



UKFT China Fashion Update

April 2017

The UK Fashion & Textile Association was recently invited to take part in the UK-China Fashion Forum in Beijing and Shanghai. The event and the trip were organised by the British Council. Paul Alger, director of international business at UKFT was invited to attend by the British Council alongside Jenico Preston of the British Fashion Council and British womenswear designer Phoebe English. The Group was accompanied by Kendall Robbins, head of fashion at the British Council.

The scope of the UK China Fashion Forum was to create better understanding between the UK and China on the direction of travel of our respective fashion and textile industries. There were two formal events in Beijing, during China Fashion Week Beijing and in Shanghai. Due to timing, we were not in China for this year's edition of Shanghai Fashion Week but we were able to conduct a number of visits and meetings which gave us a far better understanding of how China has developed since UKFT's previous research visit.

Other useful resources:

UKFT [Intertextile and CHIC Shanghai Report](#)

UKFT [China Roundtable – book your place](#)

Beijing

This visit started in Beijing. We were welcomed by Mr Zhang, Chairman of the China Fashion Association in Beijing, before being taken for dinner and to the China Fashion Model Competition at China Fashion week.

China Fashion Week Beijing

China Fashion Week in Beijing is part of the Mercedes Benz International Fashion Week network english.chinafashionweek.org. Based in Beijing because of its access to senior political figures, national journalists and state owned enterprises, Mercedes Benz Beijing Fashion Week has invested in the event and it is growing in popularity. The event is supported by the China Fashion Association and carries a lot of political weight. However, China Fashion Week in Beijing is a very different animal to Shanghai Fashion Week. This is not yet a world-class Fashion Week but it is very important at local level and in the northern half of China.

There are catwalks and shows throughout Beijing, with a special concentration around 798 Art District, Beijing's new contemporary creative and residential district with warehouses and ample space for fashion shows and other temporary structures. A lot of Beijing's Creative businesses are based here, including Fei:Space/AnyWhereStyle with whom both DIT and UKFT have a very close working relationship. There are two catwalk areas. Both were built to a reasonable standard although both were without a raised platform, presumably to reduce cost. Alongside both was a tented tradeshow called DHub. This is a relatively new addition to CFW and featured one or two European and Australian brands. The others were mainly Asian with other Chinese brands. DHub was well presented and interesting to look at but our impression from talking to the European exhibitors, was that not many trade buyers had passed through or placed orders. Most of them recognised that Shanghai is still commercially more powerful than Beijing.

As if we needed any reminder of this, it seems that both China Fashion Week in Beijing and Shanghai Fashion Week have worked hard to emulate the look and feel of other major fashion weeks and one has caught their attention more than most: London.

China Fashion Week clearly wants to be the main fashion week for China but it is still eclipsed by Shanghai Fashion Week which is tipped by most to be the one event in China with the potential to be seen in the same light as the "Big Four": Paris, Milan, London and New York. Shanghai is the one to watch and it is rapidly gaining an international reputation while Beijing's appeal remains regional.

Hempel Award Ceremony

Part of China International Fashion Week in Beijing, this is a profile-raising event for the Beijing fashion industry. Part of the event was the initial "Red Carpet" where designers and models wearing their collections were photographed. This was followed by a simple catwalk event. These designers were a mixture of Chinese and International students and most appeared to be recent graduates.

The event was popular with Beijing's fashion press although it appeared to have no international following. The judging panel included senior officials from the China Fashion Association and the state government and visiting international fashion lecturers.

Beijing Institute of Fashion Technology

Anyone who believes that China is only interested in low-cost low-skilled manufacturing should pay a visit to the Beijing Institute for Fashion Technology. BIFT was the British Council's chosen venue for the UK-China Fashion Forum in Beijing but we were given a full tour of BIFT's impressive set up.

China has been studying the UK designer fashion industry in its entirety, from education and training, through quality manufacturing, right down to sales channels. As with all things in China, this is part of a long-term strategy which can only be delivered by a Command Economy, with huge resources and infrastructure brought into play. In spite of appearances, the State is present in all parts of Chinese economic life. Businesses are freer to do as they

please in the South but, wherever you are in China, the Chinese state and the Chinese Communist Party lie at the heart of most economic decisions.

Chinese state owned universities are the beginning of the journey for designers. Whilst many designers still choose to get their fashion and design education in the UK (and we met huge numbers of graduates and MAs from London College of Fashion, Central St Martins and Winchester School of Art to name but three) at all the Chinese universities, we were struck with the extent of progress China has made towards creating an efficient fashion design ecosystem with the aim of growing its own home-grown talent. Freedom of expression remains an important problem in China but, unlike many of the visual arts, fashion and textile designers will only be aware of this in their daily lives in China rather than in their work output. .

Our visit started with the BIFT Ethnic Costume Museum which had some stunning examples of quality crafts, jewellery and manufacturing skills from across China's 53 "nationalities". The quality of the production and skills on show was a timely reminder that this significant civilisation was producing high quality crafts and artefacts at a time when the Anglo-Saxons were still struggling to create even basic and plain products. China's skills survive to this day but, more importantly, they show that China has always aspired to high quality production on a massive scale. Low-cost manufacturing was simply, as UKFT always knew and predicted, part of a process that China needed to go through to raise much-needed export capital in order to grow its industrial and economic strength across the entire supply chain.

At the same time, and as part of the plan, China has invested heavily in fashion and design education, both at home and sending students to the major UK and international fashion schools and universities. Its influence and knowledge, therefore, extend to most universities around the world. As generations of UK and EU-taught Chinese graduates have returned to China, they are now beginning to head up university faculties and incubators for the next generation of home-grown talent. Moreover, China's unique level of resources, integration and infrastructure mean that it has a unique ability to leapfrog over problems encountered by other countries. China has always played a long game with an eye on the future in ways the West can only dream of.

Specifically, China has studied the UK's fashion education system with large numbers of UK and EU lecturers being involved on many levels. It has mimicked the UK's London Fashion Week as a formula which gives state-run enterprises and the government the greatest control over the sector. However, China has understood that the UK and other EU industries suffer from direct links with manufacturing and failing routes to market. Therefore, its universities and courses are linked seamlessly with manufacturing and sales and even include elements like sales and modelling – everything the designer needs to get the goods designed, made and on the shelves. This intelligent approach and virtuous circle puts Chinese designers at a potential advantage over their EU and US competitors. The Chinese may struggle to get their hands on quality fabrics but this could also change fast if the authorities decide to open their market to quality imported fabrics.

Until recently, China's fashion and technical emphasis was on producing products for export but in the current plan, growing China's domestic market is a priority. China sees this as a

way of insulating it from unpredictable Western markets which cannot always now be relied upon to feed China's factories. As part of China's commitment to build a consumer economy, Tuocheng (part of BIFT) have launched their own stores and showrooms. Again, as these activities are owned by the state, they are controlled and financed by the state. Like the Cube and Topbuyer.com, they also have showroom activities intended to grow China's wholesale route to market – although China's wholesale market still lacks enough "real" independent retailers. Tuocheng aims to fill the gap between the design and production on the one hand and reaching the consumer on the other. Whilst these Chinese fashion incubators are "inspired" by the UK model with studio space and logistical support in the same way as here, the staff at Tuocheng were extremely familiar with the UK and the strengths and weaknesses of the UK fashion and textile industry because many of them graduated here. The incubator and sales channel leader behind Tuocheng's impressive shop graduated from the UK's Winchester School of Art.

The irony is, therefore, that the UK's market-based education system is being used very successfully by China's Command Economy to train its students and create competition for the UK across the Creative Industries in the same way the China used its economic might to encourage manufacturing to relocate machinery, skills and jobs lock, stock and barrel to China in the last century. If you use the analogy of *Economic Warfare*, China has found a way to use the market economy against the countries which created it. China knows that our universities need the students and the business and that there is a price to pay in the meantime. Perversely, the UK is training the next generation of its own competitors in every area. In their own way each of China's universities is, responsible for delivering its part of the plan.

UK-China Fashion Summit

This was our first series of presentations and almost all of the questions were on similar themes:

- The audience's main concern was to understand what the Chinese industry needed to do to catch up with and surpass the design and fashion industry in Europe.
- There were concerns over China's lack of access to international markets and what Chinese designers could do to sell their collections overseas.
- There was concern at Chinese designers' lack of access to high quality imported textiles and other resources as well as the rising costs of Chinese manufacturing
- Some designers were experiencing difficulty accessing funding to promote their exports.
- Most of the Chinese designers did not appear to understand how the wholesale market works and how the international tradeshows work within it.
- Most of the Chinese designers were aware of the fact that Chinese businesses cannot access the internet in the same way as their EU and US competitors. Whilst many of them drive their businesses and sell via WeChat and Chinese sites, it was not easy for them to communicate beyond the Great China Firewall.

Shanghai:

A five hour bullet train journey took us very comfortably the 1,301 miles from Beijing to Shanghai. The journey was relatively uneventful until we reached Nanjing and from there until Shanghai all we saw was construction, factories and infrastructure on a massive scale.

Shanghai feels very different to Beijing. Warmer, brighter and more welcoming with less smog. There is a fantastic energy in modern-day Shanghai and, thankfully, the Shanghai government appears to have halted the mass clearance of the last of Shanghai's 1920s and 1930s buildings, to preserve them for current and future generations to enjoy. The Bund was always likely to be safe but huge parts of the French Concession were felled to make way for skyscrapers. Whilst people stand and marvel at the new city which is Pudong, Shanghai's many tourists and the locals still find great comfort and charm in the old buildings of Shanghai's great commercial past. What is left needs preserving and there are signs that this is beginning to happen.

Xintiandi Style Mall and the French Concession

Xintiandi Style was one of the newer and more interesting Western-style malls we have watched over a number of years. With the exception of Plaza 66, China's malls rarely feel busy but this one is still at the heart of the French Concession and interestingly, from a fashion point of view, is anchored by the retailer Alter who are significant players in the market and organise a showroom during Shanghai Fashion Week. Their closest competition is DFO Showroom who also have a successful showroom and a tradeshow format called Dada Fashion during Shanghai Fashion Week. From next season, Dada will be joining forces with Massimiliano Bizzi of the Milanese tradefair White and will be rebranded as White Shanghai. Whilst this event will not be able to escape state control entirely, its joint headquarters in Budapest and Milan should enable it to remain very independent.

One of the most recent new additions to Shanghai's impressive Mall offering is K11 which is China's first 'Art Mall', opened in 2013. It strives to be a 'sustainable incubation force in the global ecosystem of art, design and creativity'. Here again, China and its international partners (this time from HK) are striving to build a future where Chinese creative industries can flourish.

We were given the opportunity to visit Lane Crawford department store at Times Square. This was an interesting visit as the store now gives an increasing amount of floorspace to Chinese designers. Many of these designers were the UK-trained and often UK-based names UKFT takes to key tradeshow and showrooms at Paris Fashion Week: Xu Zhi, Helen Lee, Angel Chen... Also present were the international brands: Moncler, Fred Perry etc but the Chinese designers increasingly seem now to have pride of place.

At nearby Dong Liang, in two stunning French Concession buildings, lovingly preserved, we saw the same trend and many of the same brands. Dong Liang presents as a showroom and multi-brand concept promoting new and talented Chinese designers. Here again, the overwhelming majority of the designers were UK trained although some of the newer

talents studied elsewhere. The designer list is as impressive as its beautiful surroundings including Angel Chen, Hiuman, Haizhen Wang, Museum of Friendship, Comme Moi, Yirantian, Kinkle Workshop, Yifang Wang, Deepmoss, Uma Wang, Boundless, Sarayun, Ms Min and Xu Zhi.

These designers are the new stars of the Chinese fashion scene but they are also an important part of the British designer story as they studied and set up their businesses in the UK. Whilst many of them still have a base in London, as their businesses grow in China (and UK visas become increasingly difficult to secure) it seems at least possible if not probable that they may be forced or encouraged to relocate from London to Shanghai. This would be a huge blow for the UK's designer ecosystem as they represent an important and much needed bridge between British and Chinese creativity – not to mention that many of them are exporting British products and British fabrics to China. This side of the business is especially important to the UK as approach Brexit.

Donghua University

The Shanghai leg of our UK-China Fashion Forum took place, suitably, at Donghua University. Here again, we saw facilities and investments of the highest standards with heavy state and overseas investment partners including Swarovski. The university and the industry are joined at every level. The lecturers and students were impressive and there were number of UK and international lecturers “on loan”.

The questions and answers at the forum were, as in Beijing, primarily about what China needed to do to catch up with and surpass the UK and the West but many of us were left with the impression that we had relatively little to teach China and that, conversely, China could teach the UK how to rebuild its own fashion and textile ecosystem with a little help from government.

In Shanghai, the Chinese industry was generally more willing to air some of its grievances about the limitations trade faced by smaller designer brands, notably little or no access to imported fabrics, difficulty reaching buyers in China and overseas and the inflexibility of China's large scale producers. Whilst it was not specifically discussed, the Great Firewall of China also makes it almost impossible for young Chinese brands to connect with consumers outside China, seriously hampering their export drive, and many of them find the export bureaucracy too difficult to manage.

Shangtex

No trip to China would be complete without a more formal meeting of the kind we had with Shangtex. Shangtex **IS** the Chinese fashion and textile industry and it is at the heart of the industry. From its extensive links to education, R&D, textile and fashion manufacturing and even Shanghai Fashion Week where it owns and runs the successful Mode Shanghai tradeshow and the catwalks, it has a huge footprint in the industry. This is a powerful organisation with links throughout Government to every part of the fashion and textile business.

Shanghai Village

Shanghai's answer to Bicester Village is Shanghai Village, an enormous and beautifully designed retail mall laid out in the shape of a fan. The architects had taken their inspiration from one of the 1920s Art Déco buildings standing on the original site. Each building was different and built to an incredible visual standard.

The shops fanned out from the centre and featured most of the international brands you would expect to see at an outlet mall from Tommy Hilfiger to Le Creuset but at its heart was an enormous man-made lake and island which glowed in different colours. This was where the restaurants were based and in the summer, a boat service will carry shopping-weary children and their parents across the water to nearby Shanghai Disneyland, which is thought to be the largest Disneyland in the world. For information, Shanghai Disneyland is 57% owned by Shanghai Shendi Group, a joint venture of three companies owned by the Shanghai government.

Conclusions

The aim of this trip, from the perspective of the British Council, was to promote a greater understanding between the UK and China about fashion and textiles, to cement the cultural and business relationship between the UK and China.

From the Chinese perspective, the UK was coming to inform China about what it could do better and, for some, this was a chance to show the UK some generous Chinese hospitality as well as to have a franker than usual discussion about some of the shortcomings of the Chinese system.

Smaller Chinese businesses in the sector still suffer from a lack of access to overseas markets, a weak design reputation and poor access to luxury fabrics. China is anxious to change perceptions of its industry from being about low value manufacturing only. Many of the smaller Chinese brands we met commented that factory inflexibility around small orders and a lack of communication with the outside world, including social media, leading to trade was an important obstacle for them. All of these issues could be changed quite simply and quickly if there was the political will to do so but the Chinese Government might be reluctant to accept the inherent risks associated with doing this.

From the UK point of view, there were a number of key conclusions and observations from this trip:

- The Chinese market has developed quickly but the luxury market is under severe pressure because of the Chinese government's crack-down on bribery and corruption. For many years, the luxury market has been fuelled by luxury retail gifting.
- The designer market is important but is increasingly dominated by UK trained Chinese designers who are acting as a wonderful bridge between the UK and China and are a source of UK exports. Wealthy Chinese consumers perceive that they are buying world-class Chinese design and the fact that the companies still have a base in the UK serves only to underline that the designers are successful on an international level.

- China's lack of independent retailers means that, as in the UK, the new generation of Chinese designers and UK exporters of less well known brands continue to struggle to enter the market. China has some innovative ways around this and online and WeChat are already playing their part, but more needs to be done to foster a more diverse and interesting retail environment for non-luxury items
- Shanghai looks set to become the 5th international Fashion Week" in the next three years or so. It is likely to look at strategic alliances with one of the other four and London would be a very strong contender because of its size and model and also because of the existence of Chinese designers based in the UK
- China is adept to using the market system and its financial muscle to its own ends and the West (the USA and the EU) have been caught napping while China has used the profits it has amassed by manufacturing and selling to launch its own Creative Industries
- China currently needs the input of UK universities in particular and our universities need the business but this is likely to be finite as China is already becoming much more self sufficient in design
- In spite of its huge strengths, the Chinese designer community is held back by its inability to access and use social media in the outside world and the huge bureaucracy surrounding exports. These limitations are imposed for political reasons to control communication but they have the effect of holding Chinese businesses back. Indeed, this is another reason why the UK-trained Chinese designers prefer to keep a base in the UK as they are thus able to connect with consumers worldwide on social media to build their sales outside China.
- The UK needs to clarify the visa status of a number of these high profile UK trained Chinese designers and ensure that they and their businesses remain firmly rooted in the UK. Many have invested their lives and work in the UK and there are signs that a number of them are experiencing difficulty with visas and may have to consider relocating to China. This may be inevitable in the long run but delaying this move end encouraging the next generation to come to study and establish themselves in the UK should be a priority as the UK benefits from this bridge to China. UKFT has flagged this issue specifically in its Brexit briefings to Government.

And finally:

- Traditionally the UK thinks of its fashion and textile competition, in niche markets, as coming from Italy, France, Spain and, to a much lesser extent, the USA. Whilst this remains largely true, China has quietly and intelligently built its own Creative Industries and is ready to take on the world. China is now every bit our main competitor as the rest of Europe and its manufacturing power, precision technology, infrastructure and investment capacity will make China a tough act to beat.