

The question of wages

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The departures fed a debate that had accompanied the Fashion Valley from the beginning. Its critics argued that the cluster created jobs mainly for *frontalieri* at wages that would not allow a resident of Ticino to live in the canton. They added that it put pressure on wages in the whole logistics sector and that its tax revenue depended on structures that the Italian authorities regarded as abusive. Enrico Borelli, regional secretary of the trade union Unia, described the relocations in 2018 as evidence that these companies had no attachment to the territory.¹ Its defenders included Ticinomoda and its president Marina Masoni, who had headed the cantonal Department of Finance and Economy from 1995 to 2007. They pointed to the tax revenue, the indirect employment and the qualified jobs in design and management, and in 2018 they argued for lower cantonal corporate tax rates to keep the remaining companies.²

The wage question became a constitutional matter in Ticino on 14 June 2015. On that day voters approved the popular initiative "Salviamo il lavoro in Ticino" (Let us save work in Ticino), which required the canton to introduce a minimum wage. The cantonal Minimum Wage Act (*Legge sul salario minimo*, LSM) of 11 December 2019 set hourly minimum wages by economic sector at 55 per cent of the national median wage for the sector. The permitted range rose in stages from CHF 19.00–19.50 by the end of 2021 to CHF 19.75–20.25 by the end of 2024, with indexation to consumer prices thereafter. Employees covered by a collective labour agreement with binding minimum wages, apprentices, trainees and some other groups are excluded.³ For a cluster whose manufacturing median wage was CHF 3,331 a month in 2016, the minimum wage meant a real increase in labour costs, and Zegna cited it explicitly as a reason for moving part of its production.⁴

1 Fiscal dependence and municipal finance

The debate also had a fiscal dimension that is easy to overlook. The corporate tax paid by a principal company accrues partly to the canton and partly to the municipality in which it has its seat. In Ticino as elsewhere in Switzerland, the municipal multiplier applies to the cantonal base tax. A single large taxpayer can therefore account for a substantial share of a small municipality's revenue. The loss of CHF 8 million a year for Mendrisio after Armani's departure and the estimated cantonal tax impact of CHF 80 million attributed to Kering's first restructuring in 2018 show the scale of this dependence.⁵ Municipalities such as Cadempino, Stabio and Coldrerio, where the large companies had their seats, financed infrastructure and kept tax multipliers low on the strength of revenue that could disappear within two or three years.

The political lesson drawn in Ticino was mixed. One reading was that the canton should lower its corporate tax rates to compete for mobile companies, which it did in stages after TRAF, as Chapter F.II describes. Another reading was that the canton should prefer companies with real functions and a resident workforce, such as VF's regional headquarters in Stabio, to principal structures that depend on a favourable allocation of profit. A third reading, voiced mainly in the trade unions and in the Lega dei Ticinesi, connected the debate with the broader controversy about *frontalieri*. That controversy led to the cantonal initiative "Prima i nostri" (Our people first), which voters approved with 58 per cent on 25 September 2016 and which Chapter H.I describes.⁶ None of these readings disputes the basic observation that the Fashion Valley of 2010 was a product of tax and customs law as much as of fashion.

Common misconception. The end of LGI is sometimes read as the end of the fashion industry in Ticino. The figures do not support this. VF Corporation's Stabio campus grew from about three hundred to more than 1,100 employees between 2013 and 2022. Zegna kept about seven hundred employees in Mendrisio after its partial transfer, while Hugo Boss, Capri and other groups maintain Ticino companies.⁷ What ended was the model of the large principal and logistics company whose profit depended on the pre-2020 tax regimes and on the acceptance by Italy of its functional analysis.

2 Notes

1. Tio.ch (7 October 2018, above). ↩

2. Tio.ch (7 October 2018, above) (Masoni as president of Ticinomoda, calling among other things for lower corporate tax rates). Marina Masoni was a member of the cantonal government from 1995 to 2007 and headed the Department of Finance and Economy: Wikipedia (Italian), "Marina Masoni", https://it.wikipedia.org/wiki/Marina_Masoni (consulted as a last resort). ↩
3. Canton of Ticino, Legge sul salario minimo (LSM) of 11 December 2019, RL 843.600, Art. 3(1)(i) (exclusion of employment relationships covered by a collective labour agreement with a binding minimum wage) and the other exclusions in Art. 3, Art. 4(2) (55 per cent of the national median wage of the sector; indexation) and Art. 11 (staged increases: CHF 19.00–19.50 by 31 December 2021, CHF 19.50–20.00 by 31 December 2023, CHF 19.75–20.25 by 31 December 2024), <https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/pdfatto/atto/9181>; consolidated text at <https://lexaris.de/book/version/documentflat/head/799066>. ↩
4. Walker, I comparti economici (above); La Conceria (Consitex, above). ↩
5. RSI (28 January 2017, above); Tio.ch (7 October 2018, above). ↩
6. RSI, "Approvata Prima i nostri" (25 September 2016), <https://www.rsi.ch/info/ticino-grigioni-e-insubria/Approvata-Prima-i-nostri--973053.html> (initiative of the cantonal UDC approved with 58.02 per cent, 56,101 votes in favour). See Chapter H.I. ↩
7. Tio.ch (20 December 2022, above); La Conceria (Consitex, above); Moneyhouse (Hugo Boss, above); Capri Holdings, Exhibit 21.1 (above). ↩

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