Footloose Shoes?
International Competition and Industrial Districts in the Italian Footwear Industry•

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ABSTRACT

The paper analyses the effect on manufacturers in Italy's footwear districts of international competition, and investigates the underresearched nature of the link between international competition and the internal cohesion of districts. It addresses if and how global competition provokes the (partial) geographic fragmentation of local supply chains, dislocating select local parts manufacturers in its wake. The findings suggest that when international competition threatens the viability of local production, firms with the requisite organisational capabilities delocalise parts of the value chain. This helps them to retain competitive advantages but it also reduces agglomeration. This insight should inform regional development policy.

Keywords: Industrial districts, footwear industry, international competition, delocalisation

•The Nomisma Institute of Economic Studies in Bologna provided a congenial atmosphere for this research. I am grateful to the European Commission for financial support; to Patrizio Bianchi for inviting me to Bologna; to Chita Rau and Patrizia Gozzi for sustenance intellectual and otherwise; to Giovanna Galatà at the University of Bologna and Sandra Napolitano at the Ufficio Italiano dei Cambi for help with access to data; to Maurizio of Bar Maurizio for many a sophisticated panino with jazz for lunch; and for comments to my colleagues Lars Håkanson (in broad daylight and very constructive) and Rajneesh Narula (late at night and somewhat cryptic). Errors and omissions are all mine.

INTRODUCTION

Local production systems are fêted in academic research and public policy debates as a socially desirable and economically sustainable answer to the forces of international competition that raise global efficiency at times at the price of harming local welfare (OECD, 1999, 2000a, b; Moss Kanter, 1995; Piore and Sabel, 1984; Scott and Storper, 1992; for a general overview see also Batista, 1998; Doeringer and Terkla, 1996; or, specifically related to developing countries, Humphrey, 1995; and Schmitz, 2000). Italy's industrial districts epitomise the model of such a system. Referring to their undisputed success in employment creation and generating exports, the Italian Institute of Foreign Trade, a government agency, proudly stated in a promotional supplement to the *Economist* that "it is not surprising that the clusters have attracted the attention of industrialists and politicians from outside Italy who are eager to learn the recipe of the success, as well as the interests of economists and academics" (Spotlighting Italy, 2000, p.28). Critics charge on the other hand that industrial district is a fuzzy concept and a matter of *credo* more than of empirical evidence (Markusen, 1999). Its proponents (e.g. Harrison, 1992; Storper and Harrison, 1991) allegedly overconceptualise it and too rarely subject it to empirical testing or, as one sardonic observer put it, "sit around their camp fires, supposedly wild eyed with enthusiasm, talking … post-Fordism" (Amin, 1994, p.170).

This shortcoming is the object of this paper. It analyses the effect on manufacturers in Italy's footwear districts of international competition. More specifically, it investigates the underresearched nature of the link between international competition and the internal cohesion of districts (cf. Enright, 1996, p.212). In other words, do districts adapt collectively by coordinating responses to competition along the value chain or do individual, especially downstream, firms react strategically by replacing supply from within the district with external sources? It thus addresses if and how global competition provokes the (partial) geographic fragmentation of local supply chains, dislocating select parts manufacturers in its wake. The findings suggest that when international competition threatens the viability of local production, firms with the requisite organisational capabilities delocalise parts of the value chain. This helps them retain competitive advantages but it also reduces agglomeration. By making use of highly disaggregated, provincial trade data, the analysis demonstrates the need to differentiate industrial districts in terms of their adjustment capability, even in the same sector and market segment. This implies lessons for the design of local or regional industrial policy. Section 2 briefly reviews relevant literature. Section 3 describes competition in the global and Italian footwear industries. Section 4 analyses the extent and impact of delocalisation tendencies of footwear districts in the 1990s. Section 5 concludes and suggests policy implications.

THE GLOBAL AND THE LOCAL

Local production systems attract interest both because they have promoted regional development and because economic integration, along with other features of globalisation, may deterritorialise economic activity. The economic and social consequences of the latter at the local level are likely to be negative for those people and firms that are not mobile themselves or whose assets are viable only in the specific context of imperfect locational markets or who for some other reason rely on

the geographical proximity a cluster typically affords. However, deterritorialisation is not a necessary effect of economic integration. Neither the growing salience of intra-industry trade or foreign direct investment nor global corporate networks centered around multinational firms indicate *per se* a global market place with footloose producers. Instead, these trends may illustrate how firms optimise access to territorialised production factors (Storper, 1997, Chap.7; see also Young, Hood, and Peters, 1994). Hence, theoretically the effect on local production systems of increasing competition is not clear (cf. Amin and Thrift, 1992). Empirically it is unlikely to be uniform because "sticky places" – above-average growth centres with the ability to retain mobile capital and labour – differ with respect to spatial form, industrial complexion, institutional configurations, and outside links. This influences how these places operate and how they change to outside pressure (Markusen, 1996).

The literature on Italian industrial districts does not in general pay much attention to if, or how, increasing international competition impacts local production systems (e.g. Anastasia and Corò, 1996; Becattini and Rullani, 1993; Brusco, 1993, 1996; Rullani, 1995). Some authors assume that globalisation somehow changes the structure of districts without showing how and where (Cooke and Morgan, 1994; Vipraio, 1997) even though the preponderance of small firms in and of itself says nothing about the adjustment capacity of regional economies (cf. Acs, 1996). On the whole, conceptual work on agglomeration models is prevalent (see Paniccia, 2002, esp. Chap.1, for a comprehensive review of the literature and its theoretical shortcomings). Critical empirical analyses of how clusters work in practice in view of changed competitive conditions of the global economy are harder to come by (e.g. Becattini and Rullani, 1996; for exceptions, see Amin, 1994; Bianchi and Gualtieri, 1990; Courault and Romani, 1992; Crestanello, 1996; Guerrieri **et al**., 2001; dei Ottati, 1996). The latter authors show that as a consequence of more global competition industrial organisation becomes less locally confined and also less vertically disintegrated. New sourcing patterns and productive decentralisation eliminate parts of the local value chain, or re-centralisation introduces vertical hierarchies. This suggests a connection between changes in global production and the intra- vs extra-district division of labour.

In principle, global competition can induce changes in technology, markets, organisation, and strategy, thereby altering the relative costs a localised value chain faces. When cost considerations outweigh advantages of proximity, firms in the cluster can seek and realise higher-order advantages. This would upgrade the production capacity or technological capability of the cluster, but the structure of the district in terms of its user-supplier relations may well remain the same. Alternatively the cluster can replace high-cost inputs through cheaper imports, outsourcing or outward direct investment in low-cost locations, or increased capital intensity. This might extend the global reach of the original value chain but would reduce its local depth; ultimately the district in its original form would be no more.

COMPETITION IN THE WORLD FOOTWEAR INDUSTRY

Production and Sector Characteristics of Italian Footwear Districts

Formerly dispersed artisan footwear producers started forming agglomerations around the mid-1970s. Because of the small-firm structure, high-flexibility operation, and high-quality and cost-efficient production, the ensuing local production systems are

almost ideal-typical districts (Ragazzi, 1992b). They exist primarily in Northeast and Central Italy (Lombardy, Veneto, Emilia Romagna, Tuscany, the Marche) but also in the South (Campania, Apulia). Their share in regional output is generally substantial (see Table 1). For example, the province of Pavia, comprising the Vigevano district, accounts for almost 40 per cent of all firms and employees in the Lombardy region. In Emilia Romagna, the three footwear producing provinces (Bologna, Forlì, Ravenna) make up roughly 90 per cent of all firms and employees.

[Table 1 about here]

The manufacture of footwear is highly labour-intensive. Especially the production of uppers is difficult to mechanise. Other than sewing machines no technology currently exists that could manage both high production runs and a highly differentiated product portfolio, at least not for leather shoes which account for the bulk of footwear output in Italy. The production of a leather shoe involves from a minimum of 40 to as many as a few hundred stages. Hence, there are practically no scale economies in leather footwear though they do exist for the least differentiated components such as soles which is also where the highest technology input is feasible. Footwear is traditionally the most export-oriented of all Italian manufacturing industries, with exports accounting for more than 80 per cent of output in the late 1990s (A.N.C.I., n.d., Table 6.3). Traditional production techniques, high labour intensity, small scale, and high levels of global trade all make the footwear sector an interesting case study of the link between increasing international competition and the structure of local production systems.

Major Footwear Producers and Exporters in the World

Italy was the world's largest exporter of footwear until the mid-1980s, but was subsequently overtaken by China and Hong Kong. Asian producers hold about two thirds of the world footwear market, Western Europe only 10 per cent (A.N.C.I., n.d.). Between 1976 and 2000, footwear manufacturers from developing countries increased their share of EU imports at the expense of European producers. However, these still account for more than half of the EU market (see Table 2). The most important source countries are in Asia (China and Vietnam; until the 1990s South Korea and Taiwan) and Eastern Europe (Romania and Hungary; until the 1990s Yugoslavia). Italy's share of EU imports decreased from roughly one half in 1976 to 17 per cent in 2000 but it still has the single largest market share. Since Western Europe has traditionally been Italy's most important export market, this analysis focuses on import competition in the EU.

[Table 2 about here]

The share of Italian footwear imports originating outside the EU is much higher than the EU average. Eastern Europe is by far the single most important source region. In 2000 leather shoes accounted for the lion share of footwear imports in both the EU (57%) and in Italy (41%), with components playing a large and rising role in Italy, too. The difference in the geographic composition of imports is even more pronounced here (see Table 3). Most EU imports are intra-EU trade, especially from Italy. By contrast, Italy imports only 25 per cent of its leather shoes, and almost no

components, from other EU countries. Also, while Asian exporters have generally won market share in the EU, they have lost it in Italy to the advantage of less distant producers in Eastern Europe and North Africa. A noteworthy feature of Italian imports is that leather shoes and components tend to originate in the same source countries while in the EU they do not. In sum, Europeans wearing leather footwear are still most likely to walk in Italian shoes while Italy increasingly imports leather footwear and components from low-cost countries.

[Table 3 about here]

In addition, Italy is the EU's most important supplier of upmarket leather footwear; in 2000, 46 per cent of EU imports were Italian. This reflects the country's traditional specialisation in walking shoes made from leather uppers, especially for women; very sophisticated internal demand, especially in this segment; and a high export specialisation at the high and luxury end of the market (Ragazzi, 1992b). Competitors in the EU were either high-value producers with a low market share or had relatively high market shares but lower unit values (see Table 4). By contrast, only a third of Italian imports of footwear with leather uppers and soles are from other EU countries, and they are not in the upmarket category. Thus, Italian producers of upmarket leather footwear such as luxury women shoes face much less competition than their traditional rivals from France, Germany, or Britain in the EU, and practically none at home.

[Table 4 about here]

On the other hand, Italian manufacturers of ordinary leather footwear and especially of certain components such as leather uppers are very much exposed to international competition, primarily from low-cost locations in Eastern Europe (see Table 5). Imports of uppers alone accounted for 55 per cent of all component imports in 2000. Thus, the bulk of Italian footwear imports are final goods at the lower end of the market and labour-intensive components. By contrast, Italy does not import heels whose production is more capital intensive and can therefore be organised efficiently even in high-cost environments. Thus, differentiating between products or components and market segments shows that some firms from footwear districts do face international or global competition. Others continue to dominate their markets.

[Table 5 about here]

Table 5 lends credence to this interpretation. It shows that Italian firms make use of outward processing trade (OPT). This is a regional arrangement that affords firms in the EU's outside periphery more advantageous market access to the Common Market, provided they assemble parts and components sourced in the EU. It applies both to finished products and to components. In 2000, around three quarters of this trade originated in Romania and Albania. In upmarket women shoes, with their generally low import levels, OPT accounted for only 17 per cent of respective imports (Eurostat). This provides only little, if any, evidence of relocated production activities. Furthermore, unit values of final products imported under OPT from Eastern Europe were at the low end of those sourced from outside or inside the EU. Thus they do not compete against the high-quality and luxury wear in which Italian producers excel.

In components, the incidence of OPT is lower the higher the difference between EU and East European unit values of the product in question. This is less complicated than it sounds. Insofar as the existence of OPT reflects protectionist import regimes, it also makes sense. It means that where East European products compete more directly with EU goods, market access is more difficult without OPT. In 1996 and 2000 unit values of leather uppers were about two times higher in the EU; consequently OPT affected 27 per cent of all imports. In in-soles and heel cushions, the ratio of EU to East European unit values was 1.25; consequently OPT accounted for almost 80 per cent of all imports. By 2000, import unit values were higher than domestic ones and the share of OPT dropped to 8 per cent (Eurostat). The dramatic change suggests that foreign component manufacturers almost completely replaced their Italian competitors. In general, users of price-sensitive imports make most use of OPT provisions to get around protection. This is a clear sign of internationalisation. Manufacturers of these inputs inside the district are potentially in trouble. Before out-of-country outsourcing began, their relationship with assemblers benefited from externalities and was, while highly competitive, not arms' length. At least this is what the literature on districts claims. They now compete against component manufacturers that, despite their much greater distance from the district, entertain non-arms'-length relationships, through OPT, with the assemblers. In these instances the scope of the districts may have been extended (though primarily in a virtual sense) but its internal depth is reduced. In short, cross-border supply chains replace some of those that were traditionally local.

DELOCALISATION

The differential impacts on firms in footwear districts of international competition suggest a typology that captures the nature of this link (see Table 6). It is clear that for the time being international competition is not really an issue for traditional producers of capital-intensive parts and upmarket final goods. But all other district firms struggle in different forms of defensive or offensive adaptation to competition from Asia and Eastern Europe. Since footwear is a design-driven business, upstream qualification is likely to succeed only in the presence of assemblers who know how to turn higher-quality inputs into more upmarket products. It is important to note that component suppliers are not entirely in charge of their own destiny because assemblers can upgrade *and* outsource, thus causing a hollowing out of the local system. This is indeed one of the scenarios that appears to have played out.

[Table 6 about here]

Italy's major footwear producing areas are concentrated in 19 provinces (Ragazzi, 1992b, pp.79-84). In the late 1990s they employed more than 80 per cent of the workforce in the sector (A.N.C.I., n.d., Table 1.3).[1] Each province hosting a footwear district was a net exporter of footwear (see Table 7). Trade surpluses existed in final products but not always in raw materials and components. Indeed, between the early

[1] The analysis below omits Barletta and Casarano in Apulia, and – due to data problems – Varese in Lombardy. Barletta specialises in leisure footwear which involves very different production techniques from leather shoes and is not the focus of this study. Casarano, another newcomer province to footwear production, is not organised as a SME cluster. Nonetheless the sample represents more than 70 per cent of employment in the sector.

and late 1990s, the most important change in the composition of provincial trade was the rise in imports (and exports) of parts – shown above to be often leather uppers manufactured in Eastern Europe – followed by raw materials and final goods. The growing importance of parts imports and exports suggests two alternative explanations. Either parts are imported and, subsequent to processing, re-exported. Or some parts are sourced abroad while others are produced at home. The latter is more likely because country-level data show that Italy is Europe's largest importer of labour-intensive components, such as leather uppers, as well as its largest exporter of capital-intensive components, such as heels (Eurostat).

[Table 7 about here]

Which explanation holds has obvious implications for industrial organisation in the local areas concerned. In the former case, the district may come to resemble an assembly-only workshop of imported components. In the latter, the impact of outside competition would differentiate between more and less labour-intensive producers. The district would extend its geographical spread by building up international supply chains while narrowing its specialisation at home. Provincial trade data are not sufficiently disaggregated to differentiate between parts. But indirect evidence exists which shows that some production areas have managed to exploit internationalisation, strengthening the district, while others seem to have downgraded in terms of market segments and, quite likely, internal cohesion. More about this below.

In sum, local areas became increasingly open to imports at all sections of the value chain. All provinces with increased imports of parts also increased their exports of final goods, the only exception being Caserta.[2] In the case of Ravenna and Padova, fewer parts imports are associated with fewer exports of final goods.

With upstream import intensity generally on the rise, is it possible to differentiate between the quality of downstream adjustment outcomes? Districts in nine of the analysed provinces are generally characterised as upmarket (see Table 8). But exports of upmarket footwear rose in only six of these, along with the share of these products compared to lesser-quality final products.[3] In the remainder, either the share or the value of these products, or both, declined. In the provinces with more downmarket districts, six increased their exports of and share in shoes with leather uppers, while Naples suffered a slight reduction in their relative weight. Hence, increased parts imports can – but need not – suit both low-end and high-end producers of leather footwear.

[Table 8 about here]

For example, Forlì increased component imports tenfold but all but withdrew from exporting leather shoes. The examples of Ravenna and especially Padova likewise show that export competitiveness is feasible even without resorting to cross-border

[2] Caserta also reduced its imports of raw materials and exports of parts. Together with the increase in parts imports, this must spell trouble for local component producers. In fact, more detailed data reveal a pronounced increase in the production of leather travel gear in the region without which total exports between 1993 and 1998 would have stagnated.

[3] Note that in the case of Treviso "other footwear with rubber or plastic soles" refers to world-class skiboots and not to inferior footwear.

sourcing arrangements. Padova almost doubled its exports of leather-upper footwear while reducing its component imports. Thus delocalisation goes hand in hand with downmarket adaptations as well as with successful defences of upmarket positions.[4] Either way, this is hardly good news for local component manufacturers who will be unable to sustain price competition in the former case and who may be unable to sustain product or process upgrades required in the latter case. In sum, districts differ both in terms of external links and how they adapt to global changes in relative prices. They also differ internally in terms of the consequences increased global competition has on firms along the value chain (cf. Rabellotti and Schmitz, 1999). Some react to increased competition with outsourcing and appear to be quite successful at turning cross-border supply chains into a strategic advantage.

CONCLUSION

The world changes, and so do industrial districts. This sounds, and indeed is, a banal assertion. The motives behind the change are primarily economic. They reflect strategies of firms, in this case mostly of final footwear assemblers, to cope with increased competition by substituting one set of close-by subcontractors through others that deliver qualitatively satisfactory components at lower cost from a distance. True believers might get taken away by this and be tempted to theorise about the cross-border extensions of local production systems, or *Il distretto alla conquista del mondo*. This would amount to standing agglomeration on its head. In addition, it would continue a harmful tradition of conceptual overkill at the expense of empirical verification in much of the writing on districts. But it is the latter that is most needed.

For example, not only is increased openness clearly no sure-fire recipe for the maintenance of district performance, let alone upgrading. It is pretty certain that assemblers that outsource an important – because design-intensive – part of their product possess the requisite organisational capabilities and have access to logistic resources that allow them to control a non-local value chain. But it is not clear if and how this is related to more or less important brands or, in other words, if active internationalisation by the assemblers is limited to relatively upmarket, high-margin or to high-volume producers. It is further unclear what exactly drives supplier substitution. One might surmise that it depends on the nature of supplier-assembler externalities. If they are merely operational as opposed to knowledge-based, supplier substitution would appear more likely. Because trade data do not really capture the difference between, for example, a simple and a complex upper, the design of such analyses is a complex feat. It would also require the availability of data at the municipal level concerning, inter alia, firm and employment turnover and value added.

Local and regional industrial policy would benefit from more empirical analyses, too. How exactly districts relate to their neighbouring environment is a case in point. For example, the share of footwear made from leather uppers declined from over four fifths to under two thirds in the 1990s (A.N.C.I., n.d., Ragazzi 1992a). Output thus moved away from Italy's traditional specialisation at least partially into market

[4] It is noteworthy that the export decline in total final goods experienced by Padova, Caserta, and Ravenna (see Table 7) was not due to import-intensive leather footwear, but to retrenchments in lesser-quality shoes.

segments with lower value added. Indeed, most Italian producers compete against exporters from the NICs at the lower and medium end of footwear production. It would obviously be desirable to bolster high-end production in particular and to sustain exports in footwear made from leather uppers in general. The data analysed in this paper suggest that districts may play different roles in achieving this aim.

For example, both San Mauro Pascoli in Forlì and Vigevano in Pavia are successful high-end districts. But marked differences exist in how the footwear sector in the two provinces reacted to increased competition (see Table 8). In Forlì, adaptation was defensive; the largest export increases were in shoes with synthetic uppers, while exports of shoes made from leather uppers declined drastically. Hence, the province hosts firms in San Mauro Pascoli that operate in their product niche of luxury women's shoes in splendid isolation (Ervet, 1995) in an otherwise downgraded environment. By contrast, in Pavia structural change happened in favour of footwear made from leather uppers and away from lower value added exports. It is not clear that Pavia's positive performance was due to the interaction between the Vigevano district and surrounding footwear manufacturers. What is clear is that San Mauro Pascoli had no such effect on other producers in Forlì. Hence, an industrial policy focused exclusively on districts may on occasion miss the wood for the trees.

In sum, piecemeal and indirect evidence suggests that, in the absence of global competition, firms in industrial districts can afford not to change. With increased competition, they adapt either aggressively by raising quality levels while containing costs, or defensively by shifting downward into lower-quality segments, or by exiting. The creation of international supply chains helps both offensive and defensive strategies. The data showed unambiguously that international sourcing increased which is one of the reasons behind the size reduction, in terms of production units and employees, of the footwear sector (cf. Mariotti and Piscitello, 1997). The consolidation of the sector especially affects artisan producers and generally raises firm size (A.N.C.I., n.d.). Hence, the sector is changing, and the local production areas with it. What the data could not show is what happens to local subcontractors. Do they exit, sweat-shop, or upgrade? It also did not show how offensive or defensive adaptation strategies impact other local footwear manufacturers that lie outside, but in the vicinity of, the district. In part, this is a data problem. For example, at the provincial level, imports of parts and components are not further disaggregated. It is also a problem of how to assess agreements, joint ventures, outsourcing and the like in terms of their impact both on traditional forms of local industrial organisation and on the individual and collective export performance of local production systems. However, this requires a systematic appraisal of firm-level data which would first need to be gathered. Unfortunately, this has been outside the scope of this study. Unfortunately, because only firm-level data will allow to judge under what circumstances the increase of international flows in a production system are reconcilable with territorial concentration. My hunch is that answers will differ even when comparing areas competing in similar segments such as Vigevano and San Mauro Pascoli. In some contexts, tradition *qua* isolation may continue to be feasible. In most others this would hardly appear to be an option.

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Table 1. – Weight of provincial footwear production agglomeration in regional economies, numbers of firms and employees, 1996, in %

Region	Province (industrial district)	Share of firms	Share of employees
Lombardia			
	Pavia (Vigevano)	38	39
Veneto			
	Verona	31	27
	Venezia/Padova (Riviera del Brenta)	35	34
	Treviso (Montebelluna)	27	34
Emilia Romagna			
	Bologna	13	20
	Forlì (San Mauro Pascoli)	42	46
	Ravenna (Fusignano)	36	24
Le Marche			
	Ascoli Piceno	68	61
	Macerata	28	33
Toscana			
	Firenze	15	22
	Pistoia	19	16
	Pisa	29	29
	Lucca	24	19
Campania			
	Napoli	64	69
	Caserta	25	19

Source: Data elaborated from A.N.C.I. (n.d., Table 1.3)
Note: The name of the district is given for illustrative purposes only. Provincial firm counts and employment data are the most disaggregate information available. Hence, the respective figures at the district level must be somewhat lower.

Table 2. – Footwear imports to EU (values), in %

	1976	1980	1985	1990	2000
World	100.0	100.0	100.0	100.0	100.0
Intra-EU (15)	81.2	77.7	74.7	64.6	52.8
of which: Italy	47.6	45.5	42.5	33.0	16.8
Latin America	1.5	2.1	1.5	2.2	1.2
Asia	8.8	11.6	12.9	20.6	29.4
Africa	0.5	1.1	1.1	1.3	2.6
CEEC	5.9	5.1	6.7	5.9	11.6

Source: Eurostat

Note: Columns do not sum to 100 because of the absence of non-EU high-income footwear exporters (e.g. US).

Table 3. – Imports of footwear with leather uppers and of components (values), in %

	1990				2000			
	Footwear		Components		Footwear		Components	
	EU	Italy	EU	Italy	EU	Italy	EU	Italy
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Intra-EU	73.3	49.4	43.2	16.8	60.5	25.5	24.8	5.4
Italy	39.2	n.a.	14.2	n.a.	20.6	n.a	8.7	n.a.
LA	3.0	1.1	5.9	..	1.6	0.2	3.1	..
Asia	12.5	25.0	19.3	25.1	23.0	15.9	19.7	9.4
Africa	0.8	3.8	6.9	2.9	2.6	9.9	9.7	10.1
CEEC	5.4	10.8	19.5	46.7	10.1	45.8	40.0	72.9

Source: Eurostat

Note: (n.a. = not applicable), (.. = not available because of extremely low value). Columns do not sum to 100 because of the absence of non-EU high-income footwear exporters (e.g. US).

Table 4. – Imports of upmarket women's shoes (values) in 2000, in %

	EU		Italy	
	Market share	Unit value	Market share	Unit value
World	100.0	..	100.0	..
Intra-EU	88.4	55.5	19.4	27.7
Italy	51.8	62.1	n.a.	n.a.
Portugal	6.9	27.7	..	..
Spain	18.9	50.6	10.6	32.0
Germany	3.0	91.1	0.5	7.6
France	2.5	124.7	0.7	8.3
Netherlands	2.0	88.3	0.7	25.8
UK	1.5	156.6	0.7	33.1
CEEC	..	..	62.8	12.1

Source: Eurostat

Note: (.. = not available because of extremely low value). Nomenclature of the product in question is CN 64035999. Unit values are obtained by dividing € import values by import volumes.

Table 5. – Italian imports of leather uppers in 2000, in € ‘000

	Total	Unit value	OPT	Unit value	OPT/Total
EU	7696	45.5	n.a.	n.a.	n.a.
Morocco	599	30.0	n.a.	n.a.	n.a.
Tunisia	57582	37.1	n.a.	n.a.	n.a.
CEEC	440850	19.0	120496	13.7	27.3
Albania	39058	9.4	38298	9.3	98.1
Poland	16384	50.6	..	..	..
Romania	238860	20.4	61356	15.8	25.7
Bulgaria	48460	24.1	8873	19.5	18.3
Hungary	37500	35.7	..	..	..
Slovakia	14792	24.4	1302	15.1	8.8
Czech R.	7270	21.4	908	23.9	12.5
Bosnia	15924	34.7	678	28.3	4.3
Hungary	7270	21.4	2596	68.3	35.7
Macedonia	1086	25.3	..	..	..
Serb.&Mont.	10307	31.6	6485	32.8	62.9
Slovenia	3253	19.5	..	..	..

Source: Eurostat

Note: (.. = not available because of extremely low value). Nomenclature of the product in question is CN 64061011.

Table 6. – Differential effects of import competition on district firms

Stage of production	Effect	Possible firm responses	Likely district outcomes
Parts/components			
capital-intensive	none (small)	none	no change
labour-intensive	large	(1) upgrade	(1) upstream ("push") qualification ➔ upward trajectory of district model
		(2) downgrade	(2) sweatshop ➔ district becomes unattractive model
		(3) inertia	(3) suppliers exit ➔ district loses local depth
Final products			
low/medium-range	large	(1) upgrade	(1) downstream ("pull") qualification ➔ upward trajectory of district model
		(2) downgrade	(2) regress into cheap products ➔ district loses traditional focus and viability
		(3) outsource parts	(3) broadening of supplier base ➔ district loses local depth
		(4) inertia	(4) assemblers exit ➔ district fragments
high-range	none (small)	none	no change

Table 7. – Imports and Exports of Footwear at Provincial Level in 1990s, LIT million

PROVINCE	PRODUCT GROUP	IMPORTS					EXPORTS					TRADE BALANCES	
		1993		1998		Trend	1993		1998		Trend	1993	1998
		mLIT	% Share	mLIT	Share	(% Change)	mLIT	Share	mLIT	Share	(% Change)	mLIT	mLIT
Caserta	Raw materials	1,031	72.5	603	34.1	-41.5	239	2.4	905	6.8	278.7	-792	302
	Final products	357	25.1	695	39.3	94.7	9,721	97.3	5,093	38.4	-47.6	9,364	4,398
	Parts	34	2.4	140	7.9	311.8	30	0.3	..	..	0.0	-4	-140
	TOTAL	1,422		1,768		24.3	9,990		13,250		32.6	8,568	11,482
Napoli	Raw materials	18,571	64.5	14,462	30.0	-22.1	9,740	15.0	24,936	18.6	156.0	-8,831	10,474
	Final products	8,544	29.7	28,436	58.9	232.8	52,073	80.1	100,233	74.8	92.5	43,529	71,797
	Parts	152	0.5	298	0.6	96.1	32	.0	371	0.3	1059.4	-120	73
	TOTAL	28,804		48,276		67.6	64,975		134,008		106.2	36,171	85,732
Bologna	Raw materials	731	2.2	3,984	20.5	445.0	4,499	4.8	7,832	6.9	74.1	3,768	3,848
	Final products	32,405	97.6	14,430	74.2	-55.5	87,397	93.3	100,440	88.6	14.9	54,992	86,010
	Parts	49	0.1	187	1.0	281.6	1,621	1.7	3,570	3.1	120.2	1,572	3,383
	TOTAL	33,217		19,443		-41.5	93,627		113,384		21.1	60,410	93,941
Forlì	Raw materials	5,818	51.1	7,168	37.2	23.2	1,637	2.3	1,520	1.4	-7.1	-4,181	-5,648
	Final products	4,788	42.1	4,318	22.4	-9.8	63,552	89.2	102,200	92.8	60.8	58,764	97,882
	Parts	709	6.2	7,677	39.8	982.8	5,969	8.4	6,394	5.8	7.1	5,260	-1,283
	TOTAL	11,379		19,278		69.4	71,225		110,114		54.6	59,846	90,836
Ravenna	Raw materials	139	1.9	0	0	-100.0	1,404	2.1	2,481	3.9	76.7	1,265	2,481
	Final products	5,601	75.1	8,303	94.0	48.2	65,673	96.8	61,314	95.4	-6.6	60,072	53,011
	Parts	1,722	23.1	532	6.0	-69.1	781	1.2	462	.7	-40.8	-941	-70
	TOTAL	7,462		8,835		18.4	67,858		64,257		-5.3	60,396	55,422
Pavia	Raw materials	3,562	13.6	5,853	12.1	64.3	5,396	4.3	13,105	7.6	142.9	1,834	7,252
	Final products	22,492	85.8	41,540	85.9	84.7	114,878	92.0	152,199	88.4	32.5	92,386	110,659
	Parts	155	0.6	987	2.0	536.8	4,550	3.6	6,782	3.9	49.1	4,395	5,795
	TOTAL	26,209		48,380		84.6	124,824		172,211		38.0	98,615	123,831
Asc. Piceno	Raw materials	33,892	43.3	68,975	51.2	103.5	10,125	1.5	19,505	21.8	92.6	-23,767	-49,470
	Final products	25,373	32.4	36,576	27.1	44.2	647,366	95.5	1,011,852	92.0	56.3	621,993	975,276
	Parts	19,068	24.3	28,828	21.4	51.2	20,343	3.0	68,160	6.2	235.1	1,275	39,332
	TOTAL	78,360		134,797		72.0	678,053		1,100,379		62.3	599,693	965,582
Macerata	Raw materials	12,885	42.2	29,034	28.7	125.3	8,892	1.9	3,673	0.5	-58.7	-3,993	-25,361
	Final products	13,535	44.3	60,936	60.2	350.2	387,924	85.0	588,226	80.6	51.6	374,389	527,290
	Parts	3,754	12.3	10,689	10.6	184.7	55,698	12.2	128,311	17.6	130.4	51,944	117,622
	TOTAL	30,526		101,139		231.3	456,185		730,241		60.1	425,659	629,102

PROVINCE	PRODUCT GROUP	IMPORTS					EXPORTS					TRADE BALANCES	
		1993		1998		Trend	1993		1998		Trend	1993	1998
		mLIT	% Share	mLIT	Share	(% Change)	mLIT	Share	mLIT	Share	(% Change)	mLIT	mLIT
Firenze	Raw materials	41,327	43.6	49,697	37.6	20.3	48,252	8.7	49,546	6.1	2.7	6,925	-151
	Final products	51,405	54.2	55,122	41.7	7.2	479,096	86.1	644,130	78.9	34.4	427,691	589,008
	Parts	962	1.0	3,411	2.6	254.6	2,526	0.5	35,114	4.3	1290.1	1,564	31,703
	TOTAL	94,880		132,294		39.4	556,368		816,841		46.8	461,488	684,547
Lucca	Raw materials	402	1.4	2,509	4.1	524.1	3,723	0.7	4,701	0.9	26.3	3,321	2,192
	Final products	28,654	98.5	54,463	88.4	90.1	413,959	98.9	520,745	97.3	25.8	385,305	466,282
	Parts	25	0.1	4,563	7.4	18,152.0	822	0.2	9,234	1.7	1023.4	797	4,671
	TOTAL	29,081		61,587		111.8	418,504		535,038		27.8	389,423	473,451
Pisa	Raw materials	264,033	98.2	285,787	95.8	8.2	394,519	65.2	389,428	54.0	-1.3	130,486	103,641
	Final products	4,429	1.6	10,498	3.5	137.0	202,352	33.5	319,584	44.3	57.9	197,923	309,086
	Parts	350	0.1	1,852	0.6	429.1	7,790	1.3	10,012	1.4	28.5	7,440	8,160
	TOTAL	268,812		298,297		11.0	604,661		721,724		19.4	335,849	423,427
Pistoia	Raw materials	9,811	24.7	29,246	28.3	198.1	4,637	2.5	8,942	2.8	92.8	-5,174	-20,304
	Final products	28,384	71.6	69,866	67.5	146.1	181,448	96.4	303,942	94.8	67.5	153,064	234,076
	Parts	1,467	3.7	4,272	4.1	191.2	2,193	1.2	7,409	2.3	237.8	726	3,137
	TOTAL	39,662		103,462		160.9	188,278		320,594		70.3	148,616	217,132
Padova	Raw materials	5,225	10.6	9,086	13.8	73.9	7,925	3.2	9,428	4.5	19.0	2,700	342
	Final products	39,423	80.2	53,579	81.4	35.9	227,404	92.9	186,784	88.8	-17.9	187,981	133,205
	Parts	4,537	9.2	3,157	4.8	-30.4	9,404	3.8	14,108	6.7	50.0	4,867	10,951
	TOTAL	49,185		65,822		33.8	244,733		210,320		-14.1	195,548	144,498
Treviso	Raw materials	5,733	3.4	11,528	3.9	101.1	5,739	0.7	3,539	0.3	-38.3	6	-7,989
	Final products	153,981	91.0	241,595	81.1	56.9	748,657	97.3	1,042,574	93.6	39.3	594,676	800,979
	Parts	9,472	5.6	44,918	15.1	374.2	15,045	2.0	67,878	6.1	351.2	5,573	22,960
	TOTAL	169,210		298,041		76.1	769,483		1,114,015		44.8	600,273	815,974
Venezia	Raw materials	937	20.6	5,768	36.7	515.6	167	0.1	3,377	1.3	1922.2	-770	-2,391
	Final products	3,156	69.5	8,412	53.6	166.5	178,260	98.1	239,474	95.1	34.3	175,104	231,062
	Parts	445	9.8	1,524	9.7	242.5	3,169	1.7	9,080	3.6	186.5	2,724	7,556
	TOTAL	4,538		15,704		246.1	181,656		251,931		38.7	177,118	236,227
Verona	Raw materials	58,103	38.7	77,947	36.1	34.2	32,874	5.1	41,652	4.4	26.7	-25,229	-36,295
	Final products	85,065	56.7	109,144	50.6	28.3	592,939	92.4	885,750	92.7	49.4	507,874	776,606
	Parts	6,588	4.4	27,974	13.0	324.6	15,442	2.4	27,589	2.9	78.7	8,854	-385
	TOTAL	150,017		215,857		43.9	641,394		955,410		49.0	491,377	739,553

Source: UIC, author's calculations

Table 8. – Final products: export composition, %share and change

Province	(1) 1993	(1) 1998	(1) Δ	(2) 1993	(2) 1998	(2) Δ	(3) 1993	(3) 1998	(3) Δ	(4) 1993	(4) 1998	(4) Δ	(5) 1993	(5) 1998	(5) Δ	(6) 1993	(6) 1998	(6) Δ
High-end, stable																		
Bologna	9	7	-10.4	6	5	-6.1	82	85	19.1	2	2	19.5	1	1	17.7	100	100	14.9
Pavia	1	1	-8.3	25	17	-8.0	66	73	46.8	5	2	-53.1	3	7	189.9	100	100	32.5
Pistoia	2	2	64.0	42	40	57.7	50	54	81.2	2	1	-0.9	5	4	36.0	100	100	67.5
Padova	4	3	-43.8	47	18	-68.5	33	77	90.9	15	2	-88.6	1	0	-89.4	100	100	-17.9
Treviso	6	5	6.7	50	55	54.2	27	30	53.8	14	7	-33.5	3	4	64.1	100	100	39.3
Venezia	2	5	326.5	54	17	-57.4	44	77	135.2	0	1	125.6	0	0	737.8	100	100	34.3
High-end, unstable																		
Forlì	17	10	-2.2	45	78	176.1	26	8	-50.5	8	1	-89.0	4	4	47.4	100	100	60.8
Firenze	7	4	-14.4	64	75	57.3	25	18	-4.9	3	2	29.5	1	1	125.3	100	100	34.4
Pisa	2	3	173.0	57	56	56.3	38	30	25.4	0	10	3255.5	3	1	-43.9	100	100	57.9
Low-end, stable																		
Caserta	27	54	4.3	68	37	-71.6	3	9	54.7	2	0	-100.0	0	0	0.0	100	100	-52.4
Ravenna	10	7	-35.2	41	35	-20.3	45	52	8.1	2	5	109.0	2	1	-20.1	100	100	-6.6
Ascoli P.	0	0	-10.8	31	18	-6.0	68	81	86.1	0	0	68.3	1	0	-32.4	100	100	56.3
Macerata	0	1	409.9	51	27	-19.2	45	69	131.7	0	0	29.6	3	3	27.7	100	100	51.6
Lucca	3	2	23.7	77	62	0.2	14	32	190.7	6	3	-45.5	0	1	719.1	100	100	25.8
Verona	2	5	289.4	29	17	-8.7	68	76	65.4	1	1	130.2	0	0	68.8	100	100	49.4
Low-end, unstable																		
Napoli	22	33	184.3	46	36	53.1	28	26	80.3	3	4	127.5	1	1	72.9	100	100	92.5

Source: UIC data, author's calculations

Note:

(1) waterproof footwear with uppers of rubbers or plastics
(2) other footwear with rubber or plastic soles
(3) footwear with rubber/plastic/leather soles and leather uppers
(4) footwear with rubber/plastic/leather soles and textile uppers
(5) other footwear
(6) total footwear (excl. raw materials and parts)