

Fashion Industry and Brexit

Responses to Tamara Cincik's Fashion and Brexit Questionnaire and Policy Asks.

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Following from the two Westminster fashion Industry Round Tables I organised, the second with The British Fashion Council, I sent out a Fashion Industry and Brexit questionnaire to fashion industry leaders. The responses collated, highlight key business concerns and asks for the Brexit negotiations, in order that these business worries are addressed.

Fashion makes £28.1bn for the UK, pre the EU referendum that figure was rising 6% annually. It employs 880,000 nationwide within the UK fashion industry; meaning that 1 in every 74 UK citizens works in some way in fashion.

Fashion is the largest earning component of the creative sector's £87.4bn, with reach into education, tourism, beauty and across the arts and culture sectors.

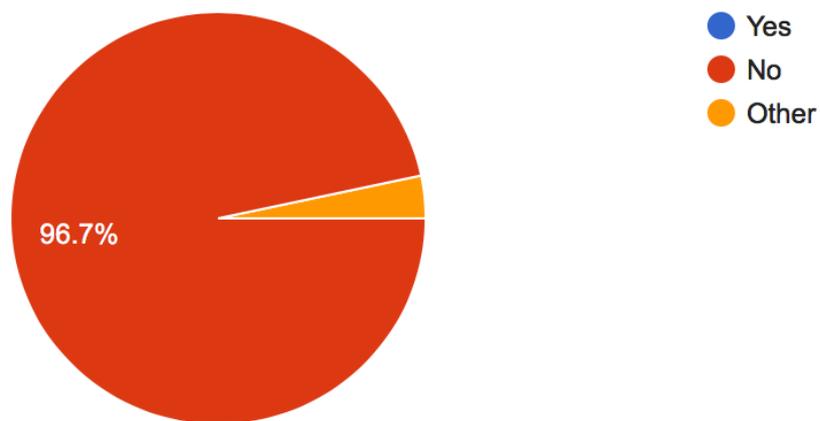
The Asks.

- 1) If we are leaving the Single Market, will there be a taxation break put in place to off-set the potential loss in earnings, while we source fresh non EU markets for trade? Particularly relevant if the UK doesn't negotiate a deal and we go to WTO levels. WTO levels, without a tax break deal would potentially bankrupt multiple businesses and talents located here. If so, how much could the Government offer, and for how long? In order to make this ideally cost-neutral for businesses?
- 2) Visas for industry workers: not just those who are the more visible talent, e.g. well known designers or models, but also the skilled, but not necessarily highly paid workers, who make up design teams: from factory staff, to design team creative. If so, how will this be implemented, in order to remain cost-neutral to the designer, or brand? Currently visas for non-EU nationals are income related and this is a concern for skilled workers, who are vital to the supply chain, but not necessarily highly paid, meaning companies cannot spend and justify high visa expenses on staff who are not available from UK talent bases currently. Addressing the visa banding structure of salaries and freelance visas would help. Highly skilled in the creative industries doesn't always mean highly paid.
- 3) IP: The possibility of intellectual property laws diverging creates a headache for large international luxury and SME UK brands alike. Lack of clarity on cost and splitting, plus the difference in UK law which covers only functional design, versus EU law which for unregistered design rights, covers this for example, more comprehensively, there are potential gaps in IP law, and without the UK laws having jurisdiction over EU rights, could increase costs.
- 4) What will be done by the Government to off-set these costs, legal headaches and lack of clarity as to whether the UK will remain a member of the EEA? Licensing agreements need to be addressed: loss of protection for unregistered design right.

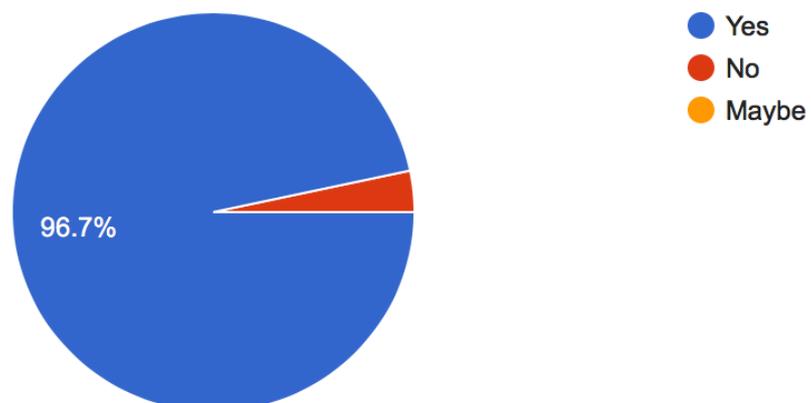
- 5) Made in Britain: even to make in the UK, components for brands, just like talent for creative, are currently border fluid and international. An editorial or advertising campaign can be made up of talent from several countries, all of whom need access without red tape. Some like new talent models, are already facing red tape when coming from non EU zones, what can be done to remove these barriers to business?
- 6) Fashion works on very quick turnarounds, any delays are viewed as unprofitable and will force a relocation plan. If this isn't addressed the shoots happening here bringing all the soft power, plus extra business to tourism, retail and international perception, will simply relocate elsewhere: to either Europe or the States. A dress made here, or manufactured elsewhere, but sold here to UK customers, can have components from multiple countries. Any change to tariffs and speed will be a hindrance to trade and will force business to relocate logistics and taxation to where it is simpler, quicker and cheaper. Speed of movement remains central to the industry and is key to the UK maintaining and indeed growing its business opportunities in all areas.
- 7) Education: the Erasmus Funding, Horizon 2020 and the ecology of aspects which bring talent here, are under threat by Brexit.
- 8) Student Visas: bringing student visas out of visa quotas would improve figures and address concerns in bringing key international talent to study here. Many of the UK's leading brands, are all originally foreign students who came to study then build their brands here.
- 9) Apprenticeship visas: a postgraduate visa for talented graduates to be able to stay in the UK from across the globe, to build up their portfolios, talents and experience, which will translate into income, without being a costly red tape procedure for businesses and creative studios.
- 10) Freelance visas: as with music, talent is hired based on the individual. Just as an opera singer is flown in to sing, rather than an understudy, if the performer is sick; so a creative is hired purely on their talents and industry perception of them. To impose a UK only market on this hiring, would not only be unrealistic, but weaken international perception and trade possibilities.
- 11) To build up UK domicile fashion talent, will the Government examine why GCSE arts uptake lowered by 8% last year and alongside current Government plans for widespread tech skills programmes, address the cuts in funding to fashion courses. For example, we no longer have any millinery courses in the UK colleges, but the best established millinery brands in the world are based here. To future-proof, we need to invest in UK domicile talent, from school to college, as we are with tech and then into manufacturing and business.

Some of the questionnaire feedback on why the Single Market is so vital to their businesses:-

Is Leaving the Single Market a good idea for your business?



Is staying in the Single Market a good idea for your business?



Responses for what would be needed to bring more manufacturing back to the UK:

Tax relief and benefits to companies to encourage more businesses to trial and then produce here. A wider understanding of socio-economic impact.

If consumers paid for manufacturing in UK - fast fashion disappeared and our whole belief system changed around in terms of consumerism.

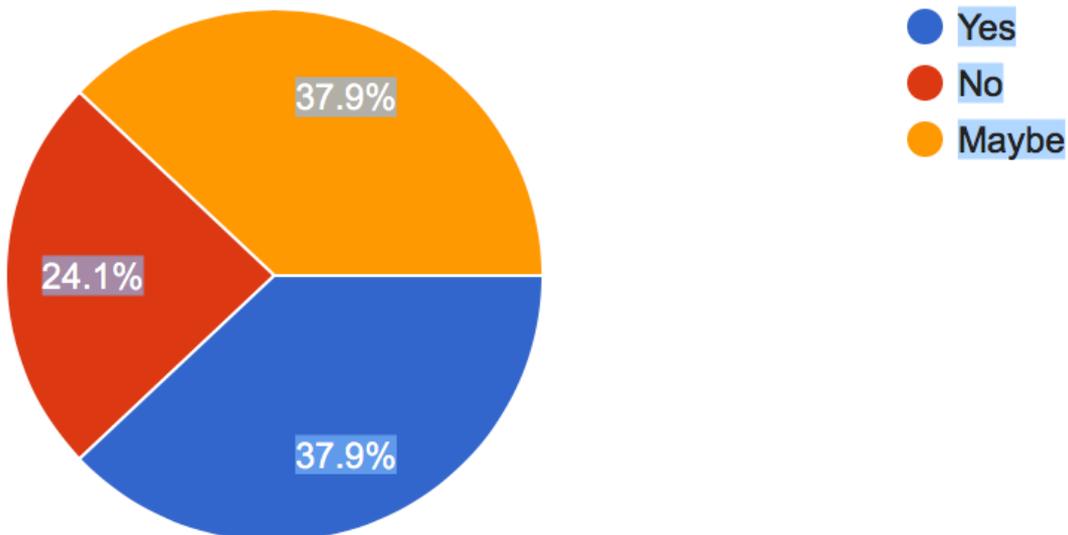
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Double tariffs will damage delivery and business remits.

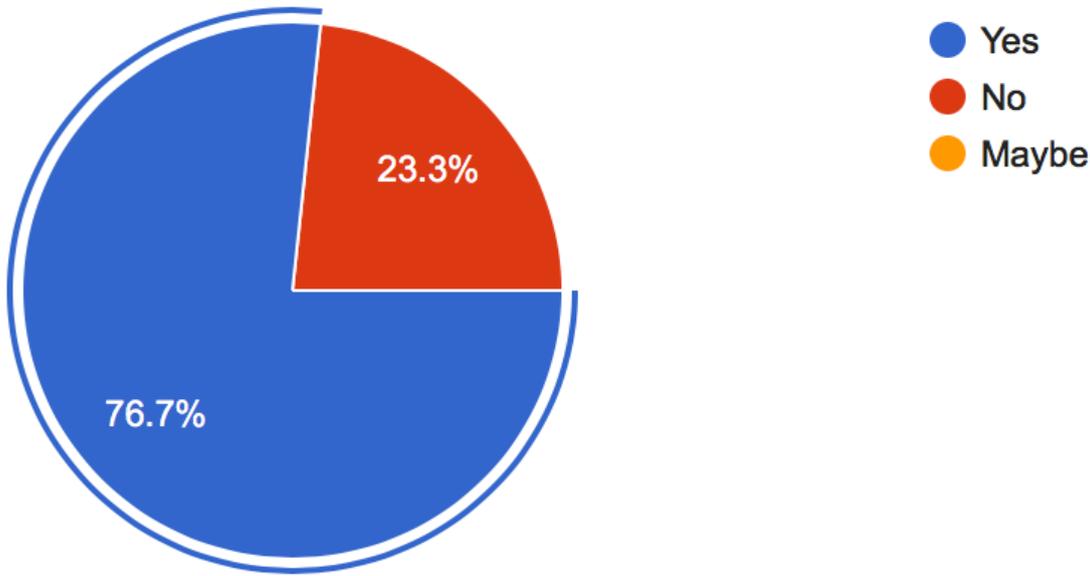
Nurturing manual labour

Prices too high and costs will sky rocket

Response to the Question: Would You Consider Relocating Your Business If The UK Implemented A Hard Brexit?



Does Your Business Rely On EU Workers?



When asked Whether they would provide visa for EU staff and how this would affect them? Some respondents answered:

Yes I would do so as our work is so specialised. I have had European employees from France, Germany, Italy, Spain/

It would undermine the foundations of the plan and force us to reconsider Paris and Frankfurt as potential locations?

Wider relationship issues.

Work flow would be interrupted, made very difficult and have an incredibly negative affect on our business.

If I had to provide visas for all the EU workers I employ, I would probably have to shut down my business. I am a small business trying to survive in a very competitive business.

My assistant would have to leave and I would be devastated.

Additional costs and admin. I imagine it will be harder for me to hire from outside the UK giving me a smaller pool of skillsets to hire from. Also my ability to export will be diminished if I cannot hire people familiar with the EU markets and tastes.

We would move our business to Sweden.

Loss of skills, innovators, expertise and cultural diversity.

All my employees are Non UK residents. It is a symbiotic relationship.

Executive Summary.

- Every single respondent answered that free travel between the UK and Europe was very important to their business.
- If relocation was necessary, due to a Hard Brexit severely impacting on their business, respondents' answers varied from the U.S., to Paris, Sweden, Berlin and Amsterdam. One is already opening a taxation and subsidiary base in Lisbon, another in Germany and others are already looking into this across Europe.
- Not one respondent replied that it is viable or likely in the foreseeable future to have all our manufacturing and production made in the UK.
- All of the respondents replied that leaving the Customs Union would adversely affect their business costs and overheads.
- All of the respondents were concerned at loss of business due trade tariffs and movement of goods, as well as perception of the UK as a international, exciting place to trade with a visionary fashion industry to match this. Any adverse impact on the would impact on our current figures of £1.8bn in exports to the EU.
- Visas, customs and tariffs: we need easy routes to fast-track and simplify the red tape: not a return to lengthy and costly carnets and bureaucracy when dealing with the EU, and simultaneously addressing these issues globally, to build up international trade and talent markets.
- UK Talent: the educational pipeline has seen an 8% drop in the last year alone in Arts GCSE uptake by UK students, are key concerns for growing our domestic talent and the same time as a potential loss of access to European expertise. The creative educational sector needs the same emphasis as tech. Why cut all the millinery courses in the UK when we have the leading hat makers in the world based here? Who will be the next Stephen Jones, Piers Atkinson, or Philip Treacy, if we don't train them?
- Global Attractiveness: London is 2nd only to New York in retail attractiveness, with the highest score according to Savills' Global Audit in 2015, as the best place to trade. Increasingly seen as the gateway for U.S. Brands into foreign markets, we have seen an upgrowth in luxury consumers choosing to shop here, rather than at home, for instance in China. This brings the tourism and mass retail experience of an international attractive place to visit. 41 luxury stores opened in London in 2016 and a number of new brands. However, rates hikes mean brands are choosing to open one flagship store, rather than multiples.
- Rates Hikes: Large luxury brands and SMEs alike are being hit by the increase in rates. Addressing this would help shore up domestic talent and growth while we exit the EU. Currently Local Councils are raising rates to off-set the cuts. If this was addressed, we could ensure long term growth of the domestic retail talent, while building up our non EU markets and attractiveness to global foreign trade.

Names and Job Titles of some of those who responded to my Fashion Industry and Brexit Questionnaire.

Nick Knight	Photographer and CEO of ShowStudio
Charlotte Knight	Agent and CEO of ShowStudio
Valery Demure	CEO of Valery Demure LTD.
Julie Hutchinson	Interconnection
Simon Chambers	Storm Management
Paul Hunt	JN Production
Anne Marie NG	Former Head Designer at Gieves and Hawkes, currently freelance consultant
Martyn Roberts	CEO Fashion Scout and Graduate Fashion Week
Melanie Press	Owner of Press London
Caroline Burstein	CEO Browns Brides, formerly Creative Director at Browns and CEO of Molton Brown LTD
Vicki Sarge	CEO Vicki Sarge
Stephen Jones	CEO Stephen Jones Millinery
Julian Whitehead	Young British Designers
Sophie Homes	European PR and Marketing Director Tommy and PVH
Alexander Giantess	Mary Katrantzou
Hollie White	Ellis White
Nick Haddow	Photographer and Photographic Studio CEO
Michelle Lowe-Holder	CEO Michelle Lowe-Holder
Alex Monroe	CEO Alex Monroe
Aksha Fernandez	CEO Aksha Fernandez
Rachel Bowditch	CEO Family Bow LTD
Dilys Williams	London College of Fashion
Phoebe English	CEO Phoebe English
Kelly Love	CEO Kelly Love
Keith Hammond	CEO Keith Hammond Photography
Tom Shickle	Molly Goddard
Caroline Issa	CEO Tank Publications
Nick Vinson	Vinson and Co.
Trino Vekade	CEO Trino Vekade
Stacey Duguid	Net A Porter
Stamo	EcoLuxeLondon
Sam Simpson	CEO JMM Suffolk
Stephen Grief	Ferrari Express LTD
Esther Kinnear-Derungs	Linden Staub LLP

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