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BUSINESS TIMES

Apparel sectors in Sri Lanka, Bangladesh affected by pandemic

By Jayampathy Jayasinghe

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Any value chain is strong but can also be its weakest link. The value chain is optimised when stakeholders work together collaboratively especially during a crisis period that was experienced during the COVID-19 pandemic when China went into a lockdown last year.

There were disruptions of raw materials to the supply chain that affected production, said Husni Salieh, Director – Strategic Transformation MAS Holdings, at a webinar hosted by the Institute of Policy Studies Colombo (IPS) this week. The webinar was titled “Recovery of the Apparel Sectors of Bangladesh and Sri Lanka from the COVID-19 Crisis: Is a Value-Chain-Based Solution Possible?”

He said the second phase of the pandemic affected production when the EU and the US went into a lockdown and finally when Sri Lanka went into lockdown production came to a grinding halt despite having orders to deliver to their customers.

“We got hit in every way but our customers were flexible in accepting delayed orders. Suppliers also prioritise our raw materials and as a result we were able to minimise the disruption and optimise the value chain that we created. However given the nature of the pandemic that is no guarantee that customers will move away to other suppliers. Building resilience in the value chain is the way forward to mitigate future risk management as seen by many in the industry,” he said.

MAS is a design, delivery and solution provider for the apparel manufacturing industry and the core business of MAS is manufacturing apparels. The head office of MAS is in Sri Lanka and there are 15 manufacturing centres in 17 countries employing 99,000 people globally, manufacturing garments for global brands.

IPS Research Economist Kithmina Hewage said the pandemic was unprecedented as no one expected it. Companies that were resilient were able to withstand the impact of the pandemic than companies that did not. Companies that had adequate stocks and diversified their export markets were in a better position reducing the impact of the pandemic. Limitation of national level policies had also impacted the industry during the pandemic. Developing countries like Bangladesh were able to provide a stimulus package to the economy whereas Sri Lanka concentrated on monetary policy and debt moratorium.

Ms. Binu Wickramasinghe, Co-Founder and Managing Director, The Design Collective Store, Sri Lanka said that as a small company the state was not inclined to give loans to resuscitate the business following the pandemic although they applied for a loan.

“We did not have enough collateral with banks to be entitled to a loan from the state unlike big companies. As a small company none of us knew how to react when the pandemic hit the country. Although our stores were closed we were able to sell our products through online trading. But we did not have products the customers were looking for except for lounge dresses. The second lockdown was crucial for us as customers stopped coming to us to purchase our merchandise. As a result the designers were not able to manufacture. The other factor that affected us was that there wasn't any fabric available in the local market. Our manufacturers weren't in a position to stock tons of fabric after the second lockdown. Following the import restriction later manufacturers did not have fabric to produce their merchandise. But the situation has changed drastically as customer preferences is now for other type of garments. It is difficult for us to adopt to changes even with 60 type of designer clothing in our stores. The import restriction has not helped us at all and designers of small businesses,” she said.

Mostafiz Uddin, Founder and CEO Bangladesh apparel exchange had a different story to tell. He said customers who had been working with them for more than 20 years changed quickly following the pandemic. The orders that they had earlier was cancelled altogether. One customer he had in the US has still not remitted US\$2 million to him following the pandemic.

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