

Günter Verheugen

Vice-President of the European Commission
responsible for Enterprise and Industry

The situation of the textiles and clothing industry

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

«Managing change in the textiles and clothing industry»

Brussels, 25 April 2006

1. Introduction

Ladies and Gentlemen,

Thank you for inviting me to open this conference.

Today's event marks the consolidation and extension of the constructive relations between your industry and the Commission. It gives us the opportunity to go into the major issues in greater depth and allows you to share your analysis with policy makers.

I would like to use this occasion to summarise the challenges and opportunities we are confronted with and to inform you of the recent policy initiatives to tackle them.

2. Industrial policy approach to managing change

Ladies and Gentlemen,

We cannot prevent change; we can only manage it. In order to do that, we need to anticipate change to a much greater extent than in the past, instead of always trying to patch things up after the event. And I am not only referring to policy makers here. If businesses see jobs coming under pressure, they have a responsibility to look for solutions in their own activities.

Entrepreneurs who take stock of technological developments and assess their own competitiveness should do more than in the past to promote innovation and new skills. Simply reducing the number of jobs is always the worst solution.

I urge businesses to give more thought to the question of how structural change can be handled in such a way as to result in better competitiveness, more innovation and new applications for employees.

Managing structural changes is a key issue to ensure the best allocation of resources within the economy. These changes often lead to social and regional costs. It is the role of public policy to help to smooth the transition and to facilitate the reallocation of resources towards new markets, new activities and new skills.

The textile sector has undergone difficult times over the last decade. I am therefore glad to see that it is embracing change and is willing to compete at the world stage using innovation, creativity and skilful labour as its main assets.

Our goal as policy makers is to ensure that the necessary conditions are in place to enable you to grow and to compete on a level playing field.

It is for this reason that I have launched the sectoral industrial policy action. In the context of the new industrial policy framework, I would like to highlight one specific initiative: Managing Structural Change in Manufacturing. This initiative will address the common challenges across different industries, including textiles and clothing.

Our new approach to industrial policy means:

- improving the regulatory framework applicable to companies;
- supporting their efforts in the areas of innovation and competitiveness; and
- ensuring better coordinated action, especially at sectoral level.

In order to anticipate and handle structural adjustment, we will ensure a more attentive follow-up of individual sectors in the formulation of our regional and social policies. We will request the Member States to do the same when developing their own policies.

Furthermore, the trend towards globalisation means that our internal measures must be linked very closely to the external dimension of restructuring. With this in mind, I will continue to insist on:

- better access for our companies to third country markets;
- elimination of non-tariff barriers within the framework of the Doha Development Agenda;
- strict respect of international rules, especially those on intellectual property rights; and
- rapid completion of the Euro-Mediterranean zone.

In order to response to these internal and external challenges, we must increase the complementarity of different Community instruments and policies. We need to ensure a coherent and integrated approach between the various policies concerned.

3. The specific situation of the textiles and clothing industry

Ladies and Gentlemen,

Let me repeat that I am aware that this is not an easy time for the textiles and clothing sector. Market conditions have been difficult. The anticipated recovery has been slower than expected. Every segment of textiles and clothing production, from spinning and weaving to garment make-up, has in one way or another suffered from the impact of the developments of the last few years. Many jobs have been lost.

It is against this background that the Commission set up in 2004 the High Level Group on textiles and clothing. The High Level Group will meet again before the end of the year. It is very important that you take advantage of this meeting identifies concrete and clear conclusions to address the main policy issues of the sector which still need to be tackled.

The conclusions of the High Level Group must be used to create a new momentum for the sector by involving key industrial players and mobilising both internal and external instruments.

We have managed to develop a clear industrial strategy for the European textile and clothing sector. However, it cannot be denied that the continued modernisation will inevitably lead to further job losses and relocation of production facilities.

This inevitable development emphasises even more our duty to react and find a response to the socio-economic consequences. This is even more urgent due to the concentration of the sector in regions which often do not offer alternative employment opportunities.

The Communication on restructuring and employment adopted a year ago started to address these issues. This first step has now been followed by another one, the proposal for the European globalisation adjustment fund, of which you will hear more in the course of the day.

In the recent past, anticipating the extent of structural changes in the textiles and clothing industry has not always produced satisfactory results. We now need to mobilise the opportunities for anticipatory measures.

The Structural Funds – both now and in the future – offer opportunities to tackle these challenges. In view of their responsibility for the implementation of the funds, it is up to Member States and regions to focus their programmes on the regions suffering most heavily from the structural changes in the sector. The structural funds will focus from 60 to 75% on the implementation of the Lisbon objectives I mentioned above. Other financial programmes including the 7 Framework Programme on technology development and Research and the Competitiveness and Innovation Programme will aim at promoting innovation and research to increase competitiveness.

In this context, I would like to thank the European Textile Collectivities Association ACTE for having agreed to come to this conference to present a local and regional approach to anticipating and managing change.

Indeed, what we need now is a coherent and forward looking approach with full involvement and commitment by all public and private stakeholders. This will also be our approach today.

This conference will be an opportunity for us to exchange ideas, to discuss strategies, to develop instruments so that your sector, with over 2.3 million employees in some 200,000 companies, can better anticipate and handle change at company, regional, national and European level.

4. Concluding remarks

Ladies and Gentlemen,

I would like to conclude on an optimistic note.

I am confident that the European Union is able to bring about improvements in growth and employment in Europe. And I believe that the key measures to relaunch the Lisbon strategy will also help the textiles and clothing industry to overcome its specific challenges.

However, let there be no mistake. Politicians cannot work wonders. I cannot create jobs and growth. Industrial policy has an important role to play by creating a positive framework for business to thrive. But the fate of the industry will primarily depend on the excellence and expertise of the individual companies.

Before I give the floor to Mr Calabuig, Member of the European Parliament and the High Level Group on textiles and clothing, I would like to thank that at this event the textile and clothing social partners will present concrete examples of how companies have successfully adapted to new challenges.

Success stories like these should be publicised more often and more widely. They provide examples and practices that can and must be followed. They also promote the image of a sector where skills, research and innovation are the winners. They show that change management can be a success story, despite all the problems and challenges that need to be overcome.

We must not forget that the EU is still the largest exporter of textile products in the world. The textiles and clothing sector certainly has the capacity to remain a very important part of the industrial base of the EU.

I wish you all a successful conference, and look forward to receiving a full account of the proceedings.

Thank you.