The Road to Recovery

SYED ASHFAQUL HAQUE points out symptoms, diagnoses and prescriptions gone wrong of a long-ailing garment industry.

THE economy of Bangladesh is what it is today mainly because of the readymade garment industry. But for how long will this situation prevail? There are a lot of worried wrinkles on the foreheads of garment manufacturers these days.

The sector, which accounts for more than 75 percent of export earnings of Bangladesh, is now at a crossroads. It may very well go the way jute and tea sectors have gone -- from boom to doom -- because of a number of problems that were never addressed.

How did the sector get caught up in such grave problems of late?

The crisis did not herald all of a sudden, not even in one or two years. Rather, elements of crisis began to pile up when 35-odd individuals, with a few hundred unskilled workers, set out in the world of apparel business in 1973. It was an audacious journey indeed, of a few individuals, with the new-born state, banking sector, policymakers and workers with little idea about what it meant to make clothing-wears, let alone exporting them and earning elusive forex.

The problem then was the lack of understanding with regards to the dynamics of the industry and the world market. The problem now is the continued ignorance that has led to wrong diagnosis of and prescription for the ailment, which has nearly pushed the powerhouse of the country's economy to its peril. What would happen if this sector eventually nears death?

Around 20 lakh people, 70 percent of whom are females who work for about 7,000 garment factories, will be laid off. Twenty lakh workers mean 20 lakh families. At least 10 lakh people working in the backward linkage factories or support facility outfits including textile, accessories providers, dyeing, chemical, transport, shipping and printing will be out of jobs. And that's not the end.

Nearly 20 lakh bananas and the same number of sweets and bread are consumed by garment workers a day as snacks, an ex-president of garment exporters' association once remarked to highlight how a whole range of businesses revolve around the garment industry. Owners of small grocery shops, tea stalls, economy houses, garment waste factories and low-priced garment shops alongside footpaths will find it difficult to survive. The going will get tough for Bangladesh with the economy becoming nearly three times poorer.

Garment fortune was no God's gift and no government's effort. It was earned through high risks taken by some investors and hard work put in by their willing workers. Investors travelled abroad to meet buyers and spent days convincing them that they were capable of producing clothes. Wary of Bangladesh, renowned buyers in the 1970s refused to even meet them. Some wanted to take the risk simply because of cheap production costs, meaning cheap labour. Besides, they had nothing to lose as they could always cancel orders, putting all the financial loss on the suppliers.

That was how the journey began on the road infested with trouble from shady buyers and an unsupportive state machinery and banking system. Garment manufacturers learned very well how to make low-cost products even though the government took no initiative to encourage setting up of backward factories. They bought everything from abroad, mostly from China, and had those made in their factories.

Some successes, some failures. Successes led to repeated orders and failures to bankruptcy. Readymade garments of Bangladesh took baby steps in the late 70s, began walking in the early 80s and running in the late 80s.

The industry continued to grow despite neglect by the state and under the care of stakeholders, surviving the political unrest of the late 90s and quota-free regime from 2004. It was a joyride for the sector until it was jolted back to reality in 2006, when an unprecedented rioting by workers left about 350 factories, most of which were socially-compliant, vandalised. Just wage was their demand. And only then did the fact of how badly the garment workers were exploited surface.

Suddenly there was a lot of soul-searching and questions were raised regarding who should