

## COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY

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### **Our starting point**

Organisations endorsing this statement commit to take action to protect garment workers' income, health and employment and support employers to survive during the COVID-19 crisis, and to work together to establish sustainable systems of social protection for a more just and resilient garment industry.

This will require all actors – governments, bank and finance institutions, international organisations, brands and retailers/e-tailers, manufacturers, employers organisations and trade unions, other stakeholders and development partners - working together urgently to develop concrete and specific measures and to make the contributions needed, consistent with organizational roles, to deliver on these priorities.

### **Our Priorities**

1. We call on governments and financial institutions to accelerate access to credit, unemployment benefits and income-support, no or low-interest short-term loans, tax abatement, duty deferral, fiscal stimulus, and others forms of support.
2. Recognizing that businesses, both brands and manufacturers, are facing unprecedented impacts to their viability and have widely varying circumstances which can dramatically affect wages and incomes of workers and individuals, the organisations that endorse this document commit to engaging with financial institutions, governments and donors, to support rapid and innovative fund-mobilization through emergency relief funds, credit and short-term loans to provide quick income-support to workers and individuals. Support is also needed to enhance social protection schemes and support action to preserve jobs through different means, tax packages or social security charges and temporary unemployment programs. We will strongly support access to these funds so that suppliers can preserve their activities. This is vital to prioritizing jobs and incomes of workers immediately and throughout the extended period of the crisis.
3. Funds shall be used to enable manufacturers to ensure business continuity including payment of wages for all workers regardless of employment contract, in accordance with national laws, collective agreements, and any prevailing income-support and job-retention schemes to deal with the crisis.

Brands and retailers commit to a range of actions to limit the deleterious effects of COVID-19 on their supply chains, including:

- a. Paying manufacturers for finished goods and goods in production.
- b. Maintaining quick and effective open lines of communication with supply chain partners about the status of business operations and future planning.

- c. Should financial circumstances permit, direct support to factories can also be considered.
4. To promote respect for the ILO core labor standards, as well as safe and healthy workplaces.
5. We understand that immediate measures to address the impact of the crisis must go hand-in-hand with the establishment or strengthening of sustainable social protection systems and public infrastructure for social services. This is essential to increase resilience, allowing societies to cope with emergencies in the immediate term and to mitigate the impact of possible future crises. Organisations endorsing this statement therefore commit, consistent with our respective roles, to support the development of social protection floors and to extending social protection for workers and employers in the garment industry, consistent with recommendation ILO 202 with a view to establishing over time the responsibilities of all parties to contribute for sustainable systems.

### **Our current reality**

The current situation is unprecedented in modern history in the scale and reach of impacts across sectors and countries globally. The collapse in demand for garments is a direct consequence of the measures taken by governments to slow the infection of COVID-19. Such measures have resulted in widespread retail closures, layoffs and furloughs, mandated factory shutdowns and layoffs across sectors slowing consumer demand, and damaged consumer confidence and security. The combination of these factors has resulted in the cancellation of orders throughout the global garment value chain, which, in turn, has left some brands, retailers and suppliers unable to pay workers and with concern about short, medium and long-term financial viability to continue their operations.

In countries with weak health and social protection systems, failure to pay workers' wages or provide income support could quickly impoverish potentially millions of people and deeply undermine the measures to protect workers and the wider population from the rapid spread of COVID-19. Immediate action is needed to secure the payment of wages and to provide support to employers to protect jobs going forward.

We do not know how long it will be until the demand for garments returns, in what form, scope and scale garment value chains will resume operations, and when manufacturing may resume in safe working conditions. We do know that many manufacturers in the industry are not resilient enough to survive this crisis. Factories are already beginning to close and workers are being laid off and furloughed. We must act to protect workers and employers during this period so that manufacturers remain viable and able to bring workers back to work during the recovery.

While the pandemic and resulting economic crisis are global phenomena, the speed and scale of the economic impacts felt in the garment sector reveal the fragility of its businesses and jobs. This is especially true in countries where states have weak health and social protection systems and enterprises have very limited insurance policies for this purpose. In these circumstances, large numbers of vulnerable workers and their families could slide quickly into poverty, setting back decades of development. Because we can and should predict other such disruptions in the future, stakeholders must work together to develop stronger systems of protection for workers and firms in the future.

This is in the interests of all industry stakeholders, governments, donors and development organisations that provide support.

### **Our approach to protecting the most vulnerable**

Our action will focus on protection for workers and employers in countries with the weakest health and social protection systems, and those whose work demands special measures to ensure their safety and health. Potential priority countries will be identified through expert and up-to-date analysis of what social protection measures exist in practice, for example bailouts and implementation of statutory or voluntary protections.

### **Next steps**

An international working group will be established within two weeks convened by the ILO and coordinated by IOE and ITUC, including brands and manufacturers, workers and employer organisations and governments, to further develop the implementation steps to deliver on these commitments.