

TRADE FAIR FORUM | **PRIME SOURCE HONG KONG**

# Wrestling with **Sustainability** and **Product Safety**

By ERNEST KAO &amp; IF STAFF

**I**T'S BEEN ABOUT SIX MONTHS since the peak of the global financial fallout, and one financial quarter past what was dubbed "the worst Christmas since the Depression" and the apparel industry is still trying to find direction amidst the uncertainty in the international markets. The financial downturn has given new meaning to the concept of "sustainable business practices". Today sustainability means more than just eco-friendly. It means sustaining oneself and ones' business through another season – something no one can take for granted these days.

At the annual Prime Source Forum (Hong Kong, April 1-2) the agenda was aimed at getting industry leaders to look for solutions and opportunities. Rather than focus on what now seems to be the obvious – that the economic downturn is likely to be a lot longer than those in the recent past – the forum's topics put more attention on sustainability and product safety – both hot topics for the industry.

"It is important that we come together to find a more efficient way [to do business] and we hope more enterprises can join us," said Kenny Chan, Vice President of the Wuxi Natural Textile Industrial company.

## How Sustainable Is Sustainability?

Sustainability was a key topic and the general feedback was that while everyone embraced the concept, most saw insurmountable obstacles to applying it. The ubiquity of eco-labeling has downplayed the entire system as more companies begin to adopt any label they see. "There are currently so many eco-labels, that translation costs are becoming ridiculous", said Ben Lyons, Manager of Supply Chain Integrity and CSR at Australian Wool Innovation. "It's



really not enough in marketing nowadays to just say that you're natural".

In a tough market where price has become a tyrannical ruler and consumers are demanding style over sustainability, the higher motives of green products will likely end up on the back shelf – at least for awhile.

## Pounded By Product Safety Laws

More pressing was the labyrinth of new legislation on product safety that is giving a beleaguered industry a further thrashing. Both the EU and the US have upped the standards for product safety. In the US, the CPSIA requirements especially for children's garments have become almost unintelligible said Stephen Lamar, Executive Vice President of AAFA speaking at the forum. Delegates also complained that the US provided little to no lead time for the implementation of these new rules leaving some companies with warehouses of now unsalable stock. They praised Europe for creating a more workable program that enables manu-

facturers or retailers ample time to sell through their existing inventory in advance of the imposition of new regulations.

"The most important thing is to get organized right now...if you don't do something about it, it's your own fault," said William Beuth, the founder of the Institute for Sustainable Management.

In Europe REACH is broadening its efforts to keep what they deem 'hazardous chemicals' out of apparel. Although more comprehensive, delegates felt that the REACH regulations were easier to understand and implement.

"Supply chains should try and understand more about their processes rather than focus on the substances only," said Eva Sandberg, a Senior Scientific Officer at the European Chemicals Agency (ECA).

## Buyer vs. Supplier

In good times or bad, sourcing tends to be a sort of tug-of-war between manufacturers and buyers, with the buyers tending to be in a power position. However in times like these there appear to be few winners. The previous problem of oversupply has been further compounded by plummeting orders. The good news for the better factories might be that as buyers consolidate their suppliers less efficient, poorer quality competitors will disappear. But at present the focus is on short term survival.

Buyers are also in a precarious position. As Janet Fox, Vice President of Sourcing and Director of JC Penney pointed out, they are concerned that some of the factories with whom they work might be in jeopardy, thus putting JC Penney's deliveries at risk. Ms. Fox called for greater "partnership" between manufacturers and buyers, which many factories interpreted simply as "lower prices and more concessions."