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Spanish Fashion Hit By Textile Industry Woes

By CAITLIN RANDALL
Reuters

MADRID — When Spain's top fashion designers launched their spring collections recently, they cast some of the world's highest paid models to kick off the flashiest Spanish show ever mounted.

But behind the pizzazz, designers are scrambling to survive in an increasingly competitive market.

They see their prospects dimmed by the country's troubled textile industry, in a tailspin since Spain joined the European Community in 1986.

"We're dealing with an essentially inflexible industry, which for years has been isolated from the mainstream of international fashion," said Enrique Loewe, chairman of Spain's 145-year-old leather and clothing store Loewe.

Loewe says the poor quality of materials and lack of professionalism among retailers and manufacturers leaves design houses the sorry option of buying abroad.

More than 90 percent of his line's fabrics come from Italy, he acknowledged.

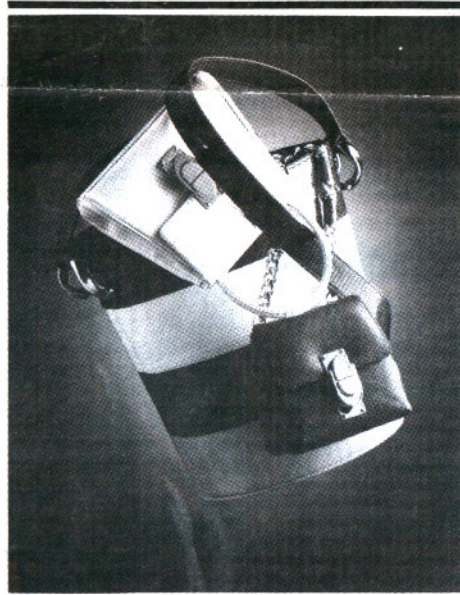
Spain's apparel industry, including footwear, leather goods, fabric and clothing, employs 307,000 people and had sales in 1990 of 2.18 trillion pesetas (21 billion dollars), or around 7 percent of gross domestic product, government statistics show.

A linchpin of northern Catalonia's economy, the textile sector has seen production and earnings tumble, last year chalking up a 259 billion peseta (2.6 billion dollars) deficit, according to government trade figures.

Going, Going, Gone

Hundreds of the country's 15,000 textile and clothing makers have gone under

Spain is famous for its beautifully crafted leather goods like these handbags by Loewe.



THE NEWS FILE PHOTO

in the past two years — 83 in 1991 alone — while the fate of Spain's biggest fibers producer, La Seda de Barcelona, hangs in the balance as government aid is negotiated.

"It's a problem of adapting," said Victor Fabregat, an economist with the Barcelona-based Textile Information Council.

"The industry suddenly was faced with fierce competition from Asian and European manufacturers."

Textile manufacturers also blame rising

labor costs — hourly wages for textile workers have nearly doubled since 1980 — and the effects of an overvalued peseta.

A government modernization plan funneled an estimated 180 billion pesetas (1.7 billion dollars) into the sector in the mid 1980s with mixed success.

Now the government proposes to spend an additional 198 billion pesetas (2 billion dollars) on a restructuring plan.

But even if the proposal is approved by the E.C., analysts say it offers less than 10 percent of what is needed to revamp the

sector.

Long protected from foreign imports, textile makers did well in the early 1980s. In 1985, the sector reported a trade surplus of around 100 billion pesetas (960 million dollars).

But when Spain entered the EC, eliminating import barriers and cutting subsidies in the process, the industry failed to change with the times.

New Ideas

Part of the government's new strategy is to link fashion and the textile industry better, with 125.6 billion pesetas (1 billion dollars) tagged to improve the quality of fabrics and design.

The idea appeals to most designers but they are skeptical that the industry can make the changes necessary to keep up with client demands.

Emma Fernandez, manager for designer Jesus de Pozo's fashion line, remembers having to cancel a prestigious U.S. contract when Spanish fabric makers failed to deliver promised material.

"The fashion industry in Spain is still considered a game for girls, not a huge money maker," Fernandez said. "Textile manufacturers consider design superfluous to the business."

Fernandez and others complain that young designers are ignored while better established designers are unable to attract the financing needed to expand their lines.

Textile manufacturers for their part are wary of new designers whom they see as too risky an investment.

Many designers have turned in frustration to foreign sources who are making inroads into Spain's market.

The Italian textile group Miroglio is reported to be interested in setting up a plant in Catalonia while several Japanese investors have showed interest in manufacturing Spanish designs in Tokyo.