

Italy's Supply Chain Scandals Percolate in Background at Milan Fashion Week

Max Mara's Luigi Maramotti said solutions are on the way for a problem that has dogged Italy's fashion industry.

By Eric Sylvers



Demna's debut at Gucci dominated the start of Milan Fashion Week, as did talk of tariffs and strategies on how to draw the industry out of the doldrums. But hovering in the background are the sweatshop scandals that have dogged Italy's luxury sector.

The scandals have engulfed suppliers and sub-contractors of some of fashion's biggest names, including Armani, Dior, Valentino and Loro Piana. As Milan prosecutors continue to dig into the fashion industry's complex and opaque supply chains, some industry executives have sought to downplay the issue, blaming a few subcontractors they say account for a tiny fraction of overall production.

The industry is fixing the issue and some of the abuses alleged by Milan prosecutors are due to cultural differences, Luigi Maramotti, the chairman of Italian fashion house Max Mara, said at a fashion week welcome breakfast on Wednesday hosted by the National Chamber for Italian Fashion. He gave the example of Chinese workers at some of the many Chinese owned and managed factories in Italy eating in the same place where they work, a law violation that has been cited by the Milan prosecutors.

"Now if you look at the Italian regulation about working space, they would say no, no, no rice, not here, you go to the bar [to eat]," said Maramotti. "The issue of culture in a complicated world like in the one where we live with a lot of migrants, in the UK, in France, et cetera, it's complicated. So now, if there's a pot of rice in some place where they work and you make out of that a huge case without putting it in context you're amplifying something."

Prosecutors have cited a list of violations, including excessively long hours, rock-bottom wages and exploitative conditions. At least one worker has told prosecutors that he was beaten when he complained to his boss about the working conditions, according to court documents. They say the issues are systemic and reflect a model designed to maximise corporate profits at the expense of workers.

While the emergence of sweatshops operating on the outskirts of Milan has damaged the fashion industry — leading some consumers to question the high prices that brands partially justify by highlighting their links to artisanal work — it also risks denting a sector that has been better at resisting





the economic shifts that have decimated local production and cost hundreds of thousands of jobs in other manufacturing industries such as automotive and machine tools.

Despite the recent industry downturn, the Italian fashion sector still contributes 5.1 percent to Italian gross domestic product and employs 1.2 million people, according to a report released late last year by a government-controlled entity that promotes economic development in Italy.

With about half of the world's luxury fashion and leather goods made in Italy, the industry also plays an outsized role in Europe and beyond.

"The industry died unfortunately in the UK many, many years ago despite the incredible tradition there was there," said Maramotti. "In France, unfortunately, the industry in the sense that we intend in fashion is no longer there, the same in other European countries. [Italy] is an island that has to be preserved. Without Italy there is no fashion industry in the world."

Italian lawmakers and fashion industry executives are trying to grab control of the supply-chain issues before the scandals spiral further out of control. In July, the industry ministry said it is developing a certification scheme that would free fashion brands from the onus of confirming their suppliers are abiding by the law.

Labour advocates and Confindustria Moda, the fashion industry offshoot of Italy's largest employers' lobby, say solutions also must focus on the sourcing practices of luxury brands. Where there seems most agreement is that failing to tackle these scandals is bad for business.

"We are almost the only country producing these kinds of goods in Europe so of course we hold all the risk and we hear about 'made in Italy' [scandals] because there are almost no other [fashion industry manufacturers] in Europe, but I think we should be perfect [when it comes to workers' rights]," Lorenzo Bertelli, Prada's marketing director and head of corporate social responsibility, said at the fashion week event.

