



BRIEF

# Tariffs are here to stay, apparel experts say

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## Dive Brief:

- The most recent tranche of tariffs has had some effect on the apparel industry, but future rounds are expected to be much more impactful, industry stakeholders said at the Sourcing Journal Summit in New York City Thursday.
- "Tranche four is coming. We don't believe it's a question of if. We believe it's a question of when," said Steve Lamar, executive vice president for the American Apparel and Footwear Association. "Tariffs are going to be with us for a while."
- "I think we're stuck in this for, I would say, 20 years. I don't see any way out," said Nicole Bivens Collinson, president of international trade and government relations for the Washington, D.C., law firm Sandler, Travis & Rosenberg.

## Dive Insight:

Though the apparel industry has had a much easier time than other industries when it comes to tariffs, there are plenty of apparel and accessories categories within the latest round, which went into effect on Sept. 24 and will increase from 10% to 25% next year.

Footwear, bags and backpacks have already been hit. Leather and fur goods, as well as clothing and accessories made from

rubber, plastic and paper, are all included in the Sept. 24 set of tariffs— what the panel called "tranche three."

Collinson emphasized that tariffs on non-apparel items can also have a large effect on the industry. Plastic garment bags, garment hangers, plastic inserts and plastic hang tags often come from China.

With more tariffs inevitable in his view, Lamar added that as time passes, consumers, industry and government stakeholders grow used to them, which is part of the reason they are likely to stick around.

"We talk about them as a hidden tax. Tariffs are a tax on consumers. But it's hidden because people get used to them," said Lamar. "As these tariffs become more of a normal thing, the supply chains get used to it, and the government users of that money get used to it. That's another reason that tariffs will be with us for a long time."

Another reason is that neither side is likely to seek a resolution to the trade war, as Collinson explained. As the U.S. increases tariffs, China will soon increase export tax rebates, so Chinese suppliers are unlikely to take a hit as the retaliations rack up on both sides. China is going to make it "painless" for their companies, said Collinson.

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