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**A CROSS-COUNTRY FASHION INDUSTRY STUDY AND ITS APPLICATION TO
EASTERN EUROPEAN COUNTRIES, ON EXAMPLE OF UKRAINE**

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Abstract

The purpose of this study is to identify the current state of light/ textile/ fashion industry in Ukraine as part of creative industries, the ways it's structured and functions, its role in GDP of the country in the recent years after the course of Eurointegration of Ukraine was taken and after Association Agreement between EU and Ukraine was signed. The research was supported by the Association4U project of which main objective is to enhance the capacities and performance of Ukraine's governmental institutions to comprehensively implement their commitments arising from the Association Agreement.

The research will focus on potential and ways to support and develop light/ textile/ fashion industry in Ukraine with possible governmental support, based on investigation of most successful and resultative policies and initiatives in the sector in France, that is taken as a perfect example of making the industry a 'business card' of the country, resulting in the growth of GDP and increase of goods' value added. The results of the research can be used to work out effective governmental and non-governmental policies and initiatives, speeding up and enhancing economic development of the country, and increase competitiveness of light/ textile/ fashion sector of economy, enlarging trade with EU and other countries by EU standards as well as providing local population with up-to-date and affordable textile /fashion goods.

Key words: Value added, export, import, fashion womenswear apparel, fashion industry, textile/ light industry, GDP Ukraine, GDP France, value chain, technologies in fashion industry, size of enterprise, governmental policies, creative industries, CMT.

Executive summary

This paper examines the role of textile and clothing industries in the world, in EU and in Ukraine, on example of womenswear apparel, which is the biggest part of the industry, and can be taken as the most representative indicator of the industry as a whole. It suggests that textile and clothing industries, especially in developing countries, are important in economic and social terms, in the short-term by providing incomes, jobs, and in the long-run by providing countries the opportunity for sustained economic development, in case the appropriate policies and institutions to enhance the effects of the industry are introduced.

Developing countries make more than a half of all world exports of textiles and clothing and in those industries enjoy a large net-exporting position. Clothing is key manufacturing export

for many developing countries, where at the moment Ukraine belongs too. This paper has contributed notably to defining value-added of design/ fashion items of apparel womenswear in Ukraine, and the role brands have in defining the strategy and in creating the greater value of their production, thus having opportunities to make bigger contributions to country's economy, as well as increasing it's GDP.

The research investigates the current state of light/ textile/ fashion industry in Ukraine, the number of enterprises, volume of production and sales, providing classification of the enterprises according to their sizes. Based on statistic data from referent state organizations as Ukrlegprom, State Statistic Service of Ukraine, Institute of Economics and Prognosis of Ukraine, the conclusions about structure and functioning of the industry in Ukraine in made. It shows that biggest part of the industry is represented by SMEs, while 99% of large enterprises' production is CMT, that makes almost zero contribution to the country's GDP.

With the help of specially developed survey to 22 most active and visible brands in light/ textile/ fashion industry, which make about 10% of most representative brands on Ukrainian market, the current data about volumes of production and sales and estimation of value chain formation are gathered and analysed. The results show that total design value is about 21%, when for small enterprises value of design is about 12.8%, while medium-sized ones state 21% of design value in their production. The total share of design of women clothing in GDP is 0.06% or around 0.1%, that is a huge indicator. The number is half of production of honey in Ukraine, but honey production is given much more attention and importance from the state. Gathered empirical data confirms the necessity of the government and non-governmental organizations in Ukraine to put attention to light/ textile/ fashion industry support and development.

The paper explains the potential of the textile and clothing industries to contribute to long-run growth, and their development will depend on quality and effectiveness of governmental policies and institutions working in the sphere, that will also attract local and foreign investors. It also studies the situation in France as it has gained the world image of fashion centre, and having made fashion one of the priority sector of economic development. On the way of Eurointegration in the sector of creative industries Ukraine is guided mostly by French practices, as French system of sector functioning is very similar to Ukrainian one. So that the focus of the research was given to the study of current state of the industry in Ukraine on example of womenswear apparel, it's structure and functioning characterized by sizes of enterprises, production and sales; contribution to GDP in 2017, by studying the value added

of small and medium enterprises, and opportunities to increase GDP by means of appropriate governmental support and policies based on successful practices and outcomes of France in the field.

The research confirms that the structure of the industry in France and Ukraine is much in common and consists mainly of SMEs (small and medium enterprises). With the purpose of deeper investigation of the question the direct interviews were taken with the experts in fashion industry in France (one of the leading schools of fashion and design – Istituto Marangoni Paris, co-founder and CEO of fashion agency in Paris, and president of Fashion advisor business with 40-years experience in fashion business in Europe), who gave up-to-date shearing of the industry in France and detailed description of the policies and initiatives implemented by France in fashion industry, with their outcomes.

The paper provides guidance for implementing the EU practices, on example of France, in the sphere of light/ textile/ fashion industry in developing Eastern European countries, on example of Ukraine, studying the most effective tools introduced. It also observes the trends of the industry development in EU, and globally in the world, giving the representatives of the sector and policymakers the overview of the future tendencies and directions of movement, to consider in long-term planning. It highlights important insights for researches, policymakers, and practitioners that can help them to improve the current situation in fashion/ light/ textile industry in Ukraine, and having got approve about it's potential, focus on succesful strategies and initiatives to develop and support the sector.

The work proves that most large enterprises in Ukraine in fashion/ light/ textile industry work with tolling contracts, CMT, adjusting to EU standards, but, on the other hand, make almost zero contribution to GDP.

Main constraints for apparel sector development are viewed as absence of sector development strategy, oversaturation of domestic market with imported second-hand apparel, lacking modern management, skilled personnel, equipment and technologies, absence of wholesale players on Ukrainian apparel market, considerable level of 'shadow' producers in the country (estimated up to 90%) and illegal import. EU-Ukraine Association Agreement facilitated bilateral trade, and also opened possibilities to second-hand delivery to Ukraine and different shadow schemes. That confirms that legal regulations must be properly reviewed.

The paper studies fashion industry structure in France, naming it as private sector of economy but largely supported by governmental and non-governmental initiatives and policies. Those

include: multiple loans, prizes and grants introduced, special taxation system for fashion industry, national strategies that promote brand of France, French fashion weeks and French fashion as part of culture and national heritage. Besides, there is great involvement of the country into modern processes of new technologies usage and introduction at all levels of production chain, and Creative France strategy consecution.

Modern trends and forecasts in fashion/ light/ textile industry in EU and globally are also investigated. Among most notional ones are fashion shows, which constitute a major cost for brands, could be dematerialized, or simply become redundant. Adoption of disruptive technologies like advanced robotics, mobile Internet, advanced analytics, virtual and augmented reality and artificial intelligence is accelerating, with the potential to disrupt entire industries – including fashion. There is also a reveal of possibilities of artificial intelligence across all parts of the fashion value chain, that at the end will blur the line between technology and creativity. Massive urbanization in developed world as well as across emerging markers is also noticed. Significant move towards products with higher value added is stated. Fashion industry future will focus on e-commerce, digital marketing, VIP loyalty programmes, in-store experience, brand building to increase full-time sell-through, IT capacity for value chain digitalization. Physical stores can be replaced by mobile and Web applications and online services.

Among the future trends is also pointed out massive urbanization in developed world as well as across emerging markers. Fashion companies are also getting more aware of the need to take environmental and social issues, sustainable fashion issue is emphasized.

Key trends for the future include flexible, short-run on-demand production, digital manufacturing and supply chain management, customisation and service-based business models, sustainable business operations and the extended scope of applications for highly engineered and smart textile materials. Democratization of luxury is also named as one of the trends, especially to be considered in Ukraine where price issue is one of the most crucial for purchases.

All those aspects therefore confirm that Ukrainian producers have to apply modern marketing and sales instruments, investing more into creation of national brands and selling networks.

Legislative and regulatory environment is crucial for sustainable growth of the fashion industry: SMEs need to have access to finance to invest in innovation and growth.

From governmental side, budgets should be allocated for participation in specialized fairs and exhibitions for monitoring, and show visibility and capabilities of Ukrainian fashion/ textile/ light industry for European market.

The paper shows there is a strong necessity to lower dependence of import of raw materials in the industry and focus on own textile production, simplification of customs regulations, development of new methods of sales, manage distribution chain, infrastructure, popularization of Ukrainian fashion by political and cultural representatives.

One of the ways of future successful development and economic growth might be an integration of creative industries / creative elements into business chains, and smooth linking between creative and production side, for example tie designers with light industry and mass production processes, working with factories, logistics peculiarities, standards of quality, deadlines.

Realization of initiatives can go in two strategic direction aimed at internationalization and commercialization of creative industries, mainly creative potential of designers, simultaneously increasing value added of goods produced.

Further steps can be taken as strategy for fashion /light /textile industry development in Ukraine:

- Staff and technology modernization;
- Legalization, dealing with imports of second-hand goods, measures for shadow economy schemes.
- Competitiveness of goods produced.
- Investment safety and guarantees.
- Innovation, implementing new technologies.
- Popularization of goods 'made in Ukraine'.
- Ensuring favorable conditions to maintain export growth.

Promoting SMEs is considered to be the winning strategy for developing countries due to their flexibility, high value added production, ability to create local employment (direct and indirect).

In order to support SMEs strengthening the domestic value chain, through better designs, innovation and presence are recommended.

Attention to e-commerce possibilities and online ways of sales is crucial in case of rapid industry development.

There is still an immense work to be done in internal business strategy development. Skilling of labor and producing better quantity and quality of the products could be considered as key factors for increasing revenue. Enhancing work productivity through skills training and technological upgrading is a key step towards diversifying production into higher value added garments, more fashionable goods. Certain restrictions of volumes of CMT in Ukraine can help local SMEs to use those production capacities in order to increase volumes of their production and start working with retail chain inside and outside of the country. The participation in global networks and global value chains can help industrial upgrading and improve economic performance. The focus could be made for support and development of 'fashion tourism' products, which will link fashion, craft, culture and tourism.

Question with logistics is one of the most crucial ones, that need to be taken into account both by manufacturers/ designers/ producers of clothes, as well as by governmental authorities in order to establish appropriate custom conditions for export.

The research gives recommendations for policymakers, governmental and non-governmental organizations working with the sector of light/ fashion/ textile industry in Ukraine as for further steps and key issues need to be taken into consideration in order to enhance and support the industry.

1. Introduction

1.1. Background

In 2014 Ukraine has signed the economic part of the Ukraine-EU Association agreement, the first but most decisive step towards EU membership, and in 2016 - Deep and Comprehensive Free Trade Agreement (DCFTA), mutually agreed to open their markets for goods and services based on predictable and enforceable trade rules. This means that from that time on Ukraine has stepped into the way of Eurointegration, and has been implementing directives and ways to bring Ukraine closer to EU standards.

The ways for developing countries to strengthen their economies mainly start with opening up the economy to international trade and foreign investments, and then after with shifts of export oriented manufactures to manufacturing for local needs. Government has a primary role in promoting sustainable economic growth. One of the fast growing and easy to develop sectors of economy is light industry, that is structured mainly by SMEs, which are engines of growth and employment; they are also more adaptive to innovations and flexible in terms of

reducing costs. They make bigger and faster contribution to GDP growth of the country. Textile and clothing industries in Ukraine are important sectors to look at due to the rapid development of existing ones and growth of the new enterprises in the recent years. Fashion industry is part of creative industries, which make creative economy - now one of the most rapidly growing sectors of the global economy.

European commission claims that 'Creativity and innovation are inherent in the European fashion industries at all stages of the value chain, from material properties and functions, manufacturing processes, supply chain management and finally to design and branding. Reinforcing cross-national and cross-sectoral cooperation between clusters can further drive innovation and creativity in the fashion industries' (EC, 2014).

1.2. Problem

The current state of fashion/ light/ textile industry in Ukraine, its role in GDP and potential are not yet studied, besides it's a fast growing sector of economy, as well as there is no proper structure, and no governmental supportive policies exist.

1.3. Objectives and hypotheses / research questions

It is hypothesized that nowadays fashion/ light/ textile industry in Ukraine is presented mainly by SMEs, and has great contribution to GDP with huge potential to grow in value added and increase GDP by means of structuring and support of the industry from governmental and non-governmental institutions.

According to the research aim, following questions were outlined:

- what is the role and place of fashion industry / apparel womenswear in the world and in Europe?
- what is the current state and structure of fashion/ light/ textile industry (with focus on apparel womenswear, due to the limitations of the research) in Ukraine?
- what are sizes of companies working in fashion/ light/ textile industry in Ukraine, volumes of their production for local market and export?
- what means the notion of value chain, value added; design value added calculation for SMEs in Ukraine?

- comparison the situation in Ukraine to French design value added in fashion industry; what is the structure of French fashion/ light industry, which are working governmental and non-governmental policies and initiatives?
- which are the trends and forecasts of fashion/ light/ textile industry globally and in Europe; which recommendations can be taken in order to support and develop Ukrainian fashion/ light/ textile industry?

1.4. Research methodology

On the theoretical base secondary data is analyzed (academic articles, scientific journals, official documents, official governmental statistics data). The following research methods were implemented:

DIRECT INTERVIEWS: The interviews were taking separately with each expert in the fashion industry in France and Ukraine in their country of residence. At the initial condition was proposed to speak freely about peculiarities of the industry, and special features of its structure and functioning.

Additionally, the paper observes the current situation and state of the industry in France and Ukraine. Through experts' interviews in-depth analysis was made to the current state of fashion/ light/ textile industry in France.

Research questions included definition of 'made in France', structure and functioning of the industry, role of governmental and non-governmental institutions in support and development of French fashion industry, industry's role in GDP of the country.

Survey was designed with the purpose of gathering primary data from respondents, most successful and active on Ukrainian market fashion brands, which work more than 2 years, have the name and debugged business. It was used to define the type of designers' enterprises, as well as stages of the value chain (supply of materials, production that includes the design, pattern, cutting, sewing/ tailoring, finishing off and quality control, distribution and marketing activities, and also brand name and design itself). The surveys were sent individually to every relevant designer brand, so that none of the respondents was aware of how the others had responded.

Questionnaire with table for governmental and non-governmental institutions in Ukraine was developed to gain statistic data about sizes and volume of production of enterprises in apparel womenswear industry in Ukraine, their production for local market and for export. It was drawn up on the basis of studied literature to find out the volumes of GDP of the country in

textile/ apparel industry, amounts of enterprises with classification according to sizes – micro, small, medium and large -, and their percentage of production and contribution to the total GDP.

1.5. Structure of the Thesis

The structure of the paper is as follows:

Section 1 includes introduction, problem description of the research, hypothesis, explains research methodology.

Section 2 gives detailed literature review of the previous researches and findings in the investigated sphere. It studies the place of fashion industry in the world, gives description to womenswear apparel part. Then the profile of Ukrainian fashion industry is investigated, with focus on classification of Ukrainian fashion/ textile industry enterprises and notion of Value added in the production process.

Section 3 presents surveys' analysis of Ukrainian apparel womenswear with findings.

Section 4 is dedicated to fashion industry structure in France, its role in GDP and notion of value added.

Section 5 deals with French policies in fashion industry, and their comparison with Ukrainian realia.

Section 6 shows trends and forecasts in fashion/ light/ textile industry in EU and globally.

Section 7 concludes the paper with recommendation to Ukrainian policymakers, representatives of light/ textile/ fashion industry as for policies and initiatives which can be taken to strengthen, develop the industry and increase its contribution to the country's GDP, also explaining the limitation of the research with suggestions to future work.

Section 8 and 9 include list of references and appendixes correspondently.

2. Literature review

2.1. The place of fashion industry in the world. Womenswear apparel

'The global fashion industry (which includes clothing, textiles, footwear and luxury goods) is worth an estimated US\$3 trillion and is more profitable than even high-growth sectors like

technology and telecommunications. Value of womenswear industry makes US\$621 bln, with US\$339.4bln of luxury goods market' (Khurana K. & Ryabchykova K., 2018).

According to EC data, textiles and clothing is a diverse sector that plays an important role in the European manufacturing industry, with 850.000 companies, employing over 5 million people and generating a 'turnover of EUR 525 billion, household consumption of EUR 513 bln, and is the world's largest market for textile and clothing products. The EU is the second, after China, world biggest exportet in textiles and clothing' (Euratex, 2016). 'European brands account for 70% of the global high-end goods market, making Europe the global leader'. At the same time the European high-end products are 'ambassadors for the European values, such as culture, creativity, innovation, craftsmanship and excellence'. It's obvious that fashion and textile industries play a very important role in economic development of emerging economies. 'The sector is dominated by micro-enterprises with less than 10 employees' (European Commission, 2014).

Researches understand 'fashion community' as community of people often to be classified as small and medium-sized enterprises producing a local products with a profound sense of traditional aesthetics very unique in its formation' (Khurana K. & Ryabchykova K., 2018).

Fashion industry is part of creative industries which notion have to be viewed. 'Creative industries or cultural and creative industries (CCI) have the biggest potential in growth in comparison to other sectors: in 2005-2015 creative industries markets in EU increased by 58%, and dynamics of growth is 1.5-2 times higher than paces of growth of traditional sectors and nominal GDP in all EU countries. CCI have biggest Value added, the most attractive sphere for the youth, women and people with disabilities; have possibilities of horizontal cooperation (international and regional networks, associations that exclude a possibility of market monopolization. Is also a fundament of trust, diplomacy and peace' (Petraikov Y., 2017). CCI is defined by UNESCO as a set of economically relevant heterogeneous sectors which need creativity as a resource to produce goods and services. Fashion is subcategorized to 'functional creations sector of creative industries' (Martinaityte E, 2015). Creative industries, when play with semiotic codes, infuse new ideas and meanings into creative products. (Jones C. Et al, 2015). According to UNESCO report 2013, the creative economy is now one of the most rapidly growing sectors of the global economy. Fashion is an important source of what Nye (2004) called 'soft power' – ways in which a given country can influence other countries without using military might. It has long been established that fashion is an

indicator of status and power for individuals and social groups. 'It appears that it is also a source of power for nations and cities, and thus looking at how the global arena of fashion capitals is structured is a way to assess the distribution of an important source of soft power in the world' (Godart F., 2014).

'The fashion industry encompasses the creation and marketing of new styles and forms of clothing and accessories, combining artisanal creation and franchising for conspicuous consumption as a signifier of socio-economic class as well as the expression of individual style and cultural inventiveness' (Anheier, H., & Isar Y., 2008).

According to Britannica encyclopedia definition, fashion industry is defined as 'multibillion-dollar enterprise devoted to the business of making and selling clothes', when fashion itself is defined as 'the style of clothing and accessories worn at any time by groups of people' (Britannica.com).

Scholars underline that 'fashion is still deeply rooted in creativity, artistic design and local culture and place' (Anheier, H. & Isar, Y., 2008).

Making distinguish between fashion and apparel, it's worth to mention an encyclopedic definition, that defines apparel as 'functional clothing, one of humanity's basic needs, but fashion incorporates its own prejudices of style, individual taste, and cultural evolution. The modern apparel industry finds its purpose in the conception, production, promotion, and marketing of style on the basis of desire' (Wilson, 2001).

The global fashion apparel industry is one of the most important sectors of the economy all over the world, in terms of investment, revenue, trade and employment. It has greatly changed for the last 20 years, including shortening product life cycles, enormous product variety, unpredictable demand, long and inflexible supply processes and so on.

Global fashion industry statistics gives general data of apparel market value of US\$3 trillion, and accounts for 2 percent of the world's GDP, where womenswear industry is valued at US\$ 621 billion (FashionUnited, 2018).

After two world crises, a regulatory one in 1995-2005, and an economic one, from 2008, 'global apparel industry is estimated to have sustained a moderate level of unstable growth for the period extending from 2008 to 2012, with an average annual growth rate of 2.8% over the abovementioned period' (Soueid M., et al., 2014).

The McKinsey Global Fashion Index forecasts industry sales growth to nearly triple between 2016 and 2018, from 1.5 percent to between 3.5 to 4.5 percent (McKinsey&Company, 2018). This growth isn't spread equally but driven by emerging markets – Asia-Pacific and emerging European countries. In 2017 global total fashion industry growth was stated at 2.5-3.5%, with 1.5-2.5% in luxury segment, 3.5-4.5% in affordable fashion, 3-4% for premium/bridge, 2-3% in mid-market, 3-4% for value segment, and 2-3% for discount fashion. Clothing category growth was estimated at 1.5-2.5%, while athletic wear increased by 6.5-7.5%. Apparel sales growth is estimated at 3-4% in 2018 in comparison to 2017 (Amed I. & Berg A., 2016).

Textile and clothing industries are important both in economic and social terms, as in short-run they provide developing countries with incomes, jobs, especially for women and youth and foreign currency receipts, and in long-run – the opportunity for sustained economic development with appropriate policies and institutions. They are very important for further investments in the industry and its development.

The textile and clothing industry is one of the oldest, largest and most global industries in the world. It is the typical 'starter' industry for countries engaged in export-orientated industrialisation (Gereffi, 2002) and is labour-intensive (Keane J. & Willem te Velde D., 2008). It plays the major role in the development and industrialization process of countries and their integration into the world economy. In 2006 WTO noted that developing countries make more than a half of all world exports of textiles and clothing and in those industries enjoy a large net-exporting position. Clothing is key manufacturing export for many developing countries.

Talking about Ukraine, it has its winning benefits in close geographic proximity to EU, cheap labourforce and high quality of goods produced. In that case the country is very favourable for the members of EU for tolling contracts/ CMT production, which for the latest years mainly outsourced their production to Asia region.

Textile and clothing industries contribute in varying degrees to GDP directly. Some general observations include.

- Manufacturing is on average a fifth of GDP, less in low-income countries and higher in middle-income countries.
- The contribution of the textile and clothing industry to manufacturing value added increases with incomes but begins to fall at some level. The share of textile and clothing in MVA is a third in low-income countries but around a sixth in middle-income countries.

- Combined, textile and clothing contribute 7% of GDP in low-income countries. (Keane J. & Willem te Velde D., 2008). Low-income countries are more dependent on textile and clothing exports, low and middle-income countries are the most significant group of developing country exporters.

It's worth to mention about segments of fashion goods produced and value in every segment. So that, women apparel is divided into five main categories: haute couture, luxury or ready-to-wear, affordable luxury or diffusion, premium or second lines of well-known brands, mid-market, value fashion or mass market and discount items (Tabl 1).



Table 1. (McKinsey & Company, 2018).

The most sales are made by affordable luxury, premium and mass market. According to statistic data, fashion apparel retail sales amount to 92.9% of market share.

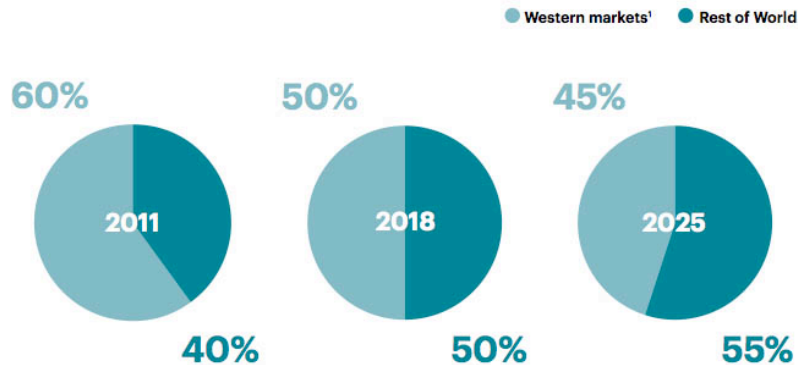
Nowadays, as seen in the graphics (Exhibit 2), more sales tend to originate from outside-Europe markets. Keeping in mind that most part of production constitutes of apparel womenswear, it can be stated that apparel womenswear sales also tend to shift outside of Europe.

The whole apparel industry chain can be categorized by five major components as raw materials, textile plants, apparel plants, export chains, apparel manufacturers, retails stores and customers, when the current research is focused mainly on apparel manufacturers who are, in fact, the middle link of the whole chain.

As the statistics portal states, women's and girls' apparel growth is fixed from 2017 on, and consumption in pieces is more or less stable, with non-significant growth in the sector in Europe. 'The Women's and Girls' Apparel market covers apparel for women and girls including dresses, skirts, blouses, trousers and coats.

Exhibit 2 By 2018 more than half of apparel and footwear sales will originate outside of Europe and North America

Global apparel and footwear sales forecast 2011-2025



¹ Includes North America and Europe (Mature and Emerging)

Source: McKinsey Fashion Scope

The worldwide revenue of US\$561.9 billion in 2017 is expected to increase to US\$661.1 billion by 2021'. 'With a volume of more than US\$1,475 billion, the Apparel market is the most important non-food consumer market within the worldwide retail sector. The market's largest segment is the segment 'Women's and Girls' Apparel' with a market volume of US\$ 161.9 billion in Europe in 2017 (Apparel Report, 2018).

2.2. Profile of Ukrainian fashion industry

Ukraine is the country of 42.5 Mln population, with 6.000 registered and unregistered garment/ shoe factories, with 80-90% share of export in produced garments, and only 1.6% share of total exports are made by garments and shoes (according to statistics of the year 2015). In 2016 the biggest volume of garments produced goes to Germany (37%), Hungary (7%), Poland (7%), France (6%). (Dutchak O., et al.,2017). Most of Ukrainian factories are just subcontractors of these countries. The wages are still to be very low and even below the life level that doesn't stimulate workers even if they are very skillful and the quality of goods produced remain rather high.

Until 2015 the country's textile industry accounted for less than 1% of Ukraine's industrial output. In 2016 it has risen by 3.3%. Most of the growth came from the production of textiles (which was up by 29%), growth of finished products was about 2%, and the most part of it was at the luxury end of the market' (Timchenko I., 2016). According to the State Statistics Service, in 2017 domestic retail sales in Ukraine were up by 3%. According to official statistics (Statista, 2017), GDP of Ukraine starting from 2015 is expected to grow fluently. And in 2016 it composes US\$ 109.32bln in total. It also states that from 2016 real GDP

growth was estimated 2.3%, in comparison to 2015 with -9.8%, and in 2017 it is 2% (Table 2).

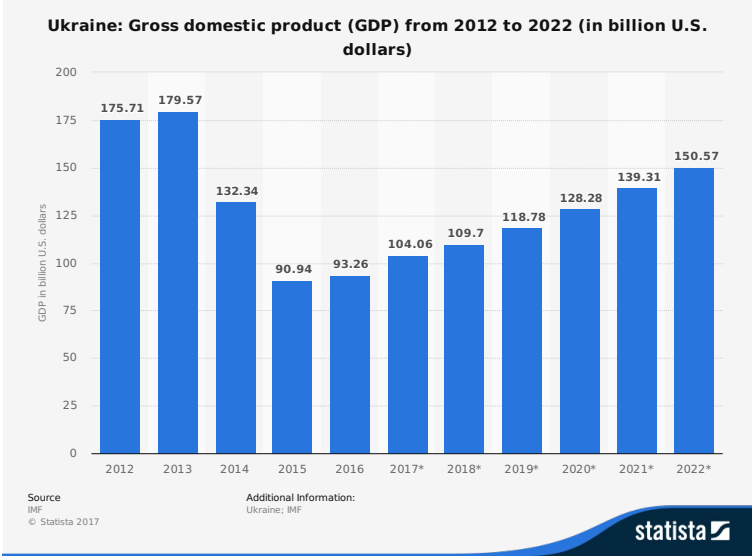


Table 2.

Exports growth in 2016 was -3.9%, while imports increased to 7.8% (Chan L., 2017). In 2018 Ukraine is expected to accelerate its real GDP to 3.2% and 3.0% in 2019 with further fluent growth (IHS Markit, 2018).

As EC data states, Ukraine imports in textile and clothes make increased by 5.3% for year 2017, and exports decreased at 2.9%. In general due to implementation of Association agreement, 'Ukraine-EU trade grew by 24% in 2017, and the country's GDP increased by 2.5% in 2017' (Klympush-Tsintsadze I., Jabarik B., 2018).

Ukrlegprom confirms that textile and leather goods market is second one after food consumption, and is estimated in more than US\$5bln per year (Appendix 2) where adults make 34.6%, that is 81%. At the same time it's worth to mention that in the beginning of 2018 import exceeds exports in 1.9 times.

As it was stated in 2011, 'Branded apparel remains expensive for a majority of Ukrainian consumers and low price remains very important factor to Ukrainians. Most people still purchase clothes at open markets, which is the biggest distribution channel for apparel, and second-hand stores are still very popular' (Euromonitor international, 2011). This simply means there are two crucial points – price and quality. In case branded clothes are still rather expensive for inner market, they can be substituted by apparel of local designers/ brands with lower prices and better quality than second-hand ones.

Based on import statistics, main group of imported apparel is women's and girls' wear, followed by men's and boy's wear. 'There are two types of companies operating in fashion retail: distributors representing Western brands in Ukraine, and manufacturers who themselves out the market. At present, there are some business principles in the field of fashion retail' (Sharko O., 2015).

The trend on Ukrainian consumer goods was 'induced by the rise of patriotic aspirations which encouraged many Ukrainians to switch to local brands, as well as the depreciation of national currency also contributed to this trend. The increased demand and the vacated market niche provoked the increase in a number of clothing and shoe brands, as well as improvement of their products' quality'. As a result, 'step-by-step business guide was created by the Ukraine Investment and Trade Facilitation Center on the request of Ministry of Economic Development and Trade of Ukraine and the Export Promotion Office with the support of the Embassy of the Netherlands in Ukraine' (Tilly B., 2017).

'Textile and clothing companies are the dominant source of exports and foreign exchange in several countries. Low income and developing countries such as Cambodia, Bangladesh, Pakistan and Sri Lanka depend on textile and clothing exports for more than 50% of total manufacturing exports (e.g. 80% in Cambodia, 83.5% in Bangladesh) (Keane & Velde, 2008). There is a clear indication that Ukraine is moving very quickly towards mass production and joining the league of producing economies as this is one of the revenue-making sector for economies. Ukraine's economy is majorly represented by providing services (60% of GDP) and in past years import dramatically privileged export.' As per estimated statistics, around 90% of Ukrainian apparel sector is operating in the shadows or by grey schemes. The shadow economy in Ukraine has remained fairly stable over the years. It constitutes 60% of official GDP' (Khurana K. & Ryabchikova K., 2018).

According to data of Institute of Economics and prognosis of Ukraine, apparel production in Ukraine started to increase from 2015 on, and got a rather significant growth from 98.5% in 2016 to 111% in 2017, when 100% is considered to be a mark of 2012. They also state that there are 87.2% of small and 12.8% medium enterprises in the industry. 198 medium enterprise sell 74.1% of goods (around US\$27mln) and correspondently 1349 small enterprises sell 25.9% of production (US\$9.5mln). (Appendix 3).

National Agency of Statistics in Ukraine states that in 2016 imports in textile/ apparel to Ukraine is twice as high as level of export.

One more interesting fact is different shadow schemes – ‘for example, fashionable apparel was imported as second-hand goods during the process of customs declaration’ (Euromonitor international, 2011), that can also be a fact of reducing state budget and economy of the country as a whole. Nevertheless, according to data of State Fiscal service of Ukraine (2017 report) state budget received 25.7% more monetary funds than in 2016. This testifies hints of improvement of legal and tax systems in Ukraine and structuring of the work of various industries. This also gives basis for further steps in development and structuring apparel industry.

Total import of goods increased by 27.4% in comparison with 2016 and constitutes US\$49.5bln, and export of goods was US\$43.3bln that is 19% more than the previous year (State Fiscal Service of Ukraine, 2017). There are 226 trade partners of Ukraine and main part of international trade is done with EU countries (41% of exports, and 44% of imports).

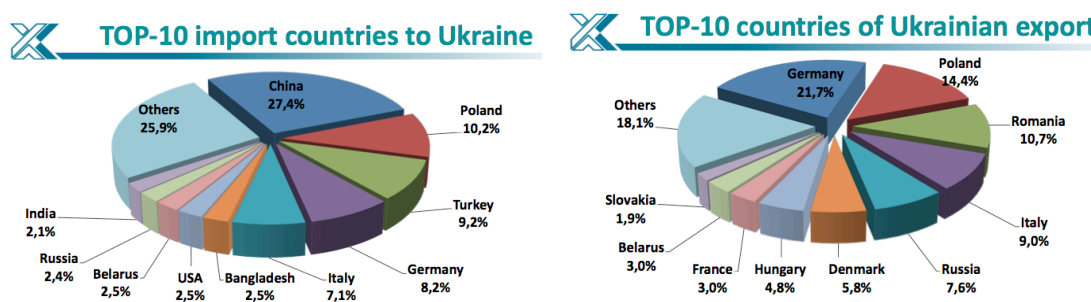
It’s also worth to say about fell in employment by about 25% between 2010 and 2015 due to war and military conflict, and reduction of trade with Russia (Dutchak O., et al., 2017).

Some more obstacles to the development of retail and new companies to enter the market are ‘administrative barriers, industry’s opacity and poor logistics infrastructure. Imperfect legislation is a key factor, too: a great number of controlling bodies, sophisticated accounting paperwork requirements and unpredictable customs are amongst the main hampering factors. Additionally there are not enough modern shopping malls where retailers can open their outlets, a lack that has resulted in higher rental prices in existing ones’ (Euromonitor international, 2011). Further market growth faces ‘lack of branded products, but still relatively low purchasing power of Ukrainians and possible political instability’. This niche was successfully taken by local design brands and support of the movement of ‘buy Ukrainian’, that targeted at promotion of purchasing of local products, where big part was taken by apparel. Second-hand apparel imports in Ukraine also make a big constraints for the development of local producers, as the prices are much lower, and is a key factor for significant part of consumers.

Due to the recent media data, the total contribution of all creative industries of Ukraine in the country’s GDP makes 4.04% that is about equal to mining industry (5.72%), insurance sphere (5.11%) and construction (2.67%).

Ukrlegprom, joint representative organization of enterprises of light industry, that unites 200 members nowadays, states that in 2017 there were 475 factories working in textile industry in Ukraine with 1547 enterprises in apparel. Ukraine has partners in 146 countries in textile and leather industry. In 2016 its export increased in EU, and was less to CIS countries.

The following graphics show top-10 export and import countries for Ukraine in 2016.



Most part of the export constitutes by clothes (48%) and raw materials like fibers, yarn, fabrics, leather (18%). Ukrainian export of apparel is 64.2% of outerwear, with 17.4% of underwear.

Ukrlegprom states that in 2017 volumes of apparel production in Ukraine increased at 7.2% in comparison to 2016. About 43% of it went to export. Sector's capital investments for 5 years of dynamic growth increased by 5 times.

Table 3. Statistics of companies in apparel textile industry in 2016, presented by Ukrlegprom (Appendix 1).

Classification as for size of production	Quantity of enterprises	% to the total index of corresponding type of activity	Total volume of production in Ukraine, mln grn/ euro (without VAT)	% to total index of corresponding type of activity
total	1547	100	9614,4 /313,7	100
Big (more than 250 employees)	-	-	-	-
Medium	198	12.8	7126,6 /233.2	74.1
Small	412	22.6	1910.9 /62.6	19.9
Micro (up to 10 emp).	937	60.6	577.4 /18.9	6.0

The table 3 shows that most part of the industry consists of micro enterprises, which make 60.6% of total amount. They have rather low contribution to value added, tend to be part of 'shadow economy', but at the same time are the most flexible in means of adaptation to competitive changes. They also are not very professional on the market.

The association also states that total turnover of apparel industry in 2017 increased by 12.1% with export increase at 13.3% more than in 2016 (where apparel and knitwear constitute 45,8%), and makes 2.5% of total export of the country. At the same time import traditionally exceeds export twice, and makes 4.6% in goods import structure of Ukraine. More than 57.8% of sectoral import was for raw materials, big part was made by clothes and textiles – 27.1%.

Talking about potential of Ukraine Ukrlegprom sees it's growth up to 2.5 times with 2340 active companies, further implementation of EU-Ukraine DCFTA agreement, Canada-Ukraine FTA agreement, and increase of staff workforce by 2 times (Appendix 2).

Textile/ apparel production in Ukraine is concentrated in all regions, but western ones make more export because of their closer proximity to Western Europe and thus bigger amount of tolling contracts, as according to Ukrlegprom (Appendix 2), the volumes of exports and imports in those areas in textile fabrics and textile clothes are almost equal. It means factories receive fabrics with no tax obligation, and send back ready garments. Still, the huge amount of import is second-hand apparel that makes 54% of total imports, while knitwear and textile clothes make about 8% together.

New enterprises on the market are mainly made with foreign investments, and learn to manage new means of value added by combination of design with production, fashion, online and offline sales. Among those 'Blue moon clothing' (Lvov), 'Scanditex' (Kahovka), 'Bader Ukraine' (Koguchy) etc can be named. Worth mentioning a success of the brand MustHave that from 2010 has developed into 9 shops in Ukraine, own production, online-shop and representation of the brand in 10 countries of the world (Appendix 3).

2.3. classification of Ukrainian fashion /textile industry enterprises

According to state statistics Service of Ukraine in 2017 enterprises sell textile goods of 25.9% of local producers, with 5.1% of underwear and 5% of knitwear.

Ukrexport states that currently Ukrainian apparel sector is represented by roughly 6000 legal entities (including individual entrepreneurs), producing different types of textile wear, including fur and knitted goods. The production capacities of the sector are present in all regions of Ukraine, and mostly are privately owned. The most developed subsectors are knitwear (38.5%), then women wear (37.3%), men and children wear.

Textile export statistics shows that mainly outputs produced in Ukraine within tolling contracts which make up to 95% of textile apparel export of Ukraine (Tsepko O., 2010), and main part of it is women apparel.

According to Eurostat glossary, enterprises can be classified in different categories according to their size; for this purpose different criteria may be used (e.g. number of employed, employees, balance sheet total, investments etc), but the most common in a statistical context is number of persons employed:

- small and medium-size enterprises, SMEs: fewer than 250 persons employed;
- SMEs are further subdivided into:
- micro enterprises: fewer than 10 persons employed;
 - small enterprises: 10 to 49 persons employed;
 - medium-sized enterprises: 50 to 249 persons employed.
 - large enterprises: 250 or more persons employed, where persons employed include employees but also working proprietors, partners working regularly in the enterprise and unpaid family workers (EC glossary).

Small and medium scale enterprises sector hold a very important part in development of emergent economies. 'Fashion communities or SMEs often suffer from problems such as less support from government, financial issues, lack of exposure to enterprise and market trends, customer service and preference, quality, consistency, up-to-date design' (Khurana K. & Ryabchykova K., 2018).

'The Ukrainian customs service remains the top problem for clothing companies in Ukraine. Affordable financing and Ukraine's high value-added tax rate are also problems, especially for SMEs. Exporters are drained of their earnings from abroad by the regulations of the National

Bank of Ukraine. Exporters have to sell all of their goods within a 90-day period' (Timchenko I., 2016).

In total, 'the number of Ukrainian clothing brands accounted at between 500 and 600 in 2016' (Timchenko I., 2016). Recently, the number has even increased, with around 200 active participants of Fashion weeks.

Most of Ukrainian brands in order to avoid double taxation, prefer to work for European brands.

With growth of patriotism, active youth established a lot of local brands and sell clothes to customers directly via social networks (Facebook, Instagram etc). 'Fashion segment is the fastest-growing one in Ukraine at the moment. About 70% of purchases are made online' (Timchenko I., 2016).

2.4. notion of Value added

Fashion industry has its own infrastructure that consists of four levels: primary level of textile production; secondary level of designers, manufacturers, wholesales, and vendors; the retail level, which includes all types of stores and distribution points of sale; and a fourth level – the auxiliary one – that connects one to another via the press, advertising, research agencies, consultants, and fashion forecasters (Stone, 2013).

This research is aimed to focus mostly on the second level of fashion infrastructure, primary on the level of designers and manufacturers who actually produce the garments. With the decades the role of each side and its benefits from apparel sales have changed gradually. Nevertheless, designers or manufacturers stayed the ones who are responsible for the design and production of apparel, especially when talking about SMEs.

‘Out of all Ukrainian producers, 351 enterprises refer to medium and big-scale production entities. And the main bulk of Ukrainian apparel comes from SMEs and individual entrepreneurs’. ‘Big scale producers, in comparison to medium and small enterprises, apply more imported raw materials. This category of producers, having the bigger export constituent, mainly due to tolling contracts are oriented on mid to high-price segment of clothing, so they have to keep to the highest standards, which could be achieved mainly by applying the imported outputs from recognized producers, as, unfortunately, the domestic ones still do not fully meet the market requirements neither in terms of quality and nor in

assortment' (Tsepko O., 2010). Export oriented producers are mainly big enterprises, working on tolling contracts, and in order to meet the contractor's requirements, they need to streamline big part of their revenues into new equipments.

The major of SMEs are more oriented on domestic market and low to middle-price segment customer, and raw materials for this category are mainly of the low price sector (Tsepko O., 2010).

In order to lift the prices of goods produced it needs to view the notion of **Value added**, that in textiles and clothing (% of value added in manufacturing) is defined by Index Mundi as 'the sum of gross output less the value of intermediate inputs used in production for industries classified in ISIC major division D. Textiles and clothing correspond to ISIC division 17-19' (Index Mundi, 2018). According to the Financial Times lexicon, in economic theory, value added refers to 'the worth added to a product during the production process, meaning the difference what the producing company paid for its inputs and the price it charges for the finished goods' (Financial Times Lexicon, 2018). Investopedia describes it as 'the enhancement a company gives its product or service before offering the product to customers' (Investopedia, 2018).

In business, the difference between the sale price and the production cost of a product is the unit profit. In economics, the sum of the unit profit, the unit depreciation cost, and the unit labor cost makes the unit value added. Sum of value added of all units sold is total value added, that is mostly equivalent to revenue. It is higher for manufacturing companies than for retail companies (Wikipedia, 2018).

The survey of the research will be concentrated on figuring out the production process of units in Ukrainian fashion industry, and the relevant sample will consist of the most successful designers and brands in Ukrainian fashion industry nowadays, which are manufacturing companies themselves, so that having the highest value added to the goods produced.

Textiles and clothing is among top five traded manufactured product groups in the world. That means that textile producers face a great challenge to offer a unique value proposition and differentiate their products from the rest. Value added to apparel products could be achieved by enhancing either the form or function or both.

As informs the State Fiscal Service of Ukraine in 2017, VAT came to the state budget is 23.6% higher than it was in 2016. Taxes came to the budget from PEs (private entrepreneur) were 34% more than in 2016, that gives possibility to say about growth of amount of SME in Ukraine recently (State Fiscal Service, 2018).

‘While Ukraine has a lower per capita GDP than many other European or Balkan countries, its urban retail environment has developed significantly in recent years with an influx of international brands, driving greater interest in, and purchase of, discretionary wearing apparel’ (Bishop M, 2011).

The number of fashion and trade shows constitutes the dynamics of design apparel industry growing in Ukraine. The main fashion events take place in Kiev - Ukrainian Fashion Week and Mercedes-Benz Kiev fashion days, which represent the biggest part and most successful designers in Ukraine, so that in total it's more than 150 designers (MoreDash, Ukrainian Fashion week).

There are local fashion weeks/ days initiatives that have regional character, like Odessa, Lvov, Dnipropetrovsk, Kharkov, but at the end most successful and perspective ones come to make their presentations in Kiev. ‘Fashion week events in Kyiv now attract journalists and buyers from across the world, all eager to identify new talent emerging along the Ukrainian fashion conveyer belt’. ‘At present, ‘Made in Ukraine’ brands are seen as must-have items in the Ukrainian capital, with competitively low prices combining with patriotic passions to make local labels more popular than ever’ (Varava A., 2016). So that leading Ukrainian retailers stock local brands, which show commercial success. Moreover, clothes of Ukrainian designers are sold all around the world, including EU countries, US, Poland, the UK, Middle East, and Asian countries. Individuals make the main bulk of apparel consumers in Ukraine, up to 85%.

‘Most definitions of the cultural industries are based around a combination of five main criteria – creativity, intellectual property, symbolic meaning, use value and methods of production’ (Galloway S. & Dunlop S., 2007). Logically, the products made by creative industries have to have a value added.

Creative industries nowadays are part of the innovation system of economic order. So that creative industries are defined as ‘the set of economic activities that involve the creation and maintenance of social networks and the generation of value through production and

consumption of network-valorized choices in these networks' (Potts J, et al., 2008).

'European creative economy has annual revenues of EU535.9 billion that contributes to 4.2% of Europe's GDP' (Canon, 2016).

In finding out what creative industries are Dunlop S. (2006) is talking about their activities involve some forms of creativity in their production, their concern with the generation and communication of symbolic meaning, and embody of some form of intellectual property in their outputs. According to Howkins J. (2001) and his understanding of creative industries fashion is meant as part of them.

All these things lead to a conclusion about value added that need to be viewed and measured when talking about economical benefits.

It's also worth to mention that **CMT** (defined as 'cut, make, trim' process) as it is has no or very little added value to it's production process, thus might be less interesting for support if the country wants its economy to grow and develop. It's true that CMT gives labor workplaces, it can be good start to recover and develop the economy, but when talking about evidence of the creativity of the nation and value added it can bring to the whole apparel production process, the notion might not be neglected.

In the first quarter of 2017, domestic retail sales in Ukraine were up by 3%, according to State Statistics Service (Talant B., 2017).

Business principles of fashion retail were first articulated in the article of Andrey Kalmykov '7 main trends of fashion retail' (Table 4.) (Sharko O., 2015). This shows that in order to have good sales and being visible on the market, local brands have to be competitive with foreign ones.

'The development of local linkages with garment assembly such as business support systems may facilitate the transition into higher value added activities and horizontal diversification into other sectors' (Keane J. & Willem te Velde D., 2008).

'The main problem for Ukrainian brands development is absence of structured retail networks to contribute to brand's recognition among customers. Negative tendencies in domestic apparel sales are mainly explained by the reduced purchasing capacity of Ukrainian consumers and by the ongoing expansion of cheap imported fabrics for total value of \$820 mln' (Tsepko O., 2010).

Table 4. Principles of fashion retail

The name of the principle	Features
1. The principle of the modern market	There is no market competition products, there is market competition brands
2. The principle of stability of demand growth	In the segment of fashion retail is growing the purchasing power of potential buyers, in the absence of a mass commitment to a particular brand
3. The principle engine of progress	Fashion is the engine of progress, makes you look forward to constantly evolve, to enjoy life and to surprise others
4. The principle of intensity of Internet resources	In the fashion world and the Internet is ahead of all other news sources: quick and comprehensive coverage of trends, exchange of opinions, information availability. The largest fashion houses in the world have the most stylish website on the entire Internet
5. The principle of network development	All retailers of fashion brands are characterized by the principle of consistency
6. The principle of refusal from the few platforms	Advanced brand companies use large shopping area as a symbol of the success of the company
7. The principle of effectiveness of retail space	Trading platform all branded companies use the maximum efficiency of retail space

The main bulk of consumers for domestic apparel is middle-class buyers, who mainly lose in purchasing capacity, so that to stabilize the balance local producers have to organize prices according to capabilities of consumers. While upper class representatives are stable in their preferences for leading international brands, but also greatly support the trend of wearing 'made in Ukraine', produced by local creative talents /design brands. In that case they also become role models for middle-class who by means of social media and press follow them, and correspondently accept the trend.

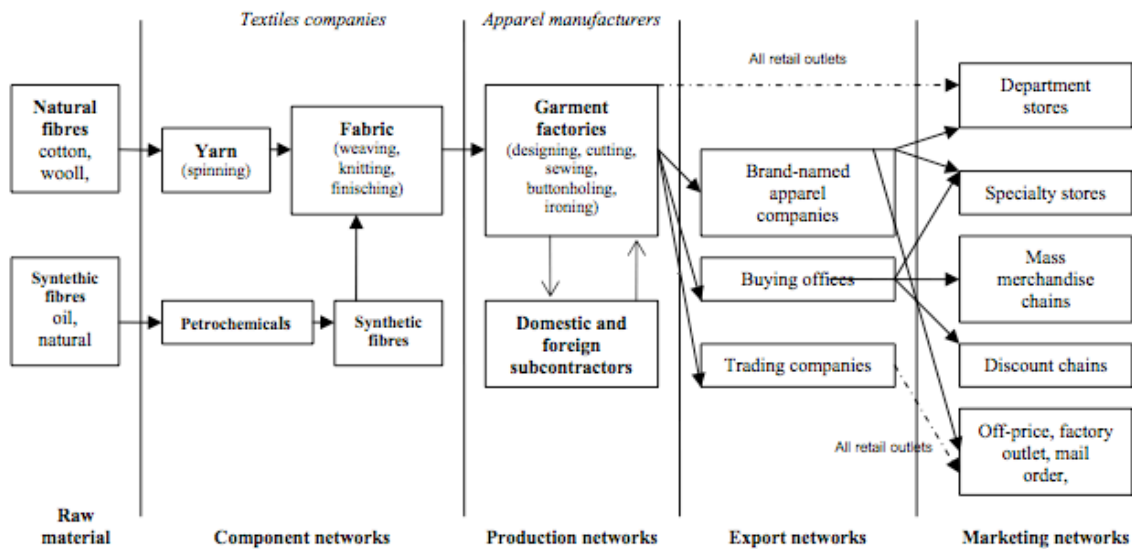
Value chain is extremely important aspect in textile-clothing sector. The idea is to generate greater value added that would lead to greater competitiveness and greater market focus.

‘The value chain of the textile-clothing sector comprises three levels: fibres and textiles, apparel or clothing and distribution’ (Dicken, 2003). So that, two different activities can be distinguished: textiles and clothing/ apparel.

According to the Michael Porter Value Chain (1985), the primary activity of operations specifically concerns the creation of the product, ‘machining, packaging, assembly...and all other value-creating activities that transform the inputs into the final product’. This model is used to describe the process by which businesses receive raw materials, and add value to the raw materials through various processes to create a finished product, and then sell this product to customers. There are two ways to obtain competitive advantages: first, is production cost, and second one is differentiation that seeks to provide unique value for which the customer is prepared to pay. Fashion production chain consists of the following processes or stages: raw materials supply, including natural and synthetic fibres; provision of components, such as the

yarns and fabrics manufactured by textile companies; production networks by garment factories with subcontractors; export channels; marketing networks at the retail level (Cuc S., 2015).

Table 5. Fashion production chain.



' On the one hand, some value chains are focused on producers ('producer-driven value chains') in which manufacturers play a central role and, secondly, some value chains are focused on buyers ('buyer- driven value chains') in which retailers and brands are central' (Godart F., 2014).

All the clothing articles can be separated into basic products and fashion product, with the latter contributing greater value added and thus a higher price. Industrialized countries, such as EU-25, have excellent prospects in value added textile and clothing products, using relatively low-cost labor from recently joined countries – Poland, Czechoslovakia, Romania.

At the same time, fashion products, especially those with the highest value added, must include a differentiation factor. The differentiation factor is usually a very distinctive style. In fashion markets, the consumer looks a product with social significance, but the same time a product that is functional and, above all, which has a distinctive style (Knight & Kim, 2006). Product quality and service quality are also important aspects.

The provider is the value creator who delivered goods to customer through an exchange transaction. Value was created inside the production process and it was reflected in the market sale price (value in exchange) (Porter, 1980)'. Today, the value chain model is replaced by

networking culture and the synergic co-operation of many actors with constant interactions and experiences sharing (Tartaglione A., Antonucci E., 2013).

Nowadays participation of the customer in value co-creation is a key leverage. In Ukraine fashion designers/ SMEs in the fashion field work also as atelier, creating made-to-measure garments, so they receive information about clients' tastes and most-sold items of the collection in direct communication with the customer. So that for the next season collection they will take into account their customers' opinion and tastes. Customers can also order something from designers directly and get the clothes in a short-term. Here the business model combines haute couture or 'made-to-measure' model with fast fashion one. This individual approach of course weakens the industrialization of the brand and decreases volumes of production, but on the other hand, helps the brand to establish deep and personalized relations with the client.

Today's apparel market is driven by two trends – shortening shelf life and Internet retailing (Hunter A. & Lawson R., 2002). This means tangible value added, when Internet radically transformed both B2B (business-to-business) and B2C (business-to-consumer) commerce.

Womenswear in Western Europe especially are driven by fast fashion, which has had a negative impact on value growth. The value can be found in new designs only, mainly in luxury segment of the market, that are hard to copy by mass market brands. It's pertinently to mention the possible threads which can face luxury market goods/ the ones with high value added to enter fashion industry European or global market:

- In Luxury there are often higher costs in production than in fast-fashion consumer goods because of the cost of manufacturing in the country of origin of the good, and amount of manual labor needed to produce a garment according to the guidelines and complexity of the good.

- With ready-to-wear produced in factories faster and greater consumption is conferred due to finished product in standardized sizes. Supply can now meet demand quicker and at greater volumes. Moreover, it's not easy to enter luxury market as there are capital costs, economies of scale and heritage as main factors. Fashion conglomerates can purchase less successful luxury brands and get return on investment in many years. The cost of entering luxury market from scratch would be rather high. Even if a new entrant is in place the costs to advertise, have a fashion show on a correspondent level will be exorbitant for a new company.

- Heritage can be mentioned as another important barrier to enter a luxury market. Reputation of luxury brands is built through legitimacy of the product and a rich history of high quality production. This factor is also tied to geographical location of the company and roots of its origin.

Nowadays there are two main processes that affect apparel industry: the outsourcing of production to foreign countries in order to cheapen costs, and the boom of fast fashion, when design itself is not more the most important factor of purchase. Most of fashion houses try to use cheaper materials and trim the cost of labor.

For consumers, the higher price means perceived value. So that many brands outsource their production to developing countries, but still attain brand quality standards. These mechanisms work also in Ukraine that recently works a lot with CMT, mainly at large enterprises.

3. Survey analysis of Ukrainian apparel womenswear

The survey was developed with the focus on size, and production volumes of designers' enterprises, with the aim to find out the value chain and the process of formation of the price.

In the current research the survey was developed around the value chain and the process of forming the price for goods in order to find out value added for designers' apparel produced in Ukraine by mainly SMEs.

It's worth to mention that normally Ukrainian designers count net price of their garments and then sell multiplied by coefficient 2.3-2.7, sometimes 3.0 to end customers (depending on the design, fabrics and creativity of the clothes). They don't normally work with big retail chains, mostly working as design ateliers and having the same prices for the final customer in retail and in the atelier. The survey also includes the section of sales geography of designers/ brands in order to investigate if they are sold mostly at local market or work for exports.

The total number of active, well-known and successful designers and apparel brands in Ukraine is about 200 out of total 1547, registered by Ukrlegrom in 2016. Survey participants constitute 22 names, most representative participants in the industry who are present on the market for more than 2 years, - that makes 10% of relevant sample of study. All the data gathered is made for 2017.

3.1. Findings

Analysis of the surveys shows that all design brands in fashion/ light/ textile industry in Ukraine have different approaches to organization of their business, forming prices and estimation of their value chain. The reason is that almost none of them has got European professional education in the sphere, and are lead by own feelings about business development or some advices. The common feature is that all buy textile, none produces itself from raw materials. Depending on the segment of the brand, price for textiles differ. That influences the final price of the garment. In most cases the most important cost items are fabrics, design and production, as most of enterpices are medium, small or micro ones, so that the quality is one of the key features. Orientation on the market prices and purchasing power of the customers give them no possibility to invest in advertising or PR activities, also because the volume of production is rather small. All the goods are in pret-a-porte segment, that presupposes a bit of exclusivity and readiness of a customer to pay for design.

Brand value for traditional fashion is catalyst for the company's philosophy that must be transmitted by means of advertisement and communication strategies with the audience. Ukrainian designers, as also confirmed by the survey results, don't pay much attention to advertisement campaigns of their brands. Some do, mainly online, or very rarely – placing them in some magazines.

Most of the brands don't put a lot of % into design value that means there is a space to increase value added by means of creativity, and putting more value into design. Big part of value chain is formed by fabrics, as there is no local fabrics produced by Ukraine for the local market, and many brands purchase fabrics in EU or Turkey.

Further calculations show that average design value added for medium companies in fashion/ light/ textile industry in Ukraine counts US\$56.598.300; average design value added for small companies is US\$9.321.500, and total estimated value for desing Ukrainian apparel industry (SME) is US\$65.919.800 (Appendix 8), with total volume of SMEs production of US\$34.88mln.

Total value of design for medium-sized enterprises in Ukraine makes 21%, and for small-sized enterprises in fashion/light/textile industry – 12.8%.

Taking into account that 2017 GDP for Ukraine was US\$109.32 bln (Imf.org), share of design of women clothing /apparel in GDP will be 0.06%, that is about 0.1% of total GDP of the country. Based on calculation of data from survey, more fashion design value is in medium-

sized enterprises in Ukraine. 0.06% of total GDP is rather big contribution of women clothing design to the country's economy. It's important and worth supporting. As if it's doubled over few next years through support, the economy would rise by 0.1% as a result.

For instance, Ukrstat says the production of honey in Ukraine is US\$3.3bln (Ukrstat.org, 2017). It means women fashion design (US\$1.6bln) is about half the value of honey but honey has got much more attention, and can't increase value added a lot.

4. Fashion industry structure in France, GDP and value added

According to Statista.com, revenue in the world apparel market amounts to US\$427.217m in 2018, and the market is expected to grow annually by 1.8% (CAGR 2018-2021). The market largest segment is 'women's and girls' apparel with the market volume of US\$164.642m in 2018. Today's fashion industry began in France, with worldly recognized fashion labels and houses presented at the moment, like Louis Vuitton, Dior, Chanel, Hermes etc.

'Turnover (creation, production and retail) of the French fashion industry: 67 billion € (textiles and apparels), 22 billion € (shoes and leather goods). At large the fashion industry (textiles, apparel, shoes and leather goods, jewellery, eyewear and beauty products) delivers 150 billion € turnover of which 33 is exported), representing 1.7% of the French GDP (IFM, 2016). Within the 150 billion €, manufacturing represents 33€, wholesale 43€ and retail 74€. However note it is estimated that 75% of the apparel and shoes bought by the French population is imported' (Appendix 7).

Average company size is relatively small, that's why they trade mainly within the internal market. 'Intra-EU export represents 70% of EU trade to the world' (Euratex, 2016). In EU SMEs generate 57% of value added in non-financial business sector. 70% of EU-28 employment in the 'retails and wholesale trade' sector are accounted SMEs.

'Companies with less than 250 employees represent 90% of all claimants receiving research tax credit in France, and tend to receive more public procurement orders than before. The total turnover of SMEs grew by 1.7% in France. SMEs represent an added value in France' (Bpifrance, 2017).

Total VA in creative industries in France in 2012 accounted 4.481% of GDP. This 'add value is the most important indicator for economy development and structural competitiveness' (Martinaityte E., 2015). ' According to the IFM study, French fashion industry represents 150 billion euros of direct turnover, a value added of 2.7% of GDP and generate 1 million jobs in

France' (Appendix 5).

Paris is considered to be the capital of fashion due to historical reasons. First of all, because of several main innovations in fashion emerged in Paris, such as notion of designer as important figure, or the institution of the fashion show (Godart F., 2014). French fashion was instrumentalized by French leaders notably by Queen Marie Antoinette. This influence, linked to the political power of France at the time, was also supported by economic and social factors such as the existence of a large textile industry in Paris. So-called 'hundred years' fashion regime lasted about a century and was based on the 'the predominance of haute couture, with at its centre couturiers like Charles Frederick Worth and Paul Poiret. Paris as a fashion capital has survived World War II, notably because of the role played by the New Look of Christian Dior in 1947, which reasserted French style on the global stage' (Godart F., 2014).

Also, France benefited from the consolidation of its position in the luxury and fashion industries through the creation, in the late 1980s and early 1990s, of the two fashion groups LVMH and PPR (today Kering). They allowed Paris to retain its dominance despite the emergence of major competing markets and the outsourcing of production to low-cost countries (Godart F., 2014). In the field of fashion, despite the existence of important centres of textile or stylistic production in, for example, Roanne and Cholet, Paris is a central location, because of concentration of fashion conglomerates, events, shows and fashion fairs.

After a period, until the 1960s, characterized by the domination of the industry by small and medium-sized enterprises (SMEs) which 'pushed' their products to retailers in a value chain focused on producers – a 'producer-driven value chain' – retailers took over and, focusing on costs, created a value chain centred on buyers that led to the decline of the French domestic industry. The current model seems to be characterized by a revival of SMEs now organized in networks, especially in Roanne and Cholet, while the Parisian Sentier seems to evolve towards lower-quality edgy fashions. In sum, organizations and institutions are at the core of fashion (Giusti, 2009) and drive most of the larger-scale changes happening in the industry (Godart F., 2014).

'The largest sector of the textile industry is the manufacture of textiles (NACE division 17) which accounted for 49% of value added in 2001. The remainder was split 33% for the manufacture of clothing' (Sura W., 2004). Direct turnover of the fashion industry in France makes EU150bln, including EU33bln in exports, with 1mln number of jobs in the fashion

industry. 2.7% is the share of French GDP generated by fashion, with the amount of EU1.2bln of annual economic benefits coming from fashion weeks in Paris (Fashion Key figures, 2016).

In 2016 the French apparel and non-apparel manufacturing market grew by 1.2% to reach a value of US\$19.616.3mln, or 2.7% of France's GDP, and forecasted to have a value of US\$21.158.9mln, an increase of 7.9% since 2016 to 2021. France also accounts for 16.4% of the European market value in apparel and non-apparel manufacturing. Apparel is the largest segment of the French fashion sales, with the market volume of US\$8 bln in 2017, and in 2016 accounted 11801 enterprises in France (MarketLine, 2017). 'From the last records, in 2016, the fashion industry in France represented 1.7% of the GDP which is a very important sector generating high employment' (Appendix 6).

According to EC data, the sector accounts for a 3% share of value added, and the sector is based around small businesses. 'Companies with less than 50 employees account for more than 90% of the workforce and produce almost 60% of the value added' (European commission, 2018). Textiles and apparel (72%) have the highest level of export orientation in France (OECD-WTO, 2015). 62% of all manufactured by European high-end brands are sold outside Europe that makes 10% of all European exports.

In general fashion and apparel manufacturing produce high-value added products, and is an important part of creative economy. 'Made in France' refers, in principle, to products made mainly in France. According to customs, a product is French only if 45% of its value added was produced in France' (Appendix 5). 'With regard to the "made in" rules, under EEC (and also WTO) regulations, garments or products (such as bags or shoes) made in more than 2 countries are said to originate in the place of 'their last, substantial, economically justified working or processing'. For French customers it means firing the French taste, quality, safety, compliance to social and environmental rules, higher prices but supporting the local economy. For foreigners it's about quality, luxury, originality and taste, French refinement and high prices' (Appendix 7).

It's a logical conclusion, that France made its apparel/fashion industry a brand that represents the country and is perceived worldwide, consequently allows French goods to increase value added in their products, as it will meet the expectations of customers. Despite, fashion in France is a 'private sector. It's a part of the unique 'Art de Vivre' which made France the first luxury and fashion trend promoter, and is regarded as such today still' (Appendix 7).

‘In France, there is a major concentration of creative employment around Paris with the remainder thinly spread over the rest of the country’ (Boix R., et al., 2014). Fashion is one part of overall creative industries, and it’s true to confirm that its main concentration is around Paris too.

As for statistical data in France, it’s worth to take into account some important figures:

- ‘Revenue in the apparel market amounts to US\$40,050m in 2018, and in Fashion segment amounts to US\$15,616m. The market is expected to grow annually by 0.06%, and in fashion segment – of 8.9% (CAGR 2018-2022) in a market volume of US\$21.991m in 2022.
- The market’s largest segment is the segment of ‘women’s and girls’ apparel’ with a market of volume of US\$15,891m in 2018, while menswear account for just 32%.
- In the market for apparel, volume is expected to amount to 3,301 m pcs. by 2021’ (Apparel Report, 2018).

European commission shows that around 99.8% of all enterprises in the EU are SMEs.

Eurostat confirms that 99.9% of all enterprises in France are SMEs, that makes EU506bln in value added in France, means 54.5%. In the EU it constitutes 56.8% share' (DIW Econ, 2017).

In 2001, the manufacture of textiles and textile products (NACE divisions 17 and 18) generated EU63.1 billion of value added in the EU, some 41% of which was accounted for by small enterprises (with less than 50 persons employed). Small enterprises accounted also for more than 61% of the value added generated by the manufacture of leather products (division 19) in the EU (Sura W., 2004)

Table 6. Enterprises and value added in France

Class size	Number of enterprises			Number of persons employed			Value added		
	France		EU	France		EU	France		EU
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	2 958 722	95,7 %	93,0 %	4 982 386	31,9 %	29,8 %	214,3	23,1 %	20,9 %
Small	110 746	3,6 %	5,8 %	2 749 510	17,6 %	20,0 %	155,3	16,7 %	17,8 %
Medium-sized	17 643	0,6 %	0,9 %	2 142 033	13,7 %	16,7 %	136,4	14,7 %	18,2 %
SMEs	3 087 111	99,9 %	99,8 %	9 873 929	63,2 %	66,6 %	506,0	54,5 %	56,8 %
Large	3 929	0,1 %	0,2 %	5 754 668	36,8 %	33,4 %	422,1	45,5 %	43,2 %
Total	3 091 040	100,0 %	100,0 %	15 628 597	100,0 %	100,0 %	928,2	100,0 %	100,0 %

The fashion and luxury goods market structure is an oligopoly by nature. An oligopoly is a market structure in economy theory with a few firms, significant barriers to entry, and powerful potential for differentiating products produced by the firms in the market.

Nonetheless, if more firms are enticed by the market attractiveness and join the market, the concentration of firms is lessened and therefore market share and power decline. The pricing of goods at this point would become closer and closer to marginal cost due to the rise in competition.

On June 29th 2017 the Federation de la Haute Couture et de la Mode was announced as the main body that confirms criteria for fashion houses in France, and falls under French Department of Industry. Its role is to grant the rules of 'Haute Couture' to French fashion houses, organize the Fashion Weeeks (Appendix 7).

The fashion and luxury goods sector of the French Economy is made up of multi-brand conglomerates and mono-brand privately held or family firms. The three most powerful multi- brand conglomerates are LVMH, Richemont, and Gucci Group. The historical development from small family businesses to powerful publicly traded entities has occurred through numerous acquisitions and mergers, which consolidated the major players into powerhouses with copious brands under their control. Thus, the market share of these three conglomerates (which will be shown below) is relatively concentrated.

The Comité Colbert began in 1954 as an association of 12 French luxury houses united by Jean Jacques Guerlain. The association is now comprised of 75 luxury houses whose goal is to internationally promote the French culture, superior craftsmanship and heritage. Collusion in its pure form is an agreement when firms collaborate in order to alter the good of a price or stop supply in order to gain an unfair market advantage. Sales of these 75 companies represent 26 billion euros and employ 128,000 people in France. Exports account for 85% of their sale (on average). Some Comité Colbert members are Mellerio dits Meller, Yves Saint Laurent, Chanel, Rochas, Christian Dior, and Veuve Cliquot Ponsardin.

The economic importance of the Comité Colbert is linked to the fact that the Comité fights against the economic threat of counterfeiting which is both damaging to profit and brand image. Additionally, the solidarity among the firms, which belong to this group, creates barriers to entry for those who are not in the comité. Engaging in friendly competition, the member houses agree not to infringe on design rights. All in all, the Comité protects the economic importance of French luxury brands (Comite Colbert).

According to the experts' data in the industry in France, fashion 'firms like LVMH has EU75bln value on the market with EU36bln annual revenue; Hermes is estimated at EU32bln with 5bln annual revenue; Chanel is EU9bln with 7.5bln annual revenue' (Appendix 6).

In 1982, the working Minister of Culture authorized the *Chambre syndicale du pret-a-porter des couturiers et des createurs de mode* to make collection presentations, and were helped by the Ministry of Culture. Governmental support was also given later by French president Francois Mitterrand, who hosted couturiers, createurs and fashion journalists at a reception in the president residence in 1984. In 1991 and later on in 2001 the French government modified regulations of the Haute Couture category to allow some newcomers to enter the category (Chapain C., Stryjakiewicz T., 2017). French fashion Federation works also as mediator between the press and the fashion industry. It also helps to regulate negotiations on salary and employment matters with trade unions; it informs and advices its members on legislation and regulations concerning economy, tax and trade; and works in collaboration with government and all related public services to fight forgery in France. The authors claim that the French national government has been a key player of the French fashion ecosystem and has supported Federation in various ways over the years. There are schools attached to the *Chambre Syndicale de la Couture* which provide training courses also enable young people to become acquainted with the techniques of the industry and French fashion world. The Federation is also a member of the FORTHAC, a registered fund-raising body operating on a shared management basis, that collects firms' in-house training tax and develops policy on training matters. The Federation together with partners has also founded an association called FITHAC, which manages the administration of in-house training of fashion houses situated in the Ile-de-France (Waddell G., 2004).

On example of Paris, similar professional organizations were created later in London, New York and Milan in order to enhance the fashion industry in the respective cities. It shows the ways of regulating a creative activity inside a country and also shows that international dynamics can be successfully handled by a professional organization.

Within the segment of luxury apparel there are two main taxonomies (need to be distinguished especially in France, that is a motherland of haute couture): haute couture and ready-to-wear. In this work the research is focused on ready-to-wear segment, but in order to define it is invaluable to first define haute couture and successively, ready-to-wear.

One of the main characteristics of haute couture is that it is made to measure, bespoke. Haute couture creations are protected by the Chambre Syndicale de la Haute Couture, which are made by at least fifteen workers full time working in an atelier. 'The federation de la Haute Couture et de la mode promotes Paris as the city of luxury, manages the fashion weeks, decides if the brand can be part of 'Haute Couture' fashion week' (Appendix 6). 'Paris Fashion Week generates € 1.2 billion in economic benefits and € 10.3 billion in commercial transactions each year. For the local designer this is the period when they hope to sell their collections and to make the maximum of contacts for their business' (Appendix 5). It's also an 'important business platform represented by the great number of investors and groups whose attention is turned to Paris during each Fashion Week along the year. PFW is the one showing the biggest number of collections, both local and internationals' (Appendix 7).

French law specifically protects haute couture and ready-to-wear and the existence of the Comite Colbert exemplifies cooperation between the luxury houses. Internal production of France 'is almost exclusively dedicated to luxury goods, such as the 'Haute Couture' label, and very exclusive leather goods manufactures, due to the high level of know-how and specialised professionals, nevertheless the government is promoting external production by custom and import-export politics, permitting companies to chose the level and extent of their production accordingly to their commercial and financial strategy' (Appendix 7). These policies help to maintain the brand of French fashion, 'made in France', Haute Couture, with tangible added value and support by that the possibility of more revenues by lowering the costs of pret-a-porte goods with schemes of outsource production.

Euromonitor report 2017 shows a current value decline in apparel and more conscious approach of customers to purchases. Marketline also states that 'potential new entrants to French apparel market could be put off by the fast fashion trend which has reduced margins and increased the emphasis placed on economic of scale, increasing the investment a new entrant would require' (MarketLine report, 2017). The report also says that suppliers in the market vary in size and offer a range of different products that fragments the market, with large number of suppliers present reducing supply power.

The market is also very capital-intensive: factory premised, specialized equipment, trained staff are required. Market is highly automated but at the same time machinery can be expensive. Fast fashion has created culture of frequent purchases, reduced margins for retailers and manufacturers, making the market harder to operate in (MarketLine report,

2017). In this conditions governmental and non-governmental policies are at a hand, to orient customers and producers to slow fashion.

It's worth to note that as for policies introduced in fashion industry in France, Paris-based designers have got better access to funding. 'French government has a long tradition of supporting fashion companies. In the IFCIC (l'Institut pour le Financement du Cinéma et des Industries Culturelles), France's lending institution for culture, launched the Young Fashion Designers initiative, backed by Chanel, Balenciaga, Louis Vuitton and the French ministries for culture and the economy. The IFCIC provides loans of up to 100,000 euros (US\$113,000) to brands between two and ten years old in order to provide the cash flow needed to produce a collection. The scheme has granted loans amounting to 2 million euros to young labels including Officine Générale and Olympia Le-Tan. And after positive feedback from designers, the programme has recently been renewed for five years. Starting in 2012, the IFCIC also began guaranteeing bank loans of up to 300,000 euros for emerging fashion labels. Thus far, it has guaranteed 3.4 million euros in loans. The Banque Publique d'Investissement (or Bpifrance), France's state-owned investment bank) also operates a fashion-focused fund called Mode et Finance, the fund generally makes minority investments of between 400,000 euros and 5,000,000 euros (Neuville J., 2015).

Experts in fashion say about 'funding from corporate sponsors, which make a number of key fashion prizes with renewed vigour. Here is Chanel partnership with ANDAM (Association Nationale pour le Développement des Arts de la Mode) as for launch a Fashion Accessories prize for designers under 40 who won a French company with a turnover of under 1mln euros. The winner receives 30,000 euro and mentorship from Swarovski. ANDAM has got number of programmes with DEFI (a state-run organization that promotes the textile industry), OTB Group, Saint Laurent and LVMH'. 'The world largest conglomerate LVMH lunched the LVMH prize with fund of 300.000 euro and a year mentoring from LVMH, is aimed not only at French fashion brands. For instance, 2015 LVMH prize finalist Vetements, a french label founded in 2014, has got great recognition after participation in the contest. The government supports organizations that support creation in the fashion and design sectors through APCI - Agency for the Promotion of Industrial Creation, ANDAM Award or the Agora Grant for Design, Poster For Tomorrow, Platform Social Design, Culture (s) of Fashion, the French Alliance of Designers by offering some grants, by creating a minimum threshold for designers. IFCIC (l'institute pour le financement du cinema et des industries culturelles) from

2012 granted bank loans of up to 300,000 euros for emerging fashion labels; in total it has guaranteed 3.4 mln euros in loans (Appendix 5).

'The Festival de Hyeres, launched in 1985, and recently sponsored by Chanel, has become a more powerful platform for young designers. Private funding too is flowing to French designers. Like in 2014, Etudes Studio raised 400,000 euro from investment fund Fashion Capital Partners. Many of new wave young French designers also benefit from important mentorship opportunities from the leaders of the industry: the Federation du Prêt-à-Porter also offers free mentorship to companies under 10 years old and also will launch Traffic, a three-day tradeshow that aims to connect designers with professionals in areas including marketing, shipping, production and legal counsel. The Federation de la Couture and DEFI also run a programme to help young designers set up and cover the production costs of a fashion show, but sometimes it of course lacks promotion. Independent small labels are rather tough to operate because of the rules of French apparel market and established big players' (Appendix 6).

APE, government shareholding agency in France, modernized after 2014, has a mission to 'Manage the Government's shareholding portfolio, acts as an equity investor in companies deemed strategically important to bring stability to their share capital or provide them with support to grow or navigate a transition phase', helping enterprises with strategic and financial transformations; with a portfolio of 77 companies, representing total equity of nearly €110bn and more than €145bn in cumulative revenue' (APE, 2015). Those companies got lower discount rates, increase in financial, banking and tangible assets, that resulted in increased cash flow and capital expenditures. The company listed didn't yet include fashion enterprises, but as it is one of French priority policies, it can happen in the future. This can also be an example of policies suitable as further steps for industry development in Ukraine.

French fashion entrepreneurs are supported from the governmental side by 'tax incentives (the best known one is "le crédit impôt collection" which is a 30% tax credit based on the expenses generated for the creation of collections), guaranteed loans (IFCIC and BPI), money given for fair attendance, whether national or international (le Défi), the Mode business angels scheme of the Fédération du prêt à porter féminin' (Appendix 7).

'Fashion industries in EU make substantial investment in intangible capital (design, marketing, branding etc) and non-technological innovation, which are important factors in adding value to fashion materials, products and processes' (EC, 2012).

'The Governmental policy with regard to the Fashion Industry in France was elaborated by a specific CSF (Comité Stratégique de Filière) Mode et Luxe, appointed by the Ministry of Industry; committee that has defined the following action plan:

- to rebuild and consolidate an industrial textile, fashion and luxury industrial cluster;
- to strengthen the attractiveness of the Fashion industry and meet the needs of companies;
- to consolidate the links between contractors and subcontractors;
- to support, particularly financially, the emergence of new players;
- to promote French talent and know-how' (Appendix 7).

By all planned and implemented policies France projects 'GDP growth to average 1.3% between 2020 and 2046' (IHS, 2017).

5. French policies in fashion industry, comparison with Ukrainian realia

Process of globalization leads to the rapid increase in wealth around the world that also influences the structure of the fashion industry. Studies confirm 'the enormous increase in demand and the shifts in buyer profiles for high fashion goods' (Anheier H., & Isar Y., 2008).

As for the other trends in today's fashion industry situation which were noticed after globalization start and have their continuation and development nowadays, researches distinguish 'the emergence of an emphasis on local designers in new regional fashion centres', 'significant decline in haute couture houses over the past 60 years, and rise of 'democratic fashion' (Anheier H., and Isar Y., 2008). Street fashion seems to play the main role in consumption volumes.

It's a question of national policy to support 'Made in France' that according to experts definition for French consumers is 'fitting the French taste (design, dimensions, sizing); quality (durability, wearing experience); safety/ security (with regard to harmful substances and compliance to certain specific rules; i.e. for childrenswear); compliance to social rules (minimum wages, workers' conditions); compliance to environmental rules; higher prices than regular but supporting the local economy', and for foreign customers it stands for 'quality, luxury, originality and taste, French refinement, high prices' (Appendix 7).

Experts in fashion industry in France claim that fashion industry is not really institutionalized in France: 'French government manages the economic rules of the textile industry in France such as import taxes, customs duties, payment terms for the wholesale business (the customer has to pay the invoice in 60 days max)' (Appendix 6).

Main conclusion about fashion industry structure, governmental and non-governmental policies and initiatives in France can be as follows:

- Fashion industry is a private sector; the industry follows the policy voted by the government and decree made by the state secretariat for industry.
- Great focus on new technologies: French Touch — a business conference focused at building connections between France and other entrepreneurial ecosystems, with a focus on tech, innovation and creativity.
- High minimum salary plus taxes and the lack of flexibility in terms of employment.
- For luxury segment, production is done in France or Italy; Asia remains the place to produce for big quantity at a low price, especially, for denim products. Some production is done in North Africa, Turkey, Spain, Romania etc, offering low cost in terms of freight and flexibility.
- The IFM is a state state-recognized institution of higher education, but also a center for continuing education and expertise for the textile, fashion, luxury and design industries.
- The independent bureau deal with statistic data are INSEE and Union des Industries Textile.
- Support to the industry is made by 'tax incentives, "le crédit impôt collection" which is a 30% tax credit based on the expenses generated for the creation of collections; guaranteed loan (IFCIC and BPI); support the Federation du prêt à porter feminine by business angels (Appendix 6, 5, 7).

Great focus on new technologies is explained by statistics of ARPU (the average revenue per user) in the clothing sector in France that shows the biggest development in e-commerce from 2016 with constant growth up to 2022 (Table 7).

Taking into account the role of creative industries nowadays and their place in economics, policymakers focus on developing new form of institutions, uncluding media and communication ones.

Textile and clothes industries, as it is confirmed by many researches, are very important in developing countries, in economic and social terms, in the short-run ‘by providing incomes, jobs, especially for women, and foreign currency receipts and in the long-run by providing countries the opportunity for sustained economic development with appropriate policies and institutions to enhance the dynamic effects of textiles and clothing’. They also claim that long-term growth and development also depend on the ‘quality and effectiveness of governmental policies and institutions in developing countries’ in the textile and clothing industries. Because without appropriate policies and institutions, ‘developing counties often do not have the skills to enter into higher value added activities such as design and marketing and hence will not be able to command a similar wage as in headquarter firms in developed countries’ (Keane J. & Willem te Velde, D., 2008).

Table 7. ARPU in clothing sector in France



'Today's business environments are not static but rather exposed to continuous changes, increasing complexities and higher performance pressures than ever before. External forces like globalization, deregulation as well as environmental, technological or socio-economic changes have an influencing impact on companies, which are forced to develop specific tactics to ensure sustained value creation' (Gockeln L., 2014).

There are two existing fashion business models: fast and low fashion models. The main difference is that fast fashion is more time-based when slow fashion is more quality based. In fast fashion new products need to be brought to the market very quickly 'in order to capture and directly respond to the latest trends'. It is mostly defined by low prices, a short-time-to-market, while slow fashion stands for 'quality and sustainability and effort to decrease over-consumption and encourage more conscious approach to purchasing clothes' (Gockeln L., 2014). In case with Ukrainian companies they mostly try to combine both fast and slow fashion business models, working also in 'made-to-measure' model at the same time. They definitely loose in terms of fabrics, as mostly fabrics are bought in stocks or are ordered in very limited quantity.

As one of the focus directions Euratex (Eurates, 2016) names 'industry-driven, free and fair access to third markets, and activities to encourage international expansion of SMEs', by means of marketing campaigns, enhancing modernisation of value chains by promoting digitalization and interoperability.

From the legal point of view, France has 'The (CIR) tax credit on the new collection expenses (30%). For companies entering the scheme for the first time or who have not benefited for five years, the rate is raised to 50% the first year and 40% the second year' (Appendix 5).

While discussing the possibilities of policies, it's worth to say about upgrading, attracting investment and educational policies. 'Enhancing work productivity through skills training and technological upgrading is a key step towards diversifying production into higher value added garments such as the more fashion sensitive women's wear categories' (Keane J. & Willem te Velde, D., 2008).

Both in Ukraine and in France apparel industries act through professional associations. They try to lobby certain market preferences, granting special conditions in terms of tax policy, loan schemes, limited access of foreign companies to participation in public tenders in favour of local apparel market players.

'In emerging economies, small business and local entrepreneurs plays a tremendous role in economic and social development of the country. These enterprises largely represent a stage in industrial transition from traditional to modern technology. Entrepreneurship development is essential to solve the problem of economic development through creating local

employment, balanced area development, decentralization of economic power and diversion of profits from rich to middle class and poor' (Khurana K. & Ryabchykova K., 2018).

Role of Internet sales make big success nowadays. Pret-a-porte women online sales exceeded 16% in 2015 in comparison to 2014.

As for the modern trends that take place in fashion system nowadays, will be essential to mention:

- 'Digitalization across the value chain, with redefined cost structure.
- Accelerated industry pace: leaders push the limits of time from design to shelf.
- Brands experimenting with direct-to-consumer.
- New innovative business models.
- Brick-and-mortar traffic in decline – reinventing the store.
- Proliferation of data, providing business opportunities and challenges in control and security' (McKinsey & Company, 2018).

Individual customers have little financial muscle and the large number of them means decreased buyer power. That is the situation with Ukraine, when SMEs in fashion try to sell directly to final customers, but not focusing their attempts on working with retailers.

Although there are a number of brands in the luxury market in France, the market is Oligopoly in nature due to the fact that the three large conglomerates, LVMH, Richemont and Gucci group have ownership of numerous brands between them. New entrant strategy could be based on product differentiation. Illustration to that can be a great success of new fashion labels on the French market – newcomers, new brands with great creative value, no heritage, but emphasize on design and unusual marketing strategies, like Vetements, Off-White etc.

From 2007 'France is the only country in the world implementing an extended producer responsibility (EPR) policy for end-of-use clothing, linen and shoes. The EPR policy shows a great potential to identify new markets for 'reuse' and to improve the textiles waste sector. Such an EPR policy also could drive societies to financially support innovation and research to provide feasible solutions for fashion producers to adopt eco-design and design for recycling practices'. This policy makes textile producers be responsible for collection and

recycling end-of-use (EoU) clothes'. Fashion retailers can benefit discounted tariff if they proved specific post- or pre-consumer material contents in their new products. The local communities, all over France, have been financially supported to launch awareness campaigns for the public, and to encourage availability and accessibility of the collection points. The sorting and recycling sector has been financially supported to facilitate transparency of the material and financial flows of the sector'. Part of the budget was provided 'to encourage technological innovation as well as social integration. In 2015, the 'reuse' stream was about 65% of the overall collected textile'. The authors summarize that 'the tariff contribution paid by fashion retailers and producers is relatively small and valuable for establishing the infrastructure for used textiles collection and recycling. In 2016, fashion retailers introduced 2.5 billion pieces to the French market, including 93,000 pieces of eco-modulated clothing. So that, by applying the tariff schedule the PRO collected €17.2 million from the members (an average of €0.0067 per piece and €28.7 per tonne) in 2016, and led to an average annual increase (13%) in the post-consumer textiles collection. In 2016, the French PRO collected €17.2 million from fashion retailers for introducing more than 2.5 billion pieces to the French market. The EPR policy increases the financial supports for raising the public sustainability-awareness and participation. It has also established a website and mobile application to allow the citizens to find the closest textiles containers to drop-off their used clothing. The online platform also provides information regarding the social and environmental benefits of the textiles recycling' (Bukhari M., et al., 2018).

Eco-production, eco-module tariff and corresponding certifications are also future standards to use in Ukraine on the way of Eurointegration, for the producers when they ecologically design and source materials. Taking into account the volume of second-hand goods importing to Ukraine from Europe, such policies will be very helpful in order to reduce that amount and apply needed constraints.

Moreover, 'the French PRO dedicates annual budget of €500,000 to foster innovative projects' (Dubois et al., 2016). Many projects have been financially supported to improve the current sorting and recycling activities. EPR policy creates great opportunities for the society and its textile sector, as well as facilitates collaboration between different actors and can support research and development in the sector to solve different issues that both fashion producers and recyclers face.

France recently gives much focus on new technologies development. 'French Touch — a business conference focused at building connections between France and other entrepreneurial ecosystems, with a focus on tech, innovation and creativity — has also helped to build synergies between the tech sector and other creative industries', that will lead to potential fruitful synergies between spheres (Appendix 6).

7. Trends and forecasts in fashion /light / textile industry in EU and globally

Godart F. suggested that two scenarios could characterize the near-term evolutions of the fashion industry. The first scenario was that of 'oligarchic permanence'. In this scenario, the technical and economic changes mentioned above and the redistribution of the political and economic powers in the world would not alter the current structure of fashion. A fashion week centred on seven capitals (with, for example, Mumbai, Beijing and São Paulo added to the four existing capitals) would emerge. Some practical and logistical difficulties would arise (such as travel arrangements for buyers and journalists), but nothing fundamental seems to make this scenario impossible. Fashion would remain an oligarchic type of structure in which the global elite would coordinate the identification and production of trends. The main change would be around the number of oligarchs that would simply follow the growth of the global economy and the evolution of the global balance of power.

In a second scenario, 'polyarchical renewal', the distribution of power in the fashion industry would become widespread and scalable. A polyarchical regime allows everyone to express themselves via changing elites that are in charge of public affairs for a limited time, through a double imperative of competition and participation. In the case of fashion, it could mean that all cities having the necessary creative clout to organize shows would participate in the definition of global styles, maybe in a rotating way. Each season some fashion capitals would gain an advantage over the others in a permanent renewal of influences and styles. Today, constraints seem to be fading due to a greater ease of travel and communication. Shows are slowly migrating to the Internet and bloggers disseminate information almost instantaneously around the world. Fashion shows, which constitute a major cost for brands, could be dematerialized, or simply become redundant. Each urban centre could quickly provide its styles to consumers locally and globally' (Godart F., 2014).

'Furthermore, adoption of disruptive technologies like advanced robotics, mobile Internet, advanced analytics, virtual and augmented reality and artificial intelligence is accelerating, with the potential to disrupt entire industries – including fashion' (McKinsey & Company,

2018). Next trend is that ‘the fast pace of the industry is shaking up the fashion system. Sales of the traditional fast fashion-sector have grown rapidly, by more than 20 percent over the last three years, and new online fast fashion players are gaining ground’ (Marie Dalton, 2017).

According to EC data, textiles and clothing sector in EU has undergone radical change recently to maintain its competitiveness with a move towards products with higher value added. These trends have to be taken into account in evaluation of further policies for structurization and development of the industry in Ukraine. Fashion executives looking into the future are predicted to focus more on sales and growth improvement by ‘e-commerce, digital marketing, VIP loyalty programmes, in-store experience, brand building to increase full-time sell-through, IT capacity for value chain digitalization’. ‘Outside the boundaries of an individual company, agility will also require fashion companies to continue to build flexible supply chains and delivery models that can respond quickly when the environment changes. It also means strengthening risk management’ (McKinsey & Company, 2018).

‘The traditional role of physical stores is being eroded by mobile and Web applications and online services that provide product information, price comparisons, and the ability to test and try out products. In light of this erosion, conventional retailers must become more responsive to the changing needs of their customers. Shopping as a leisure activity must become a different — and more enjoyable — experience than customers can find online. To provide such an experience, fashion retail has to offer new and innovative formats that go beyond traditional size categories (for example, in the location and purpose of stores). Flagship stores, flexible formats such as pop-up stores, virtual showrooms, and pick-up and drop-off points can add value and create special experiences’ (Dutzler H. et al., 2014).

The digital environment created many new opportunities for the fashion industries. The enable fashion companies, especially SMEs, to reach new markets and offer consumers more targeted choices and competitive prices. Leading innovations the next years will reveal the possibilities of artificial intelligence across all parts of the fashion value chain, that at the end will blur the line between technology and creativity. ‘Data flows now account for a larger share of the impact on GDP than the global trade in goods’ (McKinsey & Company, 2018). Around \$1trillion is estimated to be spent by global consumers on e-commerce by 2020.

‘New digital collaboration models between fashion companies and their foreign suppliers and service providers can improve transparency and efficiency. Transparency, traceability and trust throughout the value chain can be further enabled by blockchain technology. Companies

will be able to tap into global ideas, trends, and talent pools faster and more efficiently, from crowdsourcing innovation ideas online, to virtually connecting with creative or other talent from the other side of the globe' (McKinsey & Company, 2018).

One more trend of global economy is massive urbanization in developed world as well as across emerging markers. In 2025 there will be 60 megacities where GDP will exceed US\$250 billion. This offers an immense opportunity for fashion brands and retailers. The FashionScope analysis also indicates that by 2025 approximately 31% of global fashion sales will come from China, and 11% from the emerging countries in Asia Pasific, with prediction that largest cities for clothing sales will be Tokyo, New York and London. Successful fashion companies will point their attention on organic growth through branding and developing their local clientele (Amed I. & Berg A., 2016).

European Comission pays much attention to policies for the competitiveness of the European fashion industries, confirming that 'fashion builds on European cultural heritage and creativity, with almost 850000 companies, the vast majority of which are SMEs'.

The main focus fields are determined as follows:

- Investing in knowledge, skills, creativity and innovation (entrepreneurial and managerial ones, as well as hybrid ones, combining leadership with creativity, innovation etc).
- Protecting the creative efforts of fashion companies while fostering the digital market.
- Ensuring a level playing-field in international trade.
- Assuring the framework conditions necessary for sustainable growth in the fashion industries (EC, 2012). That leads to closer cooperation between the industry, trade unions; training institutions should be promoted.

In the recent times not only customers but also fashion companies are getting more aware of the need to take environmental and social issues into account when buying clothes since they are starting to look beyond the end product. Maybe more companies will move towards the slow fashion business model in the future, but it's still hard to predict.

The recent trends across the fashion industry are:

- Agile supply chain.

- Vertical integration and outsourcing. Cooperation leads to quicker product development, production and distribution and higher profits.
- Quick response policy, in order to reduce the inventory level (Gockeln L., 2014).

The European commission has proposed 'to reduce landfill to a maximum of 10% of municipal waste by 2030' (EC, 2016b). Now finding alternatives is necessary to also increase materials efficiency, for promoting circular economy, and make product design durable and easier to repair and recycle.

'The Pan-Euro-Mediterranean Convention remains the T&C sector's first priority as the best instrument for enhancing industrial complementarities within the zone'. Report also claims that 'key trends for the future include flexible, short-run on-demand production, digital manufacturing and supply chain management, customisation and service-based business models, sustainable business operations and the extended scope of applications for highly engineered and smart textile materials'. They also point out 'creativity as a core strength of EU competitiveness', that is based on cultural heritage can give value added to the produced garments; and strengthening the provision of 'apprenticeships for SMEs and micro enterprises in the sector' (Euratex, 2016).

7. Conclusions

This paper has provided a conceptual focus upon the main constituents of fashion industry structure and functioning in Ukraine and France. Academic literature and previous researches review in the sphere as well as surveys analysis showed the current state and potential of Ukrainian fashion/ light/ textile industry, ways of its possible development and support from governmental and non-governmental institutions by means of implementing successful practices used by France in the sphere.

'The current international focus on Ukrainian brands has given the domestic fashion industry a major boost. It will inspire the next generation of Ukrainian designers to become globally competitive and raise the standards of the entire industry' (Varava A., 2016).

Ukraine is known of large, trained and educated workforce that can be used not only for CMT schemes but also for local production needs. The main gap is stated in lack of cooperation between creative talents / design labels and production capacities /factories. As most of large enterprises work only for CMT, thus limiting SMEs in increasing the volumes of production.

The local textile production for inner market with European standards and styles could decrease the costs for Ukrainian fashion enterprises, thus cheapening net costs of garments production, giving opportunity to increase expenses for marketing and Pr of brands, and at the same time keeping the retail prices relevant to the market demand. These marketing and Pr activities can be made on individual level (by brands themselves) or be hold on state level, by initiatives of the country to promote and support local designers, brands, representatives of fashion/ light/ textile industry on the state level, as well as in EU and in the world. The self-consciousness of Ukrainian nation at the current state is rather high, the country is known and supported by world opinion leaders, fashion icons, celebrities who chose Ukrainian designers for important events, were captured by media, and by those means promoted Ukrainian fashion to the world (Varava A., 2016). The country is also favourable in terms of investments, it has eurointegration orientation, so the level of initiatives from governmental and non-governmental institutions has to correspond to EU standards and trends of the industry, to make Ukrainian apparel sector competitive and up-to-date.

EU-Ukraine Association Agreement facilitated bilateral trade with the EU and IMF-mandated reforms to improve business environment in the long term.

Customs policies from Ukrainian side must also be reviewed and improved, that will allow local enterprises to increase export volumes. The first type of institutional work is political work that involves building rules and regulations. Legal system is currently under reformation, but still needs much improvements and difficult to navigate in.

Shadow activities and black market employment are still widespread in Ukraine (HIS Markit, 2018).

‘Main constraints for apparel sector development can be named as follows:

- Absence of sector development strategy, attractive regulatory environment for sector investments.
- Import of relevant outputs with reduced custom value declared.
- Oversaturation of the domestic market by imported second-hand apparel.
- Lacking modern management, skilled personnel, equipment and technologies.
- Absence of wholesale players on Ukrainian apparel market.

- Considerable level of 'shadow' producers in the country (estimated up to 90%) and illegal import.
- 'Fashion industry' still has not enough prominent names of domestic couturiers to serve as locomotive for sector development' (Tsepko O., 2010). Those constraints were figured out in 2010, by still remains present.

The Ukrainian producers in order to stay at least within previous market shares have to apply modern marketing and sales instruments, investing more into creation of national brands and selling networks. Regretfully, these activities are constrained by lacking financial resources and skilled personnel (Tsepko O., 2010). These financial resources can be provided by investors both national and local but they need to be sure in transparency of business schemes and legal protection. Legislative and regulatory environment is crucial for sustainable growth of the fashion industry. SMEs need to have access to finance – to obtain sufficient financing to invest in innovation and growth. That means improvement of access to the existing and forthcoming financial instruments. Apparel producers should consider serious investments into human resources focusing on highly skilled, experienced and dynamic professionals in international marketing, sales in the first turn. There is an urgent need of a strong political will and professional approach to develop modern and efficient strategies, with realistic mid-term budgetary support framework to implement action plans that arise from strategies and are aimed at enhancing apparel sectors development. From governmental side, budgets should be allocated for participation in specialized fairs and exhibitions for monitoring, and show visibility of Ukrainian fashion/ textile/ light industry for European market. As very many countries, Ukraine believes in the notion that culture could be a generator of development and that cultural services, creative industries and cultural tourism should present an important vehicle for future development. In this way the intertwining of culture with economy, education, and other dimensions have been positively accepted by the national stakeholders.

Institute of Economics and Prognosis of Ukraine claims on necessity to lower dependence of import of raw materials in the industry and focus on own textile production, simplification of customs regulations, development of new methods of sales, manage distribution chain, infrastructure, popularization of Ukrainian fashion by political and cultural representatives (Appendix 3).

'Integration of the culture into business environment can be done by two channels: social entrepreneurship (not oriented on the income projects with high VA) and creative industries

(innovational project targeted at profit). The first channel helps to renew and enhance holistic component of social life, the second one formats potential of regional and national competitiveness.

One of the forms of business expansion of Ukraine is phenomenon of cultural diplomacy (it's actively used by the UK and Germany) that allows to broaden language and cultural borders and transform the culture of consumption of other countries and make powerful export expansion in those countries. Non-typical and unique cultural products make a certain 'aura' – expectation and attitude of consumers to the character of their consumption – fashion, design, luxury industries. So that, cultural services are applied both at mass markets and in forms of exclusive goods' (Petraikov Y., 2017).

Consequently, one of the ways of future successful development and economic growth might be an integration of creative industries / creative elements into business chains, and smooth linking between creative and production side, for example tie designers with light industry and massive production processes, working with factories, logistics peculiarities, standards of quality, deadlines.

Realization of initiatives can go in two strategic direction aimed at internationalization and commercialization of creative industries, mainly creative potential of designers, simultaneously increasing value added of goods produced.

Ukrlegprom confirms existence of the problem of limited own raw material resources, lack of skilled staff, low productivity, non-equal conditions of competition in domestic market (like not proper tax legislation system, lack of monitoring the safety of products), imperfect management systems, lack of state support for loans and participation in international exhibitions.

Second-hand imports are one of the main obstacles for development of local goods and producers, as nowadays EU is the main importer of second-hand to Ukraine. According to Ukrlegprom estimations, its imports increased at 29.6% for 9 months of 2017 in comparison to 2016.

Several consequent steps can be taken as strategy for industry development:

- Staff and technology modernization.
- Legalization (import of second-hand goods from EU, the volume of which can be restricted to certain percentage in order to give local producers more freedom and capabilities to expand; as well as measures for shadow schemes of economy that allow to import high-end apparel wear to Ukraine as it is second-hand ones, excluding corresponding taxation).
- Competition.

- Investment (giving opportunities from the side of the state for the industry development, support on international level for Ukrainian designers/ brands to present their goods and establish and expand trade contracts with EU and rest of the world; customs regularities pay also an essential role here).

- Innovation (implementation of new technologies in order to sustain the level of competitiveness of local producers between each other and correspond to European standards and quality regulations, will facilitate growth in the digital market).

- Popularization.

- Ensuring favourable conditions to maintain export growth.

‘For developing country, promotion of SMEs is a winning strategy, which decentralize the wealth more equitably compared to the large industry. SMEs create local employment, direct and indirect. SMEs can be feeder to the large industries. SMEs can be tool for exploiting local innovations and enhance consumer life conditions. They are not only providing job opportunities, but also, acting as suppliers of goods and services to large organizations, and any lack of their product quality could adversely affect the competitive ability of the larger organizations’ (Khurana K. & Ryabchykova K., 2018). These are sufficient reasons for governments and other stakeholders in development of SMEs.

Beyene (2002) suggests among the measures needed to support SMEs development is strengthening the domestic value chain, through better designs, innovation and presence.

Differentiation strategies exist in order to bring the companies competitive advantage. In order to understand why they should differentiate themselves, it is important to understand what competitive advantages the companies are offering to the consumers.

The brands from Ukraine are present on the Internet and also practice online selling but do not achieve much success in this type of selling. Many companies need to essentially form a very strong social media standing and essentially promoting the social message what they are working for to sell beyond borders. The tools and approaches for communicating with customers have changed greatly with the emergence of social media; therefore, businesses must learn how to use social media in a way that is consistent with their business plan (Mangold & Faulds, 2009).

There is still an immense work to be done in internal business strategy development. The opening of trade policies in the countries have raised a serious threat as the consumer today is essentially price-sensitive and when has more options in a lower price range is automatically attracted. Skilling of labor and producing better quantity and quality of the products could be considered as key factors for increasing revenue. There is fierce competition from imported

second-hand clothing, mostly through illegal routes, and imports from cheaper sources due to trade liberalization. The communities in general do not have much awareness on the new schemes and generally find it difficult to approach to the banks for finances or loans.

‘However the characteristics of the industry (relatively low capital intensity, low investment costs, and use of low skilled labour), also mean that the industry is relatively footloose and able to adjust to changing market conditions quickly (Nordas, 2004). ‘Trade policy regulations has had a major impact on the pattern of textile and clothing production and are likely to do so in the near future’ (Keane J. & Willem te Velde D., 2008).

From 2016 'sustainability has become an important new driver for consumers' purchasing decision. 65 percent of consumers actively seek out sustainable fashion’ (Amed I. & Berg A., 2016). Cross-industry initiatives are highlighted as potential for identifying more sustainable ways to work across a product’s whole lifecycle.

‘Firms in developing countries able to participate in global production networks and global value chains (GVC’s) of which T&C is often the first, are typically expected to increase their skills, knowledge and technology – all considered as key factors for productivity enhancement and growth (UNIDO, 2004). Less technologically advanced countries can exploit their late coming and distance from the technological frontier in order to tap into new technologies. Firms in developing countries are therefore posited to ‘learn by doing’ through trade with more developed and developing countries’. Industrial upgrading in the clothing industry is primary associated with a shift from assembly to full package production, which changes the relations between buyer and supplier in a direction that gives far more autonomy and learning potential for industrial upgrading to the producer (Keane J. & Willem te Velde D., 2008). In order to do that, local producers need to develop local linkages and supplier capabilities.

There are no profile up-to-date educational institutions in Ukraine in the sphere of fashion/light/ textile industry. There are professional technical specialized schools and one state University of Light Industry but the level of teaching, educational technics and materials are very obsolete, and can't meet the realities and demands of the industry nowadays. Cooperation between the various players at different stages of the value chain, and between industry and research as well as between designers and material scientists and engineers for developing and marketing new creative products, is crucial for the industry as a whole, and on point for Ukraine as well.

Enhancing work productivity through skills training and technological upgrading is a key step towards diversifying production into higher value added garments, fashionable goods. In

Ukraine's enormous part of talents /fashion brands /designers try to adjust to the tastes and demands of the market, they are lead by practices, seeing success of Zara or premium fashion brands in their sales, try to produce similar items, copying, without creativity in design and absence of appropriate Pr and marketing strategies, because they mostly lack education in fashion business. If they get trained in terms of business and technologies, they will include more creativity, try to make their garments unique, and produce more added value products, that will lead to a bigger contribution to the country's GDP.

December 3-5, 2017 work group meeting as for questions of textile cooperation of high-level Dialogue Ukraine-EU was held in Brussels, with governance of European confederation of clothes and textile ('EURATEX'). The meeting concluded that priorities of textile industry for EU are high-end products, implementation of new technologies, synergy of textile sector with other sectors of industry (healthcare, automobile industry etc). Importance was done to further implementation of EU-Ukraine association agreement, mostly in terms of legal issues, and also EU stated about intention to give access for third countries market, namely Canada, Japan and Vietnam in terms of textile industry cooperation. That also confirms priority and necessity of the industry in unique designs and high-end goods with high value added.

Furthermore, certain restrictions of volumes of CMT in Ukraine can help local SMEs to use those production capacities in order to increase volumes of their production and start working with retail chain inside and outside of the country. The participation in global networks and global value chains can help industrial upgrading and improve economic performance.

It's worth to note that slow fashion is still a niche market and fast fashion the prevailing mainstream in the apparel industry. It depends on macro-economic trends. The focus could be made for support and development of 'fashion tourism' products, which will link fashion, craft, culture and tourism. It can include promotion of fashion museums, factories, exhibitions, fashion weeks and shopping districts with involvement of private partners and targeting different groups.

Policymakers in developing countries, in Ukraine as a focus of current research, need to take all those aspects into account to proceed with developing and implementation up-to-date regularities in order to meet the trends and demands of the industry nowadays.

7.1. Limitations

The study is subject to several limitations, which suggest further avenues for future research. Firstly, restrictions only allowed a greater focus on womenswear apparel, without studying the whole industry. Secondly, it cannot be assumed that all the respondents gave a 100%

authentic information as due to taxation issue some respondents prefer to stay confidential with some figures. That aspect might also be studied and taken into account while developing strategies and policies in the sphere. Thirdly, there emerged a problem with gathering statistic data as there only one professional non-governmental light industry association in Ukraine, and state organs like Ministry of Economics and State Statistics service of Ukraine don't have data particular in the sphere, they operate just general numbers in export and total number of enterprises without more detailed classification.

7.2. Future work

Since the findings are based on logical reasoning and critical assumptions, future research should therefore be based on detailed investigation of every type of policies and initiatives implemented by France and their positive and negative outcomes, with the focus on time frames need to observe the results, and also research how the corresponding policies can be implemented in Ukraine due to legal system peculiarities, volumes of smuggling and second-hand schemes that prevent the industry's sustainable development. Ukraine has already made few successful steps in this direction, having signed Association agreement between Ukraine and EU, and DCFTA, free trade agreement, which aimed to enhance, intensify and facilitate trade. At the same time, Ukrainian SMEs in fashion industry still have difficulties with customs regulation, tax policy while trading with EU. This confirms that this sphere and working mechanisms need further investigation from the side of governmental authorities. Further studies of the topic need to focus on European working plans and policies, proposed and implemented, especially for SMEs in fashion industry, in order to develop new high-value added products and services with the support of fashion designers. In the longer term, opportunities for the fashion industries for growth and jobs could be explored as part of innovation strategies linked to cohesion policy support. As most part of high-end, fashion goods are sold outside of EU, the policy of tariff and non-tariff barriers with non-EU countries must be studied further, in order to facilitate export opportunities for goods with growing demand.

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9. Appendices

Appendix 1. Ukrlegprom



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«20» червня 2018 р. № 2-149

**Міністерство закордонних справ
України**

Міністерство культури України

*Щодо надання інформації для дослідження
у сфері креативних індустрій
(Art-Fashion-Creative-Industries)*

Українська асоціація підприємств легкої промисловості «Укрлегпром» вітає та всебічно підтримує ініціативи щодо промоції України у світі, зокрема у сфері української моди, яка історично нерозривно пов'язана з індустріями легкої промисловості та у зв'язку з цим на запити МЗС від 01.03.2018 № 311/14-600-337 та Мінкультури від 16.03.2018 №1093/9-1/13-18 повідомляє.

Асоціацією надано презентаційні матеріали щодо потенціалу легкої промисловості України для використання при розробці концепції проекту «Етнічно-сучасна колекція культурної спадщини та текстильної продукції», що увійде до академічного дослідження про індустрію моди. Стажером МЗС і старшим експертом проекту ЄС «Association4U» Анною Варавою проведено детальне інтерв'ю з президентом-головою правління Асоціації «Укрлегпром» Тетяною Ізовіт щодо проблемних та перспективних питань розвитку галузі.

Асоціація «Укрлегпром» створена у 2000 році та об'єднує на добровільних засадах близько 200 провідних підприємств легкої промисловості, серед яких підприємства текстильної, трикотажної, швейної, шкіряної, взуттєвої та інших підгалузей. Підприємства - учасники Асоціації виробляють понад 60% загального обсягу виробництва товарів легкої промисловості України.

Місія Укрлегпрому - захист та лобіювання інтересів вітчизняних виробників на всіх рівнях
Завдання і можливості Асоціації: результативний діалог між бізнесом та владою B&G;
рівні умови конкуренції для українських та імпортованих товарів;
популяризація вітчизняної продукції на внутрішньому й зовнішньому ринках тощо.

Детальніше про діяльність Асоціації на сайті: <http://ukrlegprom.org.ua>
або у Facebook: <https://www.facebook.com/groups/1594280750862529>

Зазначимо, що модна індустрія сьогодні знаходиться на підйомі: сотні брендів народжуються та зникають щороку, творчі люди переходять у цю галузь через можливість працевлаштуватися й заробляти достойні гроші. Український фешн-бізнес почав розвиватися разом з українською державністю у 90-ті роки ХХ століття, проте є досить перспективним за умов ефективного розвитку в Україні базових виробництв, спроможних забезпечити промислові масштаби виготовлення модного одягу, взуття, аксесуарів як для внутрішнього, так і зовнішніх ринків. Промисловим базисом для фешн-індустрії є легка промисловість, що нині уособлює: текстильне виробництво (тканини, неткані матеріали, трикотажні полотна, килими); виробництво одягу (текстильний, трикотажний, зі шкіри та хутра) для чоловіків, жінок, дітей; виробництво шкіри, взуття, шкіргалантереї, виробництво аксесуарів та іграшок.

Statistics of companies producing apparel in 2016, by Ukrlegprom

Статистика компаній з виробництва одягу за 2016 рік

Класифікація за розміром підприємства	Кількість підприємств	У % до загального показника відповідного виду діяльності	Загальний обсяг виробництва в країні, млн.грн (без ПДВ)	У % до загального показника відповідного виду діяльності
Всього	1547	100	9614,4	100
великі*	-	-	-	-
середні	198	12,8	7126,6	74,1
малі	412	26,6	1910,9	19,9
мікро (до 10 осіб)	937	60,6	577,4	6,0

* Державна служба статистики України всі підприємства легкої промисловості класифікує як середні, малі, мікропідприємства. Хоча за чисельністю працюючих (понад 250 осіб) в Україні є і великі підприємства, що як правило, успадкували значні виробничі потужності з радянських часів.

Зовнішньоторговельний оборот товарами легкої промисловості торік збільшився на 12,1%. Зокрема, експорт досяг майже 1,1 млрд. \$., що на 13,3% більше, ніж у 2016 р.

Зовнішня торгівля товарами легкої промисловості здійснюється з торговельними партнерами із майже 150 країн усіх частин світу. Обсяг зовнішньої торгівлі товарами легкої промисловості у 2017 р. збільшився на 12,1% проти 2016 р. Сальдо від'ємне, оскільки імпорт традиційно перевищує експорт у 2 рази.

Обсяг експорту товарів легкої промисловості у 2017 р. склав близько 1,1 млрд. дол. США (113,3% до 2016 р.) або 2,5% у товарній структурі експорту України. Найбільша частина у товарній структурі українського експорту – це готові товари, а саме: текстильний і трикотажний одяг – 45,8%, взуття - 16% (у т.ч. виготовлені на 50-75 відсотків за давальницькою схемою). За даними поточного року галузевий експорт продовжує зростати - 123,5%, натомість, динаміка обсягів виробництва легкої промисловості дещо уповільнилася - 98,4% за I квартал 2018 р. проти аналогічного періоду попереднього року.

Обсяг імпорту товарів легкої промисловості у 2017 р. перевищив 2,2 млрд. дол. США (111,5% до 2016 р.) або 4,6% у товарній структурі імпорту України. Більшу половину (57,8%) галузевого імпорту становила сировина (шкура, волокна, пряжа, тканини), значну частину продукція кінцевого споживання - одяг і текстильні вироби – 27,1%, взуття – 11,1%, вироби зі шкіри та хутра – 4,1%.

Асоціація «Укрлегпром» готова до подальшої співпраці.

З повагою
Президент-голова правління
Асоціації «Укрлегпром»



Т.І.Ізовіт

Науменко І.П., 044 528-14-24

Appendix 2.

Interview with Tatiana Izovit, the head of **Ukrlegprom**, the only representative organization in light industry in Ukraine.

1. *which development do you observe in the field in Ukraine?*

В Киеве запустилось производство и переработка тканей (харьковская фабрика Vladi уже выпускает ткани), прошел процесс по модернизации и глубокой переработке. Швейное производство занимает большую часть промышленности и именно по его развития можно судить о развитии отрасли в целом.

3. *what is the number of people working in light industry in Ukraine and number of enterprises?*

85 тыс людей занято в промышленности.

большая часть – 1547 предприятий – производство одежды. Текстиль – это производство тканей и нетканых материалов (фильтры для сахарных заводов, специальные прокладки при строительстве автобанов), ковровое производство. Из них большая часть – это малый и средний бизнес (1127 предприятий по статистике являются микро - с 1-3 заявленными рабочими). По статистике микро – до 10 человек, малые до 50, средние до 250 человек и большие – свыше 250 занятых на предприятиях.

4. *which are main problems and constraints the industry is faced with in Ukraine?*

По итогам 2017 года, 54% импорта в страну составляет секонд-хенд. В 2017 количество еще увеличилось. Соглашение по ассоциации между Украиной и ЕС открыло многие возможности, но также увеличило завоз секонд-хенда, который идет из Европы, в основном, из Польши, и по минимальной входной цене (минимум 30% от цены готовых новых изделий). Это эквивалент 45тыс рабочих мест и потери государственного бюджета по нашим подсчетам составляют 4,5млрд грн (3.85 млн евро) в год. Лишь 12% собственного производства идет на внутренний рынок. Наше законодательство позволяет торговать без учета и контроля; есть тенизация внутреннего рынка. Это говорит о нашем потенциале. Из всего производства большая доля женской одежды.

5. *what is the number of medium and big enterprises in Ukraine working by CMT schemes?*

90-95% всех украинских предприятий работают на аутсорс, по легальным схемам. Основной заказчик – Германия.

6. does production of light industry in Ukraine go for local or mainly foreign markets?

43% по официальной статистике экспортируется. На внутренний рынок работает также теневая экономика, не отчитываясь в статистику. Внутренний рынок мы оцениваем минимум в 125 млрд грн., по минимальным нормам потребления. 8% идет на потребление одежды и обуви.

7. which are main regions where production in Ukraine is concentrated?

Очень много на западных регионах швейных предприятий. Почти 15% производства продукции легкой промышленности приходится на Львовский регион. По модернизации он номер один; пятая часть в экспорте продукции – только Львовский регион. Житомирская, Харьковская, Днепропетровская и Киевская – главные области по легкой промышленности, и еще Хмельницкая и Львовская области. В Харьковской области очень развито теневое производство на внутренний рынок.

8. what can you say about potential of the industry in Ukraine?

С учетом тенезации и неиспользованных мощностей, заменой секонд-хенда на собственное производство, мы можем увеличить объемы производства легкой промышленности в Украине в 2.5 раза. Все актуальные вопросы мы обсуждаем с советом директоров (28 предприятий), отстаивая всю отрасль; наша задача – показать всем зарубежным партнерам потенциал легкой промышленности Украины. У нас есть мощности, нужно модернизировать. Но также есть результаты и уже налаженная работа со многими странами – Канада, Китай и т.п.

Нужно соединять креативный потенциал украинских дизайнеров с производителями и легкой промышленностью. Проекты должны быть направлены на покрытие всей отрасли или под-отрасли, чтобы развитие было качественное. Следующие 2-3 года для ЕБРР легкая промышленность будет в приоритете.

9. what can you say about quality standards of production?

Индустрия работает по гостам и европейским стандартам, так как продукция идет на экспорт. Есть сертификация производства. У нас представительно Экотест (австрийское предприятие) на Украине, которое также курирует эко-моменты.

10. *how does government support light industry in Ukraine at a current state?*

К сожалению, есть только экспортный офис. Должна быть государственная поддержка выставочным мероприятий. Мы в 2016 году делали выставку производителей в Латвии, более 50 компаний легкой промышленности приняли участие. Был формат B2B и встречи на правительственном уровне, выставка была 3 дня, с показом моделей и дальнейшем освещением в СМИ. Некоторые предприятия сумели сразу же наладить сотрудничество, другие чуть позже, как Ярослав, узкоспециализированный сектор по производству текстиля для фронта. Эта инициатива была успешно проведена за счет поддержки текстильной ассоциации Латвии со стороны государства.

11. *what do you think about creativity and value added of Ukrainian designers?*

Уровень наших дизайнеров и промышленников очень высок. Наш экспорт с учетом дизайнерских решений можно умножить минимум на 5. Но нужно найти эти рынки и наладить эти продажи. В прошлом году наш экспорт составлял примерно 1.1 млн долл. В среднем добавочная стоимость в нашей отрасли в районе 40-50%, согласно статистике. Самая высокая, конечно, в меховом производстве.

Appendix 3.

Informationally-analytical material as for economic activity of apparel enterprises in Ukraine, prepared by the department of industrial policy of **Institute of Economics and Prognosis**, Ukrainian National Academy of Sciences.

Prepared by Gahovych N., senior researcher.

Виробництво одягу відіграє важливу роль у забезпеченні індивідуальних і корпоративних споживачів та силових структур товарами першої необхідності, робочим, спеціальним та форменим одягом. Специфіка ринку одягу проявляється у швидкому обігу капіталу (2–4 рази на рік) підприємств-виробників завдяки невеликим строкам створення, реалізації продукції та швидкій зміні асортименту відповідно до сезону і моди, а також у значній потенційній місткості ринку України. В той же час, негативний вплив на попит чинить низька купівельна спроможність населення.

Протягом останніх років підприємства виробництва одягу демонструють позитивну динаміку та надолужують втрати від кризових явищ. Підприємства мають потенціал для нарощування обсягів виробництва за рахунок зростання експорту: відносно невеликі виробничі витрати, зокрема на оплату праці, роблять цей сектор більш конкурентоспроможним.¹

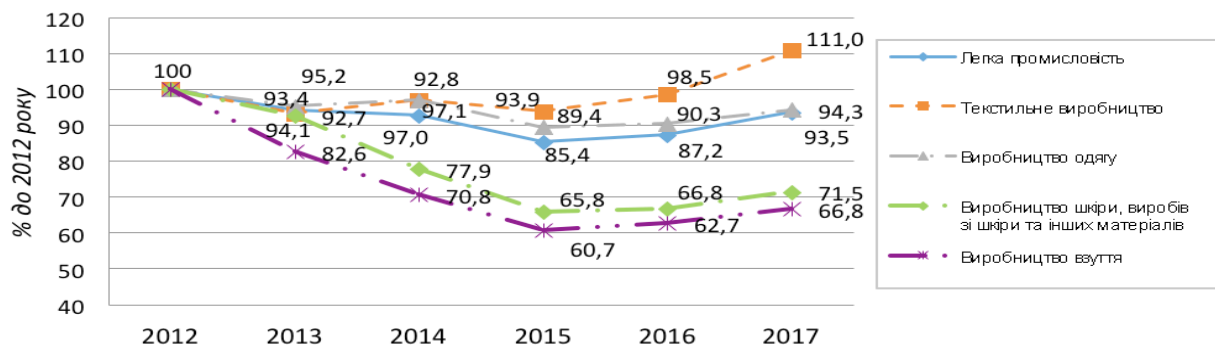


Рис. 1. Індекси виробництва продукції легкої промисловості за 2012-2017 рр.

¹ Промислова політика посткризової економіки: кол. монографія / [Дейнеко Л.В., Якубовський М.М., Шелудько Е.І. та ін.]; за ред. д-ра екон. наук, проф. Л.В. Дейнеко; за ред. д-ра екон. наук, проф. М.М. Якубовського; НАН України, ДУ "Ін-т екон. та прогноз. НАН України" – К., 2014. – С.74.

Вітчизняний ринок одягу є досить конкурентним, на ньому працює понад 1,5 тис. підприємств з близько 50 тис. працівників, а обсяги виробленої ними продукції досягають 10 млрд грн. Ринок представлений малими (87,2% від загальної кількості) та середніми (12,8%) підприємствами. Серед підприємств виробництва готового одягу спостерігаються такі ж процеси, що і в цілому в легкій промисловості: зростає кількість середніх підприємств, натомість кількість малих та мікропідприємств скорочується. Рівень концентрації вітчизняних підприємств на ринку невисокий: 198 середніх підприємств реалізують 74,1% продукції на 7,1 млрд грн., відповідно 1349 малих виробництв продає 25,9% продукції на 2,5 млрд грн. (табл. 1).

Базовим сегментом підприємництва у виробництві одягу є мікропідприємства, що складають 60,6% від загальної кількості. Для них характерним є схильність до тінізації і неформальної діяльності; низький внесок у додану вартість та нижчий рівень продуктивності праці порівняно з іншими видами підприємств, обмеженість в доступі до кредитних та інших ресурсів. Натомість вони є більш гнучкими і швидше пристосовуються до змін та кон'юнктурних викликів. Менеджмент мікропідприємств часто здійснюється їх власниками, які переважно не мають відповідної освіти або достатніх професійних навичок.

Таблиця 1

Основні показники діяльності підприємств з виробництва одягу

Класифікація за розміром	Роки	Кількість, од.	Частка реалізованої продукції, %	Обсяг виробництва, млн грн	Обсяг реалізованої продукції, млн грн
середні	2014	188	72,78	н.д.	3803,1
	2015	186	72,53	н.д.	5783,1
	2016	198	74,12	н.д.	7126,6
малі	2014	1637	27,22	н.д.	1422,1
	2015	1624	27,47	н.д.	2190,1

	2016	1349	25,88	н.д.	2488,3
з них мікропідприємства	2014	1157	5,46	н.д.	285,2
	2015	1180	6,39	н.д.	509,2
	2016	937	6,01	н.д.	577,4
Всього по виробництву одягу	2014	1825	100	5116,5	5225,2
	2015	1810	100	7635,5	7973,2
	2016	1547	100	9419,2	9614,9
	2017	н.д.	н.д.	н.д.	8656,3

На ринку виробництва одягу новостворені підприємства представлені переважно швейними фабриками з іноземними інвестиціями (рис. 2). Ці підприємства не тільки розширюють традиційний асортимент продукції, освоюють продукцію для зростаючих суміжних галузей, а й опановують нові ланки в ланцюзі створення доданої вартості: дизайн, виробництво сировини та проміжних матеріалів, маркетинг. Характерною тенденцією на ринку є поєднання виробництва, дизайнерської моди, офлайн і онлайн торгівлі. З'являються українські модні бренди національного та світового рівня.

<i>Виробництво одягу</i>	<i>Новостворені підприємства</i>
ТОВ «МІК»	"Scanditex" м.Каховка,
ТОВ «Новомосковська трикотажна фабрика»	"Blue Moon Clothing" м.Львів,
ТОВ «Олтекс»	ТОВ «Бадер Україна» с. Кожичі,
ТОВ ТПП «Універсал»	цех «Константа ЛТД», с. Дернів
ВО «Харків»	цех "Крагелюнд Феніче Холдинг АпС"; с. Лозино,

Рис. 2. Провідні та новостворені підприємства з виробництва одягу.

Серед новостворених малих підприємств – яскраві представники креативної економіки, «газелі» і стартапи², які створюючи свій, переважно сімейний, бізнес на власні кошти, інтернаціоналізують його, популяризують українські традиції та виробників, створюють нові робочі місця. Гнучкість, мобільність, знання інформаційних технологій та ринку, поєднані із свободою творчості – всі ці якості дозволили українським дизайнерам заявити про себе на надконкурентних ринках високої моди Європи і США. Розміщуючи свої ескізи на світових платформах (Галерея Saatchi (Лондон)) вони реалізують свої колекції через Google for Innovators, глобальні арт-проекти (Insideout). Не можна не відзначити найбільш успішну «газель» – бренд MustHave, що з 2010 р. виріс від ідеї до виробництва площею 1тис.кв.м, дев'яти магазинів в Україні, 250 співробітників, інтернет-магазину, представництв бренду в 10 країнах світу. А також останнім часом стає все більше «підприємств, що народжені глобальними», в яких рання інтернаціоналізація передбачена заздалегідь, за рахунок: інноваційності, орієнтації на певні дизайнерські ринкові ніші та новим способам ведення бізнесу.

Експортній орієнтації допомагає формування майданчиків з виробництва і торгівлі текстильною продукцією та швейними виробами або спеціалізованих торговельних платформ для вітчизняних виробників. Це сприяє фірмовій торгівлі і створенню власних товарних знаків. В Україні поширюється глобальна тенденція динамічного розвитку E-Commerce, причому тут додатковим стимулом є вільний доступ до споживачів на світових marketplaces без обтяжливого митного адміністрування. Так, створена інтернет-платформа three-snails.com для просування української продукції на ринки Європи і США. Також через інтернет-торгівлю поширюється мода на товари в українському стилі, етнотенденції, індивідуалізацію продукції та handmade. Взагалі, виробництво одягу відноситься до таких, де глобальні ланцюжки доданої вартості ініціюються споживачами і, у випадку України, контролюється ТНК за допомогою толінгу³. Так, вітчизняні підприємства виготовляють

² Экономические патриоты: 25 портретов создателей бизнеса самого разного толка и направленности // Корреспондент. – 2018. – 31мая

³ Поняття «толінг» використовується для визначення операцій з переробки давальницької сировини, що ввозиться для цього іноземними замовниками на територію України без сплати податків та митних платежів під митним режимом переробки

одяг для багатьох іноземних фірм за схемами з давальницькою сировиною та на замовлення (табл. 2).

Таблиця 2

Іноземні замовники швейної продукції в Україні⁴

Швейне підприємство	Найменування бренду
Грегорі Арбер	Benetton, Conbipel, Esprit, Gerry Weber, Mexx
Балтська швейна фабрика	Benetton, Esprit, Kookai, Laura Ashley, Max Mara, Mexx, Next, Steilmann, Top Shop, Wallis
Володарка	Hugo Boss
Тульчинська швейна фабрика	Diverse, Esprit, Grosso Moda, Karstadt, Maratex, Mexx, Roxy, Staff, Walker
Євро-стиль	Frank Henke Mode GmbH, Franken Walder
Кремтекс	Betty Barclays, Vera Mont
Трембіта	Armand Thierry, Benetton, Celio, Fellini, Galeries Lafayette, Gianni Ferrucci, Prado
Арніка	Triumph
Дана	Iceberg, Sandro
Троттола	New Look, Zara
Калина	Triumph
Санта-Україна	BCBG, Grossa Moda, Laura Ashley, Mexx, Next, Top Shop

⁴ Богданович К. Корреспондент: Сделано в Украине. Швейные ZARAботки. – 2013. – 12.09.

Бердичівська швейна фабрика	Licona, Peter Kaiser
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На даний час в Україні переважна частка одягу виробляється за толінгом. Свого часу наявність замовлень за давальницькими схемами дозволило підприємцям модернізувати виробництво, освоїти сучасні технології, підвищити класифікацію працівників. Сьогодні оснащення багатьох українських швейних фабрик відповідає європейському рівню.

Таблиця 3

Товарна структура експорту-імпорту давальницької сировини та готової продукції з давальницької сировини у 2017 р.

	Давальницька сировина		Готова продукція, що виготовлена з давальницької сировини			
	тис.дол. США		тис.дол. США		у % до загального обсягу	
	експорт	імпорт	експорт	імпорт	експорт	імпорт
Одяг та додаткові речі до одягу, трикотажні	–	6514,6	94964,2	–	77,9	–
Одяг та додаткові речі до одягу, текстильні	–	11276,8	361490,6	41,4	95,5	0,0
Інші готові текстильні вироби	–	7793,6	85645,2	–	73,7	–

Середовище ринку одягу формується зовнішніми та внутрішніми чинниками та характеризується:

- посиленням інтеграції у глобальний торгівельний простір через укладання Угоди про асоціацію між Україною та ЄС, міжнародних угод про вільну торгівлю (DCFTA; SAFTA), членство в СОТ;
- веденням Діалогу Україна-ЄС високого рівня щодо горизонтальних питань та окремих секторів промисловості, зокрема і легкої. Робота Діалогу спрямована за двома напрямками: горизонтальні питання (технічні бар'єри у торгівлі, державні закупівлі, малий і середній бізнес); промислові кластери за галузевим принципом (Урядом розпочато активну роботу з розроблення кластерної програми промислового розвитку);
- нерівними конкурентними умовами та нерозвиненістю конкурентного середовища, що проявляються в тінізації внутрішнього ринку;
- високою імпортозалежністю за технічним обладнанням, сировинними та проміжними товарами: пряжею, бавовняними та сумішевими тканинами, нетканими матеріалами, синтетичними та штучними нитками, ватою, фурнітурою, барвниками;
- насиченням ринку імпортними товарами, ввезеними із заниженням митної вартості та контрабандно, частка яких, за оцінкою Асоціації «Укрлегпром», становить 25,4%⁵.
- зростанням обсягу ввезення вживаного одягу, якого у 2017 р. ввезено на 154,4 млн дол. США;
- недосконалим кадровим забезпеченням через незбалансованість галузевої і вузівської освіти та ринку праці через недостатньо розвинуте державно-приватне партнерство в дуальній освіті, а також в освіті протягом життя;
- пільгами при ввезенні нового обладнання, устаткування щодо сплати ввізного мита;
- додатковим стимулом розвитку внутрішньому ринку даного сегменту стали зростаючі потреби споживачів продукції ринку спеціального одягу, силових структур та Збройних сил України.

Загальний обсяг внутрішнього споживання одягу у 2017 р. склав 8,66 млрд грн. За вторинними даними контент-аналізу ЗМІ, консалтингових фірм та асоціацій підприємств, основним сегментом ринку одягу являється жіночий, що займає 45-56%

⁵ Офіційний сайт Асоціації Укрлегпром. – Режим доступу: <http://ukrlegprom.org.ua/nashi-zvernennya>

від загального обсягу. Далі за частками на ринку йдуть: сегмент чоловічого одягу – 20-24%, спортивний одяг – 12-15%, дитячий одяг – 7-9% та білизна – 5-7%. На тлі незначного зменшення обсягів реалізованої продукції обсяг роздрібного товарообороту українських товарів вкрай малий. Його частки коливаються за такими товарами: одяг та білизна з тканин – 5,5%, одяг зі шкіри та хутра – 1,9%, трикотаж верхній та білизняний – 5,1% і панчішно-шкарпеткові вироби – 38,1%. Частка продажу споживчих товарів, які вироблені на території України, через торгову мережу підприємств за всіма товарним позиціям падає. На вітчизняному ринку частка одягу іноземного виробництва становить 66,9%.

Таблиця 4

Зовнішня торгівля та внутрішнє споживання одягу за 2014-2017 рр.

	Роки	Обсяг експорту, тис. дол. США	Обсяг експорту, млн грн	Обсяг імпорту, тис. дол. США	Обсяг імпорту, млн грн	Споживання внутрішнє, млн грн
Виробництво одягу	2014	657907,4	7820,348	785519,9	9337,24	6742,1
	2015	525364,2	11476,42	505011,0	11031,8	7528,6
	2016	565794,4	14456,78	548356,7	14011,2	9169,3
	2017	620120,4	16493,1	620038,8	16490,9	8654,1

В 2017 році експорт одягу склав 620,1 млн дол. США, а імпорт – 620,0 млн дол. США. Порівняно з 2016 р. експорт зріс на 9,6% (на 54,3 млн дол. США). В результаті спостерігалось позитивне сальдо 81,6 тис. дол. США. Темпи зростання експорту не забезпечили його відновлення до передкризового рівня. У 2017 р. експорт з України в доларовому вираженні становив всього 94,3% від обсягів 2014 р.

На світовому ринку позиції українського одягу забезпечують такі форми співробітництва: кооперація та інтеграція виробництва в ланцюгах створення доданої вартості, кооперація за давальницькими схемами; створення спільної з іноземними виробниками наукової, інформаційної та виробничої інфраструктури; кредитна,

страхова, дипломатична, інформаційна та маркетингова підтримка в просуванні на нові ринки

Основні експортні товарні групи за 2017 р.: текстильний одяг (378,8 млн дол. США або 34,7%), трикотажний одяг (105,5 млн дол. США або 9,7%), інші готові текстильні вироби (на 119,2 млн дол. США або 10,9%) (рис. 3).

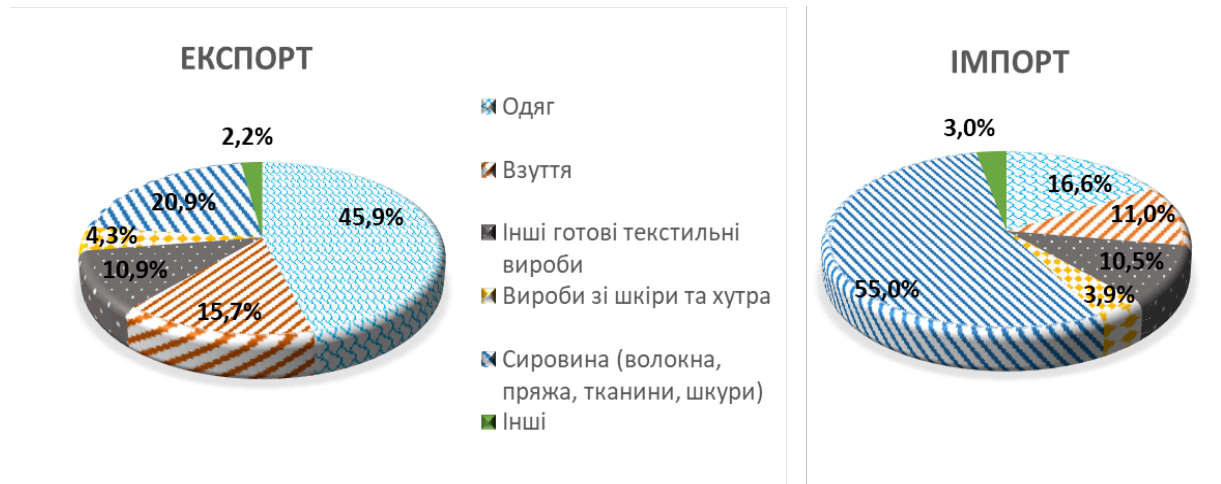


Рис. 3. Товарна структура зовнішньої торгівлі продукцією легкої промисловості у 2017 р.

За товарними позиціями одягу поступово змінюється багаторічна тенденція від'ємного сальдо балансу. Причому стабільне переважання експорту над імпортом демонструє тільки текстильний одяг та додаткові речі до нього. Натомість товарооборот за всіма товарними позиціями з 2015 року стабільно зростає (табл.4).

Таблиця 5. Зовнішня торгівля одягом за 2014-2017 рр.

	Експорт, тис. дол. США				Імпорт, тис. дол. США			
	2014	2015	2016	2017	2014	2015	2016	2017
Одяг та додаткові речі до одягу, трикотажні	135545,6	96890,1	107334,1	121895,1	254291,0	159376,8	160723,8	185980,2

Одяг та додаткові речі до одягу, текстильні	410613,0	330855,5	355076,7	378721,2	293171,0	178939,4	176771,7	187919,6
Інші готові текстильні вироби	109736,2	95049,7	100322,1	116205,3	221449,3	158072	203367,1	236795,7
Головні убори	2012,6	2568,9	3061,5	3298,8	16608,6	8622,7	7494,1	9343,3
Одяг	657907,4	525364,2	565794,4	620120,4	785519,9	505011,0	548356,7	620038,8

Отже, для розвитку виробництва готового одягу необхідне сприяння:

- зниженню залежності від імпорту сировини та матеріалів проміжного споживання;
- зменшенню зарегульованості санітарно-епідеміологічних процедур при ввезенні сировини та хімічних матеріалів;
- спрощенню проведення митних процедур; державне і донорське фінансування впровадження передового світового досвіду для удосконалення компетенцій викладачів та оновлення навчально-виробничих лабораторій;
- розвиток нових методів реалізації, управління ланцюжком постачання, інфраструктурою;
- популяризації української моди політичними та культурними діями.

Для покращення ринкового середовища підприємств надзвичайно важливе удосконалення бізнес-середовища МСП, умов конкуренції та детінізація:

- боротьба з контрабандою (зокрема, маніпуляціями з митною вартістю товарів, значним обсягом комерційних посилок), фіктивним та неофіційним підприємництвом, викривленням бази оподаткування;
- полегшення адміністрування податків із своєчасного повернення ПДВ;
- інформаційно-консультаційна допомога для участі в міжнародних тендерах та надання доступу МСП до державних закупівель;
- створення мережі інноваційної екосистеми, зокрема КиївТехнопарку, для надання аутсорсингових, конструкторських та інших послуг малим підприємствам і населенню; реалізація кластерних ініціатив.

Appendix 4. National Statistics Service of Ukraine. Report



ДЕРЖАВНА СЛУЖБА СТАТИСТИКИ УКРАЇНИ

(Держстат)

вул. Шота Руставелі, 3, м. Київ, 01601, телефон (044) 287-24-22, факс (044) 235-37-39
E-mail: office@ukrstat.gov.ua Web: http://www.ukrstat.gov.ua Код ЄДРПОУ 37507880

11.07.2018 № 14.3-04/307-18 На № 311/16-210-1130 від 12.06.2018

Міністерство закордонних справ

На лист Міністерства закордонних справ від 12.06.2018 № 311/16-210-1130 Держстат у межах повноважень надає на електронну адресу anavagava@gmail.com статистичну інформацію за 2016 рік щодо:

показників підприємств за середньорічною кількістю зайнятих працівників та обсягу реалізованої ними продукції (товарів, послуг), у яких основний вид економічної діяльності – "Виробництво одягу" (код 14) за Класифікацією видів економічної діяльності (КВЕД-2010);

показників підприємств за середньорічною кількістю зайнятих працівників, у яких основний вид економічної діяльності – "Виробництво одягу" (код 14) за КВЕД-2010 та які здійснювали експорт товарів.

Додаток: файли "Обсяг.xls", "Експорт.xls".

Заступник Голови

І. ЖУК

Додаток до листа держстату
від 11.07.2018 № 14.3-04/307-18

Показники підприємств за середньорічною кількістю зайнятих працівників та обсягу реалізованої ними продукції (товарів, послуг), у яких основний вид економічної діяльності – "Виробництво одягу" (код 14) за КВЕД-2010¹

2016 рік

Код за КВЕД - 2010	Усього		У тому числі								
			підприємства з кількістю зайнятих працівників до 9 осіб		підприємства з кількістю зайнятих працівників від 10 до 49 осіб		підприємства з кількістю зайнятих працівників від 50 до 249 осіб		підприємства з кількістю зайнятих працівників 250 осіб і більше		
			кількість підприємств, одиниць	обсяг реалізованої продукції (товарів, послуг), тис.грн	кількість підприємств, одиниць	обсяг реалізованої продукції (товарів, послуг), тис.грн	кількість підприємств, одиниць	обсяг реалізованої продукції (товарів, послуг), тис.грн	кількість підприємств, одиниць	обсяг реалізованої продукції (товарів, послуг), тис.грн	
Виробництво одягу	14	1547	9614881,6	902	574751,9	443	2291108,4	161	2899155,5	41	3849865,8
Виробництво одягу, крім хутряного	14.1	1432	8321052,9	840	525897,1	405	2078369,1	149	2563256	38	3153530,7
Виробництво одягу зі шкіри	14.11	13	111508,1	6	652,4	4	6014,6	2	... ²	1	... ²
Виробництво робочого одягу	14.12	428	2969061	251	237513,2	133	1146498,2	38	713214,9	6	871834,7
Виробництво іншого верхнього одягу	14.13	715	3423052,7	428	209599,6	190	576454,5	73	1101916,5	24	1535082,1
Виробництво спільного одягу	14.14	125	1187860,5	60	42349,2	39	127947,0	21	522398,9	5	495165,4
Виробництво іншого одягу й аксесуарів	14.19	151	629570,6	95	35782,7	39	221454,8	15	... ²	2	... ²

¹ Дані наведені без урахування тимчасово окупованої території Автономної Республіки Крим, м. Севастополь та частини тимчасово окупованих територій у Донецькій та Луганській областях.

² Дані не оприлюднюються з метою забезпечення виконання вимог Закону України "Про державну статистику" щодо конфіденційності статистичної інформації.

Appendix 5. Interview with the expert

Hermann Whatt Ouattara, Co-founder & CEO of YPT Limited Agency

(www.yourparisiantouch.com), based in Dublin with a office in Paris and China; consultant fashion advisor for Prada retail France; former fashion advisor for Claudie Pierlot France; former research and financial analyst at Hudson&Cie; former merchandiser at Desigual Paris; former stylist and personal shopper at Jigsaw UK.

* talking about French fashion industry we take into account *Apparel Womenswear Industry* to analyse (according to the limitations of the research)

1. *How is fashion industry institutionalized in France?*

The IFM is a state-recognized institution of higher education, but also a center for continuing education and expertise for the textile, fashion, luxury and design industries.

2. *What is the main body that rules/ sets up rules for the industry in France?*

The industry in France is really special. It doesn't really hessite a body who rule the industry.

The industry follows the policy voted by the government and decree made by the state secretariat for industry.

What's the role of Federation de la Haute Couture et de la Mode in France?

The FHCMF It aims to promote French fashion culture, where Haute Couture and creation take the lead by combining traditional know-how and contemporary technologies in all circumstances. It helps to reinforce Paris in its role as world capital of fashion.

3. *What does it mean «made in France»?*

"Made in France" refers, in principle, to products made mainly in France. According to customs, a product is French only if 45% of its value added was produced in France.

4. *How is fashion industry connected to/ supported by governmental institutions? Is it a private or governmental sector?*

self-regulation is the key word in the fashion industry in France. Most of the supports are often come from big group foundations such as LVMH or Kering. The sector is mostly private.

5. *How much does French fashion industry produces for inner market and it's role in GDP?*

According to the IFM study, France represents 150 billion euros of direct turnover, a value added of 2.7% of GDP and generate 1 million jobs in France.

6. *What's the role of Paris fashion week for french fashion industry , for local (French) designers, fashion houses?*

Paris Fashion Week generates € 1.2 billion in economic benefits and € 10.3 billion in commercial transactions each year. For the local designer this is the period when they hope to sell their collections and to make the maximum of contacts for their business.

For the fashion houses, PFW It is an opportunity to talk about their brand in the press and do business.

7. *Do they have special conditions in terms of production inside or outside of the country?*

The production have to respect the EU term and policies.

8. *Where is most of production for French fashion industry is done? Percentage of CMT?*

In our days we don't really have a real estimate of the production value for French fashion industry. But in 2012: China €1888 Million, Italie €490 Million, Bangladesh €484 Million, Turkey € 436 Million, India € 389 Million.

9. *Is there any bureau in France that deals with statistic data in fashion industry? Is that connected to Ministry of Economy or is a separated/ independent organ? How is it called, and which function does it have?*

The independent bureaus deals with statistic data are (INSEE and Union des Industries Textile)

10. *How does the country support French fashion designers?*

The government supports organizations that support creation in the fashion and design sectors through APCI - Agency for the Promotion of Industrial Creation, ANDAM Award or the Agora Grant for Design, Poster For Tomorrow, Platform Social Design, Culture (s) of

Fashion, the French Alliance of Designers. By offering some grants, by creating a minimum threshold for designers.

IFCIC (l'institute pour le financement du cinema et des industries culturelles) from 2012 granted bank loans of up to 300,000 euros for emerging fashion labels; in total it has guaranteed 3.4 mln euros in loans. The world largest conglomerate LVMH lunched the LVMH prize with fund of 300.000 euro and a year mentoring from LVMH, is aimed not only at French fashion brands. For instance, 2015 LVMH prize finalist Vetements, a french label founded in 2014, has got great recognition after participation in the contest

11. *What about production process: is everything is done in France? Percentage and reasons for outsource?*

12. *What is current governmental policy as for fashion industry in France?*

Since January 1st, 2008 the state has implemented the tax credit (CIR). It consists in covering the expenses related to the development of new collections exhibited by industrial companies of the textile-clothing-leather sector. It is (30%) of tax credit.

13. *Any subsidies, tax reduction France does to promote french fashion industry?*

The (CIR) tax credit on the new collection expenses (30%). For companies entering the scheme for the first time or who have not benefited for five years, the rate is raised to 50% the first year and 40% the second year.

Appendix 6. Interview with the expert in fashion industry in France

Veronique Depoix, president of Fashion advisor business (www.fab-paris.com), 40-years experience in fashion business in Europe and EMEA.

* talking about French fashion industry we take into account *Apparel Womenswear Industry* to analyse (according to the limitations of the research)

1. *How is fashion industry institutionalized in France?*

The Fashion Industry is not institutionalized in France

2. *What is the main body that rules/ sets up rules for the industry in France?*

The French government manages the economic rules of the textile industry in France such as import taxes, customs duties, payment terms for the wholesale business (the customer has to pay the invoice in 60 days max)

3. *What's the role of Federation de la Haute Couture et de la Mode in France?*

The Federation de la Haute Couture et de la Mode promotes Paris as the city of Luxury. The Federation manages the Fashion weeks. It could be a good support for emerging brand. The Federation de la Haute Couture decides if the brand can be part of the the « Haute Couture » Fashion Week. The members are limited.

4. *What does it mean «made in France»?*

The product is produced in France. It is recognized as a qualitative product and it is a commercial advantage for products sold both in France and outside of France.

5. *How is fashion industry connected to/ supported by governmental institutions? Is it a private or governmental sector?*

Fashion Industry is a private sector, no real support.

6. *How much does French fashion industry produces for inner market and it's role in GDP?*

From my last records, in 2016, the fashion industry in France represented 1.7% of the GDP which is a very important sector generating high employment.

7. *What's the role of Paris fashion week for french fashion industry , for local (French) designers, fashion houses?*

The Fashion weeks in Paris are more and more important vs. The ones in London or in Milan.

8. *Do they have special conditions in terms of production inside or outside of the country?*

For what I know there is no special conditions in terms of production inside or outside France except the tax duties. I can only name that French firms like LVMH has euro 75bln value on the market with EU36bln annual revenue; Hermes is estimated at euro 32bln with 5bln annual revenue; Chanel is euro 29bln with 7.5bln annual revenue

9. *Where is most of production for French fashion industry is done? Percentage of CMT?*

For Luxury, the production is done in France or Italy. For Fashion, Asia remains the place to produce for big quantity at a low price. Specifically, for denim product, it could be in the North Africa (Tunisia..) or Turkey. Some productions are made in Europe, in different countries (Spain, Roumania etc...) offering low cost in terms of freight and flexibility.

10. *Is there any bureau in France that deals with statistic data in fashion industry? Is that connected to Ministry of Economy or is a separated/ independent organ? How is it called, and which function does it have?*

You have consulting companies that can work for you on specific project.

Some of them well known :

www.bain.fr/ Bain company

www.rolandberger.fr/ Roland Berger

<https://www.bcg.com/> Boston Consulting Group

You have also the newsletter The web site for professionals in fashion, luxury and beauty.

FashionNetwork.com France newsletter@fashionnetwork.com fr.fashionnetwork.com/

11. *How does the country support French fashion designers?*

The Federation de la mode helps new French fashion designers. Also the Festival de Hyeres, launched in 1985, and recently sponsored by Chanel, has become a more powerful platform for young designers. Private funding too is flowing to French designers. Like in 2014, Etudes Studio raised 400,000 euro from investment fund Fashion Capital Partners. Many of new wave young French designers also benefit from important mentorship opportunities from the leaders of the industry: the Federation du Prêt-à-Porter also offers free mentorship to companies under 10 years old and also will launched Traffic, a three-day tradeshow that aims to connect designers with professionals in areas including marketing, shipping, production and legal counsel. Also The Federation de la Couture and DEFI run a programme to help young designers set up and cover the production costs of a fashion show, but sometimes it of course lacks promotion. Independent small labels are rather tough to operate because of the rules of French apparel market and established big players'.

12. What about production process: is everything is done in France? Percentage and reasons for outsource?

As you probably know, it is very expensive to produce in France due to the high minimum salary + taxes and the lack of flexibility in terms of employment. For these reasons, many factories have closed.

13. What is current governmental policy as for fashion industry in France?

Great focus on new technologies. For example, French Touch — a business conference focused at building connections between France and other entrepreneurial ecosystems, with a focus on tech, innovation and creativity — has also helped to build synergies between the tech sector and other creative industries.

14. Any subsidies, tax reduction France does to promote french fashion industry?

Nothing I know.

Appendix 7. Interview with experts of Istituto Marangoni (Paris)

- **Gianni Nembrini**, tutor at Paris school of fashion; programme leader at Istituto Marangoni, Paris; former assistant designer at Dior Paris, Jean-Paul Gaultier, former head designer at Valentino; former consultant for EU's PMI; former consultant at UN for ONU's PACIR.
- **Patrick Vacher**, contemporary fashion buyer for private labels, lecturer at Istituto Marangoni, Paris; former group leader at C&A Buying; former group leader of planning at C&A group, Dusseldorf; former buyer at C&A group in France.
- talking about French fashion industry we take into account *Apparel Womenswear Industry* to analyse (according to the limitations of the research)

1. *How is fashion industry institutionalized in France?*

Fashion is an important industry in France, hence the great interest the government takes in it, not only from the point of view of the countless traditional and recent companies which makes of Paris incontestably the world's greatest creative scene, but also from the point of view of the luxury market, which fuels tourism, both professional and leisure, getting the attention and presence of the fashion crowd upon Paris during the Fashion Weeks. This dynamizes the business platform of fashion, making of Paris Fashion Weeks the most visible of the Big Four ones.

Many forms of support are given by the government to the Fashion industry, through the opening of public areas such as museums and institutions to the organization of fashion shows, but also the special Fashion Week opening hours of the shops around town, and the advertising campaign of the PFW, by the Mairie de Paris.

2. *What is the main body that rules/ sets up rules for the industry in France?*

The governmental institution which is responsible for the organisation of fashion industry is the Fédération Française de la Couture et du Prêt à Porter.

3. *What's the role of Federation de la Haute Couture et de la Mode in France?*

Its role is multiple, first of all the granting of the "Haute Couture" Label to the French fashion houses which demand it, providing they respect the rules which are fixed by the Fédération; subsequently the managing of the "Chambre de Commerce de la Mode", which

reunites the list of French companies, and of the “Ecole de la Chambre Syndicale de la Haute Couture”, which is the only school able to give the necessary education to admit entrance to the very closed world of Haute Couture.

Moreover the Fédération organizes the Fashion Weeks, giving to all the members an allotted time of show, in order to guarantee the visibility of the company’s fashion Show, and the possibility to receive guests, journalists and buyers, along with all fashion professionals.

4. *What does it mean «made in France»?*

- European Economic Community rules do NOT request garments sold in Europe to be marked with their country of origin. Therefore indicating the country of origin of a garment is the sole responsibility of the manufacturer/retailer (however if the garment is also sold in other than EEC countries requesting the indication of the country of origin, it is most likely that the manufacturer will display the country of origin on its entire production for reason of cost efficiency).
- With regard to the "made in" rules, under EEC (and also WTO) regulations, garments or products (such as bags or shoes) made in more than 2 countries are said to originate in the place of “their last, substantial, economically justified working or processing”. There are strict rules on the subject, even though they can be circumvented by "unsociable" manufacturers.
- For French customers, "Made in France" means
 - fitting the French taste (design, dimensions, sizing)
 - quality (durability, wearing experience)
 - safety/security (with regard to harmful substances and compliance to certain specific rules; i.e. for childrenswear)
 - compliance to social rules (minimum wages, workers' conditions)
 - compliance to environmental rules
 - higher prices than regular but supporting the local economy
- For foreign customers
 - quality
 - luxury

- originality and taste
- French refinement
- high prices

5. How is fashion industry connected to/ supported by governmental institutions? Is it a private or governmental sector?

Fashion is a private sector, but is very much supported by the government, as has historically been for more than four centuries, as part of the unique «Art de Vivre» which made France the first luxury and fashion trend promoter, and is regarded as such today still.

As we saw before, France government supports Fashion industry in many ways, and encourage the launching of new companies with legal and tax facilitations, but also sustaining and offering visibility and cultural and social status to traditional companies through dedicated museums and exhibitions in prestigious locations, such as the recent Dior and Margiela exhibitions, which establish Fashion creation as an proheminent form of art and cultural asset, suggesting the economical relevance of the industry behind it.

10. How much does French fashion industry produces for inner market and it's role in GDP?

Turnover (creation, production and retail) of the French fashion industry: 67 billions € (textiles and apparels), 22 billions € (shoes and leather goods). At large the fashion industry (textiles, apparel, shoes and leather goods, jewellery, eyewear and beauty products) delivers 150 billions € turnover of which 33 is exported), representing 1,7% of the French GDP (IFM, 2016)

Within the 150 billions €, manufacturing represents 33€, wholesale 43€ and retail 74€. However note it is estimated that 75% of the apparel and shoes bought by the French population is imported (Le vrai-faux de l'info, 2017)

11. What's the role of Paris fashion week for french fashion industry , for local (French) designers, fashion houses?

PFW is a unique occasion to show a collection to its best, exposing the companies creation and name to the largest possible media cover, as compared to the other Fashion Weeks, but

also the most important business platform represented by the great number of investors and groups whose attention is turned to Paris during each Fashion Week along the year.

PFW is the one showing the biggest number of collections, both local and internationals, to the largest group of professionals, journalists and buyers from all over the world, making it the desired stage for every established or rising company wishing to establish its name.

12. Do they have special conditions in terms of production inside or outside of the country?

France internal production is almost exclusively dedicated to luxury goods, such as the «Haute Couture» label, and very exclusive leather goods manufactures, due to the high level of know-how and specialised professionals, nevertheless the government is promoting external production by custom and import-export politics, permitting companies to choose the level and extent of their production accordingly to their commercial and financial strategy.

9. Where is most of production for French fashion industry is done?

If we are talking apparel imports in France (20 billions €)

- From the EEC: 22,3% / From extra EEC 77,7%
- Per geographical groups of countries
 - Mediterranean rim countries 14,8%
 - Balkans 0,4%
 - Asia 59,2%
 - Other 25,6%
- The 4 biggest supply countries are
 - China 29,2%
 - Bangladesh 11,3%
 - Italy 9,1%
 - Turkey 5,8%

Figures from IFM for 2017

10. *Is there any bureau in France that deals with statistic data in fashion industry?*

IFM (Institut Français de la Mode), 36 Quai d'Austerlitz, Paris

Other possible sources:

INSEE (Institut national de la statistique et des études économiques) 18, Bd Adolphe-Pinard, Paris

and all the "Fédérations" (professional federations)

Is that connected to Ministry of Economy or is a separated/ independent organ?

The French fashion industry is connected both to the Ministry of Industry and Ministry of Culture

The IFM is actually a school that is linked to the Ministry of Industry

How does the country support French fashion designers?

French fashion designers or at large fashion "entrepreneurs" are supported

- by tax incentives (the best known one is "le crédit impôt collection" which is a 30% tax credit based on the expenses generated for the creation of collections).
- guaranteed loans (IFCIC and BPI)
- money given for fair attendance, whether national or international (le Défi)
- the Mode business angels scheme of the Fédération du prêt à porter féminin

11. *What about production process: is everything is done in France? Percentage and reasons for outsource?*

- % of imports see above
- reasons for outsource:
 - labour cost (should be envisaged together with the productivity of the local workers)
 - cost of fabric (compared to national sources)
 - gradual disappearance of factories and textile/ apparel manufacturing know-how

12. *What is current governmental policy as for fashion industry in France?*

The Governmental policy with regard to the Fashion Industry in France was elaborated by a specific CSF (Comité Stratégique de Filière) Mode et Luxe, appointed by the Ministry of Industry; committee who has defined the following action plan

- To rebuild and consolidate an industrial textile, fashion and luxury industrial cluster
- To strengthen the attractiveness of the Fashion industry and meet the needs of companies
- To consolidate the links between contractors and subcontractors
- To support, particularly financially, the emergence of new players
- To promote French talent and know-how

Appendix 8.

Surveys analysis

Number of surveys: 22 (around 10% of all most representative brands)

Total number of enterprise in light industry in Ukraine: 1547 (potential growth up to 2.5 times with 2340 active companies)

The number of SMEs: around 95% of total number

Big enterprises- 95-99% CMT

The number of most successful designers in Ukraine now: **200** (who are active on the market, participate in fashion weeks etc), with total number of Ukrainian clothing brands accounted at between 500 and 600

Total Ukrainian GDP in 2017: \$109.32 bln, in 2018 – \$119.13bln

3.3% is textile industry (29% of textile industry - production of textiles in Ukraine) = \$3.43 bln

Shadow economy – 90% of official GDP in apparel sector

Total import of goods in 2017 – 49.5 bln USD, export 43.3% (19% more than in 2016)

Statistics of companies in apparel textile industry in 2016 (presented by Ukrlegprom)

Classification as for size of production	Quantity of enterprises	% to the total index of corresponding type of activity	Total volume of production in Ukraine, mln grn/ usd (without VAT)	% to total index of corresponding type of activity
total	1547	100	9614,4 / 313,7	100
Big (more than 250 employees)	-	-	-	-
Medium	198	12.8	7126,6 /	74.1

			270.38	
Small	412	22.6	1910.9 / 72.5	19.9
Micro (up to 10 employees)	937	60.6	577.4 / 21.9	6.0

Surveys:

# of designer	Fabrics (in%)	Design (in %)	Production (%)	marketing, pr (%)	Brand name (%)	Volume of production/year (pieces, \$)	Sales per year (\$)
1. middle size	20	25	25	30	-	6000 pieces (around 1mln \$)	250.000\$
2. middle size	11	33	22	34	-	5000 pieces (around 750000\$)	247.500\$
3. middle	50	15	25	20	-	110000\$	16,500\$
4. small	40	5	45	10	-	240 pieces /40000\$	2000\$
5. middle	25	35	20	10	-	5000 pieces (around 900000\$)	315.000\$
6. small	40	10	40	-	10	700 pieces (100000\$)	10.000\$
7 small	25	15	35	10	15	1500 pieces (30000\$)	4500\$

8 small	25	35	20	10	10	90000\$	31500\$
9 small	30	30	20	20	-	confidential	-
10 middle	25	45	20	10	-	confidential	-
11 middle	25	10	45	10	10	25000 pieces (1250000\$)	12.500\$
12 middle	20	10	30	30	10	2100 pieces (210000\$)	21.000\$
13 middle	20	25	25	10	20	30000 pieces (around 1.5000.000\$)	375.000\$
14 middle	20	30	20	10	20	100000pieces (7.000.000\$)	2.100.000\$
15 middle	30	10	10	10	40	confidential	-
16 small	50	30	20	-	-		-
17 middle	20	30	30	-	20	50000/10000 \$	30.000\$
18 small	30	30	30	10	-	150000 usd (production 50000\$)	45.000\$
19 small	20	25	15	20	20	152000\$	38,000\$
20 middle	50	5	25		5	100000\$	5.000\$
21 small	50	10	30	5	5	70-80000usd	8,000\$
22 small	15	30	15	20	20	140000\$	42.000\$

average		22,4					
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Average design VA for *medium-sized companies*: $2.858.500/10=285.850\$$ x # of companies in the sector = 56.598.300\$

Average design VA for small-sized companies: $181.000/8 = 22.625\$$ x412 =9.321.500\$

Total estimated value of design Ukrainian apparel industry (SME) : 65.919.800\$

Total volume of SME production: 34.88mln \$

Total value garment production: \$313.7mln

Value of design: total design value /total value production = 21%

- for medium-sized enterprises average is \$56,6mln of 270.38mln which is **21%**
- for small-sized enterprises: \$9.3mln of \$72.5mln which is **12.8%**.

Share of design of women clothing in GDP: $US\$65.9mln/US\$109.32bln \times 100\% = 0.06\%$ or around 0.1% of GDP of Ukraine.