



Fighting to stop the decline

Footwear Manufacture in Spain

Spain produces approximately 24.5% of Europe's total output, which means that almost one in every four shoes made in Europe is made there. This position is largely a result of Spain's long-standing tradition in footwear production and the proximity of supporting industries and raw materials. Spanish leather production is also strong and tanners have made globalisation a cornerstone of their growth strategy.

Leather footwear is the major export product, representing almost 80% of all international sales. In fact, footwear production in Spain is predominantly in leather, at over 80% of total output. These factors plus a determined policy of improved quality and design content have so far helped to avoid the massive downturn seen in other parts of Europe.

Stiff competition from Asia, Latin America and some East European countries has led Spanish firms to make radical changes in their marketing strategies. In recent years there has been a marked move away from predominantly mid-range footwear

Spain in brief

Located in southwestern Europe bordering the Mediterranean and North Atlantic, and separated from France by the Pyrenean Mountains, Spain is quite a large country by European standards, covering some 504,782 sq km of land area. It contains 19 autonomous communities including the Balearic and Canary Islands, plus three small possessions off the coast of Morocco.

The climate is temperate with hot summers and cold winters in the interior. The landscape is predominantly partially broken plateau with outcrops of rugged hills and contains a wide variety of industrially valuable minerals. It also provides areas of good agricultural land and sources of hydroelectric power.

Environmental issues

Like all European countries, Spain has environmental concerns, covering pollution of the Mediterranean, water quality and availability, air pollution, deforestation and desertification (Spain is a predominantly dry country). It is also a party to international agreements covering many aspects of air and sea pollution, environmental and natural species protection, global warming and hazardous wastes.

Population (2004 est.)

The total population is 40.28 million with 68% in the productive 15-64 age group split roughly 50/50 male/female and with an average age of 39.1 years. It is an overwhelmingly Catholic country (94%) and the predominant language is Castilian Spanish (74%), followed by Catalan (17%), Galician (7%) and Basque (2%). Castilian is the official language but others are officially recognised regionally. The important shoe-making area around Alicante speaks both Catalan and Castilian.

General economy

Spain's mixed capitalist economy supports a GDP that on a per capita basis is 80% of that of the four leading West European economies. Under the last government, Spain joined the single Euro currency and introduced tax reforms to encourage further liberalisation, privatisation and deregulation of the economy. Unemployment remains high at 11.7%.

2.4% growth in 2003 was satisfactory given the background of a faltering European economy and the current government has stated its intention to reduce government intervention in business, combat tax fraud and support innovation, research and development. It also wants to reintroduce labour market regulations scrapped by the previous government. Adjusting to the monetary and economic policies of the EC and reducing unemployment are Spain's two main challenges.

GDP:

Purchasing power parity	—	\$885.5 billion
Real growth rate	—	2.4%
Per capita	—	\$22,000

Investment:

Gross fixed	—	25.6% of GDP
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Inflation:

	—	3%
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Unemployment:

	—	11.3%
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Budget:

Revenues	—	\$330.7 billion
Expenditure	—	\$335.3 billion

(inc. capital expenditure — \$12.8 billion)

Public debt — 62.7% of GDP

Industry:

Growth rate	—	1.6%
Exports	—	\$159.4 billion
Imports	—	\$197.1 billion

Deficit — \$23.77 billion

2003 estimates

towards mid-high and top-end lines of superior quality and with a strong design component. Fashion has been the driving force behind this change and footwear has moved from being a practical necessity to an essential fashion accessory. This has led to organisational changes and a strengthening of brand image.

Spanish firms have become innovative and more open to new technologies. They have also become highly flexible and receptive to change. This explains why 75% of the total industry is made up of production units with fewer than twenty employees. In 2003 a total of 2,287 companies were involved in the sector and between them employed close to 44,500 people and produced 171 million pairs of shoes. The region of Valencia has the longest tradition in footwear production and accounts for 65% of total output, followed by Castile-La Mancha with 11%, La Rioja with 7% and the Balearic Islands with 5%.

Key figures for 2003

	Billion Euros	Compare 2002
Output	*2.740	- 12%
Exports	1.919	- 9%
Imports	1.008	+22%

*2004 is expected to show a further fall to about 2.340

Source: FICE

Foreign trade

In 2003 exports exceeded €1.9 billion, equivalent to 126.8 million pairs of shoes. According to FICE (Spanish Footwear Industries Federation), both the value and total pairage of exports declined somewhat. However, over a five-year period exports in fact rose 4% and an average export price 17.54%, indicating increasing quality and unit value. The overall trade balance remained healthy at just under €1 billion and a cover rate of 190.3%. Despite organisational and marketing changes, a reduction in structural costs and the restructuring of financial assets, the industry still fell prey to the global economic downturn in 2003 and exports fell 9% compared to the previous year.

Europe is still the main market and accounts for 79% of total export sales, with France, the UK and Germany the major buyers. Outside the European Union, the United States is still the major



Packing ladies shoes at Newker

market and ranks fourth in terms of export value and fifth in terms of pairage shipped. A significant aspect is the development of average export prices in different markets, whereby the most expensive products are sold to Hong Kong, Japan and Russia.

firm Zara, although from the textile industry, has provided a model that many European companies should seek to imitate. Smaller companies soon followed and have taken every effort to be as competitive as possible in the world market.

FICE has identified areas on which all member companies should concentrate:

- Create added value
- Strengthen international brands
- Promote image and fashion
- Control distribution (through own retail outlets where possible)
- Promote the image of Spanish footwear
- Pursue the protection of intellectual property
- Improve innovation and technology
- Increase flexibility and reduce costs
- Embrace better training
- Become increasingly eco-friendly

The Spanish footwear industry has made great strides in coming to terms with the new global market and, indeed, produces better quality and better designed products than ever before. However, many companies privately maintain grave misgivings in regard to the overall fairness of global competition under WTO.

Companies

As a result of FICE initiatives the distinctive feature of most Spanish companies is their high degree of globalisation, as shown by an active involvement in major trade shows and international events. The industry has developed an extensive range of ➤

Growth of footwear exports

	Million pairs	Billion Euros
1999	143.81	1.853
2000	141.73	1.960
2001	141.71	2.102
2002	136.80	2.118
2003	126.80	1.919

Source: FICE

FICE's influence

The Federation of Spanish Footwear Industries (FICE) recognised the changes that were taking place within the global footwear market that were putting Spanish companies under pressure some twelve years ago. Not least of these was a noticeable downturn in traditional European markets and a subsequent switch to lower cost providers. The answer was to adopt new business strategies:

- Become market orientated rather than resource based
- Adding value as a total concept rather than just as a design factor
- Become more internationalised
- Enhance brand image, marketing and distribution
- Adopt new technologies

Leading companies soon adopted these ideas and created a pattern for others to follow. The Spanish clothing

products with different styles and types of shoe, which have been well received by a broad spectrum of customers. Spanish footwear is now capable of catering for the expectations of even the most demanding of modern consumers.

Women's shoes are the main strength, accounting for 60% of exports. Elche and Elda in Alicante and the Balearic Island of Menorca are the main locations for this production. Particularly significant are firms like Dalp Internacional whose Pura López brand with its ultra-feminine high-heeled shoes is coveted by women all over Europe. In 2003 80% of its sales went to European markets.

Mascaró, which makes the Jaime Mascaró and Úrsula Mascaró brands, also focuses on top-quality women's footwear. Highly fashion conscious, the company has consolidated its global market through a network of own-brand stores and a clear commitment to brand differentiation. Other brands such as Audley, Magrit, Ras, Alima Chie Mihara, Newker and Maloles have all established a good international demand by using quality materials and cutting-edge design to create their own particular looks.

Men's footwear is another significant segment, with firms like Mezlan, Magnanni, Pertini and Calzados Mister located in Almansa and Georges, Barrats, Yanko and Lotusse from Majorca. All are known for their quality design and extensive global marketing. Camper is well known for casual and comfort footwear, with design again the key to export sales of around 70% of its output. Panama Jack is a further example. The Rioja region has a high concentration of casual footwear producers like Calzados Callaghan, Calzados Kollflex, 24 horas and Platino.

Spain's tanning industry

A healthy footwear industry needs an equally strong supply side and a supply of good quality leather is paramount. Tanning has a long-standing tradition in Spain. Beginning with individual craftsmen, it has remained in place for centuries, evolving progressively to its current high technological level. The sector is made up of 187 companies

employing 6,156 workers and is primarily concentrated in Catalonia (86), Valencia (72), Murcia (24) and Madrid (5). It has always been an important industry for Spain and remains so to this day.

In 2003, tanning industry output reached 424 million sq ft in volume, €1.09 billion in value and accounted for some 1.3% of the country's industrial GDP. Bovine output slightly exceeds 50% of total production, followed by sheepskin wool and w/o wool on leather at around 35%. The remaining approximately 15% is distributed between goatskin, pigskin, rabbit and reptile leathers.

External trade in 2003 showed a surplus of some €24.9 million, with exports reaching 357.75 and imports €332.80 million respectively. As with finished footwear, the EU as a whole constitutes the main destination for leather exports, accounting in 2003 for about 56% of the total. The main destinations are Italy, France, Portugal, Türkiye, Hong Kong, China, Germany, USA, UK and South Korea in that order.

Leather production & sales (billion euros)

	Exports		Imports	
	2004	2003	2004	2003
Bovine	0.097	0.108	0.133	0.155
Sheep	0.046	0.036	0.021	0.020
Goatskin	0.007	0.007	0.031	0.031
Pigskin	0.006	0.004	0.028	0.033
Double face/				
Rabbit	0.085	0.115	0.006	0.005
Others	0.002	0.002	0.004	0.006

Totals are 9 months to September each year.

Source: CEC-FECUR

A strong indication of the determined drive for increased exports was the participation of the Leather Industry Association of Spain for Foreign Trade (ACEXPIEL) with a group pavilion featuring 28 tanneries at APLF 2005 in April. This move was further supported by the Spanish Institute for Foreign Trade (ICEX) and confirms Spain's commitment to the Asian markets and the Asia Pacific region, as well as its support of the leather industry in general. As Asian countries step up their quality standards, opportunities for European tanners will further increase.

Tanners and skin suppliers exhibiting included Acabados del Valles, Alfa Tenerias, Colomer & Munmany, Curtidos

Gil Bujique, Curtidos Parera, Riba Guixa, Dercosa, Din-Lorca Gabino Garcia Serrano, G-Estilo, Grupo Ledexport, Incusa, Inpelsa, Jpomes Leather, La Doma, MC Clols, Maximo Mor, Oberon Hispano Piel, Rodrigo Sancho, Sarco, Tenerias Omega, Timbrados Rubio and Morera Pell. Chemicals and dyes were represented by Curtin, Inquimica and TexaPel, and accessories and components by Enelacas.

Spanish Tanners Confederation

CEC-FECUR has been the representative body of the Spanish Tanning Industry since 1978 and comprises 4 associations: Unió d'Adobadors de Catalunya, Asociación Interregional de Industrias Curtidoras, Asociación Local de Fabricantes de Curtidos de Lorca and Asociación Regional de Empresarios de Curtidos. It represents, defends, promotes and manages the interests of the industry before public and private bodies. The 211 members also belong to ACEXPIEL (see earlier mention) and are spread throughout the industry with companies from Catalonia (87), Valencia (25), Madrid (12) and a further 26 distributed between other Regions.

It assists the industry in a variety of ways:

- National and international representation
- Union relations, collective bargaining and legal advice
- Training management and organisation of seminars etc
- Organisation of trade studies, missions, paperwork and exhibition pavilions
- Environmental legislation and review of AIIICA and INESCOP reports
- Reports and statistics of all kinds affecting the industry
- Compliance with EU programmes and international trade regulations

Spanish Leather Chemists Association

AQEIC was created as a non-profit making entity in 1950 to promote and improve the technical methods of manufacture and production of leather in Spain. It combines technicians, chemists and other interested professionals, is a member of IULTCS ➤

WORLD FOOTWEAR

and maintains contacts with related associations especially in Latin America and the Mediterranean area. It seeks to further relations between the sectors making up the leather industry by encouraging and reporting all activities undertaken by and for the leather sector. Services include a technical journal and library, reviews of technical publications and organising courses and seminars etc.

Professional training in Spain

As the Spanish footwear industry has become increasingly fashion and quality conscious, training has become a vital factor in ensuring there are enough qualified people to maintain this impetus in the future. At present, there are several footwear-related training programmes available which differ depending on the Institutions providing them and the students receiving the training.

Official training is imparted in some secondary education centres, schools officially approved by the regional government, which rely on suitably skilled teaching staff. These used to operate in almost all footwear producing areas and offered intermediate courses for technicians in footwear and leathersgoods and advanced courses in pattern design. Most no longer exist due to lesser demand and the reason for this is quite revealing.

These courses are essentially designed for youngsters. Intermediate courses allow access to high school and advanced courses can lead on to university. However, passing an admission test, which includes secondary educational subjects like mathematics and languages, has put many students off. In addition, the gloomy outlook for the industry has persuaded many that there are better prospects elsewhere.

Funding

A national fund exists, based on a small percentage deduction from all active employees in industry in general. This is managed by a foundation specifically created for the purpose. Part of the fund is allotted for training programmes aimed at different sectors, while another is available for companies to use to help finance specialised courses

Work by students on the Diploma Course.



in conjunction with private training organisations. Regional and European funds are also available, such as the European Social Fund (ESF) for the financing of training initiatives.

INESCOP

Based in Elche, the Footwear Technological Institute (INESCOP) carries out specialised training, including training not available in public or private institutions. Rather than train students, it runs courses tailored towards the teaching staff of these centres aimed at updating their knowledge in relation to footwear material and technology developments.

There are more than 50 of these, covering all aspects of footwear and footwear component manufacture, run in accordance with demand. Those most frequently offered during the past few years have therefore been related to design, advanced production technologies and replacing traditional solvent-based adhesives with water-based alternatives. General courses are aimed at small groups of no more than 20 people, while special courses are also provided for selected personnel from a single

company. The latter run for 30 hours and are tailored to the company's needs.

INESCOP also has a self-training centre with 86 courses on languages, computing, business management, quality and design. It uses a computer-aided study system that allows the user to determine their own learning pace through the use of multimedia interactive systems. The main advantages are seen to be timetable flexibility, individual learning and self-planning of learning schedules, during an 8.00 am to 8.00 pm window. Another benefit is that new technology can be quickly and easily incorporated into the programmes. In some cases, such as the implementation of quality systems or the use of water-based adhesives, remote or off-site training is carried out via the Internet.

A final and important part of the sector-based training is aimed at University students holding various scholarships. They can become skilled in footwear subjects by spending time in INESCOP laboratories. Here, they can carry out end-of-degree projects and even doctoral theses, co-ordinated by INESCOP technicians in collaboration with professors from the university.

REGIONAL SURVEY: SPAIN

Professional Specialisation Diploma

The core training course however, is the Professional Specialisation Diploma in Management, Technology and Design of Footwear and Leathergoods. This has now been in existence for 18 years and began as a direct response to the specialised training demands of the industry. It involves a total of 1,200 training hours per year supplemented by visits to exhibitions and footwear or leathergoods companies. Subjects and materials covered include:

- Manufacturing processes
- Leather, plastic and rubber materials
- Artistic and CAD design
- Sample preparation
- Business organisation
- Business English
- Quality control
- Environmental studies
- Health, safety prevention of risks in the workplace
- Job search techniques
- Computer applications and end-of-course projects

Students are aged from 16 to 30 and must have either high school qualifications or a University degree. The aim is to produce a multi-disciplined technician with both theoretical and practical knowledge of manufacture, design, communication techniques and graphic expression. In addition, they should also understand the potentials and limitations of basic materials and the use of computer systems for footwear and pattern design.

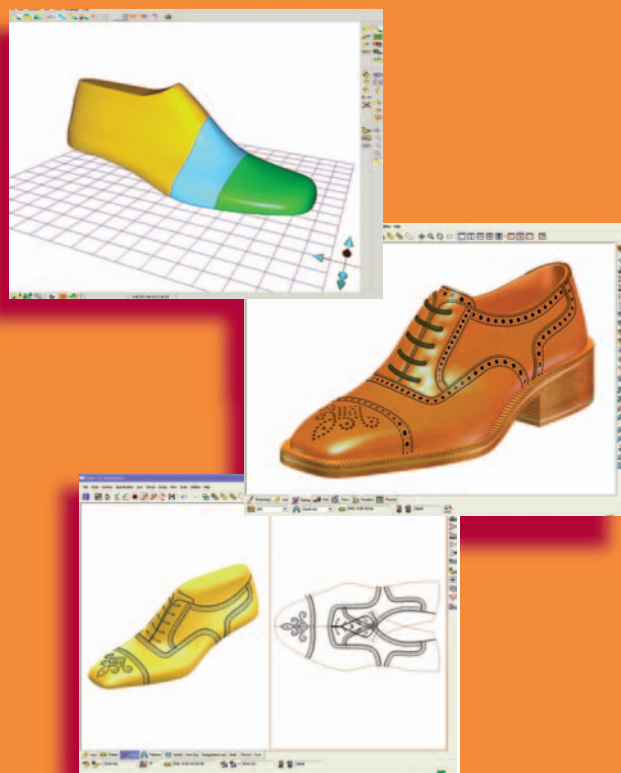
Work-experience agreements can be arranged with local companies and an employment service is available for both job vacancies and demands. More than 90% of students find a position within the footwear industry when they finish the course. Although some establish their own design studios, most go to work for manufacturing companies. Brands like Kelme, Avia, Zara, Carrefour, John Smith, Pikolinos, Hispanitas, Kurhapias and Springfield all employ INESCOP students.

Design diploma

Whereas the PSD diploma has always been given simultaneously in the two main shoemaking towns of Elda and Elche, this year one of them will become a Design Diploma. The intention is that university graduates in industrial design or those from Beaux-arts and fashion design schools will become skilled in footwear design as an industrial product. The course will focus on artistic design, researching fashion trends, developing collections, foot anatomy, CAD and traditional pattern design, and general CAD applications in footwear manufacture.

An indication of INESCOP's quality of training is the award of the 'Lápiz de Oro 200' at the 16th Concurso Internacional de Jóvenes Diseñadores de Calzado. Both men's and women's footwear sections went to former students of the diploma course out of a total of 63 Spanish and overseas entrants. It is clear that the technical centre is doing its utmost to support the industry in creating a knowledge-based product that is more individual and less reliant on low pricing. How much this will count for in the face of WTO remains to be seen. 

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