



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

Sistema Econômico
Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caribéen



Final Report

Intra-Regional Relations

Seminar on the Apparel Industry and Economic Development in the Caribbean: Efficient Planning and Allocation of Resources
Bridgetown, Barbados
14 and 15 August 2014
SP/SICDEC/IF-14

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I. RAPPORTEUR'S REPORT

1. In compliance with Activity II.2.7 of the Work Programme of the Permanent Secretariat for 2014, entitled "Seminar on the garment industry and economic development in the Caribbean," the "Seminar on the Apparel Industry and Economic Development in the Caribbean: Efficient Planning and Allocation of Resources" was held on 14 and 15 August 2014 in Bridgetown, Barbados.
2. The event was attended by officials of the Government of Barbados and the Barbados Investment and Development Corporation (BIDC), representatives of the textile and business sectors of Barbados, and students and entrepreneurs. In addition, government representatives and micro-entrepreneurs involved in the textile, fashion design and clothing sectors from the following Members States of SELA attended the Seminar: Brazil, Guyana, Jamaica, Suriname, Trinidad and Tobago; as well as recognized experts from the United Kingdom. The List of Participants is included in Annex N° IV.
3. The objectives of the event were as follows: i) Raise awareness among Member States of SELA of the importance of strengthening the textile sector as a mechanism for economic growth and employment generation in this sector; ii) promote the exchange of the best practices implemented in other regions, such as Africa, where best practices allowed the sector to penetrate international markets and whose experiences can be replicated in Barbados and other Caribbean countries; and iii) increase awareness of the importance of value chains in Latin America and the Caribbean, in order to facilitate goods manufacturing opportunities, knowledge sharing and access to textiles and raw materials. The agenda, documents and speeches delivered at the event are posted in the SME section of SELA's Web site at www.sela.org.

II. DEVELOPMENT OF WORKS

4. The Opening Session was chaired by Mr. Leroy McClean, Chief Executive Officer of the Barbados Investment and Development Corporation (BIDC), who stressed the importance of the sector to the economy and social development of Barbados. Then, Mr. Antonio Leone, on behalf of SELA, explained the role of the organization in the region and its efforts to develop and promote the issue of SMEs, initially in the countries of Latin America and, for the last four years, with more emphasis in the Caribbean.
5. The textile industry has always been a very active sector in the global economy. In particular, the fashion design industry has recorded an increase of US\$ 1.7 trillion in 2012, employing about 75 million people worldwide. In the Latin American market, this sector accounted for approximately US\$ 35.1 billion during the period 2012-2017, with Brazil as the fifth largest producer. This industry is the second largest productive sector in terms of employment in the region.
6. The CARICOM countries remain on the margins of the industrial sector of fashion design, and its products are yet to penetrate significantly international markets. Specifically in Barbados, where there are some small and medium-sized enterprises (SMEs) engaged in this industry, fashion design is dominated by micro-enterprises, which in turn face major challenges in their transition to small and medium-sized enterprises (SMEs). In the CARICOM countries, the ongoing efforts do not consider value chains, but events and activities.

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Another problem that has been identified is the lack of knowledge to form public-private partnerships.

During the early 1980s, local firms sold as much as 60% to 70% of their output in the Trinidad market. Some of the increased activity in the sector during those years could be credited to the offshore enterprises, which accounted for 1,800 or 47% of the job opportunities provided.

Between 1981 and 1987, however, employment fell drastically by 41.7% to 2,229 and 23 firms closed as the fortunes of the sector began to wane. Shipments fell from \$70.3 million in 1983 to \$23 million by 1987 and slipped further to \$15 million by 1990. During 2008, the sector exported a mere \$0.9 million in total, 1% of what it did in 1983.

7. A brief review of the apparel industry over the years reveals a significant amount of unused potential. Data on the sector's performance over the last two decades shows a transition from "years of plenty" to rather lean and difficult times. In fact, the sector which once boasted employment levels of nearly 4,000 people in 1981 now employs a mere percentage of that total, with just 348 persons. During the 1980s, local companies sold 60% to 70% of their output in the local market. Some of the increased activity in this sector during those years could be credited to offshore companies, which accounted for 1,800. From 1981 to 1987, employment in the textile sector fell drastically by 41.7% to 2,229, and 23 companies closed. Shipments fell from US\$ 70.3 million in 1983 to US\$ 23 million in 1987 and to US\$ 15 million in 1990. In 2008, the sector exported US\$ 0.9 million, 1% of what it did 1983.
8. Barbados looks forward to working with SELA and other organizations to improve the performance of this industry segment. The Government of Barbados welcomed regional efforts to provide the fashion design industry of Barbados and CARICOM – in particular the training institutions specializing in fashion and fashion design; business development agencies; the manufacturing sector, and the financial sector – with the elements to develop the fashion design industry in the Caribbean from the experiences of the most important European and American couture houses.
9. It is necessary to take harness the opportunities to create a viable fashion industry with global marketing potential. High-potential niches have been identified in textiles design and custom tailoring for men and women, accessories like bags and belts, bridal wear, beach wear, costumes, active wear and soft furnishings.
10. Significant intervention is required, if the sector aims to capitalize on these industry segments. Priority actions at the governmental level will require a shift in focus from interventions at the level of the firm to more broad-based subsector solutions instead. There is a need to adopt a comprehensive, systemic vision of the entire industry through an approach that has come to be known as the sectoral method. Systematic interventions raise the effectiveness of job training by coordinating it with industry restructuring, helping a sector reorganize and reposition itself in ways that increase its demand for better-paid, better trained workers. The identification and provision of adequate sources of financing is also one of the key activities on the agenda.
11. Many aspects of the Caribbean pop culture have infiltrated the international scene, but key areas such as fashion design have been neglected. At present, access to financing is limited; support of organizations is weak (except for Barbados); costs of inputs for production are extremely high (fuel and electricity); designers need to interact with other designers; all

options should be taken into account, such as local design and foreign production; finally, while productive sectors fell, the cultural sector continued to grow by 14% in the past two years.

12. Mexico has approximately 65,555 textile manufacturing and clothing companies, with 98% of them being micro-sized enterprises. From 1998 to 2001, Mexico was the leading supplier of clothing in the United States. However, the benefits of the FTA erode global competition with the entry of the Southeast Asian countries into the WTO, the conclusion of the Agreement on Textiles and Clothing (ATV), and the change in the patterns of production, distribution and marketing of clothes. Few companies in Mexico could quickly adapt their processes of production to the entire package. Many maquiladoras had moved their facilities to Asian countries, where labour was cheaper. The decline in exports of textiles and clothing reflects this fact. Seventy-six percent of Foreign Direct Investment (FDI) in this sector has been directed to the clothing industry. A substantial part of this FDI has been aimed at the maquila firms producing clothing. In Mexico, there are several programmes for the promotion and operation of manufacturers: the Sectoral Promotion Programme (PROSEC); the Programme for the Promotion of the Manufacturing, Maquila and Export Services Industry (IMMEX), which allows the temporary importation of goods that are used in an industrial or service process intended to produce, transform or repair foreign goods for its subsequent export. Finally, Mexico also offers training programmes; textile engineering, fashion and design schools; and various strategies for promotion, such as México Fits and ProMéxico.
13. The way forward is to harness and develop a viable fashion industry with global marketing potential. A shift in focus to subsector solutions is required and an approach known as the sectoral method should be adopted. The identification and provision of sources of financing is also key. There is a need to adopt a financial perspective. Support is required for designers and manufacturers. There is also a greater need for designers to bring a unique identity to the point of sale of their brand.
14. For its part, the London College of Fashion in the United Kingdom stresses the importance of research to ensure that designs have strong fundamentals, promotes various teaching and learning methods, and encourages students to draw on diverse cultural experiences and not to lose their own cultural identity. It also carries out programmes for staff and students to participate in exchanges in order to gain experience, and owns an online platform called "Showtime" for students who wish to display their portfolio of work and highlight their specific skills.
15. A recommendation was made to develop a Caribbean brand and create visibility for regional designers. There is a deeper need for collaboration of designers and market research to identify niche areas, especially outside the region. Funds are available only to existing businesses that maintain proper accounting records. Research must be addressed and included in business plans submitted to the BIDC.
16. The experience of Brazil showed that a programme, currently underway, has allowed 8.3 million ventures to opt for the simplified taxation system. This is a special fiscal regime that SEBRAE helped create to simplify and reduce procedures for small businesses. Almost 50 small businesses are located in the Southeast of Brazil, whose major cities are São Paulo and Rio de Janeiro. The fashion industry in Brazil is threatened by products imported mainly from China. The biggest challenge at the moment is to increase the productivity of small

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enterprises. SEBRAE is preparing small-sized enterprises, mainly in management and innovation, and helping them reach new markets.

17. Considering that approximately 98% of fashion companies in Brazil are small-sized enterprises, tools used for planning and production control are insufficient to add value in production. National and international certification for the industry is a systematic process of monitoring and evaluating companies in order to provide a product with the appropriate level of confidence. Certified companies can increase domestic and international market penetration. SEBRAE works with large companies to bridge the gap between large and small-sized enterprises by improving technological skills, management and production processes and the quality of products of small businesses. Key indicators to be employed in this context are the value added index (the difference between gross sales and the amount paid to the suppliers of goods and services) and the competitiveness index of served enterprises (diagnosis of the National Quality Foundation).
18. Finally, a recommendation was made to create a Caribbean Fashion Council to boost the sector at the regional level with the support of Governments in the region. It was noted that regional designers must be well prepared when they attend international trade fairs. The Government's support is essential for the establishment of the relevant framework in order to take the sector forward, as well as the creation of strategic partnerships among actors. Educational institutions need support of both the public and private sectors to provide effective services to students. Investment is key for the industry to achieve success and for the Caribbean fashion industry to be competitive in the global market.

III. CONCLUSIONS

1. The way forward for small operators

- An important observation made during the question and answer session on the UNIDO presentation was that the key to being successful despite your size is in understanding your own capabilities, those of your competition and the market in which you operate. The point was made that the most valuable information for a small operator was knowing their optimal position in the value chain;
- In response to the challenges faced by micro-sized Caribbean fashion operators in transitioning to the classification of medium-sized enterprises and/or in finding services that cater to the very reduced scales at which Caribbean micro-sized enterprises operate, one solution posited was clustering. The observation was made that clustering would facilitate collective branding and allow companies to share marketing and logistical costs. The overarching solution going forward would be to establish a Caribbean fashion cluster, noting that this was the approach taken by Pakistan to develop their fashion sector;
- By and large, as the fashion and design sector falls within the SME sector, all of the constraints associated with SMEs will have an impact on the development of fashion. Therefore, any initiatives to propel the fashion sector must, in addition to the sector-specific constraints, address these general constraints.

2. Fashion as the lagging creative sector

- While representation of Caribbean popular culture has entered the international mainstream (carnival, music, cuisine, art, etc.), other lesser-known cultural elements remain relatively

neglected or underdeveloped. The fashion and design industry in the Caribbean is one such example.

3. Government support, investment and financing

- It was repeatedly stated by presenters and participants that support from Government was critical in the establishment of the relevant framework for taking the sector forward. Support was needed both for designers and manufacturers;
- It was also agreed that educational institutions needed support – both public and private sector – in order to provide effective services for students as well as up and coming talent across the cross-section of the industry;
- Investment was key for the industry to succeed and for the Caribbean fashion industry to become competitive in the global market;
- Innovative sources of financing were urgently required by the sector (Loan Guarantees, Lease Financing, Debt Factoring, Angel Financing, Venture Capital);
- There was need for funding for capital investment from agencies with the mandate to facilitate industrial development;
- Funding is available for technical assistance services, but the challenge is finding funding for the inputs needed for production: fabric, machinery, etc.
- Acquiring loans from commercial banks was also a challenge, and an interface with bankers was needed.

4. Education and training

- In general, while academic training was recognized and rewarded, it is noticeable that similar level of recognition does not apply to the technical vocational area, noting for instance that there is no scholarship programme in this area similar to the arrangements in academic studies at the CAPE/Advanced level.

5. Manufacturing

- All options needed to be explored, such as the option of designing locally and producing in another location or designing and producing locally. Designers had to source manufacturing services where they could be supplied, according to the standards required and at costs and scales affordable to the designer.
- Manufacturing remained a reliable source for employment domestically, was a viable source of import substitution and therefore saved foreign exchange.

6. Collaboration

- For the fashion industry to succeed, it was essential to pool regional expertise and international expertise. Designers needed to engage other designers and BSOs, because the task could not be accomplished alone;
- There was need for a region-wide support organization to help develop the industry and to serve as a port of call for its growth and advancement;
- Fashion is a holistic industry. For the fashion industry to be internationally competitive, the industry must pool talent and expertise, as well as provide education for all sectors of the industry – photographers, journalists, designers, artisans and manufacturers;

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- Regional initiatives must be re-engineered to deliver more results to designers;
- A more collaborative effort was needed especially from a financial perspective;

7. Niches

- Barbados identified high-potential niches in textiles design and custom tailoring for men and women, accessories including handbags and belts, Resort wear, Heritage wear, Bridal wear, Beachwear, Costumes, Active wear, and Soft furnishings.

8. Sea Island Cotton

- There was wide-spread support for promoting the use of Sea Island Cotton, although the expense of the fabric was noted as a challenge.

9. Branding

- There is a need to build up specialist fields to help create local brands, establishing correlations between training and building capacity that will add value.
- There is also a greater need for designers to bring a unique identity to the selling point of their brand;
- In the Caribbean, we have not been swift to recognize outstanding talent as it emerges, and when that talent establishes itself abroad, we lose opportunities to support and invest. The case of Rihanna was mentioned, and with respect to the fashion sector, references were made to young outstanding designers, like Posh Punk and Kaye Applewaite. The private sector in the region seemed to respond more readily to advertising support as opposed to investment or developmental support for the creative industries. The intention was not to keep talent within our borders, but to make a developmental or investment connection with them to help them create or push their brands before they were lured off to the large markets;
- The aim should be to develop a Caribbean brand and create visibility for regional designers.

10. Analyses and research

- A value chain analysis of the sector should be carried out with a view to developing a blueprint for its development;
- Market research should be done to identify niche areas, especially outside the region.

11. Policy approach

The following package of policy approaches was recommended:

- See it through the customer's eyes;
- Improve productivity, skills and capabilities within firms;
- Increase backward linkages and reduce lead time;
- Improve physical and bureaucratic infrastructure;
- Improve labour and environmental compliance;
- Diversify end markets to fast-growing emerging markets;
- Increase regional integration.

12. Collaboration and institution building

- Arrangements should be made for deeper collaboration among designers;
- A National Association of Fashion Designers should be formed;
- A Regional Association of Fashion Designers or a Caribbean Fashion Council should be formed.

13. Incentive programmes

- Incentive 3-year programmes should be created to facilitate the development of fashion designers and their businesses.

14. Preparation and Training for Designers in the Business of Fashion

- The Caribbean should cease sending unprepared designers to trade shows. It reflects on the entire Caribbean;
- Regional designers must be prepared for the business side of fashion when going to international shows. They should therefore have the relevant training prior to taking part in marketing activities, since having exceptional designs is not all that is required to succeed in the business of fashion;
- The level of training in fashion design should be upgraded with a view to creating graduate and post-graduate level programmes.

15. Sea Island Cotton

With regard to Sea Island Cotton, participants recommended that there should be:

- Resuscitation of the cultivation of Sea Island Cotton supported by the public sector;
- Development of a Marketing and Promotion Plan for Sea Island Cotton.
- Creation of strong linkages between Sea Island Cotton and fashion designers of the region;
- Financing and investment.

AGENDA

Thursday, 14 August 2014

Morning

8:30 Registration

9:00 – 9:30 Opening session:

- Permanent Secretariat of SELA
- United Nations Industrial Development Organization (UNIDO)
- Hon. Donville O’Neil Inniss, M.P. Minister of Industry, International Business, Commerce and Small Business Development of Barbados

ECONOMIC SIGNIFICANCE OF FASHION: PART I

9:40 – 10:15 **Presentation:** General remarks on the economic value of the global fashion industry. **Avis Charles**, Consultant

10:15 – 10:45 Coffee break

PLANNING: EDUCATION, TRAINING AND MARKET ENTRY MECHANISMS

10:45 – 11:00 **Presentation:** The value of education and training and their links with market entry mechanisms. **Paul McNicholl LCF Dean**

11:00 – 11:30 **Presentation:** Lessons learned from the experience of Africa in breaking into the international market. **Avis Charles**, Consultant

11:30 – 12:30 **Panel I:** Structure of training in the Caribbean, partnerships with external institutions and market entry mechanisms

Panellists: Representative of the Fashion Department of the Barbados Community College; representative of the Caribbean Academy of Fashion and Design, UTT; Invest SVG and June Sarpong MBE

Moderator: BIDC or SELA

12:30 – 14:00 **LUNCH**

Afternoon

14:00 – 16:00 **Questions and Answers**
Difficulties experienced by the Caribbean region in fashion development and market penetration

Presentations: Representative of the BIDC, Mr. **Keith Nurse**; representative of CEDA; representatives of Jamaica, Guyana and Haiti

Moderator: Avis Charles

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- 16:00 – 16:15 **Presentation:** The role of industry personnel in strengthening the planning and development of fashion in the Caribbean. **Paul McNicholl LCF Dean**
- 16:15 – 16:30 Coffee break
- 16:30 – 16:45 Review of the day's discussions by the representative of SELA
- 16:45 – 17:30 Networking of participants
- 17:30 Closing session for the day

Friday, 15 August 2014**Morning****ECONOMIC SIGNIFICANCE OF FASHION: PART II**

- 9:00 – 9:45 **Presentation:** Economic value of the industry: Africa, Brazil and the United Kingdom. **Avis Charles**, Consultant

STRUCTURE OF THE FASHION INDUSTRY AND RANGE OF EMPLOYMENT GENERATED

- 9:45 – 10:10 **Presentation:** Value of manufacturing as employment and income generator and as capacity-builder. **BMA**
- 10:10 – 10:45 **Presentation:** The role of small manufacturing units in the Caribbean with lessons from the UK and Italy for support mechanisms. **Avis Charles**, Consultant
- 10:45 – 11:00 Coffee break
- 11:00 – 12:00** **Presentation:** The manufacturing experience in Latin American
Experts: **Lucia Buson**, National Coordinator for the Textile Industry of SEBRAE, Brazil; **Miguel Echeverry**, Executive Director of ACOPI, Colombia; and **Martha Lilia Sarmiento Aragón**, Director of Basic Manufacturing Industry of the General Direction of Light Industries, Under-Secretariat of Industry and Trade of Mexico (20 minutes each)
- 12:00 – 12:30 **General Debate**
- 12:30 – 13:30 **LUNCH**

Afternoon

- 13:30 – 13:50 **Presentation:** Value chains and development of the fashion industry in the Caribbean. **UNIDO**
- 13:50 – 14:20 **Presentation:** Opportunities for SMEs in the global retail industry. **Faye Douglas**

14:20 – 14:50 **General Debate**

MOBILIZATION AND ALLOCATION OF FINANCIAL RESOURCES

14:50 – 15:40 **Presentations:** Local and international perspectives on enlisting private sector sponsorship and investment for fashion enterprises. Representative of **NCF***, **BSBA*** o **BPSA***, **June Sarpong**

15:40 – 16:30 **Presentations:** Tailoring financing arrangements from regional and international funding/development institutions to support fashion development and market entry mechanisms. Representatives of **Barbados, UE** and **IDB**

16:30 – 16:45 Coffee break

16:45 – 17:15 **Presentation:** Role of commercial banks in developing the fashion industry. Representative of the Banking Association (or a specific bank)

17:15 – 17:45 General Debate

17:45 – 18:00 Review and recommendations

18:00 – 18:30 Closing remarks and session by the BIDC and SELA

**SPEECH BY MR. ANTONIO LEONE, COORDINATOR OF THE SELA-SMEs PROGRAMME,
ON BEHALF OF THE PERMANENT SECRETARY
OF THE LATIN AMERICAN AND CARIBBEAN ECONOMIC SYSTEM (SELA)
HIS EXCELLENCY AMBASSADOR ROBERTO GUARNIERI**

Honourable Mr. Leroy McClean, Executive Director of the Barbados Investment and Development Corporation (BIDC)

Her Excellence Ambassador of Barbados in Venezuela, Sandra Phillips

Dear participants,

I have the pleasure in sharing with you all this opening session at this Seminar on the Apparel Industry and Economic Development in the Caribbean, in which SELA is delighted to organize in collaboration with the Barbados Investment and Development Corporation (BIDC) of the Government of Barbados and United Nations for Industrial Development Organization (UNIDO).

The Latin American and Caribbean Economic System (SELA) is a regional intergovernmental organization established in 1975. With headquarters in Caracas, Venezuela, SELA groups 28 Latin American and Caribbean countries. The main objective of this organization is to promote consultation and coordination among its Member States for the participation of the Latin American and Caribbean region as a block in international forums and before the major economies of the world. It also aims to foster cooperation for the promotion of integration and the economic and social well-being of our countries.

In this regard, it should be noted that one of the most important programmes developed by SELA since the end of 1990s is related to the improvement of conditions for the promotion of small and medium-sized enterprises, which are the cornerstone of the economy, employment and well-being of Latin American and Caribbean countries. In addition, according to estimates, 95 percent of manufacturing, trade and services enterprises in the Caribbean region are micro and SMEs, which account for 45 percent of jobs.

The textile industry has always been a very active sector in the global economy. In particular, the fashion design industry has recorded US\$ 1.7 trillion in 2012, employing about 75 million people worldwide. In the Latin American market, this sector account for approximately US\$ 35.1 billion, with Brazil as the fifth largest producer. This industry is the second largest productive sector in terms of employment in the region.

In this regard, a seminar focused on industrial planning, allocation of resources and investment, training and dissemination of best practices could be very useful, not only for Barbados, but also for the countries in the Caribbean region.

This Seminar has the following objectives:

1. Provide the fashion design sector of Barbados and CARICOM, in particular training institutions specialized in fashion and fashion design, business development agencies, the manufacturing sector and the financial sector
2. Review the African, Caribbean and Latin American experiences for the development of the textile–clothing–fashion chain, including fashion design, as a leading component.
3. Develop proposals that encourage the business, financial and academic sectors to increase business strategies from the existing international experiences and activities proposed in the seminar.
4. Promote the exchange of the best practices implemented in other regions, where best practices allowed the sector to penetrate international markets.

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5. Increase awareness of the importance of value chains in Latin America and the Caribbean, to facilitate goods manufacturing opportunities, knowledge sharing and access to textiles and raw materials.

Finally, I would like to reiterate our appreciation to the Government of Barbados collaborating in the conduction of this activity, as well as the speakers and all of you, fellow participants, who have responded enthusiastically to this invitation, which ensures that both presentations and proposals emerging during these days will help design new activities that lead to the development of the insertion of small and medium-sized enterprises into regional markets.

Let me to do special mention of people that have been strongly involved, such as, the Ambassador of Barbados in Caracas, Her Excellency Sandra Phillips; Avis Charles our outstanding consultant, and personnel from BIDC, as Dennise Lawrence.

Thank you very much.

A N N E X I I I

**SPEECH BY THE HONOURABLE DONVILLE O'NEIL INNIS, M.P.
MINISTER OF INDUSTRY, INTERNATIONAL BUSINESS, COMMERCE
AND SMALL BUSINESS DEVELOPMENT OF BARBADOS**

The Permanent Secretary (ag) Ms. Donna Cadogan, Ministry of Industry, International Business, Commerce and Small Business Development, Her Excellency Miss Sandra Phillips, Ambassador of Barbados to the Bolivarian Republic of Venezuela, Dr. Antonio Leone, Permanent Secretariat of the Latin American and Caribbean Economic System; Representatives of Barbadian, regional and international organizations, development and funding institutions, and educational institutions, Dr. Leroy McClean, CEO of BIDC and officers, Ms. Avis Charles, lead speaker and other distinguished speakers, specially invited guests, Ladies and gentlemen, Good Morning!

Let me extend my appreciation and commendation to you for bringing together in this regional forum a mix of business development agencies, fashion training institutions, technical and vocational institutions, fashion associations and/or independent designers, funding and private sector agencies to focus attention on a most important segment of industry.

The traditional garment construction sector is deserving of a renewed focus, as the once booming industry has fallen into significant decline in recent years. Once considered industry heavy weights, Barbadian companies such as Yankee Garments, Mapp's Garment Factory, Koves, Mico Garment Factory, Barbados Industries Ltd., Hooper Garments and Atlantic Manufacturing were looked to for employment and export sales generation. But crippled by considerable challenges and the changing fortunes of industry, this forced company closures and substantial downsizing in the few which remain.

Background

A brief review of the apparel sector over the years reveals mixed fortunes and a significant amount of unused potential. Data on the sector's performance over the last two decades shows the transition from "years of plenty" to rather lean and difficult times. Indeed, the sector which once boasted employment levels of almost 4,000 persons in 1981 now employs a mere percentage of that total, with just 348 persons.

During the early 1980s, local firms sold as much as 60% to 70% of their output in the Trinidad market. Some of the increased activity in the sector during those years could be credited to the offshore enterprises, which accounted for 1,800 or 47% of the job opportunities provided.

Between 1981 and 1987, however, employment fell drastically by 41.7% to 2,229 and 23 firms closed as the fortunes of the sector began to wane. Shipments fell from \$70.3 million in 1983 to \$23 million by 1987 and slipped further to \$15 million by 1990. During 2008, the sector exported a mere \$0.9 million in total, 1% of what it did in 1983.

Current State of Industry

At the end of December 2013, there were 15 garment producers operating in Barbados, employing a total of 291 persons. Many of them were employing less than 25 persons each and some were classified as micro-businesses, employing less than five persons each. Exports were registered at BDS\$ 0.6 million.

A limited range of products are supplied by these companies and include uniforms, t-shirts, polo shirts, swimwear, men's clothing, ladies blouses, and exercise wear. The school and industrial uniforms segment remains the principal activity within this subsector.

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Our local producers, constrained by high capital and operating costs, as well as shortages of skills and labour, have found it increasingly difficult to maintain their viability amidst increasing competition and shrinking market bases.

Research undertaken by the Barbados Investment and Development Corporation (BIDC) has additionally shown that access to working capital is a major concern for companies in the subsector. Finance was also identified as a fundamental challenge for businesses in this subsector, where large amounts of working capital are needed and typically unavailable. Companies are also forced to grapple with high electricity costs, impacting negatively on their variable costs and, by extension, their bottom line.

A number of the companies do not possess modern equipment or have access to training and find great difficulty in sourcing supplies. The inability to identify buyers was also noted as a setback for companies, as is getting paid on a timely basis for work completed. New product development is a major constraint and it is clear that product diversification and innovation will need to be commonplace among the companies if they are to effect a turnaround in performance.

While the demand for both ladies' and menswear is trending upward, it is often satisfied through imported goods via retail and e-commerce trade. Many of the products in high demand are not produced locally and so the demand for goods sourced externally remains fairly robust from year to year as consumers often seek to satisfy their demand through shopping trips abroad and via the Internet. With apparel imports registering at BDS\$ 49.2 million in 2013, the USA, China, Trinidad & Tobago, Panama, France and Jamaica have been the principal suppliers into the local market.

The main imports from the USA are men's or boys' trousers and shorts, shirts; women's and girls' dresses; whilst China's shipments are primarily men's or boys' trousers and shorts, cotton shirts, women's and girls' trousers and shorts, skirts and blouses.

This high dependence on imported goods is due in part to the structure of the local manufacturing industry where the product offering is not only somewhat slim, but dated.

Vision for Industry

Efforts are underway to improve the fortunes of the sector by energizing the fashion design segment of the industry. This market segment is however still very much in its infancy in terms of its organisation and economic contribution. It is our intention to undertake a detailed assessment of the composition of production, both in terms of product mix and client base. The goal of local producers and designers should be to transition towards higher value added products and processes. Through more intensive research and development efforts, products should be identified that are viable given the island's competitive advantages, capabilities or potentialities.

In the same way it is argued that in the area of entertainment, the nurturing of our creative outlets is critical, so it is for fashion. We recognize that value addition opportunities are primarily in the area of design, and must be explored if we are to convert the apparel industry from primarily garment construction to locally designed products with significant sales potential. There is much that can be gained from the sale of designs generated here at home and destined for international runways.

The idea of brand development must also be thoroughly explored particularly for fashion garments produced by local designers, several of whom have already made impressive showings

on the regional stage, and are eagerly looking forward to further exposure on the international scene.

With the resurgence of interest in Sea Island Cotton, it is believed that some opportunities for backward and forward linkages do exist. The production of Barbadian cotton spun, woven and finished into unique high value garments certainly offers some prospects for the industry given that enough cotton can be grown for processing. It is recognized that in the initial stages, the production and export of yarn may be the first step in this new industry but it is expected that high quality finished goods would be the ultimate goal.

It is hoped that with the current initiatives in progress, the fashion industry will become a vibrant area of enterprise, which will not only bolster the flagging export earning capacity of the apparel sector but provide new job opportunities as well.

Sector Assistance

The BIDC has been actively engaging the Samuel Jackman Prescod Polytechnic (SJPP), the Barbados Community College (BCC), the Barbados Manufacturing Association (BMA), the Barbados Coalition of Service Industries (BCSI), and representatives of two of the local fashion associations to identify the major challenges facing the industry and to articulate solutions for advancing the sector.

Significant assistance has been offered to firm and individual designers through the Special Technical Assistance Programme. Since its inception in 2001, a total of Bds\$ 5.76 million has been dedicated to the sector. The majority of funding was directed at marketing and an enhancement programme. Monies were also disbursed to assist in training, product design, market research, equipment, systems and process upgrade.

Substantial ground work has also been covered in developing Black Belly Sheep leather in a bid to penetrate the high end leather goods industry segment.

The Corporation has also taken a lead role in providing training and development opportunities with the organization of workshops and seminars. One of the most recent was a Technical Design Workshop conducted by Mr. Antonio Cumberbatch known locally as the man behind Posh Punk, but who is currently working with Zac Posen of New York. The 10-week training programme exposed 30 Fashion and Garment Construction students from both the Barbados Community College and the Samuel Jackman Prescod Polytechnic to a variety of topics including: Technical Design and Projects; Style Coding & Line Sheet Presentation; Fabric Manipulation; Job Opportunities for Fashion Design Students; The Process from Design-Reviews-Fitting-and-First-Sample to Market Sales; Production; Commercial Seasons and High Fashion Seasons and What It Involves; Different Levels of Designers Within a Company and Their Responsibilities; Relationships between Fashion Houses, Fabric Mills and Production Factories; Buyers - What they expect and what you don't expect; Management of Fashion Houses, the Different Departments and How They Work; and Project Presentation.

The information was extremely well received and the student receiving the highest grade at the end of the programme will have the opportunity to travel to the USA during Summer break 2015 for a period of internship with a Fashion House.

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The Corporation, with the invaluable input of Ambassador Sandra Phillips, has also sought to ensure that Barbados continues to receive the unparalleled support of the Government of Colombia through its training institution SENA and Artesanias de Colombia in the capacity building of our artisans and the strengthening of the creative sector in Barbados. A programme of cooperation with the BIDC which commenced in June 2013 and was due to end after six months has continued into 2014 in building the competencies of our artisans in jewellery, leather and textiles. A total of 22 artisans have received direct training through this initiative with 8 of them benefiting from attachments to SENA in Bogotá or Bucaramanga in Colombia.

Barbados, through the BIDC, has reciprocated and provided training for Colombians in an area in which we are most competitive – the teaching of English as a Foreign Language. This was realized in March of this year when two trained teachers of 'English as a Foreign Language' were sent to Colombia and delivered 4 weeks of tutelage to over 130 Call-centre students at 3 SENA training centres. Classes were also provided to Colombian teachers of English and to commercial businesspersons such as taxi men.

The technical cooperation has been extended with Colombia offering further assistance to our ailing garment sector. It is anticipated that come September 2014, three (3) garment producers accompanied by a Business Development Officer will be travelling to Bogotá for training in critical areas of garment production such as: Pattern Making and Grading; Machine Operations – Cutting and Stitching; and The Product Development Process.

In other training and development initiatives, the Samuel Jackman Prescod Polytechnic (SJPP) has partnered with local producer, AC Manufacturing to emerge one of the seven successful teams to have been awarded a grant from the Competency Based Training Fund to develop and deliver four NVQ training programmes in Fashion and Textile Technology related professions. The programme will aim to train all the staff at AC Manufacturing as well as additional students who are currently uncertified in this area but are keen to develop careers in fashion design and product development.

In order to facilitate the highest level of training, the Polytechnic will be acquiring the latest machinery and equipment and technology including Computer Aided Design and Computer Aided Manufacturing (CAD/CAM). The aim is to develop a workforce that will be competitive on an international level.

It is envisioned that the partnership will create industry professionals who are able to design and produce clothing collections that can compete with imports as well as potentially contribute to increased availability of export products. It is also hoped that closer collaboration with all stakeholders including the TVET Council, BIDC, BCSI, BMA as well as other education institutions such as BCC and UWI will facilitate growth within the industry. Effective collaboration between the private sector and training institutions is crucial to matching tuition with the needs of local manufacturers, their workforces and their clients.

The Way Forward

It is our belief that the time is right to harness and develop the potential to create a viable fashion industry with global marketing potential. High-potential niches have been identified in textiles design and custom tailoring for men and women, accessories including handbags and belts, Resort wear, Heritage wear, Bridal wear, Beach gear, Costumes, Active wear, and Soft furnishings.

It is clear that significant intervention is required if the sector is to capitalize on these industry segments. Priority actions at the governmental level will require a shift in focus from interventions at the level of the firm to more broad-based subsector solutions instead. There is a need to adopt an integrated, systemic view of the entire industry using an approach that has come to be known as **the sectoral method**. Systematic interventions raise the effectiveness of job training by coordinating it with industry restructuring, helping a sector reorganise and reposition itself in ways that increase its demand for better-paid, better trained workers.

Identification and provision of adequate sources of financing is also one of the key activities on the agenda.

SELA

Barbados looks forward to working with SELA and other agencies to improve the fortunes of this industry segment. We are especially encouraged by regional efforts to provide the fashion design sector of Barbados and CARICOM, and in particular the training institutions which specialize in fashion and fashion design, business development agencies, the manufacturing sector and the financial sector, with the elements to develop the fashion design industry in the Caribbean, from the experiences of the most important European and American couture houses.

We look forward to your review of the African, Caribbean and Latin American experiences for the development of the textile, clothing and fashion design elements as a leading component in the effort to: promote a greater understanding of planning and allocation of resources for the creation and strengthening of the fashion industry; implement methodologies for sectoral assessments or research; and explore opportunities for manufacturing and access to textile products and other inputs in this sector. We certainly appreciate the effort to increase awareness of the importance of value chains in Latin America and the Caribbean, to facilitate goods manufacturing opportunities, knowledge sharing and access to textiles and raw materials.

We anticipate also your development of proposals aimed at encouraging the business, financial and academic sectors to increase business strategies from the existing international experiences and activities proposed in the seminar.

As you deliberate over the next two days, I wish you every success in promoting the exchange of the best practices implemented in other regions that can be replicated in Barbados and other Caribbean countries to better position the sector to penetrate international markets.

A N N E X I V

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LIST OF DOCUMENTS

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SP/SICDEC/Di N° 1-14	Speech by Mr. Antonio Leone, Coordinator of the SELA-SMEs Programme, on behalf of the Permanent Secretary of the Latin American and Caribbean Economic System (SELA), His Excellency Ambassador Roberto Guarnieri
SP/SICDEC/Di N° 2-14	Speech by the Honourable Mr. Donville O'Neil Innis, M.P. Minister of Industry, International Business, Commerce and Small Business Development of Barbados
SP/SICDEC/Di N° 3-14	The manufacturing experience in Latin America - SEBRAE
SP/SICDEC/Di N° 4-14	The manufacturing experience in Latin America
SP/SICDEC/Di N° 5-14	Local and international perspectives on enlisting sponsorship
SP/SICDEC/Di N° 6-14	Technical support from the British Council and partnership initiatives
SP/SICDEC/Di N° 7-14	Economic value of the fashion industry Avis Charles