INDUSTRY POLICY OPTIONS FOR THE AUSTRALIAN FASHION INDUSTRY:

The Potential of Institutional Networking

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As trade liberalisation continues, garment and textile industries in Australia, and in other parts of the world, are deciding on their future strategies. Although this has led to new export opportunities, it has also increased competition and further globalised the scale of production. The federal government has strongly encouraged export trade in the textiles, clothing and footwear industries for decades. It has consistently provided funding to the wider TCF industries, yet it has not developed a strategic industry policy for a viable Australian fashion industry. Policy objectives have not treated fashion separately and have not targeted small fashion companies in the past. In an environment where calls for effective government support, re-establishing protection barriers and other forms of assistance persist, the government's recent proposals are beginning to explore the potential of networking as a policy option. Current initiatives in the government's industry policy encourage co-operation and collaboration as a way of improving industry performance. The aim is to establish joint industry and public sector networking to support restructuring strategies.

This paper discusses the role of Australian government industry policies and the limitations of policies dealing with the fashion industry which,

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while small, has potential to enhance its performance. It argues that although institutional networking will not solve all the difficulties of restructuring, it may offer useful alternatives for Australian fashion companies. It evaluates recent trends in industry policies that illustrate the government's attempts to be proactive before investigating collaborative institutional strategies in New York. The paper concludes by examining possibilities of networking for the Australian industry, while also considering the problems of outworking.

The Australian fashion industry faces common difficulties with fashion sectors in other countries in dealing with global competition and external economic pressures. Italy is a well-known example of industrial districts based on dense concentration of fashion firms. Various regional studies of flexible production and specialisation have illustrated the benefits of collaboration and networking. Italy is a success story of government support assisting small firms, often based on family connections, in fostering networks with close linkages in regional districts. Public agencies work closely with businesses, providing technical support, information and production assistance. Groups of firms compete yet cooperate, taking the initiative in creating networks (see Brusco and Righi 1989; Pyke et al. 1990; Courault and Romani 1992; Taplin and Winterton 1997; Storper 1997). However, networking has been criticised because there is little evidence of job security and wage security, good pay or social benefits (Amin, 1991:123). Outworking and freelancing - usually 'women's work' - are provided through small-scale sewing workshops so that larger firms minimise risk and uncertainty.

Institutional networking is also operating in New York City[1], in an attempt to sustain prosperity in one segment of the American fashion industry. In this paper I examine the possibilities of networking for Australia and investigate the latest developments in New York. I argue that networking may be beneficial for business, but benefits for labour

1 I would like to thank the staff from the Fashion Centre, the Garment Industry Development Corporation and the International Ladies' Garment Workers' Union in New York. I visited their offices in October 1999 and they gave generously of their time and information.

are less apparent, particularly for outworking which is difficult to regulate.

Networking is based on cooperative associations between businesses with support from other institutional players such as government and labour. Strategic alliances involve exchanging information, resources, supplies and technological equipment. Worrall's (1993) model of networks provides a useful distinction. First, firms may be linked horizontally by a provider of services such as training facilities, access to advanced technology and joint marketing arrangements. Firms cooperate to gain access to services. Second, vertical networks may form when companies become interdependent in a production chain which links the various suppliers of a product. Both types of network are crucial in enhancing sectors' abilities to compete on the basis of product-led, rather than price-based approaches (1993:188). Buttery and Buttery (1994) argue that there are clear benefits for those companies that network. Improved market opportunities, sharing technology, establishing international connections and easy entry into new markets are some of the advantages.

The Limitations of Government Approaches to Industry Policy

Federal government industry policies have shifted from providing tariff protection to encouraging the operation of efficient markets. Despite this shift, the government has provided the TCF and Leather industries with over $2 billion in funding since 1974 until 1999 (Action Agenda 1999:1). In 1983, the Labor government argued that a more competitive export sector was necessary and that protection caused stagnation and inefficiency. Sectoral plans were developed for sectors facing major structural adjustment, such as the TCF industries as well as steel, automotive, and heavy engineering. In 1989, the federal government's new TCF Plan aimed to assist the industries to restructure, becoming more internationally competitive and export oriented. Government, business and trade unions developed the sector-based Plan to accommodate the ensuing changes. The principal features were reductions in protection, a gradual dismantling of the quota system and phased tariff reductions. The TCF Plan provided positive assistance, including measures to promote new technology, new work organisation, skills formation, infrastructure improvement and exports. The rationale was that low cost, low value-added production of basic items would move offshore, while local production would place more emphasis on fashion, quality and responsiveness to the market. It was anticipated that manufacturers would shift the production of basic garments like t-shirts, track suits, pyjamas and shorts offshore, and that companies would reorientate themselves towards the fashion sector in order to survive (TCFDA 1989).

The TCF Plan has been a process of 'trial and error' containing a number of inconsistencies. The implementation of tariff reductions occurred more quickly than agreed in the initial timetable. Simultaneously, available funding expanded, even though one of the government's main goals was to reduce firms' reliance on public decision-making and handouts. As Mathews and Weiss (1992) point out, during the early years of the Plan, the industries received mixed signals. On the one hand, the Plan encouraged improved quality, niche marketing and quick response strategies. On the other hand, there were calls to reshape industry structures in the pursuit of economies of scale. However, rationalisation and restructuring have no long-term benefits if they do not actively move firms into higher value-added segments of the market (1992:204). Attempting to compete on the basis of lowering costs compromised firms pursuing production strategies based on quality such as fashion items. Significantly, Mathews and Weiss praise the benefits of collaborative networking in Italy. They suggest that Australia should consider establishing a new policy framework.[2] *Working Nation* initiatives announced by Prime Minister Keating in 1994 included strategic networking of firms as a way of assisting them to become internationally competitive. This would foster and strengthen inter-firm networks to develop strong customer-supplier linkages necessary for innovation and

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2 The federal government also received information about the Italian case from the Werner consultancy (1994: 24-31) which undertook a major review of the TCF industries.

to share the costs of activities or investments which individual firms could not afford (Keating 1994:70).

Both the Labor and Liberal Coalition Governments have supported free market strategies at a broad level, while continuing to provide generous financial incentives to the TCF industries. They have shifted from a role of regulating and safeguarding the industries to facilitating the restructuring process. However, due to the political clout of industry lobby groups such as the Council of Textiles and Fashion Industries of Australia (TFIA)[3] and the TCF Union of Australia, arguments about protecting job security and maintaining trade barriers continue. The Howard government, like its predecessor, has attempted to foster a sound business environment. It adopts the recommendations of industry policy reports which stress the need to create the right preconditions for growth (see the Mortimer Report (1997)). The government (again like its predecessor) continues to address the problems of the TCF sector (and motor vehicles) by maintaining some protection and continuing funding. In 1998, it announced a $772 million TCF package to encourage investment in Australian TCF industries and to help them become more self-sufficient and competitive internationally.

The government's *Action Agenda* (1999) discussed future directions for the industries, acknowledging the success of networking in Italy. It recognised that activities such as clothing and footwear manufacturing are concentrated in particular regions in Australia. It noted therefore, that 'it should be possible for the industry to begin examining and/or further developing strategic alliances to identify and maximise the advantages of clustering' (1999: 33). Advantages are possible in 'developing networks and strategic alliances with more advanced international TCF and leather companies to obtain specific know-how and to access new technologies' (1999:48). Thus the report supports the establishment of 'clusters' of firms based on spatial relationships and 'networks and strategic alliances' between relevant institutions. It also identifies supply chain management as a key strategy for the industries' development.

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3 This organisation's members are mainly manufacturers. It is involved in the TFIA awards and in industrial issues such as outworking. It also makes submissions to government reviews such as the latest Action Agenda.

The TCF&L *Action Agenda* Supply Chain Working Group (1999) strongly supports a co-operative partnership between all links in the supply chain, recommending that TCF industries and government work closely together.[4] It argues that developing a business culture with mutually beneficial partnerships based on trust and sharing common visions, strategies and goals is crucial. One of the success stories is Kolotex, a large manufacturer of women's hosiery. Kolotex developed a joint task force with suppliers and customers to improve service along its supply chain. The objective was to reduce the costs of production, distribution and packaging and delivery. Its task force has improved forecasting, lowering costs and delivering better service (1999:52-52). Networking strategies, the report reasons, should be attempted by smaller firms to see if they too can benefit. However, this has often been a stumbling block. Although robust debates involved protection levels and employment during the 1980s and 1990s, a close and more careful focus on the fashion sector rarely occurred.

The TFIA has criticised the exclusion of the fashion sector from TCF Plan programs. Many designers, who are among the niche market producers the federal government has been keen to promote, did not fit the criteria and the rigid guidelines (Griffin, 1999:3). The fashion industry had focused on non-price factors such as quality, brand names and niche marketing long before the government's 1989 TCF Plan. In spite of this, the fashion sector received no specific targeting or funding, although it could partake in export initiatives such as the Import Credit Scheme which provided companies with credits to reduce the duty payable on eligible TCF imports. Further, the TCF Plan was not effectively 'sold' to the fashion industry and it appears that many firms were unaware of available assistance measures, particularly in the early years of the Plan (see van Acker 1993). This suggests a lack of fair guidelines and poor access to information. It is only more recently that some fashion companies are becoming involved with government sponsored programs.

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4 At the broad TCF level, the program has supported approximately 75 companies and 24 projects (Action Agenda, 1999:11).

Industry Policy and the Australian Fashion Sector

Fashion is of a dynamic nature and the industry changes rapidly. Historically, Australian fashion has had a low profile on the international scene. Australian designers have been regarded as stylists of existing design rather than setters of fashion trends (Fashion Industries of Australia 1994). However, Australia has developed a fashion industry of its own, with a range of styles and seasonal innovations. Since the 1970s, segments of Australian fashion have moved away from derivative design towards a more confident fashion design culture. Others have exploited national motifs - such as kangaroos and koalas – and symbols. Fashion has become more widely accessible. Youth culture, pop music and the larger disposable income of young people have influenced fashion trends, resulting in wider availability and visibility of fashion. The industry now sells approximately $9.21 billion of retail clothes each year (Huntington 1995: 39). Predictions are that Australian fashion will be a significant export industry and a major player in the international fashion marketplace.

The fashion industry is very diverse and fragmented, with a great deal of internal competition. Therefore, it is difficult to obtain a clear picture of the number of fashion companies and designers or the number of sub-contractors and people they employ. The industry targets niche markets, relying on customer loyalty and brand familiarity. Many companies combine boutiques and small retail outlets with their manufacturing production (Greig 1991: 13). Larger companies have their own stores or set up sections in large department stores. In-house design and marketing are the main focus, while many firms sub-contract the labour-intensive operation to skilled machinists. Some companies focus on exports while others develop label names for the domestic market. The diversity of fashion suggests that firms face different structural constraints that affect their production and marketing in different ways.

The fashion sector has experienced hard times since reduced protection and the recession in the early 1990s. While different firms in the industry have different concerns and needs, at a broad level, they have felt the effects of relatively high labour costs, expensive shop rentals and a public demanding value for money. Other perennials of the trade include volatility in the market caused by changing fashion trends, intense competition and the seasonal nature of the rag trade. Many fashion companies, both large and small, have faced financial difficulties, due to the restructuring agenda. As the following table indicates, there have been significant changes in the wider TCF industries. While value added, employment and domestic market share have continued to fall, exports as a proportion of industry turnover have increased.

Table 1: Selected Indicators for the TCF Industries

	1974-75	1984-85	1995-96
Value added ($m)	4 297	4 099	3 361
Employment (no.)	139 387	111 500	78 000
Domestic market share (%)	71	64	49
Export intensity (%)	2	3	16
Value added per employee ($)	30 830	36 765	43 094

Source: Productivity Commission (1999:74)

Another problem is the informal economy. One of the consequences of the TCF Plan, according to the TCF Union of Australia in *The Hidden Cost of Fashion*, is the increasing use of outworking (an estimated unregulated labour force of up to 300,000). Upmarket fashion houses, labels and retailers employ outworkers, via contractors, for rates that were far lower than the award (1995:16). Rather than direct manufacturing, distribution centres or warehouses use subcontractors who in turn employ women producing garments in their homes. Retailers have adopted a 'big stick' approach to contractors, dictating pricing policy and threatening to utilise imported clothing firms if local manufacturing prices increase. Companies are forced to cut costs to remain competitive so sub-contract work to sweatshops and outworkers who bear the brunt of restructuring, receiving low prices for their labour and quick turn around times (TCF Union of Australia, 1995:15).

There are signs of collaboration in an attempt to deal with the outworking problem. The TCF Union of Australia, the TFIA and the Retailers Association have negotiated a voluntary code of agreement for homeworkers to enforce award conditions. It comprises an accreditation process for manufacturers, an agreement by retailers to utilise accredited companies and a labelling system so that consumers know whether clothing corresponds to the code. While some fashion houses have signed the agreement, others are reluctant (Waldron, 2000). In addition, state governments are involved in the 'Behind the Label' campaign to stop the exploitation of outworkers. This new strategy endeavours to monitor working conditions throughout the production chain (NSW Department of Industrial Relations 2001). The launch of the 'no sweatshop' label in March 2001 aims to accredit companies which produce clothes under fair and legal conditions (Shaw, 2001). The TCF Union of Australia is attempting to encourage co-operative measures between various participants: time will tell if retailers and manufacturers will comply.[5]

Despite difficulties, several successful fashion designers and companies are undertaking business overseas and building new markets. These companies are not huge corporations with big budgets for advertising, but they understand their product's target market and the need to establish a good reputation for quality. For instance, Ken Done and Balarinji used Australian icons and motifs to carve their niche. Other good performers include Torallie which sold almost $300,000 worth of clothes; RM Williams which has experienced a resurgence in popularity; the Australian Knitwear Group which shows knitwear design at international trade events; Kakadu Australia oilskin coats; Bonkers which offers unique interpretations of Australian icons; and Holeproof which sells its socks and underwear to Asia and Europe (Ryan and Judd, 1997:18-20). Top TCF exporters include Country Road and Driza-Bone. Although Driza-Bone had zero exports before 1990, exports now represent about 60 per cent of total volume. Moreover, designers such as Collette Dinnigan and Akira Igosaw have a successful international reputation. Their distinctive designs and styles have become well recognised in international fashion shows. Labels such as Perri Cutten, Carla Zampatti, Trent Nathan, George Gross and Bettina Liano are less export oriented, but still very successful because they produce quality garments with well-known and respected brand names.

Some businesses have successfully worked with government through various schemes. Surfwear labels such as Mambo and Billabong pursue

5 To date, only one company has signed the agreement.

niche markets and are currently involved in an AusIndustry TCF Best Practice Program. Blundstone which offers 'street-smart' fashionable workboots is also involved along with companies such as Berlei, Diana Ferrari, and Seafolly. This is part of the federal government's latest program encouraging the industries to become more internationally competitive. Employees from various companies are encouraged to contribute their ideas and solve problems in their firms. The government is also funding a TCF 2000 Benchmarking Study and a Quality and Business Improvement Program. A new design and technology centre for the TCF and Leather industries in New South Wales will encourage the adoption of industry best-practice and innovation by strengthening the links between education and research institutions and companies (see AusIndustry 2000a and b). These initiatives illustrate the potential for introducing networking strategies involving combining resources, mutual support and linking various groups in the production chain. Under assorted programs, fashion firms have made commitments to share their experience and results with other companies. This illustrates the gradual implementation of networking practices in pockets of the Australian fashion industry.

Although some manufacturers, suppliers and retailers are recognising the importance of networking, this is not widespread. In 1992-93, nearly two-thirds of TCF&L companies employed fewer than ten people. These companies accounted for less than ten per cent of TCF&L turnover and nine per cent of value added. However, the five per cent of firms which employed more than 100 people accounted for 49 per cent of turnover and 52 per cent of value added (*Action Agenda*, 1999:18). There is little information or service networking involving firms which have related products, markets and customers in common. Moreover, competing firms cannot afford expensive equipment. As Booth argued more than a decade ago:

> there's a natural networking capability, which is not fully realised because of the way in which makers-up are played off against one another. They desperately need to share resources and information in the area of advanced manufacturing technology, fabric testing and quality control (1990:16).

It is difficult to convince all participants in the fashion industry about the benefits of networking. Historically, there has been a clash between those who come from a design or artistic background, who tend to see the fashion sector as 'different' from other industries, and those on the financial and manufacturing side. Fashion companies have been unwilling to share any resources as they operate in a very competitive environment, and are concerned that other companies will poach their designs and production strategies. A Bureau of Industry Economics study (1995) found that clothing and footwear firms had low participation in co-operative business arrangements. Their survey also found that 75 per cent of firms participating in co-operative arrangements achieved benefits. However, resistance to networking by clothing companies is beginning to change. As the participants in the Supply Chain Working Groups and Best Practice Programs demonstrate, even if fashion is 'different', designers, importers and retailers as well as manufacturers and subcontractors have much to offer each other. As Perry and Goldfinch (1998) show in their discussion of networking, supportive relations and information sharing between various firms at different stages of the production chain allows businesses to specialise in what they do best.

New York: An Example of Successful Networking

By the late 19th century, New York had become the fashion capital of the United States of America. During the interwar period, the industry declined due to growing numbers of large apparel firms in other areas of the country, the internationalisation of production and the need for domestic sites of low cost labour (Waldinger 1986: 89). By the mid 1970s, imports increased, but New York managed to stay competitive by adopting valuable components of successful networking. Waldinger (1986) argues that New York remains the centre of fashion design and merchandising for a number of reasons. The city combines a unique concentration of design, merchandise, supply and wholesale, generating external economies where many specialised and efficient firms work in close proximity. This lowers the cost of communicating information about the latest styles, fads and novelties, transporting goods, and using the same facilities. Suppliers provide materials or samples on short notice in an industry where the advantages of seeing the quality of fabrics, colours and patterns combine with the importance of speed (Waldinger 1986: 98-99). Moreover, the proximity of related businesses such as pleat makers, belt makers, cutters and embroiderers offers further external economies. Sportswear, evening wear and day wear are often situated in the same building, giving buyers and producers access to a variety of products. Green (1992) argues that New York continues using the advantages of concentration, its skilled management and labour to improve its reputation. Close production sites can quickly respond to a season's latest fashion styles and trends, ensuring fast deliveries - important imperatives for the fashion industry (1992: 216).

Due to changes in the global environment, New York now competes with developing countries for the fashion market. While data reports and statistical sources are measured sporadically, the fashion industry's overall business activity has remained effectively unchanged over the past five years. This stagnation is in contrast to the rise in overall economic performance of the City (Fashion Centre, 2001). Fashion firms find it increasingly difficult to withstand these shifts. One of the ways of dealing with change is to employ the influx of immigrants - mainly women - looking for work. Low labour costs are part of increasing the industry's flexibility to industry demands (Waldinger 1986: 97). Apparel manufacturing survives as a $14 billion industry, employing over 90,000 people in 4,000 factories. The industry employs a further 70,000 white-collar workers such as models, salespeople, photographers and advertising executives (Brooks 1998: 20). Furthermore, considerable numbers of homeworkers make up a large section of the industry: there is no official record of their existence but it is likely that enclaves of poorly paid workers operate beside the high-income fashion houses (Dickerson, 1999:171).

Several organisations have worked together to support New York fashion connections and networks. A very proactive group is the Garment Industry Development Corporation (GIDC), established in 1984 by the International Ladies' Garment Workers' Union (ILGWU), various business associations, New York City and State Departments, as well as the United States Department of Commerce and the United States

Department of Labor. It responds to the needs of the city's fashion industry by offering assistance with real estate, marketing and technology, as well as upgrading the skills of management and workers. GIDC's marketing and technology study, *Keeping New York in Fashion* (1992), recommended reorganising production, marketing and inventory management operations to create closer, more efficient linkages among retailers, manufacturers, contractors and fabric suppliers. The report argues that, for any significant change, a greater understanding of shared problems and the advantages of improved inter-firm relationships is necessary (1992: 65). Strengthening industry cohesion, fostering communication, sharing information and forming close partnerships replace adversarial relations between clients and suppliers (GIDC, 1992: 66-67). Thus, the recognition of co-operation is an important aspect of survival.

The GIDC is a prime example of public, private and union collaboration, supporting fashion in different ways. For example, it operates the Fashion Industry Modernisation Centre which trains garment workers and educates their employers. This joint project received financial assistance from government grants, technology from manufacturers and expertise from the trade union movement (Brooks 1998: 19). Another important service is the GIDC Sourcing Centre which aims to strengthen partnerships between local manufacturers, retailers and contractors. It provides a computerised sourcing network of New York contractors. An interactive database allows manufacturers to understand suppliers' and contractors' capabilities and capacities to meet their needs. To reduce costs and realise effective economies of sale, a consortium of manufacturers co-operates in securing the lowest possible price of supplies. The Sourcing Centre facilitates all aspects of production from factory selection, pattern grading, marker making, quality control, to in-store delivery. GIDC provides on-site training programs for operators to upgrade and diversify the skills necessary on the sewing floor. Since 1988, another program, GIDC's Super Sewers, has assisted nearly 1,000 displaced workers to improve their sewing machine skills (GIDC, 2001). While this probably represents only a small number of workers looking for work within the volatile industry, it does offer assistance.

GIDC works with other organisations to increase New York's competitiveness. For example, the Fashion Centre Business Improvement District (FCBID) is a not-for-profit corporation, established in 1993 to promote and strengthen New York's apparel industry. District property owners and businesses, as well as government, fund its operating budget of $3 million. Its biggest project, designed to develop industry trade, is the Fashion Centre Information Kiosk. Centrally located in the fashion district, the Centre provides an important source of information at no cost to visitors. Its data base, updated daily, enables manufacturers to source any product or service involved in the production of a garment. Information about trade shows, fashion show trade quotas and importing or exporting is also available. This service has been very successful in facilitating business. In 1996, 3,600 people visited the Kiosk, and by 1998, this number had increased to 17,400 people. Thirty per cent were domestic buyers, 18 per cent were international buyers and 27 per cent were manufacturers (The Fashion Centre, 1999: 11).

Many organisations are addressing the need to become internationally competitive and increase exports. Approximately 80 per cent of New York companies employ 20 people or less, and lack the necessary resources to break into overseas markets. In 1991 GIDC and the Council for American Fashion launched Fashion Exports/New York, a major export initiative designed to expand market opportunities world-wide. In 1997, Fashion Exports/New York, with the Fashion Centre, launched a $1 million initiative to help small and medium sized New York manufacturers to pursue exports. The three year co-operative program entitled New York Fashion International (NYFI) aims to raise New York's profile as a world fashion capital. It receives additional funding and support from the U. S. Department of Commerce. NYFI has produced a number of publications such as *The Export Guide* (1998) which provided information on developing export strategies and *The Exporters' Directory* (1999) which contained information about foreign trade offices, domestic shippers, financial institutions, consultants and government export assistance programs. Through NYFI, more than 40 firms have participated in overseas trade events, resulting in export sales of over $1 million. More than 150 company representatives have attended seminars that give advice on how to access up-to-date market research and market entry. This information is also available through individualised export consultations provided by staff.

New York prevails as the fashion heart of America. As Sakany (1999) argues, there is a need for manufacturers to create samples and turn goods over quickly for companies and designers located in the city as well as for outside buyers. Various industry actors work together, providing training seminars, technology, information and public relations assistance. Networking strategies have assisted in improving international competitiveness and enhanced firms' capacity to survive difficult times. However, according to a GIDC spokesperson, some firms are unaware of available services, paranoid about interference from government, other firms or the union, or simply too focused on survival to participate in any networking options (interview, GIDC 1999, New York). Moreover, it is likely that participating firms are open and visible, operating with a 'do the right thing' ethos, while sweatshops violating wage or child labour and safety or health laws would be less inclined to participate. The invisibility of outworking makes it difficult for institutional players to deal with this persistent problem. However, the GIDC conducts political campaigns to improve employment conditions for outworkers and migrants. It also runs seminars covering the prohibition of outwork and supports 'Sweatshop Watch' a coalition of labour, community, immigrant rights and women's groups committed to eliminating sweatshop conditions.

The Possibilities of Networking in Australia

New York City has a history of quite close collaboration between firms in a close geographical space. Its population of ten million people operates in a market of more than 400 million people via NAFTA, although it must compete with other American cities such as Los Angeles, Dallas and Chicago. Thus comparison with the much smaller population and market in the much larger region of Australia is difficult. Despite the different local cultures and politics, both face comparable problems in the fashion industry. They are confronting difficulties concerning the need to identify new technologies, management practices and production methods. The informal economy based on exploiting migrants is another ongoing problem which is not easy to solve.

Australia can learn lessons about the value of setting up institutions where various players work together, sharing information, ideas, training facilities and technology. There is no reason why Australian fashion companies cannot attempt some of New York's strategies. I am not suggesting that the New York example represents a model for Australia to embrace without question or without adaptation to local requirements. However, New York illustrates the possibilities for different players to develop a willingness to network. The fashion industry is highly fragmented in both places, and is very competitive in a changing global environment. As various studies have illustrated, districts emerge on the basis of local processes within a defined local historical context (Courault and Romani, 1992; Hirst and Zeitlin, 1992, Staber 1998). Moreover, regional economic success relies on the capacity of regions to activate flexible institutional strategies (see Amin and Thrift, 1994). Different approaches are needed to sustain co-operation and competition in specific locations.

An important requirement for successful networking is proximity. Fashion companies have already congregated in some areas, particularly in the inner suburbs of Melbourne and Sydney. The TFIA is located in Melbourne and its role could easily be expanded into a role similar to that of New York's GIDC. This body could conduct feasibility studies of the potential for networking, addressing issues such as employment, delivery, transportation, information and communication and lead times.[6] The new design and technology unit in Sydney could also contribute in a similar way to the New York Fashion Centre. Fashion shows are flourishing in both Sydney and Melbourne, providing platforms for designers, manufacturers and retailers to showcase their work. They include Australian Fashion Week, Melbourne Fashion Festival, TCF International Exhibition and the Fashion Jewellery and Accessories Fair.

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6 *Ragtrader*, a fashion journal, publishes an annual Fashion Directory, which lists more than 5000 labels, agents and companies. With goodwill, the journal could combine with the TFIA to augment the production and distribution of the Directory.

The sponsors of fashion exhibitions and fairs aim to generate sales and exposure for Australian designers. In this way, Australian cities will be recognised as an important addition to the international fashion calendar, along with London, Paris, Milan and New York.

Australian government initiatives such as the TCF Best Practice Program and the Supply Chain Program illustrate the benefits of co-operation between different organisations within the industries. The original TCF Plan involved close collaboration between business, union and government representatives and was tripartite in its development and implementation. While relations were often adversarial, the various delegates were able to negotiate and work together. Establishing a body such as New York's GIDC is worth considering for companies facing the challenges of restructuring. It presents opportunities for sharing ideas, information and business insight. Networking strategies can then develop as this operation consolidates.

Australian fashion has matured and companies are developing a strong profile in niche markets, not only domestically but also internationally. The industry has the potential to adapt to different agendas and attempt closer collaboration as it receives wider exposure. This is not to deny the difficulties in establishing networks and collective benefits. The rapid changes in fashionable modes make the industry inherently volatile and cyclical. Consequently, problems such as the exploitation of outworkers providing cheap labour continue. Facing tough economic conditions and a competitive global environment, many designers resist government direction, preferring to work independently from other organisations in an attempt to survive. These companies do not seek public assistance to support networking as a possibility for integrating design and creativity with production and distribution. They are more concerned with the demanding realities of restructuring. Yet the success of the fashion industry rests on continuing economic viability as well as on the impression of vital stylistic designs. Perhaps the greatest difficulty is convincing designers and other players about the benefits of networking. The *Action Agenda* recommends that the corporate culture needs to change 'from being adversarial to more cooperative' (1999:34). This is challenging in an industry where many companies traditionally distrust others.

While the potential for enhancing performance, many Australian fashion companies are still struggling with the consequences of the restructuring process. Through various programs, the Australian federal government is moving towards establishing public infrastructure to support greater co-operation. Networking information is also increasing. Various fashion websites supported by government are networking initiatives, which could expand by offering useful information and assistance.[7] Other players in fashion are developing websites as well as on-line information and advertising.[8] These strategies suggest that support and learning do not have to be at the expense of competitiveness. Indeed competition between companies is still important and conflicts with other participants may be unavoidable at times. Whether to contribute to existing networks, build new relations, or affiliate with firms in other areas are decisions for the numerous parties in appropriate institutional arrangements. As the participating firms in various TCF programs illustrate, confidence grows among groups that experience advantageous dealings with others. This in turn raises the possibility of further co-operation and new opportunities. Success could be enhanced if networking was considered in a strategically planned bundle of policies, simultaneously addressing problems such as the exploitation of outworkers.

Conclusion

Even though government structural policies are attempting to create and reinforce suitable networks for specific local environments, it is too early to make any grand claims of success. The Australian federal government is just beginning to actively promote institutional collaboration as part of its industry policy for the fashion industry. Debates about appropriate levels of protection remain on the political agenda, and the provision of generous subsidies continues for the wider TCF industries. Freeing up the market will not solve problems. Australian fashion companies do not compete on a level playing field, and overseas competitors obtain

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7 See www.tcfoz.com.au

8 Changes in policy should also consider greater support of local manufacturing, rejecting the easier option of offshore production.

government assistance to become internationally competitive. Moreover, giving trade competitors unconditional and unilateral domestic market liberalisation offers few advantages. By developing an active program of local partnerships, the involvement of different authorities could cultivate a set of co-operative relations, providing services such as training provisions, highly developed technology and shared marketing arrangements.

The analysis of the fashion industry in New York City demonstrates the potentialities of networking between various agents sharing information and interacting within the system of production. While adversarial relations still occur and not all businesses are keen to participate, it is nevertheless possible to establish agencies of collective benefit. This assists in reducing uncertainty, providing flexibility and the capacity to deal with change. Networks also provide access to data, resources and skills not possessed by individual firms so that a quick response meets market demands. Institutional networking may assist members to reach domestic and global markets with minimum time delays.

There are still unanswered questions about whether networking might be a useful strategy for Australian fashion firms. The potential of networking to improve working conditions is less convincing. The predominance of exploited women working in the lowest paying jobs persists, as it has for decades, in clothing and fashion industries throughout the world. Addressing the problems of labour, especially the position of sweatshops in the production chain, presents ongoing and challenging difficulties. While anti-sweatshop campaigns are promising, their success relies on support not only from the government and trade unions, but from retailers and manufacturers ensuring that the production and contracting chain is visible.

If the federal government continues spending millions of dollars on the TCF sector without adopting different strategies, it may be throwing money away. Despite channelling billions of dollars into the TCF sector, segments of the industries are still struggling for survival. At a time when both the public and private sectors are demanding 'value for money' the government is rethinking its policy options. At the same time, the fashion industry itself is beginning to think about different (and for some companies, rather radical) ways of dealing with restructuring. While this process may be difficult given the competitive nature of the industry, new practices are possible.

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