LOCAL STRATEGIC TEXTILE PLANS

General Report {june 2005}

A·C·T·E

consejointertextilespañol

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1. INTRODUCTION

This Report deals with the analysis and proposed lines of action drawn up by the nine territories participating in the project "Local Strategic Textile Plans". In this regard, this General Report does not offer an overall sector diagnosis, nor an action plan for the sector, but a diagnosis and strategic proposal shared by the nine regions involved in the project.

The importance of this General Report does not therefore stem from the in-depth or global scope of its analysis, but from the fact that both the variable criteria for diagnosis and the proposed courses of action reflect common issues across the regions in question, just as these are covered by their respective strategic plans.

The affected parties, with the eventual consensus of all those players involved, will remain responsible for implementation of the sector and region specific measures described in this study, and for the scope and prioritisation of these, according to the public support mechanisms put into place. This should be done in such a way as not to interfere with, nor jeopardise, the necessary harmony and coordination between the different Spanish state policies for the textiles industry.

The project "Local Strategic Textile Plans" is the result of the Biella Declaration, approved at the General Assembly meeting of the European Textile Collectivities Association (ACTE) in April 2003, and has been promoted jointly by ACTE and the Consejo Intertextil Español (CIE)[1]. This declaration stressed the need to carry out Local Strategic Textile Plans in order to be prepared for the challenges presented by the liberalisation of the industry in 2005, based on the coordination of specific actions taken by the textile territories concerned.

ACTE is a network of European territories, created in 1991, whose mission is to represent and defend the interests of territorial collectivities with a textile and clothing industry presence. Its objectives include working on economic promotion and the development of employment, the reciprocal opening of international markets, the promotion of company competitiveness and local production systems, respect for the environment and application of the local Agenda 21s, respect for social standards

[1] The Consejo Intertextil Español is the Spanish Association of Textile Employers

and the promotion of ethical consumption, social culture and relationships and coordinated development.

Today, ACTE is made up of 52 local and regional corporations from 7 European countries: Belgium, Croatia, Spain, France, Italy, Portugal and the United Kingdom.

The Consejo Intertextil Español, founded in 1979, is responsible for the coordination and representation of the different textile sector institutions on a national level. It acts as representative and interlocutor with State Administration Bodies, coordinates any action taken by different associations, and represents these in collective negotiations and through membership of broader business associations such as the CEOE (Spanish Confederation of Business Organisations) or, on a European level, EURATEX.

Both these institutions, CIE and ACTE, have coordinated the Local Strategic Textile Plans project, and the CIE has drawn up a *Report on the Current Situation* for the sector at national level, describing sector structure, different players involved, internal and external trade, market regulations and future trends.

This project was conceived in response to the needs identified by different studies which pointed at re-focussing of the sector, concentrating, on one hand, on adopting new techniques to promote research and development in textiles companies and, on the other hand, on the specialisation of companies which currently produce low-value, more labour-intensive products towards more specific and higher-quality goods.

The implementation of strategic plans in territories with a strong textiles and clothing industry presence is also one of the recommendations made by the High Level Group established by the European Commission, and this is reflected in its communication to member states.

Therefore, the project "Local Strategic Textile Plans" and its results, with a double approach; territorial and sectorial, aim to provide a tool for developing an active industrial policy through the creation of intervention strategies for the enterprises belonging to the textile and clothing industry in each of the nine territories involved in the project. Its aims are to encourage change in the approach taken on the mid-term by textile industry activities in the areas covered by the project, using a forwardthinking and pro-active work process, based on regional public-private agreements, and the principle of subsidisation; and to identify alternative industry sectors available in these territories for relocation of workers as required, according to the evolution of the employment market in the sector.

This project has been undertaken in nine territories which make up the so-called “Local Textile Markets”, with the participation of social and economic players, local state authorities and other sector specialists, who have collaborated in order to develop and validate the nine Local Strategic Textile Plans, adapted as required to each of the nine territories, and which are presented in this General Report.

The territories involved were as follows:

- Catalonia: the districts of *l’Anoia, Bages* - *Berguedà, Barcelona, Maresme* and *Vallès Occidental,*
- Castilla-León: the town of *Béjar,*
- Galicia, the districts of *Deza, Orense* (Pereiro de Aguiar and San Cibrao das Viñas) and *Ordes,*
- *Comarques Centrals Valencianes*[2]: *Vall d’Albaida* and *Costera* in Valencia and *l’Alcoià* and *Comtat* in Alicante,
- Province of *Jaén.*

The textile and clothing industry has a significant presence in all these territories: l’Anoia and Maresme are noted for specialising in knitwear, Vallès Occidental and Bages-Berguedà are characterised by a strong presence of cotton production, Béjar is the third largest wool textiles producer in Spain, and Galicia is home to textiles companies recognised worldwide. The Province of Jaén and the Barcelona district specialise in knitwear and clothing, while businesses in the *Comarques Centrals Valencianes* specialise in the production of home furnishing textiles.

The structure of this report consists of the introduction, and four main sections. The first describes the methodology used for the project, and the second deals with the variable factors common to all nine territories in their respective diagnoses, in the form of strengths, weaknesses, opportunities and threats (SWOT) for the sector companies. The third section describes the strategic courses of action to be taken, based on a provisional definition of a desirable future climate for the industry, based

[2] The Central Districts of the Autonomous Community of Valencia: La Costera, Vall d’Albaida, La Safor, La Marina Alta, El Comtat, L’Alcoià, La Canal de Navarrés

on the aforementioned SWOT analysis. The final section deals outlines additional strategies for the restructuring of production in the territories concerned, in terms of diversification of the local production framework and relocation plans for those made redundant from the textile and clothing industry.

These two sections completed the nine territorial action plans, based on the Local Strategic Textile Plan drawn up in each one. Finally, the SWOT analysis drawn up for each of the nine territories and territorial strategic courses of action are attached as appendices.

A dossier of all documentation generated during the project has been complied for those wishing to access further details not included in this General Report.

2. METHODOLOGY

This project was guided by a Steering Committee comprising ACTE and the CIE, and the two major trade unions for the sector, FIA-UGT and CC-OO[3]. This Committee was responsible for ensuring the correct evolution of the project. Representatives from the Spanish Ministry of Trade, Industry and Tourism also attended committee meetings.

Two organisations were established for the technical coordination of the project in general and at territorial level.

- The Central Coordination Office (CCO) consisting of CIE and ACTE representatives. Over the course of the project, this office was responsible for technical, administrative and financial coordination in general; the development of an initial assessment of the general textile sector environment; the creation of an area for joint reflection by all involved territories in order to reach some general conclusions, and the formulation of proposals from the different territories into this General Report.

- The Territorial Technical Offices (TTO), consisting of local sector agents. The tasks carried out by the nine TTO's focussed on the development of each local textile market diagnosis, which were later contrasted and compared by those involved in the project. Based on these diagnoses, the TTO's undertook the planning process, culminating in the approval of the respective Local Strategic Textile Plans, together with the development of an action plan for the sector.

The participation of the main social and economic players in each area was achieved at Territorial Technical Office level. However, there were differences in the organisational scope and complexity of each TTO, as set out in the following table:

[3] The two main Trade Unions in Spain are the *Unión General de Trabajadores - UGT* and *Comisiones Obreras – CC.OO.*

PARTICIPANTS IN THE TERRITORIAL TECHNICAL OFFICE					
TERRITORIES	**LOCAL COUNCILS**	**SUPRALOCAL AUTHORITIES**	**EMPLOYERS' ORGANISATIONS**	**TRADE UNIONS**	**OTHERS**
l'Anoia	▪ Igualada ▪ La Pobla de Claramunt ▪ Ódena ▪ Santa Margarida de Montbui ▪ Vilanova del Camí	▪ District Council of l'Anoia	▪ FAGEPI Textile Group	▪ CC.OO – Anoia ▪ UGT- Anoia	▪ FITEX
Bages-Berguedà	▪ Artés ▪ Avinyó ▪ Bagà ▪ Balsareny ▪ Berga ▪ Manresa ▪ Navàs ▪ Sallent ▪ Sant Joan de Vilatorrada ▪ Pobla de Lillet ▪ Súria	▪ District Council of Bages ▪ District Council of Berguedà	▪ Gremi de Cint aires ▪ Sedera Textile Federation	▪ FITEQA - CC.OO ▪ FIA - UGT	▪ Consortium for Training and Initiatives for the Berguedà region. ▪ Moianès District Consortium ▪ Parc fluvial de les colònies del textile ▪ Manresa Chamber of Commerce ▪ Bages Technological Centre ▪ CFIBS
Barcelona	▪ Badalona ▪ Barcelona		▪ Entrepreneurs' Association Pronto Moda Montigalà de Badalona ▪ Barcelona Clothing Industries' Guild	▪ CC.OO ▪ UGT	▪ Barcelona Activa ▪ Reactivació Badalona
Béjar	▪ Béjar		▪ Béjar Association of Textile Manufacturers	▪ CC.OO ▪ UGT	▪ Local Popular Group of Béjar ▪ Local Socialist Group of Béjar
Comarques Centrals Valencianes:	▪ Agullent ▪ Aielo de Malferit ▪ Albaida ▪ Alcoi ▪ Atzeneta d'Albaida ▪ Banyeres de Mariola ▪ Bocairent ▪ Canals ▪ Cocentaina ▪ Enguera ▪ Montaverner ▪ Muro ▪ Ontinyent	▪ Mancomunitat de Municipis de la Vall d'Albaida	▪ ATEVAL (Association of Textiles Entrepreneurs in the Region of Valencia) ▪ District Office of ATEVAL	▪ FITEQA – CC.OO ▪ FIA - UGT	▪ University de Valencia ▪ Senior Polytechnic School of Alcoi (EPSA)
Galicia	▪ Town Council of Lalín.	▪ District Dept. for Innovation,	▪ ATEXGA (Textile	▪ UXT.	▪ Institute for Foreign Trade.

	▪ Town Council of Ordes, Mayor's Office. ▪ Town Council of Pereiro de Aguiar, Mayor's Office ▪ Town Council of San Cibrao das Viñas, Mayor's Office.	Trade and Industry ▪ District Dept for Social Services. ▪ District Dept. for Education. ▪ IGAPE	Association of Galicia) ▪ Business Confederation of Galicia. ▪ Business Confederation of Orense. ▪ Clothing and Knitwear Industries' Association. ▪ Clothing Workshops' Association of Orense. ▪ Associated Work Cooperatives Union ▪ *Trastámara* Association.	▪ CC.OO. ▪ CIG.	▪ La Coruña Chamber of Commerce. ▪ Pontevedra Chamber of Commerce. ▪ Orense Institute for Economic Development. ▪ O Deza District Foundation. ▪ Ordes District Foundation. ▪ Senior Fashion and Design Schools of Galicia. ▪ *OBZ*
Jaén		▪ Regional Government of Jaén	▪ Business Confederation of Andalusia	▪ CC.OO ▪ UGT	▪ Jaén Chamber of Trade and Industry ▪ Andalusian Innovation and Development Agency ▪ University of Jaén
Maresme	▪ Mataró	▪ District Council of Maresme	▪ ASEGEMA (Association of Knitwear Businesses in Mataró and surrounding district)	▪ CC.OO ▪ UGT	▪ Mataró Municipal Institute for Economic Development ▪ CETEMMSA (Centre for Technological Innovation and Business Development)
Vallès Occidental	▪ Sabadell ▪ Terrassa	▪ District Council of Vallès Occidental	▪ CECOT (Terrassa District Business Confederation) ▪ Sabadell Manufacturers' Guild	▪ CC.OO ▪ UGT	▪ Intexter ▪ ESDI (Senior School of Design) ▪ LEITAT ▪ Textiles Museum and Documentation Centre of Terrassa ▪ Terrassa Chamber of Commerce ▪ Sabadell Chamber of Commerce ▪ *Centre Tècnic de Filatura* CTF – Technical Tooling Centre ▪ FITEXLAN (Wool Textiles Industry Federation) ▪ LATS (Sabadell Textiles Analysis Laboratory) ▪ ACTA (Catalonian Association of Auxiliary Textiles Producers) ▪ FNAETT (National Federation of Textiles Finishers, Stampers and Dyers) ▪ *Sallarès i Pla* Institute

Other participants were involved in the development of the project, contributing most actively to the drawing up of the Strategic Plans. These included experts from the textile and clothing industry, political representatives, economic development professionals, and experts in educational and university fields, representatives from technological centres and museums, and entrepreneurs and workers from the textile industry.

Within the framework of the project "Local Strategic Textile Plans" (LSTP), the work of the nine Territorial Offices and the Central Coordination Office was broken down into four phases:

- Preliminary Phase: setup of the Central Coordination Office (CCO) and the Territorial Technical Offices (TTO). Once established, the TTO's were responsible for compiling and analysing the different documents and studies completed in their respective territories via an initial report, and marking out their scope and identifying the main players involved. During this phase, the CCO developed a methodology manual and a management guide, and organised technical assistance for project setup.

- Analysis Phase: drawing up by the TTO's of analysis/diagnosis of local textile labour markets, both at territorial and sector level, using a process of data collection from secondary and primary sources. The result of this diagnosis is a summary of the main variable factors in the form of a SWOT analysis, outlining the main strengths, weaknesses, opportunities and threats of the sector in the different territories in question. During this phase the CCO supervised the work of the OTT's and monitored the different methodologies in use.

- Planning Phase: the development of strategic plans permitting the setting of targets for each territory and definiton of resources required. Upon completion of the territorial planning process, the CCO revised and collected together all points featuring in the respective SWOT analyses, and began to formulate the high-priority strategies. This data collection and organisation task formulated into this General Report, which deals with proposals and recommendations for possible courses of action to be taken by the industry.

- Dissemination Phase: two levels of action are planned for the dissemination of the LSTP's. Firstly, there will be actions for the general spread of the overall results of the project, and actions planned for the sector on a wider scale. Secondly there will be actions for territorial dissemination, to publicise the results and planned courses of action for the sector in each of the territories involved in the project.

The work methodology used in each territory was designed by the TTO's, while the CCO provided a general guide and some common benchmarks in order to ensure the dual dimension - sectorial and territorial - of the diagnoses, the SWOT analyses and the definition of strategies, and to supervise the meeting of project objectives. The nine territories did however develop relatively similar methodologies.

A description of the key aspects of the methodologies applied by each TTO is summarised in the table below together with a brief explanation.

Main components of the methodologies used in the diagnosis and planning phases	
Anoia	43 interviews with textiles companies in the territory. 16 interviews with municipal technicians, trade unions, training centres and other supra-district agents. SWOT Analysis Strategy Definition 5 full meetings for approval and development of action plans and final reports.
Bages – Berguedà	18 in-depth interviews with territory agents. Survey in 45 textiles companies in the district. Survey of 18 employees' representatives from textiles companies in the district. SWOT Analysis. Strategy Definition Definition of applicable projects and methods.
Barcelona	8 in-depth interviews with companies in the territory. Individual work sessions with 19 territory agents. 2 group work sessions with all institutions participating in the project. SWOT Analysis Strategy Definition
Béjar	11 individual interviews with territory companies and 6 interviews with territory agents. 2 meetings with companies, agents and institutions for proposal analysis. SWOT Analysis Strategy Definition
The Comarques Centrals Valencianes:	45 interviews with textiles companies in the territory. 9 interviews with sector distributors and agents. 2 panels of experts. Diagnosis of competitivity factors. Strategy Definition Development and approval of action plan cards.
Galicia	Delimitation of 3 work areas: Deza, Ordes and Orense (villages of Pereiro de Aguiar and San Cibrao das Viñas). 50 interviews with territory agents. 3 work groups, one per territory. Territorial diagnosis ZOPP (or GOPP – Goal Orientated Project Planning) Analysis. Definition and approval of problems and courses of action via distribution of 69 surveys (Delphi Method) to all agents participating in each LSTP.
Jaén	38 personal and telephonic interviews with key members of business organisations and sector experts. Monitoring of the 527 registered textile companies Survey of a selection of 45 textile companies. Work groups consisting of experts/representatives of local members. Development and approval the competition diagnosis and proposed courses of action.
Maresme	Survey sent to 1,100 companies and 6,093 sector employees. Interviews with 15 entrepreneurs from the sector. Statistical and Qualitative analysis and diagnosis of the sector. SWOT Analysis 3 full meetings with different entrepreneurs for approval of the main strategies. Definition and approval of the strategies. Definition and approval of the strategies (descriptive cards).
Vallès Occidental	6 theme-based work groups. In-depth interviews with 8 companies and 11 territory agents. SWOT Analysis Definition and approval of the strategies.

For the diagnosis phase, agents in the District of l'**Anoia** completed a joint analysis and discussion of the SWOT analysis, based on the models previously used for the District's Technological Centre. During the planning phase, the methodology used was based on 43 personalised interviews with territory companies and 16 interviews with local (local councils, trade unions, training centres) and supralocal agents. The proposed development strategies were then defined within the framework of the Local Strategic Textile Plans. Finally, bilateral and full-attendance meetings were held for the presentation, approval and explanation of the final reports.

The methodology used in **Jaén** during the diagnosis phase made a representative selection of the textiles companies in the province, which allowed useful ratios to be used for determining the characteristics of sector companies and draw up a territorial diagnosis, which was subsequently approved. During the planning phase, 38 face-to-face and telephone interviews were held with textile companies and representatives from local or sector-related institutions and organisations.

In the district of **Maresme**, the diagnosis phase was completed based on a survey designed jointly by statisticians and consultants specialised in technical and management areas of the textiles industry. For the planning phase 15 interviews were carried out with entrepreneurs from the sector, and strategies and action plan cards were defined and approved.

In **Vallès Occidental** the analysis phase commenced with the delimitation of the textiles market, and based on this, 6 group sessions were held (two of these were general, held at the beginning and end of the work group cycles, while the remaining four were theme-based). Participants included politicians, heads of development agencies, local councils, trade union associations, guilds and sector companies, technological, research and training centres. These work groups dealt with the following issues: overall business climate, needs and opportunities for technology and R&D, needs / opportunities for textile companies, needs / opportunities for employment in the sector, public administration support policies and instruments for the textile industry and final analysis of the textile and clothing industry.

During this stage, 11 in-depth interviews were carried out with territory companies and 8 with different agents from the area (Local Council of Sabadell, Local Council of Terrassa, District Council of Vallès, the Trade Unions CC.OO. and UGT, the financial institutions *Banc de Sabadell, Caixa Sabadell* and *Caixa Terrassa*, the *Gremi de*

Fabricants,(Manufacturers’ Guild) *CECOT* and *LEITAT*). Finally proposed courses of action and methods were drawn up and approved.

The methodology used in the **Barcelona** district consisted, fundamentally, of interviews with experts from the textile industry; and work sessions were held with the project steering committee, in addition to individual work sessions with representatives of the main trade unions for the sector and employer’s organisations. In-depth interviews were conducted for eight companies. A SWOT analysis was then completed followed by the definition of strategic guidelines and proposed courses of action.

In **Galicia**, three territories were analysed: the districts of Deza and Ordes, and the boroughs of San Cibrao das Viñas and Pereiro de Aguiar in Orense. For the diagnosis a methodology was used consisting of three different and mutually complementary stages: interviews with key territory agents (mayors’ offices, business confederations and associations, borough councils, company managers from the sector, universities and education centres), the return of documents to agents for review and feedback, and the formation of Work Groups (with politicians, entrepreneurs and trade union associations, public administrations, specialised schools and universities) for approval of the strategic courses of action for problems and solutions, and the proposal of specific projects, using methods based on the "logical framework" approach.

The TTO in **Béjar** carried out an initial climate and general data analysis at local, district and provincial level for the woollens industry. 11 interviews were subsequently held with companies from the territory in addition to 8 individual interviews with territory agents (President of the Bejar Association of Textile Manufacturers, representatives of the Socialist and Popular Parties, trade union representatives and an education centre). Finally two meetings were held with companies, social workers and institutions, in order to assess and debate proposed action plans, and the LSTP for the textile industry in this area was drawn up.

In the **Bages** and **Berguedà** districts, the main industry data for the territory was analysed. This information was complemented with qualitative data obtained from 18 interviews with different agents from the territory, and two surveys: one carried out in 540 textiles companies in the territory, and another for the workers' representatives for theses companies. All this information formed the basis for completing the SWOT analysis, upon which the definition of future prospects was based, using sector and region- based variables. At this point the relevant strategies, projects and methods were also marked out.

The methodology used by the **Comarques Centrals Valencianes** for completing an initial diagnosis was based on an analysis of information gathered from different reports and sources of statistics, and on a series of personal interviews with managers and territory agents, purchasers and distributors, importers and territorial textile agents. Based on this diagnosis, panels of experts were formed in order to define the so-called “key factors” within the framework of the SWOT analysis, and the outlining of initial measures. The first of the two panels comprised sector agents (proprietors and/or senior managers, business associations, *AITEX*, *IVEX*), while the second consisted of territorial agents (local development agents, education centre, politicians, and universities). This information was used for diagnosing competitivity factors, defining strategies and developing and approving action plans.

3. SWOT ANALYSIS

This section presents the points identified by the territories as negative (weaknesses and threats) and positive (opportunities and strengths) in each diagnosis, together with brief comments on these. This overall SWOT analysis, which covers both external environment and internal environment (sector and local) factors, was completed by addition of points, which in some cases can cause certain problems[4]. While this summary could have been completed by listing only positive and negative points, we considered it preferable to maintain the structure used by the territories in their separate diagnoses.

For the purposes of selecting and processing information, the points listed here were common to the majority of the territories, (at least five), or, if mentioned by a smaller number of territories (from two to five), were considered relevant to the sector as a whole[5].

Obviously it is difficult to generalise about the sector as a whole, without distinguishing between the different sized companies, specialities or location of these in the production chain, as has been done in some of the territories. In this regard, a double effort has been made: firstly, to offer an overall view, applicable as a whole to the entire industry; and secondly, to expand on some of the points, in order to cover specific elements of certain business or territorial segments, in the same way as these were considered in the different territorial diagnoses.

[4] Given the level of heterogeneity between the territories involved in the project, some points may be included under different perceptions, for example as strong points for some territories, and as weak points for others.

[5] It is may be that in some territories, some of the points included in this section appear in the diagnosis but do not, however, feature in the SWOT analysis summary. Given that – as per the methodology used by almost all territories – the SWOT analyses contain more significant data than the diagnoses, only the information presented in the former have been used. In the case of Galicia, where a SWOT analysis was not completed, the sections of the diagnosis referring to the main sector problems have been reviewed, in order to offer a vision of the territories analysed in this General Report.

SWOT Analysis Summary Chart.

WEAKNESSES	THREATS
W1: Unfair Local Competition W2: High concentration of distributors W3: Specialisation in products with low added value W4: Companies with poor overseas projection. W5: Lack of infrastructure. W6. Poor use of existing support structures. W7: Difficulties in accessing finance. W8: Small business size. W9: Lack of vertical and horizontal cooperation W10: Low levels of innovation and planning culture. W11: Poor coordination and strategic vision among sector agents W12: Sector information is dispersed and not readily accessible W13: Reduction of jobs W14: Low levels of training and poor versatility of workers.	T1: Liberalisation of markets and new competition from countries with lower production costs. T2: Low international competitiveness. T3: Change in consumer mentality. T4: Poor image: difficulties in attracting and retaining new talents.
STRENGTHS	**OPPORTUNITIES**
S1: Strong knowledge of production processes, products and markets. S2: Textile tradition, industrial culture and entrepreneurial culture S3: Companies with ability to adapt. S4: Good location and infrastructure in relation to local and European markets. S5: Introduction of fashion and design, through consolidated own brands. S6: Dense local business network. S7: Possibility for innovation using new technologies S8: Availability of local support infrastructures for the sector. S9: Collaboration between agents involved in the sector. S10: Specialised workforce. F11: Growth in demand for (new) qualified personnel.	O1: Increased demand for textiles. O2: Excellent quality/price/service ratio. O3: New business opportunities with emerging economies.

3.1 THREATS

1. Liberalisation of markets and new competition from countries with lower production costs.

   Increasing competition from countries where production costs are comparatively lower than those of Spanish companies, and which furthermore are not obliged to comply with European Regulations in environmental, health and safety matters, is an internal cause for concern found in all nine diagnoses. This concern over competition is aggravated by the elimination of import quotas, and can be seen in phenomena such as the systematic outsourcing of large-scale production by distribution chains, which substitute national suppliers of products partly produced in other countries at lower costs; and by the subsequent increase in importation of finished goods.

   These strategies are also increasingly in use among Spanish companies, in an attempt to maintain their position on the national and international markets, and refocus local production towards products with lower added value. Furthermore, in addition to the inability of local companies to compete with low or medium quality goods, there is a tendency to a progressive increase in market share of products with greater added value from Asian and Eastern European countries. Access to technology and the improved competitivity of these countries sets a relatively pessimistic scene on the mid-term.

2. Low international competitiveness (Euro / Dollar parity).

   In this context, the current Euro-Dollar exchange rate and the parity of the latter with the Yuan has a negative repercussion on the competitiveness of Spanish companies, hindering expansion processes in new markets and strengthening the importation of textiles from outside the European Community. Nevertheless, on the short term there is room for these trends to change.

3. Change in consumer mentality

   In recent times a change has come about in the consumer's perception of the value of textile goods: practicality and fashion have overtaken values such as quality and durability, and the final consumer, furthermore, has become accustomed to a deflation in textile items. In this regard, shopping habits support the existing strategies of importing ready-made textiles and clothing. As distribution networks in Asian countries improve, and greater vertical structuring of the production chain at national level fails to be achieved, this tendency will become even better established.

4. Poor image: difficulties in attracting and retaining new talent

   Several territories refer in their sector analysis to the despondency and lack of future prospects found among local businesses. This has a negative effect on the perception of the industry and on the prestige of industry professionals, which in turn explains the difficulties experienced in attracting and retaining sufficiently qualified technical and production staff.

   In addition to the drop in professional prestige, some territories expressed concern regarding poor salaries and employment conditions, and the instability of the sector on the mid term. In this regard, the lack of passing businesses down to the next generation is becoming a problem for the sector and for some large companies where the replacement of technical staff is uncertain.

3.2 WEAKNESSES

1. Unfair Local Competition (intellectual property, submerged economy)

   Some territories express concern regarding unfair competition among local companies operating with doubtful economic transparency, and important volumes of submerged employment; the increase in counterfeits and the struggle to protect intellectual property rights over product designs.

2. High concentration of distributors and competition from large international brands

   Large scale distribution dominates an increasingly large percentage of the market, and is in a position to behave oligopolisitcally. In addition to this, the Spanish market is controlled by some large international brands, distributors and, in some areas, commercial brands, to the detriment of lesser-known local brands.

3. Specialisation in products with low added value

In several territories a certain degree of specialisation in low added value products has been detected, and a somewhat low product renewal rate. These issues are causes for concern given increased vulnerability in the face of the current sector crisis, and the difficulties that this type of company may encounter when embarking on the process of refocusing their business towards segments situated higher up the value chain.

4. Companies with poor external projection

   In a considerable number of territorial diagnoses one of the weaknesses of the sector is the low expert level of textile and clothing companies, and in territories such as the Galician Districts, where there are brands with an excellent external projection, most textile companies find it difficult to enter new international markets. In this regard, overseas commercial missions, run by public or private organisations, should be adjusted to the specific needs of the sector itself, and even encourage market research *in situ.*

   In addition to this lack of external projection, many local companies find it difficult to improve their position in Europe. Countries such as Germany, The Netherlands, United Kingdom or Denmark have gained considerable control of the European textile market, either through the substitution of local manufacturing for the importation of finished products, or via strategic alliances with Asian countries.

5. Lack of infrastructure.

   The lack of infrastructure is a recurring point in a number of diagnoses, and is considered by many to be a hindrance to business activity. However, the specific details of this point differs between territories: the lack of industrial sites; poor road and rail networks; difficulty in accessing information technology; faults in basic service supplies such as electricity; or the lack of technological centres to support companies in innovation processes; these are just a few examples.

6. <u>Poor use of existing support structures.</u>

   As with the information available to the sector, it would seem that the current use of existing support structures is relatively low, even in territories with a significant public and private services network aimed at the textile industry.

   A large number of examples are given of this poor use of support structures: the difference between the training offered by university schools and departments or professional training schemes in the territory, and the actual needs of companies, primarily in technical areas; low levels of collaboration between companies and technological and university institutions; the lack of awareness of the use of these structures among small companies; or facilities available to the sector - such as fashion shows- poorly adapted to the actual needs of the companies which use them.

7. <u>Difficulties in obtaining finance</u>

   The difficulties encountered in obtaining the necessary finance for making tangible investments, due to a lack of confidence on behalf of banks and financial institutions, constitute a major obstacle for the development of new products and entering new markets.

8. <u>Small business size</u>

   The companies in practically all the territories are, on average, small. Although this may be an advantage in terms of flexibility and adaptability, it also constitutes a disadvantage when implementing production and internationalisation strategies, or for efficient business management in terms of raw material supplies, communications, brand development, etc. In some territories these problems are aggravated by the dominance of family-run companies with a poorly professionalized management structure. The fragmentation of the business climate also hinders cooperation between sector companies.

9. <u>Lack of vertical and horizontal cooperation</u>

   The lack of cooperation between companies, due to a highly fragmented market, can be seen in three ways: firstly, the production model in some territories is characterised, as explained in their respective diagnoses, by the operational specialisation of companies, presiding over the vertical integration of these, resulting in an increase in the distance between the product and the final consumer and a loss of company control over the trading process. Secondly, there is no tradition of horizontal cooperation between textile companies – instead individualist attitudes prevail, thus impeding the establishment of synergies and economies of scale. Finally, horizontal cooperation between the textile and clothing industry and other sectors with a strong territorial presence, with which joint lines of business could be developed for mutual support, is practically non-existent.

10. <u>Low levels of innovation and planning culture.</u>
    The highly specialised production lines has led to management attitudes more concerned with maintaining these specialities than with product and process innovation designed to open new markets. In this regard, there is little evidence of strategic vision and pro-active stances in some of the sector companies, partly due to the planning difficulties encountered in a complex and ever-changing context. This hinders the systematic management of innovation processes, which rarely form part of company strategies.

11. <u>Poor coordination and strategic vision among sector agents</u>
    Just as some diagnoses highlight collaboration between agents as a positive point, others suggest that poor coordination and lack of joint strategic vision of these agents is a problem which must be tackled.

12. <u>Sector information is widely dispersed and not readily accessible</u>
    Over recent years both public and private agents in the sector have managed to implement communications technologies and to generate usful information for companies regarding advances in technology, processes, products, markets, benefits and subsidies, sources of finance, etc. However, many companies find it difficult to access this flow of information, either through ignorance or because it is highly dispersed, and struggle to transform data into useful knowledge for inclusion in their management processes.

13. <u>Reduction of jobs, in a labour-intensive sector.</u>
    The drop in production levels has meant the reduction of job positions in textile and clothing companies. In a sector which is traditionally manpower-intensive, this trend is unlikely to change in the short or mid term. Nevertheless the smoothness of any change to production and marketing structures of the sector can determine the number of jobs eventually lost.

Women are most affected by this process. In territories where the textile industry is one of the main sources of employment for women of working age, the identification of alternative labour in other sectors and the design of support, re-training and re-location processes is a matter of particular urgency.

14. Low levels of adequate training and poor versatility of workers

Despite high levels of specialisation, a significant proportion of the sector's workforce is under-qualified. The lack of adequately trained and multi-skilled technical staff is of particular concern in areas of greater added value, such as design, commercialisation or expansion into international markets, aggravated by the difficulty in attracting new qualified professionals to the sector (see Threat 4).

From a business point of view, certain companies encounter serious difficulties in defining the need for new professional staff and managing these correctly. This tends to be due to an under-qualification among managers and proprietors in the field of business management and strategy. This is most common in small family businesses or auxiliary workshops.

3.3 OPPORTUNITIES

1. Increased demand for textiles.

   There is an overall increase in consumption of textile goods, which constitutes an opportunity for the sector. Although there may be significant differences between sub sectors and regions, the prospects for future growth for certain products, especially technical fabrics, seem positive.

2. Excellent quality/price/service ration in comparison with the European (EU 15) average.

   Access to the European market is eased by low salaries in Spain, which are below average for the former 15 EU member states. The combination of low salaries, quality products and logistics infrastructures linking some of the territories (mainly Catalonia and Valencia) with the rest of Europe offers a clear opportunity for the export of textile goods to nearby markets.

3. New business opportunities with emerging economies.

   Asian and Eastern European countries are not only perceived from a negative point of view, as competitors for local markets, but also in a positive light, as favourable markets for developing business opportunities. Firstly, these countries can be considered to be potential markets for the export of national products. Furthermore, multi-localisation strategies based on the production of basic goods in emerging economies can ease the process of reconverting Spanish plants to the production of goods with greater added value, which can be marketed to consumers with greater purchasing power.

3.4 STRENGTHS

1. Strong knowledge of production processes, products and markets.

   A considerable number of territories highlight the level of knowledge to be found in the business network regarding the production processes, the product in question, and the target market as a positive point. This is a clear advantage when faced with the need many companies have to adapt themselves, and opens up the opportunity to develop new products and diversify business activity in order to target new markets.

2. Textile tradition, industrial and entrepreneurial culture

   Elements of an intangible nature such as the strong textile tradition and industrial culture to be found in territories with a longer industrialisation history were noted as significant assets. Furthermore, the strong-rooted industrial culture is inexorably linked to the entrepreneurial culture present in the population.

   All these factors contribute to the creation of a favourable setting for textile business activities and, at moments of crisis, enable sector companies to focus on new stages in the value chain. Interestingly, the Province of Jaén is the only territory to have marked out the youth of the production system as one of the sector's strong points, due to the strong links established with the industry in this territory.

3. Companies with the ability to adapt.

   The sector's small and medium-sized companies have shown a remarkable capacity for adaptation in moments of crisis. A considerable number of territories have found themselves in situations which have led to the disappearance of companies least prepared to fact future challenges, and those companies which have survived tend to boast a high level of investment and technical equipment, a reasonable response to adapting their business activity to new products, experience in adapting contracts to technical specifications and sped in defining fashion trends, production and delivery of goods.

4. Good location and infrastructure in relation to local and European markets.

   In the diagnoses presented by Catalonian territories, fundamentally, there are mentions of the favourable geographic location in relation to the National and European markets, and connection to logistical infrastructure networks, which facilitate the transport of products, reduce delivery times and, definitively, draw textile companies closer to a market with almost 400 million consumers, with a high level of purchasing power. Furthermore, in the case of the Catalonian districts, the “Barcelona” brand and tourism are assets of which textile and clothing companies should be able to make use to their advantage.

5. Introduction of fashion and design, through consolidated own brands.

   Practically all the diagnoses note the favourable position of sector products in a national and European context. The introduction and increasing professionalisation of fashion and design, disseminated via training centres and consolidated via brands of good repute on local / national markets, or emerging brands with good future prospects, give the product credibility and constitute an opportunity for obtaining greater market shares in Europe.

   In some territories this point is discussed further, indicating the need for more in-depth work on the integration of design into the framework of own collections in order to take full advantage of this opportunity. Indeed, for small auxiliary workshops, fashion offers new production prospects and eases the move towards ranges ranked higher up the value chain.

6. Dense local business network.

   In territories with an industrial and/or entrepreneurial tradition, the environment favours the development of a great many business activities, including the textile industry. This is due to the density of the local business network and consequently to the ease of access to a wide range of business services (financial services, legal, economical and tax advice, marketing, advertising agencies, etc.) and auxiliary industries.

   While in a fair number of diagnoses reference is made to a favourable environment for textiles and business in general, in some territories there is an especially high concentration of sector companies, covering different segments of the value chain - and here we refer not to density of business, but of sectorial clusters. In these cases it is even easier to develop horizontal cooperation strategies within the sector.

7. The chance to innovate using new technologies

   In the field of information and technology and communications, clear opportunities are marked out for sector companies. Some of these opportunities are: the possibility of developing management systems based on selective information adapted to the needs of each company, permitting adequate planning of business strategies; entrance onto new markets using new logistics or marketing systems; or technological innovation and the development of new products under increasing demand, often as a result of changing standards (technical, sanitary, physiological, intelligent fabrics, etc.)

8. Local support structures for the sector.

   A significant number of diagnoses include among the strengths of the sector, in addition to existing logistical infrastructures in the territories, and the role played by local public institutions and social and economic agents, the fact that local support structures are available to textile companies, falling mainly into two categories: training centres (professional and/or university) and technological centres.

9. Collaboration between agents involved in the sector.

   Although unusual, the presence of stable associations and the collaboration between public and private institutions in the sector tends to appear under the list of strengths identified in the SWOT analyses for territories where this is commonplace.

10. Specialised workforce.

    Whether or not there are textile-oriented training schemes in the territory, the level of specialisation among the workforce is generally considered to be a positive asset. However, it is important to explain the perception of this strength, in particular in territories where there is no training on offer for the textile industry, as specialisation does not necessarily automatically indicate a high level of qualification among staff, but rather extensive experience in this type of work.

11. Increase in demand for (new) qualified personnel.

    The possibility of developing new products and entering new markets inevitably means an increase in demand for qualified staff in the most innovative companies, and allows more job creation and transformation of positions and staff profiles, as required to adapt to changing environments and new business strategies.

4. STRATEGIC ACTION FRAMEWORK

The newly globalised business environment in which textile and clothing companies are operating presents the need for a transformation of the prevailing business model currently found in the sector. In line with the diagnoses completed as part of this project, which are summarised above, the business model in all territories is conditioned by a series of external environment elements which limit competitivity.

The opportunities for external project for the textil and clothing industry is affected by the liberalisation of markets and increasing competition from countries where production costs are comparatively lower than those of Spanish companies, and which in addition are not obliged to comply with European Regulations in environmental, health and safety matters, together with the low levels of competitvity of European companies overseas as a result of the current parity between the Euro and the Dollar.

This situation is worsened by unfair competition among local companies which make unofficial use of staff or impinge upon intellectual property rights; competition from large distribution companies and international brands, and the changing mentality and shopping habits of local consumers, who are growing more and more accustomed to low priced textile goods.

This combination of trends contributes to the increase in imports of ready-made products from overseas, and this is particularly serious considering that a large proportion of textile and clothing companies in the territories analysed specialise in products with low added value, which are the most vulnerable under the current circumstances.

In addition to this industrial climate, there are further weaknesses in the sector and its territorial area, which ultimately impede the much needed process of altering business models in order to gain in competitivity. In a strictly business context, the lack of both vertical and horizontal cooperation between sector companies - closely linked to business fragmentation- the low levels of innovation and planning in companies, and the difficulties encountered to obtain finance for intangible investments constitute a series of weaknesses relatively common to all territories. The lack of adequately qualified and multi-skilled personnel is another cause for concern among companies, and even more so considering that the poor image of the sector and non-competitive employment conditions are factors which discourage new qualified professionals from joining this industry.

The most significant weaknesses in the external environment are the lack of development infrastructures (road, information and communication, innovation and technological promotion, etc.) in some territories, or the poor use made of these by local companies, and the considerable dispersion and lack of structured information made available to companies by public and private agents in the sector in terms of innovation, markets or finance mechanisms.

These negative aspects lead to a fragmented production framework, centred on products with low added value, little inclined to cooperation, with poor external projection and a lack of focus on strategic planning, employing a highly specialised yet under qualified workforce with a limited range of skills. However they must be balanced against the other, more positive aspects of the sector which form the basis for transformation of this business model, and can therefore lead to the evolution of new company profiles.

In this regard, the strengths upon which to build this process of change are: the strong knowledge base within the companies themselves of production processes, the products and target markets; the adaptability demonstrated by textiles companies in previous crises affecting this sector; the opportunities for innovation offered by new technologies when applied to this industry; and the favourable position of products on the Spanish and European markets obtained via new brands which have managed to incorporate fashion and design in to the world of textiles and clothing.

In some territories, in addition to these factors, there are other variable elements which aid the development of a competitive business network, such as the textile tradition and industrial culture, geographical location and good transport infrastructure connecting territories to local and European markets; the concentration of certain sub sector companies into sector clusters; the existence of local support structures for textiles companies to aid technological innovation and training; and a predisposition for collaboration among private and private agents involved with the sector.

Finally, there are some opportunities for the sector which, if appropriately managed, may facilitate strategic changes in the textile and clothing business model. These include an overall increase in consumption of textile goods, new business opportunities in emerging economies, and the excellent quality/price/service ratio in comparison with companies in continental and northern Europe.

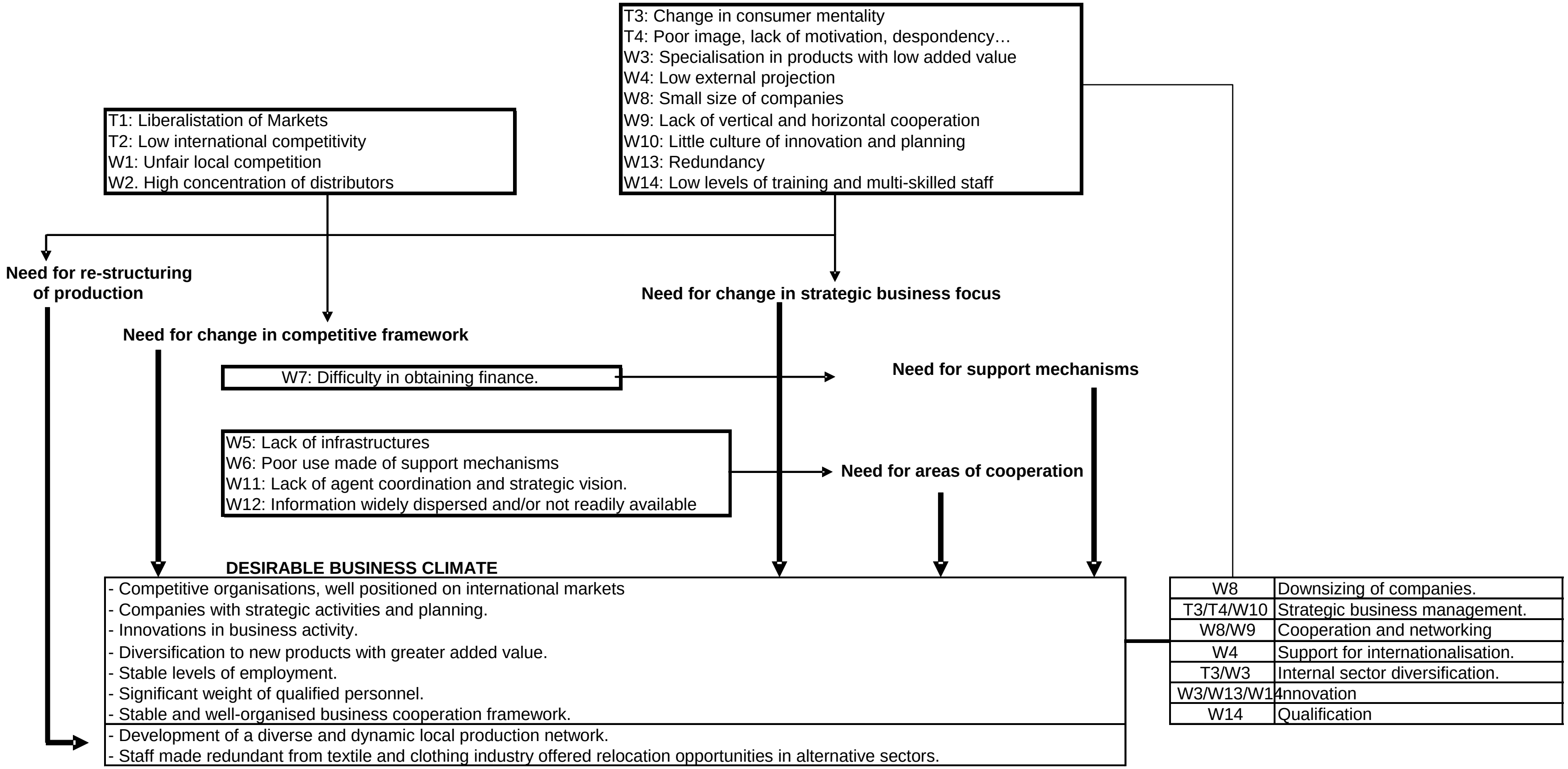
In conclusion, by overcoming weaknesses in the sector and making good use of opportunities via an active management of the strengths described above, a new business profile can be achieved - competitive and focussed on new markets, capable of generating innovative products and processes and systematically incorporating these into daily business activity using strategic management, capable of creating highly qualified job opportunities and attracting professionals to new areas such as design, marketing , research and product development or international trade, among others.

In line with this vision, this section aims to define a desirable future climate for the sector, and establish the strategic lines of action necessary for meeting this objective. Once more, it is important to recall that the methodology used for this consisted of a comparative analysis of the nine Local Strategic Textile Plans, and of the formulation of a coherent and structured layout of proposed strategies for the sector as a whole and for the territorial business networks. The value of the strategic proposals put forward in this Report is drawn from this process of addition and ordering of territorial strategies.

The definition of the desirable future climate for textile and clothing companies and for the territories in which they operate, and the integration of strategies and lines of action leading to this climate, remains internally coherent, as summarised in the table below. From the list of negative points (weaknesses and threats) given in the SWOT analysis, two main areas of action are defined: on one hand, the competition framework for the sector, and on the other, strategic business focus. These negative aspects also demonstrate the need for more support mechanisms for companies in this sector, and for areas of cooperation at local level to give coherence to the mechanisms already in place and to allow proper coordination of both private and public agents involved in the sector. It can also be considered that the negative elements causing the current crisis in the textile and clothing industry present a need to restructure industrial production and to promote alternative business sectors in territories with a high concentration of textile industry activities.

Under this reasoning, two desirable future business climates can painted: one for the sector, in which seven areas of action are defined for facing the challenges presented by the sector and enabling weaknesses to be overcome and minimising the threats identified in the initial diagnoses; and another complementary one for local economies, leading to the re-structuring and diversification of production, and the relocation of staff affected by the textile and clothing crisis in alternative business sectors.

Flow chart illustrating the transition from negative aspects (weaknesses and threats) to a desirable business climate and strategic courses of action.



4.1 DEFINITION OF DESIRABLE BUSINESS CLIMATE

For defining future scenarios we have deliberately chosen to work with one type of scenario which covered all the possible transformations to be made in local production networks. In this regard, other possible scenarios of a more negative nature or trend have been sidelined, in order to work on the definition of the most relevant aspects of a desirable future situation for the companies and nine territories involved in the project.

The desirable business climate for the textile and clothing industry establishes a new successful business model, with **competitive** organisations, **well positioned on international markets** (both in Europe and Asia). The textile business will also use **strategic actions and planning** in order to encourage the use of **innovation** in its business activities and processes, to diversify towards new products and to position themselves higher up the product value chain. Furthermore, the business network should maintain **stable levels of employment**, with significant emphasis on **qualified personnel**, and offering sufficiently attractive employment conditions to draw new talent into the sector, in a context of stable and well-organised **business cooperation**.

It is clear that not all companies currently in operation will be able to implement the necessary changes in order to reach this new scenario. In can be expected that those companies currently too far off this new model will not have the time or the capacity to adapt and overcome the transition from one model to another. In territories where this type of company is of significant weight and employs a considerable volume of the available workforce, the crisis may become particularly intense.

For this reason, alongside the definition of a desirable future climate for companies, a second scenario has been defined to complement the first, which covers the setting up of parallel activities in order to facilitate **the diversification of local production network** and the emergence of new **dynamic business sectors** which can **present employment opportunities** for the entire population and, in particular, for the **relocation** of those made redundant from the textile and clothing industry.

At the same time, there will be companies in a more advantageous position and which may have already started to make the necessary changes, for whom the transition to the new business model will be less of an effort; furthermore, there may even be new companies may also be established in which the changes are not even required, if from the outset they are operated under the guidelines covered by the new model.

In any case, complementary strategies have been drawn up for the transition from one model to another (see diagram): the first of these, a structural strategy, paves the way for defining a new operative framework for the sector, which guarantees that companies can complete both on internal and external markets. The measures included under this strategic course of action relate to industry protection, commercial policies, and flexibility of the labour market, and fall under the responsibility of State Administration and European Institutions. In this area there are also other interlocutors, such as ACTE, the Consejo Intertextil Español and Trade Unions.

The second strategy marks out the path to follow in order to drive strategic changes in business to reach the successful model described above. As per the proposals set forth in the nine Local Strategic Textile Plans, this change should be carried out in seven areas, all closely related:

1. Downsizing of companies.
2. Strategic business management.
3. Cooperation and networking.
4. Support for internationalisation.
5. Diversification within the sector.
6. Innovation.
7. Qualification.

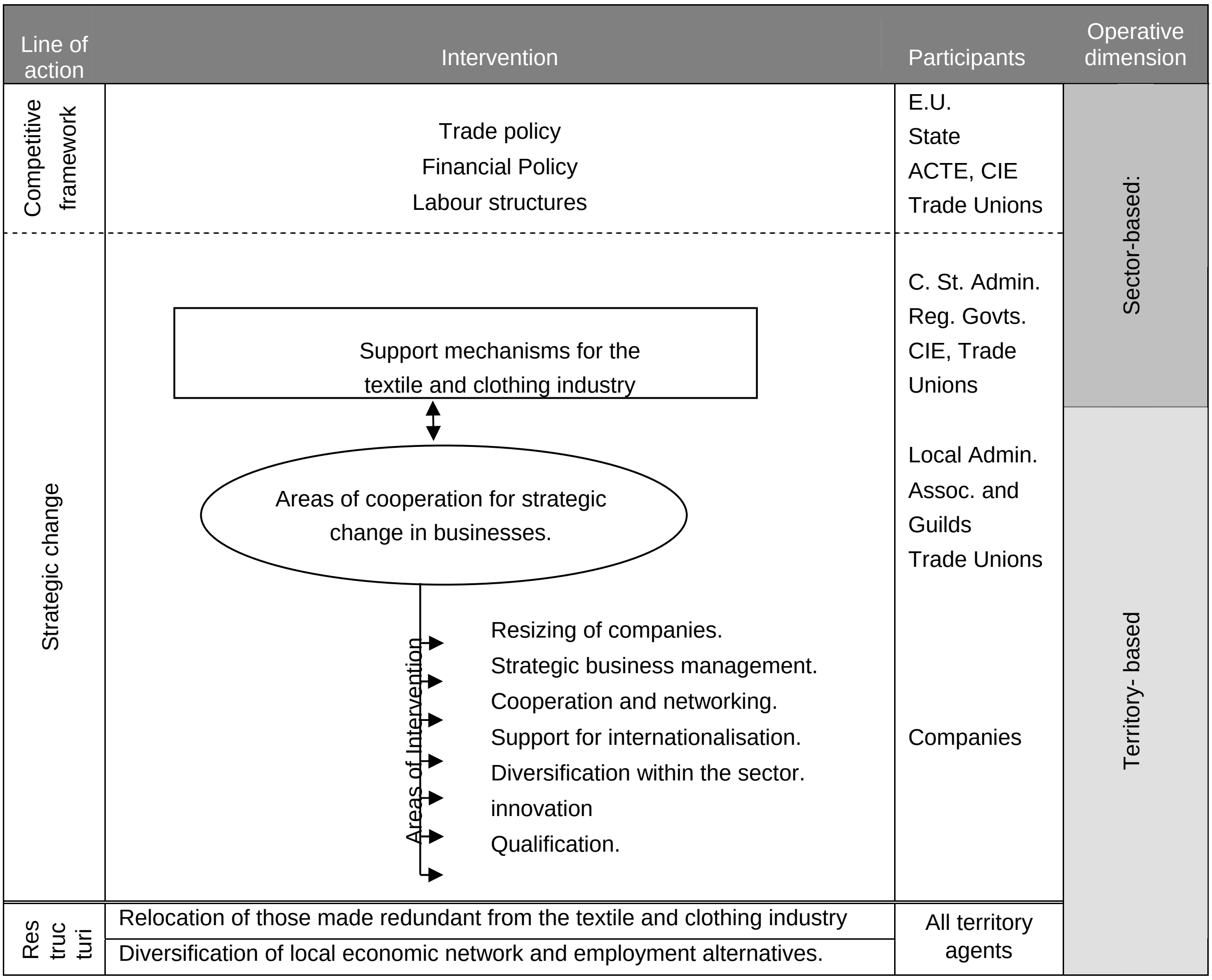
The participation of three main players is necessary for this process:

- on one hand, central state administration and regional governments, plus the Consejo Intertextil Español and Trade Unions, through general support mechanisms and the definition of a stable sector framework.
- on the other hand, the companies themselves, being the ones who, according to their needs and position regarding the new business model, should instigate

substantial changes to their organisation by downsizing, applying strategic management, cooperation, internationalisation, diversification within the sector, innovation and qualification;

- and between these two, territorial agents (local authorities, local social and economic agents, research and technological centres, training and education centres, etc.), acting as organisers of the mechanisms made available to the sector's business network by state and regional administrations, and as driving forces behind, and facilitators of the strategic changes to be made within companies.

Diagram. Strategic courses of action, areas of intervention, interlocutors, and operative dimension for the transition towards the desirable business climate.



The additional strategies for the restructuring of production related to the second future climate, are dealt with in a separate section (see section 5). Here the proposals made by the territories participating in the project are described, relating to two main courses of action: the relocation of employees made redundant from the textile and clothing industry, and the analysis of possible alternative lines of business in the local network.

4.2 STRATEGIC COURSES OF ACTION

4.2.1 DESIGNING A NEW COMPETITION FRAMEWORK FOR THE TEXTILE AND CLOTHING INDUSTRY

The first step towards a competitive business model in the textile and clothing industry requires state and European institutions to guarantee certain rules for the sector as a whole, which allow for a new competition framework both in internal and external markets. This requires work in three areas:

Firstly, an area concerned with trade policies, in order to establish a legally secure framework for international trade, and to offer to the consumer the same quality guarantee when purchasing any textile product, regardless of origin.

A second area deals with policies for financial support to companies. The scale, structure and current situation of textile and clothing companies require a series of financial measures to be approved in order to help small and medium-sized textile companies to complete the re-structuring and adaptation process, and allowing them to strengthen their industrial units and improve their competitive position.

Some of these support methods – such as re-financing of company debts and re-conversion of production factors for companies which propose feasible projects or plans; or creation of special funds to guarantees to enable business continuity and projection – can make a significant contribution to improving organisation operations among companies; to promoting and expanding the innovation culture; and to creating greater versatility and capability to manage periodic market changes.

Finally, a third set of measures deals with social and labour policies. This covers all actions aimed at re-structuring and adapting company employment structures to current and future needs, in order to guarantees their feasibility and continuity in the new context; and any complementary actions which aim to soften the effects of reduced business activity levels.

4.2.2 PROMOTING STRATEGIC BUSINESS CHANGE

The central state administration and regional governments offer the business network in general, and textile and clothing companies in particular, a series of benefits and support mechanisms which can make a significant contribution to strategic business changes and, therefore, to the transition to the new business model.

The nine Local Strategic Textile Plans suggest that the mechanisms currently in place are spread widely among a great number of organisations and agents, and are therefore not organised into a coherent and integrated offer for the target companies. A fair number of these mechanisms are also somewhat rigid in their application, which makes it difficult for them to adapt textile industry needs, according to sub-sector and specialisation, dimension or the more or less favourable conditions of the business environment in which they operate.

In this context, both the central state administration and regional authorities can play a dual role in the process of strategic change undertaken by textile and clothing companies. Firstly, by reinforcing and offering coherence and stability for the mechanisms and structures aimed at improving company competitivity within the sector; and secondly, by establishing a stable financial framework for these mechanisms and structures. In essence, what is required is a coherent and long-term coordination framework for actions targeting the textile industry.

Although this object of this Report is not to describe how this framework should be established, an indication of the main points for attention for supralocal authorities can be provided here, based on the recommendations made by participants in the development of the Local Strategic Textile Plans. These can be summarised in three points:

1. <u>Processes for improving product added value.</u> One of the forms of diversification towards products and services with greater added value takes the shape, among others of a focus on the use of textiles techniques in broader fields (construction, environment, automobiles, health, packaging, protection, sport, etc.) This is a market with considerable potential, and has grown significantly over recent times. This requires the involvement of institutions and research centres in the central administration science and

technology system, and the design of strategies for more specialised and technical continuous training of the active workforce.

2. <u>Business concentration processes.</u> The average size of Spanish companies limits the resources available for undertaking a change in business model, especially in areas such as research, development and innovation, the incorporation of new technologies or the development of own distribution channels. This has a negative effect on the investment capacity of companies and, on the mid-term, results in reduced competitivity and an internal breakdown of the sector. For this reason, the responsibilities attributed to supra-local authorities should include initiative to promote integration, merger or cooperation between companies, in order to provide greater stability for the sector.

3. <u>Promotion of exportation and internationalisation.</u> In order to improve the projection onto external markets in the network of small and medium-sized companies in the sector, and to promote the internationalisation of certain stages of the industrial processes where Spanish companies are not as competent or efficient as other producers, measures may be adopted to reinforce existing schemes for the promotion of exportation; to improve company access to distribution channels and to drive forward special business plans for promoting international trade.

The lack of structure and flexibility of the existing mechanisms indicate the need for newly devised mechanisms which act as a catalyst for the territories, thus increasing the efficiency of actions driven by supra-local authorities. While the Local Strategic Textile Plans are an initial step in this regard, it is important to continue work in this direction, and identify flexible and stable forms of offering companies integrated support services for managing strategic changes to their business.

The creation of local partnerships specifically aimed at textile and clothing companies is one of the proposals put forward by the territories in their respective Strategic Plans. These partnerships, established between the different public and private agents involved with the industry at local level (administration, social and economic agents, research, innovation and training centres, etc.), would allow <u>coordination initiatives</u> to be established, with a more or less formal structure, and to liaise between the local, regional and state-run support mechanisms, and the sector companies who need to use these in the transition process towards the new business model.

Regardless of the details of this proposal, in all cases such partnerships are envisaged as mechanisms for territorial intervention, which should lead to a better organisation and establishment of the existing support mechanisms, in addition to a better adaptation of these to the idiosyncrasies of the companies in each territory.

In this way, the specific proposals for the organisation of support for the local business network laid out in the respective Local Textile Strategic Plans cover a wide range of possibilities. At a later date, these recommendations should be determined with the consensus of all agents concerned for the territory in question in order to make maximum use of the mechanisms already made available by each agent. Some examples of the proposals made by the different territories are as follows:

- District Council of l'Anoia the Strategic Textile Plan suggests the creation of a ***District Textile Observatory***, mirroring the State Textile Observatory. The Observatory would serve as a space for dialogue between employer's associations and the main trade unions in the territory, where these agents can agree on support mechanisms for the sector and mediate during restructuring processes. Local Councils would participate in this, via the Territorial Employment Pact and the Social and Economic Council.

- Districts of Bages and Berguedà: these districts recommend the creation of a ***sector and district-based support and dynamics structure***, based on the existing business promotion structures in both districts, running parallel to the promotion of the company strategy plans across the territory.

  This structure would focus on providing assessment and support to companies with a strategic plan, in order to assist with the development of the actions covered by such a plan. It would also act as a single central business service office, and would run training and information activities, via a strategic textile sector observatory. This mechanism would be complemented by a new relationship between companies and state administration, based on the contract-project model, for establishing support mechanisms for both the administration and the companies. As a means of financing these strategic plan development services on offer to companies, a service-voucher system is proposed, together with a catalogue of companies providing this service.

- Béjar: proposes the creation of a ***Technological Textile Unit***, involving the Local Council, sector companies and the School of Engineering, in order to promote diversification towards new textile products with greater added value, offer support for the development of R&D&I projects and to educate companies on the need for change in business model.

- The Comarques Centrals Valencianes: propose the establishment of an ***Office for Strategic Change***, an organisation comprising all territorial agents related to strategic change, and with a small-scale management and coordination structure, appointing a delegate for each borough in the territory. This office would consists of the Textile Businesses Association of Valencia (ATEVAL), the Business Network for the Comarques Centrals Valencianes, all Local Councils within the territory, the main trade unions UGT and CC.OO., the territory's banks (Caixa Ontinyent, Caja de Ahorros del Mediterráneo and Bancaja) the Regional Council for Business, Universities and Science, and the Regional Council for Economy, Tax and Employment.

  In this regard, the Office for Strategic Change would have a reduced management and coordination structure, and would receive the support of a selection of independent professionals, who would provide services intended to promote strategic change in textile companies in the territory.

- Galicia: The proposal for restructuring the textile sector, in the case of Galicia, is the creation of an ***organisation for the new creation of fashion and style industries***, which would be established as a reference point for managing knowledge base and capital in the fashion industry at international level. As a region-based organisation, this would consist of different District Councils sitting on the Xunta de Galicia[6], the Galician Institute for Economic Promotion (IGAPE), the region's main education and training institutions, textile associations and trade unions, the Innovation and Services Centre in Ferrol and the Consejo Intertextil Español.

[6] The Regional Government of Galicia

- Province of Jaén: suggests the creation of a ***Territorial Textile Office***, which would provide guidelines for sector agents and companies on setting up the necessary mechanisms for the transition to a new business model.

- District Council of Maresme: The Strategic Textile Plan for Maresme proposes the reinforcement of a ***Local Centre for Textiles Services and Internationalisation,*** either by the creation of a new organisation or by the inclusion of the services offered by such a centre among the strategic courses of action of an existing local entity, which currently provides services to the textile industry (for example, the Textile Technology Centre in Maresme, and/or the Association of Knitwear Entrepreneurs in Mataró and surrounding district.)

The creation of cooperation initiatives is one of the main proposals for supporting the strategic business change process, put forward by seven of the nine territories, bearing in mind that this covers one of the main concerns expressed in their respective territorial diagnoses, and offers a flexible solution which can be adapted to the features and needs of the sector in each territory.

These cooperation facilities should be set up as a support mechanism for the production network, rather than as causes in their own right, with the participation of all sector and territory-based agents, to ensure that it is used to bridge gaps in the region and avoiding the creation of overlapping mechanisms at unnecessary expense.

The idea of creating partnerships with stable finance mechanisms should constitute a fourth dimension in the coordination framework of the sector, promoted by the central state administration and supra-local authorities, leaving a wide enough margin for these to be established at territory level, according to internal dynamics, and at the same time setting a minimum standard to the structuring of this type of initiative, in line with the following proposals:

- Development of a catalogue of agents participating in the sector at local and supra-local level, and of the support mechanisms and benefit schemes available to textile and clothing companies;
- Definition of minimum standards of quality in the services provided by these same agents to the companies in the territory;

- Definition of communication channels between the different territory agents, and of reponses to the demands of textile and clothing companies, in terms of the services and mechanisms available;
- Creation of a relatively basic telematic IT platform which allows all sector-related information to be managed efficiently and transferred effectively between companies.
- Design of coordinated communication activities between the different agents, in order to ensure that no textile companies in the territory is excluded from sector-based support initiatives;
- Study of specific forms for adapting certain benefits available to the business network to the features of the companies operating in the territory, thus facilitating the access of any textile company to existing support mechanisms.

These proposals, which constitute the lowest common denominator for local cooperation initiatives, do not require a large investment, given that in some cases they take the form of a reorganisation of existing initiatives and mechanisms and a shift in operation and focus. However, some kind of economic incentive will probably be required, in addition to the re-structuring of mechanisms developed for other purposed – for example Promotion and Development Units- in order to kick-start the setting up of partnerships in the territories.

Whatever the organisational solution proposed in each territory, the comparative analysis of the strategies proposed by local agents, contained in their respective Local Strategic Textile Plans, establishes seven areas of intervention where, in the view of the majority of territories, support mechanisms should be established for companies, in order to facilitate strategic business change. These seven areas are listed below, together with a brief explanation of some of the measures proposed by the territories.

1. Downsizing of companies. By downsizing, companies should be able to adapt their structure to the needs arising from the new competitive context, and should consequently protect the feasibility of their business. As such, they should be accompanied by ways of making use of, and relocating, all redundant material and staff. From this viewpoint, it is clear that this type of measure should form an integral part of the framework defined for the sector by the central state administration.

However, as suggested by the Strategic Plans, the downsizing of textile businesses and infrastructures, and the relocation of the workforce affected by the scaling-down process takes a different shape in each territory, according to the types of companies and the most strongly rooted sub-sectors, the workforce profile, the level of dependence on textiles and alternatives to the industry, among other issues.

The downsizing of companies and the social adjustment in the sector a central and high-priority course of action, and should be complemented by specific or industry adjustments within the territory. As a result the specific measures in the territory must take into consideration the framework for negotiation established at sector level with a view to achieving improved efficiency in the business network of each territory.

In some territories this is considered as a prerequisite for undertaking the transition to the new business model, and the development of specific local support plans is proposed for the restructuring of textile companies, as well as training and relocation schemes for redundant staff.

The mechanisms for relocating staff made redundant from the textile and clothing industry are described in more detail in section 5, under “Additional strategies for production restructuring”.

2. Strategic business management. The introduction of business planning is one of the central aspects of all the Strategic Plans, and is therefore conceived as a fundamental element of strategic business changes. This requires the definition of a stable, long-term course of action which allows the coordination of all efforts made in this regard by state administration and other public and private agents.

The intervention of local agents, via the cooperation initiatives defined for each territory is three-pronged: Firstly, the facilitation, on selective basis, of local company access to information on products, markets, processes and technological innovation, and to examples of good business practices in these areas. In many cases this information already exists, but is widely dispersed and therefore not readily available to companies. For this reason, some

Strategic Plans include proposals for coordination initiatives, as described in the previous section.

Secondly, all territories consider it necessary to promote strategic consultancy for textile companies, in the form of services provided by sector agents, or advising on the contracting of external advisory services. In the latter case, the Strategic Plans for Vallès Occidental, Bages and Berguedà and the Comarques Centrals Valencianes suggest the possibility of opening a public tender for accreditation of such advisory services, in order to guarantee the quality of these.

One of the forms of financing these services proposed by the Districts of Bages and Berguedà, is the implementation of a service voucher system, such as those in operation in some autonomous communities (e.g. the *Créixer* Programme run by the *Generalitat de Catalunya*[7]) or those used to promote outsourcing in other sectors, such as proximity services.

Finally, in order for a strategic business plan to actually result in a business management model with a strategic vision, it is essential to establish finance mechanisms and additional measures which allow companies to act upon the recommendations made by consultants. Several proposals are made for this: The creation of the Local Textile Advisor figure, who provides additional services to companies, through the Local Textile Service Centre in Maresme; or the setting up of a support and dynamics structure within the existing economic development facilities in the territories, in the case of Bages-Berguedà. Furthermore the use of a contract scheme between companies and public administrations is recommended for establishing the relationship between the two and setting up public support mechanisms for the implementation of the measures set out in the Strategic Business Plan.

3. <u>Promotion of cooperation and networking.</u> The Local Strategic Plans recognise that the drive behind business cooperation initiatives is not without its difficulties. Nevertheless, this measure is considered indispensable in all territories and is two-pronged: from an overall sector viewpoint, business

[7] The Generalitat de Catalunya is the Regional Government of the Autonomous Community of Catalonia

mergers and collaboration agreements can be encouraged using tax benefits, subsidies, and company bonuses.

Secondly, steps can be taken to encourage cooperation between companies through cooperation initiatives. The first kind of measures proposed by the territories proposes information and awareness of the advantages of creating business networks and undertaking joint projects with other companies, using areas and platforms of business convergence in several ways: one-day conferences, with talks and round table discussions for presenting experiences and successful case studies, as suggested by Jaén and Vallès Occidental; the organisation of an annual event, established as a meeting point for all agents and companies in the sector as proposed in the Bages-Berguedà Plan; or the running of a project cooperation pool, accessible over the internet, as also proposed by this territory.

Finally, the territories also propose a channelling of promotional activities for horizontal cooperation and local strategic alliances through the cooperation initiatives proposed in each case (Office for Strategic Change in the Comarques Centrals Valencianes, Support and Dynamics Structure in Bages-Berguedà, Local Textile Service Centres in Maresme, and the Territorial Textile Office in Jaén, among others). It is aimed, through these organisations, to provide companies with information on existing business cooperation mechanisms, and to offer advice and support during these processes.

4. Support for the internationalisation of companies, promoting business collaboration and strategic alliances with a dual purpose: the launch of multi-localisation strategies, centred on the fragmented production lines of certain ranges of textiles and clothing; and the entrance to new markets with a higher purchasing power, in Europe or in Asia. The support system for external projection and internationalisation is also sector-based, as described above.

   At territorial level, the type of action proposed is relatively similar to that described in under the previous point, based on the principle that prior to setting up new initiatives, existing business internationalisation mechanisms should ideally be coordinated and managed more efficiently in terms of the needs of textile companies (as per the Plan for the Comarques Centrals Valencianes).

The Comarques Centrals Valencianes and Maresme suggest providing local internationalisation services, consisting of advice on external markets and strategies for initiating exportation, directed at groups of companies. This service would be complemented by the services of an expert acting as a link with the target market, facilitating commercial relations and establishing contact with potential local partners. The Districts of Bages and Berguedà propose the creation of local cooperation project pools for companies interested in multi-location strategies. Finally, the Béjar and Barcelona Plans set out the implementation of mechanisms encouraging companies to attend overseas trade fairs and fashion shows.

5. Drive business diversification towards new business opportunities within the sector. Diversification can take two forms: towards new products, with particular emphasis on technical fabrics, or towards new markets, using product distribution strategies.

The targeting of new technical products carries naturally involves, in addition to the inevitable research and development efforts (discussed below), a detailed study of the different diversification alternatives according to the business strategy. Clearly this is a strategy supported by territories such as Béjar, Vallès Occidental or the Comarques Centrals Valencianes, among others, in there recommendations of the establishment of specific benefits/subsidies for the development of research projects on new markets and access to advisory services regarding new markets and products.

As regards diversification in distribution, this is a measure especially directed at companies with their own brand, and with a product targeted at a final consumer. It may, therefore, be complemented by specific support for the creation of own brands (brand creation, dissemination and publicity, development of marketing plans and promotion of related products and services).

In some territories, this diversification strategy may require investment for the implantation of direct public sales point. In some territories, such as the province of Jaén and the District of L'Anoia, own brand stores are suggested, having completed the necessary market research and feasibility studies, or the creation of textile trade initiatives, grouping together a number of locally/regionally recognised brands, in the style of a factory outlet store.

6. Innovation: the strengthening of company innovation is a multi-faceted process. Firstly, some of the territories, such as the district of Vallès Occidental, Béjar or Galicia, consider the promotion of refreshing technology in companies and purchasing new machinery.

   Many other territories consider it necessary to reinforce sector-orientated Technological Centres both those aimed at introducing innovational new products for small companies with less ability to innovate, and those acting as technological transfer instruments. The relevant supra-local institutions are therefore being asked to set up this kind of centre in territories where these as yet do not exist, or for support in consolidating existing centres, where necessary. Furthermore, the creation of a network of Technological Centre with different technological specialities could ease the transfer of information between territories and enable companies to access up-to-date technological developments.

   Along this same line of reason, in Maresme the figure of the Local Textile Advisor is recommended to play the role of broker specialising in R&D, CIT and production technologies (technologies applied to design and development, logistics, distribution, etc.) liaising between companies, technological centres and universities. Similar proposals are made in the plans for Jaén and Béjar. These two territories give priority to technical issues, over and above other aspects, in their proposal for cooperation initiatives, and they examine the need to involve universities and further education centres in these innovation and technological transfer processes.

   Finally, some of the territories mentioned propose going one step further and identifying company support facilities for aiding the introduction of innovation into internal management processes and thus reinforcing a culture of innovation in these organisations. These facilities can be of different types: information, sensitisation, advice, support, etc, and are indeed indispensable for making the move from the transfer of technology to the systematic introduction of the innovation concept across all departments of textiles companies.

7. <u>Qualification.</u> All the Strategic Textile Plans mention courses of action relating to this area of intervention, and all propose training activities and raising of staff qualification levels, aimed at two different groups, with different requirements: firstly, the textile company workforce, and secondly, management teams, who must be capable of upholding changes in the business model and consolidating transformations in the seven areas listed above.

   In this regard, the continuous updating of technical skills and knowledge via ongoing staff training schemes is as important as the gradual incorporation of new staff who can develop strategies for introducing fashion and design elements, strengthening own brands, diversification to products with greater added value, introducing of innovation, internationalisation or diversification towards distribution.

   For this reason, several Strategic Plans propose specific measure along one of the following two lines: by way of example; Galicia proposes the development of an Integrated Plan for training schemes in the fashion industry, allowing career projects to be adapted to the new sector climate, and in Barcelona, and other territories, the emphasis falls on two areas: the study, reformulation and/or development of new professional profiles for the sector, which allows the necessary skills to be adapted to the workforce, in accordance with the requirements arising from the new business model; and the dissemination of opportunities in the textile sector in terms of generation of business activity and job creation.

   A common point across all territories is the need for funding in order to offer training schemes which are stable, yet flexible enough in content and number of participants to be easily adapted to market demands.

   The training of management teams of small and medium-sized companies is also fundamental for adapting to new sector conditions and for ensuring that they are capable of guiding their organisations through the transition towards a new textile and clothing business model. For this type of training, the Plans for Vallès Occidental and the Comarques Centrals Valencianes consider the organisation of one-day conferences for specific information and training for supervisors and middle managers, in matters relating to innovation, management, quality, human resources, etc.

5. SUPPORT STRATEGIES FOR THE RESTRUCTURING OF PRODUCTION

As has been described in the previous sections, in territories with a strong textile tradition and well-implanted textile and clothing industry, the relationship between the sector and region-based variables is intense, and relatively complex. This relationship means that markets in territories with a strong textile tradition have certain similarities, including:

- The presence of a **potential entrepreneur,** who may have evolved alongside the textile industry in the territory, but whose current situation is strongly affected by the air of pessimism present both within and outside the sector. It is for this reason that a significant proportion of textile industry managers have seen their entrepreneurial wings clipped over time, also making it difficult for this character trait to be passed down from generation to generation and to spread within the territory in general.

- As a result of the early manifestations of this entrepreneurial spirit, a fair number of the territories analyse have **highly dense local business network**, which has been developing and gaining strength around the textile industry and, in some cases, around other industries. The mark made by industry on these territories can usually be seen in the presence of a highly specialised workforce with a low level of qualifications and few multi-skilled workers, and by the work culture based on effort and commitment to production targets.

- The tradition and maturity of the sector in the territories involved in this project is also reflected in the **profile of agents concerned:** a significant proportion of managers and workers employed by the textile industry have reached an age where the employment market is somewhat incapable of offering appropriate alternatives. In the case of managers, the difficult times that the business may go through, together with difficulties in passing business down the family often results in the company founder holding out until reaching retirement age and facing the closure of the business. The alternative of receiving a worthwhile offer for these business assets is another expectation that may condition the future plans of this type of manager.

A fundamental effect of the territory on the sector consists of the fact that the different local environments, each with their own idiosyncrasies, have contributed to the current shape of business activity in the textile and clothing industry. Factors such as availability of workforce and the actual characteristics of these staff; the existence of communication infrastructure; the location of industrial sites; the presence of public and private agents and local support mechanisms for businesses (economic promotion structures, internationalisation schemes, ongoing training schemes, etc.) and support for the sector (research and technology centres, training programmes related to textiles and clothing, etc.) among many others, have led to the growth of a highly varied industry in terms of company size, specialisation and activity within the value chain, external projection capacity for innovation, and, in essence in terms of capacity for adapting to a new competitive environment.

In this regard, the current sector crisis will not affect all territories in the same way; neither will it affect all companies in the same way, based on three key factors.

The first of these is the **weight of the sector** on the local economy as a whole (see chart below). Some territories with a strong textiles tradition, which have already undergone major restructuring in the past, have been working on product diversification for some time and have less sector dependence. However, areas where no intense restructuring processes have yet taken place, and there is a considerable dependence on the sector in terms of economical activity and employment – and on other sectors which are likely to follow in the footsteps of the textile and clothing industry on the short term- are more vulnerable to the transformations affecting the sector.

The second factor which contributes to the current crises suffered by this industry as a whole is the aforementioned capacity of the **local textile industry** to change its competitive framework, which not only depends on the companies themselves, but also on the extent to which the external business environment facilitates and energises this change, with mechanisms and infrastructures for business development. This capacity for change, furthermore, should be measured not only in terms of transformation of activities within the textile industry but also in the opportunities for companies, managers and staff to move, with the necessary support, to alternative business activities where there skills and abilities may be required.

Closely related to the previous point, the third and final factor relates to the **alternatives** on offer in the territory for endogenous development; that is, to what extent can the overall business network in the territory absorb those people who may be made redundant from the textile industry, and what opportunities are on offer to encourage enterprising attitudes towards the creation of new businesses and jobs in a wide range of fields.

Weight of textile and clothing industry in territories involved in the project.

Approximate data for 2004.

Territory		Nº of boroughs	Population	Rate of unemployment	Weight of textile industry	Main sub sector(s)
Anoia		33	95.000	10%	40% industrial employment 4.500 employed	- Knitwear production
Bages - Berguedà	Bages	22	150.000	7%	20% industrial establishments 270 Companies 3.800 employed	Treatment and spinning of textile fibres.
	Berguedà	12	35.000	8%	20% industrial establishments 65 Companies 950 employed	Fabric production
Barcelona	Barcelona	1	1.580.000	6%	15% industrial activity	- Design - Wholesale
	Badalona	1	215.000	9%	35% industrial activity	- Ready to wear fashion
Béjar		1	15.000	11% (province)	40 Companies 600 workers 20% total employment	- Production of fine cloths
Comarques Centrals Valencianes		13	160.000	9%	30% industrial employment 850 Companies 17.000 employed	- Home furnishings (textiles)
Galicia	Deza	6	45.000	6%	50 Companies	- Clothing - Leather - Knitwear
	Ordes	7	35.000	9%	80 Companies	
	Pereiro de Aguiar and San Cibrao das Viñas	2	9.166	11%	15 Companies	
Jaén		96 (50)*	640.000	14%	427 Companies	- Clothing
Maresme		30 (9)*	380.000	7%	8% district GDP 1.000 Companies 10.000 employed	- Knitwear production - Clothing
Vallès Occidental		23	780.000	7,5%	1.000 Companies 13.000 employed	Fabric production - Treatment and spinning of fibres. - Finishes - Clothing

* denotes, between brackets, the number of boroughs covered by the sector analysis.

Taking this reflection as a starting point, it is clear that the crisis will affect, to a greater or lesser degree, all territories with an implantation of textiles and clothing. For this reason, in the territories involved in the Local Strategic Textile Plans and in-depth analysis was desired of the opportunities on offer in the territories to minimise the damage caused by the crisis.

ACTE and local administration representatives from the territories taking part in the project, with the exception of Galicia, due to the unique characteristics of the sector in this region, wished to take advantage of the juncture of this project in order to analyse the following courses of action, which are divided into two different aspects. the relocation of employees in other sectors, and the analysis of possible alternatives.

5.1 RELOCATION SCHEMES

Upon interviewing a representative number of companies from each territory, it can be seen that a downsizing of the sector companies will particularly affect the most vulnerable employment groups: mainly women, aged between 40 and 50 years of age, employed in intensive labouring positions, with a low level of qualifications, high degree of specialisation and low level of additional skills, and who have been working in the company for several years.

For this group, where the majority of redundancies will be made, the activation of mechanisms for relocation of these workers in other sectors must be addressed as a matter of utmost priority. This means:

- Identifying the technical skills associated with the job positions occupied by these workers within the textile industry.

- Studying the skills associated with the type of job positions that these people may occupy in alternative sectors, emphasising correlations between skills acquired in the textile industry, and the skills required for these new job positions.

This process should allow the skills and specialities of redundant textile staff to be valued by transferral to other sectors requiring similar skills. Furthermore, the priority given to the effective relocation of personnel based on their basic skills will allow the transferral to take place more smoothly, and should ideally be complete within 2 or 3 months. In this way the affected workers can maintain their main employable assets, such as the habit of working, updating technical skills and motivation.

An idea of the correlations established and the proposed sectors and skills for textile workers can be gleaned from the specific tasks carried out in some of the territories which have developed Local Strategic Textile Plans.

The initial results of this study reveal that the staff profiles under greatest threat from the crisis share, among others two skills which have a relatively clear opportunity for transfer to another business sector, and which are described as follows:

- The ability to operate machinery during the production processes and programme these as per specific technical indications. This skill is not only required in the textile industry, but also in other industrial sectors, such as the manufacturing of transport equipment. Here, employees working in electromechanical assembly must know how to assemble and dismantle equipment with the parameters set out in the manufacturing processes, meaning that part of the personnel made redundant from the textile industry could be relocated in this alternative area, as machine operators, relatively swiftly and easily.

- The ability to work under strict hygiene and safety conditions, tidily and with attention to detail. This transversal skill fits, for example with a basic requirement of those working in the services sector, in positions as auxiliaries in domestic service or nursing auxiliaries. In can therefore be seen how relocation based on a correlation of available skills is possible not only within the industrial sector, but also in the service industry.

If the approach used for this analysis is that of correlation between skills in different sectors and professional profiles, this means that attention must be paid to the relocation processes for the workforces, with measures aimed at re-qualifying of this group of workers being left as a backup. It is for this reason that training is fundamentally conceived as a support measure for relocation processes, once workers are position in their new occupation.

Obviously, an approach of this kind requires certain facilities to be implemented in order to ease the process: a specific work placement system, in which all job offers and demands from the textile sector are brought together, which should be maintained both by systematic business prospect tasks, via continuous communication with companies, and by a continuous prospective analysis, which studies the market trends in local employment.

In the participating territories there are already different facilities in place for employment liaison which should deal with the requirements of people coming from the textile industry without the necessary tools in place. The support provided for these facilities, therefore, should consist of specific resources and tools which allow tasks such as company evaluation via regular visits to take place, oriented both to identifying vacancies which could be covered by redundant personnel from the textile sector, and to the offering of profiles which may potentially cover any such vacancies; or the organisation of motivation seminars regarding the relocation alternatives in other sectors, aimed at redundant workers, based on direct personal experiences shared by people who have been through this process in the past, and whose career path has continued due to an appropriate valuing of their skills.

5.2 DIVERSIFICATION

Conscious of the vulnerability of some companies, and a proportion of workers in the sector, the territories involved in the project “Local Strategic Textile Plans” are currently initiating or developing action plans to promote economic diversification and generate employment alternatives, although, as has been previously mentioned, this is not as urgent in some cases as in others, and the initial situation differs from area to area, where there is already a more diverse economic base, or in others where possible alternative to textiles are yet to be identified. Based on this premise, five main lines of action can be identified, with two transversal work areas:

1. <u>Valuing of territorial resources and assets to promote tourism.</u> One of the diversification alternatives suggested by several territories is tourism, in one or more of its variants: rural, cultural, industrial, sporting, adventure, winter, sun, and coastal tourism, linked to events or commercial tourism, depending on the main local attractions.

   For example, the districts of l’Anoia and Berguedà are working on energising rural tourism, and in the second of these, aim to convert this into the district’s main economic driver, as is already the case in the province of Jaén. In Berguedà and in the region surrounding Béjar, this would be achieved by strengthening and combining cultural, natural, sporting and gastronomic elements with a view to creating a series of tourist activities which are both complementary and sufficiently attractive, not to be subjected to the seasonality usually found in this sector. Furthermore, in Béjar, this tourism can be complemented with the promotion of the market for second homes.

Along similar lines, the Comarques Centrals Valencianes, via the Internal Tourism Plan, proposes a series of coordinated actions across several boroughs, with the objective of creating an integrated tourist location of interest to visitors to the coastal regions of Alicante and Valencia.

The capital of l'Anoia, Igualada, is hedging its bets on commercial tourism, working on the design of an urban outlet centre linked to the textile industry, which energise other retail businesses and restaurants and food outlets in the urban area. At the same time cultural and industrial tourism is being strengthened through the district industrial heritage museums (the Leather Museum in Igualada, and the Paper Museum in Capellades) and combined with tours of factories currently in operation in both industrial sectors.

In the district of Barcelona, and more specifically in the town of Badalona, the aim is to take advantage of the urban development drive sparked by the alteration work to the port and coastal area, and the proximity of the town to the city of Barcelona, in order to attract a greater number of tourists.

The territories aim to spread the development of tourist activates in several ways:

- the motivation of Tourist Development Consortia, as tools for the development of all types of tourism, in a similar fashion to the work taking place in the Alta Anoia area regarding rural tourism.
- the development of catalogues for local tourist resources, both of a tangible nature - cultural or natural heritage - and intangible - local festivities, cuisine, as can be seen in Béjar;
- the rehabilitation of facilities (industrial buildings in l'Anoia) and urban areas (the old town centre in Béjar of the port and coastline in Badalona) for museum use and/or as tourist attractions.

- the training of staff in the sector to cover gaps in hotel and catering services, or sporting, cultural or leisure activities (Béjar);
- the development of tourist motivation plans and the definition of brands for use outside the borough, in the case of Badalona (Barcelona) and Mataró (Maresme).

2. Creation of sites for new industrial activities and development of business parks. Practically all the territories participating in the project are currently taking action in the public and private sectors to create new areas of land on which to install businesses and industries, normally covering new business sectors. However, not all territories focus this task on new activities, depending on the levels of competition in each area.

   The creation of land for industrial use and the development of new industrial estates in Béjar, l'Anoia and Maresme concentrate on specific sectors, with the intention of constructing facilities to be used for a certain activity. In this way, the sector to be strengthened is agriculture and food, closely linked to meat production industries, taking advantage of the transfer of the local abattoir to the outskirts of the town, and the proximity to the pork industry in Salamanca and Guijuelo, where industrial sites are even scarcer.

   In l'Anoia, the test circuit for the Catalonian Motorcycling Federation and a commercial air field, used for ballooning festivals and aeronautical events, could provide a basis for specialisation in the motorcycle, automobile and aeronautical sectors. Finally, in Maresme and Vallès Occidental, the chemical and metal industries are, respectively, two sectors of considerable weight which could improve their presence in the local economic environment.

   In Vallès work is starting on the conversion and rehabilitation of industrial warehouses, and the development of public protected land, in order to promote the implantation of research centres and training and R&D or technological service companies, on the one hand, and the extension or transfer of small industries still located within the town centres of Sabadell and Terrassa, on the other. There is strong support for cooperation between textile companies and aeronautical, marine and transport development companies, and for the opening of new lines of business and strengthening those already in place related to technical textiles.

Mataró, Sabadell, and Terrassa also support the generation of knowledge bases and business activities in tertiary areas. In the first case, the presence of a university department and a significant business development structure should form the basis for a training activities cluster to be formed. This strategy is covered by the local drive to advance towards a "city of knowledge" as laid out in the Social and Economic Development Pact for Mataró, and defined via the TechnoCampus Mataró project. To this end proposals and project are set up related to open administration, citizen and business access and services, support for newly established entrepreneurs and emerging business sectors, closer working relationships between the town and the university, or the improvement of communications infrastructures which act as catalysts for transforming the town.

In Sabadell a project is underway for the creation of a Health, Bio-technology and Bio-medicine Park, concentrating installations for research, and instrument and equipment production companies supplying these areas. In Terrassa, meanwhile, alongside new location of the Senior Cinematographic and Audiovisual School of Catalonia, the Theatrical Institute and Image and Multimedia Technology Centre of the UPC (Polytechnic University of Catalonia) are developing a project for an “Audiovisual Park” with a view to attracting cinema production companies to this area of Terrassa. Similarly, from this town the issue of cooperation between companies and the university is being promoted via information activities for groups of businessmen and teaching/research staff.

Finally, in the district of Bages the construction of a Technological Park is planned, conceived as an area for companies in emerging technology-based business sectors, and from traditional production sectors who wish to develop innovation and research projects. In this case, the companies operating in the future Technological Park in Bages, which is to be developed by a mixed partnership, should be primarily dedicated to R&D&I activities.

3. Improvement of infrastructures. The creation of industrial sites in often related to the construction of new infrastructure which improves the competitive position of an area, when it comes to attracting new investment and companies. This is the case of Igualada, and Sabadell and Terrassa (in the

districts of l'Anoia and Vallès Occidental, respectively) where exhibition centres are planned, including large conference facilities.

Other territories, such as Béjar, the Comarques Centrals Valencianes and Bages-Berguedà, are requesting improvements in road and rail infrastructures, in particular access routes, while some of these districts highlight problems with public service networks in industrial estates (electricity, telecommunications) which cause significant detriment to local industries.

4. Promotion of Proximity Services. The tertiary sector, primarily services to people, is a fourth line of action in some territories such as Jaén, the Barcelona and Berguedà districts or the Comarques Centrals Valencianes, which approach the need to intervene from a public context, to encourage the emergence of new business initiatives and to improve the existing services on offer.

   In these territories the emphasis is on the improvement of the home help network, the creation of new facilities for the elderly, and the generation of leisure services. This type of action should be channelled through global subsidy schemes or via mechanisms such as service vouchers. The Comarques Centrals Valencianes, also recommend the creation of employment cooperatives related to services in the social sector, and a particular focus on women coming from the textile industry.

5. Promotion of quality standards in the primary sector. Four of the territories involved in the project still maintain a considerable agricultural and/or cattle farming tradition. In Jaén, the olive-growing sector is in fact one of the main alternatives for employment in the province, while in l'Anoia, Bages and Berguedà have relatively strong agricultural, cattle and horticultural industries. For this reason, in the first region the aim is to create an agricultural innovation and technological centre for promoting the quality of the products elaborated in the district, while in the latter two, work is underway for the creation of quality brands, the introduction of ecological crops and the designation of new denominations of origin for certain products.

The two transversal work areas which complement these five lines of intervention include support mechanisms for business diversification, from a more general point of view:

1. Support to territories for sector planning processes. As revealed by the lines of intervention described above, some territories have identified business sectors which can offer alternatives in terms of wealth and job creation, and they are working on sector-based measures to enhance presence and competitiveness of these sectors. However, in other territories the alternatives are not as clearly defined, and territory agents have difficulty in prioritising and establishing measures to minimise the impact of the sector crisis.

   It therefore seems appropriate for central state administration and regional authorities to implement finance mechanisms for strategic / sector-based planning processes, specifically orientated towards the most textile-dependent territories, where the identification of alternative sectors is therefore most urgent. These planning processes should allow territories to design tools for strengthening certain business sectors with a reasonable degree of success, and identifying activities where staff made redundant from the textile industry may feasibly be relocated.

   It would also seem appropriate to consider initiatives put forward by certain territories for the institutional structuring of the textile industry, as a main task to drive the development of competitive skills in order to prepare the sector for the future. This promotional strategy should be complemented by others aimed at identifying new niches for production and employment in a wide range of design or fashion areas, thus allowing companies and textile staff to diversify towards new markets.

2. Support schemes for business initiative. The assets represented by the work culture and business initiative within the territories with a textile tradition should also be used as an opportunity for creating new companies and job positions in a wide range of sectors. Once more, the application of this measure differs from territory to territory, according to the dependence of each one on the textile industry or the existence of alternatives for production, on the one hand; and the presence, or lack of economic development structures which work regularly with entrepreneurs.

Three types of actions can be established based on this distinction:

- In territories where there are support mechanisms for entrepreneurs, and less dependence on the textile industry, this involves the implementation of reinforcement structures and support services for entrepreneurs in the territory, and the establishment of integrated schemes covering different phases of the process of setting up a company. In this regard, information and dissemination measures should be strengthened even further and should be accompanied by an analysis of possible emerging sectors within the territory and specific financial resources, such as capital-seed funds for entrepreneurs.

- In territories where there are less support mechanisms for entrepreneurs and there is considerable dependence on the textile industry, schemes are necessary for setting up information systems for potential entrepreneurs, and support throughout the process of setting up their businesses and the necessary skills training.

- Finally, in all the territories, regardless of the sector situation, it seems appropriate to set up a support system for training specifically orientated towards textile industry staff, with a particularly intense assignation of resources.

  This action, with the objective of generating new business ideas and the creation of textile industry spin-offs, would be directed at sector workers with potential business initiatives, and should cover the following areas: research into the potentiality of local economy and the identification of potential businesses; information schemes for people employed in the textile industry; support mechanisms for people with a business idea; training sessions and seminars to analyse successful case studies (and failures) in the creation of a new business; exchange and information about spin-off processes in other areas, even outside Spain; and the establishing of financial support mechanisms or other support structures – for example the rehabilitation of unused textiles facilities for locating company offices. This additional measure should always complement the relocation processes described above.