy's apparel)
- Iowa Fashion Mart (Des Moines; women's and children's apparel)
- Iowa Men's Apparel Mart (Des Moines; men's and boy's apparel)
- Billings Market Associations (Billings, Montana; all apparel)
- North Central Sporting Goods Association (Minneapolis; sports apparel and equipment
- Midwest Ski Reps Association (Minneapolis; ski/outdoor apparel and equipment)
- Northwest Western Wear and Equipment Travellers Association (Minneapolis; western wear)

Apparel Industry Importers Association

There is no importers association in the Upper Midwest that is specific to the apparel industry.

Consulate General Contact Information

Canadian Consulate General
701-4th Avenue South, Suite 900
Minneapolis, Minnesota 55415-1899
Tel 612-333-4641, fax 612-332-4061
Contact: Ms. Dana Boyle, Commercial Officer

GLOBAL MARKET OPPORTUNITY REVIEW

NEW YORK - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Consulate General's responsibilities in New York cover the states of New Jersey, Connecticut, Southern New York and Bermuda. The metropolitan New York market is the hub of the apparel industry and the fashion trendsetter for the whole of the United States if not for large parts of the western world. New York is the financial centre of the U.S. and one of the most important financial centres in the world. It is headquarters for the majority of the world's largest corporations and purchasing headquarters for many national firms. It also remains the importing and sales centre for North America. The New York territory has a population of 26 million.

The promotion unit for all types of Canadian manufactured apparel and accessories at the Canadian Consulate General in New York is also known as the CANADA APPAREL CENTRE (CAC). One of the basic services the Centre provides to new Canadian exporters is a comprehensive information kit which includes the following:

a) Trade and Industry Related Publications
b) Seminar Summary Highlighted: The U.S. Market Guidelines for Exporting
c) List of New York Resident Buying Offices
d) Shipping Information (Tempororary Importation Bond (TIB); Carnet, E.D.C. etc.)
e) List of Apparel & Accessory Trade Shows in New York
f) Checklist for New Exporters of Apparel & Accessories
g) Industry Organizations and Associations
h) Free Information Resources (libraries, fashion schools, etc.)

Estimated Size of the apparel Market

New York represents approximately sixty per cent of the apparel purchasing power for the total U.S. market.

Description of Opportunities for Canadian Manufacturers

While New York is a sophisticated and highly competitive market where companies must compete on a world-class basis, it is also a welcoming market for a good innovative quality product which is competitively priced and aggressively marketed.

Importance of Brand Names

Brand names are an important factor in this market.

Trade and Consumer Fashion Publications

New York is the U.S. centre for publication media. There is a multitude of apparel trade and consumer publications and any Canadian company interested in selling to this market should be well versed with the trade journals pertaining to its product line.

For example, Fashion Calendar, Women's Wear Daily (WWD), Daily News Record (DNR), Outerwear, MR, Earnshaws., etc. Trade publications are also excellent tools to promote a company through cultivation of editors and journalists as well as advertising (see trade publication list available through CAC).

Consumer Spending and Style of Dress

All dress styles and price points are available from budget chain stores such as Caldor's and K Mart to luxury class specialty stores like Bergdorf Goodman and Henri Bendel.

Marketing Practices

This is covered is the general U.S. apparel market overview.

Contract Manufacturing Opportunities

There are opportunities in contract manufacturing as some large well-known U.S. companies are looking to Canada as an alternative to off-shore manufacturing. Quality control, close proximity and short runs are some of the major incentives.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

Most of the major department stores and chains are headquartered in New York or are represented by resident buying offices.

Major department stores include: Abraham & Straus; Bloomingdales; Stern's; Lord & Taylor; R.H. Macy & Co.; Saks Fifth Avenue; May Co.

Specialty Store Chains include: Ann Taylor; Barney's New York; Henri Bendel; Bergdorf Goodman; Brooks Brothers; Brooks Fashions; Charivari; etc.

There are over 100 buying offices in New York from the largest and long established Associated Merchandising Corporation (AMC) representing major department stores to the small exclusive buying offices servicing upscale specialty stores across the U.S. and internationally.

Lists Available to Canadian Apparel Manufacturers

The Canada Apparel Centre information kit for new exporters includes lists of department and specialty store chains and buying offices in the tri-state area, as well as media, industry association and other business contact lists.

Language Requirements

All business is conducted in English.

Current Source of Imports

The largest amount of U.S. apparel imports comes largely from "The Big Four" (China, Hong Kong, Taiwan and South Korea) which represents about 50% of U.S. apparel imports. These developing countries with their abundant supply of relatively low-cost labour affords them a formidable competitive advantage. On the other hand, Canadian manufactured apparel tends to be better quality and higher priced merchandise where the competitive forces are the European countries.

Recent Imports Broken Out by Category

Recent imports by category should be obtained from the U.S. Department of Commerce. However, retail sales in the U.S. for the following categories are:

	1989	1990	1991
All apparel	108.4	110.0	112.0
Women's apparel	58.0	56.6	59.4
Men's apparel	31.7	31.7	32.3
Boys' apparel	10.3	10.7	11.0
Girls' apparel	8.4	9.0	9.3

PROMOTIONAL ACTIVITIES

Current Consulate's Initiatives and Major Trade Shows

The apparel promotion unit at the Canadian Consulate General in New York is known as the Canada Apparel Centre (CAC). Highlights of the current program include:

- CANADA MODE, a solo Canadian womenswear trade event established by the CAC which takes place twice annually in New York. This venue showcases over 30 Canadian companies during a key market week and draws retail buyers and media contacts from across the U.S.

- EUROSTYLE, a group of 10-15 Canadian menswear companies are promoted at this upscale trade show in New York.

- CANADIAN SHOWROOM DIRECTORY, published by the CAC, this listing of Canadian apparel and accessory companies represented in New York showrooms is distributed to over 5,000 retail and media contacts across the U.S. to promote sales of Canadian apparel.

-AGENT LOCATORS. The Consulate is planning several events for ladies' and childrenswear manufacturers to meet with prospective New York agents.

-BUYER MISSIONS. We have plans in this fiscal year to arrange visits to Canada to introduce retailers and catalogue buyers to prospective Canadian apparel resources.

-APPAREL EXPORTER PROGRAM, to introduce a group of new apparel exporters to the U.S. market through an educational seminar during a key New York market week. Companies will visit trade events and meet with key players in the market, including agents, media and retail contacts.

International trade Shows

Over 75 apparel and accessory trade events take place in New York annually from the huge New York International Kids Fashion Show at the Jacob K. Javitz Convention Centre showing hundreds of companies to the upscale exclusive Fashion Coterie which is held in an uptown hotel format such as the Plaza. A complete list of shows with dates and descriptions is available upon request from the Canada Apparel Centre.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Direct selling advantages are hands-on experience in the market and cultivation of buyer contacts, to exercise a knowledge of the product where it counts most - with the buyer. It also allows a company to pick and choose outlets. Disadvantages are that a company has no constant market presence for its merchandise. It must invest time and money to introduce an unknown item, to identify target stores and buyers in a fiercely competitive market.

Sales Agent Advantages: a good agent is someone who is well connected with retail buyers and usually has a showroom where he can serve buyers on an ongoing basis, including out of town buyers coming into New York for buying trips and market weeks. Disadvantages usually take the form of a costlier operation.

Trade Shows: companies new to the market can use trade shows as an excellent introduction to the market, provided it is the right trade show for the product being shown. Guaranteed exposure to buyer traffic and the opportunity to establish a network of business contacts including prospective agents makes trade shows a lucrative venture.

Typical Commission Rates and Payment Terms

Commission rates vary depending on showroom location, volumes, price points, etc. and can range from 5-20%. It is not unusual for an agent to require a showroom entry fee or monthly participation fee. Terms are dependent on the type of retail account to which a manufacturer sells.

Financial Practices

The U.S. buyer should purchase from the Canadian company as he would from a domestic resource. All prices should be quoted in U.S. wholesale landed prices (delivered to a U.S. destination and include all duties and brokerage fees). A Canadian company doing business here should open a U.S. bank account for receivables.

Import Regulations

There are no import quotas for Canadian manufactured clothing although special attention should be paid to labelling requirements and import regulations.

Possibilities for Joint Ventures

The Canadian consulate General has serviced a number of enquiries by U.S. companies interested in joint ventures and licensing agreements with Canadian companies.

Contacts

Refer to the CAC exporter information kit which includes the following:
- -Trade and industry related publications
- -New York apparel and accessory trade shows
- -Industry organizations and associations
- -General apparel industry contacts and sources

Canadian Consulate General Information

Contact: Mary Allan
Canada Apparel Centre
Canadian Consulate General
1251 Avenue of the Americas
New York, N.Y. 10020
Tel 212-596-1659, fax 212-596-1793

SECTION III

WESTERN EUROPE

1. AUSTRIA, Vienna
2. FRANCE, Paris
3. ITALY, Rome
4. NETHERLANDS, The Hague
5. SPAIN, Madrid
6. SWEDEN, Stockholm
7. SWITZERLAND, Berne

GLOBAL MARKETING OPPORTUNITY REVIEW

AUSTRIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Austria has an active apparel and textile industry.

Austrian Competition

There are about 400 apparel manufacturers with over 30,000 employees. Total production in 1991 was valued at approx.Cdn $ 3 billion of which 85 % was exported, mainly to EC and EFTA countries. This high export-orientated industry is competitive both in fashion and in the technical area throughout all of Europe.

Estimated Size of the Apparel Market

Rather limited. Maximum Cdn $ 600,000.00

Importance of Brand Names and Fashion Magazines

In this market, known brand names are very important in the moderate-to better range. An additional factor is the amount of advertising in German, French and Italian fashion magazines and weekly German publications read all over Austria in coffee houses, at medical doctors' waiting rooms and at hairdressers. At the popular price level, lowest cost is generally the primary factor.

Consumer Spending and Style of Dress

Style of clothing worn in Austria includes dressy and casual and the typical Austrian country-look styles. Consumers in this market are value-conscious of their expenses, in general and tend to be on the practical rather than luxury items. Some important chains do offer very low-priced imports from Far East countries.

Import Duties and Labelling Regulations

Canadian products face an ad valorem duty of +/- 20 % depending on materials used, whereby EC-EFTA suppliers - practically all of western Europe - enjoy duty free entry. The Austrian customs tariff uses the Harmonized System numbering. In addition to customs, an import turnover tax (equal to the Value Added Tax) of 20 % is levied on the duty paid price.

All imported and domestically produced textile materials must have a fixed label mentioning the country of origin (also on samples) as well as a label mentioning the composition of the material and the cleaning instructions.

Trade Fairs and Ordering Days

The most important fairs/exhibitions take place in Salzburg (for winter orders in February and summer orders in July. Details and exact times can be obtained from the Canadian Embassy, Commercial Division in Vienna).

Marketing Practices

All business is conducted in German; however, most representatives in major companies have the capability of conversing in English (French is hardly understood). Seasonal advance orders are becoming less and less important and prompt orders from stock holders are gaining more and more ground as it is less risky for the retailer who can have immediate access to the "in-lines" in colours and design.

Importers Association

There is no Austrian apparel importers association for the apparel industry nor an apparel agents association of importance.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Almost all apparel manufacturers selling in Austria either go through representatives or agents as it is much simpler for a retailer to return e.g.defective goods to an Austrian rep. than to a Canadian manufacturer. Very often foreign suppliers bill the agent and/or customer in Austrian Schillings. Deliveries are made directly to stores or boutiques on a CIF basis.

Apparel mark-up in stores vary from 110% to 150%.

Typical Commission Rates and Payment Terms

Commission rates range from 5 - 15 %. Payments are, on seasonal orders, usually 60 days net, 90 days + 3% after receipt of goods. Sometimes up to 5 % off is offered for early payment.

TEXTILE IMPORTERS/WHOLESALE TRADERS

C=Children

Mary Rindermoden C
Mariahilferstr.117
A-1060 Vienna
Fax (1) 97 09 76

J&M Dohnal C
Versorgungsheimstr.4
A-1130 Vienna
Fax (1) 804 7733

Satex GmbH. C
Salzgries 18
A-1010 Vienna

F.W.Biber GmbH.
Gumpendorferstr.15
A-1060 Vienna
Fax (1) 587 3524

F.Adler
Gonzagag.10
A-1010 Vienna

Tiffany Jeans Exclusive
Ziegelofeng.19
A-1050 Vienna
Fax(1) 54 70 26

Ada Stein
Modecenterstr.22
A-1030 Vienna
Fax(1) 78 99 08

Dkfm.Georg Zorn
Salzgries 15
A-1010 Vienna
Fax (1) 63 77 57

Irringer
Modecenterstr.22
A-1030 Vienna
Fax (1) 78 72 18

Piff-Paff C
Wagramerstr.100
A-1220 Vienna
Fax (1) 97 09 76

Le Petit Chou C

Brandstatte 10
A-1010 Vienna
Fax (1) 535 5604

Caja C
Wildpretmarkt 8-10
A-1010 Vienna

Hans Meller GmbH
Neubaug.66
A-1070 Vienna
Fax (1) 93 51 14

R.Schops & Co.GmbH
Nordwestbahnstr.8-10
A-1200 Vienna
Fax (1) 330 3787

Dkfm.E.Steiner
Horlg.6/8
A-1090 Vienna
Fax (1) 310 2119

Schachter & Co
Salzgries 17
A-1010 Vienna
Fax (1) 535 4927

Sixty Six Fashion GmbH
Modecenterstr.22 B1/5
A-1030 Vienna
Fax (1) 78 65 94

A.Haas Textilhandels-GmbH
Werdertorg.1
A-1010 Vienna
Fax (1) 63 93 54

AUSTRIAN CHAINS, DEPARTMENT STORES, ETC.

A-Mail Order	1-Wholesale
B-Department Store	2-Retail
C-Chain 1-food, 2-non-food	3-Food
D-C&C Market	4-Non-food
E-Supermarket	5-Textiles
F-Buying Organization	6-Household
	7-DIY

Name and Address	Type	Mainline
ABM Warenhandels GmbH SCS,Kaufhaus B Top 48 A-2331 Vosendorf Tel 1-6939760, fax 1-69396734	B	2 4 5 6
Billa Warenhandel AG Ind.Zentrum NO Sud A-2351 Wiener Neudorf Tel 2236-6000, fax 2236-600228	C-1 C-2	2 3 4 5 6
Gerngross Kaufhaus AG Kircheng.6 A-1070 Vienna Tel 1-521330, fax 1-5233119	B	3 4 5 6 7
Kastner & Ohler AG Sackstr.7-13 A-8020 Graz Tel 316-8700, fax 316-828713	A B	2 3 4 5
Modenmuller GmbH.& CoKG Wienerstr.286 A-8051 Graz Tel 316-6060, fax 316-606374	B A	5
Quelle AG Industriezeile 47 A-4020 Linz Tel 732-78090, fax 732-2809303	A B	2 4 5 6 7
Universal Versand GmbH Peilsteinerstr.5-7 A-5020 Salzburg Tel 662-335310, fax 662-395318	A	4 5 6

GLOBAL MARKET OPPORTUNITY REVIEW

FRANCE - APPAREL

MARKET OPPORTUNITITES

Territory Overview

France is heavily dependent on imports for its raw materials and energy products, but produces most common consumer products, which is not the case with the other leading industrialized countries. In 1992, France exported some 187 billion francs' ($42 billion) worth of common consumer goods; this represented 15% of its overall exports. The main sectors were:

- pharmaceuticals
- perfumes and cosmetics
- leather and footwear
- textiles and clothing

The European Economic Community (EEC) primarily Germany, Italy, the UK and Belgium/Luxembourg) receives 58% of French products. Next in importance are the United States, Switzerland and Japan. In 1992, France underwent a record decline in consumption, the heaviest in the past 20 years. All sectors, especially common consumer goods, were affected, as householders tended to defer nonessential purchases.

FOREIGN SUPPLIERS

Production in some sectors was insufficient. In 1992, imports of consumer goods represented 17% of all French imports--215 billion francs, or $47 billion. The main client countries of France are also its main suppliers, particularly in regard to the following products:

- textiles and hosiery
- leather and footwear
- pharmaceuticals
- furniture

A large portion of the textiles/clothing segment consists of low-price products from the countries of the East and the Maghreb. Many textile items are produced under French or European licence in the developing countries, where labour is less costly.

OPPORTUNITIES FOR CANADIAN MANUFACTURERS

Consumer products of interest for Canada are textiles, winter clothing, furs, sporting goods, costume jewellery, books, toys, gifts and gadgets. Other products such as leather goods and electrical appliances have little chance of penetrating the French market owing to competition, saturation of the market and differing consumer preferences.

At 957 million francs ($213 million), Canadian penetration of the French consumer product market is low. French demand is high at present, but it is difficult to obtain suitable products in Canada. In any case, Canadian manufacturers seem to have little interest in taking advantage of this demand and making a serious effort to penetrate the French market.The recreational market in France is a promising one in which demand is at its highest. Products include sportswear, snow boots, sporting goods, aqua- and recreational centres, etc. France affords a potential market for Canadian high technology and value added consumer goods.

MARKETING PRACTICES

Apart from the electrical equipment and appliances sectors, there are few standards obstructing the importing of consumer goods. Customs duties are not high. The VAT is now at 22 percent, it is applicable only to certain luxury products.

Apparel Associations

- MODOM (Comité de Coordination des Industries de la Mode Masculine) [men's fashion council]
5 rue d'Anjou, 75008 Paris
Tel. (1) 42.65.73.20

- Fédération Française du Prêt à Porter Féminin [ladies' ready-made garments]
5 rue Caumartin, 75009 Paris
Tel (2) 42.68.08.40

- CIM (Comité de la Mode) [fashion council]
5 rue d'Anjou, 75009 Paris
Tel. (1) 42.65.50.42

- GIH (Groupement des Industries de l'Habillement) [clothing industries group]
2 rue Joutx-Aigues, 31000 Toulouse
Tel. 65.52.28.18

Trade Fairs

January	Salon International de la Lingerie, Paris
	Ladies ready-to-wear, Paris
	Children's fashion, Paris
	Children's World, Paris
March	SIG--Winter sport articles, fashions, Grenoble
	Première Vision--clothing fashion, Paris
September	SISEL-Summer sportswear, Paris

Magazine

- Boutiques de France	16 bd Saint-Denis, 75010 Paris
- Sport-Eco	28 rue des Petites-Ecuries, 75010 Paris
- Loisirs-Service	15 rue du Louvre, 75001 Paris

GLOBAL MARKET OPPORTUNITY REVIEW

ITALY - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Italy covers an area of 116,273 square miles (301,226 square kilometres) and stretches from Switzerland, in the north, to Sicily in the south. The population of Italy in 1989 was of approximately 57 million. The industrial triangle is Milan, Genoa and Turin which covers the major manufacturing area of northern Italy. The standard of living of the professional and middle classes is high and is similar to most developed countries.

The structure of the Italian economy has greatly changed over the last 40 years. At the end of World War II Italy was still an agricultural country, but a very high growth rate in the following years transformed it into an industrial country.

Estimated Size of the Apparel Market

Italy's apparel industry is strongly export-oriented, with exports accounting for 40 percent of the total production in 1991. The apparel industry represents 10 per cent of the total Italian exports. The most important buyers of Italian clothing are Germany, France, Japan and the United States. Bulk shipments of low cost apparel are imported from Far Eastern countries.

The Italian clothing industry continues to be the largest in the European Community and one of the largest in the world with a share of 9.5 percent on the total world-wide exports of textile and clothing. Local firms dominate the apparel sector, producing over 80 percent of the total consumption. The excellent reputation of apparel "Made in Italy" is appreciated all over the world.

Imports, primarily from East Asia, account for $11,455 million, compared with exports estimated at $26,064 million. Italian manufacturers are increasingly worried about rising import levels which, in part, are related to the international decentralization of their plants. It is a strategic choice on the part of those companies more exposed to international competition to produce in third world countries where production costs are lower. It is clear that the sector is losing competitiveness internationally against low cost producers. It is also experiencing major competition from producers in developed markets that have been traditional buyers of Italian apparel.

Description of Opportunities for Canadian Manufacturers

The local industry has increased its production and maintains a high standard of style and image that is required by the extremely fashion conscious Italian consumer. The trade balance for apparel demonstrated a positive trend for domestic production, which is exported worldwide.

The most convenient and practical method for Canadian companies to sell in the Italian market is to appoint a local representative, either on a commission basis or under an exclusive distribution agreement. As Italy is a highly competitive market, it is important to find a distributor with a well-developed marketing network. Quality and prompt delivery are key factors in maintaining successful business relationships in Italy.

An excellent trade promotion opportunity for Canadian companies wanting to export their products is the participation in Government-sponsored trade missions. These type of events offer participants the possibility of meeting with selected potential partners. On the other hand, there are largely unexplored possibilities for Canada to seek various forms of investment, industrial cooperation and strategic alliances with small and medium size Italian manufacturing enterprises. Italian companies have become more aware of the changes taking place in the international environment and have exchanged their export-oriented attitude for one of availability to cooperate with foreign partners.

Importance of Brand Names

The Italian consumer is extremely fashion conscious and places great importance to style and brand names, particularly for sporting and leisurewear apparel. Leading foreign brand names are available on the Italian market and are quite popular with the young crowd and with teenagers.

Trade and Fashion Magazines

Buyers generally get their knowledge of fashion trends through the most well-known fashion magazines such as:

VOGUE ITALIA
Piazza Castello, 27
20121 MILANO
(Monthly)

UOMO HARPER'S BAZAAR
Via Stelvio, 57
20159 MILANO
(Bimonthly)

RAKAM
Viale Sarca, 235
20126 MILANO
(Monthly)

PANORAMA
Residenza I Portici
20090 SEGRATE (Milano)
(Monthly)

FASHION
Corso Venezia, 26
20121 MILANO
(Weekly)

ELLE
Via A. Rizzoli, 2
20132 MILANO
(Monthly)

CHERIE MODA
ViaBurlamacchi, 11
20135 MILANO
(Tri-monthly)

Seasonality

The climate in Italy requires apparel for all four seasons.

Consumer Spending and Style of Dress

In spite of the current Italian economic situation, the apparel sector has continued to expand. A new awareness of the importance of physical fitness and a cultural change in lifestyle, brought an increased interest in a wide range of sport activities, reviving the image of an active outdoor and casual life for Italians, and therefore switching from the traditional formalwear to a new demand for leisurewear which includes apparel such as jeans, casual shirts, pants, parkas, and so on.

Contract Manufacturing Opportunities

We do not see manufacturing opportunities in the Italian market.

MAJOR BUYERS

The major Italian department stores are:

COIN S.P.A.
Via Terraglio, 17
30174 MESTRE (Venezia)
Tel: (041) 661000. Fax: (041) 982722. Telex: 410202 COIN I
Dott. Piergiorgio Coin, General Manager.

LA RINASCENTE S.P.A.
Piazza Carlo Erba, 6
20129 MILANO
Tel: (02) 2364220. Fax: (02) 656411. Telex: 310576 LRMI
Dott. Giuseppe Tramontana, General Manager

MAGAZZINI OVIESSE S.P.A.
Via Terraglio, 17 30174 VENEZIA MESTRE
Tel: (041) 668511.
Dott. Sergio Bianchi, General Manager

STANDA S.P.A. GRUPPO FININVEST
Milanofiori
20089 ROZANO (Milano)
Tel: (02) 824-751. Fax: (02) 824-7586/8247-5679. Telex: 314260/341328 STANMI
Dott. Giancarlo Foscale, General Manager

The major specialty store chains are:

ANFOR INDUSTRIA CONFEZIONI S.P.A.
Via Cherubini, 2
50053 EMPOLI (Firenze)
Tel: 0571-591246. Fax: 0571-92962.
Rag. Roberto Bianconi, Manager

BENETTON GROUP S.P.A
Via Villa Minelli, 1
31050 PONZANO VENETO (Treviso)
Tel: 0422-4491. Fax: 0422-969501
Dott. Giovanni Cantagalli, General Manager

BIAGIOTTI EXPORT S.P.A.
Palombarese Km. 17,300
00012 GUIDONIA (Roma)
Tel: 0774-571311. Fax: 0774-571807
Dott. Gianni Cigna, General Manager

FIORUCCI S .P.A.
Via XXV Aprile, 15
20097 SAN DONATO MILANESE (Milano)
Tel: 02-51731. Fax: 02-5173334
Dott. Massimo Nuhi, General Manager

MAX MARA S.R.L.
Via Fratelli Cervi, 66
42100 REGGIO EMILIA
Tel: 0522-7991. Telex: 530004
Dott. Luigi Maramotti, Vice President

STEFANEL S.P.A.
Via Postumia, 85
31047 PONTE DI PIAVE (Treviso)
Tel: 0422-8191. Fax: 0422-819342
Dott. Silvano Storer, General Manager

MARIO VALENTINO S.P.A.
Via Fontanelle, 85
80136 NAPOLI
Tel: 081-5441380. Fax: 081-5441395
Dott. Ernesto Mancini, Manager

The major mail order houses which also handle clothing are:

POSTALMARKET S.P.A.
Via Trieste, 24
20068 - SAN BOVIO DI PESCHIERA BORROMEO (Milano)
Tel: 02-75251. Fax: 02-76110463. Telex: 312442 POSMAR.

VESTRO S . P . A .
Via Roma, 8 2404 MADONE (Bergamo)
Tel: 035-991262. Fax: 035-995515. Telex: 300177 VESTRO.

EURONOVA S.R.L.
Via Libertà, 2
13069 VIGLIANO BIELLESE (Vicenza)
Tel: 015-35951. Fax: 015-3595301. Telex: 214078 EURON I.

CIM - CENTRO INTERNAZIONALE MARKETING S.A.S.
Via E. Vittorini, 10
80129 NAPOLI
Tel: 081-364153. Fax: 081-5787826.

SELEMARK S .P.A.
Via Reno, 30
00198 ROMA
Tel: 06-850471. Fax: 06-8841959

Lists Available to Canadian Apparel Manufacturers

Both the Commercial Division of the Canadian Embassy in Rome and the Canadian Consulate General in Milan have lists of Italian agents/distributors, retailers, wholesalers and manufacturers of men's, women's and children's apparel which are constantly kept up-dated.

PROMOTIONAL ACTIVITIES

Current Post Initiative and Major Trade Shows

Canadian exporters should attend the fairs mentioned under the heading "International Trade Shows", as they offer an excellent opportunity to access the Italian market.

International Trade Shows

Retail buyers traditionally attend the major national trade shows in Italy (following is list of fashion fairs) and some of them also attend international shows abroad.

Most important fashion fairs:

PITTI IMMAGINE BIMBO
(Children's wear and accessories) - Florence (January and July)

PITTI IMMAGINE UOMO
(Men's wear and accessories) - Florence (January and June)

MILANOVENDEMODA
(Women's wear and accessories) - Milan (February and September)

Local International Magazines

Buyers usually rely on these fashion magazines described above, where advertising by Canadian exporters can be considered.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

In Italy, sales of apparel are made through family-run boutique outlets which account for approximately 30% of all sales, while large clothing chain stores account for 50%, and the remaining 20% is shared by department stores, mail order houses and open market sales.

Most of the local manufacturers and distributors of apparel have their own network of agent/representatives covering the whole country on a regional basis. Store owners place orders two times a year to cover seasonal requirements for apparel.

The distribution channel preferred by local manufacturers is the specialized store or boutiques. Most of the products are sold directly from the manufacturer to the retailer, thus avoiding the 20-25 % commission that is normally retained by wholesalers.

Canadian manufacturers of sports and leisurewear could find a niche market in Italy. Although the market share for apparel imported from Canada is modest, marketing success for Canadian products is related to a good advertising campaign.

Financial Practices

Financing and payment practices for importing apparel are usually made by Letter of Credit, deferred payment or advanced payment. The turn around time for paying invoices is never less than 60-90 days, but in some cases it may go up to 120-180 days. The standard method of payment is by Letter of Credit. Buyers usually pay the fees which both banks charge for their services in handling a Letter of Credit. For this reason, Italian importers sometimes prefer cash.

Import Regulations

There are non-tariff barriers imposed on imports of clothing from Canada to Italy. The Value Added Tax is 12% of the CIF value, plus 13 to 14% of the duty imposed on apparel products. In addition, a certificate of origin issued by a recognized Chamber of Commerce in Canada, is required. According to EEC provisions, the declaration of origin must be included on commercial invoices accompanying the apparel products imported into Italy and they must be labelled or marked in Italian and indicate the fibre content.

With the opening of the Single Market in 1993, imports from EC countries will arrive duty free, while non-EC imports will have to pay the EC common external tariff.

Language Requirements

Business is conducted in Italian, but English and French are well-known languages, especially amongst business people in the sectors that have business contacts with foreign companies.

Possibilities for Joint Ventures

There could be possibilities for a joint venture mainly from Italian designers or manufacturers who would want to supply some of their fabrics, then have it manufactured in Canada. The Canadian Embassy or Consulate will, therefore, be happy to help firms wishing to establish joint venture opportunities.

CONTACTS

Apparel Associations

FEDERAZIONE FRA LE ASSOCIAZIONI DELLE INDUSTRIE TESSILI E ABBIGLIAMENTO - FEDERTESSILE
Viale Sarca, 223
20126 MILANO
Tel: 02-66103420
Fax: 02-66103415
Telex: 332649 TEXABB I
Cav. Lav. Comm. Carlalberto Comeliani, President
Dott. Alfredo Ciampini, Manager

ASSOCIAZIONE ITALIANA DEGLI INDUSTRIALI DELL'ABBIGLIAMENTO
Foro Bonaparte, 70
20121 MILANO
Tel: 02-809016. Fax: 02-8052539
Dott. Tino Costa, President

Apparel Agents Associations

FEDERMODA - FEDERAZIONE ITALIANA AGENTI
E RAPPRESENTANTI DELLA MODA
Via Vizzani, 57
40138 BOLOGNA
Tel: 051-391655
Dott. Franco Vassallo, President

ASSOMODA - ASSOCIAZIONE ITALIANA RAPPRESENTANTI MODA
Via Palestro, 24
20121 MILANO
Tel: 02-780327. Fax: 02-7750426

Apparel Industry Importers Association

There is no apparel industry importers association in Italy.

Canadian Government Offices in Italy

CANADIAN EMBASSY
Commercial Division
27 Via G.B. de Rossi
00161 Rome, Italy
Tel: 06-841.5341
Fax: 06-841.2479

CANADIAN CONSULATE GENERAL
19, Via Vittor Pisani
20124 Milano. Italy
Tel: 02-6697451
Fax: 02-6704450

GLOBAL MARKET OPPORTUNITY REVIEW

THE NETHERLANDS - APPAREL

MARKET OPPORTUNITIES

Territory Overview

With an area of 41,500 square kilometres, the Netherlands is physically one of the smaller countries of Europe. It is flanked in the west and north by the North Sea, in the east by Germany and by Belgium in the south. Its location has allowed it to develop into Europe's major gateway.

There are now 15.2 million people living in the Netherlands, making it the most populous country in Europe for its size. The country ranks number 10 on the list of leading western economies.

Estimated Size of the apparel Market

In 1991, retail sales of outerwear for men and women reached an estimated Cdn $ 7.5 billion while sales of underwear and foundationwear were Cdn $1.3 billion. Retailers sold an estimated Cdn $900 million worth of clothing for children (0-15 years). These figures, which add up to Cdn $9.7 billion, include 18.5 VAT.

Description of Opportunities for Canadian Manufacturers

Fashion style in the Netherlands is generally different from North America and even the U.K. The best opportunities for exports of Canadian apparel to the Dutch market probably are for casualwear, sportswear and possibly childrenswear in the age group 8-13. It would require some research to determine if Canadian high fashion could find a niche market in the Netherlands.

Importance of Brand Names

Brand names are important, but not for low-end apparel.

Fashion Publications

-Trade: The leading fashion trade magazines are Textilia (circulation 10,000) and Mode Nieuws (circulation 11,200).
-Consumer: There is an array of consumer magazines that highlight fashion and apparel, especially women's. Following is only a selection: Avenue, 48,300; Elegance, 61,000; Fashion Bizz, 15,000, Cosmopolitan, 132,400; Elle, 85,000; Marie Claire, 84,400; Nouveau, 154,900.

Consumer Spending and Style of Dress

Retail sales in 1991 showed an estimated 5% increase over the 1990 figure. It is anticipated that growth declined in 1992 and prospects for 1993 are less than bright as a result of the economic downturn. There is a distinct trend toward larger volumes sold at lower prices. The average per capita spending is estimated at approximately $600.00 for 1991.

Demand for less formal apparel continues to grow for the mature segment of society which is increasing. Style changes quickly and and television is considered to have a major influence on this trend. Other developments affecting the apparel industry is reduced consumer spending power due to high cost of living.

Marketing Practices

In the men's and women's outerwear sector, four categories play an active role in supplying the retail trade: domestic manufacturers; domestic wholesalers; agents and importers/distributors; foreign manufacturers and suppliers. The first two groups are of minor importance. About 25% of all retail purchases are made abroad, especially brand names in the high-end market for department stores. Agents and importers are very important.

With the exception of one manufacturer and a number of small ateliers, the childrenswear market is supplied mainly from abroad. About 60% originates in the Far East, 20% in Mediterranean countries and the balance comes from eastern Europe.

Specialized stores still have the biggest share in overall retail sales of high-fashion and apparel. However, the clothing chains and clothing supermarkets are claiming bigger shares each year at the expense of the independent specialty stores.

1991
Market Shares by Retail Channel

	%
Men's/women's outerwear	
specialized stores	48
clothing chains	33
department stores	7
clothing supermarkets	5
mail order	4
other	3
Childrenswear	
specialized stores (outerwear)	49
baby/infants' wear stores	17
department stores	11
clothing supermarkets	10
mail order	3
other	8
Lingerie and foundation	
specialized stores	35
department stores	27
outerwear stores	17
clothing supermarkets	12
other	9

Contract Manufacturing Opportunities

Contract manufacturnig is mainly done in low-wage countries. We do not see immediate prospects for Canadian manufacturing other than for special niche markets, such as uniforms for hotel personnel.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

Department Stores:
-Vroom & Dreesmann, 58 outlets, medium priced
-HEMA, 211 outlets, low-medium
-Bijenkorf, 6 outlets, medium-high
Clothing Chains:
-C&A, 90 outlets, medium-priced
-Peek & Cloppenburgh, 40 outlets, medium
-Hij-Mannenmode, 99 outlets, medium
-Miss Etam, 88 outlets, medium
-M&S Mode, 113 outlets, medium
-The Society Shop, 45 outlets, high
-Claudia Strater, 16 outlets, high
-Cool Cat, 36 outlets, casual fashion
Buying Combinations:

-Euretco, Breda	men's and women's
-Intres, Hoevelaken	men's and women's
-Hadac, Amsterdam	women's
-Centurion, Rijsenhout	men's
-Deco, Usselstein	men's

Mailorder:
-Wehkamp, Zwolle
-Neckermann, St-Janssteen
-Otto, Tilburg

Lists Available to Canadian Apparel Manufacturers

The Commercial Division of the Canadian Embassy in The Hague can provide lists of potential stores in the Netherlands tailored to womenswear, sportswear and other specialty apparel for the Canadian manufacturer.

Language Requirements

Dutch traders and buyers prefer to use English in dealing with foreign sources.

Possibilities for Joint Ventures

We are not sure how a joint venture with a Dutch company could be established successfully other than perhaps on the basis of exchange of designs and information on fabrics.

CONTACTS

Apparel Agents Associations

Nederlandse Vereniging van Kleding-en Textielagenten/Importers (NVKT)
(Netherlands Association of Textile and Apparel Agents and Importers)
Vereniging van Confectie-en Tricotage-ondernemingen (FENECON)
(ready to wear and Knitwear Industry Association)

Canadian Embassy Contact Information

Commercial Division
25 Parkstraat - P.O. Box 38020
2500 GV The Hague
tel 70-361-4111, fax 70-365-6283

Trade Shows

-MODAM, bi-annual trade fair for men's and women's fashion, sportswear and leisure wear. Usually held at the end of February, early March and second half of August. Venue: RAI Exhibition Centre, Amsterdam.
-Amsterdam Fashion Weekend, bi-annual for classic men's fashion. Usually held at the end of January and in July. Venue: RAI Exhibition Centre, Amsterdam.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

A good way to cover the Dutch fashion market would be through an agent. An expensive but probably a more effective way would be to have a showroom at the Amsterdam Fashion Centre, which is the largest single concentration of fashion agents, importers/distributors and manufacturers in the world.

Typical Commission Rates and Payment Terms

Local agents would demand 12-15% commission if they are to represent Canadian manufacturers. A higher percentage might be submitted for negotiation if much time and energy are needed to introduce a new line. Percentages differ with agents who do not assume responsibility for payment by their clients.

Financial Practices

Quotes should be C.I.F. in $ Cdn or $ U.S.

Import Regulations

There are no restrictions on the import of textiles and apparel. However, the EC imposes 14% on imports of outerwear from Canada and other developed non-EC countries; lower rates are applied to babies' garments, foundationwear and accessories such as shawls, scarves and ties. As size indications in the Netherlands are different from those in North America (depending on the type of apparel) the labelling may require special arrangements with the local agent or buyer. Sleepwear must comply with the Dutch fireproof regulations.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

No exact figures are available but according to a reliable source only 12.5% of total clothing sales is of domestic origin. This percentage is expected to decline further.

Profile of Local Manufacturers

With a few exceptions, apparel manufacturers in the Netherlands are mostly small to medium-size. Probably the largest local manufacturer in the sector (Vilenzo) which employs about 2,000 people and is specialized in babies' and childrenswear. The Dutch clothing sector has some 162 firms, employing a total of 8,270 people (1991). Factory sales for that year totalled Cdn $725 million of which $244 million was sold abroad. Professional and utilitywear constitutes a relatively fair share of the overall production.

Current Source of Imports

Dutch imports of all apparel, including leather and fur, by area are shown in the following table:

		1992 Cdn $ Million	%
EC, total of which		3,902	62
Germany	1,866		
Belgium/Luxembourg	608		
Italy	527		
Britain	275		
Portugal	249		
EFTA, total		96	1
Other Europe		69	1
Turkey		289	5
Africa, total		94	1
North America		39	5
of which USA	37		
Latin America		56	1
Asia, total of which:		1,774	28
Hong Kong	466		
China	248		
Indonesia	202		
India	191		
South Korea	183		
Thailand	85		
Taiwan	72		
Other		17	

GRAND TOTAL 6,335

Recent Imports Broken Out by Category

	1992 Cdn $ Million
Apparel made of woven fabrics	3,473
Men's and boys' outerwear	1,147
Professional and utility wear	86
Ladies' coats, jackets, deux-pieces and ensembles	638
Other ladies' and girls' outerwear	950
Shirts	325
Underwear, sleepwear, swimwear and foundation	162
Babies' garments	56
Skisuits and track suits	49
Other	60
Knitwear apparel	
Total	2,710
Swimwear, track suits, skiwear	89
Ladies' wear	334
Men's wear	101
Gloves, mitts, shawls, ties	30
Socks, stockings, tights	252
Underwear, sleepwear	600
Sweaters, pullovers	1,068
Babies' garments	72
Other	162
Other apparel, including leather and fur, total	152
GRAND TOTAL	6,335

N.B. Dutch exports of apparel (about half of imports in 1992) is considerably higher than the figure given above. In fact, 92% of Dutch foreign apparel sales represents exports from imports. This may be explained by the high degree of physical distribution available to serve markets in the EC. A product cleared through customs in one country of the EC has free access to the other member states.

PROMOTIONAL ACTIVITIES

The Commercial Division of the Canadian Embassy has to date, not undertaken any promotional activities but would be available to discuss possibilities with Canadian manufacturers whose lines have potential in the Netherlands.

Canadian Embassy Information

Street Address:
Parkstraat 25
2514 JD The Hague
Kingdom of the Netherlands

Mailing address:
Commercial Division
Box 30820
25 Parkstraat
2500 GV The Hague
Kingdom of the Netherlands
Tel 011-31-70-361-4111
Fax 011-31-70-356-1111; commercial 011-31-70-365-6283

GLOBAL MARKET OPPORTUNITY REVIEW

SPAIN - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Import activity in the apparel sector between 1985 and 1990 has grown from 17,800 million ptas in 1985 to 148,400 in 1990, over 50% per annum.

Evolution of Clothing Industry
(million ptas)

	IMPORTS		EXPORTS	
	1985	1990	1985	1990
Menswear	2,354	28,400	9,089	9,350
Womenswear	3,153	27,500	3,655	6,715
Shirts/Blouses	2,191	17,150	2,005	2,650
Underwear	1,652	10,235	1,381	3,315
Sports/swimwear	187	6,100	133	1,350
Accessories and miscellaneous	2,163	5,432	4,361	3,877
Total Garments	11,700	94,817	20,624	27,257
Total Knitted garments	6,130	53,609	21,744	21,237
Grand total	17,800	148,426	42,368	48,494

Export figures have shown little improvement in recent years. This was due to an increase in domestic consumption and a rise in the value of the local currency. In European ranking, the Spanish textile/garment industry occupies fifth position after Italy, Germany, France and U.K.

In 1989 the Spanish womenswear industry reported a deficit of 20,332.3 million ptas, the difference between 31,635.2 million ptas in imports (an increase of 48.8% over 1988) and 11,302.9 million in exports (a decrease of 43.8%). Ladies lingerie imports were valued at 1,072.3 million ptas and exports valued at 1,140.1 million ptas.

Imports of overcoats, jackets, parkas and similar non-knitted items have increased 128% reaching 536.2 million ptas.

Italy, the unquestionable world leader, is Spain's major supplier of non-knitted ladies' suits, jackets, dresses, skirts, etc. (31%) followed by France, Germany and the U.K. (17%, 11.5% and 10.3% respectively), with a growing influx from South American and Southeast Asian countries.

In 1989 each Spanish family spent an average of 22,800 ptas on childrenswear. This level of consumption highlights an important subsector with an overall production of 135,000 M ptas, 20% of which is babieswear. Most of the Spanish companies are small to medium size (75% have less than 25 employees) and provide employment to some 18,000 people.

Exports in this sector are growing and consolidating, with shipments valued at 6,700 M ptas. Babywear alone accounts for one third of this total (2,200 M ptas). Spain's major clients of children's wear are EC (40%), Arab countries and North America. Because of the creativity of its fashion designers, Spain ranks among the world leader in childrenswear after Italy and France.

Menswear imports continue to exceed exports. In 1989 Spanish menswear industry exported the equivalent of 12,230.8 million ptas and imported the equivalent of 29,091.4 million ptas. The items contributing to this trade imbalance were mainly non-knitted suits, jackets, trousers, etc. for men and children.

Mention should also be made of an increase in the imports of men's shirts, jackets and similar non-knitted items. These figures indicate a weakened Spanish menswear industry that cannot compete with foreign products entering the Spanish market at an ever increasing rate.

Major suppliers of menswear are Italy and Portugal (17.3% and 16.8%), followed by China, Hong Kong and Korea.

Spanish menswear exports are directed mainly at France, Italy and Portugal (30%, 14% and 13% respectively.

Note: All figures have been given in Spanish ptas because of fluctuations in exchange rates. (For a rough and ready comparison only drop 2 zeros to get the approximate amount in U.S. dollars.)

<u>Contacts</u>

Centro de Promocion de Diseno y Moda
(Design and Fashion Promotion Centre)
Ministry of Industry and Energy
Paseo de la Castellana, 149, 4 dcha
28046 Madrid
Tel (34-1) 572-1083, fax (34-1) 571-1564

Centro de Informacion Textil y de la Confeccion (CITYC)
(Textil and Garment Industry Information Centre)
Rosellon, 126, 5
08008 Barcelona
Tel (34-3) 215-1070, fax (34-3) 487-2362

Textil y Moda (Magazine)
Rosellon, 255, pral. 1
08008 Barcelona
Tel (34-3) 218-3504, fax (34-3) 238-1192

<u>Canadian Embassy Information</u>

Street address:
35 Nunez de Balboa
28001 Madrid, Kingdom of Spain
Mailing Address:
Apartado 587
28080 Madrid, Kingdom of Spain
Tel (011-34-1) 431-4300, fax (011-34-1) 431-2367 Telex (Destination code 52) 27347 (27347 DOMCA E)

GLOBAL MARKET OPPORTUNITIES REVIEW

SWEDEN - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Sweden, which forms a part of the Scandinavian peninsula in Northern Europe, shares borders with Norway and Finland. Sweden is approximately 173,000 square miles (450,000 square kilometres) in area, and has a coast line of 1,484 miles (2,390 kilometres). Sweden is roughly the same size as California or twice that of the United Kingdom.

Many of the major cities of Sweden are situated along the extended coast line. Stockholm, the capital, is situated on the east coast facing the Baltic. Gothenburg and Malmo, second and third in size, are situated on the west and southwest coast facing the waters adjacent to the Atlantic Ocean. The population of Sweden is 8.6 million.

Within the business sector, some 90% of all companies are privately owned and operate in an open market economy. The remaining 10% of the business sector is owned either by cooperative societies or by the State, although in operation differs little from private enterprises.

Estimated Size of the Apparel Market

The total consumption figures for ready made clothing in Sweden amounts to SEK 49,767,000,000 (CAD 8,294,000,000) .

Description of Opportunities for Canadian Manufacturers

Sweden imports more than 90% of its ready made clothing, the bulk of these imports come from China, Portugal, Hong Kong, U.K., Italy, Denmark, South Korea and Greece. The influence of sportswear from North America is increasing, although not yet a major supplier.

The Swedish market is dominated by rather youthful informal fashions, young people spend as much as a quarter of their income on clothing, where quality and brand is of prime importance.

These informal fashions of leisure and sportswear (winter and summer), include items such as plaid jackets and shirts, fleece goods, other warm winter jackets, parkas, overalls, snowmobile suits, sweatshirts, jogging overalls, socks, warm lined footwear.

There is also an important sector of the market in which garments are not sold through the retail outlets. These are promotional give-aways advertising the logo of companies. The garments commonly used for these purposes are T-shirts, sweatshirts, jogging suits, aprons, sweaters, etc.. There is also a large market for uniforms and work clothes. These markets are reached through the specialized import and trade channels.

There is a stable market for men's underwear, everyday shirts and childrenswear, since these are not influenced by fashion changes.

Importance of Brand Names

Brand names are of primary importance in Sweden, particularly for the younger generation.

Trade and Consumer Fashion Publications

Swedish buyers obtain their knowledge of fashion trends by visiting international trade fairs (see under Promotional Activities). The television media also has an impact on buyers decisions.

The most influential style magazines are:
"Habit" - a Swedish publication
"Vogue" and other international publications

Consumer Spending and Style of Dress

The market is dominated by rather youthful informal/casual fashions the area in which consumer spending is prevalent.

Contract Manufacturing Opportunities

Swedish wholesalers of ready made clothing now tend to offer design services to their customers, thus increasing the possibilities of contract work for their foreign principals.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Houses

Please refer to the listing at the back of this review.

Lists Available to Canadian Apparel Manufacturers

The Canadian Embassy, Stockholm, has a good relationship with the major Swedish apparel importers/distributors and lists of these outlets are available to Canadian manufacturers in their particular sphere of production through the Canadian Embassy.

PROMOTIONAL ACTIVITIES

Current Canadian Embassy Initiatives and Major Trade Shows

Trade Shows - International and Domestic, Fashion and Sportswear

Listed below are trade fairs along with dates usually held and remarks.

International Fashion Fair Stockholm
Stockholm (March and September)
- International fair for men's, women's and childrenswear.

Swesport, organized by Association of Swedish Suppliers of Sporting Goods (including sportswear)
Jonkoping (March and September)
- International fair for trade only

ISPO International Sporting Goods Fair
Munich (February/March and September)
- Sporting goods and activewear

IGEDO Fashion Fair
Dussellldorf (March and September)
- Fashion and underwear

Salon Pret-a-Porter, Fashion Fair
Paris (September)
- Fashion, women's children's

GDS, Footwear Fair
Dusseldorf (March and September)
- Important footwear show

The above trade fairs are regularly attended by Swedish buyers. A representative from the Canadian Embassy, Stockholm, attends the domestic fairs and when possible the ISPO fair, Munich, where there is a Canadian stand to which Swedish buyers are invited.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Swedish importers/distributors prefer to deal directly with the manufacturer rather than with trading houses and commercial agents. This is a general policy adhered to nationwide in view of high price and commission factor as well as communication problems that may arise.

The large retail chains purchase not only directly from the manufacturer but from agents and importing wholesalers. It is often advantageous for Canadian exporters to appoint an agent to sell his collection to these large outlets. However, large volume items e.g. jeans, t-shirts, men's shirts, ladies' blouses are often purchased directly. While lower sales volumes and/or high fashion content are bought through representatives.

There are two ways for the Canadian exporter to access the Swedish market.
1) Sales through established Swedish wholesalers. There is a very large number of wholesalers and middlemen in Sweden, most of them small firms. The Federation of Commerce and Trade ("Grossistforbundet Svensk Handeln) have incorporated the Textile Importers Association in their wholesale organization, their members represent over 50% of the total garment and textile supply to the Swedish market.
2) Sales through agents working on a commission basis. The Federation of Swedish Commercial Agents ("Svenska Handelsagenters Forening") has some 750 members.
It is generally better to have a sole representative rather than selling to several importers. A sole distributor is likely to be more inclined to take part in marketing activities and is thus liable to reach a larger market.

The appointment of agents outside Sweden to cover the Swedish market is not recommended.

Commission Rates and Terms of Payment

Commission rates vary from 10% to 15%, normally in the trade the figure is regulated to 10%.

There are no formal requirements for specific terms of payment. However, where competition is keen, favourable terms of payment might swing the deal. If an irrevocable letter of credit is demanded, it is advisable to specify whether other terms may be considered at a later stage. Common terms of sale are payment within 30 or 60 days after delivery against documents, varying with the type of goods and the credit rating of the purchaser.

Financial Practices

Canadian exporters should quote in Canadian Dollars or Swedish Crowns, not US Dollars.

Import Regulations

Customs regulations for import to Sweden are few. Only regular invoices, bills of lading or airway bills are necessary. Consular or special customs invoices are not required. In order to confirm the particulars of the import/notice customs declaration, an invoice plus packing lists should be presented .

The Canadian exporters' own commercial invoices are accepted and should be supplied separately in triplicate. Quotations should be made according to INCO terms (booklet and guide available from the Canadian Chamber of Commerce, Montreal, tel: 514-288-4000, rather than the less used FOB, CIF terms.

Where goods are subject to "advalorem" duty, invoices must be issued in the name of the purchaser. Almost all imports are subject to a value added tax of 25%.

Language Requirements

While the official language is Swedish, English is spoken widely, particularly among the business community. Similarly business correspondence with foreign companies is often in English.

Possibilities for Joint Ventures

The Canadian Embassy will be pleased to assist any company seeking joint venture opportunities.

CONTACTS

Associations

The Textile Importers Association in Sweden (Textilimportorerna), Stockholm The Federation of Swedish Commerce and Trade (Grossistforbundet Svensk Handel), Stockholm The Association of Swedish Suppliers of Sporting Goods, SPOFA (Leverantorsforening for Sportoch Fritidsartiklar), Stockkholm The Federation of Commercial Agents of Sweden (Sveriges Handelsagenters Forbund), Stockholm The Bicycle and Sport Dealers Association (Cykel- och Sporthandlarnas Riksforbund), Stockholm

Canadian Embassy Contact Information

Canadian Embassy
Tegelbacken 4, VII
P.O. Box 16129
S-103 23 STOCKHOLM
SWEDEN
Tel: 011-46-8-6139900
Fax: 011-46-8-242491
Contact: Mr. William Manston, Commercial Officer

SOURCES OF SUPPLY

Percentage of Domestically Manufacturefd Apparel versus Imports

In terms of quantity, imports of ready made clothing into Sweden is 90-94%, not less than 90%. A small portion of these imports are re-exported to their Nordic neighbours and EC countries.

The Association of the Swedish Ready Made Clothing Industry includes the primary textile producers in their organization of some 200 members, less than 50% are clothing manufacturers. There are 3,000 employees in the ready made clothing industry in Sweden.

A list of the principal Swedish clothing manufacturers, size and type of apparel manufactured, follows.

Swedish exports of clothing in 1992 amounted to three tons at a value of SEK 812,000 (CAD 135,000).

Current Sources of Foreign Imports by Country and Most Recently Available Statistics

Swedish Imports of Clothing (Current exchange rate CAD1=SEK6)

Country	1990 Quantity (in tons)	1990 Thousand SEK	1991 Quantity (in tons)	1991 Thousand SEK
China	10387	868268	13459	1219863
Portugal	12926	2280964	10864	2081040
Hongkong	10324	1447877	10235	1513517
Great Britain	5677	1169899	5798	1245265
Italy	5851	1298661	5676	1257820
Denmark	4454	1263237	4734	1322143
South Korea	3821	677153	3729	634825
Greece	3969	644337	3370	569331
Total	87000	14874000	87000	14812100

MAJOR BUYERS

Major Clothing Stores and Chains

H&M Hennes & Mauritz AB
Box 1421
S- 1 1 1 84 STOCKHOLM
Int phone no: 46-8-7965500 Int telefax: 46-8-207671 Telex: 17522 hmbuy
Total turnover: SEK 7,542 million
- Ladies',men's and children's clothing, young fashion, perfume and make-up.

Indiska Magasinet AB
Box 27317
S-102 54 STOCKHOLM
Int phone no: 46-8-23340, Telex: 11027 abind
- Ladies' and men's ready-made clothing, accessories, home furnishing textiles, gift-wares.

JC Inkops AB
Box 55034
S-500 05 BORAS
Int phone no: 46-33-172800 Int telefax: 46-33-123474 Telex: 36237 jciab
Total turnover: SEK 700 million
- Ladies', men's and children's wear. Coats, jackets, jeans, trousers, shirts, T-shirts, pullovers, dresses, skirts, blouses, underwear, gloves, caps, stockings, belts, shorts, swimwear.

Kapp-Ahl AB
Box 1002
S-431 26 MOLNDAL
Int phone no: 46-31-675500 Int telefax: 46-31-279434 Telex: 20740 kappahl
Total turnover: SEK 1,574 million

- Ladies', men's and children's ready-made clothing, young fashion.

Lindex
Kristineholmsvagen 14-16
S-441 84 ALINGSAS
Int phone no: 46-322-77700, telex 27455 lindex
Total turnover: SEK 2,700 million
- Ladies' ready-made clothing and underwear.

Desam Fashion Group AB
Box 5143
402 23 GOTEBORG
Int phone no: 46-31-830160 Int telefax: 46-31-403535
Total turnover: SEK 135 million
- Buying organization for ready made clothing.

MQ Sweden AB
Box 582
S-501 09 BORAS
int phone no: 46-33-136280 Int telefax: 46-33-110605
Turnover: SEK 294 million
- All kinds of ladies' and men's wear.

Hagenfeldt-Affarerna AB
Box 947
S-701 31 OREBRO
int phone no: 46-19-217300
Turnover: SEK 340 million

Polarn & Pyret AB
Osthammarsgatan 74
S-115 28 STOCKHOLM
int phone no: 46-8-7830700
- Children's and ladies' wear.

Major Swedish Department Stores

Domus
KF Handel AB
Box 1 5200
S-104 65 STOCKHOLM
Int phone no: 46-8-7431000 Int telefax: 46-8-428982 Telex: 1 9490 koop
Number of stores: 103

Ahléns AB
S-163 83 STOCKHOLM
Int phone no: 46-8-7501000 Int telefax: 46-8-7527973 Telex: 10007 ahlen
Total turnover: SEK 3,700 million

B&W Stormarknader AB
Kistagangen 21, Kista
S-163 97 STOCKHOLM
Int phone no: 46-8-7507700 Int telefax: 46-8-7529076 Telex: 13955 bwstor

Total turnover: SEK 3,609 million

Obs! Stormarknader
KF Handel AB
Box 1 5200
S-104 65 STOCKHOLM
Int phone no: 46-8-7431000 Int telefax: 46-8-428982 Telex: 19490 koop
Number of stores: 23

<u>Sports Clothing, Purchasing Groups</u>

Intersport Sverige AB
Box 1031
S-551 11 JONKOPING
Int phone no: 46-36-65000
Total turnover: SEK 520 million

Sportringen AB
Hornsgatan 8
S-832 00 FROSON
Int phone no: 46-63-105416 Int telefax: 46-63-125482
Number of stores: 41

Sportgruppen
Box 773
S-601 17 NORRKOPING
Int phone no: 46-11-129000 Int telefax: 46-11-165190
Number of stores: 14

Team Sportia AB
Box 308
S-521 01 ULRICEHAMN
Int phone no: 46-321-28100 Int telefax: 46-321-28306

Total turnover: SEK 700 million
Number of stores: 92

<u>Mail Order Houses</u>

Ellos Postorder AB
S-501 86 BORAS
Int phone no: 46-33-160000 Int telefax: 46-33-160444 Telex: 36173 ellos
Total turnover: SEK 2,500 million

Haléns Postorder AB
S-501 87 BORAS
Int phone no: 46-33-173300 Int telefax: 46-33-103815 Telex: 36060 halens
Total turnover: SEK 628 million

H&M Rowells AB
Box 1421
S-111 84 STOCKHOLM
Int phone no: 46-8-7965390 Int telefax: 46-8-207671 Telex: 17522 hmbuy s

Total turnover: SEK 412 million

Josefssons Postorder AB
S-501 88 BORAS
Int phone no: 46-33-171000 Inttelefax: 46-33-113421
Total turnover: SEK 640 million

Cellbes Postorder AB
S-501 81 BORAS
Int phone no: 46-33-104500 Int telefax: 46-33-126226 Telex: 36204 cellbe s
Total turnover: SEK 250 million

Vastgota Textilindustri
Box 53
S-5 10 60 OVERLIDA
Int phone no: 46-325-32200
Total turnover: SEK 120 million

APPENDIX 3

Major Swedish Manufacturers of Apparel - with type of merchandise and number of employees

Abecita AB
Box 646
S-50 1 09 BORAS
Employees: 51
Tel: + 46-33-127660, Fax: + 46-33-104349
- Brasseries, ladies' underwear, nightwear, dressing-gowns, leisure-wear, beachwear.

Abeko Konfektions AB
672 00 ARJANG
Employees: 27
Tel +46-573-11580, fax +46-573-11710
- Rainwear

Aspens Konfektionsfabrik AB
Box 801
S-52 1 23 FALKOPING
Employees: 137
Tel +46-515-86800, fax +46-515-80757
- Ladies' wear

Atlas AB, Kravattindustri
Box 12124
S-402 42 GOTEBORG
Employees:: 65
Tel +46-31-420240, fax +46-31-1428871
- Ties, scarves, belts, braces, knitted caps and gloves

Bergis AB
Box 3009
S-512 03 HILLARED
Employees: 84
Tel +46-33-282175, fax +46-33-282518
- Jeans, work clothing

Bjorcks Boras AB
Box 357
S-501 06 BORAS
Employees: 61
Tel +46-33-137080, fax +46-33-108299
-Uniforms, identity clothing, special protective clothing

Blaklader, AB
Box 124
S-512 23 SVENLJUNGA
Employees: 22
Tel +46-325-76630, fax +46-325-116880
- Work clothing

Craftgruppen AB

Box 74
S-50 1 02 BORAS
Employees: 42
Tel +46-33-102040, fax +46-33-107662
- Sport and leisure clothing

Damella AB
Box 134
S-565 00 MULLSJO
Employees: 107
Tel +46-3992-10610, fax +46-392-12929
- Underwear, nightwear, leisure wear

Engstroms AB
Box 191
S-782 24 MALUNG
Employees: 11
Tel: + 46-280-12050, Fax: + 46-280-10233
- Leather and fur clothing

ESS-Klader AB
Box 245
S-24 1 24 ESLOV
Employees: 9
Tel: + 46-413-14990, Fax: +46-413-17213
- Protective clothing, sport and leisure wear

ETON Fashion AB
Stora vagen 8
S-502 78 GANGHESTER
Employees: 52
Tel: + 46-33-256100, Fax: + 46-33-256346
- Shirts and blouses

Fristads AB
Box 58
S-513 01 FRISTAD
Employees: 126
Tel: + 46-33-261060, Fax: + 46-33-260606
- Work and leisure clothing, jeans

GEFA i Tranemo AB
Box 204
S-514 01 TRANEMO
Employees: 95
Tel: + 46-325-70160, Fax: + 46-325-76321
- Jackets, trousers, jeans, overalls, skirts

HEAB Produktions AB
Box 1 20
S-330 27 HESTRA
Employees: 30
Tel: + 46-370-35250, Fax: + 46-370-35560

- Shirts

Hector AB, Pierre
Box 44
S-286 01 ORKELLJUNGA
Employees: 25
Tel: + 46-435-52520, Fax: + 46-435-52241
- Men's wear

Jacobson AB, Oscar
Box 444
S-501 07 BORAS
Employees: 362
Tel: + 46-33-127150, Fax: + 46-33-131440
- Men's wear

Jonkopings Linnefabrik AB
Fanérvagen 7
S-566 00 HABO
Employees: 13
Tel: + 46-36-46015, Fax: + 46-36-46829
- Men's shirts

Knapens AB, Nya
Box 22043
S-500 03 BORAS
Employees: 1 7
Tel: + 46-33-124840, Fax: + 46-33-101088
- Children's wear.

Lapidus, AB TH
Box 348
S-501 06 BORAS
Employees: 141
Tel: + 46-33-127370, Fax: + 46-33-128044
- Ladies' and men's wear.

Ljungstromsgruppen AB
Box 47
S-643 00 VINGAKER
Employees: 275
Tel: +46-151-11 500, Fax: +46-151-12568
- Men's wear.

Malmo Strumpfabrik, AB
Box 8502
S-200 40 MALMO
Employees: 175
Tel: + 46-40-80140, Fax: + 46-40-927586
- Ladies' stockings.

Martinson Konfektion AB
Torsbo

S-520 10 GALLSTAD
Employees: 49
Tel: + 46-321-74089, Fax: + 46-321-74120
- Hospital and industrial clothing, garments for clean rooms.

Melka, AB
S-405 03 GOTEBORG
Employees: 93
Tel: +46-31-289020, Fax: +46-31-285369
- Shirts, sport and leisure wear, jackets, coats, suits.

Norham of Sweden
Box 54
S-562 00 NORRAHAMMAR
Employees: 30
Tel: + 46-36-61010, Fax: + 46-36-61323
- Coats.

Nyman AB, Broderna
S-510 91 LANGHEM
Employees: 22
Tel: + 46-325-40240, Fax: + 46-325-40123
- Men's and boys' trousers.

Oscar of Sweden AB
Box 44060
S-500 04 BORAS
Employees: 52
Tel: + 46-33-108580, Fax: + 46-33-100248
- Shirts and blouses.

Philip AB, André
Box 84
S-281 21 HASSLEHOLM
Employees: 92
Tel: + 46-451-14080, Fax: + 46-451-10822
- Work and protective clothing, synthetic coats, aprons.

Portia AB
Box 1 0054
S-200 43 MALMO
Employees: 39
Tel: + 46-40-86970, Fax: + 46-40-84430
- Ties, belts, braces, scarves.

Resterods Trika AB, Nya
Box 43
S-459 21 LJUNGSKILE
Employees: 38
Tel: + 46-522-20620, Fax: + 46-522-20590
- Children's and men's tricot underwear.

Ringquist & Co. KB

Box 99
S-573 21 TRANAS
Employees: 19
Tel: + 46-140-17070, Fax: + 46-140-19150
- Fur lined coats, furs, fur jackets, fur hats.

Roséns Trik3 AB
Box 95
S-523 01 ULRICEHAMN
Employees: 80
Tel: +46-321-15000, Fax: + 46-321-16122
- Ladies' wear, large sizes. Men's wear (tricot). Underwear for cold weather (tricot).

Skoglund Produktions AB, Johan
Box 22093
S-500 02 BORAS
Employees: 45
Tel +46-33-127355, fax +46-33-134788
- Ladies' and men's wear. Coats.

Sport-Johan AB
Goteborgsvagen, Olsfors
S-517 00 BOLLEBYGD
Employees: 143
Tel: + 46-33-295010, Fax: + 46-33-295448
- Sports wear.

Stenstroms Skjortfabrik AB
Regementsvagen 1
S-254 57 HELSINGBORG
Employees: 1 08
Tel: +46-42-151180, Fax: + 46-42-154906
- Shirts and blouses.

Tibas Sport AB
Bangatan 1 1
S-265 00 ASTORP
Employees: 26
Tel: +46-42-55515, Fax: + 46-42-50361
- Hockey and bandy clothing, helmets.

Topeco, Fabriks AB
Box 1 83
S-523 24 ULRICEHAMN
Employees: 104
Tel: + 46-321 -12320, fax: +46-321-13124
- Men's and children's socks.

Vislanda Konfektion AB
Box 23
S-340 30 VISLANDA
Employees: 35
Tel: + 46-472-30309, Fax: + 46-472-30034
- Ladies' wear

GLOBAL MARKET OPPORTUNITY REVIEW

SWITZERLAND- APPAREL

MARKET OPPORTUNITIES

Territory Overview

Market opportunities for Canadian manufacturers of menswear, womenswear and childrenswear: With the exception of special garments, such as Western shirts, lumberjack coats, plaid shirts and certain items of sportswear, prospects for Canadian clothing manufacturers are very slim. Switzerland, a non negligible producer of apparel, is surrounded by suppliers of conventional fashion and sports apparel, making competition fierce.

Estimated Size of the Apparel Market

Estimated size of the Swiss apparel market in Canadian dollars for men, women and children's clothes is Cdn$ 4.8 billion (SF 5.6 billion). (In 1991: Cdn$ 1.2 billion menswear; 2.2 billion womenswear; 470 million childrenswear. Women sportswear accounted for Cdn$ 202.5 million, underwear 273.3 million; men sportswear Cdn$ 181 million, underwear 145 million.)

Description of Opportunities

Cold weather clothing, jeans, conventional clothing, sportswear, T-shirts, jogging suits and leather garments. Because of the recession, the trend is towards functionality and good quality garments. For the autumn the main items are heavy wool sweaters and jackets (country style), "riding" jackets and trousers, waistcoats and 3/4 jackets (Style: heavy American influence); the materials used are: bouclés, tweeds, twills,' cords and leather; the designs are inspired from Incas and American Indians.

Importance of Designer Brand Names

Swiss clothing manufacturers do not usually use designer brand names for luxury items (such as Dior, Ungaro, Versace, etc.). Private labels are used by some stores, particularly department store chains. Thus, there are either "manufacturers' or "trade" labels.

Where do buyers get their knowledge of fashion trends? Which style magazines are the most influential? Buyers visit the major fairs in Europe and read such magazines as "Textil-Revue" (Swiss) and "Textil-Wirtschaft" (German).

Seasonality

Approximately 50% of requirements are for spring/summer and 50% for autumn/winter clothing.

Consumer spending (in 1991):

Women's apparel:	Cdn$ 950 (SF 1,100)
Menswear:	Cdn$ 605 (SF 700)
Childrenswear:	Cdn$ 475 (SF 550)

Marketing practices by competitors

They attend the major trade fairs in Europe.

Opportunities for contract manufacturing

Such opportunities do exist. Several garments sold in Switzerland are custom made, particularly in Asian countries.

MAJOR BUYERS

Independent retailers, multi-branch clothing stores and high-end department stores (Globus, Jelmoli, Bon Génie). This group absorbs close to 50% of the total market.

Lists of apparel buyers are available from the Canadian Embassy on request.

SOURCES OF SUPPLY

In 1992 the percentage of domestically manufactured apparel was 8% versus 92% of imports.

In 1992 there were 295 apparel manufacturers (with more than 10 employees) employing 13,000 people in Switzerland. Local firms manufacture women, men and children clothing.

Current source of foreign imports

In 1992 and for the first time in 14 years, both imports and exports of clothing decreased (by 1.1% and 3.6% respectively) compared to 1991. Imports decreased mainly for woven apparel. The major supplying countries were: Germany (32%), followed by Italy, France and China. Approximately 1/3 of all imports originate in Asian countries. Canada supplied Cdn$ 2.07 million (SF 2.4 million) worth of apparel, Cdn$ 1,49 million (SF 1,73 million) worth of brassieres and corsets and Cdn$ 682,088 (SF 791,223) worth of gloves in 1992.

Recent imports broken out by categories: See attached statistics for 1992.

PROMOTIONALACTIVITIES

The major fashion show in Switzerland is SERATEX, held semi-annually in Lausanne. Buyers weeks and new collection showings are organized twice a year by "Textil & Mode Center Zurich" (TMC), a building with permanent showrooms incorporating some 350 firms of which approximately 180 are handling sports, leisure and casual wear. Only tenants of the TMC can participate as exhibitors.

There are two sporting goods/sportswear exhibitions: SWISSPO, Zurich (held in March) and BESPO, Berne (September). Canadian manufacturers could also consider attending ISPO in Munich (held biannually at the end of February, where Canada has traditionally been present with a national stand).

Buyers "shop" at shows in Paris (Salon International du Pret-à-Porter Féminin, Salon de la Mode Enfantine), Milan (Milanovendemoda), Dusseldorf (First View), Cologne (International Menswear Fashion Weeks) and Munich (Fashion Weeks).

Local magazines that can be considered for advertising by Canadian exporters: Textil-Revue, Furstenlandstrasse 122, CH-9001 St-Gallen, Switzerl. (fax 011/41/71/ 29 74 49).

BUSINESS ENVIRONMENT

Marketing and distribution methods

This is done by local agents, distributors or direct sales. The major Swiss firms import directly or buy from local agents, the smaller firms buy from agents and distributors. Lists are available from our embassy upon request.

Typical commission rates and payments terms

Usually between 5 to 10%.

Financial practices

Canadian exporters may quote in Cdn or U.S. dollars and in Swiss Francs (C.I.F.)
Advertising for the introduction of new trademarks is usually at the cost of the manufacturer, with advice from the importer/distributor.

Import regulations

The Swiss textile and clothing industry would very much welcome the adherence of Switzerland to the EC in order to avoid all the problems leading to discrimination.

Language requirements

Language of business: English is understood all over Switzerland. Preferred language for promotional material: German, French or Italian, depending on the region to be addressed.

Joint Ventures

Possibilities for joint ventures exist. Interested companies can write to the Swiss Clothing Manufactuters' Association asking that a notice (free of charge be placed in the bulletin addressed to their members.
Address: SWISSFASHION, P. O. Box 26S, CH-8027 Zurich (fax 011/41/1/202 06 51).

Legal practices

A copy of the usual agency contract is enclosed.

CONTACTS

There is no apparel agents association nor an apparel industry\ importers association. There are however the following specialized associations: - Association suisse des magasins de mode masculine
Alpenstrasse 14a, CH-8620 Wetzikon (fax 011/41/1/932 20 57)
Association des grands magasins suisses, Holbeinstrasse 22,
CH-8032 Zurich (fax 011/41/1/252 40 97)

Canadian Embassy Information

Street Address:
Kirchenfeldstrasse 88
CH-3005 Berne, Switzerland
Mailing Address:
P.O. Box 3000
Berne 6, Switzerland

Tel 011-41-31-44-63-81
Fax 011-41-31-44-75-15

GLOBAL MARKET OPPORTUNITY REVIEW

UNITED KINGDOM - APPAREL

MARKET OPPORTUNITIES

UK Market Overview

The UK territory includes England, Scotland, Wales and Northern Ireland. With a population of 57 million the apparel market is twice the size of Canada. The apparel market is concentrated on the main urban areas of London, Manchester, Birmingham and Leeds, although retail operations are spread throughout the territory. Apparel retail in this market is very homogeneous, all the major retailers have outlets throughout the country. Marks and Spencer, the largest UK apparel retailer accounts for 18% of all sales in this sector. The UK economy is highly diversified, with service industry in the main metropolitan areas and manufacturing in the Midlands.

Size of the Apparel Market

Apparel sales in this area are $34 billion (retail prices) including sports clothing and footwear. All the major components of the apparel sector (tailoredwear, outerwear, casualwear, sportswear) are strongly represented. Womenswear accounts for 55 % of retail sales, childrenswear 25% and menswear 20% of sales.

Opportunities for Canadian Manufacturers

High import penetration signifies that this market is a good opportunity for Canadian manufacturers to start to export to Europe. Consumer tastes for apparel in this market fit a wide range of styles. Urban and metropolitan areas where professional incomes demand apparel with a high fashion content provide good opportunities for contemporary fashion.

Canadian apparel does not have a strong image in this market partly because it is unknown and because it is not differentiated from other North American products. The main opportunities for Canadian apparel manufacturers exist for high end fashion, specialist outdoor apparel particularly outerwear and low cost apparel that is able to compete successfully with imports from the Far East and Eastern Europe.

Significance of Brand Names

For this market brand names are very important. The consumer is well informed about the major clothing brands and is generally aware of the main fashion trends. Brand names are particularly important for the mid-better and upper price ranges and for womenswear rather than menswear. For popular priced apparel, cost and value for money are considered to be more important product differentiation criteria.

Trade and Consumer Fashion Publications

Retail buyers of apparel typically subscribe to the major UK and international trade publications such as:

Publication	Market
Drapers Record	Fashion retail, all sectors
Fashion Forecast International	Fashion and fabric trends
Clothes Show Magazine	Retail buyers guide

Fashion Weekly	Fashion news and industry features
Helines	Fashion industry news

Consumers magazines include Vogue, Cosmopolitan, Marie Claire, Womans Journal, Arena and GQ.

Fashion Seasons

There is a market for almost all seasons of apparel in this territory. The main seasons are for winter and spring collections and styles, although summer and between season fashion has become an increasingly significant part of the fashion apparel industry.

Consumer Spending and Fashion Style

Consumer spending on clothing and footwear in this area is the third highest in Europe after Germany and France. The British spend nearly six per cent of their income on clothing and footwear. Retail trends towards increased outlet promotions and discount sales have raised the consumers expectations of discount prices.

A variety of fashion styles are available to the consumer in this territory. Whereas the more traditional conservative fashion styles predominate in British fashion there is also a robust and dynamic contemporary and modern fashion apparel sector. With the exception of extreme cold weather apparel, there are market opportunities for almost all fashion styles.

Marketing Practices

It is common for the larger manufacturers to invest considerable resources in developing and maintaining good links with the major retailers. A wide range of marketing and merchandising techniques are employed by manufacturers to promote their products in-store. The main promotion initiatives used by manufacturers are:

- in store concessions;
- staff training;
- fashion previews and store promotions;
- service development initiatives.

Contract Manufacturing Opportunities

Contract manufacturing initiatives are available for both retailers and the major fashion brands. Manufacturers seeking to develop their contract manufacturing business in this area must be aware of the logistics challenge facing them. A list of the major retailer in this territory is shown in the "Major Buyers" section.

MAJOR BUYERS

Key Accounts, Buying Offices and Mail Order Catalogues

The major department store chains in this market are:

Store Group	Stores
John Lewis Partnership	22
Debenhams plc	70
House of Fraser Group	74
Allders Department Store	15

Owen Owen plc	13

The main specialty store chains are:

Store Group	Stores	Lines
Mothercare	260	baby, nursery
Adams Childrenswear	250	children
Littlewoods	122	popular
C & A	120	popular
Marks and Spencer	297	mid price
BhS	137	popular
Next	332	mid price/young fashion
Olympus Sports	268	sports/leisure
Etam	213	popular womenswear
Richard Shops	225	popular womenswear

Main order catalogues are:

Store Group	Lines
Freemans plc	popular
Great Universal Stores plc	popular
Grattan plc	

Many of the major retailers (Mothercare, Littlewoods) also have home shopping services.

Group buying offices are:

Store Group	Stores
Associated Independent Stores	250
British Shops and Stores Assoc. 480	

Lists for Canadian Apparel Manufacturers

The Canadian High Commission maintains a listing of the major retailers, buyer offices and buyers for all consumer product, apparel and accessories. This is also available from the Retail Directory.

Language Requirements

English is the only commercial language in this territory. English is also the dominant international commercial language for European retail operations.

Joint Venture Opportunities

The Canadian High Commission will be pleased to work with any firm looking to identify prospective joint venture partner companies in this territory. The UK is regarded as a favourable location for joint ventures due to its similar financial and commercial structure and close trade links with Canada.

Commercial Contacts

The Canadian High Commission has a database of apparel retailer contacts, agents, importers and distributors. These contacts can be made available to manufacturers who are seeking to export to this area.

Canadian High Commission Contact Information

Canadian High Commission
Macdonald House
1 Grosvenor Square
London SWI OAB

Tel: 44 71258 6658
Fax: 44 71258 6384

International Trade Shows

Retail buyers in this area attend major national as well as international trade shows in the UK and Europe. Buyers representing the large retailers will also attend selected trade shows in North America and the Far East.

UK Trade shows:

Premier Collections, (February and August). National Exhibition Centre, Birmingham. 1300 exhibitors representing womenswear, menswear, childrenswear, bridal, lingerie.

London Show, (February and September) Olympia, London. 200 exhibitors representing womenswear and young fashion.

The main European trade shows are IGEDO (Germany), Paris Fashion Show (France).

BUSINESS ENVIRONMENT

Marketing and Distribution Methods

Apparel manufacturers use a number of selling approaches for this territory. Larger manufacturers will sell on a direct basis, others will use a show room and representatives selling into designated territories. For companies exporting to this territory the most common way of selling and distributing is to use agents (mid and better priced lines) or importers (popular priced lines). Specialist logistics and garment handling companies are also used to package and distribute order programs.

Commission Rates and Payment Terms

Agent's commission rates vary according to the type of apparel product (value and expected margin) and the success and position of the brand. For mid to better priced apparel agents will normally expect to receive commission of 12 per cent. This may be reduced to 10-8 per cent as has been the case during the current economic downturn. For established brands and higher volume apparel products the start commission may be eight per cent and may drop to 6-5 per cent. The final commission package will also be affected by any agreements regarding promotions and trade show participation.

Payment terms vary depending on the order size, delivery and the customer. Payment is usually by letter of credit.

Financial Practices

All prices should be quoted in £'s sterling CIF UK with insurance, duty and customs fees included. For small orders prices may be quoted FoB Canada.

Import Regulations

There are no barriers restricting the import of Canadian made apparel into this territory. Manufacturers must ensure that the appropriate customs documentation is completed and import duty and VAT are payed on goods entering the UK.

SOURCES OF SUPPLY

Import Penetration in the Apparel Sector

The high level of import penetration in the UK makes the market attractive for a large number of foreign manufacturers. Import penetration is highest in tailored womenswear and tailored menswear accounting for 50-60% of sales.

Local Apparel Manufacturers

There are many significant national and international apparel manufacturers located in this territory. Many international companies have a manufacturing presence in the UK and considerable operations in other countries. Manufacturers in all apparel sectors are active in this territory, including Jaeger, Acquascutum, Daks, Coats, Vyella, Dawson International, Courtaulds.

Main Source of Apparel Imports

The main sources of imports to this territory are Europe for mid and better priced apparel (Germany, France, Italy) and the Far East for popular priced wear (Hong Kong, China, Thailand, Malaysia). The USA is also a significant exporter to the UK. Eastern Europe is also expected to develop as a major supplier of budget priced apparel products.

Canadian High Commission Contact Information

Macdonald House
One Grosvenor Square
London W1X 0AB
England
Tel 011-44-71-258-6600
Fax 011-44-71-258-6384
Telex (Destination code 51) 261592 (CDALDN G)

SECTION IV

EASTERN EUROPE

1. **CZECH REPUBLIC, Prague**
   SLOVAK REPUBLIC, Bratislava
2. **HUNGARY, Budapest**
3. **POLAND, Warsaw**
4. **ROMANIA, Bucharest**
5. **RUSSIA, Moscow**

GLOBAL MARKETING OPPORTUNITY REVIEW

CZECH REPUBLIC AND SLOVAK REPUBLIC - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Czech and Slovak apparel industry has always been considered as one of the most efficient industry sectors and has been traditionally export oriented. Prior to 1989, exports of apparel always exceeded imports.

Estimated Size of the Apparel Market

In 1988, the export of apparel amounted to approximately Czech Crowns 3.5 billion (3.4% of total exports, compared with imports worth Czech Crowns 1.5 billion, which represents 1.5% of total imports). In 1988 the value of apparel exports to Canada amounted to Czech Crowns 19.8 million, but no apparel was imported from Canada. Since the revolution in 1989, this situation changed considerably. Privatization of industry slowed down the development of the local apparel industry while liberalization of foreign trade and the possible conversion of the local currency opened up for imports of apparel from foreign suppliers. Initially, the local market was flooded with low-end products supplied primarily by Southeast Asia and India. The export of Canadian apparel to the Czech and Slovak markets was Cdn $1.2 million in 1992.

Description of Opportunities for Canadian Manufacturers

Hundreds of new local importers and distributors have just emerged, some with very limited experience in the apparel field, therefore making it difficult to identify importers and distributors. Western European high-priced fashion houses have opened such shops as Betty Barclay, Aquascutum, Rodin, Boss, La Panthera, Palmer, Craull, Mondi, Borsetta, Benetton and Quelle. In spite of extremely high prices, there is a market for these products. Canadian exporters could find opportunities in middle priced, good quality apparel. However, a large number of Czechs and Slovaks look for cheap or even second hand apparel because of low incomes (salary is about Czech Crowns 5,000 or the equivalent of Cdn $230.00 a month).

BUSINESS ENVIRONMENT

An Austrian market research institute IMAS conducted a study which focused on the purchasing behaviour of Czech and Slovak apparel consumers. The study concluded the following: a) about two thirds of all Czech and Slovak consumers now spend a greater proportion of their income on clothing than two or three years ago; b) 74% of consumers usually visit more than one shop and compare product and price before they decide to purchase; c) 56% of those questioned prefer to purchase clothing in specialized shops, with 44% choosing large department stores; d) Czech and Slovak consumers, particularly those from capitals or larger cities are fashion conscious. Prior to 1989 when only a small quantity of imported products were available from the West, Czech and Slovak women relied on "sewed at home" apparel and copied western European fashion trends. Only 20% of men and 22% of women bought a new suit annually. Sixty-eight per cent of men purchased a new shirt once a year while 58% purchased trousers. For women, 59% purchased a new blouse and 50% a pullover once a year. Blue jeans are still very popular particularly among younger people. The survey indicated that 75% of men less than 30 years old purchased at least one pair of blue jeans, while 62% purchased other types of trousers annually.

MAJOR BUYERS

A list of Czech and Slovak apparel wholesalers follows which can be used as the first point of contact for Canadian companies interested in the apparel market. Business credit reports can be obtained through offices of Dun & Bradstreet, Intercredit or Trading Banks for a fee. A list of department stores is also included in this report.

Promotional Activities

The following trade shows held in the Czech or Slovak Republics may also be a good start for the introduction of Canadian companies to this market:

-La Donna (ladies' apparel), Prague, February
-Elegance, Prague, February and September
-Trencin-Town of Fashion, Trencin, Slovak Republic, March or April and September
-Styl-International Consumer Goods Fair, Brno, April
-CHIC, Praha, May
-LVT (exhibition markets of consumer goods), Liberec, July or August
-IN-Man and Fashion, Liberec, September
-Styl-Fashion Point, Brno, October

Advertising can be either placed in dailies or in local fashion magazines:

Zena A Moda (women and fashion)
Nekazanka 18, 110 00 Praha 1, Czech Republic, tel/fax 0042-2-261187

Tina
V. Huga 6, 150 00 Praha 5, Czech Republic, tel 0042-2-544650, 540150, fax 0042-2-540519

Eva
Martanovicova 25, 800 00 Bratislava, Slovak Republic, tel 0042-7-210-3340

Burda and Neue Mode are the most popular foreign fashion magazines which are sold in Czech and Slovak Republics.

BUSINESS ENVIRONMENT

Payments can vary from advance or cash payments, payment against documents, confirmed letter of credit (importers often prefer the former, due to high costs and admin complexity of L/C). There are no quota limits or other non-tariff barriers relating to imports of apparel. Apparel import customs tariffs range from 2.5 to 15% and VAT of 23% is also applied.

Information on Czech, Slovak or Canadian companies as follows:

Dun & Bradstreet
Konviktska 5, 110 00 Praha 1, tel 0042-2-266341-47, fax 0042-2-226752
Contacts: Ing. Pirko, Ing. Langer (ext 245)
Costs: Info on Czech or Slovak companies Kcs 1,890.00, on Canadian companies Kcs 5,670.00

CSOB (Trade Bank)
Division 433 - Firemni informace, Na prikope 14, 115 20 Praha 1
Info on Czech and Slovak companies, Mrs. Matousova, phone 0042-2-2332211, 2332411, fax 0042-2-2358975, costs: Kcs 200.00-300.00; Info on foreign companies, Mrs. Koutska, phone 0042-2-766117-19, fax 0042-2-766115, costs Kcs 200.00 - 1,500.00

Intercredit Praha s.r.o.
Havelkova 22, 130 00 Praha 3, tel 0042-2-236 33 47, 235 05 88-95, fax 0042-2-236 39 74, contact Dr. Ing. Roman Studnicny, Director, cost of commercial info on one company Kcs 1,950.00

Currency

Canadian exporters can quote either in Canadian or US dollars or in any other hard currency. Both Czech and Slovak Crowns are internally convertible. Hard currency is readily available for import transactions involving the Czech Republic. While Slovak Crowns remains internally convertible, current developments restrict the conversion of hard currency for now.

Canadian Embassy Information

Mickiewiczova 6
125 33 Prague 6
Czechoslovakia
Tel 011-42-2-312-0251/55
Fax 011-42-2-311-2791
Telex (Destination code 66) 121061 (DMCN C)

Czech Periodicals for possible placement of advertisements

Hospodarski noviny (the leading economic weekly)
N porici 30, 112 86 Praha 1, tel 232 96 72, fax 232 98 03
Circulation: 160,000 copies; basic rate of ad: Kcs 60.00/1 mm of 48 mm wide column, Kcs 130,000.00/1 page (248 x 380 mm)

Profit (new independent economic and entrepreneurial weekly)
Karmelitska 18, 118 24 Praha 1, tel 53 41 31-6, ext 217, 53 50 33, 53 18 87, fax 53 27 15
Circulation: 140,000 copies; basic rate of ad: Kcs 54.00-74.00/1 mm of 52 mm wide column, Kcs 29,500.00-31,500.00/1/4 page

Mlada fronta DNES (the most popular daily)
Inzertni odd., Na porici 30, 112 86 Praha 1, tel 282 28 07, 282 29 07, fax 232 11 44
Circulation: 530,000 pcs, basic rate of ad: Kcs 120.00/cm2

Lidove noviny - inzerce (popular daily)
Melantrichova 15, 110 00 Praha 1, tel 22 19 13, 26 67 02, fax 235 14 02
Circulation: 350,000 pcs, basic rate of ad: Kcs 135.00/cm2, Kcs 64.00/1 mm of 48 mm wide column, Kcs 15,120.00/1/4 page (189 x 125mm)

Annonce (daily specialized in advertisements)
Na porici 30, 110 00 Praha 1, tel 26 58 30, fax 232 01 64
Circulation: 30,000 pcs, basic rate of ad: Kcs 60.00/cm2 or Kcs 20.00-100.00/one short line depending on the type of letters

Canadian $1.00 = approximately Kcs (Czech crowns) 22.00

Czech and Slovak Apparel Wholesalers

ACCO spol. s.r.o.
152 44 Psary 130,, CR

Agentura Elis
Divadelni 3, 602 00 Brno, DR, tel 0042-5-23464

Bartex, spol. s.r.o.
St. Kosika 27, 043 58 Kosice, SR, phone 0042-95-4867, fax 0042-95-34500

Beltex Pisek, komanditni spol.
Nabrezi 1. maje 2259, 397 01 Pisek, CR, tel 0042-362-4867 or 4862, fax 0042-362-2421

Bevotek Bratislava, spol. s.r.o.
Nevadzova 5, 826 13 Bratislava, SR, tel 0042-7-228033, fax 0042-7-238908

Boutique Jana - Janna Q
Prazska 14, 261 01 Pribram 2, CR, tel 0042-306-22632 or 22572 oor 22529, fax 0042-306-22632

Commercia, spol s.r.o.
Blohorska 4, 301 64 Plzen CR, tel 0042-19-36240 or 220309, fax 0042-19-36286

DLT, spol. s.r.o.
Hlavni 1050, 708 00 Ostrava-Poruba, CR, tel 0042-69-434652, fax 0042-69-261519

Domus, spol. s.r.o.
Novosady 95, 594 01 Velke Mezirici, CR, tel 0042-619-34\841 or 0042-619-2931

Dovotexd
Pod Kalvariou 16, 995 16 Topolcany, SR, tel 0042-815-26366, fax 0042-815-26366

Eurocalorex
Vrsovicka 41, 101 00 Praha 10, CR, tel 0042-2-204658, fax 0042-2-204021

Gryc Jiri
Dukelskych hrdinu 1, 690 02 Breclav, CR, tel 0042-627-20304

Hamad-Omar Company Export-Import
Svermova 1453, 535 01 Prelouc, CR, tel 0042-457-2421 or 2424, fax 0042-457-2425

Hollit
Bajkalska 22, 821 09 Bratislava, SR, tel 0042-7-61380, fax 0042-7-61380

Jednota Velke Mezirici
Trebicska, 594-18 Velke Mezirici, CR, tel 0042-619-3341, fax 0042-619-22443

Konar CS, spol. s.r.o.
Obranska 60, 614 00 Brno, CR, tel 0042-5-575888/331, fax 0042-5-576543

Konax, a.s.
Krizikova 17, 228 77 Jihlava, CR, tel 0042-66-20581, fax 0042-66-22877

Kvatro, spol. s.r.o.
Box 7, 763 11 Zelechovice-Lipa, CR, tel 0042-67-31728, fax 0042-67-31197

L.H.H. spol. s.r.o.
Nove sady 34, 602 00 Brno, CR, tel 0042-5-322301

Lagris
Masarykova 137, 763 26 Luhanovice, CR, tel 0042-67--932303 or 933154, fax 0042-67-932094

Latexo Drexlerova
E.M. Soltesovej, 036 01 Martin, SR, tel 0042-842-38669

Lorko
Mokrance 135, 045 01 Mokrance, SR, tel 0042-943-2026

Madeleine-Lavicka
Mostni 12, 750 02 Prerov, CR, tel 0042-641-2229

Marthaus, spol. ss.r.o.
Kozusnicka 2, 012 50 Trencin, SR, tel 0042-831-28223, fax 0042-831-28223

Media Mira, spol. s.r.o.
Seifertova 953, 363 01 Ostrov nad Ohri, CR, tel 0042-164-911418 or 911419, fax 0042-164-911419

Moon
Bozdechova 5, 400 01 Usti nad Labem, CR, tel 0042-47-631 48

Odevy Usti nad Labem, s.p.
Vanickova 1, 400 45 Usti nad Labem, CR, tel 0042-47-23228

Otex-Odevy Bratislava
Liscie udolie 61, 842 48 Bratislava, SR, tel 0042-7-326541, fax 0042-7-326082

Otex-Textil Zilina
Hviezdoslavova 26, 010 67 Zilina, SR, tel 0042-89-30584, fax 0042-89-41872

Profex Prerov 1, spol. s.r.o.
Box 31b, 751 51 Prerov 1, CR, tel 0042-641-4480, fax 0042-641-4480

R.K. Velkobchodni sklady, a.s.
Ludvikova 16, 716 00 Ostrava-Radvanice, CR, tel 0042-69-211801 or 231828, fax 0042-69-232861

Razant
Hlavna 35, 040 01 Kosice, SR, tel 0042-95-21456, fax 0042-95-21456

Sipox
Cervenova 28, 811 03 Bratislava, SR, tel 0042-7-316117, fax 0042-7-316058

Steting
nam. Mieru 8, 045 01 Moldava nad Bodvou, SR

Studio S
5. kvetna 422, 261 01 Pribram, CR, tel 0042-306-27960

Spicka
Csl. armady 18, 040 01 Kosice, SR, tel 0042-95-59854, fax 0042-95-59854

Tena, spol. s.r.o.
Ceskobratrska 3, 679 61 Letovice, CR, tel 0042-501-935141-2 or 935943, fax 0042-504- 935134

Textil Praha 1 - Stredocesky kraj
Rytirska 18, 110 01 Praha 1, CR, tel 0042-2-222332, fax 0042-2-228247

Timo, s.p.
Drahobejlova 4, 190 00 Praha 9, CR, tel 0042-2-826141-3, fax 0042-2-6835610

Tregant Intertrade, spol. s.r.o.
Z. Nejedleho, 460 42 Liberec, CR, tel 0042-48-20357, fax 0042-48-20357 or 421171

Trimex, spol. s.r.o.
Studentska, 530 09 Pardubice, CR, tel 0042-40-40234 or 47061, fax 0042-40-47061

Uniexim, spol. s.r.o.
Londynska 11/559, 120 00 Praha 2, CR, tel 0042-2-2557102 or 6919335, fax 0042-2-2557192 or 6919335

Alta, spol. s.r.o.
Malhonova 23, 613 00 Brno, CR, tel 0042-5-577637 or 572049, fax 0042-5-572049

Barkotex, spol s.r.o.
K. Rysance 16, 147 54, Praha 4, CR, tel 0042-2-461641 or 463222, fax 0042-2-461719 or 467724

Bocomp
Moldavska 21, 040 11 Kosice, SR, tel 0042-95-28497 or 712202, fax 0042-95-28497 or 712202

CCS Slovakia, spol. s.r.o.
Rybnikova 15, 917 00 Trnava, SR, tel 0042-805-20116 or 22731, fax 0042-805-20121

Centrotex, a.s.
nam. bhrdinu 3, 140 00 Praha 4, CR, tel 0042-2-4107811, fax 0042-2-438771

Deto
Dlazdena 179, 550 01 Broumov, CR,, tel 0042-447-021336 or 22425, fax 0042-447-21336

Dirako Trutnov - Ing. Isa
Krkonoska 770, 541 01 Trutnov, CR, tel 0042-439-4\5455, fax 0042-439-5455

Domex, spol. s.r.o.
Cerna Louka, pavilon G, 701 00 Ostrava, CR, tel 0042-69-231389 or 231289, fax 0042-69-231338

Eurodelta, spol. s.r.o.
Stresovicka 49, 162 00 Praha 6, CR, tel 0042-2-365040, fax 0042-2-365040

Friends of Commerce Prostejov
Travnicka 4, 796 01 Prostejov, CR, tel 0042-508-66766

Futura, spol. s.r.o. Gruppo
Deltaitalia, Na Kvetnici 700, 140 00 Praha 4, CR, phone 0042-2-420277, fax 0042-2-6926146

Futuro DeMos Eagles Group Co. Ltd.
Lesnicka 41, 613 00 Brno, CR, tel 0042-5-527792 or 523860, fax 0042-5-528243

Gloria
Uvoz 63, 602 00 Brno, CR, tel 0042-5-756798,f ax 0042-5-752520

Goldex, spol. s.r.o.
Rilska 3181, 143 00 Praha 4, CR, tel 0042-2-2354968, fax 0042-2-2354968

Haachl Trans, spol. s.r.o.
Tunelaru 327, 156 00 Praha - Zbraslav, CR, tel 0042-2-591216, fax 0042-2-591216

HV, spol. s.r.o.
Na Florenci 35, 112 00 Praha 1, CR, tel 0042-2-2320556 or 2325938, fax 0042-2-232577

Ceska Obchodni, spol. s.r.o.
nam. T.G. Masaryka, 148 23 Praha 4, CR, tel 0042-2-7431436-7 or 250024, fax 0042-2-250238

Idemo, spol. s.r.o.
Stepanska 33, 110 00 Praha 1, CR, tel 0042-2-228135 or 220211, fax 0042-2-228135

Jugotekstil CS, spol. s.r.o.
Lazarska 5, 110 00 Praha 1, CR, tel 0042-2-203433 or 2-1813, fax 0042-2-20463

Konar CS, spol. s.r.o.
Obranska 60, 614 00 Brno, CR, tel 0042-5-575888/331, fax 0042-5-576543

Kontex Hradex Kralove, s.p.
Kalendova 688, 501 14 Hradec Kralove, CR, tel 0042-49-39041111, fax 0042-49-37027

Mirodev, o.v.d.
Velka 2, 701 20 Ostrava 1, CR, tel 0042-69-233621 or 232503, fax 0042-69-231465

Pragodev
Rybna 10, 114 04 Praha 1, CR, tel 0042-2-2325051, fax 0042-2-23220016

Slovakotex
Jilemnickeho 2, 911 40 Trencin, SR, tel 0042-831-23487, fax 0042-831-23924

Textil A Odevy Brno. s.p.
nam. Svobody 4, 657 98 Brno, CR, tel 0042-5-22392, fax 0042-5-25607

Textil A Odevy Praha
U prasne brany 1, 110 00 Praha 1, CR, tel 0042-2-2311796, fax 0042-2-2320560

ITN
Schnirchova 7, 170 00 Praha 7, CR, tel 0042-2-878591, fax 0042-2-878591

Department Stores

Dona
zasilkovy obchodni dum, Jihoslovanksa 1, 7977 77 Prostejov, tel 0042-508-2872-6, telex 062550

Domus
N. Nespora 9, 917 01 Trnava, tel 0042-805-25566

Dunaj, obchodni domy, a.s.
Nam. SNP 30, 815 83 Bratislava, tel 0042-7-331382, telex 312873

Krusnohor Obchodni dum
nam. Svobody 2937, 415 02 Telplice, tel 0042-417-295 66

Od Letna
Milady Horakove 62, 170 21 Praha 7, tel 0042-2-375151, fax 0042-2-37059

Od Bila Labut
Na porici 23, 111 29 Praha 1, tel 0042-2-2320-622, fax 0042-2-2327905

Od Detsky dum
Na prikope 15, 115 48 Praha 1, tel 0042-2-2351080, fax 0042-2-2361688

Od Diamant
Vaclavske nam. 3, 110 00 Praha 1, tel 0042-2-224826, fax 0042-2-266579

Od Kotva
Nam. Republiky 8, 113 88 Praha 1, tel 0042-2-2353371, fax 0042-2-2366349, telex 121999

Od Syp
Vysocanska 20, 190 00 Praha 9, tel 0042-2-8586333, fax 0042-2-8586392

Od Maj. a.s.
Narodni 26, 110 00 PPraaahaa 1, tel 0042-2-262872, fax 0042-2-2203774

Od Betty
Jilemnickeho 43, 036 01 Martin, tel 0042-842-37043

Prior, a.s.
Rosseweltova 1196/16, 958 22 Partizanske, tel 0042-8154-2442, fax 0042-8154-4786, telex 98497

Prior
Robotnicka 2, 975 22 Banska Bystrica, tel 0042-88-25056, fax 0042-88-24949

Prior
Sedlackov sad 3, 011 66 Zilina, tel 0042-89-20734, fax 0042-89-47451

Prior
Dukelska brana 7, 796 01 Proostejov, tel 0042-508-2426

Prior
Nam. T.G. Masaryka 6, 762-26 Zlin, tel 0042-67-25186, telex 67349

Prior
Masarykovo namesti 68, 586 01 Jihlava, tel 0042-66-28321

Prior
Americka trida 47, 304 42 Plzen, tel 0042-19-34183, fax 0042-19-37512, telex 154396

Prior
Nam. Svobody 8, 858 90 Brno, tel 0042-5-26069, fax 0042-5-25695, telex 62351

Prior
Nam. T.G. Masaryka 1950, 531 71 Pardubice, tel 0042-40-510245, fax 0042-40-510244

Prior
nam. 28. rijna 10, 500 02 Hradec Kralove, tel 0042-49-346 11

Prior, a.s.
Jihoceske OD, Laurova 22, 371 57 Ceske Budejovice, tel 0042-38-825911, 38163, fax 0042-38-37742, telex 144224

Prior, s.p.
Zapadoslovenske OD, Nam. SNP 111, 916 01 Stara Tura, tel 0042-834-963741, 963777, fax 0042-834-963747, telex 81193680

Prior, s.p.
Brnenske OD, nam. Rovnosti 1, 658 32 Brno, tel 0042-5-323970-9, 338870, 338880, fax 0042-5-338874, telex 63000

Prior
OD Radvan, nam. L. Stura 2, 974 01 Banska Bystrica, tel 0042-88-36871, fax 0042-88-36860, telex 70324

Rio OD, a.s.
Budovatelu 991/9, 434 81 Most, tel 0042-35-7821, 6466

Obchodni dum LASO, a.s.
Masarykovo nam. 15, 728 53 Ostrava

Severoceske OD
Tyrsova 1, 415 02 Teplice, tel 0042-417-23292, telex 184432

Obchodni dum VICHR
Horni Cerkev, spol. s.r.o., nam. T.G. Masaryka 39, 394 03 Horni Cerkev

Obchodni dum POPRAD, a.s.
nam. Dulianskych hrdinov 124, 058 01 Poprad

OD Racek
Modrinova 1, 674 01 Trebic, tel 0618-22480

Orion, spol s.r.o.
Taaborska 131, 615 00 Brno, tel 05-534002, fax 05-534002

Prior Bratislavske oobchodne domy, s.p.
Kamene nam. 1, 815 61 Bratislava 1, Stare mesto, tel 07-59014, 59041

Prior Liptovsky Mikulas
zavod 06, Sturova, 031 01 Liptovsky Mikulas, fax 0849-24647

Prior Martin, zavod 08
Osloboditelov 58, 036 01 Martin, fax 0842-32442

Prior Ostrava, zav. Opava
nam. Republiky 9/11, 746 47 Opava, tel 0653-212514, 21262220

Prior Prerov, zavod 10
Cechova 26, 750 00 Prerov, tel 0641-52671, 6195, 3832

Prior Zvolen
nam. SNP 2497, 960 01 Zvolen, tel 0855-23778, fax 0855-21949

Stred obchodne domy, a.s.
tr. SNP 75, 9975 22 Banska Bysrica, tel 088-42895, fax 088-44247

Stredoslovenske obchodne domy Prior STRED
Trieda SNP 75, 975 22 Banska Bystrica, tel 088-203, fax 088-21920

GLOBAL MARKET OPPORTUNITY REVIEW

HUNGARY - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Hungarian apparel market represents 8 to 9 per cent of the total retail sales (Cdn $2 million in 1992). While 25 per cent of apparel is imported, the market is quite diverse, from second hand clothing to Marks and Spencer. There is a tremendous supply on the market but quality products are very expensive. Brand names are important, but good quality no-name products with good distribution channels can beat them. Success depends on business policy: matching the needs with high quality products at a reasonable price.

The major brands such as Pierre Cardin, Levi's, Mustang, Wrangel, Boss, and so on, are very well established, while some local companies manufacture excellent quality apparel from reasonable to outrageous prices.

Description of Opportunities for Canadian Manufacturers

Some 12.1 per cent of the total Canadian exports to Hungary is textile, out of which apparel is very insignificant. Approximately 70 per cent of apparel imported to Hungary has been by a Hungarian- Canadian joint venture established in Budapest since 1991. Their activities are 50 per cent retail and 50 per cent wholesale, but their success is based on custom-made items. One of the obstacles for Canadian apparel exports to Hungary is the quota. There is a market for all seasons of apparel in Hungary, with mild winters, hot summers, warm and long spring and fall. There is also a very important market for second-hand high-end apparel.

In general terms Hungarians do not know much about Canadian style or fashion but they trust the "Maple Leaf" and the products it represents.

Associations

There are no agents associations for apparel. However, the following association could be contacted to obtain information about agents who represent multiple industries.

Hungarian Marketing Association
H-1012 Budapest Kuny D.U. 13/15
Tel 361-175-9722 and 155-7721
Fax 361-202-4086

Currency

The Hungarian FORINT is convertible for business purposes only.

Canadian Embassy Contact Information

Budakeszi ut 32
H-1121 Budapest XII, Hungary
Tel (011-36-1) 176-7686/176-7711
Telex (Destination code 61) 224588 (CDA H)

GLOBAL MARKET OPPORTUNITY REVIEW

POLAND - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Polish apparel market has changed rapidly over the last three or four years. In the past, availability of foreign manufactured products was very poor, and every delivery of imported clothing, perceived as more fashionable and of better quality, was purchased immediately. The apparel market was dominated by local producers, recognized abroad for their high quality who exported men's and womenswear, while low-end apparel was sold on the domestic market. Liberalization of the market, including foreign trade in 1989/90 resulted in huge imports of low price, cheap quality goods from Turkey, India and the Far East (Thailand, Korea), which adequately responded to demand of the mass market for inexpensive, casual, medium and low-end clothing, where designer brand names do not count as much as affordable prices and trendy styles. There are few buyers of very formal, high-end quality suits and dresses.

Estimated Size of the Apparel Market

The importance of imported apparel is difficult to assess. It is also difficult to estimate the size of the total Polish apparel market, and the percentage/share from local and importers sources. The Canadian apparel industry is unknown in Poland and the general perception is that it must be rather expensive.

Description of Opportunities for Canadian Manufacturers

The Canadian apparel sector has not, as yet, shown any interest in the Polish market. The only exceptions are used clothing traders, which have done well in the Polish market. Several deals have closed successfully, which resulted in over Cdn $600,000 (from zero) Canadian exports in 1992. There are no lists of Polish importers or agents.

PROMOTIONAL ACTIVITIES

Two promotional fair activities which include apparel are held in Poland: Interfashion Fair in Lodz (capital of the Polish textile industry) held every June; and Consumer Goods Fair (including fashion) held in Poznan (capital of Polish trade fairs) every September.

BUSINESS ENVIRONMENT

Associations

Polish importers do not attend international shows or trade events. They buy directly from foreign producers or traders. There are no associations of apparel agents or apparel importers. There are no quotas or special licences required to import textiles or apparel from Canada (while Polish exports to Canada are subject to permits). Import duties range from 15 to 30 per cent depending on type of product.

Currency

The Polish **ZLOTY** is internally convertible with liberal applications for foreign imports and investments and foreign exporters are assured of hard currency payments.

Canadian Embassy Information

Street Address:
Ulica Jana Matejki 1/5
00-481 Warsaw, Poland
Tel (011-48-22) 29-80-51, telex (Destination code 63) 813424 (813424 CAA PL), fax (011-48-22) 29-64-57

GLOBAL MARKET OPPORTUNITY REVIEW

ROMANIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Market opportunities are very limited, if any, since Romania is not export-oriented. Brand names are not yet important, low price is generally the primary factor. Style of clothing worn in this area includes dress and casual, with emphasis on modern Italian-French styling. Price points are medium to medium-low.

MAJOR BUYERS

Major buyers (importers) do not exist. The few imports in this sector are handled by small private companies; their sources of supply are Turkey, Egypt and China. Imported items would represent approximately 10 per cent versus 90 per cent of domestically manufactured apparel.

PROMOTIONAL ACTIVITIES

If some Canadian companies want to export to Romania, participation at TIBCO, the international trade fair for consumer products, which is held in Bucharest in May or June of any given year, is suggested.

BUSINESS ENVIRONMENT

Business environment and marketing practices in this market are briefly described in the brochure Investment in Romania has been prepared by and is available from Peat Marwick Thorne, Commerce Court West, 33rd Floor, Toronto, Ontario, M5L 1B2, telephone 416-777-3311, fax 416-777-3364/3399. It provides information of interest to those considering investing or doing business in Romania.

CONTACTS

There is no importer association in Romania that is specific to the apparel industry.

Canadian Embassy Information

Street address:
36, Nicolae Iorga
Bucharest, Romania
Mailing address:
P.O. Box 2966, Post Office No. 22
71118 Bucharest, Romania
Tel (011-40-1) 312.03.65, telex (Destination code 651) 10690 (CANAD R), fax (011-40-1) 312.03.66

GLOBAL MARKET OPPORTUNITY REVIEW

RUSSIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The Canadian Embassy in Moscow is responsible for trade development activities in the former republics of the Soviet Union (FSU) with the exception of the Ukraine, Baltic States and Moldova. For the most part, comments in this report refer to Russia, which, with a population of approximately 150 million, is the largest market for apparel in the FSU.

Estimated Size of the apparel Market

Description of Opportunities for Canadian Manufacturers

The market for Canadian apparel in the FSU is small but growing. There are, in effect, two markets for apparel in Russia which operate in parallel: a rouble market for low-end apparel which could support large volume sales of inexpensive goods. Increasingly, importers are in a position to purchase these low-cost goods for hard currency and then sell them at a profit on the domestic rouble market; the second, more limited market, is for high-end western fashion apparel which is sold for hard currency to expatriates, tourists and a growing clientele of affluent Russians. Retail stores for these goods are to be found mostly in Moscow and St. Petersburg. Benettons, Escada, Galerie Lafayette (France), Karstadt (Germany), and Stockmanns (Finland) are among those retail chains which have opened shops in Moscow and the number is growing.

Consumer Spending and Style of Dress

As in most markets, attitudes toward fashion and consumer preferences vary with age in Russia. The style of dress in Russia is becoming more casual. While formal dress will retain its importance in government and business circles, among the younger generation of office workers, there is movement toward a more casual style. Teenagers and young adults have been quick to latch on to western trends such as brightly coloured clothing, mini-skirts, double-breasted suits for men, leather outerwear, jeans, and T-shirts with western motifs. Adults tend to be fairly conservative in their approach to fashion, both in terms of colour and style. Given that women make up a significant portion of the workforce here, there is a demand for "career clothes" in both womenswear and menswear. There is also a high demand for casual childrenswear. Canadian and Russian climates are similar so there is demand for clothing of all seasons. Since winters can be severe there is a market for warm outerwear. Home and offices tend to be over-heated, however, so consumer tastes tend toward lighter winter clothing for indoors.

MAJOR BUYERS

Information Sources

Apart from a small and privileged segment of the population which had the opportunity for overseas travel, consumers in the FSU were insulated from western style trends until very recently. With the lifting of travel restrictions, and the influx of western publications, advertisements, films and television programs, consumers are more knowledgeable about western fashions. The most widely read fashion magazine among Russian women is Burda Moda of Germany which is published in Russian. Magazines such as Women's Wear Daily and Vogue are available only through western hotels and hard currency shops and have limited readership. There is growing recognition of designer brand names (mostly French design houses such as Pierre Cardin and Christian Dior) but this is not an important factor in determining buying practices.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

The Soviet Union relies mostly on domestic production for its clothing needs. Imports during the Soviet period were from east European countries or Finland with whom the USSR had clearing arrangements for barter trade. Imports of low-cost clothing from China, Turkey, Korea and Southeast Asia are on the rise.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

It is necessary for Canadian apparel manufacturers and distributors to adapt their marketing strategy in order to make inroads in the Russian market. An exporter cannot rely on an established network of agents/distributors or retail chains as these are underdeveloped. While it is advisable to engage a local representative, they are often identified through personal contacts. For the most part, Canadian companies which have enjoyed success here have negotiated sales contracts with enterprises and production associations (such as in the oil and gas sector) which have hard currency available to purchase clothing for their employees. This approach demands travel and considerable time and effort on the part of the company or its local representative. Promotional materials should be in Russian. Canadian exporters should insist on either upfront cash payment, or irrevocable letter of credit drawn on a western bank prior to shipment. Exporters should quote CIF prices in U.S. dollars. Contract law in the FSU is not well developed. It is recommended that major contracts be reviewed by a western law firm with experience in the FSU market. Imports of apparel into Russia are subject to an MFN import duty of 15 per cent ad valorem plus 20 per cent VAT. Children's clothing enter the Russian market duty free.

Contacts

Raznoexport is a former Soviet trade organization responsible for the import of consumer goods. It currently operates as purchasing agent on a commercial basis. The address is 15 Verkhnaya Krasnoselskaya Street, Moscow, 107896. Telex 411408 RZEK SU, Contact Mr. Feodor F. Kreitor, Director of Firm Odezhda which is the department dealing with clothing, tel 095-264-9122, fax 288-9539.

Legpromexport is a former Soviet trade organization dealing with light industry. The address is 17 Obraztsova Street, 101475 Moscow, contact Mr. Alexander V. Ignatenko, Vice President, tel 095-281-4735, 181-9522, fax 095-200-3281.

Detsky Mir (Children's World) Commercial Firm, 2 Okhotny Road, Moscow, 095-926-2102, fax 095-923-3811.

Apparel Agents Associations

Association of Garment Merchants
30 Leninsky Prospekt

Moscow, 117334
Tel 095-462-5492, 234-2035, 229-3236, fax 095-462-1017.

Currency

If a given company is registered in Russia, there is the possibility of converting **ROUBLES** into hard currency, twice a week, through the Inter-Bank auctions.

Canadian Embassy Contact Information

Canadian Embassy
Starokonyushenny Pereulok 23
Moscow 12100, Russian Federation
Tel 011-7-95-241-5070/22241-5882/230-2156/241-1111, fax 011-7-95-241-4400, 241-9034

SECTION V

LATIN AMERICA

1. ARGENTINA, Buenos Aires
2. BRAZIL, Sao Paulo
3. CHILE, Santiago
4. COLOMBIA, Bogota
5. COSTA RICA, San Jose
6. GUATEMALA, Guatemala City
7. MEXICO, Mexico City
8. VENEZUELA, Caracas

GLOBAL MARKET OPPORTUNITY REVIEW

ARGENTINA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The apparel manufacturing industry has experienced a decline in production during the last half of 1992 due to an influx of imports occasioned by the removal of import restrictions in April 1991.

Estimated Size of the apparel Market

Argentina is in counter-season with Canada and so far has been an exporter to Canada, rather than an importer.

Description of Opportunities for Canadian Manufacturers

We believe the Canadian apparel industry should contact manufacturers listed elsewhere in this report offering licensing agreements to locally manufacture international brands.

Importance of Brand Names

Fashion is influenced by local and imported style magazines. See list below.

Trade and Consumer Fashion Publications

CLAUDIA, Av. Cordoba 1345, 12th P., 1055 Buenos Aires, tel 54-1-42-9766/5821/9568/3275, fax 54-1-814-3948, Directors, Mr. Leonel Kaz, Mrs. Ana Torrejon

D.Y.D. MODA, Balcarce 353, 1st P. "B", 1064 Buenos Aires, tel 54-1-342-2296/343-3344, Directress: Mrs. Josefina Travers de Braun

EMANUELLE, Maipu 942, 1st/2nd P., 1340 Buenos Aires, tel 54-1-312-5743/6779/6192/6211, fax 54-1-311-9504, Director Mr. Oscar Blotta

LA MODA, Virrey Cevallos 1059, 1077 Buenos Aires, tel 54-1-23-0949/4745, fax 54-1-23-4745, Director, Mr. Mauricio Karchescian

LABORES, Av. Cordoba 1345, 12th P., 1055 Buenos Aires, tel 54-1-42-3275/5821/9766/9568, fax 54-1-41-4903, Director, Mr. Thomas Souto Correa, Directress, Mrs. Sisi Ciosescu

MARIE CLAIRE, Peru 263, 3rd P., 1067 Buenos Aires, tel 54-1-342-8643/5178/8946, Directress, Mrs. Cristina Rodriguez Jurado

MAS LINDA, Maipu 942-2nd P., 1340, Buenos Aires, tel 54-1-312-6779/5743/6192, fax 54-1-311-9504, Director Mr. Oscar Blotta

MAXIMA, Sarmiento 1133, 2nd P., 1041 Buenos Aires, tel 54-1-35-2046/9, fax 54-1-35-7711/3462, Director, Mr. Alberto Agostinelli

MIA, Sarmiento 1133, 2nd P., 1041 Buenos Aires, tel 54-1-35-2040/9, Int. 245, fax 54-1-35-7771, Director, Mr. Hector Chevalier

MUJER, Sarmiento 11333, 2nd P., 1041 Buenos Aires, tel 54-1-35-2040/9, Int. 296, fax 54-1-35-7771, Directress, Mrs. Teresa Napolitano

PARA TI, Azopardo 579, 1307 Buenos Aires, tel 54-1-331-4591/9/432-1414, Director, Mr. Daniel Pliner

PLENA, Azopardo 579, 1307 Buenos Aires, tel 54-1-331-4591/9/342-8841/9, fax 54-1-331-3272, Directress, Mr. Graciela Clemente

SER UNICA, Maipu 942, 2nd P., 1340 Buenos Aires, tel 54-1-312-6211/6779/5743, fax 54-1-311-9504,

Director, Mr. Oscar Blotta
UTILISIMA, Carlos Calvo 761, 1102 Buenos Aires, tel 54-1-26-8558, Directress, Mrs. Maria Angela A. de Sandler

Consumer Spending and Style of Dress

Consumer spending on clothing is diversified and covers low, medium and high-end fashion. Medium priced fashion is the most popular. The style of dress is principally casual.

Marketing Practices

Marketing practices to capture "shelf space" have been good quality and low prices. Korean, Chinese and Brazilian exporters are the principal competition.

Contract Manufacturing Opportunities

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

Men's Clothing Retailers/Distributors/Agents

Bogart
Av. Rivadavia 4983
1424 Buenos Aires
Tel 54-1903-3091, no fax, President, Mr. Oscar Bergman

Brukmann Hnos Saicfel
Corrientes 4678
1195 Buenos Aires
Tel and fax 54-1-89-9408/862-8875/865-2219, President, Mr. Samuel Brukman

Cervantes
Av. Corrientes 902
1043 Buenos Aires
Tel 54-1-326-1387/0176, no fax, Manager, Mr. Juan Carlos Pianovi

Clinton Sport
Esmeralda 81
1035 Buenos Aires
Tel 54-1-342-3227, no fax, President, Mr. Gregorio Gupman

Cochabamba Confecciones SRL
Ave. Entre Rios 1184
1080 Buenos Aires
Tel 54-1-26-0947, no fax, President Mr. Ramon Gomez

Formidable
Av. Cordoba 4799
1414 Buenos Aires
Tel 54-1-772-6396/773-1316, no fax, owner, Mr. Eduardo J. Viniarsky

Studio The Harding
Av. Rivadavia 6702
1406 Buenos Aires
Tel 54-1-631-2122/632-4908, no fax, President, Mr. German Nedvevocky

Women's Clothing Retailers/Distributors/Agents

Big Sacific
Pacheco de Melo 2034
1126 Buenos Aires
Tel 54-1-805-1723/8075, no fax, President, Mrs. Haydee B. de Sacca

Chatillon Saic
Paso 569
1031 Buenos Aires
Tel 54-1-962-4453, no fax, Manager, Mr. Edgardo C. Cejg

Empimex SA
Tucuman 2490
1052 Buenos Aires
Tel 54-1-961-1422/962-1375, fax 54-1-961-1422, President, Mr. Leon Fainzaig

Harapos SRL
Azcuenaga 586
1029 Buenos Aires
Tel 54-1-961-1354/962-4553, fax 54-1-951-4576, Manager, Mr. Marcelo Binder

Modas Jaques Dorian
M.T. de Alvear 871
1088 Buenos Aires
Tel 54-1-312-9923/9574, no fax, President, Mr. Jaques Dorian

Children's Clothing/Retailers/Distributors/Agents

Baby Kids Jr.
Pasteur 434
1028 Buenos Aires
Tel 54-1-952-3471/7503, fax 54-1-856-4784, Manager & Partner, Mr. Mario Mops

Butterfly
Lavalle 687
1047 Buenos Aries
Tel 54-1-393-5121/334-9079, no fax, President, Mr. Roberto Bijio

Casa Pack S.A.
Av. Corrientes 2500
1046 Buenos Aires
Tel and fax 54-1-951-5700/2846, President, Mr. Jose R. Pack

Ludens Sacei
Tandil 2573
1406 Buenos Aires
Tel 54-1-611-8269, no fax, President, Mr. Osvaldo Varela

Maria de Buenos Aires
Av. Santa Fe 815
1003 Buenos Aires
Tel 54-1-322-6749, no fax, President, Mr. Maria Delia Ravagnon de Bernasconi

Mis Pilchitas SRL
Av. Santa Fe 1430, Local 13A
1060 Buenos Aires
Tel 54-1-812-9970, no fax, Owner, Mrs. Haydee Olfie

Pirueta
Santander 1824
1406 Buenos Aires
Tel 54-1-651-2690/4439/8217, fax 54-1-2266, President, Mr. Silvio Gerztein

Puki Mayoristas
Pasteur 444
1028 Buenos Aires
Tel 54-1-952-2945/951-4419, no fax, Contact Mr. Santiago Michanie

The Baby Shop
Sarmiento 2480
1044 Buenos Aires
Tel 54-1-952-0416, no fax, Owner, Mr. Carlos M. Kalaydjian

Voss Saci
Tte. Gral. J.D. Peron 830
1038 Buenos Aires
Tel 54-1-46-5621/5623/5622/49-3677/3733, fax 54-1-46-5623, also 54-1-46-5621-23, President, Mr. Baltasar Voss

PROMOTIONAL ACTIVITIES

International Trade Shows

August	15a. Imagen Moda Argentina (coleccion primavera/verano) Predio: Buenos Aires Sheraton Hotel
August	II Salon de la Moda Infantil - Kid's '93 (temporada primavera/verano) Predio: Alvear Palace Hotel
August	16a. Argentina Vendemoda (coleccion primavera/verano) Predio: Ferial de Palermo

International apparel magazines which buyers rely on are: Vogue; Burda; and Bazaar.

Canadian apparel capability is totally unknown in this market as Argentina has traditionally been exporting apparel.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Preferred Marketing and distribution methods are through local agents and distributors.

Typical Commission Rates and Payment Terms

Quotations are preferred in U.S. dollars (C.I.F.) and promotional material should be presented in Spanish.

Import Regulations

Apparel imports pay 20% customs duty; 18% VAT; 10% statistics tax and 3% for other minor duties. Importation of used apparel is forbidden.

Possibilities for Joint Ventures

Possibilities for joint ventures exist.

Contacts

There are three chambers that we consulted in this occasion. We have only received reply from one of them.

Sr. Alejandro Salvador
Gerente
Camara Argentina de la Indumentaria
Av. L.N. Alem 1067
1001 Buenos Aires
Tel 54-1-313-6107/6606, fax 54-1-313-6206

Ctdor Oscar Isabella
Gerente
Camara Argentina de la Moda
Maipu 474 - 1st A
1006 Buenos Aires
Tel 54-1-322-4802/7798, no fax

Dr. Miguel Gaya
Gerente
Camara Argentina del Pret a Porter
Gorriti 4837
1414 Buenos Aires
Tel 54-1-71-8267, no fax

Canadian Embassy Contact Information

Street Address:
Tagle 2828,
1425, Buenos Aires, Argentina
Mailing Address:
Casilla de Correo 3898
1000 Buenooos Aires, Argentina
Tel 011-54-1-805-3032, fax 011-54-1-806-1209, telex (Destination code) 033, 21382 (213883 CANAD AR)

GLOBAL MARKET OPPORTUNITY REVIEW

BRAZIL - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Despite trade liberalization program begun in 1990, the Brazilian market for imported apparel remains quite limited due to high (30 per cent) import duties and a strong local manufacturing base that relies on low labour costs. The high-end apparel niche could, however, provide a gateway for introducing Canadian apparel manufacturers to the Brazilian market.

Import Duties

Import duties for apparel until 1986 were 105 per cent, making the Brazilian market a virtually closed one for imports. These duties are now 30 per cent. Even considering this significant decrease in duty rate, estimates of landed costs of apparel into Brazil, including freight, insurance, import duties, internal taxes and customs brokerage fees, bring the landed cost of apparel to 1.75 times the F.O.B. price in Canada. A new and final reduction in import duties to 20 per cent is planned for July 1, 1993. This change will provide an estimated rate of 1.60 between landed cost of goods and F.O.B. price. However, even at this level, it may be difficult for international apparel manufacturers to be price competitive in the Brazilian market.

Profile of Local Manufacturers

Local manufacturers usually sell directly to retailers out of their showrooms, where they operate on a ready-to-deliver system. Average mark-up at the retail level is 100 per cent. There are approximately 25,000 apparel manufacturers all over Brazil and most of them are relatively small companies.

Description of Opportunities for Canadian Manufacturers

The best opportunities for Canadian apparel manufacturers could be found in the high-end market niche. Taking advantage of trade liberalization program, Brazil is importing consumer goods aimed at the affluent segment of its population.

Canadian fashion designers are unknown in Brazil. Recent meetings with fashion editors and high-end retailers have indicated that Canadian womenswear and menswear designs could be quite successful in Brazil, since it appeals to the taste of an elite group of consumers, who usually "think Europe" in terms of fashionable clothing.

Due to weather conditions in Brazil, requirements are for summer and spring/fall apparel. Summer collection is shown in May/June and the so called winter collection is shown in January/February because of different seasonality in the southern hemisphere. It should be pointed out that winter in southeastern Brazil, the coldest region in the country, means an average temperature of 15 degrees celsius during daytime, and Canadian winter collections would have no opportunities in the local market. Overcoats and furs are not worn at all. Style of dress is more casual than formal and buyers get their knowledge of fashion trends in locally published fashion magazines such as Vogue, Elle, Claudia and Desfile.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Due to longterm protection of the local market, distribution channels for imported apparel have not been established.

A possibile Brazilian buyers mission to Canada could provide visibility for Canadian apparel manufacturers. The Canadian Embassy has identified a potential agent, who is introducing Canadian designers Chantal Thomass and Jean Paul Gauthier into the Brazilian market. This firm has mapped out 750 boutiques spread all over Brazil which cater to high-income women consumers. Establishing a good distribution network will probably be the hardest task of any agent for imported apparel.

Apparel Agents Association

There are no specialized distributors, no apparel agents association or apparel industry importers association.

PROMOTIONAL ACTIVITIES

Participation at trade shows should be considered the most important specialized trade show for apparel is Fenit-Fiera da Industria Textil, which takes place in Sao Paulo every June.

Current Canadian Embassy Initiatives and Major Trade Shows

Strong promotional efforts would have to be undertaken if Canadian apparel manufacturers decide to enter the Brazilian market.

Canadian Embassy Information

Street address:
Ses-Av. das Nacoes, Lote 16
Brasilia-DF70410-900, Federative Republic of Brazil
Mailing address:
Caixa Postal 00961
Brasilia-DF70359-970, Federative Republic of Brazil
Tel (011-55-61) 321-2171
Telex (Destination code 38) 611296 (0611296 ECAN BR)
Fax (011-55-61) 321-4529

GLOBAL MARKET OPPORTUNITY REVIEW

CHILE - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Market opportunities in Chile for Canadian manufacturers of apparel are limited for now, but, given the significant improvement of the Chilean economy and its noted increase in imports there might be some potential in the near future. A common practice in Chile is to purchase end of season stock in the northern hemisphere and sell it at full price in the southern zone. This might be an avenue for Canadian apparel exporters. Licensing is another way to expand operations to Chile.

Chile is a developing country with a per capita income estimated at U.S. $3,000 per year. A recent Chilean information bulletin, "Chile Economic Report", stated that 33% of the population (4.5 million) did not have sufficient resources for their basic needs. In Chile, social disparities are pronounced and only a limited segment of the population can afford top of the line clothing. Therefore, the strength of the apparel market is situated in the low to medium range segments of the population.

Estimated Size of the apparel Market

There are no statistics on the size and dollar of the Chilean apparel market. However, it is estimated that the annual purchase of men, women and childrenswear totalled 10 kilos per capita in 1992 in comparison to 29.11 kilos per capita in 1987 in the USA.

The economy in Chile is undergoing major changes. The reported 10.15% economic growth for 1992 and projected 6 to 7% for 1993 have permitted a more equitable distribution of the nation's wealth and increased living standards for an important segment of the population. As a result, imported goods (expensive if compared to most local products) are accessible to a larger portion of the population.

Description of Opportunities for Canadian Manufacturers

When it comes to buying clothing, the most important factor for the average Chilean is price, not quality. There are market opportunities for high-end apparel, but these are limited. Requirements are for all seasons. While winter in Chile is closer to the Canadian autumn, there is a need for winter apparel especially in the active sportswear sector, such as skiing.

Importance of Brand Names

Designer brand names are not important for the average person.

Marketing Practices

Apparel imports are divided into two categories: new and used clothes. In 1991, 19.5% of apparel purchases were second hand clothing.

Contract Manufacturing Opportunities

In 1991, the hourly rate for a Canadian textile worker averaged U.S. $9.53 and for a Chilean, it was US $1.35 (Bobbin Magazine, September 1992). While the Chilean hourly rate is much lower than the Canadian, it cannot compete with Indonesia (U.S. $0.18) and China (U.S. $0.24). Imports of used clothing are affecting the competitiveness of the local industry and therefore major Chilean manufacturing companies (30 to 40) are modernizing. Also, manufacturing under license has been part of the Chilean apparel industry strategy and many large companies have licensing agreements with international firms. Several American and European brands are manufactured in Chile, to name a few: Carven Paris (Ma Griffe), Over Dyke of London, Arrow, Perry Ellis, Liz Roberts, Bubble Gummers (Canadian license), Wrangler, Okeschobee, Pierre Cardin, Guy Laroche, Hang Ten, Leslie Fay, Maui. Canadian firms should consider this option. Contract manufacturing is not common.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

In Chile, there is no agency in charge of international purchases. Stores and chains import directly. The four major department stores in Chile are owned by a few families (originating in Spain and Italy). These major department stores have negotiated agreements with their foreign counterparts (mainly in Europe) where they purchase, at a discount, northern hemisphere seasonal stock balances. Following are the major department stores:

Almacenes Paris, Coyancura 2241, Santiago, tel 562-233-3302, fax 562-233-2458
Falabella, Casilla 1737, Correo Central, Santiago, tel 562-697-1400, fax 562-696-3968
Hites, Avenida Libertador Bernardo O'Higgins, Santiago, tel 562-695-5171
Ripley, Huerfanos 979 Oficina 40, Santiago, tel 562-699-0102

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

Following is a table showing the production, imports and exports of apparel goods in Chile, all figures are in tons. It is quite clear that the need for apparel is rising sharply. Three major department stores (Falabella, Ripley and Almacenes Paris) have recently expanded significantly their floor space. Falabella's and Ripley's promotion effort was directed towards international purchases i.e. imports. Also, a new shopping centre (designed by the International Design Group of Toronto) "Alto Las Condes" is expected to open its doors in August 1993. This new shopping centre with 270 stores will also house J.C. Penney and K-Mart.

	1980	1988	1989	1990	1991	80-91
Production	23,440	27,590	46,050	37,003	49,297 (11%)	110
Imports	5,943	3,987	8,859	9,401	16,118 (25%)	171
Exports	-	-	1,991	1,996	1,604 (-2%)	
Consumption	29,383	31,577	56,928	44,408	63,811 (100%)	117

The textile and apparel sectors employ 80,000 people (100,000 if one includes the cottage industry who work for 4,500 companies. This represents 18% of the manufacturing capabilities of the Chilean industry.

According to "Sociedad de Fomento Fabril" (one of the two manufacturers associations) production increased by an average of 9.2% per annum between 1983 and 1989 while sales soared by 10.6% per annum.

For the past seven years many companies have focused on exports to countries like the U.S., Canada and Argentina. Exports increased from U.S. $1.3 million in 1984 to U.S. $100 million in 1991.

Chile's export efforts are concentrated in supplying small to medium size orders for good quality clothing. Chile cannot compete with Asian countries which supply large quantities of low-end apparel.

The Chilean textile industry is competitive because of its relatively low labour cost and the stability of its work force. Its drawbacks are the lack of skilled workers at the supervisory level and its low productivity rate.

PROMOTIONAL ACTIVITIES

Major Trade Shows

There is one international trade show in Chille "TEXVECAL" which covers textiles, clothing and footwear. It takes place every two years. The majority of exhibitors come from South American countries and the U.S.

Most department stores go to international fairs and negotiate the purchase of seasonal balance stock from the northern hemisphere.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Direct sales are the preferred distribution method. Letters of credit are used for payments. These are handled through private banks.

Typical Commission Rates and Payment Terms

The Chilean economy is very open. There are no restrictions or quotas and import duty averages 10%. An 18% value added tax must be paid by the consumer. Income tax levied from companies is set at 15%.

Language Requirements

Spanish is the official language, however, English is spoken by a majority at the managerial level.

Possibilities for Joint Ventures

Joint ventures in the apparel sector are not frequent. Licensing would be more appropriate.

Contacts

There is no apparel agents association. The only institute which could possibly provide guidance for agents would be the Instituto Textil de Chile, Mr. Pablo Aravena, address: Bandera 566, Pisco 10, Oficina 101, Santiago, tel 562-696-0210.

Canadian Embassy Contact Information

Ahumada 11, 10th Floor
Santiago, Republic of Chile
Mailing address:
Casilla 771
Santiago, Republic of Chile
Tel 011-56-2-696-2256, fax 011-56-2-696-0738/696-2424, telex (Destination code 34) 240341 (240341 DMCAN CL

GLOBAL MARKET OPPORTUNITY REVIEW

COLOMBIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Colombia is a country of 33 million inhabitants, living in 3 different types of climates: cold (mountains), mild and hot (coast and interior valleys). Therefore, dressing habits differ according to altitude. Cotton of short and medium staple fibres is domestically produced to supply part of the demand. The rest is imported mainly from Peru. The textile industry is the biggest manufacturing activity in the country, which supplies the majority of material needed for the apparel industry, both for domestic consumption and for export. Nevertheless, imports of textiles are carried on a permanent basis from Brazil, China, Korea, Hong Kong, Italy and the United States. Colombia is strong in producing drills and denims but 20% of the needs have to be imported. Textiles like silks and polyesters for women are imported to a large extent, since women are often more demanding on quality. Cotton knit and non-flammable (for babies) textiles as well as decorative, upholstering and curtain textiles have a good demand and can be imported, provided prices are competitive against domestic production.

Estimated Size of the apparel Market

The estimated size of the apparel market in Canadian dollars for men, women and children's clothes is Cdn $475 million.

Total imports of apparel products into Colombia for the years 1990 and 1991, based on a FOB value, are as follows: 1990 - Cdn $30,000; 1991 - Cdn $129,000.

Description of Opportunities for Canadian Manufacturers

Since 1991, the Colombian economy has been open to foreign competition. Prior to 1991, it was very protectionist and only few textiles were allowed to be imported. Now, all textiles and all types of menswear, womenswear and childrenswear are allowed to be imported, provided the respective tariffs and taxes are paid and are competitive with similar domestic production. Most market opportunities are for medium and high fashion apparel.

Following are the tariffs and taxes for the different types of products imported:

Textiles - 20% ad-valorem duty plus 14% sales tax
Yarn - 10-15% ad-valorem duty plus 14% sales tax
Apparel - 20% ad-valorem duty plus 14% sales tax

There are market opportunities, especially for moderately priced apparel, all year round, provided it is competitive with domestic manufacturing. Fashion outerwear and women's dresses are of particular interest. High style fashion and luxury products are limited to a few stores in major cities. Importers generally buy in Europe and the United states.

Importance of Brand Names

Designers' brand names are in great demand, especially by women, but they are not as popular as private labels as these are less expensive.

Trade Publications

Buyers get their knowledge of fashion trends from European and North American magazines.

Seasonality

There is a market for all seasons, all year round, provided above points of climate, economic strata, are considered.

Consumer Spending and Style of Dress

Style of clothing worn in this country includes dress and casual, with emphasis on conservative, moderately-priced fashions. Consumers in this market are value-conscious in their expenditures vis-a-vis domestic goods. In general they tend to be more practical than luxurious.

Contract Manufacturing Opportunities

None exist due to very low domestic production costs.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

Stores and Boutiques, Womenswear
-Juana Marulanda, Carrera 16 No. 90-69, Santafe de Bogota, Colombia, tel 571-256-8228
-Cabaret Boutique, Carrera 15 No. 88-94, Santafe de Bogota, Colombia, tel 5711-236-5097
-Margarita de Wolf, Calle 60 No. 9-08, Santafe de Bogota, Columbia, tel 571-235-4131/256-6492
-Rango Modas, Carrera 11 No. 94A-60, Santafe de Bogota, tel 571-611-0307, Mrs. Pilar Aznar, Owner.
-Boutique Lucy de Vasquez, Carrera 15 No. 93-27, Santafe de Bogota, Colombia, tel 571-236-8853
-Sutendais, Calle 90 No. 13A-43, Santafe de Bogota, Colombia, tel 571-256-6492
-Boutique Sonia's, Centre Comercial La Pasarela, Local 276, Cali, Colombia, tel 5723-276-884
-Etiquette, Centro Comercial New Point, Local 132, San Andres Islas, Colombia, tel 578112-23-107, fax 23-107

Stores and Boutiques, Menswear
Boutique Jean Pascal Homme, Carrera 15 No. 88-82, Santafe de Bogota, Columbia, tel 571-236-5118
Carlos Nieto y Cia, Carrera 15 No. 123-30, Local 213A, Santafe de Bogota, Colombia, tel 571-213-0460

Department Stores
Cadenalco S.A., Calle 30 A No. 65B-57, Medellin, Colombia, tel 57-4-265-1515, fax 57-4-235-6196, Mr. German Jaramillo, President. Department store with 58 branch stores in Colombia
Almacenes Exito S.A., Apartado 3479, Medellin, Colombia, tel 57-4-331-0544, fax 57-4-331-4792. Large department store with 4 outlets. Retails textiles, clothing, shoes, toys, food and hardware. Very progressive.
Ferreteria Iserra S.A., Apartado 31755, Carrera 28A No. 14-87, Santafe de Bogota, Colombia, tel 57-1-277-2600, fax 57-1-277-9990, telex 43288
Grajales Hermanos Ltda., Apartado 20288, Cali, Colombia, tel 57-23-569-212, fax 57-23-569-889

Lists Available to Canadian Apparel Manufacturers

Lists are available from the Commercial Division of the Canadian Embassy and the Asociacion de Confeccionistas de Colombia, ASCONFECCION, Apartado 22045, Santafe de Bogota, Colombia, tel 57-1-341-8343, fax 57-1-341-0524

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

The percentage is 95% versus 5%.

Profile of Local Manufacturers

All sorts of apparel is manufactured throughout Colombia to supply practically all the present needs of the population. Size of factories range from family contract operations to big factories.

Current Source of Imports

Foreign imports represent only 5% of the total Colombian apparel needs. Imports are generally from Europe and the United States. To a lesser extent from Asia.

Recent Imports Broken Out by Category

Most important categories of apparel imported to Colombia in 1991 surpassing a total import value of U.S. $500,000, FOB:

	U.S. $
Women and girls - synthetic fibre knitted jackets	848,078
Women and girls - cotton knitted shirts and blouses	645,359
Women and girls - other fibres knitted shirts and blouses	597,299
Men, women and children - T-shirts	1,410,747
Men and boys - wool jackets	1,382,173
Men and boys - synthetic fibre jackets	1,224,547
Men and boys - other material jackets (except wool)	1,466,121
Men and boys - cotton pants	4,319,320
Men and boys - synthetic fibre pants	2,356,722
Women and girls - wool suits	3,949,000
Women and girls - cotton suits	1,350,976
Women and girls - synthetic fibre suits	3,856,615
Women and girls - wool jackets	3,804,039
Women and girls - cotton jackets	2,557,433
Women and girls - wool skirts and jump shirts	3,338,573
Women and girls - cotton skirts and jump skirts	1,386,381
Women and girls - synthetic fibre skirts and jump skirts	2,804,387
Women and girls - wool pants	521,784
Women and girls - cotton pants	5,585,279
Women and girls - synthetic fibre pants	2,154,570
Men and boys - cotton shirts	877,534
Women and girls - cotton shirts and blouses	567,709
Women and girls - synthetic fibre shirts and blouses	1,039,898
Men and boys - other cotton products (except shirts)	721,405
Brasiers, all fibres	1,856,423
Women and girls - other garments	736,270
Parts of apparel for women	751,791

PROMOTIONAL ACTIVITIES

Current Canadian Embassy Initiatives and Major Trade Shows

The major apparel trade show is Colombiamoda '93, is generally held in September and is organized by: Inexmoda, Calle 7 No. 43A-88, Medellin, Colombia, tel 574-311-5972, 266-1310, fax 574-266-2050. This show is sponsored by the Colombian Institute for Fashion and Exports - INEXMODA, at the above address.

International trade Shows

Colombian buyers shop at major European and North American shows. There is a limited knowledge of Canadian apparel capability in Colombia.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Local agents and distributors. List of potential agents and distributors are listed under "Major Buyers".

Typical Commission Rates and Payment Terms

Commission rates vary from 3 to 5%. Payment terms: cash and irrevocable letter of credit. Once the customer is known, then 30, 60 or 90 days credit term can be established.

Financial Practices

Canadian apparel exporters should quote FOB basis and in U.S. dollars.

Import Regulations

Colombian apparel manufacturers pay ad-valorem duty of 20%, based on the FOB price, plus a 14% sales tax. Both are paid at the time the product goes through customs. There are no tariff barriers and no quotas on apparel imports.

Language Requirements

Preferred language of business is Spanish; English is spoken by most importers as an alternative. Promotional material should definitely be in Spanish.

Possibilities for Joint Ventures

Joint ventures are possible, especially for local manufacturing under license.

Contacts

Apparel Agents Associations

None

Apparel Industry Importers Association

None

Following is the list of apparel related organizations:

Instituto para la Exportacion y la Moda - INEXMODA (Institute for Apparel Exports and Fashion), Apartado 95641, Medellin, Colombia, tel 574-311-5972, fax 574-266-2050

Asociacion de Confeccionistas de Colombia - ASCONFECCION (Apparel Manufacturers Association), Apartado 22045, Santafe de Bogota, Colombia, tel 517-341-8343, fax 571-341-0524

Asociacion de Confeccionistas de Tejidos de Punto - ASOTEJIDOS (Knitted Point Textile Manufacturers Association), Carrera 26 No. 69-16, Santafe de Bogota, Colombia, tel 571-250-8256, fax 571-225-8901, Mr. Jaime Saenz, President.

Camara de Comercio de Bogota, (Chamber of Commerce of Santafe de Bogota), Apartado 29824, Santafe de Bogota, Colombia, tel 571-334-7900, fax 571-284-7735.

Camara de Comercio de Medellin (Chamber of Commerce of Medellin), Apartado 1894, Medellin, Colombia, tel 574-511-6111, fax 571-231-8648.

Camara de Comercio de Cali, Apartado 1565 (Chamber of Commerce of Cali), Cali, Colombia, tel 5723-823-271, fax 5723-824-627.

Asociacion Nacional de Industriales - ANDI (Industrial Producers Association), Carrera 13 No. 26-45, Piso 6, Santafe de Bogota, Colombia, tel 218-0600, 334-9620, fax 571-218-3675.

GLOBAL MARKET OPPORTUNITY REVIEW

COSTA RICA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Central America has very limited market opportunities for Canadian exporters of apparel. Central America has become an important exporter of apparel including underwear. While almost all goods are re-exported, the domestic Central American market is adequately served by inexpensive U.S. imports or some Asian imports trans-shipped through the Colon free zone. It could be difficult for Canadian apparel manufacturers with high transportation costs to compete.

Canadian Embassy Information

Street Address:
Cronos Building
Calle 3 y Avenida Central
San Jose, Republic of Costa Rica
Mailing Address:
Apartado Postal 10303-1000
San Jose, Republic of Costa Rica
Tel (011-506) 55-35-22
Telex (Destination code 376) 2179 (DOMCAN CR)
Fax (011-506) 23-23-95

GLOBAL MARKET OPPORTUNITY REVIEW

GUATEMALA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Canadian manufacturers have not made a significant impact in the apparel market in Guatemala and their participation has been limited to very small spot sales. The market for imported apparel amounts to approximately Cdn $8 million per year of which the United States, El Salvador, and China/Taiwan hold the lion's share with approximately 75% of sales. Optimistically, with aggressive marketing endeavours, Canadian manufacturers can only aspire to modestly increase their sales.

Estimated Size of the apparel Market

The estimated size of the apparel market imports for men, women and children's clothes is Cdn $8 million.

Importance of Brand Names

Designer brand names are only important to a small, affluent segment of the population, but the bulk of the population is more price conscious and purchase only private labels manufactured locally. Some local companies manufacture under license for brand names such as Sassoon, Calvin Klein, Levis, and Hanes.

Consumer Spending and Style of Dress

Because of geographical proximity and media influence, knowledge of fashion trends is mostly filtered and obtained from the United States. Influential magazines include Vogue, Cosmopolitan, and Hola (Spanish).

Guatemala's mild year round climate calls for "all season" demand except for winter apparel.

Guatemala's population is 50% indigenous with limited purchasing power and total population per capita yearly income is approximately US $350.00 making the country one of the poorest in Latin America thus making it a low strength market for fashion apparel.

Marketing Practices

Marketing practices employed by foreign competition includes manufactuing locally under license and manufacturing under the "maquila" (sewing) or "drawback" (cutting and sewing apparel in bulk) for export to different parts of the world.

Opportunities for Canadian Manufacturers

There are no opportunities for Canadian manufactured goods to be produced for retailers labels. As outlined above, Guatemala is manufacturing for foreign companies and not the other way around.

MAJOR BUYERS

Key Retail Accounts, Buying Offices, Mail Order Catalogues

Almacenes Paiz S.A.
la. Av. 8-01, Zona 10
Guatemala, Central America
Fax 502-2-910317

Agencias Diversas
la. calle 4-10, Zona 2
Guatemala, Central America
Fax 502-2-20525

Grupo Internacional
17 Av. 6-33, Zona 15
Guatemala, Central America
Fax 502-2-692945

Emporium
2a. Av. 11-38, Zona 9
Guatemala, Central America
Fax 502-2-342323

Consultora Tecnia S.A.
6a. Avenida 4-29, Zona 10
Guatemala, Central America
Fax 502-2-325748

Corporacion de Industrias S.A.
31 Avenida 12-34, Zona 7
Guatemala, Central America
Fax 502-2-739096

Internacional de Exportaciones
15 Avenida 13-21, Zona 10
Guatemala, Central America
Fax 502-2-336835

SOURCES OF SUPPLY

Guatemalan local production in 1992 amounted to U.S. $110 million for the "maquila" operations and to approximately $60 million for internal consumption manufacturing. Imports of apparel only amounted to U.S. $6 million.

As outlined in the "Market Opportunities" section the principal sources of imported apparel are the United States, El Salvador, Panama, China/Taiwan, Italy, Hong Kong and other Central American countries.

The following import apparel statistics from 1987 to 1992 are in Canadian dollars.

1. Apparel, outerwear, men and boys	$3.2 million
2. Apparel, outerwear, women, girls, & infants	$3.3 million
3. Apparel, men and boys	$0.7 million
4. Apparel, girls & infants	$1.2 million

PROMOTIONAL ACTIVITIES

The "Apparel Sourcing Show" which takes place annually in February is the largest fair in Guatemala and is becoming increasingly popular. The show focuses on local manufacturers that offer opportunities for foreign manufacturers to make contacts for joint ventures and meet key industry representatives.

One magazine that should be considered for advertising by Canadian apparel exporters is: NOTIVESTEX, Edificio Camara de Industria, Ruta 6, 9-21, Zona 4, nivel 6, fax 502-2-323590

This magazine is targeted exclusively for apparel manufacturers and is published by the Commission of Apparel and Textiles, a branch of the Guatemalan Chamber of Industry.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

The marketing and distribution methods vary depending on the customer/supplier relationship but appointing a local agent and/or distributor, which in many cases can be one and the same, is the most common practice in Guatemala. Direct sales are also a possibility but it implies that the manufacturer/supplier has to undertake more complete marketing activities in the country to identify all possible customers.

Typical Commission Rates and Payment Terms

The Commission rates also vary depending on customer/supplier relationship and acceptable margins in order to stay competitive. Acceptable rates could vary from 10% to 25%.

Financial Practices

Payment terms, for a first transaction, are usually done through a confirmed Letter of Credit or cash in advance. When a commercial relationship has been established it is not uncommon for the supplier to extend 30, 60 or 90 days credit.

Quotations should be CIF in U.S. dollars. Canadian dollars is not a commercial currency in Guatemala.

Import Regulations

Clothing and apparel import duties ceilings are 45%. Non tariff barriers are non existent for apparel.

Language Requirements

The preferred languages of business are English and Spanish. This also applies for all promotional material.

Possibilities for Joint Ventures

The Guatemalan apparel industry is very interested in joint ventures with foreign companies and many prestigious firms are already active in Guatemala. Among the most prominent ones we find are Levis, Sassoon, Hanes, McGregor, and Calvin Klein. The Commission of Apparel and Textiles can provide information regarding joint ventures in Guatemala, or Canadian companies could contact the Canadian Embassy for further information.

There are no restrictions to foreign ownership in Guatemala and foreign companies may have 100% ownership. For further information on investment regulations, companies may wish to contact:

Mr. Paul Weaver
Executive Director, FUNDESA
GUATEMALAN DEVELOPMENT FOUNDATION
Parque Gerencial Las Margaritas
Diagonal 6, 10-65, zona 10, Oficina 402
Guatemala, Central America
Fax 502-2-327958

Contacts

Although there are no Apparel Agents or Importers' Association, the Guatemalan Chamber of Commerce can act as liaison between interested foreign suppliers and local contacts and distributors. Another important contact is the Commission of the Textile and Apparel Industry, whiich has expressed its willingness to respond to any enquiries dealing with the apparel industry in Guatemala, "maquila" situations and joint ventures.

Canadian Embassy Contact Information

Canadian Embassy
13 Calle 8-44
Edificio Edyma Plaza
Nivel 8
Zona 10, Guatemala City
Republic of Guatemala, C.A.

Mailing address:

P.O. Box 400
Guatemala City
Republic of Guatemala, C.A.

Tel 011-502-2-336102
Fax 011-502-2-336189

GLOBAL MARKET OPPORTUNITY REVIEW

MEXICO - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The apparel market in Mexico is similar to that of the United States and Canada, in style, cut, fabric patterns etc. Market opportunities for Canadian fashion in Mexico would be primarily in the high-end fashion. However, high-end represents only 10 per cent since similar quality is produced locally at a more popular price and lines. The Mexican garment industry is very well developed and at a national level. In view of the constant inflationary pressures in the economy, pricing is a very important factor in relation to quality of product being offered. The greater metropolitan area of Mexico City is about 20 million people and the total population of Mexico is 84.6 million.

Market Opportunities

Mexican imports of textiles and clothing in 1990 amounted to US $992.6 million, and US $1,200.8 million in 1991; of which US $157.6 million and US $191 million corresponded to clothing vegetable fibres and US $103.5 million and U.S. $133.6 million to clothing of synthetic fibres; and other clothing US $86 million and US $104 million for the corresponding years. During a comparative six month period from January-June 1991 and 1992 imports in these sectors increased an average of 45 per cent. During these same periods, Mexican exports of textiles and clothing registered in 1990 were US $498.9 million and in 1991 were US $615.8 million. During the comparative period (6 months) 1991-1992 Mexican exports reached US $290.3 million and US $325.2 million respectively.

Opportunities could exist for Canadian manufacturers but primarily for high-end apparel, with quality finish being a major factor. However, this market segment potential would be small, at best five to 10 per cent where price is the determining factor for the overall market demand. The seasonal lines for Mexico are spring-summer and autumn-winter. However, due to climatic conditions of Mexico the actual "winter" lines (e.g.) heavy outerwear, parkas, ski wear, etc. is non existent. It must be noted that quality apparel is the determining purchasing factor for the consumer.

Importance of Brand Names

Not significant. Emphasis is on high-end apparel and quality finish.

Trade and Consumer Fashion Publications

The manufacturers follow closely the international fashion market (e.g. USA, Italy, etc.) if only to stay in business. Mexican buyers access all international fashion and trade magazines such as Vogue and Gentleman's Quarterly.

Seasonality

Two fashion seasons: spring-summer and autumn-winter.

Consumer Spending and Style of Dress

Consumer spending and fashion trends follow closely those of the USA. However, the economic social levels in Mexico are more pronounced therefore 70 per cent would be in the low to middle-low working class, followed by the middle-low to middle-high class and finally the high level class which represents five to eight per cent of the purchasing power.

Marketing Practices

No information is available.

Contract Manufacturing Opportunities

Contract manufacturing is extensively done in Mexico. We are not aware that similar manufacturing is done abroad for a Mexican retailer under a brand label. In view of the comparative low cost of labour in Mexico, contracting would not be practical or economically justified.

MAJOR BUYERS

Lists Available to Canadian Apparel Manufacturers

Upon request, the Canadian Embassy could provide a short list. However, a more appropriate approach would be for a Canadian manufacturer to participate in one of the several high end fashion trade shows held annually in Mexico.

Domestic Production Versus Imports

No statistics are readily available. Domestic apparel manufacturing is a highly important economic factor in Mexico whiich also provides its domestic market, but must also compete with exports of Mexican-made clothing to markets abroad.

Profile of Local Manufacturers

Manufacturers are medium to large apparel firms similar to international markets in cut, style and trend. Mexico follows closely the USA and European fashion trends and markets.

Current Source of Imports

Imports come primarily from USA, Spain, Italy and traditional low labour Asian sources such as Korea, Taiwan, China, India, and so on.

PROMOTIONAL ACTIVITIES

International Trade Shows

The Canadian apparel industry should be aware of international trade events in Mexico and where Mexican buyers and designers visit either to purchase or more likely to copy new trends or styles.

Magazines

All fashion magazines found in Mexico are from the USA or Europe. The most important ones are from the USA followed by Italy, France, Spain and Germany. Canadian apparel capability promotion has been limited in the Mexican market.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Similar to the USA. However, for high-end apparel, direct sales to stores and retail stores are preferable.

Typical Commission Rates and Payment Terms

Letter of Credit (LC), Cost and Freight (C&F), or Cost Insurance Freight (C.I.F.) Mexican border point of entry then as credit line pattern is established up to 120 days.

Financial Practices

Quote in equivalent US dollars is preferable.

Import Regulations

No quotas and no import licences are required. Import duties are 20 per cent ad-valorem.

Language Requirements

English is understood, however, publicity material, and so on should be in Spanish.

Possibilities for Joint Ventures

Yes

Canadian Embassy Information

Street address:
Calle Shiller No. 529
Colonia Rincon del Bosque
11580 Polanco, Mexico, Mexico
Mailing address:
Apartado Postal 105-05
11580 Mexico, Mexico
Tel 011-525-724-7900
Fax 011-525-724-7982/7984

GLOBAL MARKET OPPORTUNITY REVIEW

VENEZUELA - APPAREL

MARKET OPPORTUNITIES

Estimated Size of the Apparel Market

In 1991, imports of knitted articles of clothing totalled U.S. $51,750,360, mainly jackets, overcoats and similar items for men and children, made of wool or similar materials. Canada's share was U.S. $206,473 or 0.398% (these items fall under tariff code 11.61).

Imports of non-knitted articles of clothing totalled U.S. $80,483,377, of which Canada's share totalled U.S. $147,625 or 0.183% (tariff code 11.62).

Because of the above, the market potential for Canadian manufacturers of men, women and children's wear is much larger than it actually is, especially when considering that import duties have dwindled to 20%. There are no import restrictions.

The size of the local apparel market was estimated at Cdn $500 MM in 1991.

Description of Opportunities for Canadian Manufacturers

Real opportunities exist in casual wear for all three items when moderately priced. Imported jeans, T-shirts, slacks, trousers, blouses, men's shirts, dresses and baby and infant clothing are all in high demand.

Designer brand names are much more widely used than private labels.

Sources of knowledge of fashion trends are mainly television, radio, newspaper ads and magazines having fashion sections. The most influential style magazine is Guia Venezolana de la Moda, which is a comprehensive fashion guide.

Seasonality: Local requirements are exclusively for summer and light spring wear, since in Venezuela climate depends more on altitude than latitude, with temperatures varying from permanently hot and humid at sea level, to warm days and cool nights in Caracas, which stands at 3000 feet above sea level.

The strength of the local market is definitely in medium-end apparel. The style of dress is more casual than formal due to tropical temperatures.

We are not aware of any marketing practices employed by competitors to capture shelf space.

There are opportunities for contract manufacturing, especially in ladies' casualwear, officewear and men's and ladies' jeans.

MAJOR BUYERS (also wholesale and retail distributors)

A) Confecciones Paris C.A., contact Mr. Martin Lindefeld, General Manager, Edificio Montecristo, Calle B, San Martin, Caracas 1020, tel 582-462-5511, fax 582-462-1768
B) H.R.H., S.A., Contact Mr. Juan Garrido, Managing Director, Apartado Postal 70238, Caracas 1070, Tel 582-340-841, fax 582-349-146
C) Selecciones de Selemar C.A., contact Mr. Candido Rodriguez, President, Edificio Selemar NRO 255, Piso 1, Boulevard de Sabana Grande, Caracas 1050, tel 582-729-951, fax 582-722-297

D) Rori Internacional S.A., contact Mr. Roberto Rimeris, Vice President, Apartado 60410, Caracas 1060, tel 582-239-3533, fax 582-239-3480
E) Tropicana C.A., contact Mr. Ricardo de la Blanca, President, Aparatado 21783, Caracas 1020, tel 582-497-232, fax 582-499-745
F) Maxis C.A., Paseo las Mercedes, Edif Maxis, Piso 3, Caracas, tel 582-921122, fax 582-920070, contact Mr. Jose Luis Perez, Purchasing Manager

SOURCES OF SUPPLY

Percentage of domestically manufactured apparel versus imports - 75% - 25%. Most manufacturers fall in the medium capacity group, their main products being men's, ladies' and children's casual wear. However, all types of apparel are locally manufactured. Main current sources of imports in 1991 were the United States, Hong Kong, Colombia, Taiwan and Panama.

PROMOTIONAL ACTIVITIES

Major trade shows: Caracas Profashional, is held every August.

International shows where buyers shop: Since major sources of imports are the U.S.A., Hong Kong, Colombia, Taiwan and Panama, Venezuelan importers attend the shows that are organized in those countries.

Local magazines buyers rely on and should be considered for advertising by Canadian exporters are: a) Guia Venezolana de la Moda, (Venezuelan fashion guide), Torre A, Piso 8, Ofic. 810, Centro Profesional Santa Paula, Av. Circunvalacion de Sol, El Cafetal, Caracas, tel 58-2-987-0045/986-6490/986-6189; b) Hombre de Mundo (formal and higher priced men's wear), Final Av. San Martin, Edif Bloque de Armas, Caracas 1020, Venezuela, tel 58-2-443-1066/443-3555; and c) La Revista de Gran Clase, same coordinates as b).

BUSINESS ENVIRONMENT

We suggest a local buyer/distributor from the above list.

Typical commission rates vary from 3% to 5% for agents. Payment terms are usually Sight Letter of Credit payable against original shipping documents, usually Bill of Lading, Commercial Invoice and Packing List.

Quotations are usually made in U.S. dollars. Financial practices are standard, international ones.

There are currently no import regulations.

Business and preferred language for promotional material is Spanish which is the local official language. Among importers and distributors, English is widely spoken.

There are always possibilities for joint ventures, but more specific information would be necessary.

The terms and conditions of contracts and other agreements largely depend on the requirements of the signatory parties, apart from the basic legalities that are to be complied with. Legal counsel is widely available.

CONTACTS

The Venezuelan apparel association is called "Camara Venezolana de la Industria del Vestido", with main offices in Caracas.

There is no apparel industry importers association.

Canadian Embassy Information

Street Address:
Edificio Torre Europa, Piso 7
Avenida Francisco de Miranda
Campo Alegre, Caracas, Republic of Venezuela
Tel (011-58-2) 951-6166/67/68, telex (Destination code 31) 23377 (DOMCAN VE), fax (011-58-2) 951-4950

SECTION VI

ASIA PACIFIC

1. HONG KONG, Hong Kong
2. JAPAN, Tokyo
3. TAIWAN, Taipei

GLOBAL MARKET OPPORTUNITY REVIEW

HONG KONG - APPAREL

A. Market Overview

1. Economy

Hong Kong with a population of 5.82 million, consists of more than 230 islands and inlets and a portion of the mainland east of the Pearl River estuary adjoining the Chinese province of Guangdong (Kwangtung). The total area is 1,073 square kilometres.

The success of Hong Kong as a leading manufacturing and commercial centre in Asia stems from an economic policy of free enterprise and free trade, an industrious workforce, a sophisticated commercial infrastructure, a fine harbour, a conveniently located airport and excellent worldwide communications. The workforce numbers is about 2.25 million (manufacturing 0.7 million, servicing 1.55 million) at the end of 1991.

2. Standard of Living

The economy of Hong Kong is highly externally oriented and dependent on trade with the rest of the world. In 1991, the value of Hong Kong's total visible trade amounted to C$235 billion (comprising domestic exports C$34 billion, re-exports C$80 billion and imports C$121 billion), or nearly 249 per cent of the value of its GDP (C$94.5 billion) for that year. With this gross value of C$235 billion in overall visible trade in 1991, Hong Kong ranked 10th among the world's trading economies.

Because of limited natural resources, Hong Kong has to depend on imports for virtually all its requirements, including food and other consumer goods, raw materials, capital goods, fuel and even water. It must, therefore, export on a sufficient scale to generate foreign exchange earnings to pay for these imports. Between 1979 and 1989, Hong Kong's domestic exports grew at an average annual rate of about 9 per cent in real terms, which was roughly twice the growth rate of world trade. The corresponding average annual increase for the period was 25 per cent for re-exports and 14 per cent for imports.

Imports

Imports grew rapidly, by about 19 per cent in real terms in 1991, compared with corresponding increases of 11 per cent in 1990. In 1991, the value of imports into Hong Kong amounted to C$121 billion, or 128 per cent of the value of its GDP for that year. The major sources of Hong Kong's imports were China, Japan, Taiwan, the United States, the Republic of Korea and Singapore. Most of the growth in imports was attributed to the continued surge in re-export trade.

3. Trade and Economic Policy

Hong Kong is firmly committed to an open market policy. This policy applies to trade in goods and services, investments, and financial institutions in Hong Kong.

Hong Kong has excellent communications and financial services, is ideally located and enjoys an established and stable legal system. The Sino-British agreement on Hong Kong's future ensures that its importance as a regional centre will extend well beyond 1997. The agreement guarantees the continuation of Hong Kong's existing capitalist economic and trade systems, the free movement of goods and capital, and its status as a free port and separate customs territory. In accordance with its provisions, on April 23, 1986, Hong Kong became a separate contracting party to the GATT, a status which the government of the People's Republic of China has formally declared would be retained after 1997.

Hong Kong Practices Free Trade

Hong Kong does not levy any import duties.

Hong Kong treats foreign and locally owned companies on the same footing.

Hong Kong does not maintain any restraints on imports.

Hong Kong's trade is generally in balance. It ran a small trade deficit in 6 out of the last 10 years.

Hong Kong does not have any investment practices or policies favouring particular industries.

Imports from foreign countries are free to increase in competition with products from each other or indeed from Hong Kong. In fact, Canadian imports into Hong Kong have increased at 17 per cent per annum in value terms between 1979 and 1989.

The free trade philosophy and practice apply also to financial and other services.

4. Size of Market

According to 1980 and 1985 statistics, Hong Kong people spend approximately 9 per cent of their domestic income of an average family on clothing, which is the highest in the same kind of expenditure among U.S.A., U.K., Japan, S. Korea and Singapore.

In 1989, private consumption expenditure in C$44,000 million indicated a possible expenditure of C$3,960 million in clothing for that year. Total value of GDP was C$75 billion for the same period.

The total import of apparel into Hong Kong for the year 1991 was C$10 billion:-

Apparel (1991

	C$ Million
Outerwear for men and boys - not knitted	1,655
Outerwear for women, girls and babies - not knitted	2,566
Outer garments-knitted or crocheted	2,215
Outerwear-leather	823
Underwear-not knitted	920
Underwear-knitted	1,421
Clothing accessories of textile fabrics	364
Total	9,974

B. Market Demand

1. Major Buyers of Apparel

The professional traders of apparel, particularly fashion-oriented high-quality fashion, consist of the local buyers for department stores and boutiques, fashion importers, etc.

A list of some major traders and department stores in Hong Kong is attached.

2. Types of apparel purchased

Ladies' high-end fashion of ready-to-wear, co-ordinates, dresses, overcoats, men's fine clothing, sportswear and clothing accessories such as scarfs, gloves, stockings are the major items sourcing by the local traders.

3. Importannce of Brand Names

Brand promotion is a major marketing tool for ladieswear and menswear. The degree of brand recognition perceived by the consumers is one of the most important buying criteria, apart from price, design and quality. At present, the few traders dominating the import market of apparel carry the world renowned labels such as Giorgio Armani, Donna Karan, Boss, Escada, Mondi, Yves St. Laurent, Polo Ralph Lauren, Karl Lagerfeld and Alfred Sung.

C. Sources of Supply

The clothing industry is the largest employer and export-earner in Hong Kong. In 1991, it employed 223,840 workers (34 per cent of total manufacturing employment), and earned C$11,318 million in exports (33 per cent of Hong Kong total domestic exports), making Hong Kong the world's second largest exporter by value of clothing after Italy. Hong Kong is one of the world's leading suppliers of clothing, and produces a wide variety of products, from simple accessories to expensive and high quality fashion wear.

Some of the well-established garment manufacturers are:

Glorious Sun Fashion Garment Manufactury (HK) Ltd
2/F Glorious Sun Industrial Building, 97 How Ming St.,
Kwun Tong, Kowloon, Hong Kong
Tel: 341-5261
Fax: 433-2174
Telex: 54384 GLOSU HX
Contact: Mr. Yeung Chun Kam, Managing Director
No. of workers: 800

RGM Garment Company Ltd
3/F Hewlett Ctr, 52-54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.
Tel: 793-1088
Fax: 342-2290
Telex 52462 RGMFY HX
Contact: Mr. Wong Kin Chat, Managing Director
No. of workers: 850

Ching Mei Enterprises (Holdings) Ltd
Block A-D, 12/F, Hoi bun Industrial Building, 6 Wing Yip St,
Kwun Tong, Kowloon, Hong Kong
Tel: 341-7301
Fax: 797-8182
Telex: 47847 SKBPP HX
Contact: Mr. Si Siu Man, President
No. of workers: 1,000

Howin Garment Factory Limited
Flat I & 2, 10/F, Fuk Hong Industrial Building,
60-62B Tong Mei Road, Kowloon, Hong Kong
Tel: 395-5271
Fax: 789-1425
Telex: 51106 ANTDE HX
Contact: Mr. Lai Chee Woon, Antonio, Director
No. of workers: 1,100

2. Current Foreign Sources

Major Hong Kong apparel imports in 1991 were from Italy with approximately C$257 million, Japan C$137 million, France C$89 million, U.K. C$53 million, W.Germany C$47 million. (NB: Import of apparel from Canada in 1991 was C$3.2 million.)

D. Business Environment

1. Distribution Channel

Regarding the sales and marketing of apparel, fur apparel and footwear, it is important that a local agent be engaged to establish the local distribution network at department stores or boutiques and promote brands. Some manufacturers establish their own sales offices in Hong Kong.

2. Financial Practice

Transactions are normally done through Letter of Credit issued by a bank. Mutually agreed terms of buying, e.g. unit price, quantity, contract value, credit period, F.O.B. or C.I.F. Costs are stipulated on the L/C preceeding the order. Deposit payments or bankdrafts are other means of payments based upon mutual acceptance. Most transactions are done in US currency.

3. Language Requirement

Hong Kong is a bilingual city. The people speak English and Chinese. English is commonly adopted in most businesses and is used for documentation, printed matter and promotional material.

4. Tariff Rates and Import Restrictions

Hong Kong is a free port which imposes no tariffs on imported goods. (Excise duties are imposed only on alcoholic beverages, tobacco, soft drinks, cosmetics, methyl alcohol and some hydrocarbon oils.) A declaration must be submitted to the Trade Department of Hong Kong Government for every consignment of goods imported, exported or reexported through Hong Kong. An import licence must be obtained for textiles and apparel prior to arrival in Hong Kong.

5. Major Trade Fairs in Hong Kong

Major apparel trade fairs in Hong Kong are:

Hong Kong Int'l Leather Fair (usually held in April)

Hong Kong Fashion Week (usually held in January)

Hong Kong Int'l Fur Fair (usually held in February)

Trade promotional projects to be initiated by the Commission for Canada in Hong Kong will be "Fashion

Buyers/Media Trips" to Canada for the Toronto Fashion Week in March and September.

6. Contact Points

Lists of associations, garments and textiles firms follow.

Canadian Contact Information

Canadian Commission for Hong Kong
13th Floor, Tower 1
Exchange Square
8 Connaught Place
Hong Kong
Mailing Address:
G.P.O. 11142
Hong Kong
Tel 011-852-847-7414, fax 011-852-847-7441/810-6736

Exchange Rate: C$1: HK$6.70.

Fashion Traders/Department Stores in Hong Kong (Selected)

Bluebell Fashion Ltd
801-805 Mandarin Plaza
Tsimshatsui, Kowloon
Tel 723-0098, Fax 311-4127
Ms. Dorothy So, General Manager

Ca Va
Room 1522 Central Building
Pedder St, Central, Hong Kong
Tel: 525-7524, Telex: 43313 EDIHK
Ms. Kathleen Koo, Director

Christabel Trading
11/F, East Wing
Hennessy Centre, 500 Hennessy Road
Causeway Bay, Hong Kong
Tel 576-9083, Fax 576-4089
Mr. Davis Weire, Managing Director
Mr. Koo, Commercial Director

Copperfield Co. Ltd.
8/F., Shandah Building
682-684 Castle Peak Road
Kowloon, Hong Kong
Tel 785-2002, Fax 745-9963
Mr. K.L. Lee, Managing Director

Cosa Libermann Trading Ltd.
19/F, Tower Two, China Hong Kong City
33 Canton Road, Tsimshatsui
Kowloon, Hong Kong
Tel 738-9888, Fax 736-1884
Mr. Bichelmeier, Import Section

Dickson Group of Companies
4/F, East Ocean Centre
98 Granville Road, TST East
Kowloon, Hong Kong
Tel 311-3888, Fax 723-6107
Ms. Hermia Wai, General Manager

The Dragon Seed Co. Ltd.
10/F, 39 Queen's Road Central
Hong Kong
Tel 524-2016, Fax 810-4971
Ms. Irene Y.K. Yeong, Buyer, Ladies

Edward Keller (HK) Ltd.
36/F, Windsor House
Causeway Bay, Hong Kong
Tel 895-0888, fax 577-1057
Mr. H. Hoffman (Soft Goods Division, tel 895-9620)

Fairton International Co. Ltd.
15/F, Tower 1, China Hong Kong City
33 Canton Road, Tsimshatsui
Kowloon, Hong Kong
Tel 736-2323, fax 736-2626
Ms. Sandra Leung, Regional Manager

Hang Lung Matsuzakaya Co. Ltd.
8/F Hang Lung Centre, Paterson St.
Causeway Bay, Hong Kong
Tel 895-4753, 890-6622, fax 577-4913
Mr. T. Kameda, Director
Mr. Furuhashi, Divisional Manager, Menswear
Mr. Hirao, Divisional Manager, Ladieswar

Hong Kong Daimaru Department Store Co. Ltd.
Patterson Street
Causeway Bay, Hong Kong
Tel 576-7321, fax 589-5406
Mr. S. Sawai, Manager, Menswear Dept.
Mr. K. Yamamoto, Manager, Ladies' Fashion

Hong Kong Seibu Enterprise Co. Ltd.
Room 1901, 2 Pacific Place
88 Queensway, Hong Kong
Tel 877-3628, fax 877-0857
Mr. M. Shibasaki, Manaager, Ladies' wear
Ms. Winnie Kwan, Operations Manager & Buyer

Hong Kong Tokyu Dept. Store Co. Ltd.
1/F New World Centre, East Wing
24 Salisbury Road, TST
Kowloon, Hong Kong
Tel 722-0102, fax 721-4334
Ms. Ren Suen S.W., Senior Section Manager, Ladieswear
Mr. H. Otani, Dept. Manager, Ladieswear

Isetan of Japan Ltd.
20 Nathan Road
Tsimshatsui, Kowloon
Tel 369-0111, Fax 721-9460
Mr. T. Nakayama, Managing Director and General Manager
Mr. S. Yamaji, Merchandise Manager

Joyce Boutique
Room 3805, Edinburgh Tower
The Landmark
Pedder Street, Hong Kong
Tel 522-7173, Fax 810-6248
Mrs. Joyce Ma, Proprietor
Mrs. Mimi Pun, General Manager

Kwok Hand Company
1702 World Finance Centre
South Tower, Harbour City
Canton Road, Kowloon, Hong Kong
Tel 735-0131, fax 735-4272

Lane Crawford Ltd
8/F., Summerset House
28 Tong Chong Street
Quarry Bay, Hong Kong
Tel 880-4488, fax 565-6765
Mr. Groff Styche, V.P., Merchandising
Ms. Shirley Choi, Ladieswear (Designer Labels)

Mitsukoshi Enterprises Co. Ltd.
G/F., Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong
Tel 576-5222, fax 890-8972
Mr. T. Komyo, Manager, Ladieswear

Mountain Rose Co. Ltd.
China HK City, Tower 3, 19/F
Tsimshatsui
Kowloon, Hong Kong
Tel 738-4668, fax 736-1237
Mr. Jesemy Ozorio, General Manager (Tel 738-4742)

Quotto Trading Co.
Unit 4 & 5 5/F
Canny Industrial Bldg.
33 Tai Yau Street
San Po Kong, Kowloon
Hong Kong
Mr. P.Y. Luk

Rheingold (HK) Ltd
1116 Prince's Building
Hong Kong
Tel 526-6006, fax 868-4727
Mr. Robert Wong, Director

Romano Ltd.
17/F Leader Industrial Building
37 Wong Chuk Hang Road
Aberdeen, Hong Kong
Tel 555-1441, fax 877-3130
Ms. Helen Wong, Director
Ms. Stella Lau, General Manager

Seiyu Asia Ltd
Room 1305-1306, East Tower
Bond Centre
88 Queensway, Central

Hong Kong
Tel 868-3181, fax 868-5926
Mr. Hiroo Matsuyama, Managing Director

Shui Hing Co. Ltd., The
23-2S Nathan Road
Tsimshatsui, Kowloon
Tel 368-9181,. fax 721-5210
Mr. Daniel Koo, Chairman

Sincere Co. Ltd., The
4/F., Sincere Building
173 Des Voeux Road C.
Central, Hong Kong
Tel 544-2688, fax 541-7977
Mr. K.S. Lo, V.P. & Buyer, Menswear
Ms. Jeannie Tong, V.P. & Buyer, Ladieswear

Sincoop International (HK) Ltd.
Unit 504 Tower One, South Seas Centre
75 Mody Road, TST E
Kowloon, Hong Xong
Tel 723-0699, fax 739-8957
Mr. Simon B.H. Teo, General Manager

Sogo Hong Kong Co. Ltd.
9/F., 555 Hennessy Road
Causeway Bay, Hong Kong
Tel 833-8338, fax: 838-2030
Mr. M. Fujimoto, Manager, Menswear
Mr. T. Tsuchiya, Manager, Ladieswear

Standard Knitting Ltd, Winnipeg, Manitoba
c/o Tracor Limited
702A Hang Chong Building
5 Queen's Road, Central
Hong Kong
Tel 801-4108 fax 523-4817
Mr. & Mrs. Y. C. Wang, Chairman

Swank Shop Ltd., The
2/F, Block A, Summit Building
30 Man Yue St. Hunghom, Kowloon,
Hong Kong
Tel 363-8160, fax 363-1459
Ms. Teresa Tsang, Director and Chief Buyer

Swire & MacLaine Ltd.
2/F Hong Kong Spinners Bldg.
800 Cheung Sha Wan Road
Cheung Sha Wan, Kowloon
Tel 310-7888, fax 744-2041
Ms. Karen Leung, Asst Merchandise Manager

Wing On Department Store, The
Wing On Centre
211 Des Voeux Road C.,
Hong Kong
Tel 852-1854, fax 541-2482
Ms. Claudia Leung, Merchandiser, Ladieswear

Yaohan Department Store (HK) Ltd.
8/F Evergain building
21-23 Yuen Shum Circuit
Shatin, N.T., Hong Kong
Tel: 636-5338m, fax 636-5770
Mr. Au-Yeung Hon, Chif Buyer
Ms. Silvia Lee, Manager
Mr. H. Ise, Manager, Variety Div.
Mr. Y. Takei, Director, Textile Div.

GLOBAL MARKET OPPORTUNITY REVIEW

JAPAN - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Two major characteristics of Japanese apparel market are its sheer size (approximately C$140 billion) and its receptiveness to quality, and innovative foreign-made products. Despite the recent economic slowdown in Japan, there remains a keen interest in foreign products which meet the strict quality standards demanded by increasingly price-conscious Japanese consumers. If European high-fashion designers are finding their sales to be sluggish in Japan, such is not the case for American apparel manufacturers who are capitalizing on new Japanese consumers' price and design awareness to increase their market share. Canadian manufacturers could well emulate the success of our American neighbours.

Estimated Size of the Apparel Market

After the U.S.A., Japan is the world's leading market for apparel. Figures provided by the Japanese Apparel Industry Council estimate that the total Japanese market for apparel is approximately C$140 billion. Of this figure, imports of apparel (nearly 80% of which are from neighbouring Asian countries, many of which are producing increasingly up-scale products) showed a 40% increase in 1989 over 1988 to exceed over one trillion yen, approximately C$8 billion. In terms of yearly per capita expenditure on clothing, Japan is in fourth position among industrialized countries in terms of yearly per capita expenditure on clothing, behind Italy, Germany and the U.S.A.

Apparel imports - largely from Asia - rose sharply in 1992 and projections show import sales will have surpassed domestic garments during 1992. This is in part due to the fact that Japanese manufacturers are shifting production to neighbouring Asian countries to lower manufacturing and labour costs. In 1991 imports of apparel products amounted to Yen 11,103 trillion (approximately C$9.4 billion). From this sizeable amount Canadian apparel exports (excluding furs) amounted to C$9,844,000 in 1991.

Description of Opportunities for Canadian Manufacturers

Change in the Japanese apparel market has been characterized, as in other industrialized countries, by a clear cut segmentation which implies a need to determine the age and price range and best retail channel for a given product.

Another noteworthy fact about the Japanese market is that there has been a notable shift towards a greater number of different products, smaller lot productions, and a shorter product cycle. Another development has seen a turn away from European designers and very expensive apparel. While there continues to exist a market in Japan for high-priced high-quality designer fashions, it would be misleading to overemphasize this segment of the Japanese market at the risk of overlooking other promising niche markets. It is precisely in these developing niche markets that quality Canadian apparel manufacturers may find a promising entry point.

A further characteristic of the Japanese apparel market is attention to detail, design, and quality - even in mass market goods. While the Japanese consumers continue to demand quality, there has also evolved in Japan an increasing consumer awareness of pricing and value as conditions for purchasing a given product. This new consumer awareness of pricing is reflected in the increased number of discount shops which have opened throughout Japan. This phenomenon has not been lost on the Japanese media which have reported widely on the emergence of these discount shops and the comparatively lower prices at which they sell brand items.

A very important trend which should be noted is the economic slowdown in Japan, which, while proving to be detrimental to high-priced European designer fashion exports, has not prevented USA apparel manufacturers from increasing their sales. With the bursting of the economic bubble in 1991 and the economic slowdown in Japan, growth of individual consumption of fashion and apparel has been sluggish. An indication of this slowdown is that monthly sales of women's apparel have been below the figures for the previous year's month since early in 1992. Retail sales also have slowed down after seven straight years of growth. In March 1993, department stores in the Tokyo region marked their 13th month of year-on-year decline reflecting the reluctance of consumers to spend.

The country most negatively affected by both the economic downturn in Japan and a changing consumer awareness and preference for value has been Italy which had greatly benefitted from the mid 1980s boom in high-end apparel. Other high-end European apparel manufacturers have also seen their sales fall as Japanese consumers - many of whom (10 million) travel abroad and see and compare European prices for the same apparel - have become more price conscious. While the Japanese continue to show great interest in foreign apparel, they are also increasingly demanding value. An indication of this refusal to pay exorbitant prices for high-end European apparel is the growth of designer products manufactured under licence in Japan.

<u>Consumer Spending and Style of Dress</u>

If European apparel makers are finding their sales to be sluggish, such is not the case for the USA which has actually seen its sales increase by 15% in 1990, 23% in 1991, and 31% in the first half of 1992. If the 1980s were boom years for European - particularly Italian fashion - recent consumer preference has shifted to the American casual look.

<u>Entering the Japanese Market</u>

Among successful companies which have entered the Japanese markets, the most prevalent complaints include opacity of the distribution system and different trading practices. Therefore, it is imperative to locate appropriate importer/distributor capable of placing a given product in the proper market segment and advising of cultural and trading differences. Our experience has been that it is foolhardy to seek to circumvent the Japanese distribution system -- foreign companies must work within the existing distribution channels. While the distribution system is evolving due to changes such as increase in mail orders and telephone shopping and popularity of discount stores, success in the Japanese market necessitates locating a good Japanese partner familiar with not only the Japanese distribution system, but also with Japanese trading practices. An example of a Japanese trading practice which foreign manufacturers find difficult is the goods return system whereby unsold goods are normally returned to the wholesalers.

A distributor/importer also advise on other important matters such as sizing, Japanese buying season, importance of respecting tight and frequent delivery schedules, colour preferences, and very important in Japan, the after-sales service. The importance of sizing should not be minimized. Recent surveys have demonstrated that main reason for both not buying or using imported goods is non-standard sizing.

<u>Conclusion</u>

Notwithstanding the economic slowdown and perhaps precisely because of it, there is potential in Japan for Canadian apparel manufacturers willing to devote time and resources to entering this large and sophisticated market with a product which has a distinctive, well-defined point of appeal. Manufacturers of quality outdoor/casual apparel can greatly benefit from the very positive image which Japanese have of Canada and should seek to capitalize on this image. If medium to small sized American companies are able to capitalize on Japanese interest in casual/outdoor wear Canadian companies should equally be able to do so. If there are promising niches in the Japanese market, the enthusiasm of Canadian manufacturers of apparel should be tempered with the realization that entry into the Japanese market necessitates time, visits to Japan, a solid export record to the USA and a sound cash-flow.

<u>Canadian Embassy Information</u>

7-3-38 Akasaka
Minato-ku
Tokyo 107, Japan
Tel 011-81-3-3408-2101
Fax (G3 System) 011-31-3-3470-7280/3479-5320

<u>Canadian Consulate General</u>

Street address:
12th Floor, Daisan Shoho Bldg.
2-3 Nishi-Shinsaibashi
2-Chome, Chuo-Ku
Osaka 542, Japan
Mailing address:
P.O. Box 150
Osaka Minami 542-91, Japan
Tel 011-81-6-212-4910
Fax (G3 System) 011-81-6-212-4914

GLOBAL MARKET OPPORTUNITY REVIEW

TAIWAN - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Area: 36,000 square km
Population: 20.6 million

Taiwan has become a wealthy, industrialized society within one generation. Habits of thrift and re-investment which were natural to the older agricultural generation were reinforced from the 1950s until very recently, by central government restrictions on foreign exchange and travel. Greater attention to nutrition, level of literacy, higher education and increased life expectancy amply demonstrates the success of the government's economic policies and the growth of Taiwan's middle class.

Having advanced from developing country status to (New Industrial Country) NIC status, Taiwan's newly wealthy have been spending their money on real estate, automobiles, imported goods and foreign travel. Discretionary income appears very high, but still maintains a sizeable savings rate. Taiwan's outstanding success in aggressively promoting exports and its need to import resource products from countries like Canada, resulted in a significant growth in trade between Canada and Taiwan. In 1970, the total bilateral trade between Canada and Taiwan was less than Cdn $70 million. By 1991, Taiwan was Canada's 8th largest trading partner and total trade has reached Cdn $3.3 billion.

Estimated Size of the Apparel Market

Apparel valued U.S. $251,911,000 was imported to Taiwan in 1991.

Description of Opportunities for Canadian Manufacturers

Many local and world famous brands sell well in Taiwan. Middle to high-end products from Canada could have sales potential in Taiwan, particularly womenswear and childrenswear.

Importance of Brand Names

Brand names are very important in Taiwan. For example, famous brands from the U.S.A. and European countries are very popular.

Trade and Consumer Fashion Publications

There are no major trade publications in Taiwan but buyers read foreign publications. Consumers generally read the local fashion magazine such as Women's World, Yuan Fashion, Lady's, Cosmopolitan, Phoebes, etc.

Consumer Spending and Style of Dress

Taipei's standard of living is among the highest in the world. The price of apparel in department stores are high by North American standards, but sell very well. Largest consumer group however is in mid-price quality range with shifts toward high-end, as disposable income continues to increase.

Style of clothing worn in Taiwan includes dress and casual, with an emphasis on relatively conservative styles.

Marketing Practices

Suppliers who have good working relationships with department stores and boutiques capture better "shelf space".

Contract Manufacturing Opportunities

There are opportunities for contract manufacturing Canadian brands in Taiwan.

MAJOR BUYERS

The major department stores in this market are:

Asiaworld Department Store, Evergreen, Far Eastern Department Store, Lai Lai Shopping Mall, Ming Yao Department Store, Sogo Department Store Pacific, Shin-Kong Mitsukoshi Department Store, Rebar Department Store, Sincere Department Store, Sunrise Department Store, Tonlin Department Store, Ta Lee Department Store, President Department Store.

(Many of the Department Stores are joint ventures with Japanese companies except Far Eastern, Rebar, Sincere, Sunrise.)

Importers/Agents of Famous Brands

Dickson Trading (Taiwan) Co., Ltd., Taipei Renown Incorporated, Blue Bell Ltd., Farldin Trading Co., Ltd., Yun San Co., JC & J International Trading Corp., Chung-Hseng Corp.

Lists are available for Canadian apparel manufacturers of importers and agents.

SOURCES OF SUPPLY

Percentage of Domestically Manufactured Apparel Versus Imports

U.S. $873,071,480 - domestically manufactured apparel
U.S. $251,911,000 - imported apparel

Profile of Local Manufacturers

There are a number of local designers/manufacturers in Taiwan, while exports are primarily in casualwear. Most of the local design apparel style imitate Japanese styles.

Current Source of Foreign Imports

Hong Kong 45%, Italy 14%, Japan 13%, Korea 8%, Thailand 4%.

International Trade Shows

Taiwan buyers usually attend trade shows in Europe and Japan.

Preferred Marketing and Distribution Methods

Most apparel manufacturers selling in Taiwan go through agents or trading companies who sell directly to department stores. The Canadian Trade Office in Taiwan (CTOT) has lists of major local importers and department stores. They are available upon request.

Financial Practices

All prices should be quoted in U.S. dollars, delivered to a Taiwan destination, based on F.O.B. or C.I.F.

Import Regulations

There are no regional barriers that prohibit the sale of Canadian apparel to Taiwan. Tariff for imported apparel is 12.5%, tariff for silk is 22.5%.

Language Requirements

People speak Mandarin and most business people speak English. Advertisements should be made in Chinese.

Possibilities for Joint Ventures

Many Taiwanese manufacturers have moved to East Asian countries such as Thailand, Malaysia, and Mainland China. Opportunities for joint ventures with Taiwanese companies and foreign companies to produce in Mainland China abound. Labour costs have increased significantly in two years.

CONTACTS

Apparel Industry Importers Association

There is no importers association which is specific to the apparel industry in Taiwan.

Canadian Trade Office in Taipei Contact Information

Canadian Trade Office in Taipei
13th Floor, 365, Fu Hsing N. Road
Taipei, Taiwan
Tel 886-2-713-7268
Fax 886-2-712-7244

SECTION VII

MIDDLE EAST

1. EGYPT, Cairo
2. IRAN, Teheran
3. SAUDI ARABIA, Riyadh

GLOBAL MARKET OPPORTUNITY REVIEW

EGYPT - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The import of apparel is banned due to the high quality of local production at extremely competitive prices. Egypt is exporting ready made garments to neighbouring Arab and European countries, also some to Canada.

Canadian Embassy Information

Street address:
6 Mohamed Fahmy
el Sayed Street, Garden City
Cairo, Arab Republic of Egypt
Mailing address:
P.O. Box 2646
Cairo, Arab Republic of Egypt
Tel (011-20-2) 354-3110, fax (011-20-2) 356-3548
Telex (Destination code 91) 9-2677 (CANCAR UN)

GLOBAL MARKET OPPORTUNITY REVIEW

IRAN - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Import of apparel into Iran is only allowed through the free trade zone of Kish Island. These amount to a very small quantity compared to the overall size of the market. Attached is a list of importers of clothing which operate from Kish. Most of these companies import various consumer goods, including relatively small quantities of clothing, from the Far East (South Korea, Taiwan and Thailand). Published statistics regarding the overall size of the market and imports are not available.

Most consumer spending on clothing is in the low to medium range and style is generally more casual than formal. Price is a very important factor in influencing customer choice.

The rising cost of clothing has become a major social issue, and as a result, the government is supporting the formation of "manufacturing cooperatives" and is encouraging them to market their products directly to customers at specialized fairs. Because of the difficult economic conditions in Iran and hard currency shortages, the government is also encouraging export of apparel as a means of increasing the country's non-oil foreign exchange earnings.

Due to current difficult economic conditions, market opportunities for Canadian exporters in this market are believed to be limited. The government is expected to adhere to its current policies of encouraging exports and restricting imports of apparel in the short to medium term future.

Clothing Importers

Milad Kish
Bazar Maryam, Phase 3, No. 35
Kish Island
Tel +98-7653/2525
and
Somayeh Street
After Bahar Junction, Building No. 4, Tehran
Tel +98-21/882-1631
- Womenswear, menswear, childrenswear

Modelkaran Company
Bazar France, Phase 2, South, No. 20
Kish Island
Tel +98-7653/2624
- Womenswear, menswear, childrenswear

Omid Kish Company
Bazar France, Phase 1
Kish Island
Tel +98-7653/2398 & +98-21/583156, fax +98-21/588330
- Womenswear, menswear, childrenswear

Guilan Kish Company

Bazar Marjan
Kish Island
Tel +98-7653/2519, fax +98-7653/2419
- Womenswear, menswear, childrenswear

Mehdi Javaheri Company
Pardis International Bazar, No. 169
Kish Island
Tel +98-7653/2917 & +98-21/561-1595
- Womenswear, menswear, childrenswear

Aslan Kish
Bazar Saffain, No. 1
Kish Island
Tel +98-7653/2371
- Womenswear, menswear, childrenswear

Tolou Kish Company
Bazar Pardis, No. 101
Kish Island
Tel +98-7653/2457
- Womenswear, menswear, childrenswear

Hour Kish
Bazar Pardis, No. 9
Kish Island
Tel +98-7653/2833 & +98-21/681711
- Womenswear, menswear, childrenswear

Canadian Embassy Information

Street address:
57 Shahid Javad Sarafraz Street
Ostad Motahari Avenue
Tehran 11365, Islamic Republic of Iran
Mailing address:
P.O. Box 11365-4647
Tehran, Islamic Republic of Iran
Tel (011-98-21) 622623
Telex 212337 (MCAN IR)
Fax (011-98-21) 623202

GLOBAL MARKET OPPORTUNITY REVIEW

SAUDI ARABIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

The end of the Gulf war, expansion projects in the oil and petrochemical industries, and a return of private sector confidence and their funds (previously kept abroad) have helped fuel a boom in Saudi. Arabia. The capital of Saudi Arabia is Riyadh.

Market Size

In 1992, total import of apparel was estimated at Cdn $1 billion with an expected annual growth of 4 to 5 per cent.

Opportunities for Canadian Manufacturers

Higher per capita income and the increased number of expatriates who are mainly from third world countries will keep demand for apparel high. A favourable exchange rate and the appeal of Canadian brand names should help the Canadian manufacturers to enter the Saudi Arabian market. There is no market potential for luxury products or high-fashioned products. Most primising sectors are children's wear, lingerie and casual/sports wear.

Importance of Brand Names

The importance is mainly for the country of origin. Canadian products are better placed than for example products originating from the Far East and the neighbouring countries (e.g. Lebanon, Syria and North Africa). Price factor is very essential to compete with this huge sector.

Trade Publications

There are no local fashion trade magazines. This is due to Islamic religion. Few fashions are published in Arabic magazines and are restricted to modestly covered women from the neck to below the knee. Some foreign magazines are imported but heavily censored.

Seasonality

The market for apparel is open for all seasons.

Consumer Spending

The nationals have their own dress style called "Thob" which is a long white dress with a collar and long sleeves and a piece of cloth to cover the head. On the other hand, as most of the population living in Saudi Arabia are from the third world countries, expenditures in general tend to be low to moderately priced fashions.

Marketing Practices

The marketing practices apply only for high-fashion clothing. The products are displayed professionally to attract the consumers. For example, there are private shops selling Francesco Smalto, Dupont, Etienne Aigner and Cafra for menswear; Mothercare, Jacadi and Nataly's for childrenswear; and shelf spaces for Escada, Rocco Borocco, Christian Dior, etc. for women's apparel.

Opportunities for Contract Manufacturing

The demands are for low to moderately-priced products. Opportunities exist for any kind of men's, women's and childrenswear. Contract manufacturing opportunities are mainly limited to the major apparel importers/wholesalers.

MAJOR BUYERS

List of Major Importers/Wholesalers

A list of the major importers/wholesalers for Canadian manufacturers is attached.

SOURCES OF SUPPLY

Percentage of Domestically-Manufactured Apparel Versus Imports

The percentage of domestically manufacturered clothing is negligible as the apparel industry is still in its infancy stage. The main manufactured products are the national dresses.

Current Source of Foreign Imports

The main sources of imports are from the Far East, Egypt, Syria, Lebanon, USA, North Africa, France and Canada.

Recent Imports Broken out by Categories

Recent figures show the following most promising apparel subsectors:

	Cdn $
Men	250 million
Lingerie	110 million
Women and girls	430 million
Children	230 million

PROMOTIONAL ACTIVITIES

Canadian Embassy Initiatives

The Embassy obtained several copies of "Canada ... A World Leader in Apparel, A Directory of Apparel Exporters" which is distributed to major importers and wholesalers.

International Shows

Buyers obtain information from the different diplomatic missions regarding apparel exhibitions in their countries.

Magazines

There are no local fashion magazines. Very few international magazines are imported and most are censored. Some international magazines can be obtained through direct mailing and these are also checked and censored by the post office.

BUSINESS ENVIRONMENT

Preferred Marketing and Distribution Methods

Apparel marketing is done directly by importers who contact the manufacturers or agents.

Commission Rates and Payment Terms

No commissions are applicable if the importer/wholesaler is dealing directly with the exporter. If a deal is done through an intermediate, a usual 10 per cent commission practice is applicable but this depends on the volume of the purchase.

Importers/wholesalers always try to obtain credit. Usually, it is an irrevocable and confirmed letters of credit until trade transactions prove to be satisfactory to the exporters to grant payment.

Financial Practices

All prices should be quoted in U.S. dollars. The U.S. currency is the most preferable as it is at a fixed rate to the Saudi riyals (at present US$ 1.00 = SR 3.7540). Prices quoted F.O.B. and C&F.

Import Regulations

There are no restrictions on the import of apparel into Saudi Arabia. Custom duties applied on apparel are 12 per cent, no restricted quotas. The only barrier is that goods must not be or or related to any Israeli involvement as part of the Israeli boycott list applied in Saudi Arabia.

Language Requirements

Arabic is the mother tongue in Saudi Arabia. English is widely used in trade transactions.

Possibilities for Joint Ventures

The apparel industry in Saudi Arabia is still in its infancy stage. However, the government is encouraging local industries in different sectors. Post would assist any Canadian firm looking for joint venture possibilities by providing them with contacts of all apparel industries operating in Saudi Arabia.

Legal Practices

There is a booklet published by External Affairs and International Trade Canada which contains valuable information on the Saudi Arabian market covering legal matters. The booklet is entitled "Saudi Arabia: A Guide for Canadian Exporters".

Canadian Embassy Contact Information

Diplomatic Quarter
Riyadh, Kingdom of Saudi Arabia
Mailing Address:
P.O. Box 94321
Riyadh 11693, Kingdom of Saudi Arabia
Tel 022-966-1-488-2288, fax 011-966-1-488-0137

Clothing Stores

Ahmad Hassan Fitaihi Est

P.O. Box 2606, Jeddah 21461, Saudi Arabia
Tel 2-651-4976, fax 2-6512-4860

Mohen Stores
Box 3498, Jeddah 21471
Tel 2-669-5887, fax 2-669-3037

Hussein Gazzaz & Sons
Box 16555, Jedah 21472
Tel 2-642-2160, fax 2-644-3245

Abdullah Said Bugshan & Bros.
Box 378, Jeddah 21411
Tel 2-647-3840, fax 2-647-9379

Al-Injazat Trading Corp.
Box 2935, Jeddah 21461
Tel 2-647-1617, fax 2-647-1729

Adam & Eve's Stores
Box 7008, Jeddah 21462
Tel 2-653-3884, fax 2-653-3892

Al-Esayoi Exhib. for Readymade Garments
Box 162, Jeddah 21411
Tel 2-647-5445, fax 2-632-3756

Elite
Box 16869, Riyadh 11474
Tel 1-482-6907, fax 1-482-8460

Al-Ajlan Est.
Box 1563, Riyadh 11441
Tel 1-403-4754, fax 1-401-3635

Al-Tawfeeq Commercial Centre
Box 694, Al-Khobar 31952
Tel 3-864-2963, fax 3-864-3079

LINGERIE

Ahmed Hassan Fitaihi Est.
Box 2606, Jeddah 21461
Tel 2-651-4976, fax 2-651-4860

Sayyidaty Exb.
Box 56069, Riyadh 11554
Tel 1-462-5382, fax 1-403-8733

Mohammad M. Al-Qahtani Intl. Est. for Trade
Box 2107, Riyadh 11451
Tel 1-403-1018, fax 1-405-6190

Al-Asseel Company Ltd.

Box 310, Riyadh 11411
Tel 1-411-6688, fax 1-411-9967

Al-Cornice Shopping Centre
Box 18693, Jeddah 21425
Tel 2-643-7291, fax 2-642-3067

Hamed Al-Qahtani Universal Stores
Box 89, Dammam 31411
Tel 3-834-5851, fax 3-833-0867

Al-Johar Commercial Group
Box 2518, Riyadh 11461
Tel 1-464-9725, fax 1-463-3356

Zahar Exhibition
Box 56710, Riyadh 11564
Tel 1-464-7236, fax 1-403-6790

Al-Sharq Exhibition
Box 527, Riyadh 11421
Tel 1-464-7529, fax 1-463-1182

SECTION VIII

AFRICA

1. NIGERIA, Abidjan
2. SOUTH AFRICA, Pretoria
3. TANZANIA, Dar-es-Salaam

GLOBAL MARKET OPPORTUNITY REVIEW

NIGERIA - APPAREL

MARKET OPPORTUNITIES

<u>Territory Overview</u>

The import of apparel and all textiles into Nigeria is prohibited.

GLOBAL MARKET OPPORTUNITY REVIEW

SOUTH AFRICA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

This review covers the Republic of South Africa, Lesotho and Swaziland. The last two are in a customs union with South Africa which permits the movement of goods on a duty-free basis. Overall the population is rural and poor although a diversified mining and manufacturing sector does provide permanent employment for an appreciable proportion of the population. Within the customs union there is a large clothing and textile industry which is highly protected through tariffs and duties on clothing of both knitted and woven textiles. Approximately 100 % ad valorem to which must be added an import surcharge which ranges between 15% and 40%. However, the South African government has given an undertaking to the GATT that the import surcharge will be removed as soon as possible and that efforts will be made to reduce duty levels.

Estimated Size of the Apparel Market

Available statistics cannot really be compared but value of retail sales reported by dealers of clothing, footwear and textiles is as follows in Cdn $ millions at SA R1.00 equals $0.40: January-December 1992, 6108; January-December 1991 5448.

Manufacturing statistics provide the following information in thousands of units.

	1992	1991
Men's & boys' clothing		
Suits and jackets	2594	2936
Trousers and shorts	16340	20067
Pullovers jerseys and cardigans	1364	1362
Underwear	10806	14759
Shirts	27286	30292
Pyjamas and nightwear	1564	1483
Coats, raincoats & swimwear	937	1063
Protective & safety clothing	2709	3080
Women's and girls' clothing		
Suits, costumes and slack suits	1800	1790
Dresses and blouses	15567	19950
Shirts and blouses	9436	9689
Skirts	7878	8417
Slacks, jeans & shorts	7916	5485
Underwear	34995	39939

Description of Opportunities for Canadian Manufacturers

Until tariff levels are reduced the opportunities to market imported clothing in South Africa are extremely few are extremely few and far between. They are limited to the extreme bottom end of the market where some low priced garments from low cost producers might prove to be competitive. Alternatively, there may be isolated openings at the top end of the market for extremely up-market fashion wear. Canada is not however regarded as a traditional supplier to this sector and entree would be difficult.

Importance of Brand Names

Internationally known brand names such as Benetton and Hector Powe are available in South Africa but the garments are usually produced under licence locally and cater to the top end of the market where brand names carry marketing weight. Middle and lower marketing is price dependent.

Trade and Consumer Fashion Publications

Fashion buyers and manufacturers travel abroad regularly and because of South Africa being situated in the southern hemisphere, fashions and colour combinations appear to follow, within a short period, northern hemisphere trends. Consumers normally obtain their information from magazines such as Vogue, Cosmopolitan, Fair Lady, Personality and others generally available locally.

Consumer Spending and Style of Dress

With a largely divergent population, no accurate figure can be given for that portion of disposable income spent on clothing. Less formal styles of wear appear to be coming more acceptable and with the continuing economic recession, value for money is an important consideration.

Marketing Practices

A Canadian exporter wishing to enter the South African market would be well advised to obtain the services of a locally based South African representative to market top of the range fashionwear to boutiques and specialist buyers.

Contract Marketing Opportunities

Because of available local resources and the high tariff, it is not considered that there would be any opportunity for Canadian contract manufacturers.

Key Retail Accounts

Major retail clothing outlets are: Stuttafords, Edgars, Garlicks, John Orrs, Foschini, Woolworths, Truworths, Jet Stores, Pep Stores, O.K. Bazaars. All of the above have outlets nationwide.

Lists Available to Canadian Apparel Manufacturers

Because of Canadian government policy towards South Africa, the actual promotion of trade between the two countries is not undertaken. This policy could change in the near future and assistance to Canadian exporters would then be forthcoming.

Language Requirements

South Africa is a bilingual country in which both English and Afrikaans is spoken. English is the accepted language for international trade.

Possibilities for Joint Ventures

The possibility of joint ventures between Canadian and South African companies could only be considered following the removal of sanctions.

Contacts

The chamber of commerce movement is strong in South Africa and it is suggested that as an initial point of contact the following organization should be approached seeking introductions to agents:

South African Chamber of Business (SACOB)
P.O. Box 91267
Auckland Park 20006
Fax 27-11-726-1344

This situation will persist until Canadian government policy is reviewed. Some limited assistance might also be provided by:

The Canadian Embassy
P.O. Box 26006
Arcadia, Pretoria 0007
Tel 27-12-324-3970, fax 27-12-323-1564
Contact: Mr. Bruce Fraser, Economics Officer

BUSINESS ENVIRONMENT

Commission Rates and Payment Terms

Commission rates as in the U.S. range from 3% to 15% depending on quantity and value. Payment terms are by arrangement but South African importers are accustomed to using confirmed Letters of Credit.

Financial Practices

All prices offered should be in U.S. dollars CIF South African port.

Import Regulations

Certain items may still be subject to import permit and Canadian suppliers should assure themselves that South African importers are in fact free to import. If payment is by Letter of Credit the fact that a South African importer has established such an instrument is sufficient proof that import formalities have been complied with.

Degree of Self Sufficiency

South Africa is totally self sufficient in clothing and although no trade statistics are available, it is considered that imports are minute.

Promotional Activities

Canadian government policy does not permit these at present.

GLOBAL MARKET OPPORTUNITY REVIEW

TANZANIA - APPAREL

MARKET OPPORTUNITIES

Territory Overview

Almost no market opportunities for Canadian manufacturers of apparel exist for Canadian firms.

The market is negligible and is flooded with second-hand clothing. Locally-tailored/manufactured apparel represents between 40 and 60% of the requirement while the rest is covered by second-hand apparel and cheap fancy childrenswear from the Far East, mostly through local funds or financed by rich Gulf State traders with family and business links in Tanzania.

Style and fashion is of interest to a very small percentage of the urban population. Rural populace have little or no capability to buy.

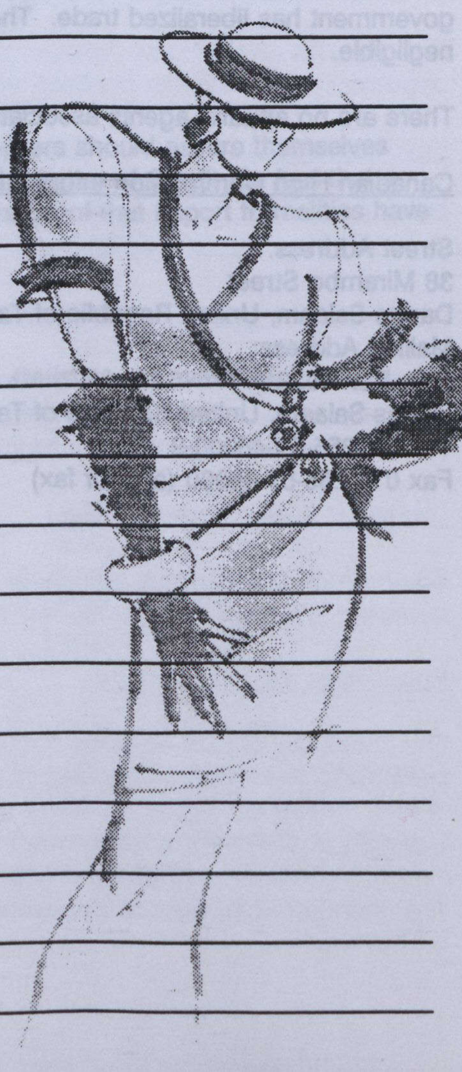
Tanzania produces good cotton fabrics. There is a lot of local tailoring both for men and women's apparel. The favourite dress for women is the "Khanga" and "Kitenge" (made of cotton) which is locally produced. Local tailoring in both urban and rural areas use mostly manual sewing machines. Up until very recently, fashion stores and the import of fashion apparel was non-existent. Possibly in the future, the increase of fashion stores for apparel and apparel manufactureers may emerge since the government has liberalized trade. There is a small manufacturing capacity in Tanzania but this is negligible.

There are no apparel agents association nor apparel industry importers association in Tanzania.

Canadian High Commission Information

Street Address:
38 Mirambo Street
Dar-es-Salaam, United Republic of Tanzania
Mailing Address:
P.O. Box 1022
Dar-es-Salaam, United Republic of Tanzania
Tel 011-255-51-46000-9
Fax 011-255-51-46000 (ask for fax)

Notes/Notes



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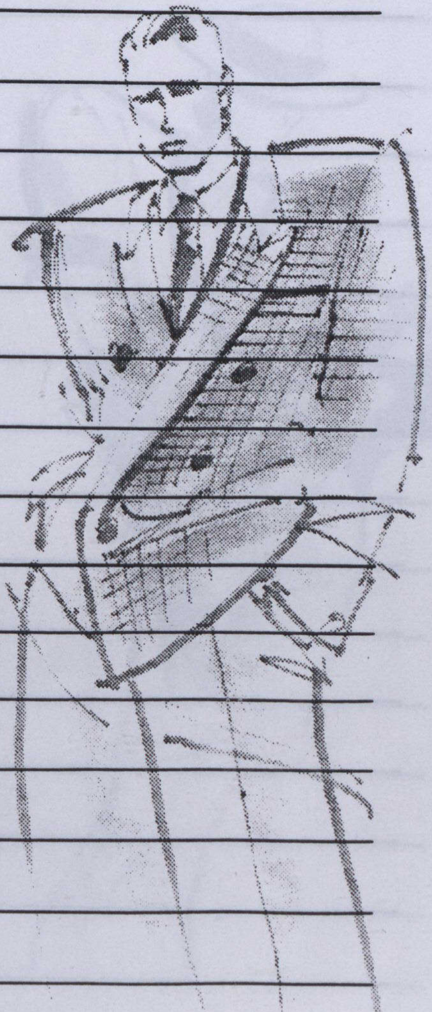

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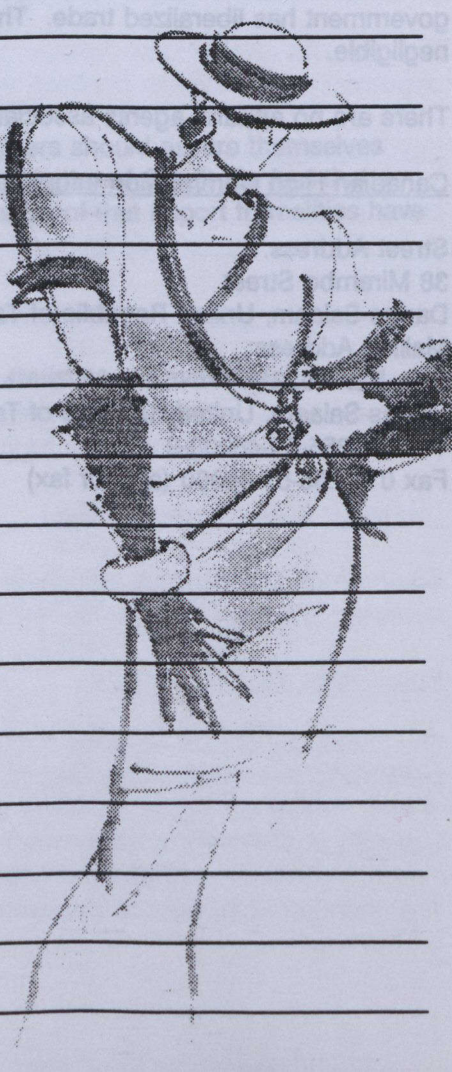

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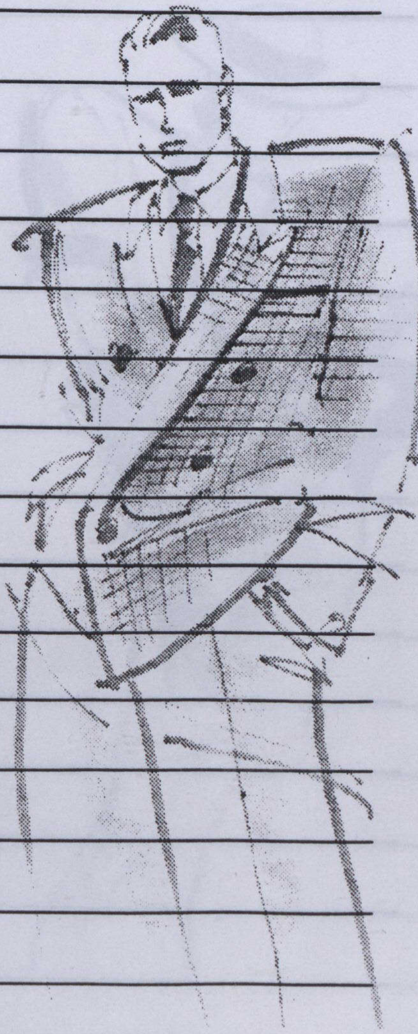

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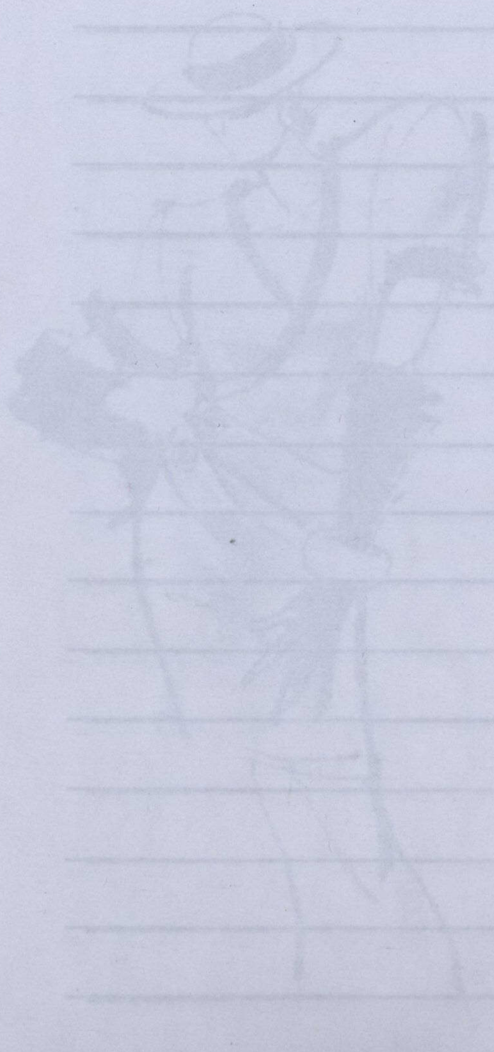

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