

THE PORTUGUESE TEXTILE AND CLOTHING INDUSTRY

2019



Co-financiado por:



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Fundo Europeu de Desenvolvimento Regional



Associação
Têxtil e Vestuário
de Portugal

THE PORTUGUESE T&C INDUSTRY

Main Data

2017

Turnover: 7.607 M€

Production : 7.439 M€

Employment: 136.928

Exports: 5.215 M€

Imports: 4.139 M€

Trade Balance: 1.076 M€

Companies: 12.102

Societies: 6.191

Individual companies: 5.911

2018

Turnover: 7.610 M€

Production: 7.500 M€

Employment: 138.000

Exports: 5.314 M€

Imports: 4.307 M€

Trade Balance: 1.007 M€

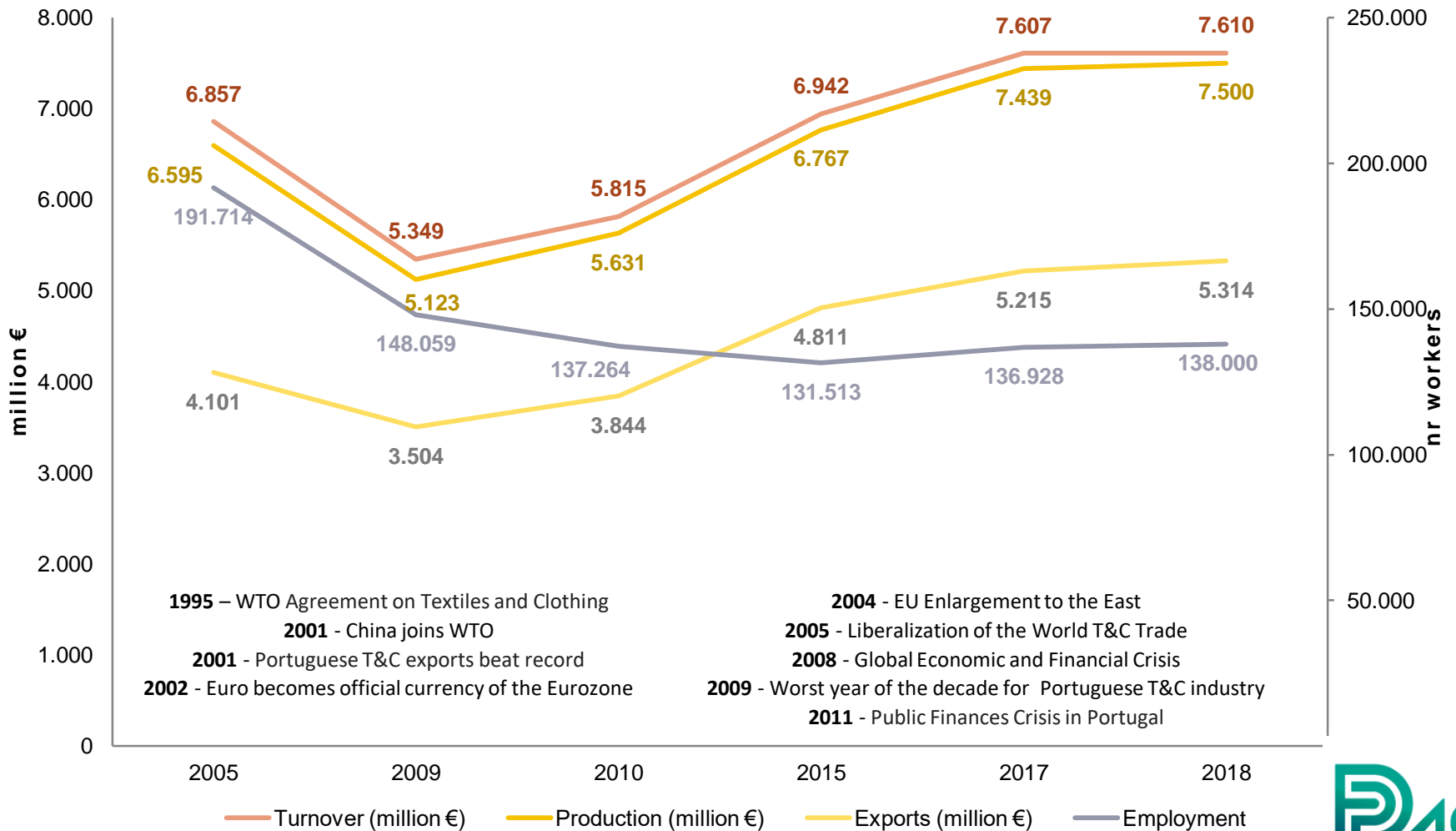
2017: INE (provisional data) / 2018: ATP forecast.



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T&C MAIN DATA EVOLUTION



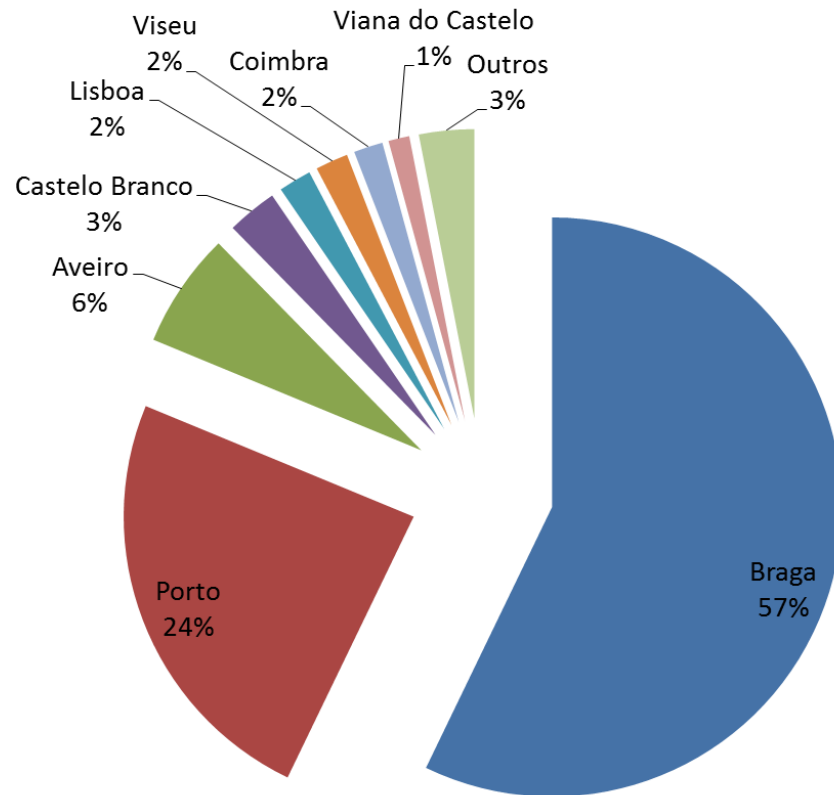
Source: INE / EUROSTAT [2017: provisional data ; 2018: ATP forecast]

THE PORTUGUESE T&C INDUSTRY

GEOGRAPHICAL DISTRIBUTION



Turnover by region





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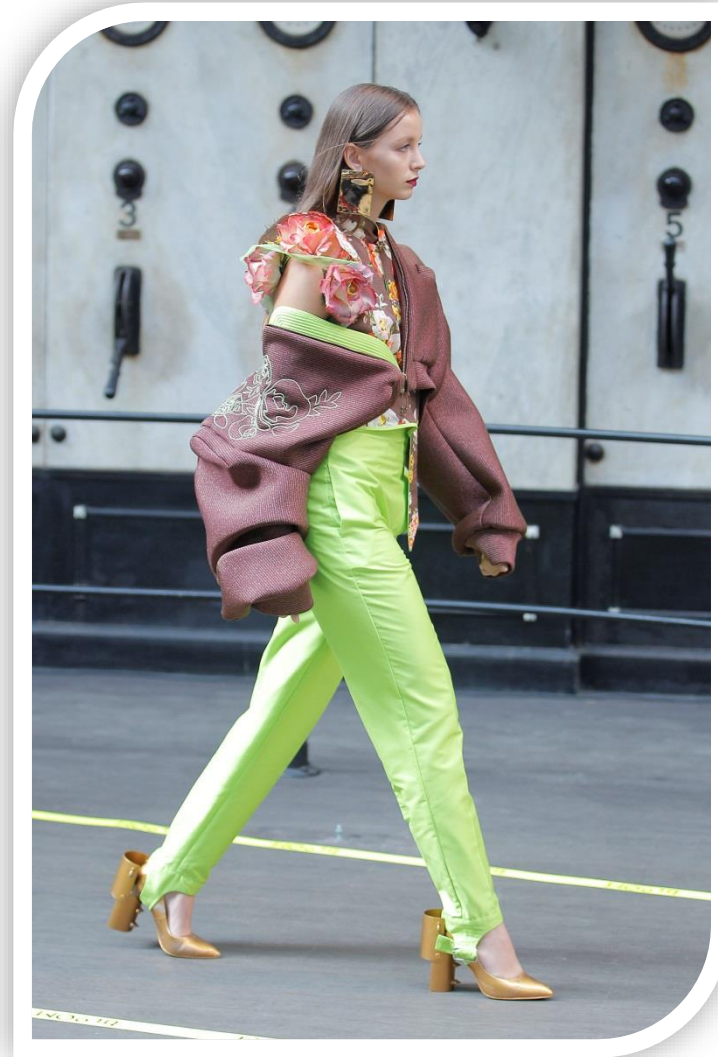
Represents:

10% of national exports / **3%** of EU T&C exports

20% of the employment in the Portuguese
Manufacturing Industry / **8%** of the EU T&C
Employment

9% of the turnover in the Portuguese
Manufacturing Industry / **4%** of the EU T&C
turnover

9% production in the Portuguese Manufacturing
Industry/ **4%** of the EU T&C production



Modatex, PF SS18



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THE PORTUGUESE T&C INDUSTRY

EU Textile & Clothing Industry

Turnover	Share 2016	Companies	Share 2016	Employment	Share 2016
Italy	31%	Italy	28%	Italy	24%
Germany	17%	Poland	9%	Romania	11%
France	13%	Czech Rep.	9%	Poland	9%
United Kingdom	7%	Portugal	8%	Portugal	8%
Spain	6%	United Kingdom	5%	Germany	7%
Portugal	4%	Spain	5%	United Kingdom	6%
Belgium	3%	Germany	4%	France	6%
Poland	3%	Greece	4%	Bulgaria	6%
Romania	2%	Hungary	4%	Spain	5%
Austria	2%	Romania	4%	Czech Rep.	3%

Source: according to EURATEX information



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MAIN CLIENTS 2018

(Share / evolution)

- 1.º Spain (32%): -4%
- 2.º France (12%): 1%
- 3.º Germany (8%): -1%
- 4.º UK (8%): -3%
- 5.º Italy (6%): 35%
- 6.º USA (6%): 1%
- 7.º Netherlands (4%): 12%
- 8.º Sweden (2%): 2%
- 9.º Belgium (2%): 1%
- 10.º Denmark (2%): 8%

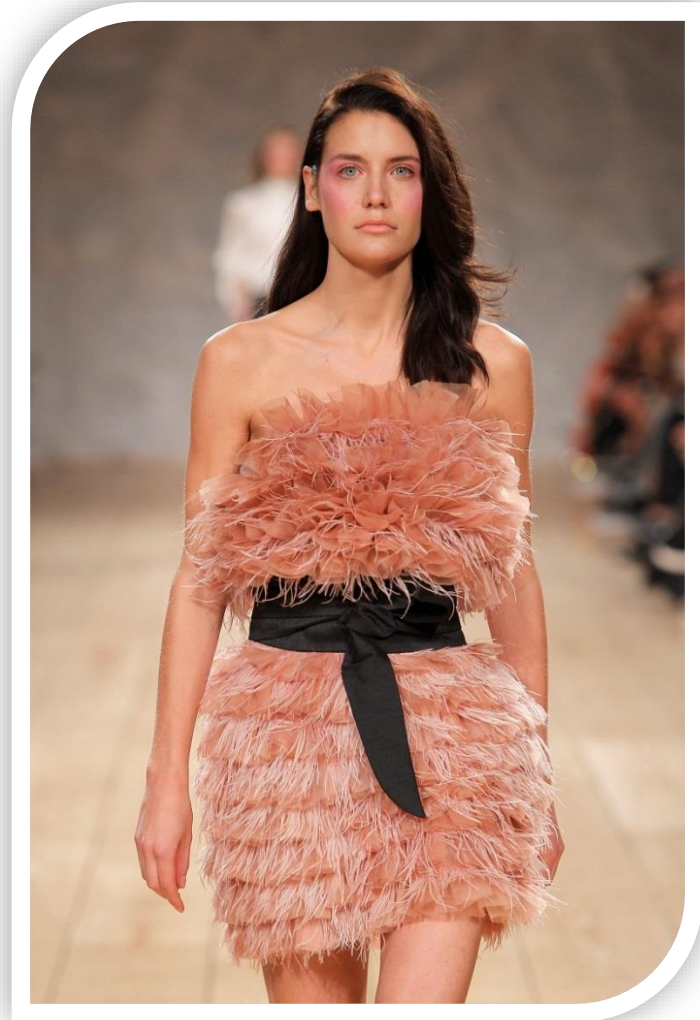
EU27_Extra (18%): 5%
EU27_Intra (82%): 1%
TOTAL: 2%

MAIN SUPPLIERS 2018

(Share / evolution)

- 1.º Spain (36%): -2%
- 2.º Italy (11%): 4%
- 3.º China (7%): 33%
- 4.º Germany (7%): 9%
- 5.º France (7%): -2%
- 6.º India (6%): 10%
- 7.º Netherlands (4%): -10%
- 8.º Turkey (3%): 21%
- 9.º Pakistan (3%): 32%
- 10.º Belgium (2%): -18%

EU27_Extra (27%): 21%
EU27_Intra (73%): -1%
TOTAL: 4%



Diogo Miranda, PF SS18





THE PORTUGUESE T&C INDUSTRY

PORTUGUESE TEXTILE AND FASHION INDUSTRY

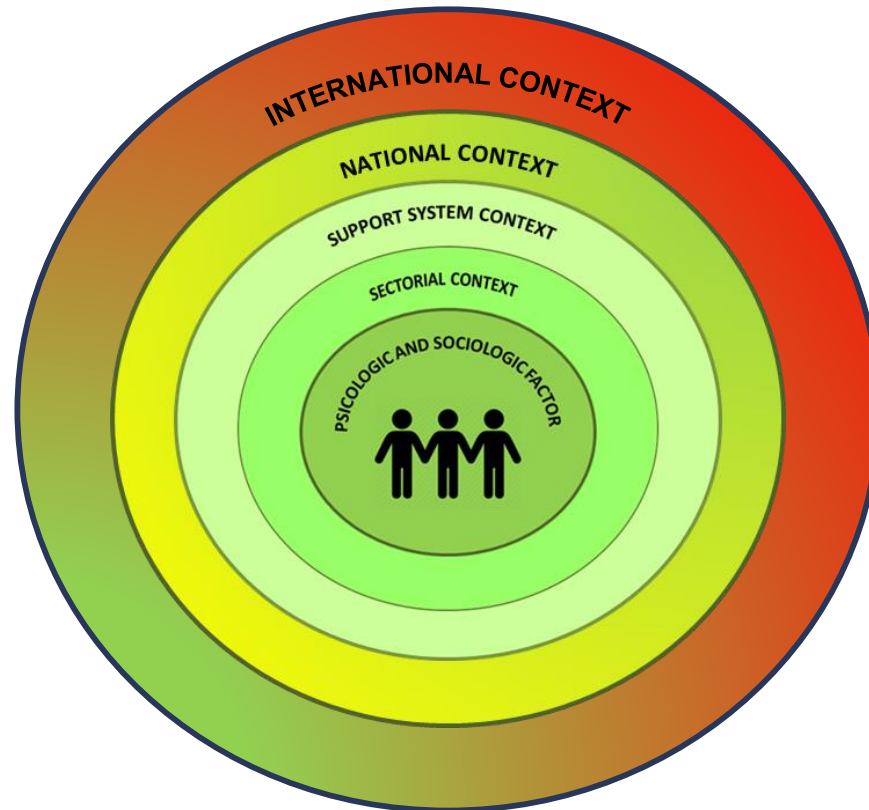
FACED SEVERAL COMPETITIVE SHOCKS:

A CONTINUOUS TURMOIL MADE OF MANY SUCCEEDING CRISIS

- 
- 
- **1995-2005:** LIBERALIZATION OF WORLD TEXTILE TRADE (END OF MFA)
 - **2001:** CHINA'S ADMISSION ON WTO (OVERWHELMING COMPETITION BY THE OVERSIZED DIMENSION OF THE PLAYER AND NO RESPECT FOR ELEMENTARY INTERNATIONAL TRADE RULES INCLUDING RECIPROCITY)
 - **2002:** EURO BECAME THE CURRENCY FOR PORTUGAL AS WELL FOR SEVERAL COUNTRIES (EUROZONE)
 - **2004:** EUROPEAN UNION ENLARGEMENT TO EAST (NEW PLAYERS / NEW COMPETITORS)
 - **2008:** ECONOMIC AND FINANCIAL GLOBAL CRISIS (SUBPRIME CRISIS → GLOBAL CONSUMPTION CRISIS)
 - **2011:** PORTUGUESE SOVEREIGN DEBT CRISIS (INTERNAL FINANCIAL MARKET CRISIS AND INTERNAL CONSUMPTION MARKET DOWNTURN)

THE PORTUGUESE T&C INDUSTRY

REASONS FOR THE SUCCESSFUL CHANGE



PEOPLE
PSICOLOGIC AND SOCIOLOGIC FACTOR



TEXTILE INDUSTRY MADE OF SME'S
NORMALLY FAMILY OWNED AND MANAGED



BELIEVING IN THEIR OWN PRECIOUS AND PRESERVED
KNOW-HOW, TRADITION, CAPACITIES AND STRENGTH,
RESILIENCE AND WILLING TO SUCCEED

SECTORIAL CONTEXT

NATURAL CLUSTER

85% OF COMPANIES OF THE SECTOR FROM DESIGN TO DISTRIBUTION, INCLUDING EVERY INDUSTRIAL SUBSECTORS ARE **LOCATED IN A SMALL GEOGRAPHIC REGION**, WORKING IN A SYNERGIC RELATIONSHIP, WELL SERVED WITH GOOD INFRASTRUCTURES AND VERY NEAR FROM THEIR MAIN MARKETS

MOST PART OF THE COMPANIES TECHNOLOGICAL UPDATED



COMPETITIVE ADVANTAGE

PSICOLOGIC AND SOCIOLOGIC FACTOR



SUPPORT SYSTEM CONTEXT

DEVELOPED SCIENTIFIC AND TECHNOLOGY SYSTEM:

UNIVERSITIES (UM, UP, UA, UBI) WITH A
STRONG LINK WITH INDUSTRY

TEXTILE TECHNOLOGICAL CENTRES: **CITEVE** AND **CENTI**
GENUINE INTERFACES WITH COMPANIES AND THEIR NEEDS

+

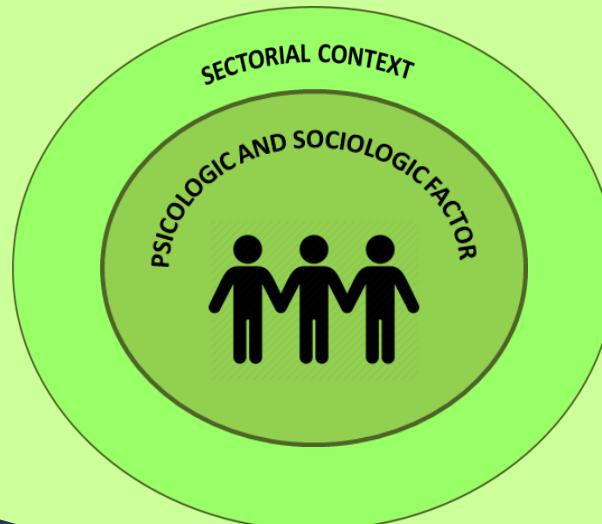
TRAINING CENTRES: **MODATEX** & **CITEVE**

+

INTERNATIONALIZATION PROGRAMMES: **ASM**

+

INSTITUTIONAL AND STRATEGIC THINK TANK: **ATP**



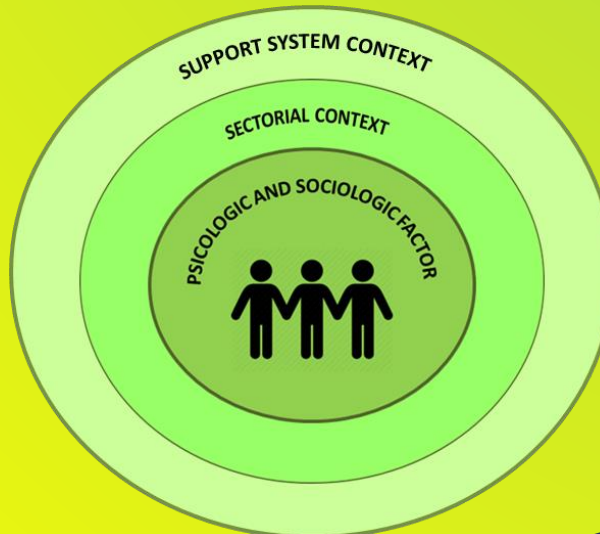
NATIONAL CONTEXT

PUBLIC POLICIES

INTERNATIONALLY: WERE SUPPORTING PORTUGUESE TEXTILE INDUSTRY IN EUROPEAN UNION AND WTO

INTERNALLY: FROM HOSTILITY IN THE NEAR PAST TO A REINDUSTRIALIZATION MODEL FOR THE ECONOMY NOWADAYS

ALTHOUGH, IN FACT TEXTILE INDUSTRY NEVER SUFFERED THE U.E. FUNDING EXCLUSION, SPECIALLY IN AREAS AS INNOVATION, TRAINING AND INTERNATIONALIZATION

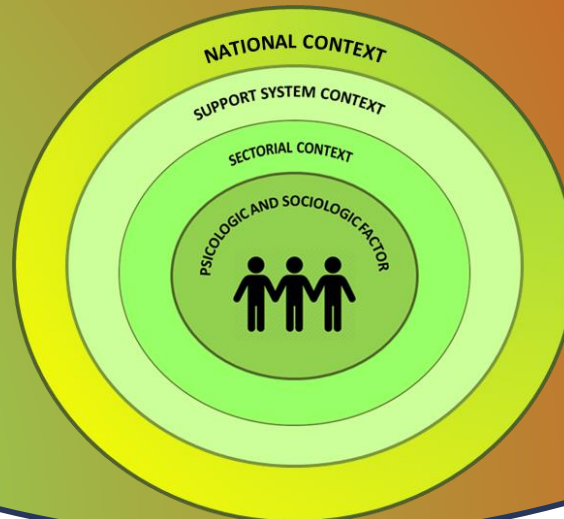


INTERNATIONAL CONTEXT

GLOBALIZATION

MORE AND HARDER COMPETITION
NEW PLAYERS SHOWING NO FREE AND FAIR PLAY IN
INTERNATIONAL BUSINESS
NO RECIPROCITY IN INTERNATIONAL TRADE

NEVERTHELESS, **NEW OPPORTUNITIES IN FAST FASHION**
MODELS WHICH FITTED PERFECTLY WITH PORTUGUESE
TEXTILE INDUSTRY STRONGER COMPETENCES:
FLEXIBILITY, ADAPTABILITY, GEOGRAPHIC AND CULTURAL
PROXIMITY, SHORT LEAD TIME RESPONSE, CUSTOMERS'
SERVICE ORIENTED





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WHAT PORTUGUESE TEXTILE INDUSTRY HAD TO DO IN ORDER TO CHANGE:



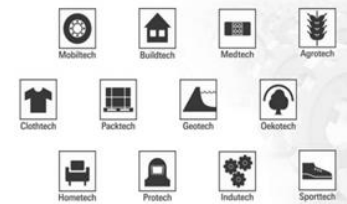
COMPANIES RESTRUCTURING:

CUT UNNECESSARY JOBS, EQUIPMENT'S MODERNIZATION, REORGANIZATION OF PROCESSES AND BETTER GOVERNANCE

INDUSTRIAL SPECIALIZATION AND DIVERSIFICATION TO TECHNICAL TEXTILES



PRODUCTS AND SERVICES DIFFERENTIATION BY FASHION AND DESIGN, TECHNOLOGY AND SERVICE



FOCUS ON THE CLIENT: MORE SERVICE THAN PRODUCT (TOP QUALITY PRODUCTION, SHORTER LEAD TIMES RESPONSE, FULL SERVICE PACKAGE)



ENHANCE EXPORT MARKETS:

MORE PRESENCE IN TEXTILES AND FASHION EXHIBITION ALL OVER THE WORLD TO EXPAND TRADITIONAL AND EMERGING MARKETS



RESUMING

3 FUNDAMENTAL SHIFT CHANGES:



FROM COMPETITION BASED ON PRICE
TO **COMPETITION BASED ON VALUE**
(DIFFERENTIATION BY DESIGN, FASHION,
TECHNOLOGICAL INNOVATION AND SERVICE)



FROM ORDER TAKERS TO **SOLUTION SELLERS**
(BY INCREASING EXPORT PROGRAMMES TO SUPPORT
INTERNATIONAL TRADE MISSIONS AND FAIRS PARTICIPATION)



FROM INDIVIDUALISTIC BUSINESS APPROACH
TO **STRATEGIC ORIENTATION**
(STRATEGIC PLAN MADE BY ATP TOGETHER WITH PUBLIC POLICIES
FOCUS ON REINDUSTRIALIZATION, INNOVATION AND EXPORT)

THE PORTUGUESE T&C INDUSTRY

STRENGTHS

- **Quality, flexibility and quick response**
- **B2B Culture**
- **Complete Textile and Clothing pipeline, fully structured and dynamic**
- Pipeline supported by consistent and developed centres of competences (CITEVE, CENTI and MODATEX)
- Geographic and cultural proximity to the most important consumer markets
-

WEAKNESSES

- Companies are still very dependent on bank credit
- Domestic market is small and depressed
- **Lack of labour force** in all levels and skills
- **Productivity** is still low in comparative terms
- **Low level of education and professional training** (tertiary activities)
- Reduced companies dimension
- **Weak entrepreneurship**
- Difficulties in B2C business models
- Strong entrepreneurial individualism
-

THE PORTUGUESE T&C INDUSTRY

OPPORTUNITIES

- **Niche markets** for certain type of products and emerging markets
- **Industrial specialization**
- Technical and functional textiles
- European identity - European lifestyle
- Young **entrepreneurship**
- Reindustrialization as national and European economic policy
- To merge and cooperate to gain critical dimension and competitiveness
- Clients of proximity and small series of high added value
- **Growth competitiveness via productivity, vocational training, education** and outsourcing - gain value at the end of the production chain
-



PF, Storytailors

THREATS

- Competition from more advanced partners on products more attractive in terms of marketing and fashion, as well as from new countries producing high quality ranges
- **Lack of attractiveness to young professionals** who choose for other activities (services, tourism, start ups)
- High costs of energy and environment (in disadvantage to its competitors)
- Decline of specialized higher **education and vocational training** addressed to the Sector
- Risk of disintegration of the Textile and Clothing cluster
- Stagnation in consumption on our traditional export markets and instability on emerging markets
- Increased competition of foreign brands and chain stores in the domestic market (fast fashion and low cost fashion)



PF, Katty Xiomara

7 STRATEGIC PRIORITIES

1. Reinforcement of companies' **capitalization**.
2. **Management of Organizations**. Improve the companies' "governance" and boost results. Gain critical dimension with **M&A and entrepreneurial cooperation**.
3. **Competitiveness** on global scale. Production factor costs: energy and environment. **Internationalization**: Increase export share and the number of exporting companies.
4. **Innovation** (technologic and non-technologic): **product differentiation by creativity** (fashion and design) e by **technology** (materials, processes and functionalities).



P&R Têxteis

7 STRATEGIC PRIORITIES

- 5. Human Resource Valorisation:** Increase productivity (vocational training and training for senior management). To differentiate through service offering.
- 6. Sector's Image and Visibility.** At national and international level. To promote the **Portuguese T&CI in the value chain**, to gain market share, to attract more added value and demanding market segments, to increase profit margins.
- 7. Entrepreneurship:** regenerate the pipeline with new born companies, new entrepreneurs and new professionals.



3 PATHS FOR T&C: Brand, Technology and “Private Label”

1. BRAND: Invest on fashion with the aim of creating own collections, distinguished by brands and towards the final consumer

2. TECHNOLOGY: Sector’s industrial diversification, by developing competences on technical and functional textiles based on investigation, development and technological innovation.

3. PRIVATE LABEL: The majority of companies on T&C sector will continue to do “private label”, by offering solutions or services which comprise industrial capacity, among other competences, such as product development – including fashion, structured collection, logistics and international “sourcing”.



PF, Lion of Porches

THE PORTUGUESE T&C INDUSTRY



AND THE FUTURE?:

objectives of the STRATEGIC PLAN until 2020 are already achieved
must look now to **2030**

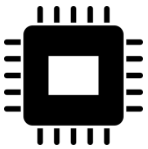
THE GOAL:

**TO BECOME THE WORLD LEADER TEXTILE AND FASHION INDUSTRY CLUSTER
FOR NICHE ADD VALUE MARKETS**

INVEST IN:



PEOPLE (education and training. **entrepreneurship**): new higher **qualified professionals**
and **new entrepreneurs** in fashion business (industry, brands, services)



TECHNOLOGY: keep and develop new materials, product and process engineering know-how
and **skills** (industry 4.0)



DESIGN: full service to costumers, new brands, digital market



INTERNATIONAL: more exports, more add value exported and more export companies in the
business

IMAGE: attracting **new talent** internally and **reinforce the value of the label “made in
Portugal”** worldwide.



PORTUGAL: *THE NEW TREND SETTER IN TEXTILE AND FASHION INDUSTRY*



Co-financiado por:

COMPETE
2020

PORTUGAL
2020



ATP – Associação Têxtil e Vestuário de Portugal

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