

Made in Italy:China's new textile factory movement



Haining China Leather City, which contracts small Italian factories for its products. (Photo/CFP)

For a long time, the cities of Haining and Dongguan have been hubs for international contract manufacturing and the "global brands made in China" era. A new trend is now emerging that threatens their position: Chinese brands made in Italy.

Haining in Zhejiang province is known for its leather industry. In recent years, several enterprises have visited Italy to conduct feasibility studies, and have signed agreements with Italy's Handicraft Association of Macerata and Base Blu, according to the Guangzhou-based 21st Century Business Herald.

Currently, several of Haining's enterprises are planning to acquire the factories of second-tier or third-tier brands in Italy, said Haining China Leather city's marketing director Ding Haizhong.

Most of these Italian brands have existed as factories or family workshops and have a long history, high quality and precision manufacturing. They only lag in terms of scale and financial power and are thus more prone to economic crisis. It is these enterprises that have become the acquisition targets of Chinese investors, said the report.

Some Chinese enterprises have already successfully acquired Italian brands and are absorbing Italy's traditional handicrafts, said Haitao Fashion founder Sun Haitao. Chinese companies are even registered the Italian brands in China while keeping the manufacturing in Italy, Sun said.

In the apparel sector, very few Chinese brands are ranked among first-tier international brands. Quite a few Chinese brands are using international resources to upgrade the value of their image.

By Creations is just one example, with more than 40 joint factories in Italy. It is able to price its products at about one-third the cost of first-tier brands to allow more consumers to enjoy "made-in-Italy" products.

The company uses the original equipment manufacturer and original design manufacturer (ODM) models to contract Italian factories, and it is considering forging partnerships or even conducting acquisitions, said the firm's branding and planning director Billy Lv.

SheJi-Sorgere, another Chinese apparel brand, has chosen Italy's top menswear manufacturer, Caruso Spa, as the manufacturer for its products. Caruso Spa is also the manufacturer for several high-end brands such as Dior, Lanvin, and Ralph Lauren.

Italian textiles are attractive to Chinese interests not only because of the quality, but also because of a highly efficient labor force. Each Italian worker can work five to six machines, compared with just one to two machines for a Chinese worker, experts said.

Source: Want China Times

<http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20140204000008&cid=1202>

No.137 February 2014