

# PRIMARY TEXTILES

## LABOR COST COMPARISONS

### 2007

The average labor costs shown in this table, might not always check with the official statistics of the respective countries for the textile industry. They are based on data collected and made available to **WERNER** and are a realistic representation of the actual labor costs.

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# **W**ERNER INTERNATIONAL

MANAGEMENT CONSULTANTS

Werner International was founded in 1939 as a management consulting practice specializing in the textile and clothing industries. Over the years, Werner International has provided professional counseling to over 4,000 organizations in more than 70 countries.

Werner International's clients include the leading private-sector companies of the textile and apparel industry, governments, international agencies and financial institutions throughout the world.

Over the more than sixty years since its foundation, Werner International has branched out geographically from the USA and Canada to achieve its present coverage of the five continents of Africa, North and South America, Asia, Australia and Europe.

To serve its clients, Werner International has specialized teams of textile and clothing experts, all university graduates. They have been selected for their in-depth experience with their specialties and for their problem-solving skills, creative imagination, psychological maturity, communication abilities and intellectual competence. Most of them have held senior management positions prior to joining Werner International, and so know intimately the rapid pace of developments in the industry and the resulting need to disseminate appropriate skills. Werner International has executive and staff offices in Washington and Brussels.

The consulting staff is supported by research, marketing and technical information centers that have been instrumental in the introduction of many technological, manufacturing, marketing and management innovations.

Werner International has developed and pioneered an impressive number of registered systems in production management, processing technology, management information, material yield and personnel training. Its quality control and production planning systems have enabled textile and clothing companies around the world to respond to the market's demand for quality assurance, product-range flexibility and short delivery times.

One of Werner International's strengths is its ability to reduce production costs to internationally competitive levels, by means of the physical implementation of technological improvements, production management techniques and direct and indirect training programs for technical and supervisory personnel.

In addition, Werner International's Marketing Division offers the most comprehensive services available in the industry. It has experience and dynamic relations in the largest consumer markets in the world. The assignments range from market research to sales audits, from sourcing to export planning, from pricing policies to sales organization structuring.

The true measurement of consulting success is the actual implementation of the recommendations and the achievement of the targets. Werner International takes justifiable pride in its record of program implementation. Accepting responsibility for achieving targets by means of actual implementation has always been a source of strength in Werner's consulting activities since its foundation.



# LABOR COST COMPARISONS 2007

2007	NAFTA		EUROPE									
	USA	MEXICO	AUSTRIA	BELGIUM	FRANCE	GERMANY	GREECE	IRELAND	ITALY	PORTUGAL	SPAIN	UK
<b>1. AVERAGE COST PER OPERATOR HOUR</b>												
a) Direct Wages – Local Currency	13.14	18.67	11.45	13.82	10.03	14.74	6.77	11.48	9.21	3.25	8.34	8.95
b) Other Costs paid to Operator – Local Currency	1.29	2.46	3.98	2.33	2.19	3.43	1.26	1.28	1.87	1.33	1.21	1.07
c) Other Costs paid by Company – Local Currency	2.49	5.70	4.08	8.30	4.48	3.60	2.09	1.15	4.41	0.95	2.67	1.92
d) Total Cost per Hour – Local Currency	16.92	26.83	19.51	24.46	16.70	21.77	10.11	13.92	15.49	5.53	12.21	11.94
e) Rate of Exchange as of February 6, 2007. 1US\$ =	1.00	10.95	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.51
f) Total Cost in US\$	16.92	2.45	25.24	31.65	21.61	28.17	13.09	18.01	20.05	7.15	15.81	23.42
g) Ratio to US Cost (%)	100	14	149	187	128	167	77	106	119	42	93	138
<b>2. OPERATOR HOURS</b>												
a) Normal Hours / Operator / Day	8	8	8	8	7	8	8	8	7	8	8	8
b) Normal Hours / Operator / Week	40	45	38	38	37	38	40	39	36	38	39	38
c) Normal Hours / Operator / Year	1,960	2,120	1,731	1,756	1,755	1,775	1,829	1,822	1,695	1,812	1,759	1,759
d) Normal Equivalent Days / Operator / Year	245	226	228	233	238	234	229	236	232	242	228	234
<b>3. OVERTIME %</b>												
a) Over Normal Pay – Weekdays More than 3 Hours	50	100	50	50	38	35	44	5	43	75	73	38
b) Over Normal Pay – National & Religious Holidays	100	0	100	100	50	75	25	5	39	50	0	75
<b>4. SHIFT PREMIUM %</b>												
a) Second Shift	0	0	0	7	0	12	17	5	1	30	0	10
b) Night Shift	0	0	30	21	29	22	42	20	39	30	28	10
<b>5. MILL OPERATION</b>												
a) Mill Operating Days / Year	300	316	294	301	279	292	300	315	284	294	261	251
b) Mill Operating Hours / Year	7,200	7,584	7,060	7,230	6,684	7,001	7,200	7,568	6,409	7,056	6,257	6,032

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2007	OTHER EUROPE							MIDDLE EAST & AFRICA						
	BULGARIA	CZECH REP.	ESTONIA	LATVIA	LITHUANIA	POLAND	SLOWAKIA	SWITZERLAND	TURKEY	EGYPT	ISRAEL	MOROCCO	S. AFRICA	TUNISIA
<b>1. AVERAGE COST PER OPERATOR HOUR</b>														
a) Direct Wages – Local Currency	1.72	84.95	35.19	1.63	6.55	10.74	65.87	29.33	3.10	3.76	32.80	16.31	16.02	2.07
b) Other Costs paid to Operator – Local Currency	0.25	9.88	3.25	0.17	0.92	0.94	9.42	4.57	0.43	0.80	5.55	1.95	2.39	0.19
c) Other Costs paid by Company – Local Currency	0.40	11.89	11.61	0.39	2.41	2.19	19.83	8.16	0.66	1.30	3.76	4.38	1.73	0.42
d) Total Cost per Hour – Local Currency	2.37	106.71	50.05	2.19	9.88	13.87	95.11	42.06	4.19	5.86	42.10	22.64	20.13	2.68
h) Exchange Rate as of February 6, 2007. 1US\$ =	1.52	21.78	12.09	0.54	2.67	3.00	26.93	1.25	1.41	5.76	4.26	8.63	7.23	1.33
e) Total Cost in US\$	1.55	4.90	4.14	4.05	3.70	4.62	3.53	33.67	2.96	1.02	9.89	2.62	2.78	2.01
f) Ratio to US Cost (%)	9	29	24	24	22	27	21	199	18	6	58	16	16	12
<b>2. OPERATOR HOURS</b>														
a) Normal Hours / Operator / Day	8	8	8	8	8	8	8	8	8	8	8	8	9	8
b) Normal Hours / Operator / Week	40	40	40	40	38	40	40	40	45	48	40	46	45	48
c) Normal Hours / Operator / Year	1,840	1,828	1,872	2,272	1,961	1,836	1,803	1,808	2,158	2,244	1,896	2,139	2,192	2,261
d) Normal Equivalent Days / Operator / Year	230	229	234	284	260	230	225	226	283	281	260	270	242	283
<b>3. OVERTIME %</b>														
a) Over Normal Pay – Weekdays More than 3 Hours	0	0	100	100	100	50	37	25	80	50	100	25	36	58
b) Over Normal Pay – National & Religious Holidays	85	0	50	50	50	100	50	50	160	100	150	100	67	67
<b>4. SHIFT PREMIUM %</b>														
a) Second Shift	0	5	20	20	20	50	12	5	7	0	100	5	3	25
b) Night Shift	6	10	75	150	150	50	29	30	7	0	125	5	9	50
<b>5. MILL OPERATION</b>														
a) Mill Operating Days / Year	297	305	312	317	315	300	318	306	321	300	285	330	291	295
b) Mill Operating Hours / Year	7,128	7,328	7,488	7,608	7,560	7,200	7,624	7,332	7,713	7,200	6,840	7,920	6,981	7,072

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2007	ASIA & OCEANIA													
	AUSTRALIA	BANGLADESH	CHINA COASTAL	CHINA INLAND	HONG KONG	INDIA	INDONESIA	JAPAN	MALAYSIA	PAKISTAN	S. KOREA	TAIWAN	THAILAND	VIETNAM
<b>1. AVERAGE COST PER OPERATOR HOUR</b>														
a) Direct Wages – Local Currency	16.89	17.97	3.92	2.68	39.25	20.24	4,552	1,652	3.60	19.31	7,369	181.5	54.96	5,938
b) Other Costs paid to Operator – Local Currency	2.54	0.87	0.99	0.73	6.27	4.64	867	660	0.85	3.60	686	34.6	3.91	538
c) Other Costs paid by Company – Local Currency	3.34	1.13	1.68	0.86	3.00	5.57	448	427	0.26	2.73	320	35.8	2.21	1,101
d) Total Cost per Hour – Local Currency	22.77	19.97	6.60	4.26	48.52	30.46	5,867	2,740	4.70	25.64	8,375	251.8	61.08	7,577
i) Exchange Rate on February 6, 2007. 1US\$ =	1.29	71.39	7.77	7.77	7.81	44.09	9,074	120.75	3.50	60.82	1,078	32.89	34.93	16,616
e) Total Cost in US\$	17.63	0.28	0.85	0.55	6.21	0.69	0.65	22.69	1.34	0.42	7.77	7.64	1.75	0.46
f) Ratio to US Cost (%)	104	2	5	3	37	4	4	134	8	2	46	45	10	3
<b>2. OPERATOR HOURS</b>														
a) Normal Hours / Operator / Day	8	8	8	8	8	8	8	8	8	8	8	8	8	8
b) Normal Hours / Operator / Week	38	48	44	48	45	48	40	38	48	48	48	42	48	48
c) Normal Hours / Operator / Year	1,797	2,376	2,218	2,340	2,233	2,328	2,005	1,836	2,320	2,171	2,184	1,890	2,280	2,296
d) Normal Equivalent Days / Operator / Year	240	298	277	293	275	291	251	242	290	271	273	225	285	287
<b>3. OVERTIME %</b>														
a) Over Normal Pay – Weekdays More than 3 Hours	100	100	50	25	100	100	100	25	50	100	50	66	75	50
b) Over Normal Pay – National & Religious Holidays	100	100	200	200	50	25	100	26	200	133	50	100	100	100
<b>4. SHIFT PREMIUM %</b>														
a) Second Shift	15	100	20	20	5	0	5	9	10	0	13	25	0	0
b) Night Shift	30	100	20	20	5	5	5	40	25	0	50	50	5	50
<b>5. MILL OPERATION</b>														
a) Mill Operating Days / Year	269	350	350	347	334	360	337	275	340	360	343	347	336	343
b) Mill Operating Hours / Year	6,456	8,400	8,400	8,316	8,016	8,628	8,096	6,597	8,148	8,640	8,220	8,316	8,056	8,232

# LABOR COST COMPARISONS 2007

2007	SOUTH AMERICA			
	ARGENTINA	BRAZIL	COLOMBIA	PERU
<b>1. AVERAGE COST PER OPERATOR HOUR</b>				
a) Direct Wages – Local Currency	6.51	4.36	3,623	4.68
b) Other Costs paid to Operator – Local Currency	0.83	0.89	663	1.28
c) Other Costs paid by Company – Local Currency	2.35	1.62	978	0.77
d) Total Cost per Hour – Local Currency	9.68	6.88	5,264	6.73
e) Exchange Rate as of February 6, 2007 US\$1 =	3.12	2.10	2,271	3.34
f) Total Cost in US\$	3.10	3.27	2.32	2.02
g) Ratio to US Cost (%)	18	19	14	12
<b>2. OPERATOR HOURS</b>				
a) Normal Hours / Operator / Day	8	8	8	8
b) Normal Hours / Operator / Week	40	42	48	48
c) Normal Hours / Operator / Year	1,859	2,100	2,328	2,172
d) Normal Equivalent Days / Operator / Year	232	252	291	272
<b>3. OVERTIME %</b>				
a) Over Normal Pay – Weekdays More than 3 Hours	50	70	58	43
b) Over Normal Pay – National & Religious Holidays	33	88	98	100
<b>4. SHIFT PREMIUM %</b>				
a) Second Shift	0	10	13	11
b) Night Shift	21	15	23	27
<b>5. MILL OPERATION</b>				
a) Mill Operating Days / Year	305	341	309	324
b) Mill Operating Hours / Year	7,328	8,174	7,416	7,772

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