

Anti-dumping measures against Chinese and Vietnamese leather shoes imported into the European Union expire in March and are unlikely to be renewed. But this is far from the end of the debate about making the origin of footwear clear to consumers.



The 'made in Italy' label is an indication to the consumer of beauty and quality.

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Origin of the species

Europe's biggest shoe manufacturing country, Italy, is keen on keeping countries of origin in focus on footwear labels. The National Association of Italian Footwear Manufacturers (ANCI) wants the best of both worlds for the manufacturers that make up its members: for their shoes to win extra appreciation from retailers and consumers on the back of Italy's hard-earned reputation for beauty and quality, and for competitors outside Italy to be forced to make it clear that they can have no claim on the same special Italian traditions. Recently, though, the industry in Italy has found it necessary to take steps to define what its famous catchphrase, 'made in Italy', really means.

In December 2009, the Italian parliament moved to

introduce the so-called Reguzzoni-Versace law aiming to regulate 'made in Italy' labelling by establishing a mandatory system for footwear. The system identifies where each step of the production takes place and aims to ensure the traceability of each item. Shoes can only be labelled 'made in Italy' if the production process took place mainly in Italy. In the case of footwear, at least two of the following production stages must have taken place on Italian soil: tanning of the leather used to make the shoes, the assembly of the upper or finishing. The aim of the law was to halt the trend towards outsourcing important production processes to countries with lower labour costs, such as Romania.

The law would have come into effect on October 1,

2010, were it not for a meeting held on 29 September 2010 in which the European Union's (EU) International Trade Committee approved a proposal for an EU-wide system of origin labelling for imported goods, including shoes. "European consumers want to know what they are buying, where it is coming from and under which conditions (such as respect for the environment, human and social rights) the product was made," the European Parliament's Socialists and Democrats group said in a statement following the vote. As a result, the Italian government decided to freeze the Reguzzoni-Versace law.

Divided Europe

The European Parliament's step towards a system of origin labelling for shoes from outside the EU is backed by states for which footwear production is still an important sector of the economy, including Italy, Spain and Portugal. However, Santo Versace, chairman of the family-owned Versace company and a member of Italy's parliament, who was one of the driving forces behind the proposed Reguzzoni-Versace law, has criticised what many in Italy perceive as a less-than-wholehearted reciprocal support from Brussels for the 'made in Italy' label. The EU does not class trade between member states as import or export; perhaps 'made in Italy' is too country-specific for the liking of many in Brussels. "We wanted to push things forward, but it is not possible for the Italian parliament to make a decision independently," Mr Versace said in September 2010. "It's a real confrontation with Europe to make the modification. There are real questions about the 'made in Italy' label and they have to be answered."

Opposing the EU's origin labelling system are retail-focused countries such as Sweden and the UK, which are concerned about falling profits and want optional labelling to continue. Italy, Spain and Portugal, however, are fearful over the many thousands of jobs in their economies that depend on footwear manufacturing. Italy in particular wants to safeguard its high-value luxury products output.

Signs of growth

ANCI recently issued figures for the first nine months of 2010, with all the indicators showing what it calls an encouraging trend in spite of a "depressed" domestic market and a "worrisome" employment situation. From January to September 2010 the footwear industry in Italy lost around 3,200 workers, around 3.9% of the total, with the closure of 188 shoe factories in different parts of the country. However, according to a survey sample issued by ANCI, footwear manufacture registered a moderate increase in volume (1.1%) but higher growth in value, with an increase of around 2.5% compared to the same period in 2009. ANCI president and chairman of the European Confederation of the Footwear Industry, Vito Artioli, said: "To those who say we are a mature sector without prospects for the future we have responded with a trade surplus that in nine months has surpassed €2 billion, a 9.5% increase over 2009."

ANCI was the main force behind EU anti-dumping



ANCI president and chairman of the European Confederation of the Footwear Industry, Vito Artioli, supports 'made in Italy' labelling. CREDIT: MICAM

measures that put tariffs of 16.5% on imports of shoes with leather uppers from China, and of 10% on leather footwear from Vietnam. It was largely research work carried out by the Italian association that convinced EU politicians that Chinese and Vietnamese footwear brands were receiving unfair help, making it financially viable for them to sell leather shoes for lower prices in export markets than the prices they charge domestically. Both Asian countries have denied any anti-competitive practice and have lobbied hard for the removal of the measures, which began in 2006 and will remain in force until the end of March 2011. The European footwear manufacturing industry appears to have given up on any further renewal of the measures for the time being, and there are cries of victory from Asia and from those in northern Europe who think the shoe business is about little more than sourcing and selling.

Mr Artioli has made it clear that his organisation is still concerned about "unfair competition". However, he said in a statement in January 2011 that the footwear manufacturing industry in Europe had confidence that the European Commission would apply new anti-dumping measures if there was new evidence of unfair competitive practice (he thinks there is). Furthermore, he said that the Commission had promised to monitor imports of leather footwear every week from the start of April to check for this evidence.

"The expiration of the anti-dumping duties against leather footwear imports from China and Vietnam, set for 31 March 2011, is not going to make us lower our guard," Mr Artioli said. "However, today, in a political climate not favourable to manufacturers, the commitment of the European Commission in favour of fair and competitive trade should be supported. The Commission will take this issue to the highest levels of the Chinese and Vietnamese authorities in the course of quarterly meetings. If the dumping continues and is ascertained, the Commission is already set to apply new anti-dumping duties." 