



DANISH TEXTILE & DESIGN DELEGATION TO TURKEY

OCT/NOV 2021

As a consequence of COVID-19 a significant number of Danish companies have experienced challenges throughout their supply chains, which urges Danish companies to rethink their sourcing strategies. Furthermore, as 53% of Denmark's carbon footprint can be traced back to the import of goods, Danish companies are focusing on limiting their carbon footprint throughout the supply chain. To help Danish companies address these challenges, The Trade Council and The Danish Chamber of Commerce (Dansk Erhverv) are arranging a business delegation to Turkey for Danish companies to identify potential new supplier opportunities. A business delegation to Turkey will allow Danish companies to meet producers directly through B2B meetings, exchange samples and visit their production facilities. The project will be executed in cooperation with textile clusters in Denmark and in Turkey.

Why Turkey?

The textile and ready-to-wear sector has one of the fastest growth rates in the Turkish manufacturing industry. The sector contributes to 5% of Turkey's GDP in terms of added-value, employment and exports. Including the accessories, cotton and fabric production, the sector covers almost 20% of the Turkish GDP.

Turkish Apparel by Numbers

- 5th Apparel Supplier Worldwide
- 3rd Apparel Supplier for EU
- 2nd Hosiery Supplier Worldwide
- 2nd Denim Supplier Worldwide
- 6th Fiber Cotton Producer Worldwide with 784 thousand tons of production.
- 1st Category in Turkey's Apparel Exports: Knit Products

Apparel Industry in Turkey

- 2nd Export and Manufacturing Industry in Turkey
- 90B USD Industry Turnover
- +20.000 Export Companies (+7.000 GOTS certified)
- +2 Million Employment

Benefits of the Turkish Textile industry as a sourcing destination

- Europe's largest vertically integrated manufacturing capacity
- End-to-end production
- GOTS, OEKO-TEX, SEDEX, BSCI and ISO certified
- Fast, flexible supply process
- Highest quality standards
- Sustainability
- Social Responsibility
- High-end production with low average order sizes
- Environmental Consciousness
- Transparency and traceability
- Ethical Trade
- Recycled production ability
- Modern and digital infrastructure
- Proficiency in fashion and design

The objectives of this business delegation is to provide Danish design companies with:

- New proximity to greener and more sustainable sourcing opportunities
- B2B meetings with Turkish companies who produce organic and sustainably.
- Opportunities for more flexibility and control of their supply chain
- Shorter delivery times and more sustainable transport options to further comply with the green transition



Expected commercial outputs:

- To enforce Danish companies to be more competitive and supply products of higher quality,
- Shorter and more reliable supply chains, which would ensure continuity and high quality for the companies' production,
- Aligning with both the Danish and Turkish government's priorities on the green agenda,
- Following the new global consumer trends,
- Access to a well-established and validated network of contacts within the designated sectors

Real case example:

Spanish ready-made clothing giant Inditex Group increased its supply from Turkey from 20% into 25% in 2021. This increased Turkish exports to Spain to USD 1.5 billion in 7 months of 2021, passing the yearly exports in 2020 and 2019.

Suggested PROGRAMME:

31 October 2021, Sunday

- Arrival to Istanbul

1 November 2021, Monday

- Cluster Visit for B2B meetings in Istanbul

2 November 2021, Tuesday

- Visits to the Production facilities of selected companies in Istanbul

3 November 2021, Wednesday

- Departure from Istanbul to Izmir
- Cluster Visit for B2B meetings

4 November 2021, Thursday

- Visits to the Production facilities of selected companies in Izmir

5 November 2021, Friday

- Departure back to Denmark

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Background

Turkey was the world's 20th largest economy in 2020 with a GDP of 717 billion USD and a population of 84.4 million. According to the World Bank's 2021 classification, Turkey belongs to the group of upper middle income countries. The GDP per capita of the country was 8.488 USD in 2020. In 2021 the real growth rate in GDP is expected to be 5.9 pct., and over the following two years real GDP is expected to grow at a rate of 2.7 pct. p.a.

Danish imports of goods and services from Turkey totalled DKK 11.4 billion in 2020, while imports of goods alone from Turkey totalled DKK 6.8 billion in 2020; a fall of 0.9% relative to 2019 - only a slight fall during the first part of the pandemic. The top Danish import from Turkey in 2020 was articles of apparel and clothing accessories (DKK 2.6 billion). In the first five months of 2021, imports of goods from Turkey were worth DKK 3.19 billion; an increase of 24.5% in relation to the same time period in 2020 (DKK 2.56 billion).

Turkey's economic growth in recent years has been based on the construction and real estate sectors together with the textile, automobile, aviation and defence industries. The textile and ready-to-wear sector is one of the sectors with the fastest growth rate in the Turkish manufacturing industry. The sector alone represents 5% of Turkey's GDP in terms of added-value, employment and exports. Taking into account accessories, cotton and fabric production, the sector covers almost 20% of the overall Turkish GDP.

The Turkish textile sector provides the most employment in Turkey with more than three million jobs linked to the industry. The textile and ready-made clothing sector represented exports of USD 9.7 billion in 2020 - a slight decrease of 2% that year due to the negative impact of the pandemic. The Turkish Union of Textile Exporters (ITKIB) is ambitiously aiming to increase exports for the sector to USD 11 billion in 2021.

The EU constitutes Turkey's main related export market, purchasing a total of 50% of Turkey's exports. Turkish textile and ready-made exports to the EU increased by 2.5% last year, making it the continent's fifth largest supplier with a total of 17% of all textile supplies to the EU.

Turkey ranks 6th in the world in terms of cotton production, producing a total of 784.000 tonnes of cotton fibre.

Being at the forefront of technical development and sustainable manufacturing of textile are the two main goals of the Turkish industry. In July 2021, the Textile and Raw Materials Exporters' Associations, under the leadership of the Turkish Exporters Assembly, launched The "Turkish Textile Industry Sustainability Action Plan".



The Turkish textile industry aims to further increase its global market share by providing permanent innovation and development as well as to comply with the European Green Deal norms at a high level.

The Turkish textile industry is working on issues such as treating waste-water, reducing energy consumption, investing in sustainable dyeing, R&D and recycling within the scope of the plan.

As of 2021, Turkey has more than 7.000 textile manufacturers which are Global Organic Textile Standard Certification (GOTS) certified, covering companies of all sizes and both within garment and apparel manufacturers. These companies are mostly located in the Western part of Turkey including cities such as Istanbul, Bursa, Izmir, Denizli and Ankara. These companies employ almost two million people.

GOTS certification covers the processing of certified organic fibers throughout the entire supply chain, from the initial growing stage to the finished product.

Apart from GOTS, there are several producers who holds OEKO-TEX, SEDEX, BSCI and ISO certifications to document the use of sustainable materials without harmful chemicals, and validating safe and fair production and working conditions.

The average order size of the sector in Turkey is at least 10.000 pieces a year. Still, there are a number of medium size producers who accept orders of small quantities and deliver high quality products at competitive prices.

For trusted supply chain and logistics, there are several local and international sourcing offices in the aforementioned cities who visit the producers, work with customs and are able to track shipments. In terms of logistics, the biggest Danish freight forwarding companies such as DSV, Maersk, DFDS as well as Neptun Transport have offices in Turkey.

The Aegean Region Apparel Industry

The Aegean Apparel Exporters' Association represents approximately 1.300 member companies located in/or around the Aegean Region of Turkey that are active in the fields of manufacturing and exporting a wide range of top quality apparel products. Exports realized by members of the Association total up to USD 1.3 billion per year. Around 90 manufacturers of apparel products of the Aegean Region exported to EU countries in 2020.

The Aegean apparel industry is particularly strong on the basis of its qualified Human Resources, flexible integrated manufacturing facilities and high level of social compliance. The "Aegean Cotton" region has established itself as a manufacturing hub of knitted and



woven men's, women's, children's, and babies' wear. Moreover, the region has specialized in the manufacturing of organic textiles (with GOTS certification).

The Aegean Apparel Exporters' Association focuses on sustainability and circularity projects and in building capacity in its members. The Association became a member of the UN Global Compact in 2019 and supports its members to comply with the principles of the UN Global Compact. The Association also follows the implications of The European Green Deal and Circular Economy Action Plan very closely and inform her members about the latest developments in this regard. The Association has initiated the AHA ("AegeanHasApparel") Project to promote the apparel industry of the Aegean Region on an international scale. Related social media accounts and the website of the project are presented below.

Sources:

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