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**PATTERNS OF SUCCESS IN THE PRODUCTION
AND EXPORT OF CLOTHING:
A CASE STUDY FROM PALESTINE**

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Patterns of Success in the Production and Export of Clothing

A Case study From Palestine

Presented by Mr. Hani Abdel Masih, President, Union of Palestinian Textile Industries.

The expert Group Meeting on Enhancing Competitiveness of Exports of Textiles and Clothing in the ESCWA Region in light of Globalization and WTO Agreement.

Beirut, 3 - 5 November 1999

This case study from Palestine will be describing a successful pattern of co-operation between a Donor agency (Namely SIDA of Sweden) and the Private sector. This co-operation which was on a pilot project basis resulted in the exports by one Palestinian company of \$500,000.- worth of knitwear exports to a retail chain in northern Europe.

Introduction:

The Palestinian Textile Industry has a long tradition. Until 1967, it was relying on trading with the Arab World, especially Lebanon, Syria and Egypt. The West Bank was administered by Jordan, and was then exporting to the previously mentioned countries, a "made in Jordan" product. Gaza was then administered by Egypt. Trade relations, on the company level, was satisfactory.

Due to the Israeli occupation, the horizons for the Palestinian industry were open. Since the market was wide open to the Israeli consumers, and subcontracting for Israeli exports started rather early after the occupation. This allowed the Palestinian industry to develop, but with limitations. The ceiling for the development, was put in such a way as to serve the Israeli interests, and discourage the Palestinian manufacturer from becoming independent. The idea was to use the cheaper Palestinian labour force, giving the Israeli product the competitive edge enabling it's own industry to export to the world.

By the beginning of the Intifada in 1987, the development of the Palestinian textile sector had come to a halt, and it was only after the coming of the Palestine National Authority, that real progress was put into the foreground. By then the Palestinian industry woke up to see that the world had surpassed it, that they cannot work independently any more. This came with the entry of Israel into the WTO, offering the textile and garment sector as it's entry ticket. soon the application of the multy fibre agreement will come into being, and we are working very hard to place ourselves in the world map as garments and textile exporters.

In an experiment with one of the medium size enterprises in Beit Sahour, in the Bethlehem region, who have successfully gone into the experimentation with export, with the assistance of a joint project between SIDA, the Swedish international development agency and the Palestinian Fashion & Textile institute for the benefit of the Palestinian private sector.

Description of the project:

- 1- The project was based on identifying the right sub-sector, in this case, the Palestinian circular knitwear sub-sector was believed to be the most potentially competitive.
- 2- The project then analysed the strengths and weaknesses of the sub-sector; interfering to change the weaknesses into strengths.
- 3- Contacts were made with potential buyers by the Sida consultants.
- 4- Quality and productivity issues were directly controlled.

The Identification of potential partners:

Together with the assistance of the Palestinian Fashion & Textile Institute in Beit Sahour, the consultant from SIDA could identify six potential partners for the pilot project experiment. All participants are in the knitwear sub-sector, a sub-sector with the biggest potential of success within the Palestinian textile and clothing industry.

After having identified the most potentially competitive sub sector, work started by evaluating the capabilities of the six manufacturers. Samples of their production were sent for lab tests to gauge quality. Evaluation of personnel was carried out, management capabilities were checked and a cost per minute as well as a productivity analysis were carried out.

Eventually all six were given the possibility to send samples to a prospective buyer. One company eventually received more requests for samples and eventually an order.

Justification:

- 1- The results from lab tests were the best, shrinkage was within the 3% allowed, the colour bleeding was negligent and the colour fastness was good.
- 2- The fact that the Manufacturer had good technical management in knitting and dyeing.
- 3- Together with assistance from the Fashion & Textile Institute work was done to upgrade the sewing work force.
- 4- The price issue was solved by raising productivity, and allowing for long term planning, while maximising the use of facilities.

Buyer's assesment:

- 1- The lab tests (done in Sweden) showed very good results and encouraged the buyer to place a test order.
- 2- The fact that this was a development project based on sound business practice, and good contact reference in both Sweden and Palestine, gave confidence to the buyer.

- 3- the knowledge of the consultants of the market in Sweden.
- 4- The price, and the on time delivery of the test order were instrumental in gaining confidence.
- 5- The willingness of the producer to keep up with making a big number of samples before the order was placed. All these samples were tested by the buyer and held the promised quality.
- 6- The prompt answering of enquiries by fax or email.

Financing:

Proper working capital financing is of utmost importance in securing the orders and making sure that delivery can be on time.

Banks should be always ready to accept a L/C as collateral, and provide the manufacturer with the badly needed capital, fast.

Logistics:

Container transport from Israeli ports was arranged for both yarn import and export to European ports, extra time was baked into delivery dates to circumvent Israeli security checks that normally take a few days either way.

Technical support:

The Fashion & Textile Institute provided technical support for the manufacturer in terms of higher productivity and putting in place a quality control system. A network of subcontractors were found to help in the on time delivery.

The outcome:

After having succeeded in delivery, the road was now open for other manufacturers to follow. The successful formula was now adopted by the Union of Palestinian Textile industries and is being implemented in other sub-sectors and more producers in the same sub-sector.

The development of our industry has no other effective way than to show the producers the light at the end of the tunnel. Otherwise, we could have been still asking them to become better, but without showing the way, and without giving them a clear objective.

I am sure that you would agree that without a clear goal, no manufacturer would or could develop the way they should.