

WWD

Fashion. Beauty. Business.



PVH Preps

The group's CEO Stefan Larsson expects both a fast recovery – and lots of change ahead.

Page 2



Claire's Moment

Iconic American designer Claire McCardell is being remembered with a children's book, coloring book and statue.

Page 17



Championing Women

Dior and UNESCO held a virtual Women@Dior Dream conference, addressing the inequality faced worldwide by women and girls.

Page 22

No Color

The two ends of the color spectrum resonated throughout fashion weeks from Milan to Tokyo. Pierpaolo Piccioli at Valentino offered messages of freedom and hope through bold, graphic designs in predominantly black-and-white, as seen in this graphic V cape, while Rei Kawakubo's "Landscape of Shadows" at Comme des Garçons gave "a pause from overstimulation" through monochrome serenity. For more on the trend, see pages 8 to 14.

PHOTOGRAPH BY DOMINIQUE MAÎTRE



BUSINESS

H&M Stresses Long-term Dedication To China

- CEO Helena Helmersson said the company hopes to be a "responsible buyer, in China and elsewhere," as it works on material sourcing.

BY MIMOSA SPENCER AND TIFFANY AP

H&M Group said Wednesday that it is working with colleagues in China to move forward in the wake of a widespread boycott prompted by anger at its stance on Xinjiang cotton.

"China is a very important market to us and our long-term commitment to the country remains strong," the Swedish fast-fashion retailer said in a statement, read by the group's chief executive officer Helena Helmersson on a conference call with analysts.

The brand has become a lightning rod for anger in the country against

CONTINUED ON PAGE 18

BUSINESS

Industry Groups Want To Avoid Trade War

- British luxury lobbies have joined a chorus of voices calling on the U.K. government to ease tensions with the U.S. over a new tech tax.

BY SAMANTHA CONTI

LONDON – British fashion, luxury and beauty lobbies have joined a growing chorus of voices calling on the U.K. government to defuse trade tensions with the U.S. over a new tech tax that will come into force here on Thursday.

The tax targets the local operations of American tech giants including Google, Facebook and Apple, and the U.S. has said it will retaliate by imposing 25 percent tariffs on a slew of luxury British exports, raising a potential \$325 million.

Goods that could be subject to the new tariffs include overcoats, dresses, leather shoes, gold jewelry, cosmetics and fragrances, with the U.S. due to make a decision in the next few weeks and any new duties coming into force over the summer.

"Potential for retaliation for U.K. digital

CONTINUED ON PAGE 19



Floris of London will now be distributed in North America by ICP.

Industry Groups Want To Avoid Trade War

CONTINUED FROM PAGE 1

services act by the U.S. administration was anticipated, but it is disappointing, particularly as the U.S. recently dropped trade tariffs on U.K. luxury goods resulting from the Boeing-Airbus dispute," said Helen Brocklebank, chief executive officer of Walpole, which represents British luxury businesses across a variety of sectors.

She pointed out that North America accounts for 20 to 25 percent of British luxury brands' exports and 75 percent of British luxury brands identify the region as the priority international growth market.

"Trade disputes have a tremendously damaging impact on businesses' ability to export to the U.S., but they also harm customers and businesses in the U.S. British luxury brands have invested significantly in the U.S. market, supporting job creation, media spend and capital investment and tariffs on exports will impact on brands' ability to continue with this investment. Nobody benefits in a trade war, and I very much hope that this threat is not actioned," Brocklebank added.

Sallie Berkerey, managing director of CEW UK, said that if the proposed tariffs are passed "they will certainly impact the beauty and personal care sector, but they are by no means a done deal and are being put forward in other countries as well as the U.K."

She added that the digital services tax "will certainly be high on the agenda at the G7 in June, and it is thought that the tariffs proposed yesterday [Tuesday] would not come into force until July, at the earliest."

Earlier this week, Adam Mansell, CEO of the U.K. Fashion & Textile Association, expressed his disappointment about the threat of additional tariffs.

"At a time when we are trying to start discussions over a U.K.-U.S. trade deal, it is extremely important that both governments get around the table to remove this threat as soon as possible. With the industry still struggling with the impact of COVID-19 and understanding the new trade arrangements with the European Union, an additional burden

on our exports couldn't come at a worse time," he added.

The administration of President Joseph R. Biden is proving just as aggressive in protecting America's business interests abroad as its predecessors have been.

In January, the United States Trade Representative said that the digital services taxes adopted by Austria, India, Italy, Spain, Turkey, and the U.K. in particular "discriminated against U.S. digital companies, were inconsistent with principles of international taxation, and burdened U.S. companies."

In a statement last week, USTR confirmed it was considering "possible trade actions," with regard to those countries, but said it's willing to negotiate with the countries involved.

"The United States is committed to working with its trading partners to resolve its concerns with digital services taxes, and to addressing broader issues of international taxation," said Katherine Tai, who has taken a very firm line regarding Chinese exports to the U.S., too. Tai took up her role as USTR in March, succeeding Robert Lighthizer.

"The United States remains committed to reaching an international consensus through the Organization for Economic Co-operation and Development process on international tax issues. However, until such a consensus is reached, we will maintain our options," including the imposition of tariffs, Tai said in a statement dated March 26.

The statement noted that countries and regions including Brazil and the European Union have not adopted, or not implemented, their own digital taxes and therefore were no longer at risk of retaliatory measures – for now.

A U.K. government spokesperson said Wednesday: "Like many countries around the world, we want to make sure tech firms pay their fair share of tax. Our Digital Services Tax is reasonable, proportionate and nondiscriminatory. It's also temporary.

"We're working positively with the

U.S. and other international partners to find a global solution to this problem and will remove the DST when that is in place. Should the U.S. proceed to implement these measures, we would consider all options to defend U.K. interests and industry."

On Thursday the British government will introduce the new 2 percent tax on the revenues of search engines, social media services and online marketplaces which derive value from U.K. users.

The government said it is looking to rectify the "misalignment between the place where profits are taxed, and the place where value is created" with regard to digital businesses. It wants to ensure that large, digital multinationals "make a fair contribution to supporting vital public services."

Companies such as Amazon say they already pay all of the taxes required by the U.K. As of Thursday, digital businesses will be liable for the new digital tax when their group's worldwide revenues are more than 500 million pounds, and more than 25 million pounds of these revenues are derived from U.K. users.

A group's first 25 million pounds of revenues derived from U.K. users will not be subject to the digital services tax.

According to Allyson Stewart-Allen, a consultant who specializes in

Erdem, fall 2021



U.S.-U.K. cross-border business, the Biden administration will not want to see tech giants' tax dollars diverted to other countries' coffers, and the country will do the most it can to protect U.S. business interests, and profits.

She said the U.S. "clearly knows its power," and believes there's a lesson for Britain and other foreign countries to learn from this latest episode.

"Do not underestimate America's willingness to assert its power, its ability to be proactive and confident" and to engage in "hit 'em in the pocketbook" diplomacy. "Tech business is big business," she added, and if the new digital taxes impact these companies' contributions to the U.S. Treasury then the country will act.

Stewart-Allen added there is little that individual British businesses can do right now except for lobby the government to defuse the tensions, and trust in the capability of Boris Johnson's administration "to negotiate its way through" this latest tariff spat. ■

Church's, fall 2020

