

Bulgaria: the best opportunities and advantages in European Apparel Industry

May, 2011

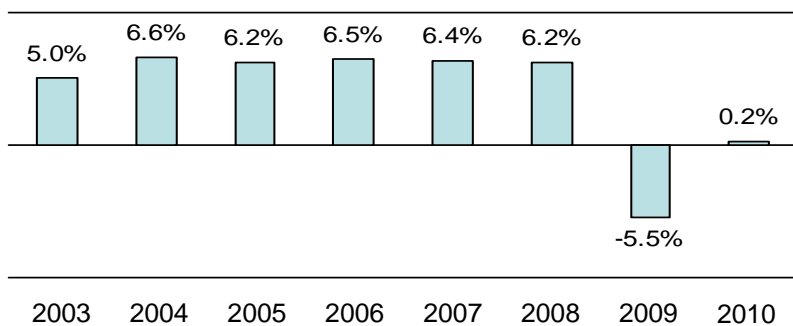
Bulgaria - the most stable political and economic environments in Southeastern Europe

- **Political and business stability**
 - EU and NATO member
 - Currency board agreement
 - Low budget deficit and government debt
- **Low cost of doing business**
 - 10% corporate tax rate
 - Lowest cost of labor within EU
- **Access to markets**
 - European Union / EFTA
 - Russia
 - Turkey / Middle East
- **Educated and skilled workforce**
- **Government incentives**

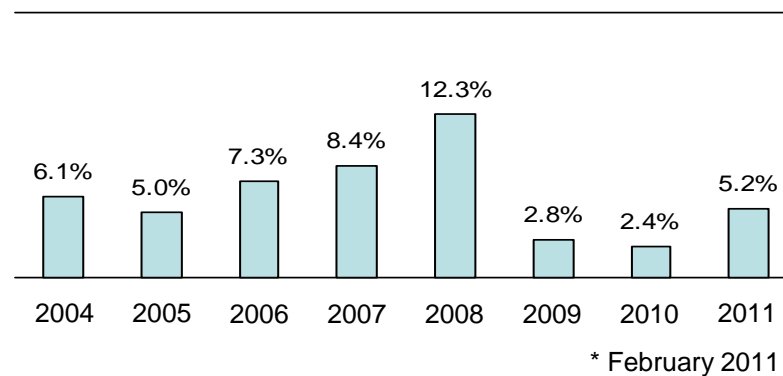


Bulgaria - macroeconomic indicators

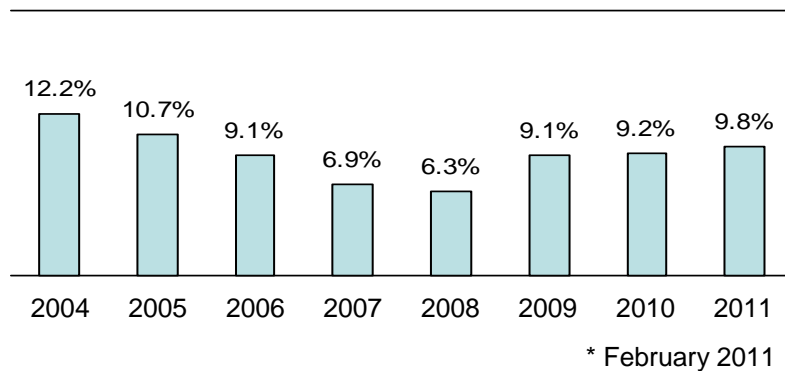
Real GDP Growth



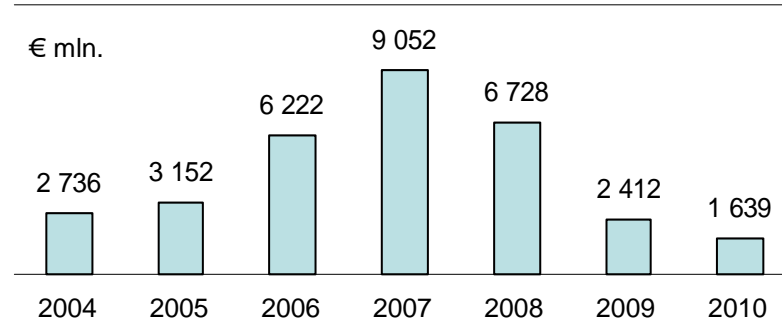
Inflation



Unemployment

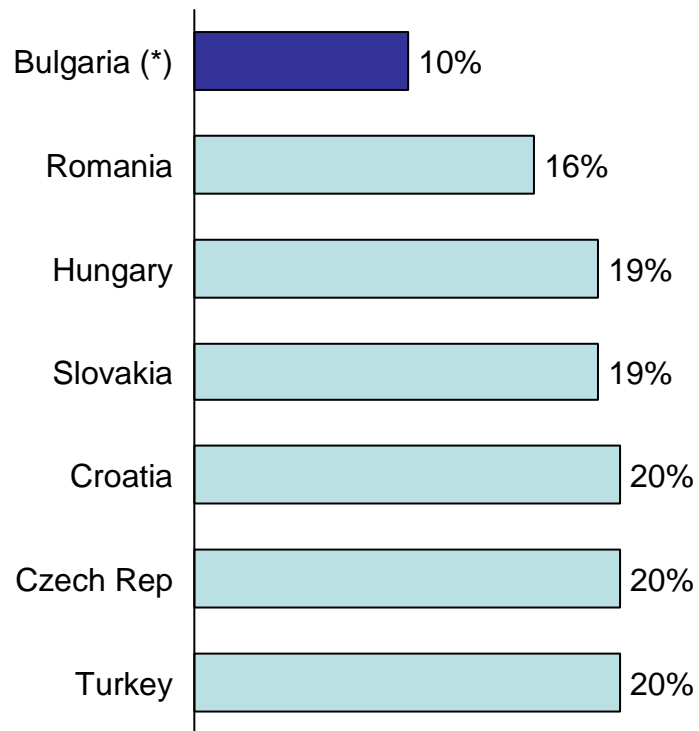


FDI Inflow



Bulgaria - taxes and labor costs

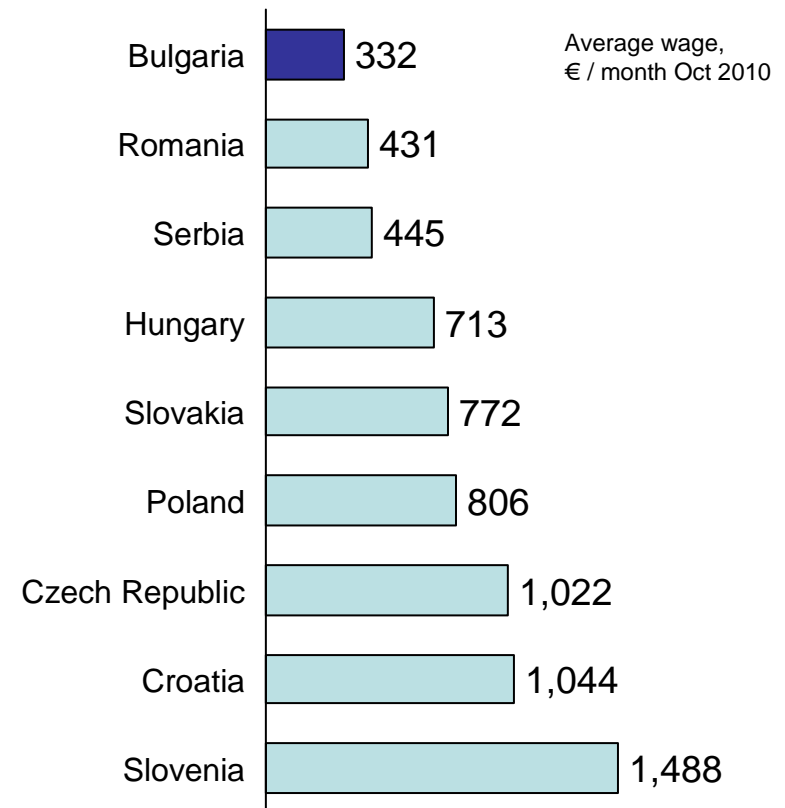
Lowest corporate income tax rate in Central / Eastern Europe



* 0% tax rate for manufacturing companies in regions with low employment

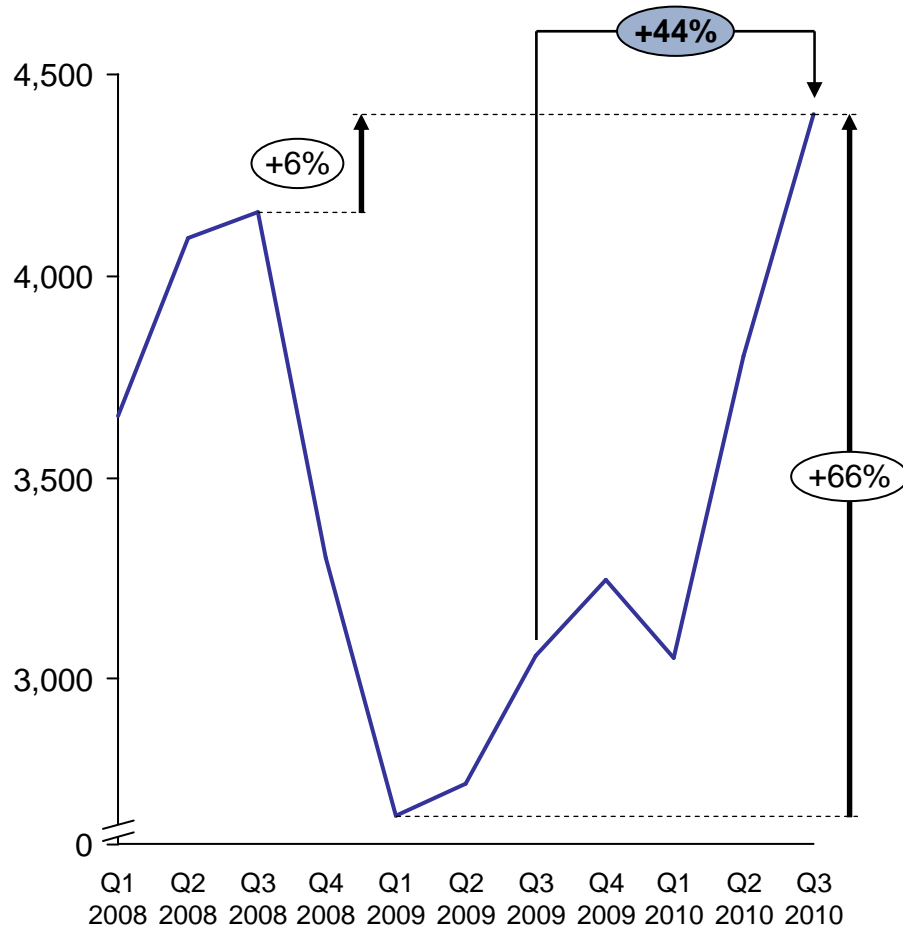
Source: Eurostat

Most competitive cost of labor in Central / Eastern Europe

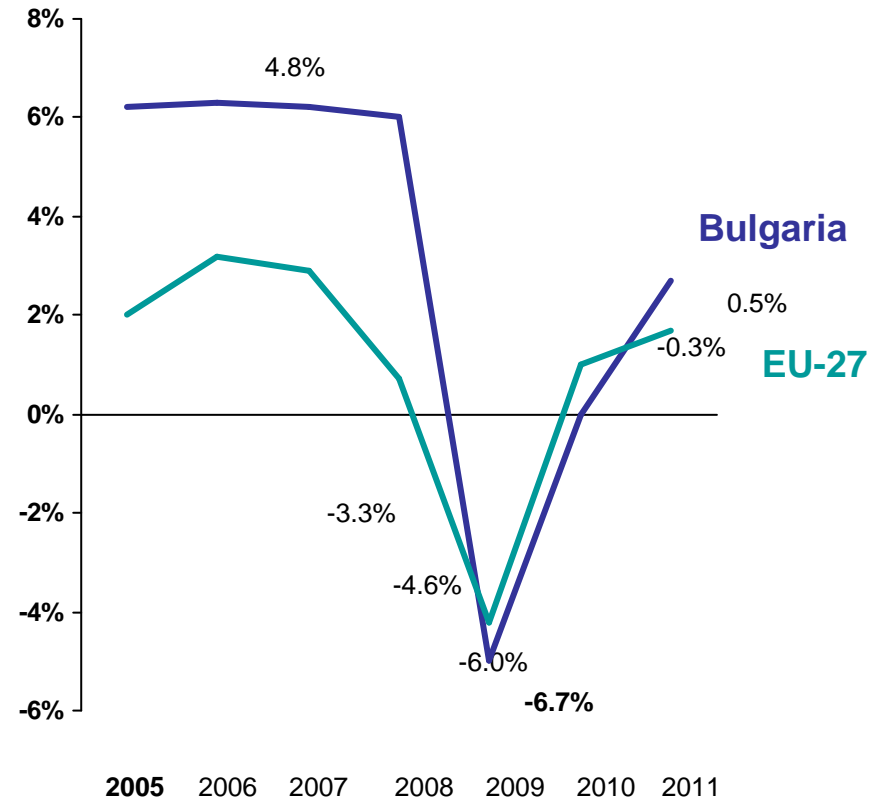


Bulgarian economy - rapidly exit from the crisis

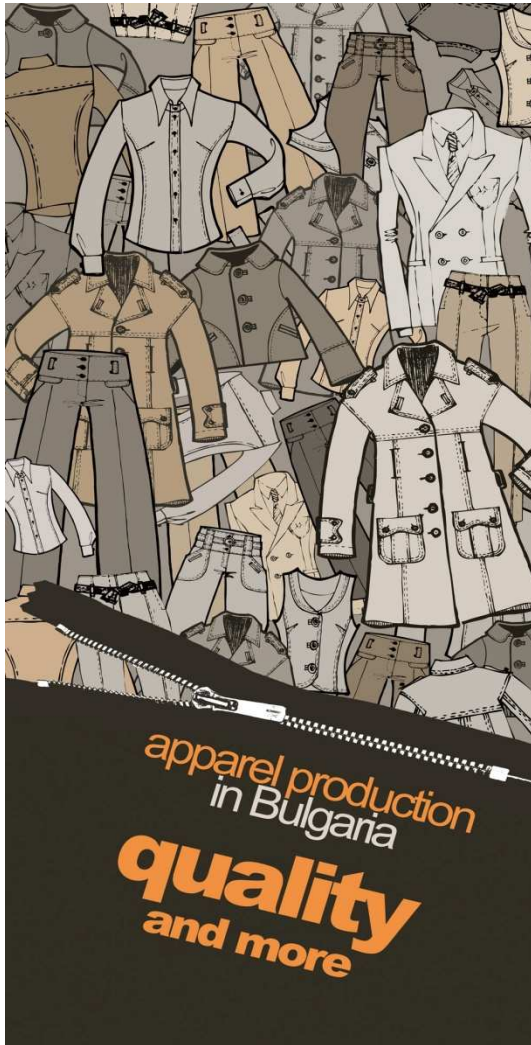
Exports (€ mln.)



GDP growth has outperformed the EU average and is forecasted to speed up after the crisis



Apparel and Textile industry in Bulgaria



- About 2500 active companies
72% produce to middle price segment
24 % produce middle to high price segment*
- More than 90% are SMEs
113,260 employees
5% of the total number of the employed population
19,3% of the people employed in industry
8.8% higher average wage compared to 2009 **
- 9.8 % of the total Bulgarian export (2010)
>80% of apparel production in Bulgaria is CM/CMT
~5.3% of the production is for local market **
- 90% of the export is to EU countries
- Very price-competitive for CM/CMT production of woven apparel: trousers, suits, overcoats, shirts, etc.

* Source : Analyze made through the companies - members of BAATPE (2010)

** Source : National Statistic Institute

Export and Import - 2010



- **Main countries of export**

Germany	24%	Italy	23%
Greece	13%	France	9%
U K	4%	Spain	3%

- **Main countries of import**

Italy	23%	Greece	16%
Germany	15%	Turkey	13%
France	7%	Austria	3%

10.8% import increase for 2010 vs 2009

6.7% export increase for 2010 vs 2009

European Brands traditionally produced in Bulgaria



Airfield, Allsport, Ahlers, Apanage, Barbour, Barbara Bui, Basler, Bianka, Benetton, Betty Barclay, Bianca, Bogner, Brax, Burberry, Chloé, Claudia Sträter, Cotélaç, Cop Copine, D&G, Daniel Hechter, Diesel, Duvetica, Erfo, Escada, Esprit, Joseph, Josephine & Co., Feldhues, Frank Walder, French Connection, Gary Weber, Gaudi, Gelco, Givenchy, Guess, Hackett, HFG (Strellson, Joop, Tommy Hilfiger), Herliher,

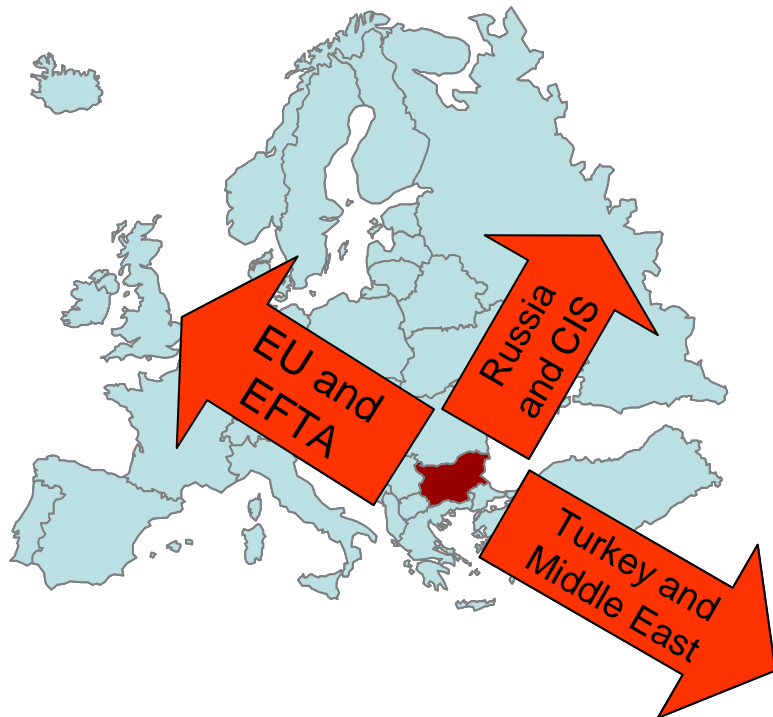
Hirsch, H&K, Hugo Boss, Kenzo, Lacoste, Lise Charmel, Liu Jo, Löffler, Mango, Mariella Burani, Marc Cain, Mason's, Max Mara, Marks&Spenser, Mexx, Moncler, Naf Naf, Navigare, Oui Set, Paul & Shark, Paul & Joe, S'Oliver, Seidensticker, Strenesse, René Lezard, Rosner, Rofa, Roy Robson, Schöffel, Sonia Rykiel, Sportalm, Stanbridge, Stehmann, Stelimann, Tara Jarmon, Tom Tailor, Vivienne Westwood, Zannier, Zara

Leading investors have chosen Bulgaria



- Bulgaria is Europe's quick response solution. Bulgarian firms are rapidly developing the internal capabilities to manage all aspects of their supply chains to European partners, including sourcing, design, transport/logistics and own branding. These capabilities, combined with Bulgaria's strategically favorable location, make working with Bulgaria a critical and valuable component to your company's strategy.
- Furthermore the official presence and during investments, made by so many foreign companies in Bulgaria, attests to the credibility of the Bulgarian producers responsibility and quality of work.
- Foreign investments like those of the Italian companies Miroglio (yarns and fabrics), Calcedonia (underwear), Mason's (jeans); Austria: Sportalm (sportswear), France: Lise Charmel (lingerie); Turkey: Maser Holding (knitted fabrics), Germany: Rollmann & Partner Fashion Management (men's wear), Feldhues, Freshtex, and many others - all enhanced the quality level, productivity and internationalisation of the sector.

Bulgaria - Europe's quick response solution



Advantages for producing in Bulgaria:

- Flexibility - possibility for production in small series
- The most advanced technological equipment in East Europe
- Proximity to markets and suppliers of materials
- Reliability and quick deliveries
- Experience in working with West EU markets
- Competitive labour costs
- High quality
- Highly-skilled labor force
- Consistent reliability
- Bulgaria is Europe's quick response solution

Bulgarian Association of Apparel and textile Producers and Exporters

- **Bulgarian Association of Apparel and Textile Producers and Exporters (BAATPE)** national, voluntary, private association of companies in the textiles and clothing sector without government funding
- **Members** - producers of clothing and textile, manufacturers of ready-to-wear clothing; ladies, men and children wear, business and formal wear, knitwear, distributors of machinery, accessories and services for the industry.
- **Partners:** Bulgarian Branch and Employers organizations, Bulgarian Small and Medium Enterprises Promotion Agency, Invest Agency; EURATEX, European associations, Balkan Branch organisations , etc.
- **Activities:** represents members to government, trade unions, suppliers and customers, national and international branch; creates an environment for communication and cooperation; improve the competitiveness of the companies; promotes the Bulgarian clothing and textile industry abroad and helps the members to establish business contacts with foreign partners.
- **The mission:** to help ensure health and sustained growth of the Bulgarian apparel and textile industry and to assist its members in raising their competitiveness. Working on the international field BAATPE offers business solutions and guides foreign companies through their expansion and business development in Bulgaria.

BAATPE
Bulgarian Association of Apparel
and Textile Producers and Exporters



**Your professional partner
in Bulgaria!**

www.bgtextiles.org