



The ICG Monthly Newsletter was started to provide you with an overview of the business and trade issues around the world in the sewn products industries. With the explosion of Novel Coronavirus cases across with world, and the massive disruption to supply chains, trade and commerce across all sectors on the global economy, this issue is devoted to a summary of what is happening in selected areas around the world.

As of May 10, 2020, slightly more than 4,200,000 reported cases of the Novel Coronavirus (Covid-19) have been reported along with 279,000 related deaths around the world. Virtually every country has reported at least one case of the virus and at least one death. At the same time, the virus continues to increase almost exponentially with the US having the most cases; almost 80,000 deaths and more than 1,340,000 cases.

An excellent source for up-to-date tracking of the virus is through the World Health Organization, <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports>.

Americas

COVID-19 Pandemic Takes Huge Toll on US Retailers

US Retailer J. Crew Files for Bankruptcy

J. Crew has seen sales decline over the past few years with widening losses, continuous turnover in senior management and a massive, unsustainable debt load all of which pushed the retailer to seek bankruptcy protection as it seeks to sort out some form of reorganization.

Source: <https://www.retaildive.com/news/how-j-crews-bankruptcy-sets-the-stage-for-a-shakeout-in-retail/577404/>



Nordstrom to Close 16 of its 116 Stores

The Seattle-based retailer announced it will close 16 of its full-service retail stores but has not indicated which stores will be affected. The remaining stores will re-open based upon guidance from local authorities. The company's Anniversary sale will move from July to August. Additional changes within the company such as moving inventory closer to customers, using stores as distribution points and more are in the works.

Source: <https://www.seattletimes.com/business/retail/nordstrom-closing-16-full-line-stores-as-it-adapts-to-coronavirus-era/>

Lord & Taylor to Liquidate Stores

Founded in 1826, Lord & Taylor is preparing to liquidate all inventory as soon as their 38 stores are allowed to reopen after the pandemic subsides. Hudson Bay Co. sold the chain to Le Tote last year and still retains certain real estate rights to Lord & Taylor real estate. No formal announcements have been made by management.

Source: <https://www.reuters.com/article/us-lord-taylor-liquidation-exclusive/exclusive-lord-taylor-to-liquidate-its-stores-as-soon-as-they-reopen-sources-idUSKBN22H2SJ>

Covid-19 Drives Roots to Close U.S. Unit

The US subsidiary of Canadian-based Roots has decided to liquidate seven of its stores in the US due to falling sales and revenue. Management said: "the discretionary retail environment (has) become increasingly challenging as a result of Covid-19." Two stores in Utah and Michigan will be retained by the Canadian parent.

Source: <https://www.retaildive.com/news/roots-to-liquidate-us-unit-in-bankruptcy/577471/>



Walgreens to Resume Normal Store Hours

Except for certain downtown, resort or markets with restricted hours, Walgreens plans to resume normal working hours across the country. The nationwide chain said it will enhance safety measures such as safety shields, continuous cleaning, wipes at the front to wipe shopping carts and more.

Source: <https://chainstoreage.com/walgreens-resume-standard-operating-hours>

Neiman Marcus Group Files for Chapter 11 Bankruptcy

The 113-year-old retailer, owner of Bergdorf Goodman, Horchow and Mytheresa, filed for Chapter 11 bankruptcy citing debt of \$5billion created largely because of leveraged buyouts in 2005 and 2013. The company's 43 stores were forced to close because of the pandemic which then forced the furlough of most of its 14,000 employees. Management said it hopes to restructure its debt and business to emerge as a stronger organization.

Source: Washington Post, May 7, 2020

New US Law: Families First Coronavirus Response Act: Employer Paid Leave Requirements

A new law passed by the US Congress, effective from April 1, 2020 to December 31, 2020 requires employers to provide paid leave to employees for two weeks up to an additional ten weeks depending upon the reason for them to be away from work, such as taking care of children who have no daycare, taking care of ill family members and other reasons. The full act is available here:

<https://www.dol.gov/agencies/whd/pandemic/ffcr-employer-paid-leave>.

FAQs are also available: *<https://www.dol.gov/agencies/whd/pandemic/ffcr-poster-questions>*

Source: US Government



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ASIA

Trump Threatens Phase One Trade Deal if China Doesn't Spend \$200billion

The slowdown in the China economy was clearly caused by the Coronavirus but US President Trump is firm that China must honor its commitment to purchase \$200billion in US goods and services as part of the Phase One trade agreement between the two countries. The pandemic caused the first economic contraction in China since 1987. The agreement included China's purchase of \$40billion in agricultural products from the US.

Source: <https://www.scmp.com/news/china/diplomacy/article/3082687/trump-threatens-phase-one-trade-deal-if-china-us200>

US Considers Cancelling \$1.4Trillion in Debt Owed China to Compensate for Virus

Senior officials in Washington are considering the option of "cancelling" the \$1.4Trillion debt owed to China to cover some of the costs borne by the US in dealing with the coronavirus pandemic. Such a cancellation is essentially defaulting on the debt. However, such a move could entail significant risk to the US in borrowing to fund future debt as the US would be seen as untrustworthy in their ability to honor repayment commitments.

Source: <https://www.scmp.com/economy/china-economy/article/3083100/coronavirus-china-could-cut-us-debt-holdings-response-white>



Viet Nam Reports 271 Total Covid-19 Cases, No Deaths

With the outbreak of Covid-19 in China, Viet Nam took stringent measures to block international travel, quarantine those with Covid-19 symptoms, strict quarantine of travelers for 14 days and excellent medical care for those showing symptoms. To date, there have been no deaths attributed to the virus.

Source: <https://vietnamnews.vn/opinion/716285/viet-nam-has-no-coronavirus-curve-to-flatten-say-doctors.html>

International Flights to Resume in Viet Nam

The Minister of Transport, Nguyen Van The called for resuming international flight in and out of Viet Nam. Social distancing measures are easing allowing airlines to restart domestic routes. International flights will resume with limited frequency while ensuring practices are in place to limit the chance of the virus returning to the country from overseas travelers.

Source: <https://vietnamnews.vn/economy/716331/minister-of-transport-calls-for-resumption-of-international-flights.html>

Cambodia Reports 122 Total Covid-19 Cases with No New Cases in 24 Days

The majority of Covid-19 cases were found in foreigners and were largely imported with 51 cases of the virus among Cambodians. The first case was detected in late January with no new cases being reported in the past 24 days.

Source: <https://www.khmertimeskh.com/50720458/covid-19-no-new-cases-in-cambodia-for-over-2-weeks/>

China's Economy Shrinks 6.8% in the First Quarter

The shutdown of businesses, transport and factories drove China's economy into a 6.8% loss but better than the 16% contraction that some experts forecast though



the worst performance since China's modern economy started in 1979. As China begins to open back up, the recovery is slower than anticipated as shoppers are buying less and staying at home more while keeping as much money as they can in personal savings. From auto makers to restaurants, business owners are hoping for a stronger recovery while world markets are still being battered from the virus.

Source: <https://www.euronews.com/2020/04/17/china-s-economy-in-worst-downturn-since-since-70s-in-virus-battle>

Bilateral Trade Between Cambodia and US Grows 35%

Exports of textiles, footwear, travel goods and agricultural products to the US market grew to US\$1.594billion while imports of mostly animal feed, vehicles and machinery shrank by almost 30% to US\$85billion during the first quarter. Annual trade grew to US\$5.8 billion last year, a 37% increase over 2018.

Source: <https://www.khmertimeskh.com/50720881/cambodia-u-s-trade-up-35-in-q1/>

UK Retailer Debenhams Demands 90% Discount from Bangladesh Suppliers

The UK retailer was having financial difficulty before the Covid-19 virus hit home but the closure of its 142 stores forced it into administration. Debenhams has now demanded a 90% discount on the \$26million in product sitting in UK ports and another \$40million of finished product in the factories waiting to be shipped.

Zahangir Alam, the coordinator of Debenhams Vendors Community in Bangladesh, said they could afford at most a 15% discount remarking that the demand for 90% was "absurd".

Source: <https://www.thedailystar.net/business/news/british-upscale-brand-debenhams-leaves-its-bangladesh-apparel-suppliers-high-and-dry-1899586>



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EAME

The European Union, home to 440 million people and the number one trading partner for the US and number two trading partner to China, is facing a dire projection of a 7.4 percent contraction in its economy, and possibly worse if a second wave of the Covid-19 has a second wave of infections. This is expected to be the "deepest economic recession in its history". Italy, Spain and Greece are expected to contract by 9 percent with Poland faring the best at 4.5 percent.

Source: <https://www.nytimes.com/2020/05/06/business/coronavirus-europe-reopening-recession.html>

Africa-US Trade Down as AGOA Benefits Not Utilized

US countries importing product from 40 different African nations can do so under the Africa Growth and Opportunity Act (AGOA) which went into effect in 2000. By 2008, trade between those 40 nations and the US rose to US\$100 billion but has since fallen back to \$39 billion in 2017. The 6,500 products eligible for duty-free status range from textiles various manufactured products.

Source: <https://www.africanews.com/2019/08/07/us-african-trade-lagging-despite-free-access-the-morning-call/>

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International Compliance Group is a privately held US based organization focused on social compliance monitoring. Since 1999 our auditors around the world have supported Corporate Social Responsibility programs through third party audits. Our auditors leverage decades of combined experience in labor intensive industries to provide a unique, operationally relevant set of audit skills, treating social compliance as a business supporting activity and not a required checklist exercise. ICG is a WRAP approved monitor, member of the Sedex Stakeholder's Forum, member of APSCA and signatory of SLCP.

