**The Impact & the Possible Response of COVID-19 Pandemic on Bangladesh Apparel Industry**

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**Abstract**

This research work was intended to analyze the unleashed issues related to apparel trade during COVID-19 pandemic & made an attempt to find the best possible responses to uphold marketing campaigns during & after the pandemic situation. Apparel industries in Asia, the largest global hub of both the textile & apparel import-export trade have been severally damaged by the COVID-19. Over the last one year, the global community had already realized the fact that how pandemic situation disrupted the supply chain management of textile, apparel & fashion manufacturing industries throughout the world. Bangladesh, one of the top ranked garments exporter countries have been facing the burning bridges, due to the scarcity of raw materials & gradual cancelation export orders. The contribution of the apparel industry is more significant for the socio-economic growth of a 3rd world countries like Bangladesh, just because apparel contributes almost 84% of its total export income with the involvement of 4.5 million people approximately. The following research paper conveys a three-fold story. In the very beginning portion, there are some reviews & analysis of the overall scenarios of the COVID-19 pandemic with presence of several business reports, academic journals, market research, manufactures' opinions & stakeholders' strategies. The second phase of the research work forecasts the possible responses need to be projected during & after the pandemic situation. Finally, this study predicts an ideal foot print to cope up with similar sort of situations in future.

**Keywords:** COVID-19, Supply Chain, Apparel Industry, Import, Export, Impacts, Strategies, Bangladesh

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**1. Introduction**

 The ready-made garments (RMG) sector is the largest foreign currency collecting industry in Bangladesh that acts as a catalyst for the overall socio-economic development of the country(Rahman).The apparel industry, which is the world’s second largest exporter of ready-made garment, is now staring at a loss of nearly $6 billion/year following the cancellation or suspension of orders by its buyers (Islam et al., 2020). The government of Bangladesh is being forced to endure lockdowns to tackle the Covid-19 pandemic. Frequent lockdown not only creates a crippling effect over the rising economy, but also have standstill and debilitating effects in almost all sectors (Hossain & Uddin, 2021). On March 7, 2020, Bangladesh recorded its first case of coronavirus & within June, the number of new cases saw a surge. On 6 July 2020, Bangladesh registered about 3,462 new cases positive for coronavirus, taking the total count to 707,362 since the first case was detected in early March. Out of total infections, more than 602,908 patients up to 16 April, 2021 have so far recovered. As the country relies heavily on cheap labor for its GDP growth, Bangladesh will have to buckle down for the impact of a global economic shrinkage. The two biggest contributors to the GDP of Bangladesh are RMG (Ready Made Garments) and remittance, both contributed respectively about 11% and 5.8% of the GDP in 2018 (Halim & Islam).The pandemic resulted in the loss of around one million jobs in the sector, since the overseas orders have plummeted as a result of reduced discretionary spending (Dhaka tribune). According to the report of BGMEA (On April 12,20120), orders worth of nearly $3.5 billion have been quashed since the outbreak & about $1.5 billion worth of RMG exports on hold and the rest cancelled (Dhaka tribune). As a result, the sustainability of RMG factories are looking extremely dire. Similar case has already seen in the remittance industry, where nearly 10 million Bangladeshi workers were employed in foreign countries, mostly in the Middle East & Western Countries (tbsnews.net).

**2. Literature Review**

World Health Organization (WHO) declared “COVID-19” as the official name of the newly identified disease on 11 January, 2020. Initially the viral disease was known as 2019-nCoV, which was reported to WHO on December 31, 2019.On January 30, 2020, the WHO declared COVID-19 outbreak as global health emergency.

Due to the daily enhancement of the number of COVID-19 infected patients in Bangladesh, the government of the country had declared a state of lockdown (closure of all public and private offices) in the country from the 26 March 2020, which continued until 30 May 2020 (The dailystar.net).

On 25 March 2020, the Prime Minister of Bangladesh (Sheikh Hasina) had stepped on a stimulus package of BDT 5000 crore ($587 925 000) for the export-oriented sector to tackle the COVID-19 pandemicsituation (The dailystar.net).

The ‘Centre for Global Workers’ Rights’ and ‘Worker Rights Consortium’ conducted a study on the impact of the COVID-19 crisis in Bangladesh RMG sector on 27 March,2020 with the participation of 316 Bangladeshi suppliers.

Research on COVID-19 infections among the RMG workers, conducted by the ‘Bangladesh Garment Labor Association’, found that 96 RMG workers have been infected by COVID-19 between 9 April and 6 May 2020.

The consequences of the COVID-19 pandemic for these RMG workers is dire and include uncertainty about their wages during the pandemic and also had projected some burning issues such as lack of money to convey their life process. Other concerns are the health risks due to lack of preventative measures in the workplace, damage of mental health conditions because of the fear of contracting COVID-19.

Bangladesh is currently in the highest peak in terms of infections and death rates. As of 16 April 2021, the total number of infected and COVID-19-related deaths are 707362 and 10081 respectively. Although the workplace may be unsafe, fear of losing jobs will eventually make the workers more voiceless.

No doubt, the state and the corporate houses have chosen the option of protecting their ‘livelihood’ over the ‘lives’ of their workers by making the decision to re-open the factories at a time when the COVID-19 pandemic remains at a serious level.

**3. Research Objectives**

1. To evaluate the current scenario of the apparel industry of Bangladesh during COVID-19
2. To discuss the trading condition of the global apparel industry
3. To find out the best possible response to protect the workers, business & the country
4. To suggest a few recommendations by analyzing the concurrent situation with a view to dealing with similar sort of situation in future

**4. Methodology**

The COVID-19 pandemic situation can’t be predicted as the 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. The Effect of COVID-19 on Bangladesh’s Apparel Industry**

**5.1 Impact on Demand & Apparel Supply Chain Dynamics**

The Covid-19 pandemic has already had a profound impact on the global supply chain and demand management for the apparel sector. Top exporters like Bangladesh have started feeling the heat due to raw material sourcing challenges and canceled orders (Shimanta et al., 2020).

**5.2 Socio-economic Challenges**

Millions of RMG workers are going to be affected economically by the COVID-19 pandemic & the majority of these workers are female, coming from poor socio-economic backgrounds and mostly working at a low wage in garments factories predominantly, with a view to producing low-price garments (Mofijur et al., 2020).

**5.3 Cancellation & Lack of Apparel Order in Response to Pandemic:**

Orders for nearly 650 million garments, worth a total of about US $ 3 billion have been cancelled within 31 March,2020; which impacting on 738 factories and about 1.42 million workers, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

**5.4 Cotton Demand Plummets**

The rapid spread of COVID-19 has severely impacted the production, demand & supply chain dynamics of cotton yarn & other synthetic fibers throughout the world since March, 2020. Bangladesh currently has 424 spinning mills, 794 textile weaving mills, 241 dyeing and finishing mills, and a total of over 6,500 registered and over 500 un-registered garment and textile factories. Sixty-five percent of these factories are located in Dhaka district & nearly 80% of the garments made in Bangladesh are sourced from cotton; the rest are made from viscose, polyester and other materials. Global production of Cotton is largely dominated by India, China, USA, Uzbekistan, Australia, Pakistan, and Brazil. The fall in cotton demand from China has led to demand-supply mismatch**.** The decline of global cotton demand, trade uncertainty, increased levels of global competition and economic recession due to the COVID-19 crisis, there is a rapid downward pressure for U.S. Cotton prices. U.S. ending stocks for the 2019-20 crop year are expected to increase to the highest ending stocks for the past decade at 6.7 million bales (Tokel et al., 2021).

**5.5 Garment workers at risk of COVID-19 infection**

Garment workers at risk of COVID-19 infection as factories supplying to major brands reopen, against Health Ministry advice. Thousands of garment workers have returned to work across Bangladesh amid the nationwide COVID-19 shutdown as RMG factories begin to reopen to resume production, raising concerns over the risk of infection to both workers and communities. Hundreds of factories have been allowed to reopen, against advice from the Ministry of Health that all factories - except those producing personal protective equipment - should remain closed until 5 May, 2020. Although the Bangladesh Manufacturers and Exporters Association has advised factories to only engage workers living nearby, unions say some factories have requested workers who had returned to their hometowns to resume work and job insecurity and concerns over payment of wages has made it difficult for workers to refuse

**5.6 Apparel Quagmire & Bangladesh Economy**

There are differing opinions on possible impacts of Covid-19 on the Bangladesh economy. Both the World Bank and the International Monetary Fund (IMF) have expressed apprehensions about the economic growth that may slide down to just over 2.0 per cent during the current fiscal year. Their prediction appears to be realistic given the decline in or negative growth in developed and developing nations. The government still remains optimistic about growth prospect. However, damages to the Bangladesh economy will depend largely on duration and pervasiveness of Covid-19, as well as effectiveness of government measures to tackle the calamity. Bangladesh’s overdependence on apparel export might prove to be its Achilles heel (Mahmood, 2020).

**5.7 Barrage of Unemployment Problem & Child Labor:**

Almost 25 million jobs could be lost worldwide as a result of COVID-19, says ILO.

“In times of crisis, child labor becomes a coping mechanism for many families,” said UNICEF Executive Director Henrietta Fore. “As poverty rises, schools close and the availability of social services decreases, more children are pushed into the workforce. As we re-imagine the world post-COVID, we need to make sure that children and their families have the tools they need to weather similar storms in the future. Quality education, social protection services and better economic opportunities can be game changers.” ---- Henrietta Fore, UNICEF Executive Director.

 “As the pandemic wreaks havoc on family incomes, without support, many could resort to child labor,” said ILO Director-General, Guy Ryder. “Social protection is vital in times of crisis, as it provides assistance to those who are most vulnerable. Integrating child labor concerns across broader policies for education, social protection, justice, labor markets, and international human and labor rights makes a critical difference.” --- Guy Ryder, ILO Director-General (Almost).

**5.8 Issues in Import of Synthetic Trims & Accessories**

With the spread of the coronavirus around the globe, the supply chain of Bangladesh’s readymade garments (RMG) sector is taking a hit as its main sourcing destination, China, is 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 increased by almost 50% & this is killing us. If regular shipments from China do not resume within the next two weeks, we will not be able to procure any trim properly as most of the raw materials are imported from China,” she added.

**6. Possible Responses & Strategies to Overcome COVID-19**

**6.1 The Government Stimulus Package**

On April 5, Prime Minister Sheikh Hasina unveiled a Tk72, 750 crore stimulus package, including the previously declared Tk5, 000 crore package, to address the economic impacts of the coronavirus outbreak, with a view to protecting poor workers. The PM said, “the government simultaneously developed four programs under the plan, to be implemented in phases categorized as Immediate, Short and Long.”

She added, “the four programs are: increasing public expenditure, formulating a stimulus package, widening social safety net coverage and increasing monetary supply. The amount is nearly 2.52 percent of the country’s GDP. The government could take both fiscal and monetary measures to combat the novel coronavirus.”

**6.2 Garment worker’s Salary Disbursement by the Business**

Businesses can avail of funds from the package at 2% interest to pay their workers’ salaries for up to three months. The salaries must be paid to either a bank or mobile financial service account. Management of export-oriented companies or factories have to provide salary sheets, workers’ lists and their mobile banking accounts to banks so that salaries for April can be directly disbursed. The banks, afterwards, will forward the same documents to Bangladesh Bank for reimbursement. The borrowers will get a six-month grace period, meaning that they will start paying back the borrowed money in instalments to the government from the seventh month of receiving the money.

**6.3 Garment worker’s Salary Disbursement by the Government**

Garment worker’s salary disbursement from the stimulus package started as of 3 May. Salaries of affected workers of factories that applied and qualify for support under the Tk5, 000 crore stimulus package will be disbursed directly to the workers’ accounts by the government. Following a tripartite meeting, between government, worker representatives and RMG industry owners, the state minister for labor said, ‘RMG workers who did not work in April will get 60 percent of their salary for this month before Eid. Those who worked in factories that remained open amid shutdown in April will get 100 percent salary. Besides that, those who resumed work from April 26 will get 60 percent of their wages for the previous 25 days, and full wages for the last five days of this month.’ The salaries for April will be sent through mobile financial services directly to the RMG workers’ accounts.

**6.4 Commercial Loan Facilities at Low Interest**

HSBC Bangladesh announced a set of measures to help its textile and garments clients tide over the economic fallout from the coronavirus pandemic. The bank will provide special short-term loans of up to one year, with principal moratorium for four months, which can be used for the purpose of supporting payroll bills and utility payments. The bank will also allow three months’ moratorium against the existing term loans enjoyed by businesses belonging to the textile and garments sector, according to a press release issued by HSBC Bangladesh. During the moratorium period, clients will not be required to pay any instalments, and the lender will also not seek any amount of repayment from them. The Bangladesh Bank has asked banks to extend similar support to businesses.

**6.5 Product Diversification by Fabric Modification**

After the post pandemic situations, people may be push themselves on more health consciousness & health-care should be their first priority. As a result, there must be a huge demand of personal protective equipment like masks, full-sleeve woven shirts & others body covering clothing. During this COVID-19 Pandemic, A Bangladeshi fabric manufacturer has claimed to have developed a fabric named "Corona Block Fabric" that can kill coronavirus or any other virus within 120 seconds.

Zaber and Zubair (Z&Z) Fabrics, a sister concern of the country's largest garment exporter Noman Group, made the disclosure at a press conference in its office in the city on 14 May,2020. The company developed a technology for the groundbreaking product with the technical support from its two Swedish partners, its officials said. It can be used to make personal protective equipment, masks and woven shirts. "We are pretty sure that many global fabric developers are working on developing such fabric. We are the first to make it possible," said Anol Rayhan, the brand manager of Z&Z.

**6.6 Integrating Design & Concept Alterations**

Innovation has always been the key to overcoming challenges in the evolving market situations. There is no denying the fact that the world might change once we overcome the situation caused by the pandemic, which also implies that the needs and demands of the consumer market will be significantly impacted. The spread of Covid-19 has essentially altered the demand-supply dynamics of many industries, including tourism, ticketing, restaurants etc. & and the only way to get through this would be to carefully pivot the business models as per the changed industry dynamics.

**6.7 Managing Funding & New Investment**

A sustainable business approach needs to be followed, wherein all the resources, particularly monetary resources and funds, need to be used consciously. Managing cash flow and conserving resources for a few months’ post resumption of normal operations shall be the key to sustainability. A deeper analysis of fixed v/s variable cost elements within the overall cost structure should be carried out to plan for better financial management in the coming months. Even though investors will eventually loosen their purse strings in the short term, it would take a long time for anyone in closing their investment calls.

**6.8 Incorporating Short Cycle Planning**

After the post pandemic situation, once the operations get back to normal, planning for short durations and short cycles should be the mantra, instead of looking at long-term plans, three months, six months, and one-year plans should be ready. In the current scenario, making up for the lag due to lockdown & preparing the organization to cope up with the situation needs to be focused upon.

**6.9 Maintaining the Channel of Communication during the Crisis**

During times like these, it is essential that the channel of communication is effectively and efficiently maintained. Being open and available to the concerns of all stakeholders, including customers and investors, becomes extremely important so as to maintain their association with the business.

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

**6.10.1 RMG & Fashion Brand Cooperation**

In response to urgent appeals, a number of brands including H&M, PVH, Inditex, and Marks & Spencer came forward with assurance to help garment suppliers by taking the shipment of goods that have already been manufactured or ordered.

**6.10.2 Public-private cooperation**

The fight against COVID-19 cannot be carried out by the government alone. It will require an unprecedented level of coordination between the public and private at the local and international level. The World Economic Forum, with a mandate from the World Health Organization, has launched the **“COVID Action Platform”** in response to the pandemic. Bangladesh should look to tap into this platform to galvanize support for its private sector and share some of its own experience in fighting COVID-19 and increasing its economic resilience.

**6.11 Active Role of Social & Labor Right Organizations**

“Awaj Foundation”, a grassroots labor rights NGO, which is seeking donations for an emergency fund for workers who have lost their jobs. This will mainly be in the form of cash disbursements to make sure that their basic needs for food and shelter are met. Awaj Foundation indicated that it will also continue to provide some health services and will connect workers with other resources when they need more intensive help.

**6.12 Mutual Trust & Mutual Dependency**

BGMEA President Dr. Rubana Huq released a video message in which she urged international apparel buyers to come forward to support the apparel industry of Bangladesh during this hard time.

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

**6.12.2 Primark** has closed all its stores across Europe and the U.S. and asked all of its suppliers to stop production. However, the company has set up a fund to pay the wages of factory employees who worked on clothing orders that were canceled.

**6.12.3** **Ross Stores** has announced to cancel all merchandise orders through mid-June, 2020.

**6.12.4** **Gap Inc**. has decided to halt the shipments of their summer orders and the production of the fall products

**6.12.5** **H&M** has also canceled orders but told its suppliers it would honor the orders it already placed before the COVID-19.

**6.13 Arrangement of Dialogue among Buyers, Suppliers & Government**

Saving the apparel industries and workers' from Covid-19 backlash requires effective coordination among brands, buyers, manufacturers, workers, and the government. Economists, manufacturers and labor leaders made this observation at a virtual discussion organized by the Centre for Policy Dialogue (CPD) on 23 April, 2020.

**6.14 Real Time Marketing Policy & Channel of Distribution:**

Bangladesh has to compete with Vietnam & many others for instance, in the RMG sector. It is quite necessary that Bangladesh keeps a track of things around the world so that it can adjust the best strategies to the clothing industry throughout the world. A change from shopping malls to e-shopping is bound to happen in both short & mid- terms. The quicker the reorientation is done in the demand-supply channels, the better will be the outcomes. A proliferation of e-offices can be an effective option to conduct the virtual business under the norms of WTO, can be an effective measure, in terms of speeding the business quite easily beyond 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 manufactures 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.

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