



President Cristina Fernández de Kirchner moved quickly to support a plan to make shoes made in Argentina from Argentinian leather available to families for the start of the new school year.

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School shoe plan lends leather industry a hand

Governments across the world are hatching plans to preserve jobs on home soil and boost domestic economies, with financial institutions and automotive companies the main beneficiaries so far. In the US, President Barack Obama has won approval for a stimulus plan worth \$787 billion, which, he says, will “save or create 3.5 million jobs”.

Few of those jobs will be in, or connected to, the leather industry. For the leather industry, until now anyway, the best example of help has come from the government in Argentina. As early as November, President Cristina Fernández de Kirchner put her full backing behind a plan to put children's shoes—made by Argentinian footwear manufacturers from leather produced by Argentinian tanners—onto shop shelves for the start of the new

school year in March, for a price of around \$15 a pair. Retailers taking part include C&A, Johnson's, Falabella, Wrangler and Tropea.

The idea has been to make what many parents might call ‘proper shoes’ available to almost all the Argentinian school population by fixing the price at a level that compares with that of shoes made from synthetic materials and imported from low-cost countries. It has done this, it insists, not by indulging in established price-controlling, trade-distorting practices such as slipping manufacturers subsidies in the form of export tax rebates and so on. Instead, the government has engineered discussions among hide suppliers, tanners, footwear manufacturers and retailers, driving them towards a consensus by which all parties in the chain have agreed to keep their prices low.

Lower margins

It's hard to imagine tanners, their suppliers and customers relishing the prospect of decimating precious margins, which had already been coming under unrelenting pressure even during relatively prosperous years. Nevertheless, what the government has been saying is that the School Shoe Plan, as it has come to be known, could tide them over, help them keep their businesses open, with some cash flowing, so that they can live to fight another day.

“Companies all along the chain have had to change their attitudes, it's as simple as that,” says Laura Barabas, press spokesperson for the Argentinian Footwear Industry Association. “We told them that what we have tried to do here is to convince everyone to tighten their belts a little bit and make their margins smaller.