

**To:** European Commission President Ms Ursula von der Leyen  
**CC:** European Commission: Executive Vice-President for an Economy that works for People Mr Valdis Dombrovskis; Executive Vice-President Europe Fit for the Digital Age & Competition Ms Margrethe Vestager; Commissioner for Economic Affairs Mr Paolo Gentiloni and Commissioner for Trade Mr Phil Hogan  
EU27 Ministers in charge of Trade

**Re: EBCA request for relief measures related to COVID-19 crisis**

Brussels, 30 March 2020

Dear Ms von der Leyen,

The COVID-19 pandemic has created challenges unprecedented in our globalized world, where goods, services and capital are traded through global value chains, contributing to development, jobs and economic growth, both in and outside the EU. The necessary measures taken in an increasing number of countries inclusive of closing retail stores for an uncertain period of time in order to mitigate a further spread of the new corona virus, are severely impacting exactly those benefits: developments, jobs and growth.

The branded clothing industry is impacted dramatically. Within the EU, our sector supports approximately 4,4 million jobs through supply, manufacturing, wholesale and retail. The sector thereby has a direct contribution of 1% to the EU's GDP. In manufacturing countries, the clothing industry leads to massive job creation and capital investments, and directly contributes to economic growth. As production and exports of clothing have increased, poverty rates have declined in manufacturing countries. Beyond economic growth, the branded clothing firms contribute to sustainable growth through a variety of social and environmental initiative they organize and participate in.

The disruptions caused by COVID-19 risk many jobs both in and outside the EU. In the EU, sales in our sector have already dropped by approximately 90% and about 90% of employees are currently supported financially by their employers, in addition to state support, in order not to lose their jobs. Such a sharp decline in sales has an inevitable impact on orders. As an example, at the time of writing Bangladesh already estimates a €1,5 billion loss in orders, impacting the lives of 1,2 million workers. Without orders and with empty production spaces, 4,1 million workers (directly employed by brands as well as by suppliers) risk of being unemployed, in Bangladesh alone.

In order to enhance certainty and allow us to keep on supporting our employees in the EU, as well as the workers in the manufacturing countries, we would like to ask the EU and the EU Member States to support our industry, also in the long-term since the road to recovery will be lengthy. In particular, we would ask for the following support measures:

- At national level:
  - o Continued support for affected workers and liquidity support for companies in line with the European Commission's temporary framework for COVID-19 state aid measures.
  - o While awaiting further harmonized action at EU level as requested below, give a wide and flexible interpretation to the concept of 'serious economic and social difficulties' as laid down in several provisions of the UCC.
- At EU level:
  - o Temporarily reduce VAT and customs duty rates on imports in the EU on clothing and apparel, in order to provide relief along the entire supply chain, including in the manufacturing countries.
  - o Postpone the withdrawal of the EBA status of Cambodia due to the exceptional circumstances and already severely impacted global industry.
  - o Introduce automatic 90-day deferral of duty payment, harmonized across EU Member States.
  - o Give clear guidance to customs authorities and businesses on the concept of 'serious economic and social difficulties' as laid down in several provisions of the UCC (*Articles 45(2) and (3) (suspension of implementation), 112(1) and (3) (other payment facilities) and 114(3)(interest on arrears)*), that can be applied on request by the operator.
  - o Deem distribution centres in the EU as essential/business critical if they meet the safety requirements and protocols set by the EU.

In the meantime, we as branded clothing companies wish to contribute where possible in this crisis by using our sourcing and manufacturing capacity and supply chain to produce personal protective equipment and use global networks to deliver them to hospitals as soon as possible.

We thank you in advance for your consideration and action, and remain at full disposal, should you have any enquiry.

Sincerely,

Ignacio Sierra Armas, President EBCA



**About EBCA:**

*EBCA is a coalition of major retail clothing brand companies, representing over 60 brands. The alliance works to ensure a positive trade agenda and a more predictable business environment, while also ensuring sustainability throughout the global value chains.*

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