

A man and a woman are working on large fabric pieces in a studio. The man is on the left, leaning over a large piece of fabric, and the woman is on the right, also working on a large piece of fabric. They are both wearing dark clothing. The background is a light-colored wall with some fabric hanging on it.

The Fashion & Textile Industry's Footprint in the UK

Executive Summary

October 2023



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About the Report

The report was researched and written by Oxford Economics commissioned by UKFT and funded by a range of cross-sector organisations including The Clothworkers' Company, The Weavers' Company, Innovate UK, the University of Huddersfield, the Greater London Authority and The Cotton Textiles Research Trust. It follows the findings of industry-wide consultation.

About Oxford Economics

Oxford Economics was founded in Oxford in 1981 as a commercial venture with Oxford University's business college. Today we've grown to be the world's foremost independent economic advisory firm, with over 350 economists and analysts across more than 20 offices.

www.oxfordeconomics.com

About UKFT

The UK Fashion and Textiles Association is committed to delivering sustainable growth for the entire UK fashion and textile supply chain. We bring together brands, designers, manufacturers, suppliers, educators and retailers to promote their businesses and our industry, both in the UK and throughout the world.

We offer practical advice and technical support to help member companies grow. We champion the industry on a global stage and support UK companies to trade internationally. With a growing focus on sustainability and innovation, UKFT is driving meaningful action in the transition to a circular economy. To help attract, train and retain the best talent, we develop industry-led solutions to address critical skills gaps. We are passionate advocates of 'made in the UK', combining a fresh approach to cross-industry collaboration with over 100 years' of experience in supporting manufacturers.

Our President is HRH The Princess Royal.

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Foreword

I am delighted to unveil the findings of this ground-breaking report, 'The Fashion and Textile Industry's Footprint in the UK' conducted by Oxford Economics. It is a landmark moment for our industry, marking the first comprehensive assessment of our sector's multifaceted contributions to the UK.

The fashion and textile industry contributed to an astounding £62 billion to the UK's GDP in 2021, supporting 1.3 million jobs across the country and generating over £2.3 billion in tax revenues. This translates to £1 in every £34 of the UK's total Gross Value Added (GVA) contribution, one in every 25 jobs in the UK and £1 in every £30 of HMRC's total tax receipts.

Our industry is a tapestry woven from the diverse talents and efforts of designers, product developers, manufacturers, wholesalers, retailers, fabric repairers, teachers, dry cleaners and recyclers. Together, we create, sell and maintain textile and fashion products that touch the lives of consumers, businesses, governments and institutions worldwide, with a footprint that extends to every corner of the UK.

This report shows the UK fashion and textile industry transcends boundaries, supporting a broad spectrum of demographics. It kickstarts careers for 197,000 people aged under 25, provides opportunities for 52,000 aged 65 and older, and empowers 540,000 women. This industry is truly a national asset, extending its influence to reach every corner of the UK. Its significance can be particularly felt in regions across the UK, with economic and employment impact noted in the North West, Yorkshire and the Humber, the South West, Scotland and the East of England.

Notably, the report reveals the industry's pivotal role in London's economy, where it contributed £11 billion in GVA and sustained 210,000 jobs. This serves as a testament to our global relevance as one of the world's major fashion capitals.

Innovation is at the heart of the UK fashion and textile industry, as evidenced by our investment in research and development. Over the past decade, we invested £1.4 billion in R&D, a commitment which is projected to yield significant productivity gains and growth in the years to come.

Outside of economic growth, the report highlights progress to reduce our environmental footprint over the past decade, addressing crucial concerns such as greenhouse gas emissions, energy consumption and water usage.

As we look ahead, it is clear that the UK fashion and textile industry holds immense potential to spearhead the nation's next phase of economic growth. By addressing challenges such as international trade barriers, skills shortages, training gaps and sustainability, we can expand our socioeconomic footprint and contribute to broader national objectives.

I want to extend my thanks to Oxford Economic for their diligent research and organisations including The Clothworkers' Company, The Weavers' Company, Innovate UK, the University of Huddersfield, the Greater London Authority and The Cotton Textiles Research Trust which supported this vital initiative. This report serves as a blueprint for our industry's future, highlighting the path to long-term responsible growth. With the right support, we can establish an even more vibrant and prosperous UK fashion and textile industry that embraces sustainability, innovation and collaboration as core values. By championing these principles, we aim to guide the sector into a circular economy, attract and nurture top talent, and uphold the esteemed tradition of 'made in the UK'.

Adam Mansell
CEO
UKFT



The background of the slide is a sepia-toned photograph of a laboratory scale. A large, cylindrical spool of white material, possibly a polymer or fiber, sits on the scale's platform. To the left, the vertical column of the scale is visible, featuring a series of numbered windows. The overall image has a warm, monochromatic reddish-brown tint.

Executive Summary

The UK fashion and textile industry is one of the largest sectors in the country and its influence extends around the world. The industry knits together a wide variety of people and talents, including teachers, designers, product developers, farmers, and manufacturers, as well as wholesalers, retailers, fabric repairers, and dry-cleaners who deliver and take care of textile and fashion products used by consumers, businesses, governments, and other institutions. As a result, the industry has an extensive footprint that reaches all nations and regions of the UK.

In this report, we analyse the fashion and textile industry's significance to the UK through different lenses: its economic impact, social impact, and environmental footprint in 2021, as well as how the sector's importance could evolve going forward.

First, we assess the industry's economic contribution using a standard economic impact assessment framework. This means quantifying three core impact channels, namely the direct, indirect, and induced channels through which the fashion and textile industry contributes to the UK economy. We quantify the impact across these channels with three metrics: gross value added (GVA) contribution to GDP, the number of jobs supported, and tax revenues for the Exchequer.

Second, following from the economic contribution, we analyse how the industry supports important demographics, including younger people who are trying to gain a foothold on the career ladder, older people for whom employment opportunities are important as the UK's workforce ages, and women for whom creating job opportunities is one of the government's goals.

Third, we measure the industry's domestic and global environmental footprint in 2021 and its evolution since 2011.

Finally, looking ahead, we assess the industry's potential to unlock further value following a return to normality after Covid-19 and, also, how the industry could increase its economic contribution if barriers to opportunities were removed.

Fashion and Textile Industry's Economic Impact

In total, in 2021 we estimate that the fashion and textile industry supported:

- £62 billion in gross value added contributions to GDP (£1 in every £34 of all gross value added generated in the UK in 2021);
- 1.3 million jobs (one in every 25 jobs in the UK);
- £23 billion in tax payments to the UK government (the equivalent of £1 in every £30 of HMRC's total tax receipts).

In this report, we analyse the fashion and textile industry in detail, and we find the following:

- Of the industry's total gross value added contribution, the distribution, retail and aftercare subsector supported £46 billion in gross value added contributions while the creating and making subsector supported £15 billion in gross value added contributions in the UK in 2021.
- In terms of total jobs supported, the distribution, retail, and aftercare subsector supported 1 million jobs while the creating and making subsector supported 260,000 jobs in the country in 2021.
- Finally, in terms of total tax supported, the distribution, retail and aftercare supported £19 billion in tax revenue for the Exchequer, the creating and making subsector supported the remaining £4.1 billion in tax revenue of the total tax contribution.

The businesses and organisations that make up the UK fashion and textile industry directly created a significant share of the total impact at their own operational sites. The industry brings together a large variety of professionals and businesses—higher education institutions, designers, product developers, farmers, textile machinery manufacturers, tanners, manufacturers of textile and apparel products, agents and showrooms, wholesalers, retailers, and rental and cleaning services providers—that enable consumers to buy their favourite garments, upholster their furniture, and dry clean their fashion and textile products. We estimate that the industry directly generated a £26 billion gross value added contribution to UK GDP in 2021. This activity was associated with 710,000 jobs and £13 billion in tax receipts for the Exchequer.

The fashion and textile industry's impact extended far beyond just its own operations through its supply chain spending. By purchasing goods and services from UK suppliers, the industry stimulated further economy activity in the country. In 2021, companies in the fashion and textile industry spent £18 billion by purchasing goods and services from suppliers. Based on the industries with which this money was spent, we estimate that the fashion and textile industry's supply chain spending supported a £16 billion in gross value added contribution to UK GDP. This activity is estimated to have sustained some 290,000 jobs and £4.2 billion in tax receipts that year.

Finally, the industry stimulated further activity in the consumer economy by paying and supporting wages. We calculate using ONS data that companies in the fashion and textile industries paid its employees a total of £16 billion in 2021. Based on typical household spending patterns, we estimate that through the fashion and textile industry's wage payments, and the wages the industry supported throughout its supply chain, the industry stimulated £20 billion in gross value added contributions to GDP. This is estimated to have sustained around 270,000 jobs in 2021. This activity also stimulated £5.6 billion in tax payments that year.

£62 billion

Total gross value added the UK fashion and textile industry supported in 2023

1.3 million

Total jobs the UK fashion and textile industry supported in 2021



The UK Fashion and Textile Industry's Social Impact

The fashion and textile industry also helps address social challenges. It plays a key role in helping young people get a foothold on the career ladder, while providing jobs for older workers—which is important as the UK's population ages—and supporting women in employment across the four nations.

Based on the industry's own operations, its procurement spending patterns and household expenditure patterns, we estimate the industry supported 197,000 jobs for people under the age of 25. On the other end of the age spectrum, the industry supported some 52,000 jobs for people aged 65 or older. In addition, the industry supported an estimated 540,000 jobs for women.

£23 billion

Total tax revenue the UK fashion and textile industry supported in 2021

197,000

Total jobs the industry supported for people under the age of 25 in 2021

The UK Fashion and Textile Industry Supports the Governments 'Levelling Up' Agenda

The fashion and textile industry's economic impact extends across all nations and regions of the UK, including regional economies that are important to the government's 'Levelling Up' initiative. The government initiative aims to reduce disparities across the UK by encouraging the development of the private sector, particularly in regions that have low productivity, economic activity, and living standards compared to the rest of the country.

The UK fashion and textile industry makes valuable contributions to regional economies like the North West, Yorkshire and the Humber, the East Midlands, Scotland, Wales, as well as Northern Ireland. The UK fashion and textile industry supported an estimated £6.3 billion in gross value added contributions and 140,000 jobs across all channels of impact in the North West. When compared to other regions in the UK, we observe that the industry's footprint in the region is more reliant on distribution, retail, and after-care activities, which would include retail and wholesale of fashion and textile products. On the other hand, the industry supported £5.9 billion in gross value added contributions and 120,000 jobs in Yorkshire and the Humber. We find that the Yorkshire and the Humber is more reliant on creating and making activities like manufacturing of fashion and

textile products compared to other UK regions. Outside of England, we find that the industry supported £4.6 billion in gross value added contributions and 100,000 jobs in Scotland, an estimated £2.5 billion in gross value added and 56,000 jobs were supported in Wales, and finally, the industry supported £2.2 billion in gross value added and 40,000 jobs in Northern Ireland.

At an even more detailed level of analysis geographically, the fashion and textile industry supports considerable economic activity in some parliamentary constituencies that have historically lagged behind London and the South East in economic terms. For example, Rochdale, Wentworth and Dearne, and Pendle – parliamentary constituencies considered to be relatively more deprived compared to others in England – experienced sizeable impacts from the fashion and textile sector relative to their total employment. In 2021, we estimate that the fashion and textile industry supported 8% of all employment in Rochdale, 7% in Wentworth and Dearne, and 8.1% in Pendle.



Harris Tweed

The UK Fashion and Textile Industry Stimulates Innovation and Productivity in the UK

The fashion and textile industry drives innovation and productivity through R&D spillover effects. R&D expenditure benefits the firms that undertake it, and in the long run the spending tends to generate substantial spillover benefits. Those benefits accrue when research facilities are developed, researchers are deployed, and knowledge and skills spread throughout the wider economy. Between 2010 and 2020, we estimate that the UK fashion and textile industry invested £1.4 billion in R&D. Using our econometric model of spillover benefits from R&D spending, we estimate that these investments could produce productivity gains equivalent to a GDP boost of £554 million by 2030 (measured in 2021 prices).

The UK Fashion and Textile Industry's Environmental Impact

The UK fashion and textile industry impacts the environment both domestically and internationally due to its complex and interconnected supply chain. In this report, we provide an environmental impact assessment for the UK's fashion and textile industry in 2021, and its evolution since 2011. This includes an analysis of the greenhouse gas emissions, energy requirements, and water usage of the industry and its suppliers that are located in the UK and abroad.

Overall, between 2011 and 2021 the fashion and textile industry and its supply chain became more environmentally efficient in terms of GHG emissions. For each pound of gross value added supported through the direct and indirect channels of impact, we estimate that the total GHG emissions stimulated by the fashion and textile sector declined by 16% between 2011 and 2021. In 2011, the fashion and textile sector produced or stimulated along its supply chain an estimated 0.31 kg of CO₂e for every £1 of gross value added the sector directly created or supported along its supply chain. By 2021, that had fallen to 0.26 kg of CO₂e in per £1 of gross value added supported. These results are based on industry-level GHG emissions intensities combined with our assessment of the economic activity supported by the UK fashion and textile industry through its own operations, and along its supply chain in the UK and abroad.

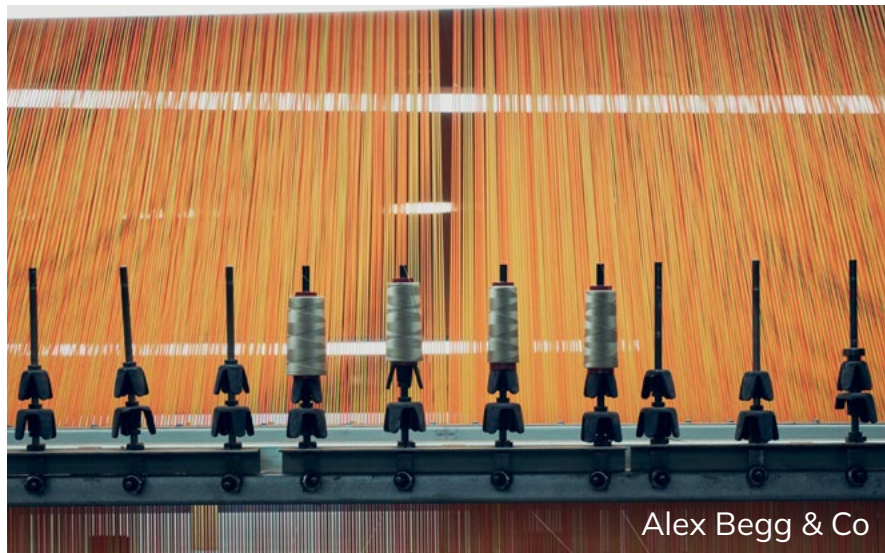
The UK fashion and textile industry and its supply chain became more efficient in terms of energy consumption during the past decade, an effect partially driven by energy intensive manufacturing subsectors becoming more energy efficient. We estimate that the combined energy intensity of the fashion and textile industry and its supply chain fell by 12% between 2011 and 2021. In 2011, the fashion and textile sector and its supply chain required 4.1 million joules per £1 of GVA the sector supported through the direct and indirect channels. By 2021, we estimate that fell to 3.6 million joules per £1 of GVA supported. This assessment considers both the energy use of domestic and global suppliers.

£554 million

The boost to UK's GDP by 2030 from the fashion and textile industry's R&D investments

-16%

Between 2011 and 2021, the industry's total GHG emission intensity has decreased by 16%.



The UK fashion and textile industry and its supply chain are also becoming slightly more efficient in terms of water used to carry out its activities. When considering the total water intensity of the fashion and textile industry, we estimate that it decreased by 2% from 1.3 to 1.2 litres per £1 of GVA directly generated or supported along the domestic and global supply chains.

Looking Ahead, Removing Barriers could Significantly Increase The Fashion and Textile's Industry Contribution

Oxford Economics surveyed businesses in the fashion and textile industry specifically for this report. We asked the businesses to rank a range of barriers to success, identified by the industry, including skills shortages, ease of becoming more sustainable, and rules that restrict international trade. In our survey, we asked them to estimate how much their profit would increase if a number of barriers to opportunities were removed, and our modelling proceeds from their answers.

160,000 jobs

The industry has the potential to support a further 160,000 jobs if all the barriers to exports are removed

We find that barriers to exports and skills, and barriers to workforce and skills shortage are the biggest impediment for businesses. If all barriers to exports were removed, we estimate the fashion and textile industry could potentially support a further £7.6 billion in gross value added contributions, alongside an additional 160,000 jobs and £2.8 billion in tax receipts when compared to the total core economic footprint of the fashion and textile industry. Similarly, if all barriers to workforce and skills shortage were removed, we estimate that the fashion and textile industry could potentially increase the sector's gross value added contribution by £4.7 billion, support another 98,000 jobs, and stimulate £1.8 billion more in tax revenues.

Of course, removing all barriers is a tall order; barriers will more realistically be changed and possibly reduced over time. In addition, the estimates are presented in isolation meaning they do not consider interactions between barriers that may occur. For example, if a particular barrier is reduced, it may positively impact another barrier. Nonetheless, the magnitude of the impact described here gives an indication of the importance of the issue.

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