



The decline of the Spanish economy has sent shockwaves across Europe. The long-serving president of the national footwear industry federation, Rafael Calvo, has said the industry had to adjust early to the new economic realities, and is strong enough to survive the crisis.

Survival strategy

The president of the Spanish footwear manufacturers' association (FICE), Rafael Calvo, has said that the weakness in the economy in Spain is making life difficult for footwear manufacturers, but that he believes a strategy focusing on quality, design, research and development and export markets will help the industry come through.

In comments to local media during the summer, Mr Calvo said: "Consumption has stopped, even though shoes are a product of primary necessity. However, for some years now, we have been doing the right things: investing in innovation, in promoting our brands, in technology and in opening up new markets. It's been tremendously hard work, but in the last few years we've made this a stable sector and we've even been able to create some jobs."

Commitment to R&D

Towards the end of last year, Spain's national statistics institute, the INE, published figures that show the level of investment the industries in the country's fashion-focused manufacturing sector (including footwear) put into research and development (R&D) the previous year. Overall investment of €83.7 million in 2010 represented a fall of 8.3% compared to the year before. Companies in the fashion sector had, collectively, 2,054 employees dedicated to R&D in 2010, a fall of 15.7% compared to the year before. Also, only 235 companies carried out any R&D work, according to INE, a decline of 28.8%.

With what we know now about the state of the Spanish economy, it will surprise few people that companies were cutting back. However, while garment manufacture reduced its R&D spend by 12.3% and textile manufacture also registered a fall (of 7.8%), the Spanish footwear and leather sector bucked the trend by increasing its spend on R&D that year by 3.6%. Of the three industries, footwear and leather

Oriental appeal. Chinese buyers are now the preferred choice of Spanish footwear brands because sales in China bring the best unit-price, better even than sales in the US.

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had by far the smallest share of the total research spend (16.7% of the total at €14 million), but at least the message that R&D can lead to future success still resonated with footwear manufacturers and tanners in 2010.

Left behind

Two years on, Rafael Calvo feels that the benefits footwear companies have derived from continuing to invest in new ideas and new technology while so many others were pulling back are clear. "As an industry we have had to take some important decisions," the FICE president says. "And we have ended up smaller, but I would suggest we are the size we are now is the size we have to be. It's a pity, but some companies, the ones who didn't opt for a focus on exports, on design and on branding, have been left behind."

He says the footwear manufacturers who have survived realised the way things were going in the Spanish economy before other sectors did and started work on a new, outward-looking strategy. "There is no segment of the Spanish economy that is more internationally focused than footwear," he continues. "The whole world is our stage." Spain exported 120 million pairs of shoes in 2011, an increase in volume compared to the previous year, but Mr Calvo points out that growth outside the European Union was 30%.

China pays a good price

As for 2012, he quotes figures that show a 16.5% increase in export volumes of shoes from Spain (up to April), even though value is slightly down. Growth of exports to China is a particularly pleasing aspect for the FICE president. "We prefer to sell shoes to China these days rather than try to defend our domestic market from imports from China," Mr Calvo says. "Now China is the market in which our shoes sell for the best price, better than the US. Our average price per pair has gone up by 60% in recent years and the relationships we have with retailers and distributors in China are good. So that's our aim: to export more Spanish shoes to China rather than try to work out ways to defend the Spanish market from Chinese imports. I'm not a supporter of taking [trade] defence to extremes."

Something else Mr Calvo says he's proud of is that Spain's footwear sector has been able to reform its relations with workers without provoking widespread strikes. He insists: "We've never had a major strike here and we now have a new generation of younger, well trained people who are committed to bringing quality to this industry and that's why Spanish companies are currently exporting shoes to 150 different countries."

Labour reform

In June this year, employers' organisations and trade union representatives of employees in the Spanish footwear industry agreed a collective pay deal for 2012, 2013 and 2014. With high levels of unemployment across the country, workers have agreed to small pay rises, 0.5% this year, and 0.6% in the following two years. The deal will affect around 22,000 workers at 1,400 footwear manufacturing firms. Workers are also in line to receive a bonus payment of €160 each before the end of 2012 to compensate for rises in the cost of living.

A spokesman for the UGT union, Juan Antonio Maciá, told



Boots from the famous Carmen's Shoes exhibition, in which high-end Spanish shoe designers created footwear that Carmen, from Bizet's opera, might have worn. The exhibition has won admirers in many parts of the world.

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local media at the end of negotiations: "It's a strange deal, just like the times we are all living in at the moment." Rafael Calvo views the matter in a different light, saying the deal is very much in keeping with the spirit of long-standing agreements between companies and unions and says labour reform ideas of the new Spanish government, which are aimed at making contracts more flexible and to make it easier for companies to hire and fire people, are secondary.

"But we do have a problem with becoming competitive," he says. "If we can't be competitive we can't go out into the external market, unless it's to make fools of ourselves. We have to make competitive products and everything that helps us make our products more competitive is vital. Nevertheless, it wouldn't be fair for company owners just to sack people because it's easier for them to do so. True business people want to create employment, make a profit and invest it back in the business to generate greater wealth and create more jobs." 