

The Unprecedented Pandemic “COVID-19” Effect on the Apparel Workers by shivering the Apparel Supply Chain

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ABSTRACT

COVID-19, known as a pandemic, affects the global economy. ILO declared this virus as a labor market and economic crisis. This study has been conducted for understanding the effect of COVID-19 on the apparel industry and the apparel manufacturing workers. The relevant information has been collected from the current academic literature, newspapers, reports publications, and relevant web pages. An online interview with the manufacturers, policymakers, trade unions, researchers, and academicians has been conducted for primary information collection. This study has found that the apparel industry is one of the most affected industries among the other industries by COVID-19. The retailers' shops are being closed with having zero turnovers which leads to ordering cancelation to the manufacturing factories. Bangladesh's apparel manufacturing industry is also drastically affected due to COVID-19. The factories can't pay the workers' salaries in this critical situation. Therefore, millions of workers have been sent home without their wages. Sometimes, it has predicted that the workers would lose jobs due to factory closure. The Government took lots of initiatives i.e. tax rebates, reduce VAT, financial support to the owners to pay the workers' wages, loan installment rescheduling, etc. Albeit, these initiatives were taken for the welfare of the factory owners and the workers remain oppressed. A proper policy strategy is indeed an emergency to support the destitute workforce during the COVID-19 as well as in future financial crises that can happen due to this kind of epidemic or any reason. This study will be supportive to the stakeholders of this sector to learn the impact of COVID-19 on the workers and make the necessary adjustment for the future betterment.

Keywords: COVID-19; Economic Impact; Apparel Industry; Supply Chain Disruption; Workers; Bangladesh

Introduction

Corona virus disease (COVID-19) is a new infectious disease caused by a new virus. This virus can contaminate people easily and

transmit from "person to person". Corona virus or COVID-19 was first detected in December 2019 by health authorities in Wuhan City in the People's Republic of

China (Macksoud, Schrag, Richards, & Alberts, 2020). The US Centers for Disease Control and Prevention (CDC) called this virus as an “epidemic” (“Coronavirus Disease 2019 (COVID-19),” 2020) while World Health Organization (WHO) named it “pandemic” (Hughes, 2020).

The impact of this virus is not limited in a particular country or area – it becomes global (Cernansky, 2020). The whole world is now in unweaving. This virus is not the only effect on health, but also on the global economy. Guy Ryder, director-general of the ILO (International Labour Organization) said: “corona virus outbreak was no longer only a global health crisis, it is also a major labor market and economic crisis.” (McKeever, 2020). Investors predict that COVID-19 may create another financial crisis like 2008 which was named ‘Child’s Play’ (“Coronavirus Cases,” 2020; Farrer, 2020). This is very clear from a speech by Guy Ryder which is “In 2008, the world presented a united front to address the consequences of the global financial crisis, and the worst was averted. We need that kind of leadership and resolve now” (McKeever, 2020).

Not a single economic sector has been affected by this epidemic disease, while it makes shut down the whole global economic sectors i.e. mining, transportation, leisure and hospitality chains, airlines, the luxury goods sector, etc. (Macksoud et al., 2020; Muro, Maxim, & Whiton, 2020).

Among the most pretentious economic sectors, the apparel industry is one of the highest vulnerably affected sectors (Bain, 2020). The primary reason can be the first infected country by COVID-19, China, known as the main source destination of the apparel industry. The secondary reason can be the spread of COVID-19 in almost all of the countries and territories around the world including the USA, Italy, Spain, Germany, etc. and one international

conveyance¹ (Ratcliffe & Fonbuena, 2020). Across the world, COVID-19 has brought shopping for anything but necessity commodities to a halt (Bain, 2020).

Just because of this disease, the International Labour Organization (ILO), the United Nations’ labor agency, estimates that around 24.7 million jobs will be disappeared in contrast to about 22 million lost jobs around the world during the global financial crisis in 2008-9 (McKeever, 2020). ILO considered that this is the worst-case, or “high,” scenario of global unemployment. Albeit this estimation is “highly uncertain,” it predicts a “substantial rise in unemployment.” (McKeever, 2020).

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Due to COVID-19, the Chinese officials instructed factory shutdowns across most of the country’s provinces from January 2020 to stanch transmission of the corona virus. As a result, the whole supply chain of the industries, which are related to China, disrupted. The biggest apparel producers i.e. China, Bangladesh, Vietnam, Sri Lanka, Cambodia, etc. have to stop production due to lack of raw materials which was mainly come from China (Bain, 2020; Kelly, 2020). Only in Bangladesh, more than 50 percent of apparel raw materials and about 40 percent of the machinery and spare parts for this industry come from China (Perera, 2020). The same situation is in Sri Lanka also. The Joint Apparel Association Forum Sri Lanka (JAAFSL) Secretary M.P.T. Cooray has uttered: “At the moment, there is a shortage of 1 to 1.5 tons of raw materials per week and there is a reduction which could increase rates and cost of operations is going to be very high.” (Adittiya, 2020). Similarly, Myanmar, another hub for apparel manufacturing, dependent on mainly China for about 90 percent of raw materials (Cernansky, 2020). Aung Min, the vice-chairman of the Myanmar Garment Manufacturers Association, has said: "This is kind of scary – the situation is uncertain."

¹ The Diamond Princess Cruise ship harbored in Yokohama, Japan.

(Cernansky, 2020). Gary Adelman, CFO of Texas-based Menswear Company, Trybus stated: “But if you don’t have the fabric you can’t make a coat in Vietnam. Roughly 30 percent of the company’s supply comes from China” (Schwab, 2020). These are the scenario of the scarcity of raw materials.

Besides these, China as producers also affects the apparel industry. In America, about 40 percent of the clothes come from China (Schwab, 2020). Moreover, around 38 percent of customers of the global fashion industry is comprised of the Chinese consumer, in contrast to only 8 percent in 2003, which is still growing (Russon, 2020). According to Jefferies, an American multinational independent investment bank and financial services company, Chinese consumers framed about 80 percent of the growth in the apparel market (Russon, 2020).

So, overall, the apparel industry is particularly vulnerable in the whole world. All the stakeholders of the industry i.e. Government, Customers, Workers, Manufacturers, Suppliers, Retailers, Fashion designers, Advertising and Marketing companies, and Transportation as well as the other associated industry i.e. Electricity and Gas suppliers, Shopping mall, etc. have seen trouble brewing. Among all the stakeholders, the workers are the most vulnerable stakeholders (Cernansky, 2020). It is still not calculated exactly how much the COVID-19 will impact on the fashion industry and what is the percentage on the workers. But, it is possible to predict that the apparel workers will be the most affected stakeholders. The ILO noted that the total value added of industrial enterprises in China decreased by 13.5 percent in the first two months of 2020 as well as workers are expected to collectively lose between \$860 billion and \$3.4 trillion in labor due to the increased unemployment (McKeever, 2020).

Research Objectives

The primary objective of the study is to find out the impact of COVID-19 on apparel manufacturing workers.

The secondary objectives of this study are the following:

1. To identify the condition of the global apparel industry.
2. To discuss the condition of the Bangladesh apparel industry.
3. To find out the initiatives taken by different stakeholders at the apparel manufacturing countries to protect the workers' lives and rights.
4. To write down a few recommendations based on analyzing the impact of COVID-19 on the workers and the initiatives that have been taken by different stakeholders so far.

Research Questions

The study had been done to find out the answers to the following questions:

1. What is the impact of COVID-19 on the apparel manufacturing countries?
2. What is the impact of COVID-19 on the workers, the most vulnerable stakeholders?
3. What types of initiatives have already taken by different stakeholders at the apparel manufacturing countries to protect the workers' lives and rights?

Literature Review

The Indication of the Impact of COVID-19 on the Global Economy:

World Health Organization (WHO) declared “COVID-19” as the official name of the new disease (previously known as “2019 novel corona virus”) on 11 February 2020 (World Health Organization, 2020). Some people have started to call this virus as “China virus”, “Chinese corona virus”, “Wuhan corona virus”, “Wuhan virus”, or the “Kung Flu” etc. (Kozłowska, 2020) though the virus belongs to the earth. This epidemic doesn’t confine to a specific nation or country, it now affects the whole world. The

wheel of the economy has already almost stopped. The following speech can support the statement.

China's President Xi Jinping, speech on television February 23, 2020: "It is unavoidable that the novel corona virus epidemic will have a considerable impact on the economy and society" (United Nations Conference on Trade and Development, 2020).

At G20 gathering in Riyadh, Saudi Arabia, dated on February 24, 2020, Japanese Finance Minister Taro Aso uttered: "The spread of the new corona virus is a public health crisis that could pose a serious risk to the macro economy through the halt in production activities, interruptions of people's movement and cut-off of supply chains" (United Nations Conference on Trade and Development, 2020).

Guy Ryder, director-general of the ILO, acknowledged: "The corona virus outbreak was no longer only a global health crisis, it is also a major labor market and economic crisis." (McKeever, 2020). So, the COVID-19 doesn't only impact the Chinese economy, but also on the global economy.

The Reasons for which COVID-19 will hamper the Global Economy:

Still, there is no calculation to tell the economic damage to occur due to COVID-19, the economist agreed that it will have severe negative impacts on the global economy (Duffin, 2020).

The main reason behind it that China, known as 'the worlds' factory' is the manufacturing hub for much global business i.e. energy, automobile, textile, steel, agriculture, coal, and electronic devices including mobile, etc. China has become one of the major suppliers for the intermediate product to the final producers. China is accounted for 20 percent of the global manufacturing intermediate products solely, albeit it was only 4 percent in 2002 (United Nations Conference on Trade and

Development, 2020). It is expected that due to COVID-19, global growth could be sunk by around ½ percent point in 2020 compared to the expectation in the November 2019 Economic Outlook (OECD, 2020).

Besides these, the annual global GDP growth is estimated to decrease to 2.4 percent in 2020 as a whole which was 2.9 percent in 2019 (OECD, 2020). The global economy is now interconnected where China plays a vital role in almost all economic sectors i.e. production, tourism, trade, etc. (OECD, 2020).

The Government declared restriction to mobility and travel as well as being quarantined results an explicit dropdown in many economic sectors. These adverse consequences impact on the global supply chain (OECD, 2020). This interruption affects the production capacity for most of the countries that are mainly dependent on China for the raw materials. Here, the industries got hampered mostly who follow the inventories brought by a lean and just-in-time manufacturing process, for instance, European automobile manufacturers, Japanese camera produces and automobile industry, the Republic of Korean machinery and communication equipment industry, etc. Similar to these developed countries, the other developing countries like Bangladesh, Myanmar, India, Pakistan, Sri Lanka, Vietnam, Ethiopia, etc. are not economically injured due to the apparel supply chain interruption for COVID-19 at China.

The Impact of COVID-19 on the Global Apparel Industry:

This impact of COVID-19 on the apparel industry has seen as an epidemic crisis. The primary reason is that the main source of raw materials for the apparel industry, China, has been infected at first by the COVID-19. Immediate after the lockdown declared in China, the whole supply chain of those industries, which is completely dependent on China, got disrupted. The lead apparel manufacturing countries' industries

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in the global world i.e. Bangladesh, Myanmar, Sri Lanka, Pakistan, etc. are mainly dependent on China for their apparel raw materials. For instance, Bangladesh is dependent on China alone for more than 50 percent of apparel raw materials, and about 40 percent of the machinery and spare parts for this industry (Perera, 2020). Similarly, Myanmar is also dependent on mainly China for about 90 percent of raw materials (Cernansky, 2020). According to a survey, it has been found that 93 percent of Bangladesh suppliers reported that they faced a delay in raw material shipments during this pandemic (Anner, 2020). Besides these, due to these delays, the price of the raw material has increased. In Myanmar, it is predicted that about 10 percent of factories in the Yangon region of Myanmar are already closed while at least 20 factories across the whole Myanmar have seen closed due to the shortage of raw-materials (Perera, 2020).

The second impact is order cancellation from the retailers and brands' end. The buyers of this industry plan to postpone the future orders as well as the current orders that are in processing. A survey, conducted on the Bangladesh perspective, found that around 23.4 percent of suppliers signposted that “a lot” of current orders had been canceled. Around 22.3 percent of the suppliers said: “most” of their recent orders canceled while 5.9 percent had all of their in-process orders canceled (Anner, 2020). The retailers are using a force majeure clause in their contracts. Though the use of this clause has become unjustified according to Article 7.1.1 of the Vienna Convention for International Commercial Contracts (“Article 7.1.7 (Force Majeure),” 2013). According to Sourcing Journal: “Technically brands cannot cancel orders at factories as they are considered a binding contract and quotes specialists that urge brands to get out of panic mode and work out solutions with factories that work for the brand and the factory.” (Clean Clothes Campaign, 2020). Buyers declined to pay for the cost of raw material that was already procured by the

suppliers. Sometimes, buyers snubbed to pay the suppliers' cut and make production costs (Anner, 2020).

Another impact of COVID-19 on the apparel industry is the deferred payment by the retailers. Due to the lockdown because of COVID-19, the sales of the retailers and brands go to zero. Besides these, no transportation is available in this pandemic for the shipment of the goods and other associated tasks also stuck. As a result, the brands and retailers informed the factory owners about the delayed payment (Karim, 2020). A survey report shows that 10.9 percent of Bangladeshi manufacturers faced the delays of payment for 1 to 10 days and 68.8 percent of them experienced delays of more than 10 days; while some manufacturers confronted for the deferred payment over the 30 days (Anner, 2020).

The Impact of COVID-19 on the Apparel Workers:

The impact of COVID-19 on the apparel industry is ruinous. The brands and retailers have no income as well as they have to bear other associated costs. They canceled orders from the manufacturers. Only in Bangladesh, it is predicted that around \$6 billion in export revenue will be lost during this financial year amid cancellations from some of the world's largest brands and retailers (Paul, 2020). And, now the manufacturers couldn't pay the wages to the workers as they didn't get any financial support from the buyers. Moreover, they have already invested lots of investment in purchasing raw materials for production, which is now closed. So, they are not in a capable situation to provide wages to the workers.

With having limited income and no savings, the workers faced a huge financial crisis during this pandemic. The workers are granted leaves without payment. A recent survey has found that about 72.4 percent of manufacturers in Bangladesh were unable to provide their workers with some income when furloughed, while 80.4 percent of

them stated that they were incapable to provide compensation when order cancellations resulted in worker dismissals (Anner, 2020). However, there is still a challenge for those factories, whose still receiving orders from the brands, ensuring a safe transportation system for the workers while all kinds of transportation bans (Anner, 2020).

Mr. Mostafiz Uddin, the Managing Director of Denim Expert Limited, also predicts the job losses in the Bangladesh apparel industry due to the COVID-19 (Uddin, 2020). Albeit there is no actual calculation on how much workers in the apparel industry will lose their jobs due to this pandemic. Thousands of workers may lose their jobs, particularly in the apparel industry, which is the highest employment sector in Bangladesh. The Asian Development Bank (ADB) predicted that 894,930 workers would be unemployed in Bangladesh if the virus spread (Perera, 2020). According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), above 70 factories were closed during the last year and 1,200 in the past four years which accounted for firing more than 50,000 workers (Perera, 2020). A similar situation is in Cambodia. Due to the shortage of raw materials, tens of thousands of apparel workers could lose their jobs in Cambodia.

The brands and retailers not only cancel the buying orders but also refused to take responsibility for garments. The workers didn't get their salaries (Kelly, 2020). Scott Nova has said: "Many of these workers live in countries where labor laws and protections are not upheld," (Kelly, 2020). In Cambodia, there is a law to seek Government permission before sacking workers along with paying them 40 percent of the \$190 (£161) monthly minimum wage for up to six months (Kelly, 2020). Albeit, some factories have already suspended workers without paying normal salaries which may lead them to the defaulter.

A similar situation in India also. Prabhu Dhamodaran, Convenor, Coimbatore-based Indian Texpreneurs Federation (ITF), has vocalized: "Buyers from Europe and the United States are either postponing or canceling orders. Apart from that, there is a working capital shortage due to liquidity issues in the market due to the current crisis," ("Indian Apparel Firms Gear up to Face COVID-19 Impact," 2020).

Due to this type of order cancellation by the retailers, workers are facing tremendous problems rather than any other stakeholders. "Two or three order cancellations and the factory goes bust. With the delay of shipment, how are they going to pay the salary?" says Syed Hasibuddin Hussain, project manager for Mapped in Bangladesh at BRAC University says (Cernansky, 2020).

Even, a few retailers responded with their employee practices, not about the supply chain partners, when someone asked what they're doing to support the supply chain workers. For example, Vogue Business asked this question to nearly a dozen brands — including Nordstrom, American Eagle, VF Corporation, PVH Corp, Levi's and Target, etc. and didn't get any satisfactory answer. Sometimes, the retailers responded to the crisis by taking different initiatives limited to the national boundary. For instance, LVMH, a French organization, took an initiative to produce hand sanitizer at the cosmetics factory. But, they did not respond to the question of whether the product will be made available to its suppliers or not (Cernansky, 2020).

So, preliminary, it's very clear that COVID-19 has injured the economy of China which also hampered the whole supply chain for a few economic sectors. The apparel industry is one of the most vulnerably infected sectors. And, the apparel manufacturing workers have faced the great economic crisis due to this COVID-19.

Conceptual Framework

After reviewing the different literature review related to the research objectives, a theoretical framework has been formed (Figure 1). This study designed the

framework in consideration of the impact of COVID-19 on the global apparel supply chain, apparel manufactures as well as the workers, the most abandoned stakeholder in the apparel supply chain.

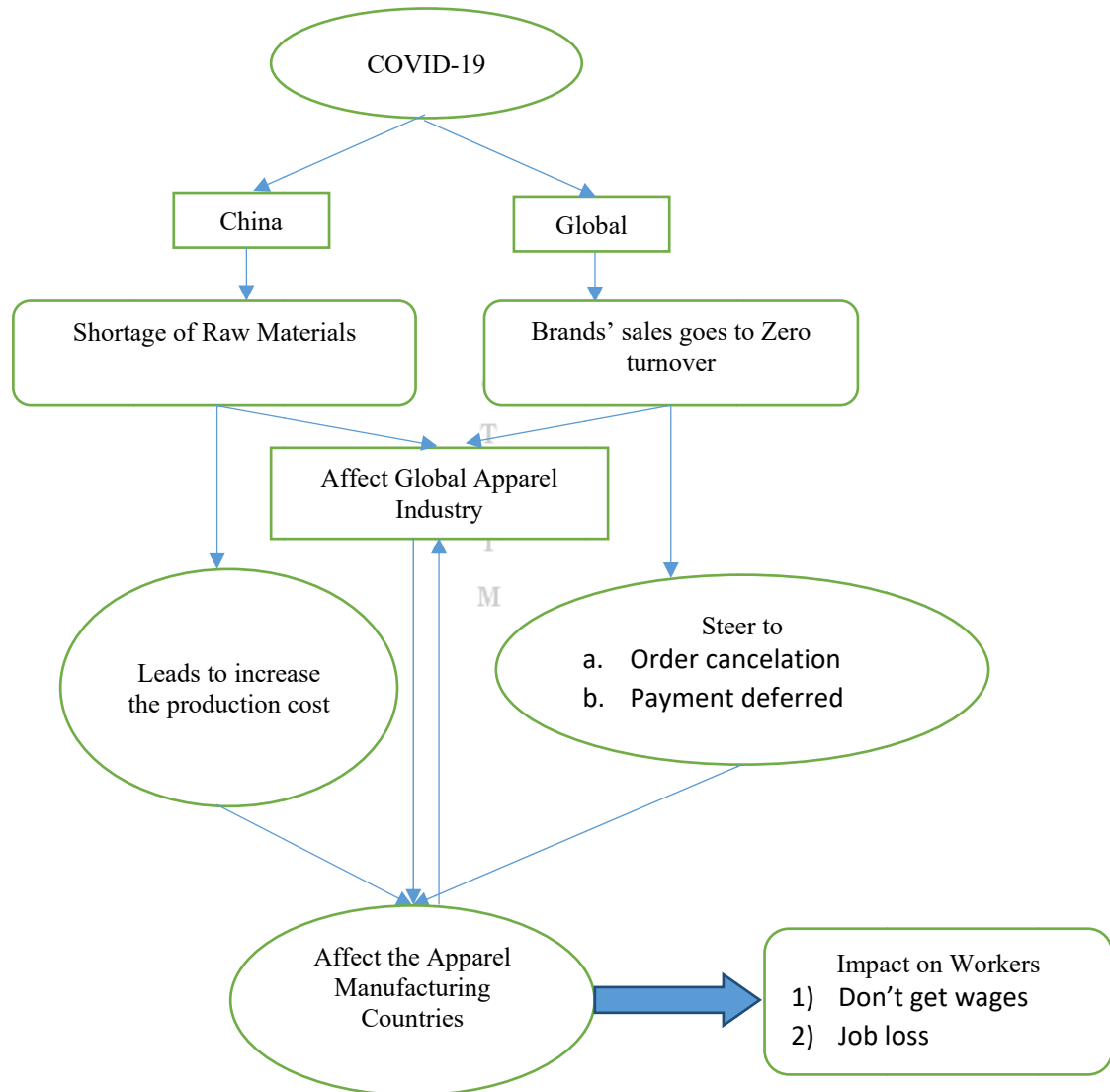


Figure 1: Conceptual Framework

The study has tried to integrate a conceptual framework for studying the actual scenario of the impact of COVID-19 on the whole apparel supply chain. At first, the COVID-19 was found in China which led to the shortage of raw materials to the manufacturing countries. This shortage of

raw materials was the main reason to increase the cost of production as well as the factory closure at the manufacturing countries. Again, when the COVID-19 spread to the other countries i.e. Europe, the US, the USA, etc., the brands' showroom closed. The global apparel industry was

affected due to COVID-19. As a result, the buyers and retailers canceled orders and informed the manufacturers about the deferred payment. These two things affected the apparel manufacturing countries. The factory owners couldn't pay the workers' wages. As a result of the lockdown declared by the Government of the particular apparel manufacturing countries, the workers became helpless. They didn't get their legal wages as well as having fear of losing their job permanently.

Methods and Materials

Research Approach:

This study followed the inductive approach to understand the effect of COVID-19 on the apparel manufacturing countries. Qualitative data was used to realize the overall situation of the apparel industry.

Data Collection Strategies:

Secondary data:

To understand the impact of COVID-19 on the global apparel industry, the Bangladesh apparel manufacturing industry as well as the workers, all secondary information has been used. The previous literature review, newspapers, and industry reports have been used to compile this study. The majority of the secondary data have been collected by the following newspaper event data collection strategy. The primary reason for using the newspaper information is that still no such information available for the RMG industry during the COVID-19. Another reason is that this methodology, using newspaper information for data collection, has been used to develop the theoretical postulates (Barranco & Wisler, 1999). It has happened because newspaper data are the combination of results shared by the journalist and the expert from that particular area.

For the data collection, online media has been searched regularly for stories relating to the COVID-19 effect on the apparel industry. The data collection timeframe was from January 2020 to March 2020. This was

done primarily in Western media outlets via Google News searches, as well as local searches of Prothom Alo, Financial Express, Dhaka Tribune, etc. Relevant stories were collected by saving PDFs of the stories. A total of 96 news items have appeared. Each newspaper was opened, read at a glance and the researchers tried to understand the adaptability to the research objectives. There were a few news items which are not related to the research objectives, for example, Paris Men's and Couture Fashion Weeks Have Been Canceled amid COVID-19 Concerns; Global Fashion Groups Hold Confab on COVID-19; Spring Copenhagen Fashion Summit Postponed amid Corona virus Concerns; Apparel-Industry Trade-Show Organizers Realign Dates Due to COVID-19; etc. This news was curtailed at the initial screening. After the initial screening, a total of 70 news items (local & International) was selected for data analysis.

Primary data:

To formulate the recommendations, primary information was used. Due to the lockdown, the primary information collection has been difficult through the face to face interviewing session. So, the Trade unionist, Policymakers, Researchers, Academician, and Manufacturers were contacted for an online interview. An online semi-structured interview was been arranged with each respondent. Each interview was conducted in the Bengali language and later it has been translated with the expert persons.

Data Analysis:

For the data analysis, NVivo qualitative data analysis software was used to collate and code the data. The first round of coding was completely 'inductive'. In this stage, the descriptive codes were selected and assigned level. The descriptive codes i.e. "The impact of COVID-19"; "Initiatives are taken"; etc. require no or a very few interpretations. After that, the second stage of coding has started. Now, the coding moved into "interpretive" codes. These interpretive codes indicate the presence of the findings (Leitheiser, 2019). It also supports writing

down the section headers i.e. the impact on the apparel industry, the impact on manufacturing countries or the impact on works, etc. All the collected newspaper information and the interview information have been used for analyzing.

Analysis and Findings

The Impact of COVID-19 on the Global Apparel Industry:

“We are the fashion industry, so once we miss the season, we will not be able to sell the same products. We do not know whether the buyers are going to cut or reduce our orders, but so far, we have not got that feeling.” (Adittiya, 2020)

- M.P.T. Cooray, Secretary, JAAFSL

From this statement, it may be easy to understand the effect of COVID-19 on the apparel industry. This disease does not only force the world's largest retailers' shops across Europe, the US, the USA, to close, but also hitches the whole apparel supply chain as the brands and retailers cancel or postponing order as well as deferred payments (Cernansky, 2020). It is predicted that over €30 billion sales have decreased in the luxury fashion industry (Cernansky, 2020). Bernstein, a US-based investment firm, declared this situation as the worst condition in modern history (Vogue Business Team, 2020). Consumers remain at home as per the instruction of their home Government which leads to a reduction in the apparel sales compared to the last few years (Uddin, 2020). International tourists are mainly attracted by luxury fashion brands. In the US alone, the tourists spend around \$200 billion in a year on luxury goods (Macksoud et al., 2020) which slowed down nowadays. Preeta Sukhtankar, Founder of Label Life, expected that in the first quarter of the financial year 2020-21, the sales of the apparel companies will go down anywhere between 50-60 percent (Shashidhar, 2020). Besides this, Rishav Jain, Senior Director and Consumer and Retail sector lead, Alvarez & Marsal, pointed out that in some cases the sales drop

is as high as 80-100 percent.” (Shashidhar, 2020). Pointing this situation as a nightmare, Mr. Flavio Cereda, a managing director at Jeffries, stated that: “We've never seen a situation like this, where sales go to zero. And it affects everybody, whether you're a big or small brand,” (Russon, 2020). “Even sometimes, 70-80 percent discount on the product can't attract customers to purchase the product.” according to retail expert Kate Hardcastle (Russon, 2020).

Some retailers closed the shop for two weeks which may continue longer. There is no estimated information about how long the COVID-19 will sustain, but it is approximations that it could be anything until June 2020 or up to the next 18 months (Uddin, 2020). As retailers have to emolument the rents on their stores, employees' salaries, business rates, and insurance fees as well as other associated costs with having zero turnovers, some retailers have to struggle more (Uddin, 2020). Lots of fashion shows, conferences related to the apparel industry, different trade fairs are being canceled (Hughes, 2020).

As retailers shut down the shops, apparel factories are closing down at an alarming rate. Temporary factory closure may affect Asia's \$290 billion textile industry, which has accounted for 60 percent of the world's apparel industry (Cernansky, 2020). This is the only result of depending heavily on China for raw materials. It is expected that around 200 apparel production factories will be affected by the COVID-19 where around 100 million workers employed (Cernansky, 2020). The workers are expected to get their salary for the clothes they have already made (IndustriALL Global Union, 2020). Unfortunately, they do not get it.

The Impact on Bangladesh Apparel Industry:

The value of the global apparel industry is \$3,000 billion (\$3 trillion). This industry contributes to 2 percent of the world's Gross Domestic Product (GDP) (“Global Fashion

Industry Statistics - International Apparel,” 2020).

The effect of COVID-19 has not started simultaneously around the world. For instance, when it was just starting to be detected in Bangladesh, the other apparel competitors of Bangladesh i.e. Ethiopia, Cambodia had already stooped their production due to the lockdown of any kind of tourism. Buyers and retailers canceled orders. Moreover, they did not want to take the ready product.

According to Dr. Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), “\$10 million in orders were canceled across 20 factories.” (Cernansky, 2020) in a single day of the 3rd week of March 2020. This rate changed just over a few days later. “Until March 24, orders of 649.30 million pieces of RMG products from 738 garment factories worth \$2.4 billion have been canceled” Dr. Rubana Huq (Kamruzzaman & Sakib, 2020). This information only came from the listed organizations under the BGMEA. Apart from this apex board of trade organizations, there are lots of garments factories as well as other sub-contracting factories that also are affected by this COVID-19. The apparel export of Bangladesh downed to \$26.24 billion in February 2020, compared to July 2019. This decrease is 4.8 percent, compared to the corresponding months at the previous year (Perera, 2020). In February 2020, the total export fell to \$3.32 billion, decreased by 1.8 percent compared to the same month in 2019 (Perera, 2020).

So, COVID-19 has a direct impact on fashion, global fiber, textile, garment and tanning industry (Pavarini, 2020). Alice Tonello, marketing/R&D, Tonello, Italy, said: "Corona virus is having a strong impact and the industry is expecting a significant slowdown. During this period consumers, don't consume. And this is happening throughout the world." (Pavarini, 2020).

Retailers sent an email to the suppliers not to ship the product. And, getting this type of email shakes the whole supply chain of the apparel industry. Mr. Mostafiz Uddin said: “Don't ship the goods. That's the thing we are hearing from everybody,” (Cernansky, 2020). Only in Bangladesh, about \$2.4 billion ordered was canceled by the retailers (Cernansky, 2020). The situation becomes worse, when “Most brands are putting the orders indefinitely on hold and canceling,” said Dr. Rubana Huq (Bain, 2020). Furthermore, the retailers asked the suppliers not to cut the fabrics and processes other imported or stored raw materials (Pavarini, 2020). Primark, one the biggest global retailers & importers from Bangladesh, has canceled all supplier orders that have yet to reach its distribution centers, using a force majeure clause in its contracts (Sidders, 2020). Similar to Primark, Arcadia Group has temporarily frozen payments to suppliers, M&S has ditched plans to order £100 million worth of product (Wood & Sweney, 2020). Moreover, H&M stated that due to the global drop in demand, they had to pause new orders (Clean Clothes Campaign, 2020). This type of situation is not only in Bangladesh, but it also spreads among most of the manufacturing countries.

The Impact of Bangladesh Apparel Manufacturing Workers:

The apparel industry employs over 105 million people (Sally, 2020). Among all the stakeholders of the industry, the manufacturers' workers, 40 million people, are the most vulnerable due to factories closing and orders drying up during the COVID-19 (Kelly, 2020). Low wages, unsafe, unhealthy, and unsanitary working environment, etc. makes the garment workforce highly vulnerable. It's not only limited to the recent crisis caused by COVID-19, but also in almost every catastrophe (Pavarini, 2020). In Bangladesh, fire at the Tazreen Fashions in 2012; Rana Plaza factory collapse in 2013, a factory fire in Pakistan's Karachi city in 2012, another factory fire at New Delhi, India, in 2016, etc. are the examples of the industrial

accidents where all the victims were the workers of those particular factories. This type of accidents or other industrial accidents happen just because of the manufacturing factories operate on razor-thin margins (Cernansky, 2020). Bangladesh is one of the best examples of the minimum profit margin manufacturing countries.

It has already predicted that the pandemic COVID-19 could be the cause of layoffs² and job suspensions. Manufacturers may try to cover the incurred losses by dropping the number of workers or plummeting the working hours which would result in income dropping (Pavarini, 2020; Uddin, 2020). Kostas Mandilaris, the owner of Misiu Academy, has said: “I do care about the people that get no salary or lose their job because of this. Many families that are the backbones of our communities will suffer the most, along with small businesses.” (Mandilaris, 2020).

Mr. Mostafiz Uddin, Managing Director of Denim export, stated, “Without having an income, factory owners may be forced to cut jobs. Indeed, the owner of the manufacturing companies doesn’t do the employee reduction intentionally. They are forced to do it.” (Cernansky, 2020).

This happens due to the shortage of raw materials and the continuous order cancellation by the retailers (Bain, 2020). In Bangladesh, SS Leather Industries in the Jessore district; and the other three factories in Saver — Raquef Apparels Washing and Packaging Industry, Passion Jeans and Passion Apparels and Ware; were shut down. All of the workers issued leave without pay and failed to pay the outstanding wages. The CCC reported that a group of workers is staging a sit-in protest in front of an owner’s house demanding their

² Lay-off means the failure or refusal of an employer for business reasons i.e. account of shortage of coal, power, raw material, breakdown of machinery, or downsizing to give employment to a worker.

due wages (Clean Clothes Campaign, 2020). Though there was a promise to pay the wages (Perera, 2020).

The vulnerability rate may be higher in the developing countries like Bangladesh having 4.1 million workers – mainly known as low-wage workers, where there is limited access to healthcare and no social safety net (“Asia’s Garment Industry Sees Lay-Offs, Factories Closing Due to COVID-19,” 2020; Cernansky, 2020).

Most workers don’t get paid sick leave and can’t access basic medical care. Sometimes, the workers don’t get their monthly salary. Occasionally, the basic salary has been paid without overtime and other bonuses (Adittiya, 2020). Scott Nova, executive director at the Worker Rights Consortium, part of the Clean Clothes Campaign (CCC), said “The fashion industry has evolved in a way that makes it hard in normal times for the people who make the clothes we all wear every day to survive on the poverty wages they are paid,” (Kelly, 2020). Even, the overall health care infrastructure for the RMG workers is not highly good to deal with the COVID-19. For example, a total of 500 ICU beds are available in Bangladesh for nearly 170 million people. “Even the most affluent people of Bangladesh will not be able to get any treatment,” Syed Hasibuddin Hussain (Cernansky, 2020). With a limited income, it’s not possible to save money from their salaries for the future with which they can survive in a financial crisis.

Kalpona Akter, executive director of the Bangladesh Center for Worker Solidarity, has said: “From here, we can see there is a huge line in [Western] superstores. People buying food, stocking up. While people in the production countries, like our country, they don’t have money to stock food.” She also has said: “If workers are laid off if they don’t get their full month’s wages that will be a real crisis for them.” She also uttered: “I don’t want to minimize what people are going through in the US, but... workers in

these factories are going to suffer much more than employees at the company level, and that should be taken into consideration,” (Cernansky, 2020).

The non-paid wages was a short term issue, but the long term concerning topic was the employment of the workers at all. As the situation became worse, workers were being let go (Leitheiser et al., 2020). At the beginning of the April, 2020, it was more than one million which has likely increased (Ovi, 2020).

No one thinks the workers as well as the family members of them who mainly rely on the RMG workers. Now it has become the prominent question - who will support them during this type of crisis timing.

The Initiatives Taken by Different Stakeholders at Different Apparel Manufacturing Countries:

During this emergency period of COVID-19, different types of initiatives have been seen to take by different stakeholders. Central banks from different countries are lowering the interest rate and the Government also introduced attractive financial packages. The labor union of the particular countries demanded support from the stakeholders in favor of the workers.

In Bangladesh:

On 25 March 2020, Bangladesh Prime Minister Sheikh Hasina declared a stimulus package for export-oriented industries. The total amount of this package is BDT5,000 core (EUR 5.3 billion) for the exporting industries to moderate the impact of the COVID-19 (“PM Announces Tk 5,000cr Stimulus Package for Export-Oriented Industries,” 2020). The allocated money from the package could only be disbursed in the form of salaries and wages for employees and workers of the export-oriented industries including the apparel industries. The needed amount can avail from the package at 2 percent interest to pay their workers’ salaries for up to three months.

HSBC Bank plc, a global financial institution, extended its support to beleaguer the Bangladesh garment sector. The bank will provide a short-term loan of up to one year, with a principal moratorium for four months (“HSBC Extends Support to Beleaguered Garment Sector,” 2020). This amount can be used to support payroll bills and utility payments. The bank will also ensure to extend three months' moratorium against the existing term loans belonging to the textile and garments sector's businessman.

Bangladesh's Government also takes an initiative to reschedule defaulted loans amounting to BDT502 billion (\$US6 billion). Among all the defaulters, Bangladesh's apparel businessmen are the top (Perera, 2020). So, it can be assumed that this type of initiative will support apparel manufacturers.

In this crisis movement, it has been seen that the Government of the apparel importers to support the manufacturing countries. For instance, Germany ensured to support Bangladesh during COVID-19 in response to the request of BGMEA president Rubana Huq not to cancel orders and support factories. It's very clear at the speech of Gerd Müller, the German federal minister for economic cooperation and development. He said: "I greatly hope that we will find an approach that will safeguard the survival of the textile industry in Germany and also in Bangladesh, with the millions of people working in that sector. I therefore now intend to pass your urgent request on to representatives of the German textile industry.” (“Germany Assures BD of Safeguarding Survival of Textile Industry,” 2020).

Other apparel manufacturing countries:

Cambodia also tries to support the workers. This country has publicized to pay 60 percent of the minimum wage to the apparel workers if their factories closed. In the amount of 60 percent, the factory owners

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will provide 40 percent and another 20 percent will be provided by the Government (Bain, 2020). At the very beginning, the workers were sent home without being paid and this led to a protestation.

Myanmar Government declared to support the factory owners to pay the workers' salaries by providing loans (Htwe, 2020). Turkey's Government also confirmed the support to the apparel industry by taking different initiatives i.e. postpone debt payments, reduce tax burdens, lessen value-added tax (VAT) rate and insurance premium payments, etc. ("Turkey Rolls out TL 100B Stimulus Package to Protect Economy, Businesses from Coronavirus Fallout," 2020).

Pakistan Government announced PKR200 billion as an aid to the exporters but there was only PKR3000 per month for workers. Pakistani CCC network organization NTUF reported that this amount of compensation is not sufficient to meet the minimum need of the family (Clean Clothes Campaign, 2020). In Sri Lanka, the Prime Minister requested to give the workers leave and close down the factories. But, it was reported that the factories were unable to give workers paid leave because brands are withdrawing orders.

Another president Bukele of El Salvador ordered to close down the factory and said: "Producers have enough money to live 20 lives, so they shouldn't be thinking that they are going to lose 20 percent of their capital". In India, the apparel workers sent homes issuing paid holidays instead of being granted paid special leave.

South Africa (SA) Apparel Industry, consisted of 80,000 workers, took a ground-breaking agreement to pay the workers' full salary for six weeks during and after the lockdown (Mkentane, 2020). This agreement was signed among the National Bargaining Council for the Clothing Manufacturing Industry in SA, the SA Clothing and Textile Workers' Union

(Sactwu), the Apparel & Textile Association of SA (Atasa), and the SA Apparel Association (Saaa). The National

Bargaining Council for the Clothing Manufacturing Industry in SA, being the head of this initiative, will ensure the workers' salary from the workers' Unemployment Insurance Fund (UIF) monies and employers' funds. Though they didn't announce the amount of payment, still trying to find out the actual numbers (Mkentane, 2020).

Discussion

COVID-19 is a pandemic. It's attacked almost all countries of the world so far. The biggest economic countries in Asia, Europe, and America have been infected by this disease. The global economy is now steady. Almost all the largest economic sectors i.e. mining, transportation, leisure and hospitality chains, airlines, the luxury goods sector, etc. Among all the economic sectors, the apparel industry is one of the most affected sectors. The retail shops in different countries are now shut down. Almost there are zero sales in the apparel stores (Russon, 2020). All brands, big or small, have been faced with the same situation. The retailers have to struggle with the payment of employees' salaries, business rates, and insurance fees as well as other associated costs (Uddin, 2020). ILO pointed the COVID-19 as the major labor market and economic crisis when around 24.7 million jobs will be disappeared (McKeever, 2020).

The apparel industry is one of the most vulnerable. Though, it's not yet calculating how many employees will lose the job during this epidemic or lost, as the COVID-19 has just started affecting the industry.

This effect of COVID-19 has seen as an epidemic crisis. The primary reason is that the main source of raw materials for the apparel industry, China, has been infected at first by the COVID-19. The factories became closed as per the Government order which leads to the shortage of raw materials

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among the other apparel manufacturing countries i.e. Bangladesh, Myanmar, Sri Lanka, Pakistan, etc. Bangladesh is dependent on China alone for more than 50 percent of apparel raw materials, and about 40 percent of the machinery and spare parts for this industry. Similarly, Myanmar is also dependent on mainly China for about 90 percent of raw materials. Not only has the lack of raw materials but also increase the price of the other production materials gone up. These countries could continue the production for a few more days with the inventory that was purchased & stored previously. Albeit, the production of these countries are now stopped as these countries are also infected by the COVID-19. The Government of these countries declared a shutdown for the next two or more than two weeks. It is predicted that about 200 apparel production factories will be affected by the COVID-19 (Cernansky, 2020). Around 100 million workers employed in these factories whose life is now in endanger. Due to factory closure, the manufacturers don't have any income turnover which is the main cause of failure to pay the workers' salary.

Besides these, China as a manufacturing country also affects the apparel industry. For instance, China is the prime source for 40 percent of the clothes in America (Schwab, 2020). Chinese customers are accounted for 38 percent of the global fashion industry (Russon, 2020) when they framed about 80 percent of this market growth (Russon, 2020). But, during this epidemic, the total value added of china has decreased by 13.5 percent in the first two months of 2020 as well as workers are expected to collectively lose between \$860 billion and \$3.4 trillion in labor due to the increased unemployment (McKeever, 2020). So, the global apparel industry has faced a shaken due to COVID-19.

For the manufacturing countries like Bangladesh, an email "Don't ship the goods" from Retailers has made the situation as acrimonious. The retailers i.e. Primark, Arcadia Group, M&S, H&M, Nordstrom,

American Eagle, VF Corporation, PVH Corp, Levi's and Target, etc. sent the email to the suppliers not to ship the ready product which also leads to deferred payment. Only in Bangladesh, 738 factories received the order cancellation email. As a result, \$2.4 billion worth of products ordered have been canceled (Kamruzzaman & Sakib, 2020). So, ultimately, the Bangladesh apparel industry has tremendously affected by the COVID-19.

All the stakeholders of the industry, especially workers, have been affected by this epidemic (Cernansky, 2020). Due to the COVID-19, the workers have to move to their origin. Again, the workers didn't get wages because of factory closure and order cancellation from the retailers. So, it never rains but it pours! The ADB assumed that in Bangladesh, being one of the largest apparel producers, 894,930 workers would be unemployed (Perera, 2020). The same situation is in almost all the apparel manufacturing countries i.e. Cambodia, Myanmar, India, Pakistan, Sri Lanka, and South Africa, etc. Sometimes, the factory owners don't follow the labor law – paying a minimum salary for a specific time during the suspension. The workers, those luckily could save the job, get the paid holidays instead of being granted paid special leave. With their limited income, they can't save an amount of money for this type of crisis when they don't have work or the factory can't pay the wages. Now, this critical situation forced them to jump out of the frying pan and into the fire.

During this pandemic, different stakeholders took different types of initiatives in favor of the workers and overall, the apparel industry. Central banks from different countries are lowering the interest rate. The Government also introduced attractive financial packages i.e. reschedule defaulted loans, provide financial support to the manufacturers for paying the workers' salary, reduce tax burdens, lessen value-added tax (VAT) rate and insurance premium payments, etc. Sometimes, the

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Government requested the factory owners to pay the workers' salary at due time. Above all these initiatives, there were no sufficient advantageous steps that have been taken for the workers (Clean Clothes Campaign, 2020). Labor unions in particular countries, especially in South Africa (Mkentane, 2020), have been played a vital role in demanding workers' rights, not in that effective ways. On the other hand, there was no news from the Bangladeshi labor unions. They could appear at the television set, but no such initiatives, even no formal demands, have taken for the welfare of the workers. The apparel factories owners show the eagerness to pay the workers' salary, but after getting the subsidiaries from the Government. BGMEA, being the peak trade board in Bangladesh, requested to the brands and retailers not to cancel orders, just focusing on the workers' crisis. So, the workers don't get outside of the cycle of poverty. But the good news is that the Government of different retailers and buyers started to think about the welfare of the workers. Sometimes, they promised to support the apparel industry by taking different initiatives. But, still, no such initiatives are apparent.

Recommendations:

Yes, it right that the whole business cycle has been shaken by the COVID-19, but it's the question of the survival of the workers. That's why Dr. Rubana Huq, being the president of the BGMEA, says: "For them, it's a question of the survival of the businesses, for us it's the survival of our 4.1 million workers." (Cernansky, 2020). So, it's very emergency to think about the current crisis as a collective problem while thinking about workers, the most vulnerable groups.

Government:

The Government can continue support to the workers through mobilizing the necessary resources to the manufacturers (Anner, 2020). The Government can subsidize the manufacturers on different kinds of taxes and VATs and provide monetary support to

the manufacturers during the crisis. Alongside, the Government needs to ensure those following things:

- No factories can be closed/ laid off without paying the worker's dues.
- All apparel factories have to be closed down ensuring the wages to the workers until the situation improves.
- No workers can be terminated during this critical situation.

Brands and buyers:

Ultimately, it's the brands' and retailers' responsibility as they get the highest chunk of the profit. The brands and retailers can follow the best practices. They could purchase the product that was already produced and pay the payment in due time which will help the suppliers to pay the workers' salaries. It is a hope that this epidemic will slow down very soon. After that, the wheel of the economic circle will start to move again like before. Then, customers will read those brands name who positively or negatively engaged with their business during this pandemic. And, no business wants that its name will be remembered negatively to the customers. So, brands and retailers have to come first to support the workers. So, brands and retailers can continue the order and not cancel the previous orders. They can share the loss incurred due to the order cancelation.

Banks and other financial institutions:

The RMG sector needs liquid cash flow support to retain workers. So, the banks and other financial institutions can move forward to support the destitute workforce. The bank can deferment of LC payment, reduce the interest rate for loan payment, etc. Moreover, they can also reschedule the loan installment.

A multi-stakeholder approach:

Besides the brands and retailers, employers and Governments must collaborate the work with trade unions to find ways to support garment workers during this unprecedented period as well as to ensure the future

feasibility of the industry once the crisis has passed (IndustriALL Global Union, 2020).

So, understanding the present situation, adequate protection for the enormous numbers of garment workers, affected by the crisis in Bangladesh and across the global supply chain, entails (Anner, 2020). The policymakers also need to come forward to think of how to ensure the workers' rights during this kind of pandemic or the future financial crisis.

Conclusion

The COVID-19 has shaped the global economy as pandemonium, where everyone is panicked. The situation has become more difficult just because nobody has the idea of the duration of the corona pandemic on the globe. The impact of this disease on the demand and supply chain has become a daily topic. Different economic sectors like textile, manufacturing, automobile, communication equipment and other sectors that are closely related to China have become the most prominent topic for research. Another analysis topic is the effect of COVID-19 on the peoples' income, especially for the workers from the developing countries who don't have any social or health security. The workers at the apparel manufacturing countries are in the most vulnerable position during the COVID-19 as well as the sector. There are lots of initiatives that have been taken by different stakeholders i.e. Government, Labor Union, Trade Association, Banks, etc. Unfortunately, there was no such effective measurement taken by any stakeholders for ensuring the workers' lives and rights. So, the workers are now facing a huge financial crisis as well as in health risks. The brands and retailers need to come forward to save the workers' life by paying the payment and withdraw the order cancelation notice. The Government also needs to keep the pressure on the factory owners to pay the workers' wages on time. A multi-stakeholder committee including all the stakeholders of this industry like Government, factory owners, trade associations, labor unions,

policymakers, researchers and academicians, buyers, etc. can be formed to make the policies for the future to ensure the workers' life during this kind of emergency crisis. Besides this, it is suggested to crisscross the whole supply chain of the apparel industry, to check whether it has changed or not due to the COVID-19.

Research Implication

The COVID-19 has become the pandemic in recent days. There is no information on how long it will last. Undoubtedly, the overall economic structure has already changed due to the impact of this COVID-19. It's very important to know the actual impact of it on every particular economic sector which will help us to design economic planning for the upcoming years. Besides, it's also important to know which stakeholders hampered vulnerably and how to save them from the next pandemic. No one wants this kind of pandemic which will be the reason for the death of thousands of people. So, it's high time to take necessary steps for saving the working group who can't survive alone in this crisis.

Moreover, there are certainly a few lessons that can support the business, the Government to learn and make the necessary adjustment for the future betterment.

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JEL Classifications: J63, J71, J78, J81, J83.