US retailers look to ramp up garment sourcing

Monira Munni | Sunday, 22 June 2014

The US-based fashion companies are expected to bump up their sourcing from Bangladesh in the next two years, despite a string of tragic incidents in the garment industry, a study reveals.
They regard Bangladesh as a popular sourcing destination with growth potential.
"About 60 per cent of the surveyed respondents say they expect to somewhat increase sourcing from Bangladesh in the next two years and five per cent expect to strongly increase sourcing," said the study jointly conducted by the United States Fashion Industry Association (USFIA) and the University of

Rhode Island (URI).
Another 15 per cent expect no change in their current scale of sourcing in Bangladesh. Currently, 76.9 per cent of respondents source from Bangladesh.
Companies are committed to compliance in general, with the vast majority of respondents (86 per cent) supporting the inclusion of environmental and labor clauses in future free trade agreements or preference programmes between the United States and its trading partners, the study said.
"We surmise this reflects companies' commitments to improving factory safety and compliance in Bangladesh, and building a long-term relationship with local suppliers," said a statement issued by the USFIA.
"Companies are not leaving Bangladesh and are committed to Bangladesh," it added.
Julia K. Hughes, President of the USFIA, said "This data not only provides useful insight for the broader industry, but will also help the association focus our advocacy activities as we continue to work to eliminate the tariff and non-tariff barriers that impact fashion companies doing business globally."
The study found that the majority of respondents (89 per cent) are optimistic about the five-year outlook for the US fashion industry but at the same time 81 per cent of respondents are worried about rising costs but expect only moderate cost increases in 2014.
The other key findings included that China will remain the dominant supplier though Vietnam and Asia as a whole are seen as having more growth potential.
Vietnam is the second-largest sourcing base for respondents, with nearly 90 percent of respondents currently sourcing from the southeast Asian nation. Indonesia, Cambodia, and Bangladesh also rank highly.
However, industry people have underlined the need for rising productivity, efficiency and good infrastructure to be competitive.
Md Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said "To be competitive, there is no alternative to increasing productivity and efficiency along with ensuring safety and other compliance issues."
"Rana Plaza tragedy has exposed the loophole of compliance in garment factories drawing huge local and international attention," Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said.
But the attention has also created a vast opportunity for the sector which he believes is one of the best destinations as manufacturers are now focusing more on to improve compliances and other safety issues.
"The overall scenario is encouraging, but on top of compliance issues it is high time we developed infrastructure at a faster pace," he said adding without infrastructure development, no growth would be possible.
The US Fashion Industry Benchmarking Study was carried out on executives from over two dozen American fashion companies including leading textile, apparel and fashion brands, retailers, importers and wholesalers between March 2014 and April 2014.
The survey was conducted in conjunction with Dr. Sheng Lu, Assistant Professor at the URI's Department of Textiles, Fashion Merchandising and Design. The survey asked respondents about the business outlook, sourcing practices, utilisation of Free Trade Agreements and preference programs and views on trade policy.

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