

BRITISH FASHION COUNCIL

MEDIA STATEMENT

2 September 2019

THE IMPACT OF NO DEAL BREXIT FOR BRITISH FASHION INDUSTRY

The British Fashion Council (BFC) continues to emphasise that a no deal Brexit is a scenario that should be avoided. The reality that a no deal could still happen, continues to have a negative impact on our industry. Based on export figures from 2018 it is estimated that switching to World Trade Organisation (WTO) rules would cost the fashion industry between £850 and £900million*

(source: UK Fashion & Textile Association).

The UK leads the world in creativity, innovation and business and we need to retain this reputation. As an industry worth £32billion to the UK GDP and employing more than 890,000 people – almost as many as the financial sector, we urge the Government to:

- seek a deal with the EU that would guarantee the healthy and steady growth of the fashion industry
- give access to funding that would help create stimulus that will ensure British designer businesses continue to remain competitive internationally through trading agreements, access to finance, free movement of talent and support for promotion
- advise on all the different scenarios and translate them into what they mean to the fashion industry and the best way to navigate global trade challenges

Ahead of London Fashion Week September 2019, the BFC held a seminar for designers specifically around preparing for a no deal Brexit, helping them identify the risks and challenges to their business and help them prepare for WTO rules in the event of no deal being reached by 31st October 2019.

Background:

Following the 2016 EU referendum, the creative industries came together to set out the joint challenges of the industries through the Creative Industries Council and the Creative Industries Federation. The following areas were identified and continue to be a focus for fashion:

Movement of People

Tariff Free Access to the EU

Frictionless Borders

Intellectual Property rules & regulations

Funding post European Regional Development Fund

More precisely, the BFC's main concerns around the impact of Brexit on designer businesses are centred around trade and talent.

Trade

Fashion SMEs are international from day one, with first sales often taking place outside of the UK. Driven by the need to achieve high artistry and creative pieces, designers adopt a global approach in all elements of their business; from sourcing the perfect fabric, through to finding the best pattern cutter in the world to work with that fabric.

Fashion is component goods which traverse borders multiple times before becoming a finished product, and in order to sell, samples are taken during selling season to a variety of international markets and shows. This adds a level of complexity not dissimilar to other component goods industries such as the automotive industry. Below are the main trade concerns the BFC would like to highlight, in case of WTO rules and in a no deal scenario:

- Businesses are having to assess the impacts of WTO tariffs. It is unclear who will take on the additional costs – the businesses or the end consumers
- Understanding of time frames. It is impossible to give 24 hours' notice to HM Revenue & Customs around goods being shipped. To compete internationally, goods need to be shipped immediately
- Understanding around definitions of samples. What will happen to travelling samples and what paperwork will be needed. The BFC already has anecdotal notes of businesses being

stopped and asked for paperwork, although not currently required. Tariffs and VAT will apply to samples

- The impact to logistics systems. Despite freight companies preparing, they can't plan properly until they have clarity around new import and export rules. The impact on temporary warehousing. The impact of having to deal directly with brokers at ports, the paperwork associated with this and any delays this may incur.
- VAT issues: businesses will have to do claims across 27 member states rather than to the EU as a whole

Talent

The BFC has been working with the Home Office to tackle existing known immigration issues:

- In 2018, with the Arts Council, it launched the Tier 1 Exceptional Talent visas which will see the BFC become an Independent Assessor for the visa applications in the fashion industry. This will allow to secure a new route for exceptionally talented designers and fashion sector individuals to work in the UK
- In January 2019 new immigration rules laid in parliament covered Tier 5 visas used by models to enter the country, through a new Models Code of Practice

However, these changes and the proposed changes to the immigration system through the government's white paper, would not cover skilled, lower paid workers from machinists, to language experts, leaving concerns about skills gaps for the industry. Of particular concern is the recommendation that the Tier 2 visa has a £30,000 minimum threshold on salary, with skilled roles in fashion manufacturing typically earning less than this. Similarly, the shortage occupation list does not cover any roles required by the high-end fashion industry. The BFC asks that the salary threshold and shortage occupation list are reviewed as a matter of urgency.

The BFC considers essential for the UK to retain its leading position in attracting global talent. It is very important that communications to international students and talent is clear and highlights the fact that the fashion industry still wants them to study here, start businesses here and work here.

- ENDS -

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*Figure based on 2018 UK Exports from fashion and textiles to the EU, broken down by product type with WTO rules applied – source: UK Fashion & Textiles Association 2019

ABOUT BRITISH FASHION COUNCIL

The British Fashion Council (BFC) was set up in 1983 to promote British fashion internationally and co-ordinate this promotion through fashion weeks, exhibitions and showcasing events. The BFC now supports designers beginning at college level and extending to talent identification, business support and showcasing schemes to help British designer businesses develop their profiles and business globally and promote British fashion and its influential role in Britain and London. The BFC Colleges Council offers support to students through its Foundation, BA and MA scholarships, links with industry through design competitions and Graduate Preview Day. Talent identification and business support schemes include BFC/Vogue Designer Fashion Fund, BFC/GQ Designer Fashion Fund and NEWGEN which includes womenswear, menswear and accessories. The BFC also runs and owns charities including the BFC Fashion Arts Foundation, the BFC Fashion Trust and the BFC Education Foundation. Showcasing initiatives and events include London Fashion Week, London Fashion Week Men's, LONDON show ROOMS, International Fashion Showcase, London Fashion Week Festival and the annual celebration of creativity and innovation in the fashion industry: The Fashion Awards.