

"WE'RE ALL GEESE"

By Sabrina Giannini

SABRINA GIANNINI VOICE OVER

These are geese. These are goose feathers. This is a pen, or to be more precise, a Bic. And this is a down jacket that, one day, we'll all be calling a Moncler.

From Virus, broadcast on 2nd May 2014

... now, you once said 'I'd like everyone to call down jackets Monclers one day, just as we say a Bic when we want a pen'. Were you exaggerating or do you really believe that?

REMO RUFFINI – PRESIDENT OF MONCLER

No, I was exaggerating. I'm not there yet, though I hope to be one day. When I talked about 'buying a Moncler', even when we're talking about a different brand, I think it means... we've achieved something important.

SABRINA GIANNINI VOICE OVER

Moncler is keen to publicise these behind-the-scenes images, showing how it has hired Annie Leibovitz. Pictures by this famous photographer ended up in magazines all over the world when we were wearing bathing suits in August. Here's a preview of the advertising campaign for the Autumn/Winter collection: a jacket stuffed with goose down, worn by a handsome young man sitting on a stern-looking bird.

This man isn't a model. He's not sitting on an eagle. Instead, he's surrounded by a different kind of bird – geese. He sells their feathers and the accessory he's holding isn't branded. This is also a behind-the-scenes story and it starts in Hungary.

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

Lower the camera. We've had some difficult times in Hungary. We have to make sure we are careful and confident.

FARMER

Are you filming my geese?

GISELLA BIANCHI

He's holding a stick!

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

He's got a pitchfork! We were looking at your geese...

FARMER

I'm working like a dog! I'm working and you come here and break my balls! Go back to the bitch that gave birth to you!

FRIEDRICH MÜLLN - A SOKO TIERSCHUTZ INVESTIGATOR

This man may well call the police... Believe it or not, they'd arrest us, not him. Now we have to drive quickly to a safer area to make sure they don't get us... just to be on the safe side.

Yeah, he's quite good at throwing pitchforks! Every time we've filmed illegal activities, we've been attacked. Once with an axe, now with a pitchfork... One time they tried to drive a car into us. That's how it happens here in Hungary.

SABRINA GIANNINI VOICE OVER

The Hungarian farmer's geese weren't in a presentable state, you'll see why...

MILENA GABANELLI IN THE STUDIO

What could be so unpresentable about a goose farm? Good evening. In today's report, we'll explore the dark side of a glittering world. We all think that luxury goods are expensive due to the value of the brand, the quality of the materials used and the packaging. So the obvious question is: why do big brands, who address consumers with plenty of money to spend, take their production offshore so often? So that they can save money? How much? What remote corners of the world are the cheapest places to manufacture in? Let's start with the padding: white, soft, goose down. Our reporter, Sabrina Giannini, went to find out how and where they make a down jacket that Remo Ruffini, the great Italian entrepreneur who bought the famous French brand Moncler, hopes we'll all call a Moncler one day, the world over.

SABRINA GIANNINI VOICE OVER

Hungarians are very hospitable, as long as you don't poke your nose in one of their economy's main industries. There's not one bit of a goose they throw away. Only China annually produces more goose down and feathers than Hungary, which it exports either raw or sorted into categories according to weight and price. The end use is always some kind of padding: for duvets, cushions and garments.

SABRINA GIANNINI

This is what they naturally shed.

SABRINA GIANNINI VOICE OVER

That's what happens when they moult, but it only consists of a few feathers so no one bothers to collect them. So, how come we don't see these blankets of white in so many farms? Apparently, the feathers are plucked from the animals before they drop off, illegally. That's what Friedrich Mülln has been denouncing for years...

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

You don't have the right shoes!

SABRINA GIANNINI VOICE OVER

For walking in the mud and not just that... for seeing where valuable goose down comes from.

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

Even in a small-scale operation like this one, with ten geese, why do such a thing? For a pillow?

SABRINA GIANNINI VOICE OVER

It's the feathers that come from industrial breeders raising between 5,000-10,000 geese that fill millions of duvets and down jackets. Our aim is to get into a farm while they're plucking the feathers. It's hard to tell when that'll happen, because it takes place every six weeks, from June to October.

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

I'm almost certain that these geese will be plucked in the next four or five days. I've just seen some grey geese on the other side of the road but they were plucked ten days ago.

We're here in this area near the border with Ukraine.

I'd say these ones were plucked three days ago.

There's another farm here on the left, but it's hard to get to because it's in the middle of nowhere.

They don't look like they've been plucked, but as I was saying, that doesn't mean much. It could happen tomorrow morning or Monday...

SABRINA GIANNINI VOICE OVER

And in the end, I went in, right while they were plucking geese. We had to make sure they didn't suspect I was a journalist. When another farmer had glimpsed the television cameras, he'd thrown a pitchfork at us. We needed a plausible excuse and the only convincing argument was to pretend to buy a large amount of feathers. Our ultimate aim was to see what it costs to buy fine goose down. This is what our hidden cameras recorded.

Plucked alive. For a never-ending number of minutes. Head held and feet bound so that it can be done quicker. There are 10,000 geese that need plucking in just four days.

Their flesh ends up bruised, often lacerated and haphazardly disinfected.

GISELLA BIANCHI

They've treated it with mercurochrome...

SABRINA GIANNINI

It was quite a big wound though...

SABRINA GIANNINI VOICE OVER

They don't disinfect them out of compassion, only to stop wounded animals from dying, given that their feathers are plucked every time they grow back: up to four times in just one year. This is already the third time they've done it on this farm. Geese aren't stupid. Those that survive haven't forgotten past experiences.

Bleeding can sometimes be stopped using a needle and thread, but stitching a wound doesn't always work, as you can see when you look at the state of this animal from another farm.

A catwalk of unpresentable geese. The farmer who owned them knew that only too well. Him...

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

A hundred percent of them are wounded and around 20% are seriously injured. We've handed over photos of the farm owned by the man armed with a pitchfork three times in the past three years.

SABRINA GIANNINI

To whom? To the European Union?

FRIEDRICH MÜLLN – A SOKO TIERSCHUTZ INVESTIGATOR

Yes, we gave them to EFSA... We handed over tons of proof... Several cases in Germany, France, Hungary, etc...

SABRINA GIANNINI VOICE OVER

As a result of his exposé, four years ago, experts from the European Food Safety Authority issued their opinion, saying that this practice 'can be carried on without causing pain, suffering or injury to the birds if feathers are gathered during moulting using a brushing or combing action'.

But there's not one single video that demonstrates these delicate techniques; they must have based their opinion on this.

The experts admit that 'the possibility that feathers are plucked – the forcible [and painful] removal of feathers – is unavoidable under current commercial conditions.'

'Unavoidable', for a market where the demand for feathers is steadily increasing.

But these experts hired by the European Commission should have only expressed their opinion on animal welfare and shouldn't have taken commercial interests into account. They should have recommended a total ban on live-plucking, while knowing full well that it doesn't pay industrial-scale breeders to brush feathers... they'd rather let them blow away.

The alternative is that they're illegally plucked and sold on the market without blemish. All they need do is declare they were brushed, thanks to a licence issued by the European Commission.

SABRINA GIANNINI

You're paid per goose? Not per day? Oh, let me see! That's what they give you per goose? How much is it?

GOOSE PLUCKER

A hundred florins!

SABRINA GIANNINI

A hundred florins?

SABRINA GIANNINI VOICE OVER

Thirty cents per goose. Paid under the table, as piecework. Faster work is better paid, but it also means more ill-treatment, for both worker and animal.

GOOSE PLUCKER

She can do one in two minutes.

SABRINA GIANNINI

It takes her two or three minutes to pluck one?

FARMER

A hundred geese per day.

SABRINA GIANNINI

All this comes from one goose? How much is it, more or less? A kilo? No, less than that...

GOOSE PLUCKER

It'll be around 200 grams.

HUNGARIAN FARMER

I produce 5,000 kilos of feathers a year, but I can get you as much as you want. I'll talk to my relatives. In all, we've got ten farms which means I can give you as much as 50,000 kilos.

SABRINA GIANNINI

He issues an invoice for that, of course?

HUNGARIAN FARMER

Of course, we do everything. Stamp, shipping note and I send you the goods. We normally sell our feathers to a wholesaler. Then he sells them on to other companies, where they end up in Italy and Germany.

SABRINA GIANNINI VOICE OVER

Italians and Germans, Europe's main buyers, who don't have to comply with many regulations, not even traceability. Anyone who buys a duvet or a jacket has no way of knowing where the feather filling came from: whether it's Chinese, Hungarian or mixed, whether it was live-plucked or collected after death...

In the end, two million Hungarian geese end up leaving their feathers at the slaughterhouse every year. They're priced according to weight for their meat or their liver, made to swell to ten times its normal size, an illness forced on the animals that chefs make appealing and call paté de fois gras. Foie gras is made by force-feeding ducks and geese, animals that would normally live 10-15 years in the wild but that are slaughtered after four months of agony.

Dispensations from European animal welfare regulations allow Hungarians, Bulgarians, Belgians, the Spanish and, above all, the French to fatten geese, as well as their wallets.

France supplies 78% of the world market for foie gras, with 37 million ducks slaughtered every year. Add to that the two million Hungarian white and grey geese.

Their plumage is a byproduct, practically a waste product. And yet, it becomes valuable padding after just a few short steps. However, we've been led to believe that it's expensive.

Naturtex, a leading goose down manufacturer in Hungary, certifies that the raw feathers in these light blue bags are only bought from slaughterhouses.

ÁKOS GÉLLERT – OWNER OF NATURTEX

This is the first round of sorting. The waste falls and the rest goes this way, then the larger feathers fall down and increasingly smaller feathers are left. We use the feathers in the first two chambers to fill cushions.

SABRINA GIANNINI

So the further on you go, the higher the quality...

INTERPRETER

Yes, exactly.

ÁKOS GÉLLERT - OWNER OF NATURTEX

Yes, the fourth chamber is where the down ends up.

SABRINA GIANNINI

Basically, this.

ÁKOS GÉLLERT - OWNER OF NATURTEX

We've obtained down from raw feathers.

SABRINA GIANNINI

How many raw feathers are needed to make a kilo of this?

ÁKOS GÉLLERT - OWNER OF NATURTEX

Twenty percent. You obtain 200 grams of down from a kilo of raw feathers.

SABRINA GIANNINI VOICE OVER

Weight, softness and insulating properties can be measured using this machine. Down of the best quality, breathability and durability has the most fill power, and the level can depend on the country of origin and the animal.

SABRINA GIANNINI

What's best? Duck down or goose down?

ÁKOS GÉLLERT - OWNER OF NATURTEX

Goose is better than duck, which is why it costs more.

SABRINA GIANNINI

You say that goose is better, but what if the goose comes from China?

ÁKOS GÉLLERT – OWNER OF NATURTEX

The best duck down is, in any case, more valuable than Chinese goose down.

BALAZS GÉLLERT – OWNER OF NATURTEX

That's Chinese down, this is Hungarian down.

SABRINA GIANNINI VOICE OVER

They're blowing their own trumpet, even though the difference in quality is obvious, that is, until the down disappears inside a quilt or a jacket.

BALAZS GÉLLERT – OWNER OF NATURTEX

Look, here's the secret to understanding quality. Even if I squeeze it, it springs back.

ÁKOS GÉLLERT - OWNER OF NATURTEX

Goose down can cost between €50 and €200 a kilo. And you need about 150 grams to fill a jacket.

SABRINA GIANNINI

Oh, ok, 150 grams. So what are you paid for 150 grams of the best quality?

ÁKOS GÉLLERT - OWNER OF NATURTEX

€25 will get you 150 grams of this goose down, which costs €160 a kilo.

SABRINA GIANNINI

Take, for example, a particular brand, say Moncler, the most famous down jacket brand. Do they buy this top quality down?

BALAZS GÉLLERT – OWNER OF NATURTEX

(Smiles)

SABRINA GIANNINI VOICE OVER

Even if Moncler were to buy the best goose down, it would pay €20-30 per jacket... This label doesn't reveal much about where the raw materials came from and, consequently, the anatomy of a luxury goods phenomenon. If I want to see inside one, I'll have to buy one. But given the price, it'll cost me less to go straight to the place where they make it... back in Eastern Europe. It costs Moncler less, too.

MILENA GABANELLI IN THE STUDIO

We were struck by the down industry because I think all of us assume that it comes from dead animals, instead it seems that the quality is higher if it is live-plucked, plus the goose earns you money four times. Now the European Union says 'take a goose and gather the feathers by combing it delicately' as you would a cat. Would anyone running a 10,000-goose farm ever stop to brush them? It's obvious that this is a hypocritical ploy and what we've seen is not an isolated instance. If the complaints raised by associations have been ignored until now, now that a public television channel has brought them the proof for the first time – and our reporter Sabrina Giannini visited those farms more than once, going in on her own and never seeing a single welfare inspector – well, now the European Commission can no longer turn a blind eye. The only thing it should do is ban live-plucking, period. If we go back to considering down jackets or quilts, we can't possibly know whether there's live-plucked feathers, slaughterhouse feathers or brushed feathers inside, because traceability is not compulsory, each brand makes its own and consumers are forced to trust them. Still, how much does that down and the whole product cost before it's sold in boutiques? We'll find out after the break.

MILENA GABANELLI IN THE STUDIO

We're talking about down jackets and if you say down jacket, the world over, you mean Moncler. Now then, Remo Ruffini is an Italian entrepreneur and a capable one to boot. And for once, an Italian entrepreneur has bought a prestigious foreign brand and has

relaunched it, increasing its appeal. But why does he manufacture so little in Italy? Those €30-40 saved on a garment that is later sold for €800-1,000, is that saving so necessary that it's worth sacrificing Italian jobs? Unfortunately, Mr Ruffini preferred not to come on the programme, but he did tell us over the phone that 'I'm not a "Made in Italy" brand. I manufacture in Europe and I go wherever I find the best quality and the best experience.' That place is Romania, so let's go.

SABRINA GIANNINI VOICE OVER

Many companies in Romania are owned by Italian entrepreneurs who are subcontracted by others and by many brands labelled 'Made in Italy'. Moncler sends its subcontractors the materials and they make up the garments. When we got to this factory, it just so happened they were filling a Moncler model from its winter collection.

ROMANIAN GARMENT FACTORY EMPLOYEE

Because we've got problems too... especially with Moncler. They send us this rubbish, which is only half what I need...

SABRINA GIANNINI

What do you mean?

ROMANIAN GARMENT FACTORY EMPLOYEE

Well, the feathers are really dirty, with lots of big pieces of...

MAN'S VOICE

It's the feathers.

SABRINA GIANNINI

You mean, this came out of a Moncler?

SABRINA GIANNINI VOICE OVER

We didn't find the most exclusive Hungarian goose down in the Moncler jackets made in this factory. The filling Moncler uses is often a mixture from different places and grades: goose or duck, even if it sounds more sophisticated to say it in French: 'canard'.

GIUSEPPE IORIO – FORMER TECHNICAL DIRECTOR AT MONCLER

Grey canard.

SABRINA GIANNINI

How much down, in terms of cost, is used in that big one, for example, in that Moncler winter jacket?

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

The grey one, it should cost around €45, €45, there should be about 200-250 grams inside... that's €9-10. €9.

SABRINA GIANNINI

Nine euros. This is the one that's on the market at around €1,200-1,300, is that right?

SABRINA GIANNINI

Moncler Grenoble women's jacket. And how much material is in there?

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Well, there's this fur that should in any case cost around €18 at least. Sure, the lining is of course the classic nylon laqué you see inside; 130 grams of down, how much is that now?

ROMANIAN GARMENT FACTORY OWNER

This usually costs €60 a kilo.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

120 grams... what's that, eight, eight euros of feathers. Then, of course, all the rest is a bit technical: the tape, well, nothing special... There's probably around €30 of material, not including the fur.

ROMANIAN GARMENT FACTORY OWNER

Hmm, not even that much.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Not even that much.

SABRINA GIANNINI

For a garment that costs over €1,000, though...

From Virus, broadcast on 2nd May 2014

QUOTE ATTRIBUTED TO REMO RUFFINI - PRESIDENT OF MONCLER

'Made in Italy' is a concept that I don't subscribe to, it doesn't interest me as a brand... high quality production doesn't need labels.

REMO RUFFINI – PRESIDENT OF MONCLER

It's true, it's entirely true. I always say that we have to be 'Made in Moncler'. We don't manufacture, we don't buy finished products, we make our own products in our Padua site, we buy all the materials, we have them made for us, we buy the best down in the world, the best zips, the best products there are and we make them up and have them sewn wherever, not far from us, six or seven hours' drive from our headquarters by lorry...

SABRINA GIANNINI VOICE OVER

It takes at least 20 hours to get to Bacau, even if you're in an articulated lorry. And that's only how long it takes to get there. Sometimes the lorry has to turn back because, while the materials may be the best in the world, something can always go wrong.

ROMANIAN GARMENT FACTORY OWNER

Well... I send them back, they can have them made where the hell they like, to hell with them and their garments. This fabric is crap. It's a disaster. The threads break... look at that. What the f***. The threads break, the threads break. What the hell am I supposed to do? The threads break and when you try to sew on a button, the threads snap.

SABRINA GIANNINI VOICE OVER

Apart from the thread, the materials, zips and bags of down are sent from Moncler's headquarters in Trebaseleghe, in the province of Padua, to the places where a million garments are made up, particularly in Eastern Europe: Romania, Moldova, Bulgaria and even beyond the borders of the old continent, in Armenia, where it takes six days to get there, not six hours. But to get to the point, Remo Ruffini sends work to entrepreneurs based abroad because they make up garments at a more competitive price than Italians do.

SABRINA GIANNINI

We were wondering, this is an old factory...

ROMANIAN GARMENT FACTORY OWNER

This was the biggest factory of...

SABRINA GIANNINI

Of Ceausescu?

ROMANIAN GARMENT FACTORY OWNER

Exactly. This was Ceausescu, God rest his soul. What that man had built never collapses. What these guys build... poof! This factory supplied fabric to the entire Red Army.

SABRINA GIANNINI VOICE OVER

Bacau's 15,000 female garment workers at the service of the Communist dictatorship have gone from sewing dime-a-dozen military uniforms to brands labelled 'Made in Italy'. After the fall of the Berlin Wall, they knuckled down to work for Italians, leaving aside the uniforms of the Red Army Choir.

ROMANIAN GARMENT FACTORY OWNER

We make Belstaff, Moncler, Versace... There is no such thing as a trade union here. They were all killed off.

SABRINA GIANNINI

By you or by Ceausescu?

ROMANIAN GARMENT FACTORY OWNER

No, no, by us.

SABRINA GIANNINI

Why?

ROMANIAN GARMENT FACTORY OWNER

The women here are happy, they're working. Some even pretend to work.

SABRINA GIANNINI

So things are still a bit lax then. A bit Communist?

ROMANIAN GARMENT FACTORY OWNER

Here? I get here at 7 a.m. At 7.30 a.m., I don't know what else to do. If I look at them, I feel like hanging myself.

ROMANIAN GARMENT FACTORY EMPLOYEE

Things are a bit shoddy here.

SABRINA GIANNINI

In what way? Is it still the Soviet influence? Italian production lines are quicker, also because Italian women have a tradition...

ROMANIAN GARMENT FACTORY EMPLOYEE

They have a different mentality, it's not tradition.

SABRINA GIANNINI

Funny, a Romanian saying that...

ROMANIAN GARMENT FACTORY OWNER

You'll get 200 garments in Italy in the time it takes to make 60 here.

ROMANIAN GARMENT FACTORY OWNER

The cost per worker... Here, in my company (because companies differ), a person costs €420 per month, on average...

SABRINA GIANNINI

So they're paid €420? Or that's what they cost you?

ROMANIAN GARMENT FACTORY OWNER

No, €420 is what they cost me, the company.

SABRINA GIANNINI

Oh, that's what they cost you, ok. Well, yes, it's a lot less.

SABRINA GIANNINI VOICE OVER

We all know that labour costs less abroad, particularly in an industry like this where you can't do without people to cut fabric, sew bags, fill them with down, make up the garment, the linings, add zips, buttons, iron, attach labels, check and finally pack the goods... Is that what makes the retail price higher for each branded down jacket, which usually costs around €800?

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

If we provide everything, how much do we pay per garment?

ROMANIAN GARMENT FACTORY OWNER

My labour costs around €40.

ROMANIAN GARMENT FACTORY EMPLOYEE

This is the Grenoble Makalu.

SABRINA GIANNINI

€40? Go on, I'm guessing.

ROMANIAN GARMENT FACTORY EMPLOYEE

Just for making it up?

SABRINA GIANNINI

Yes.

ROMANIAN GARMENT FACTORY EMPLOYEE

For the tailoring alone, yes.

ROMANIAN GARMENT FACTORY OWNER

These cost €40.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

These cost €45.

SABRINA GIANNINI

Forty-five? That is what's invoiced? So...

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Yes, of course, for assembly.

SABRINA GIANNINI

Yes, yes...

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Cut, tailoring, quality control, ironing...

SABRINA GIANNINI VOICE OVER

And when Moncler had them made in Italy, how much did they cost?

From Virus, broadcast on 2nd May 2014

REMO RUFFINI – PRESIDENT OF MONCLER

There aren't all that many companies that make our kind of product in Italy any more...

SABRINA GIANNINI VOICE OVER

That's what the heirs of 'Made in Italy' branding say, as if it were never their fault. And what do the Italians that have stayed in Italy say, those who worked for Ruffini and have stayed in Italy, and to be more precise, in Puglia?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

No, it's mainly their fault if no one works in Italy any more. When I was working for Moncler, there were a dozen of us working in Puglia, then one by one they all dropped out. And in the space of...

SABRINA GIANNINI

How long?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Three or four years. It must have been four or five years ago...

SABRINA GIANNINI

So at the end of a season, they said, 'you won't be making the next one'?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Yes.

SABRINA GIANNINI

What happened?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Yes, yes.

SABRINA GIANNINI

Well now, that's quite cut-throat!

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Well, that's the general gist of it...

SABRINA GIANNINI

In what way, what happened?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

What happened was that, overnight, they called us to tell us that 'there was no more production available'.

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

We were ousted, we worked on the sample book till about October. Then we went over in January, we had to go to Trebaseleghe to sign the contract for the season and they told us: 'Listen, there's no contract'.

SABRINA GIANNINI

So they left you high and dry overnight?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

Just like that, without even... Yes. Like that. We were idle for four months, completely at a standstill...

SABRINA GIANNINI

And did you have to send the workers home?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

Yes, unfortunately. Then we started up again with the new company...

SABRINA GIANNINI

How did you sort them out, did they get redundancy payments? Oh, so you actually closed the factory?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

We were completely closed for four months.

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

And after everyone had gone abroad, we insisted on working in Italy. Just so we could keep our employees and avoid closure...

SABRINA GIANNINI

And not go manufacture the same things for half the cost, perhaps in Albania...

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Exactly...

ITALIAN FACTORY ENTREPRENEUR

Unfortunately we did get offers, but frankly, moving to Albania isn't an option...

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

You can't imagine how many offers we got to move, not just to Albania: even China!

SABRINA GIANNINI VOICE OVER

These two entrepreneurs had no choice: they could either close for good and send their employees home, they could emigrate to Eastern Europe or come up with a trade and a product with their own brand, which they sell abroad thanks to 'Made in Italy' branding.

SABRINA GIANNINI

These luxury brands, in actual fact, well, we all know, they make enormous profits. So, where do they make all this profit?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Off the workers.

SABRINA GIANNINI

Off you? Because you bear all the business costs?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Yes, it's the workers that always pay.

SABRINA GIANNINI

Did Moncler ask you to invest?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

No, I had to buy a special eyeletting machine for Moncler. The only thing Moncler provided was fabric marking pencils. The rest – cotton thread, needles – was our responsibility.

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Exactly, we invested in equipment, because we thought it was 'Made in Italy' and would have continued, so now we find ourselves with a load of idle machinery.

SABRINA GIANNINI

And have you managed to cover these costs?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

No, huh, how can you...

SABRINA GIANNINI

You haven't?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

How can you cover the cost of these machines, it's not... a machine has to work non-stop to pay for itself.

SABRINA GIANNINI

How much did this cost?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

That must have been around €70,000.

SABRINA GIANNINI

Hmm... 70 plus 30...

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Plus others...

SABRINA GIANNINI

Plus others ...

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

These two were 40... plus 60, that makes €100,000 worth of equipment. But it's not the machinery that bothers me. What bothers me is laying people off.

SABRINA GIANNINI VOICE OVER

Luxury brands can dump them just as they dump their collections with every new season. It's harder for small, family-run businesses to make their employees redundant.

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

These women have been working with us for 20, 25 years...

SABRINA GIANNINI

So you're close to these women. How many women used to work here?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Almost 40 worked here. It may have been more.

SABRINA GIANNINI

How many are there now?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

About ten.

ANTONIO MAGGI'S WIFE

They're important to us and they know that. We work side-by-side all day long.

SABRINA GIANNINI

So they're your investment, right?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

Exactly, I'd go so far as to say they're our capital.

SABRINA GIANNINI VOICE OVER

Loyalty to the Italian industry is a subject that the great and the good of the fashion world dismiss with the refrain that the cost of labour here is one of the highest in Europe. Apart from the maths, what is their secret to getting richer when 400,000 manufacturing workers have lost their jobs over the past six years?

SABRINA GIANNINI

So what was your profit margin?

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

There hardly was a margin.

SALVATORE PENNETTA'S WIFE

To be honest, even we don't know...

SABRINA GIANNINI

But you just needed enough to cover your costs?

SALVATORE PENNETTA'S WIFE

Exactly.

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

Yes, we managed.

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Because in the end, if you paid everything that was owing, you broke even...

SABRINA GIANNINI VOICE OVER

Meagre earnings, but earnings none the less. There was work. In the end, how much did it cost to manufacture in Italy?

SABRINA GIANNINI

Let's turn to prices: you were telling me that the most complicated garment you had to make for....

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

...for Moncler? About €40... We made the bag i.e. the part that gets filled with down, but we didn't fill them.

SABRINA GIANNINI

Which was done by someone else, who was also based in Italy.

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

It was always done in Italy.

SABRINA GIANNINI

Right, so you were saying, with around €55 – or at most, €60 – they got a down jacket?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Yes, that's what they took home with them.

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

This one? This kind? We're talking around €50.

SABRINA GIANNINI

But hang on: what did Moncler provide? The fabric...

SALVATORE PENNETTA – GARMENT INDUSTRY ENTREPRENEUR IN LECCE

Moncler provided the down fill, the fabric and logged accessories.

SABRINA GIANNINI

Why do you think they prefer Romania or Armenia?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Because they pay less, they say it costs a lot less.

SABRINA GIANNINI

A lot less? Are you sure?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Yeah, sure.

SABRINA GIANNINI

And what if it costs €30-40?

ANTONIO MAGGI – GARMENT INDUSTRY ENTREPRENEUR IN BARI

Well, if it costs €30-40, we were the Chinese in all this.

SABRINA GIANNINI VOICE OVER

Instead it was for €20, perhaps €30 a garment that Moncler preferred to leave Italy. Despite the retail cost of its products. In the meantime, in Romania, on the border with Transylvania...

ROMANIAN GARMENT FACTORY OWNER

For €20-30 more, you can make this in Italy too. That is to say, they could easily manufacture in Italy... instead they travel the world.

ROMANIAN GARMENT FACTORY OWNER

€20-30 a garment times a million garments, try calculating how many euros that makes.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Yes, but how many jobs would have been saved in Italy...

ROMANIAN GARMENT FACTORY OWNER

What the hell do I care about saving jobs in Italy, why should I save jobs in Italy? So that Renzi can have them? I don't give a damn about Italian factory workers, satisfied?

SABRINA GIANNINI VOICE OVER

It's just a question of time and sooner or later they'll find someone more competitive than him.

In actual fact, they already have, for example in Armenia, and if Romanian businessmen don't adapt to the competition, that's their problem.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Everybody, absolutely everybody is working for Moncler. You're the first not to.

ROMANIAN GARMENT FACTORY OWNER

It's their prices, their conditions that don't work, not us.

SABRINA GIANNINI

Is that so?

ROMANIAN GARMENT FACTORY OWNER

We work well with all the others.

SABRINA GIANNINI

Are their prices too low?

ROMANIAN GARMENT FACTORY OWNER

They knocked on our door this year but we said no.

SABRINA GIANNINI

Really?

ROMANIAN GARMENT FACTORY OWNER

The reason's obvious.

SABRINA GIANNINI

They're pushing the prices down?

ROMANIAN GARMENT FACTORY EMPLOYEE

It's very hard.

SABRINA GIANNINI

You think so? The margins are too low.

ROMANIAN GARMENT FACTORY EMPLOYEE

Exactly. You're not left with much.

SABRINA GIANNINI

Basically, you have to make enormous amounts.

ROMANIAN GARMENT FACTORY EMPLOYEE

That's why you're working against the clock. You can't fall behind, you have to make more.

SABRINA GIANNINI VOICE OVER

After 25 years spent working their fingers to the bone on luxury brands, Romanian women have started wanting them for themselves.

ROMANIAN GARMENT FACTORY EMPLOYEE

We've lost over 2,000 factory workers over the past three years. They've gone to work in Italy as home help and other jobs. We've lost quite a lot of personnel. I've tried to replace them. I brought in Chinese girls. That didn't work, that wasn't a positive experience.

SABRINA GIANNINI VOICE OVER

It wasn't a positive experience for the 400 workers brought over en masse from China who, according to a report by the BBC in 2007, went on strike to ask for better working conditions and wages.

ROMANIAN GARMENT FACTORY EMPLOYEE

I then brought in Bangladeshis and they left too.

SABRINA GIANNINI

So you've lost 2,000?

ROMANIAN GARMENT FACTORY EMPLOYEE

Then the problem is that no one is coming up through the ranks... Few young people enter this industry.

SABRINA GIANNINI

Here too? That's why you need to change country, isn't it? With every new country, young people sign up.

ROMANIAN GARMENT FACTORY EMPLOYEE

Then...

SABRINA GIANNINI

For example, why don't you go to Armenia like other people have?

ROMANIAN GARMENT FACTORY OWNER

I went to Armenia before those 'other people' did. I was still working at Moncler and I took 4,000 Cerruti garments, which is also a brand owned by... I visited Armenia and I made the mistake of bringing a Moncler garment with me. I took them to see what happened. The next season, I didn't work with them any more and they took 100,000 garments to Armenia.

SABRINA GIANNINI

See!

ROMANIAN GARMENT FACTORY OWNER

In that same factory.

SABRINA GIANNINI VOICE OVER

There's no need for excuses either. It's the same treatment that the entrepreneurs left in Italy got.

SABRINA GIANNINI

You must have thought, 'I'm not working well, what's happened?'

ANTONIO MAGGI – GARMENT ENTREPRENEUR IN BARI

The answer I got was, 'Because we're going abroad.'

SABRINA GIANNINI

Who said that? Who was representing Ruffini at the time?

ANTONIO MAGGI – GARMENT ENTREPRENEUR IN BARI

Ruffini's representatives were the directors of the company at the time.

SABRINA GIANNINI

For manufacturing?

ANTONIO MAGGI – GARMENT ENTREPRENEUR IN BARI

The director of manufacturing...

SABRINA GIANNINI

Who was it? Do you remember his name?

ANTONIO MAGGI – GARMENT ENTREPRENEUR IN BARI

The manufacturing director I knew at the time was Giuseppe Iorio.

SABRINA GIANNINI

It was him.

SABRINA GIANNINI VOICE OVER

Giuseppe Iorio: he was the one who knew everything about prices and materials in Romanian factories. He was our luxury guide, as well as our informer, because when he contacted us to expose the system, he made it clear from the start that he was the one that did 'the dirty work and participated in the strategies' that led to 'the death of hundreds of Italian craft workshops' when working for several luxury brands.

GIUSEPPE IORIO – FORMER TECHNICAL DIRECTOR AT MONCLER

Right, so, Moncler had already been manufacturing in Romania and Bulgaria for years. But in about 2006, 2007, when I was technical director and therefore the production director for the Moncler brand, we had started manufacturing in southern Italy and little by little, from three, four, five workshops to around 15, 20 companies in southern Italy were producing Moncler products. All this lasted around a year and a half, two years, after which production was taken away from southern Italy and was at least partly sent here to Transnistria.

SABRINA GIANNINI VOICE OVER

While many of us have no idea that Transnistria exists, the masters of the fashion world do, as they also have a talent for unearthing things.

MILENA GABANELLI IN THE STUDIO

But who goes to a place like that, a place that isn't even recognised by the United Nations? We'll soon see. In the meantime, while it's true that greed isn't illegal and no one can stop luxury goods tycoons from going where they'll earn more, the consequences on the country are that it smothers the entire network of subsidiary industries: the thousands of small businesses left high and dry, only some of which have managed to survive by reinventing a role in the industry, because they're the ones who are strangled by the high cost of labour, the heavy tax burden, because they have very narrow margins. In short, most of them have emigrated, taking with them their expertise, our national asset, because all this has been going on for 25 years now and in the end it's easy for someone like Moncler to

say 'there's no one left in Italy that does this job'. And if we've managed to penetrate the world of Romanian subcontractors, it's thanks to the person who, for decades, was ordered to go to Eastern Europe and find the companies that could replace capable Italian workers for less. And this particular person has exposed himself to risk in taking us even further, where the price – and decency - level is even lower. We're now in Transnistria, a place that's off-limits to journalists but where Prada, for example, has made itself at home.

SABRINA GIANNINI VOICE OVER

Humanitarian agencies have reported violations of human rights, censorship, the torture of inmates and illegal arms dealing and drug dealing. It's a deregulated no-man's-land controlled by the last KGB to survive the collapse of the Soviet Union. This taxi driver went through a host of bizarre concealing manoeuvres just before reaching the road block that has separated the Republic of Moldova from Transnistria since 1992. Passport control goes through three road blocks. Then there was another round, this time in the hotel, where our passports were held for a few hours.

SABRINA GIANNINI

Is this the Moldovan republic?

TIRASPOL HOTEL RECEPTIONIST

No, this is Transnistria.

SABRINA GIANNINI

Is it true that you don't accept credit cards?

TIRASPOL HOTEL RECEPTIONIST

Yes.

SABRINA GIANNINI

Really?

TIRASPOL HOTEL RECEPTIONIST

It's in all Transnistria, not exactly our hotel.

SABRINA GIANNINI

Do you accept euros?

TIRASPOL HOTEL RECEPTIONIST

Yes, of course! We take whatever cash you have.

SABRINA GIANNINI VOICE OVER

They're happy to accept euros in the no-man's-land between beloved mother Russia and the enemy – Europe. In the capital city, Tiraspol, busts of Lenin still stand proudly outside the last supreme soviet, while behind the scenes, workers are being exploited to serve the luxury goods industry. As long as no one finds out.

SABRINA GIANNINI

How long has it been since you were last here?

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Less than two years.

SABRINA GIANNINI VOICE OVER

We took a couple of photos in front of Lenin's statue, pretending to be nostalgic Communists. The important thing is to not look like journalists. Here only pro-regime Russian journalists are welcome.

TIRASPOL POLICE

Police! ID.

SABRINA GIANNINI

Italians.

TIRASPOL POLICE

Journalists? Tourists.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Business.

POLICE

Businessman?

SABRINA GIANNINI

We're just waiting to visit Intercentrelux.

POLICE

Who?

SABRINA GIANNINI

Who? The director...

SABRINA GIANNINI VOICE OVER

We were stopped by the police for half an hour, until the Intercentrelux garment factory director came out. He's the one we had an appointment with. The police seemed reassured that our trip to Tiraspol was only for business and as guests of one of the country's most powerful economic groups... And they gave us back our passports.

INTERCENTRELUX DIRECTOR

Eighty percent of our business is with Italians.

SABRINA GIANNINI

Really?

INTERCENTRELUX DIRECTOR

Yes, 80%.

SABRINA GIANNINI

Eighty percent?

SABRINA GIANNINI VOICE OVER

So let's see what Autumn/Winter collections they were making for Italians.

INTERCENTRELUX DIRECTOR

We don't buy anything for Prada: they provide us with everything.

SABRINA GIANNINI

Do you cut fabric too?

INTERCENTRELUX DIRECTOR

Yes, we do everything: sewing, quilting, cutting, ironing. This one isn't easy: it's a complicated model.

SABRINA GIANNINI

And how much are you paid for this?

INTERCENTRELUX DIRECTOR

We get €33.80. But keep in mind that this is a complicated piece.

SABRINA GIANNINI

€33.80.

INTERCENTRELUX DIRECTOR

We're having problems with Prada: Prada would like to pay us €20 and we said 'sorry, but this garment is quite technical'. We cut and manufacture and we calculate that it takes six hours' work.

SABRINA GIANNINI

Six hours? You ask €33, €34 for six hours' work?

INTERCENTRELUX DIRECTOR

More or less.

SABRINA GIANNINI

Six euros an hour?

INTERCENTRELUX DIRECTOR

No! Less than that: €5.

SABRINA GIANNINI VOICE OVER

Five euros an hour. Around a fourth of what it costs in Italy. A cost that spells savings for brands who manufacture here.

SABRINA GIANNINI

I was just wondering where this is made. In Italy?

PRADA SHOP ASSISTANT

Yes, yes, absolutely, this one is. Moldavia...

SABRINA GIANNINI

What?

PRADA SHOP ASSISTANT

Moldavia!

SABRINA GIANNINI

Made in Moldavia?

PRADA SHOP ASSISTANT

Yes.

SABRINA GIANNINI

And how much is it? €1,950?

PRADA SHOP ASSISTANT

Yes, €1,950, yes.

SABRINA GIANNINI VOICE OVER

So how much does it cost to make up a jacket like this Prada one which is now being sold in boutiques at around €2,000?

INTERCENTRELUX DIRECTOR

We are paid between 18 and 30 euros from Prada.

SABRINA GIANNINI

But you don't manufacture Moncler?

INTERCENTRELUX FACTORY MANAGER

Not any more... We did four years ago.

SABRINA GIANNINI

At the time of the Soviet?

INTERCENTRELUX FACTORY MANAGER

Yes.

SABRINA GIANNINI

Sorry?

INTERCENTRELUX FACTORY MANAGER

Yes, yes.

SABRINA GIANNINI

Soviet?

INTERCENTRELUX FACTORY MANAGER

Yes.

SABRINA GIANNINI

Large-scale military production?

INTERCENTRELUX FACTORY MANAGER

Yes, yes.

SABRINA GIANNINI

The army?

INTERCENTRELUX DIRECTOR

We have an urgent order from the army today. Very urgent. We're their only suppliers.

SABRINA GIANNINI VOICE OVER

In the republic founded on the hammer, sickle and rouble, it's impossible to find out what union rights there are, what the wages are and therefore what the factory workers here earn. No doubt less than what their colleagues over the border in the Republic of Moldova earn, where the average wage in this industry is €123 a month. That's half what they're paid in Romania, the saving that has sparked the migration of luxury brands.

SABRINA GIANNINI

What's written on the label? Moldova or Transnistria?

INTERCENTRELUX DIRECTOR

Moldova. All the paperwork says 'Made in Moldova'. It's all Moldova.

SABRINA GIANNINI VOICE OVER

They have a different currency to Moldova and an illegitimate frontier, but the European Union allows millions of garments to pass through unhindered, garments that turn up in boutiques with the covering label printed 'Made in Moldova'. The transborder market doesn't want humanitarian obstacles interrupting the flow of goods.

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Moncler relocated manufacturing to Transnistria in 2010 with Intercentrelux.

SABRINA GIANNINI

But did people already know then that it was an unusual country, unregulated by any international law?

GIUSEPPE IORIO - FORMER TECHNICAL DIRECTOR AT MONCLER

Absolutely, people were entirely aware of it because we all knew that salaries were lower and that production was well organised, at least for about two years. They had garments made here, I think they had 50-60,000 garments made every season with a difference in price that wasn't particularly significant compared to what could have been found in southern Italy.

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

The men's clothing they paid us for, for example that raincoat I was telling you about, was €50 for us and it retailed in the shops for €1,150, even in Italy.

SABRINA GIANNINI

And what was your reaction when you saw the €1,150 price tag?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

Well, you felt robbed!

SABRINA GIANNINI

What do you mean?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

You think, look at these guys making money off our backs.

SABRINA GIANNINI

So you feel that this massive discrepancy and the fact they go abroad when there's a Moncler garment...

SALVATORE PENNETTA - GARMENT ENTREPRENEUR IN LECCE

They could easily have produced it in Italy.

SABRINA GIANNINI

You think so?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

Yes.

SABRINA GIANNINI

Paying how much more, do you think?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
Thirty euros more.

SABRINA GIANNINI

And when a consumer buys something for €1,500, do you think that consumer is worried by €30?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
I don't think so.

SABRINA GIANNINI

So what's the big brands' strategy?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
They want more profit. They spend it on advertising.

SABRINA GIANNINI

Does it make sense to pay €1,200 for a product like yours?

ANTONIO MAGGI – GARMENT ENTREPRENEUR IN LECCE

No, no, I'd be rather offended to take €1,200 because I'd feel a bit like a thief.

SABRINA GIANNINI

And if, for example, they'd given you 500 garments a day, how many workers could you have employed?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
Well...

SABRINA GIANNINI

Name a figure. Double?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
Times that by 10.

SABRINA GIANNINI

250.

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE
Yes, definitely. And we could have expanded much more.

SABRINA GIANNINI

Because I'm thinking that a company like Moncler could have helped create 200 jobs, just in your factory.

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

In mine.

SABRINA GIANNINI

And if you had the chance to make two million garments in Italy, do you think there's a big enough labour force here?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

Sure.

SABRINA GIANNINI

Because they could say no.

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

Let's say we could share.

SABRINA GIANNINI

Would you have trouble finding 20 workers at the drop of a hat?

SALVATORE PENNETTA – GARMENT ENTREPRENEUR IN LECCE

At the drop of a hat, no, but I could find them in around 15-20 days.

SABRINA GIANNINI

Really?

FROM CHANNEL 1'S NEWS PROGRAMME BROADCAST 16 DECEMBER 2013

Shares in Moncler – the down jacket, 1980s icon that was once French and is now entirely Italian owned – have soared on their stock market debut.

REMO RUFFINI – PRESIDENT OF MONCLER

I continue to do my job and then we'll see... I've never looked at figures, I've never looked at turnover, I've always tried to create value by building a great company with great people and creating a great product, distributing it in the best possible way.

MANOLA GARBIN – INDUSTRIES SPORTSWEAR COMPANY PROTOTYPE MAKER

Commento [A-N1]: Non
"SPORTSWEAR", NdT

Now then, before floating on the stock exchange, Remo Ruffini had Henry Cotton's, Marina Yachting and Cerruti as well as Moncler. He sold this branch in order to float, he floated on the stock exchange with Moncler and these other brands were transferred to Mestre in January, so 120-140 employees moved to work in Mestre and since April we've been made redundant: 127 people have been laid off.

Since Monday 20th, I've basically been made redundant too. I received this letter, 'Dear Madam, as regards the union agreement signed on 17th July 2014 at the Department of Transport, we are notifying you that your working hours have been reduced to zero from 20th October 2014.' We had hoped to have the chance to be reinstated by Moncler, after all we contributed to Moncler, we've worked hard on it, we've helped it to expand over the years.

MATTEO RENZI – 15th DECEMBER 2013

A company that, a few years ago, was saved by an Italian entrepreneur assisted by funds, Remo Ruffini, who invested in it, labelled it 'Made in Italy', not just because of the quality of the product but also the quality of the research and innovation that went into it and has now performed extraordinarily well in the pre-floatation stage, supported by funds...

SABRINA GIANNINI VOICE OVER

The American fund, Carlyle, headed by Marco De Benedetti in Italy, bought 48% of Moncler in 2008 for 400 million euros. It could count on 'Made in Italy' branding, on the Italian manufacturing industry and, with a million garments, it could keep dozens of companies going. The rich can change the fate of many people for better or for worse... They can at least allow themselves that luxury...

MILENA GABANELLI IN THE STUDIO

Among the luxury goods entrepreneurs that the American magazine *Forbes* lists as the richest people in the world you'll find:

- Miuccia Prada, the richest woman in Italy, with an estimated fortune of 11 billion;
- Then there's Giorgio Armani with 9.9 billion;
- Patrizio Bertelli, Miuccia Prada's husband, with 6 billion;
- Diego Della Valle with 1.85 billion;
- Dolce & Gabbana with 1.65 billion;
- And then Brunello Cucinelli with 1.3 billion.

All these entrepreneurs, except one – some in part, some almost entirely – have their products manufactured where the prices are rock bottom. But all of them say that it's not where you manufacture that counts, it's the branding. Now, if behind their undeniable genius there weren't the power of the 'Made in Italy' concept (which means just that), they would never have become what they are today. So now that you're rich, you can allow yourselves the luxury of believing in your country, just a little bit. Also because the luxury market is the industry with the highest mark-up because its value is based on marketing-influenced image. And if we want proof that you can manufacture in Italy without ending up poor, there's the man who joined the list of the richest people in the world without leaving Italy, starting from a small town in Umbria and staying there. Brunello Cucinelli, after the break.

Advertisements

MILENA GABANELLI IN THE STUDIO

We've seen how Italy's great luxury brands have preferred to leave behind them our internationally famous expertise in tailoring and go abroad. As in all things, it's a question of choice: you can either invest heavily in marketing appeal or you can invest heavily in product quality and the quality of life of those that make it, without having to be an incurable romantic.

SABRINA GIANNINI

Seven years have gone by since we last met; is it just my impression, or have you expanded since then?

BRUNELLO CUCINELLI - ENTREPRENEUR

We are now employing 1,270 people, so we're delighted with how business is going.

SABRINA GIANNINI

So you've doubled since then?

BRUNELLO CUCINELLI - ENTREPRENEUR

No: we've tripled in seven years.

SABRINA GIANNINI

Tripled? So what I mean is: making products that are 100% 'Made in Italy' is not so self-destructive after all?

BRUNELLO CUCINELLI - ENTREPRENEUR

No, not at all. When we floated on the stock exchange, I told all my shareholders, 'I want you to believe in the dignity of profit. I want to make a profit as we've always done, respecting the dignity of human beings: the right profit, the right expansion. If you want a business that will expand in a different way, you don't want ours.'

SABRINA GIANNINI VOICE OVER

A business that sells its cashmere at a high price to a narrow market of consumers that, however, is constantly growing.

SABRINA GIANNINI

I imagine your shareholders also looked at your turnover.

BRUNELLO CUCINELLI - ENTREPRENEUR

Of course.

SABRINA GIANNINI

And they noticed you were making a significant profit.

BRUNELLO CUCINELLI - ENTREPRENEUR

Again: our profits are normal, they're not excessive. We make around 9% net profit per year and I think that's a healthy amount for a healthy company.

SABRINA GIANNINI

So how much do other companies make?

BRUNELLO CUCINELLI - ENTREPRENEUR

Well, it rather depends on the type of company.

SABRINA GIANNINI

Can profit be higher?

BRUNELLO CUCINELLI - ENTREPRENEUR

Yes, it can be higher.

SABRINA GIANNINI

Even double?

BRUNELLO CUCINELLI - ENTREPRENEUR

That's possible, I wouldn't say double, but it can be higher.

SABRINA GIANNINI VOICE OVER

His investors also looked at the company's background. While others relocated offshore, Cucinelli invested in the third most famous brand in the world: 'Made in Italy'.

BRUNELLO CUCINELLI - ENTREPRENEUR

You have to understand that 'Made in Italy' is an extremely valuable brand. If I were running this company in another country, it would not have the same appeal. So it is thanks to Italy that we have been able to make such a special product.

SABRINA GIANNINI

So why do you think so many companies go abroad to manufacture?

BRUNELLO CUCINELLI - ENTREPRENEUR

I think that some companies have decided to go abroad because their market positioning is slightly lower, which is why they've come up with a business that designs in Italy but manufactures in another market, in another country but still targeting a slightly lower market.

SABRINA GIANNINI

Sure, but many pass themselves off – allow me to use the term – and pass their products off as luxury goods regardless, even if they make them abroad.

BRUNELLO CUCINELLI - ENTREPRENEUR

I'd like to follow the example of Pope Francis, whom I admire immensely, and say: 'I'm not here to judge.'

SABRINA GIANNINI VOICE OVER

The son of a factory worker, today he's the master of the town he renovated for 50 million euros in order to make room for a school and a theatre, preferring a restaurant to a canteen. All this is also advertising. The point is, is he the only one who wants to make money from this product?

BRUNELLO CUCINELLI - ENTREPRENEUR

I think that businesses should go back to planning for the next three years, the next 30 years, the next three centuries, as well as the next

three months, as in our case (we're on the stock exchange). That's what we have to go back to doing.

**SOLOMEO SCHOOL
THE MENDING AND LINKING COURSE**

BRUNELLO CUCINELLI - ENTREPRENEUR

Here we are, ladies. 'Morning. Today is the last day of the course. I'd now like to hand out these diplomas where we've given you grades.

SABRINA GIANNINI VOICE OVER

First diplomas for the mending and linking course.

BRUNELLO CUCINELLI - ENTREPRENEUR

They're good students. There are lots of good students and it's a difficult job, very difficult. All crafts on paper aren't noble trades, but we're restoring their nobility.

SABRINA GIANNINI VOICE OVER

Nine months of training and a €700-a-month scholarship paid by Brunello Cucinelli. They hope to join the company's 1,200 employees, or the 3,000 people who work as subcontractors, almost all of them in Umbria.

SABRINA GIANNINI

Is it true what many people say, that no one wants to do this kind of work – for example, mending, tailoring – any more in Italy?

BRUNELLO CUCINELLI - ENTREPRENEUR

I'd have to say no, that's not so.

SABRINA GIANNINI

So it's not true?

BRUNELLO CUCINELLI - ENTREPRENEUR

We opened this school in Solomeo, where we initially thought x number of people would enrol. Instead we were pleasantly surprised to receive applications that were sometimes 50-60 times higher than the number of places available. That means we're seeing an upturn. But you see, while three or four years ago you might have felt embarrassed to say you were a seamstress when you went clubbing,

that's no longer true. But on one condition: you must be allowed moral dignity for the work you do and economic dignity.

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

It's true, I like telling other people my age what I do.

A TEACHER AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

She's made a beautiful job of these pockets. Then the simplest part didn't turn out too well, but it doesn't...

SABRINA GIANNINI

What?

A TEACHER AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

She's left these stitches and didn't notice, which is why she's taking...

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

It's true, I hadn't noticed.

A TEACHER AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

Well, it happens.

SABRINA GIANNINI

So what happens now?

A TEACHER AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

They take a needle...

SABRINA GIANNINI

I see. So you re-do it by hand?

A TEACHER AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

That's right.

SABRINA GIANNINI

Hm, a tough job! Still, it has to be worth the effort as far as you're concerned because the garment is worth a lot.

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

Absolutely.

SABRINA GIANNINI

Because you don't make that kind of an effort for something that costs €10.

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

Exactly.

SABRINA GIANNINI

Do you find it satisfying?

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

Loads. It's really satisfying. Once you've finished something. And then you see how you've improved.

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

I'd like to keep working in this field because, in any case, you can learn how get by in nine months but it takes more, uhm, it takes years to learn how to sew well.

SABRINA GIANNINI

Do you know how much a linker – is that what you call it? – earns? What her monthly wages are?

A STUDENT AT THE SOLOMEO SCHOOL, MENDING AND LINKING COURSE

No.

BRUNELLO CUCINELLI - ENTREPRENEUR

Compared to our other employees, say, our clerks or normal factory workers, expert tailors generally earn 15% more. That means...

SABRINA GIANNINI

That means that a mender will earn more than administrative staff?

BRUNELLO CUCINELLI - ENTREPRENEUR

Of course, no doubt about it.

SABRINA GIANNINI

Really?

BRUNELLO CUCINELLI - ENTREPRENEUR

Absolutely. But you see, a mender has an immortal skill. If we want to support certain kinds of products, how can we make them if we don't have the expertise?

MENDING EXPERT

Well, those of us in the mending department earn €270 more than the others.

SABRINA GIANNINI

Is it true that they give you an annual bonus?

MENDING EXPERT

Absolutely!

SABRINA GIANNINI

How much is the bonus?

MENDING EXPERT

Well, I...

SABRINA GIANNINI

Go on! Give her permission!

BRUNELLO CUCINELLI - ENTREPRENEUR

No, no: tell the lady, there's no problem.

MENDING EXPERT

We get a production bonus, then we were given an extra amount as a gift two years ago, isn't that right? Or was it last year? I can't remember...

SABRINA GIANNINI

Can you tell me how much this extra amount was so I get a better idea?

MENDING EXPERT

The extra amount? Six thousand euros for Christmas and then we got...

SABRINA GIANNINI

Six thousand euros?

MENDING EXPERT

...the production bonus and all the rest.

SABRINA GIANNINI

Six thousand euros each?

BRUNELLO CUCINELLI - ENTREPRENEUR

Yes, it was a gift from our family when we floated on the stock exchange. It was something we gave all the people who came to grow with us and gave us the chance to grow.

SABRINA GIANNINI

What was the...

BRUNELLO CUCINELLI - ENTREPRENEUR

The same amount for everyone.

MENDING EXPERT

The same amount for everyone, that's right.

BRUNELLO CUCINELLI - ENTREPRENEUR

It was out of human gratitude.

SABRINA GIANNINI

In the end, you still became rich?

BRUNELLO CUCINELLI - ENTREPRENEUR

Oh yes, I'm rich.

MILENA GABANELLI IN THE STUDIO

Go on, don't pretend you're embarrassed! Now, Cucinelli is not an eccentric, he too went to the market for money by floating on the stock exchange, not so much to finance his business as to expand it and improve the local area. His investors may be earning a little less but perhaps it's a safer investment over time. And the proof is in the figures: his 2013 turnover was 322 million, with an 80 million debt that he pays 1.9 million in interest on, at a rate of 2.2%. Why is his interest rate so low? Because he uses the banks for invoice financing and that means it's a risk-free debt. On 13 December in Milan, all the big brands will meet for their annual luxury market meeting. This year's theme is 'Bring back your manufacturing'. Exactly, start manufacturing here in Italy like you did in the past, it could be our last chance to save and revive the manufacturing industry and this sector, now on its knees.

Well, let's move on from fashion. We're changing the subject and looking at the issue of justice, three small paradoxes that many of us come across quite often and that could be solved with the stroke of a pen. Let's see the first.