

Bangladesh woes to deepen with expiry of global garment quota system

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DHAKA : To many people, 35 dollars a month might not sound like much. But to Moni Begum, 24, who supports her son and five other family members by stitching clothes at a garment factory in Bangladesh, it means survival.

Which is why she is so worried about the phasing out at the end of 2004 of an international quota pact regulating the multi-billion dollar garment trade that underpins Bangladesh's impoverished economy and is its biggest export industry.

"I don't know what will happen -- maybe my whole family will starve. I have to keep my six-member family going with my small earnings," she said.

While China with its vast economies of scale is seen as a major winner from the demise of the 20-year-old Multifibre Arrangement (MFA) aimed at loosening world trade barriers, Muslim-majority Bangladesh with its population of 140 million, is set to be one of main losers.

The United Nations Development Programme (UNDP) has estimated "more than a million garment workers in Bangladesh may lose their jobs by 2005" when the readymade garment sector stands to lose guaranteed access to its main markets in the European Union and the United States.

Proponents of an end to the pact say it will mean cheaper clothes in stores but union activists say the impact could be brutal on Bangladesh, already one of the poorest nations with an annual per capita income of 440 dollars.

"The consequences may be catastrophic. There has been no planning to face up to the situation and we're left with very limited time," said Nazma Akhter, president of the Bangladesh Independent Garment Workers Federation.

The World Trade Organisation gave nations a decade to prepare for the end of the MFA that helped nurture the garment industry of impoverished nations like Bangladesh by granting them access to stores in the West through quotas to curb competition from more efficient suppliers like China.

But Bangladesh, which earns close to 80 percent of its foreign exchange from the trade, is among the least prepared, experts say, and now its 1.8 million lowly paid garment workers -- representing around half its industrial workforce -- face turmoil.

"Around 40 percent of garment factories will close over the next year... There's nothing to make us optimistic about the future," said Bangladesh Garment Manufacturers Association president Anisul Haque.

The jobs of millions of others in related industries from button-making to haulage are also imperilled in one of the world's least developed countries.

In addition, the biggest casualties are expected to be women as some 1.2 million out of the total 1.8 million workers are female. Having jobs has helped empower them despite their low pay -- wages in the industry average around 35 dollars a month, analysts say.

"The women who have been working in this sector will be the most hard hit," said political analyst Ataus Samad. "Bangladesh could be among the main losers with the end of the MFA."

The fourth largest garment supplier to the United States, Bangladesh has been pushing to persuade richer nations to heed WTO calls to give developing nations duty-free and quota-free access despite the phasing out of the MFA. But those appeals have fallen on largely deaf ears.

"Bangladesh will need considerable international support, especially in terms of duty and quota free access to lucrative markets if it is to protect recent gains in human development and poverty reduction," the UNDP has said.

The troubles are compounded by the fact Dhaka must import cotton and so cannot benefit from economies of scale enjoyed by China or India that grow their own cotton and are both expected to fare well.

Not all garment makers will go under but the survivors are expected to be the biggest players.

"We know that a big blow is waiting for Bangladesh's economy," said Asaduzzaman Noor, spokesman of Bangladesh's main opposition party Awami League.

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