



The ICG Newsletter

Recent global news from the retail, textile, apparel, footwear, and agriculture sectors

Global

Transpacific Shipping Worse Than a Nightmare

The pandemic caused by Covid-19 started a horrific situation with manufacturing throughout China which quickly spread throughout 2020 leading to massive delays and cancellations of orders across virtually all supply chains. Then the Ever Green container ship got stuck in the Suez Canal clogging international shipping channels and delaying shipments for more than a month. Shippers are now seeing a severe shortage of containers coupled with port backlogs which have driven on-time arrivals to less than 40% and container rates rising over 300% compared to 12 months ago. An easing of the issue is likely months away.

Source: https://www.supplychaindive.com/news/ocean-shipping-freight-transpacific-rates-capacity-maersk-peak/601255/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-06-24%20Supply%20Chain%20Dive%20%5Bissue:35075%5D&utm_term=Supply%20Chain%20Dive

Western Hemisphere

Lectra Completes Acquisition of Gerber Technology

Lectra completed its €175M acquisition of Gerber Technology on June 1 to make it a leading player in the Industry 4.0 area for fashion, automotive and furniture markets.

Source: https://www.just-style.com/news/lectra-completes-gerber-technology-purchase/?utm_source=pardot&utm_medium=email&utm_campaign=daily_newsletter



Robotics Making a Big Splash in Agriculture

With increasing labor costs in many the parts of US agriculture that supplies fresh fruits and vegetables to grocery chains across the country, farmers are increasingly moving toward artificial intelligence (AI) to manage their crops. A range of new technology is enabling farmers to weed their fields using an autonomously driven machine which identifies weeds using AI and cameras, and then zaps them with a laser to get rid of the weeds rather than using the traditional method of digging up the weed or spraying it with an herbicide eliminating harmful chemicals and not disturbing the topsoil. Crops can now be observed using smart drones, ripe fruit can be picked by machine, and fields can be plowed using GPS driven tractors with no human intervention. The advances in AI and new tech indicate the rapid growth foreseeable future, human labor will still be required.

Source: <https://www.washingtonpost.com/technology/2021/04/22/tech-in-farming-growth/>

US Supreme Court Dismisses Child Labor Case Against Cargill and Nestle

In an 8-1 decision, the US Supreme Court accepted the arguments by attorneys for Nestle and Cargill that, even though the allegations of trafficked and forced labor by children is "horrific", the companies are "not the locators, not the overseers and not the farm" and therefore cannot be held liable. The final ruling is expected at the end of June.

Source: https://www.supplychaindive.com/news/supreme-court-hearing-cocoa-supplier-supply-chain-human-rights-forced-labor/591571/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-06-18%20Supply%20Chain%20Dive%20%5Bissue:34957%5D&utm_term=Supply%20Chain%20Dive



Target Stores Commits to “Net-Zero” and to Becoming “Circular” by 2040

Target has committed to having 100% of its plastic packaging for its brand to be recyclable, compostable or reusable by 2025. It is also moving to have 100% of its private label products environmentally sustainable by eliminating waste, encouraging reuse and being more durable by 2040. It also aims to become Net-zero by sending no waste to landfills from its US operations and net-zero emissions across its own operations and supply chain.

Source: <https://www.cnbc.com/2021/06/22/target-sets-sustainability-goals-net-zero-emissions-by-2040.html>

Avocado and Blackberry Farmers Arm Themselves Against Drug Gangs

Local drug gangs have been demanding \$2500 per hectare as a “protection” fee to leave farmers alone. But those farmers found that it was less expensive to purchase firearms and hire extra security to defend themselves. Up to 54 roadblocks in for areas of Michoacan have been set up to stop gangs from coming into the area. Groups of 20 to 60 men have been scouring the hillsides on foot to root out the criminals and keep their families, communities and businesses safe. They do not want to perform the work but found that the government simply isn’t doing the job of security.

Source: <https://mexiconewsdaily.com/news/michoacan-farmers-arm-selves-vs-cartels/>

PVH Sells Van Heusen, Izod and other labels to Authentic Brands

PVH announced an agreement to sell four major brands to Authentic Brands Group for \$220 million. Van Heusen, Arrow, Izod and Geoffrey Beene trademarks will be sold with the closing expected during the third quarter of this year. PVH said it will



use the proceeds of the sale to buy back its own stock. PVH has been selling its lesser performing brands of late to focus on its top performing labels.

Source: https://www.retaildive.com/news/pvh-to-sell-izod-van-heusen-and-other-labels-to-authentic-brands-for-220m/602271/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Retail%20Dive:%20Daily%20Dive%2006-26-2021&utm_term=Retail%20Dive%20Weekender

Asia

Bangladesh Accord Extended for Three Months

A group of retailers and trade union representatives have agreed to a three-month extension, which expired on May 31, to the legally binding accord designed to protect the safety and health of workers in various garment factories in Bangladesh. Thus far, 10 retailers and the two unions have agreed to the extension but additional retailers signing on to the agreement will be required.

Source: <https://www.reuters.com/business/retail-consumer/retailers-unions-agree-3-month-extension-bangladesh-workers-safety-accord-2021-05-31/>

China Looks to Establish Standard for Responsibly Grown Cotton in Xinjiang

China is considering establishing a "Wei Lai" (Future Cotton) project as a substitute for the Switzerland-based Better Cotton Initiative (BCI) to assure buyers and consumers of the integrity of China cotton and the working conditions in making the product. The two groups behind the idea, China Fashion Association and Xin Dai (Modern) Seed Industry Development Fund, are state funded organizations. The Xinjiang region grows 80% of China's cotton and has huge spinning facilities as well. The region has been accused by the US, UK and Canada of committing "genocide" in the treatment and incarceration of the local Uyghur Muslim group by forcing them



to work in factories and removing their children to “re-education” camps. The US government has been confiscating product imported from the region which causes huge problems for brands and retailers importing from China.

Source: https://www.just-style.com/features/xinjiang-cotton-controversy-is-a-chinese-domestic-standard-on-the-cards/?utm_source=pardot&utm_medium=email&utm_campaign=daily_newsletter

Durability Over Sustainability in Consumer Survey on Shoes

The Footwear Distributors and Retailers of America (FDRA) and First Insight, a product testing company, completed a survey of 1,000 US consumers to determine how they viewed the term “sustainability” and to ask how much more they would be willing to pay more for “eco-friendly” footwear products. 46% of the shoppers preferred the term “eco-friendly” over 37% for “sustainable” with 27% preferring “responsibly sourced” while 19% said they had no preference as to a term. The majority of those surveyed said “durability” was more important than “sustainable”.

Source:

https://internationalleathermaker.com/news/fullstory.php/aid/9924/Durability_is_a_key_focus_for_shoe_shoppers.html?utm_medium=email&_hsmi=130902350&_hsenc=p2ANqtz-9JoRnSUa_QtKWNCLvefZbOowPAMTrf2b7HOVjf8CDsJYfuKJ45xnF1FPdQ_r9fe0lcHhTuR43cSMpbzXINCA4I4vKmup7EonRaByTXo5QZRIfS4IU&utm_content=130902350&utm_source=hs_email

China Government Accuses Western Brands of Selling Contaminated Products

In retaliation for refusing to purchase cotton from the Xinjiang region, and for labeling China as committing genocide in its treatment of Uyghur Muslim inhabitants of the region, the Chinese government formally accused numerous Western brands, including Nike, Zara and H&M, for selling substandard children’s clothing with



potential health hazards. In turn, the government confiscated numerous lots of garments, toys, toothbrushes, shoes, and baby bottles. Further, the government warned China consumers to be wary of the western brands over safety concerns while some shoppers have been calling for a boycott of Western clothing brands over their refusal to use cotton grown in the Xinjiang region.

Source: https://www.scmp.com/economy/china-economy/article/3135781/china-customs-accuses-western-clothing-brands-selling?module=lead_hero_story_2&pgtype=homepage

EMEA

Thirteen European business association have called for the quick ratification of the EU-Mercosur trade agreement.

The agreement was accepted in June 2019 but has not yet been ratified by the countries. Trade between the respective countries covers 440 million EU citizens and 260 million Mercosur citizens and over €110 billion in trade in goods and services in addition to creating tens of thousands of jobs. The London School of Economics estimated that up to 390,000 new jobs could be created in the EU alone resulting from the agreement. It will also significantly reduce tariffs to Mercosur which are now up to 35%.

Source: <https://www.fibre2fashion.com/news/textile-news/eu-associations-want-early-ratification-of-eu-mercoshur-agreement-274828-newsdetails.htm>

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