Climate change is the real challenge, not coronavirus

RMG NOTES

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THE coronavirus pandemic has wreaked havoc within the global apparel industry and its supply chains and continues to have a devastating impact on sourcing hubs such as our own. In every country where apparel is sourced, orders will be down by 20 or 30 percent over a 12-month period and, collectively, millions of jobs will be lost in our industry on a global level. In Bangladesh, we do not yet know the full impact of the pandemic as orders are still being cancelled and our customers are not yet fully back up and running.

Despite all of this, our industry faces a threat which is greater than the coronavirus: global warming. Bangladesh is exceptionally vulnerable to climate change due to its low elevation, high population density and inadequate infrastructure. Our country is already experiencing different types of natural disasters almost every year because of global warming and climate change impacts, including tropical cyclones, change in wind flow pattern, rainfall, flash floods. This frequent change in climate may lead to food insecurity, river erosion, bio-diversity loss, climate induced migration and many other unseen crisis in the days to come.

These will only get worse in the next few years if the world continues along its current growth trajectory. What is more, our largest industry—ready-made garment production—is a contributor to climate change. It is part of the global apparel industry—an industry which researchers claim is one of the biggest contributors to global warming, boasting greenhouse gas emissions that exceed both aviation and shipping!

As part of commitments to reducing their carbon footprints, apparel brands have in recent years begun to adopt Science-Based Targets in line with UN Paris Agreement's pathway to 1.5 degrees Celsius of warming to avert the worst consequences of climate change.

How will they meet these commitments? The only way is by working with supply chains. Various estimates suggest that more than 90 percent of the emissions associated with the product occur in the supplier and manufacturer ends—in clothing processing and production, dyeing and finishing and so on. And these suppliers are mostly from the developing part of the world Bangladesh, India, Pakistan, Vietnam, Cambodia, etc. Though these countries are generating emissions, the final goods are being used by the developed part of the world.

Indeed, a recent report from the USA by Stand.earth claims the fashion industry will fall way short of climate targets unless it takes dramatic action to eliminate fossil fuels from Asian supply chains; it is worth mentioning that the report claims Bangladesh is one of several sourcing countries which has plans to dramatically increase its use of fossil-fuel based energy resources in the next few years, which is a real worry.

What is notable about this and other studies is that they suggest we only have a few years to act—perhaps less than a decade—if we are to avert a global environmental catastrophe. That is why climate issues are far more serious than the coronavirus pandemic. Some day or the other, perhaps next year even, we will get a vaccine for Covid-19. But there is no single solution for a dead planet, and scientists have warned that all industries need to act collaboratively to save the planet.

The worry, of course, is that the coronavirus pandemic will derail the sustainability efforts of the industry. It is commonly accepted that one of the most effective ways to reduce carbon impacts in apparel supply chains like Bangladesh is to switch to renewable sources and technologies that are less harmful to the planet. It is a matter of regret that countries like us don't have such eco-friendly technologies available at home and therefore we have to mostly import this from the developed part of the world.

But who will pay for these costly technologies? Even before coronavirus, there was a reluctance among suppliers to invest in more sustainable methods of production. In most cases, this was due to the lack of feasibility of the technology—mismatch between investment, bank interest and ROI—while in others it was simply that they did not view sustainability as a priority.

Due to the global pandemic, suppliers are now fighting for survival—only no one was actually ready for it and therefore the supply chain has been failing to show its resilience to this sudden shock. Even giant suppliers with strong fiduciary capacity are eroding their contingency funds, reducing staff counts and generally looking at every possible way to cut costs and survive. In such a dire situation expecting them to invest in new and sustainable technologies with minimum or no feasibility being ensured is not very smart.

Will brands and retailers foot the bill for suppliers to switch to renewables? They have never shown much of an appetite to do so in the past, and there is no reason to expect them to do so with a global pandemic hammering their profits. Brands and retailers, if they have not already gone bust, are in many cases on the brink. The biggest names of all—H&M, Zara, Nike and so on—will be drastically cutting profit forecasts for 2020. In such a situation suppliers and manufacturers will lose appetite to invest in sustainable technologies with long term payback.

That poses a great threat on the continuous stride of attaining sustainability in the apparel supply chain. This urgency to absorb the shock of the pandemic has pushed sustainability on to the back seat. But our planet does not have the luxury of ignoring all these issues. We have to continue our efforts to save the industry and the planet from the till now unseen future catastrophe.

The only solution I see against such a backdrop is collaborations and agreements among the apparel supply chain actors which look to "build-in" pricing and costs for sustainable production. Could clothing include a "sustainability tax"? This might sound like an outlandish, extreme idea, but we are living in extreme times. Nothing should be ruled out at present. Actually, now might be the best possible time to look to such a tax as part of a raft of changes that will surely sweep through our industry as a result of this dreadful pandemic.

One thing is for sure: the sustainability changes needed by our industry to hit climate targets will not happen if they are left to market forces—certainly not in the current cash-strapped climate. The market needs a helping hand here, for sustainability is far too important an issue to push to one side while the industry finds it financial feet again—which could take years which the planet does not have.

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The pandemic's impact on digital businesses

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WE have almost reached the last quarter of 2020, a year which has been unlike any other. It started with a virus scare from China in January, which became the reality for Singapore and Korea in February, and then by March, it was spreading so quickly that the WHO ended up declaring it as a pandemic. This pandemic affected every aspect of our daily lives—social interactions, healthcare, business, traveling, and much more. Within the arena of business, the impact of the pandemic ranged from restructuring industries, changing the business landscape permanently, unemployment and bankruptcies, emergence of new business models, government intervention to aid the economy, etc.

There have been a few key driving forces resulting from the pandemic. The most important impact was that the pandemic tested the risk management capability as well as the capacity expansion ability of many digital businesses. It acted as a stress test—opening the eyes of many organisations on how redundant their business models were, and how wrong they were not to keep an option to quickly go digital. For digital companies, this challenge was worsened by the quick shift of almost all demographics to digital services, and their capability to quickly increase capacity and/or modify their nature of business was tested. At the same time, many businesses required a quick shift in their business model. A good example is that of Grab and Food Panda in Singapore—within March of this year, both companies had managed to shift their delivery and driver fleet to food delivery as well as grocery and other necessities, as the market needed swift mechanisms of delivery due to the lockdown.

Another key driving force is the emergence of a contactless economy. This did not have much of an impact on purely digital services (i.e. the product itself is digital, such as a

game or a software or a movie), but businesses focused on a physical product or service required changes in their business models—to either ensure safe service or contactless delivery. Finally, another key driver is that of getting employees adjusted to working from home. Across the world, most digital companies have opted for work from home or minimising presence in the office—which has broken down the workplace/home balance, and it became a major challenge for companies to manage employees' motivation, belongingness and to maintain the organisation's culture. New practices as weekly Zoom Hangouts, virtual travels, online team games, online group exercise/yoga sessions, etc. became more and more common across many organisations.

These driving forces impacted digital businesses considerably in Bangladesh as well. One crucial characteristic of many digital businesses in Bangladesh has been that most of them are start-ups. Only a handful few have reached a mature and large size. As such, within almost six months into the pandemic, we are seeing quite a few digital businesses struggling to maintain regular operation. A big part of the problem is that the services they are offering are still not core business service to their clients, and as a result, for many digital businesses, the market has shrunk. So, one consequence of the Covid-19 pandemic will be that many digital businesses will understand the vulnerability in their business models, and also will have to be better at contingency and risk planning. Added to that, many digital services, such as online grocery, and mobile wallet services, suffered due to sudden surge of demand, as people started to reduce physical activities and maximise their work through digital services. So, the pandemic also highlighted how quite a few companies were actually ill equipped to handle demand surges. Furthermore, the psychological impact on work from home was quite heavy. For many digital businesses, the work did not stop, but most of the work needed to be done remotely (work from home), so this took a tremendous psychological toll on most of the employees. Finally, many of these businesses that were startups faced a lack of funds or withdrawal of funds, as investors saw a potential of the economy plunging into a recession.

However, there is indeed a silver lining to the challenges faced. There is this saying: "what does not kill you, makes you stronger"—and that can be said to hold true for most businesses when going through this pandemic. Those businesses which could pivot their models, change and modify them quickly enough, or quickly handle capacity limitations, should not only survive, but be able to thrive. In Bangladesh, companies such as bKash, ChalDal, Shohoz and a few others have managed, to some extent, to face the shock of the pandemic, and then utilise the changes brought about by it. Even a few predominantly brick and mortar businesses have managed to harness the shock to pivot their business models, examples range from banks that have managed to service a majority of their customers and their bill payments through digital channels, the rise of telemedicine and pharmaceutical delivery. In fact, for a country like Bangladesh, the long term impact of Covid-19 on the digital business arena can actually be beneficial—it reduced the inertia of digital service adoption, and even increased digital adoption across demographics which many would not have expected—even the aging portion of the pyramid are subscribing to bKash, Pathao and many other digital services.

To sum up, markets such as Bangladesh present an interesting picture in times of such global crises. On the one hand, these markets are hard hit due to their vulnerable policy infrastructure, inefficient response by the government, and by markets quickly turning conservative. But on the other hand, these markets also represent the forefront of opportunity, as they present the largest structural holes to work on, for business models to develop to fill up these structural holes, and to improve the overall infrastructure of the economy and the country. Especially for digital business models, which, in the new normal, will play a major role, we can expect that in the aftermath of the Covid-19 shock, there will be better and more robust players in the market!

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QUOTABLE *Quote*

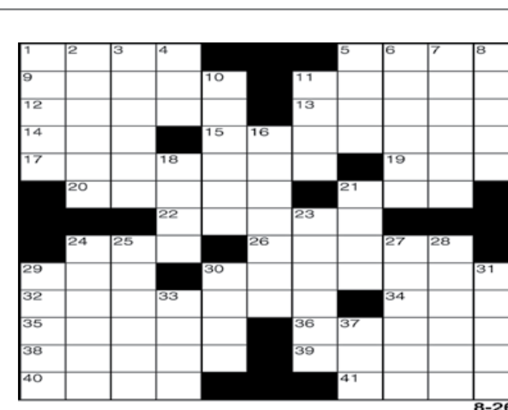
ALAIN DE BOTTON
(Born: 1969)
Swiss-born British philosopher and author.

The best cure for one's bad tendencies is to see them fully developed in someone else.

CROSSWORD BY THOMAS JOSEPH

ACROSS
1 Bonanza find
5 Pros' charges
9 "Ready or not, here –"
11 Koran deity
12 Admit
13 Kitchen cooker
14 Boxing great
15 Gather
17 Firm
19 Tennis court divider
20 Make fun of
21 Barracks bed
22 Very beginning
24 Victory sign
26 Alerts
29 Knight's title
30 Covenant
32 Write
34 Sock part
35 Visitor from space
36 Lorelei's river
38 Zellweger of "Judy"
39 Common dice roll
40 Dance bit
41 Clutter

DOWN
1 Pastel shade
2 Spotted cat
3 Serve a sentence
4 Punk rock offshoot
5 Commotion
6 Weather changing current
7 Aerie youngster
8 Paper unit
10 Sheathe
11 Base group
16 Boxing combos
18 Book part
21 NYSE entry
23 Arcade group
24 Colorful flower
25 Royal fur
27 Local resident
28 Treats with tea
29 Battle souvenirs
30 Scoop holder
31 Prom crowd
33 Small sound
37 Dress edge



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YESTERDAY'S **ANSWERS**

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BEETLE BAILEY BY MORT WALKER

BABY BLUES BY KIRKMAN & SCOTT