

Regional Textile and Apparel: Portugal

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Abstract

In this research paper you will learn about the textile industry of Portugal, a country located in the western part of the European continent closest to the Atlantic Ocean. Portugal has one of the most traditional textile industries in the world which has had its fair share of triumphs, struggles, and resurgence into the world textile industry. Currently, Portugal is one of the leading exporters of apparel, textiles, and leather accessories with a strong focus on leather, linen, silk, and cotton production. Furthermore, we examine and explore the origins of the Portuguese textile industry starting from the sixteenth and seventeenth century to present day, the development of factories at the Vale do Ave, as well as discuss how the Portuguese textile industry affects their workers and the country as a whole. After reading this research paper, the reader will have a better understanding of the history of Portugal's textile and apparel industry, how they have developed over the years, and their future impact.

Size and Population

Portugal, originally known as the Portuguese Republic, is located in the southwestern part of Europe. It is surrounded by the south and west of the Atlantic Ocean and north and east of Spain. Both Azores Island and Madeira Island are considered to be territory of Portugal. Portugal is a small country with an area of about 92,090 square kilometers. Portugal's population is on record to be among the oldest in the world. In 1900, the population in Portugal was 5,423,132 and throughout the 20th century, the growth was slow but consistent. By which in 2014, the population reached approximately 11 million (WorldPopulation, 2019). Today, there is a total of 10,259,460 people living there, the majority are of Portuguese descent. 95% of its people make up Portuguese descent, the other 5% are Brazilians, Chinese, African and Asians. They are all united together through the main language, Portuguese, and the national religion, Roman Catholicism, (wordometere, 2019). The second language spoken in Portugal is the Mirandese language. It is mostly spoken in small areas of Portugal like Vimioso and Mogadouro. According to Trading Economics, 35.98% of Portugal is rural and 64.02% is urban (TradingEconomics, 2016).

Textile/Apparel

Portugal's textile industry began to develop after 1960 when Portugal joined the European Free Trade Association. (Truett, 2019). Portugal's apparel industry is recognized as one of the strongest industries in Europe, it is one of the most significant parts of the Portuguese economy. They are known for their extraordinary craftsmanship and their skills in high quality clothing. The tag "Made in Portugal," is viewed as a sign of quality and authenticity. It also means that product are produced in a eco-friendly environment. They are known for respecting

higher-end designers and top-tier ranges. And three, it is easy, cheap, super-quick, normally three days for the import of raw materials such as hides, heels, outsoles, trims, metal components, etcetera from Italy, France and the UK, as well as decent local component supply” (Pratt, 2019). Portugal's shoe industry has various benefits because of its similar work to Italy and France. This makes Portugal a major competitor in the manufacturing industry because of its quality items and its cheap labour cost.

Market

Portugal is the 44th largest export economy in the world and the 48th most complex economy (SITC, 2017). Their main export clients are Spain, France, Germany, UK, USA, Italy, Netherlands, Sweden Belgium and Denmark (ATP, 2018). According to the OCE chart, the exports of knit t-shirt had the higher value of exports compared to other textiles. In 2017, the exporting value of Knit t-shirts was \$858 million which was 15% and the value of Knit sweater was \$493 million which was 8.6%. Portugal’s exports also includes, house lines, non-knit women’s suits, women undergarment and etc. This chart categorize all textile and clothing exports and their percentage.

Knit T-Shirts 15% House Linens 8.6% Knit Sweaters 8.6%	Non-Knit Women'S Suits 5.5%	Knit Socks and Hosiery 2.9%	Non-Knit Active Wear 1.7%	Knit Men'S... 1.7%	Light Pure Woven Cotton 1.7%	Knit Women'S Shirts 1.5%	Knit Men'S Suits 1.4%	Other Synthetic Fabrics 1.4%
	Non-Knit Men'S Suits 4.9%	Non-Knit Women'S Shirts 2.7%	Knit Babies' Garments 1.3%	Woven Fabrics 0.77%	Technical Textiles 0.77%	Non-Knit Women'S Coats 0.76%	Non-Knit Men'S Coats 0.74%	Other Synthetic Fabrics 0.72%
	Knit Women'S Suits 4.4%	Light Rubberized Knitted Fabric 1.2%	Synthetic Filament Tow 0.95%	Knit Women'S Undergarments 0.95%	Woolen Fabrics 0.95%	Knit Women'S Coats 0.95%	Knit Men'S Coats 0.95%	Other Synthetic Fabrics 0.95%
	Twine and Rope 3.5%	Plastic Coated Textile Fabric 2.1%	Other Knit Garments 0.95%	Other Knit Garments 0.95%	Other Knit Garments 0.95%	Other Knit Garments 0.95%	Other Knit Garments 0.95%	Other Knit Garments 0.95%

Figure 2. Table showing Portugal's textiles exports in 2017. Retrieved from The Observatory Economic Complexity

Origins of the Portuguese Textile Industry

Around the sixteenth and seventeenth century, Portugal was mainly known for its leather industry in which they specialized on the tanning process of leathers. The Portuguese were considered the innovators of leather as they introduced new processes into vegetable tanning, curating, and fat application on to the leathers. The production of leather was done throughout all of Portugal, however, the hub of the leather industry was located in the northern region of Portugal in the cities of Porto, Guimaraes, and Alcanena. By the eighteenth century, under the rule of King Joao V, the first leather tanning factories in Portugal in the city of Alcanena was recognized (Avenida, Lda, 2012).

The Portuguese textile industry took off during the industrial revolution in the eighteenth century. Also, during this century, due to the rise of Brazilian cotton production, Portugal, the colonizer of Brazil, reaped its benefits. After purchasing machinery from the British, Portugal put their economic efforts into motion. The main area of production of cotton textile was in Lisbon in the southern region of Portugal (Vitale, 2018).

At the turn of the nineteenth century, Portugal began to move their apparel production up north in the cities of Porto and Guimaraes. There, the Portuguese were looking into a new raw material to produce as a textile and they discovered flax. With flax the Portuguese were able to enter into a new section of the textile market, linen. Textile factories would get their flax seeds imported from Hamburg, Germany and spun in Porto and Guimaraes, the two cities were in an excellent location for linen production due to nearby rivers which gave factories the water supply that they needed (Vitale, 2018). By 1845, the Fábrica de Fiação e Tecidos do Rio Vizela (Vizela River Wire and Fabric Factory) was developed and considered the first true

textile factory in Portugal. With time, the textile industry in northern Portugal matured and many other factories were developed in the Vale do Ave region during the mid nineteenth century, turning the region into the area of knowledge and expertise of the textile industry in Portugal (Mendonca, 2019).

The State of the Portuguese Textile Industry

For a region that has been creating textiles for many centuries, one would assume that it is a powerhouse in the industry. However, not in the case of Portugal. Portugal’s textile industry has been a huge contribution for the Portuguese economy and has been since the 1960s beginning after Portugal joined the the European Free Trade Association (EFTA) (Truett & Truett, 2019).

Production and exports have been the main source of the rise of Portuguese economy and has remained that way until the 1990s.

In 1995 with the development of the World Trade Organization (WTO), production levels rose to 8% while international exports rose from 4% to 5% (ATP, 2018). But with the inclusion of China into the WTO in 2001, Portugal began to experience a crisis. As stated on the ATP’s list of competitive shocks that Portugal faced, China’s inclusion into the WTO gave

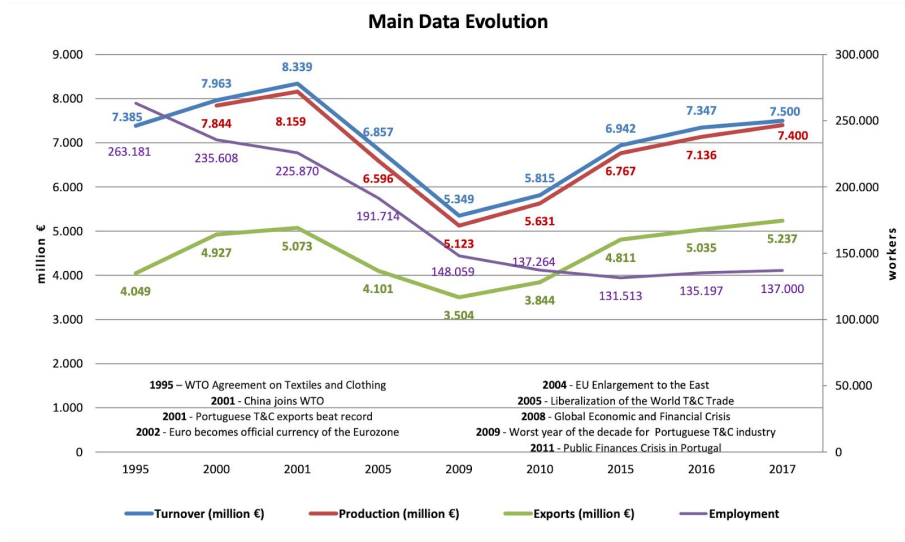


Figure 3. This chart displays the Portuguese economy around its textile industry from 1995-2017. Retrieved from the Association of Textiles and Clothes of Portugal (ATP).

“overwhelming competition by the oversized dimension of the player and no respect for elementary international trade rules, including reciprocity.” Since 2001, Portugal has noticed a staggering drop across the board in employment, production, export, and turnover. Since the WTO, employment was beginning to drop due to competition, but since 2001 employment in the Portuguese textile industry dropped 6.55% until about 2009 (ATP, 2018). To make matters worse, the final integration of the General Agreement on Tariffs and Trade (GATT) and the inclusion of Bulgaria and Romania in 2007 made competition for Portugal even more intense (Truett & Truett, 2019). By 2008, the global economic crisis occurred where employment, production, and exports continued to drop, and by 2009 Portugal reached a year low, where production dipped from 8% to 5%, and exports dropped from 5% to 3% (ATP, 2018).

However, by 2011, Portugal started to notice a bounce back from the crisis. According to the Association of Textiles and Clothing of Portugal’s (ATP) president Paulo Melo, he stated, “Portugal’s success will come from well defined and implemented strategy as well as support from EU funding programs” (Broeksma, 2017). Due to the crisis, the growth started to take place in 2012, the country saw a decrease in hourly labor as well as a decrease in land value. This made it a great opportunity for investment in Portugal. Lisbon specifically, was ranked the eighth least expensive location in Europe at the time (TextileToday, 2016). With good investments, Portugal was able to have more technological advances in washing, dyeing, and finishing of the textiles (TextileToday, 2016).

In order for Portugal to revive itself from the crisis, drastic measures had to be taken during that time. According to Bodmer-Altura (2018) many factories around Portugal had to close down and many of the lasting factories were family owned medium sized factories. The

factories needed to start restructuring, had to cut many of the unnecessary jobs, invest in modern equipment, reorganize many of the processes in the factories and change the flaws that they had. Factories also had to separate the products and services to specific factories as well as work hand and hand with the clients in order to provide top quality production, shorter response times and a full service package. Factories started to focus on beating competition based on value rather than price by having differentiation through designs, technology, and service (ATP, 2018).

Following the full revival of the Portuguese textile industry, by 2014, there have been 3,000 new workspaces developed (Sici93, 2019). With the new workspaces, the textile industry makes 20% of the workforce in Portugal and 8% of all the European Union's textile industry. The textile industry also makes up 10% of the country's exports and 3% of the European Union's exports. In 2016, as another incentive to grow the Portuguese textile industry, the ATP produced a project called "Fashion From Portugal." The program was developed in order to strengthen communication to other countries about Portuguese textiles. In this project, Portugal exports to four different markets in Spain, Germany, the US, and Nordic countries in three different sub sectors, which are fashion/brands, private labels, and home textiles. From the project it helped reinforce the reputation of excellent manufacturing labeled "made in Portugal" to the rest of the world (FashionFromPortugal, 2017). According to Sici93 (2019), since the project Portugal's export revenues grew to 12%.

Reasons the Textile and Apparel Industry Began

Though quality products and goods were not always the main concern or point of focus for Portuguese manufacturers, during this time, they introduced the technique of using tannage and fatliquors, which are oils inserted into the leather to coat the fibers and link them together

before the leather dries, and they also used vegetable based materials that were utilized by their newly South American colonies (Mellery-Pratt, 2015). In the 1960s, the Portuguese apparel and textile industry began to compete and participate in international markets during the time that the European Free Trade Association (EFTA) rose to power. However, the new reduction of trade restrictions during this time benefited Portugal and contributed to the expansion of their textile industry. (Amador & Opromolla, 2009, p. 145). Portugal's labor intensive environment allowed them to fit right into the economy that was also labor filled and they were able to succeed in it.

In 1986, Portugal's ranking within the European Economic Community (EEC) and the 1993 execution of the European Single Market loosened many of the trade restrictions and gave them a competitive advantage (Amador & Opromolla, 2009, p. 146). Starting in the 90s, Portugal introduced themselves to the textile industry with low labor costs, mass production, low prices, and fairly low quality. However, when they joined the European market, the cost of labor saw a major increase. Most of their exports include clothing, textiles, and footwear. About 80% of Portugal's trade is between other European Economic Community (EEC) states and their most significant trading partners are Spain and Germany (Every Culture, 2019). Since the EEC market was protected by the Multi-Fibre Arrangement (MFA) import quotas, it contributed to the competitive advantage that the Portuguese exporters were experiencing. As one of Europe's largest textile exporters, their textile and apparel industry continues to grow and their exports increase. Many popular fashion labels have sought after Portugal to source several types of fabrics (Binlot, 2015). Companies like Zara, Giorgio Armani, and Calvin Klein are a few clients of one of Portugal's most highly praised and oldest manufacturers, Riopelle. Riopelle is one of

Portugal's respected manufacturers due to their high quality synthetic fibers and their unconventional manufacturing techniques (Binlot, 2015).

Textile Industry Effects on Labor & Land In Portugal

Portugal's long standing history of textile production has allowed it to push its labor cost levels to the lower end of the spectrum. Water Pollution is still an issue that is being resolved in the country and the government and policy are working their way towards finding a better solution. This history provided the industry with unparalleled opportunities from international producers. Growth from textile production gradually increased during the economic rise in 2011. This rise gave textile jobs a huge boom in the countries for future years. Increase in labor occurred when Portugal joined the EU, but new shifts in global production have resulted in the relocation of production to Portugal's low cost neighbors in East European and Mediterranean countries, with a consequent loss of jobs.

Continued progress in the labor relations in Portugal have begun to evolve in past years of low cost laborers and dangerous levels on the land from pollution. With government commitment The effects on the land in Portugal have been protected. The head of sustainability at Tintex, Ana Silva (2019), stated, "in Portugal we have very strict laws regarding environmental issues," explaining that Tintex had the service of dyeing and finishing fabrics for its customers' products. "We're huge consumers of energy. In Portugal we have a law to implement a law that in six or eight years you have targets to reduce your consumption," Silva said (Geropoulos, 2019). Laws have made Portugal very important to international textile producers, the country has begun to become a one stop shop for production of goods and environmental work. The turning point for Portugal's textile and clothing industry was during the

economic and financial crisis, Vaz said, “In 2011, of course, companies suffered because the financial environment was not so easy, especially when the companies need money to invest, to work and to export but it was not the worst part of the scenario. The worst was in 2009, because at the moment there was a crisis of consumption all over the world. Portugal was not the one, it was a global crisis and it was a consumption crisis,” he said, noting that from that moment forward Portugal’s small and medium sized companies focused more on diversifying their export markets, management organization, and participating in international exhibitions (Geropoulos, 2019). Government assistance and continued progressive passing of laws have helped Portugal successfully create great labor relations in the textile industry while also making environmental strides in production processes. These combined factors led up to a healthier country in its economy and labor. In 2016, Portuguese textile exports surpassed the five billion euro mark, hitting a record since 2001, when the sector had twice as much business and employment. This record is set to be beaten again in 2017, with an increase of 94%, which compares favorably with the forecast of 2.5% growth predicted for national GDP (Wilson, 2017). With all these positive factors this has allowed Portugal to grow even though the economic crisis did have an altering effect. This allowed Portugal’s Textile & Clothing industry to moderately support the country as it provides about 11% of GVA (Gross Value Added), 19% of employment in manufacturing and about 4,130 million exported Euros which is 9% of the national total. Portugal has about 6,000 companies laboring in all sub-sectors of the textile and clothing industry, some of which are vertical units, although the majority are small and medium-sized enterprises, all well known for their flexibility and rapid response, know-how and innovation (Textile Today, 2016). Portugal's rich history in textile and clothing

industry has continued to allow it to flourish and give the industry and workers more protection than before. This has allowed Portugal to push its production to 6.4 billion Euros, and Portuguese T&C is one of the largest among the 28 EU member states. A good, considerably skilled, and learned manpower base is helping the sector grow. Though the year 2015 was not that good for the country, it achieved around 7% manufacturing growth in 2014. However, recent activities around Europe indicate that 2016 would be another growth year for the country (Textile Today, 2016). These factors have allowed the industry to continue its progress for the labor and with growth this is not only helpful for workers but great for the companies in the textile industry. Furthermore, there can be newer and more progressive technology pursued and higher levels of skill training for laborers which gives Portugal an advantageous ability in the textile field.

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