



The ICG Newsletter

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

The Americas

Katherine Tai Confirmed as New US Trade Representative

Ms. Tai was confirmed as the new US Trade Representative by the US Senate by a vote of 98-0 on March 17, 2021. She has extensive prior international trade experience having finalized the trade agreement between Canada, Mexico and the United States and litigating trade cases against China to enforce US trade laws. She received her undergraduate degree from Yale University and her law degree from Harvard University.

Source: <https://www.nytimes.com/2021/03/17/us/katherine-tai-trade-confirmed.html>

Christopher & Banks Liquidates After Selling Its eCommerce Business

After failing to find a buyer for the 450-store chain of women's apparel, Hilco Merchant Resources emerged as the buyer of the chain's ecommerce business for the price of \$8.1 million plus the assumption of other obligations. The inventory and fixtures of the 450 stores will be liquidated in the coming months.

Source: https://www.retaildive.com/news/court-oks-christopher-banks-ch-11-sale-of-e-commerce-unit/593973/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-01%20Retail%20Dive%20Newsletter%20%5Bissue:32721%5D&utm_term=Retail%20Dive

Hard Feelings as Macy's Closes Former Marshall Field's Store in Chicago

Marshall Fields, founded in Chicago in 1852, was a hometown retailer customers and employees grew up with and earned the trust and devotion of loyal customers over



the decades. When Macy's bought the retailer in 2005 and changed its name to Macy's in 2007, customers and employees alike resented the change of "their" store, resentment which grew deeper as changes in the store crept in over the years even though Macy's then President, Terry Lungren, had promised "nothing will change!" On March 1, Macy's announced the closing of the former flagship location of Marshall Fields on Michigan Avenue at Water Tower Place putting another nail in the coffin of the once loved retailer further angering customers, employees and the entire community it served. But for this location, it was just one of 125 locations to be closed which were planned one year ago.

Source: <https://www.retaildive.com/news/macys-windy-city-blues/595578/>

Outdoor Retailers Find Safe Harbor in the Pandemic Storm

When the Covid-19 pandemic hit the world and everyone was forced to stay indoors and away from each other including friends, coworkers, and family, one safe place to enjoy oneself became evident: the great outdoors. As a result, sales of running shoes, bicycles, personal watercraft, camping equipment, outdoor apparel and more have seen a dramatic increase in the past 12 months. With an increasing number of people getting back outside and learning to enjoy the variety of activities available **where "social distancing"** is not required, sales for the industry appear to be on a long-term upward trajectory.

Source: <https://www.retaildive.com/news/the-outdoors-boom-spared-many-retailers-from-the-harsh-impacts-of-covid/594900/>

Tailored Brands Needs More Money After Bankruptcy

The continued economic nosedive in retail apparel sales saw the demand for **additional funding after Tailored Brands, owners of Men's Wearhouse, Jos. A. Bank** and others. The company secured an additional \$75 million in financing in early



March to fund its strategic plans to focus the company for long term growth as the pandemic begins to ease and buyers return to their stores.

Source: <https://www.businesswire.com/news/home/20210305005401/en/Tailored-Brands-Announces-75-Million-in-New-Financing-to-Continue-to-Advance-Strategic-Plans>

Disney Stores Retail Sales Down 4%, Drives Closing of 60 Stores

The National Retail Federation estimates that online and non-store sales increased 22% because of the pandemic, taking sales away from brick-and-mortar locations. Disney retail outlets are no different than all other retail channels and announced they are closing 30% of their stores in North America, **60 stores. However, it's "store in a store" partnership with Target creates an expanded retail offering while giving Target customers more ready access to a wide range of Disney products.**

Source: https://www.retaildive.com/news/disney-plans-to-close-at-least-60-stores-in-north-america/596141/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-04%20Retail%20Dive%20Newsletter%20%5Bissue:32808%5D&utm_term=Retail%20Dive

Secondhand Retailer ThredUp Files for Initial Public Offering (IPO)

The online, second-hand apparel retailer filed for an IPO in early March with a target **offering price of \$14 per share. The stock's first trade was at \$18.25 on March 26** valuing the company at \$1.66 billion and has continued to climb since then. **Founded in 2009 as an outlet for women's and children's clothes, the company has 1.24 million** buyers and 484,000 active sellers increasing YoY sales up 24% as of December 31, 2020. While the company had revenue of \$186 million in 2020 it still suffered a loss of \$47.8 million on top of a loss of \$38.2 million in 2019. As a new company in an emerging field of online, second-hand apparel, only time will tell if becoming a profitable company is possible.

Source: <https://www.marketwatch.com/story/thredup-ipo-5-things-to-know-about-the-secondhand-e-commerce-site-before-it-goes-public-11615231201>



Lord & Taylor Relaunches Online

The continued pandemic and dismal sales of apparel in brick-and-mortar stores rang the death knell for the hopeful reopening of the 45 stores of Lord & Taylor after it filed bankruptcy last year. However, the new owner of the 195-year-old brand, Saadia Group plans to breathe new life into the company through an online offering now known as **"America's Collective Store"**. Armed with massive data on its customers and supply chain, senior management believes they have a formula to offer more **"dress up"** clothing to its customers who will want to venture out to eat and to entertainment sites once the pandemic settles down.

Source: https://www.retaildive.com/news/lord-taylor-to-relaunch-online-with-help-from-rtw-retailwinds/596565/?utm_source=Salthru&utm_medium=email&utm_campaign=Issue:%202021-03-12%20Retail%20Dive%20Newsletter%20%5Bissue:32980%5D&utm_term=Retail%20Dive

US Congress Considers Legislation to Fight Counterfeits

Amazon and its competitors have, for years, been faced with the challenge of keeping fakes and counterfeits out of its sales channels. A significant number of such fakes have been sold in the UK, France, Italy, and Germany according to a report issued on January 14, 2020 by the Office of the US Trade Representative. While brands, retailers and lawmakers have discussed how best to fight against illegals knockoffs, it is now a question if US lawmakers will take legal steps to fight the scourge and implement meaningful and powerful legislation to make a difference in the fight.

Source: https://www.retaildive.com/news/will-us-lawmakers-rein-in-marketplace-counterfeits/595909/?utm_source=Salthru&utm_medium=email&utm_campaign=Issue:%202021-03-16%20Retail%20Dive%20Newsletter%20%5Bissue:33028%5D&utm_term=Retail%20Dive



Dick's Sporting Goods Launches VRST, Men's Private Label Athletic Brand

Dick's Sporting Goods announced on March 16 that is launching its own exclusive line of men's athletic apparel named VRST. The line includes shorts, joggers, hooded sweatshirts, and commuter pants with a price range of \$30 to \$120. The company describes the line as "lifestyle apparel that you can wear to work, you can travel in ... you could work out in it if you choose to." The company saw an increase in sales of 9% for 2020 which included doubling its digital sales.

Source: https://www.retaildive.com/news/dicks-sporting-goods-launches-mens-apparel-brand/596775/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-16%20Retail%20Dive%20Newsletter%20%5Bissue:33028%5D&utm_term=Retail%20Dive

Designer Brands Considers Closing 65 Stores in Next Four Years

Designer Brands, owner of Designer Shoe Warehouse, Shoe Warehouse, and other brands, said in a call with analysts that is plans to close 65 stores in the US over the next four years as the leases on those locations expire. The company cited a decline in sales of 36% over the previous year leading to a net loss of \$488.7 million. The company said it plans to continue its strategy to pursue kids, athleisure and seasonal product while slimming down its offerings to the top 50 brands.

Source: https://www.retaildive.com/news/dsw-parent-eyes-65-store-closures/596866/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Retail%20Dive:%20Daily%20Dive%2003-20-2021&utm_term=Retail%20Dive%20Weekender

Dollar General to Add More Popshelf Stores in 2021

Dollar General announced on March 19 that it will open 50 new Popshelf stores in 2020. It also plans to open a store-within-a-store of Popshelf inside 25 current Dollar General locations in the US in 2021. The target market is for "diverse suburban communities" with family incomes of \$50,000 to \$125,000, customers



outside its traditional core. According to the company CEO, the Popshelf stores "far exceeded our initial expectations for both sales and gross margin."

Source: https://www.retaildive.com/news/dollar-general-ramps-up-expansion-of-popshelf-concept/597030/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-19%20Retail%20Dive%20Newsletter%20%5Bissue:33123%5D&utm_term=Retail%20Dive

US Suspends Trade with Myanmar Over Killings of Protesters

The administration of US President Joseph Biden today suspended the trade pact between the US and Myanmar (Burma) in response to the killing of 420 protesters and the abduction, torture, and detentions of thousands of others by the Myanmar military since February 1. The new US Trade Representative, Katherine Tai, said the suspension would stay in place until the elected government was fully restored.

Ms. Tai said that "the killing of peaceful protesters, students, workers, labor leaders, medical and children as shocked the conscience of the international community. These actions are a direct assault on the country's transition to democracy and the efforts of the Burmese people to achieve a peaceful and prosperous future."

Source: <https://www.nytimes.com/2021/03/29/us/myanmar-us-trade-suspended.html?searchResultPosition=4>

EAME

Leaders of Fake Birken Bag Maker Sentenced to Prison Plus Large Fine

A court in Paris sentenced 23 people involved in the manufacture, sale, and distribution of fake Birken Bags to prison along with considerable monetary fines. Some of those sentenced were former employees of Hermes, the maker of the bag, who had access to the tools and supplies necessary to make the hugely expensive bag that can sell up to €32,000. The gang also had their own showroom on Paris'



Rue du Faubourg Saint-Honoré which customers thought was an official store operated by Hermes.

Source: <https://www.securindustry.com/clothing-and-accessories/multiple-jail-sentences-handed-down-to-fake-herm%C3%A8s-network/s107/a13052/#.YD4sIWhKg2w>

Birkenstock Sold to Private Equity Group

A majority stake of the German footwear maker, Birkenstock, was sold to L Catterton, a private equity firm backed by Europe's richest man Bernard Arnault. The Financial Times valued the deal at €4 billion. The brothers Christian and Alex Birkenstock will retain a minority interest in the firm. The firm, which was founded in 1774, remains the largest employer Germany's footwear industry.

Source: <https://www.cnn.com/2021/02/26/business/birkenstock-sold-to-lvmh-bernard-arnault/index.html>

Spoor Tannery Starts Full Traceability Program

Spoor tannery, Denmark's last remaining tannery, has developed a system by which leather hides can be traced from the field to the final product. Each hide is imprinted with a unique identifier using laser technology which remains on the hide from the start of the tanning process through to the making of various products.

Source: https://internationalleathermaker.com/news/fullstory.php/aid/9683/Spoor_tannery_launches_comprehensive_traceability_scheme_.html?utm_medium=email&_hsmi=117794997&_hsenc=p2ANqtz-STpDIAhdwuexb4Nuz9ImEjR-iasdVpAIFGJ012RCMTbry1XU6OgNgGndaFK_g9U0fQLGtEswSq3N5LoyxzFlmV4Gcum5xB-M3Xn78SvjeVDNWC40&utm_content=117794997&utm_source=hs_email

H&M Roundly Criticized by China for Refusing Purchase of Xinjiang Cotton

The giant Swedish multinational H&M announced last year that it would no longer purchase cotton or garments made in the Xinjiang region resulting in stern criticism



from China's government and removal of all H&M goods from Chinese ecommerce online services such as Alibaba, Taobao, JD and others. Numerous celebrities have broken ties with H&M over the issue while relations between China and the US, Canada and Great Britain continue to grow tense over accusations of abuse and genocide in the Xinjiang region.

Source: <https://www.scmp.com/news/china/politics/article/3126828/hm-under-fire-china-over-refusal-buy-xinjiang-cotton>

Adidas Bypassing Retail in Favor of DTC

Adidas announced a new plan called "Own the Game" which aims to increase online, Direct-to-Consumer sales from its 40% in 2020 to 50% by 2025. In addition, it hopes to drive net sales 8% to 10% each year and improve net income 16% to 18% each year. The move will require a significant increase in inventory, a more complicated supply chain and a significantly expanded delivery system through its warehouse system.

Source: https://www.retaildive.com/news/adidas-aims-for-dtc-to-be-50-of-sales-by-2025/596509/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Retail%20Dive:%20Daily%20Dive%2003-13-2021&utm_term=Retail%20Dive%20Weekender

Asia

China Sanctions UK Officials and Agencies Over UK Sanctions on China Officials

In a tit-for-tat move, China announced sanctions on nine UK government officials and four UK organizations which have leveled criticisms and sanctions against Chinese officials. China hit back saying that accusations by the UK were "based



on nothing but lies and disinformation" and "grossly interfered in China's internal affairs." China strongly condemns any outside attempts to criticize or examine China's internal affairs.

Source: <https://www.bloomberg.com/news/articles/2021-03-26/china-slaps-retaliatory-sanctions-on-u-k-over-xinjiang-claims>

120 Protesters Killed by Military in Myanmar as Chinese Factories Burned
Workers protesting the occupation of the government after the military coup continued their street protests and set alight several factories owned by Chinese nationals as the protesters are angry as they view the Chinese Government as supportive of the Myanmar Military. China called upon the Military to protect Chinese factories and citizens. To date, over 120 Myanmar (Burmese) citizens have been killed in the protests along with one member of the military. There does not appear to be an end to the protests or the violent military reaction.

Source: <https://www.reuters.com/article/us-myanmar-politics/at-least-39-reported-killed-in-myanmar-as-chinese-factories-burn-idUSKBN2B602C>

Separately, according to the South China Morning Post, "Chinese tabloid Global Times, affiliated with People's Daily, reported on Monday that 32 Chinese-invested factories in the Hlaingthaya industrial zone in the commercial capital Yangon had been damaged since Sunday, with two Chinese workers wounded and 240 million yuan (US\$37.8 million) in property losses."

Forced Labor Alleged to Pick Cotton in Xinjiang Province, China
US Customs and Border Patrol, in a news conference in early December, called upon the industry to conduct "significant due diligence" in their cotton supply chain



given the amount of forced labor and prison labor which is coming from the Xinjiang Province. A study by the Victims of Communism Memorial Foundation found that cotton for use in trimmings or finished goods was prevalent throughout Asia. It is estimated that 20% of all garments produced worldwide contains cotton from Xinjiang Province.

Source: https://www.supplychaindive.com/news/uighur-labor-xinjiang-cotton-center-global-policy-cbp/592362/?utm_source=Salthru&utm_medium=email&utm_campaign=Issue:%202020-12-21%20Supply%20Chain%20Dive%20%5Bissue:31569%5D&utm_term=Supply%20Chain%20Dive

US Bans Cotton from XPCC in China

The US Government has banned all cotton produced by Xinjiang Production and Construction Corps, a group the US Government refers to as a quasi-military organization **using forced labor**. **XPCC produces about 30% of China's cotton**. The United Nations has reported that about one million Muslim Uighurs are kept in forced labor camps which the China government denies referring to the camps as **"vocational training centers needed to fight extremism"**. **The move could effectively ban all cotton exports from China according to a knowledgeable source.**

Source: <https://www.reuters.com/article/us-usa-trade-china-idUSKBN28C38V>

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