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A new vision to help Sri Lankan apparel rise to the challenges of 2022

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Guest Column



By **A. Sukumaran**

Despite having faced down another tumultuous year, the Sri Lankan apparel industry has shown remarkable resilience in 2021, and we believe the advances we have made over the past year have put the entire sector in a much stronger position to weather the escalating challenges of 2022. A review of the data from 2021 and the measures that firms in the industry have taken indicate how the industry is poised.

Following the wake of unprecedented economic disruptions for Sri Lanka – and the rest of the world – caused by the second and third waves of the COVID-19 pandemic we now see some persistent uncertainty around prospects for 2022. Driving this volatility so far is the emergence of ‘Omicron’, which is reportedly the most highly transmissible variant of COVID-19, and in the backdrop of rising geopolitical tensions between the US, China and Russia. If any one of these factors is exacerbated, further disruptions to global trade are inevitable.

Consider exports. In pre-pandemic 2019, apparel exports amounted to \$ 5.2 billion[1], almost 48% of all merchandise exports (which makes it a crucial contributor to trade and external finances). In 2020, the pandemic's spread led to a steep decline in trade and travel, and ultimately global GDP; no country was spared.

Sri Lanka's garment exports also declined sharply in 2020; nationally-enforced lockdowns hit production, and order cancellations were high. Exports fell by almost a quarter (more than 24%) to \$ 3.93 billion. In 2021, garment exports jumped back up by 21.5% at September-end to \$ 3.54 billion[2]. They will fall just short of the targeted \$ 5.1 billion.

The remarkable progress was made possible by an accelerated vaccination programme with the support of the government and the logistical capability of our military. The Joint Apparel Associations Forum of Sri Lanka (JAAFSL), an apex body of apparel industry associations, played a crucial coordinating role.

For business owners, worker safety is a high priority. Factories and places also put safety protocols, redesigned shop floors to enable social distancing, strictly monitored masking, personal protection, and employee behaviour. Compliance was strictly implemented with surprise checks by officials from the Ministries of Labour and Health.

Yet, during the course of the pandemic in 2020 and 2021, business owners were faced with false accusations that workers were not being paid and were instead being laid off by the thousands. But as events later demonstrated, these accusations were totally unfounded, and ran contrary to the actual situation on the ground.

First, in cooperation with the government and represented by JAAFSL, workers who could not come to work because they were sick were paid Rs. 14,500 a month whether they came to work or not. That is 45% more than the minimum wage mandated by law, even when they were not working.

Second, as noted previously, an accelerated vaccination programme was implemented and acted upon. Worker safety was ensured with strictly enforced mandated safety protocols. The enforcement of the protocols were extended even to non-direct apparel workers such as canteen workers and other suppliers and vendors.

One number helps make the point. One important study on the impact of COVID-19 on the apparel industry estimated the pre-pandemic workforce at roughly 350,000[3]. The strength of the workforce at the end of 2021? Contrary to reports of layoffs and resignations made publicly by some parties during the pandemic, the workforce is now back at 350,000.

That's not all. During the course of the pandemic, both large companies and smaller firms adopted and adapted technology to develop solutions to new problems. Consider samples. Fashion changes are fairly frequent, so buyers require samples that they test and then approve for manufacture. As transport was disrupted and flights restricted, some firms used 3D technologies that could be created at the buyers' end and approved.

That was just one instance where technology was used innovatively to overcome logistical challenges. Many others are aligned with the vision of making Sri Lanka a global hub for innovative apparel making. There are many others, aligned with the vision of making Sri Lanka a global hub for innovative apparel making. And the same spirit of innovation is

pervasive in the apparel industry's sustainability agenda that sets a global benchmark for ethical, environmentally responsible manufacturing.

On 23 December 2021, the industry took the next step in its emphasis on prioritising workers. JAAFSL signed two historic agreements with trade unions. The first enjoins both trade unions and factory owners to monitor the pandemic's impact jointly. Trade unions will be represented on the Bipartite Health Committees at each manufacturing plant.

These committees are responsible for implementing Ministry of Health guidelines strictly. The MoU also recognises employees' freedom of association and their rights to collective bargaining. The second MoU lays out how employers and the unions will collaborate to assess and coordinate their efforts to manage the negative impact of the pandemic on all stakeholders. Both MoUs cast JAAFSL and the unions as partners in these efforts.

Resilience notwithstanding, there is no place for complacency. The emergence of the Omicron variant – the most transmissible form of COVID-19 thus far – has shown that the pandemic hasn't yet run its course. JAAFSL is in discussions with the government on approaches to provide booster shots for workers – and perhaps their families – as expeditiously as possible.

Ensuring the retention of GSP+ privileges with the European Union (EU) and other key trading partners is critical. Before the advent of COVID-19, it was probable that Sri Lanka would 'graduate' from the GSP+ regime; the pandemic, however, changed that dramatically. Now, retaining those privileges beyond December 2023 will be advocated forcefully and intensely.

Contrary to what Albert Einstein said, we have to both prevent and prepare for the next crisis.

[1] <https://www.fibre2fashion.com/news/textile-news/sri-lanka-s-textile-garment-exports-up-28-in-jan-june-21-275830-newsdetails.htm>

<https://www.fibre2fashion.com/news/textile-news/sri-lanka-s-textile-garment-exports-on-path-to-cross-5bn-this-year-277616-newsdetails.htm>

[3] https://sustainabledevelopment.un.org/content/documents/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf

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