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Case Report

Fashion Consumption in Israel from 1990s to Present: How Did the Infiltration of the Fast Fashion Model Affect Israeli Fashion?

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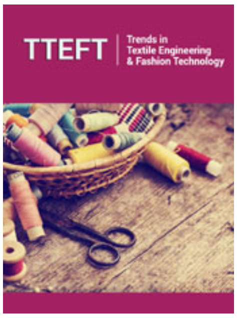

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Abstract

In recent decades, the fashion industry in Israel has undergone dramatic changes: from an independent and prosperous industry to an industry in collapse, in which hundreds and even thousands of businesses close every year. These changes are associated with several factors: the rise of the neoliberal economy, a change in government policy in the textile industry, the expansion of online commerce, and the Israeli consumers' tendency towards mass consumption of cheap clothes. The main factor underlying this reality is the infiltration of the Fast Fashion model into Israel. This paper sets out to review this process and its consequences on the Israeli fashion and textile industry: changes in government policy towards the textile industry and finally the emergence of a sustainable fashion movement in Israel.

Keywords: Israeli fashion; Fashion consumption; Textile regulation; Fast fashion; Sustainable fashion

Introduction

In recent decades, the fashion industry in Israel has undergone dramatic changes: starting in the early 1990s, the Israeli government implemented a policy to reduce customs duties in the field of textile and clothing importation, ultimately reaching full exemption. This policy came about alongside a general decrease in consumer goods prices, a decrease in the number of employees in the local fashion industry, and a decrease in spending on clothing. Thus, while customs were reduced from 33% in the 1990s to 6% in 2018 (lower than average among OECD countries), reaching a full exemption in 2019 (for clothing costing up to 75 dollars), consumer spending on clothing decreased by 34%. In fact, between 1995 and 2018, customs duties on clothing and textile decreased by 27%, while the number of fashion and textile workers decreased by 80% (from 45,100 to 9,000) [1,2]. Coupled with an increase and expansion of online commerce in Israel, which began during the second decade of the 20th century, this reality led to a significant decline in the Israeli fashion market.

As a result, although Israeli production indices per working hour increased, revenue in the textile industry and the clothing industry decreased by 50% and 35% respectively. Moreover, similarly to Europe, despite a general increase in the consumer price index, the consumer clothing price index decreased: while Europe saw a general increase of 39.4% in the consumer price index between the years 1995 and 2017 (among the 28 economically leading countries in Europe), Israel saw an increase of 31.5%. However, the decrease in clothing prices in Israel during those years stands at 28.8%, in comparison to a 1.2% decrease in Europe, while Israel saw a far smaller general decrease in prices compared to Europe. In addition, while fashion prices in Israel decreased by approximately 34% from 1997 through 2017, the monthly household expenditure on fashion remained constant [1-3]. This concludes in households buying more of cheaper items at the same level of expenditure. Put together, these numbers testify to the vast infiltration of the Fast Fashion model into the Israeli market.

Consequences of the Infiltration of the Fast Fashion Model to Israel - Case Presentation

Fast fashion is fashion produced in an industrial manner, similar to fast food. The speed refers to both the fast arrival of fashion items from the high brands runway to the fast fashion consumer, and to the short-term use of these items by consumers. The profit model is based on a maximum cut in production costs, based on rapid production and wide distribution, while often harming and exploiting the environment and workers' rights. In fact, due to the rise of the Fast Fashion production model, the fashion industry is now considered to be the second most polluting and exploitative industry in the world. Prominent examples include fast fashion chains ZARA, H&M, Topshop, and Primark [4-7].

The infiltration of the fast fashion model into Israel, combined with the low productivity per working hour in the local textile sector, led many Israeli fashion companies to transfer their production lines to countries with low production costs [3]. This subsequently created a fragmentation in the Israeli fashion market, leading to the establishment of two major categories in the local fashion market: the first, large Israeli fashion retail chains that had adopted the Fast Fashion model, producing Israeli fast fashion; and the second, small and medium-sized businesses relying on independent designers and often operating under a slow fashion production model. The first group consists of three large fashion chains: FOX, CASTRO, GOLF and the second group consists of thousands of independent businesses. But despite the nominal difference, the first group owns most of the revenue from Israeli fashion sales [8-12].

Another change was the Israeli government's regulatory attitude to the issue over the years. With the establishment of the State, and later throughout the 1950s, the Israeli government supported the fashion industry extensively through a series of subsidies and regulations. This policy led to the establishment of a strong, independent, and prosperous fashion industry in Israel, which exported extensively outside of Israel and even constituted a significant part of the state's GDP [13,14]. However, in the 1980s, with the infiltration of the fast fashion model into Israel, along with the rise of the neoliberal economy, the Israeli government chose to drop these benefits, and the Israeli fashion market suffered a severe loss of state support. In the past decade, Israeli governments tried to support the Israeli industry by encouraging technological improvements and streamlining, and improvement of human capital, by professional training for potential employees; but these measures were in a sense too little too late [2].

The most significant consequence of these changes is the shrinking of the textile and clothing industry in Israel. In 2017, 396 local fashion businesses closed, in 2018-701 closed, and in 2019 another 750 closed [15-17]. Between 1990 and 2017, the number of Israeli workers in the clothing industry dropped from 49,000 to 9,000, a cumulative drop of 82 percent [18] and during the Covid-19 crisis, which exacerbated the industry's situation even more, over 2,000 businesses closed [19]. This trend is not a consequence of sustainable fashion consumption in small volumes, but an expression of consumers' choice of fast fashion chains originating abroad. Israeli consumers buy most of their clothes from multinational corporations. In 2017, USD 3.5 billion worth of clothes that were manufactured in Israel were purchased, compared to USD 7.5 billion worth of purchases from foreign chain stores [20]. And today, households in Israel spend NIS 21-22 billion on clothing every year, with two thirds of these purchases from international websites [16]. In fact, the ultra-fast fashion chain SHIEN holds 33% of the shares of online sales in Israel. The rate of spending on fashion, from a total spending of households in Israel, is the lowest, among the OECD member countries [1]. In other words, the Israeli consumer aims to buy large quantities at an extremely low price.

Discussion: Will Public Movements towards Slow Fashion become the Solution?

The increase in personal fashion import results in the production of an average of 1. 7 kilos of waste being produced by Israelis every day, of which 7% is non-recyclable textile waste. In addition, recent years have seen a large increase in the volume of non-biodegradable dry waste [21]. This increase is associated, among other things, with the vast amount of plastic packaging required to transport the products. This trend in waste joins the many negative effects of this industry on the environment [4-7]. Considering the above, Israel's tax policy in the field of fashion could be expected to encourage local and sustainable consumption, but as aforementioned, this is far from being the case. While a series of countries and states in the US and Europe are working to increase tax on imports and encourage sustainable local fashion [5], the Israeli government, to reduce the cost of living, chooses to refrain from taxing fast fashion while also refraining from supporting sustainable local fashion.

In face of this reality, a large and significant Slow Fashion movement has grown in Israel in recent years. Dozens of public schools have adopted educational programs for sustainable fashion and alternative consumption. Sustainable fashion organizations such as the Forum for Sustainable Fashion and Dress Well -Promoting Fair Fashion, emerged for the first time [22,23]. The quantity of second-hand clothing stores has increased by dozens of percentages [24] and Israeli fashion brands such as Comme Il Faut and Story have begun to allow customers to sell their old clothes in their stores, with the aim of encouraging a circular economy [25]. Past experience shows that market forces affect the fashion industry more effectively than regulation and legislation [5]. Together with the growing demand for alternatives, this can pose and optimistic perspective on the future of the local fashion industry.

Conclusion- Lessons from the Past in the Face of the Rise of Ultra-Fast Fashion

Nevertheless, this does not mean that it is enough to rely on market forces in order to promote sustainable fashion in Israel (at the expense of fast fashion). Market forces often translate into purely economic motives, and although sustainability in fashion is considered a profitable trend, with notable economic advantages

[26,27] relying on economic motivations alone is dangerous. Both because in many ways the reliance on narrow economic motivations are at the heart of the Israeli fashion industry crisis and the climate crisis; And because many times, still, exploitation and pollution are more profitable than sustainability. Therefore, the Israeli government is required to adopt a policy that supports the local sustainable fashion industry.

Israel is a relatively small country, where less than ten million people live in an area of 22,145 km^2 [28]. Due to that, the Israeli market is considered negligible in the international market, and the ability of the Israeli government to adopt ambitious policies such as the *New York Fashion Sustainability and Social Accountability Act* is very low.

However, the Israeli government certainly has the option of adopting a supportive policy. Discounts and even exemption from taxation for sustainable fashion stores such as: second hand, independent designers and fashion manufacturers who produce in fair trade; Free advertising on government platforms; Giving priority in government tenders; establishing industrial symbiosis complexes in the field of sustainable fashion; and providing loans on favorable terms to open dyers and seamstresses (which are in short supply in Israel), all of them will be able to give a significant competitive advantage to sustainable fashion manufacturers in Israel [5].

The conclusions that emerge from the case study of the Israeli market are relevant to decision makers all over the world. The ability to learn from past conclusions regarding the rise of fast fashion is especially important in light of the rise of ultra-fast fashion, represented by shopping websites such as SHIEN, boohoo, supernova, etc., which are increasingly occupying a larger and more dominant market share in the global fashion market. In fact, the ultra-fast fashion, to a large extent, reproduces the process of the rise of fast fashion from the 80s, faster, cheaper, in larger quantities and with more severe environmental and social consequences.

In light of this alarming phenomenon, the importance of the conclusions from this case study stand out. Countries that constitute a significant market share in the global fashion market, must formulate a policy that will restrain the penetration of ultra-fast fashion, in order to protect the local economy. And smaller countries are required to formulate ambitious support programs for the local fashion market. The formulation and adoption of such a policy is expected to have environmental benefits in the short term, and social and economic benefits in the long term.

Conflict of Interest

I declare that at the time of writing this article there was no financial interest or any conflict of interest.

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