



## Bulgarian garment industry

# Go South East?!

Go South East towards Bulgaria? Yes – because the Balkan country at the Black Sea is a location of high interest when it comes to clothing manufacture!

*A view to the old town of Russe, Bulgaria's stronghold of the apparel industry*

by Kerstin Zöll

The young EU member state Bulgaria still has low wages, has implemented free market economy with strong expert industries, and offers ideal logistic prerequisites for manufacture close to the western European markets. Beneficiaries include the German lifestyle brand Roy Robson. Sewn to perfection are the man's suits that hang in long rows from the clothes rail in "Top Men" Standard's own sewing room. Based in the heritage city of Russe, the clothier is one of about 15 major Bulgarian companies to manufacture sophisticated ready-made boys' and men's wear at the highest level. The masterpiece would be the men's sports jacket, because only those truly mastering their trade will be capable of accurately carrying out the required process steps (over 80). The professionalism

displayed by the makers of boys' and men's wear also reflects the country's general know-how in the field of manufacturing; the level is high in Bulgaria. Today, Bulgarian manufacturers do not only afford sourcing options but also take over initial samples and offer full-service business from design phase, model development, manufacture right up to logistics – accurately, flexibly, quickly even for smaller order quantities.

The Bulgarian clothing industry has emerged as the second largest employer in the country. The number of employees has quadrupled – from 40,000 in 2002 to 160,000 today, reports Mariana Manolova, executive director for the Bulgarian Association of Apparel and Textile Producers **BAATPE**, Sofia. 93% of homemade

textiles are exported, in particular to Italy, Germany, Greece, and France. In 2008, the 3,200 textile and clothing companies produced a striking 20% of the export volume – garments amounting to 3 billion euros according to the statistics. As evidenced by the figures of the German Fashion Association in Cologne, the German fashion market saw the import of articles from the Balkan country to the amount of 350 million euros in 2008. Producers like **Basler, Boss, C&A, Otto, Seidensticker** make use of the close-to-the-market manufacturing base with its inexpensive labour costs. German labels **Esprit, sOliver, and Hallhuber** outsourced manufacturing to women's outer wear expert "BTB" Russe in full-service business already years ago (see page 18).

## High quality boys' and men's wear

A total of 1,200 first-grade suits are made each day by the 650 "Top Men" employees for **Strellson, Joop**, and **Tommy Hilfiger**. The selling price quoted for a suit is 17 to 20 euros (outward processing manufacturing costs). Each brand has its own sewing room here to allow for the differences in processing, explains Bulgarian owner and manager Martin Yordanow. The technical equipment is compelling: modern Lectra cutters, high-tech automatic sewing machines, cutting edge Veit/Brisey ironing technology. Since 2004, the economy has been growing by 6% annually. And there is still a forecasted 4.5% for 2009.

Today, about one half of the approx. 3,200 medium-sized companies in Bulgaria employ between 20 and 150 staff (approx. 300 firms were forced to close down in 2009 owing to the crisis). Some 100 major companies employ between 200 and 2,000 staff. Another 100 companies have brand names such as Russe-based women's outerwear expert "**Markam**", the label of which has been going from strength to strength as an absolute newcomer. The Bulgarian brand was selected for the CPD opening show in Düsseldorf (D) already three times, reports chief executive Kamen Obreshkov. In the modern new building the company moved into in 2006 (1.9 million euros were invested), about 200 employees produce an annual 180,000 articles. Of these, 70% are commission orders for German, French, and Dutch customers. 30% are made up by the company-owned label with an annual growth rate of 30 to 35%. Presently, there are ten Markam shops in Bulgaria, Romania, Croatia plus some European agencies.



Photo: Markam

## Low wage level

A major advantage for the personnel-intensive sector are the low wages still paid in Bulgaria. The net salary of a Bulgarian needlewoman will amount to between euro 200 to euro 250 a month, with the employer paying an additional 27.5% in taxes and benefits for social security. Piece work is commonplace. Productivity is 70% on average. Wages in the booming textile centres around Russe, Sofia, and Plevna are about 25% above those paid in poorer regions such as Dobrich (50 km from Varna), where the monthly salary of a needlewoman amounts to a mere 150 to 180 euros. The favourable conditions in Dobrich are drawn on for instance by the Bulgarian branch of **Indupress**, Hösbach (D), which has been catering to the local market with boiler and steam units as well as ironing technology since 1995, says sales manager Eugen Filipov. Most notably, it is the exchange of old supply units for efficient systems that will take a mere two or three years to amortise owing to the high savings in energy. Indupress also uses the location for manufacturing pieces and components. Being a contract manufacturer for Italian and French wholesalers, with a monthly output of about 6,000 pieces, boys' and men's wear manufacturer "**Mir**" for instance is a cooperative that had to reduce its personnel from 2,000 prior to 1990 to presently 150. The company is struggling; there is

*Markam's story of success - a small sewing shop that morphed into an international fashion label*

a lack of funds for the necessary investments. Boys' and men's wear manufacture "**Albena Style**" Dobrich also emerged from a socialist combine, was privatised in 1994, and today has a staff of 400 housed in a large complex of buildings (which is in need of refurbishment) to produce about 25,000 pieces per month of the middle price segment. Owing to the global crisis, orders have plummeted massively by up to 40%. Albena Style offers outward processing and full-service business for US and Canadian brands (**Tribal, Utex**), serves Denmark (**Peterson**) and Germany (**Biba, Tom Tailor**). Bulgaria, which was by many seen as too "exotic" as little as ten years ago, has emerged as a significant base for the international clothing manufacturing industry. The country is located in the centre of Southeastern



Photo: Zöll

*Consultant Wolfgang Weis (left) talks shop with Martin Yordanow, owner of the boys' and men's wear company "Top Men", Russe.*

Europe - a region with about 60 million potential consumers.

The Deutsche Gesellschaft für Technische Zusammenarbeit **GTZ** has been providing reconstruction aid for as many as 17 years. By order of the Federal

Ministry for Economic Cooperation and Development (BMZ), the Bulgarian economy is supported by providing targeted counselling and transfer of expertise to prepare it for taking on the international competition.

**Weis Consulting**, Aschaffenburg - largest German management consultancy for the clothing industry - is active on location by order of the GTZ. Owner Wolfgang Weis defines relevant goals: rationalisation, development of know-how, improvement of quality and training, marketing.

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