

TRADE OPPORTUNITIES in FRANCE

**FOR UKRAINIAN ENTERPRISES
IN THE LIGHT INDUSTRY**

PART I: OVERVIEW OF THE FRENCH ECONOMY - 2018

France's economy is the seventh largest in the world and represents around one fifth of the EU area gross domestic product (GDP). Currently, services are the main contributor to the country's economy, with over 70% of GDP stemming from this sector. In manufacturing, France is one of the global leaders in the automotive, aerospace and railway sectors as well as in cosmetics and luxury goods. Furthermore, France has a highly educated labor force and the highest number of science graduates per thousand workers in Europe.

While household consumption slowed in 2017 and early 2018 (+1,3%) It is expected to bounce back slightly for the full year as a result of the rebound in purchasing power in the second half, investment spending is accelerating significantly (+5,6%). Exports (+4,4%) accelerate faster than imports (4%), so that the contribution of foreign trade to real GDP growth again becomes slightly positive. Nevertheless, the trade deficit is increasing in value because of the rebound in oil prices. The purchasing power of household gross disposable income is slowing because of the acceleration of prices. The household savings rate is increasing slightly, while the margin rate of non-financial corporations is stable at 31.9%.

Additionally, France is the most visited country in the world, making tourism a prominent sector in the economy. In 2017, France welcomed nearly 89 Million tourists.

GDP growth

In 2017, activity accelerated sharply in France: gross domestic product (GDP) in constant euros rose by 2.2%, after + 1.2% in 2016 and + 1.1% in 2015.

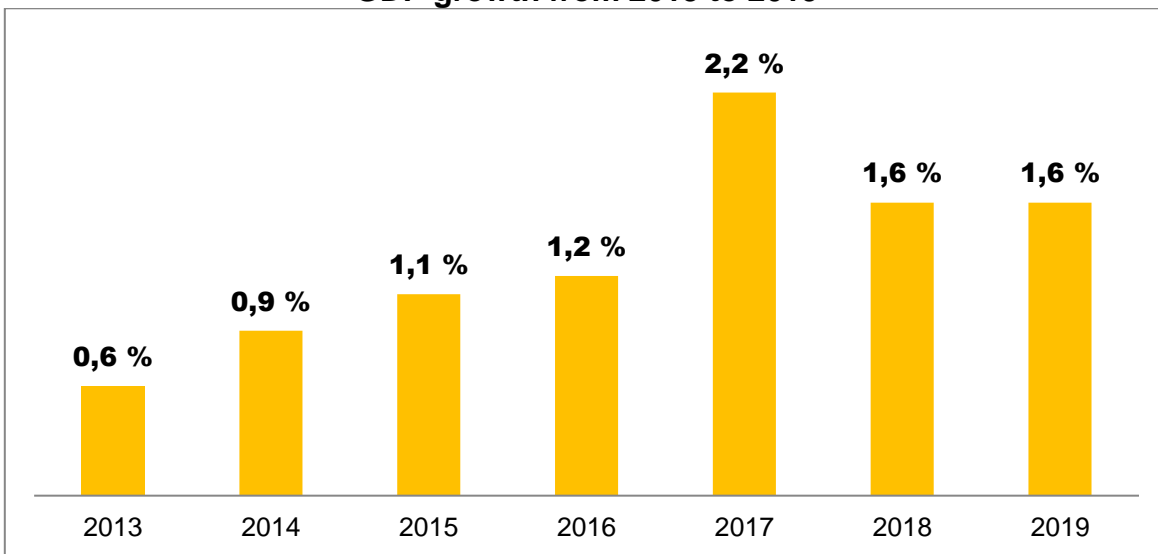
The International Monetary Fund has lowered its growth forecast for GDP to 1.6% for 2018 and 2019 in its latest global economic outlook published on Tuesday 9 October. This new forecast for France corresponds to a decrease of respectively 0.1 and 0.2 percentage points compared to that previously established by the Fund in July.

For the International Monetary Fund, which is aligning for the current year on the forecasts of INSEE, the OECD and the Bank of France, the slowdown in growth "reflects a more moderate external demand. The trade war raging between the United States and China is also a shadow on the picture of the world economy, also stressed the IMF.

The International Monetary Fund hailed France's economic recovery as "impressive".

The International Monetary Fund also gives satisfaction to the French government for the reforms already carried out or in progress. France's plan to reduce its public spending is a welcome step, while the country is part of the IMF according to those in the euro area who must take advantage of growth currently above its potential to long term to create tax room for maneuver. The IMF also congratulates the French government for taking steps in the right direction to improve the flexibility of its labor market and, more recently, taking legislative steps to better match the skills of its workforce with business needs.

GDP growth from 2013 to 2019

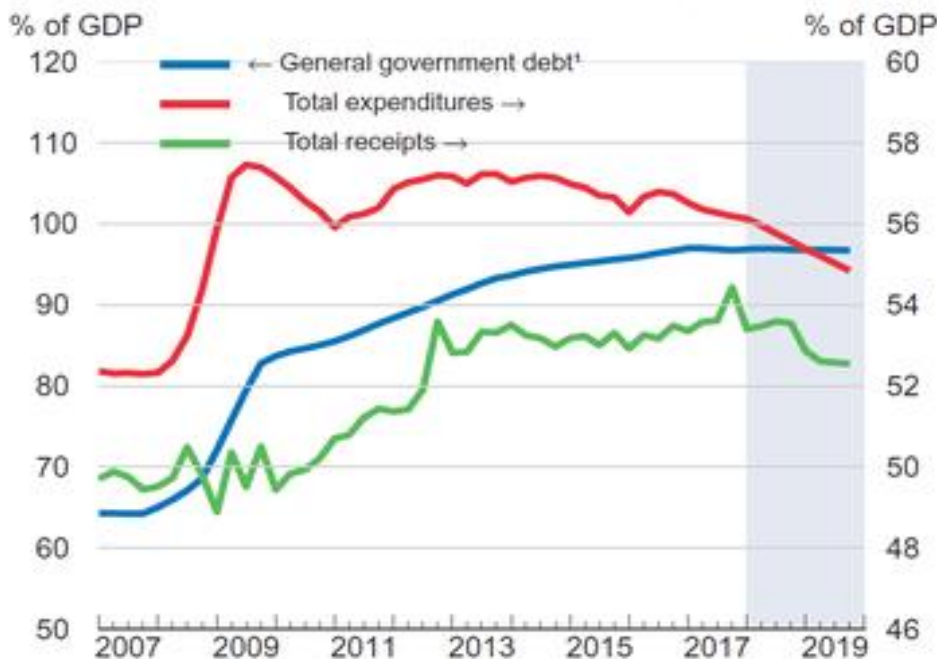


Source: Insee

Public debt will remain high

At the end of the fourth quarter of 2017, public debt stands at € 2,218.4 billion. It increased by € 65.9 billion in 2017, after an increase of € 51.3 billion in 2016. Expressed as a percentage of gross domestic product (GDP), public debt stands at 97.0% of GDP. France is now unable to repay it without drastic cuts in public spending.

Public debt evolution



Source: OECD Economic Outlook

Foreign Trade (Source DG Trésor)

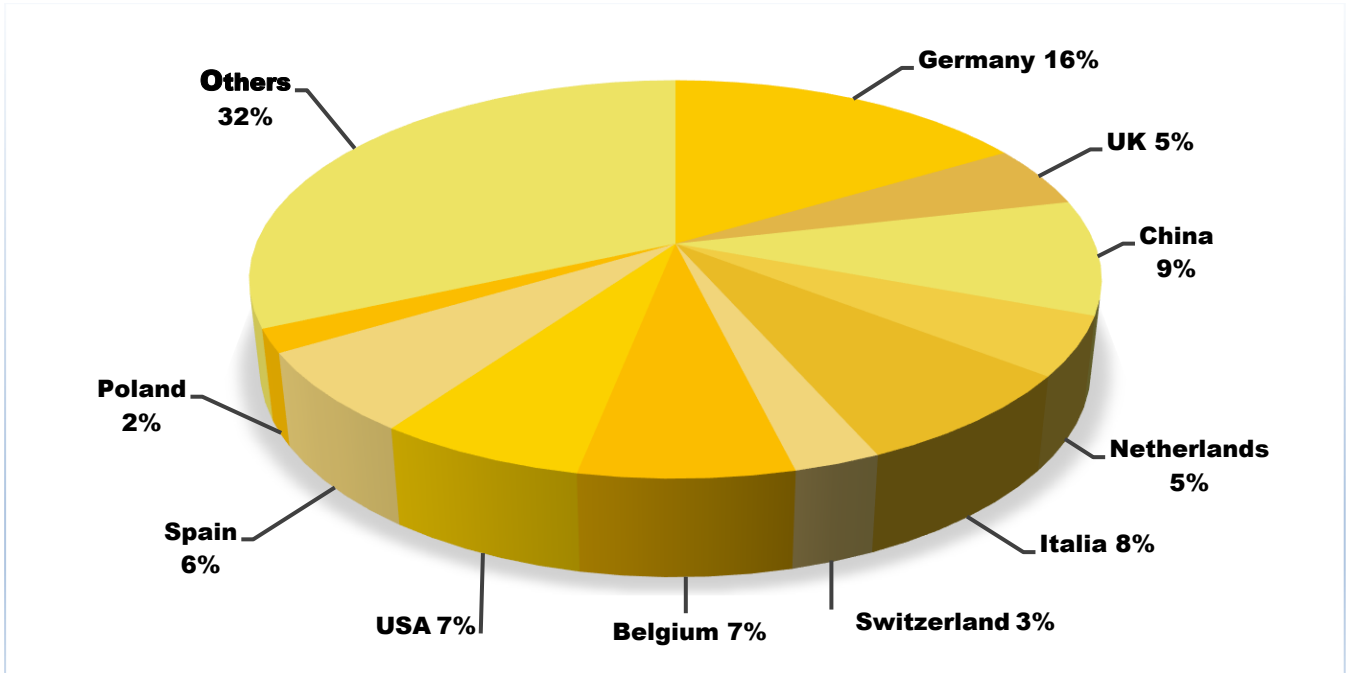
France's market share in world trade has stabilized overall since 2012, at 3.1% for goods and 3.5% for goods and services.

Despite the solid export growth, the trade deficit deepened in 2017:

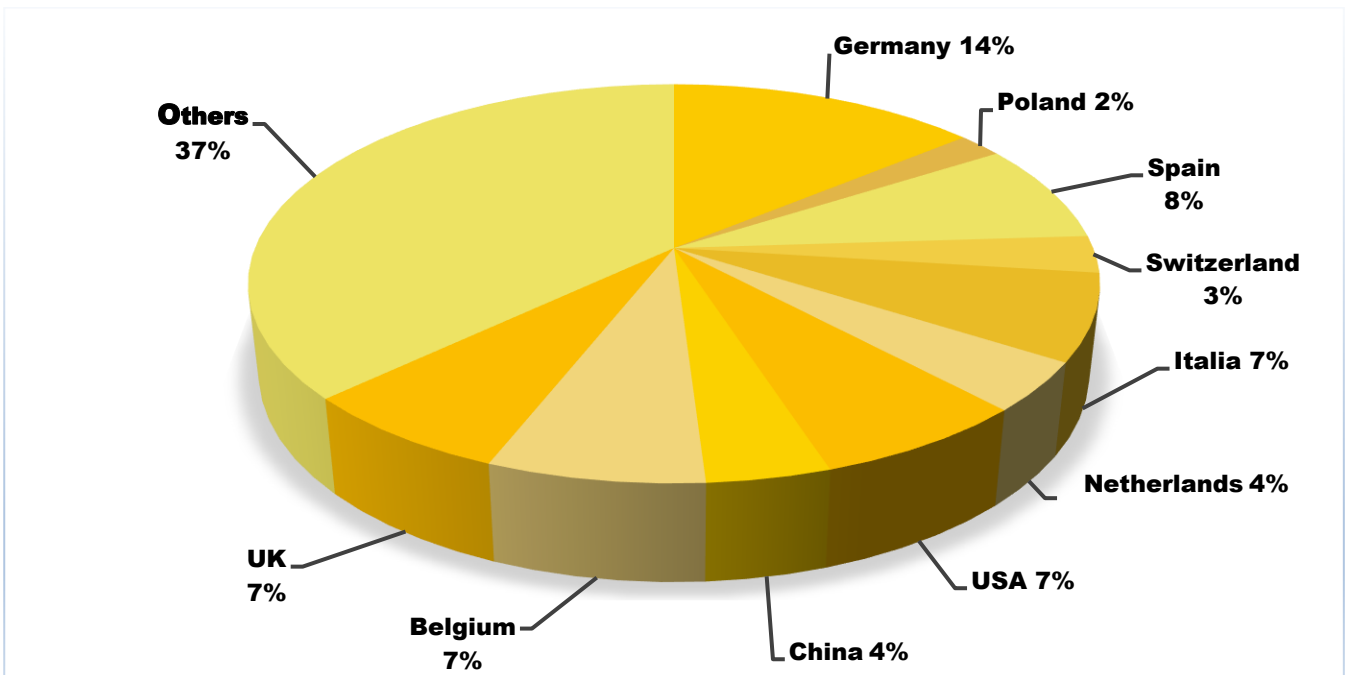
- The deficit on goods and services reached €38.3 billion; the deficit on goods reached €62.3 billion.
- Imports of goods = 535,5 bn€
- Export of goods = 473,2 bn€
- After a year close to balance in 2016, services show a surplus: +5,4 bn€ thanks to the good performance of the touristic sector
- +4.5% Growth in export values of goods
- Exports of chemicals, vehicles and agri-food products perform well but the higher energy bill impacts the trade balance
- France has a trade surplus vis-à-vis the Americas, Africa and the Middle East
- The number of exporters remains stable in 2017 at 124 057
- The variation in exports between 2016 and 2017, in €billion for textile was +1,1 bn€
- The variation in the trade balance between 2016 and 2017, in €billion was +0,2 bn€

France's closest trading partner is Germany, which accounts for more than 14,5% of France's exports and 16,4% of total imports.

MAIN IMPORT COUNTRIES



MAIN EXPORT COUNTRIES



Source : DG Trésor

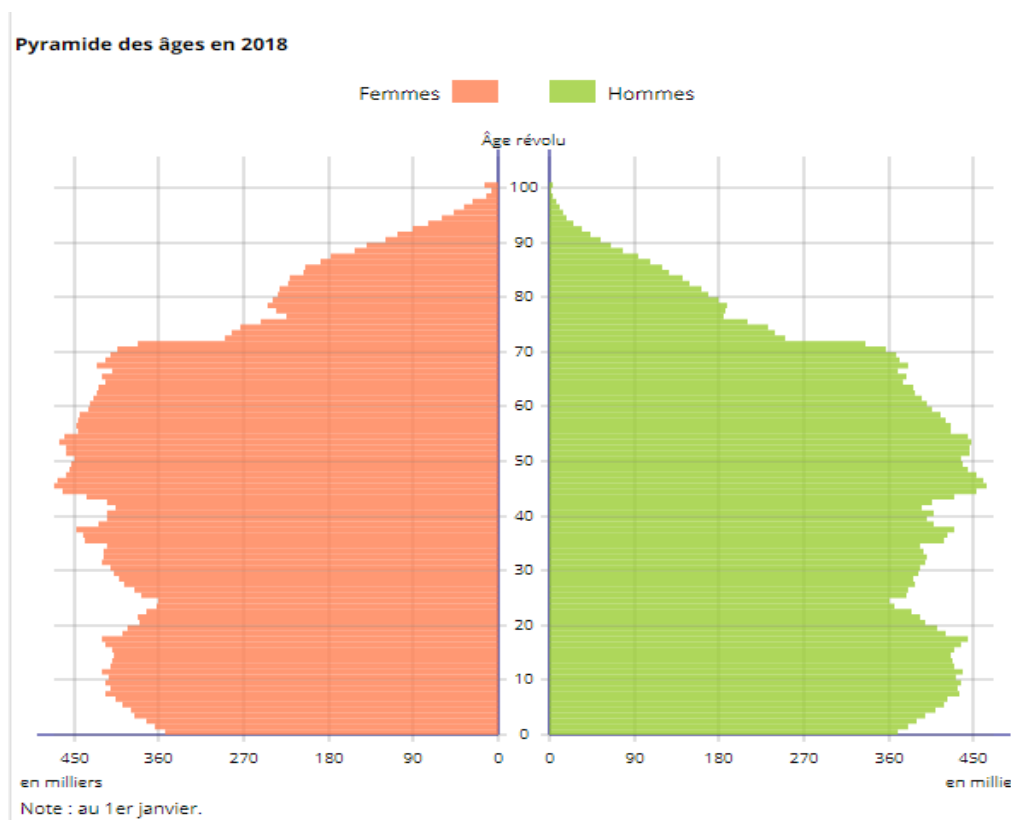
POPULATION

Among the strengths of France, there is its demography: unlike other countries, such as Japan or even Germany, the French population continues to increase from one year to the next, thanks to the combined effect of birth and immigration.

As of January 1, 2018, France counts 67.187 million inhabitants, of which 65.018 million live in the metropolis. It is ranked at 21st position by population of 196 countries 122 people per km². During the year 2017, the population grew by 233,000 people, an increase of 0.3%. As the previous years, this increase is mainly due to the natural balance, + 164,000 people in 2017. Net migration is estimated at 69,000 people. The population continues to increase, but more moderately than previously: between 2008 and 2013, growth population was + 0.5% per year, then + 0.4% per year between 2014 and 2016, and lastly, + 0.3% per year in 2017. In France, life expectancy is 85.3 years for women and 79.5 years for men.

Age Pyramid in 2018

(Femmes = Women and Hommes = Men)



Source: INSEE(<https://www.insee.fr/fr/statistiques/2381472>)

With the lengthening of the lifespan and the advancing age of the baby boom generation, the aging of the French population continues.

Population by age group and sex in % (1st of January 2017)

| | Men | % | Women | % |
|-------------------|------------|----------|--------------|----------|
| Total | 32 038 765 | 100,0 | 34 151 515 | 100,0 |
| 0 to 14 years | 6 210 679 | 19,4 | 5 937 023 | 17,4 |
| 15 to 29 years | 5 936 644 | 18,5 | 5 850 417 | 17,1 |
| 30 to 44 years | 6 252 666 | 19,5 | 6 427 671 | 18,8 |
| 45 to 59 years | 6 447 533 | 20,1 | 6 731 761 | 19,7 |
| 60 to 74 years | 4 871 960 | 15,2 | 5 411 742 | 15,8 |
| 75 to 89 years | 2 127 397 | 6,6 | 3 246 284 | 9,5 |
| 90 years and more | 191 886 | 0,6 | 546 617 | 1,6 |
| 0 to 19 years | 8 281 955 | 25,8 | 7 900 808 | 23,1 |
| 20 to 64 years | 18 524 672 | 57,8 | 19 175 475 | 56,1 |
| 65 years and more | 5 232 138 | 16,3 | 7 075 232 | 20,7 |

Source: INSEE

According to the 2015 census, France had 42 cities with more than 100,000 inhabitants.

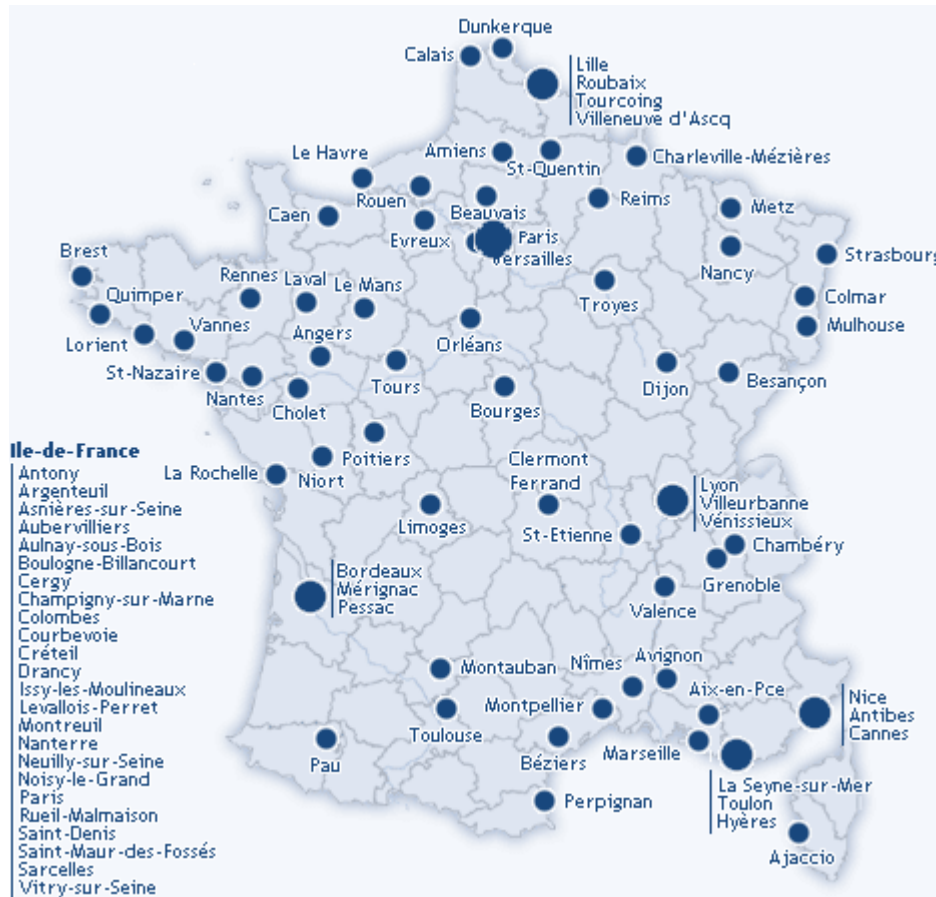
The ten largest French cities in 2015

| City | Inside population | Urban Area |
|-------------|--------------------------|-------------------|
| Paris | 2 206 488 | 12 532 901 |
| Marseille | 861 635 | 1 752 398 |
| Lyon | 513 275 | 2 291 763 |
| Toulouse | 471 941 | 1 330 954 |
| Nice | 342 522 | 1 005 891 |
| Nantes | 303 382 | 949 316 |
| Montpellier | 277 639 | 599 365 |
| Strasbourg | 277 270 | 780 515 |
| Bordeaux | 249 712 | 1 215 769 |
| Lille | 232 741 | 1 184 708 |

Source: INSEE (<https://www.insee.fr/fr/statistiques/3303318?sommaire=3353488>)

France has 28.8 million households. These are getting smaller and smaller: they average 2.2 people, compared with 2.4 in 1999. More than a third are one person, a third of two people and barely a third of three people or more.

Main French cities



Source : <http://www.cartesfrance.fr/geographie/cartes-population/principales-villes-francaises.html>

Shortage of qualified manpower increases

Barriers to recruitment are intensifying. According to a recent OpinionWay survey, more than half (52%) of small and medium-sized businesses faced recruitment challenges for highly qualified profiles. And the differences between Paris and the other regions are very marked (27% against 60%). The increase in activity in 2017 led to a strong need for manpower. Despite a high unemployment rate and a still high number of job-seekers, companies are still struggling to recruit specific profiles.

After a period of crisis, the French textile sector, in full renewal, is facing a new difficulty: the lack of manpower.

Basic Economic & Trade statistics 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------|--------|--------|--------|--------|
| France Metropolitan Population (million) | 63,7 | 64,0 | 64,3 | 64,6 | 64,8 |
| GDP per capita (EUR) | 33 251 | 33 601 | 34 188 | 34 496 | 35 387 |
| GDP (EUR bn) | 2 118 | 2 151 | 2 198 | 2 227 | 2 293 |
| Economic Growth (GDP, annual variation in %) | 0,6 % | 0,9 % | 1,1 % | 1,2 % | 2,2 % |
| Domestic Demand (annual variation in %) | 0,5 | 0,8 | 1,2 | 2,0 | 2,0 |
| Consumption (annual variation in %) | 0,6 | 0,8 | 1,4 | 1,9 | 1,2 |
| Investment (annual variation in %) | -0,7 | 0,0 | 0,9 | 2,7 | 4,7 |
| Exports (G&S, annual variation in %) | 2,1 | 3,4 | 4,4 | 1,5 | 4,7 |
| Imports (G&S, annual variation in %) | 2,5 | 4,9 | 5,7 | 3,1 | 4,1 |
| Industrial production (annual variation in %) | -0,8 | -1,0 | 1,5 | 0,3 | 2,4 |
| Retail Sales (annual variation in %) | 1,8 | 1,7 | 3,6 | 2,9 | 3,7 |
| Unemployment Rate (in %) | 10,3 | 10,3 | 10,4 | 10,1 | 9,4 |
| Fiscal Balance (% of GDP) | -4,1 | -3,9 | -3,6 | -3,4 | -2,6 |
| Public Debt (% of GDP) | 93,4 | 94,9 | 95,6 | 96,6 | 97,0 |
| Inflation Rate (HICP, annual variation in %) | 0,9 | 0,5 | 0,0 | 0,2 | 1,2 |
| Policy Interest Rate (%) | 0,25 | 0,05 | 0,05 | 0,0 | 0,0 |
| Current Account (% of GDP) | -0,5 | -1,0 | -0,4 | -0,8 | -0,5 |
| Current Account Balance (EUR Billion) | -10,8 | -20,6 | -8,1 | -16,9 | -13,1 |
| Trade Balance (EUR Billion) | -43,0 | -42,7 | -28,9 | -34,5 | -48,2 |

FRANCE – UKRAINE TRADE (SOURCE DG TRÉSOR)

France an important trading partner of Ukraine

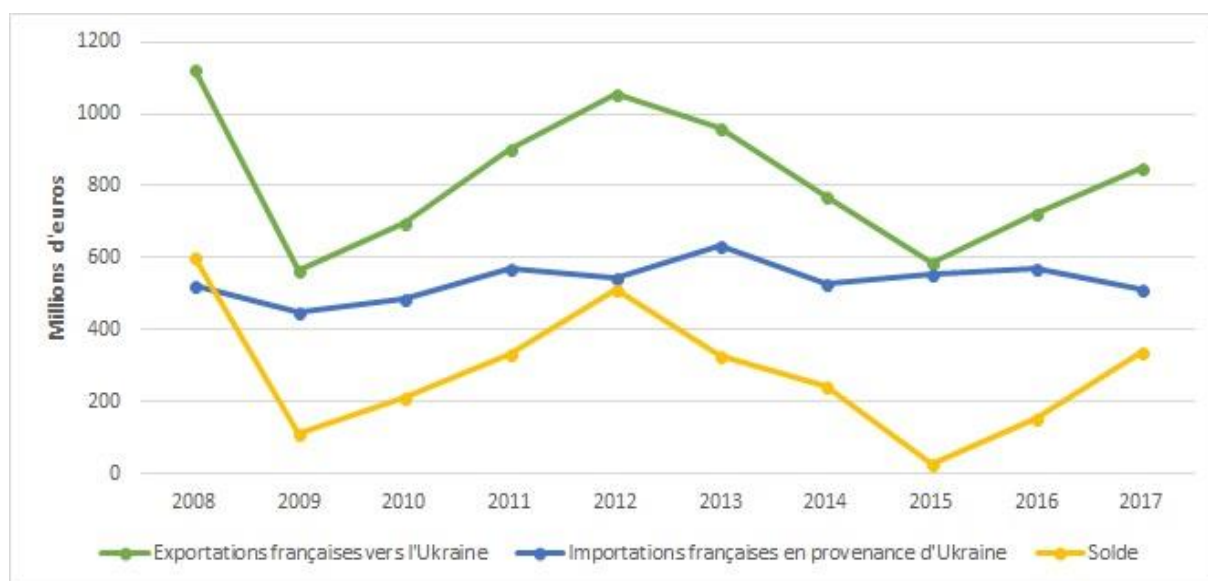
After registering a sharp slowdown following the sharp devaluation of the Ukrainian currency in 2014-2015, trade increased again in 2016 (+ 13%) and 2017 (+ 6%), reaching EUR 1.4 billion in 2017.

The commercial balance, which contracted sharply in 2015, has been progressing since 2016. It reached € 336 million in favor of France in 2017.

France is the world's 7th largest supplier to Ukraine with a market share of 4%. Among European countries, France is the third supplier of Ukraine, behind Germany (11% of market share) and Poland (7%).

Ukraine buys chemicals and pharmaceuticals, fuels, and transport vehicles in France. On the other hand, Ukraine sells to France residues and waste from the food industry (24.8%), fats and oils of animal or vegetable origin (27.9%), seeds and oleaginous fruits (13.8%), clothing and textiles (5.5%), and wood products (4.8%).

Evolution of French exports and imports to and from Ukraine in M€
(green= French exports, blue= French imports, yellow = trade balance)



Source: French customs

As of October 1, 2017 France is the 8th largest investor in Ukraine with the direct investment amount of 1355.6 million USD (up 4.7% from the beginning of 2017), that makes 3.4% of total foreign investment in Ukraine.

The main sectors of French investment: 64.5% - financial sector and insurance, 15.5% - retail trade, 13.9% - industry.

PART II: OVERVIEW OF THE FRENCH TEXTILE MARKET - 2018

1. France Fashion Country

The world of French fashion is a dynamic sector that mixes brilliantly different skills. Creation, technical know-how, industrial know-how, digital, value chain management and sales.

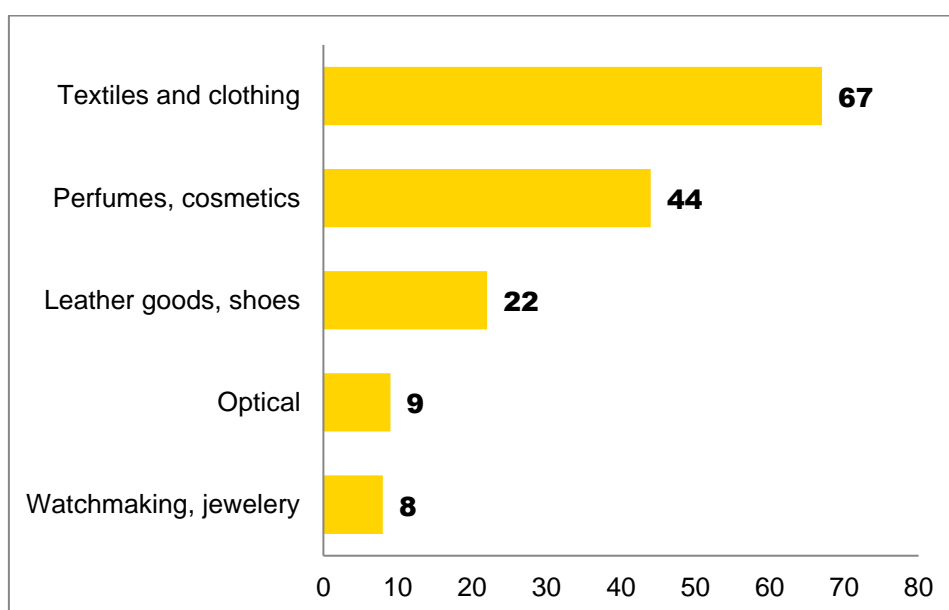
Key figures of the fashion economy:

- 150 billion euros in direct sales including 33 billion euros in exports made by the French fashion sector;
- 1 million jobs related to fashion and 580,000 direct jobs;
- The fashion sector represents 2.7% of French GDP.

At the center of the fashion industries, the textile and clothing sector is the most flourishing sector at present.

These figures show that the fashion sector and the textile industry are particularly important sectors. They have even more weight than the automobile sector or the aeronautics sector in the French economy.

Turnover of Fashion sectors in € billion



The importance of the economic benefits of Fashion Week

Fashion Week in Paris is one of the driving forces of the Parisian economy and more generally of fashion.

With the organization of more than 300 fashion shows a year highlighting French haute-couture or ready-to-wear brands, but also foreign brands (up to 50%), Fashion Week is a real hit. projector on this sector of activity. It represents more than 1.2 billion euros of economic benefits per year and it is also 10.3 billion commercial transactions.

2. Textile industry

The textile industry in France represents around 2,400 companies manufacturing yarns, fabrics and textiles for clothing, furniture or technical use.

Fashion and luxury are a major economic sector for the French economy. They contribute to the image of France in the world, while having beneficial spin-off effects on other activities, such as tourism and retail.

The fashion industries combine the know-how, quality and creativity of the products that are at the origin of the international reputation of these industries. It is an area where prestigious names in the luxury industry and industrial companies meet, whose products are located in different market segments (from standard products to luxury ready-to-wear).

The French luxury industry is a strategic industry for France, who is the world leader in this sector, with a high growth rate, a large surplus trade balance and significant development prospects both in France and abroad. Thus, out of 270 prestige brands in the world, 130 are French (source: FSI).

French textile exports and imports by category of products in 2017

| | EXPORTS | | IMPORTS | |
|---------------------------|-----------------|-------------|------------------|-------------|
| | Amount | % | Amount | % |
| Fibers & yarns | 756 M€ | 8,5 % | 1 040 M€ | 6,4 % |
| Fabrics & knitwear | 1 321 M€ | 14,8 % | 1 264 M€ | 7,6 % |
| Home Textiles | 562 M€ | 6,2% | 1 719 M€ | 10,4 % |
| Clothing, mesh & lingerie | 4 552 M€ | 51,0 % | 10 234 M€ | 62,0 % |
| Other Textiles | 1 743 M€ | 19,5% | 2 241 M€ | 13,6 % |
| TOTAL | 8 934 M€ | 100% | 16 498 M€ | 100% |

Sources : IFM / UIT

In the common language, the textile industry and the clothing or fashion industry are often one. But the sector is broken down into two parts (textile-upstream part and clothing-downstream) which correspond to very different trades whose industrial translations are today very dissimilar.

The French textile industry (upstream part of the sector) currently includes around 2,150 companies (850 of which have more than 10 employees) and employ 60,351 people. In 2017, after 40 years of decline, the number of employees increased by 3.6%. A strong recruitment demand persists for this sector, linked to retirements and labor shortages (production in particular).

Its 2017 sales amounted to approximately € 13.4 billion (+ 1.8% compared to 2016), including € 7.8 billion generated by technical textiles with 27,000 employees.

Its renewal is thus initiated by the diversification of historical SMEs into technical textiles and the development of new fibers: biobased fabrics, intelligent fibers capturing energy or collecting physiological data, clothes with healing or memory-based virtues, etc.

It has a network of innovative and successful companies supported by leading research laboratories (Claude Bernard University of Lyon ...), recognized engineering schools (ENSAIT), diffusion structures and technological platforms such as the French Institute of Textile and Technology. Clothing (CTI of the sector) or the European Center for Innovative Textiles.

France also has important assets: qualification of staff, mastery of materials, incorporation of technological advances. So many essential advantages to develop and market the textiles of the future, in France and abroad.

The State has been providing support to the sector since 10 years, notably with the establishment of textile competitiveness clusters, Techtera in Auvergne-Rhône-Alpes, Up-Tex in Hauts de France and Fibers-Grand'Est (now close to Energivie division) and the financing of nearly 60 R & D projects (via FUI's regular calls for projects) for a total amount of co-financing from local governments of nearly 80 million euros.

The industry must today respond to three profound changes in the world economy and highlights three strategic axes:

- Successful ecological transition by controlling and diffusing the use of bio-sourced and recyclable textile fibers;
- Exploit the opportunities offered by digital and nanotechnology revolutions through smart and innovative textiles;
- Develop the textile factory of the future, thanks to the new technologies of ennoblement and assembly / confection and to an optimal use of the digital tools.

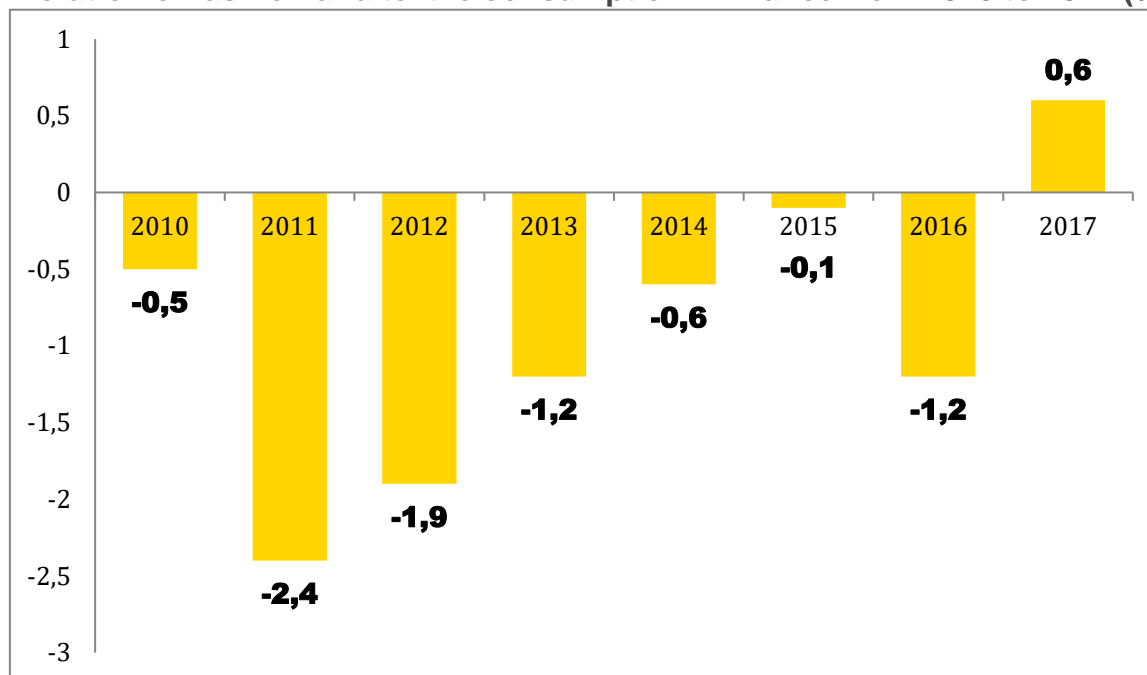
A label "**France Terre textile**" was officially launched on October 13, 2016. It is thus an alternative to the simple mention "made in France", guaranteeing the consumer more reliable and legible origin of the product. More than 60 companies (employing 5000 people) have been certified to date and the textile unions, initiators of the label (Eastern textile trade union, ITU, ITU North, Unitex) hope to reach the entire French textile industry.

3. Size of the clothing market

After nine consecutive years of decline, the clothing market in France is up 0.6% in 2017 to reach around € 28 billion after a drop of -1.2% in 2016.

This is a slight recovery for the sector's players, who have not seen a rise in the textile and clothing market for a decade. The year 2007 thus reported an increase of 2.2%. There had been nine years of hindsight.

Evolution of fashion and textile consumption in France from 2010 to 2017 (%)



Source : Panel distributors of the IFM.

The bipolarisation of the market has become even more pronounced, to the detriment of the mid-range. In ten years, customers have, by dint of cheap price, encouraged the signs to reduce their tariffs - even Kiabi and Zara played this bear game - and to multiply the promotions. This reduces the interest of sales: they represent only 20% of purchases against 27% for promotions. In a hypercompetitive market, jostled by Primark and its 5 euros average price and Amazon, which is very offensive in the textile too, labels have not finished falling.

To revive consumer interest, merchants are banking on new promotional events like Black Friday/ Cyber Monday or the promotions / private sales completed in 2017 helped to limit consumer interest in regulated sales periods.

Woman market

French women bought 12.7 billion euros of clothing in 2017, an increase of 1.2% in value, a first since 2008.

In quantity, purchases by French women rose by 2.9%, with several favored pieces: skirts, dresses (+ 9.8%), trousers (+ 3.5%), tailors, shorts (+ 17.1%) ... as well as a "positive trend" in demand for sporting goods (+ 6.7%) and swimsuits (+ 4.7%).

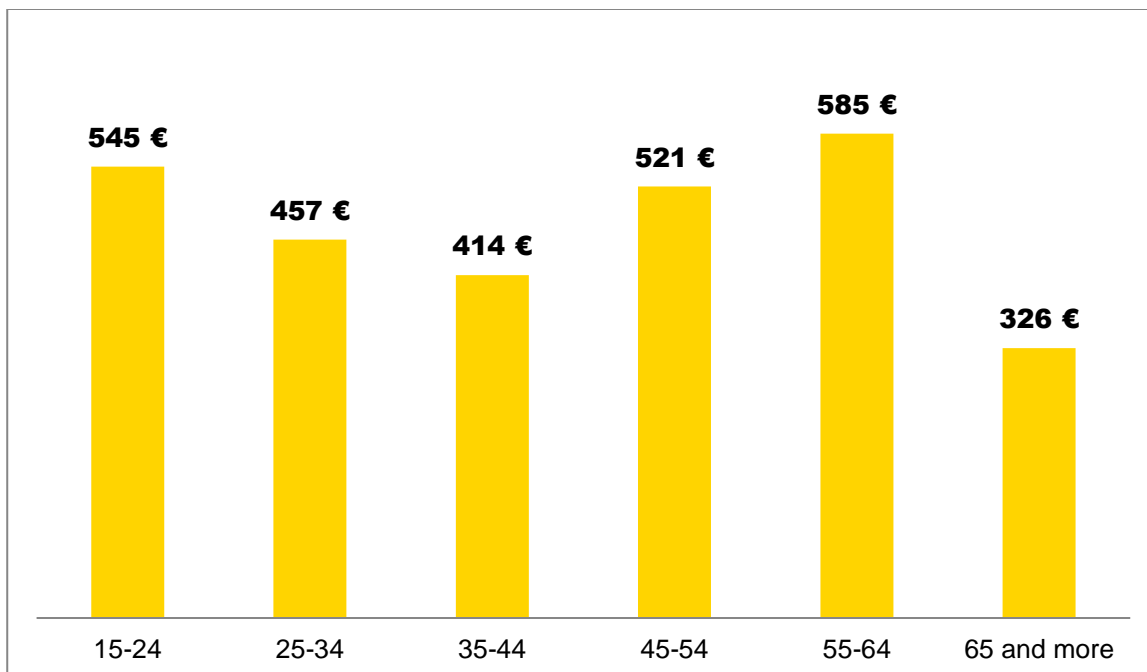
Average purchase prices, on the other hand, fell by 1.7%, due to a demand for lower unit cost parts.

A woman's (+15 years old) average budget for her ready-to-wear purchases is 458 euros. But, like all averages, it hides great disparities.

Two poles stand out as well. First, that of 15-24 years, champions all-class heating card with an average budget of 545 euros. That is for these girls, a market of nearly 2.6 billion euros. A little further down the age pyramid, the slice of women 55 to 64 years defends itself quite well too: 585 euros of expenditure per woman and per year. Not bad at all and, again, enough to make the brands want to specialize in the "senior" offer.

Those who spend the least money on it are women aged 65 and over (326 euros) and 35-44 year olds (414 euros).

Average budget per woman and age in € in 2017



Source: Fédération Française du Prêt-à-porter Féminin

Children market

The children's clothing market consists of two segments: the baby market (0-2 years) and the child market (2-14 years).

While the French childrenswear market has been growing steadily since 2013 (+ 1.3% in 2015), the latter is declining in 2016: sales by volume are down 1.8% to 5 billion € including 1.4 billion for the baby segment. This represents 17% of the French clothing market according to a study published by Xerfi and Precepta.

This situation should persist in the years to come, since a fall in sales of around 2% on average is anticipated by 2020.

For the age group 0-2 years the average expenditure on clothing is around 666 € per year per child. As for the 2-14 age group, it is around 335 euros per year per child.

The report highlights the impact on sales of sluggish demographics and persistent pressure on purchasing power, encouraging households to defer purchases to other items of expenditure for their children (toys, tablets, etc.).

Men market

The men ready-to-wear market is estimated at 9.4 billion € or around 30% of the total ready-to-wear market. It includes men's outerwear and underwear but also men's accessories (hats, scarves, gloves, ties, etc.).

The men's ready-to-wear market developed later than the women's ready-to-wear market but showed a clear progression. According to a study by the French Institute of Fashion, he would have weathered the recession relatively well.

The sector is renewing itself at a high speed thanks to the arrival of new players offering a new offer: between luxury and ready-to-wear at a low price.

This intermediate market, called "affordable luxury", rivals ingenuity to attract a clientele deemed difficult. And for good reason ! According to a study conducted by CCM Benchmark, "78% of men think that feeling well dressed is important" but "one in two men do not like shopping because of the affluence in the points of sale".

Some SMEs meet and retain their audience via digital and social networks, infusing their brand universe, advice, lifestyle which 18-35 years are so fond of. They also rely on quality. Indeed, many of these newcomers weave their models on noble materials, a French or European manufacture, or even tailor-made.

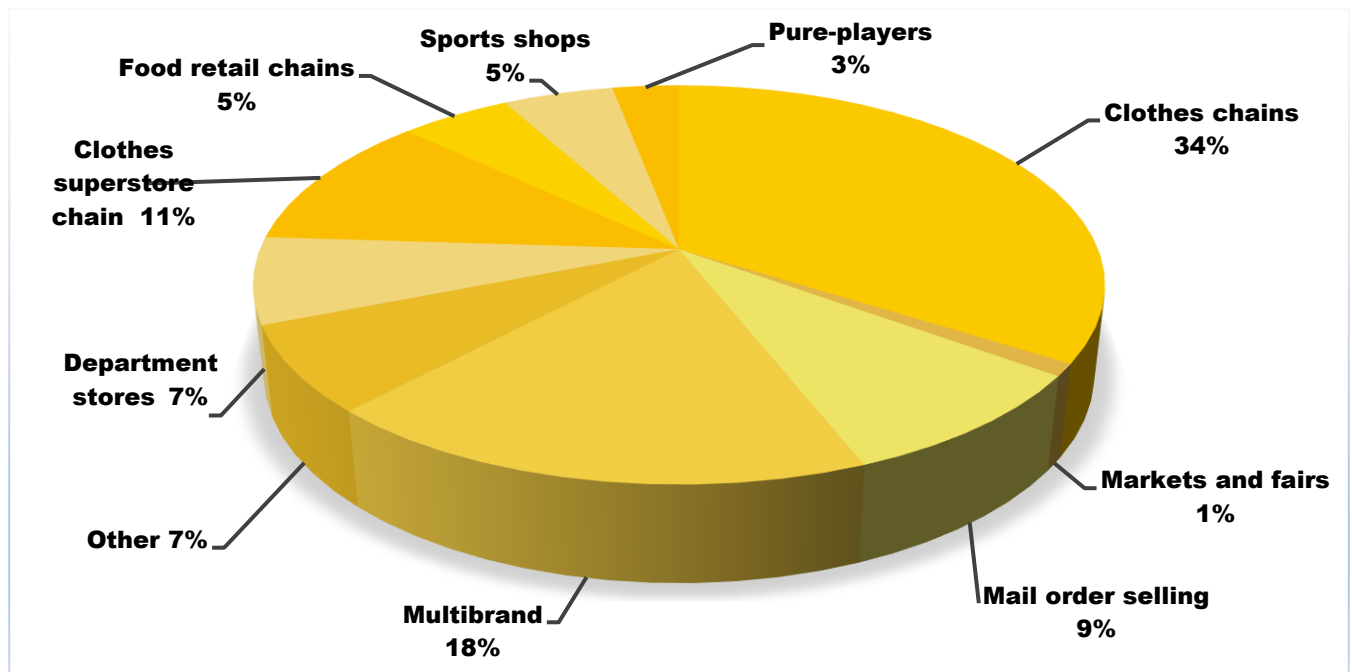
The segment is becoming an important growth factor for designer brands and distributors, leading to the rise of men's fashion weeks in London, Paris, New York, Milan or Florence.

4. Distribution

According to INSEE, at the end of 2016, France owned more than **43,742 outlets** specialized in ready-to-wear clothing for men, women and children, and more than **30,000 operating companies**. The sector continues to attract new entrepreneurs: in 2015, the number of companies created in clothing amounted to 4,436. Most of them are individual entrepreneurs (51%) and companies (28%), 80% of SARL and 20% of SAS. It is mainly around major cities such as Paris, Lyon, Lille, Marseille and Bordeaux that are concentrated the largest number of fashion boutiques. On average, 67% are in the city and not on the outskirts.

Independent and multi-brand stores are legion and represent alone 60% of all outlets. Then come commission-affiliations - with brands like Celio or Sergent Major - and the franchises – with brands like Kiabi, Aigle - which together account for 40% of the total.

Sales' repartition in France by distribution channels



Source : LSA / FFPAPF

If multi-brand traders dominate this market in number, it is the clothes chains (H&M, Zara, etc.) that dominate the market in terms of sales with 34% of market share. Thanks to a well-honed business model and logistics, these networks seem to escape the crises that the market is facing. Other ultra-specialized brands with well-defined know-how also show good resistance on the segment. For exemple AIGLE (<https://www.aigle.com/uk/en>) or The Marseille brand Jott (<https://justoverthetop.com/en/>), specialized in urban and stylish down jacket with an annual turnover exceeding 60 million euros in 2017.

Shop or chain store sales are sensitive to the vagaries of the weather and also face increasing competition: Internet.

Women's market

The year 2017 was marked by the decline of the first of them: the chains of downtown and shopping center. Although still dominant, the share of these in the market fell by 1.5 point in 2017, or 48.5% of sales. Independent stores accounted for 11.4% of, sales, peripheral and discount chains for 9,4%, department stores for 5.9% and food retail food for 5,6%.

On the Internet, women's ready-to-wear sales rose 9.2% in 2017 and now stand at 13%.

Children market

In a contracted market and in the face of competition, distributors make the choice to regroup or to promote a new image. The Orchestra-Prémaman group has thus merged with the American giant Destination Maternity, while the Zannier group has renamed Kidiliz, to be better perceived internationally and thus to find growth opportunities outside France. In 2015, Sergent Major acquired the Du Pareil brand.

The Children clothing market is extremely competitive. We observe a predominance of organized networks gaining more and more market share, as well as a large number of non-specialized retailers with favorable price positioning (Kiabi, La Halle, Carrefour, etc.). At the same time, concepts specifically dedicated to babies are developing in more general brands such as La Halle Enfant.

Children clothing is also one of the most dynamic sectors of e-commerce in France. Collaborative consumption patterns also compete with players already on the market. Leaders must therefore differentiate themselves and innovate without stopping, especially with concepts stores, the introduction of digital in the store and the purchase process, etc.

Main Children's ready-to-wear clothing brands: Sergent Major, DPAM, Catimini, Petit Bateau, IKKS, Jacadi, Orchestra, Cyrillus, Bonpoint, Okaïdi, Tape à l'oeil, La compagnie des petits, Tartine et Chocolat.

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Main women's ready-to-wear clothing brands: Camaïeu, H&M, Kiabi, Zara, 1.2.3, Comptoir des cotonniers, La Hall aux vêtements, Cache Cache, Promod, Desigual, Etam, Mango, Naf Naf, Morgan, Uniglo, Sandro, Maje, Kookaï, Gap, Jennyfer, Pimkie, etc..

Men's market

Specialized and mixed stores like Jules, Devred, Celio, H&M, etc. dominate the ready-to-wear retail market for men. They have 40% market share. This distribution channel is competing with that of department stores and that of pure players such as Mr Porter for example. One out of two products is bought at sales or promotions.

Even if they are better educated and more open to new trends, the male consumer has very little confidence in choosing their clothes. Hence a persistent tendency to return to the same basic models, simple and most often easy to associate.

This need for insurance is also the game and the joy of the great classic brands, like Ralph Lauren, Hugo Boss or Armani.

Main men's ready-to-wear clothing brands: Celio, Jules, Brice, Armand Thierry, H&M, Devred, Eden Park, Lacoste, Ralph Lauren, Tommy Hilfiger, Zara, Uniqlo, Burton, Chevignon, Gap, etc.

Some non-exhaustive examples of retail chains

- **La Halle** (www.lahalle.com)

La Halle is the flagship brand of clothing and shoes Vivarte group. It offers trendy products at low prices, for the whole family. His positioning, based on four values: simplicity, trust, pleasure and commitment, allows him to think styles for all and say no to the diktat of fashion. With a focus of its target on the mother of 30-35 years in 2017, La Halle reaffirms its key values: popular and multicultural, accessible and unanimous. The Halle is 871 stores in France and 65 in Switzerland. With more than 80 million pieces sold in 2017, La Halle realizes a turnover of 929 million Euro, or 53% of Vivarte's sales. Besson has a turnover of 265 M€.

- **Caroll** (<http://www.caroll.com/>) own by Vivarte

With a network of nearly 500 shops worldwide, including 331 in France, Caroll enjoys a premium location in the city center. The target of Caroll is 40-50 year old women. The ready-to-wear banner Caroll achieves a turnover of 260 M€ in 2017, confirming thus its status as "nugget" of the Group.

- **Beaumanoir** (<https://www.groupe-beaumanoir.com/en/home/>)

A textile group, specialising in fashion distribution. In 2016, Groupe Beaumanoir broke through the barrier of 2686 stores in more than 40 countries. More than 14 300 staff. 1,46 billion € turnover.

From their home base in Saint-Malo, they dress women in the colours of our brands: Cache Cache, BRÉAL, Scottage, Morgan and both men and women for Bonobo.

- **Kidliz Group** (<http://www.kidilizgroup.com/en/>)

With 11 000 points of sales around the world, with 900 own stores, 430 of which are in France. Add to that 1000 corners and 9100 independent shops on 5 continents and imagine the square footage of retail space!

430 M€ of global revenue. France accounts for 48%, the rest of the world accounts for 52%.

- **Celio** (<https://www.celio.com/>)

Founded in 1985, Celio has become, in less than 30 years, the leading men's ready-to-wear brand in France and a must-see internationally.

In constant expansion, the brand is present in 60 countries with more than 1100 stores. The brand offers a wide selection of clothing and accessories for men created by its integrated style office.

5. E-commerce

In France, 36.6 million people buy online, which represents 82.7% of French Internet users. Of these, 9.3 million have already made a purchase on their mobile, or 25%. 59% of e-buyers buy clothes on the internet and spent 221 € on average.

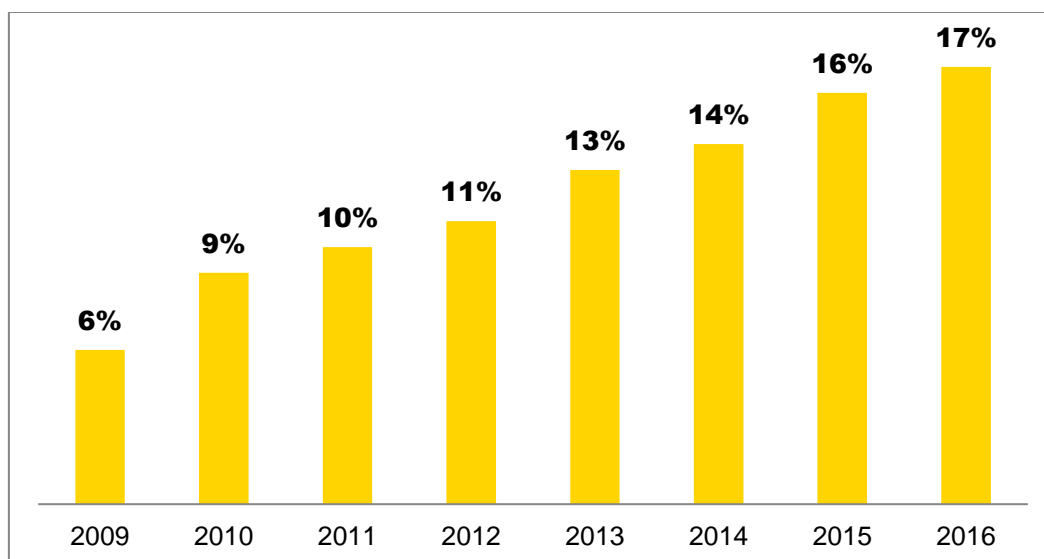
Women, targets under 35 and the inhabitants of the Paris region are more numerous than the average. The biggest fashion consumers are 15-25 year olds, whose average online basket is getting closer and closer to the average basket in the store, with an average annual budget of € 575.

Clothing purchases on the web weighed 5 billion euros in 2017 and now represent 16.5% of French spending in clothing. This proportion was still below 5% ten years ago. 120 million fashion orders were made on the Internet in one year. Fortunately, physical brands have understood the challenge of the Internet and almost all have multichannel devices.

According to the study of the French Institute of Fashion published in September 2016, the physical networks have taken the lead in on-line clothing sales and account for 35.5% of purchases on the web. Pure players, for their part, account for 30.9% of the online market.

Internet is today chosen for convenience but also offers the opportunity to afford a more premium fashion at affordable price. Moreover, 40% of online fashion buyers only buy at reduced prices.

Evolution of the share of clothing sales via internet



Faced with a sluggish luxury market and a declining clothing market, digital is a key business opportunity for the fashion sector. The degree of digital maturity is different between the clothing sector (17% of online sales) and the luxury ready-to-wear sector (7% of online sales).

The rise of new players (pure players, second hand market ...) requires click & mortar players to accelerate their digital transformation to meet the new expectations of consumers and take advantage of the growth potential of the market generated by the digital. For the

only luxury market, online should weigh, according to various estimates, between 18 and 20% by 2025.

For fast-fashion brands, the equation with digital is inevitably easier to orchestrate. For luxury ready-to-wear brands, compatibility is trickier to manage because it's about reconciling two worlds with opposing DNAs. The codes of luxury (rarity, value of products, long time that creates its desirability, emotion ...) and digital codes (general public, immediacy ...) must be understood as complementary.

The shopping journey of today's fashion client, which is tomorrow (with the new ultra-connected generations) is omnichannel with the requirements of "Any Time, Any Where, Any Device". The community's recommendation has a strong power of influence and conversion in this universe.

Instagram has revolutionized the world of fashion (creation, sharing, consumption). And Snapchat becomes essential to meet young people

Women's sector

On the Internet, women's ready-to-wear sales rose by 9.2% in 2017 and now represent 13% of the market (a figure that may appear to be lower than in the past, since the calculation now does not include plus pre-bookings online with in-store payment). The federation notes that the least advanced brands in digitalization are beginning to understand the strategic interest of direct sales through their own e-shop associated with a presence on multi-brand sites.

Two very different models, Amazon and Venteprivée.com, compete for the 1st place.

Some example of pure players in fashion sector:

Showroomprivé : <https://www.showroomprivegroup.com/en>

showroomprive.com Successfully implemented in France in 2006 and in 9 other countries (Spain, Italy, England, the Netherlands, Belgium, Portugal, Poland, Germany and Morocco). In 2016 Showroomprivé strengthens its position in Italy by acquiring Saldi Privati, followed in 2017 by a strategic partnership with the Carrefour group. It now offers 2,000 brands, has 33 million members and generates 18% of its turnover in internationally. Net revenues = € 655 million. The Group plans to generate more than € 1 billion in revenue by 2020.

Vente privée: Venteprivée.com

vente-privee Created in 2001 invented the concept of event sales in France. Today they have 34 million members in Europe across 13 countries. In particular, the group acquired competitors in Belgium Exclusive-Sales and Spanish Privalia, as well as acquisitions in Switzerland eboutic.ch, Danish Designers & Friends and Polish zlotewyprzedaze.pl. € 3 billion revenue in 2016.

zalando **Zalando**: www.zalando.fr is published and operated by ZALANDO SE, a public limited company under German law. € 3,6 billion revenue in 2016 for the Group.

6. Foreign Trade

Imports are dominated by Asia

Asia is the largest supply region of France. It represents 59% of French imports, ie € 11.7 billion. China is one more year as the leading supplier of France with € 5.8 billion or 29.4% of market share. Bangladesh, India, Vietnam and Cambodia are respectively the 2nd, 5th, 8th and 9th suppliers of France.

Imports from the European Union amounted to € 4.4 billion, or 22.2% of total imports. The main supplier countries are Italy with € 1.8 billion (9.1% of total imports), Portugal with € 426.7 million (2.1%) and Germany with € 391.1 million (2%).

Proximity sourcing is also favored in 2017. The favorite countries of France are Turkey (4th), Tunisia (6th) and Morocco (7th). Together, these countries account for 14.3% of France's imports by value.

Romania and Bulgaria are respectively France's 13th and 15th largest suppliers with € 323.3 million and € 220.8 million of imports from these countries.

Top 10 supplier countries in 2017

| Country | Amount in M€ | % |
|--------------|-------------------|-------------|
| China | 5 816 682 | 29,2% |
| Bangladesh | 2 244 915 | 11,3% |
| Italia | 1 807 516 | 9,1% |
| Turkey | 1 157 541 | 5,8% |
| India | 992 406 | 5,0% |
| Tunisia | 857 101 | 4,3% |
| Morocco | 832 074 | 4,2% |
| Vietnam | 819 797 | 4,1% |
| Cambodia | 688 585 | 3,4% |
| Portugal | 426 701 | 2,1% |
| Others | 4 268 283 | 21,5% |
| Total | 19 911 601 | 100% |

Source : Institut Français de la Mode

According to Trade Map statistics, Ukraine would be the 46th largest supplier in France with 8.1 MUSD (0.1% market share) for customs code products SH 61: Articles of apparel and clothing accessories, knitted gold crocheted and the 30th supplier for customs code products SH 62: Articles of apparel and clothing accessories, not knitted or crocheted, with € 42 million in imports (0.4% of market share).

Imports from Ukraine for customs code products SH 61: Articles of apparel and clothing accessories, knitted gold crocheted (in thousand €)

| Product | Amount | Share in France's imports (%) | Supplier Rank |
|--|--------|-------------------------------|---------------|
| 6101 Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, | 107 | 0,1 | 38 |
| 6102 Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, | 508 | 0,2 | 28 |
| 6103 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches | 1,867 | 0,8 | 24 |
| 6104 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, | 2,253 | 0,2 | 35 |
| 6106 Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted (excluding T-shirts | 159 | 0,1 | 39 |
| 6107 Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar | 111 | 0 | 39 |
| 6108 Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, | 1,094 | 0,2 | 34 |
| 6109 T-shirts, singlets and other vests, knitted or crocheted | 562 | 0 | 57 |
| 6110 Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted (excluding | 947 | 0 | 47 |
| 6111 Babies' garments and clothing accessories, knitted or crocheted (excluding hats) | 80 | 0 | 37 |
| 6112 Track-suits, ski-suits and swimwear, knitted or crocheted | 175 | 0,1 | 45 |
| 6114 Special garments for professional, sporting or other purposes, n.e.s., knitted or crocheted | 170 | 0,1 | 53 |
| 6115 Pantyhose, tights, stockings, socks and other hosiery, incl. graduated compression hosiery | 77 | 0 | 52 |

Source: Trade Map

Imports from Ukraine for customs code products SH 62: Articles of apparel and clothing accessories, not knitted or crocheted (in thousand €)

| Product | Amount | Share in France's imports (%) | Supplier Rank |
|---|--------|-------------------------------|---------------|
| 6201 Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters | 4,270 | 0,6 | 20 |
| 6202 Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters | 9,272 | 0,8 | 14 |
| 6203 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches | 9,337 | 0,4 | 26 |
| 6204 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers | 13,152 | 0,4 | 25 |
| 6205 Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests) | 412 | 0,1 | 40 |
| 6206 Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests) | 2,956 | 0,3 | 24 |
| 6207 Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, | 74 | 0,1 | 29 |
| 6209 Babies' garments and clothing accessories of textile materials (excluding knitted or crocheted) | 172 | 0,1 | 30 |
| 6210 Garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated | 339 | 0,1 | 38 |
| 6211 Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted) | 847 | 0,1 | 37 |
| 6212 Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof | 968 | 0,1 | 37 |
| 6217 Made-up clothing accessories and parts of garments or clothing accessories, of all types of | 205 | 0,3 | 26 |

Source: Trade Map

Textile sourcing is evolving

China's hegemony over the textile industry has been slowly coming into question in recent years, particularly because of rising labor costs. There is a worldwide reorganization of the textile sector. Eastern Europe, Sub-Saharan Africa and South-East Asian countries are developing strong production capacities.

Many French professionals prefer to carry out local sourcing in the Eastern European countries (Balkans, Romania, Bulgaria, Ukraine) which are very suitable for short and medium term sourcing. They can thus benefit from shorter delivery times.

Some French companies have even invested in Ukraine, for example Lener Cordier (<http://www.lenercordier.com/production.php>).

EU is the first export area of the French labels

French clothes exports returned to growth in 2017 to reach € 9.4 billion overall, an increase of 4% compared to 2016.

The European Union absorbs nearly 69% of French clothing exports, ie € 6.5 billion. The main customers are Italy, Spain, Germany and Belgium, which absorb 45% of French exports.

Exports to Asia amounted to € 1.1 billion, or 12.1% of total exports. The main customers are Hong Kong (3.8% of total exports), Japan (2.3%) and China (2.2%).

The United States is our 6th largest customer with 5.1% of exports.

Top 10 client countries in thousand €

| Country | Amount in M€ | % |
|--------------|------------------|-------------|
| Italia | 1 276 863 | 13,5% |
| Spain | 1 142 157 | 12,0% |
| Germany | 1 033 149 | 10,9% |
| UK | 896 615 | 9,5% |
| Belgium | 789 477 | 8,3% |
| USA | 478 785 | 5,1% |
| Honk Kong | 360 709 | 3,8% |
| Suiss | 340 470 | 3,6% |
| Pays Bas | 318 365 | 3,4% |
| Japon | 224 477 | 2,3% |
| Others | 2 612 963 | 27,6% |
| Total | 9 474 030 | 100% |

Source : Institut Français de la Mode

7. STANDARDS AND LABELING REQUIREMENTS

The main regulations applicable to textile & fashion articles

I. Labeling requirements

The labeling of textile products must above all respect the general framework laid down by the Consumer Code. It is therefore essential to take care, in particular, not to mislead the consumer. In addition the labels will be required to be translated into the language of the target country.

In the European Union, labels usually include the following information:

1. **The fiber composition.** *This is a compulsory mention and is governed by the Regulation 1007/2011 of 27 September 2011. It is important to respect the various requirements of this text.*
2. **The country of manufacture.** *This mention is optional but must be established in accordance with customs regulations on non-preferential origin. The operations of making, weaving or knitting can thus be decisive in the affixing of the "Made In". The latter may become mandatory to rule out a possible risk of confusion for the consumer.*
3. **The size of the garment.** *The consumer must be informed of the essential characteristics of the goods he buys. The size of the garment must be indicated on the label if necessary. The repository remains free and brands can choose to use numbers (38, 40, 42, etc., 1, 2, 3, etc.), letters (S, M, L, XL, etc.) or even pictograms.*
4. **Maintenance instructions.** *Here again these instructions are inherent to a good information for the consumers. They may be delivered in any letter or in the form of symbols. In the latter case, it is imperative to get closer to COFREET, which holds the intellectual property rights on these maintenance symbols: www.lavermonlinge.com*



° C);

(source COFREET)

- 1- color washing machine at 40 °;
- 2- prohibited whitening;
- 3- machine drying prohibited;
- 4- ironing at moderate temperature (150 ° C);
- 5- professional cleaning (dry).

5. ***The name and address of the importer or manufacturer.*** Some countries impose this mention to identify the marketer within the European Union. It is usually the originator or the brand that will provide this information.

The label on which these mentions appear must be sewn or permanently affixed to the garment, to have the same lifespan as the latter.

II. **Consumer safety**

The regulation lays down a general principle requiring manufacturers not to offer for sale products that could pose a danger to the consumer.

One of the points of vigilance concerns chemical safety and the use of dangerous substances. The main applicable text is the REACH Regulation, which in its Article 33 and Annex XVII imposes requirements applicable to textile articles. However, the specifications of companies often go beyond the requirements set by REACH, particularly under the pressure of some NGOs such as Greenpeace. Certifications such as oekotex 100 are particularly useful for effectively guaranteeing the safety of imported textile articles.

Another important aspect relates specifically to clothing for children aged 0 to 14 years. The European Commission is the originator of a standard EN 14682 on cords and ties, which is published in the Official Journal and is subject to numerous checks by the authorities.

III. **Extended producer responsibility**

Textile clothing products, household linen and new footwear are the subject of an extended producer responsibility program.

Marketers are thus required to pay an eco-contribution to Eco TLC under conditions set by the Regulations. The action of the eco-organization consists in particular in financing R & D projects, supporting the development of new outlets for sorting products, or encouraging the development of eco-designed products.

For information on the scale of the eco-contribution and the actions carried out: www.ecotlc.fr

8. KEY TRADE SHOWS

Exhibiting at key trade shows can be a great way to advertise to a target local market, to gain industry or general opinion about your offering.

Main Fashion and Textile Industry Trade Fairs in Paris:

PARIS FASHION WEEK:

- Paris Fashion Week Men's - January 17 – 21, 2019
- Paris Fashion Haute Couture Week – January 21 – 24, 2019
- Paris Fashion Week Women's – February 25 – March 05 2019

Paris Fashion Week is a week dedicated to fashion, during which fashion designers and fashion houses present their new collections of ready-to-wear and haute couture through parades.

The Federation de la Haute Couture et de la Mode coordinates and enhances Paris Fashion Week and its offshoots each year.



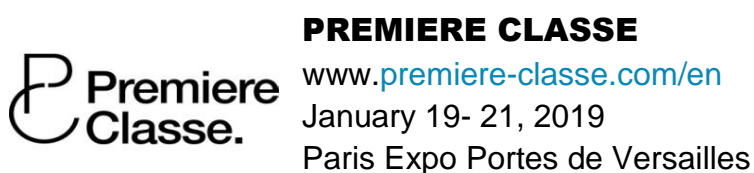
SALON INTERNATIONAL DE LA LINGERIE

www.saloninternationaldelalingerie.com

January 19 – 21, 2019

Paris Expo Portes de Versailles

The Salon International de la lingerie is leading, international industry event that brings together the best lingerie brands: corsetry, daytime lingerie, sleepwear, loungewear, legwear and men's products. It's the unavoidable event for buyers operating in the Lingerie sector. Over three days, the community will meet in Paris to create, innovate and share their ideas.



PREMIERE CLASSE

www.premiere-classe.com/en

January 19- 21, 2019

Paris Expo Portes de Versailles

Leader in Europe and exclusively reserved for professionals, **Premiere Classe** has showcased 750 French and international fashion accessory collections for almost 25 years. Over four days in January and September, 46,600 visitors are welcomed to the event at the Porte de Versailles exhibition centre in Paris.

For almost 30 years **Premiere Classe Tuileries** has taken place twice a year during Paris Fashion Week. It is the only reference for fashion accessory designers and acts as a springboard for emerging brands. Renowned for its particularly creative, high-end selection, **Premiere Classe Tuileries** showcases 450 brands including jewellery, footwear, leather goods designers as well as every other type of accessory, each specially chosen for their creativity, originality and style. 12,200 visitors go there each year in March and October.



WHO'S NEXT

www.whosnext-tradeshow.com

January 19 – 21, 2019

Paris Expo Portes de Versailles

More than 25 years after its creation, Who's Next is the international trade show leader for women's fashion in Europe. In September and January the event brings around 46, 600 visitors to the Paris Expo Portes de Versailles to visit 600 French and international ready-to-wear brands. Buyers, brands, journalists and trendsetters from more than 100 countries together create the trends for each season over 4 days of networking, conferences, lifestyle activities and celebrations.



INTERFILIÈRE

www.eurovet.com/en-interfiliere-paris-january-2018/

January 19 – 21, 2019

Paris Expo Portes de Versailles

Interfilère is a unique international event for lingerie, activewear materials and accessories. Interfilère keeps visitors and exhibitors up-to-date with all the latest industry news and information, offering an unrivalled overview and understanding of the market. It is also a valuable source of inspiration for ready-to-wear and haute couture professionals. Interfilère own 150 exhibitors, nearly 10,000 visitors, 76% international visitors, 113 visitor countries.

Main sectors are:

- FABRICS: Knits, wovens, prints, textile finishing
- LACE
- EMBROIDERY
- ACCESSORIES: Closures, elastic tapes, buttons, bra cups, trims, beads, ribbons...
- TEXTILE DESIGNERS: Textile designers and trend forecasting agencies
- FIBERS: Fibres, yarns, machines
- SOURCING: Production capacities

PREMIERE VISION

PREMIÈREVISION
PARIS

www.premierevision.com/en

February 12 – 14, 2019

Parc des Expositions Paris Nord Villepinte

Specialized areas of the show:

- **Yarns:** The international show of yarns and fibers
- **Fabrics:** The world's premier fabric show
- **Designs:** The international show for creative textiles and surface designs
- **Accessories:** The international accessories and components show for fashion and design
- **Manufacturing:** The show of fashion-manufacturing specialists for several years, the show has been a forum for **185 fashion manufacturers** from the Euromed zone (Western and Central Europe, Eastern Europe, North Africa) as well as Madagascar and Mauritius. These manufacturers, subcontractors and garment manufacturers provide sub-contracting services for the mid-range to high-end apparel, home textile and fashion accessories sectors
- **Knitwear Solutions :** The area dedicated to flatbed knits. Hall 6 North
- **The Sourcing Connection :** Asia-Pacific fashion sourcing organised for you, in Hall 2
- **Wearable Lab :** A 900m2 Fashion Tech village presenting a 360° offer of technologies, materials, connections and discoveries, Hall 6
- **Leather Manufacturing :** The new area dedicated to leather manufacturing. Hall 3
Leather and fur specialists - 300 international tanners, furriers, manufacturers and an offer targeting the premium market
- **Maison d'Exceptions :** the space dedicated to ultimate creativity. Hall 3
- **Upper Jeanswear :** An updated jeanswear concept dedicated to fashion brands, Hall 6

9. MAIN PROFESSIONAL FEDERATIONS

The textile and fashion sector is important for the French economy. There is therefore a multitude of federations, professional organizations involved in these sectors.



UNION DES INDUSTRIES TEXTILES

www.textile.fr/en

The Union des Industries Textiles (UIT) which, by way of its professional branches and regional groups, represents most of France's 2300 active textile companies, has three key

purposes:

The UIT, with its strong network, works to set up a legal, social, fiscal, commercial and sustainable environment favorable to textile activities.

In France, the profession advocates a modernization of companies' industrial competitiveness and helps them stand out thanks to their innovations.

In Europe, it defends intellectual property rights, mobilizes itself in favor of a true European industrial policy and relies on initiatives to help small and mid-sized companies innovate and export.

Internationally, the UIT has moved closer to its natural partners (Eurovet, Première Vision, Espace Textile...) to elaborate and set up, with the support of BPI/Export, an ambitious export plan (Russia, China, India ...). It concluded Memorandum Of Understanding (MOU) with the majority of the trade textile association in the key textile countries.



LA FEDERATION DE LA MAILLE ET DE LA LINGERIE

www.la-federation.com

The Federation of Knits, Lingerie & Seaside brings together, within a single community, companies operating at all levels of the textile-clothing industry: fabrics, fabric, clothing, contractors, brands, distribution, around the same vision of projects and markets.

The Federation is a forum for exchange and consultation on the problems faced by the companies it groups and represents. Its main objectives are to gather and defend (lobby), showcase its textile expertise through training, watch and consultancy activities, showcase different markets through 16 shows organized by its subsidiary Eurovet.

Their members: www.la-federation.com/fr/la-federation/nos-marques

FEDERATION
FRANÇAISE
DU PRÊT
A PORTER
FEMININ

FEDERATION FRANCAISE DU PRÊT A PORTER FEMININ

www.pretaporter.com/en/home-en

The Fédération Française du Prêt à Porter Féminin has the mission of bringing together and representing the sector's businesses and accelerating their growth through innovative activities in France and internationally. With the benefit of a strong base of members representing diverse economic models and regions, the Fédération gives fashion business directors operational assistance with the industry's main challenges, in particular adapting to the digital era, wholesale, brand financing, sustainable development, and export.

The fashion industry is undergoing a profound transformation, and new consumer behaviour is forcing businesses to reinvent their structures and rethink the entire fashion system. Thanks to its network and partners, the Fédération is at the centre of these new issues and helps French fashion maintain and expand its unique position in the world.



Fédération de la Haute Couture et de la Mode

www.fhcm.paris/en/the-federation

The Fédération de la Haute Couture et de la Mode brings together fashion brands that foster creation and international development. It seeks to promote French fashion culture, where Haute Couture and creation have a major impact by combining traditional know how and contemporary technology at all times. It contributes to bolstering Paris in its role as worldwide fashion capital.

The Federation numbers some one hundred members, amongst whom feature the most emblematic brands on the global stage. It comprises three Chambres Syndicales or central bodies (Haute Couture, Women's Fashion, Men's Fashion).



Fédération Nationale de l'Habillement

www.federation-habillement.fr

Created on January 11, 1938, the National Federation of Clothing is the representative professional association of independent traders in the Apparel-Textile sector,

It represents all independent boutiques ready-to-wear, multi-brand, single-brand, affiliated or franchised at a sign, with or without employees,

The role of the National Federation of Clothing is, like any employers' organization, to defend the interests of the professionals of the Clothing-Textile branch, to provide specific services and to prepare the future with a prospective and lucid approach.



DEFI

www.defimode.org

Since its creation in 1984, the DEFI has created a unique form of solidarity between small and big players in the fashion industry. Thanks to the tax on clothing and the 3500 companies that finance it, the DEFI has an annual budget of 9.5 million euros, which it reinvests into four major posts, to support the growth of this sector. Virtuous sector:

- Accompany young fashion designers
- Transmit French know-how
- Support all innovations
- Strengthen the image of Paris as a fashion capital.



Union Française des Industries Mode et Habillement

www.lamodefrancaise.org

The French Union of Fashion and Apparel Industries is an institution representing a vast sector of economic activity, clothing for men, women, children, sports and leisure, lingerie and workwear.

Comprising 4 Federations (Fédération Française des Industries du Vêtement Masculin, Fédération Française du Prêt-à-Porter Féminin, Fédération des Industries Diverses de l'Habillement, Fédération Française des Industries de Chemiserie-Lingerie), the Groupement de la Façon Française and 14 Regional Trade Unions that bring together manufacturers, brands and manufacturers, the UFIMH defends the general interests of the clothing industry.

Defining and implementing the major professional orientations, the UFIMH is a force of proposals which dialogues with the governmental authorities, the parliamentary assemblies and the administrations, with a view to continually improving the competitiveness and the performances of the companies.

Member of the MEDEF, the Liaison Committee of Manpower Industries (CLIMO) and the European Textile Apparel Association (Euratex).

10. FRENCH BUSINESS PRACTICES AND CUSTOMS

French Business practices

France's business environment has no particular business protocols; it mainly follows Western style conventions, which makes most businesspeople feel very comfortable in doing business in France.

Good representation is the key to the French market. Prospective exporters are recommended to use the services of a local representative/distributor or local agent who has a thorough knowledge of the market and is well connected with key players.

In France, the principles appreciated in business are: courtesy, punctuality, formal relations, mutual trust and respect.

Business travelers will find the dress code more or less formal like in the U.S. or Western Europe. Wearing a business suit may be appropriate in meetings with high level executives. In the fashion or design sector, the garment conveys creativity. The refusal of the tie or the pencil skirt is then an affirmation of his personality.

Appointments must be made at least two weeks in advance; however, reconfirming appointments is advised, given that most French tend to have busy schedules. Although punctuality is important in France, a delay of 10-15 minutes is generally tolerated, especially if the person has warned his interlocutor.

The typical work week is Monday to Friday. Appointments are held between 9am and 6pm and are usually held in the company premises. However, it is common for business meetings to be held (or continue) in a restaurant at lunch time (or even breakfast). Many business people appreciate these meetings because they allow you to talk about business in a less formal setting.

The presentations in France are formal, especially during the first exchanges. Give a hand shake to your interlocutor and name him by his name preceded by Madam or Sir. You should introduce yourself by saying "Nice to meet" or "Nice to meet you" and state your first name and last name.

Business relationships in France are characterized by vertical hierarchical functioning and a clear distinction between private and professional life. We must avoid adopting too friendly behavior from the first exchanges. In general, a Frenchman will focus primarily on the professional skills of his interlocutor before developing a more friendly relationship.

French arrive well prepared for meetings and are very direct. It's recommended to provide your hosts with an agenda outlining your objectives in advance. Exchange of business cards is common.

In terms of language, English is widely spoken in the business community especially by buyers or Export Manager. On the other hand, it is not uncommon to find some CEOs, General Manager who do not speak English.

French holidays are mainly from July and August, at the end of December.

National days are January 1st, Easter Sunday and Monday (March or April), Ascension Day (the sixth Thursday after Easter), 1st of May, 8th of May, 14th of July (National day), 15th of August, 1st and 11th November, 25th of December.

Customs

Under the Free Trade Agreement between the European Union and Ukraine, there are no customs duties for HS codes 61 and 62.

French levies VAT (value added tax) currently at 20% of the price of the imports which is levied on the cost, insurance and freight, landed cost plus purchase tax. VAT is recovered by the importer upon resale of the goods and is paid back by the consumer.

11. CONCLUSION

France is an important player in the fashion and ready-to-wear sector. It has a dynamic internal market of 67 million inhabitants but is highly competitive with the presence of many players. Many French fashion and ready-to-wear companies are internationally renowned.

The French clothing market offers many opportunities for foreign manufacturers especially for companies wishing to become suppliers or subcontractors of French companies in the sector. The latter have problems recruiting a qualified workforce and some prefer for logistical reasons and delays sourcing proximity.

There are certainly opportunities for Ukrainian companies wishing to position themselves.

Moreover, in 2017, Ukrainian clothing and textile exports accounted for 5.5% of total exports to France.

EXPORT PROMOTION OFFICE

Export Promotion Office (EPO) is a consultative and advisory body under the Ministry of Economic Development and Trade of Ukraine, that has been founded as a one-stop-shop to help Ukrainian exporters in opening new markets.

The **strategic goal** of the EPO is to help Ukrainian business to become successful in international markets by: developing the export competencies of Ukrainian business, ensuring partnership and cooperation between Ukrainian and foreign businesses and promoting Ukrainian products and services abroad.

EPO provides assistance in the following areas: Export consulting, Export education, Trade missions and B2B meetings, B2G platform, SheExports platform.

We aim to create a full-scale export promotion institution as a one window entry point and ensure an export-oriented ecosystem that will include government institutions and the business community. EPO is supported by the [Western NIS Enterprise Fund](#), [The Expert Deployment for Governance and Economic Growth \(EDGE\) Project](#) and [EU4Business initiative](#).



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European Bank
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EU4BUSINESS INITIATIVE



MOVING FORWARD
TOGETHER

The program is being implemented by the European Bank for Reconstruction and Development (EBRD) and funded under the EU4Business initiative of the European Union.

The EU4Business initiative brings together all EU programs aimed at supporting small and medium-sized enterprises in the Eastern Partnership region, which includes the EU, its member states and six partner countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. More detailed information on the official website