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**ADDRESS TO GRAND OPENING OF CONFERENCE ON EUROPEAN FASHION
AND INNOVATION**



Dr. Michele TRONCONI
President EURATEX

Mr. Vice-President Verheugen,
Mr. Minister Bersani,
Mme. Presidente of the Textile and Clothing Trades Unions,
Mr. President of Sistema Moda Italia
Ladies and Gentlemen,

It is a privilege and a pleasure for me as President of EURATEX, but also as an Italian entrepreneur, to speak at this important event organised in this wonderful city of Milan. Indeed, it is not too much of a coincidence that we should be meeting here today, since Italy is undoubtedly home to the EU's largest textile and apparel industry and can also claim to be one of the world's leading centres for fashion and design.

Let me begin by expressing my deep appreciation to Vice-President Guenther VERHEUGEN for proposing this event when we met in April of last year. I think that it is important to stress that in his capacity as Commissioner for Enterprise and Industry and through his services he has been a strong supporter of industry in Europe, and I would venture to say, of textiles and apparel in particular. Thank you again, Vice-President.

Today the European fashion business is largely based on some form of dynamic legacy. I mean something based on skills and past experience but able, at the same time, constantly to renew itself through innovation in products as well as in processes.

It may seem a paradox to link our past to our future. Nonetheless this is our daily life, linking taste for beauty and design which comes from our historical surroundings; with the capacity typical of the industry, but the attention typical of the craftsman. And that's not all. There is a plus, even though it appears, mainly and until now, to be only in the left column of the profit and loss account of our companies. It comes from the values we share. The same values we agreed to be at the heart of our legislation in terms of the social rights and safety of workers, the health of consumers as well as the respect of the natural environment in which we live.

To comply with those rules means to incorporate those values into our processes and our products. This is the plus, becoming a minus in economic terms if it means only more costs and less revenues.

Referring to the words in the title of today's conference we can indeed produce a win-win formula with values going in tandem with the capacity for fashion, creativity and innovation, but only if we will be able to improve our ability to transform those values into consumer drivers. And this in spite of globalisation.

Trade is not the theme of today's event. But we cannot forget that our industry operates in a global market; we offer our products abroad, just as our foreign competitors export their goods to Europe, mainly as suppliers of big retailers.

So, on the global market - which means on every local one too - consumers have to compare and choose between many products with different origins, different histories and particularly different forms of standard compliance. This is no bad thing in itself, but can cause a problem in relative terms, when one focuses on differences in production costs, translated into consumer prices, due to a different regulatory environment.

By way of explanation, let me tell you a little story. There's a friend of mine who looks in the newspaper every day to check if he has won the lottery. At first he becomes very sad because, as usual, he hasn't won anything. Then he comforts himself by saying: "I was right not to buy a ticket; at least I saved my money".

You could say this is the kind of British humour I became accustomed to in attending Brussels and European Institutions meetings. Maybe the reference to a lottery doesn't fit completely but it helps to highlight the paradox of EU life. In a real lottery, you can only expect to win if you buy a ticket. The EU entrepreneur has to pay for it and for staying in business but has less chance to prosper than his overseas competitor who externalises many costs. This may be a caricature but we do here pay to achieve a cleaner, safer and better world, with non-paying foreign producers pocketing the larger prizes in terms of selling volumes.

Here I do not seek to subvert the race for efficiency which lies at the heart of free trade. I merely make the point that trade policy should be subservient to overall economic policy and to the attempts we as an industry have to make to find solutions. Surely compliance with standards in respect of the environment, health and safety in the workplace and for consumers should not penalise us but deserves some payback from those on whose behalf we achieve compliance.

This means that the ticket we pay should be like a better insurance policy, all along the product life cycle, from cradle to grave. Our products will then not be seen as more expensive, but as more valuable. With a plus, as I said before. Part of the higher cost serves as a guarantee for everyone involved in the process, and in particular the consumer.

If this is so, the real challenge – and the real aim of this meeting – is to find out how to transform our obligations into competitive assets. We have to work together to better turn our values into consumer drivers. To put it simply: we have to inform the consumer that we have paid our ticket for a cleaner, healthier world to live in, and couple this with our creativity and innovation.

Europe cannot claim a monopoly on innovation and invention, but a multitude of products and services which we take for granted have their origins in one or other countries of the EU. Our industry itself was born in Europe with the industrial revolution. For instance, this doesn't mean that in our plants we are still in that age.

As historians of the economy tell us, textile was not only at the origin of industrialization, but also of its main dialectic, with mass production on one side and flexible specialisation on the other. It is significant that one of our challenges today is a mix of the two and is called mass customisation.

This should equip us more and more to produce end products which are highly individual and of outstanding quality. Naturally fashion and “haute couture” come to mind in the first instance, but we must never lose sight of the role of interior textiles, carpets and rugs, and of the growing field of technical textiles, which in certain European countries accounts for up to one half of textile production. Here new uses are being discovered every day and exciting possibilities opening up, for example in container shipping, the space race, etc. And even now, with EU funding textile and apparel companies and researchers are engaged upon the biggest ever European textile and apparel project to automate apparel manufacture. We can also be grateful to the Commission for accepting our proposal for a new generation of personal protective equipment as one of only six pilot projects in its Lead Markets Initiative.

Let me return for a moment to European values. We are dealing essentially with social and environmental considerations. In respect of social affairs, I hope that Valeria Fedeli will not contradict me if I say that our industry’s relationship with our trade union counterparts is very good. Certainly from a EURATEX point of view I think that we can point to some serious progress in a project last year to enhance the social dialogue within the new member-states. We very much appreciate the support of DG Employment and the efforts of our trade union partners in enabling this to progress.

As I mentioned earlier, Europe pioneered the industrial revolution, which has brought with it much material gain but has over the past thirty years raised concern as to pollution, toxicity, and global warming. I also said that Europe has now pioneered legislation to bring these elements under control. We as an industry have, in turn, had to pioneer ways and means of coming to terms with this new environment. This has not always been easy, and has again required all our capacity for innovation to comply with stringent new regulations. And REACH and ETS now await us, new challenges and highly complex ones.

It is my conviction that in the fullness of time those same values will also be applied in other nations and the playing field will become much leveller. In the meantime, I do not think that it is too much to ask that products imported into the EU should themselves be environmentally friendly, and subject to those core labour standards to which the countries of origin themselves have in fact subscribed within ILO. Here I am not advocating ever more stringent internal regulation which tends to impact most heavily upon the small and medium-sized enterprises that EURATEX represents and which make up some 96% of our industry. But I can only fully support the efforts which the Vice-President has made in the last two years to decrease regulation, to free up the EU entrepreneur from an excess of red tape and allow him to devote his time to the true purpose of his activity, adding value, innovating and creating wealth for society as a whole.

By the way, we can’t expect to improve our competitiveness only by increasing our costs by the day.

To conclude my speech, I’d like to make some final and more general remarks.

It is now half a century since the Treaty of Rome was signed. Since then individual member-states may on occasion have faced internal tensions but overall we have benefited from a prolonged period of peace and growth, governed by the rule of law and not by the law of the jungle.

We share values much more than economic specialisation. This shouldn't be seen as a step back from deeper integration but, on the contrary, as a part of our richness. It is something with which we have to be consistent, helping every region as well as every company to grow and prosper on its own dynamic legacy. This doesn't mean a country cannot upgrade its own economic specialisation, for example enlarging it to new activities. But there are no economic recipes universally valid for all. It was an error already many years ago to consider our industry as a sun-set one in Europe even if in fact it modified constantly its dimensions and shape. Moreover, globalisation is demonstrating, also in many other sectors that maturity affects "how you do things", more than "what you do" in general terms. This means that innovation is the key word to stay in business, not the reason to exit. Obviously, this is so if you really have good taste, good products and good values to offer to the consumers. But only if they can realise and appreciate that we paid the ticket for them too.

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