

Clothing makers in Asia give stark coronavirus warning

By Mariko Oi, Peter Hoskins BBC News, 10 April, 2020



"If our workers don't die from coronavirus, they'd die of starvation."

This is the stark assessment of how the pandemic is impacting the clothing industry from garment factory owner, Vijay Mahtaney, the chairman of Ambattur Fashion India. In normal times, Vijay Mahtaney and his partners Amit Mahtaney and Shawn Islam employ a total of 18,000 workers in three countries - Bangladesh, India and Jordan. But the outbreak has forced them to shut down the majority of the business, with just one factory, in Dhaka, partially operational.

Coronavirus lockdowns aren't the only thing affecting their ability to pay their workers. They say their main problem is unreasonable demands from big clients - mainly in the US and the UK.

"Some brands are showing a true sense of partnership and high level of ethics in trying to ensure at least enough cash flow to pay workers," Amit Mahtaney, the chief executive of Tusker Apparel Jordan, told the BBC.

"But we've also experienced demands for cancellations for goods that are ready or are work in progress, or discounts for outstanding payments and for goods in transit. They are also asking for a 30- to 120-day extension on previously agreed payment terms."

In an email obtained by the BBC, one US retailer has asked for a 30% discount "for all payables - current or order", including those already delivered. The reason they cite is to "get through this extraordinary period".

"Their attitude is one of protecting only shareholder value without any regard to the garment worker, behaving in a hypocritical manner, showing complete disregard to their ethos of responsible sourcing," Vijay Mahtaney said.

"Brand focus on share price now means some of them don't have money for this rainy day, and are coming to the weakest link in the supply chain, asking us to help them out when they could be applying for a bailout from the US government stimulus package," Vijay added.

It comes as garment manufacturers have been hit hard by two major issues related to coronavirus lockdowns. The problems started in February when factories couldn't get the raw materials they needed from China, the world's biggest exporter of textiles, which accounted for some \$118bn (£67bn) in 2018. Then as China's textile factories reopened in recent weeks - giving garment manufacturers hopes of getting operations back on track -

demand collapsed as retailers were forced to shut their doors after governments around the world imposed lockdowns. [...]



That is because this outbreak could result in a longer term impact like labour shortages, price increases of raw materials and a lack of production capacity, said Associate Professor Lu.

30 After growing criticism and pressure, some brands including H&M and Zara-owner Inditex have committed to paying in full for existing orders from clothing manufacturers. "Brands have profited for many years from producing in low wage countries without social security systems and have in many cases built up huge empires through this business model," said Dominique Muller of Labour Behind the Label. "Decades of exploitation must now be paid back to care for their workers." Factory owner Amit Mahtaney agrees.

35 "Retailers have to help out. Richer governments' bailouts of the industry are also critical," he said.

Without it, he claims, the industry could be wiped out completely.