



MANAGING CHEMICALS IN THE APPAREL & FOOTWEAR SUPPLY CHAIN

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About AAFA





NO LONGER JUST THE FOUR “Rs”

The **RIGHT** Product
At the **RIGHT** Price
To the **RIGHT** Place
At the **RIGHT** Time



TODAY, IT'S SIX "Rs"

The **RIGHT** Product
At the **RIGHT** Price
To the **RIGHT** Place
At the **RIGHT** Time

With the **RIGHT** Compliance
And with the **RIGHT** Partner



TODAY'S SUPPLY CHAIN CHALLENGES

- Serving Multiple Markets
- Consumer Expectations
- Labor Force / Wages
- Proximity to Market
- Access to Materials
- Compliance Mandates
- Trade Restrictions
- E-Commerce/Omni-Channel
- Trade Preferences



TOP 5 SUPPLIERS TO U.S. MARKET - APPAREL

2007	2017
China – 34.4%	China – 41.9%
Bangladesh – 5.8%	Vietnam – 13.3%
Vietnam – 5.5%	Bangladesh – 6.8%
Honduras – 5.2%	Indonesia – 4.5%
Indonesia – 4.6%	India – 3.9%

WHERE ARE PEOPLE LOOKING TODAY?

Southeast Asia/South Asia	“Near Sourcing”	Europe/Middle East	The New Frontier
#5 India – 10%	#10 Nicaragua – 47%	#21 Jordan – 23%	#25 Kenya – 35%
#12 Sri Lanka – 46%	#13 Guatemala – 12%	#28 Turkey – 44%	#36 Madagascar – 156%
#35 Myanmar – 5,237%	#15 Haiti – 28%	#33 Italy – 30%	#37 Ethiopia – 712%
	#19 Dominican Republic – 14%		

Note: Supplier Ranking, Percentage Change 2010-2017



TOP 5 SUPPLIERS TO U.S. MARKET - SHOES

2007	2017
China – 87.3%	China – 71.4%
Vietnam – 4.1%	Vietnam – 17.0%
Brazil – 2.2%	Indonesia – 4.4%
Indonesia – 1.4%	Cambodia – 1.2%
Italy – 1.0%	India – 1.1%

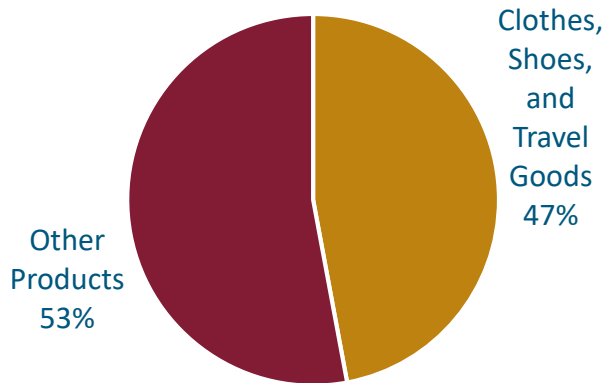
WHERE ARE PEOPLE LOOKING TODAY?

Southeast Asia & South Asia	“Near Sourcing”	Europe	The New Frontier
#3 Indonesia – 104%	#6 Mexico – 26%	#7 Italy – 19%	#18 Ethiopia – 5,824%
#4 Cambodia – 2,127%	#9 Dominican Rep – 80%	#11 Germany – 296%	
#5 India – 135%	#15 Canada – 24%	#13 Spain – 106%	
#16 Bangladesh – 619%	#24 Nicaragua – 698%	#17 Portugal – 226%	
#19 Myanmar – 17,233% (2013)	#25 Guatemala – 91%	#21 Romania – 98%	
#20 Korea – 112%	United States – 50%	#22 Turkey – 715%	

Note: Supplier Ranking, Percentage Change 2010-2017

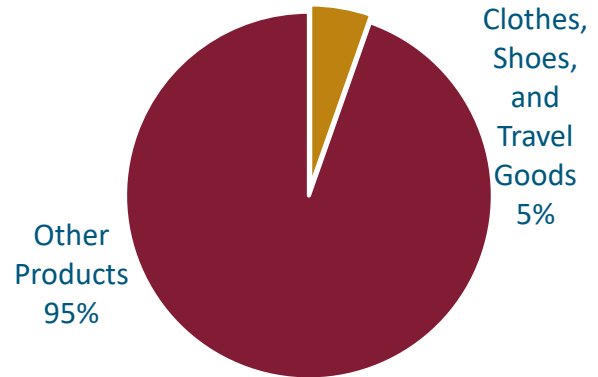
APPAREL, FOOTWEAR, & TRAVEL GOODS TARIFFS

Allocation of U.S. Import Duties
Collected by U.S. Government



Total Duties Collected: \$32.4 billion

Allocation of U.S. Imports by
Value



Total Imports: \$2.16 trillion

Source: USITC Trade Dataweb

Clothes, Shoes, and Travel Goods Account for 5% of All U.S. Imports Yet Generate 47% of All U.S. Duties Collected

TARIFFS



Donald J. Trump  @realDonaldTrump · May 1

Delegation heading to China to begin talks on the Massive Trade Deficit that has been created with our Country. Very much like North Korea, this should have been fixed years ago, not now. Same with other countries and NAFTA...but it will all get done. Great Potential for USA!



7.0K



18K



83K



TARIFFS - CHINA

Donald J. Trump Retweeted



Donald J. Trump  @realDonaldTrump · Apr 4

We are not in a trade war with China, that war was lost many years ago by the foolish, or incompetent, people who represented the U.S. Now we have a Trade Deficit of \$500 Billion a year, with Intellectual Property Theft of another \$300 Billion. We cannot let this continue!

 30K  37K  144K 



Donald J. Trump  @realDonaldTrump · Apr 5

The Fake News Washington Post, Amazon's "chief lobbyist," has another (of many) phony headlines, "Trump Defiant As China Adds Trade Penalties." WRONG! Should read, "Trump Defiant as U.S. Adds Trade Penalties, Will End Barriers And Massive I.P. Theft." Typically bad reporting!

 27K  25K  93K 

TARIFFS - NAFTA



Donald J. Trump  @realDonaldTrump · Mar 5 

We have large trade deficits with Mexico and Canada. NAFTA, which is under renegotiation right now, has been a bad deal for U.S.A. Massive relocation of companies & jobs. Tariffs on Steel and Aluminum will only come off if new & fair NAFTA agreement is signed. Also, Canada must..

 11K  19K  81K 



Donald J. Trump  @realDonaldTrump · Mar 5 

...treat our farmers much better. Highly restrictive. Mexico must do much more on stopping drugs from pouring into the U.S. They have not done what needs to be done. Millions of people addicted and dying.

 14K  18K  85K 

INCREASING CHEMICAL REGULATIONS



AGENCY



LATEST TARGETS

- Polyester
 - Microfibers (California, Connecticut)
 - Antimony
- Flame Retardants
 - PFOAs
- China
 - Pollution
 - Waste Ban
- Europe
 - Carcinogenic, Mutagenic, Reprotoxic (CMR) –
33 CMRs

GROWTH IN CHEMICAL INITIATIVES





WHAT WE ARE TRYING TO DO

- Education
- Work with Chemical Industry
 - ACC, SOCMA, NACD
- Traceability
 - Levi's Screened Chemistry
 - VF Chem-IQ