



Garment workers from nine countries call for better terms from retailers

By Huw Hughes

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Garment makers from nine countries have come together to demand better contracts from global fashion retailers after billions of dollars worth of orders were cancelled or paused last year amid the pandemic.

Thirteen garment suppliers associations in China, Bangladesh, Myanmar, Cambodia, Vietnam, Pakistan, Turkey, Morocco and Indonesia have drafted minimum terms they hope to present to clients, Reuters reports.

The associations hope the terms in the document, though not legally binding, will prevent retailers from playing suppliers off against each other in pursuit of better terms.

The draft document, seen by Reuters, includes a maximum 90-day payment term, an end to discounts after orders are placed, and an additional fee on deferred payments to cover interest and loss of profit.

Global garment workers demand better contracts

The document is due to be finalised and released in late April.

A later phase of the initiative would aim to build ways of enforcing the terms. This includes an international arbitration mechanism for manufacturers to raise grievances with buyers.

The document is a joint initiative of the Star Network, funded by Germany's international development agency GIZ, and the International Apparel Federation.

"We tended to blindly trust our customers," Star Network spokesperson Miran Ali told Reuters. "If they said they want to buy 100,000 yards of fabric from us and they'll send the purchase order in three weeks, we'd just go ahead and do it. That faith has been lost."

Global fashion retailers cancelled or paused orders worth almost 3.7 billion in March and April last year, according to the results of a local survey of factories seen by Reuters.

While some later pledged to pay for the orders in full, labour rights campaign PayUp estimates 18 billion dollars out of 40 billion dollars worth of payments are still outstanding.