

Global Fashion's Economic Tightrope: Supply Chain Shocks, Digital Shifts, and Resilience

Fashion Economy · Answer Key · 20 Questions

1. Which of the following geopolitical events has most significantly contributed to the redirection of textile manufacturing orders from China to countries like Vietnam, Bangladesh, and India since 2024-2025?

- A) The Russia-Ukraine War
- B) The Red Sea Shipping Crisis
- C) Intensifying U.S.-China geopolitical competition**
- D) The COVID-19 pandemic's lingering effects

2. A recent study challenging the economic and environmental claims of circular fashion revealed a significant miscalculation. What was the approximate amount of this miscalculation in the projected annual recovery of lost value?

- A) \$100 billion
- B) \$250 billion
- C) \$460 billion**
- D) \$500 billion

3. Which factor is identified as a primary driver for the increased cost of luxury goods in 2025, leading consumers to focus on items with strong resale value?

- A) Decreased demand for high-end materials
- B) Increased competition from fast fashion brands
- C) Global inflation impacting production and shipping costs**
- D) A shift towards minimalist aesthetics

4. The resumption of U.S. tariffs in April 2025, impacting textiles from China, Mexico, Canada, and Vietnam, has led to which of the following outcomes for the global textile industry?

- A) A decrease in overall global textile production
- B) Increased price competitiveness for U.S. domestic textile manufacturers
- C) Higher import costs, reduced profit margins, and supply chain disruptions**
- D) A unified global trade agreement resolving tariff disputes

5. In the context of emerging markets, which technological advancement is significantly enhancing e-commerce by improving supply chain management, customer engagement, and enabling secure ownership verification for digital assets?

- A) Augmented Reality (AR)
- B) 3D Printing
- C) Artificial Intelligence (AI) and Blockchain**
- D) Virtual Reality (VR)

6. Fashion weeks in major global capitals like New York and Milan generate substantial economic benefits. Which of the following is a key economic impact directly resulting from these events?

- A) A decrease in hotel occupancy rates
- B) Reduced spending in local retail and hospitality sectors
- C) Significant direct visitor spending boosting local economies**
- D) A decline in fashion-related job creation

7. Which regulation, effective in the EU since July 2024, is reshaping how fashion companies manage unsold inventory and will make the destruction of unsold textiles illegal for large enterprises starting July 2025?

- A) The General Data Protection Regulation (GDPR)
- B) The Ecodesign for Sustainable Products Regulation (ESPR)**
- C) The Corporate Sustainability Due Diligence Directive (CSDDD)
- D) The REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation

8. According to the BoF-McKinsey State of Fashion Executive Survey (August-October 2024), what percentage of fashion executives anticipated industry conditions to worsen in 2025?

- A) 19%
- B) 29%
- C) 39%**
- D) 49%

9. As global trade dynamics shift, which region is identified as a key destination for high-street brands and a market expected to continue its luxury boom into 2025, potentially counteracting uncertainty in China?

- A) South America
- B) The Middle East
- C) India and Japan**
- D) Eastern Europe

10. What is a significant consequence for smaller apparel exporting countries in Asia, South America, and Africa due to high tariffs and trade policy uncertainty, especially in the context of a potential second Trump term?

- A) Increased market share and export opportunities
- B) Reduced competition and stable pricing
- C) Greater vulnerability in their export-oriented garment sectors and potential job losses**
- D) Diversification into luxury goods markets

11. The digital fashion market, projected for substantial growth, offers a sustainable alternative to traditional fashion by largely eliminating the need for:

- A) Digital design software
- B) Social media marketing
- C) Raw materials, shipping, and overconsumption**
- D) Virtual fitting technology

12. Which of the following is a major concern for International Apparel Federation (IAF) members regarding U.S. trade policies in 2025, impacting global fashion supply chains?

- A) Favorable trade agreements leading to lower costs
- B) The reduction of import duties on apparel
- C) High tariffs and uncertainty surrounding future tariff escalations**
- D) Increased market access for European goods

13. The rise of e-commerce in emerging markets is significantly impacting local economies by:

- A) Increasing reliance on traditional brick-and-mortar stores
- B) Reducing job creation in technology and logistics sectors
- C) Providing access to broader markets and increasing government revenue**
- D) Decreasing consumer choice and product variety

14. What is a primary reason cited for the slowdown in the luxury goods industry in 2025, despite a post-pandemic boom?

- A) A global surplus of high-quality raw materials
- B) Decreased production costs making luxury items more accessible
- C) Adverse demand from key consumer nationalities (Chinese, American, European) and macroeconomic headwinds**
- D) A reduced interest in sustainability among luxury consumers

15. A significant trend in sustainable fashion for 2025 involves agricultural practices that prioritize soil health, biodiversity, and carbon sequestration. What is this trend called?

- A) Hydroponics
- B) Vertical Farming
- C) Regenerative Agriculture**
- D) Aquaculture

16. Which factor is identified as a major contributor to the environmental degradation caused by fast fashion, requiring immense amounts of water and energy and contributing significantly to global carbon emissions?

- A) The use of recycled materials
- B) On-demand production models
- C) Mass production and high-volume output**
- D) Digitalization of supply chains

17. Which event in March 2024 caused ripple effects through U.S. and global supply chains, disrupting port traffic and rerouting shipments, with effects continuing into 2025?

- A) The Suez Canal blockage by the Ever Given
- B) The collapse of the Francis Scott Key Bridge in Baltimore**
- C) A major cyberattack on global shipping networks
- D) The global semiconductor shortage

18. Which of the following statements accurately reflects the projected impact of circular fashion business models (CBMs) on garment workers' wages and working conditions, according to a recent study?

- A) CBMs are expected to significantly improve wages and working conditions.
- B) CBMs may lead to more precarious employment in sorting and recycling.**
- C) The impact on garment workers is considered negligible.
- D) CBMs will directly fund worker training programs.

19. With China's economic slowdown and shifting consumer preferences in 2025, global fashion brands are increasingly redirecting their focus to which other Asian markets for growth?

- A) Singapore and Malaysia
- B) India and Japan**
- C) South Korea and Taiwan
- D) Indonesia and the Philippines

20. The 'lipstick index' concept suggests that during economic downturns, consumers forgo big-ticket items for smaller luxury indulgences. What has emerged as a more culturally significant alternative in this context, reflecting a shift in fashion's value systems?

- A) Affordable diffusion lines
- B) Mass-produced fast fashion
- C) Archival and vintage fashion**
- D) Designer collaboration collections