

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
0.11%	Flat	\$1,764.10	\$40.36	0.08%	1.22%	1.46%	0.30%	83.95	93.14	103.01	11.69	
3,969.28	6,818.26	(per ounce)	(per barrel)	34,842.10	22,259.79	2,590.15	2,979.55	BUY TK	84.95	96.94	106.81	12.29

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# Star BUSINESS

DHAKA FRIDAY JUNE 26, 2020, ASHAR 12, 1427 BS • starbusiness@thedailystar.net

## You suffer, we survive

2,800 brands bent on shifting \$3.7b contagion losses to Bangladesh garment exporters; they turn a deaf ear to compliance, global outcry

SUSHMITA S PREETHA and ZYMA ISLAM

You may have already seen the social media campaign #payup, asking Kardashian celebrities Kendall and Kylie Jenner to pay up their suppliers in Bangladesh.

You may have also read about British brand, Debenhams, which is asking for a whopping 90 per cent discount on products from 40 suppliers in the country.

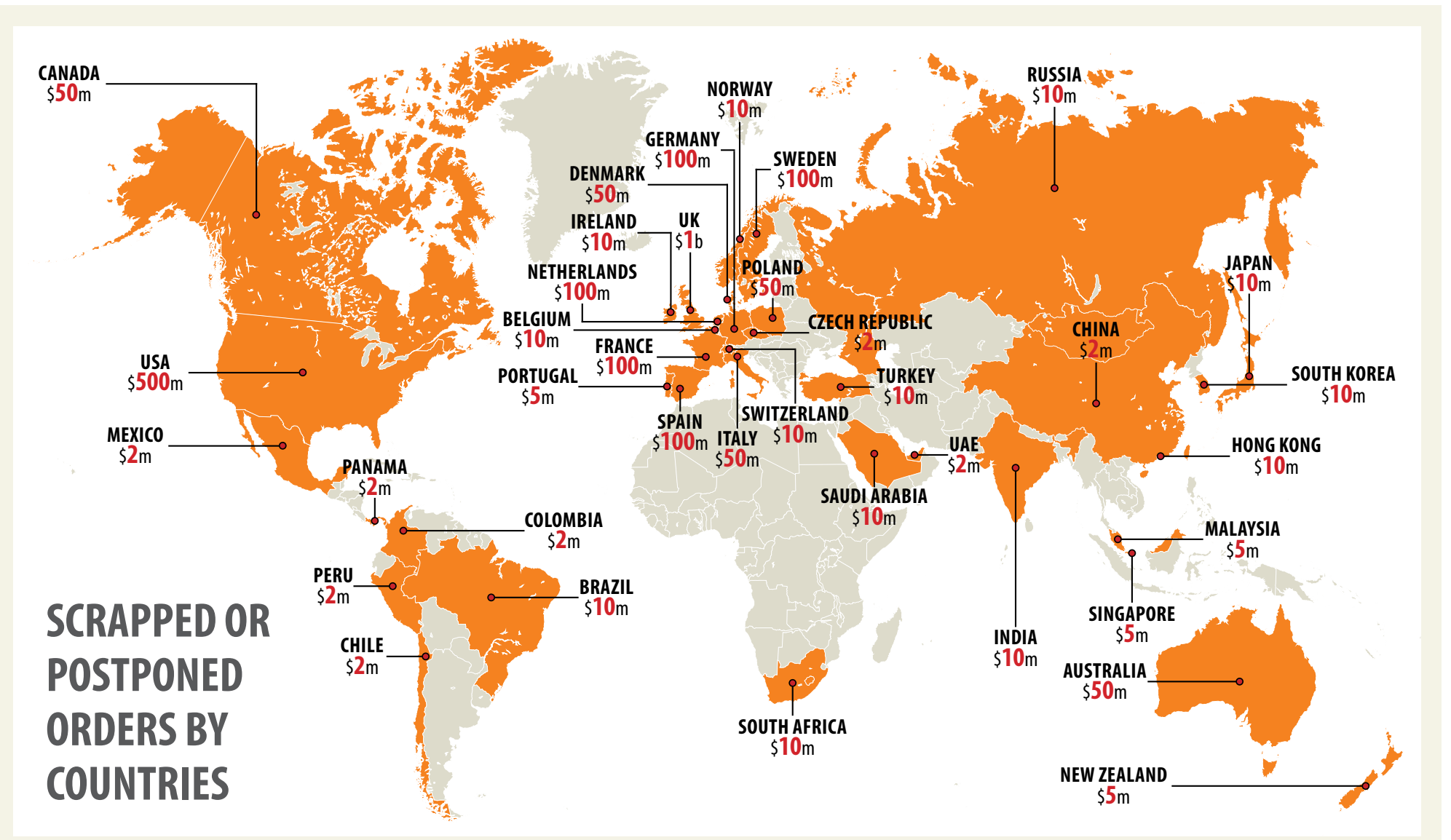
What you may not know is that these are only two of at least 1931 brands which have either delayed, put on hold, or straight up cancelled their orders since the onset of Covid-19, as per data received from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The total value of these orders is around \$3.7 billion. This includes everyone -- high street fashion brands, purse-friendly chain-stores and faceless buying houses.

About 470 of the buyers are from the US, and approximately 280 others from the UK. Italy and Canada follow closely with approximately 180 and 170 buyers fully or partially cancelling or putting their orders on hold. Fifth and sixth in line are Germany and France, with approximately 150 and 140 buyers.

At least 127 major brands cancelled contracts in various stages of production -- sometimes turning away finished products lying at the port -- or renegotiated on promised contracts. An overwhelming majority are asking for massive discounts for products already produced or delaying payments by six months to a year, or worse, indefinitely.

Following widespread international outcry and advocacy of rights watchdogs and global unions, some of these brands -- including H&M, Inditex, Adidas, VF, Next and Marks and Spencer -- made commitments to pay in full for orders completed and in production.



### ORDERS CANCELLED OR POSTPONED BY BRANDS

- ▶▶ Primark: USD 330 million +
- ▶▶ H&M and C&A: USD 170 million + each
- ▶▶ Inditex: USD 87 million +
- ▶▶ Bestseller: USD 83 million +
- ▶▶ Mothercare: USD 56 million +
- ▶▶ Kohls: USD 54 million +
- ▶▶ GAP: USD 38 million +
- ▶▶ JCPenney: USD 35 million +
- ▶▶ Walmart: USD 19 million +
- ▶▶ Debenhams: USD 18 million +
- ▶▶ Ralph Lauren: USD 10 million +

Brands in bold have committed to taking back all orders, according to Worker Rights Consortium Covid-19 Tracker, but are yet to fulfill all commitments. Others made no such commitments.

However, our investigation reveals that even some of these brands are renegeing on their promises.

**PRIMARK**  
Of all the brands cancelling contracts, Primark tops the list with over \$300 million worth of orders held up, postponed or cancelled, according to BGMEA data.

Joarder Mohammed Hosne Quamar Alam, chairman of Faiza industries, was hit with \$14 million worth of cancellations and postponements by Primark, the data shows.

"First, their offices were closed, so they made a flat announcement worldwide that they have cancelled all the orders," said Alam. "In the middle of last month, they told us that some shops will open and that they would take about 25 per cent of what was already produced, worth about half a million dollars. Their response has been staggered. They have said that they will come back and pay for the liabilities but we do not know when that will be. We had made summer clothes," he said.

There were many orders placed six months ago that the factory was supposed to produce now, but they have not communicated about those, he added.

"This is having a serious consequence on our productivity. Every month we used to produce 400,000-500,000 pieces

for them; now, I am doing nothing.

"There's no opportunity for us to delay paying for the raw materials. The factory is open and we are paying the workers by borrowing funds from the government. We borrowed from the stimulus fund to pay the salaries for April, May and June, but I don't know what will happen in July," Alam said.

On April 20, Primark, which recorded \$8.86 billion in revenues in 2019, put out a statement saying it would commit to paying for \$460 million dollars in orders it had previously cancelled globally. However, it made no mention of what percentage of its orders it's still cancelling.

When asked to specify the amount of cancelled or postponed orders from Bangladesh, the brand did not provide any specifics to The Daily Star. Rather, it sent a press statement in which its CEO, Paul Marchant, is

quoted as saying: "We have been in close and regular contact with our suppliers over the last few weeks to find a way forward, and to pay for as much of the previously ordered product as possible."

According to DC-based rights watchdog, Worker Rights Consortium (WRC), even for the orders it is taking, Primark has not paid its suppliers, nor does it intend to in the near future.

"Primark itself won't pay a penny for any of these clothes until autumn 2020, preserving its own cash flow, and that of its already cash-rich corporate parent, Associated British Foods, at the expense of suppliers a tiny fraction of their size," states Scott Nova, Executive Director of the WRC.

The organisation is monitoring which brands are acting responsibly toward suppliers and workers through its Covid-19 Tracker, which can be accessed online.

**LA HALLE**  
Meanwhile, French fashion brand La Halle has not just cancelled over \$8 million worth of orders from 14 suppliers, but also wrapped up their entire Asia operations over an email, that too without paying a dime in termination benefits to their employees.

France Bleu, a radio network in France, reported on May 26 that the brand is looking into buyouts citing

Patrick Puy, CEO of Vivarte group which owns the brand.

According to Reuters, Vivarte, which has been selling various brands over the past three years as part of a broader financial and debt restructuring plan, has already received 25 bids for La Halle as of June 12.

Mohammad Abdul Momen, managing director of Fashion Knit Garments, informed that La Halle cancelled \$1.19 million worth of orders from them. Of all the suppliers, his had the largest amount of orders with this brand, according to BGMEA data.

"On March 25, 2020 they told us to hold the production. At that point we were in various stages of production. The stitching line was in a half-done state. There were lakhs of pieces that were cut up, and dyed," Momen said.

"Finally, on April 18 [or April 19], a lawyer from La Halle's buying office in Hong Kong sent a letter saying they are voluntarily liquidating. There was an online meeting the next day and they said they are cancelling the orders," he added. "All the cloth is now going to waste. All orders are buyer, season and style specific. This was a children's style. Whatever I have already cut up, has now become jhut [scrap] cloth."

About 70-80 percent of the \$1.19 million order was money he had already used to purchase raw materials, informed Monem.

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## BB relaxes rules of stimulus loans for large borrowers

AKM ZAMIR UDDIN

The central bank yesterday relaxed the rules of the Tk 30,000 crore stimulus package for large corporate entities in the industrial and service sectors as it allowed banks to disburse loans to the pandemic-hit borrowers in phases.

On April 12, the Bangladesh Bank had said that a large borrower of the two sectors would avail a maximum of 30 per cent of their outstanding working capital as of December 2019.

It had set the repayment tenure of the loan at the highest one year and made available the financing for just once for a borrower.

But the banking watchdog yesterday said lenders would be allowed to disburse loans in phases in the second and third year during the tenure of the package.

The duration of the stimulus package has remained the same at three years.

The latest instruction would help banks lend to many borrowers in the first year of the package, according to a central bank notice.

Under the stimulus package, banks will get an interest subsidy of 4.50 per cent on disbursed loans, which the end-users will avail at 9 per cent.

As of June 18, 75 companies, which include Bangladesh Steel Re-Rolling Mills (BSRM), the largest steel-maker in the country, GPH Ispat, another steel-maker, Runner Automobiles and Shanta Holdings, secured approval from the BB to borrow nearly Tk 2,080 crore combined.

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## Spotlight shifts to fairness product market as Unilever rechristens its Fair & Lovely brand

MAHMUDUL HASAN

Equating fairness with beauty has been an age-long practice in the Indian subcontinent and much of Asia, one which spawned an immensely booming market for skin lightening creams and perpetuated the myth further with their advertisements.

But a seismic shift appears to be on the horizon on the concept of fairness after the undisputed market leader in the category, Unilever, yesterday announced dropping the word 'Fair' from its iconic brand 'Fair & Lovely', which pitched itself as a safe alternative to skin bleaching products.

Launched in India in 1975 to cater to the South Asian preference for light skin that some researchers link back to the region's colonial legacy, Fair & Lovely today generates annual sales of more than \$560 million, largely in countries such as India, Bangladesh and Pakistan, according to the Wall Street Journal.

Unilever's move comes a week after another personal care giant Johnson & Johnson announced taking down its skin lightening products under its Clean & Clear and Neutrogena brands, both of which can be found in the supermarket shelves and e-commerce sites in Bangladesh.

And the catalyst for the climbdown? It is the Black Lives Matter movement that is blazing across the US and others parts



A customer picks up "Fair & Lovely" brand of skin lightening product from a shelf in a shop in Ahmedabad, India yesterday.

REUTERS

of the world, sparked off by the killing of African-American George Floyd in Minneapolis last month in the hands of white law enforcement agents.

The protests, which are taking place disregarding the social distancing measures demanded by the raging coronavirus, made

many re-evaluate their views on colourism and pile on the pressure on brands whose products are deemed to carry racist connotations.

And some companies are paying heed to the legitimate grievances, reassessing their businesses and marketing for signs of

discrimination.

Last week, oral care major Colgate said it would review a top-selling Chinese brand called Darlie, whose name translates to mean 'black person toothpaste'.

American food and beverage giant PepsiCo Inc. said it is retiring the Aunt Jemima brand of syrups and pancake mixes, while Mars Inc. is changing the name of its Uncle Ben's rice.

In the Indian subcontinent, brands were yet to acknowledge the issue until Unilever's stunning announcement yesterday, which could also be viewed as a culmination of a years-long campaign on social media.

Since 2016, there has been a #unfairandlovely hashtag circulating on social media ripping apart the beauty stereotypes promoted by the brand.

But calls against the Anglo-Dutch consumer goods giant to take down the product grew louder in recent weeks, with scores of petitions popping up on the Change.org website and gaining traction, too.

Earlier on June 9, American celebrity host and cookbook author Padma Lakshmi tweeted: "For years I've been saying that 'Fair & Lovely' needs to pack their fake cosmetics and GO!! Anyone else out there sick and tired of being told that fair=lovely? Because I sure as hell am." The product did a number on her self-esteem as a young girl, she wrote.

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