

**Changes in the Competitive Positions of Various Sectors (especially clothing and textile) of Light Industry in Selected Countries of Eastern and Central Europe in the latter half of the 1990's Viewed Against Trends in the Global Market**

**1. Analysis of Essential Production Trade Sectors of National and Global Markets (including the European Union)**

**1.1. Analysis of Market Trends in Foreign Trade and Production of the Basic Products of the Textile Industry: fabrics, clothing, footwear and leather products**

In the years 1995-1998 one can observe a low growth dynamic in global export trade in the products of light industry. In 1996-1997 only a 2% growth rate was recorded, while in 1998 overall exports dropped to 99% of their 1997 level. In the case of fabrics, a negative dynamic is observable throughout the entire period, while in the case of footwear and leather products a significant comparative annual decline in exports was observed in 1998 (see Table 1). The countries with developed market economies (including the European Union) experienced a positive growth dynamic in the four above-mentioned products, both in terms of imports and exports, which did not exceed 103.8%, and which in 1998 dropped to 103.1% for exports and 103.5% for imports. In the European Union itself, the decline was even sharper, dropping to 102.2% for exports and 103.5% for imports. The overall decline in the growth rate in the European Union was especially visible in the fabrics and clothing sectors (despite the maintenance of export growth indicators showing a slightly positive

growth trend), while the export of leather goods experienced a negative growth rate. Detailed data concerning export levels of specific countries (including the European Union) is given in Table 1, while Table 2 presents the import data of the same countries.

**In the period from 1995-1998 the CEFTA countries noted a positive growth dynamic in exports which reached 129.6% in 1998, up from 100.5% in 1997. This growth dynamic in exports was especially spurred by the high increase recorded by Slovenia, Slovakia, and the Czech Republic in all light industry sectors except footwear (see Table 1). Footwear exports in the CEFTA countries showed a distinctly worsening dynamic, while exports of clothing and leather products showed a significant increase in 1998 compared to the previous year (see Table 1).** In the case of Poland a moderate growth dynamic turned negative in 1997-98, which was especially visible in the significant declines experienced in the footwear and fabrics' sectors, while in 1998 on the other hand a significant improvement was recorded in the export of clothing and leather products (see Table 1). Detailed data concerning the remaining CEFTA countries is given in Table 1, which shows that improvements in export dynamics were noted only in the cases of Slovakia and Hungary (in the footwear industries).

**In terms of imports, the CEFTA countries noted lower levels of increases than was the case with exports (see Table 2). Growth trends in imports were noted in 1998 mainly in Slovakia, although the Czech Republic noted growth in the import of fabrics and Poland in the import of leather goods.**

The patterns in foreign trade balances correspond to the indicators reflecting the geographical structure of overall imports and exports in the world light industry market as well as to the changes in the comparative competitive positions, in terms of world trade, of specific countries and geographical regions. The specific indicators illustrating the changes which occurred during this period are given in Tables 3 and 4.

**Export trends** in the years 1995-1998 may be described as follows:

- The highly developed market countries increased their share in overall export in light industry from 43.9% in 1995 to nearly 50% in 1998. The overall increase was especially visible in the **clothing** sector (whose competitive position rose more than 10 points, from 37.3% in 1995 to 48.8% in 1998) and the **footwear** sector (also recording nearly a 10% increase, from 46.2% to 55.1%). Among the highly developed countries the most significant increases in export shares were recorded by the member-states of the European Union (and only slightly lesser by the USA), especially in

export of footwear and clothing, where increases of more than 11% were recorded. More detailed data concerning this phenomenon is presented in Table 3.

- The share of CEFTA countries in overall light industry exports declined slightly during the period 1995-1998, from 2.96% to 2.85%. This decline was most significant in the clothing and footwear sectors (see Table 3). Poland, following an initial increase in its overall share in worldwide light industry exports in 1996 experienced a decline in subsequent years such that its overall export share in 1998 was only 81% of its overall share in 1995. This decline was mainly brought about by a sharp decline in Poland's competitive position in footwear exports, for in the clothing, fabrics', and leather products' sectors Poland continued to experience growth until 1997, while in 1998 it experienced declines in every sector except leather products.

**Import trends** may be summarized as follows:

- The highly industrialized countries increased their overall share in global imports of light industry products, especially in 1998 (see Table 4), which was especially visible in the member states of the European Union. The CEFTA countries, on the other hand, experienced a steady decline in their overall share in global imports of light industry products (see Table 4). In the case of Poland, however, its overall share in global imports of light industry products rose from 0.6% in 1995 to 0.76% in 1998.

## 1.2. The Light Industry in Overall Global Industrial Production

In the period 1980-1998 one can observe the following trends in global production of the following light industrial product sectors: textile, clothing, leather, and footwear.

- A systematic decline in the share of all four product sectors in the overall value-added structure in the highly developed market countries (with the exception of the share of the clothing sector in the European Union). More detailed data is presented in Table 1t.
- A systematic growth, however, in the share of all four product sectors in the overall value-added structure in the developing countries during the same time period (see Table 1t).

**Table 1t. The Global Geographical Alignment of Value-added Structure in the Highly Developed Market Countries and in the Developing Countries for the period 1980-1998**

Number	Product Group	Year	Highly Developed Market Countries	EU	Developing Countries
1.	Textile Fabrics	1980	78.5	29.3	21.5
		1985	77.0	27.6	23.0
		1990	74.9	27.4	25.1
		1996	69.3	31.6	30.7
		1997	69.0	32.0	31.0
		1998	68.1	31.5	31.9
2.	Clothing	1980	81.6	34.2	18.4
		1985	79.6	32.1	20.4
		1990	77.3	29.3	22.7
		1996	74.7	29.2	25.3
		1997	74.9	30.7	25.1
		1998	74.6	30.4	25.4
3.	Leather and Fur Products	1980	76.7	33.3	23.3
		1985	75.2	34.0	24.8
		1990	74.0	33.6	26.0
		1996	70.1	42.9	29.9
		1997	69.7	42.5	30.3
		1998	70.3	42.3	29.7
4.	Footwear	1980	73.0	42.7	27.0
		1985	71.4	40.5	28.6
		1990	71.7	38.5	28.3
		1996	70.4	47.2	29.6
		1997	70.4	43.9	29.7
		1998	69.8	46.8	30.2

*Source:* Own calculations according to the *International Yearbook of Industrial Statistics*, UNIDO, Vienna, as well as the *Monthly Bulletin of Statistics*, United Nations, New York, for the given years in question.

It is also instructive to compare the per capita value-addition per employee and the per capita wage per employee in the above industrial sectors in the highly developed market countries with that of the developing countries. In both instances the per capita rate is much higher in the highly industrialized countries, as follows:

- **in the textile industry:** 8-15 times higher (value-addition per employee) and 15-20 times higher (wages per employee),

- **in the clothing industry:** 6-12 times higher and 12-20 times higher, respectively,
- **in the fur, leather, and footwear industries:** 7-20 and 15-30 times higher, respectively<sup>1</sup>.

**Production Analysis in Significant Market Segments of Light Industry in the European Union and CEFTA countries for the years 1996-1998, divided into fabrics (ECD/NACE -17); clothing (ECD/NACE -18); and leather and footwear products (ECD/NACE - 19).**

In 1998 a decreasing trend was noted in the European Union in the production of light industry products compared to 1997, which followed on the heels of an upward trend in 1997 compared to 1996 (see Table 9). The downward trend was especially visible in clothing production. In the case of fabrics, footwear, and leather products, a small decrease in the value of production was also noted in 1997, while in 1998 these sectors rebounded slightly, showing a small increase (see Table 9).

Taking the CEFTA countries together as a group, one can observe a decrease in the overall value of light industry production in 1998 as compared to the 1996 level, which is especially evident in the production sectors considered herein (See Table 9). The only country which did not evidence an overall decline was Hungary, largely as a result of the significant increase in clothing production there. Romania also evidenced a slight increase in clothing production. In Slovenia a significant increase in the production of footwear and leather products can be observed in comparing 1997 levels with those of 1996, however in 1998 these levels declined below those of 1996.

An analysis of the dynamics of the indicators of production in light industry set forth in Table 9a demonstrates a low level for the years 1996-1998 both in the CEFTA countries and the European Union, in most cases with the 1998 level declining following a slight increase in 1997 (as was the case for light industry as a whole in the European Union, particularly with regard to the clothing sector - see Table 9a), or in some cases with the 1998 level rebounding slightly following a significant decline in 1997 (as was the case for light industry as a whole in the CEFTA countries in 1998, particularly with regard to the fabrics and clothing sectors - see Table 9a).

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<sup>1</sup> Figures based on *The International Yearbook of Industrial Statistics*, UN, UNIDO, Vienna, 1999.

### 1.3. Analysis of the essential production trade sectors of national and global markets (including the EU): knitted fabrics, clothing, woven decorated and technical fabrics and footwear

#### The Global Market

In the years 1996-1998 one can observe an overall declining trend in the global market in the case of the four production sectors set forth above (See Tables 5 and 5a). In the case of woven decorated and technical fabrics a slight improvement can be noted in 1998 compared to 1997, however the production dynamics in world trade continue to have negative values. A positive growth trend in commercial trade can be observed in the case of woven fabrics (See Tables 5a, 6 and 6a).

## 2. European Union Foreign Trade in Light Industry Products in the Years 1996-1998, with Special Emphasis on Poland and the CEFTA Countries

#### Export

Internal export within the European Union in the production sectors outlined above demonstrated a negative dynamic (with the exception of knitted fabrics) in the 1996-1998 period. On the other hand, European Union export to the CEFTA countries was characterized by a positive growth dynamic, especially with regard to woven decorated and technical fabrics, while demonstrating a significant decline in 1998 as regards the export of knitted fabrics (See Tables 5 and 5a). **In the case of European Union export to Poland the indicators of dynamics were higher than those concerning export to the remaining CEFTA countries, with the exception of woven decorated fabrics** (See Tables 5 and 5a). As regards the role of Poland and the CEFTA countries in the internal export of the European Union in the period 1996-1998, significant changes can be observed (See Table 5b). In the case of both knitted wovens and technical woven fabrics the share of CEFTA countries in the internal export of the European Union rose - by 8% in the case of knitted wovens and 2.5% in the case of technical woven fabrics. As regards decorative woven fabrics, the role of CEFTA countries in the internal export of the European Union declined in 1997 as compared to 1996 but then rose by 18.6% in 1998. In the case of footwear, the share of the CEFTA countries declined in 1998 following a slight increase in 1997. **Poland's share in the internal export of the European Union rose in 1998 in comparison to previous years in each of the categories treated herein** (see Table 5b).

As regards Poland's overall export of textile products (woven decorative and technical fabrics), clothing, and footwear in the years 1996-1998 the following trends can be observed:

- **Overall export** of the above-mentioned products rose slightly in 1998 (by about 16 million USD) as compared to 1996, following a significant decline in 1997, especially in the clothing sector (see Table 7). **The increase in exports noted in 1998 in the cases of knitted wovens and technical and decorative woven fabrics took place with regard to overall exports as well as exports to the European Union and the CEFTA countries** (see Tables 7 and 7a). It should be noted that the relatively large increase in overall exports is in comparison to the relatively low levels of 1997. **On the other hand the overall export of footwear in 1998 declined** by 41 million USD in comparison to 1996 levels, even though a slight increase can be noted in 1998 export to the European Union and the CEFTA countries (see Tables 7 and 7a).
- An analysis of **the geographical structure of Polish exports** of knitted wovens, technical and decorative woven fabrics, clothing and footwear shows that the European Union was Poland's dominating trade partner, receiving 87% of Polish exports in 1998, including 93% of Polish clothing exports (mainly within the context of outward processing (OPT)), and a relatively high 70% of Polish decorative woven fabrics (see Table 7b). In the period 1996-1998 the share of CEFTA countries in Poland's overall export also rose significantly, especially in the knitted wovens' and footwear sectors (See Table 7b).

## Import

In the **internal import of the European Union** all of the four analyzed product sectors showed an overall positive growth dynamic in the 1996-1998 period, spurred primarily by the high growth rate achieved in knitted fabrics, where the 1998 level was 140% compared to 1996 (See Table 6a). In the remaining three product sectors the growth rate was considerably lower, being 101% in the case of decorative woven fabrics, 106% in the case of the case of clothing, and 108% for footwear (see Table 6a). The dynamics of internal import in the European Union for all the analyzed groups except footwear showed significant improvement in 1998 as compared to the previous year. **This same trend is observable as regards imports from Poland, with the exception of decorative and technical woven fabrics, the growth dynamics of which decreased slightly in 1998 while still maintaining the high growth dynamics attained in the previous year** (128% for decorative woven fabrics

and 122% for technical woven fabrics - see Table 6a). **One can also observe a significant increase in the share of the CEFTA countries in the internal import of the European Union for each of the analyzed product groups in 1998 as compared to 1996, although a transitional decline occurred in 1997 in the case of clothing and knitted wovens.** The aforementioned trend was also true of Polish imports as regards knitted wovens and technical and decorative woven fabrics, but not in the case of footwear (see Table 6b).

**As regards Poland's overall import of textile products (woven decorative and technical fabrics), clothing, and footwear in the years 1996-1998 the following trends can be observed:**

- **The import dynamics** of the above groups of products exceeded even the significant export dynamics, both with regards to imports from the European Union and the CEFTA countries (see Tables 8 and 8a). Particularly high import dynamics were noted in the years 1996-1998 in the case of decorative woven fabrics (from both the European Union and CEFTA) as well as for clothing and footwear (especially from the CEFTA countries).
- As regards the **geographical structure** of Polish imports of the analyzed product groups, the European Union dominated, providing 63% of imports, while the share of the CEFTA countries did not exceed 6%. Particularly high were the EU shares in Polish 1998 imports of knitted wovens (87%), decorative woven fabrics (86%), and technical woven fabrics (76%). The share of CEFTA countries in Polish imports particularly rose during 1996-1998 in the case of decorative woven fabrics and clothing (See Table 8b).
- **Intra-Industry Trade Between Poland and the EU Member States**

The data given above for Poland corresponds to the indicators of intra-industry trade in the textile and clothing branches between Poland and the European Union during the period 1995-1998 (see Table 13). Based thereon, the following conclusions can be offered.

The period from 1995-1998 can be characterized by a strengthening of the aforementioned indicators in Poland's trade with the European Union, which testifies primarily to the increasing degree of cooperation in the area of „outward processing (OPT)”, which accounts for more than 80% of Poland's textile-clothing exports to the European Union<sup>2</sup>. The share of foreign investment in the textile-clothing industry in Poland, however, did not exceed 2.5% of overall foreign investment in Poland in all economic sectors and branches and was

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<sup>2</sup> According to the *Yearbook of Foreign Trade Statistics*, Central Statistical Office, Warsaw, 1999.

characterized by a declining trend<sup>3</sup>. A particularly high intra-industry trade indicator was observable in Poland's trade with France, Germany, Austria, Belgium, Luxembourg, and Great Britain<sup>4</sup> (see Table 13),

**Table 13. Indicators of intra-industry trade in foreign trade in the textile and clothing industries between Poland, the European Union and the member states of the EU for the period 1995-1998**

Country	Textiles and clothing			
	1995	1996	1997	1998
EU - 15	0.887	0.899	0.920	0.926
Austrian	0.915	0.990	0.722	0.789
Belgium/ Luxembourg	0.996	0.852	0.808	0.773
Denmark	0.783	0.773	0.756	0.771
Finnland	0.715	0.575	0.573	0.681
France	0.915	0.946	0.973	0.904
Germany	0.828	0.786	0.758	0.690
Greece	0.355	0.239	0.338	0.204
Ireland	0.950	0.623	0.565	0.655
<b>Italy</b>	<b>0.552</b>	<b>0.435</b>	<b>0.440</b>	<b>0.384</b>
Holland	0.850	0.855	0.912	0.908
<b>Portugal</b>	<b>0.448</b>	<b>0.482</b>	<b>0.456</b>	<b>0.377</b>
<b>Spain</b>	<b>0.267</b>	<b>0.389</b>	<b>0.317</b>	<b>0.162</b>
Sweden	0.768	0.771	0.779	0.789
Great Britain	0.749	0.865	0.840	0.871

Source: Own calculations on the basis of official statistics from the Central Statistical Office.

Note: Calculation of the indicators of intra-industry trade is based on the formula proposed for highly imbalanced trade (such as between Poland and the EU) by A. Aquino in *The measurement of Intra-Industry Trade when Overall Trade is Imbalanced*, *Welwirtschaftliches Archiv*, 1981, No. 4.

<sup>3</sup> For more on this topic see: J. Witkowska, „Inwestycje kapitałowe w przemysł, rola i formy pozyskiwania kapitału zagranicznego w rozwój przemysłu” (*Capital investment in industry - the roles and forms of seeking capital investment in industrial development*); in *Wyzwania rozwojowe przemysłu lekkiego w kontekście integracji z Unią Europejską*, PTE, Łódź, 1998, pp. 42-58.

<sup>4</sup> The significant strengthening of the competitive position of Polish suppliers, particularly on the German and Belgium markets, is demonstrated by the high positions in relation to women's and men's woven fabric clothing in these markets in the year 1995; that is, 1) position in the import of women's clothing and 2) position in the import of men's clothing in Germany, as well as the doubling in size of the 1992 share in the import of clothing in the Belgium market. See Z. Wysokinska, „Konkurencyjność przemysłu tekstylno-odzieżowego na rynku europejskim” (*Competitiveness of the Textile-Clothing industry in the European Market*), in *Wyzwania rozwojowe przemysłu lekkiego w kontekście integracji z Unią Europejską*, PTE, Łódź, 1998.

although it should be noted that the indicators began to decline in 1997, which may be explained by the decreasing levels of cooperation occurring as the increasing wages in Poland's textile-clothing industry brought about a decline in its competitive cost advantage (see Table 6). The strengthening of the intra-industry trade indicators noted with regard to Italy, Sweden, and Finland have, however, helped compensate somewhat for the weakening trend referred to above, maintaining the overall indicator with the European Union at a slightly strengthened level (see Table 13).

### **3. Analysis of Poland's Economic Indicators Against the Background of the CEFTA Countries and the European Union during the period 1996-1998**

- **Average wage per employee in the sectors encompassed by ECD/NACE 17, 18 and 19**

The average employee wage in Polish light industry, expressed in USD, showed a continual growth tendency between 1996-1999 (with the exception of 1997 - see Table 10). The average monthly wage for the first half of 1999 was \$282.20, which represented a \$50/month increase compared to 1996. The largest increase was recorded in the fabrics' sector (ECD/NACE 17) - \$75.50; followed by the clothing sector (ECD/NACE 18) - \$67.40; while the smallest increase was noted in the production of leather and leather goods (ECD/NACE 19) - only \$10.00 (see Table 10). Employee's earnings in Polish light industry were on the average 27% higher than in the remaining CEFTA countries, although it should be noted that the average wage in the remaining CEFTA countries was lowered by the low average wage in Romania of \$76/month. The average wage in Poland was about \$45/month higher than in Slovakia or Hungary, but about \$360/month less (two-and-a-half times lower) than the average monthly wage in Slovenia and seven times lower than the average monthly wage in Germany (see Table 10). It might be noted however that the average monthly wage in Germany has showed a declining trend in each of the analyzed sectors for the period in question.

- **Work efficiency per employee in the sectors encompassed by ECD/NACE 17, 18 and 19**

Analysis of the work efficiency indicators per employee for light industry in Poland for the period 1996-1998 shows that work efficiency in Polish light industry is approximately 20% higher than in the remaining CEFTA countries, although it should be noted that it is characterized by an overall

declining tendency (with the exception of ECD/NACE 19 - leather and leather goods - and the footwear sector for the first half of 1999 - see Table 11a). Slovenia and the Czech Republic showed higher work efficiency rates than Poland in the fabrics and leather and leather goods' sectors (see Table 11a).

Comparison of the work efficiency index per employee in Poland with that prevailing in the European Union shows that in 1998 the work efficiency per employee in Poland was seven times lower than in the European Union in the fabrics' sector, nine times lower in the clothing sector, and more than ten times lower in the production of leather and leather products (see Table 11).

- **Average amount expended per person for textile and clothing goods**

The average amount expended per person for textile and clothing goods in Poland for the period analyzed ranged from \$83-\$86 per person, which was lower than the prevailing rates in the Czech Republic and Slovakia, but higher than in Hungary or Romania (see Table 12a). The average amount expended per person for textile and clothing goods in Poland, however, was nearly 3 and one-half times lower than that of Slovenia.

- **Average amount expended per person for shoes**

The average amount expended per person in Poland for shoes during the period 1996-1999 (first half) demonstrated two trends:

- *a growth trend* from \$26.30 in 1996 to \$30.7 in 1998 (following a transitional decline in 1997 to \$21.80); and
- *a significant declining trend* in the first half of 1999, to \$11.40.

The average amount expended per person in Poland for shoes during the period 1996-1999 was slightly less than that recorded for the same period in Hungary, and significantly less than that recorded in the Czech Republic and Slovakia. The only CEFTA country with a lower level of shoe expenditures was Romania (see Table 12a).

#### **4. Projected Growth Dynamics for the Analyzed Sectors in the European and Global Markets until the year 2005 (on the basis of projections by the UN (UNCTAD), the World Bank, and the European Union (EUROSTAT))**

The economic report prepared by EUROSTAT entitled *Scenario up to 2004* projects a final consumer growth rate for 1999 of 2.7%, and of 2.6% for the ensuing years. It projects a growth in consumer demand until the year 2005 of 19.8%.

According to UN projections, growth rates for the highly developed countries will average 1.7% annually, with an overall growth rate until the year 2005 of 13.7%<sup>5</sup>.

According to the World Bank the growth in demand in 1998 is projected at the lowest level of the decade and will achieve an annual level of only 0.9%<sup>6</sup>. The projections of the World Bank are considerably less optimistic than those of the UN and European Union and project an annual global rise in demand of no greater than 1,5%, or a maximum increase in demand by the year 2005 of about 12.6%.

The growth rates projected by the above-listed institutions for the developing countries for the next five years are expected to be lower than those of the highly developed market countries, which would constitute a reversal of the trend in the last five years. The highest growth rate projected for any developing country is projected for China, projected to be about 10% per year.

### Prognoses of Changes in the Volume of Real Consumption in the Highly-industrialized Countries (including the European Union) until the Year 2005

Specification	Real Consumption in billions USD		% Annual rate of growth	Share of the Developing Countries in the Real Consumption of the Developing Countries
	1995	2005		
Shoes	52.6	87.3	5.2	24.5
Fabrics and Clothing	320.5	394.5	2.1	6.9

Source: Trade and Development Report, 1999, UN, New York, Geneva, 1999.

UNCTAD also elaborated three scenarios (a,b,c) concerning the supply of footwear and textiles (fabrics and clothing) to the highly-developed market countries until the year 2005.

- *scenario a* assumes that the penetration of imports until the year 2005 will remain unchanged;
- *scenario b* assumes that the production levels of the highly-developed market countries until the year 2005 will remain unchanged;

<sup>5</sup> World Economic and Social Survey, 1999, UN, New York.

<sup>6</sup> World Investment Report, UN, New York, Geneva, 1999.

- *scenario c* assumes that the production of footwear and textiles (fabrics and clothing) in the highly-developed market countries will decline by 33% and 25% respectively.

### Three Scenarios Projecting the Real Value of Supplies of Footwear and Textiles to the Highly-industrialized Countries in the year 2005

Specification	Scenarios - real value of supply in billions USD			Real value of supply (in billions USD) - 1995
	a	b	c	
Footwear	21.4	45.8	59.6	12.9
Woven fabrics and clothing	27.2	74.5	154.5	22.2

*Source:* Trade and Development Report, 1999 UN, New York, Geneva, 1999.

In each of the above-presented scenarios the largest supplier of textiles to the highly-developed market countries is projected to be China, although each of the developing countries also have opportunities to significantly expand their supplies. This will be especially true upon completion of the process of liberalization of textile trade within the framework of the WTO and China's accession to the WTO.

## 5. Protective Measures and Restrictions in Trade Permissible within the Framework of the WTO Agreement. Poland's Obligations

All of the member states of the WTO are required to undertake „all necessary steps to comply with the rules and regulations of GATT 1994” in order to:

- improve access to the textile and clothing markets through such measures as, among others, reduction of tariff rates, reduction or elimination of non-tariff trade barriers, and simplification of customs and administrative procedures and licensing restrictions,
- assure the development and application of foreign trade measures and policies creating fair and equal conditions for trade in the textile and clothing industries in areas such as origin of goods, anti-dumping

regulations and procedures, subsidies and equalization measures, and protection of intellectual property,

- avoid discrimination in import policies in the textile and clothing industries by the implementation of measures conducive to global foreign trade.

Each of the highly-industrialized countries agreed in the Uruguay Round of GATT to bind (i.e., not to exceed established maximums) or lower their customs rates regarding the import of textiles and clothing by an average of 38% within 5 years. This meant that the level of customs rates and tariff assessments measured by average weight of all imports of textiles and clothing was lowered from 15.5% to 12.1%. In Poland's case, the level of customs rates and tariff assessments measured by average weight of all imports of textiles and clothing was reduced by 23.9% to 14.3%, or by 40%. At the same time Poland bound 99% of its tariff rates for the import of clothing and textile products (with the exception of flax and flax products). The established maximums for "bound" rates range from 6-18%.

The process of bringing textile trade into compliance with the GATT regulations is envisioned in four stages, each based on simultaneous reductions or elimination of trade barriers and expansions of existing quota restrictions.

#### Stages of Steps in order to bring the textile and clothing industries into compliance with the 1994 GATT regulations, based on the Uruguay Round

Stage	Beginning date of each stage	Range of items from which restrictions are eliminated (in %) - see a) below	Additional expansion - in relation to the MFA Agreement - of import quotas in % (amounts in parenthesis are for the least developed countries and producers of wool) - see b) below
I	1.01.1995	16	16(25)
II	1.01.1998	17	25(27)
III	1.01.2002	18	27(27)
IV	1.01.2005	49	All quotas lifted

- Share measured based on total imports in 1990. The percentage of products from which restrictions must be lifted is a minimum, and there is nothing to stop WTO member countries from earlier full compliance in the textile and clothing sectors with the provisions of the GATT 1994 Agreement. The same is true of the member state's right to enact transitional protective mechanisms.
- The percentage concerning the expansion rate of quota contingents is based on the amounts established in bi-lateral agreements concluded within the MFA.

*Source:* Agreements signed concerning textile and clothing products during the Uruguay Round of the GATT talks.

The GATT Agreement also envisions appropriate notification procedures to assure the effective implementation of integration measures. Signatories of the MFA which did not apply quota restrictions on Dec. 31, 1994 (which group included Poland) but wished to reserve the right to apply transitional protective measures were required to inform TMB of their activities not later than 60 days from the entry into effect of the *Agreement* establishing the WTO. Poland conformed with this provision on April 28, 1995. During the second stage of integration, the Polish government accordingly notified the TMB on December 18, 1997. At the present moment in the second stage Poland has integrated 16.24% and 19.53% respectively of its textile and clothing imports based on the year 1990<sup>7</sup>.

## **6. Challenges for the Polish Textile and Clothing Industries within the Context of Integration with the European Union**

Since 1998 the Textile-clothing industry in Poland has enjoyed tariff-free and quota-free access to the European Union and in 1999 became fully open to imports from the EU owing to the creation of a free-trade zone. It should be noted that other CEFTA countries, who are trade competitors to Poland, also achieved better access to the EU market during this time.

At the same time the continuing market liberalization taking place since 1995 within the framework of the WTO has also opened up the European Union market to other developing countries, which puts added competitive pressures on Polish light industry products. This is especially true of the producers and exporters from the Southeast Asian region - newly industrialized countries which, like China, are not yet members of the WTO - although the new countries formed from the former Soviet Union republics like Latvia, Lithuania, Estonia, Ukraine, Kazakhstan, etc, also are becoming increasingly competitive in the EU market.

The liberalization of trade in light industry will continue in both the global and EU markets until 2005, which means that competitive pressures will be ever sharpening for all light industry textile producers and suppliers, including of course those in Poland. Only producers and suppliers of high-quality, competitively priced products will succeed in the expanding markets, and they will need to compete in terms of lowering production costs, offering consumer credit, discounts and sales promotions, conducting thorough market

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<sup>7</sup> See J. Kaczurba and E. Kawecka-Wyrzykowska, op.cit.

research, developing recognized trademarks and logos, and conducting professional and directed advertising. And it will be of utmost importance that they react quickly and flexibly to changing market demands (within the framework of both existing and newly created distribution networks). Finally, the rapidly developing electronic commerce (internet commerce) offers opportunities for producers and suppliers to dynamically access various segments of the market and seems to offer the possibility for small and medium-sized firms to survive and prosper on the global market.

## **7. Recommendations for Regional Policies in Poland to Support Regions with a High Concentration of Textile and Clothing Industries**

### **A Timetable of Activities for the Years 2000-2005**

#### **1) Desired aims until 2002:**

To facilitate the textile and clothing industries in taking advantage of economic policies and instruments flowing from international agreements and obligations (membership in the WTO and OECD, agreements and treaties with the EU, EFTA, and CEFTA, as well as bi-lateral agreements).

Among the **instruments encouraging export flowing from international agreements and obligations (ratified in the WTO forum)** which need to be taken advantage of, one should mention the following:

- supports for export credit inherent in a mechanism for freeing such credit from the risks associated with interest rate changes<sup>8</sup>,
- Treasury Department guarantees for export contracts (particularly with regard to high-risk countries<sup>9</sup>,
- income tax investment credits, provided however that do not constitute direct support for exports to the European Union.

#### **2) Throughout the entire period until 2005 (completion of trade liberalization within the WTO), additional measures should be undertaken, such as:**

- protection of the national market from excessive imports resulting from dumping or subsidies in third countries,

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<sup>8</sup> This instrument arises from an exception to the provisions of the Agreement concerning subsidies and equalizing methods, based on Addendum 1, par. (k), as well as the OECD Consensus.

<sup>9</sup> This instrument can be applied only for 7 years from the date the Agreement takes effect concerning subsidies and equalizing methods, based on Art. 29.

- simplification of procedures (including customs) and reduction of the costs associated with contract insurance for small and medium-sized firms,
- supporting small and medium-sized firms by offering directed assistance in technology transfer, foreign market research, and promotion of exports,
- implementing an information policy for enterprises (both producers and exporters) to enable them to obtain information concerning:
  - market trends in the developing international markets, including those of the highly-industrialized countries, the developing countries, and the newly-industrialized countries,
  - conditions regarding access to foreign market outlets (both European and non-European) so-called tariff and non-tariff trade barriers as well as access to information concerning the norms and standards required of specific products.
- Developing and implementing an informational campaign among producers and exporters concerning the major channels of distribution in foreign markets available to Polish producers and exporters, as well as initiating a forum among producers to enable them to create their own channel of distribution (their own stores or networks).
- Creating incentives for foreign investment in Poland, especially in the area of the transfer of modern technology.
- Carrying out the restructuring of light industry enterprises and promotion of cost reduction policies in such enterprises; promotion of highly work-efficient and cost-efficient firms (especially small and medium-sized enterprises which have achieved a cost-competitive advantage in the national and/or export markets).
- During Poland's pre-accession phase regional authorities should take advantage of the opportunities to obtain financial assistance from the European Union for the restructurization of the textile and clothing industries in their region as well as for the promotion of such firms and products which have a chance to successfully export on the European market. Local authorities should also look into the possibilities of obtaining assistance from government programs designed to create new jobs or to assist small and medium-sized firms.
- Following Poland's accession to membership in the European Union it should fight for the creation of a special program within the context of structural funds aimed at improving the competitiveness of Poland's clothing and textile industries, along the same lines as a similar program prepared for Portugal within the context of the EU's regional policy.

Table 1. Export dynamics for light industry products, 1995-1998 (in percentage)

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
GLOBAL	1996/1995	102.6	99.6	105.3	105.0	101.6
	1997/1996	102.0	95.8	108.1	103.2	102.5
	1998/1997	99.0	95.2	105.4	92.3	88.7
EU	1996/1995	103.3	98.4	107.1	109.4	108.9
	1997/1996	103.4	101.4	108.6	98.5	91.5
	1998/1997	102.2	100.9	104.3	103.2	96.5
Austria	1996/1995	101.0	99.4	108.0	91.4	99.0
	1997/1996	98.0	97.1	97.6	102.1	107.6
	1998/1997					
Belgium-Luxembourg	1996/1995	103.2	92.6	110.8	430.1	103.4
	1997/1996	109.3	101.2	115.8	156.9	125.2
	1998/1997	106.3	101.1	115.7	110.7	105.3
Denmark	1996/1995	101.6	104.3	101.1	95.1	98.7
	1997/1996	113.4	103.3	119.8	115.3	116.4
	1998/1997					
Finland	1996/1995	100.9	102.9	95.8	107.9	105.8
	1997/1996	96.8	100.8	96.1	83.8	101.8
	1998/1997					
France	1996/1995	97.0	96.6	98.4	93.2	102.1
	1997/1996	95.3	94.4	96.7	95.3	92.9
	1998/1997	105.8	104.9	107.5	103.2	95.7
Germany	1996/1995	96.6	94.3	101.1	97.7	92.5
	1997/1996	97.0	95.8	99.0	97.9	91.8
	1998/1997	101.2	100.3	102.4	102.9	90.3
Greece	1996/1995	101.3	97.4	101.8	127.6	130.9
	1997/1996	85.1	76.6	86.9	103.1	114.3
	1998/1997					
Ireland	1996/1995	103.3	102.0	105.4	96.1	114.5
	1997/1996	91.1	91.0	92.7	72.3	80.9
	1998/1997					
Italy	1996/1995	109.2	102.9	114.1	110.8	119.0
	1997/1996	93.6	97.9	91.9	90.6	82.2
	1998/1997					
Holland	1996/1995	99.8	91.8	110.2	98.8	97.4
	1997/1996	207.8	160.2	279.0	98.7	91.5
	1998/1997					

Table 1. Export dynamics for light industry products, 1995-1998 (in percentage) [Cont.]

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
Portugal	1996/1995	97.0	99.0	94.4	100.7	83.3
	1997/1996	98.4	104.2	96.3	97.6	100.2
	1998/1997					
Spain	1996/1995	111.8	111.5	123.6	105.5	115.7
	1997/1996	105.0	103.7	104.1	107.5	86.1
	1998/1997					
Sweden	1996/1995	113.5	107.7	128.0	97.8	114.5
	1997/1996	100.8	95.1	110.5	101.2	93.2
	1998/1997					
Great Britain	1996/1995	108.2	104.5	110.9	118.1	124.8
	1997/1996	102.5	102.7	102.2	103.8	112.9
	1998/1997	94.4	96.1	93.0	92.0	93.4
CEFTA	1996/1995	102.0	87.1	106.4	112.9	111.7
	1997/1996	100.5	103.7	101.3	94.1	87.4
	1998/1997	129.6	138.2	136.5	87.4	132.8
Czech Republic	1996/1995	89.3	73.3	118.8	109.3	109.8
	1997/1996	93.9	99.0	99.6	68.5	85.9
	1998/1997	111.2	115.8	113.8	84.8	111.6
Hungary	1996/1995	108.4	102.6	107.2	119.0	149.9
	1997/1996	101.1	96.1	101.3	104.9	83.9
	1998/1997					
Poland	1996/1995	105.8	109.3	103.1	123.0	92.7
	1997/1996	97.9	117.7	93.8	92.5	87.9
	1998/1997	97.9	87.2	105.3	65.1	122.6
Romania	1996/1995	113.5	93.9	114.6	118.3	93.7
	1997/1996	111.3	110.7	112.4	107.9	97.8
	1998/1997					
Slovakia	1996/1995	93.2	79.5	105.0	109.0	109.8
	1997/1996	110.7	106.9	124.9	91.7	98.4
	1998/1997	133.1	103.2	157.7	142.0	129.3
Slovenia	1996/1995	92.1	101.0	90.1	82.4	93.7
	1997/1996	92.5	93.8	92.8	88.4	80.9
	1998/1997					

Source: Own calculations based on UN data.

Table 2. Import dynamics for light industry products, 1995-1998 (in percentage)

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
GLOBAL	1996/1995	104.1	100.5	106.5	107.3	103.5
	1997/1996	104.6	102.7	106.6	104.8	100.5
	1998/1997	97.8	95.9	102.3	92.2	89.9
EU	1996/1995	102.7	96.5	105.7	108.4	107.9
	1997/1996	102.2	100.4	103.2	103.5	98.9
	1998/1997	102.2	102.5	103.5	95.7	102.4
Austria	1996/1995	100.7	96.9	103.1	101.5	95.3
	1997/1996	92.1	93.2	91.4	97.1	90.9
	1998/1997					
Belgium-Luxembourg	1996/1995	98.6	92.1	104.7	124.9	103.4
	1997/1996	109.5	112.3	107.2	118.7	119.7
	1998/1997	105.4	102.6	107.8	85.4	98.5
Denmark	1996/1995	98.9	94.7	101.4	99.7	148.8
	1997/1996	113.2	109.7	115.1	114.4	78.2
	1998/1997	39.7	49.9	34.4	34.1	30.8
Finland	1996/1995	106.1	100.8	110.2	118.4	125.1
	1997/1996	100.0	95.8	102.9	99.3	105.0
	1998/1997					
France	1996/1995	100.8	93.9	105.9	100.7	103.7
	1997/1996	98.6	98.4	98.7	104.5	96.9
	1998/1997	108.0	107.5	108.3	100.6	106.5
Germany	1996/1995	97.3	91.3	100.4	104.4	97.5
	1997/1996	92.9	93.2	92.7	92.6	90.9
	1998/1997	99.2	102.0	97.8	92.1	95.6
Greece	1996/1995	108.2	100.2	120.0	127.8	141.8
	1997/1996	95.0	92.5	98.2	103.2	96.7
	1998/1997					
Ireland	1996/1995	115.5	107.7	121.0	108.3	121.8
	1997/1996	104.5	102.0	106.2	92.1	115.7
	1998/1997					
Italy	1996/1995	100.2	94.8	108.1	112.8	110.4
	1997/1996	101.7	98.7	105.6	114.1	117.2
	1998/1997					
Holland	1996/1995	104.2	98.1	108.5	111.6	114.0
	1997/1996	128.7	110.4	140.3	89.7	87.9
	1998/1997					

Table 2. Import dynamics for light industry products, 1995-1998 (in percentage) [Cont.]

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
Portugal	1996/1995	98.9	97.6	102.1	99.1	107.8
	1997/1996	100.8	100.1	102.4	107.6	110.5
	1998/1997					
Spain	1996/1995	109.4	106.7	112.3	124.3	122.3
	1997/1996	104.3	106.4	102.1	122.9	107.4
	1998/1997					
Sweden	1996/1995	101.3	99.8	102.1	105.1	107.8
	1997/1996	96.8	95.6	97.4	98.9	94.8
	1998/1997					
Great Britain	1996/1995	110.8	104.8	116.2	115.0	120.4
	1997/1996	110.2	104.5	114.8	114.4	101.4
	1998/1997	103.3	97.9	107.4	99.7	107.5
CEFTA	1996/1995	96.0	106.9	126.7	117.0	112.9
	1997/1996	104.1	104.9	99.7	109.8	102.6
	1998/1997	101.4	101.2	98.8	99.4	165.6
Czech Republic	1996/1995	107.5	107.0	108.7	107.9	110.4
	1997/1996	92.1	94.9	86.4	93.1	94.4
	1998/1997	111.2	115.7	101.3	88.1	96.0
Hungary	1996/1995	104.2	104.0	104.6	119.0	110.1
	1997/1996	107.1	110.9	98.1	105.6	106.9
	1998/1997					
Poland	1996/1995	113.0	108.7	142.8	135.5	128.4
	1997/1996	104.6	102.7	114.7	119.8	114.4
	1998/1997	110.1	111.3	104.8	87.9	141.6
Romania	1996/1995	112.2	112.4	111.2	121.6	105.9
	1997/1996	118.1	118.5	115.8	126.9	99.5
	1998/1997					
Slovakia	1996/1995	102.0	95.4	118.3	127.5	130.8
	1997/1996	97.2	91.9	107.8	111.9	101.4
	1998/1997	242.8	293.0	156.7	143.4	122.3
Slovenia	1996/1995	133.2	94.8	183.7	92.1	88.1
	1997/1996	95.6	99.5	92.9	113.1	94.5
	1998/1997					

Source: Same as Table 1.

Table 3. Geographical structure of light industry exports, 1995-1998 (in percentage)

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
GLOBAL	1995	100.00	100.00	100.00	100.00	100.00
	1996	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00
EU	1995	34.05	38.76	27.80	40.91	37.77
	1996	35.53	40.06	28.24	48.52	46.40
	1997	38.07	36.88	36.81	47.76	39.19
	1998	37.92	37.39	36.45	46.95	37.24
Austria	1995	1.03	1.34	0.71	1.52	0.21
	1996	1.07	1.20	0.92	1.39	0.19
	1997	1.03	1.17	0.86	1.35	0.21
	1998					
Belgium-Luxembourg	1995	2.85	5.24	1.50	0.50	3.20
	1996	3.05	4.41	2.00	2.16	3.05
	1997	3.25	4.48	2.20	3.22	3.77
	1998	3.39	4.73	2.35	3.45	3.87
Denmark	1995	0.61	0.54	0.70	0.60	0.24
	1996	0.65	0.52	0.85	0.57	0.22
	1997	0.72	0.54	0.97	0.63	0.25
	1998	0.78	0.61	1.02	0.67	0.27
Finland	1995	0.19	0.24	0.15	0.25	0.09
	1996	0.20	0.23	0.17	0.27	0.09
	1997	0.19	0.23	0.16	0.22	0.09
	1998					
France	1995	3.87	5.26	3.11	2.94	12.52
	1996	3.89	4.61	3.67	2.74	11.79
	1997	3.62	4.37	3.37	2.48	10.79
	1998	3.75	4.79	3.35	2.48	10.08
Germany	1995	6.23	9.74	4.15	3.75	4.26
	1996	6.24	8.33	5.03	3.67	3.64
	1997	5.90	8.02	4.73	3.42	3.29
	1998	5.85	8.39	4.48	3.41	2.90
Greece	1995	0.64	0.35	1.02	0.11	0.03
	1996	0.67	0.31	1.25	0.14	0.03
	1997	0.55	0.24	1.03	0.14	0.04
	1998					
Ireland	1995	0.30	0.39	0.28	0.12	0.12
	1996	0.32	0.36	0.35	0.11	0.13
	1997	0.29	0.33	0.31	0.08	0.10
Italy	1995	9.26	8.51	7.83	20.97	16.25
	1996	10.49	7.96	10.73	23.22	17.84
	1997	9.58	7.82	9.36	20.04	14.44

Table 3. Geographical structure of light industry exports, 1995-1998 (in percentage) [Cont.]

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
Holland	1995	1.82	2.35	1.53	1.51	1.97
	1996	1.88	1.96	2.03	1.49	1.77
	1997	3.81	3.15	5.37	1.40	1.59
Portugal	1995	1.92	1.09	2.10	4.78	0.19
	1996	1.93	0.98	2.38	4.81	0.14
	1997	1.86	1.02	2.18	4.48	0.14
Spain	1995	1.50	1.74	0.62	5.08	1.52
	1996	1.74	1.76	0.91	5.35	1.62
	1997	1.78	1.83	0.90	5.48	1.38
Sweden	1995	0.32	0.51	0.21	0.17	0.15
	1996	0.37	0.50	0.32	0.17	0.16
	1997	0.37	0.48	0.33	0.16	0.14
Great Britain	1995	2.75	3.44	2.46	2.05	1.85
	1996	3.09	3.26	3.28	2.42	2.13
	1997	3.08	3.36	3.18	2.39	2.36
	1998	2.85	3.37	2.73	2.13	2.16
CEFTA	1995	2.96	1.82	4.07	3.99	1.28
	1996	2.95	1.59	4.11	4.29	1.41
	1997	2.20	1.28	3.03	2.75	0.87
	1998	2.85	1.83	3.94	2.52	1.27
Czech Republic	1995	0.58	0.90	0.29	0.81	0.41
	1996	0.53	0.60	0.41	0.88	0.41
	1997	0.49	0.60	0.39	0.58	0.35
	1998	0.53	0.72	0.41	0.47	0.38
Hungary	1995	0.42	0.18	0.57	0.69	0.30
	1996	0.47	0.17	0.74	0.82	0.42
	1997	0.46	0.16	0.71	0.82	0.35
Poland	1995	0.81	0.34	1.27	0.65	0.29
	1996	0.89	0.34	1.57	0.81	0.25
	1997	0.85	0.40	1.40	0.71	0.22
	1998	0.81	0.37	1.36	0.45	0.26
Romania	1995	0.52	0.12	0.75	1.09	0.16
	1996	0.61	0.10	1.03	1.29	0.14
	1997	0.66	0.11	1.10	1.33	0.14
Slovakia	1995	0.20	0.25	0.14	0.33	0.10
	1996	0.19	0.18	0.18	0.36	0.10
	1997	0.21	0.19	0.21	0.32	0.10
	1998	0.27	0.21	0.31	0.44	0.13
Slovenia	1995	0.30	0.21	0.36	0.41	0.12
	1996	0.29	0.20	0.39	0.34	0.10
	1997	0.26	0.18	0.35	0.29	0.08

Source: Same as Table 1.

Table 4. Geographical structure of light industry imports, 1995-1998 (in percentage)

Country	Year	Total	Fabrics	Clothing	Footwear	Leather products
GLOBAL	1995	100.00	100.00	100.00	100.00	100.00
	1996	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00
EU	1995	34.02	33.84	36.06	30.61	24.02
	1996	35.69	34.05	37.27	35.97	28.84
	1997	38.86	33.85	44.68	38.65	26.66
	1998	38.14	34.53	43.41	34.47	26.36
Austria	1995	1.22	1.30	1.56	1.65	1.00
	1996	1.31	1.24	1.86	1.74	0.89
	1997	1.16	1.15	1.60	1.58	0.78
	1998					
Belgium-Luxembourg	1995	2.05	2.74	2.20	1.75	1.62
	1996	2.16	2.50	2.68	2.27	1.56
	1997	2.27	2.79	2.70	2.51	1.81
	1998	2.29	2.79	2.73	2.05	1.77
Denmark	1995	0.69	0.70	0.91	0.81	0.49
	1996	0.73	0.65	1.07	0.84	0.68
	1997	0.79	0.71	1.16	0.89	0.51
	1998	0.83	0.76	1.19	0.89	0.58
Finland	1995	0.34	0.40	0.40	0.33	0.20
	1996	0.38	0.40	0.51	0.41	0.23
	1997	0.37	0.38	0.50	0.38	0.23
	1998					
France	1995	4.29	4.96	5.18	5.33	5.04
	1996	4.61	4.61	6.37	5.57	4.89
	1997	4.36	4.52	5.90	5.42	4.57
	1998	4.50	4.73	5.99	5.21	4.85
Germany	1995	8.94	8.32	12.36	9.90	7.56
	1996	9.28	7.52	14.41	10.72	6.89
	1997	8.27	6.98	12.54	9.26	6.05
	1998	7.84	6.93	11.50	8.13	5.76
Greece	1995	0.47	0.77	0.40	0.42	0.25
	1996	0.54	0.76	0.56	0.56	0.33
	1997	0.50	0.70	0.51	0.54	0.31
Ireland	1995	0.35	0.40	0.42	0.50	0.21
	1996	0.43	0.43	0.60	0.56	0.24
	1997	0.43	0.43	0.59	0.48	0.27
Italy	1995	2.77	4.51	2.34	3.37	2.35
	1996	2.96	4.23	2.94	3.94	2.42
	1997	2.89	4.16	2.92	4.19	2.74
	1998					

Table 4. Geographical structure of light industry imports, 1995-1998 (in percentage) [Cont.]

Holland	1995	2.05	2.31	2.52	2.13	1.75
	1996	2.27	2.24	3.18	2.47	1.86
	1997	2.81	2.46	4.19	2.06	1.58
	1998					
Portugal	1995	0.69	1.32	0.43	0.59	0.28
	1996	0.73	1.28	0.51	0.60	0.28
	1997	0.70	1.27	0.49	0.60	0.30
Spain	1995	1.29	1.81	1.31	0.83	1.17
	1996	1.50	1.92	1.71	1.07	1.33
	1997	1.51	2.03	1.64	1.23	1.38
Sweden	1995	0.79	0.76	1.07	0.80	0.63
	1996	0.85	0.75	1.27	0.87	0.63
	1997	0.79	0.72	1.16	0.80	0.58
Great Britain	1995	3.81	4.98	4.16	4.76	4.19
	1996	4.50	5.17	5.61	5.69	4.72
	1997	4.76	5.38	6.05	6.06	4.62
	1998	4.70	5.13	6.10	5.76	4.95
CEFTA	1995	2.41	3.58	0.98	1.60	0.64
	1996	2.22	3.81	1.16	1.74	0.70
	1997	1.71	3.05	0.82	1.43	0.59
	1998	1.75	3.17	0.79	1.53	1.05
Czech Republic	1995	0.34	0.63	0.23	0.43	0.23
	1996	0.39	0.67	0.29	0.49	0.24
	1997	0.35	0.63	0.24	0.42	0.22
	1998	0.37	0.71	0.23	0.35	0.21
Hungary	1995	0.30	0.58	0.19	0.31	0.11
	1996	0.34	0.60	0.23	0.38	0.11
	1997	0.35	0.66	0.21	0.37	0.12
Poland	1995	0.60	1.42	0.16	0.32	0.16
	1996	0.72	1.53	0.26	0.45	0.19
	1997	0.72	1.57	0.28	0.50	0.21
	1998	0.76	1.70	0.28	0.42	0.30
Romania	1995	0.27	0.62	0.09	0.20	0.02
	1996	0.32	0.69	0.11	0.25	0.02
	1997	0.36	0.81	0.12	0.30	0.02
Slovakia	1995	0.07	0.14	0.04	0.09	0.06
	1996	0.08	0.13	0.06	0.13	0.07
	1997	0.07	0.12	0.06	0.13	0.07
	1998	0.17	0.35	0.09	0.18	0.08
Slovenia	1995	0.15	0.23	0.13	0.18	0.10
	1996	0.21	0.21	0.28	0.17	0.08
	1997	0.19	0.21	0.25	0.18	0.07

Source: Same as Table 1.

Table 5. Global and EU export of selected textile products, 1996-1998  
(in millions US\$)

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
GLOBAL	1996	241200.6	10156.1	14266.7	17487.4	158726.0	40564.5
	1997	253260.0	9546.7	13565.3	16630.2	171652.3	41865.4
	1998	259474.4	10338.1	13271.1	16315.9	180923.2	38626.1
EU - internal export	1996	32656.9	1432.0	2358.6	3732.6	18138.3	6995.4
	1997	29694.8	1503.5	2237.0	3605.2	15558.1	6791.0
	1998	28913.8	1676.5	2238.6	3472.0	15336.0	6190.7
including:							
1. CEFTA	1996	3666.1	477.1	383.0	799.1	1616.9	390.0
	1997	3937.3	686.8	357.3	808.5	1659.7	425.1
	1998	4236.1	580.5	439.7	920.1	1849.2	446.7
2. Poland	1996	1162.4	190.9	149.5	288.4	434.2	99.4
	1997	1221.9	191.4	151.2	305.6	447.6	126.1
	1998	1386.1	216.2	170.5	353.3	505.0	141.1

Source: Same as Table 1.

Table 5a. Dynamics of Global and EU export of selected textile and footwear products, 1996-1998 (in %)

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
GLOBAL	1997/1996	105.0	94.0	95.1	95.1	108.1	103.2
	1998/1997	102.5	108.3	97.8	98.1	105.4	92.3
EU - internal export	1997/1996	90.9	105.0	94.8	96.6	85.8	97.1
	1998/1997	97.4	111.5	100.1	96.3	98.6	91.2
including:							
1. CEFTA	1997/1996	107.4	144.0	93.3	101.2	102.6	109.0
	1998/1997	107.6	84.5	123.1	113.8	111.4	105.1
2. Poland	1997/1996	105.1	100.3	101.1	106.0	103.1	126.9
	1998/1997	113.4	112.9	112.8	115.6	112.8	111.9

Source: Same as Table 1.

Table 5b. EU export shares in selected textile and footwear products, 1996-1998 (in %)

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
EU - internal export	1996	100.00	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00	100.00
including:							
1. CEFTA	1996	12.35	31.73	17.12	22.17	10.39	5.74
	1997	13.62	40.97	15.96	23.29	10.82	6.87
	1998	12.97	40.54	18.64	24.65	10.19	6.38
2. Poland	1996	4.02	11.39	6.68	8.31	2.83	1.61
	1997	3.74	13.37	6.41	8.19	2.47	1.80
	1998	4.67	14.38	7.62	9.80	3.25	2.08

Source: Same as Table 1.

Table 6. Global and EU import of selected textile and footwear products, 1996-1998 (in millions USD)

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
GLOBAL	1996	276009.1	10465.1	13963.6	17867.5	182141.9	51571.1
	1997	290298.8	11167.6	13638.7	17197.6	194224.4	54070.4
	1998	291378.1	12172.7	13516.8	17217.4	198606.9	49864.4
EU - internal export	1996	56778.0	572.2	2222.4	1353.1	44900.3	7730.0
	1997	57629.7	661.4	2089.9	1362.0	45680.8	7835.6
	1998	61446.4	922.7	2106.1	1443.9	48470.3	8503.4
including:							
1. CEFTA	1996	7748.6	36.8	64.9	86.4	6553.3	1007.2
	1997	7687.4	30.1	74.2	100.5	6389.0	1093.6
	1998	8783.9	44.9	93.4	127.7	7331.8	1186.0
2. Poland	1996	2423.6	8.5	16.4	16.0	2229.0	153.6
	1997	2190.7	7.7	22.1	20.3	2000.1	140.5
	1998	2464.6	10.7	28.2	24.7	2260.3	140.7

Source: Same as Table 1.

**Table 6a. Dynamics of Global and EU import of selected textile and footwear products, 1996-1998 (in %)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
GLOBAL	1997/1996	105.2	106.7	97.7	96.3	106.6	104.8
	1998/1997	100.4	109.0	99.1	100.1	102.3	92.2
EU - internal import	1997/1996	101.5	115.6	94.0	100.7	101.7	101.4
	1998/1997	106.6	139.5	100.8	106.0	106.1	108.5
including:							
1. CEFTA	1997/1996	99.2	81.9	114.4	116.3	97.5	108.6
	1998/1997	114.3	149.3	125.9	127.0	114.8	108.5
2. Poland	1997/1996	90.4	90.4	134.5	126.6	89.7	91.5
	1998/1997	112.5	139.1	127.7	121.7	113.0	100.1

Source: Same as Table 1.

**Table 6b. EU import shares in selected textile and footwear products, 1996-1998 (in %)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
EU - internal import	1996	100.00	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00	100.00
including:							
1. CEFTA	1996	13.45	5.56	3.10	6.35	14.35	12.85
	1997	12.51	3.26	3.52	6.96	13.18	12.86
	1998	15.47	7.85	4.20	9.44	16.33	15.34
2. Poland	1996	3.94	0.92	0.78	1.11	4.60	1.81
	1997	3.86	1.35	0.99	1.50	4.45	1.82
	1998	4.28	1.62	1.35	1.81	4.95	1.80

Source: Same as Table 1.

**Table 7. Polish export of selected textile and footwear products,  
1996-1998 (millions USD)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Export - total	1996	2806.5	57.6	25.4	41.9	2370.2	311.4
	1997	2657.2	59.5	28.4	57.5	2223.9	287.9
	1998	2822.6	67.9	32.2	65.8	2386.4	270.3
including:							
1. EU	1996	2432.9	16.0	15.8	19.2	2204.0	177.9
	1997	2273.7	14.7	15.0	27.7	2052.2	164.1
	1998	2458.6	18.7	22.7	37.2	2211.4	168.7
2. CEFTA	1996	45.1	2.4	0.9	2.6	38.0	1.1
	1997	54.8	2.6	0.7	2.9	35.8	12.9
	1998	64.8	4.4	1.1	3.5	40.4	15.3

Source: Main Statistical Office – official data.

**Table 7a. Polish export dynamics for selected textile and footwear products,  
1996-1998 (in percentage)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Export - total	1997/1996	94.7	103.4	111.8	137.3	93.8	92.5
	1998/1997	106.2	114.1	113.7	114.3	107.3	93.9
including:							
1. EU	1997/1996	93.5	92.1	95.1	144.3	93.1	92.2
	1998/1997	108.1	126.8	151.0	134.3	107.8	102.8
2. CEFTA	1997/1996	121.6	105.9	74.1	112.9	94.1	1124.5
	1998/1997	118.1	172.3	156.3	120.4	112.9	119.1

Source: Own calculation based on Main Statistical Office – official data.

**Table 7b. Shares of Polish export to the UE and CEFTA countries  
1996-1998 (in percentage)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Export - total	1996	100.00	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00	100.00
including:							
1. EU	1996	86.69	27.78	62.20	45.82	93.00	57.83
	1997	85.57	24.71	52.82	48.17	92.28	57.00
	1998	87.10	27.54	70.50	56.53	92.67	62.41
2. CEFTA	1996	1.61	4.23	3.67	6.19	1.60	0.37
	1997	2.06	4.34	2.44	5.09	1.61	4.48
	1998	2.29	6.55	3.35	5.36	1.69	5.68

Source: Own calculation based on Main Statistical Office – official data.

**Table 8. Polish imports from EU and CEFTA countries,  
1996-1998 (millions USD)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Import - total	1996	1351.4	187.5	122.1	369.9	455.1	216.9
	1997	1512.5	202.9	137.7	392.5	519.5	260.0
	1998	1684.7	222.3	165.2	422.8	601.4	273.0
including:							
1. EU	1996	849.0	167.5	102.1	264.9	215.3	99.2
	1997	946.0	177.9	115.9	283.3	237.3	131.7
	1998	1064.0	194.4	141.7	322.2	264.3	141.4
2. CEFTA	1996	74.8	5.2	3.5	34.0	27.0	5.1
	1997	78.8	4.3	5.3	28.8	34.2	6.2
	1998	99.5	3.7	7.1	26.8	53.9	7.9

Source: Main Statistical Office – official data.

**Table 8a. Dynamics of Polish imports of selected textile and footwear products  
1996-1998 (in percentage)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Export - total	1997/1996	111.9	108.2	112.8	106.1	114.2	119.9
	1998/1997	111.4	109.6	120.0	107.7	115.8	105.0
including:							
1. EU	1997/1996	111.4	106.2	113.5	107.0	110.2	132.7
	1998/1997	112.5	109.3	122.3	113.7	111.4	107.4
2. CEFTA	1997/1996	105.3	82.8	150.2	84.6	126.5	122.8
	1998/1997	126.3	85.7	133.5	93.3	157.6	127.9

Source: Own calculation based on Main Statistical Office – official data.

**Table 8b. Shares of EU and CEFTA in Poland's import of selected textile and footwear products, 1996-1998 (in percentage)**

Category	Year	Selected Product Total	Knitted Wovens	Decorative Woven Fabrics	Technical Woven Fabrics	Clothing	Footwear
Import - total	1996	100.00	100.00	100.00	100.00	100.00	100.00
	1997	100.00	100.00	100.00	100.00	100.00	100.00
	1998	100.00	100.00	100.00	100.00	100.00	100.00
including:							
1. EU	1996	62.82	89.33	83.62	71.61	47.31	45.74
	1997	62.55	87.68	84.17	72.18	45.68	50.65
	1998	63.16	87.45	85.77	76.21	43.95	51.79
2. CEFTA	1996	5.54	2.77	2.89	9.20	5.94	2.33
	1997	5.21	2.12	3.85	7.33	6.59	2.39
	1998	5.91	1.66	4.29	6.35	8.97	2.91

Source: Own calculation based on Main Statistical Office – official data.

Table 9. Production in selected sectors of light industry in 1996-1998 (in millions USD)

Category	1996	1997	1998
<b>European Union /15/</b>			
<b>Light Industry</b>	199847.0	202381.6	192952.1
1.Woven fabrics /17/	117676.1	109079.5	109947.7
2.Clothing/18/	48105.4	62151.1	50910.2
3.Leaner goods: footwear /19/	34065.5	31491.2	32094.2
<b>CEFTA/6/</b>			
<b>Light Industry</b>	15313.7	13740.2	13170.3
1.Woven fabrics /17/	7252.3	6300.9	6334.7
2.Clothing/18/	5065.9	4740.7	4549.4
3.Leaner goods: footwear /19/	2995.5	2698.6	2286.2
<b>Czech Republic</b>			
<b>Light Industry</b>	3260.2	2257.7	2382.0
1.Woven fabrics /17/	2047.9	1573.2	1831.5
2.Clothing/18/	608.9	301.5	222.2
3.Leaner goods: footwear /19/	603.4	383.0	328.3
<b>Hungary</b>			
<b>Light Industry</b>	1260.7	1250.5	1399.4
1.Woven fabrics /17/	613.8	597.8	593.6
2.Clothing/18/	426.9	417.3	549.8
3.Leaner goods: footwear /19/	220.0	235.4	256.0
<b>Poland</b>			
<b>Light Industry</b>	6573.4	6327.4	5412.1
1.Woven fabrics /17/	2685.0	2547.5	2202.1
2.Clothing/18/	2662.6	2640.0	2354.1
3.Leaner goods: footwear /19/	1225.8	1139.9	855.9
<b>Romania</b>			
<b>Light Industry</b>	2142.0	1880.8	2004.4
1.Woven fabrics /17/	996.1	791.6	853.8
2.Clothing/18/	712.2	712.0	772.3
3.Leaner goods: footwear /19/	433.7	377.2	378.3
<b>Slovakia</b>			
<b>Light Industry</b>	790.5	574.4	545.6
1.Woven fabrics /17/	315.1	264.8	257.7
2.Clothing/18/	254.2	172.7	180.0
3.Leaner goods: footwear /19/	221.2	136.9	107.9
<b>Slovenia</b>			
<b>Light Industry</b>	1286.9	1449.4	1426.8
1.Woven fabrics /17/	594.4	526.0	596.0
2.Clothing/18/	401.1	497.2	471.0
3.Leaner goods: footwear /19/	291.4	426.2	359.8

Sources: UN, EUROSTAT and national statistics

**Table 9a. Dynamics of production in selected sectors of the light industry market  
1996-1998 (in percentage)**

Category	1997/1996	1998/1997
<b>European Union</b>		
<b>Light Industry</b>	101.3	95.3
1.Woven fabrics /17/	92.7	100.8
2.Clothing/18/	129.2	81.9
3.Leaner goods: footwear /19/	92.4	101.9
<b>CEFTA/6/</b>		
<b>Light Industry</b>	89.7	95.9
1.Woven fabrics /17/	86.9	100.5
2.Clothing/18/	93.6	96.0
3.Leaner goods: footwear /19/	90.1	84.7
<b>Czech Republic</b>		
<b>Light Industry</b>	69.3	105.5
1.Woven fabrics /17/	76.8	116.4
2.Clothing/18/	49.5	73.7
3.Leaner goods: footwear /19/	63.5	85.7
<b>Hungary</b>		
<b>Light Industry</b>	99.2	111.9
1.Woven fabrics /17/	97.4	99.3
2.Clothing/18/	97.8	131.8
3.Leaner goods: footwear /19/	107.0	108.8
<b>Poland</b>		
<b>Light Industry</b>	96.3	85.5
1.Woven fabrics /17/	94.9	86.4
2.Clothing/18/	99.2	89.2
3.Leaner goods: footwear /19/	93.0	75.1
<b>Romania</b>		
<b>Light Industry</b>	87.8	106.6
1.Woven fabrics /17/	79.5	107.9
2.Clothing/18/	100.0	108.5
3.Leaner goods: footwear /19/	87.0	100.3
<b>Slovakia</b>		
<b>Light Industry</b>	72.7	95.0
1.Woven fabrics /17/	84.0	97.3
2.Clothing/18/	67.9	104.2
3.Leaner goods: footwear /19/	61.9	78.8
<b>Slovenia</b>		
<b>Light Industry</b>	112.6	98.4
1.Woven fabrics /17/	88.5	113.3
2.Clothing/18/	124.0	94.7
3.Leaner goods: footwear /19/	146.3	84.4

Sources: UN, EUROSTAT and national statistics.

Table 10. Monthly wages in light industry in Germany and the CEFTA countries, 1996-1998

Industry branch	Currency	1996	1997	1998	1999 First half.
<b>Germany</b>					
<b>Light Industry</b>	USD	2140.0	1893.0	1877.0	
Woven fabrics	USD	2240.0	1987.0	1955.0	
Clothing	USD	1938.0	1699.0	1693.0	
Leather goods: footwear	USD	2025.0	1894.0	1831.0	
<b>CEFTA</b>					
<b>Light Industry</b>	USD	182.1	179.0	192.8	
Woven fabrics	USD	192.8	188.4	210.9	
Clothing	USD	170.8	170.4	179.5	
Leather goods: footwear	USD	188.7	182.1	196.3	
<b>Czech Republic</b>					
<b>Light Industry</b>	USD	235.7	234.4	251.4	
Woven fabrics	USD	247.7	244.8	264.3	
Clothing	USD	244.9	216.3	231.7	
Leather goods: footwear	USD	255.6	233.6	247.3	
<b>Hungary</b>					
<b>Light Industry</b>	USD	201.8	199.6	200.0	
Woven fabrics	USD	219.3	217.1	226.7	
Clothing	USD	192.3	191.3	188.4	
Leather goods: footwear	USD	195.2	190.6	190.4	
<b>Poland</b>					
<b>Light Industry</b>	USD	223.9	220.1	245.6	282.2
Woven fabrics	USD	252.5	252.1	279.6	326.9
Clothing	USD	204.8	199.7	228.6	272.2
Leather goods: footwear	USD	231.3	226.4	241.3	286.5
<b>Romania</b>					
<b>Light Industry</b>	USD	76.8	66.4	75.7	
Woven fabrics	USD	76.9	62.9	73.2	
Clothing	USD	76.4	70.6	78.9	
Leather goods: footwear	USD	77.7	64.0	70.6	
<b>Slovakia</b>					
<b>Light Industry</b>	USD	178.1	183.3	200.4	
Woven fabrics	USD	179.0	183.3	202.2	
Clothing	USD	179.0	183.3	201.9	
Leather goods: footwear	USD	176.2	183.0	195.2	
<b>Slovenia</b>					
<b>Light Industry</b>	USD	588.7	554.0	604.5	
Woven fabrics	USD	609.8	573.5	609.7	
Clothing	USD	569.2	534.5	568.3	
Leather goods: foot wear	USD	586.6	563.1	654.9	

Sources: Same as Table 9.

Table 11. European Union - work efficiency\* in Light Industry, 1996-1998

Industry branch	Currency	1996	1997	1998
Woven fabrics	US \$	118585	110913	114593
Clothing	US \$	74176	88728	85527
Leather goods: foot wear	US \$	121811	103619	122318

\* - measured by value of products sold per employee

Source: Own calculation based on EUROSTAT data.

Table 11a. CEFTA - work efficiency\* in light industry, 1996-1998

Industry branch	Currency	1996	1997	1998	1999 First half.
<b>CEFTA</b>					
<b>Light Industry</b>	USD	11168	10714	10886	
Woven fabrics	USD	14276	13918	15801	
Clothing	USD	8201	8167	7533	
Leather goods: footwear	USD	12202	10825	11152	
<b>Czech Republic</b>					
<b>Light Industry</b>	USD	18955	15744	17324	
Woven fabrics	USD	23272	21174	25832	
Clothing	USD	11489	7162	5216	
Leather goods: footwear	USD	19465	14185	13679	
<b>Hungary</b>					
<b>Light Industry</b>	USD	10887	10597	11231	
Woven fabrics	USD	16153	15407	16263	
Clothing	USD	7748	7629	8433	
Leather goods: footwear	USD	9692	9608	11179	
<b>Poland</b>					
<b>Light Industry</b>	USD	13434	13070	12979	5922
Woven fabrics	USD	17515	17425	16607	8331
Clothing	USD	10253	10381	9261	4497
Leather goods: footwear	USD	16066	13635	11277	7018
<b>Romania</b>					
<b>Light Industry</b>	USD	4506	4457	4754	
Woven fabrics	USD	5268	4979	6250	
Clothing	USD	3510	3956	3589	
Leather goods: footwear	USD	5200	4545	5420	
<b>Slovakia</b>					
<b>Light Industry</b>	USD	10784	8229	8292	
Woven fabrics	USD	14130	13044	14642	
Clothing	USD	8735	5738	5678	
Leather goods: footwear	USD	10100	7057	6539	
<b>Slovenia</b>					
<b>Light Industry</b>	USD	28346	32066	32952	
Woven fabrics	USD	34358	37305	39211	
Clothing	USD	22408	25762	27225	
Leather goods: footwear	USD	28569	36119	33315	

\* - measured by value of products sold per employee

Source: Same as Table 9.

Table 12. European Union - Amounts spent\* or textile and clothing products, 1996-1998

Industry branch	Currency	1996	1997	1998
Woven fabrics	mln. US \$	130810	120884	121404
Clothing	mln. US \$	89789	82442	85981
Leather goods: foot wear	mln. US \$	23495	21659	22532

\* - amounts given are real values measured by products prices

Source: Own calculations based on EUROSTAT statistics.

Table 12a. Annual expenditures per household\* for clothing and footwear products in the CEFTA countries, 1996-1998

Industry branch	Currency	1996	1997	1998	First half. 1999
<b>Czech Republic</b>					
Clothing	USD	119.8	109.1	111.9	
Leather goods: footwear	USD	76.7	62.9	54.2	
<b>Hungary</b>					
Clothing	USD	56.0	46.5	61.2	
Leather goods: footwear	USD	33.3	35.1	27.8	
<b>Poland</b>					
Clothing	USD	83.0	86.4	85.1	35.7
Leather goods: footwear	USD	26.3	21.8	30.7	11.4
<b>Romania</b>					
Clothing	USD	41.6	30.4	36.9	
Leather goods: footwear	USD	14.8	12.0	14.6	
<b>Slovakia</b>					
Clothing	USD	98.7	113.9	116.7	
Leather goods: footwear	USD	63.0	58.7	49.9	
<b>Slovenia</b>					
Clothing	USD	285.6	288.8		
Leather goods: footwear	USD	92.1	115.2		

\*expenditures per household measured by retail prices

Source: Own calculations based on national statistics and statistics contained in the CESTAT Bulletin.