

FASHION + 'Spotlight on Sourcing'

Spotlight on Brazil and Latin America

Tuesday 21st July 2009

Introduction, Tamsin Lejeune, director of the Ethical Fashion Forum

Fashion+ is about looking at the way that people within the fashion industry can use their roles within the industry to benefit sustainable fashion.

This event is the second in a sub-series focusing on geographical regions, which includes Asia, Brazil & Latin American and Africa.

Right now Brazil is taking great strides in relation to fair trade and environmental impact reduction initiatives and is becoming an important market for designer fashion. Latin America is an inspiring place and our panel of experts will be explaining why and how.

About the Event

This seminar focused on the specific challenges and opportunities related to sourcing fashion products from Latin America, with a focus upon Brazil. With case studies and first hand accounts from brands and practitioners, the event gave an insight into why people source from Latin America, systems to solve & overcome challenges a business may face and how businesses have maximised benefits to communities and minimised environmental impact.

Speakers spoke of their personal experiences, affectively using themselves as case studies.

Seminar Facilitated by:

The Chair: Clare Lissaman, Ethical supply chain consultant

Clare has worked in fair trade for over 10 years, and now helps retailers make their products more ethical by developing and implementing strategic ethical programmes. Clare asked panel members questions and effectively summarised key points.

Nicholas Watson, Jungle Berry

Jungle Berry is a jewellery label made by artisans and cooperatives in the Amazon Rainforest of Brazil. Nicholas has worked in the NGO sector in Brazil and as a risk analyst covering Latin America.

Nicholas discussed what it is that inspires him about Brazil or Latin America and how Brazil and Latin America has created more opportunities for his business.

Aurélie Dumont, Veja

Veja is a trainer brand that works with co-operatives of small producers across Brazil and uses organic cotton and wild rubber to create trainers that respect both the environment and human rights.

Aurélie spoke of challenges that Veja has faced when sourcing from Brazil and Latin America, how these challenges were overcome and lessons learnt.

Andrea Fasanello, Moda Fusion

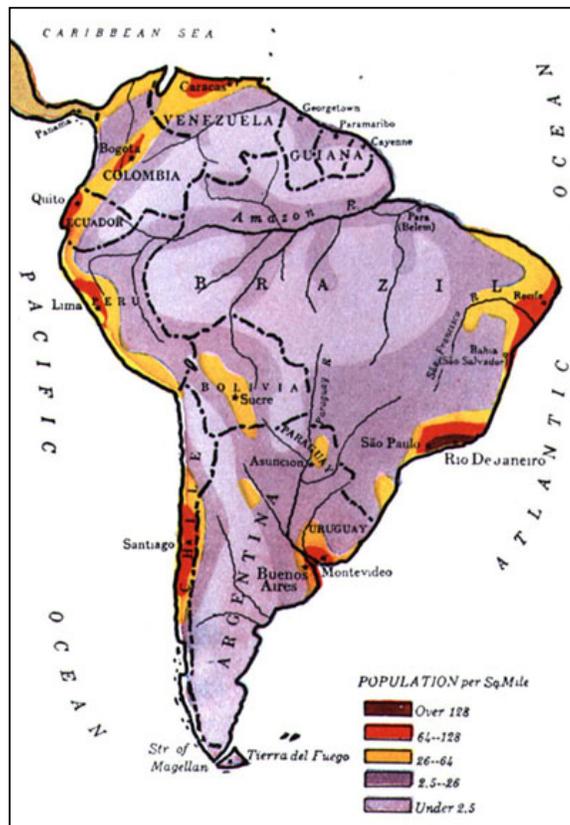
Moda Fusion promotes ethical fashion from Brazil, such as the Ethical Fashion Show in Rio De Janeiro. Moda Fusion also develops high fashion collections using sustainable materials.

Andrea discussed the social and environmental benefits that Moda Fusion have created in Brazil and Latin America.

Claire Lissaman, Introduction

Why the Apparel Industry is Important to Brazil and Latin America

Images from Claire Lissamans Presentation.



This image shows the population density across Latin America, you will notice how the population is sporadic and most of the highly populated areas pinpoint where Europeans entered and settled.

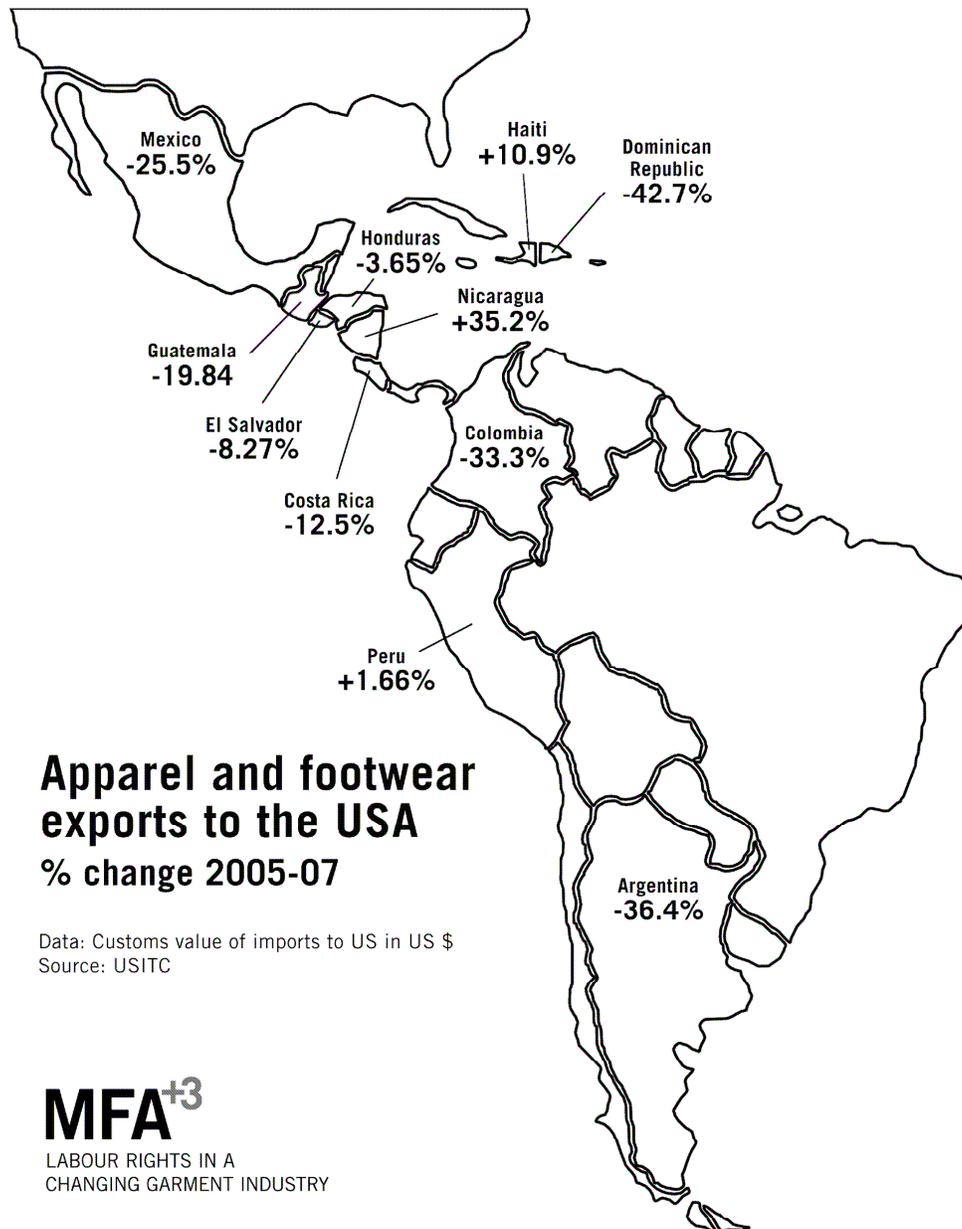
The total population in Latin America and the Caribbean is 57 million, compared with the 400million living in China.

11% of this population are living on less than \$1 a day, which is still a relatively positive amount considering a higher percentage in Africa are living on less than this per day. Although this is still ranked low for 'human poverty' on Human Development Index

Life expectancy is 71.9 years and the literacy rate is 89.6%.

Many people in Latin America rely on the apparel industry for income, however only Mexico makes it into the top 15 exporters in the world in 2007 (Leading exporters of clothing, 2007).

This is likely due to the decrease in apparel exports for many countries in Latin America creating a lack of demand for an industry many need. The next image will demonstrate how severe the drop in textiles exports between 2005-07 is.



Apparel and footwear exports to the USA % change 2005-07

Data: Customs value of imports to US in US \$
Source: USITC

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* Countries like Argentina, Peru, Colombia, and Mexico produce large amounts of apparel for their own and/or regional markets that are not reflected in these figures.

The drop in exports is down to the end of the multi fibre agreement in 2005. This means retailers can export large quantities of products from a country when before there was a limit- many are flocking to countries where there is cheap labour. This is most certainly the reason why Haiti has seen a rise in exports, as it is poorer.

Argentina, Columbia and Mexico all saw a huge drop in exports of apparel products in 2 years – 2005-2007.

This image shows how drastically fashion sourcing has changed since 2005.

Q) What inspires you about Brazil and Latin America

Nicholas Watson, Jungle Berry

What is not inspiring about Brazil?

Brazil has a huge diversity of cultures and history due to its sheer size and varying terrains, therefore those that live in Brazil have very different experiences even though it is the same country. Some areas in Brazil have no contact with the outside world, for instance in areas where Jungle Berry source in the Amazon Rainforest.

The founders of Jungle Berry decided to source from the Amazon Rainforest in Brazil after one of them carried out fashion based study there. What was most intriguing was that no fair trade projects wanted to go into that community, therefore Jungle Berry wanted to set up a business where the money made would go back to the producers to benefit the community. This is why every part of Jungle Berry's products is made in Brazil to ensure the full value goes back into Brazil.

The Amazon Rainforest is often called the lungs of the world, and yet no-one knows much about the area, one area in the Amazon Rainforest where Jungle Berry produces is more like a city than a small community which is not how you would see the Amazon Rainforest – how can this not fascinate people?

Nicholas also finds the idea of sustainable work in the Amazon Rainforest inspiring, often deforestation is associated with work in this area and to be part of and encourage an economy that does not do this is a great achievement.

Jungle Berry often work with indigenous women in the Amazon Rainforest and this of course means there is a language barrier – Jungle Berry have now built up experience in dealing with this and are capable of finding and recruiting more indigenous people.

What Jungle Berry found so alluring about Brazil is that there are many artisans who are incredibly talented but need a wider market to ensure this talent is being used – this is what Jungle Berry shows through its products. Using artisans creates an opportunity to have complete control over the supply chain and be transparent on where you source your products.

Input from all Speakers

Aurélie, Veja

Yes Brazil is inspiring, at Veja, Brazil gives us all the material we need for shoe manufacturing and we find employees in Brazil have so much energy that they inspire you.

Andrea, Moda Fusion

Many French brands do work in Brazil as they find it such an inspirational place.

Summary

Clare, Chair

Brazil certainly gives a feel of natural beauty and creative talent, the country itself is an inspiration not just the people in it.

Commercially it seems convenient as you have expressed that you can find all the materials you need – which is due to the various terrains Brazil has, and you also find a pool of talented and highly skilled people.

Q) It can't all be so easy, what challenges have you faced while sourcing from Brazil and Latin America? How have you overcome these?

Aurélie Dumont, Veja

One challenge Veja had when they first started was persuading the factory owners to not use easy to get hold of and cheap materials, but instead to find environmentally friendly materials which would need to be sourced from further away. It was also a challenge to get these factories to treat workers fair in terms of regular employment, working hours and wages. The factories were sceptic of making these changes as they struggled to see how the products would sell. To overcome this challenge Veja showed the factories how there was consumer demand in the western markets for fairly traded and environmentally friendly products, they were obviously not totally convinced but after the first season sold so well they quickly understood the value of the product they were making.

Veja work in three different areas in Brazil. Perhaps the most challenging area is in the Amazon Rainforest as it is very difficult to reach, particularly in the rainy season. Veja employees going out to this factory may have to wait up to three weeks in the rainy season to reach these producers. The other problem with limited access to this area is that it is very difficult to get information to the producers. This is no longer a real problem as Veja now have a third party who lives in Brazil and who now regularly communicates with these producers to make the flow of information easier.

Veja are currently embarking on a new project for the rubber they use for the sole of the trainers. The rubber is no longer collected by smoking but is tapped to make it more sustainable for the Forest areas.

A continual challenge that Veja has is the price of fair trade products. The current fair trade price is still low compared with the employees' needs which is difficult, Veja still need to make a profit on their goods to make their business model sustainable. The way to overcome this is to try and find ways to reduce the production costs.

The Veja brand has seen a huge growth in its size, it is currently growing faster than the number of producers. There is therefore a demand on Veja to train up employees across their supply chain. This has been a problem as there is not enough time to train people at the same rate of growth. The solution Veja has come up with it to bring together groups of people from different producers for training, this means those that need training are brought to the same location and Veja can easily and effectively train employees within the right time frame.

The laces on Vejas trainers use cotton, however it is such a small amount of cotton used that there is no one in Brazil who is prepared to sell fair trade cotton to them. This is a challenge Veja is currently working on.

Input from all Speakers

Clare, Chair

Veja have clearly made a lot of progress in such a short amount of time.

Andrea, Moda Fusion

When making many changes in your supply chain it is easier to do so when you are in that country, otherwise it is very difficult to implement, manage and build on.

Nick, Jungle Berry

Distance is a huge factor for the region we work with in the Amazon Rainforest and communication is key for inaccessible areas. You also must be sensitive to those employees' culture, this is a particular challenge with our designs. For the products to sell you must remain design led, it is difficult to explain this to the workers as you are not just using their traditional designs. You must make it clear you are not trying to bulldoze their culture.

Some of Jungle Berry's producers are incredibly difficult to access, when visiting these producers Jungle Berry must decide between a very expensive but convenient plane ride or by a much cheaper 5 day boat.

Q) You have gone through all these challenges and over come them, you must see rewards to the environment and the community for your hard work?

Andrea Fasanello, Moda Fusion

At Moda Fusion we help and support apparel producers, mostly in the slums of Rio de Janeiro. People in these slums often need training on the fashion market in order for them to successfully sell their products. These people have no access to the fashion market and therefore need support in understanding retailer's critical path, trends and consumer demand.

There is now an Ethical Fashion Show in Paris for Brazilian designers and those producing in Brazil. This has created a lot of interest in people sourcing from Brazil and supporting local talent, Brazil is starting to be recognised by the fashion industry. This creates jobs for many people in Brazil as people are bringing skills to Brazil and training Brazilians to pass on these skills.

Before Brazil was not an accessed market, now people across the world recognising and becoming aware of the Brazilian market and are encouraged to source from there.

The whole of Latin America is starting to be shown in Fashion Shows which will create the same demand that Brazil is beginning to have.

Sourcing from Brazil is greatly beneficial to communities, if there is a factory near or in a community then this provides employment for a family member who can then support their family members.

As mentioned, the people Moda Fusion work with are far away from the fashion market, Moda Fusion want them to see what happens to the products they are making, for example in the store, in magazines and other advertising, have them see the cities they are being sold in. Producers in Rio, when they see their pieces worn on celebrities they feel extremely proud.

During the fashion show the products and the music all come from the slums to fully incorporate Brazil.

Input from all Speaker

Nicholas, Jungle Berry

Jungle Berry have a similar situation to Moda Fusion, where the producers are very proud of the products they have made but find it difficult to understand what happens to the product after that.

Aurélie, Veja

Veja did take some producers to France to show them what happens once the products are produced and then they understood, but many did not want to go mostly because they were scared.

Audience Questions

I am very interested in Moda Fusions training work in Rio de Janeiro, could you tell me more about your project?

Andrea:

The idea of the training is to identify a group who is producing textiles but the style is not commercial. Moda Fusion then work with this group for four or five months to create a collection with them. Groups are often trained in Paris. Once these groups have finished their training they will be able to create a fashionable collection which will make them sustainable in the future.

Brazil is a huge country, how do you manage the distribution of all your products, exports and do this ethically?

Nicholas:

With Jungle Berry we found it very difficult in the beginning to manage sourcing across Brazil, it took trial and error and a lot of patience. We decided our producers were over too wide an area in Brazil for us to cope, we therefore had to lose some producers.

We find exporting is very easy from Brazil.

At Jungle Berry we started to offset our Carbon emissions caused by our travelling out to Brazil by crating our items to the UK. We decided offsets are not the best method, so have started investing money in getting the most out of our trips to Brazil in order to reduce the amount we need to go there.

Aurélie:

It is difficult to deal with Carbon offsets. Instead of flying our products to France we now ship them which is unfortunately a long wait. To distribute our products to other countries and around France, once they reach France, we use a barge from the Paris coast to stop vehicle carbon emissions.

To Nicholas, do you sell your products in Brazil?

Nicholas:

We would like to but this isn't something we have started to do yet, but definitely in the future.

Aurélie, how long did you have to prepare production in Brazil before Veja started? Did anyone live out there?

Aurélie:

The two founders of Veja had spent six months before launching in Brazil. While there they spent their time meeting with potential producers, and from this they decided which would be the most suitable to use for the Veja brands needs. After this Veja started producing in Brazil straight away.

The Veja team is actually very small; there are only 14 of us in Paris, 3 in London and 4 based on the ground in Brazil.

Once you have fallen in love with a country you stay there and this is what happened with our Veja founders.

I (audience member) currently produce in Brazil. There are so many costs that I face producing there, how have you managed to balance these costs and still give back to the workers?

Nicholas:

We have streamlined our producers so now we only produce in the Amazon Rainforest, which reduces the costs, as we do not need to transport products across Brazil. This means we do not have a problem giving money back to producers.

Aurélie:

It was very difficult to begin with, the cost of our trainers were expensive but we didn't want to pass this cost onto our customers – which is not a sustainable business model. However, at Veja we do not have a marketing budget which for many businesses can be as much as 70% of the total product costs.

Nicholas:

Brazil is a middle income country, it is not like sourcing from China. This makes the prices of your products higher and so it is difficult to compete with the high street,

particularly as consumers demand lower prices. Many retailers run to the cheaper countries and as Brazil is not cheap in comparison we cannot have high street prices.

In my experience (audience member) NGO's will only work with groups in Peru and Chile for 2 years and then leave – which doesn't help them. Is this very different in Brazil?

Aurélie:

Yes there is much more support in Brazil from NGO's, for example Sea Brite. They work across Brazil but rarely help brands and cooperatives from outside the country.

Nicholas:

NGO's do suffer from limitations as they have little money from their funders to build up resources for groups. Although businesses cannot provide the same support as NGO's they are available.

Aurélie:

Originally Veja did not want to work with NGO's, however now we work with an amazing NGO who are based near one of our producers. The NGO founder is a man who has dedicated his life to support local producers and he helps them create innovative products and designs.

With your experience in Brazil, do you think your products are capable of selling there, as this would reduce costs?

Nicholas:

Our research has shown that there is a sophisticated, middle class market in Brazil who have ethical concerns and so yes I think we could potentially be very successful in Brazil.

Aurélie:

The Veja brand is currently building a strong brand in France and now accessing Europe, but yes Brazil is a great market and is something to consider for the future.