

Supply chain: We 'urge the administration on tariff relief' for retailers, American Apparel CEO says

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American Apparel CEO Stephen Lamar joins Yahoo Finance Live to discuss the outlook for the retail sector as consumer sentiment plummets and how supply chain issues are exacerbating problems.

Video Transcript

RACHELLE AKUFFO: Retail under pressure amid macroeconomic headwinds as higher inflation leads to a shift in consumer spending. Well, joining us now for more on the state of retail is American Apparel and Footwear Association president and CEO Stephen Lamar. Stephen, thank you for joining us. So what are the retailers that you're speaking to, what are they saying about the challenges they're facing and how they're managing in this environment?

STEPHEN LAMAR: Well, it's pretty tough. I mean, we were pleased to see that the president was at the ports today talking about inflation. There's a very clear connection between the supply chain disruptions and the massive price increases that we've been seeing all year long. And it's, frankly, it's one of the reasons why we keep urging the administration to look at tariff relief as a key way of removing costs from the supply chain, costs that get passed along to consumers in the form of higher prices, and to provide carefully so that we're still not charging these very, very high prices on imported apparel, imported footwear, imported travel goods. These are very basic everyday items that all Americans buy and need.

DAVE BRIGGS: Stephen, are you referencing Chinese tariffs? And what's your stance on that? Many feel there is a huge downside down the road to simply reversing those tariffs.

STEPHEN LAMAR: Well, we're referring to actually US tariffs that are imposed on imports that come in, really, from anywhere. But the easiest ones to remove would be the ones that are currently imposed on China, which continues to be a large source of apparel footwear and travel goods. So when you are putting tariffs on imports coming in from that country, you're putting a tax increase on a large amount of products that we're importing. And that gets leveled up with price increases that we see, really, across the board.

So if you want to do something fairly quickly with literally, with the stroke of the pen, because this is the same pen that President Trump used to put them on, you can do it very quickly. And it would have a relatively quick effect. At the same time, there's really no strategic reason why we should have imposed those tariffs in the first place or why we should keep them on. All they're doing is they're just making it more expensive for Americans to get dressed every day.

SEANA SMITH: So, Steve, there's those tariffs, and then there's also what we heard from President Biden earlier today when he was speaking at the Port of Los Angeles. And he was calling on lawmakers to pass ocean shipping reform, which the Senate has passed. So he's pushing the House to pass it now. It would potentially lower shipping costs. From the members of your group that you've spoken with, I guess, how extensively or would that really help inflation costs and kind of bring down some of the apparel costs that we're seeing today?

STEPHEN LAMAR: Yeah, freight costs, so detention fees, fees that are assessed at the ports, fees and freight costs that are assessed by the carriers, they all have been historically high, much higher last year than this year. But still, they're very, very high this year. And so anything that can bring down those costs are also going to show up in the form of either healthier balance sheets for companies that are managing these costs, as well as price increases, making sure the price increases don't get passed along to consumers.

That would take a little bit longer. Congress has to pass the law. It's got to be signed into law. We actually expect it'll be passed next week by the House, which has already passed it several times before. The president will sign it. And then it's got to be enforced. That will take some time before that begins to have an impact. But even the mere passage of it, I think, sends a warning sign to those that are engaged in price gouging or mischief that have been letting their freight costs, for example, get out of control, something we've been urging a lot to do.

RACHELLE AKUFFO: And Stephen, in terms of other challenges, also, we're seeing this glut of inventory for some retailers. How big of a problem is that, considering that we are seeing this shift in what consumers are spending now that we are coming out of the pandemic?

STEPHEN LAMAR: Well, and this is one of the reasons why you want to take action quickly when you can. Last year, we were urging the administration to move much more quickly, much more decisively, to fix some of the port congestion. And as a result of slowdowns there, what a lot of companies did was they shipped a lot. They shipped early this year to try and manage their inventory problems so they wouldn't have those-- last year's inventory problems this year. Well, this year, the inventory problems are different with a lot higher inventory. And they're managing that.

So, one of the things, again, trying to make sure that we help these companies still able to be able to sell, still be able to employ the people that they employ, because sales create jobs, be able to provide consumers what they're looking for. And consumers are shifting their spending habits. They're still buying product. If you're looking for experience, you need to be properly outfitted for that experience. And sometimes even shopping is an experience. So we're still seeing strong consumer demand. Just, it just changes.

RACHELLE AKUFFO: Well, we do thank you for your insights. Stephen Lamar there, president and CEO of American Apparel and Footwear Association. Thank you.