

Textiles Intelligence

Press Release

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For immediate release

Clothing suppliers who benefit from duty-free access to the UK could lose out as a result of Brexit

Suppliers in several major clothing exporting countries could lose their preferential access to the UK market if and when Britain leaves the EU, according to the latest issue of *Textile Outlook International* from the global business information company Textiles Intelligence.

Unless special terms of access are negotiated, Britain's withdrawal from the EU -- a process commonly known as Brexit -- could have major consequences for such suppliers given the size of the UK market. In 2015 the UK was the EU's second largest clothing import market in value terms, after Germany, with a 17.7% share of EU clothing imports into all member states. And in volume terms, it was the largest market with a 22.1% share.

Because the UK is a member of the EU, exporters in many developing countries -- including Bangladesh, Cambodia, Myanmar, Pakistan and Peru -- enjoy duty-free access to the UK textile and clothing market under arrangements which form part of the EU's Generalised Scheme of Preferences (GSP). At the same time, imports from Turkey are allowed to enter the UK duty-free and quota-free under the Customs Union between Turkey and the EU.

In addition, while the UK remains a member of the EU, exporters in Vietnam stand to gain from improved access to the UK import market when the EU-Vietnam free trade agreement comes into force.

But if and when the UK leaves the EU, imports into the UK from poorer countries such as Bangladesh and Cambodia will, by default, be subject to a common external tariff as declared to the World Trade Organization (WTO) -- unless special trade agreements are put in place to provide these countries with preferential access to the UK market in particular. While referring to the WTO, it is worth noting that, technically, the UK would have to join the WTO on its own account if and when it left the EU, and UK membership of the WTO would require the approval of all of the WTO's member states.

Trade agreements could take years to negotiate and, under WTO rules, the UK is not permitted to carry out its own trade negotiations with non-EU parties while it remains within the EU. Besides, the UK has not had to conduct its own trade negotiations for decades and therefore lacks people who are skilled in this field.

The decision to leave the EU was taken by the UK government following a referendum on June 23, 2016. In the referendum, 52% of the 30 million people who voted expressed a preference

to leave the EU and hence end 43 years of EU membership -- although, technically, the results are not legally binding.

Brexit will be triggered when the UK government invokes Article 50 of the Treaty of Lisbon. This will start a two-year period of preparations and negotiations accompanied by much uncertainty as to the outcome.

Ends.

Issue No 181 of *Textile Outlook International* includes the following reports: “Editorial: Brexit means Brexit: impact on the textile and clothing industry”; “Profile of Polygiene: a leader in odour control technology”; “Tanzania: opportunities for the textile and clothing industry”; “Product developments and innovations in textiles and apparel”; “Profile of Strategic Partners: a pioneer in durable and stylish medical apparel”; and “Trends in EU textile and clothing imports”.

Textile Outlook International is published six times a year by Textiles Intelligence. Each issue provides an independent and worldwide perspective on the global fibre, textile and apparel industries.

A year’s printed subscription to *Textile Outlook International* costs £1,095 (UK), Euro2,020 (Europe, Middle East or Africa) or US\$2,630 (Americas or Asia Pacific). An electronic supplement is also available; please contact Textiles Intelligence for details. Single issues, individual reports and multi-report packages are available on request.

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