

Global Trade Masterclass Textiles and Apparel



- ❑ Current state of play
- ❑ Addressing sector challenges through a global lens:
 - Reducing bureaucracy and costs in global trade
 - Removing friction from UK-EU trade
 - Leveraging UK global trade agreements
 - Building resilience into global supply chains
 - Accessing overseas labour and skills
 - Protecting against currency risk exposure
 - Adapting to changing customer buying preferences
 - Preparing for the regulatory impact of global sustainability and clean growth imperatives
- ❑ **Empowering SMEs in International Trade** programme
- ❑ Follow on support



Current state of play



Sector dominated by SMEs and micro businesses with 82% of companies employing fewer than 10 people

Total 34,045 businesses

Makeup of sector



Employs 64,000 people



Fashion and textile industry contributes almost £20bn to the UK economy



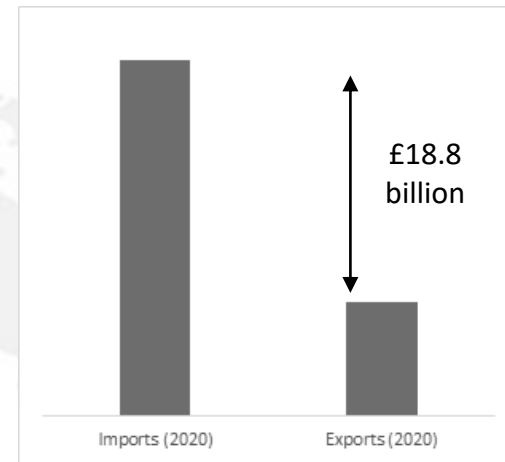
European Union is the UK's biggest export market for clothing and textiles, accounting for 75% of exports

UK consumers spend almost £45bn on clothing and textiles



Online retail sales for textiles, clothing and footwear increased to an all-time high of 31% in 2020

Trade deficit



Addressing the challenge of ***‘bureaucracy and increasing costs’***; ensure that all opportunities to reduce or eradicate unnecessary processes and costs are explored:

- ❑ Ensure cost efficiencies in transport are being realised
- ❑ Consider sourcing from alternative overseas markets
- ❑ Look at duty deferment on imports (DDAs, Postponed VAT Accounting, etc.)
- ❑ Explore Customs Special Procedures and facilitations to reduce administration and duty/VAT costs
- ❑ Explore multi-currency accounts
- ❑ Look at 3rd party financing options (cashflow, working capital)
- ❑ Review product positioning and consider whether elasticity exists in UK and export market pricing



Addressing the challenge of ***'EU trading barriers'***; knowledge of new trading requirements and practices is key:

- ❑ Understand obligations as an IOR and/or EOR
- ❑ Use Incoterms correctly
- ❑ Become familiar with import and export declarations (C88 / SAD)
- ❑ Consult UK Trade Tariff and EU Common External Tariff (import/export controls, documentation requirements, etc.)
- ❑ Understand process for importing/exporting your goods (consult Border Operating Model)
- ❑ Capitalise on all HMRC special procedures and simplifications that apply to your business
- ❑ Frame product value from the customer's perspective, move dialogue away from cost and trading complexity



Leveraging UK global trade agreements

Trade agreements in force (full and provisional)

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> ▪ <i>Singapore Digital Economy Agreement</i> ▪ Japan CEP Agreement ▪ <i>Norway, Iceland and Liechtenstein Free Trade Agreement</i> ▪ <i>UK-EU Trade and Cooperation Agreement</i> ▪ Albania ▪ Colombia ▪ Ecuador ▪ Peru ▪ Canada ▪ Cameroon ▪ Antigua and Barbuda (CARIFORUM) ▪ Bahamas (CARIFORUM) ▪ Barbados (CARIFORUM) ▪ Belize (CARIFORUM) ▪ (CARIFORUM) ▪ Dominica (CARIFORUM) ▪ Dominican Republic (CARIFORUM) ▪ Grenada (CARIFORUM) ▪ Guyana (CARIFORUM) ▪ Jamaica (CARIFORUM) ▪ St. Kitts and Nevis (CARIFORUM) | <ul style="list-style-type: none"> ▪ Saint Lucia (CARIFORUM) ▪ St. Vincent and the Grenadines (CARIFORUM) ▪ Trinidad and Tobago (CARIFORUM) ▪ Costa Rica ▪ El Salvador ▪ Guatemala ▪ Honduras ▪ Nicaragua ▪ Panama ▪ Chile ▪ Côte d'Ivoire (ESA) ▪ Mauritius (ESA) ▪ Seychelles (ESA) ▪ Zimbabwe (ESA) ▪ Egypt ▪ Faroe Islands ▪ Georgia ▪ Ghana ▪ Iceland and Norway ▪ Israel ▪ Japan ▪ Jordan ▪ Kenya ▪ Kosovo ▪ Lebanon | <ul style="list-style-type: none"> ▪ Liechtenstein ▪ Mexico ▪ Moldova ▪ Morocco ▪ North Macedonia ▪ Fiji (Pacific States) ▪ Papua New Guinea (Pacific States) ▪ Samoa (Pacific States) ▪ Solomon Islands (Pacific States) ▪ Palestinian Authority ▪ Singapore ▪ South Korea ▪ Botswana (SACUM) ▪ Eswatini (SACUM) Lesotho (SACUM) ▪ Mozambique (SACUM) ▪ Namibia (SACUM) ▪ Southern Africa (SACUM) ▪ Switzerland ▪ Tunisia ▪ Turkey ▪ Ukraine ▪ Vietnam |
|--|---|---|

Trade agreements signed, not in force

- UK-Australia Free Trade Agreement
- UK-New Zealand Free Trade Agreement
- UK-Ukraine Digital Trade Agreement
- ESA-UK economic partnership agreement (EPA)

Trade agreements being negotiated

- Switzerland
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- India
- Canada
- Mexico
- Gulf Cooperation Council (GCC)
- Israel

Trade agreement consultations

- South Korea
- Gulf Cooperation Council

Understand how preferential trade agreements work: Product origin, PSRs, Proof of origin, Insufficient processing, etc.

Building resilience into global supply chains



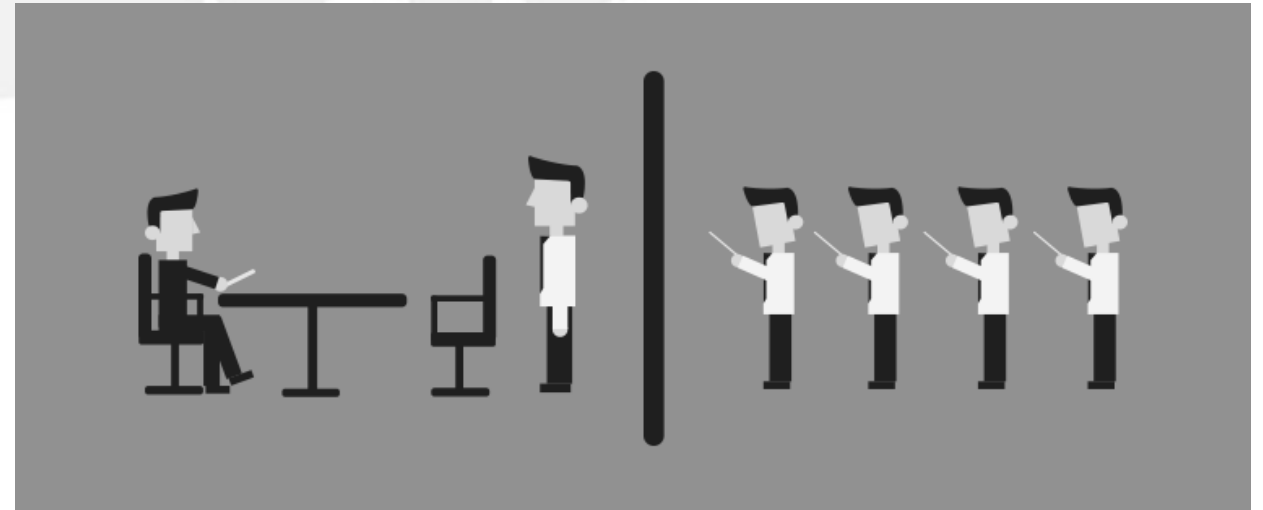
Source: Gartner

Addressing the challenge of **‘accessing top labour and talent’**; treat recruitment like customer acquisition i.e. treat talent as you would a customer you are looking to attract

Explore schemes like UK apprenticeships, but then also

Consider hiring non-UK nationals:

- ❑ Sponsor licenses
- ❑ Job suitability
- ❑ Business eligibility
- ❑ Certificates of sponsorship
- ❑ Advantages
- ❑ Scheme costs



Protecting against currency risk exposure

Addressing the challenge of ***'currency volatility'***; work smart with foreign currencies:

- ❑ Pass on the risk to suppliers and customers by operating in GBP only or increase pricing
- ❑ Identify forecasts for the year ahead
- ❑ Set budget rates
- ❑ Hedge against currency fluctuations
 - Forward contracts
 - Market orders
- ❑ Operate through a US\$, Euro, etc. account
- ❑ Seek professional advice from a currency specialist



Adapting to changing customer buying preferences

Addressing the challenge of ‘changing customer buying preferences’; consider all aspects of sustainability when sourcing, vetting, and appointing suppliers:

- Determine which aspects of ESG your company will prioritise (Materiality Assessment)
- Look at overseas market regulators governing social and environmental measures and compliance in-country
- Confirm overseas market regulation aligns with UK
- Request policies, metrics, and documentation from suppliers to demonstrate compliance



Preparing for sustainability linked legislation

Addressing the challenge of *‘sustainability linked legislation’*; consider global legislation, particularly EU, when planning future sustainability compliance:

IMPORTANT: EU Commission still impacts the direction of travel for UK regulation (Retained EU law)

- ❑ ESG and sustainability reporting
- ❑ EU Strategy for Sustainable and Circular Textiles (Green New Deal)
- ❑ EU Digital Product Passports (DPP)
- ❑ New EU Corporate Sustainability Reporting Directive (CSRD)
- ❑ Extended Producer Responsibility
- ❑ Banning of polluting single-use plastics in England from October 2023
- ❑ Anticipated UK’s chemicals strategy expected in 2023
- ❑ UK best available techniques (BAT) for environmental permitting of industrial installations

Empowering SMEs in International Trade

Programme of ‘hands on’ import and export support, delivered by the Global Trade Department and **fully funded** by the East Midlands Growth Hub Cluster

1:1 support	1:many support	Intensive, ‘hands on’ support	Peer Group support
<p>Clinics (2 hours)</p> <p>Deep Dive (8 hours)</p> <p>Sustainable Trade Planning (12 hours)</p> <p>Trade Compliance Review (8 hours)</p>	<p>Core webinars:</p> <ul style="list-style-type: none"> ▪ Global Trade Compliance ▪ Exporting for the Service sector ▪ Greening Global Trade ▪ Using Customs Special Procedures ▪ Understanding Logistics ▪ UK export and EU VAT (OSS) ▪ Navigating US nexus <p>Global Trade Masterclasses:</p> <ul style="list-style-type: none"> ▪ Manufacturing ▪ Textiles ▪ Digital Tech ▪ Agri-food ▪ Pharma and Healthcare 	<p>Global Trade Manager Programme (30 hours)</p> <p>Export Manager Programme (30 hours)</p>	<p>Global Trader Network for Importers (10 hours i.e. 5 x 2 hour sessions delivered fortnightly)</p> <p>Global Trader Network for Exporters (10 hours i.e. 5 x 2 hour sessions delivered fortnightly)</p>

Empowering SMEs in International Trade (cont.)

The programme has minimal eligibility criteria:

- ❑ Your company must be an SME based in Lincolnshire, Leicestershire, Nottinghamshire or Derbyshire
- ❑ For Export Manager and Global Trade Manager intensive, hands on support, your company must have turnover of >£250K and be in a position to invest in import and/or export activity

For more information or to book an initial 1:1 discussion to determine the best support option for your business:

- ❑ Email internationalisation@globaltradedept.com
- ❑ Call the Global Trade Department on +44 (0) 345 2570037
- ❑ Book via dedicated programme page at <https://www.globaltradedept.com/empowering-smes-in-international-trade>
- ❑ Visit and book via the programme's Eventbrite page - <https://www.eventbrite.co.uk/o/empowering-smes-in-international-trade-programme-34071854063>

For companies outside of the East Midlands, please do feel free to attend all webinars as advertised on both LinkedIn and Eventbrite:

- ❑ LinkedIn - <https://www.linkedin.com/company/global-trade-department>
- ❑ Eventbrite - <https://www.eventbrite.co.uk/o/empowering-smes-in-international-trade-programme-34071854063>

Take advantage of a FREE 30-minute 1:1 discussion, arranged by:

- ❑ Booking directly at <https://www.globaltradedept.com/global-trade-clinic/>
- ❑ Emailing contact@globaltradedept.com
- ❑ Calling the Global Trade Department on +44 (0) 345 2570037

Thank you for your time!

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