Impacts and Possible Responses Related to COVID-19 in the Textile and Apparel Industry of Bangladesh

Md. Tareque Rahaman*  Tarekul Islam
Department of Textile Engineering, Mawlana Bhashani Science and Technology University, Tangail, Bangladesh

1. Introduction

Bangladesh's ready-made garments (RMG) industry is the country's largest foreign currency distributor and a driving force behind the country's overall socio-economic growth (Rahman). Following the cancellation or suspension of orders by its customers, the apparel industry, which is the world's second largest exporter of ready-made garments, is now facing a loss of about $6 billion per year [1]. Bangladesh's government is being forced to undergo lockdowns in an effort to fight the Covid-19 pandemic. Frequent lockout has a crippling impact on the growing economy, as well as a halt and debilitating effect in almost all sectors [2]. Bangladesh recorded the first case of coronavirus on March 7, 2020, and the number of new cases increased dramatically by June. Bangladesh reported around 3,462 new coronavirus positive cases on July 6, 2020, bringing the total number of cases to 707,362 after...
the first case was discovered in early March. More than 602,908 patients have recovered from total infections as of April 16, 2021. Bangladesh would have to prepare for the effects of a global economic slowdown because the country's GDP growth is heavily reliant on cheap labor. RMG (Ready Made Garments) and remittances are the two largest contributors to Bangladesh's GDP, accounting for 11 percent and 5.8 percent of GDP respectively in 2018 [3]. Since overseas orders have plunged as a result of decreased discretionary spending, the pandemic has resulted in the loss of about one million jobs in the industry (Dhaka tribune) [4]. According to the BGMEA study (dated April 12, 2012), approximately $3.5 billion in orders has been cancelled since the outbreak, with around $1.5 billion in RMG exports on hold (Source: Dhaka Tribune). As a consequence, RMG factories' long-term viability appears to be bleak [5]. In the remittance industry, nearly 10 million Bangladeshi workers were working in foreign countries, mostly in the Middle East and Western countries (tbsnews.net).

2. Literature Review

On January 11, 2020, the World Health Organization (WHO) designated “COVID-19” as the official name of the newly detected disease. The virus was first identified as 2019-nCoV, and it was announced to the World Health Organization on December 31, 2019. The WHO declared the COVID-19 outbreak a global health emergency on January 30, 2020.

The government of Bangladesh announced a state of lockdown (closure of all public and private offices) in the country on March 26, 2020, which lasted until May 30, 2020, due to the regular increase in the number of COVID-19 infected patients (The dailystar.net).

On March 27, 2020, the ‘Centre for Global Workers' Rights' and the ‘Worker Rights Consortium' conducted a report on the effect of the COVID-19 crisis in the Bangladesh RMG market, which included 316 Bangladeshi suppliers.

The ‘Bangladesh Garment Labor Association' conducted research on COVID-19 infections among RMG workers and discovered that 96 RMG workers were infected with COVID-19 between 9 and 12 months.

The COVID-19 pandemic has had dire consequences for these RMG jobs, including confusion about their salaries during the pandemic and some pressing problems such as a shortage of resources to get on with their lives. Other issues include health risks associated with a lack of occupational prevention steps, as well as harm to mental health conditions caused by the fear of contracting COVID-19.

In terms of illness and death rates, Bangladesh is currently at its highest height. As of April 16, 2021, there have been 707362 infections and 10081 deaths due to COVID-19. Even if the workplace is dangerous, employees' fear of losing their jobs will make them more powerless in the long run.

3. Objectives

i. To evaluate the current scenario of the apparel industry of Bangladesh during COVID-19;

ii. To discuss the trading condition of the global apparel industry;

iii. To find out the best possible response to protect the workers, business & the country;

iv. To suggest a few recommendations by analyzing the concurrent situation with a view to dealing with similar sort of situation in the future.

4. Methodology

The COVID-19 pandemic situation can’t be predicted quite easily, just because the overall scenario is changing time to time. To understand the ongoing economic condition of international apparel trade, data has been arranged from some secondary sources such as various business journals, various national & international organizations (BGMEA, WTO, WHO, IMF & World Bank).

Primary Data

Through physical conversation with associated officers, government officials, garments organization.

Secondary Data

√ Various data sources such as BGMEA, BKMEA, Bangladesh Bank, Export Promotion Branch (EPB);

√ Browsing government websites related to import-export;

√ Authentic books, publications, newspaper articles;

5. Impacts of COVID-19 on Bangladesh’s Textile and Apparel Industry

5.1 Impact on Demand & Apparel Supply Chain Dynamics

The Covid-19 pandemic has already had a major effect on the global apparel supply chain and demand management. Due to raw material sourcing problems and canceled orders, top exporters such as Bangladesh have begun to feel the sun.
5.2 Socio-economic Challenges

The COVID-19 pandemic would have an economic impact on millions of RMG employees, the majority of whom are female, come from low-income families, and work primarily in garment factories to produce low-cost garments.

5.3 Cancellation & Lack of Apparel Order in Response to Pandemic

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), orders for nearly 650 million garments worth a total of $3 billion have been canceled by March 31, 2020, affecting 738 factories and 1.42 million jobs.

5.4 Cotton Demand Plummets

Since March 2020, the rapid spread of COVID-19 has had a significant effect on the cultivation, demand, and supply chain dynamics of cotton yarn and other synthetic fibers all over the world. There are 424 spinning mills, 794 textile weaving mills, 241 dyeing and finishing mills, and over 6,500 registered and unregistered garment and textile factories in Bangladesh. Sixty-five percent of these factories are in the Dhaka district, and cotton accounts for nearly 80 percent of the garments produced in Bangladesh; the remainder is made of viscose, polyester, and other materials. India, China, the United States, Uzbekistan, Australia, Pakistan, and Brazil are the leading producers of cotton globally. A demand-supply imbalance has resulted due to a drop in cotton demand from China. The COVID-19 crisis has put downward pressure on U.S. Cotton prices due to a fall in global cotton demand, trade instability, increased levels of global competition, and economic recession. Ending stocks in the United States are forecast to reach 6.7 million bales in the 2019-20 crop year, the highest level in a decade [6].

5.5 Garment Workers at Risk of COVID-19 Infection

Garment workers are at risk of contracting COVID-19 due to the reopening of factories that supply major brands, despite of Health Ministry’s advice. Thousands of garment workers have returned to work across Bangladesh as RMG factories reopen to restart production following the nationwide COVID-19 shutdown, raising fears about the risk of infection to both workers and communities. Hundreds of factories have been able to reopen, despite the Ministry of Health's recommendation that all factories be closed until May 5, 2020, with the exception of those manufacturing personal protective equipment. Despite the Bangladesh Manufacturers and Exporters Association's advice that factories hire only local employees, unions claim that some factories have asked workers who have returned to their hometowns to resume work, and that job insecurity and questions about wage payment have made it difficult for workers to refuse.

5.6 Apparel Quagmire & Bangladesh Economy

On the potential effects of Covid-19 on the Bangladesh economy, there are differing viewpoints. Both the World Bank and the International Monetary Fund (IMF) have expressed concern about economic growth, which is expected to fall to just over 2.0% this fiscal year [7]. Given the slowing or negative growth in developed and developing countries, their forecast appears to be accurate. The government continues to be upbeat about the economy's prospects. However, the extent of the economic harm to Bangladesh will be determined primarily by the length and spread of Covid-19, as well as the effectiveness of government responses to the disaster. Bangladesh's overdependence on apparel exports may be its downfall [8].

5.7 Barrage of Unemployment Problem & Child Labor

Almost 25 million jobs could be lost worldwide as a result of COVID-19, says ILO. “Child labor becomes a coping mechanism for many families during times of crisis,” said UNICEF Executive Director Henrietta Fore. “As poverty levels increase, schools close, and social services become scarce, more children are forced into the workforce. We need to make sure that children and their families have the resources they need to survive similar storms in the future when we reimagine the world post-COVID. Education, social security, and improved economic opportunities can all be game changers.” —— UNICEF Executive Director Henrietta Fore.

“Without assistance, many families could turn to child labor as the pandemic depends greatly on family incomes,” said Guy Ryder, Director-General of the International Labor Organization.

“In times of crisis, social security is important because it helps the most vulnerable people. It makes a significant difference to integrate child labor issues into wider strategies for education, social security, justice, labor markets, and international human and labor rights.” —— Guy Ryder, Director-General of the International Labor Organization (Almost).
5.8 Issues in Import of Synthetic Trims & Accessories

The supply chain of Bangladesh's readymade garments (RMG) sector is taking a hit as the coronavirus spreads across the world, with its main sourcing destination, China, at the epicenter of the outbreak. Prices of all garment accessories, including yarn and sewing threads, have already gone up, Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said in a statement on 28 February, 2020. “Prices have risen by almost 50 percent & this is killing us. We would not be able to procure any trim properly if daily shipments from China do not resume within the next two weeks, as most of the raw materials are imported from China.” she added.

6. Possible Responses & Strategies to Overcome COVID-19

6.1 Government Stimulus Package

Prime Minister Sheikh Hasina announced a Tk72,750 core stimulus package on April 5 to resolve the economic impacts of the coronavirus outbreak, including the previously announced Tk5,000 core package, with the aim of protecting poor jobs. The government developed four programs under the plan at the same time, the PM said, “to be implemented in phases categorized as Immediate, Short, and Long.” The four programs are: increasing public spending, formulating a stimulus package, expanding the social safety net, and increasing monetary supply. It accounts for approximately 2.52% of the country's GDP. To fight the novel coronavirus, the government should take both fiscal and monetary measures.

6.2 Garment Worker’s Salary Disbursement by the Business

Businesses can borrow money from the package at a 2% interest rate for up to three months to pay their employees' wages. Salary must be deposited into a bank or mobile financial service account. Salary sheets, employee lists, and mobile banking accounts must be sent to banks by management of export-oriented companies or factories so that salaries for April can be disbursed directly. Following that, the banks would submit the same documents to the Bangladesh Bank for reimbursement. Borrowers will be given a six-month grace period, during which they will begin repaying the government in installments on the seventh month after receiving the funds.

6.3 Garment Worker’s Salary Disbursement by the Government

Salary payments from the stimulus package to garment workers began on May 3rd. Salaries of affected factory workers who applied for and were approved for assistance under the Tk5,000 core stimulus package would be paid directly to their accounts by the government. ‘RMG workers who did not work in April would receive 60% of their salary for this month before Eid,’ according to the state minister for labor, following a tripartite meeting between the government, worker representatives, and RMG industry owners. Those who worked in factories that stayed open during the April shutdown would be paid in full. Those who returned to work on April 26 will receive 60% of their wages for the previous 25 days and maximum wages for the last five days of the month. The April salaries will be sent directly to the RMG employees' accounts through mobile financial services.

6.4 Commercial Loan Facilities at Low Interest

HSBC Bangladesh has announced a series of interventions to assist its textile and apparel clients in weathering the economic effects of the coronavirus pandemic. The bank will provide special short-term loans of up to one year with a four-month principal moratorium that can be used to cover payroll expenses and service payments. According to a press release issued by HSBC Bangladesh, the bank would also grant a three-month waiver on existing term loans to businesses in the textile and garments industry. Clients will not be allowed to pay any installments during the moratorium period, and the lender will not demand any repayment from them.

6.5 Product Diversification by Fabric Modification

People may become more health conscious as a result of the post-pandemic situation, and health-care should be their top priority. As a result, personal protective equipment such as masks, full-sleeve woven jackets, and other body-covering garments must be in high demand. Even during COVID-19 pandemic, a Bangladeshi fabric manufacturer claimed to have invented "Corona Block Fabric," a fabric that can destroy coronavirus or any other virus in 120 seconds. Zaber and Zubair (Z&Z) Fabrics, a subsidiary of Noman Group, the country's largest garment exporter, announced the news at a press conference in the city on May 14, 2020. According to company officials, the company created a technology for the revolutionary product with technical assistance from its two Swedish partners. Personal protection clothing, masks, and woven shirts may all be made from it. "We're pretty sure that
many global fabric developers are working on creating such fabric, but we're the first to make it possible," Z&Z brand manager Anol Rayhan said.

6.6 Integrating Design & Concept Alterations

In ever-changing market conditions, innovation has always been the path to success. There is no doubt that the climate will change after we have resolved the pandemic’s effects, which means that the consumer market's desires and expectations will be dramatically impacted. The spread of Covid-19 has fundamentally altered the demand-supply dynamics of many sectors, including travel, ticketing, and restaurants, and the only way to navigate this is to carefully pivot business models in accordance with the new market dynamics.

6.7 Managing Funding & New Investment

A long-term business strategy must be implemented, with all resources, especially monetary resources and funds, being used wisely. The secret to long-term survival will be managing cash flow and conserving money for a few months after regular operations resume. To plan for improved financial management in the coming months, a deeper review of fixed vs. variable cost components within the overall cost structure should be carried out. Even though investors would ultimately loosen their purse strings in the short term, closing investment calls would take a long time for everyone.

6.8 Incorporating Short Cycle Planning

Instead of looking at long-term plans, three-month, six-month, and one-year plans should be ready after the pandemic situation has passed and operations have returned to normal. Making up for the lag caused by the lockdown and training the company to deal with the crisis must be prioritized in the current situation.

6.9 Maintaining the Channel of Communication during the Crisis

It is critical to maintain an effective and productive communication channel at times like these. It is critical to be transparent and responsive to the needs of all stakeholders, including consumers and investors, in order to retain their relationship with the company.

6.10 Rebuilding the Trust Factor among Workers, Suppliers & the Business

6.10.1 RMG & Fashion Brand Cooperation

Following urgent appeals, several brands, including H&M, PVH, Inditex, and Marks & Spencer, pledged to assist garment manufacturers by accepting shipments of products that had already been produced or ordered.

6.10.2 Public-private Cooperation

The government would not be able to defeat COVID-19 on its own. At the local and international levels, it will necessitate unparalleled levels of cooperation between the public and private sectors. In response to the pandemic, the World Economic Forum has launched the "COVID Action Platform," with a mandate from the World Health Organization. Bangladesh should take advantage of this platform to gather people for its private sector and share some of its own COVID-19-fighting and economic resilience experiences.

6.11 Active Role of Social & Labor Right Organizations

A grassroots labor rights organization, the "Awaj Foundation," is collecting funds for an emergency fund for employees who have lost their jobs. This will mostly take the form of cash disbursements to ensure that their basic food and shelter needs are met. The Awaj Foundation has stated that it will continue to offer some health care and will link staff with additional support if they need more extensive assistance.

6.12 Mutual Trust & Mutual Dependency

In a video message, BGMEA President Dr. Rubana Huq urged foreign apparel buyers to come forward and help Bangladesh’s apparel industry during this difficult period.

A list of well-known fashion brands that have announced to cut or cancel sourcing orders as of April 13, 2020:

- Primark has shut down all of its stores in Europe and the United States, and it has asked all of its suppliers to stop production. However, the company has set up a fund to cover the salaries of factory workers who worked on cancelled clothing orders.
- Ross Stores has announced that all merchandise orders will be cancelled until June 2020.
- Gap Inc. has agreed to suspend shipments of summer orders as well as the production of fall products.
- H&M has also cancelled orders, but has assured its suppliers that all orders made prior to the COVID-19 will be honored.

6.13 Arrangement of Dialogue among Buyers, Suppliers & Government

Brands, consumers, suppliers, employers, and the
government must all work together to save the apparel industry and its workers from the Covid-19 backlash. This was stated by economists, producers, and labor leaders at a virtual discussion hosted by the Centre for Policy Dialogue (CPD) on April 23, 2020.

6.14 Real Time Marketing Policy & Channel of Distribution

In the RMG market, for example, Bangladesh competes with Vietnam and a number of other countries. Bangladesh must keep track of events around the world in order to adapt the best solutions to the global apparel industry. [13]. In the short and medium term, a change from shopping malls to e-commerce is unavoidable. The sooner the demand-supply networks are reoriented, the better the results will be. A proliferation of e-offices can be an effective alternative for conducting virtual business under WTO rules, as well as an effective measure for speeding up business across geographical boundaries.

7. Rapid Measures to Fight against COVID 19 for Bangladesh RMG

- To ensure maximum inclusiveness by targeting the workers & factories who needs the stimulus most
- To ensure speedy disbursement of stimulus packages & wages, with a view to preventing both the social & worker unrest
- Establishment of a pre & Post-pandemic monitoring cell
- To prevent anti-trust issues within workers, buyers & business owners
- Finally, restoring confidence in the minds of people with the objective of reproducing social resilience.

8. Research Gap

To ensure social distance & WHO imposed rules & regulations during the COVID-19 pandemic, we avoided any kind of face-to-face interactions with the RMG workers. Strategically difference may impose while working on different time & different situation.

9. Scope for Future Research

The Role and Limitation of Importers & Exporters of the World Apparel Industry during the COVID-19 Pandemic Situation COVID-19 & the Future of Apparel Industry.

10. Recommendations

√ The manufacturers should ensure the uniformity of demand & supply chain management of raw materials & finished goods respectively, just because temporary lockdown may occur in future until.

√ The factories should secure their cash flow & real time communication with the other stakeholders is a must.

√ The workers should have up-to-date information about the pandemic & the factories should take care of their workers.

11. Conclusions

The world will keep turning after Covid-19 is beaten. And the whole world will still need apparel supply chains, unless people across the world decide to stop wearing clothing. Global industry could be getting back on its feet by the summer and, while there is no doubt that the apparel industry will take a huge hit in 2020, there will still be demand for good quality fashion at affordable prices. There will be a "bounce" in business at some point. If the world wants Bangladesh to be part of that industry, we need support now before it is too late. It is important to keep in mind that humans are not only political and economic beings but also spiritual beings. Whatever may be the means, keeping faith in human & the almighty GOD, restoring confidence in them are equally urgent in reproducing social resilience, without which overcoming the current crisis or any crisis, for that matter, would become difficult if not impossible.

References

[1] Islam, M. R., Hassan, M. A., Hassan, M. S., Rahman, S., & Nargis, N. (2020). IMPACT OF COVID-19 PANDEMIC ON READYMADE GARMENTS (RMG) INDUSTRY OF BANGLADESH. International Journal of Management (IJM), 11(7).
[2] Hossain, M., & Uddin, M. (2021). Export Trend of Ready Made Garments (RMG) Sector of Bangladesh. Journal of Scientific Research, 13(1), 101-110.
[3] Halim, M. A., & Islam, T (2021). Washing Defects and Remedial actions of Denim Garments and Statistical Review of Denim Sectors in Emerging Economy. Journal of Management Science & Engineering Research, 04 (01), 30-40.
[4] Almost, I. million jobs could be lost worldwide as a result of COVID-19, says ILO. In.
[5] Shimanta, M. L. R., Gope, H., & Sumaiya, I. J. (2020). Readymade Garments Sector and COVID-19 in Bangladesh.
[6] Tokel, D., Genc, B. N., & Ozuyigit, I. I. (2021). Economic impacts of Bt (Bacillus thuringiensis) cotton. Journal of Natural Fibers, 1-18.

DOI: https://doi.org/10.30564/jmser.v4i2.3166
[7] Hasan, M. Z., Asif, A. A. H., Rahaman, M. T., & Akter, S (2021). Effect of Super White Washing Process Temperature and Optical Brightening Agent Concentration on Various Properties of Stretch Denim Fabric. International Journal of Systems Engineering, 5 (1), 43-50.

[8] Mahmood, M. (2020). Covid-19: Economic challenges facing Bangladesh. The Financial Express, Dhaka.

[9] Mofijur, M., Fattah, I. R., Alam, M. A., Islam, A. S., Ong, H. C., Rahman, S. A., Najafi, G., Ahmed, S., Uddin, M. A., & Mahlia, T. (2020). Impact of COVID-19 on the social, economic, environmental and energy domains: Lessons learnt from a global pandemic. Sustainable production and consumption.

[10] Rahman, R. Garment Factory Disasters and Its Consequences on the Victim’s Lives: a Case of Rana Plaza Collapse Victims.

[11] World Health Organization (WHO).

[12] Bangladesh Garments Manufacturing Export Association (BGMEA).

[13] International Trade Organization (ITO).