

Bulgaria – the best opportunities and advantages in Apparel Industry

May 2011

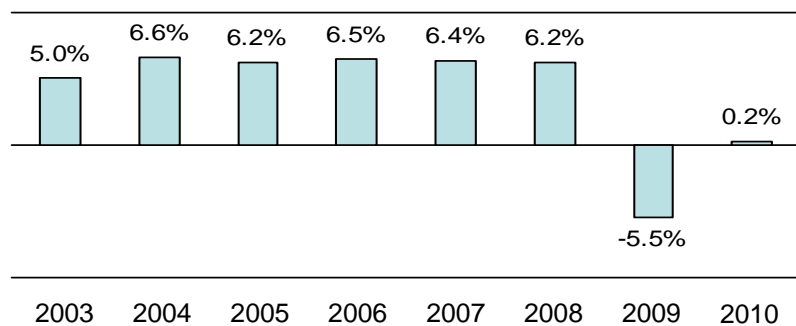
Bulgaria - the most stable political and economic environment in Southeastern Europe

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

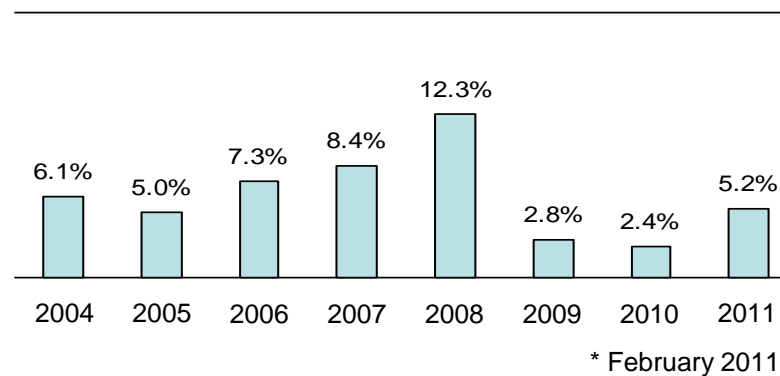


Bulgaria - macroeconomic indicators

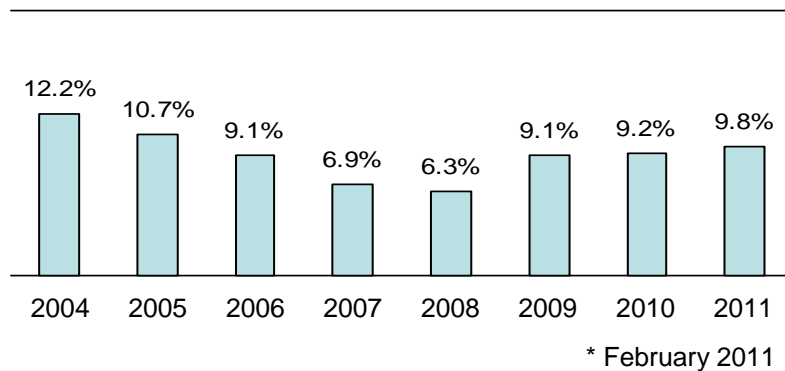
Real GDP Growth



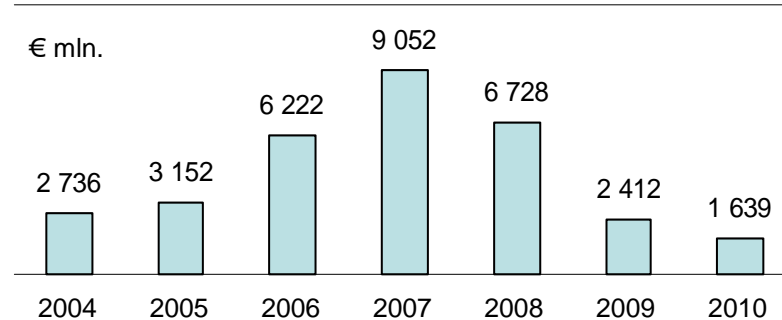
Inflation



Unemployment

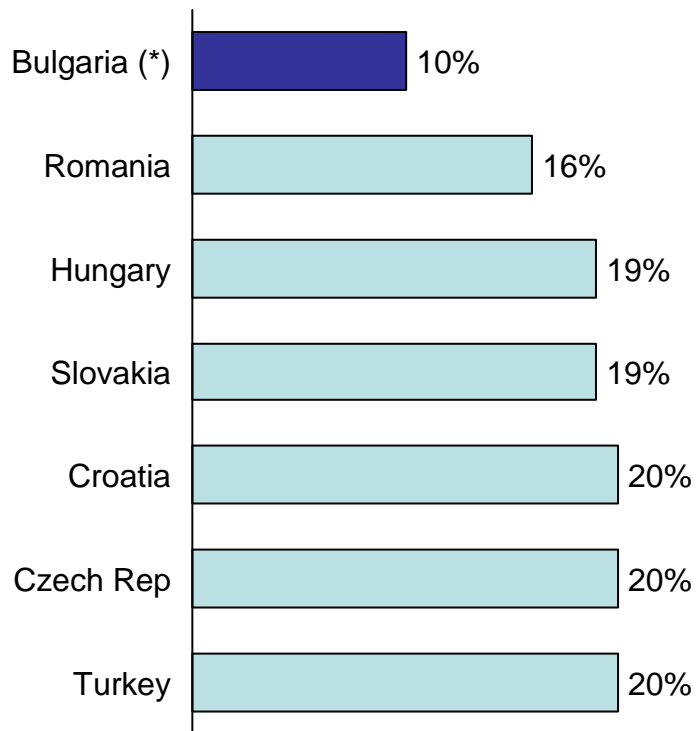


FDI Inflow



Bulgaria - taxes and labor costs

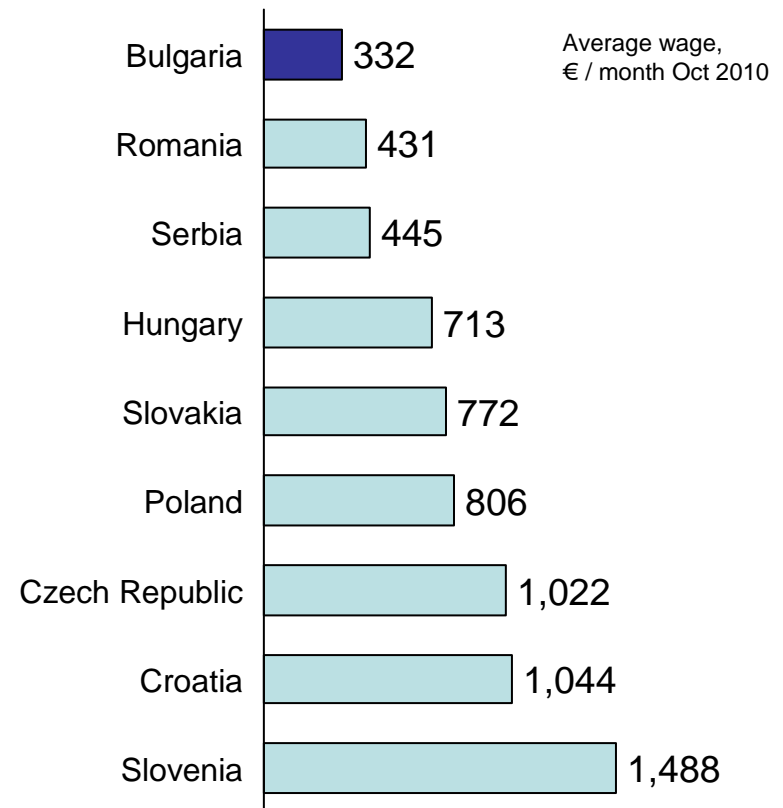
Lowest corporate income tax rate in Central / Eastern Europe



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

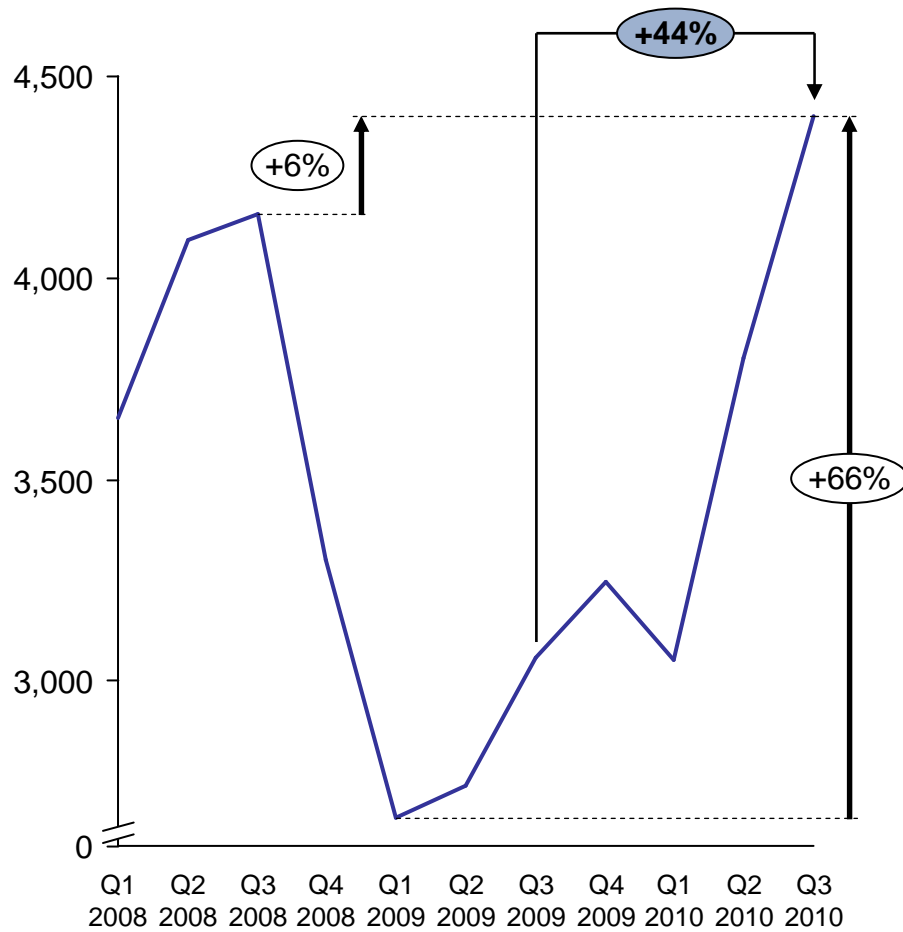
Source: Eurostat

Most competitive cost of labor in Central / Eastern Europe

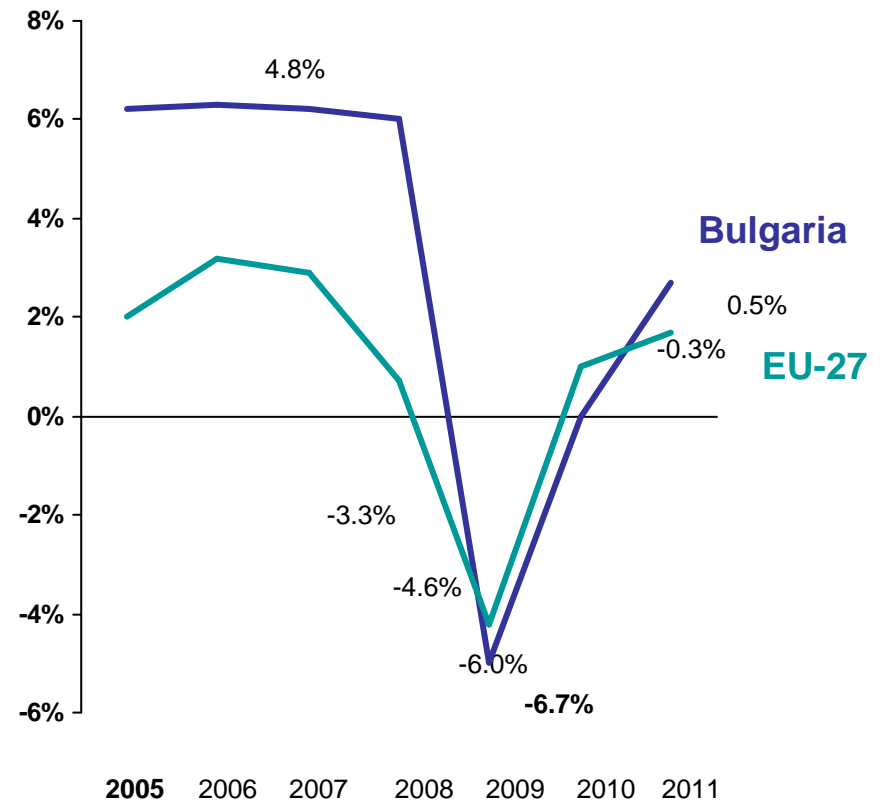


Bulgarian economy - rapidly exit from the crisis

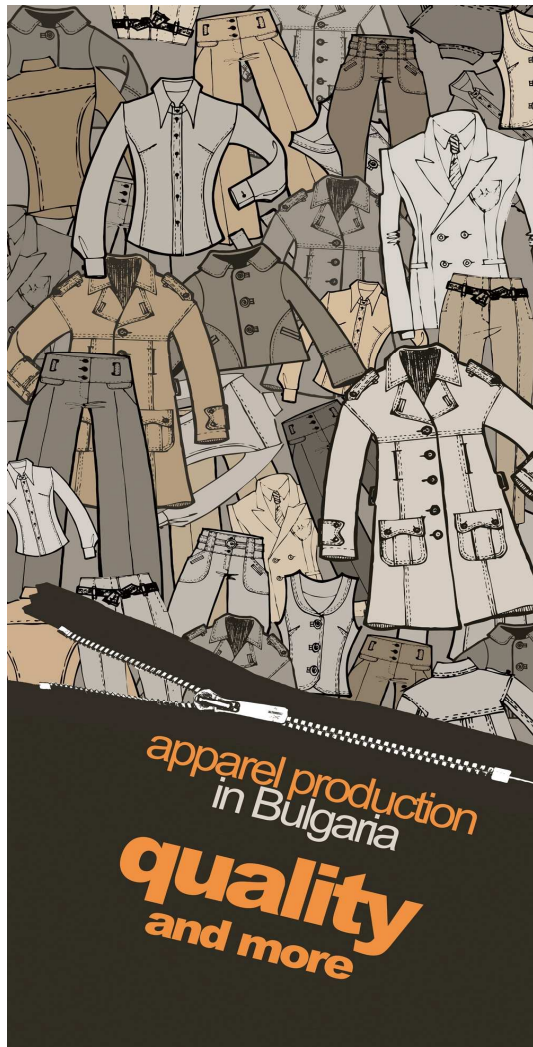
Exports (€ mln.)



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



Apparel and Textile industry in Bulgaria



Source: National Institute of Statistics, BAATPE

- About 2500 active companies
 - 72% produce to middle price segment
 - 24 % produce to high price segment
 - 40 % of the companies work on commission
- More than 90% are SMEs
 - 113,260 employees
 - represents 5% of the total number of the employees in Bulgaria
 - 19,3% of the people employed in industry
- 9.8 % of the total Bulgarian export (2010)
 - The average wage is higher by 8.8% compared to 2009
 - The major part of apparel production in Bulgaria has been manufacturing to order
 - The internal market realizes about 5.3% of production
- 90 % export to the EU countries
- Very price-competitive as a CM/CMT producer of garments: trousers, suits, overcoats, shirts.

Export and Import - 2010



- **Main countries of export**

Italy- 24%
Greece -13%
U K - 4%

Germany- 23%
France - 9%
Spain - 3%

- **Main countries of import**

Italy- 23%
Germany - 15%
France - 7%

Greece-16%
Turkey - 13%
Austria - 3%

Increased import for 2010 compared to 2009
- 10.8%

Increased export for 2010 compared to 2009
- 6.7%

European Brands traditionally produced in Bulgaria :



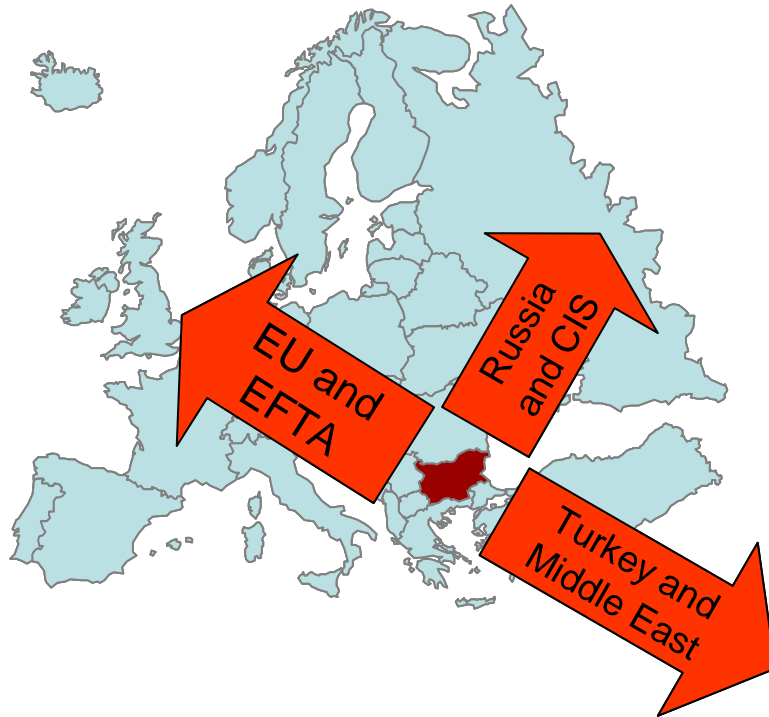
Max Mara, Vivienne Westwood, Sonia Rykiel, Roy Robsan, Lise Charmel, Chloe, Givanshi, Stanbridge, Barbour, Mariella Burani, Chacok, Tom Tailor, Moncler, Laura Biagoti, Tara Jarmon, Cotelac, Iceberg, Lacoste, Hugo Boss, Escada, Joop, Rosner, S'Oliver, Gary Weber, Strenesse, Betty Barclay, Strelson, Pierre Cardin, Herliher, Bogner, French Connection, Mason's, Guess, Naf Naf, Esprit, Duvetica, Liu Jo, and more.

Leading investors have chosen Bulgaria

- Bulgaria is Europe's quick response solution. Bulgarian firms are rapidly developing the internal capabilities to manage all aspects of their supply chains to European partners, including sourcing, design, transport/logistics and own branding. These capabilities, combined with Bulgaria's strategically favorable location, make working with Bulgaria a critical and valuable component to your company's strategy.
- Furthermore the official presence and during investments, made by so many foreign companies in Bulgaria, attests to the credibility of the Bulgarian producers responsibility and quality of work.
- Foreign investments like those of the Italian groups Miroglio (in yarns and fabrics production) and Kalcedonia (underwear), Austria (sportswear), the Turkish Maser Holding (knitted fabrics), the British company Coats (sewing thread) and the German company Rollmann & Partner Fashion Management (men's wear) all enhanced the quality level and internationalisation of the sector.



Bulgaria is Europe's quick response solution



Advantages for producing in Bulgaria:

- Flexibility, possibility for production in small series
- Comparatively good technological equipment
- Proximity to markets and suppliers of materials
- Reliability and quick deliveries
- Experience in working with Western markets
- Still competitive labour expenses and prices
- High quality
- Highly-skilled labor force
- Consistent reliability
- Bulgaria is Europe's quick response solution

Bulgarian Association of Apparel and textile Producers and Exporters

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



Bulgarian Association of Apparel and Textile Producers and Exporters (BAATPE)

**Your professional partner
in Bulgaria!**

www.bgtextiles.org