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Garment exporters meet today as crisis deepens

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With the political crisis deepening, the apparel industry that accounts for 80 percent of the country's total exports is going through a critical phase.

Losses are piling up every day due to a decline in orders from international retailers, order cancellation, soaring air freight charges, a production shortfall and higher transportation costs.

In the backdrop, the apparel exporters' platform, Bangladesh Garment Manufacturers and Exporters Association, called an extraordinary general meeting today to discuss a way out.

The apparel and textile sector leaders have already held rallies and submitted memoranda to Prime Minister Sheikh Hasina and BNP Chairperson Khaleda Zia demanding an end to the crisis.

"We are not worried about losses now, we are worried about the future of the entire garment industry," BGMEA President Atiqul Islam told The Daily Star by phone.

The actual amount of losses will be much higher than estimated, if data from all the factories are collected, Islam said. Retailers and local manufacturers are regularly sending emails to Islam to know how the sector will cope with the crisis.

"Factories are working on orders that were placed about 3 to 4 months back. Factory owners will not be able to run their units at full capacity after two or three months as orders are falling."

If the situation does not improve soon, the whole economy will suffer as almost all the sectors, like banking, insurance, transportation and port operations, are largely associated with the apparel sector, he said.

Work orders may shift to India, Vietnam or Pakistan due to prolonged political conflict, Islam added.

The BGMEA has also invited leaders of Bangladesh Textile Mills Association, Bangladesh Knitwear Manufacturers and Exporters Association and some transport sectors to attend today's meeting.

MA Jabbar, managing director of DBL Group, said the situation has worsened as retailers have slashed orders; the buyers are confused and uncertain about the political crisis in the country.

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"Retailers are placing short-term orders as they are unsure whether those orders can be executed timely or not," he said. "Although the retailers have confidence on the companies, they are worried about the overall situation."

Retailers are refusing to come to the country for the unrest and opting to meet abroad in countries like Hong Kong, China, India, Thailand or European nations for negotiations, said Bakhtiar Uddin Ahmed, general manager at Fakir Apparels Ltd, a Narayanganj-based garment maker.

Truckers have doubled fares from Tk 20,000 to Tk 40,000 between Dhaka and Chittagong, he said. "The garment business is facing multifaceted challenges."

"The prolonged crisis will only multiply the sufferings and losses of the sector," he added.

Disruptions in raw materials supply will bring factories to a standstill as owners are facing difficulties in transporting imported goods from ports to their factories, he said.

Fazlul Hoque, former BKMEA president, said future losses will be much higher. "The negative impact of the current political crisis can be seen from July onwards."

According to an assessment by BGMEA, 23 garment factories have lost business worth \$19.02 million between January 14 and February 1 due to the crisis.

Representatives of 65 international retailers and brands like Walmart, Gap, JC Penney, C&A, Tesco, G-Star, H&M, Target, Inditex and Carrefour have demanded an immediate solution to the crisis at the regular buyers' forum meeting on February 2 in Dhaka. They said the ongoing blockade is interrupting their supply chain.