Managing the Transition to a Responsible Global Textiles and Garment Industry

An Integrated Study of research by AccountAbility, Business for Social Responsibility, and The World Bank for the MFA Forum

AccountAbility
institute of social and ethical accountability

Business for Social Responsibility

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The Multi-fiber Arrangement (MFA) has provided many developing countries with access to markets and shelter from the rigors of global competition. The ending of the Agreement on Textiles and Clothing (ATC) on January 1st 2005, which governed the transition to a post-MFA world, means that quota holding is no longer a passport to export markets. Instead market share will be gained through international competitiveness.

In the long term, the ending of quotas may well have an overall positive effect on the ability of the textiles and garment industries to contribute to economic development. However, in the short term at least, there will be significant job losses and factory closures in vulnerable countries, which will have wider impacts on their national economies.

If transition to a post-MFA world is not managed responsibly there are several possible dangers and threats:

(a) Negative impact on workers, communities and local and national economies in vulnerable countries.

(b) Perceived responsibility of business and governments, as well as other institutions, in not preventing this negative impact, and the impact on their reputation.

(c) Erosion of trust in the broader agenda of development through trade.

Responses to this challenge have so far been fragmentary. There has been little exploration of how the combined competencies of different actors at a national and international level could be brought to bear in aiding the transition of the sector and its stakeholders.

A forum made up of multilateral and national public institutions, labor and civil society organizations, businesses and multi-stakeholder initiatives came together in March 2004 to explore the potential for a co-coordinated approach to the end of quotas. Those who have been involved are listed in the box.

Three pieces of research

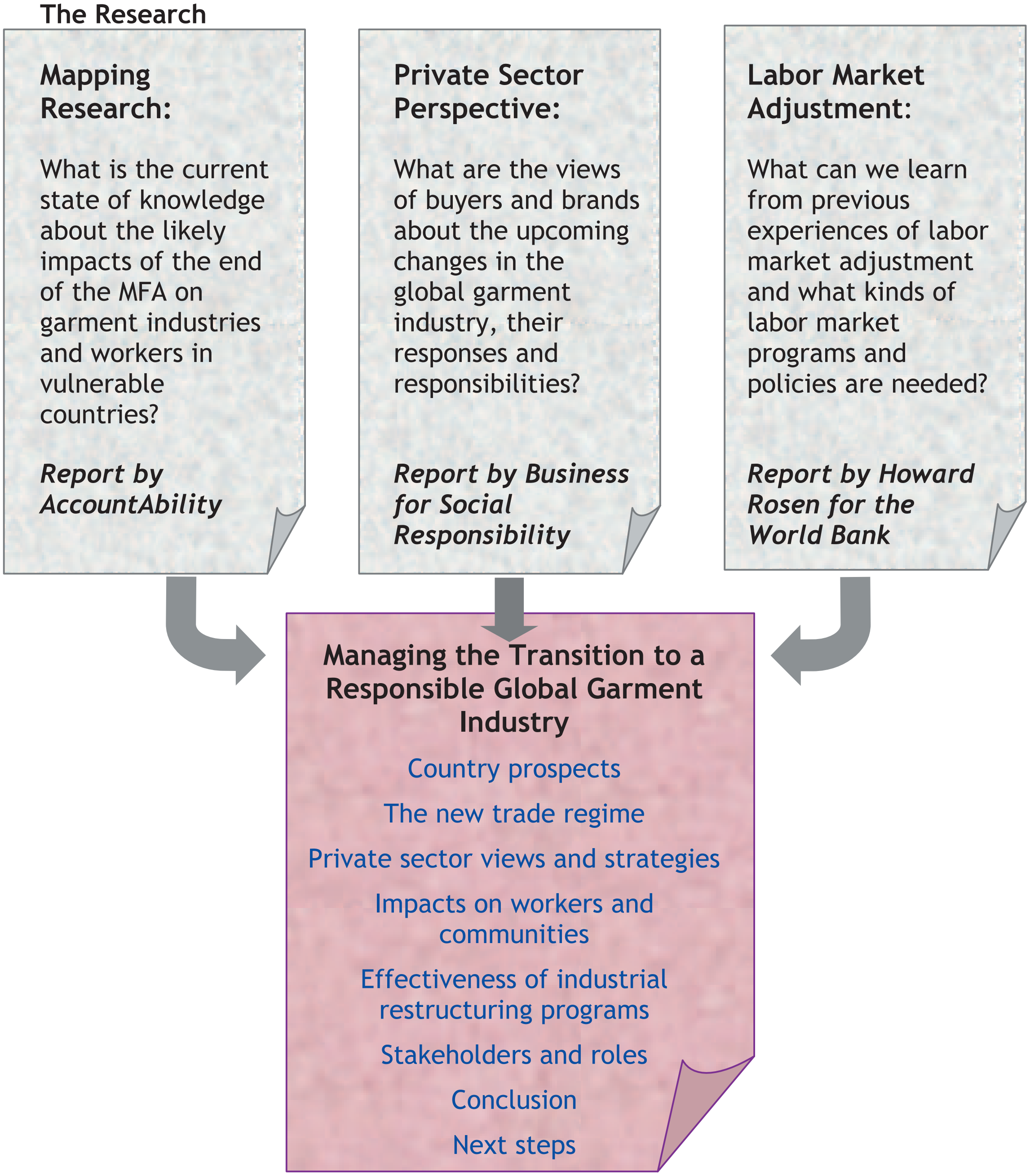
Those who have been involved

AccountAbility
Asda/George
Business for Social Responsibility
The Co-operative Group
Department for International Development (UK)
Debenhams
Ethical Trading Initiative
Fair Labor Association
Fundemas
Gap Inc.
Global Alliance for Workers & Communities
Interfaith Center for Corporate Responsibility (ICCR)
International Textiles, Garment & Leather Workers' Federation
Littlewoods
Maquila Solidarity Network
Marks & Spencer
Nike
Oxfam International
Social Accountability International
UNDP Asia Trade Initiative
UN Global Compact
World Bank Group

[1] This report is a synthesis of research by AccountAbility, Business for Social Responsibility and Howard Rosen for the World Bank. It does not necessarily represent the positions of the MFA Forum members

were initially commissioned, to better understand the likely impact of the changes to the global garment and textile regime and to begin to map out what can be done to influence and mitigate any negative social consequences.[2]

The Research



The research drew on the multitude of studies, which have examined the predicted effects and proposed actions to the ending of the MFA, as well as drawing on inputs from buyers, labor activists and industry experts. Although there are many disagreements as to what will actually happen from 2005 onwards, it aims to identify the key trends and issues which merit most attention.

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[2] The research by AccountAbility and BSR mainly focused on the impact of phase-out on the garment industry, whilst the research by Howard Rosen focused equally on the textiles and garment industries.

The three related pieces of research aimed to answer the respective three key questions; this briefing summarises their findings. The Mapping Research reviewed all the current literature on prospects for the garment industry as well as interviewing experts. The BSR research on the private sector's perspective focused on gathering information and perspectives from retailers, licensees, buyers, and suppliers, to identify sourcing trends in light of the phase out of quota. Finally, the main focus of the labor market adjustment research was to review the policies and programs designed to ease the burden placed on workers from the phase-out both in the textiles and garment industries.

(i) Country Prospects

The ending of the quota regime will mean that buyers will be free to source from countries and suppliers that offer the best deal in terms of price, quality, speed, risk and service. For some countries, currently restricted by quota, this will be an opportunity to win greater exports. A number of sources predict increases in global welfare as a result of trade liberalisation with efficient producers able to grow. However, it is also clear that in the short-term at least, many countries face major disruptions to their industries, workers and economies.

There is a broad consensus that China will be one of the main winners. It is able to deliver competitively at every level of price and quality and will challenge most other garment producing nations. However, predictions as to the country's likely global market share range from 27% to 71%, from its current 22%. India is also seen as being increasingly competitive. It has addressed many of the issues constraining the development of its garment industry, and exports are expected to grow. Although there will be certain regional disruptions, more generally it is felt that the change will have a positive effect on the country's development.

Central American exporters have the advantage of proximity to the US and trade preferences. However, they have so far failed to gear up to provide the speed and service necessary to compete. Eastern European suppliers to the EU will remain part of the mix if they can provide fast-turnaround fashion goods and replenishment stocks and compete on quality with China. One of the key disagreements between different predictions is the extent to which Eastern European, Mediterranean and Central American countries are likely to be winners or losers after 2005. Some predict that their advantage in terms of proximity to the EU and US respectively will allow them to retain their competitiveness; others predict big losses to countries such as China with efficient transport links.

Bangladesh is considered by some U.S. firms to be a competitive alternative to China, but many garment industry professionals are less optimistic about the country's prospects. Indonesia and Vietnam are likely to be competitive supply bases but fears of political unrest in the former and the problem of ongoing quota restriction for the latter remain risk factors here. Other countries such as Sri Lanka could compete in niche markets on the basis of skills such as embroidery, although this is not likely to be as significant as the loss of customers for more basic products.[3]

Some countries will not be attractive supply bases without the quota system - these countries are likely to see their garment export industry fold or decline significantly. This includes small players in the global garment trade such as Nepal and many in sub-

[3] Obviously many of the predictions concerning countries such as Sri Lanka, Indonesia, and Bangladesh need to be reassessed in light of the tsunami disaster.

Saharan Africa, and those countries such as the Philippines and Thailand which have been major garment exporters but have so far failed to develop from low-cost producers into higher value-added areas of the supply chain.

Within countries there are likely to be fewer, larger factories – both as a result of consolidation and as non-competitive quota-dependent factories go out of business. There are predictions of a 'Great Garment Massacre' where only half of the world's 250,000 garment export factories will survive the transition. In 'winner' as well as 'loser' countries, small factories, informal-sector production and basic 'cut, make and trim' operations will decline in favor of larger factories able to meet quality, service and compliance requirements of the global market. There are key differences of opinion about whether the global garment industry as a whole is over or under capacity. Some believe that the inefficiency of the quota system has created over-capacity, which will lead to rapid price falls and immediate closures once quotas are removed. Others maintain that growing demand has meant that there is less slack in the industry, which suggests that the shake-up will play out over a longer timescale.

To examine these trends in more detail the research focused on those countries most vulnerable in the post 2005 era and in which there may be opportunities to take action to strengthen the industry's competitiveness or mitigate negative impacts for workers. In the case of the mapping research, an initial short-list of 10 countries was identified for further analysis, taking into account the size of their garment industry, their economic dependence on garment exports, and predictions on their competitiveness. The countries were: Bangladesh, Cambodia, Philippines, Sri Lanka, Mexico, El Salvador, Thailand, Honduras, Indonesia and Lesotho. These were also used in the private sector perspective research with buyers, although other countries' prospects were commented on (see below). As well as looking at the above countries, the research on labor market adjustment also examined prospects in Turkey and Poland in depth. The following table summarises the findings on the prospects of these countries.

	Prospects for the garment industry	Prospects for garment workers and communities	Dependence on garment industry *
Bangladesh	**Severely challenged** – Export decline and job losses expected, although should remain a significant garment exporter.	**Very Vulnerable** Few other job opportunities for women workers.	**Dependent** 1,800,000 workers, 40% jobs 62% exports
Thailand	**Poor** – Industry already in decline most of which is unlikely to survive. Some future for niche fashion producers.	**Poor** – Job losses expected, but other industrial job opportunities exist. Migrant and homeworkers esp. vulnerable.	**Declining but still significant** 800,000 workers 20% jobs 8% exports
Mexico	**Severely challenged** in the immediate future. NAFTA and proximity to US remain big advantages.	**Poor -** but some other industrial job opportunities exist.	**Declining but still significant** 750,000 workers 18% of jobs 6% exports
Indonesia	**Unclear** – considered competitive by buyers, but security an issue.	**Vulnerable** Unemployment is high.	**Declining but still significant** 1.2 million workers (for textiles and clothing) 10 % of jobs 16% of exports
Philippines	**Very poor** – industry stagnant, steep decline expected.	**Poor -** but some other industrial job opportunities exist.	**Declining but still significant** 320,000 workers 11% of jobs 7% of exports
Sri Lanka	**Poor -** most of current industry unlikely to survive. Some future for niche fashion producers.	**Poor** - Job losses in SME sector, standard garment production and rural factories.	**Very significant** 300,000 workers 33% of jobs 50% of exports
Cambodia	**Unclear -** differences of opinion over future competitiveness.	**Extremely Vulnerable** Few other job opportunities for women workers.	**Dependent** 250,000 workers 62% of jobs 82 % of exports
Honduras & El Salvador	**Very poor** – industry in decline, 2005 expected to hasten demise.	**Vulnerable** Plants have closed and employment fallen due to weakness of the export markets	**Very significant** 107,000/ 80,000 workers 26% of jobs 40% of exports
Lesotho	**Unclear** – Lesotho has been AGOA success story, but vulnerable to competition after 2005.	**Extremely vulnerable** Very poor country with no other industrial employers	**Dependent** 45,000 workers 90 + % of jobs 90 + % of exports
Turkey^	**Unclear -** felt by David Birnbaum to be a definite success story. Others see it losing market share to China.	**Poor** Potential for alternative employment, but restructuring could affect economic stability, and Turkey's entry into the EU	**Still significant** 340,000 workers (2000) 21% of manufacturing jobs 23 % of exports (2002)
Poland^	**Very Poor -** Industry in decline over past 6 years and predicted to be victim of consolidation.	**Poor -** Country appears to have a well-developed system of active and passive (unemployment insurance) labor market adjustment programs to help its workers ease any transition.	**Declining** 377, 000 workers (2000) 8% of manufacturing jobs (2000) 4.7% of exports (2002)

* % of jobs in this column indicates % of industrial employment, % of exports indicates % of manufactured exports, most recently quoted figures.

Â Shaded boxes indicate those countries with most cause for concern in each area.

^ Figures for Turkey and Poland cover both textile and garment industries.

(ii) Characteristics of the new Trade Regime

Although the end of quotas will significantly liberalise trade in garments and textiles, a range of measures will remain important in shaping trade relations. In particular these include:

- **Anti-dumping and safeguard measures** available to importing countries. The terms of China's accession to the WTO allow for quotas to be applied until 2008 if deemed necessary to prevent 'market disruptions', and may be extended further. There is already pressure from organizations such as the US National Textile Association for the US to block Chinese imports.
- **Import tariffs,** which add an average of 12% to garment import prices. Whilst these tariffs are less trade distorting than quotas, pressures to raise their levels may increase.
- **Bilateral and regional free trade agreements** such as NAFTA, CAFTA and the Euro-Med Agreement, as well as preferential trade agreements such as AGOA and the EU's Everything But Arms Agreement. These offer tariff free access to markets, although their use is limited by 'rules of origin', which disallow the use of imported textiles in garment production. In some cases labor standards compliance clauses have been included in these agreements.
- **Quotas remaining on non-members of the WTO.** Finally, 2005 does not mean the end of quotas for everyone. WTO non-members such as Vietnam will still be subject to quota, although their WTO member competitors will not be.

(iii) Private Sector Views and Strategies

Much attention has focused on the private sector, in particular the strategies of brands and retailers. Insights into the way in which they will change their sourcing patterns offer a perspective on how the trade regime will operate in the coming years.

Summary of Private Sector Views

Quota is one of several factors considered when sourcing decisions are made; quota availability in isolation does not determine sourcing decisions.

China will receive significant growth towards the end of the decade, but only a modest increase in apparel production in the short term.

Developing long-term strategic partnerships with key suppliers was cited by most as the most important future sourcing consideration.

The elimination of quota will bring equilibrium to a global apparel industry that was previously artificially influenced.

Formal policies and procedures related to exiting factories are not common.

Companies view addressing post-MFA social and economic impacts as the role of government, local factories and industry associations, not the private sector.

Interest from the private sector in future project participation is contingent upon multi-constituent participation, as well as involvement from multiple brands.

Companies in the BSR study stressed their desire to consolidate their supply chain by developing long-term strategic partnerships, while at the same time balancing risk by not relying on too few countries. They are wary of putting 'too many eggs in the China basket', at least over the next five years.

"It's a balanced approach. Quota is not the end all… just one factor that needs to be considered."

"MFA is just "one piece of the pie…"

"We're anticipating a more settled world – a 'supplier city'"

"Some markets that were artificially created through quota may disappear."

"We won't know what it [MFA] means until it happens…"

"Trade agreements/preferences may influence future sourcing strategies more significantly than the elimination of quota."

A number of factors, besides price, affect the sourcing decisions of the companies. The main criteria, cited in private sector perspective research, as being among the most important to sourcing decisions in the post-quota world include enhanced ability to: (a) establish long term partnerships with suppliers; (b) be innovative and provide product and material differentiation; (c) maintain consistently high quality; (d) integrate vertically, which brings time and cost savings for product development. While price certainly remains a factor in sourcing decisions, most of the respondents indicated that the other factors were more important than chasing a price savings of twenty-five cents or less.

Workplace labor, health and safety conditions were also cited as being of increasing importance when selecting suppliers and making sourcing decisions. It was the view of some that the ability to demonstrate compliance with local laws and codes of conduct may become a key competitive advantage for some suppliers in the coming years. Future viability of some factories, and for that matter, countries' entire industries, may in large part be linked to their ability to demonstrate consistently favourable workplace conditions.

"Governments should bear the responsibility for addressing the social and economic impacts of MFA, especially because they 'started this in the first place.'"

"There has not been enough preparation from either governments or industry associations; they have known about this for years."

"No one supplier can do this on its own; the whole industry must come together and develop a strategy."

"Suppliers are the owners of businesses and have a huge role in whether or not their factories can be competitive… those that are more apathetic and short term in their thinking are in for a rude awakening."

"Apparel companies do have a responsibility to address the impact of MFA, but we're 'not sure what exactly that looks like.'"

While companies recognize that some communities, economies, factories and workers will be impacted negatively by the phase out of quota, they do not view addressing this problem as the primary responsibility of buyers. Instead, they tend to believe that efforts to mitigate the conditions faced by displaced workers and their communities are the primary responsibility of governments, local industry associations, and the factories themselves.

Despite the belief that governments and industry hold the primary responsibility, several brands did express an interest in exploring potential multi-stakeholder efforts to mitigate social and economic impacts. However, participation from the private sector in such efforts is contingent upon the involvement not only of multiple actors, including government, factories, industry associations, NGO's, communities and multi-stakeholder industry initiatives, but also active involvement from multiple brands.

(iv) The Impact on Workers and Communities

Estimates as to the numbers of workers employed in the textile and garment industries vary. An ILO study in 2000 put the figure at 30 million but this also included footwear. The UK Financial Times in 2004 put the figure for textiles and garments at 40 million. A probable safe estimate therefore of direct employment in the textile and garment industry is c30 million workers. Just as important as the total number however, are the geographical trends, where there has been a shift in employment to Asia, in particular China.

The study on labor restructuring estimated that the average annual wage for all textile workers is $8,700, although wages range from more than $30,000 a year in Denmark to $57 a year in Mozambique. Apparel employment is not as concentrated as textile employment. Approximately 2 million apparel workers are employed in Bangladesh, the United States and Indonesia. Another million workers are employed in India, Italy and Russia. Although the average annual wage for apparel workers is $7,000, the average annual wage in 4 of the top 5 apparel producers with the largest number of workers was a little more than $600.

In addition to paying low wages, the textile and apparel industries can also be characterized as having a high concentration of female workers, with many in the informal sector. These factors introduce additional challenges to any potential labor market adjustment. For the most part, textile and apparel workers tend to be low skilled and lack the basic skills to gain alternative employment or move into the formal sector.

The box on the following page outlines some of the predictions about the impacts of the end of the MFA on workers. Whilst there are broad areas of agreement, there remain key disparities between different predictions and analyses. These reflect lack of information (on the number of workers employed and particularly on the informal sector), differences in interpreting the current situation (how should the experience of Chinese gains in clothing categories recently removed from quota be extrapolated to other categories still under quota - are factories losing orders because of the end of quotas or because of buyer consolidation strategies?) and the inherent uncertainty of a final outcome that depends on choices, as yet unmade, by governments, buyers and producers.

This last question of the inherent uncertainty of future choices reflects an interplay of important issues such as; how well the garment industry in different countries will react to competition, how importers' strategies will evolve, whether trade rules such as rules-of-origin for tariff preferences will be made stricter or more permissive, and whether exporting country governments will prove to be effective in their response to the challenges ahead.

These disagreements and uncertainties, however, should not obscure the generally agreed facts that:

- There will be significant job losses in vulnerable countries;

- Countries and suppliers will have to address competitiveness issues in order to survive in the new global trading environment, and;
- Although there is the belief that consolidation will in fact improve labor standards and working conditions in some areas, unless the relationship between workers' welfare and productivity is actively addressed, these standards are likely to suffer.

Possible Outcomes for Workers

Most studies focus at the national or industry level, and have less to say about the impacts on workers themselves. There has, however, been a body of analysis from NGOs, trades unions, the development community and the ILO, which raises fears of:

- **Loss of jobs in vulnerable countries and informal sector factories –** Although no one can be certain of the exact numbers or locations of job losses, it is clear that there will major disruptions in employment. There will however, be a trend whereby, employees previously employed in the formal sector will seek alternative employment, not necessarily as garment or textile workers, in the informal sector.
- **Disproportionate impact on women workers -** In countries where the garment industry does decline, this will result in large numbers of job losses for the mainly female, migrant workforce. Even where garment exports are not lost, women's employment may fall through increased mechanisation and the transfer of work to larger factories, employing more men. There are few other job opportunities for women in many countries - experience suggests informal sector workers are not able to find reemployment in modernised garment factories but make a living through marginal micro-enterprises such as taking in laundry and street vending.
- **Loss of owed wages and benefits –** Many workers' rights activists, based on previous experience of factory closures, fear that factories will close 'overnight' failing to pay workers their dues in terms of either owed wages or redundancy/retrenchment payments required by law.
- **Impacts on poverty alleviation and security** – Beyond the workers directly employed by the garment industry, other related industries, local economies and rural families dependent on remittances are likely to suffer where garment industries decline. The negative multiplier effects on economic growth and poverty alleviation are likely to be significant.
- **Pressure on labor standards and working conditions** - Pressure on companies to compete internationally in terms of price, quality and turn-around time may lead to pressure on working conditions, reductions in wages and more unpaid overtime. The loss of quota protection may erode the ability of workers to exercise and defend their rights, since companies can threaten to close or move. There are fears that China's huge labor supply and weak enforcement of labor laws will undermine efforts to protect workers' rights in competitor countries.
- **Pressure on countries to reduce protection for workers' rights** – If the end of quota results in changes in the flow of trade which appear to punish developing countries where conditions are good, and reward repressive regimes and those that undercut international standards, this would put pressure on governments to enact legislation eroding workers' rights in the quest for competitiveness.

Conversely there are some trends in the garment industry, which offer a positive counterpoint to these fears of a global 'race to the bottom':

- **Comparative advantage is not just about low wages** – Quality, service and turnaround time are important, as are factors outside of the factory gate, which contribute to overall costs – these include infrastructure, availability of raw materials and corruption. Poor employment conditions are a drag on productivity, and will need to be addressed by companies seeking to upgrade.

- **As competition increases, labor compliance may be a competitive edge**. Countries which enforce labor laws consistent with international labor standards codes could effectively market themselves to the US and EU retailers; these requirements could become a condition for bi-lateral trade agreements.
- **Consolidation into better-run factories** – A more consolidated supply chain with a predominance of large factories, has the potential for an enabling environment for greater transparency and labor standards compliance.
- **Global garment industry expansion?** – In the long-term there may well be growth in the global garment industry, driven by increasing demand in industrialising countries. New jobs will be created as competitive industries expand, in particular for women in China and India. Greater market access and the removal of trade barriers are crucial factors in the expansion of the industry and jobs.

(v) The effectiveness of industrial restructuring programs

The global garment industry has already been restructuring over recent years, mainly moving out of high-wage developed countries into developing countries, and again moving as countries have further industrialised. The labor market adjustment research set out to see what could be learned from previous experiences in Asia and Latin America in the garment and footwear industries and about the effectiveness of labor market programs and policies.

The policy environment in the poorest countries is different from that in the developed countries where there is more experience of garment industry restructuring. Most countries have laws in place to protect workers against summary dismissals and which require notice and severance pay in the case of lay-offs. However, enforcement is often unreliable. Unemployment insurance, the centrepiece of developed country labor market adjustment programs, is much less often found in low wage developing countries, and again enforcement of mandatory social security and pension contributions is often erratic. In addition to all this, there is a far higher level of informal sector employment in developing countries.

Over the last few decades, increasing attention has been given to active labor market adjustment programs designed to directly assist workers in finding new jobs. These programs include collecting labor market information, creating public service employment opportunities, providing job-search assistance including job placement, offering training and retraining, macro-economic development programs and various kinds of employment subsidies.

However, whilst such active adjustment programs can play a role, the strength of the labor market and other macroeconomic variables are critical in determining the ease by which the labor market can adjust to economic changes.

Evaluations show that employment services – skills assessment, job search assistance and job matching – appear to be the most effective labor market interventions. Although income support may provide critical assistance to workers, there is very little evidence that it leads to quicker re-employment or lower long-term earnings losses. Advance notice and the provision of job search assistance in a timely fashion appear to be the most important elements of any response to mass worker layoffs.

Tying adjustment programs into the real labor market makes them most effective. For example, skill-specific training tends to be more effective than general training; on-the-job training tends to be more effective than classroom training; and job search assistance (JSA) tends to be more effective that income support and training, although in the latter case this is only in terms of cost-benefit ratios; JSA operates in a very different context than the other strategies and cannot be considered a substitute in most cases. These findings have prompted governments to enter into partnerships with private sector and community organizations, in assisting unemployed workers. Forefront in their minds must be the fact that many displaced workers are in the informal sector and will remain so. They therefore have no access to social protection. Getting to these people will be crucial.

(vi) Stakeholders and roles

Each of the key stakeholders is already grappling with the likely outcomes to the end of quotas. The following list maps some of the possible actions by different actors drawing on recommendations from the literature and from actual strategies already being developed in some of the countries studied.

- **International Institutions** including the WTO, international financial institutions and the ILO have carried out research on the predicted impacts, and are already working with national governments to address issues of competitiveness and/or social impact. They can assist countries in strengthening the positive relationship between competitiveness and employment conditions and mitigating negative impacts of the transition to more liberalised global garment and textile trade. This might include trade policy changes, measures to assist vulnerable exporting countries, and technical and financial assistance to help develop strategies for responsible competitiveness and to support restructuring programs.
- **Importing country governments** can provide support for vulnerable textiles and garment producing countries in terms of similar technical and financial assistance, enhanced market access, incentives to encourage compliance with international labor standards and promoting ethical trade measures to their own importers.
- **Exporting country governments** need to remove barriers preventing their garment and textiles industries from competing, promote decent work in the industry and put in place measures to address negative impacts of restructuring. Priorities for action in general include reviewing trade, industrial and social policies to enhance productivity, quality and labor standards, improving infrastructure, customs procedures, labor standards enforcement and access to credit and reducing corruption and bureaucratic inefficiency. More specifically they can monitor factory closures to ensure that workers receive due severance pay and social security/pension payments and develop training and reemployment programs and social safety nets for workers laid off.
- **Clothing brands and retailers** are reviewing their sourcing strategies and assessing the impact of the ending of quotas for their business. They should develop policies for responsible supply chain management by considering the negative impacts on workers to changes in their supply chain, and as far as possible working with suppliers to minimise or alleviate problems. Responsible consolidation policies might include giving adequate notice when exiting a relationship, monitoring adherence with national laws regarding retrenchment of

workers and social security/pension payments. More generally they should continue to make every effort to source from countries and suppliers that respect core labor standards and work to improve or maintain international standards in current supply chains.

- **Clothing manufacturers** are responsible for providing decent working standards, ensuring workers are compensated according to the law when retrenched, and investing in the upgrading needed to compete internationally. Through trade associations they can also lobby and work with government, trade unions and NGOs to develop national industrial and social policies that support responsible competitiveness and support the development of job banks and retraining programs for workers who are retrenched.
- **Trades Unions and NGOs** play a key role in lobbying, researching, and carrying out education to ensure workers do not lose jobs, have decent work, and for those who lose jobs, have their rights protected. They are supporting partners on the ground to understand the impact; they are working to strengthen protection of labor rights, vulnerable workers and communities, and lobbying governments and companies at a national and international level to ensure workers do not lose their means of livelihood, have decent work and enjoy fundamental rights.

(vii) Conclusion

There is no doubt that great change lies ahead for the textiles and garment industry. In the long term, trade liberalisation may be positive for poverty alleviation and development. Better market access will mean more jobs for clothing workers in many developing countries. However, in the short-to-medium term and particularly in vulnerable countries there will be disruptions to economies, closures of factories, unemployment for the mainly female workforce, and financial hardship for communities.

In this fast moving environment where changes are impacting simultaneously on hundreds of countries, thousands of factories and millions of workers it is clear that:

- Action is needed across different sectors and at national and international levels.
- Work addressing the impacts of the end of the MFA is ongoing but is patchy – opportunities are being missed, either through a lack of awareness or willingness to recognise the need for urgent action.
- Urgent information will be required about ongoing developments in the industry internationally by individual countries and organizations as these changes play out over the coming years.
- Lessons about how different restructuring strategies are being implemented and what effect they are having on industries and workers is likely to be relevant across different countries.
- Experiences arising from individual country experiences need to be understood at international level and be used in informing and influencing the direction of international discussions and subsequent actions.
- A growing number of retail branded companies should address this issue through involvement with other companies and sectors including government,

factories, industry associations, NGO's, communities and multi-stakeholder industry initiatives.

There is therefore a strong case that the individual government, private sector and civil society actions as well as multi-sector coalitions at a national level could be strengthened through a framework of international multi-sector collaboration. There is an opportunity for such a group to catalyse different actors into action, as well as work together to put forward possible solutions to meet the huge challenge facing the textiles and garment industry. And as one participant summed it up, 'it needs to happen yesterday'.

Next steps

The forum has now developed a collaborative framework to support joint working between key actors, including national and international bodies, brands and vendors, labor and other civil society organizations to address the impacts of the end of the quota regime.

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