THE REVIVAL OF PROXIMITY SOURCING

As part of the Chair dedicated to “The economy of creative materials for fashion” - a partnership with the IFM (Institut Français de la Mode) - Première Vision organized a conference to explore proximity sourcing. The conference was held at the latest edition of Première Vision Paris (7-9 Feb. 2017 / Parc des Expositions Paris Nord-Villepinte).

Based on a study conducted by the IFM, the conference, presented by Gildas Minvielle, Director of the IFM Economic Observatory, closely examined issues involved in proximity sourcing, which, given international economic and political instabilities, tends to be strengthening in the countries that create fashion.

Karim Tazi, President of AMITH (Moroccan Textile and Apparel Manufacturers Association) also presented a special report on Moroccan sourcing.

See the following report from the conference.
The EU textile-apparel sourcing-map is being redrawn. European order writers are once again beginning to explore more local supply routes, to the detriment of China and Hong Kong. This upward trend is seen particularly in terms of Morocco, which has increased its exports to Europe by around 10%. But the positive trend also concerns Turkey and Tunisia.

Countries in the Mediterranean zone (Morocco, Tunisia, Turkey) accounted for 18% of the EU’s apparel imports in 2016, up 2.4% in value over 2015. Asian countries show a decline of 0.9%, notwithstanding positive results in Bangladesh, the EU’s second supplier ahead of Turkey, and Cambodia, the EU’s fifth leading supplier.

This data is extracted from the conference dedicated to sourcing presented at Première Vision Paris. Gildas Minvielle, Director of the IFM Economic Observatory, presented the data relating to EU and US imports, along with a study drawn from a survey of some 100 retailers concerning their supply strategies.

**THE RESULTS**
European imports stand at €80 billion* and are stable compared with 2015. China remains a key and essential player, with a 12% average annual growth rate in clothing exports between 2002 and 2015. It is the number one supplier of the EU (34.9%), but its market share is down by 3 points over 2015.

What’s driving this changing trend in favour of Euro-Mediterranean producers?

“The current uncertain economic situation favours proximity sourcing,” explained Gildas Minvielle. “In particular, the margins of European distributors have been weakened by changes in exchange rates, leading them to try to limit discounts and sales.

In addition, consumers buy according to the weather and make up their minds at the last minute. As a result, distributors avoid engaging in long-term orders that are too big, and favour proximity sourcing.”

Other factors can also explain the return to proximity production: local production provides a better guarantee of compliance with environmental and social standards during manufacturing processes.

In the US, the value of imports is very close to that of the EU ($81.5 billion), but shows a decline of 5.4% over 2015. Imports from China and Hong Kong decreased by 8.7% in value and 3% in volume. Results were up for clothing imports from Vietnam, which is the US order-writers’ second largest supplier (up 2% in value and 4.3% in volume). In a more general sense, imports from Asian countries remain high because they are anchored in the American culture.
In France, imports totalled € 19.4 billion, stable compared to 2015. China remains the leading supplier (30% of apparel imports, in terms of value), but imports are decreasing (-6.7% in value and -2.7% by volume). By contrast, Bangladesh is seeing increases (+15.6% and +23.8%), driven by, among other factors, a very low cost of labour.

Turning to the survey conducted by the IFM of 100 order-writers representing the various distribution channels:

27% of them lowered prices by between 0% and 5% in 2016; 38% have not changed their prices; and 30% increased them by between 0% and 5%.

In 2017, some 41% of these same distributors expect to decrease their orders from China, 51% expect to increase imports from Turkey, 48% plan to increase imports from Morocco and 41% from Tunisia.

Portugal should gain market share in France with a high-end positioning focused mainly on knits. Lastly, many distributors are now proposing Made in France produced products in their collections.

Short-term (in-season) orders currently account for about 22% of supplies and medium-term orders (between 6 months and the beginning of the season) represent 36%. This type of sourcing should, according to the companies surveyed, see its relative importance increase at the expense of long-term orders (more than 6 months before the start of the season).

* source : Eurostat