IAF statement to ILO Director General Guy Ryder given during conference call with IOE and representatives of 5 global federations for industries most affected by the COVID19 crisis

The IAF is currently the world's only truly global federation for the apparel industry. Its core membership consists of national and regional apparel industry associations from all continents. In total, these associations represent apparel industries in close to 60 countries. Through these associations, at a global level, the IAF speaks for hundreds of thousands of companies that jointly employ tens of millions of employees across the world. Uniquely, in our membership we have mostly SME brands and retailers but also manufacturers represented.

The apparel industry feeds an apparel retail market of over 1.3 trillion US dollars and the entire supply chain taken together forms one of the largest employers on earth. It is also one of the most internationalized industries in the world and a very diverse industry.

In a very recent report, McKinsey estimates that revenues for the global fashion industry will contract by 27 to 30 percent in 2020 year-on-year. If stores remain closed for two months, McKinsey analysis predicts that 80% of publicly listed fashion companies in Europe and in North America will be in financial distress. The expectation is that a large number of global fashion companies will go bankrupt in the next 12 to 18 months. This translates directly to

apparel manufacturers who immediately feel the economic pain of cancelled orders and no new orders coming in. In Bangladesh, where over 80% of exports consist of garments, the livelihood of over 4 million people is at stake.

Two weeks ago, IAF has published a statement calling for supply chain solidarity. We have called on buyers not to move their problems upstream but to do all they possibly can to help bridge the income gap for their suppliers. We believe that at least this should include paying for finished goods as contractually agreed. In our statement we have also called on multilateral organisations and international financial institutions to help to make an industry-wide support plan for the most vulnerable parts of our industry.

We therefore very much welcome the role of the ILO. We have been in close touch with the IOE to work on the industry wide statement that is being prepared within the tripartite structure of the ILO. We hope that this statement will be agreed upon quickly. We hope it will serve as a solid foundation for a quick financial response to alleviate the economic pain felt by thousands of companies and millions of workers, especially in developing countries.

IAF is keen to work closely within a global coalition to work on the implementation of this plan. It is important to involve all industry associations that can be involved, directly and through us, because the associations provide the links to the manufacturers and to the many SMEs in our fragmented industry where the 20 largest brands do not have much more than 20% market share.

We see the opportunity of making more structural provisions to deal with contingencies and calamities, particularly with respect to workers' income and working conditions. What we like to draw your attention to is the lack of capacity of industry associations, especially in manufacturing countries. Now often they have insufficient knowledge and staff. Training the associations is a good way to help create better and more constructive tripartite discussions and solutions for the apparel industry in many countries. The ILO can help here.

On the longer term capacity building for the industry is crucial. We are going to see that post Covid19 the industry will be changing fast. Automation and digitisation will be introduced at a much faster speed. This will require training and education. And this requires that we work from a common vision and that we are able to coordinate efforts. IAF would welcome a coordinating role of the ILO in this respect.

Thank you for the opportunity to share with you some details of the difficult situation the apparel industry is in and for sharing some of our ideas about working together with the ILO in both short term and longer term responses.