



## The State of The Turkish Textile and Ready-Wear Industries

Aslı DURAN

Çankaya Üniversitesi, İİBF, Uluslar arası Ticaret Bölümü

duranasli@hotmail.com

Dilek TEMİZ DİNÇ

Doç. Dr. Çankaya Üniversitesi, İİBF, Uluslar arası Ticaret Bölümü

dilektemiz@gmail.com

### Abstract

The textile and ready-wear industries are one of the main forces that support the growth of the Turkish Economy. Both in its internal and international markets Turkey was able gain its current competitive force through these industries. This study consists of four parts. After introduction, in the second part, the competitive power of these industries is examined. Then the existing problems of the industry are evaluated and are followed by a SWOT analysis. In conclusion, it is decided that in order to keep up with the global market Turkey must focus on the production of textiles which include more technology (so called technical textiles).

**Keywords:** Ready-Wear Industries, Textile Industries, Technical Textile, Turkey

## Türk Tekstil ve Hazır Giyim Sanayisinin Yapısı

### Öz

Tekstil ve hazır giyim sanayii Türk ekonomisinin büyümesini sağlayan başlıca sektörler arasındadır. Hem iç hem uluslararası piyasada Türkiye şuan ki rekabet gücünü bu sektörler sayesinde kazanmıştır denilebilir. Bu çalışma toplam dört bölümden oluşmaktadır. Girişten sonraki ikinci bölümde, Türk tekstil ve hazır giyim sanayiinin rekabet gücünden bahsedilmektedir. Daha sonra, bu sektörlerdeki sorunlar değerlendirilmekte ve bir SWOT analiz yapılmaktadır. Çalışmada, küresel pazara ayak uydurabilmek için Türkiye'nin daha fazla teknoloji içeren tekstil üretimine (teknik tekstil) odaklanması gerektiği sonucuna ulaşılmaktadır.

**Anahtar Kelimeler:** Hazır Giyim Sanayii, Tekstil Sanayii, Teknik Tekstil, Türkiye

## 1. Introduction

The textile and ready-wear industries are playing an important role on Turkey's economic figures in terms of gross domestic product, employment and exports. They have important contribution to Turkish industry. The big domestic market, the abundant raw materials, and the existence of the qualified labor have been the main factors in the development of the textile industry in Turkey. They provide an advantage for the competitive power of the national economy.

The Turkish textile industry continues to be the one of the leading sectors in the Turkish economy providing 17.5 percent of total exports in 2014. A total of 53,000 companies operate in the sector, providing a total of about 0.4 million jobs in the garment production alone (GAIN Report, 2015). Total Turkish textile and apparel exports amounted to \$27.6 billion in 2014, up about 8 percent from \$25.8 in 2013. The increase in exports was due to an easing of economic difficulties in the EU market and Turkish exports diversification efforts in new markets (GAIN Report, 2015).

This paper consists of four parts. In the second part, the competitive power of the Turkish textile and ready-wear industries is examined. In the third part, the existing problems of the industries are evaluated and are followed by a SWOT analysis. The last part is the conclusion.

## 2. Competitive Power of the Turkish Textile and Ready-Wear Industries

The global textile and ready-wear industries are a very important and extremely competitive part of the global market. Its competitive nature works through individual firms and therefore it is crucial for companies to create strategy and plan their future steps carefully. The main factors that shape up the nature of the competition in both the national and international markets are: Exchange rate policies, costs, employment, established capacity and machinery pool, incentive policies, marketing opportunities and branding and geographical location and fast delivery (Nordas, 2004: 27-28).

*Exchange Rate Policies:* Turkey is highly affected by exchange rates especially because its main importers, most of the European Countries all use the euro as currency. Turkish textile and ready-wear industry is successful in utilizing Turkish goods when manufacturing and exports more than half of the goods they produce. Since most of the exports are to the European Union (EU) most of the income is in the form of Euros while because of the aforementioned reason, costs are mainly in the Turkish currency. After the year 1980, with the new foreign outreach policy the value of the Turkish lira was decreased on purpose. However, in the mid 80's it was decided to raise value back, leading to its sudden rise. However the value of the TL increased more than the anticipated amount, resulting in a decrease of exports. For the success of the



Turkish textiles and ready-wear industry, a realistic exchange rate policy should be implemented. A rather stabilizing policy that will allow a steady growth is a must.

*Costs:* Manufacturing Costs: Raw materials and direct materials make up most of the manufacturing costs. The textile and ready-wear industries offer a vast variety of goods and therefore have vast variety of manufacturing costs. Main sources of costs of the industry are procurement of raw materials, financing costs, shipping costs, communication costs, direct labor costs and energy costs. If we take the entire industry as a whole process the production of ring threads and open-end threads are the most costly part. Also direct labor costs of the ready-wear can make up to 30% of its costs whereas in the textile finishing industry energy costs can make up a 15% of its entire costs (Seitz v.d., 2008).

*Labor Costs:* For a long time labor costs gave Turkey an advantage in the global market. Even though the Turkish labor costs are lower than most of the developed countries, especially the EU, they are still higher than China, India and Pakistan (ILO, 2014). This situation is limiting the amount of foreign investments we receive. The constant search for educated and qualified workers in the textile industry has caused a rise of labor costs in Turkey. On top of this, the rising social security bonuses that every company has to pay is also causing the labor costs to increase. The social security costs added to the minimum wage make up 41% of the labor costs in Turkey (Öngüt, 2007: 96).

*Energy Costs:* Energy costs along with water and fuel costs are a part of the manufacturing costs. The textiles use a noteworthy amount of electrical energy. In comparison to other developing countries, Turkey has higher energy costs and therefore has a disadvantage in this area when compared to the global market (Investment Support and Promotion Agency of Turkey, 2013).

*Employment:* When informal workers are also taken into account there are around 450,000 workers in the textiles and approximately 1,500,000 workers in the ready-wear industry, adding up to two million jobs created by the industry. According to the November-2009 Work Statistics report of the Turkish Ministry of Labor and Social Security there are 674,832 workers employed in 40,806 companies in the industry (Ministry of Science, Industry and Technology, 2010).

*Established Capacity and Machinery Pool:* Until the year 1990, the global competitive power of the Turkish textile and ready-wear industries were on the rise. With this competitive power a lot of foreign and local investors joined the industry allowing the development of further technologies. Especially after Turkey joined the CU in 1996 the expected growth in exports due to the abolishment of quotas resulted in even more investments to the industry, which backfired when joining the union did produce the desired effect. Over



investment lead to a surplus of goods (Aras, 2006). The 1999 Asian depression affected the manufacturing of textile and ready-wear machinery. Turkey has a rather young and higher quality machinery pool but in terms of their short fiber manufacturing capacity China, USA and India are stronger. In regard to long fibers the EU has the highest manufacturing capacity followed by Turkey, China, Italy and USA. Meanwhile in the weaving industry China, Russia, Indonesia, Taiwan, Japan and Turkey have the highest number of shuttle-less looms. In terms of shuttle looms the leading countries are as follows; China, Indonesia, India and Turkey. Turkey is the 6<sup>th</sup> strongest country in respect of the number of spindles they own and has 3.5% of the total global capacity to produce short fibers and 5% of long fibers (ITKIB, 2012). Turkey has 30.7% of the short fiber capacity, 11.7% of the long fiber capacity, and 12.3% of the e-rotor capacity of the European spindle capacity (ITKIB, 2012). These figures show the obvious competitive power of the Turkish industry in the global market.

*Quality of the Machinery Pool:* Compared to other developing countries, Turkey has higher capacity and utilization ratio. In the textile and ready-wear industries, the quality of the machinery pool is as important as the utilization ratio since technology plays an important role and continuously evolves. Newer more technological machinery gives competitive advantage (Yücel, 2010). Even though there was a lot of investments to the technology of the industry around the 90's, after 1997 these investments stopped. Between the years of 2002 and 2003 a more focused investment started and the open-end rotors and shuttle-less loom capacities were increased. Shuttle-less looms only made up a 7% of the total established production capacity in 1998 but by the year of 2003 this number increased to 28% (Aras, 2006). Turkey does not have the necessary infrastructure to produce new technology or machinery for the industry. Therefore Turkey is dependent on foreign technology and machinery which creates a natural handicap for Turkey in the global market. Half of the Turkish machinery is exported from the EU. Another major supplier of machinery is the Far Eastern countries.

*Incentive Policies:* Between the years of 1980 and 2008 half of the incentive investments were made towards manufacturing (Yavan, 2011: 149). The strongest sectors in the Turkish manufacturing industry are the textiles and ready-wears. Therefore lots of incentive policies were implemented to strengthen these industries between the years of 1990-1995. The average incentive certificates given in the textile industry was around 300, but in 1995 this number sky rocketed to a 2,360. The textiles receive a third of the incentive certificates that are given to the manufacturing industry (Yavan, 2011: 146).

The textile and ready-wear industries have been the top receiver of both investments and incentive certificates for over thirty years now. Geographically speaking the Marmara region received the highest amount of incentives throughout the years (Yavan, 2011: 150). The Marmara region also



plays a crucial role in the national revenue, national industry, exports and receives a considerable amount of foreign direct investment. The main driving force of this region is the economic and trade hub of Turkey, İstanbul. If specific provinces are examined, unexpected provinces like Kahramanmaraş also receive a lot of incentive but this is due to textile and ready-wear industries presence there.

*Marketing Oppurtunities and Branding:* Turkish textile and ready-wear industries are generally made up of small and medium-sized companies. Small and medium-sized companies generally do not possess the necessary knowledge and competitive power to join the global market and therefore have been rather unseccesful in their export attempts. Government support is necessary in this area. The CU and other free trade agreements have given the industry some elasticity by making transportation easier. The establishment of government backed Foreign Trade Capital Companies and Sectoral Foreign Trade Companies was an important step for the industry. These steps were essentially taken in order for the Turkish companies to speciliaze in foreign trade and for them to be active and effective in the global market. It is important for the textile and ready-wear industries to follow a new and more effective marketing strategy in the global market. Succesful branding of individual companies will improve the perception of Turkish goods as whole make marketing easier in the global market for the entire industry. Turkey is already an important figure in the global market and as it lost its advantage of cheap goods, therefore Turkey should focus in producing high quality goods with high value added. Investments in research and development (R&D) should be encouraged and steps should be taken in order to manufacture more functional and technical textile goods.

*Geographical Location and Fast Delivery:* Geographical proximity, cultural proximity and trade history are important deciding factors of foreign trade capacity between two countries. Geographical proximity is especially important as it governs the transportation costs (Core, 2009). Turkey's nearliness to the EU market results in favorable transportation and insurance fees when compared to its biggest competition, China. Turkey's continous exports to the EU even before joining the CU is due to its geographical proximity. Proximity also allows efficiency as less time is lost in transportation. Fast transportation and delivery is an important competitive strength in the global market (Whitehouse 2014\*). Especially in the textile and ready-wear industries fashion and customer demands are ever-changing, to keep up a constant timely delivery of new products is important. A late delivery will result in shorter period of time where the good is "in-fashion" and therefore a shorter period of time in which it can be sold in full price. So

\*

[https://www.whitehouse.gov/sites/default/files/docs/economic\\_analysis\\_of\\_transportation\\_investments.pdf](https://www.whitehouse.gov/sites/default/files/docs/economic_analysis_of_transportation_investments.pdf)



all-in-all Turkey makes up for its rising manufacturing costs with fast delivery thanks to its geographical location in the EU market.

### 3. Current Problems in the Textile and Ready Wear Industries and Solution Suggestions

As the focus of the global textile and ready-wear industries shifted from developed countries to developing countries, they became the very engine that supported the growth of the Turkish economy. Ever since the first years of the Republic, the textile and ready-wear industries played a crucial role in the economic development of Turkey (İnalçık, 2008). Thanks to its high manufacturing capacity, raw material procurement advantage and labor capacity of Turkey have always been strong in the global textile and ready-wear market. Even though the changes in the global economic structure slowed down the growth of the Turkish industries, Turkey still had a very important geographical proximity advantage that boosted its exports over the years. The very structures of the textile and ready-wear industries are changing globally. If Turkey is to sustain its competitive force in the global market, it has to adopt to these changes (Kanoğlu and Öngüt, 2003). Employment, government incentives and labor costs make up the biggest issues in these industries.

*Employment:* The textile and ready-wear industries have the highest employment rates in Turkey and are mainly made up of small or medium-sized companies. There is a significant amount of informal employment in the ready-wear industry. This high number of informal employment rate affects the industry negatively (Kutluksaman v.d., 2012). For better branding and strengthening exports, Turkish companies have to institutionalize more. The high informal employment rate is bad for institutionalization. The industry needs to focus on long term profits and rather than using contract manufacturing and specialize in the production of their own goods. In the ready-wear industry government incentives are important and the high informal employment rate gives an unfair advantage to some companies and others are not able to receive the adequate amount of regional government incentive certificates and branding incentive certificates. In order to stop this unfair rivalry in the country unions and chambers of commerce have to move in unity.

*Government Incentives on Exports:* Turkish textile and ready-wear industries have been in an integration process with European Union. During this process government subsidies were adjusted and government incentives on exports increased. The most helpful government subsidy in the industry would be in R&D researches (Kılınç v.d. 2012). To be able to adjust to the changing structure of the global market investing in research and development is crucial. Other government subsidies come in the form of: Readying of infrastructure and environment for production, appropriate market research



in order to maximize exports, labor subsidies in order to overcome informal employment rate, support on outside the country office and shops, patent support to increase the product range of the industry, support in international fairs hosted, support in the attendance of international fairs hosted in other countries, support in any and all branding activities.

*Labor Costs:* The textile and ready-wear industries have a labor-intensive production structure. Especially the ready-wears are even more labor intensive than the textiles (Nordas, 2004). Therefore a change in labor costs has a direct effect on exports. The main reason as to why the global focus shifted towards developing countries in these industries is cheaper labor costs. During the time period where Turkey was considered especially successful in textile and ready-wear exports, low labor costs played an important role in this success. However, when the international quotas were abolished this advantage turned into a disadvantage as global focus on production shifted yet again towards the Asian countries. India and China have especially low labor and manufacturing costs (Ceglowski and Golub, 2012). The advantages Turkey gained from the Custom Union (CU) were more or less negated when quotas against China were discontinued. China is able to produce large quantities of goods for cheaper costs than the rest of the world and therefore has the power to lower prices throughout the entire global market (Yücel, 2010). The yearly growth of Turkish exports is somewhat unstable, but the capacity utilization ratio and manufacturing efficiency have been constantly improving. However as energy and labor costs started to increase Turkey started lose some of its competitiveness in the global market (Yücel, 2010). Another important factor was the fact that for a long time investing in Turkish textile and ready-wear industries were the main trend. With the rise of countries with even cheaper labor and energy costs foreign investors shifted their focus away from the Turkish industries. Turkey's main advantage in the global market is its proximity to the EU and its ability in fast delivery of goods. Even though there has been decreased in exports to the EU every now and then, overall the EU has played a critical role for the Turkish economy as it has remained to be the main market for Turkish textile and ready-wear exports throughout the years. For this reason, it is imperative to create a SWOT analysis on the trade relations between the EU and Turkey for these industries.

### 3.1. SWOT Analysis

#### 1. Strengths

*Contributions of the companies of the industry:* The large number of small and medium sized companies that are located in the Marmara Region contributes to the industry. The raised added value of the goods also had a positive effect on the industry. Both in production and in employment the industry has been playing a crucial role in the Turkish economy for a long time. Proper branding efforts of companies improved the general image of Turkish products, making



exports easier for other Turkish companies. The high number of skilled laborers working in the industry gives Turkey an edge in the industry.

*Know-How:* Turkey has a remarkable amount of know-how accumulated in the industry over the years. Turkey continuously renews its machinery pool and always follows new technologies. Also, during the integration period with the EU, environmental and social standards in the industry also improved.

*Geographical Location:* Turkey is the only country that has a CU with the EU even though it's not a member state. Turkey has been the main supplier for the EU in the textile and ready-wear industries for years. The geographical proximity to the EU is a crucial factor for exports.

## 2. Weaknesses

*Constant increases in manufacturing costs:* There is a constant rise in raw material, labor and energy costs in Turkey. In comparison to its rivals Turkey has very high energy costs. Procurement of raw materials became harder and more costly over the years. The industry consumes more raw materials than it is produced in Turkey, thus companies are forced to import raw materials. As more raw materials are imported the cost of production increases. Also the shaky exchange rate in Turkey negatively affects the industry and its competitive force.

*Bureaucratic Barriers:* The bureaucratic barriers in Turkey are limiting the growth of the industry. The fact that the Turkish legal system doesn't always work properly and the constant intellectual property right issues are limiting exports and their growth. Also the late administration of dual agreements made with other countries is weighting down exports.

*Problems in the sub-industries and other manufacturing issues:* Factors like the high informal employment rates, high usage of contract manufacturing and little or no collaboration in the sub-industries are hampering the growth of the industries.

*Lack of innovative structure:* In comparison to its rivals Turkish textile and ready-wear industries are lacking in proper branding, investment in R&D and education.

## 3. Opportunities

If Turkey better utilizes its geographical proximity it will gain an advantage over its rivals in the global market. Therefore, better supply chain management is required in the Turkish textile and ready-wear industries. Specializing in fast delivery and cargo trafficking will create a good opportunity for the industry. Turkey also has to focus in regional leadership in the global market. The Turkish textile and ready-wear industries have reached their maturity period. Therefore, diversity in products and services are required. A better range of products will allow branding in the industry.



Diversity in high added value goods will give an advantage to Turkey in the global market. Strategic collaboration between small and medium sized companies and their joint ventures will create opportunities in the industry.

#### 4. Threads

*The Asian Countries:* After the abolishment of the quotas, the share of Asian countries in both production and exports in textile and ready-wear goods surged. Especially China and India flooded the global market with their goods and quickly dominated the market with their low prices (Chandra 1998). China is not only able to manufacture goods with little costs they are also started to specialize in design heavy production (Yücel 2010). Previously, Turkey and similar developing countries were receiving the foreign investments in the global market. After the abolishment of quotas all investments suddenly shifted towards the Asian countries. For this reason, most of the manufacturing of transnational companies and similar successful companies are made in China. China is very successful in utilizing its advantages in the industry and therefore able to dominate the global market. As the share of Chinese imports increase, the imports from Turkey are dropping (Yang and Zhong 1998).

*Situations created by the European Union:* Even though Turkey is a part of the CU it is not a part of the EU member states. Therefore, Turkey does not have a saying in decisions made by the EU. The fact Turkey is not able to be a part of the decisions in trade policies is a threat to Turkey. Turkey is only a candidate country in the EU and therefore doesn't have visa less travelling in the EU and only has limited rights in the EU. At the same time, the EU is constantly signing new trade agreements with third parties and not including Turkey in them. Therefore, the Turkish textile and ready-wear industries are forced into one-sided trade relations with third parties. Turkey is not able to sign new dual trade treaties with other countries. The biggest threat for Turkey is the EU-USA Free Trade Agreement that Turkey is not a part of. This situation is limiting the circumstances and the freedom of Turkish foreign trade. If the negotiations in Transatlantic Trade and Investment Partnership (TTIP) succeeds a new free trade agreement will come into force that influences 30% of all global transactions, and it will determine the future of the CU (World Bank, 2014). All changes in the circumstances of the CU affect the Turkish international trade very strongly. Turkey is a country in which the manufacturing costs are constantly increasing. As the costs of raw materials, energy and labor increase, Turkey is forced to sell its goods for higher prices in comparison to its rivals (Kök and Çoban 2005). The rises in the prices of semi-finished goods used in production are also causing an increase in manufacturing costs. At the same time, Turkish companies need to specialize in design rather than contract manufacturing.

As it can be seen from this SWOT analysis, Turkey has an advantage over its rivals in the market, but in order to protect this advantage Turkey has to



change the course of its productions. With more technical knowledge and a change in strategy Turkey can revitalize its textile and ready-wear industries. With these changes Turkey can focus on fashion design and proper branding in the industry and therefore raise its force in the global market.

### 3.2. The Necessary Actions for the Future of the Turkish Textile and Ready-Wear Industries

There is decrease in the growth of textile and ready-wear industries. Turkey is one of the countries that entered the maturity state in these industries. The new companies in the industry are lacking the necessary knowledge in their marketing and branding efforts. The amount of know-how that accumulated in the Turkish industries, the existing investments and its weight in the global market is advantageous for Turkey. After the abolishment of quotas in 2005 developed countries shifted their production focus to countries with low labor costs. Turkey needs to take a lesson from the Asian countries and focus in fashion design. In order to increase the trust in Turkish goods and to achieve for better global reputation for Turkish brands, Turkey needs to follow the strategies developed by the developed countries. The production of high added value goods is only possible through proper focus in R&D. A proper advertisement campaign for new product lines designed through R&D is necessary for further growth. The establishment of shop and sales chain in potential countries are important for the future of the industry. As previously mentioned, the government supports the industry in these processes as the textile and ready-wear industries play a crucial role in the Turkish economy. The necessary actions and precautions that the Turkish textile and ready-wear industries have to take in order to keep up with the ever-changing global market are:

- Manufacturing costs should be brought down.
- International cooperation is necessary.
- Informal employment needs to be stopped. In order for the informal economy to shrink stopping informal employment and tax evasion must be stopped. Raising awareness in the companies is important.
- Government back R&D practices need to be better planned. Better work in design development and application are needed. Companies need to focus in long terms profits rather than short term profits and therefore focus on R&D. Through R&D the industry needs to focus on intelligent textile goods.
- Better quality control systems need to be implemented in order to ensure future profits and progression. Discontent in exported goods in the global market is unacceptable for the future of the industry.
- Strategic cooperation between firms is crucial for success in the global arena. A global vision of the country needs to be established through investment and aims.
- One of the biggest disadvantages of the country, bureaucratic legislations should be decreased. Cooperation between the government and the private



sector is needed in order to simply by the export process. Rather than the existing ever-changing government policies a stable long-term textile export policy needs to be implemented.

- According to the records of the World Bank between the years of 2006-2009 there were 2,480 textile production companies and 2,836 ready-wear production companies (WB, 2014:97). Most of these companies were created by Turkish capital. Since Turkey does not have free circulation rights in the EU the high number of firms that specialize in international trade creates a disadvantage. In order to overcome this problem chambers of commerce and industries in important provinces have to work together to create a general survey.
- Protection of intellectual property rights is a must. It's important to fill the holes in the legal system.
- Government support in the training of educated workers is necessary. Large number of educated workers is needed in the industry. The İŞKUR education programs needs to be better utilized to compensate for the lack of workers.
- As previously mentioned, the textile industry produces the raw materials of the ready-wear industry. Better cooperation in between the two industries is important.
- Usage of high tech in production will have a big impact on the industry. The multi-usage textile goods are becoming crucial in the global market. Turkey needs to focus on intelligent textile production.
- Environmental policies applied through the integration with the EU need to be continued. Green production techniques that do not process health issues will help the industry grow in the global market.
- A decrease in energy costs is a must.
- The limitations that are born from the fact that Turkey is a part of the Customs Union but not a member of the EU is slowing the growth of the industry. The process of becoming a member state of the EU is crucial and needs to be hastened.
- The EU is the main market for the Turkish textile and ready-wear industry. For future investments Turkey has to widen its markets rather than focusing on a single region.
- In the changing global market, fashion and branding are the main factors in determining the competitive power of a country. For this reason companies need to follow global fashion trends closely. Attendances to national and international fairs need to increase.
- For further success in the global market Turkey needs avoid production of cheap low quality goods. The Turkish industry needs to focus in production of high quality goods. Turkey needs to stop competing with countries that have low labor costs. Rather, Turkey should be competing with countries like Italy, France or UK that are leading the fashion world.

The international expansion policy of the Turkish textile and ready-wear industries since the 1980's has been successful and Turkey became one of the main exporters in the global market. Thanks to the industry foreign relations



also improved. The contributions of the industry strengthened the economy which in turn allowed the growth of other industries. To summarize the international expansion and exporting policy has been rather successful for the industry as well as the country. Factors that are limiting the further growth of the industry should be reduced. Small and medium-sized companies should be organized in order to deal with the ever-rising threat of Asian countries. New marketing tactics should be implemented.

Upon a closer examination it is easy to see that the Turkish textile and ready-wear industries are still growing and they have potential to grow a lot more. They have a lot of experience that comes from the long trading history with other countries. For further healthy growth the textiles should focus in widening its product range through manufacturing technical textile goods. The industry has started to support the construction, medicine, machinery, infrastructure and automobile industries as well as the ready-wears.

### 3.3. Technical Textiles

According to the definition of the Textile Institute, the technical textiles are textile materials and goods that are produced for their functions and technical performance advantages rather than aesthetics or decorative purposes (Horrocks and Anand, 2000: 2). Technical textiles are made up of all kinds of textile goods that are used in a wide variety of different industries. As the production of technical textiles become more common its changing the dynamics of the entire global textile industry.

The technical textiles are separated into 12 main groups in their functions (Horrocks and Anand, 2000: 3-4): Agrotech Textiles, Buildtech Textiles, Clothtech Textiles, Geotech Textiles, Hometech Textiles, Medtech Textiles, Indutech Textiles, Packtech Textiles, Mobiltech Textiles, Ecotech Textiles, Protech Textiles and Sporttech Textiles.

The already wide area of utilization in technical textiles is still growing over the years. In the last few years two new groups, the food textiles and intelligent textiles came up. Focusing in production of intelligent textiles will have the greatest effect on the industry. Intelligent textiles are textile products that can sense the changes in outside factors and respond to these changes (Marmaralı, 2013). The intelligent textiles are divided in to two groups. If the product is only able to sense the change in an outside factor it is called passive intelligent textile goods. If the goods are also able to respond to this change then it is considered to be an active intelligent textile good (Mattila, 2006).

Over the last few years, the technical textile industry grew considerably and has a very high growth rate still. As the technical textile industry increases its usage in the textile and ready-wear industries its becoming a new and promising industry for the Turkish economy (Emek and Kuyumcu, 2009). The industry has a high potential as new products are constantly being invented and marketed. It is expected to outgrow the traditional textile industry in the



near future. Turkey's main aim in the industry is to produce high quality goods with competitive prices. Since the Turkish textile industry is already advanced, it has an advantage in entering the technical textiles industry (Republic of Turkey Ministry of Economy, 2014). In its current situation Turkey's raw material procurement, geographical location, labor quality and R&D studies are a proof of the fact that Turkey can grow in this industry. In the growing technical textile industry the EU countries are once again an important market. Highest export figures are to Germany, France and Italy. Meanwhile Turkey mainly imports Chinese, German and Italian technical textile goods. Other countries that Turkey imports from are South Korea, France, Romania, UK, USA, Czech Republic and Poland. The largest shares in global technical textile exports belong to China, Germany and USA (Republic of Turkey Ministry of Economy, 2012).

#### 4. Conclusions

The textile and ready-wear industries as a duo are one of the main forces that support the growth of the Turkish Economy. Both in its internal market and the international market Turkey was able gain its current competitive force through these industries. The biggest mistake on Turkey's part in the industry is the fact that a lot of unplanned investments were made. The effects of the Customs Union were positive but did not live up to the expectation. Therefore a lot of unplanned overinvestment was made resulting in a surplus of production capacity. As the quotas were abolished and the conditions of competition changed drastically demand for Turkish goods decreased. One of the main way-outs from this situation comes from focusing on goods with high added value and diversifying production. Turkey should stop competing in prices against China and focus on competing in global fashion and branding.

Geographical proximity, fast delivery, production that can meet the demands, young machinery pool and the diversity of goods can be considered to be the main advantages of Turkey. The necessary actions that are needed to be taken in order for Turkey to keep its place in the global market and overcome the international competition conditions are stated clearly. On top of these if the EU was to include Turkey in its decision-making and acknowledge its importance in the global market it would be a great help for the industry. The CU has both its advantages and disadvantages for Turkey. As Turkey is not able to become a part of the EU it is not able join the economic decision making process of the CU as well, resulting in limited gains. The positive image of the Union increased investments and gave the industry a stable look, allowing the full utilization of the advantages gained by the Union. Upon a closer examination it is easy to see that the Turkish textile and ready-wear industries are still growing and they have potential to grow a lot more. They have a lot of experience that comes from the long trading history with other countries.



For further healthy growth the textiles should focus in widening its product range through manufacturing technical textile goods.

## References

- Aras, G. (2006). *Türk Tekstil ve Konfeksiyon Sektörünün Rekabet Yeteneği*, Istanbul: ITKIB.
- Chandra, P. (1998). *Competing Through Capabilities: Strategies for Global Competitiveness of Indian Textile Industry*. Economic and Political Weekly 34 (9): M-17-M-24, February.
- Ceglowski, J., Stephen S. G. (2012). *Does China Still Have a Labor Cost Advantage?* Global Economy Journal, 12 (3), DOI: 10.1515/1524-5861.1874.
- Core, T. J.-F. (2009). *How Transport Costs Shape the Spatial Pattern of Economic Activity*. Joint Transport Research Centre, Discussion Paper, No. 2009-13.
- Emek, A., Kuyumcu, O. (2009). *Technical Textiles and Nonwovens Industry in Turkey*. Export Promotion Center of Turkey.
- GAIN Report (USDA Foreign Agricultural Service). (2015). Cotton and Products Annual: Turkey. GAIN Report Number: TR5017.
- Horrocks, R., Anand, S. (2000). *Handbook of Technical Textiles*. Woodhead Publishing.
- International Labour Organization (ILO). (2014). *Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries*. Sectoral Activities Department.
- Investment Support and Promotion Agency of Turkey. (2013). Energy Industry Report-Invest in Turkey. Retrieved from: <http://www.invest.gov.tr/en-US/infocenter/publications/Documents/ENERGY.INDUSTRY.pdf>
- İnalçık, H. (2008). *Türkiye Tekstil Tarihi*. Türkiye İş Bankası Kültür Yayınları. İstanbul.
- ITKIB (Istanbul Textile and Apparel Exporters Associations). (2012). *Tekstil Sektörü İhracat Performans Değerlendirmesi*.
- Kanoğlu, N. and Öngüt, Ç. E. 2003. *Dünyada ve Türkiye’de Tekstil-Hazır Giyim Sektörleri ve Türkiye’nin Rekabet Gücü*. Publication No: 2668, Ankara: DPT
- Kılınç, N., Ersöz, Y., Gürsoy, F. (2012). *The Effects of International Economic Crisis on Turkish Ready-Made Clothing Industry*. International Journal of Economics and Finance Studies, Vol 4, No 2, ISSN: 1309-8055.
- Kök, R.; Çoban, O. (2005). *Türkiye Tekstil Endüstrisi ve Rekabet Gücü: AB Ülkeleriyle Karşılaştırmalı Bir Analiz Örneği: 1989-2001*. İktisat, İşletme ve Finans Dergisi, 228, s.68-81.



Kutluksaman, M., Mutlu, İ., Saunders, J. ; Ünlüaslan, E. (2012). *Turkey's Textiles and Apparel Cluster*. Retrieved from: [http://www.isc.hbs.edu/pdf/Student\\_Projects/2012%20MOC%20Papers/MOC%20-%20Turkey%20Textiles%20and%20Apparel%20Cluster.pdf](http://www.isc.hbs.edu/pdf/Student_Projects/2012%20MOC%20Papers/MOC%20-%20Turkey%20Textiles%20and%20Apparel%20Cluster.pdf).

Marmaralı, A. (2013). *Technical Textiles, The Research and Innovation Challenge in the Mediterranean Countries: The Case Study of Turkey*. Ege Üniversitesi. Matilla, Heikki 2006. *Intelligent Textiles and Clothing*. Woodhead Publishing. ISBN: 9781845690052.

Mattila, H. (2006). *Intelligent Textile and Clothing*. 1<sup>st</sup> Edition. Woodhead Publishing.

Nordas, H. K. (2004). *The Global Textile and Clothing Industry Post The Agreement on Textiles and Clothing*. WTO Discussion Paper, 27-28.

Öngüt, Ç. E. (2007). *Türk Tekstil ve Hazır Giyim Sanayiinin Değişen Dünya Rekabet Şartlarına Uyumu*. Expertise Thesis, Publication No: 2703, Ankara, DPT.

Republic of Turkey Ministry of Economy. (2012). *Teknik Tekstiller Sektörü Sektör Raporları*, Ankara: İhracat Genel Müdürlüğü Tekstil ve Konfeksiyon Ürünleri Daire Başkanlığı.

Republic of Turkey Ministry of Economy. (2014). *Clothing Industry*. Retrieved From: [http://www.ekonomi.gov.tr/portal/content/conn/UCM/path/Contribution%20Folders/web\\_en/Home/Sectoral%20Reports%20and%20Statistics/Sectoral%20Reports/Industry/hg-clothing.pdf](http://www.ekonomi.gov.tr/portal/content/conn/UCM/path/Contribution%20Folders/web_en/Home/Sectoral%20Reports%20and%20Statistics/Sectoral%20Reports/Industry/hg-clothing.pdf)

Republic of Turkey Ministry of Science, Industry and Technology. (2010). *Tekstil, Hazır Giyim, Deri ve Deri Ürünleri Sektörleri*, Ankara: Sanayi Genel Müdürlüğü

Seitz, V., Neace M.B., Razzouk, N., Keyfli, E., Tung, Chin-Wei. (2008). *Turkey: Gaining Market Share in The U.S. Ready-to-wear Clothing Market*. Retrieved from: [www.rebs.ro/articles/pdfs/67.pdf](http://www.rebs.ro/articles/pdfs/67.pdf).

Yavan, N. (2011). *Teşviklerin Sektörel ve Bölgesel Analizi Türkiye Örneği*, Ankara, Maliye Hesap Uzmanları Vakfı Yayınları, No: 27.

Yücel, Y. (2010). *Uluslararası Ticaretin Serbestleştirilmesi Sürecinde Türk Tekstil ve Hazır Giyim Sektörünün Rekabet Gücü ve Çin Tehdidi*. Marmara Üniversitesi İ.İ.B.F. Dergisi, Cilt XXIX Sayı II, 227-250.

Yang, Y., Zhong, C. (1998). *China's Textile and Clothing Exports in a Changing World Economy*. *The Developing Economies*, 36 (1), 3–23.

World Bank (WB). (2014). *World Development Indicators online*, Washington.

