

Bangladesh joins eight RMG making countries for better prices

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The nine countries, including Bangladesh, account for 70 per cent of the global garment trade. Photo: Star/file

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Nine major apparel manufacturing countries, including Bangladesh, have joined hands to improve prices paid by international retailers and brands, prompted into action by bad experiences since the pandemic's emergence.

"This is an initiative to work together as a consultative body mainly to improve the buying practices of the international clothing retailers and brands," said Miran Ali, global spokesperson of STAR Network.

The platform has brought together the demand from countries in Asia, Middle East and North Africa.

Egypt is also trying to join the initiative soon, said Ali, who is also a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), a platform of the local garment suppliers.

The nine countries account for 70 per cent of the global garment trade. So, it is a strong global platform for improvements, he said.

Ali said many garment suppliers, particularly Bangladeshi ones, have experienced the worst when it comes to receiving payments amidst the Covid-19's fallouts.

International retailers and brands have either cancelled or put on hold orders for \$3.18 billion worth of garment items, citing the excuse that Covid-19 had led to a significant drop in sales of clothing items worldwide.

The retailers and brands have reinstated 90 per cent of work orders so far, according to the BGMEA.

Supported by GIZ FABRIC, International Apparel Federation (IAF) and Better Buying Institute, the platform includes Indonesian Textile Association, Turkish Clothing Manufacturers Association, Istanbul Ready-Made Garments Exporters' Association and the Moroccan Association of Textile & Clothing Industries.

The initiative on "Manufacturers Payment and Delivery Terms" presented their plans at an OECD Forum on Due Diligence in the Garment and Footwear Sector on February 3.

The initiative marks a joint global effort led by manufacturers to establish a common position on payment and delivery conditions in the industry, according to a statement from the IAF.

"Suppliers from around the world are coming together to offer solutions for strengthening global supply chains," said Marsha Dickson, president and co-founder of Better Buying Institute.

"Suppliers often have the best ideas for how to overcome challenges and the impacts of brand and retailer purchasing practices on workers and the environment. It's critical their voices be heard," the IAF statement also said.

News agency Reuters said while some, including Primark, H&M, Inditex and Gap, later committed to paying the cancelled orders in full, campaigning coalition PayUp estimates \$18 billion out of \$40 billion worth of payments were still outstanding globally.

Global retailers lost \$1.2 trillion in sales in 2020, a 3.9 per cent drop, according to research firm Forrester, as global lockdowns decimated demand and shut stores for months on end, the Reuters also said.

Though some sales were recuperated online, many clothing retailers were forced to impose steep discounts in an attempt to get rid of unsold stock.

The Penn State Center for Global Workers' Rights in a report said the US and European Union trade data showed a \$16.2 billion drop in apparel imports in April through June 2020.

While clothing sales are beginning to recover from last year's record losses, orders are still far smaller than before the pandemic, with shorter lead times and longer payment windows, factory owners, sourcing agents and retailers themselves say, Reuters also said.

"Customers are threatening cancellation in case of the slightest delays," said BGMEA President Rubana Huq when asked about the second wave of Covid-19 in Bangladesh.

"At this point of time, we need to be vigilant, protect our workers and protect the industry so that the fine balance between lives and livelihood can be maintained," Huq said.

"We haven't run any survey yet. By word of mouth, what is evident is they are wanting deferred payment and discount so far. Think they will wait for another month to check the trend and then react. But outerwear is going great. Knits is better than woven," she said.

Regarding the operation of factories in the wake of the second wave, Huq said the managements were maintaining the strictest operating guidelines while factories were also being monitored.

"We have conveyed to all our members asking them to: Have staggered opening and closing protocols; by continuing to make masks and hand washing and temperature check compulsory. We have also advised factory to opt for shifts to spread manpower over separate slots where and when possible," she also said.

"We have had huge cancellations, deferred payments, Western brands declaring bankruptcy etc," Huq said.