

Terms of Reference  
International Consultant

<b>Project title:</b>	Global textiles and Clothing Programme (GTEX)
<b>Assignment title</b>	Analyses of brand/retailer strategies for LDC graduation
<b>Duty station:</b>	Home based
<b>Travel:</b>	No travel
<b>Contract type:</b>	<u>Approx. 35</u> days of work

### **A. Background and objectives**

Nearly every least developed country (LDC) in the Asia-Pacific region now meets the numerical thresholds for graduation from LDC status and may leave the category in the coming years. These countries stand to lose international support measures (ISMs) provided by the international community in areas such as trade and development assistance. Nevertheless, DESA assessments have found the likely impacts of loss of LDC status to be mainly limited and manageable. One of the main exceptions is LDC-specific trade preferences in the textile and clothing (T&C) sector of some countries. Five Asian countries in particular—Bangladesh, Cambodia, Lao PDR, Myanmar and Nepal—have an important T&C sector that makes use of LDC trade preferences and is likely to be impacted by graduation. It is therefore important to focus on this sector when considering the preparedness of these countries for graduation and graduation support measures the countries would need.

For this reason, the UN is developing a study on the “Impact of LDC graduation on the textile and clothing sector: national, regional and international implications” with several entities participating including the International Trade Centre (ITC), the UN Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the Enhanced Integrated Framework (EIF), and DESA, and in collaboration with other entities such as the Economic and Social Commission for Asia and the Pacific (ESCAP), with findings to be reported to the Inter-Agency Task Force on LDC Graduation (IATF), led by the UN Office of the High Representative for the LDCs, Landlocked Developing Countries and Small Island Developing States (OHRLLS). The study will assess the possible impact of the loss of LDC-specific market access in the textile and clothing sector and how to account for this loss in the smooth transition strategies and overall development planning of these countries.

This consultancy would undertake market research with regard to present export markets of the five graduating LDCs, their sources of intermediate inputs (yarns and fabrics) as well as research with regard of foreign investors operating in the country and their views and strategies with regard to the expected impact of the graduation with regard to market access. The research should identify strategies and future considerations of major brands and retailers that presently source from these markets, fabric mills and investors that operate or sell to the 5 LDCs.

The work is being complemented by work undertaken by National Consultants in each of the five LDCs, who will undertake research at company level in the countries concerned.

The research would contribute in particular to Chapter V of the above study, led by ITC, UNCTAD and DESA, on the country-level industry perspective. This Chapter has the main objective to gain a better understanding of the views and strategies of producers and exporters in the T&C sector in the four countries under review as well as producers and importers from the main intermediary, final and competing markets.

The overall study, including the work of the other above-mentioned partner organizations, has the following tentative structure:

### Chapter 1: Introduction

- Objective

Improve the ability of graduating countries (Bangladesh, Lao PDR, Myanmar, Nepal) to prepare their

- Mandates/intended uses
- Methodological approaches

Chapter 2 - Overview on findings of existing graduation impacts analysis studies in countries under review (max 2000 words)

Lead entity: DESA

Chapter 3 International trade aspects (max 5000 words)

Lead entities: UNCTAD/WTO

Reviewing existing data and literature focussing on target countries as well as regional/global trends.

- Brief description/overview of relevant DFQF market access schemes.
- Overview of garment trade data statistics.
- Market share, share in total exports, growth rate, utilisation rates.
- Analysis of preferential margins.
- Analysis of Rules of Origin (RoO) impacts.
- Graduation scenario analysis
- Discussion of DFQF market access in WTO.
- Discussion of impact of free trade agreements.

Chapter 4 Global value chains and diversification at the regional and international level (max 5500 words)

Lead entities: UNCTAD/ESCAP.

- Overview of the current status and recent developments in global value chains in garment production and diversification.
- Existing patterns and prospects of shifting patterns in value chains due to national trends (e.g. graduation, labour costs, environmental regulations, labour standards, value addition, infrastructure improvements), regional and global trends (including Covid 19 impact)
- Understanding shifts in regional and global value chains, supply/demand and pricing. Key trends to consider include:
  - Loss of cost competitiveness of China associated with wage increases, productivity gains by producers in other countries and overall shift in the economic model of China.
  - Diversification of sources by buyers to reduce vulnerabilities.
  - Near-shoring and on-shoring to account for fast-fashion trends.
  - Emergence of new free trade agreements involving other significant producers (e.g., Viet Nam).
  - The competitiveness impact of sequencing of graduation (reduced competition from other graduating countries).
  - Increased competition from other LDCs such as Madagascar and Ethiopia with continued access to LDC trade preferences.
  - Use of other trade agreements (vis à vis EBA expiration/renewal, AGOA expiration 2025) also vis a vis competition from other developing countries.
  - Impact of sectoral shifts on socioeconomic development gains.

Chapter 5: Analysis of graduating countries' firm-level preparedness for graduation and the expected loss of preferential market access conditions

Lead entities: ITC/UNCTAD/UNDESA

1. Overview of T&C sector in each of the 5 LDCs and enterprise strategies to remain competitive (will be undertaken by national consultants
  - Prevailing ownership structure of T&C sector by country (domestic/foreign; contract manufacturing/ own collections and products);

- Organisation of T&C companies in industry associations
  - Major export markets and reliance on duty-free market access
  - Input sources: Embeddedness of textile and accessory industries at national or regional level
  - Move towards digitalization, incl. process upgrading and other aspects of the 4th Industrial revolution
  - Conclusions: Are ownership structures, import sources of yarn and fabrics, RoO utilizations rates and changes in preference schemes indicating major challenges or would a transition be cushioned by proactive entrepreneurs
2. Strategies and future considerations of major brands and retailers that presently source from these markets
  3. Possible responses by the business community in competing countries as well as present suppliers of textiles (yarns and fabrics) and accessories

## **B. Work assignment**

The Consultant will contribute to writing chapter 5, items 2 and 3 as described above. S/he will work under the overall guidance of the Head, Fibres, Textiles and Clothing at ITC as well as in consultation with UNDSA and UNCTAD that will also contribute to the chapter. S/he will work in close consultations with the five national consultants that will undertake enterprise-specific (manufacturer) research in the countries concerned. These 5 national consultants are being contracted by UNDESA. The Consultant will perform the following duties as mentioned below:

- 1) Undertake desk research on strategies of major international brands and retailers that source garments from the five least developing countries graduating out of LDC status. The research should outline changing sourcing patterns of brands/retailers in similar past cases whenever supplying countries lost duty-free market access conditions either temporarily or definitely (e.g. when Madagascar temporarily lost AGOA benefits or Myanmar lost market access to the US and EU; also lessons from the quota phase-out could be useful).
- 2) Undertake field research among major international brands and retailers that source garments from the five least developing country graduating out of LDC status. For this, the consultant should identify and contact:
  - Major brands/ retailers in the EU, Canada and Japan but also India and China that provide duty-free access to LDCs. In addition, US brands/retailers perspectives would also need to be taken into consideration. Especially if those also sell in one or more of the other markets.

The research should provide a clear understanding:

- of the importance of duty-free sourcing is for brands/retailers,
  - whether there is a specific focus on product groups to be sourced under preference schemes, and
  - whether or not brands/retailers will change their sourcing policies from the five countries once they graduate. This may especially affect brands/retailers in markets that provide duty-free access to LDCs. In case brands/retailers change their sourcing policies vis-à-vis these graduating LDCs, what changes are to be expected.
- 1) For the field research among brands/retailers, the consultant should elaborate a draft survey questionnaire that will be discussed with ITC/UNDSA/UNCTAD and jointly finalized before s/he will use the survey to send it to sector stakeholders. Overall, the research should provide a detailed overview of brands/retailers sourcing priorities vis-à-vis the graduating LDCs before and after the graduation. The below aspects need to be part of the research:
    - What are mid-term sourcing strategies from major brands and retailers presently sourcing in the selected countries (see list of destination countries to be looked at above)
    - Importance of preferences for the sourcing strategies of brands/retailers

- Comparison of the 5 LDCs with potential competitors across (12) important sourcing criteria<sup>1</sup>
  - Major recommendations by brands/retailers of what suppliers in the 5 LDCs need to improve to remain/become competitive
- 2) Provide a conclusive intermediate report of the findings under duties 1) to 3), including
    - Conclusion: are sourcing shifts expected from the demand side
    - The impact of COVID 19 on future sourcing decisions and changing requirements vis-à-vis suppliers
  - 3) Undertake field research among multinational T&C companies that operate garment and/or textile factories in the graduating countries as well as suppliers of textiles (yarns and fabrics) and accessories in order to identify:
    - Strategies and scenarios of foreign investors in the garment industry with regard preference erosions - are global T&C companies with numerous geographical locations of the garment factories planning any relocations or will they remain in the country? The consultant will need to work with the respective national consultants in the graduating countries to clearly understand the ownership structure of the industry and how many (and which) multinational companies are operating in the respective countries
    - Strategies and scenarios of textile suppliers to the garment industry with regard preference erosions (e.g. are Chinese textile mills looking into new markets for their fabrics?)
    - Strategies and scenarios of selected competing countries to capture market share due to a relative better positioning in the market (Asian competitors and near-shoring competitors, other LDCs)
  - 4) Provide a short conclusive intermediate report of the findings under duty 4 that should answer the question whether foreign business entities preparing for any important change (what changes do they foresee) and what could be possible responses?
  - 5) Provide an overall report on the findings of duties 1-5 above. The format of the report will need to be agreed upon with ITC/UNDSA/UNCTAD before commencing the final work.

**Deliverables:**

- a) Short report on the major findings of the desk research on strategies of major international brands and retailers that source garments from the five least developing country graduating out of LDC status (brands covered should be from countries that provide preferential access to LDC products such as the EU, UK, Canada, Japan, but also China and India; US brands that sell to multiple destinations need also to be covered)
- b) Draft a survey questionnaire for the filed research on brands and retailers, discuss with ITC/UNDSA/UNCTAD and finalize the survey
- c) Undertake field research (by conducting surveys among brands/retailers and by directly talking to them), following the survey questionnaire elaborated
- d) Provide a conclusive intermediate report of the findings of brand/retailer strategies following the field research; the report should clearly distinguish between the findings of the desk and field research.
- e) Draft a survey questionnaire for filed research on multinational T&C companies (either producing textiles and/or garments in the LDCs concerned) operating in the graduating countries, discuss with ITC/UNDSA/UNCTAD and finalize the survey

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<sup>1</sup> Ability to provide FOB

Price  
 Tariff advantage  
 Compliance / sustainability  
 Production quality  
 Lead time  
 Reliability  
 Ability to create basic products  
 Financial stability  
 Vertical integration / ability to source new materials  
 Flexibility of order quantity:  
 Ability to create value added products

- f) Provide a conclusive intermediate report of the findings of the strategies of multinational T&C companies operating in the graduating countries
- g) Provide a detailed, contact list of all brands/retailer as well as multinational T&C companies contacted for the research
- h) Actively participate in the preparation and in conduction the findings in a stakeholder meeting (virtual or in person) with interested brands/retailers multinational T&C companies as well as T&C stakeholders from the 5 graduating countries to present the findings
- i) Provide an overall final report

**Tentative Start Date:** 1 April 2021

**Skills**

Strong analytical and reporting writing skills. Proven skills in presenting complex issues to a multi-stakeholder audience. Strong communication skills to engage with brands/retailers on one side and with manufactures/suppliers on the other side.

**Education**

- Undergraduate degree (BA/BSC or other)
- Advanced degree (MA/MSc or other)
- Post-graduate degree (PhD or other)
- Secondary school
- Other

**Indicate the field of studies:**

Economics, business administration, international relations or related field. T&C-related studies that also have a business component also qualify. A bachelor's degree and three years of T&C related experience may be accepted in lieu of an advanced degree.

**Experience required (number of years in which area**

At least 10 years of experience in the international textiles and clothing sector, either at brand/retailer level or at manufacturer level. In depth understanding of the apparel value chain, its operation, the role of each player and its constraints. Good network with regard to brand/retailers as well as multinational T&C companies operating in LDCs. Experience in undertaking brand/retailer-related research to understand business rationales and motivations. Experience in presenting complex topics to a multi-stakeholder audience in various countries.

**Language**

Fluent in English

**Copyright clause:**

The Consultant must ensure that he / she has obtained the necessary authorizations in respect of the intellectual property rights required to perform its services under this consultancy contract and for subsequent dissemination by the ITC in any form whether it be. The documentary evidence must be submitted to the ITC. He / she must also ensure accreditation to eventual events, if necessary. If license fees are due for the use of copyrighted materials of third parties, the Consultant will need to request permission from ITC.