

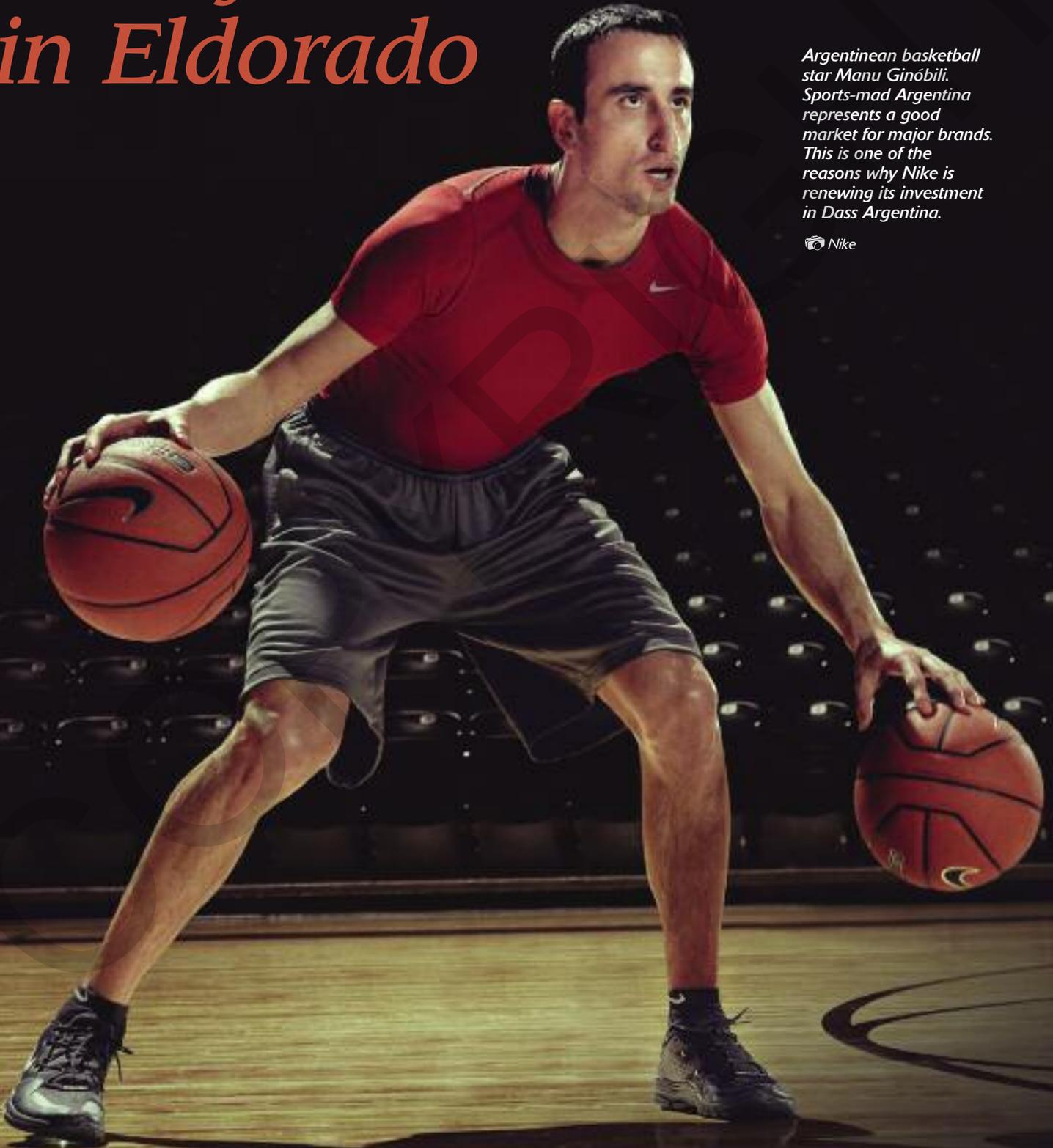
FOOTWEAR TECHNOLOGY: DASS ARGENTINA

New investment from the biggest brands in the business suggests a Brazilian-owned footwear factory in northern Argentina is destined for success.

Manufacturer believes in Eldorado

Argentinean basketball star Manu Ginóbili. Sports-mad Argentina represents a good market for major brands. This is one of the reasons why Nike is renewing its investment in Dass Argentina.

 Nike





Argentina's industry minister, Débora Giorgi (left) with Nike vice-president Eric Sprunk (to her immediate right) at a meeting in Buenos Aires at the end of 2010.

 Argentinean Industry Ministry

A new contract-award was a fine way for footwear manufacturer Dass Argentina to end 2010. That the footwear brand involved was Nike and the reported amount \$1.3 million were important bonuses. The new work for Nike will take place at the manufacturer's facility in the town of Eldorado in the northern Argentinean province of Misiones.

When the announcement came in November, it attracted attention at the highest levels. Argentina's industry minister, Débora Giorgi, asked Nike's global product marketing vice-president, Eric Sprunk, to attend a meeting with her and a press conference in Buenos Aires while he was in the country to sign the deal. Senior figures in Ms Giorgi's ministry had previously paid a formal visit to the factory in the north.

At the meeting, she said Nike's commitment to Eldorado was part of an important movement among brands to make product in sports-mad Argentina for the domestic market rather than bring in imports. The new contract at Eldorado will allow Dass Argentina to create 300 new jobs, taking its total workforce there to 1,000. In an isolated part of the country, this makes the footwear manufacturer a significant employer. Footwear production in the country in general almost doubled in Argentina between 2003 and 2009, the minister said. Her expectation was that output for 2010 would be more than 100 million pairs. This would put Argentina among the ten biggest shoe manufacturing nations in the world, bringing the industry's workforce to 40,000 people employed directly and 15,000 indirectly by the footwear industry; the country's footwear firms have added 7,000 of these jobs in the last five years. In 2009, Argentinean retailers and distributors imported 6.3 million pairs of shoes from China, but the government has since imposed anti-dumping measures on imported footwear from there,

delivering extra reasons for brands to source shoes made on home soil.

For his part, Mr Sprunk said Nike had a clear view of the importance of the Argentinean market and found the product coming out of the Misiones plant to be of the highest standard; he said his company had the intention of making further investments there in future.

Across the border

Everything involving Dass Argentina is also of great interest to the footwear industry in Brazil, or specifically to the Dilly Dass Group, based in Ivoti, across the border from Misiones in Rio Grande do Sul. It spent \$3 million at the start of 2007 to take over the 2,000 square-metre Eldorado factory and bring it back online after a previous owner had ceased production (in this case of furniture) there. Dilly Dass has been producing footwear and apparel for Nike at a number of sites in Brazil since 1999 and said at the time that it had been looking for a suitable location to start production in Argentina since early 2005. It turned over \$350 million in 2009 and has a total of 10,000 employees. In Eldorado, from an initial 35,000 pairs a month and a workforce of 300, business has built up steadily since Dilly Dass stepped in.

Dass Argentina was only formed midway through 2010 when the company that held the licences in Argentina of two prominent sportswear brands, Fila and Nike subsidiary Umbro, became part of the Dilly Dass Group.

The president of Dass Argentina is Brian Handley, a former Citibank executive and son of a former Argentina rugby international. On deciding to merge his company into Dass, he said the move would create synergies in operations, logistics and back-office functions and that he was sure the combination of Brazilian and Argentinean company leaders would work well. 