

# RMG sector suffers 25pc output loss due to blockade

## *Buyers shifting orders*

Monira Munni

The ongoing political turmoil has been disrupting production and supply chain of basic raw materials in the country's apparel industry, putting attainment of the sector's targeted export earnings at great risk, industry insiders said.

According to them, the country's largest foreign currency-earning sector has already suffered a 20-25 per cent production loss over the last 20 days of non-stop blockade and political impasses.

They, however, feared that if the situation prolongs further, it would lead to huge losses for the sector on account of shipment delay and cancellation of orders thus affecting overall export earnings.

"To meet the apparel export target of US\$26.89 billion, we will have to ensure shipment of the RMG products worth about Tk 7.0 billion a day. But shipment of products worth about Tk 2.15 billion is being hampered each day due to production disruption following the political impasse," Md Atiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association (BMGEA) told the FE.

Exporters could not carry their products, both raw and finished ones, smoothly from different ports due to the ongoing transport blockade and hartals, he said.

The sector requires various accessories like button, zipper and yarn that are sourced



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**Atiqul Islam**  
President, BGMEA



from different parts of the country, he said adding if any component fails to reach the machine timely, it will not be possible to give final shape to the finished products.

Echoing Mr Islam, Rafez Alam Chowdhury, president of the Bangladesh Garment Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) said, "We did not get the required number of trucks or covered vans as they are not willing to go out in such a unstable situation."

Moreover, the carrying cost has also significantly gone up, he said adding that sometimes it is difficult to manage a transport offering a high price as the owner of the trucks or covered vans do not want to take risk following previous and recent arson attacks and vandalism.

Though police are providing escorts in

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# RMG sector suffers

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transporting goods to and from the Chittagong port, BGMEA vice president Md Shahidullah Azim said transportation of export goods under police protection is a piecemeal solution but the export business as a whole requires a stable situation.

Production of apparel products fell by 20 to 25 per cent in recent times, he said adding buyers do not feel confident about coming to Dhaka and placing orders during any political instability.

They (buyers), in view of such unstable political situation, are cutting both orders and prices of locally-made apparel products, said vice chairman and chief executive officer of DBL Md Abdul Rahim. His company has slowed down production by 10 per cent as its stock is about to be exhausted.

The global buyers are now planning to shift some of their future orders to other competitor countries like Vietnam though it costs higher for them but they are managing it with price cut here in orders, he explained.

Local manufacturers are now negotiating future orders with buyers outside the country, Mr Azim said.

After Christmas vacation, this is the peak season for global retailers to place orders for autumn wears but the ongoing political unrest has frightened them for which the RMG industry could face fresh order crisis like the previous year.

Meanwhile, 11 garment factories have suffered loss worth \$15.11 million including order cancellation, discount, air shipment charges, delayed shipment and additional transportation cost from January 14 to 24 due to the ongoing blockade, according to the BGMEA.

Fazlul Hoque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said apparel exports to traditional markets, especially US and Canada, fell significantly while it slowed down in the European Union.

"But it will have a negative impact on new and emerging markets which are not familiar with such a situation," he warned.

Locally-made apparel export (woven and knit) witnessed a 0.77 per cent growth during the first half of the current fiscal year. Knit products failed to achieve the target by 2.41 per cent and woven by 7.27 per cent during the period.

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