

STARING DOWN CHALLENGES

ITALY'S HOSIERY MAKERS FACE HURDLES FROM IMPORTS TO RISING PRICES. **BY CYNTHIA MARTENS**

The Italian hosiery industry is finding itself in a tight spot. Facing serious challenges on several fronts, it's fighting back by focusing on new marketing strategies, including tying into the Made In Italy

national campaign to promote high quality and artisanship of Italian-made goods, and touting fashion as well as technical and eco-friendly advantages of their products.

Alarm bells have been sounding in an industrial cluster of about 400 companies based around Mantua and Brescia, with a high concentration in Castel Goffredo, sometimes called the "city of stockings."

Luca Bondioli, president of the Associazione Distretto Calze e Intimo, or A.Di.Ci, and partner at Calze Ileana, which produces luxury fashion hosiery, outlined the travails:

- ▶ Relaxed trade regulations have opened the door to foreign competitors.
- ▶ The EU is confronting the possible illegal use of banned or restricted chemical treatments on imported goods.
- ▶ The cost of raw materials is up.
- ▶ Fall temperatures in 2011 were unusually mild across the continent — meaning bare legs abounded — further squelching sales already dampened by the troubled economy.

As a result, sales have taken a hit and companies including Elledue, Pompea and Csp International, which owns the Orobù, Le Bourget and Sanpellegrino labels, have been plagued with layoffs. Others have moved operations abroad to cut expenses.

"This is not a new problem. For several years we have been experiencing a tough time," agreed Claudio Brunelli, chief executive officer of Calzificio Brunelli, which makes men's, women's and children's socks. "Ever since the trade barriers fell — with China, India and other countries — the market has been inundated with stockings."

In 2005, the Multi-Fiber Arrangement, which since 1974 had imposed quotas on textiles and garments developing countries could export to developed nations, expired. Today, China is the world's largest exporter of textile products, according to the European Commission Directorate-General for Trade. The European Union is second, with 31 percent of the market, including intra-EU trade.

The most recent available United Nations trade data show \$10.5 billion in hosiery is exported around the world yearly. Italian world exports of hosiery declined by about 6 percent during the 2007-to-2010 period. As a result, Italy's share of total world exports for hosiery also dropped to 12 percent in 2010 from 16 percent in 2007. During the same period, China's world exports grew by about 50 percent, and its share rose from 36 to 42 percent.

On Nov. 23, A.Di.Ci representatives spoke at the Italian Parliament in Rome, specifically attacking Chinese and Turkish imports. "The stockings that enter our national market in some cases do not have labels, or if they do, they often declare false fiber compositions and deniers, creating unfair competition for the stockings produced by our companies," the association stated, further advocating the creation of a national entity to control the

chemical treatments of all garments as a protective measure for consumers.

Lisa Anfalt, a scientific officer at the European Chemicals Agency (ECHA), said, "It's absolutely possible that garments treated with quantities of chemicals the EU doesn't allow can enter the territory illegally," noting, however, that national authorities are in charge of enforcing chemical legislation.

There is relatively little information available on the chemical contents of articles, Anfalt said. The EU has just begun to address the issue across many industries, and specifically, "through the ECHA [the EU] is cracking down on 'chemicals of very high concern.'"

Sharpening their game, Italian hosiery-makers are vying for new ways to promote their products. Although 2011 was a good year for his company, Brunelli said staying competitive was an uphill battle: "We are trying to make artisanship reemerge."

The company is focusing on refined fibers and innovative design. "Many [Italian] companies decided to shut down because they didn't see a future. Those who decided to stay had to focus on quality and specialization."

Bianca Cavallini, owner of luxury brand Emilio Cavallini, agreed that the Italian hosiery sector is struggling. She cited a lower demand for hosiery in general, because better quality threads mean they last longer.

"Years ago, a woman would buy a pair of tights and toss them after having worn them only once, because they were ruined," she said. "Now, with new threads and new technologies, tights are more resistant and therefore can be worn many times."

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delocalization will undermine the prestigious "Made in Italy" label, since consumers may be confused over the origin of their legwear. Omsa's 2010 decision to close an operating unit in Faenza and open a new one in Belosevac, Serbia, sparked controversy, as more than 300 Italian workers lost their jobs. Last July, protesters gathered outside Golden Lady stores throughout Italy in solidarity. This month, protests continued as the company announced more layoffs, and thousands signed up for the "Never again Omsa" Facebook group, advocating a boycott of Omsa products.

Another problem is the skyrocketing cost of polymers, cotton and wool. As companies have been forced to raise product prices, retailers "have preferred to not buy or to buy much less," Bondioli said.

In a letter to the Ministry of Economic Development on Nov. 4, 2011, Italian member of parliament Giovanni Fava stated, "The polymers used in hosiery cost 2,200 euros per ton in March 2010, and today they have shot up to 2,730, at a pace that shows no signs of slowing down."

Brunelli said 2011 was the worst year in memory for the rising costs of raw materials, with cotton up by about 35 percent for producers of socks, whereas cotton that still needs to be made into

usable thread went up by over 50 percent, although it has now stabilized. Prices for wool and acrylic are still rising. He added that cotton itself typically represents 45 percent of the total industrial cost of making men's socks, while in making thick tights, it accounts for 55 percent of that cost.

While the high price tag on raw materials is also a problem for Chinese hosiery producers, Bondioli noted their use of lower-quality polymers keeps costs down. "Most [Italian] production is done with premium polymer," Bondioli said, typically yielding a higher-quality product.

A.Di.Ci touts Italy's "creative quality" and "beautiful and well-crafted" products through innovation and research. In recent years, many Italian firms have invested in ecological fibers and technologies.

"European companies, especially Italian firms, are very sensitive to ecology," said Bondioli. They have been exploring the potential of new materials such as fishermen's netting or old automotive carpeting in an effort to recycle more. Bondioli said consumers — especially in Scandinavia and Germany — are increasingly appreciative of such efforts.

Four years ago, Brunelli decided to invest in a line of socks made of organically harvested cotton, thinking consumers would appreciate a more "pure" product. His company received certification from several independent European groups, including Legambiente, which allows its organic "blue flag" symbol on Brunelli packaging for its special line of organic socks.

Bondioli's company Calze Ileana has begun experimenting with the versatile new fiber Crabyon, devised by the spinning mill Pozzi Electa. Crabyon is a biodegradable product made from a blend of chitosan — derived from shellfish carapaces discarded from the food industry — and viscose. The fiber has antibacterial properties and absorbs moisture from sweat, making it a good choice for hosiery and intimate apparel. The executive believes the future health of the industry depends upon continued reinforcement of core strengths and innovation.



PHOTO BY THOMAS INNACCONI

The Italian hosiery association A.Di.Ci touts "creative quality" and "beautiful and well-crafted product." Here, tights from Calze Ileana.