



ICG Newsletter August 2020

Global news during this past month for the retail, textile, apparel, footwear and agriculture sectors continues to be dour as the Covid-19 spreads afar to cause severe illness and death, close or severely curtail businesses and confound health professionals and politicians trying to find a way back to "normal".

AMERICAS

Macy's Q1 loss approaches \$4B

The eye-popping tumble in revenue is four times the department store's warning last month, as forced closures prompted a \$3.2 billion impairment charge against earnings. The company has reopened most of its stores but the pandemic has cut customer traffic considerably at its flagship and urban stores in part because of reduced tourism. The company has cut almost 4,000 corporate jobs, slightly more than 20% of its corporate staff.

Source: https://www.retaildive.com/news/macys-q1-loss-approaches-4b/580890/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Retail%20Dive:%20Daily%20Dive%2007-04-2020&utm_term=Retail%20Dive%20Weekender

US- Mexico-Canada Trade Agreement into Effect July 1, 2020

The North American Free Trade Agreement was replaced by the US-Mexico-Canada Trade Agreement and went into effect on July 1. Though the agreement was signed in November 2018, there is much uncertainty on the part of importers and exporters as to what really changes with the new agreement and how it will



affect their businesses as the agreement is very product specific. US Customs and Border Protection created a webpage to help navigate the new agreement:

<https://www.cbp.gov/trade/priority-issues/trade-agreements/free-trade-agreements/USMCA>

The full agreement, all 34 Chapters, Side Letters, Tariff Schedules and Agreement Annexes can be found here: <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between>

Source: <https://www.supplychaindive.com/news/usmca-shippers-uncertain-changes-sourcing-operations/580857/>

Brooks Brothers to File Bankruptcy

The 200-year old men's clothing company has filed for bankruptcy in hopes of reorganizing and finding new financing or selling the company. Plans are to close 51 of the company's 250 nationwide stores. Two companies are reportedly interested in purchasing the chain.

Source: <https://www.cnn.com/2020/07/08/business/brooks-brothers-bankruptcy/index.html>

Bed Bath & Beyond to Close 200 Stores

The Covid-19 pandemic drove first quarter sales down 49% to \$1.3 billion. The company has been "decluttering" its stores to reduce overall inventory at the same time it has been expanding its online business. With the pandemic, they are also offering curbside pickup which helped boost sales though it still saw a loss of \$302 million for the quarter. The company will permanently close 200 stores out of 1500 stores.

Source: <https://www.wsj.com/articles/bed-bath-beyond-to-close-200-stores-11594248448?mod=djemRiskCompliance>

Ascena Group to file Bankruptcy and Close 1200 Stores

Ascena Group announced the closing of all its Catherine and 606 of the 800 Justice stores plus an unspecified number from their "premium" collection of Ann



Taylor, Loft and Lou & Grey as part of their bankruptcy filing. In February 2020, the group held about 2,800 brick and mortar locations. In total, the company has announced closing 1,100 stores.

Source: https://www.retaildive.com/news/bankrupt-ascena-to-close-more-than-1k-stores/582336/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-27%20Retail%20Dive%20Newsletter%20%5Bissue:28719%5D&utm_term=Retail%20Dive

Lucky Brands and G-Star File Bankruptcy

Lucky Brands filed bankruptcy on July 3 hoping to sell itself during bankruptcy for at least \$140 million. Its plan is to sell its intellectual property to Authentic Brands Group. The company would then sell its operating assets to the Sparc Group which operates Aéropostale and Nautica. They hope to complete the deal by mid-August.

At the same time, G-Star Raw filed for Chapter 11. The company was driven into bankruptcy because it could not negotiate rent concessions from its landlords with sales diving due to the Covid-19 pandemic.

Source: https://www.retaildive.com/news/apparel-sellers-lucky-brand-and-g-star-raw-file-for-bankruptcy/581041/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-06%20Retail%20Dive%20Newsletter%20%5Bissue:28317%5D&utm_term=Retail%20Dive

HanesBrands, Inc. Sells \$750 Million in PPE

With the onslaught of the Covid-19 pandemic, HanesBrands quickly converted large parts of its supply chain to produce caps, gowns, masks and other types of PPE for a revenue bounce of \$752 million. The stock jumped 10% after the announcement. The company projects that it could grow its PPE business to \$200 - \$300 million per year.

Source: <https://wwd.com/fashion-news/intimates/hanesbrands-beats-quarterly-earnings-thanks-to-ppe-1203690650/#:~:text=The%20innerwear%20and%20activewear%20company,hospital%20gowns%20C%20during%20the%20quarter.&text=Maidenform%20is%20part%20of%20the%20HanesBrands%20>



*20family.&text=HanesBrands%20is%20making%20a%20comeback,comfortable%20attire%20durin
g%20the%20pandemic.*

New York & Co. Parent RTW Files Bankruptcy

The retailer has been facing financial challenges for the past year and the onset of the Covid-19 drove it over the edge to file Chapter 11 bankruptcy. In a press release, the company said it plans to close "a significant portion, if not all" of its store. RTW, which also owns Fashion to Figure and Happy x Nature was having difficulties prior to the bankruptcy filing by closing select locations. The company has been in default with its landlords, vendors and banker, Wells Fargo.

Source: https://www.retaildive.com/news/rtw-retailwinds-files-for-bankruptcy/581473/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-13%20Retail%20Dive%20Newsletter%20%5Bissue:28450%5D&utm_term=Retail%20Dive

Tailored Brands to Shutter Up to 500 Stores

Tailored Brands, owner of Men's Warehouse, Jos. A. Bank, Moore's Clothing for Men, and K&G will close up to 500s of its stores over an undefined time period. It will also 20% of its corporate positions by the end of the second quarter. The company posted a warning in June that it may have to file bankruptcy.

Source: https://www.retaildive.com/news/tailored-brands-to-close-up-to-500-stores-slash-corporate-workforce-20/581994/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-21%20Retail%20Dive%20Newsletter%20%5Bissue:28611%5D&utm_term=Retail%20Dive

Lands' End Issues "Going Concern" in First Quarter Report

Revenue for the company dropped 17% for the first quarter to \$217 million while losses grew by over 500%. The company issued the warning based upon uncertainty over the Covid-19 pandemic though it has proposals from numerous lenders which will provide for the restructuring of its debt.

Source: <https://www.retaildive.com/news/lands-end-issues-going-concern-warning-as-it-looks-to-refinance->



debt/582350/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-27%20Retail%20Dive%20Newsletter%20%5Bissue:28719%5D&utm_term=Retail%20Dive

J Jill in Financial Trouble; Q1 Sales Down Almost 50%

The recent pandemic drove the company to issue a "going concern" warning in its June 2020 10-K filing due to "uncertainty created by recent events". The company plans to pare a dozen of its 286 stores this year. Q1 sales were down to \$91 million compared to \$176.5 for Q1 last year.

Source: https://www.retaildive.com/news/j-jill-to-close-stores-as-q1-sales-profits-plunge/582504/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-29%20Retail%20Dive%20Newsletter%20%5Bissue:28776%5D&utm_term=Retail%20Dive

JC Penney Looks to Sell Itself in Bankruptcy

JC Penney is looking to sell itself at auction while they proceed with the bankruptcy plan. The company carried \$5 billion in unsustainable debt and 850 stores into bankruptcy with plans to close 150 stores and cut 1,000 jobs. Several real estate and retail companies are expressing interest in buying the company.

Source: https://www.retaildive.com/news/jc-penney-looks-to-sell-itself-in-bankruptcy/582543/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-07-30%20Retail%20Dive%20Newsletter%20%5Bissue:28808%5D&utm_term=Retail%20Dive

Asia

Cambodia – China Trade Deal May Not Benefit Cambodia

As the EU is planning to remove Cambodia's tariff-free access EU and Cambodia on August 12, the Cambodian Prime Minister Hun Sen will travel to Beijing to sign a new Free Trade Agreement with China on the same day. The new agreement is an extension of China's Belt and Road Initiative. Several analysts do not believe



Cambodia will benefit from this agreement citing it as being one-sided in favor of China. China purchases about US\$900 million in goods from Cambodia while Cambodia purchases over US\$ 6 billion from China.

Source: <https://www.rfa.org/english/news/cambodia/substitute-07232020153513.html>

India and Indonesia At Bottom of Growth Curve for Asia

Vietnam, Cambodia, Myanmar, and Bangladesh have good infrastructure and trade agreements with the US and EU to continue growing their textile and apparel sectors while India and Indonesia fall behind. Though these two countries are the second and fourth most populace countries, with their higher labor costs will curtail growth as compared to other parts of Asia.

Source: https://www.business-standard.com/article/companies/asia-to-remain-dominant-player-in-garment-sector-in-coming-decade-report-120071401586_1.html

EAME

International Apparel Federation Launches Digital Apparel Sourcing Expo

The IAF, and the request of its many member organizations, has organized a thirty-day Digital Global Apparel Sourcing Expo to start on 15 July through 14 August 2020. The digital sourcing platform, Foursource, will host the expo using its B2B matchmaking technology.

Source: <https://www.iafnet.com/2020/07/20/iaf-launches-1st-digital-global-apparel-sourcing-expo-2020/>

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CONTACT US: US +1-619-990-0101

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