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THE SEMI-PERIPHERY IN THE GLOBAL PRODUCTION NETWORKS OF LABOUR-INTENSIVE INDUSTRIES: THE EAST CENTRAL EUROPEAN TEXTILE AND CLOTHING INDUSTRY IN THE MIRROR OF FOREIGN TRADE DATA

Ernő MOLNÁR [A*]

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Abstract
This article examines the different ways of integration of East Central Europe into the global production networks of the labour-intensive textile and clothing industry based on a comparative analysis of sector-specific foreign trade data. The strongly internationalised character of the industry as well as the sectoral statistics available in a homogenous structure make the used database an adequate tool for the identification of the most important structural changes and the development paths of the larger textile and clothing exporters, which can be well compared in the busy one and a half decade after the turn of the Millennium. By mapping and explaining the main restructuring tendencies, this short writing offers a base for the evaluation of the most perspective segments within the declining industry and tries to answer the question whether there are any forms or chances for the preservation of this traditional industrial culture. The results of the research suggest that East Central Europe can be regarded less and less as a cost-efficient production location of the textile and clothing industry supplying the wealthy Western European markets. The product structure and spatial relations of the East Central European textile and apparel trade are determined to a growing extent by local actors of the clothing market building their own brands and production networks as well as by producers and consumers of technical and other special textile products.

Key words
Global production networks, textile and clothing industry, foreign trade, East Central Europe.

INTRODUCTION

Several analyses have been written about the changing role of *East Central Europe* within the international division of labour and the restructuring of the region's *labour-intensive industries* after the turn of the Millennium. These studies have been built mostly on the theoretical framework of global value chains (GVC) / global production networks (GPN) explaining the spatial inequalities of the globalized economy by the different manners of regional participation in these structures (see about the concepts Coe et al 2004, Gereffi et al 2005, Schamp 2008, Yeung -

A* University of Debrecen, H-4032 Debrecen, Egyetem tér 1., Hungary
e*rno.molnar@unideb.hu* (corresponding author)

Coe 2015). The referred studies use methodological approaches integrating both primary and secondary research and offer insight into the case of one country or region as well as make a comparison between some countries. Not only the *deep integration* of the region *into the transnational production networks*, but also the *increasing challenge* of its earlier *manufacturing role* in a fierce global competition can be picked out from these publications (Hanzl-Weiss 2004, Scott 2006, Anić et al 2008, Kalantaridis et al 2008, Rouková et al 2008, Pástor - Belvončíková 2015, Molnár - Lengyel 2016).

Why is it still worthy to deal with the "light industry" seeming to decline in East Central Europe in the 21st century*?* First of all, according to the global sectoral restructuring trends, its disappearance from the region isn't necessary. New, *innovative* and *creative industrial segments* can be developed based on the existing knowledge, which can contribute to a more diversified local economic structure and which does not have the cheapness of the labour force as a main competitive factor (TMTE 2009). Secondly, the decline of the labour-intensive industries points to the problems of *social* and *spatial inequalities*. By the elimination of economic activities having been employers of disadvantaged social groups and peripheral regions for a long time (Smith et al 2014, Molnár - Lengyel 2015, Lux 2017), it is quite questionable which other economic sectors can take over their role.

The present investigation intends to contribute to the research of the East Central European industrial restructuring by making an *analysis of the textile and clothing industry for the whole region*. The sector plays a decisive role based on its employment figures within the region's labour-intensive industries (Hanzl-Weiss 2004). The second part of the research was built on the *foreign trade data* of the International Trade Centre (UN COMTRADE) available in homogenous form for the period after the turn of the Millennium and referring not only to the *structural*, but also to the *spatial features of the textile and clothing trade*. These data, as earlier in the case of our research focusing on the intraregional division of labour of the automotive industry (Molnár et al 2015), appear as an adequate mean for describing the changing geography and structure of the *spatially fragmented sector* organised within the frame of global production networks and characterized by a large-scale intra-industry trade.

The study consists of *three main structural units*. At first, the most important findings of the writings about the restructuring of the East Central European textile and clothing industry will be reviewed. Secondly, the analysis of foreign trade data according to the hypotheses set up earlier will be carried out. And finally, after the conclusion of the findings, there will be an attempt to outline further questions based on the results. The examination is extended for *16 countries of East Central Europe*: the continental countries becoming EU members in 2004, 2007 and 2013 as well as the non-member Post-Yugoslavian states and Albania are involved (Kosovo is left out because of missing data). Beside the summarised data of the 16 coun-

tries, the *7 most important textile and clothing exporters* were treated also separately in order to make a more detailed comparative analysis within the region.

LABOUR-INTENSIVE INDUSTRIES IN EAST CENTRAL EUROPE: FINDINGS OF THE LITERATURE

Investigations built up on sectoral statistics and field research within the framework of GVC / GPN approaches show that the possibilities for a *structural change* – also called upgrading (Humphrey - Schmitz 2002) – are fundamentally determined by the *way of integration* of the local actors into the transnational production networks. This participation is mostly realised in a dependent position, often by subcontracting in "*buyer-driven commodity chains*" (Gereffi - Memedovic 2003). This type of division of labour can be traced back into the socialist era: originally served to increase the hard currency reserves, later as the compensation for the eliminated Eastern and shrinking domestic markets, at the same time offering the possibility for market restructuring, learning and maintaining mass employment in a situation characterised by the lack of capital and other capabilities. But later it became clear that the *relatively small capital accumulation* ensured by subcontracting, because of its limited investment possibilities, reduces the chances for breaking out from this role and makes the industry even more dependent upon their existing relations (Hanzl-Weiss 2004, Pástor - Belvončíková 2015, Molnár - Lengyel 2016). This is one reason why East Central Europe has been influenced seriously by the changes of the global and local environments after the turn of the Millennium. The cutting down of textile trade quotas, the EU accession of most countries within the region, the economic crisis as well as the increasing local costs of production have resulted in a fierce sectoral competition, the *depreciation of the region as a location for the textile and clothing industry* and moving the subcontracting eastwards (Haas - Zademach 2005, Hamar 2006, Dicken 2011, Fernandez-Stark et al 2011).

At the same time, although East Central Europe is playing less and less role as a cost-efficient location of labour-intensive industries in global comparison, both in the cases of the clothing and the footwear sectors a relative importance of the geographical (and cultural) proximity of the region can be observed. This location factor has significance in the retention or return of the producing activities especially for the actors whose competitive strategies – opposite to the large-scale production – are based on quality and flexible supply for the European market (Dicken 2011, Molnár – Lengyel 2016b). Similarly to the cases of some globalizing services, the phenomenon of "nearshoring" (Meyer 2006, Gál 2014) can be interpreted also in the context of the textile and clothing industry within the present East Central Europe. Although the main sectoral restructuring tendencies seem to point towards the same direction, there are also some differences between East Central Europe and Southern Europe (Kapelko 2011).

The intensive global competition is forcing the local actors towards *continuous adaptation*. Beside the generally increasing efficiency of the *production process* based on technological changes and improved labour organization, Polish and Slovakian cases from the apparel industry and Hungarian cases from the footwear sector show that more and more local producers *outsource* (at least partially) the production for suppliers in cheaper neighbouring countries (such as Bulgaria, Romania, the Ukraine) under the cost pressure acquiring an *intermediate position* within the value chains led mostly by Western European enterprises. As other elements of the adaptation process, the changing *product structure*, the appreciation of more demanding and specific market segments should be mentioned, which can be observed also in the case of subcontracting, based on the decisions of the lead firms, but can be actually realised only by *actors developing their own products and brands*. Although East Central Europe is strongly present in the market segments characterised by price competition, enterprise strategies targeting the development of own products and brands in design-oriented segments or for market niches in the domestic economy (mostly by converting competencies gained from subcontracting) have appeared (Kalantaridis et al 2008, Rouková et al 2008, Rupik 2009, Crestanello - Tattara 2011, Pástor - Belvončíková 2015, Molnár - Lengyel 2016). The development of own products and the strengthening of the strategic functions beyond the production can be interpreted as a *functional upgrading* (Humphrey - Schmitz 2002) exceeding the earlier dependent situation, which on the other hand doesn't necessarily mean the maintenance of production and mass employment "within house".

The *social dimension of upgrading* (Bernhardt 2013) appears in a specific context in East Central Europe. The enterprises find it more and more difficult to get young, skilled and motivated workforce suitable for their upgrading purposes, because of the underpaid and limited career chances offered by the workplaces of the textile and clothing as well as leather and footwear industry. In the background of this process we can find the *competition for human resources*, the increasing demand for labour force generated by other growing industrial and service activities (and the grey economy) as well as the possibility of migration and working abroad within the European Union (Kalantaridis et al 2008, Smith et al 2014). On the other hand, the increased *wages undermine the global competitiveness* of labour-intensive industries causing their long-term failure and decreasing employment. Shaped by the interaction of the two opposite effects, the cases of the Romanian and Slovakian clothing as well as the Hungarian footwear industry show the *spatial shift* of these industries *within the national economies* from the economically dynamic regions to the Eastern peripheries offering more cost-efficient production location (Crestanello - Tattara 2011, Smith et al 2014, Pástor - Belvončíková 2015, Molnár - Lengyel 2015). Similar reasons can explain the restructuring processes *between the different national economies* of the region.

Related to the long-term perspectives of the region's textile and clothing industry, it is important to emphasize that the labour-intensive *mass production* has been *relocated from the developed economies* of Europe to cheaper countries (Gereffi - Memedovic 2003, Dicken 2011, Fernandez-Stark et al 2011), while the functional clothing products as well as textiles serving not the apparel industry (home, technical, industrial textiles) have been appreciated within the *product structure* of the remained activities. The *institutional market* represents one third of the European textile market: it is growing, it is less price-sensitive, it has demand for higher quality products and also it expects services together with the products, this way offering a chance for acquiring long-term market positions. *Technical and industrial textiles* as other potential key areas of the European specialisation show an even more dynamic development. Their markets are extraordinarily fragmented, they are broadening continuously by new application fields, they use strict standards and require intensive research and development, multidisciplinary co-operations, specific knowledge and relations suitable for the targeted industries (TMTE 2009). According to the findings of the literature as well as my earlier examinations based on statistical data, I set up the following *hypotheses* related to the restructuring of the East Central European textile and clothing industry.

1. In the case of East Central European countries, the *foreign trade* balance of textile and clothing products shows a *shift towards the position of net importer*, but there are significant differences in the appearance and in the volume of import surpluses. Also in the case of countries having considerable general import surplus, product groups registering *positive trade balances* can be found, but these fields of specialization are less and *less* related to the earlier determining *labour-intensive clothing products*.
2. The structure of East Central European textile and clothing *export* shows a *move towards* the less labour-intensive, *innovative products* such as functional textile and clothing products, home textiles, technical and industrial textiles that are competitive in the European market. The *clothing products* play an *increasing role* within the textile and clothing *import,* which refers to the growing importance of foreign products covering local demand as well as to the decreased textile material consumption of the declined domestic apparel production.
3. Despite the changing product structure, the developed countries of the *EU-15* are still appearing as the *most important export markets* for the region. However, the share of East Central Europe in the textile / clothing import of Western Europe has lessened significantly. Beside the changing product structure, *non-European countries (Asia)* are more and more *important sources of* the textile and clothing *import* of East Central Europe. But, on the other hand, the region's share in the Western European textile and clothing export is growing.

TEXTILE AND CLOTHING INDUSTRY IN EAST CENTRAL EUROPE: EMPIRICAL EXAMINATION

After the turn of the Millennium the countries of East Central Europe registered altogether a *growing nominal value of export* only interrupted by the global economic crisis in 2008 *(Figure 1)*. 80-85% of the total export exceeding 23 billion euro in 2015, were given by the same 7 countries (Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Romania, Slovakia) in the whole period. Poland emerged with

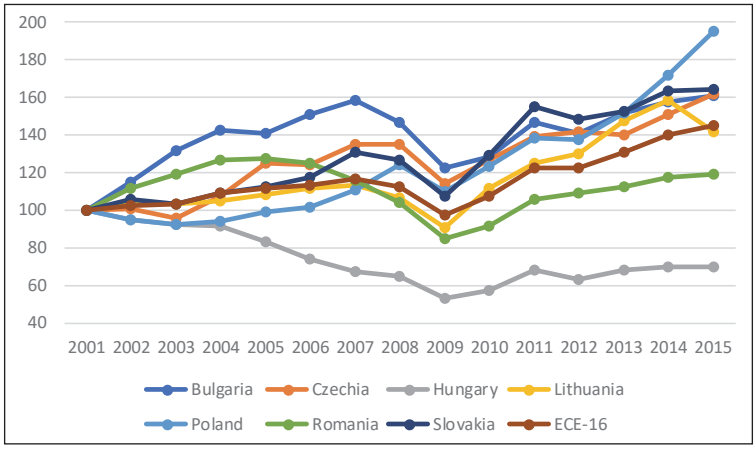

Figure 1 Development of the textile and apparel export in East Central Europe (percentage of the value for 2001)
Source: ITC / UN COMTRADE

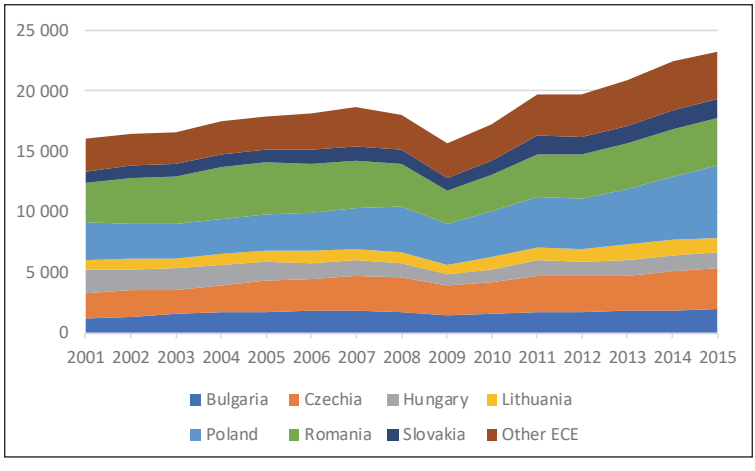

Figure 2 Distribution of the East Central European textile and apparel export among the countries (million euro)
Source: ITC / UN COMTRADE

its 95% growth rate. The biggest national economy registered just a modest fall during the crisis showing that its economic resilience was above average not only because of the significant domestic market. From the highlighted actors, Hungary was the only country with decreasing export: as the consequence of the continuous shrinking before 2009, then by a growth under the regional average till 2015, the Hungarian textile and clothing export reached 70% of its value at the turn of the Millennium. While Estonia and Slovenia showed an export decline of similar extent, the dynamics of Poland, Slovakia and the Czech Republic as well as the slipping back of Romania indicate that *not necessarily the more cost-efficient locations have the better export indices (Figure 2)*.

The textile and clothing *import* of the region shows also a continuous *growth interrupted* only *by the economic recession (Figure 3)*. The 7 countries playing a dominant role in the export gave also 80-85% of the import exceeding the 29 billion euro in 2015, although in terms of import Croatia and Slovenia didn't fall behind the lea-

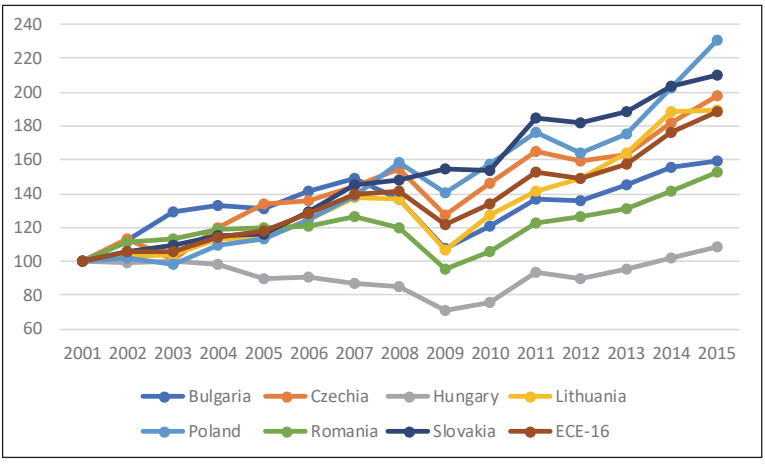

Figure 3 Development of the textile and apparel import in East Central Europe (percentage of the value for 2001)
Source: ITC / UN COMTRADE

ding economies. The biggest importer Poland had also the largest growth dynamic (130%), but the performances of Slovakia and the Czech Republic were also above the average. Hungary had the smallest import growth among the leading economies, which was very similar to the indices of Slovenia during the same period, and refers not only to the *shrinking import demand of the declining production capacities*, but also to the *long-term growth problem* of the local economy *(Figure 4)*.

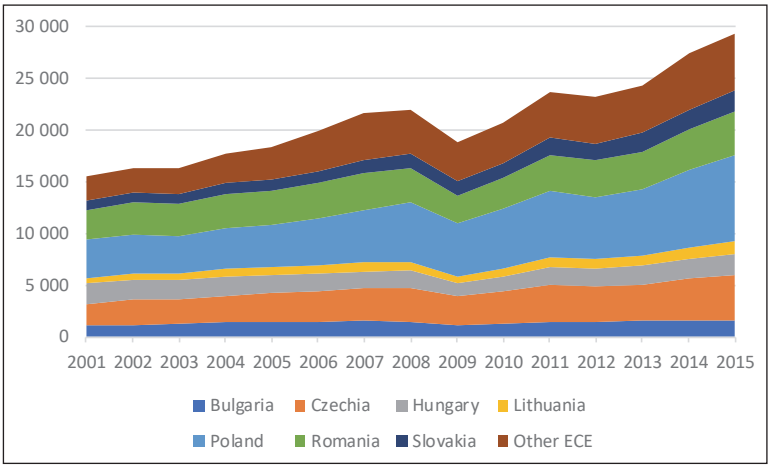

Figure 4 Distribution of the East Central European textile and apparel import among the countries (million euro).
Source: ITC / UN COMTRADE

(1) According to the related hypothesis, the summarized *foreign trade balance* of textile and clothing products shows a *growing deficit* within the region after the turn of the Millennium, despite the fact, that at the beginning of the period there was a moderate export surplus registered *(Figure 5)*. The larger exporters fitted to this trend, although they started from different positions and made uneven shifts. While the V4 countries had continuously negative and worsening foreign trade balance,

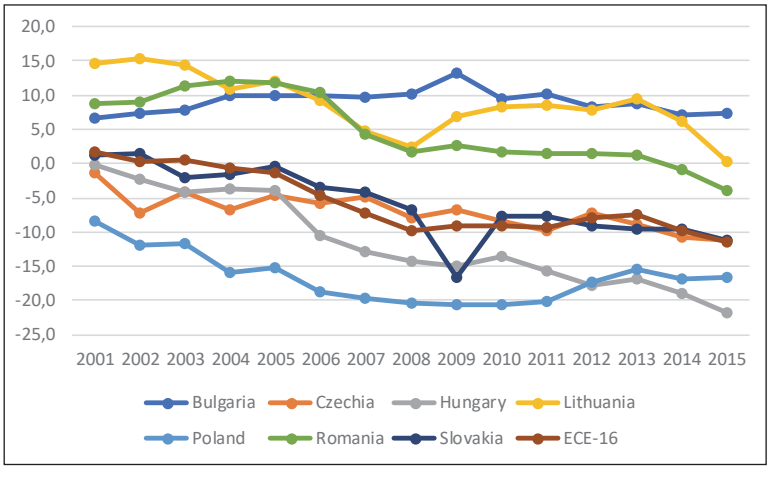

Figure 5 Foreign trade balance of textile and apparel products in the case of East Central European countries (percentage of the total volume of textile and clothing trade)
Source: ITC / UN COMTRADE

Bulgaria and Lithuania in the whole period, Romania with exception of the last two years remained in the positive range. Among these countries only Bulgaria (and in the region Macedonia as well) has significant positive balance of the textile and clothing trade now, which clearly indicates that *East Central Europe is not going to remain a globally important location of the labour-intensive industries* in the long run.

Although the textile and clothing trade of the region has deficit as a whole nowadays, *trade surplus* can be registered in the case of *apparel articles and clothing accessories* (HS 61-62) as well as *other made-up textile articles* (HS 63) during the period. But this is true only for the cases of Bulgaria, Lithuania and Romania among the larger exporters, while the foreign trade of labour-intensive clothing products is generating losses in all V4 countries now, the range of product groups having net surplus has spectacularly narrowed and *shifted typically towards the technology-intensive textile products (Table 1)*.

Table 1 Textile and apparel products of positive foreign trade balance in East Central Europe (HS codes of product groups)

	2001-2005	2006-2010	2011-2015
Bulgaria	57, 61, 62, 63	61, 62, 63	61, 62, 63
Czechia	51, 53, 58, 62, 63	51, 52, 53, 56, 63	51, 52, 63
Hungary	56, 61, 62, 63	56, 62	53, 56
Lithuania	53, 61, 62, 63	53, 56, 61, 62, 63	53, 56, 61, 62, 63
Poland	61, 62, 63	62, 63	53, 57, 63
Romania	61, 62, 63	61, 62, 63	61, 62, 63
Slovakia	54, 61, 62, 63	54, 62	54, 60
ECE-16	**61, 62, 63**	**61, 62, 63**	**61, 62, 63**

50 - Silk;
51 - Wool, fine or coarse animal hair; horsehair yarn and woven fabric;
52 - Cotton;
53 - Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn;
54 - Man-made filaments; strip and the like of man-made textile materials;
55 - Man-made staple fibres;
56 - Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles;
57 - Carpets and other textile floor coverings;
58 - Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery;
59 - Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use;
60 - Knitted or crocheted fabrics;
61 - Articles of apparel and clothing accessories, knitted or crocheted;
62 - Articles of apparel and clothing accessories, not knitted or crocheted;
63 - Other made-up textile articles; sets; worn clothing and worn textile articles; rags.

Source: ITC / UN COMTRADE

(2) The *restructuring of the export* refers to the *changing character of the international division of labour*. Although there was a growth in all product groups treated separately, the share of apparel article and clothing accessories (HS 61-62) in the regional export has significantly reduced, while the importance of technical and other special textile products (HS 56-60) as well as other made-up textile articles (HS 63) has increased. Shifts have happened mostly in the cases of all larger exporters, but there are differences to observe. Bulgaria and Romania as low-cost countries of the region can be characterized by a higher share of clothing export during the whole period. The Czech Republic having traditional textile industry, exported clothes to a lesser extent also at the turn of the Millennium: the winner of its moderate structural change is the commodity group containing *technical and other special textile products* (HS 56-60). Other national economies starting "from the centre", show divergent development paths: while the clothing products have preserved their relatively high export share in Poland and Slovakia, they have lost their importance in Hungary to a bigger, in Lithuania to a lesser extent in line with the increasing share of technical and other special textile products (HS 56-60) as well as *other made-up textile articles* (HS 63) *(Table 2)*.

Table 2 Product structure of the textile and apparel export in East Central Europe (average percentage of the total value)

	2001-2005					2011-2015				
	50-53	**54-55**	**56-60**	**61-62**	**63**	**50-53**	**54-55**	**56-60**	**61-62**	**63**
Bulgaria	5,9	5,2	1,9	84,3	2,7	7,1	7,5	4,0	76,7	4,6
Czechia	19,6	14,8	19,8	31,6	14,3	16,7	10,8	27,4	33,7	11,3
Hungary	9,1	7,4	9,7	69,2	4,6	8,8	10,8	24,0	45,0	11,4
Lithuania	12,6	8,7	4,4	66,1	8,2	11,1	8,1	13,1	55,7	12,0
Poland	4,9	7,5	9,4	62,6	15,5	3,5	5,0	15,4	62,1	14,0
Romania	2,0	3,2	1,6	89,7	3,6	6,4	9,1	5,2	71,1	8,1
Slovakia	3,5	22,4	4,7	63,0	6,4	4,1	13,9	13,1	62,1	6,8
ECE-16	**7,7**	**8,4**	**7,4**	**68,5**	**8,0**	**7,2**	**8,8**	**13,8**	**60,4**	**9,8**

Source: ITC / UN COMTRADE

Opposite tendencies seem to develop in the case of the *import*. With the exception of textile raw materials of natural origin (HS 50-53), the import value of all commodity groups treated in separate categories has grown. However, while there were 4 product groups having approximately similar importance at the turn of the Millennium, the shares have *shifted towards apparel articles and clothing accessories* (HS 61-62), which has become the leading imported commodity group by now. In the case of the low-cost locations of Bulgaria, Lithuania and Romania having

mostly positive trade balance in the sector, the apparel articles and clothing accessories play a smaller role, while the raw material of natural and artificial origin (HS 50-53, HS 54-55) imported for the local clothing production plays a bigger role. Nevertheless, in the textile and clothing import of the V4 countries apparel articles and clothing accessories (HS 61-62) play an above average role *(Table 3)*.

Table 3 Product structure of the textile and apparel import in East Central Europe (average percentage of the total value)

	2001-2005					2011-2015				
	50-53	**54-55**	**56-60**	**61-62**	**63**	**50-53**	**54-55**	**56-60**	**61-62**	**63**
Bulgaria	29,8	23,4	18,0	27,7	1,1	24,7	20,4	24,2	26,6	4,0
Czechia	18,9	20,6	27,6	26,5	6,4	12,3	13,0	26,6	41,8	6,3
Hungary	18,5	16,2	26,5	34,7	4,1	8,1	13,3	26,7	42,3	9,6
Lithuania	29,2	31,5	17,7	16,8	4,8	17,1	19,8	18,8	35,7	8,6
Poland	21,8	25,1	28,2	19,2	5,7	8,0	13,8	21,1	48,7	8,4
Romania	31,8	31,0	20,4	14,8	2,0	20,8	25,0	27,0	22,5	4,6
Slovakia	21,2	18,7	29,8	23,9	6,5	7,6	10,6	19,8	55,6	6,3
ECE-16	**23,2**	**23,0**	**24,3**	**25,1**	**4,5**	**12,5**	**16,0**	**23,0**	**41,5**	**6,9**

Source: ITC / UN COMTRADE

(3) The *growth of textile and clothing export* of the East Central European countries is *distributed unevenly between the target markets,* which resulted in the reduced values of the EU-15 having also nowadays a relatively high (two thirds) share. The importance of *other European countries* has been growing, while the role of the markets outside Europe remained marginal during the whole period. In the case of Bulgaria and Romania the outstanding role of the EU-15 was coupled with an above average - though decreasing - share of clothing export (and raw material import), which emphasizes the also recently large volume of subcontracting for the Western European markets. The main markets of Bulgaria are Germany and Greece (exploiting its geographical proximity), while the most important partner of Romania is Italy, underlying the literature about the orientation differences of the countries (Kalantaridis et al 2008, Lux 2017). The majority of the Slovakian as well as a large part of the Czech and the Hungarian export go to East Central Europe. Realized by an increasing and large share of clothes or (additionally) by a huge share of technical and other special textile products, these tendencies show the *appreciating clothing and industrial markets of the region*. Nowadays Poland or the Czech Republic are more important clothing export markets for Slovakia than Germany! On the other hand, especially in the relation of V4 countries and other countries located in the Eastern part of the region, the *possibility of intraregional subcontrac-*

ting cannot be excluded. In the export of Lithuania European countries beyond the EU borders, first of all Russia as the main consumer of the Lithuanian clothing products, plays an outstanding role *(Table 4)*. Beside the above-mentioned elements of restructuring we can also emphasize that *East Central Europe is less and less important textile and apparel source for the developed Western European countries*: by a moderate fall, the region's share in the EU-15 import was declining from 10% to 7 % during the examined period *(Figure 6)*.

Table 4 Share of different importing regions / countries in the East Central European textile and apparel export (average percentage of the total value)

	2001-2005				2011-2015			
	EU-15	**EU-13**	**Other European**	**Non-European**	**EU-15**	**EU-13**	**Other European**	**Non-European**
Bulgaria	81,5	3,3	3,2	12,0	83,4	6,9	4,0	5,8
Czechia	74,4	16,1	4,0	5,5	60,9	25,5	5,2	8,4
Hungary	76,9	13,9	5,8	3,4	57,7	21,5	14,5	6,3
Lithuania	82,2	6,5	7,7	3,5	47,1	10,7	35,8	6,4
Poland	82,4	7,2	7,8	2,6	69,4	14,9	11,6	4,1
Romania	91,5	4,2	1,4	2,9	85,7	7,0	3,5	3,7
Slovakia	71,7	21,7	4,4	2,3	39,2	51,4	5,4	4,1
ECE-16	**81,5**	**9,1**	**5,0**	**4,3**	**67,5**	**17,3**	**10,4**	**4,8**

Source: ITC / UN COMTRADE

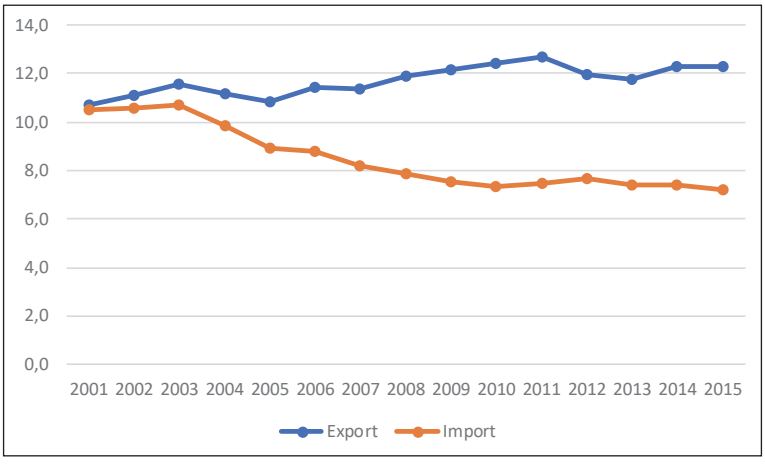

Figure 6 Textile and apparel export / import of the EU-15 to / from East Central Europe (percentage of the total volume of EU-15 textile and clothing export / import)
Source: ITC / UN COMTRADE

As a consequence of *textile and clothing import restructuring*, the share of the EU-15 fell under 50%, the import from the non-European countries approached 40% and the weight of East Central Europe reached 10% *(Table 5)*. In the import of Bulgaria and Romania, the *older EU member states* played a more decisive role with a significant share of the raw materials needed for apparel production. On the other hand, the *non-European countries* became the most important actors in the structure of the Polish, Slovakian and Czech import registering a 60-80% share of clothes with the leading role of China and Bangladesh. Hungary did not follow this import restructuring trend: the share of developed countries of the EU-15 remained high, while the import from the regions outside Europe appeared with the smallest share. Differently from Bulgaria and Romania, the share of apparel as well as technical and special textile products in the Hungarian import from the EU-15 was outstanding and Germany predominated. And differently from the other V4 countries, the share of apparel products in the import from non-European countries is significantly less (now 20-30%) and South Korea (exporting mostly tyre cord fabric to Hungary) appeared similarly important as China, the main source of clothes. The different spatial structure of the Hungarian apparel import may be explained by various reasons. Firstly, the share of *global* and *local players* with diverse relations in the national markets of the V4 countries can be different. Secondly, the local players may have different *sourcing strategies*: opposite to the more Asia-oriented production outsourcing of the Czech / Polish / Slovak firms (in the case of Poland see Rupik 2009), the Hungarian enterprises may be focusing on East Central Europe, which is also supported by the outstanding import share of the region in the case of Hungary *(Table 5)*. Thirdly, the *significance of the product group*

Table 5 Share of different exporting regions / countries in the East Central European textile and apparel import (average percentage of the total value)

	2001-2005				2011-2015			
	EU-15	**EU-13**	**Other European**	**Non-European**	**EU-15**	**EU-13**	**Other European**	**Non-European**
Bulgaria	74,6	3,1	1,5	20,8	67,1	9,0	2,0	21,9
Czechia	59,5	10,8	3,2	26,5	44,0	7,5	1,7	46,8
Hungary	66,6	13,6	2,9	16,9	64,2	23,4	1,7	10,7
Lithuania	68,5	10,7	5,4	15,4	56,4	19,4	5,7	18,6
Poland	62,3	6,3	1,5	29,9	36,2	6,2	1,3	56,4
Romania	80,9	3,3	0,7	15,2	72,1	10,2	1,9	15,8
Slovakia	59,0	17,7	7,7	15,6	28,0	12,7	10,8	48,5
ECE-16	**66,4**	**8,4**	**3,4**	**21,8**	**48,9**	**10,8**	**2,9**	**37,4**

Source: ITC / UN COMTRADE

(HS 6309) containing worn clothes coming from Western Europe is the biggest in Hungary among the V4 countries, by 2015 in absolute volume overtaking even the much larger Poland, which describes the characteristic culture of the local apparel consumption *(Table 6)*. The region is an *appreciating target of textile and clothing products* coming from the developed European countries: by a growth of the total value, the share of East Central Europe in the EU-15 export has grown from 10% to 12% *(Figure 6)*.

Table 6 The import volume of the product group (HS 6309) containing worn clothes (mil. EUR) and its relative importance in comparison to the total apparel import (%)

Absolute volume in million euro								
	2001	**2003**	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**
Czechia	12,4	11,1	10,7	13,2	15,0	16,3	20,1	19,5
Hungary	13,8	13,9	12,0	23,6	29,7	41,9	74,4	60,6
Poland	33,4	29,6	32,9	46,6	57,0	59,8	100,0	57,8
Slovakia	14,1	18,0	26,9	18,1	27,0	28,7	25,7	19,0

Relative importance in percentage of the total apparel import								
	2001	**2003**	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**
Czechia	2,6	2,2	1,1	1,3	1,2	1,1	1,4	1,0
Hungary	2,3	2,0	1,8	3,6	5,4	5,7	10,2	6,6
Poland	5,9	4,3	3,6	3,3	2,5	2,0	3,4	1,3
Slovakia	7,6	7,5	8,7	3,5	3,8	3,0	2,7	1,7

Source: ITC / UN COMTRADE

CONCLUSION AND OUTLOOK

The results of the examination have *mostly verified the hypotheses*, on which base not only the characteristic features of the intra-industrial structural change, described and explained by other studies earlier, but also their *intra-regional differences* have been highlighted. The stereotype of East Central Europe as a cost-efficient location for labour-intensive textile and apparel production supplying Western Europe, it can be declared, correspond less and less to the reality. This statement has been proven not only by the negative foreign trade balance, but also by the changing composition of exported and imported products, by the declining weight of Western European linkages as well as by the appreciating new export and import markets.

In the background of these tendencies the *crowding out of labour-intensive mass production from the region* is recognizable. On one hand, the declining importance of subsidiaries or subcontracting for Western customers and the growing signifi-

cance of *local clothing firms* building their *own brands* and *production networks* can be observed, although the process has different extents in the countries of the region. The market relations and sourcing strategies of these local brand owners are responsible - for example - for the export success of Poland determining more and more the product structure and the spatial extension of the textile and clothing trade. On the other hand, the *technical and special textile consumption* of other industries – first of all the automotive sector showing maybe the most dynamically growing capacities in the region – has an effect on this restructuring process.

Secondly, the comparison referred to a *dividing line* related to the way of integration into the textile and clothing production networks, which exists between the V4 countries as well as Bulgaria, Lithuania and Romania. This *duality* of the region *may be extended also for smaller economies* as the above-mentioned examples of Slovenia and Estonia as well as Macedonia show. We can put up the question based on the findings whether this difference can be explained only by the momentary inequalities of location factors in the countries. Are economies *moving on the same development path* as "first" and "second generation" countries with time differences? Or can we make a general *distinction between a "Northern model" and a "Southern model"* of European economic restructuring based on the different role of labour-intensive industries that can be extended also for the inner differentiation of East Central Europe? While the restructuring of the Czech, Polish and Slovakian textile and clothing industry has been realized by growing export, Hungary as an only actor among the larger exporters has shown a significant absolute shrinkage. Can we speak - based on this observation - about *"expansive" and "defensive" ways of sectoral restructuring*?

Because of the changing product and activity structures of the sector the *revaluation of location factors* is expected, making the exploration of *spatial consequences* important also on subnational level. Analyses have been made about the textile and clothing industry of more countries such as Bulgaria, Poland, Romania and Slovakia, where the durable importance of traditional centres (Southwest Bulgaria, Lódz) as well as the spatial shifts of the industry (appreciation of Northeast Romania or Eastern Slovakia) are apparent at the same time (Królikowska 2007, Crestanello - Tattara 2011, Kalantaridis et al 2008, Smith et al 2014). In the future, I would like to contribute to these East Central European findings by a deeper analysis of the spatial development characterising the Hungarian textile and apparel industry.

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