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European Textile Collectivities Association (ACTE)**

“Local and regional strategies to manage structural changes”

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Introduction

Good afternoon Ladies and Gentlemen,

Let me begin this address by thanking the European Commission and ITKIB (Istanbul Textile and Apparel Exporters' Association) for inviting the **European Textile Collectivities Association** (hereafter ACTE) to this conference. It is in fact an encouraging sign that the Commission is taking into consideration the important role of local and regional authorities in mitigating and managing the social and economic impacts caused by the restructuring of the textile and clothing sector.

ACTE was founded in Portugal, in 1991, by six municipalities and is currently one of the first associations of local authorities at European level. Today, ACTE gathers more than 70 members from 7 European countries and its founding aims are:

“To represent and defend the interests of territorial collectivities and adherent organisations that represent territories with a presence of the textile and fashion sector”.

Not only has the textile and clothing industry undergone profound changes over the last years, but these transformations have also changed the economic and social realities of those territories which were highly depended on the sector. The City of Łódź, whose Mayor I am, is a good example of huge influence of textile industry on the city's economy. Łódź – nowadays the second biggest city in Poland, for more than fifteen hundred years was strongly connected with textile industry. Textile employees amounted to approximately 60% of all employees in the city. In the 90-ties a very serious problem connected with local economy and labor market appeared (unemployment rate increased up to 20%). It was a result of drastic limitation of existing textile sale markets.



Most of ACTE's member territories have ceased to be "textile territories" in the strict sense – as they used to be at the foundation of the association – and **all had to and will continue to manage the restructuring of the sector.**

ACTE is an important platform for its members to tighten institutional collaboration ties and to promote the exchange of experiences and best practices in areas such as economic promotion, employment, training, urbanism and culture.

The promotion **of innovative policies** to anticipate and manage change at local and regional level is currently high on our agenda. As its name suggests, the European Textile Collectivities Association and its members try to tackle the challenges of the sector from an **institutional and territorial approach**: both textile companies and employees are in our territories and as local and regional policy makers we have to ensure the right framework conditions and provide support instruments.

ACTE believes in the future of the textile and clothing industry in our territories. It is important to place greater emphasis on the growth opportunities that exist: technical or industrial textiles, brands, new business opportunities with emerging economies, etc. The repetition of negative messages about this industry harms the image of the sector as a whole and of the respective territories.

Available tools for territories to manage structural changes

Having said this, let us also be aware of the fact that there will be winners and losers in this transition, process of change. Even successful change management is unlikely to take place against a background of zero job losses and company closures, which are naturally the most painful for territories. However, **appropriate support mechanisms** can help territories to mitigate the social and economic impacts of restructuring.

Let me mention 3 lines of action, ACTE has helped to promote and develop in our territories over the last years:

1. Actions aimed at encouraging **strategic planning**
2. Actions aimed at encouraging **strategic change in companies**
3. Actions aimed at promoting **worker relocation and diversification**



Firstly, the development and execution of **strategic planning processes** has been an important tool to successfully manage change in many ACTE territories recently: “Industrial districts” in Italy, Local Strategic Textile Plans in Spain, Local Development Strategy in the City of Łódź or Competitiveness Poles in France for instance. Independent of the different denominations and territorial specificities, **these models have one thing in common**: a methodology based on a close collaboration and networking between the main players: companies, workers, research centres, universities, public authorities, and developed within a defined geographical area.

Amongst others, strategic planning aims at improving allocation of public resources for the support of the textile and clothing sector, strengthening competitiveness and innovation of companies and promoting diversification of the local production and employment alternatives.

In light of the positive results achieved in several textile and clothing territories, the High Level Group on textiles and clothing in its Follow-up report of 18 September 2006 considered that *“greater publicity should be given to the outcome of such strategic plans, and that wherever possible, they should be used as a basis to convince other textile/clothing regions of the intrinsic value of the establishment of such plans”*. Let me assure you that ACTE will continue its efforts to widely publicise the achievements of strategic planning as they are a key factor for enhancing the sectors’ and thus the territories’ image.

Secondly, in order to use the existing business opportunities to the maximum, our companies need to **change or adapt their business model** to remain competitive. Actions may range from business downsizing to a shift towards new products and applications, business cooperation, innovation and increased internationalisation. Of course, the main responsibility for a strategic business change lies in the hands of the companies concerned. But local and regional authorities can provide support tools to (mainly small) companies which are particular vulnerable and cannot take the advantage of new business opportunities.

Also, technology and research centres, universities, etc. located in our territories can offer their expertise and important instruments to companies to include innovation in their business activities or provide opportunities for the reorientation of activities. ACTE



invites these institutions to participate as **adherent members** to strengthen scientific and technological excellence in our member territories.

The inevitable transformation of companies entails a change in their dimension. The decrease in the number of employees of the textile and clothing sector in our territories has been considerable in the last years. Especially small, traditional companies with a highly specialized yet under qualified workforce were and are affected by this development.

Job losses are of major concern for local and regional policy makers. The **third line of action**, the promotion of **worker relocation and diversification**, is thus of enormous importance for ACTE and its members.

Proper training is essential: both for those employees who remain within the industry but need to shift their skills towards new products and new textile applications, and for employees who have to leave the sector and need to seek employment elsewhere. Thus, ACTE members are working both for the provision of appropriate tools for the **re-skilling** and for the **relocation of workers** and **promotion of alternative sectors** with capacity of employment within our territories. Activities range from specific training and promotion of entrepreneurship education to support structures for labour intermediation, provision of industrial land for new industrial activities and to establish business parks, improvement of infrastructures to raise attractiveness for (foreign) investors, etc.

Good example of implementation the above mentioned activities is the City of Łódź. Since 2002, we are building a positive climate for all entities mainly by creating investor-friendly conditions and incentives for both local and international companies. Thanks to the **Local Development Strategy** 25 thousand new job places will be created by 2010, and 40 thousand by 2015. The results of the strategy are already seen – the unemployment rate decreased from about 20% to 12% (from the end of 2002 till April 2007). Also new foreign investments have appeared – General Electric, AIG Lincoln, Bosch Siemens, Indesit and Dell company, for instance.

Besides, ACTE considers the creation of the *EU Globalisation Adjustment Fund* (EGF) as important financial instrument to support laid-off workers by funding services such



as job search assistance, personalised retraining, or assisting self employment. Nevertheless, ACTE regrets that only Member States can submit an application for a contribution of the EGF and that local and regional authorities are exempted. The territories are strongly hit by the closure of enterprises, the reduction of personnel, and the lack of entrepreneurial dynamism and should therefore have direct access to the funds allocated by the EGF.

Conclusion

Local and regional policy makers are very concerned about the negative impacts of the restructuring of the textile and clothing industry and we constantly have to provide appropriate tools to ensure a sustainable economic and social development of our territories.

Let me conclude my address by saying that ACTE looks forward to continuing to closely work together with the main players in Europe and to extending this cooperation to representatives from the Mediterranean basin. We all have a role to play in mitigating the socio-economic impact of restructuring on the employees, companies and territories.

I should also take the opportunity to publicly express our great interest in establishing collaboration ties with local and regional authorities from the Mediterranean basin, which is by the way one of the main strategic lines of the current ACTE mandate plan. In today's conference, our association is represented by a small delegation headed by Executive Secretary, *Fabio Giovagnoli*, to further inform you about ACTE and its activities. We have also left some leaflets outside for your information.

Thank you for your attention.