

# The Garment Costing Guide

for small firms in value chains



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**Street address:** ITC  
54-56, rue de Montbrillant  
1202 Geneva, Switzerland

**Postal address:** ITC  
Palais des Nations  
1211 Geneva 10, Switzerland

**Telephone:** +41 22 730 0111

**E-mail:** [itcreg@intracen.org](mailto:itcreg@intracen.org)

**Internet:** [www.intracen.org/publications](http://www.intracen.org/publications)

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## About the guide

This guide shows small garment manufacturers how to cost both traditional and value-added services they can offer their clients. It also shows how to reduce costs while aligning production processes and being better informed when engaging in contract negotiations.

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For more information, contact: Matthias Knappe (knappe@intracen.org)

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## Foreword

For many developing countries, the textile and clothing industry is vital. It is a principal manufacturing sector and a first step to industrialization. While garment manufacturing has been lucrative in the past, this is changing. What's more, COVID-19 has accelerated this change, which has a disproportionate impact on the sector.

Garment manufacturing has evolved from a simple manufacturing operation into a complex service industry. The actual cut and sewing operations are the simplest and least remunerated tasks. First-generation garment producers in Asian cities such as Hong Kong, Singapore or Seoul have transformed from simple product makers to multinationals. They operate globally and invest in engineering, advanced information technology and cutting-edge technology.

Yet most small and medium-sized garment manufacturers in developing countries, and especially least developed countries, have not adapted to this changing industry. They remain focused on simple cut and sewing operations, provide few services and produce commodity-type garments. They may not know how to develop their services and doubt their customers would pay for them.

To stay in business, these companies need to expand their services. All-inclusive costing is an essential step for this expansion. Accurate costing and valuing are the first step to move up the value chain. Without that, the all-important business case cannot be made.

This publication offers guidance to small garment manufacturers so they take an important step towards becoming a preferred supplier to their strategic customers. It also serves as a manual for basic service operators to provide guided training to small and medium-sized enterprises (SMEs), especially with regard to costing services that go beyond sewing operations.

The guide forms part of the International Trade Centre's (ITC) technical assistance to support the textile and clothing sector in developing countries. ITC also offers training and coaching on lean manufacturing, yarn and textile knowledge, material sourcing, product development, design and digitalization along the apparel supply chain.

This publication was developed within the framework of the ITC Global Textiles and Clothing programme (GTEX) and its application in the Middle East and Northern Africa (MENATEX).



**Pamela Coke-Hamilton**  
Executive Director  
International Trade Centre

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