

Clothing Europe:  
Comparative Perspectives on Trade Liberalization and Production Networks  
in the New European Clothing Industry

October 15-16<sup>th</sup> 2004

**Conference Outline**

On October 15-16<sup>th</sup> 2004, the Center for Slavic, East European, and Eurasian Studies, the Center for European Studies and the European Union Center, and the University Center for International Studies will host an international workshop and conference on the European clothing industry. The workshop and conference will bring together researchers studying trade liberalization and production networks in the global clothing industry with policy makers and other stakeholders from government, NGOs, and industry, to explore the changing patterns of production and trade in Central and Eastern Europe, and the roles played by national and **EU** institutions and markets in these changes as the industry adjusts to EU accession and the pending completion of the integration of clothing into the WTO on January 1, 2005.

The workshop and conference will be organized around four key issues related to industrial and regional restructuring in the clothing industry, and will focus regionally on the new and pending EU accession states of Central and Eastern Europe. Participants will pay particular attention to the ways in which locally and regionally specific institutions, legacies, and norms make a difference in how the post-socialist European clothing industry is being inserted into pan-European and global production networks. The conference will also develop comparative perspectives on these issues with presentations and papers on the consequences of liberalization and industrial change for the North Carolina (and U.S.) textiles and clothing industry, in order to better understand the comparative dimensions of change in the clothing industry and to compare lessons for communities at various sites in the apparel production chain.

(i) Trade Liberalization and New Geographies of Integration

A key consequence for apparel producers of trade liberalization in both Western European and North American markets has been the intensification of competitive pressure, a re-balancing of price, quality, and delivery time, and the increasing pace of further off-shoring of production, plant closure and loss of employment in the core economies. Alongside, and in part driving these changes, there has also been a series of very significant changes in the trade regulatory

environment within which global apparel production occurs. Three of the most important of these regulatory changes have involved a wholesale liberalization of the apparel sector and a concomitant further global restructuring of apparel production and trade – the World Trade Organization’s Agreement on Textiles and Clothing, the European Union’s liberalization of its trade regime with the former communist countries of East-Central Europe, and the North America Free Trade Agreement (NAFTA). In this part of the workshop and conference we will focus on comparative perspectives on the consequences of these changing and overlapping trade regimes for the regional structure of sourcing, production, and trade in core producing regions and in newly emerging centers of production.

#### (ii) The Role of the European Union

An important driver in these changes in Europe has been the role of the European Union in managing and regulating the emerging trade flows in clothing. EU outward processing agreements from the 1980s to the present, along with associated customs agreements and tariff reductions, were the trigger and impulse for what is now generally referred to as the delocalization of the European textiles and clothing industries. EU producers and retailers have out-sourced production to Eastern Europe under protective customs arrangements that have encouraged extra-EU assembly operations. A major strategy for increasing the cost effectiveness of EU industries in a time of increasing global competition, this out-sourcing has transformed the geographies of production and trade in Europe and North Africa. EU liberalization strategies were adopted much earlier than other major importing regions and states and, as a result, EU producers and retailers were able to extend their production networks to integrate central and east European producers, especially and quickly after 1989. In this part of the conference we will focus attention on the specific institutions and practices of the EU in shaping the new production and trade networks.

#### (iii) Competitive Pressures, Technical Upgrading, and Regional Production Networks

On January 1, 2005 the Multi-Fibre Agreements end and the ATC will be fully integrated into the WTO. All quantitative quotas on clothing imports into major markets will end, with enormous consequences for the economic viability of peripheral producers and core region producers alike. Much discussion of this globalization of apparel has focused on the decline of production in core producing regions and the emergence of low cost Asian, increasingly Chinese, producers. In this part of the workshop-conference, we will focus on comparative examples of

delocalisation, regionalization, and globalization strategies in the clothing industry, and assess the short-middle term viability of flexible, quick-response, high-quality suppliers in locations close to major markets, such as Central and Eastern Europe. Emphasis will be placed on understanding the roles played by locally specific conditions, such as historical legacies, national markets, and labor market norms in shaping the ways in which the apparel industry has been incorporated into broader European divisions of production. Specific attention will be devoted to the role of information technologies, communications, and technical upgrading in the industry.

#### (iv) International Standards, Company Codes of Conduct, and Fair Trading Initiatives

Competitive pressure and market demands have also created new imperatives for fair trade and clean production in newer sourcing regions. This is particularly evident in Central and Eastern Europe. While CleanClothes campaign, Anti-Sweatshop groups, and other monitoring groups like the US WRC and FLA have variously expressed concern about working conditions in factories producing for major European and US retailers, government, EU and retailers have also been increasingly tying contracting to the upgrading of conditions and quality in the factories with which they work. In this part of the workshop-conference, we will focus on the changing roles of what Gary Gereffi has called the 'NGO-Industrial Complex' to assess the growing importance and effectiveness of international standards, NGO oversight, and company codes of behavior.

#### (v) Outsourcing, Job Loss, and Community Response: Rethinking Adjustment

Research and policy dealing with value chains in the apparel industry have, for the most part, adopted firm centered approaches to industrial change and state centered approaches to economic adjustment. These issues will be recurrent themes throughout the workshop, but presentations on Friday afternoon and the final session on Saturday will be specifically devoted to ways in which research and policy discussions on global apparel value chains might take different points of entry. One session will be devoted to comparative analyses of the ways in which communities experiencing plant closure and job loss have adjusted and are adjusting to the consequences of international apparel sourcing. Examples will be drawn from EU regions and North Carolina, and invited participants will include state and community level policy makers and industrialists. The final session of the workshop will focus on ways of rethinking value chains that locate labor and community dynamics more centrally in the analysis of industrial change. Presenters and participants will be encouraged to frame sharp research and policy questions with which to move

forward our understanding of and responses to liberalized trading regimes and globalized value chains.

*Organizers: John Pickles (UNC), Meenu Tewari (UNC), Gary Gereffi (Duke), Adrian Smith (Queen Mary College, University of London)*