

OPEN CALL BY TGSD TO GLOBAL BRANDS ABOUT THE PROCESS OF FIGHTING AGAINST COVID-19

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According to the Turkish Clothing Manufacturers' Association Board (TGSD), emerging threats to the global economy due to COVID-19 are raising concerns for the ready-made garment industry in Turkey. This industry has sustained the retail operations of global brands for the past century by offering garments with the highest quality, paired with innovative collections and the fastest delivery.

When governments declared lockdown for societies due to health and safety reasons, global brands' reaction was to close down retail stores all around the world due to the sudden decline in sales. As a result of losses in sales, volume and revenue, brands then turned to their suppliers with a number of defensive measures which have severely harmed the garment manufacturing industry employing over 1.5 million people in Turkey. According to the hundreds of messages expressing concerns and complaints directed at “TGSD Coronavirus Help Desk” over the past four weeks, suppliers have drawn attention to some of these alarming actions taken by global brands and retailers:

A large number of brands (1) declared to the manufacturers that there will be no future orders until further notice. This will oblige manufacturers to cover labor and overhead costs on their own for an indeterminate period of time. Some brands (2) called for the suspension of production in the pipeline and yet in some rare cases, (3) solicited discounts or cancellations for goods that are in the pipeline. Lastly, some brands (4) request an extension on the payment terms for shipped goods that are on their way to distribution centers or already in the stores. A halt in high-volume production at the beginning of the season means that large quantity orders are creating massive inventories for the factories. Along with the inventory cost, manufacturers bear full liability for materials nominated by brands on their own, which constitutes an existential threat to companies most of which operate within one-digit margins. If brands do not help their suppliers finance the minimum liabilities, suppliers will not be able pay their employees' salaries and secure their livelihood.

It is known that retail businesses firmly uphold “workers' rights” at all times and claim “integrity”, “trust”, “commitment” and “sustainability” to be sine qua non for their operations. Failing to recognize, own and act on their own share of responsibility would mean contradicting with their established “core corporate values”.

Manufacturers acknowledge the difficulties faced by retailers in trying to retain their liquidity needed to keep them afloat. As long as the requested delay time is reasonable, manufacturers may bridge the gap by benefiting from relief programs or monetary funds provided by the Turkish government. Global brands should do the same and benefit from loans pledged by their own governments of European and American countries, which constitute Turkey's major markets. This crisis presents an opportunity for retail businesses and manufacturers to reinforce their dialogue, and continue to communicate with mutual respect and understanding to maintain a healthy and sustainable supply chain. However, if some retailers and brands prioritize short-term gains at the expense of other stakeholders in the supply chain, the word “sustainability” loses its credibility as the guiding principle for them and becomes an empty promise for the next generations.

Businesses should remember that once the pandemic is over, they will be looking for long-term strategic partnerships that are kept intact; and true partnerships are those that yield long term benefits for decades to come.

TGSD Turkish Clothing Manufacturers' Association Board

* TGSD is a board member of IAF International Apparel Federation and EURATEX European Apparel and Textile Confederation.

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