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Apparel Sourcing Diversification Ramps Up Amid Global Trade Tension, New Data Shows

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What a difference a year made in apparel sourcing for the U.S. market.

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[Imports of apparel](#) from China hardly increased in May compared to a year earlier, while shipments surged from top 10 suppliers Bangladesh, India, Cambodia and Pakistan, according to the latest data from the Commerce Department's Office of Textiles and Apparel (OTEXA).

[Vietnam](#), the No. 2 apparel supplier to the U.S., also posted a substantial increase, as the diversifying supply chain saw continued contribution to the U.S. apparel market from African and Western Hemisphere, as well as other Asian suppliers.

The shifting sands of U.S. sourcing in the last year came as the Trump administration and China's leadership have engaged in [trade war](#) that led to substantial tariffs on imports from each side that, up to now, has spared much of the apparel sector. U.S. threats of 25 percent duties on [apparel imports](#) from China were put on hold last week, but the threat has left its mark.

Some executives have also noted that China's rapid rise to become the world's factory has been waning for a while due to increased costs, government policies and concerns over being too invested in one country.

"We've been migrating sourcing out of China for the last several years, and we'll continue to do this responsibly going forward," Art Peck, president and CEO of Gap Inc., said recently. "As recently as three years ago, about 25 percent of our product was manufactured in China. In our most recent disclosure, that number was down to 21 percent. And if you include only apparel, our penetration is approximately 16 percent."

Imports from China, still the top apparel supplier to the U.S., increased just 1.7 percent in value to \$1.82 billion in May from a year earlier, although volume was up 6.9 percent to 854.81 million square meter equivalents (SMEs), according to OTEXA. This indicates that makers of cheaper merchandise were still relying on China for their manufacturing, while better brands were shifting their production.

Vietnam's shipments of apparel into the U.S. rose 8.7 percent in May year to year to a value of \$1.07 billion, while its Asian neighbors built up their market share in the last year. Among the top 10 suppliers, imports from Bangladesh jumped 22.2 percent to \$520.55 million, India's shipments rose 11.2 percent to \$388.26 million, imports from Cambodia gained 23.4 percent to \$202.08 million and Pakistan supplied 11.4 percent more merchandise, to reach value of \$120.86 million.

Among second tier Asian suppliers, Sri Lanka continued to grow its market share, with imports increasing 26.4 percent to \$136.92 million, while imports from Malaysia rose 14.6 percent to \$34.72 million.

Overall imports to the U.S. increased 6.6 percent in value to \$6.6 billion in May compared to a year earlier, as volume grew 5.5 percent to \$2.28 billion SME.

Several Western Hemisphere countries, most of which have low or duty-free preferential trade treatment, also registered increases in imports. Shipments from Haiti rose 21.6 percent in the month compared to May 2018, imports from Honduras were up 7.2 percent to \$240.39 million and Peru supplied \$56.01 million worth of finished goods, representing a 16 percent increase.

U.S. importers continue to look to Africa for fresh sourcing alternatives, as they invest in and build relationships with factories there. Ethiopia has led the charge, as indicated by its 119 percent year-to-year increase in May to a value of \$120.86 million worth of apparel shipments to the U.S. Imports from Kenya rose 44.8 percent to \$39.25 million, Madagascar's gained 20.4 percent to \$20.16 million Lesotho's were up 19.8 percent to \$20.26 million.

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